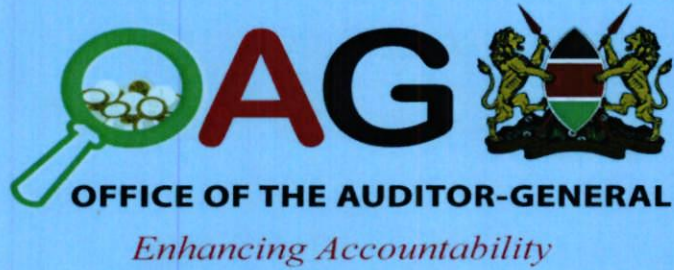


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REPORT

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THE AUDITOR-GENERAL

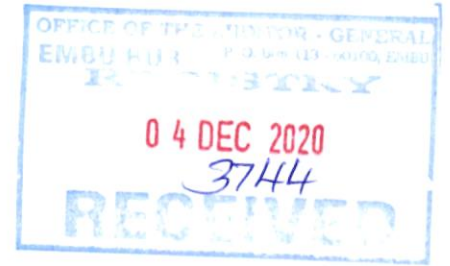
ON

**COUNTY EXECUTIVE OF
MARSABIT**

**FOR THE YEAR ENDED
30 JUNE, 2020**

	PAPERS LAID
DATE	17/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	GETRUDE





COUNTY GOVERNMENT OF MARSABIT

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

TABLE OF CONTENTS

TABLE OF CONTENTS	ii
1. KEY ENTITY INFORMATION AND MANAGEMENT	iii
2. FORWARD BY THE CEC	vi
3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES	vii
4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xvii
5. STATEMENT OF MANAGEMENT RESPONSIBILITIES	xx
6. REPORT OF THE INDEPENDENT AUDITORS ON THE COUNTY GOVERNMENT OF MARSABIT	xxi
7. FINANCIAL STATEMENTS	1
7.1 STATEMENT OF RECEIPTS AND PAYMENTS	1
7.2 STATEMENT OF ASSETS AND LIABILITIES	2
7.3 STATEMENT OF CASH FLOWS	3
7.4 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	4
7.5 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT	5
7.6 SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT	6
7.7 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES	6
7.8 SIGNIFICANT ACCOUNTING POLICIES	14
7.9 OTHER IMPORTANT DISCLOSURES	29
ANNEXES	34
ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE	35
ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER	40
ANNEX 6 – INTER-ENTITY TRANSFERS	41

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County is constituted as per the constitution of Kenya and 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:

No.	Designation	Name
1	Governor, Marsabit County	H.E. Mohamud Mohammed Ali
2	Dep. Governor, Marsabit County	H.E. Solomon Gubo Riwe
3	County Secretary	Engineer Joseph Guyo Wako

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC-Finance & Economic Planning	Hon. Malicha Boru Wario
2.	Chief Officer –Finance	Mr Abdulahi Barako Kuli
3.	Chief Officer-Economic Planning	Miss. Fatuma Mohammed Chute
4.	Director-Budget and Economic Planning	Mr Wario Jirmo Harsama
5.	Director-Accounting services	CPA Shalle Ibrahim Shalle
6.	Director-Revenue	CPA Dabasso Bonaya Adano
7.	Director Internal Audit	CPA Simon Khobes Siblet
8.	Director-Finance	CPA Galm Waqo Guyo
9.	Director-Procurement	Mr. Francis Kariuki Kamende
10.	Deputy Director-Accounting services	CPA Paul Onyango Owaga
11.	Assistant Director-Revenue	CPA Shukri Kosaye
12.	All County Accounting Officers	

d) Fiduciary Oversight Arrangements

Audit and finance committee activities

The county Government of Marsabit has established an Internal Audit Committee pursuant to Section 155(5) of the PFM Act 2012.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

County Public Investment and Accounts Committee

- Examine accounts showing appropriation by the county Assembly to meet public expenditure.
- Examine reports, accounts & working of the county public investments.
- Examine whether the affairs of the county public investment are managed with sound financial or business principles.

County Budget and Appropriation Committee

- Investigate, inquire in to and report all the matters related to budget
- Discuss and review the estimate and make recommendations to the County Assembly
- Examine the County Budget Policy Statements
- Examine Bills related to the County Budget, including appropriation bills
- Evaluate Tax Estimates
- Evaluate economic and budgetary policies and programmes with direct budget outlays.

e) Entity Headquarters

P.O. Box 384 - 60500
County Headquarters
Marsabit - Isiolo Highway
Marsabit, KENYA

f) Entity Contacts

Telephone: (254)729074256
E-mail: info@treasury.marsabit.go.ke
Website: www.marsabit.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
Marsabit Branch
P.O Box 83 – 60500
Marsabit, Kenya
3. Co-operative Bank
Marsabit Branch

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

4. Equity Bank
Marsabit Branch

h) Independent Auditors

Auditor General
Office of the Auditor General
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

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

2. FORWARD BY THE CEC

As it is stipulated in the Public Finance Management Act Section 163, county governments are mandated to prepare end year financial reports. Section 163(4a) of the Act states that; this report should be submitted to the Auditor General not later than four months after the end of each financial year. A copy of the same should be delivered to the National Treasury, Controller of Budget and Commission of Revenue Allocation (4b).

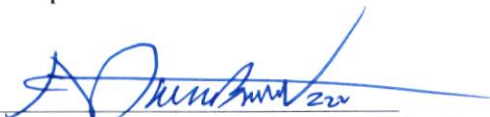
The following is, therefore, the annual report and financial statements for the County Government of Marsabit for the financial year ending June 30, 2020.

Through this period, the County received County equitable share of Kshs 6,190,613,400 from the National Treasury. However, the County's equitable share allocation as per County Allocation of Revenue Act 2019 was Kshs 6,773,100,000 and hence there was a shortfall of Kshs 582,486,600. Additionally, during the financial year under review, the County Government received a total of Kshs 583,252,302 as conditional grants from Bilateral and multilateral development partners as well as National Government of Kenya and generated Kshs 134,786,605 as own source revenue. This financial year was not an ordinary fiscal year, however, not only to county Marsabit but also across the country. We have witnessed delays in disbursements of funds and the Covid-19 pandemic has affected not only the projects to be implemented but also revenue collections. Equitable share allocations contributed 90 per cent of the county revenue as own generated income was 2 per cent. Grants made up 8 per cent of the total revenue

Total expenditure of the county in the financial year was Kshs 7,363,445,821; where Kshs 4,336,619,032 was on recurrent and Kshs 3,026,826,789 on development representing 59% and 41% respectively. The development expenditure was utilised in settling commitments of ongoing projects and payment of development pending bills of already completed projects.

Due to Covid-19 pandemic and National Government containment measures being enforced, the World Bank has forecast that the National economy is expected to shrink by 1.0 per cent. Apart from the pandemic, the impasse on the criteria used to determine the County revenue sharing formula in the Senate has also made planning a challenge for the county. This has affected the disbursement of funds hence delay in completion and/or commencement of new projects. However, I would like to thank the National Treasury for releasing Sh29.7 billion to counties being the balance of shareable revenue that was not disbursed to Counties by closure of the financial 2019/2020.

My sincere gratitude goes to His Excellency the Governor who has been exceedingly supportive while providing strategic leadership in developing and implementation of County fiscal and development Plans.



County Executive Committee Member – Finance and Economic Planning

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives

The County's 2018-2022 CIDP identified six key strategic development objectives. These are:

Health Service delivery

Health is crucial for effective workforce and the overall productivity of the county economy and beyond. The county government strives to stem high infant mortality, reverse poor child nutritional indicators, increase child immunization programme and thereby reduce deaths resulting from preventable diseases. This will be achieved through improved access to quality healthcare, strengthen existing facilities to minimize number of referrals, equip existing health facilities, improve collaboration with existing faith-based hospitals to fully optimize expertise and facilities in the county and Improve enrolment in NHIF health insurance covers

Provision of clean, safe Water and Environmental sustainability

Water shortage has been one of the major challenges in the county. Climate change has greatly affected Marsabit County. Drought, famine and torrential rains has affected the county adversely. Improved access to adequate portable water and ensure clean and safe environment has been the focus. These issues can be addressed through environmental sustainability programmes i.e. revised land degradation, better access to clean and safe water among others. The investment on water infrastructure is important to address this problem. Water pans, medium size dams, boreholes and tapping of rain water is important towards the realisation of this objective.

Youth empowerment and education

The county government recognizes accelerated investment in education sector, particularly, the expansion of access to Early Childhood Development Education (ECDE), Technical Voluntary Education and Training as well as support to other basic and tertiary education. This will lead to potential employment opportunities in private sectors and beyond Marsabit County. The county has provided bursary and scholarships to needy students and pupils to support this sector. There's also a great focus on skills development, support to entrepreneurs in Small and Micro Enterprise (SME) and creation of business environment to youths and general population.

Food security

Increase food and nutritional security and household income of pastoral, agro-pastoral and fisher-folk of Marsabit County. Livestock contributes to over 80 % of Marsabit economy. There

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

is therefore a great focus on livestock production and livestock value addition. Investments in better coordination of livestock value chains, Fisheries has been of great importance to the county. The main infrastructures include; Loiyangalani Fish factory, abattoir among others.

Road and Infrastructure development

Improve road, transport and housing development to spur economic growth is also of great importance to the county.

Good governance

Prudence financial management to ensure effective and efficient implementation of the CIDP

The CIDP 2018-2022 was developed through a consultative approach that involved community and other stakeholders. The collection of inputs begun at ward level where the participants were selected from all groups of people including Opinion leaders, women, men, elders, youths, people living with disability, religious groups, elders, public benefits organizations among others. The reports were then compiled by sector working groups at the county level, the final plan was prepared by technical team after validation by all stakeholders. These consultations provided an in-depth understanding of the county’s development problems and proposed various strategies to achieve the county’s development priorities.

Progress on attainment of Strategic development objectives for 2019/20 FY;

Summary Performance of Capital Projects for 2019/20 FY;

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
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2.3.1 ROADS, TRANSPORT AND PUBLIC WORKS

Grading and Gravelling of Mt.Kulal Road	Improve accessibility	13km Gravel,26k m Grading,20 0mtrs Concrete slab	No. of Km upgraded	Completed	35,000,000 0	29,974,760	
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2.3.2 AGRICULTURE, LIVESTOCK AND FISHERIES DEVELOPMENT

Purchases of certified seeds	Enhance agricultural production	Increased yields per unit areas	Tonnages per acres	Continuous	5,000,000	5,000,000	CGM
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MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
Agricultural mechanization services	Boosting agricultural production	Efficiency of tractor, reduced cost of production.	Timely farm operation	On going	5,000,000	5,000,000	CGM
Fish factory	Fish value chain development	Commercialize fish industry	Number of fish tonnage processed per day	On going	30,000,000	30,000,000	CGM
Conditional grants for projects i.e. DRSLP, KCSAP, SFS Program,	Co-funding of all the projects within the department	Increased production and productivity	Volumes of products produced	Continuous	84,117,321	84,117,321	CGM
Construction and equipping of fisheries office at Nyekomol with double pit latrine	Efficient service delivery	1 office block completed and equipped	No. of office block constructed and equipped, No. of double pit latrine constructed	Not done	6,000,000	6,000,000	CGM
Procurement of 10 motorized boats	To improve fish production	10 motorized fishing boats procured & delivered	No. of motorized fishing boats procured	Successfully procured & delivered	12,500,000	12,500,000	EU/ID EAS LED PROJECT
Installation of 10 containers	To improve fresh fish shelve life	10 containers installed	No. of containers installed	Only 4 installed	18,000,000	18,000,000	EU/ID EAS LED PROJECT

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
Procurement of transport boat	To improve fish production	1 transport boat procured	No. of fish transport boat procured	1 procured awaiting technical inspection and acceptance	9,000,000	9,000,000	EU/ID EAS LED PROJECT
Rehabilitation of Loiyangalani & Illeret cold rooms	To fresh fish shelve life	2 cold rooms rehabilitated	No. of cold rooms completed & operationalized	Successfully completed	8,000,000	8,000,000	EU/ID EAS LED PROJECT
2.3.3 TOURISM, CULTURE AND SOCIAL SERVICES							
Equipping of loglogo rescue center	Provide secure place for rescued girls	Rescue centre equipped	No of girls rescued	Ongoing	2,000,000	2,000,000	CGM
2.3.4 TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT							
Marsabit Modern Market on- going project	Ease of doing business	Stalls ready for occupation	% age of completion	95% complete	75,000,000	65,000,000	CGM
2.3.5 EDUCATION, SKILLS DEVELOPMENT, YOUTH AND SPORTS							
Provision of balanced and Nutritious meals to ECDE learners	Improve the well-being of the learners	19,000 ECDE learners fed	No. of ECDE learners fed with balanced and nutritious meal	successfully completed for term 1 2020, but interrupted by COVID 19 from March 2020	31,693,702	31,693,702	CGM

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
Recruitment of ECDE teachers on Internship	Reduce the challenges for high child-teacher ratio	48 ECDE teacher interns recruited	No of ECDE teachers recruited	Not successfully completed	9,000,000	4,800,000	CGM
Recruitment of Youth interns (County wide)	Reduce youth unemployment and increase youth employability	Over 500 youth with various skills and expertise where recruited across the County for one year	No of youth interns recruited	On going	58,800,000	58,800,000	CGM
Marsabit County Scholarship fund		66,000,000	66,000,000	2,601		Improved access to quality education and training.	

2.3.6 HEALTH

Construction of KMTC at Marsabit Referral Hospital	To increase local enrolment of youth in attainment of tertiary education	Complete unit	Percentage of work done	60% complete	74,000,000	35,000,000	CGM
Construction of Sololo Level IV Hospital	Improve service delivery	Complete level 4 unit	Percentage of work done	16%	35,000,000	10,000,000	
Construction of inpatient & maternity wards County	Improve service delivery	Number of units completed	Proportion of planned units completed	65.4%	40,500,000	26,500,000	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
wide							
Equipping of Dispensary & health centres County Wide	Improve service delivery	Number of dispensaries & health centers equipped	Proportion of planned equipping of dispensaries & health centre	100%	28,800,000	28,800,000	
Construction and equipping Laboratory County Wide	Improve service delivery	Number of laboratories constructed & equipped	Proportion of planned constructions and equipping of laboratories	100%	15,800,000	15,800,000	CGM
Construction of staff houses for health centres & dispensaries County Wide	Improve service delivery	Number of staff houses constructed	Proportion of houses constructed	100%	22,200,000	22,200,000	
2.3.8 WATER, ENVIRONMENT AND NATURAL RESOURCES							
Drilling of boreholes	Increase water availability	36 boreholes drilled	<i>Number of boreholes drilled and equipped</i>	Ongoing, stalled.	180,000,000	170,000,000	CGM
Rehabilitation of water structures	To sustain water availability	10 boreholes, 10 water pans	<i>Number of water structures rehabilitated</i>		82,000,000	50,000,000	CGM
Roof water harvesting	To increase water availability		<i>Number of harvesting structures installed</i>		40,000,000	32,000,000	
Water		100 kiosk	<i>Number of</i>	1 done	8,000,000	1,500,000	CGM

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
automation		automated	<i>kiosk automat</i>				
Dryland afforestation	<i>Increase tree cover in the county</i>	5000 tree seedlings planted	<i>Number of tree seedling planted</i>	Completed	11,500,000	1,200,000	CGM
2.3.9 OFFICE OF THE GOVERNOR							
Schools/Institutional	Improved performance	Efficient services	No. of facilities	Supplied	12,498,000	12,498,000	CGM
Uniforms, Mattresses, Revision books, Dignity Packs, Sololo Cemetery fencing							
Drought Mitigation (fencing of Loglogo farm)	To reduce the effects/impact of disasters to people and properties		No. of Relief supplies Water access		3,997,000	3,997,000	CGM
Other Disasters e.g. Floods, Fires, conflicts.	Reduction of death and destruction of properties		No. of Beneficiaries		1,500,000	1,500,000	CGM
Schools Water Bowers	Purchase of Water Bowser for Moi Girls	Increased water access in schools	No. of bowsers purchased	Purchased	11,620,000	11,620,000	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2019/20]	Actual Cost (Ksh.) [Approved Budget 2019/20]	Source of Funds
		Secondary School					
2.3.10 County Assembly							
Construction of Assembly Chamber	To improve service delivery	Increased Service delivery	No. of chambers constructed	On going	145,000,00 0	-----	CGM

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Summary Performance of Non-Capital Projects for 2019/20 FY

Project Name/ Location	Objective/ Purpose	Output	Performance Indicators	Status (based on the indicators)	Planned Cost (Ksh.) [ADP 2018/19]	Actual Cost (Ksh.) [Approved Budget 2018/19]	Source of funds
2.3.1 LANDS ENERGY AND URBAN DEVELOPMENT							
Training of community/youth on making and use of Energy Saving Jikos	To improve living standards of the community involved.	Enhanced use of clean energy	No. of individuals trained	Complete	2,500,000	2,000,000	CGM
Renovation and equipping of Korr Energy Centre	To facilitate the operation of the facility.	Improved livelihood of the youth and other marginalized group through sales of Energy Saving Jikos,	No. of equipment purchased.	Renovation done	4,500,000	4,000,000	CGM
PHYSICAL PLANNING AND SURVEY	To facilitate effective & efficient land administration	Improved land tenure	No. of title deeds	2000	80,000,000	55,000,000	CGM
2.3.5 TOURISM, CULTURE AND SOCIAL SERVICES							
Nondo wheelchair race competition for PWD's	To empower PWD's to tap their sporting talents.	Wheel chair race and Beauty contest done	No. of participants engaged in the competition.	done	1,000,000	1,000,000	CGM
OVC's support	Access to food	No of centers supported	No of children supported and amount of food distributed	complete	1,800,000	1,800,000	CGM
Ushanga Initiative program	To provide marketing product for tourism /	Improved IGA	No. of products developed. No. of	Ongoing	5,000,000	1,000,000	CGM

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

	Income generating avenue for women		women participating. No. of co-operatives established.				
Marsabit Lake Turkana Cultural Festival	To enhance social cohesion and Integration. To preserve cultural heritage	Cultural Festival held	No. of Cultural festivals held. Improved integration and preservation of culture.	done	55,000,000	55,000,000	CGM

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.

The Fourth Schedule together with Article 185(2), 186(1) and 187(2) of the Constitution of Kenya 2010, stipulate the functions of the County Government.

The Fourth Schedule lists agriculture, health, transport, environment, trade, tourism, planning and development as some of the functions. It is from these functions that the County Government of Marsabit derives its Corporate Social Responsibility policy and activities.

These activities in the long run are meant to foster a better relationship with the National Government, community, partners, donors, and staff of the county and its affiliates.

These activities as well also seek to educate the public further on the responsibilities of the county as devolution is still a fairly new governance structure in the country.

The corporate social responsibilities of County Government of Marsabit are categorised into four key areas: environment, employment, community involvement and market practices.

Environment;

The county department of Environment and natural resources customized and domesticated some national governments' policies and legislations to promote environmental conservation, sustainable management of natural resources and ensure mitigation and adaptation to climate change in Marsabit County;

S/n	Name of Policy	Status	Remarks
1	Marsabit County Climate Change Action Plan(MCCCAP)	Approved	Launched in 2018
2	Marsabit County Climate Change Policy	Approved	Launched in 2020
3	Marsabit County Climate Fund Bill	Approval Stage.	Public Participation Conducted
4	Environment and Natural Resource Management Policy	Approval Stage.	Public Participation conducted

Since the inception of the devolved units, County Government of Marsabit has achieved the following in its implementation of the environment policies currently in force;

- Farm forestry and dryland afforestation through tree planting and tree nursery establishments
- Promotion of institutional capacity and awareness in environmental conservation through established groups and school greening programs
- Natural resources governance through establishing NRM forum and development of the above four policies in collaboration with stakeholders.
- Capacity building and strengthening of environmental management committees (EMCs)
- promoted alternative livelihoods through sustainable harvesting and marketing of gums and resins
- Early warning and information sharing systems through E-weather Platforms

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

- support to community conservancies to ensure a clean environment, the stakeholders agreed on guidelines which will ensure each public place has adequate supply of clean water, and a working sewerage system. The county in turn initiated adherence to these guidelines with distribution of water tanks to 24 schools and 13 churches.

Employment

The Employment Act stipulates that an employer shall promote equal opportunity in employment and strive to eliminate discrimination in any employment policy or practice.

The Act adds that no employer shall discriminate directly or indirectly, against an employee or harass an employee or prospective employee on grounds of race, colour, sex, language, religion, political or any other opinion.

The County Government of Marsabit subscribes to this law and as part of corporate social responsibility, the County Public Service Board has intentionally laid out structures to ensure the Act is adhered to.

Community involvement

As part of the community involvement, the County Government through its department of Health Services, provides free ambulance services for emergency cases and for residents in the interior parts of the County. The free ambulance services have been an assistance to expectant mothers, those with chronic conditions which flare up abruptly and persons who are disabled.

The ambulances are equipped with all the emergency equipment among them crash cart for resuscitation and portable oxygen as well as qualified critical care nurse. Apart from referral to the county referral hospital, some of the patients have been transported to other Hospitals in other parts of the Country for specialised care. In addition, the County Government provides medical insurance cover to vulnerable persons in the community particularly orphans and poor households. The County does this in conjunction with the National Hospital Insurance Fund.

The County Government, apart from being in charge of Early Childhood Education and Village polytechnics as stipulated in the Fourth Schedule, has programs which extend beyond this responsibility to include secondary school education. The county has County Education fund that provides scholarship programmes to students from financially disadvantaged background to enable them pursue post primary school education in Secondary schools, polytechnics and other institutions of higher learning through full or partial sponsorship. The County, through this education programme allocated and disbursed **Kshs 66 million** in the financial year under review for such cases.

Additionally, the County Government through budgetary allocation has an emergency relief program to provide dry cereals for the vulnerable households within the County.

Market place practices

The county Government of Marsabit endeavours to foster a smooth interaction with all stakeholders who are key in service deliver to the residents of Marsabit County. The stakeholders include suppliers, service providers, contractors, affiliated Saccos' and welfare organisations, other county governments through Council of Governors, development partners and the national government.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Some of these stakeholders have been key in supporting key programs in the county among them provision of free ambulances, training of healthcare workers and other staff, providing scholarships for students in the community and donating food stuffs for the emergency relief program.

For suppliers, the County Government of Marsabit follows the Public Procurement and Asset Disposal Act, 2015 during the tendering process and ensures those awarded are paid on a timely basis once the terms and conditions of contracts are met. The tendering processes are also done adhering to the Access to Government Procurement Opportunities (AGPO) where 30 per cent of Government tenders are reserved for women, youth and persons living with disabilities.

The County Government has an open door policy to those who are dissatisfied on how its affairs are being run. One can express their grievances anonymously by submitting their complaints at the Governor's office or in person at the Public Convenor's office and the public relations team will get in touch within 48 hours.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 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 receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

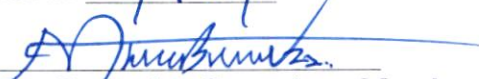
The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2020. 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 member 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 finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2020, and of its financial position as at that date. The CEC member 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 for finance confirms that the County Government has complied fully 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 for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on 21/12/2020 2020.



County Executive Committee Member – Finance and Economic Planning

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MARSABIT FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Marsabit set out on pages 1 to 33, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Marsabit as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Inaccurate Pending Accounts Payables

As disclosed in Note 7.9 (1) and Annex 2 to the financial statements, the County Executive had pending bills amounting Kshs.364,764,174 as at 30 June, 2020. However, pending bills amounting to Kshs.437,032,280 reported in the audited financial statements for 2018/2019 financial year, are omitted from the financial statements presented for audit review. No explanation has been provided for the omission. Further, details of the additional pending bills and those paid during the year are also not disclosed in the financial statements.

Under the circumstances, the accuracy and completeness of the pending bills balance of Kshs.364,764,174 as at 30 June, 2020 could not be confirmed.

1.2 Inconsistencies in Disclosure of Returned CRF Issues

The summary statement of appropriation- recurrent and development combined reflects a balance of Kshs.658,360,224 in respect to return issues to County Revenue Fund (CRF) for the year under review. However, the statement of receipts and payments reflects an amount of Kshs.16,336,277 in respect to the same item resulting to an unexplained variance of Kshs.642,023,947.

1.3 Variances between Statement of Appropriation-Recurrent and Development Combined and Budget Execution by Programmes and Sub-programmes

The summary statement of appropriation - recurrent and development combined reflects balances on total payments that are at variance with the balances reflected in the budget execution by programmes and sub-programmes as detailed below:

Items	Original budget (Kshs.)	Adjustments (Kshs.)	Final Budget (Kshs.)	Actual on Comparable Basis (Kshs.)	Budget Utilization Difference (Kshs.)
Summary statement of appropriation; recurrent and development combined	7,641,139,415	707,385,586	8,348,525,001	7,363,445,821	985,079,180
Budget execution by programmes and sub-programmes	6,942,823,102	588,757,177	7,531,580,279	6,751,733,094	779,847,185
Variances	698,316,313	118,628,409	816,944,722	611,712,727	205,231,995

The variances have not been reconciled or explained.

1.4 Unexplained Variance in Exchequer Releases

As disclosed in Note 1 to the financial statements, the statement of receipts and payments reflects Exchequer releases receipts of Kshs.6,190,613,400 which differs with the analysis of transfers from the Exchequer amount of Kshs.6,496,230,554 resulting to a variance of Kshs.305,617,154 which was not explained.

1.5 Failure to Return County Revenue Fund Issues

The statement of assets and liabilities reflects a comparative bank balance of Kshs.732,196,336 while the statement of receipts and payments reflects an amount of Kshs.16,336,277 in respect of returned County Revenue Fund issues. No explanation was provided on why an amount of Kshs.715,860,059 was not transferred to the County Revenue Fund Account after the closure of the financial year. This is contrary to Section 136 (2) of the Public Finance Management Act, 2012 which requires a county government entity holding appropriated money that was withdrawn from the County Exchequer

Account but was not spent, to repay the unspent money to the County Exchequer Account.

Under the circumstances, the accuracy of the financial statements for the year ended 30 June, 2020 could not be confirmed.

2. Unreconciled Cash and Cash Equivalent

The statement of assets and liabilities reflects bank balances of Kshs.265,049,703 which, as disclosed in Note 11A to the financial statements, includes an amount of Kshs.2,921,816 held in NHIF-Saku account. However, the bank reconciliation statement and cash book reflected an amount Kshs.3,481,868 resulting to an unreconciled variance of Kshs.560,052. Further, the bank reconciliation statement reflected receipts in bank statement not recorded in cash book of Kshs.101,071 and payments in bank statement not recorded in cash book of Kshs.69,996. No explanation was provided for failure to clear the reconciling items.

In the circumstances, the accuracy of the bank balances of Kshs.265,049,703 as at 30 June, 2020 could not be confirmed.

3. Inaccurate Own Generated Receipts

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.134,786,605 in respect to County own generated receipts. However, the supporting schedules provided for audit reflected own generated receipts of Kshs.126,606,876 resulting to an unexplained variance of Kshs.8,179,729.

Further, included in the own generated receipts of Kshs.134,786,605 is an amount of Kshs.5,022,925 relating to revenue from land transaction charges. However, examination of land records revealed an accumulated land rates arrears of Kshs.33,293,500 which has been outstanding over a period of ten (10) years. Measures taken by the County Government to collect the outstanding land rates have not been disclosed and recovery of the debt, therefore, remains doubtful.

In the circumstances, the accuracy and completeness of County own generated receipts of Kshs.134,786,605 could not be confirmed.

4. Use of Good and Services

4.1 Doubtful Reimbursement of Per Diem and Meal Allowances

The statement of receipts and payments reflects an expenditure of Kshs.1,337,872,429 under use of goods and services which, as disclosed in Note 6 to the financial statements, includes an amount of Kshs.139,638,510 relating to domestic travel and subsistence allowances. The latter balance includes an amount of Kshs.574,400 paid as reimbursement of per diems and meal allowances to officers and participants who attended sensitization meetings in Moyale Sub-County between 10 and 16 September, 2018. However, supporting documents including requisition from the user

department, evidence of mobilization of the public through adverts or chiefs' barazas, the procurement records for the car hire services, attendance registers, daily programs of activities, and a payment schedule for the County officers were not provided for audit review.

Further, the expenditure related to 2018/2019 financial year but the amount of Kshs.574,400 was not included in the pending bills schedule as at 30 June, 2019.

In the circumstances, the accuracy and validity of the expenditure of Kshs.574,400 could not be confirmed.

4.2 Unjustifiable Expenditure on Rental of Produced Assets

The expenditure of Kshs.1,337,872,429 under use of goods and services also includes an amount of Kshs.48,702,681 relating to rental of produced assets which in turn includes an amount of Kshs.7,719,500 incurred in hiring of motor vehicles. The motor vehicles were hired through contract agreements with different suppliers. However, procurement documents including quotations, evaluation minutes, original copy of the agreements, the activities or functions for which the transport services were being hired for, were not provided for audit.

Under the circumstances, the accuracy and validity of the expenditure of Kshs.7,719,500 could not be confirmed.

4.3 Unsupported Training Expenses

Included in the expenditure of Kshs.1,337,872,429 under use of goods and services is an amount of Kshs.139,001,587 relating to training expenses which further includes an amount of Kshs.1,239,400 paid to members of public for youth training programme conducted in Karare and Bubisa wards. However, supporting documents including attendance list, back to office reports and authority used to pay allowances to members of the public were not provided for audit review.

Consequently, the accuracy and validity of the expenditure of Kshs.1,239,400 could not be confirmed.

4.4 Unsupported Expenditure on Hospitality Supplies and Services

The expenditure of Kshs.1,337,872,429 under use of goods and services includes an amount of Kshs.108,658,629 in respect to hospitality supplies and services. The latter balance includes amounts of Kshs.500,000, Kshs.295,000 and Kshs.1,075,800 in respect to supply and delivery of catering items, reimbursement for elders from Moyale and payment of per diem and extraneous allowances, respectively. However, the following supporting documents were not provided for audit:

No.	Activity	Amount (Kshs.)	Documents not provided
1.	Supply and delivery of catering items	500,000	Procurement documents
2.	Reimbursement for elders from Moyale	295,000	Departmental approval of the expenditure
3.	Payment of per diem and extraneous allowances	1,075,800	Payment schedules, attendance register and the rate per day and reasons for the payment
	Total	1,870,800	

Consequently, the accuracy and validity of the expenditure of Kshs.1,870,800 could not be confirmed.

4.5 Unsupported Expenditure on Supply and Delivery of Veterinary Materials

The expenditure of Kshs.1,337,872,429 under use of goods and services also includes an amount of Kshs.121,330,625 relating to specialized materials and services which in turn include an amount of Kshs.4,086,000 in respect to supply and delivery of vaccines and medicines. However, supporting documents including inspection reports, the user departments requisition orders and the list of beneficiaries were not provided for review.

Consequently, the accuracy and validity of the expenditure of Kshs.4,086,000 could not be confirmed.

4.6 Doubtful Expenditure on Purchase of Equipment

Included in the expenditure of Kshs.1,337,872,429 under use of goods and services is also an amount of Kshs.43,942,367 in respect to office and general supplies and services. The latter balance includes an amount of Kshs.846,000 in respect to purchase and delivery of laptops, printers, office and visitor's chairs, office desk and cabinets. However, supporting documents including appointment letters for the Opening and Evaluating Committees, Local Purchase Order, certificate of inspection and acceptance and store records showing how the equipment were taken on charge and distributed were not provided for audit review.

Further, the expenditure of Kshs.43,942,367 relating to office and general supplies and services also includes an amount of Kshs.6,098,244 in respect to purchase and delivery of office stationery from various suppliers. However, the stores ledger, acceptance and inspection reports and approved user requisitions were not provided for audit review.

In the circumstances, the accuracy and validity of the expenditure of Kshs.6,944,244 could not be confirmed.

4.7 Unsupported Expenditure on Fuel

The expenditure of Kshs.1,337,872,429 under use of goods and services also includes an amount of Kshs.80,496,009 in respect to fuel, oil and lubricants which further includes an amount of Kshs.5,800,000 incurred on fuel consumed by various Departments.

However, supporting documents including fuel registers, work tickets, detailed orders and statements of consumption from the contracted suppliers were not provided for audit review.

Consequently, the accuracy and validity of the expenditure of Kshs.5,800,000 could not be ascertained.

5. Unsupported Payments on Social Security Benefits

The statement of receipts and payments reflects an amount of Kshs.38,000,000 under social security benefits which relates to transfer to the National Health Insurance Fund (NHIF). However, supporting documents including payment vouchers, memorandum of understanding signed between the County Executive and the NHIF, acknowledgement of the receipt from NHIF and the list of all beneficiaries were not provided for audit.

In the circumstances, the accuracy and validity of the expenditure of Kshs.38,000,000 could not be confirmed.

6. Acquisition of Assets

6.1 Irregular Payment for Supply of Trucks and Miscellaneous Foodstuffs

The statement of receipts and payments reflects an expenditure of Kshs.1,818,137,009 under acquisition of assets which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.202,181,908 in respect to construction of buildings. The latter balance includes amounts of Kshs.24,200,000 and Kshs.3,000,000 paid to two different companies for supply of two Isuzu medium truck and supply and delivery of miscellaneous foodstuff, respectively. However, the following anomalies were noted:

- a) The requisition for procurement, delivery notes, inspection and acceptance committee minutes, motor vehicle registration logbooks and other relevant records were not provided for audit review.
- b) The two transactions were charged to construction of buildings instead of purchase of motor vehicles and other transport equipment and emergency relief and refugee assistance, respectively without an approved request from the County Treasury to reallocate the funds.
- c) The vehicles were ordered vide an undated Local Purchase Order (LPO) number and invoiced on 8 April, 2019. A delivery note of 12 March, 2020 indicated that one truck was delivered and received by the Director, Procurement and it was explained that the other truck was not delivered as its funds were used to offset a debt for a water boozer. However, no evidence was made for audit of a pending bill for the water boozer. Further, the registration number and location of the water boozer were not provided for audit verification. In addition, it was not clear why the County Executive varied the contract from two trucks to one truck and a purported boozer without justification.

Consequently, the accuracy and validity of the expenditure of Kshs.27,200,000 could not be ascertained.

6.2 Construction and Civil Works

The expenditure of Kshs.1,818,137,009 under acquisition of assets also includes an amount of Kshs.560,199,999 relating to construction and civil works. However, review of the documents including payment vouchers, Bills of Quantities and other supporting documents revealed the following anomalies;

6.2.1 Unsupported Expenditure on Purchase of Generators for Community Boreholes

An amount of Kshs.8,490,800 was incurred on purchase of various generators for various community boreholes. However, a valid tax compliance, valid single business permit, valid pin and registration certificates for the supplier and the warrant documents for the generator were not provided for audit verification.

6.2.2 Irregular Purchase of Fifty (50) 5,000 Litres Plastic Tanks and Purchase of G.I. Pipes

The expenditure of Kshs.560,199,999 on construction and civil works includes an amount of Kshs.3,000,000 paid for the supply and delivery of fifty (50) plastic tanks and another amount of Kshs.1,575,000 for the supply and delivery of pipes both totalling to Kshs.4,575,000. The payments for purchase of plastic tanks were done vide two tenders. However, the following anomalies were noted in relation to the two tenders:

- a) Review of the procurement documents revealed that both tenders were requisitioned by the user department on 20 March, 2019 and the quotations were submitted for both tenders on 8 March, 2019, 12 days before the requisition was made.
- b) The quotations were opened by the Tender Committee on 19 March 2019 for both tenders which is one (1) day and eleven (11) days prior to requisition and quotation by the user department respectively.
- c) The tanks were taken on charge for both tenders on 26 June, 2019 vide S13's . However, the supplier invoiced the County Executive on 11 December, 2019 for both tenders, which is almost six (6) months after the tanks were taken to charge making it difficult to ascertain the authenticity of the supply.
- d) The distribution list for the tanks, the criteria used to identify the beneficiaries and acknowledgment by the beneficiaries on receipt of the tank was not provided for audit review.
- e) Review of the payment voucher of Kshs.1,575,000 for the supply and delivery of G.I. pipes class B and the procurement documents revealed that the winning

bidder was awarded the contract on 10 January, 2020 whereas the supplier delivered the goods vide invoice number 028 on 18 November, 2019 which was two (2) months prior to the award of the contract. The pipes were therefore delivered before the contract was awarded.

Consequently, the accuracy and validity of the expenditure of Kshs.4,575,000 could not be confirmed.

6.2.3 Doubtful Purchase of Emergency Milk Replacer and 80 Bottle Feeders for Livestock

The expenditure of Kshs.560,199,999 on construction and civil works also includes an amount of Kshs.1,200,000 in respect to supply of 800 kilograms (Kgs) emergency milk replacer and 80 bottle feeders for livestock. However, supporting documents including appointment letters for the Adhoc Committee, tender opening members and the distribution list to beneficiaries were not provided for audit verification

6.2.4 Doubtful Expenditure on Solar Installation and Water Pump

Included in the expenditure of Kshs.560,199,999 on construction and civil works is an amount of Kshs.1,999,936 incurred on solar installation and water pump. However, procurement documents including quotations, tender evaluation minutes, award and regret letters for unsuccessful bidders were not provided for audit.

Further, during physical verification in September, 2020, it was observed that the project sign board indicated that the project was carried out by the Kenya Red Cross Society.

Consequently, the accuracy and validity of the expenditure of Kshs.1,999,936 could not be ascertained.

6.2.5 Unsupported Payment for Provision of Solid Waste Management Services

The expenditure of Kshs.560,199,999 on construction and civil works further includes an amount of Kshs.5,266,661 being payments to various contractors for provisions of solid waste management services at the rate of Kshs.208,355 per month as per the contractual agreement. Section 2(1) of the contractual agreement stated that the contractor would collect, remove and transport solid waste up to a volume of 260 litres per week.

However, the invoices by the contractors lacked a measurement sheet indicating the load weight of solid waste disposed-off per trip per week to the approved dumping sites to warrant the payment. Further, Section 13(12) of the contract stated that each vehicle would maintain a log of time and movement including departure time from parking area to start of work, arrival time at and departure time from the officially designated discharge location and arrival time at the parking area at end of work. However, these logs were not provided for audit review.

Consequently, the accuracy and propriety of the expenditure of Kshs.5,266,661 could not be confirmed.

6.3 Irregular Supply of Cereals, Pulses and Miscellaneous Foodstuff

Further, the expenditure of Kshs.560,199,999 on construction and civil works includes an amount of Kshs.6,160,000 paid for the supply and delivery of miscellaneous foodstuffs. The contract was entered under framework agreement method of procurement on 11 October, 2018 which was valid until 30 June, 2020. However, the following anomalies were noted:

- a) The foodstuff was ordered at prices whose basis could not be confirmed since the price list were not provided for audit review contrary to the agreement clause 1.2 that required the price list to be attached to the contract agreement.
- b) The County Executive did not specify the destinations to which the foodstuff would be delivered contrary to clause 2.3 (ii) of the contract agreement which stated that the supplier should also deliver the products to the destinations as instructed and advised by the buyer on time and in full.
- c) The need assessment, intended beneficiaries, inspection and acceptance report and evidence of the delivery of the food items to members of the public were not provided for review. In addition, a quarterly report on procurements through framework agreements was not provided for audit review.

Consequently, the accuracy and propriety of the expenditure of Kshs.6,160,000 could not be confirmed.

7. Unaccounted for Assets in the Summary of Fixed Assets Register

The statement of receipts and payments reflects an expenditure of Kshs.1,818,137,009 in respect to acquisition of assets. However, the summary of fixed assets in Annex 5 to the financial statements reflects a nil balance on assets acquired during the year under review and also a nil balance on the cumulative historical cost. Further, the assets register maintained by various departments were incomplete with no indication of the year of acquisition, current value and locations of the assets.

In addition, a brand-new fire engine purchased during the year was not reflected in the asset register.

8. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Marsabit Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation- recurrent and development combined reflects total budgeted receipts of Kshs.8,348,525,002 and actual receipts of Kshs.7,567,012,531 resulting to a budget shortfall of Kshs.781,512,471 or 9% of the budget. Similarly, the County Executive spent Kshs.7,363,445,821 against an approved budget of Kshs.8,348,525,002 resulting to an under-expenditure of Kshs.985,079,180 or 12% of the budget. The underfunding and underperformance constrained execution of planned activities and delivery of services to the residents of Marsabit County.

2. Project Implementation Status

The summary statement of appropriation - recurrent and development combined reflects an approved development budget of Kshs.4,001,053,956 while the project implementation status report provided for audit reflected a total development budget of Kshs.3,840,630,814 resulting to unexplained variance of Kshs.160,423,142.

Further, the project implementation status report indicated that, a total of 250 projects with an approved budget of Kshs.3,840,630,814 were to be implemented during the year. Out of the 250 projects, 32 projects with a budget of Kshs.36,500,000 had not started, 19 projects with a budget of Kshs.329,527,652 were partially complete while 199 projects with a budget of Kshs.3,474,603,162 were fully complete.

Physical verification on a sample of fifty-five (55) projects revealed that forty-six (46) projects costing Kshs.181,150,000 had been completed and were in use, eight (8) projects with a total cost of Kshs.248,789,063 were on going and one (1) projects with a total cost of Kshs.4,000,000 had stalled.

In the circumstances, the residents of Marsabit County did not get value for money for the expenditure totalling to Kshs.366,027,652 in respect of the budgeted projects that had not started and projects that were partially completed, ongoing or stalled.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Doubtful Expenditure on Purchase of Equipment

Included in the expenditure of Kshs.1,337,872,429 under use of goods and services is also an amount of Kshs.43,942,367 in respect to office and general supplies and services. The latter balance includes an amount of Kshs.846,000 in respect to purchase and delivery of laptops, printers, office and visitor's chairs, office desk and cabinets. However, the quotations provided for audit did not include the specifications for the goods procured contrary to Section 60(1) of Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement.

The County Government was in breach of the law.

2. Non-Compliance with Regional Diversity Requirement

During the year under review, the County Executive recruited a total of eighty-nine (89) staff. However, seventy-nine (79) or 89 % were filled by candidates from the dominant ethnic community contrary to Section 65(1)(e) County Government Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board should consider, the need to ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county appointments.

Under the circumstances, the County Executive was in breach of the law.

3. Irregular Procurement

The expenditure of Kshs.1,337,872,429 under use of goods and services includes an amount of Kshs.203,869,693 in respect to routine maintenance – other assets which in turn includes an amount of Kshs.4,080,110 paid to a firm for spot improvement of works. However, quotation method of procurement was used contrary to the first schedule of the Public Procurement and Disposal (Amendment) Regulations, 2013 threshold matrix for

Class A procuring entities that provides the ceiling for use of quotation for goods as Kshs.4,000,000.

Consequently, the the County Executive was in breach of the law.

4. Irregular Procurement of Generator Set

The statement of receipts and payments reflects an expenditure of Kshs.1,818,137,009 under acquisition of assets which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.560,199,999 in respect of construction and civil works. The latter balance includes an amount of Kshs.2,499,500 paid to a firm for the supply and delivery of generator set. However, the winning bidder and all other bidders were not pre-qualified contrary to Section 95(3) of the Public Procurement and Asset Disposal Act, 2015 which states that 'A procuring entity shall invite tenders from only the approved persons who have been pre-qualified.'

In addition, the generator was placed outside the Pump house and is therefore deteriorating due to wear and tear contrary to Section 162(c)(1) of the Public Finance Management Act, 2012 which states that the Accounting Officer should ensure that adequate arrangements are made for the proper use, custody, safeguarding and maintenance of public property.

In the circumstances, the County Executive is in breach of law.

5. Alteration of Tender Price

The expenditure of Kshs.560,199,999 in respect of construction and civil works also includes an amount of Kshs.2,985,775 incurred on solar system, construction of water tank and water kiosk at Laonit borehole. However, review of the submitted quotations from five (5) bidders indicated that their quotes were cancelled and obliterated with white wash and a new amount inserted which was used by the Evaluation Committee as the new quotations price contrary to Regulation 16(2) of the Public Finance Management (County Government) Regulations, 2015 which states that an entry in a financial record or document shall not be obliterated, erased or altered by being written over.

Consequently, the Management was in breach of the law.

6. Irregularities on Procurement of Erection and Completion of Fish Factory

The expenditure of Kshs.1,818,137,009 under acquisition of assets includes an amount of Kshs.822,644,252 relating to domestic payables which further includes Kshs.18,000,000 paid to a contractor for erection and completion of the fish factory at Loyangalani. However, the following anomalies were noted:

- a) The winning bidder was notified of the award on 12 January, 2019 and was to confirm acceptance within fourteen days from the date of notification of award failure to which the award would be treated as cancelled. However, the winning

bidder accepted the offer on 27 February, 2019 which was forty-six (46) days after notification of award Contrary to Section 87(2) of the Public Procurement and Assets Disposal Act, 2015 which states that the successful bidder shall signify in writing the acceptance of the award within the time frame specified in the notification of award.

- b) The summarized valuations of work done reflects an amount of Kshs.17,989,590 while the detailed measurements of the work done reflects an amount of Kshs.10,120,970 resulting to a variance of Kshs.7,868,620 which was not explained.

In the circumstances, the Management was in breach of the law. It could also not be confirmed whether value for money was obtained on the expenditure of Kshs.7,868,620.

7. Unsupported Procurement of Transport Services

The statement of receipts and payments reflects an expenditure of Kshs.1,337,872,429 under use of goods and services which, as disclosed in Note 6 to the financial statements, includes an amount of Kshs.121,330,625 in respect to specialized materials and services. The latter balance includes an amount of Kshs.3,372,400 paid to a contractor for transportation of Corn Soya Beans (CSB)/Ujimix to all Early Childhood Development Education (ECDE) centres in Marsabit County. However, supporting documents including evaluation minutes, advertisement and tender opening register were not provided for audit. Further, there was no evidence provided for audit to confirm that the County Executive had seven (7) alternative vendors included in this category of framework agreement contrary to Section 114(1)(c) of the Public Procurement and Asset Disposal Act, 2015 which states that a minimum of seven alternative vendors are included for each category.

In the circumstances, the propriety and value for money for the amount of Kshs.3,372,400 expenditure for the year ended 30 June, 2020 could not be confirmed.

8. Pending Bills

Note 7.8 (1) on other important disclosures in the financial statements indicates that the County Executive had pending bills amounting to Kshs.364,764,174 as at 30 June, 2020. Included in the pending bills was an amount of Kshs.57,857,637 in respect to the Covid-19 expenditure. However, the following anomalies were noted:

8.1 Irregular Procurement of Supply and Delivery of Medical Equipment

A supplier was awarded a contract worth Kshs.20,508,100 on 5 May, 2020 for supply and delivery of medical equipment. However, the following issues were noted:

- a) The registration certificate, tax compliance certificate, PIN certificate, and business permit for the winning bidder were not provided for audit.

Four bidders submitted bids, but three were disqualified. Review of the documents provided for audit revealed that one of the disqualified bidders had met all the conditions including tax compliance certificate which formed the basis for disqualification. In addition, the bidder had quoted Kshs.7,024,444 while the winning bidder had quoted Kshs.9,263,760 casting doubt on whether the tender process was competitive and fair.

Under the circumstance, the propriety of the expenditure of Kshs.20,508,100 on supply and delivery of medical equipment could not be ascertained.

8.2 Irregular Procurement of Supply and Delivery of Defibrillator Machines

On 11 May, 2020, a supplier was awarded a contract to supply six (6) defibrillator machines to Marsabit County referral hospital at a contract sum of Kshs.6,996,000. However, the quotation forms were all delivered using similar type of envelopes and they all had a rectangular rubber stamp which appeared the same size and similar fonts. These similarities therefore created doubt to the authenticity of the procurement process.

Consequently, the tender process may have not been competitive and fair and the value for money of the Kshs.6,996,000 as at 30 June, 2020 could not be ascertained.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Understaffing of Internal Audit Department

During the year under review, the County Executive Internal Audit Department had only two (2) staff members thereby hampering efficient, effective and adequate execution and coverage of its audit objectives for the County Executive. It is also not clear how the Internal Audit Function including implementation of internal controls, value for money audits and risk management processes were carried out. Further, the County Executive had no risk management policy and therefore the Internal Audit Department could not give reasonable assurance on the state of risk management, control and governance within the organization.

In the circumstances, the effectiveness of the County Executive internal control and risk management during the year ended 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Executive or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Executive monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify

my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

13 October, 2021


MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

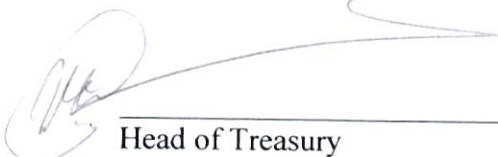
7. FINANCIAL STATEMENTS

7.1 STATEMENT OF RECEIPTS AND PAYMENTS

		2019-2020	2018-2019
	Notes	KShs	KShs
RECEIPTS			
Exchequer releases	1	6,190,613,400	7,002,200,000
Proceeds from Domestic and Foreign Grants	2	583,252,302	678,431,273
County Own Generated Receipts	3	134,786,605	118,848,396
Returned CRF issues	4	16,336,277	11,325,147
TOTAL RECEIPTS		6,924,988,584	7,810,804,816
PAYMENTS			
Compensation of Employees	5	2,468,902,001	2,316,938,457
Use of goods and services	6	1,337,872,429	1,270,407,630
Transfers to Other Government Units	7	781,712,727	705,237,582
Other grants and transfers	8	918,821,655	548,972,855
Social Security Benefits	9	38,000,000	23,696,911
Acquisition of Assets	10	1,818,137,009	3,118,063,108
TOTAL PAYMENTS		7,363,445,821	7,983,316,543
SURPLUS/DEFICIT		-438,457,238	-172,511,727

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 02/12/2020 and signed by:


 Ag. Chief Finance Officer-Finance
 Name: CPA Galm W. Guyo

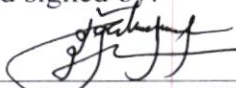

 Head of Treasury
 Name: Shalle Ibrahim Shalle
 ICPAK Member Number: 11640

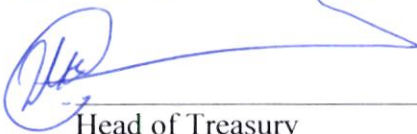
MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

7.2 STATEMENT OF ASSETS AND LIABILITIES

		2019-2020	2018-2019
	Notes	KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11A	265,049,703	732,196,336
Cash Balances	11B	-	-
Total Cash and cash equivalent		265,049,703	732,196,336
TOTAL FINANCIAL ASSETS		265,049,703	732,196,336
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	12	61,431,592	90,120,988
NET FINANCIAL ASSETS		203,618,111	642,075,348
REPRESENTED BY			
Fund balance b/fwd.	13	642,075,348	814,587,075
Surplus/Deficit for the year		-438,457,238	-172,511,727
NET FINANCIAL POSITION		203,618,110	642,075,349

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 02/12/ 2020 and signed by:


 Ag. Chief Officer-Finance
 Name: CPA Galm W. Guyo
 ICPAK Member No: 18333


 Head of Treasury
 Name: Shalle Ibrahim Shalle
 ICPAK Member Number: 11640

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

7.3 STATEMENT OF CASH FLOWS

		2019-2020	2018-2019
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	6,190,613,400	7,002,200,000
Proceeds from Domestic and Foreign Grants	2	583,252,302	678,431,273
County Own Generated Receipts	3	134,786,605	118,848,396
Returned CRF issues	4	16,336,277	11,325,147
Payments for operating expenses			
Compensation of Employees	5	2,468,902,001	2,316,938,457
Use of goods and services	6	1,337,872,429	1,270,407,630
Transfers to Other Government Units	7	781,712,727	705,237,582
Other grants and transfers	8	918,821,655	548,972,855
Social Security Benefits	9	38,000,000	23,696,911
		5,545,308,812	4,865,253,435
Adjusted for:			
Increase/(Decrease) in Accounts Payable: (deposits and retention)	14	-28,689,395	-32,033,688
Net cash flow from operating activities		1,350,990,376	2,913,517,693
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10	-1,818,137,009	-3,118,063,108
Net cash flows from Investing Activities		-1,818,137,009	-3,118,063,108
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		-467,146,633	-204,545,415
Cash and cash equivalents at BEGINNING of the year	13	732,196,336	936,741,751
Cash and cash equivalents at END of the year	11A	265,049,703	732,196,336

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 02/12/2020 and signed by:



Ag. Chief Finance Officer-Finance
 Name: CPA Galm W. Guyo

ICPAK Member No: 18333



Head of Treasury
 Name: Shalle Ibrahim Shalle
 ICPAK Member Number

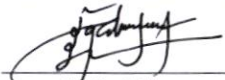
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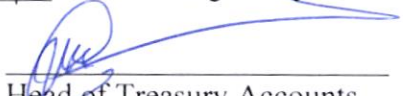
MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

7.4 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 %
RECEIPTS						
Exchequer releases	6,634,000,000	139,100,000	6,773,100,000	6,190,613,400	582,486,600	91%
Proceeds from Domestic and Foreign Grants	857,139,415	(110,074,637)	747,064,778	583,252,302	163,812,476	78%
County Own Generated receipts	150,000,000	20,000,000	170,000,000	134,786,605	35,213,395	79%
Return issues to CRF	-	658,360,224	658,360,224	658,360,224	-	100%
TOTAL	7,641,139,415	707,385,587	8,348,525,002	7,567,012,531	781,512,471	91%
PAYMENTS						
Compensation of Employees	2,471,147,973	-	2,471,147,973	2,468,902,001	2,245,972	100%
Use of goods and services	1,450,435,005	(72,045,470)	1,378,389,535	1,337,872,429	40,517,106	97%
Transfers to Other Government Units	628,316,313	181,866,678	810,182,991	781,712,727	28,470,264	96%
Other grants and transfers	803,894,111	440,247,317	1,244,141,428	918,821,655	325,319,773	74%
Social Security Benefits	60,000,000	(22,000,000)	38,000,000	38,000,000	-	100%
Acquisition of Assets	2,227,346,013	179,317,061	2,406,663,074	1,818,137,009	588,526,065	76%
TOTAL	7,641,139,415	707,385,586	8,348,525,001	7,363,445,821	985,079,180	88%
SURPLUS/(DEFICIT)	-	-	-	203,566,710	-	-

The entity financial statements were approved on 02/12/2020 and signed by:


 Ag. Chief Finance Officer-Finance
 Name: CPA Galm W. Guyo
 ICPAK member no: 18333


 Head of Treasury Accounts
 Name: Shalle Ibrahim Shalle
 ICPAK Member Number 11640

MARSABIT COUNTY GOVERNMENT

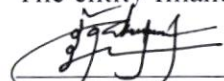
Reports and Financial Statements

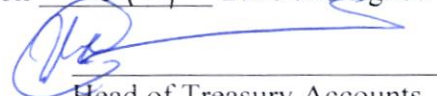
For the year ended June 30, 2020

7.5 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 %
RECEIPTS						
Exchequer releases	3,995,507,341	124,984,450	4,120,491,791	4,123,267,575	(2,775,784)	100%
Proceeds from Domestic and Foreign Grants	6,643,714	-	6,643,714	6,643,714	-	100%
County Own Generated receipts	150,000,000	20,000,000	170,000,000	134,786,605	35,213,395	79%
Return CRF issues		50,335,540	50,335,540	50,335,540	-	100%
TOTAL	4,152,151,055	195,319,990	4,347,471,045	4,315,033,434	32,437,611	99%
PAYMENTS						
Compensation of Employees	2,471,147,973	-	2,471,147,973	2,468,902,001	2,245,972	100%
Use of goods and services	940,946,067	(47,459,930)	893,486,137	937,893,515	(44,407,378)	105%
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	628,316,313	181,866,678	810,182,991	781,712,727	28,470,264	96%
Other grants and transfers	93,832,967	11,000,000	104,832,967	100,959,594	3,873,373	96%
Social Security Benefits		-	-	-	-	-
Acquisition of Assets	17,907,735	49,913,242	67,820,977	47,151,195	20,669,782	70%
TOTAL	4,152,151,055	195,319,990	4,347,471,045	4,336,619,032	10,852,013	100%
SURPLUS/(DEFICIT)						

The entity financial statements were approved on 02/12/20 2020 and signed by:


 Ag. Chief Finance Officer - Finance
 Name: CPA Galm W. Guyo
 ICPAK: 18333
 New 2000:


 Head of Treasury Accounts
 Name: Shalle Ibrahim Shalle
 ICPAK Member Number: 11640

MARSABIT COUNTY GOVERNMENT

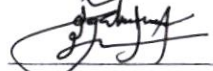
Reports and Financial Statements

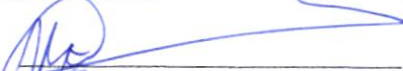
For the year ended June 30, 2020

7.6 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 %
RECEIPTS						
Exchequer releases	2,638,492,659	14,115,550	2,652,608,209	2,067,345,825	585,262,384	78%
Proceeds from Domestic and Foreign Grants	850,495,701	(110,074,637)	740,421,064	576,608,588	163,812,476	78%
Return CRF issues	-	608,024,684	608,024,684	608,024,684	-	100%
TOTAL	3,488,988,360	512,065,597	4,001,053,957	3,251,979,097	749,074,860	81%
PAYMENTS						
Compensation of Employees						
Use of goods and services	509,488,938	(24,585,540)	484,903,398	399,978,914	84,924,484	82%
Transfers to Other Government Units		-	-	-	-	-
Other grants and transfers	710,061,144	429,247,317	1,139,308,461	817,862,061	321,446,400	72%
Social Security Benefits	60,000,000	(22,000,000)	38,000,000	38,000,000	-	100%
Acquisition of Assets	2,209,438,278	129,403,819	2,338,842,097	1,770,985,814	567,856,283	76%
TOTALS	3,488,988,360	512,065,596	4,001,053,956	3,026,826,789	974,227,167	76%
SURPLUS/(DEFICIT)						

The entity financial statements were approved on 02/12 2020 and signed by:


 Ag. Chief Finance Officer-Finance
 Name: CPA Galm W. Guyo
 ICPAK member no: 18333


 Head of Treasury Accounts
 Name: Shalle Ibrahim Shalle
 ICPAK Member Number: 11640

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
	KShs	KShs	KShs	KShs	KShs
P1 General administration planning and support services					
SP1 Administration Services	330,000,000	328,869,015	658,869,015	642,754,123	16,114,892
P2 Management of County Affairs					
SP1 County Executive services	435,857,842	-	435,857,842	432,858,142	2,999,700
SP2 Executive Infrastructure Development	100,000,000	50,000,000	150,000,000	68,912,212	81,087,788
P5 Public Sector Advisory Services					
SP1 Public Sector Advisory services	59,000,000	-	59,000,000	57,493,725	1,506,275
P8 Inter/Intra Governmental and Coordination					
SP1 Inter/Intra Governmental Coordination	25,000,000	-5,000,000	20,000,000	20,000,000	-
P9 County Legal Services					
SP1 County Legal Services	25,000,000	-4,582,227	20,417,773	19,774,700	643,073
P1 General administration planning and support services					
SP1 Administration services	100,000,000	474,000,000	574,000,000	551,550,050	22,449,950
SP6 Financial Services	247,045,344	194,349,826	441,395,170	441,179,270	215,900
SP7 ICT Services	1,000,000	-	1,000,000	1,000,000	-
P11 Public Finance Management					
SP1 Budget formulation, coordination & management	2,000,000	-2,000,000	-		-
SP2 Resource Mobilization	14,000,000	-14,000,000	-		-
SP3 Internal audit services	20,000,000	-	20,000,000	19,936,950	63,050

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
SP5 Accounting services	15,000,000	-4,700,000	10,300,000	10,044,205	255,795
SP6 Public Financial Reforms	20,000,000	-5,000,000	15,000,000	14,696,780	303,220
P12 Economic and financial policy formulation					
SP3 Fiscal Policy Formulation and management	35,000,000		35,000,000	5,000,000	30,000,000
SP4 Integrated Development Planning	5,000,000		5,000,000	5,000,000	-
SP5 Monitoring and Evaluation	5,000,000		5,000,000	5,000,000	-
P1 General Administration, Planning and Support Services					
SP1 General Administration, Planning and Support Services	90,580,450	-3,464,287	87,116,163	87,116,163	-
P2 Livestock Resources Management and Development					
SP3 Livestock production and Management	126,522,787	38,763,257	165,286,044	125,976,472	39,309,572
SP5 Livestock Diseases Management and Control	12,800,000	-3,800,000	9,000,000	4,436,000	4,564,000
P5 Fisheries Development and Management					
SP3 Fisheries Policy, Strategy and Capacity Buildings	20,355,315	-985,000	19,370,315	18,970,615	399,700
SP4 Assurance of Fish Safety, Value Addition and Marketing	61,851,133	-2,000,000	59,851,133	198,608	59,652,525
P13 Crop Development and Management					
SP1 Lands and Crop Development	5,000,000	27,644,868	32,644,868	29,626,230	3,018,638

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
SP2 Food Security Initiatives	344,666,188	-12,001,280	332,664,908	184,017,956	148,646,952
P1 General Administration, Planning and Support Services					
SP1 Administration services	60,934,102	3,500,000	64,434,102	64,346,002	88,100
SP8 Board Management Service	7,315,897	-1,500,000	5,815,897	5,815,897	-
SP9 Ethics, Governance and Values	2,000,000	-500,000	1,500,000	1,444,186	55,814
P10 Human Resource Management and Development					
SP1 Human Resource Management	2,505,001	-	2,505,001	2,505,001	-
SP2 Human Resource Development	5,550,000	-500,000	5,050,000	4,985,245	64,755
SP3 Establishment, Management and Consultancy Services	4,250,000	-500,000	3,750,000	3,749,999	1
P1 General Administration, Planning and Support Services					
P1 General Administration, Planning and Support Services	289,493,916	11,300,000	300,793,916	300,694,935	98,981
P4 Pre – Primary Education					
SP1 Early Childhood Development and Education	140,150,000	-91,956,825	48,193,175	48,193,175	-
SP2 ECD Teachers Training	6,000,000	-	6,000,000	4,939,300	1,060,700
P5 Youth Development			-		-
SP1 Talent Search	10,000,000	-	10,000,000	9,542,800	457,200
SP2 Campaigns and awareness	5,400,000	-	5,400,000	5,285,000	115,000
SP3 Youth and Environment	10,000,000	-	10,000,000	7,228,600	2,771,400
SP4 Youth Empowerment and Employment Opportunities	40,530,000	-	40,530,000	38,321,055	2,208,945
SP5 Youth Training and Capacity	10,000,000	-	10,000,000	1,858,900	8,141,100

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
Building					
P6 Vocational Education and Training					
SP1 Technical Trainers and Instructor Services	1,500,000	-	1,500,000	-	1,500,000
SP4 Infrastructure Development and Expansion	17,558,298		17,558,298	11,650,000	5,908,298
P7 Sports					
SP1 Sports Training and Competitions	15,000,000		15,000,000	4,453,600	10,546,400
SP2 Development and Management of Sports Facilities	54,110,000	-34,920,000	19,190,000	10,499,993	8,690,007
P2 Curative Health Services					
SP6 Referral Services	45,000,000		45,000,000	34,151,253	10,848,747
SP7 Specialized Services	60,000,000	-22,000,000	38,000,000	38,000,000	-
SP8 Drugs and commodities	124,000,000		124,000,000	73,794,825	50,205,175
P3 General Administration, Planning and Support Services					
SP1 Administration and support services	1,276,514,381	-5,000,000	1,271,514,381	1,271,414,681	99,700
SP2 Health Infrastructure development	507,021,144	-80,490,113	426,531,031	321,874,731	104,656,300
P4 Maternal and child health					
SP1 Integrated MCH and Family planning Services	10,000,000		10,000,000	9,460,291	539,709
P1 General administration planning and Support Services					
SP1 Administration services	272,809,767	25,600,000	298,409,767	298,629,647	-219,880

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
SP4 Peace building and conflict resolution	5,000,000	2,000,000	7,000,000	2,152,600	4,847,400
SP5 Disaster management and emergency response	2,000,000	-2,000,000	-	-	-
P3 ICT infrastructure					
SP2 Acquisition & installation of ICT Systems	6,200,000	3,000,000	9,200,000	2,922,000	6,278,000
P13 Coordination of functions of devolved Units					
SP1 Co-ordination of County Government Departments	14,500,000	-1,000,000	13,500,000	13,179,100	320,900
SP2 Co-ordination of Non-State Actors	3,000,000	-3,000,000	-		-
P14 Public Participation and Civic Education					
SP1 Civic education	3,000,000		3,000,000	2,063,826	936,174
P6 Urban Development Services					
SP1 Town Administration Services	64,000,000	106,743,823	170,743,823	153,551,200	17,192,623
SP2 Solid Waste Management	54,750,000	2,000,000	56,750,000	39,331,398	17,418,602
P7 Lands and Physical Planning Services					
SP1 Development Planning and Land Reforms	70,000,000	-20,000,000	50,000,000	42,503,550	7,496,450
SP3 Land Survey	25,000,000	-15,000,000	10,000,000	9,168,500	831,500
P1 Land and Physical Planning Services					
SP1 Administration and Support services	142,597,500	-5,800,000	136,797,500	132,363,093	4,434,407

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
P9 Road Transport Infrastructure Development					
SP1 Roads Infrastructure Development	353,948,001	73,303,368	427,251,369	398,118,267	29,133,102
P4 Housing Development services					
SP1 Housing Development	42,740,767	-2,499,999	40,240,768	34,956,170	5,284,598
P7 General administration, planning and Support Services					
SP3 Operations and maintenance	50,230,402	-2,000,001	48,230,401	45,216,010	3,014,391
P2 Water Resources Management					
SP1 Water Resources Conservation and Protection	18,000,000		18,000,000	12,292,659	5,707,341
SP2 Water Storage	190,050,000	-70,348,404	119,701,596	105,889,987	13,811,609
SP3 Water Supply Infrastructure Development	333,503,596	-264,335,863	69,167,733	65,938,333	3,229,400
P3 General Administration, Planning and Support Services					
SP1 General Administration, Planning and Support Services	92,173,660	-4,190,000	87,983,660	86,822,939	1,160,721
P4 Natural Resources Conservation and Management					
SP1 Forests Conservation and Management	67,120,315	-28,760,000	38,360,315	35,574,933	2,785,382
P1 General Administration, Planning and Support Services					
SP1 Financial Services	80,619,796	-2,500,000	78,119,796	68,661,200	9,458,596
P3 Trade and Industrial Development					

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020		2019-2020	2019-2020	
SP3 Upgrading rural markets	12,600,000	-2,400,000	10,200,000	4,999,860	5,200,140
P4 Enterprise Development					
SP2 Develop infrastructure and facilities	60,000,000	-10,000,000	50,000,000	50,000,000	-
P3 Trade and Industrial Development					
SP2 Youth Development Fund	20,000,000	-10,000,000	10,000,000	7,756,700	2,243,300
P6 Culture Services					
SP2 Development and Promotion of Culture	10,000,000	10,985,019	20,985,019	6,267,312	14,717,707
SP3 Cultural infrastructure development	6,500,000	-6,500,000	-	-	-
P7 Social Services					
SP2 Development of social infrastructures	35,900,000	-32,068,000	3,832,000	3,000,000	832,000
P1 General administration, planning and support services					
SP1 General Administration Services	98,067,500	17,000,000	115,067,500	110,622,140	4,445,360
Total	6,942,823,102.00	588,757,177.00	7,531,580,279.00	6,751,733,094.00	779,847,185.00

MARSABIT COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

7.7 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 Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for Marsabit County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Government recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans. The amount of undrawn external assistance for the year is detailed in the notes

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation of employees

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

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

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

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Third Party Payments

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government are detailed in the notes to this financial statement.

6. Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2020, this amounted to Kshs 61,431,592 compared to Kshs 90,120,988 in prior period as indicated on note 11A.

There were no other restrictions on cash during the year

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

10. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

11. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

13. 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 County Revenue Allocation Act. The original budget was approved by the County Assembly on 29th June 2019 for the period 1st July 2019 to 30th June 2020 as required by law. There were 2 supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in the annex to these financial statements.

14. Comparative figures

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

15. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

16. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

17. Related party transactions

Related party transactions involve cash and in-kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2019 - 2020	2018 - 2019
	KShs	KShs
Total Exchequer Releases for quarter 1	1,178,519,400	350,110,000
Total Exchequer Releases for quarter 2	1,219,158,000	1,820,572,000
Total Exchequer Releases for quarter 3	1,930,333,500	1,925,605,000
Total Exchequer Releases for quarter 4	1,862,602,500	2,905,913,000
Total	6,190,613,400	7,002,200,000

The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer. Exchequer releases are as follows:
(The totals of A, B and C below should equal the total exchequer releases).

1A. Equitable Share

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Total Equitable Share for quarter 1	1,178,519,400	350,110,000
Total Equitable Share for quarter 2	1,219,158,000	1,820,572,000
Total Equitable Share for quarter 3	1,930,333,500	1,925,605,000
Total Equitable Share for quarter 4	1,862,602,500	2,905,913,000
Total	6,190,613,400	7,002,200,000

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	2019 - 2020	2018 - 2019
	KShs	KShs
Government of Denmark		
DANIDA-Health Sector Programme Support (HSPS)	28,711,250	22,072,500
Grants Received from Multilateral Donors (International Organizations)		
EU LED IDEAS		70,007,619
World Bank		
Transforming Health Services (THS) for Universal Care Project	57,240,000	82,026,760
Agriculture Sector Development Support Programme	21,138,490	9,983,094
Kenya Climate Smart Agriculture Project	122,901,952	50,891,757
Kenya Urban Support Programme-Urban Institutional Grant	8,800,000	41,200,000
Kenya Urban Support Programme-Urban Development Grant	35,761,940	50,000,000
Kenya Devolution Support Programme	30,000,000	96,080,291
Food and Agriculture Organisation	4,998,720	5,996,770
Grants Received from other levels of government		
Ministry of Education-Village Polytechnic Infrastructural Development	15,558,298	19,837,625
Ministry of Health-User Fees	6,643,714	6,643,714
Ministry of Health-Medical Allowances(Covid-19)	30,420,000	-
Ministry of Health-Institutional Development(Covid-19)	28,819,000	-
Kenya Roads Board-Road Maintenance Fuel Levy Fund	192,258,938	223,691,143
TOTAL	583,252,302	678,431,273

(Include a brief explanation on grants received, from whom and for what purpose)

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. COUNTY OWN GENERATED RECEIPTS

	2019 - 2020	2018 - 2019
	KShs	KShs
Market Charges	1,991,540	2,701,505
Livestock Charges	16,030,665	36,322,856
Land Transaction Charges	5,022,925	5,818,502
Royalties	5,038,235	10,743,090
Plan Approval	513,500	224,300
Slaughter	423,530	234,450
Scrap Metal	49,800	92,862
Cement		68,300
Single business permit	9,133,600	22,317,540
Produce	19,236,901	22,967,435
Miscellaneous charges	6,368,310	2,733,777
Lease Rentals	3,444,861	4,397,843
Fish Cess		127,200
Hiring of Hall/Stadium	22,000	42,000
Liquor Licence	36,000	3,436,496
Public health-Facility Improvement Fund	3,751,111	1,535,700
Hospital-Facility Improvement Fund	62,013,217	3,252,112
AMS	9,000	572,500
Weights and Measures		42,500
Veterinary- Meat Inspection	371,810	530,428
Water Bill	-	233,000
Equipment Hire	1,329,600	
Sale of Tender Documents	-	454,000
	-	-
TOTAL	134,786,605	118,848,396

4. RETURNED CRF ISSUES

	2019 - 2020	2018 - 2019
	KShs	KShs
Equity Bank-County Assembly	8,133,841	830,868
CBK Recurrent-County Assembly	4,038,299	1,407,158
CBK Development-County Assembly	4,164,137	9,087,121
Total	16,336,277	11,325,147

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. COMPENSATION OF EMPLOYEES

	2019 - 2020	2018 - 2019
	KShs	KShs
Basic salaries of permanent employees	2,324,647,758	2,203,109,132
Basic wages of temporary employees	48,907,207	19,352,486
Personal allowances paid as part of salary	67,291,441	69,560,457
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	28,055,595	24,916,382
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	2,468,902,001	2,316,938,457

6. USE OF GOODS AND SERVICES

	2019 - 2020	2018 - 2019
	KShs	KShs
Utilities, supplies and services	23,199,740	22,565,744
Communication, supplies and services	7,679,410	10,047,956
Domestic travel and subsistence	139,638,510	133,762,500
Foreign travel and subsistence	17,612,440	21,847,927
Printing, advertising and information supplies & services	119,968,217	82,199,961
Rentals of produced assets	48,702,681	53,790,289
Training expenses	139,001,587	73,776,398
Hospitality supplies and services	108,658,629	127,351,692
Insurance costs	88,707,163	31,436,738
Specialized materials and services	121,330,625	204,357,428
Office and general supplies and services	43,942,367	54,266,653
Fuel, Oil and Lubricants	80,496,009	82,465,121
Other operating expenses	152,788,119	120,030,103
Routine maintenance – vehicles and other transport equipment	42,277,239	44,094,035
Routine maintenance – other assets	203,869,693	208,415,085
Total	1,337,872,429	1,270,407,630

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Transfers to County Government entities		
Emergency Fund	170,000,000	70,000,000
Transfers to County Assembly	611,712,727	635,237,582
TOTAL	781,712,727	705,237,582

8. OTHER GRANTS AND PAYMENTS

	2019 - 2020	2018 - 2019
	KShs	KShs
Scholarships and other educational benefits	66,000,000	60,000,000
Emergency relief and refugee assistance	642,754,123	320,922,200
Other current transfers, grants	140,652,642	73,797,320
Other capital grants and transfers	69,414,890	94,253,335
Total	918,821,655	548,972,855

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. SOCIAL SECURITY BENEFITS

	2019 - 2020	2018 - 2019
	KShs	KShs
Transfer to NHIF	38,000,000	23,696,911
Total	38,000,000	23,696,911

10. ACQUISITION OF ASSETS

Non- Financial Assets	2019 - 2020	2018 - 2019
	KShs	KShs
Purchase of Buildings	xxx	xxx
Construction of Buildings	202,181,908	484,277,429
Refurbishment of Buildings	1,810,162	7,708,632
Construction of Roads	158,781,000	195,716,208
Construction and Civil Works	560,199,999	1,527,730,954
Purchase of Vehicles and Other Transport Equipment	-	13,968,000
Purchase of Household Furniture and Institutional Equipment		1,450,000
Purchase of Office Furniture and General Equipment	6,089,238	3,844,950
Purchase of ICT Equipment	4,697,000	23,730,172
Purchase of Specialized Plant, Equipment and Machinery	2,800,000	11,487,766
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	14,827,520
Purchase of Certified Seeds, Breeding Stock and Live Animals	7,019,000	11,499,040
Research, Studies, Project Preparation, Design & Supervision	51,914,450	54,006,421
Domestic Payables from previous financial Year	822,644,252	767,816,016
Total acquisition of non- financial assets	1,818,137,009	3,118,063,108

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CASH AND BANK BALANCES

11A. BANK BALANCES

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2019 - 2020	2018 - 2019
		KShs	KShs
Central Bank of Kenya, County Revenue Fund Account no.1000170824	CRF	61,633,528	517,207,169
Central Bank Fuel Levy Account no.1000299134	Development	17,174,348	54,665,456
Central Bank of Kenya, Development Account no.1000170514	Recurrent	13,221	1,020,051
Central Bank of Kenya, Recurrent Account no.1000170492	Recurrent	3,537	9,637,024
Central Bank of Kenya, World Bank/Danida Account no.1000274328	Recurrent	9,384,287	28,483,727
Central Bank of Kenya, Village Polytechnic Project Account no.1000367377	Development	15,558,298	-
Central Bank of Kenya, Agriculture Sector Development Support Project a/c no.1000367393	Development	-	-
Central Bank of Kenya, Kenya Climate Smart Agriculture Account no.1000367385	Development	87,052,019	28,414,167
Central Bank of Kenya, Food & Agriculture Organisation Project Account no.1000375744	Development	-	-
Co-operative Bank, Marsabit Branch Account no.01141551311100	Deposit	61,431,592	90,120,988
Kenya Commercial Bank-Local Revenue, Marsabit Branch Account no.1140751484	Recurrent	4,406,915	0
Kenya Commercial Bank-Recurrent, Marsabit Branch Account no.1140789724	Recurrent	8,594	418,085
Kenya Commercial Bank-Development, Marsabit Branch Account no.1162178345	Development	30	2,229,669
Marsabit County Referral Hospital	Recurrent	1,331,685	-
NHIF-Saku	Recurrent	2,921,816	-
KCB Moyale Sub-County Health A/c-1153997037	Recurrent	107,099	-
KCB Moyale Sub-County Referral Hospital A/c-1154715086	Recurrent	4,022,734	-
Total		265,049,703	732,196,336

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

21B. CASH IN HAND

	2019 - 2020	2018 - 2019
	KShs	KShs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

12. ACCOUNTS PAYABLES

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposits	-	-
Retention monies	61,431,592	90,120,988
Total	61,431,592	90,120,988

13. FUND BALANCE BROUGHT FORWARD

	2019 - 2020	2018 - 2019
	KShs	KShs
Bank accounts	732,196,336	937,599,800
Emergency Fund Opening Bank account balance	-	-832,015
Social Protection Fund Opening Bank account balance		-26,034
Accounts Payables	-90,120,988	-122,154,676
Total	642,075,348	814,587,075

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. CHANGES IN ACCOUNTS PAYABLES – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	90,120,988	122,154,676
Deposit and Retentions held during the year (B)	21,095,454	43,441,411
Deposit and Retentions paid during the Year (C)	49,784,850	75,475,099
Net changes in account receivables D= A+B-C	61,431,592	90,120,988
Decrease/Increase in Deposit and Retentions as at 30 th June (A-D)	28,689,396	32,033,688

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

7.8 OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 2)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	99,632,574
Construction of civil works	-	-	-	92,870,993
Supply of goods	-	-	-	149,792,792
Supply of services	-	-	-	22,467,815
Total	-	-	-	364,764,174

2. External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans	-	-	-
Undrawn external assistance - grants	-	-	-
Total		-	-

c. Classes of providers of external assistance

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief

d. Non-monetary external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc

N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	Xxx	Xxx

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

3. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions

	2019- 2020	2018- 2019
	Kshs	Kshs
Key Management Compensation (Governors, CEC Members and COs)	-	-
Transfers to related parties		
Transfer to the County Assembly	611,712,727	635,237,582
Transfers to other County Government Entities	236,000,000	130,000,000
Transfers to Development Projects	190,754,609	147,879,240
Transfers to non- reporting entities e.g. schools and welfare	-	-
Transfers to County Water Service Providers	-	-
Expenses paid on behalf of County Water Service Providers	-	-
Total Transfers to related parties	-	-
Transfers from related parties		
Transfers from the Exchequer	-	-
Transfers from MDAs	-	-
Transfers from SCs and SAGAs- National Government	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	1,038,467,336	913,116,822

4. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Entity	Date Established/Date taken over	Location	Accounting Officer responsible
Marsabit County Executive Emergency Fund	2014	County Hqs	Mr. Abdulahi Barako Kuli
Marsabit County Executive Mortgage Scheme Fund	2016	County Hqs	Mr. Abdulahi Barako Kuli
Marsabit County Executive Car Loan Scheme Fund	2016	County Hqs	Mr. Abdulahi Barako Kuli
Marsabit County Executive Scholarship Fund	2016	County Hqs	Mr. Abdulahi Barako Kuli
Marsabit County Executive Enterprise Fund	2015	County Hqs	Mr. Abdi Ayla Goto
Marsabit County Executive Social Protection Fund	2014	County Hqs	Mrs Grace Galmo Boru
Marsabit Water and Sewerage Company(MAWASCO)	2017	County Hqs	Mr. Peter Galmagar Bartabes

5. DISCLOSURE OF BALANCES IN REVENUE COLLECTION ACCOUNTS

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances need to be disclosed at the end of the reporting period as below. Revenue collection accounts should be swept to CRF on reporting dates.

Name of Bank, Account No. & currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2019 - 2020	2018 - 2019
			KShs	KShs
Kenya Commercial Bank-Local Revenue, Marsabit Branch Account no.1140751484	-	-	4,406,915	-
Total			4,406,915	-

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Kenya Climate Smart Agriculture	Other transfers- Donor funds transferred through exchequer	Total Transfers from the National Treasury/ Exchequer
Exchequer Releases for quarter 1	1,178,519,400				1,178,519,400
Exchequer Releases for quarter 2	1,219,158,000	10,453,125	59,854,908	16,871,980	1,306,338,013
Exchequer Releases for quarter 3	1,930,333,500	10,453,125		48,147,169	1,988,933,794
Exchequer Releases for quarter 4	1,862,602,500	7,805,000	63,047,045	88,984,803	2,022,439,347
Total	6,190,613,400	28,711,250	122,901,952	154,003,952	6,496,230,554

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/2020	Comments
A	B	c	d=a-c		
Construction of buildings					
Qalaliwe enterprises limited	499,901	2019-20	-	499,901	
Guote construction & gen. const.	560,000	2019-20	-	560,000	
Guote construction & gen. const.	840,000	2019-20	-	840,000	
Sacash investment limited	8,047,054	2019-20	-	8,047,054	
Mallu construction company	4,263,426	2018-19	-	4,263,426	
Mallu construction company	2,499,000	2018-19	-	2,499,000	
Gadha Investments	4,300,000	2018-19	1,995,311	2,304,689	
Cabditech Investment Limited	4,199,838	2018-19	-	4,199,838	
Ellelo General Suppliers and Contractors Ltd	1,600,000	2019-2020	-	1,600,000	
El- Bokoch Contractors Limited	2,193,026	2019-2020	-	2,193,026	
Kingz Haven Construction Limited	2,999,997	2019-2020	-	2,999,997	
Malka Dimtu Company Limited	8,871,262	2019-2020	-	8,871,262	
Centurion Engineers and Builders Ltd	50,071,699	2018-19	-	50,071,699	
Centurion Engineers and Builders Ltd	10,682,682	2018-19	-	10,682,682	
Sub-Total	101,627,885		1,995,311	99,632,574	
Construction of civil works					
Mallu construction company	4,999,570	2018-19	-	4,999,570	
Dream EP Global Energy Kenya limited	4,646,105	2017-18	-	4,646,105	
Gusa general contractors	2,399,460	2018-19	1,919,578	479,882	
Galeha Construction And Suppliers L	2,000,000	2019-2020	-	2,000,000	
Gurandala Investment Limited	2,100,000	2019-2020	-	2,100,000	
H Dhaga Investment	2,499,400	2019-2020	-	2,499,400	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/2020	Comments
Gurumeza Contractors Limited	2,499,581	2019-2020	-	2,499,581	
Tirikob Company Limited	2,997,764	2019-2020	-	2,997,764	
Kiwanja Contractors	3,998,520	2019-2020	-	3,998,520	
Titabubo Ltd	8,000,450	2019-2020	-	8,000,450	
Amarolle Civil Contractors Ltd	16,552,308	2018-19	-	16,552,308	
Galcha Construction And Suppliers L	4,900,000	2019-2020		4,900,000	
Desertfine Construction Ltd	1,999,846	2019-2020		1,999,846	
Qarsa Enterprise Ltd	1,950,000	2019-2020		1,950,000	
Elgufu General Supplies and Construction Ltd	2,000,000	2019-2020		2,000,000	
Surupa Investment	2,499,990	2019-2020		2,499,990	
Zicho General Construction	2,844,722	2019-2020		2,844,722	
Mashhur Construction Enterprises	2,999,876	2019-2020		2,999,876	
Bifate Enterprises Limited	3,000,000	2019-2020		3,000,000	
Desert Pride Limited	3,000,000	2019-2020		3,000,000	
ABDULHAMEED ENTERPRISES LIMITED	3,050,000	2019-2020		3,050,000	
Abdulhameed Enterprise Ltd	2,963,561	2019-2020		2,963,561	
Ormahido Investment Limited	3,494,320	2019-2020		3,494,320	
Goro Baha Construction And General	3,499,800	2019-2020		3,499,800	
Sillaat Investment Company Limited	3,895,298	2019-2020		3,895,298	
Sub-Total	94,790,571	-	1,919,578	92,870,993	
Supply of goods					
D.b.a general suppliers &cont.	425,000	2019-2020		425,000	
Bilal general contractors	230,800	2019-2020		230,800	
Bokola generalconst. Ltd	2,000,000	2019-2020		2,000,000	
Modis and bros limited	2,248,660	2019-2020		2,248,660	
Rukessa general cont. ltd	2,400,000	2019-2020		2,400,000	
Rukessa general cont. ltd	2,400,000	2019-2020		2,400,000	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/2020	Comments
Galcha construction	4,300,000	2019-2020		4,300,000	
Madister enterprises limited	169,000	2019-2020		169,000	
Al mabrook contractors and suppliers	2,539,995	2017-18	-	2,539,995	
Stodacom Limited	1,998,912	2019-2020		1,998,912	
EI- Bokoch Contractors Limited	1,999,260	2019-2020		1,999,260	
Stodacom Limited	1,999,260	2019-2020		1,999,260	
EI- Bokoch Contractors Limited	1,999,890	2019-2020		1,999,890	
EI- Bokoch Contractors Limited	2,000,000	2019-2020		2,000,000	
Kiwanja Contractors	2,000,000	2019-2020		2,000,000	
Kiwanja Contractors	2,000,000	2019-2020		2,000,000	
Tullus Senior Investments	5,070,000	2019-2020		5,070,000	
Toyota Kenya	8,355,900	2019-2020		8,355,900	
Miabi Company Limited	499,991	2019-2020		499,991	
Zenchuk Investment Ltd	499,940	2019-2020		499,940	
Flyvon Enterprises Limited	2,090,070	2019-2020		2,090,070	
Yuzaj Company Ltd	1,850,000	2019-2020		1,850,000	
Centric Africa Ltd	1,999,500	2019-2020		1,999,500	
Hyflux Company Limited	2,200,000	2019-2020		2,200,000	
Nazamin Enterprise Ltd	2,800,000	2019-2020		2,800,000	
Marnan and Sons Enterprise	2,927,500	2019-2020		2,927,500	
Ibse Enterprise Ltd	2,931,569	2019-2020		2,931,569	
Kenya Medical Supplies Authority	175,172	2019-2020		175,172	
Kenya Medical Supplies Authority	5,452,742	2019-2020		5,452,742	
Talent Medical Services Ltd	1,900,000	2019-2020		1,900,000	
CMC motors Group Ltd	124,485	2019-2020		124,485	
Milky Way Company Limited	6,996,000	2019-2020		6,996,000	
Nyamayo Investments	20,508,100	2019-2020		20,508,100	
Commodore International Ltd	24,494,468	2019-2020		24,494,468	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/2020	Comments
Kenya Medical Supplies Authority	28,206,578	2019-2020		28,206,578	
Sub-Total	149,792,792		-	149,792,792	
Supply of services					
Jajaba construction and suppliers co	104,166	2019-20	-	104,166	
Jajaba construction and suppliers co	208,332	2019-20	-	208,332	
Gamachu construction company	220,833	2019-20	-	220,833	
Jimma service	220,833	2019-20	-	220,833	
Sodana Limited	220,833	2019-20	-	220,833	
Tumadisa company Limited	220,833	2019-20	-	220,833	
Marna and sons Enterprises	410,000	2019-20	-	410,000	
Marnan and sons Enterprises	1,640,000	2018-19	1,230,000	410,000	
Marnan and sons Enterprises	410,000	2019-20	-	410,000	
Alakoye construction company	416,666	2019-20	-	416,666	
Jajaba construction and suppliers co	416,666	2019-20	-	416,666	
Morning star Enterprises Limited	444,620	2019-20	-	444,620	
Baliti construction company limited	483,000	2019-20	-	483,000	
Baliti construction company limited	485,000	2019-20	-	485,000	
Baliti construction company limited	485,714	2019-20	-	485,714	
Precision civil engineering limited	480,000	2019-20	-	480,000	
El-besso company limited	516,666	2019-20	-	516,666	
Latu waye enterprise limited	650,000	2019-20	-	650,000	
Precision civil engineering limited	672,000	2019-20	-	672,000	
Bilali general contractors	883,332	2019-20	-	883,332	
Gamachu construction company	883,332	2019-20	-	883,332	
Jimma service	883,332	2019-20	-	883,332	
Sodana Limited	883,332	2019-20	-	883,332	
Tumadisa company limited	883,332	2019-20	-	883,332	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/2020	Comments
Alakoye construction company	1,041,665	2019-20	-	1,041,665	
Alakoye construction compoany	1,041,667	2018-19	-	1,041,667	
Morning star Enterprises	2,333,330	2019-20	1,166,665	1,166,665	
EL-besso company Limited	1,291,665	2019-20	-	1,291,665	
Bilali general contractors	1,766,665	2019-20	-	1,766,665	
Camto investmet	1,900,000	2019-20	-	1,900,000	
Ludwel Investment Limited	1,900,000	2019-20	-	1,900,000	
Morning star Enterprises	466,666	2019-20	-	466,666	
Sub-Total	24,864,480	-	2,396,665	22,467,815	
Grand Total	371,075,728	-	6,311,554	364,764,174	

MARSABIT COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/2018	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out) during the year (KShs)	Historical Cost c/f (KShs) 2018/2019
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Heritage and cultural assets					
Biological assets					
Intangible assets					
Infrastructure assets- Roads, Rails					
Work in progress					
Total					

(NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government. Additions during the year should tie to note 17 on acquisition of assets during the year.)

MARSABIT COUNTY GOVERNMENT

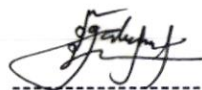
Reports and Financial Statements

For the year ended June 30, 2020

ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	differe nce	explanation
1.	County Assembly	100,103,105	153,000,000	160,000,000	198,609,622	611,712,727	611,712,727		
2.	Emergency fund				170,000,000	170,000,000	170,000,000		
3.	Education Fund	-	66,000,000	-	-	66,000,000	66,000,000		
4.	Agriculture Sector Development Support Programme	-	-	5,500,000	21,138,490	26,638,490	26,638,490		
5.	Kenya Climate Smart Agriculture Project	-	41,214,167	59,854,908	63,047,044	164,116,119	164,116,119		
	Total	100,103,105	260,214,167	225,354,908	452,795,156	1,038,467,336	1,038,467,336		

Director of Finance
County Executive



Director of Finance
County Assembly/fund/project
