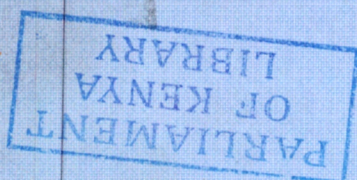


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MAKUENI COUNTY GOVERNMENT**

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

*Paper laid by the Chairman
of the Sessional Committee on
County Public Accounts and
Investments (Gen. Kamukoko) on
14/10/2015*

[Signature]

REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying consolidated financial statements of Makueni County Government set out on pages 7 to 26, which comprise the statement of assets as at 30 June 2014, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation for the period then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003.

Management's Responsibility for the Financial Statements

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 such 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in accordance with Article 229 (7) of the Constitution of Kenya, 2010. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for my audit opinion.

Basis for Disclaimer of Opinion

1. Late Submission of Reports and Financial Statements

The accounting officers of County Government entities are required at the end of each financial year to prepare financial statements in respect to the entities and submit entity's financial statements within three months after the end of each financial year to the Auditor-General. However, contrary to Section 164(4) of the Public Finance Management (PFM) Act, 2012, the accounting officers for both County Executive and County Assembly submitted the financial statements on 12 February 2015, four and half months after the stipulated submission period.

In the circumstance, the County management was in contravention of Section 164 (4) of the PFM Act, 2012.

2. Accuracy and Completeness of the Financial Statements

(i) Statement of Receipts and Payments

The consolidated statement of receipts and payments reflects total receipts of Kshs.5,170,504,152 and total expenditure of Kshs.4,049,214,972 resulting to a surplus of Kshs.1,076,289,180 as at 30 June 2014. However, the receipts and payments schedules presented for audit reflected total receipts of Kshs.4,672,217,756 and total payments of Kshs.3,605,337,140 resulting to a surplus of Kshs.1,066,880,615 as shown by inaccuracies of the following items in the financial statements.

ITEMS	Balance as per Financial Statements (A)	Balance as per Schedules (B)	Variance (A)-(B)
Receipts	5,170,504,152	4,672,217,756	498,286,396
Use of goods and services	809,097,067	816,304,192	(7,207,125)
Transfer to other government units	948,584,286	447,499,330	501,084,956
Other grants and transfers	102,501,236	112,501,236	(10,000,000)
Acquisition of assets	471,684,385	466,684,385	5,000,000

In view of the foregoing, the accuracy and authenticity of the receipts and payments as at 30 June 2014 could not be confirmed.

(ii) Statements of Financial Assets

The statement of financial assets reflect cash and cash equivalents balance of Kshs.1,129,611,043 made up of bank balances of Kshs.1,121,457,647, cash balances of Kshs.1,965,730 and outstanding imprest of Kshs.6,187,666 as at 30 June 2014. However, the current account had a credit balance of Kshs.2,342,521,619 while the bank reconciliation statement reflected a debit balance of Kshs.69,339,728 resulting to an unreconciled difference of Kshs.2,411,861,347.

Further, the development account had a credit balance of Kshs.572,740,291 though the bank reconciliation statement reflected a debit balance of Kshs.799,540,762 resulting to an unreconciled difference of Kshs.1,372,281,054.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.1,129,611,043 as at 30 June 2014 could not be confirmed.

(iii) Statements of Appropriation

Included in the statement of appropriation- recurrent, statement of appropriation-development and statements of appropriation- recurrent and development is original budget column, adjustments, final budget and actual on comparable basis columns containing figures which were not supported. Further, some of the figures under budget adjustments and actual on comparable basis column were inaccurate.

Consequently, the accuracy and authenticity of the statements of appropriation as at 30 June 2014 could not be confirmed.

(iv) Non- maintenance of Proper Books of Account

The County management responsible for the preparation and presentation of the financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial period. This 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 entity. However, the Accounting Officers of the County Government did not maintain the general ledgers and the trial balance for the period ended 30 June 2014.

(v) Fixed Assets Register

The financial statements have an annex on summary of fixed assets valued at Kshs.395,006,200.67 whereas the statement of receipts and payments reflects consolidated acquisition of assets of Kshs.471,684,385.82. Further, the assets and liabilities of the defunct local authorities have not been incorporated in the financial statements as at 30 June 2014.

In view of the foregoing, the accuracy and completeness of the financial statements balances for the year ended 30 June 2014 could not be ascertained.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

Nairobi

23 July 2015

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014



COUNTY GOVERNMENT OF MAKUENI

CONSOLIDATED REPORTS AND FINANCIAL STATEMENTS

FOR THE 16 MONTHS PERIOD ENDING
JUNE 30, 2014

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

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

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COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

I. KEY COUNTY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

1. Office of the Governor and Deputy Governor.
2. The County Assembly.
3. The County Executive Committee

(c) Fiduciary Management

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

No. Designation Name

- | | | |
|----|--|-------------------|
| 1. | ECM-Finance | -Alidan M. Mbinda |
| 2. | Chief Officer Finance | -Mary Kimanzi |
| 3. | Director-Financial Accounting Services | -Justus Suka |

(d) Fiduciary Oversight Arrangements

The main institution responsible for fiduciary oversight is the County Assembly. There is also Internal Audit department headed by Director Internal Audit Services which is also responsible for ensuring that Internal controls are applied at all levels and stages of transactions.

(e) County Headquarters

County Headquarters Building
Off Wote-Makindu Highway
P.O. Box 78-90300,
MAKUENI

(f) County Contacts

Telephone: 020 203 4944/ 206 8236
E-mail: contact@makueni.go.ke
Website: www.makueni.go.ke

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

(g) County Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank Limited
Wote Branch
3. Co-operative Bank Limited.
Wote Branch

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

II. FORWARD BY THE EXECUTIVE COMMITTEE MEMBER-FINANCE & PLANNING

Section 163 (1) of the Public Finance Management Act, 2012 requires that; the County Government shall prepare and consolidate the annual financial statements in respect of all the county government entities. The attached financial statements, present a true and fair view of the state of affairs of the county for the sixteen months period ending June 30, 2014.

During this period, the County Government of Makueni received Kshs 4.3 billion from the exchequer, Kshs 257 million from the local sources and Ksh 4.7 million from donors. Despite the delay in approval of the county budget which delayed procurement of projects, the County Government managed to utilize 37% on the development budget. The remaining 63% had been committed and the projects will be finalised in the following financial year.

In our thrust for improved openness, transparency, accountability and fiscal responsibility in the public sector, the County Government of Makueni is committed to continuously update its citizens on matters of public finance through the various media. The County Government is also dedicated to deliver on the promises inherent in its budget. This will help bolster the key objective of devolution which is to promote sustainable and equitable social, political and economic development in the county.

As I conclude, I would like to state that during the reporting period, the county experienced numerous challenges in achieving full utilization of IFMIS key among them being;

- a) E-procurement module had not yet been implemented
- b) Unstable internet connectivity
- c) Unstable power supply.

In addition the county budget estimates were approved in November 2013. This meant that implementation of the projects commenced five months late.

The County's financial statements were forwarded and signed by the CEC member on 26.08.2014
2014



County Executive Committee Member, Finance and Planning

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

III. STATEMENT OF COUNTY MANAGEMENT RESPONSIBILITIES

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

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the county for and as at the end of the period ending June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of County Government's transactions during the financial year ended June 30, 2014, and of its financial position as at that date. The CEC for finance further confirms the completeness of the accounting records maintained for the County Government, which have been relied upon in the preparation of the its financial statements, as well as the adequacy of the systems of internal financial control.

The CEC member in charge of the finance confirms that the County Government has fully complied with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member confirms that the County Government's financial statements have been prepared in 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's financial statements were approved and signed by the CEC member on 26.08.2014 2014.



County Executive Committee Member, Finance and Planning

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

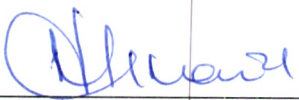
III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	MARCH 2013 - 30TH JUNE 2014			
		COUNTY EXECUTIVE	COUNTY ASSEMBLY	CONSOLIDATED	
RECEIPTS		Kshs	Kshs	Kshs	
Proceeds from Domestic and Foreign Grants	1	4,746,353.35	-	4,746,353.35	
Exchequer releases	2	4,343,942,125.00	-	4,343,942,125.00	
Transfers from Other Government Entities (Transitional Authority)	3	54,390,760.00	7,201,440.00	61,592,200.00	
Transfers from Other Government Entities (County Executive)			491,084,956.11		
Domestic Currency and Domestic Deposits	4		4,535,926.00	4,535,926.00	
Other Receipts	4	256,640,152.00	761,000.00	257,401,152.00	
				-	
TOTAL RECEIPTS		<u>4,659,719,390.35</u>	<u>503,583,322.11</u>	<u>5,170,504,152.46</u>	
PAYMENTS					
Compensation of Employees	5	1,549,262,356.30	80,717,730.51	1,629,980,086.81	
Use of goods and services	6	551,795,589.88	257,301,477.67	809,097,067.55	
Transfers to Other Government Units	7	938,584,286.82	10,000,000.00	948,584,286.82	
Other grants and transfers	8	102,501,236.01	-	102,501,236.01	
Acquisition of Assets	9	324,662,388.36	147,021,997.46	471,684,385.82	

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

Other Payments	10	132,199,169.00	168,740.00	132,367,909.00
National Government payment(salaries)		510,689,794.00		-
TOTAL PAYMENTS		<u>3,599,005,026.37</u>	<u>495,209,945.64</u>	<u>4,094,214,972.01</u>
				-
SURPLUS/DEFICIT		1,060,714,363.98	8,373,376.47	1,076,289,180.45
NB- The amount of kshs 510,689,794 was paid by the National Government for the Devolved staff, and is included in the compensation for employees.				

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 26.08.2014 and signed by:


 Chief Officer

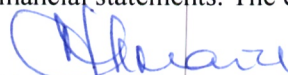

 Head of Treasury Accounts

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

IV. STATEMENT OF ASSETS

STATEMENT OF ASSETS					
		Note	EXECUTIVE	ASSEMBLY	CONSOLIDATED
			Kshs	Kshs	Kshs
FINANCIAL ASSETS					
Cash and Cash Equivalents					
Bank Balances		11A	1,108,845,270.55	12,612,376.47	1,121,457,647.02
Cash Balances		11B	1,965,730.00	-	1,965,730.00
Outstanding Imprests		11C	6,187,666.00	-	6,187,666.00
					-
TOTAL FINANCIAL ASSETS			<u>1,116,998,666.55</u>	<u>12,612,376.47</u>	<u>1,129,611,043.02</u>
REPRESENTED BY:					
Surplus/Deficit for the year			1,060,714,363.98	8,373,376.47	1,076,289,180.45
Prior year adjustments			-	-	-
NET FINANCIAL POSITION			1,060,714,363.98	8,373,376.47	1,076,289,180.45

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 _____ 2014 and signed by:



 Chief Officer



 Head of Treasury Accounts

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

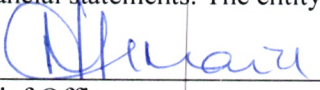
V. STATEMENT OF CASHFLOW

STATEMENT OF CASHFLOW FOR THE PERIOD MARCH 2013 TO JUNE 2014				
STATEMENT OF CASHFLOW		EXECUTIVE	ASSEMBLY	CONSOLIDATED
Receipts for operating income				
Proceeds from Domestic and Foreign Grants	1	4,746,353.35	-	4,746,353.35
Exchequer Releases	2	4,343,942,125.00	-	4,343,942,125.00
Transfers from Other Government Entities	3	61,592,200.00	498,286,396.11	559,878,596.11
Other Receipts	4	256,640,152.00	761,000.00	257,401,152.00
National Government payment(salaries)		510,689,794.00		-
Payments for operating expenses				-
Compensation of Employees	5	1,549,262,356.30	80,717,730.51	(1,629,980,086.81)
Use of goods and services	6	551,795,589.88	257,301,477.67	(809,097,067.55)
Transfers to Other Government Units	7	938,584,286.82	10,000,000.00	(948,584,286.82)
Other grants and transfers	8	102,501,236.01	-	(102,501,236.01)
Other Expenses	10	132,199,169.00	168,740.00	(132,367,909.00)
National Government payment(salaries)		510,689,794.00		-
Net cash flow from operating activities		1,393,339,192.34	150,234,281.87	1,543,573,474.21
				-
CASHFLOW FROM INVESTING ACTIVITIES				-
Acquisition of Assets	9	324,662,388.36	147,021,997.46	(471,684,385.82)
Net cash flows from Investing Activities		324,662,388.36	147,021,997.46	(471,684,385.82)
				-
CASHFLOW FROM BORROWING ACTIVITIES				-
Domestic Currency and Domestic Deposits	4	-	4,535,926.00	4,535,926.00
Net cash flow from financing activities		-	4,535,926.00	4,535,926.00

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

					-
NET INCREASE IN CASH AND CASH EQUIVALENT		1,060,714,363.98	8,373,376.47	1,076,289,180.45	
Cash and cash equivalent at BEGINNING of the year				-	-
Cash and cash equivalent at END of the year		1,060,714,363.98	8,373,376.47	1,076,289,180.45	

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 26.08 2014 and signed by:


 Chief Officer


 Head of Treasury Accounts

VI. 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						
Proceeds from Domestic and Foreign Grants	354,912,725.00		354,912,725.00	4,746,353.35.00	351,938,821.00	
Exchequer releases	4,591,125,370.00		4,366,289,206.00	4,343,942,125.00	247,183,245.00	
Transfers from Other Government Entities (Transitional Authority)				61,592,200.00		
Other Receipts	350,000,000.00		350,000,000.00	257,401,152.00	92,598,848.00	
TOTALS	5,071,201,931.00		5,071,201,931.00	4,667,681,830.35	403,520,100.65	
PAYMENTS						
Compensation of Employees	1,426,417,842.00	24,586,690.75	1,682,050,072.75	1,629,980,086.81	178,975,554.06	97%
Use of goods and services	1,101,171,364.00	200,307,470.88	1,424,254,517.12	809,097,067.55	615,157,449.57	57%
Transfers to Other Government Units				948,584,286.82		
Other grants and transfers	90,200,000.00	17,000,000.00	107,200,000.00	102,501,236.01	4,698,763.99	96%
Acquisition of Assets	1,197,500,000.00	145,598,027.40	1,390,998,027.40	471,684,385.82	871,413,641.58	35%
Other Payments	323,500,000.00		337,956,603.00	132,367,909.00	205,588,694.00	39%
TOTALS	4,138,789,206.00	13,122,752.73	4,942,459,220.27	4,094,214,972.01	994,628,205.02	83%

NOTES:

1. Other grants and transfers in Original Budget include Ksh 40,000,000.00 for Emergency & Ksh 50,200,000.00 for Bursaries.
2. The supplementary Budget provided for Ksh 14,000,000.00 for Assembly loan, Ksh 53,200,000.00 for Bursaries and Ksh 40,000,000.00 for emergency relief.
3. The Budget provision for the 2012/13 FY was ksh 89,922,201.00 for compensation of employees and ksh 134,913,963.00 for operations and maintenance.

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

The entity financial statements were approved on 26.08 2014 and signed by:



Chief Officer



Head of Treasury Accounts

VII. 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 %
PAYMENTS						
Compensation of Employees	1,426,417,842.00	24,586,690.75	1,682,050,072.75	1,629,980,086.81	178,975,554.06	97%
Use of goods and services	1,101,171,364.00	200,307,470.88	1,424,254,517.12	809,097,067.55	91,902,659.51	57%
Other grants and transfers	90,200,000.00	17,000,000.00	107,200,000.00	102,501,236.01	4,698,763.99	96%
TOTALS	2,617,789,206.00	241,894,161.63	3,213,504,589.87	2,541,442,556.43	275,576,977.56	83%

The entity financial statements were approved on 26.08 2014 and signed by:



Chief Officer



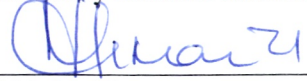
Head of Treasury Accounts

COUNTY GOVERNMENT OF MAKUENI
Consolidated Reports and Financial Statements
For the 16 months period ending June 30, 2014

VIII. 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						
Proceeds from Domestic and Foreign Grants						
Exchequer releases						
Transfers from Other Government Entities						
Other Receipts						
PAYMENTS						
Transfers to Other Government Units						
Acquisition of Assets	1,197,500,000.00	145,598,027.40	1,390,998,027.40	471,684,385.82	871,413,641.58	35%
Other Payments	323,500,000.00		337,956,603.00	132,367,909.00	205,588,694.00	39%
TOTALS	1,521,000,000.00	145,598,027.40	1,728,954,630.40	604,052,294.82	1,077,002,335.58	37%

The entity financial statements were approved on 26.08 2014 and signed by:


 Chief Officer


 Head of Treasury Accounts

COUNTY GOVERNMENT OF MAKUENI -
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs)

IX. SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

	MARCH 2013 – 30TH JUNE 2014
	Kshs
GAV Provisioning account balance	977,122,792.93
Total	977,122,792.93

- Details of Exchequer Account

	MARCH 2013 – 30TH JUNE 2014
	Kshs
Exchequer Provisioning account balance	249,862,986.93
Total	249,862,986.93

X. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the county.

The financial statements have been prepared on the cash basis following the public sector standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the county.

2. Recognition of revenue and expenses

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

3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank account balances held at the Central Bank of Kenya, Kenya Commercial bank and Cooperative Bank of Kenya as at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also includes short term cash imprests to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the reporting period.

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4. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The county's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates.

5. Reporting period and currency

The period of the financial statement is from March 2013 to 30th June 2014. The reporting currency is Kenya Shillings (Kshs)

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XI. NOTES TO THE FINANCIAL STATEMENTS

**1. PROCEEDS FROM DOMESTIC
AND FOREIGN GRANTS**

Name of Donor	Date received	Amount in foreign currency	MARCH 2013 – JUNE 2014 Kshs
WORLD SOCIETY FOR THE PROTECTION OF ANIMALS	8/13/2013		364,200.00
WORLD SOCIETY FOR THE PROTECTION OF ANIMALS	3/7/2014		494,154.30
FIRST LADY DINNER	6/14/2014	-	834,000.00
FIRST LADY DINNER	6/14/2014	-	143,000.00
	6/17/2014		80,000.00
FIRST LADY DINNER	6/23/2014		1,058,550.00
EUROPEAN COMMISSION	11/11/2013		104,315.00
WORLD SOCIETY FOR THE PROTECTION OF ANIMALS	27/9/2013		1,003,716.00

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WORLD SOCIETY FOR THE PROTECTION OF ANIMALS	13/8/2013	514,418.05
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SANITARY TOWELS	28/3/2014	100,000.00
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SANITARY TOWELS	28/3/2014	50,000.00
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<u>Total</u>	=	<u>4,746,353.35</u>
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2.EXCHQUER RELEASES

PERIOD	AMOUNT
1st quarter transfer	742,260,644.00
2nd quarter transfer	1,266,209,333.00
3rd quarter transfer	1,266,209,333.00
4th quarter transfer	844,426,651.00
2012/2013 Transfer.	224,836,164.00
<u>Total</u>	<u>4,343,942,125.00</u>

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3.TRANSFERS FROM OTHER

GOVERNMENT ENTITIES

Description

	COUNTY EXECUTIVE	COUNTY ASSEMBLY	CONSOLIDATED
Transfers from Central government entities			
Transitional Authority	54,390,760.00	7,201,440.00	61,592,200.00
Exchequer releases from County Executive	-	491,084,956.11	491,084,956.11
<u>TOTAL</u>	<u>54,390,760.00</u>	<u>498,286,396.11</u>	<u>552,677,156.11</u>

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**4.DOMESTIC CURRENCY AND
DOMESTIC DEPOSITS**

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
	Kshs	Kshs	
x% Retention amount in relation	-	4,535,926	4,535,926.00
<u>Total</u>	=	<u>4,535,926.00</u>	<u>4,535,926.00</u>

OTHER RECEIPTS

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
	Kshs	Kshs	
Other Receipts Not Classified Elsewhere	256,640,152.00	761,000.00	257,401,152.00
<u>Total</u>	<u>256,640,152.00</u>	<u>761,000.00</u>	<u>257,401,152.00</u>

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5.COMPENSATION OF EMPLOYEES

EXECUTIVE		ASSEMBLY	CONSOLIDATED
Basic salaries of permanent employees	1,549,262,356.30	14,978,356.00	1,564,240,712.30
Basic wages of temporary employees		13,500,000.00	13,500,000.00
Personal allowances paid as part of salary	-	51,811,720.00	51,811,720.00
Pension and other social security contributions	-	288,855	288,854.51
Compulsory national social security schemes	-	138,800	138,800.00
<u>Total</u>	<u>1,549,262,356.30</u>	<u>80,717,730.51</u>	<u>1,629,980,086.81</u>

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6.USE OF GOODS AND SERVICES

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
Utilities, supplies and services	32,491,392.00	2,081,853.00	34,573,245.00
Communication, supplies and services	6,061,894.00	2,064,246.44	8,126,140.44
Domestic travel and subsistence	184,234,821.96	57,575,377.40	241,810,199.36
Foreign travel and subsistence	1,314,582.00	54,985,526.40	56,300,108.40
Printing, advertising and information supplies & services	41,446,912.70	5,413,888.88	46,860,801.58
Rentals of produced assets	7,962,603.00	3,377,467.75	11,340,070.75
Training expenses	25,465,218.00	34,919,752.54	60,384,970.54

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Hospitality supplies and services	40,643,070.12	29,676,831.00	70,319,901.12
Insurance costs	23,007,346.00	20,342,949.00	43,350,295.00
Specialised materials and services	4,147,100.00	3,223,886.00	7,370,986.00
Office and general supplies and services	49,828,815.00	6,701,070.00	56,529,885.00
Other operating expenses	87,137,824.20	30,392,541.04	117,530,365.24
Routine maintenance – vehicles and other transport equipment	16,365,585.95	1,252,130.25	17,617,716.20
Fuel Oil and Lubricants	23,163,456.95	3,701,224.77	26,864,681.72
Routine maintenance – other assets	8,524,968.00	1,592,733.20	10,117,701.20
<u>Total</u>	<u>551,795,589.88</u>	<u>257,301,477.67</u>	<u>809,097,067.55</u>

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**7. TRANSFER TO OTHER
GOVERNMENT ENTITIES**

Description

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
Transfers to County Assembly	491,084,956.11		491,084,956.11
Transfer to health facilities/Rafiki	447,499,330.71	10,000,000.00	457,499,330.71
<u>TOTAL</u>	<u>938,584,286.82</u>	<u>10,000,000.00</u>	<u>948,584,286.82</u>

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**8.OTHER GRANTS AND OTHER
 PAYMENTS**

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
Scholarships and other educational benefits	66,737,396.01		66,737,396.01
Emergency relief and refugee assistance	21,763,840.00		21,763,840.00
Other current transfers, grants(Loan to Assembly)	14,000,000.00		14,000,000.00
<u>Total</u>	<u>102,501,236.01</u>	=	<u>102,501,236.01</u>

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9.ACQUISITION OF ASSETS

Non Financial Assets

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
Construction of Buildings	6,435,199.95	17,518,868.00	23,954,067.95
Refurbishment of Buildings	16,673,764.05	21,655,471.00	38,329,235.05
Construction of Roads	53,516,161.40		53,516,161.40
Construction and Civil Works	8,168,383.75	14,993,640.00	23,162,023.75
Purchase of Vehicles and Other Transport Equipment	145,222,239.76	37,365,154.56	182,587,394.32

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Purchase of Office Furniture and General Equipment	1,682,488.00	30,294,368.00	31,976,856.00
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Purchase of Specialised Plant, Equipment and Machinery	56,938,858.45		56,938,858.45
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Acquisition of Land	3,300,000.00		3,300,000.00
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Purchase of ICT Equipment	32,725,293.00	25,194,495.90	57,919,788.90
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<u>Total</u>	<u>324,662,388.36</u>	<u>147,021,997.46</u>	<u>471,684,385.82</u>
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10 OTHER EXPENSES

	EXECUTIVE	ASSEMBLY	CONSOLIDATED
Other expenses	132,199,169.00	168,740.00	132,367,909.00
<u>TOTAL</u>	<u>132,199,169.00</u>	<u>168,740.00</u>	<u>132,367,909.00</u>

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11: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency-Kshs	EXECUTIVE	ASSEMBLY	CONSOLIDATED
Central bank of Kenya, Ac no. 1000170557 (Kshs)	-	69,339,728.70		69,339,728.70
Central bank of Kenya, Ac no. 1000170573 (Kshs)		799,540,762.80		799,540,762.80
Central bank of Kenya, Ac no. 1000170937 (Kshs)		162,600,723.45		162,600,723.45

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Kenya Commercial Bank Ltd, Ac no. 1140778218 (Ksh)	1,195,502.00	1,195,502. 00
Co-operative bank of kenya ltd, Ac no. 01141539156001(Kshs)	2,476,052.35	2,476,052. 35
Co-operative bank of kenya ltd, Ac no. 01141539338600(Kshs)	2,489,913.00	2,489,913. 00
Kenya Commercial Bank Ltd, Ac no. 114304953 (Ksh)	349,000.00	349,000.00
Kenya Commercial Bank Ltd, Ac no. 1140751719 (Ksh)	2,805,977.60	2,805,977. 60

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Kenya Commercial Bank Ltd, Ac no. 1147187010 (Ksh)	63,172,510.10	63,172,510 .10
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Kenya Commercial Bank Ltd, Ac no. 1140751042 (Kshs)	4,875,100.55	4,875,100. 55
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Co-operative bank of kenya ltd, Ac no. 01141539155500 (Kshs)	12,612,376.47	12,612,376 .47
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<u>Total</u>	<u>1,108,845,270.55</u>	<u>12,612,376.47</u>	<u>1,121,457, 647.02</u>
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11B: CASH IN HAND

	EXECUTIVE	ASSEMBLY
CASH IN HAND REVENUE CASHIER	1,789,110.00	-
IMPREST CASH AT HAND-CASH OFFICE	176,620.00	-
<u>Total</u>	<u>1,965,730.00</u>	-

*[Provide cash count
certificates for each]*

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11 C (i): OUTSTANDING IMPRESTS
2013/2014

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
SOSPETER MUSEMBI	25/6/2014	1,932,800.00	-	1,932,800.00
DR. SOLOMON MAUNDU	30/6/2014	630,000.00	-	630,000.00
JUDITH MBIDYO	12/11/2013	550,000.00	-	550,000.00
JUDITH MBIDYO	20/12/2013	524,000.00	-	524,000.00
ELIZABETH KYALO	31/10/2013	24,486.00	-	24,486.00

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<i>DAN OKEYO</i>	13/5/2014	290,400.00	290,400.00
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<i>MOLLY MAKAU</i>	20/12/2013	49,340.00	49,340.00
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<i>KAWIVE WAMBUA</i>	7/1/2014	660,000.00	660,000.00
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<i>KAWIVE WAMBUA</i>	20/2/2014	330,000.00	330,000.00
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<i>D.N OLESHEGE</i>	1/11/2013	250,000.00	250,000.00
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<i>D.N OLESHEGE</i>	16/1/14	300,000.00	300,000.00
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<i>STEVE OYIER</i>	20/12/13	68,840.00	68,840.00
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<i>JOHN KASIVU</i>	23/12/13	115,000.00	115,000.00
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JOSPHAT MULINGE	10/3/2014	462,800.00	462,800.00
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<u>Total</u>			<u>6,187,666.00</u>
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11D PENDING BILLS			136,896,541.85
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ANNEX –SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs)
Land	3,300,000.00
Buildings and structures	62,283,303.00
Transport equipment	182,587,394.32
Office equipment, furniture and fittings	31,976,856.00
ICT Equipment, Software and Other ICT Assets	57,919,788.90
Biological assets	56,938,858.45
Total	395,006,200.67

