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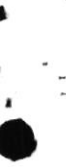
DATE	16/02/2022
TABLED BY	SINZ
COMMITTEE	

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF MURANG'A

FOR THE YEAR ENDED
30 JUNE, 2020





Revised Template: June 2020



**COUNTY GOVERNMENT OF MURANGA
EXECUTIVE**

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 (IPSAS)

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

Vision

To be the leading County in agricultural production, infrastructural and social economic development in the Country

Mission

To mobilize and work with all stakeholders and development partners through maximum utilization of all available opportunities and resources for the benefit of the entire community

b) Key Management

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

No.	Designation	Name
1.	H.E. Mwangi Wa Iria	Governor
2.	Hon. Maina Kamau	Deputy Governor
3.	Hon. David Wakaba Waweru	CEC.Finance,Economic Planning and ICT
4.	Hon. Edward Muiruri	CEC. Youth and Sport
5.	Hon. Gerishon Nyagia Reuben	CEC. Education And Technical Training
6.	Hon. Eunice Nyambura Macharia	CEC. Public Service And Administration
7.	Hon. Sarah Masaki	CEC. Physical Planning And Urban Development
8.	Hon. Paul Macharia	CEC.co operatives and water
9.	Hon. Joseph N. Mbai	CEC. Health and Sanitation
10.	Hon. Cecilia Kibe	CEC. Environment ,Natural Recourse &Climate Change
11.	Hon. Albert Mwaniki Ndungu	CEC. Agriculture and livestock
12.	Hon. Amos Njoroge	CEC. Infrastructure, Transport and Energy

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.	County Secretary	Mr Patrick Mukuria
2.	Chief officer-Finance and economic planning	Mr Peter G. Kahora
3.	Ag.Chief Officer Revenue& County Financial Operation	Mr. Edwin K. Kimuyu
4.	Ag. Chief Officer-Health	Mr James Gitau
5.	Chief Officer-Trade	Mr . Peter Mburu
6.	Chief Officer-Transport & Infrastructure	Mr .John Magondu
7.	Chief Officer-Cooperatives development	Mr. Bernard Kariuki
8.	Chief Officer-Agri-business	Mr.Peter Mburu
9.	Chief Officer-Agriculture	Mr. Peter Muiruri Jangi
10.	Ag. Chief Officer-Governorship and Administration	Mr .Jacob Muthamia
11.	Public Service Board-Secretary	Mr. Dominic Mathenge
12.	Chief Officer-Education	Mr. Isaac Njai
13.	Ag. Chief Officer-Environment	Mr. Julius Mwangi
14.	Ag. Chief Officer-Lands	Mr. Josphat N. Nduati
15.	Ag. Chief Officer- Water	Mr. Antony Maina

No.	Designation	Name
16.	Ag. Chief Officer-supply chain	Mr. Jackson Kinuthia
17.	Chief Officer-Housing Urban& Physical planning	Eng. Gabriel Kamau

d) Fiduciary Oversight Arrangements

- Muranga County Assembly
- Muranga County Internal Audit Department
- Controller of Budget
- Audit committee

e) Entity Headquarters

P.o. Box 52
County Hall, Murang'a-Kiria-ini Road
Muranga Town
Kenya

f) Entity Contacts

Telephone: (254) 2030271
E-mail: info@muranga.go.ke
Website: www.muranga.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
Muranga Branch
3. Equity Bank
Muranga 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

2. FORWARD BY THE CEC

I hereby forward the financial statements for the financial year ended 30th June 2020. These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the Public Finance Management Act 2012

The promulgation of the Constitution of Kenya 2010 ushered the two-tier government; The National Government and the 47 County Governments. The Fourth Schedule of the Constitution distributes the functions between the National Government and the County Government. The Constitution of Kenya requires County Governments to discharge their mandate through implementation of projects and programmes which are funded through county budgeting. In the FY 2019/2020 the county had a Budget of Kshs. 8,823,421,331 of which Kshs. 5,549,938,072 (63%) was allocated for recurrent expenditure and Kshs. 3,273,483,259 (37%) was allocated for Development expenditure. The county government therefore met the minimum requirements of the PFM Act sec.107(2) which requires that at least 30% of the county budget to be for development projects.

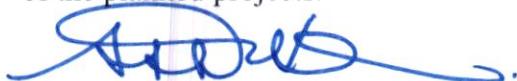
During the implementation period, the county distributed 500 MT of assorted varieties of hybrid maize seeds to improve food and nutrition security at household level. 500,000 Hass avocado seedlings were procured and distributed to 106,000 farmers to improve their livelihoods. In the same period, 704 water pans were excavated and 10 drip kits/farmer supported through a partnership between MCG and The Nature Conservancy.

In pursuit of quality health services in the county, the county has achieved 70-80% distribution of pharmaceutical and non-pharmaceutical supplies to the 144 County Health Facilities and the Murang'a Level V hospital. Through support from THS-UHC, the County has been able to procure assorted equipments to improve on Maternal and Child Care (MCH). To mitigate the effects of the novel Covid-19 pandemic, the county has undertaken key initiatives for instance, construction and equipping a 35-bed ICU facility, distribution of masks and sanitizers, installation of water tanks in strategic places across the County, and supporting vulnerable families with food and other necessities.

In the FY 2019-2020, the county managed to open 180 Kms of access roads. Moreover, 175 kms were graded and a further 140 kms were gravelled. To improve on the business working environment, the county managed to construct 3 markets.

In order to provide increased access to safe and clean domestic water, the Ajibika Irrigation Scheme was rehabilitated and 5 no. boreholes were rehabilitated during FY2019-2020.

The implementation of the projects for 2019/2020 indicate that majority of the planned projects/programmes were severely affected by the Covid-19 pandemic. Most of the departments reported delayed disbursement of funds which also affected absorption. The review also revealed that there were instances of re-allocation of funds especially to the health sector or non-funding of the planned projects.



DAVID WAKABA WAWERU
CEC-FINANCE, IT AND ECONOMIC PLANNING

3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES

Refer to the CIDP which inform the annual budget and report on the extent of the county government's progress in attaining the development plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the County in implementation of its CIDP

Enumerate all the objectives of the County as per the CIDP

Sector	Sub Sector	Sector Priorities and strategic objectives
Public Service	Public Service	i. Carry out a workload analysis
Management and Administration	Administration (HR)	ii. Develop and review county organizational structures
		iii. Develop and implement the recruitment and maintenance policies.
		iv. Develop and implement Training and Development policy.
		v. Develop and implement performance management system.
		vi. Develop a reward and sanction framework.
		vii. Training on performance management.
		viii. Develop and implement an employee welfare policy
		ix. Establish a liaison office.
		x. Establish an industrial dispute resolution committee.
		xi. Acquire adequate and secure filing system.
		xii. Digitize all manual Human Resource Records.
		xiii. Training on records management
	Administration and Coordination (Governorship)	i. Improve efficiency in coordination
		ii. Public Awareness creation and enforcement of existing laws.
		iii. Recruitment and training of enforcement personnel
		iv. Operationalize legal department

Finance, and Economic Planning	IT Finance	<ul style="list-style-type: none"> i. Expansion of County Treasury (Establishing Sub County offices) ii. Enhance public participation in the entire PEM framework iii. Enhance internal control systems (Automation, Audit Committee) iv. Enhance record keeping system and efficient stores v. Mapping of county revenue streams vi. Preparation of County revenue legislations
	Information Technology (IT)	<ul style="list-style-type: none"> i. Enhance office connectivity and communication infrastructure ii. Provide IT equipment and accessories iii. Establish Information Resource Centres

		<p>(Ujumbe)</p> <ul style="list-style-type: none"> iv. Establish E-Government system across the county v. Procurement of media production equipment and editing software
	Economic Planning	<ul style="list-style-type: none"> i. Timely preparation of quality requisite County policy documents ii. Mid Term Review of CIDP 2018-2022 iii. Review implementation of ADP 2019-2020 iv. Monitoring, Evaluation and reporting of county programmes and projects. v. Conducting statistical surveys and establishment of county statistical database.
Education, Youth, Sports, Culture and Social Services	Youth Polytechnics	<ul style="list-style-type: none"> i. Improvement of YP infrastructure and new constructions. ii. Procurement and distribution of tools and equipment's to YPs. iii. Capacity building of YP instructors.
	Sports	<ul style="list-style-type: none"> i. Talent identification county wide ii. Infrastructure Development in all county stadia iii. Establishment of 1 Talent Academy iv. Procurement and issuance of Sports equipment and tools
	Social Services	<ul style="list-style-type: none"> i. Rehabilitation of social halls ii. Mobilization and sensitization of community to participate actively in all project activities; iii. Enhance the capacity of community members to initiate, plan, implement and monitor activities, which promotes their own livelihood iv. Promote, register and build the capacity of community groups in order to

		accelerate their participation in project activities
	Culture	<ul style="list-style-type: none"> i. Development of Mukurwe wa Nyagathanga ii. Establishment of a cultural studio iii. Nurturing and development of talents e.g. in music, dance and drama iv. Construction of county theatre
	ECDE	<ul style="list-style-type: none"> i. Improve ECDE infrastructure across the County ii. Capacity building of ECDE teachers iii. Establish Special Needs Education (SNE) which caters for ECD's
Health	Health	<ul style="list-style-type: none"> i. Improvement of infrastructure in all health facilities ii. Strengthen preventive and promote health services through; malaria control; expanded programs on immunization;

		<p>integrated management of childhood illness; control and prevention of environment tally related communicable diseases and encouraging improved nutrition.</p> <p>iii. Strengthen curative health services through provision of health personnel, drugs and equipment.</p> <p>iv. Enhance managerial skills of CHMT and SCHMTs</p> <p>v. Improve school health programs</p> <p>vi. Improve cross-sectoral cooperation for health promotion and public health, in the areas of water and sanitation, reproductive health, gender, HIV/AIDS, nutrition, school health, road safety and tobacco control</p> <p>vii. Construct and equip new health facilities</p> <p>viii. Provide adequate referral services.</p> <p>ix. Enrolment of community in NHIF</p>
Trade, Tourism, Investment, Agri-Business, and Cooperatives	Trade Development and Promotion	<p>i. Market development</p> <p>ii. Construction of sanitation blocks</p> <p>iii. Enhance market accessibility and connectivity</p> <p>iv. Avail piped, clean and safe water in the market centres</p> <p>v. Street/Market lighting</p> <p>vi. Enhance marketing and market information</p> <p>vii. Facilitate affordable and accessible credit facilities to traders</p>
	Tourism	<p>i. Development and marketing of tourism attraction sites</p> <p>ii. Tourism product development</p>

	Industrial Development and Investment	<p>i. Agro-processing and manufacturing of farm produce (Value addition)</p> <p>ii. Enhance market information and access (milk, macadamia, coffee, tea, avocados, French beans, mangoes, bananas)</p> <p>iii. Enhance market linkage (local and international)</p> <p>iv. Development of agribusiness portal</p> <p>v. Transform agricultural enterprises from subsistence to agribusiness.</p>
	Cooperative Development	<p>i. Enhance market linkage</p> <p>ii. Enhance/streamline management of cooperative societies</p>
	Agri-Business	<p>i. Promote e-marketing for agriculture based produce and products</p> <p>ii. Capacity building of farmers</p>
Environment	Environment	<p>i. Proper waste management mechanisms</p>

and Climate Change	and Climate Change	<ul style="list-style-type: none"> ii. Prevention of noise and air pollution iii. Increase farm forest cover iv. Rehabilitate degraded sites v. Promotion of clean energy vi. Integrate climate change measures into county policies strategies and planning
Lands	Physical Planning	<ul style="list-style-type: none"> i. Prepare Integrated plans of urban centers and towns ii. Urban research and data management iii. Enhance revenue streams in collaboration with department of finance iv. Zoning of parks, open spaces and play fields establish urban parks v. Succession programs vi. Planning, survey and mapping of all urban plots vii. Establish Alternative Dispute Resolution (ADR) mechanisms viii. Land information management for public and private land
	Housing	<ul style="list-style-type: none"> i. Enhance revenue streams in collaboration with department of finance ii. Beautification of open spaces iii. Rural Housing program iv. Provision of land for housing and industrial development
	Urban Development	<ul style="list-style-type: none"> i. Sustainable solid and liquid waste disposal mechanism ii. Storm water drainage in major towns and market centre iii. Set up urban management system as provided in Urban Areas and Cities Act

		<ul style="list-style-type: none"> iv. Enhance revenue streams in collaboration with department of finance v. Establish urban parks vi. Urban renewal and redevelopment program vii. Establish Alternative Dispute Resolution (ADR)
Roads, Transport, Energy, and Public Works	Roads, Transport, Energy, and Public Works	<ul style="list-style-type: none"> i. Upgrading of county access roads ii. Rehabilitation of existing and installation of new security lights iii. Improve drainage
Agriculture, Livestock and Fisheries	Crop Production	<ul style="list-style-type: none"> i. Irrigation infrastructure ii. Water harvesting iii. Seeds, fertilizers and pesticides iv. Emerging crop pests and diseases v. Extension support
	Livestock Production	<ul style="list-style-type: none"> i. Contract farming ii. Livestock feeds and equipment iii. Optimal extension staff to farmer ratio. iv. Enhanced adoption of new technologies v. Enhanced information Access vi. Youth involvement
	Veterinary Services	<ul style="list-style-type: none"> i. Veterinary drugs ii. Optimal extension staff to farmer ratio. iii. Enhanced adoption of new technologies iv. Enhanced information Access v. Emerging and existing zoonotic diseases of anthrax, rabies and rift valley fever
	Fisheries	<ul style="list-style-type: none"> i. Contract farming ii. Market infrastructure iii. Fish feeds and equipment iv. Optimal extension staff to farmer ratio. v. Enhanced adoption of new technologies vi. Enhanced information Access
Water and Irrigation	Irrigation	<ul style="list-style-type: none"> i. Development of water harvesting and storage infrastructure for irrigation. ii. Rehabilitating, upgrading and management of existing under-utilized irrigation systems. iii. Enhancing farmer education and awareness, and improving communication and information flow. iv. Enhancing Public-Private Partnerships by encouraging private sector players to invest and participate in irrigation. v. Strengthening stakeholder participation in all irrigation projects and initiatives. vi. Enhancing compliance with environmental, statutory and legal requirements

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

	Water and Sanitation	<ul style="list-style-type: none"> i. Enhance user education on water and sanitation management ii. Enhancing Public-Private Partnerships to invest and participate in water and sanitation provision. iii. Strengthening stakeholder participation in all water and sanitation initiatives. iv. Enhancing compliance with environmental, statutory and legal requirements
County Assembly	County Assembly	<ul style="list-style-type: none"> i. Enhance public participation in County development ii. Enhance oversight iii. Fast track vetting and approving nominees for appointment to County public offices iv. Fast track approving the budget and expenditure, Bills, Acts and Development policies of the County government
County Public Service Board	County Public Service Board	<ul style="list-style-type: none"> i. Promote best labor practices in recruitment ii. Allocate, motivate and effectively utilize human resources for improved public service delivery iii. Promote public service integrity

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 entity 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 has identified 82 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

MURANGA COUNTY GOVERNMENT
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For the year ended June 30, 2020

The key development objectives of the Murang'a County's 2018-2022 CIDP are to:

- a) Manage and maintain a standard road network system that serves the interest of the community
- b) Better health in a responsive manner
- c) Wealth Generation and Food Security
- d) Increase the area under irrigation for increased agricultural production and productivity.
- e) Promotion of cooperative development in the county
- f) Promotion of tourism development in the county

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Department	Objective	Outcome	Indicator	Performance
Public Works, Roads & Transport	Manage and maintain a standard road network system that serves the interest of the community	Increased efficient transportation of people, goods and services	% of motorable and passable roads within the county	In FY 19/20 we increased motorable and passable roads by 59%.
Health Services	Better health in a responsive manner	A healthy and Nationally Competitive County	% reduction of incidences of preventable illnesses and mortality at the county level.	80% reduction of incidences of preventable illnesses and mortality at the county level.
Wealth Generation and Food Security	To improve food and nutrition security at household level.	Improved food and nutrition security	No. of farmers accessing affordable farm inputs	250,000 farmers supported with hybrid seedlings
	To improve food and nutrition security	Increased food security and nutrition	No. of farmers accessing seedlings	500,000 Hass avocado seedlings procured and distributed to 106,000 farmers.
Increase the area under irrigation for increased	Develop and rehabilitate water intakes and	Improved quantities of domestic and	No of irrigation schemes rehabilitated	Ajibika Irrigation Scheme Rehabilitated

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agricultural production and productivity.	irrigation schemes	irrigation water supplied.		during the period.
Promotion of cooperative development in the county	To strengthen co-operative societies in the county and enhance marketing of members produce.	Coordinated cooperatives with ability to support economic empowerment	No. of coops revived	2 dormant co-operative societies revived.
Promotion of tourism development in the county	To enhance accessibility to areas that are endowed with tourism activities	Enhanced accessibility to areas that are endowed with tourism activities	Number of Kilometres graded & gravelled and compacted	Thangathi/Githuri Kareimani to rapids partially gravelled, and compacted.

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Muranga county government exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

The Department of Social Services has a number of community engagements carried out in the year:

1. FOOD DISTRIBUTION

The Social Departments organizes and distributes food stuff to the elderly and the vulnerable people in the community. The Community Developments Officers who work in the Social Department helps in identifying the very needy cases.

2. CHILDREN'S HOMES.

We have two children's home namely;

- Koimbi Children's home in Kahuro Sub- County
- Kandara Children's home in Kandara Sub- County

The homes have a total number of 136 children in our care. We run the homes by providing the children with the daily basic needs such as food, clothes.

3. IDENTIFICATION OF THE VULNERABLE FAMILIES.

The Community Development officers help in identifying the vulnerable families in the community who require our assistance, e.g a house burnt down and requires reconstruction, children who are oppressed in the community, orphans etc

4. PROVISION OF WHEEL CHAIRS.

The social Department helps in identifying the disabled people in the community and takes them for assessment in Government Hospitals and later provides them with wheel chairs and sunscreens

MURANGA 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

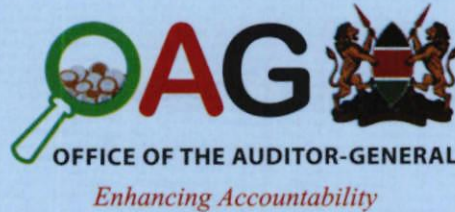
The County Government's financial statements were approved and signed by the CEC member for finance on _____ 2020.



County Executive Committee Member – Finance

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MURANG'A 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 Murang'a set out on pages 1 to 41, 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 statements of appropriation - recurrent, development and 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 County Executive of Murang'a 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. Differences Between the Financial Statements and Ledger Balances

Several balances reflected in the financial statements differ with identical account balances reflected in the Integrated Financial Management Information Systems (IFMIS) ledger, as detailed in **Appendix 1**. The differences were not explained and as a result, the accuracy of the financial statements could not be confirmed.

2. Unreported Balances

Audit review of the IFMIS trial balance revealed the following credit balances totalling Kshs.50,366,420,967.40, which however, were not reported in the financial statements for the year under review:

Code	Description	Balance (Kshs.)
6530101	Ministry Head Quarters Recurrent Bank Account	444,574,355
7380101	General Withholding Tax	97,523
7390103	AP Liabilities	1,710,589,554
7399999	Cash Clearing Account	30,394,156,148
9910101	Provision for Encumbrance	1,908,459
9910201	Exchequer Releases Provisioning Account	17,815,094,930
9919200	Exchequer Provisions	17,815,094,930
	Total	50,366,420,967

No explanation was provided on the nature and reasons for exclusion of the balances from the financial statements. As a result, the accuracy and completeness of the financial statements could not be confirmed.

3. Transfers from Other Government Entities

The statement of receipts and payments reflects transfers from other government entities totalling Kshs.291,723,844, as further disclosed in Note 3 to the financial statements. The amount includes Covid-19 mitigation grants from the Ministry of Health totalling Kshs.112,941,000. However, records published by the Ministry indicated that the County received grants totalling Kshs.176,451,000 through Authority-to-Incur-Expenditure (AIE) No. A685724, comprising Kshs.112,941,000 of Covid-19 conditional grants and Kshs.63,510,000 emergency allowances for health-care workers. The difference totalling Kshs.63,510,000 between the two sets of records has not been explained. In addition, Management did not provide records on payment of the emergency allowances to the health-care workers.

As a result of these issues, the accuracy, propriety and regularity in use of the grants totalling Kshs.112,941,000 could not be confirmed.

4. County Own-Generated Receipts

The statement of receipts and payments reflects county own-generated receipts totalling Kshs.551,677,223 received in the year under review, as further disclosed in Note 9 to the financial statements. However, examination of revenue records revealed the following anomalies:

4.1 Understatement of Revenue from Mariira Farm

Note 9 to the financial statements reflects receipts totalling Kshs.216,773 collected at the County Executive's Mariira Farm in the year under review. However, examination of records on various sources of revenue at the Farm indicated that receipts in the year totaled Kshs.1,477,178. The resultant revenue shortfall totalling Kshs.1,260,405 was not explained.

4.2 Unconfirmed Revenue Collection through Mpesa Paybill

Disclosed in Note 9 to the financial statements under County own-generated receipts are revenues totalling Kshs.126,185,813 generated from hospitals and health centres, and Kshs.19,469,831 collected by the Public Health Department. Records on the collections indicated that the revenues were collected through Mpesa and deposited into designated bank accounts. However, the Mpesa statements for the period under review were not made available for review.

Consequently, the accuracy and completeness of the Kshs.126,185,813 revenue reported to have been generated from hospitals and health centres and Kshs.19,469,831 collected by the Public Health Department could not be confirmed.

In view of these discrepancies, the accuracy and completeness of the aggregate own-generated balance totalling Kshs.126,185,813 reflected in the statement of receipts and payments could not be confirmed.

5. Payments Charged to Un-Budgeted Expenditure Item

Review of the IFMIS ledger revealed transactions totalling Kshs.269,956,223 charged to four expenditure categories comprising of printing and advertising (Kshs.6,958,625); rentals of produced assets (Kshs.6,183,321); other grants and payments (Kshs.8,398,380) and other payments (Kshs.42,463,782). However, the payments were charged to an incorrect account code described as 'Cash' which was not in the Chart of Accounts or in the approved budget for the year. Further, the payments were drawn from code 6530101-Ministry HQ Recurrent Bank Account, resulting in overdrawing of the account.

No documentary evidence was presented to explain the anomalies and as a result, the presentation and validity of the balances could not be confirmed. Further, the use of goods and services, other grants and payments, and other payments balances reflected in the financial statements may not be fairly stated.

6. Misapplied Budgetary Provisions

6.1 Acquisition of Goods and Services

Note 17 to the financial statements on acquisition of assets reflects expenditure on acquisition of strategic stocks and commodities totalling Kshs.79,444,384. The approved budget for the item during the year was Kshs.93,148,384 denoted as provision for purchase of school milk. However, payment records indicated that expenditures totalling Kshs.65,067,850 for civil works, supply of uji flour, communication expenses, supply of relief rations and supply of sugar were charged to the expenditure item.

6.2 Specialized Materials and Services

Note 12 to the financial statements under use of goods and services reflects expenditure totalling Kshs.1,139,835,313 on specialized materials and services. However, a review of payments charged to the expenditure item revealed unrelated expenditure items totalling Kshs.150,336,925 incurred on payment of retention fee, insurance covers, purchase of

vehicles, construction and renovation of roads, market stalls and classrooms, supply of medicine, and consultancy services.

In view of the misappropriations, acquisition of assets and use of goods and services expenditures balances totalling Kshs.200,785,510 and Kshs.2,786,208,055 respectively reported in the financial statements are mistated.

7. Cash and Cash Equivalents

7.1 Unconfirmed Bank Balances

The statement of assets and liabilities reflects cash and cash equivalents balances totalling Kshs.389,216,290 as at 30 June 2020, whereas the bank statements reflect balances totalling Kshs.801,676,123 resulting in unexplained variances totalling Kshs.412,459,832.55 as shown in the attached **Appendix II**.

In addition, bank reconciliation statements for the sixteen bank accounts were not provided for audit review. As a result, the accuracy and completeness of the balances could not be confirmed.

7.2 Undisclosed Deposits and Retentions Money

The statement of assets and liabilities reflects a nil balance in relation to accounts payables - deposits and retentions as at 30 June, 2020. Records at the County Treasury indicated that the County operated a centralized retentions account at the Central Bank of Kenya (CBK) and had deducted retention fees totalling Kshs.4,426,658 from contractors, as reflected in the IFMIS general ledger for the year. However, the deductions were not deposited in the retentions account. Further, no cash book was maintained in respect to the account.

In the circumstance, the nil account receivables – deposits and retentions reflected in the financial statements may not be fairly stated.

8. Undisclosed Outstanding Imprests

Note 22 to the financial statement reflects a nil balance in respect of outstanding imprest as at 30 June, 2020. However, examination of the IFMIS ledger revealed that imprests totalling Kshs.7,971,842 issued to various officers were outstanding as at 30 June, 2020. Further, the imprests were not recorded in the imprests register.

Consequently, the nil imprests balance reflected in the financial statements is not fairly stated.

9. Pending Bills

9.1 Inadequate Disclosures on Pending Bills

Note 7.9 to the financial statements on other important disclosures reflects pending accounts payables totalling Kshs.1,258,944,867 as at 30 June, 2020 (2019: Kshs.1,525,661,683). However, the disclosure does not indicate the bills incurred, and paid, during the year.

In addition, Annexure 2 to the financial statements depicts all the bills as if they were for financial year 2018/2019. Further, a detailed analysis of the bills is not provided as the Annexure only shows a summarized list of types of pending bills instead of the respective supplier's name, original amount of the respective bill and the dates they were incurred, payments, if any, made and outstanding balances as at 30, 2020.

In view of the omissions, the disclosures made on the pending bills balance are insufficient and do not comply with the reporting requirements prescribed by the Public Sector Accounting Standards Board.

9.2 Inaccurate Pending Accounts Payable

- (i) Examination of pending bills records indicated that 478 suppliers that were owed Kshs.1,297,091,867 were not included in the list of pending bills totalling as at 30 June 2020 even though there were no records of their having been paid. The exclusion of the suppliers understated the pending payables totalling Kshs.1,258,944,867 as at 30 June, 2020 by Kshs.1,297,091,867.
- (ii) Bills totalling Kshs.189,003,499 are reflected in Annex II as payable in respect to supply of goods and services. However, examination of records on the bills indicated that claims totalling Kshs.34,895,034 included therein were not supported with local purchase orders and contracts and as a result, the validity and accuracy of the bills could not be confirmed.

9.3 Undisclosed Pending Bills

- (i) National Treasury Letter Ref. IGRF/COD/01/E (51) dated 23 December, 2020 addressed to all Governors indicated that Murang'a County owed Kenya Power and Lighting Company Kshs.23,768,852 in relation to power bills. However, the debt was not included in the list of pending bills as at 30 June 2020.
- (ii) Records maintained at the Ministry of Health indicated that salaries totalling Kshs.286,763,132.55 were paid by the Ministry to health workers employed by the County Government during the financial year 2013/2014. Although the salaries were to be recovered in the same financial year, the County did not clear the debt. However, the outstanding amount has not been included in the list of pending bills as at 30 June, 2020.

No explanation was provided for the omissions and as a result, the pending bills balance totalling Kshs.1,258,944,867 as at 30 June, 2020 could not be confirmed

9.4 Pending Staff Payables

Note 7.9 on other important disclosures reflects nil balance in respect of pending staff payables.

However, audit review of records on statutory deductions indicated that the County Executive deducted statutory dues in respect of National Health Insurance Fund (NHIF), National Social Security Fund (NSSF), pension contribution and Co-operative Savings and Credit and Co-operative Societies (Saccos) totalling Kshs.892,571,422.30 as follows:

No.	Name	Details	Amount (Kshs.)
1.	National Hospital Insurance Fund (NHIF)	Premiums and Deductions	51,036,450.00
2.	National Social Security Fund (NSSF)	Deductions	1,841,800.00
3.	Pension Scheme	Lapfund and Laptrust	57,920,190.80
4.	Savings and Credit Cooperative Societies (SACCOs)	Various	216,412,949.50
5.	Pay As You Earn (PAYE) Tax	Permanent and Temporary	565,360,032.00
		Total	892,571,422.30

However, no records were provided for audit to confirm remittance of the deductions to the statutory and other bodies.

As a result of these issues, the accuracy and completeness of nil balance reported under pending staff payables as at 30 June, 2020 could not be confirmed.

10. Unexplained Transactions

Audit review of the general ledger revealed transactions totalling Kshs.47,721,424 described as 'deductions' and denoted as having been made in 2016 and 2017. However, the transactions, which are listed in **Appendix III** to this report, were not in IFMIS and may therefore have been paid outside the system and thereafter recorded in the books of account by use of journal entries

11. Unaccounted for Transfers to Murang'a Municipal Board

Note 14 to the financial statements reflects transfers totalling Kshs.45,200,000 made to Murang'a Municipal Board in the year under review. In the previous year, transfers to the Board totalled Kshs.62,437,600. Available records indicated that the Municipal Board was established in January, 2019 through Gazette Notice No.459 in accordance with the Urban areas and Cities Act, 2011. However, the Board has never submitted its financial statements for audit since it was established.

Further, the Board's membership may not be lawfully constituted since the registered informal sector associations in the County are not represented as required under Section 14 of the Urban Areas and Cities Act, 2011.

In view of these issues, the validity and accountability of the transfers to Murang'a County Municipal Board totalling Kshs.107,637,600 made in the two financial years ended 30 June, 2020 could not be confirmed.

12. Summary of Fixed Assets Register

Disclosed under Annex 5 to the financial statements is a summary of fixed assets register that reflects assets with a historical cost of Kshs.4,469,952,508. However, the summary of the register relates to 2018/2019 and comparative balances for 2017/2018, instead of those for the year under review. Further, Management did not provide an updated fixed asset register. In addition, the assets were not tagged and properly recorded in both manual and automated registers and were therefore prone to misplacement and loss.

Additionally, the audit revealed that the County Executive owns biological assets at its Mariira Farm which, however, have not been valued and included in the assets register.

As a result of these discrepancies, the accuracy and completeness of the fixed assets register balance as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Murang'a 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 Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Unresolved Prior Year Issues

The audit report for 2018/19 financial year highlighted several unsatisfactory issues on financial statement balances, lawfulness and effectiveness in use of public resources and effectiveness of internal controls, risk management and governance. However, the report on the progress made in resolving the issues, as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board, has not been included in the financial statements. As a result, the matters are considered unresolved.

2.0 Budget Performance

2.1 Failure to Meet Revenue Targets on County Own-Generated Receipts

The County Government had budgeted to raise Kshs.960,000,000 in own-generated receipts from local sources in the financial year ended 30 June, 2020. However, the actual amount collected was Kshs.551,677,223 representing 57% of the projected own-generated receipts, resulting in a revenue short fall of Kshs.408,322,777.

Further a trend analysis on revenue collection data for the four (4) financial years to 30 June, 2020 showed an unsatisfactory performance by the County Executive and incessant failure to meet revenue targets as follows:

Year	Revenue Budget (Kshs.)	Actual Receipts (Kshs.)	Revenue Shortfall (Kshs.)	Ration (%) of Actual to Budget
2016/2017	880,000,000	535,583,977	351,118,925	60.8
2017/2018	850,000,000	423,996,982	426,003,018	49.9
2018/2019	1,000,000,000	699,007,969	300,992,031	69.9
2019/2020	960,000,000	551,677,223	408,322,777	56.5

The persistent shortfall in revenue collection suggests that the system established by Management to collect and account for revenue is not effective.

2.2 Budgetary Control Over Expenditure

The summary statement of appropriation – recurrent and development combined indicates that, the final approved expenditure budget for the year under review totalled Kshs.8,823,421,331 comprised of Kshs.5,549,938,072 for the recurrent vote and Kshs.3,273,483,259 for the development vote. However, the County Executive incurred expenditures totaling Kshs.5,000,545,248 and Kshs.2,362,593,362 on recurrent and development votes respectively resulting in an aggregate under-expenditure of Kshs.1,460,282,221 equivalent to 16.5 % of the budget.

Management did not provide an explanation for the failure to utilize the whole of the approved budget. The significant level of under-expenditure adversely affected service delivery and execution of development programmes intended to benefit the residents of Murang'a County.

2.3 Late Exchequer Release

Note 1 to the financial statements reflects exchequer releases receipts from the National Treasury totalling Kshs.6,254,948,060, out of which receipts totalling Kshs.790,027,209 or 12.6% were received during the month of June, 2020, as tabulated below:

Date	Details	Amount Received (Kshs.)
3 June, 2020	Exchequer Release	60,300,000
3 June, 2020		207,335,100
16 June, 2020		14,627,905
16 June, 2020		15,000,000
16 June, 2020		25,986,545
30 June, 2020		10,000,000
30 June, 2020		50,000,000
30 June, 2020		263,647,270
30 June, 2020		17,489,959
30 June, 2020		27,580,103
30 June, 2020		74,191,785
30 June, 2020		10,200,000
30 June, 2020		13,668,542
Total		790,027,209

In view of the delay, Management did not have sufficient time to execute programmes and activities that the funds were expected to finance.

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

1.0 Employee Compensation and Staffing Irregularities

1.1 High Wage Bill

Examination of expenditure and revenue records indicated that the compensation of employees' expenditure totalling Kshs.2,984,713,835 incurred in the year under review was equivalent to 41.5% of the total revenue for the year amounting to Kshs.7,191,014,611. Therefore, the spending was above the threshold of 35% set for the item in Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.

As a result, limited funds available to the County Executive were overused in funding staff salaries and other emoluments instead of development projects and delivery of services to the residents of the County.

1.2 Lack of Ethnic Diversity in Staff Establishment

Analysis of the ethnic composition of employees of the County Executive of Murang'a in the year under review revealed that out of 3,853 staff on permanent and pensionable terms, 3,383 or 87.8% were drawn from the dominant ethnic community in the County. The dominance was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which requires public entities to ensure that their staff establishments reflect the diversity of the people of Kenya.

3.0 Irregular Procurement of Goods under COVID-19 Grant

During the year under review, the County Executive received a conditional grant amounting to Kshs.112,941,000 from the Ministry of Health for use in mitigating the effects of the Covid-19 pandemic. However, a review of expenditure records for the grants revealed the following anomalies:

- (i) The County Executive did not have an approved budget for Covid-19 related expenditure. Further, the procurement plan for the year was not updated to include the new expenditure the emergency response. Records provided for audit indicted that the County procured various Covid-19 mitigation commodities and goods totaling Kshs.35,742,568 through the Framework Agreement Procurement Method instead of Open Tender or alternative methods. In the circumstance, the validity and value for money on the expenditure incurred on Covid-19 could not be confirmed.

- (ii) Supplies of maize floor purchased at Kshs.1,823,438 on 19 June, 2020 were not supported with delivery notes, invoices and an inspection and acceptance reports from the users or the Goods Inspection Committee.

As a result of these anomalies, propriety and validity of the payments totalling Kshs37,566,006 spent on Covid-19 mitigation activities could not be confirmed.

4.0 Failure to Prepare and Publish Contract Awards

During the financial year under review, the County Executive did not prepare, publish, and publicize all contract awards and submit the information to the Public Procurement Regulatory Authority as required by Section 138(1) and 138(2) of the Public Procurement and Assets Disposal Act, 2015. Further, monthly progress reports on all procurement contracts prepared and submitted to the Accounting Officer, as prescribed in Section 152 of the Public Procurement and Assets Disposal Act, 2015, were not provided for audit.

In addition, there was no report made to the Public Procurement Regulatory Authority on procurement preferences and reservations to show the County Executive's compliance with Section 157(4) of the Public Procurement and Assets Disposal Act, 2015. The provision requires reporting by each public entity on the number of youth, women and persons with disabilities whose goods and services the entity procured in the reporting period.

5.0 Failure to Comply with Financial Reporting Requirements

During the financial year 2019/2020, County Executive of Murang'a did not submit to the Auditor-General quarterly financial reports and monthly bank reconciliation statements for each account held by the County as required by Regulation 90 of the Public Finance Management (County Governments) Regulations, 2015. The Accounting Officer was therefore in breach of the law.

6.0 Failure to implement E-procurement Processes

Executive Order No.6 of 7 May, 2015 directed all public entities in National and County Governments to fully implement end-to-end e-procurement processes within two weeks from the date of the circular. Further, Executive order No.2 of 2018 directed that by 1 January, 2019, all procuring entities were to undertake all their procurements through the Government e-procurement module.

However, review of the procurement activities of the County Executive indicated that some open tender advertisements, and all payments were done through the IFMIS system while other procurement processes were done manually outside the system. In addition, procurement through restricted tender and direct procurement, opening of bids, tender evaluation and award of tenders were all done manually.

The County is therefore in breach of the Executive Order on implementation of e-procurement. As a result, transparency, fairness, equity, and value for money in its procurement activities could not be confirmed.

7.0 Direct Procurement of Goods and Services

7.1 Direct Procurement of Fuel

Disclosed under Note 12 to the financial statements on use of goods and services is expenditure totalling Kshs.35,555,932 incurred on purchase of fuel. The expenditure includes Kshs.9,058,813 paid to two service stations in the county for supply of motor-vehicle fuel. However, there was no evidence indicating that the two suppliers were subjected to a competitive procurement process as required by law.

As a result, the regularity of the expenditure totalling Kshs.9,058,813 could not be confirmed.

7.2 Direct Procurement of Air Tickets for Senior Management in the County

Included in foreign travel and subsistence expenditure totalling Kshs.21,215,037 disclosed in Note 12 to the financial statements is Kshs.7,463,916 paid to a firm for bookings and air tickets for senior management who travelled to foreign countries during the year under review. However, the supplier was identified through direct procurement (single sourcing) contrary to Section 104 of the Public Procurement and Assets Disposal Act, 2015. As a result, the expenditure was irregular and value for money on the spending could not be confirmed.

8.0 Unconfirmed Citizen Participation in Budget-Making Process

During the year under review, the County Executive of Murang'a final approved budget of Kshs.5,549,938,072 and Kshs.3,273,483,259 for recurrent and development votes, respectively. Regulation 6(2) of the Public Finance Management (County Governments) Regulations, 2015 requires County Treasuries to arrange for effective public participation during development of their annual budget estimates including in the publication of citizens' budgets which shall explain and summarize the budget proposals.

However, no document on public participation including notices of meetings, signed attendance lists of participants and feedback or reports of the outcome of such activities were presented for audit review. Further, a review of the approved budget revealed that the County Treasury prepared a programme-based budget that contained aggregated amounts for various activities or projects without specific details or line items of the projects. As a result, interrogation of the budget by Murang'a County residents may have been curtailed and as a result they could not effectively participate in its formulation.

Consequently County Executive may have flouted law on public participation in the budget making process.

9.0 Irregular Implementation of Programmes under the National Government

In the year under review, the County Executive implemented several projects costing Kshs.6,061,603 in respect of functions which fall under the National Government as follows:

- (i) Laying of pavement blocks (cabro) at Mugoiri Girls High School at a cost of Kshs.3,895,860.

- (ii) Purchase of construction materials for Kiamatara Secondary Schools at a cost of Kshs.1,075,900.
- (iii) Completion of a dormitory block for Kaharo Girls School at a cost of Kshs.1,089,843.

Records on the contracts entered into between the County Executive and the Ministry of Education in relation to these expenditures were not provided for audit.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require 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 governance.

In preparing the financial statements, Management is responsible for assessing the County Executive's ability 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.

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 entity 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 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. 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 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 sustaining 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2021

Report of the Auditor-General on County Executive of Murang'a for the year ended 30 June, 2020

APPENDICES

Appendix 1

Differences Between the Financial Statements and Ledger Balances

Details	Amounts as Per Financial Statements (Kshs.)	Amounts as Per IFMIS Report (Kshs.)	Variance (Kshs.)
Receipts			
Exchequer Releases	6,254,948,060	314,917,500	5,940,030,560
Transfers from Other Government Entities	291,723,844		291,723,844
County Own Generated Receipts	551,677,223		551,677,223
Returned CRF Issues	92,665,484		92,665,484
Compensation of Employees	2,984,713,835	3,299,661,698	-314,947,863
Use of Goods and Services	2,786,208,055	2,039,900,223	746,307,832
Subsidies	800,000	670,000	130,000
Transfers to Other Government Units	626,559,265	132,448,576	494,110,689
Other Grants and Transfers	443,059,213	134,807,649	308,251,564
Acquisition of Assets	200,785,510	175,941,843	24,843,667
Finance Costs, including Loan Interest	459,200	943,241	-484,041
Other Payments	320,554,032	67,505,264	253,048,768
Bank Balances	389,216,290	5,508,042,451	(5,118,826,161)
Cash Balances		10,813,135,209	(10,813,135,209)
Accounts Receivables – Outstanding Imprests	0	7,971,842	(7,971,842)
Fund balance b/fwd	561,340,788	(10,238,716,521)	10,800,057,309
Surplus/Deficit for the Year	(171,124,499)	(5,536,960,994)	5,365,836,495

Appendix II

Unexplained Cash and Cash Equivalents Differences

Bank Account Name	Balance as per Financial Statements (Kshs.)	Bank Statement (Kshs.)	Difference (Kshs.)
County RMLF	344,298.00	344,297.50	
Agri Sector Dev Prog II ASDSP	2,500,000.00	9,123,018.00	
CBK Recurrent	242.00	284,057,737.00	
CBK Village Polytechnic A/c	580,730.00	23,067,765.00	
NARGIP A/c	34,049,330.00	86,810,042.00	
Special Purpose Account	84,445,883.00	96,910,666.75	
CBK CRF	262,040,478.00	291,334,071.25	
CBK Development A/c	1,860.00	2,456.25	
Kenya Urban Road Support Program	-	-	
CBK Deposit Account	-	-	
Urban Institution Grant Account	-	-	
Kenya Devolution Support Program	71.00	4,772,671.00	
Covid -19 Special Account	-	-	
Family Bank bursary a/c	232,884.00	232,884.00	
KCB Muranga County Revenue A/c	3,579,470.00	3,579,470.00	
Equity Muranga County Revenue A/c	1,441,043.80	1,441,043.80	
	389,216,290.00	801,676,122.55	

Appendix III

Unremitted Deductions

Date	PV. No.	Payee	Purpose	Amount (Kshs.)
29/6/2020	14523	Not indicated	Deduction November, 2017	5,738,750
29/6/2020	14524	Not indicated	Deduction November, 2017	3,389,142
27/3/2020	45845	Not indicated	Deduction June, 2017	4,985,937.15
27/3/2020	45899	Not indicated	Deduction June, 2017	3,347,606.40
27/3/2020	32679	Not indicated	Deduction June, 2016	3,435,362.55
27/3/2020	46182	Not indicated	Deduction August, 2017	3,347,965.50
27/3/2020	46181	Not indicated	Deduction August, 2017	5,274,625.50
27/3/2020	46898	Not indicated	Deduction December, 2017	3,369,272.30
27/3/2020	46897	Not indicated	Deduction December, 2017	5,321,674.30
27/3/2020	46899	Not indicated	Deduction December, 2017	1,246,300.00
27/3/2020	46960	Not indicated	Deduction October, 2017	3,819,507.85
30/3/2020	132670	Not indicated	Deduction November, 2016	1,105,300.00
30/3/2020	13669	Not indicated	Deduction May, 2017	3,339,982.00
Total				47,721,424.25

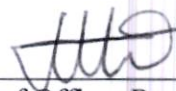
MURANGA COUNTY GOVERNMENT
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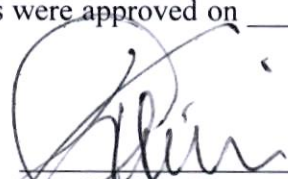
7. FINANCIAL STATEMENTS

7.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2019-2020	2018-2019
	Notes	KShs	KShs
RECEIPTS			
Exchequer releases	1	6,254,948,060	6,248,600,000
Proceeds from Domestic and Foreign Grants	2	0	429,777,502
Transfers from Other Government Entities	3	291,723,844	0
Proceeds from Domestic Borrowings	4	0	0
Proceeds from Foreign Borrowings	5	0	0
Proceeds from Sale of Assets	6	0	0
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	551,677,223	699,007,969
Returned CRF issues	10	92,665,484	1,800,000
TOTAL RECEIPTS		7,191,014,611	7,379,185,471
PAYMENTS			
Compensation of Employees	11	2,984,713,835	3,498,758,097
Use of goods and services	12	2,786,208,055	2,528,191,369
Subsidies	13	800,000	4,923,500
Transfers to Other Government Units	14	626,559,265	689,437,600
Other grants and transfers	15	443,059,213	162,151,436
Social Security Benefits	16	0	9,558,682
Acquisition of Assets	17	200,785,510	940,028,897
Finance Costs, including Loan Interest	18	459,200	0
Repayment of principal on Domestic and Foreign borrowing	19	0	0
Other Payments	20	320,554,032	23,130,588
TOTAL PAYMENTS		7,363,139,110	7,856,180,169
SURPLUS/DEFICIT		(171,124,499)	(476,994,698)

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 _____ 2020 and signed by:


 Chief Officer Revenue & County Financial Operation
Name: Edwin K. Kimuyu
 ICPAK Member Number: 8181



 Chief Officer Finance
Name: Peter G. Kahora
 ICPAK Member Number: 7444


MURANGA COUNTY GOVERNMENT
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7.2. STATEMENT OF ASSETS AND LIABILITIES

		2019-2020	2018-2019
	Notes	KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	389,216,290	558,102,423
Cash Balances	21B	0	3,238,365
Total Cash and cash equivalent		<u>389,216,290</u>	<u>561,340,788</u>
Accounts receivables – Outstanding Imprests	22	0	0
TOTAL FINANCIAL ASSETS		<u>389,216,290</u>	<u>561,340,788</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	0	0
NET FINANCIAL ASSETS		<u>389,216,290</u>	<u>561,340,788</u>
REPRESENTED BY			
Fund balance b/fwd	24	561,340,788	1,038,335,487
Prior year adjustments	25	0	0
Surplus/Deficit for the year		(171,124,499)	(476,994,698)
NET FINANCIAL POSITION		<u>389,216,290</u>	<u>561,340,788</u>

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Name: Peter G. Kahora
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MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2020

7.3. STATEMENT OF CASH FLOWS

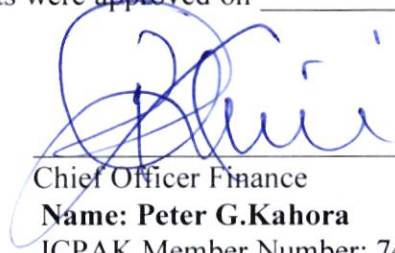
		2019-2020	2018-2019
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	6,254,948,060	6,248,600,000
Proceeds from Domestic and Foreign Grants	2	0	429,777,502
Transfers from Other Government Entities	3	291,723,844	0
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	551,677,223	699,007,969
Returned CRF issues	10	92,665,484	1,800,000
Payments for operating expenses			
Compensation of Employees	11	(2,984,713,835)	(3,498,758,097)
Use of goods and services	12	(2,786,208,055)	(2,528,191,369)
Subsidies	13	(800,000)	(4,923,500)
Transfers to Other Government Units	14	(626,559,265)	(689,437,600)
Other grants and transfers	15	(443,059,213)	(162,151,436)
Social Security Benefits	16	0	(9,558,682)
Finance Costs, including Loan Interest	18	(459,200)	0
Other Payments	20	(320,554,032)	(23,130,588)
Adjusted for:			
Other Adjustments	28		
Net cash flow from operating activities		<u>28,661,011</u>	<u>463,034,199</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	0	0
Acquisition of Assets	17	(200,785,510)	(940,028,897)
Net cash flows from Investing Activities		<u>(200,785,510)</u>	<u>(940,028,897)</u>
CASHFLOW FROM BORROWING ACTIVITIES			
Repayment of principal on Domestic and Foreign borrowing	19	0	0
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(172,124,499)</u>	<u>(476,994,698)</u>
Cash and cash equivalents at BEGINNING of the year	21	561,340,788	1,038,335,487
Cash and cash equivalents at END of the year	24	389,216,290	561,340,788

MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
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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 _____ 2020 and signed by:



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MURANGA COUNTY GOVERNMENT
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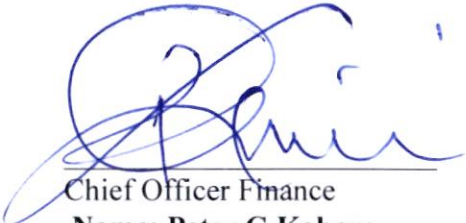
7.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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	7,304,020,751	(291,791,581)	7,012,229,170	6,254,948,060	(757,281,110)	89%
Proceeds from Domestic and Foreign Grants	0	0	0	0	0	
Transfers from Other Government Entities	178,782,844	147,409,317	326,192,161	291,723,844	(34,468,317)	89%
Returns of Equity Holdings						
County Own Generated receipts	960,000,000		960,000,000	551,677,223	(408,322,777)	57%
Return issues to CRF	525,000,000		525,000,000	92,665,484	(432,334,516)	18%
TOTAL	8,967,803,595	(144,382,264)	8,823,421,331	7,191,014,611	(1,632,406,720)	
PAYMENTS						
Compensation of Employees	3,822,248,147	0	3,822,248,147	2,984,713,835	(837,883,829)	78%
Use of goods and services	2,953,398,423	164,666,671	3,118,065,094	2,786,208,055	(331,857,039)	89%
Subsidies	1,000,000	0	1,000,000	800,000	(200,000)	80%
Transfers to Other Government Units	923,333,175	(118,189,935)	805,143,240	626,559,265	(178,583,975)	78%
Other grants and transfers	483,956,250	6,200,000	490,156,250	443,059,213	47,097,037	90%
Social Security Benefits	0	0	0	0	0	0%
Acquisition of Assets	711,337,600	(310,000,000)	401,337,600	200,785,510	(200,552,090)	50%
Finance Costs, including Loan Interest	1,000,000	0	1,000,000	459,200	(540,800)	46%
Repayment of principal on borrowings	0	0	0	0	0	
Other Payments	71,530,000	112,941,000	184,471,000	320,554,032	136,083,032	174%
TOTAL	8,967,803,595	(144,382,264)	8,823,421,331	7,363,139,110	(1,460,282,221)	
SURPLUS/(DEFICIT)				(171,124,499)	(171,124,499)	

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Chief Officer Revenue & County Financial Operation
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MURANGA COUNTY GOVERNMENT
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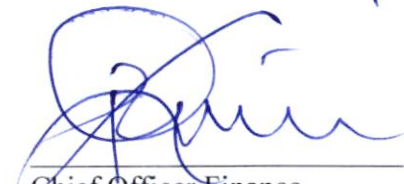
7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

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	4,010,229,653	54,708,419	4,064,708,419	3,940,617,278	(124,320,794)	97%
Proceeds from Domestic and Foreign Grants					-	
Reimbursements and Refunds					-	
Returns of Equity Holdings					-	
County Own Generated receipts	960,000,000		960,000,000	551,677,223	(408,322,777)	57%
Return CRF issues	525,000,000		525,000,000	92,665,484	(432,334,516)	18%
TOTAL	5,495,229,653	54,708,419	5,549,938,072	4,584,959,985	(964,978,087)	
PAYMENTS						
Compensation of Employees	3,819,248,147		3,819,248,147	2,984,713,835	(834,534,312)	78%
Use of goods and services	737,892,081	45,698,354	783,590,435	1,158,096,158	374,505,723	148%
Subsidies	1,000,000		1,000,000	800,000	(200,000)	80%
Transfers to Other Government Units	873,333,175	(98,189,935)	775,143,240	614,559,265	(160,583,975)	79%
Other grants and transfers	27,956,250	91,200,000	119,156,250	62,999,104	(56,157,146)	53%
Social Security Benefits						
Acquisition of Assets	23,300,000	16,000,000	39,300,000	1,143,165	(38,156,835)	3%
Finance Costs, including Loan Interest	1,000,000		1,000,000	459,200	(540,800)	46%
Repayment of principal on borrowings						
Other Payments	11,500,000		11,500,000	177,775,021	166,275,021	1546%
TOTAL	5,495,229,653	54,708,419	5,549,938,072	5,000,545,748	(549,392,324)	
SURPLUS/(DEFICIT)				(415,585,763)	(415,585,763)	

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MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
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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	3,293,791,098	(346,500,000)	2,947,291,098	2,314,330,782	(632,960,316)	79%
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities	178,782,844	147,409,317	326,192,161	291,723,844	(34,468,317)	89%
Proceeds from Domestic Borrowings						
Returns of Equity Holdings						
County Own Generated receipts						
TOTAL	3,472,573,942	(199,090,683)	3,273,483,259	2,606,054,626	(667,428,633)	
PAYMENTS						
Compensation of Employees	3,000,000		3,000,000		(3,000,000)	0%
Use of goods and services	2,215,506,342	118,968,317	2,334,474,659	1,628,111,897	(706,362,762)	70%
Subsidies						
Transfers to Other Government Units	50,000,000	(20,000,000)	30,000,000	12,000,000	(18,000,000)	40%
Other grants and transfers	456,000,000	(85,000,000)	371,000,000	380,060,109	9,060,109	102%
Social Security Benefits						
Acquisition of Assets	688,037,600	(326,000,000)	362,037,600	199,642,345	(162,395,255)	55%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						
Other Payments	60,030,000	112,941,000	172,971,000	142,779,011	(30,191,989)	83%
TOTALS	3,472,573,942	(199,090,683)	3,273,483,259	2,362,593,362	(910,889,897)	
SURPLUS/(DEFICIT)		112,941,000		243,461,264	243,461,264	

Reports and Financial Statements

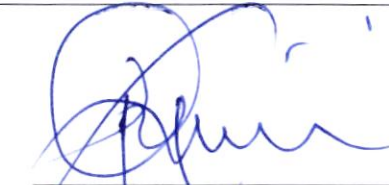
For the year ended June 30, 2020



Chief Officer Revenue & County Financial Operation

Name: Edwin K. Kimuyu

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MURANGA COUNTY GOVERNMENT
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7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
			KShs	KShs	KShs	KShs	KShs
101004010		Cash Crop Development and Management	264,969,053	7,500,000	272,469,053	168,420,866	104,048,187
	101014010	Land and Crops Development	3,900,000	-	3,900,000	2,263,837	1,636,163
	101024010	Promotion Food Security	261,069,053	7,500,000	268,569,053	166,157,029	102,412,024
102004010		Livestock and fisheries Development	121,173,298	-	121,173,298	74,901,003	46,272,295
	102024010	Formation of Fisheries and Cooperatives	5,000,000	-	5,000,000	3,460,000	1,540,000
	102034010	Value addition and marketing of fish products	114,173,298	-	114,173,298	69,595,914	44,577,384
	102044010	Local Poultry Development	2,000,000	-	2,000,000	1,845,089	154,911
103004010		Land survey, housing and administration	32,500,000	(29,000,000)	3,500,000	-	3,500,000
	103014010	Land Policy and Planning	22,500,000	(20,000,000)	2,500,000	-	2,500,000
	103044010	Land Survey	10,000,000	(9,000,000)	1,000,000	-	1,000,000
109000000		Agribusiness and Information Management	4,200,000	-	4,200,000	1,777,345	2,422,655
	109019999	Agribusiness and Market Development	4,200,000	-	4,200,000	1,777,345	2,422,655

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Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
112000000		Livestock Resources Management and Development	16,000,000	-	16,000,000	7,959,890	8,040,110
	112019999	Livestock Policy Development and capacity building Programme	-	-	-	(166,530)	166,530
	112059999	Livestock Diseases Management and Control	16,000,000	-	16,000,000	8,126,420	7,873,580
113000000		Land Administration and Management	5,319,000	-	5,319,000	2,869,336	2,449,664
	113019999	Land Administration and Management	5,319,000	-	5,319,000	2,869,336	2,449,664
202000000		Road Transport	758,430,518	(27,531,683)	730,898,835	591,559,376	139,339,459
	202019999	Construction of Roads and Bridges	19,411,500	-	19,411,500	13,040,820	6,370,680
	202069999	General Administration, Planning and Support Services	739,019,018	(27,531,683)	711,487,335	578,518,556	132,968,779
202004010		ICT Infrastructure Development	30,000,000	(25,000,000)	5,000,000	-	5,000,000
	202014010	ICT Infrastructure Connectivity	30,000,000	(25,000,000)	5,000,000	-	5,000,000
203004010		Information And Communication Services	-	-	-	(25,625)	25,625
	203024010	Office administration and	-	-	-	(25,625)	25,625

MURANGA COUNTY GOVERNMENT
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Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
		support					
301004010		Tourism Development and Promotion	3,300,000	-	3,300,000	3,055,614	244,386
	301014010	Tourism Promotion and Marketing	3,300,000	-	3,300,000	3,055,614	244,386
302004010		Trade Promotion and marketing	245,832,114	(15,000,000)	230,832,114	163,557,072	67,275,042
	302014010	Domestic Trade Development	245,832,114	(15,000,000)	230,832,114	163,557,072	67,275,042
304000000		Cooperative Development and Management	23,879,074	-	23,879,074	5,936,329	17,942,745
	304019999	Governance and Accountability	3,100,000	-	3,100,000	561,238	2,538,762
	304029999	Co-operative Advisory Services	20,779,074	-	20,779,074	5,375,091	15,403,983
307000000		Trade Development and Promotion	7,700,000	-	7,700,000	7,034,307	665,693
	307019999	Domestic Trade Development	4,600,000	-	4,600,000	4,331,960	268,040
	307029999	Fair Trade and Consumer Protection	3,100,000	-	3,100,000	2,702,347	397,653
402000000		Curative Health Services	291,924,209	92,941,000	384,865,209	260,458,694	124,406,515
	402049999	Forensic and Diagnostics	3,000,000	-	3,000,000	1,024,065	1,975,935
	402059999	Free Primary Healthcare	288,924,209	92,941,000	381,865,209	259,434,629	122,430,580
402004010		Treatment and rehabilitation	3,000,000	-	3,000,000	2,794,703	205,297
	402014010	Prevention Curriculum	3,000,000	-	3,000,000	2,794,703	205,297

Reports and Financial Statements
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Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
		Development					
501004010		Education	254,500,000	(90,000,000)	164,500,000	106,711,008	57,788,992
	501034010	Early Childhood Development Education	158,500,000	(20,000,000)	138,500,000	102,127,974	36,372,026
	501054010	Motivation of Primary and Secondary School	96,000,000	(70,000,000)	26,000,000	4,583,034	21,416,966
502004010		Technical Vocational Education and Training	87,437,600	(20,000,000)	67,437,600	-	67,437,600
	502034010	Infrastructure Development and Expansion	87,437,600	(20,000,000)	67,437,600	-	67,437,600
507000000		Youth Training and Development	112,868,298	-	112,868,298	86,263,622	26,604,676
	507019999	Revitalization of Youth Polytechnics	112,868,298	-	112,868,298	86,263,622	26,604,676
508000000		General Administration, Planning and Support Services	20,000,000	-	20,000,000	1,388,000	18,612,000
	508029999	County Administrative Services	20,000,000	-	20,000,000	1,388,000	18,612,000
701004010			7,000,000	(6,000,000)	1,000,000	-	1,000,000
	701034010	Public Trusts and Estates Management	7,000,000	(6,000,000)	1,000,000	-	1,000,000
702004010			330,322,361	-	330,322,361	243,717,936	86,604,425

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Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
	702014010	Human Resource Management	16,198,711	-	16,198,711	5,260,830	10,937,881
	702054010	Staff Training and Capacity Building	314,123,650	-	314,123,650	238,457,106	75,666,544
703004010			9,000,000	-	9,000,000	8,027,142	972,858
	703024010	Budget Formulation Coordination and Management	4,500,000	-	4,500,000	4,091,155	408,845
	703034010	Economic Planning and CIDP Review	4,500,000	-	4,500,000	3,935,987	564,013
705004010			5,500,000	-	5,500,000	4,927,055	572,945
	705034010	Public Participation	5,500,000	-	5,500,000	4,927,055	572,945
706004010			4,754,116,153	300,898,354	5,055,014,507	3,938,771,164	1,116,243,343
	706014010	General Administration Planning and support Services	4,754,116,153	300,898,354	5,055,014,507	3,938,771,164	1,116,243,343
711000000		Gender & Youth Empowerment	32,100,000	-	32,100,000	17,842,161	14,257,839
	711039999	Youth Development Services	2,100,000	-	2,100,000	1,357,300	742,700
	711069999	Gender & Socio-economic empowerment	30,000,000	-	30,000,000	16,484,861	13,515,139
718000000		Public Financial Management	16,000,000	(4,000,000)	12,000,000	9,070,239	2,929,761
	718049999	Accounting Services	5,000,000	(4,000,000)	1,000,000	73,080	926,920
	718069999	Public Financial Management	11,000,000	-	11,000,000	8,997,159	2,002,841

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

Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
		Reforms					
729000000		Audit Services	11,949,999	-	11,949,999	9,340,992	2,609,007
	729029999	County Governments Audit	5,449,999	-	5,449,999	4,364,506	1,085,493
	729049999	General Administration Planning and Support Services	6,500,000	-	6,500,000	4,976,486	1,523,514
730000000		Control and Management of Public finances	5,300,000	-	5,300,000	5,121,260	178,740
	730029999	Budget implementation and Monitoring	5,300,000	-	5,300,000	5,121,260	178,740
901004010			-	-	-	(85,780)	85,780
	901024010	Policy Formulation and Implimentation	-	-	-	(85,780)	85,780
902004010			92,672,926	-	92,672,926	19,228,082	73,444,844
	902014010	Social Assistance to vulnerable groups	78,172,926	-	78,172,926	8,168,078	70,004,848
	902024010	Persons Living With Disabilities	5,000,000	-	5,000,000	3,010,156	1,989,844
	902044010	Disaster Fund Management	9,500,000	-	9,500,000	8,049,848	1,450,152
903004010			50,052,096	-	50,052,096	28,727,241	21,324,855
	903034010	Development and Management of Sports Facilities	50,052,096	-	50,052,096	28,727,241	21,324,855
904004010			3,213,594	-	3,213,594	970,030	

MURANGA COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

Programme/ Sub-programme	Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
			2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
							2,243,564
	904014010	Development And Promotion of Culture	3,213,594	-	3,213,594	970,030	2,243,564
1001004010			15,000,000	3,000,000	18,000,000	3,414,691	14,585,309
	1001054010	Environmental Leadership and Governance	15,000,000	3,000,000	18,000,000	3,414,691	14,585,309
1002004010			28,600,000	11,000,000	39,600,000	13,806,282	25,793,718
	1002024010	Hazardous Waste	28,600,000	11,000,000	39,600,000	13,806,282	25,793,718
1004000000		Water Resources Management	400,610,127	(225,000,000)	175,610,127	61,097,935	114,512,192
	1004039999	Water Supply Infrastructure	400,610,127	(225,000,000)	175,610,127	61,097,935	114,512,192
		Grand Total	8,044,470,420	(26,192,329)	8,018,278,091	5,852,025,881	2,166,252,210

7.8. 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 the Muranga 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.

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.

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.

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 is 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 0 compared to KShs 0 in prior period as indicated on note 23.

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.

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 _____ for the period 1st July 2019 to 30 June 2020 as required by law. There was one supplementary budget 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 an 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.

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2019 - 2020	2018 - 2019
	KShs	KShs
Total Exchequer Releases for quarter 1	1,095,912,900	749,832,000
Total Exchequer Releases for quarter 2	1,209,512,240	1,888,341,149
Total Exchequer Releases for quarter 3	1,975,642,869	1,120,324,351
Total Exchequer Releases for quarter 4	1,973,880,051	2,707,833,845
Total	6,254,948,060	6,466,331,345

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	1,095,912,900	749,832,000
Total Equitable Share for quarter 2	1,133,703,000	1,812,094,000
Total Equitable Share for quarter 3	1,795,029,750	1,093,505,000
Total Equitable Share for quarter 4	1,732,046,250	2,593,169,000
Total	5,756,691,900	6,248,600,000

1B: Level 5 Hospitals Allocation

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Transfers for level 5 hospitals	0	0
Total		

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1C: Donor Funds released through Exchequer Releases as per CARA

Description	2019 - 2020	2018 - 2019
	KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme	25,621,250	20,756,250
World Bank – THUSCP	77,074,190	23,120,328
National Agricultural & Rural Inclusive Growth Project (NARIGP)	208,695,938	50,078,476
Kenya Devolution Support Programme(KDSP)	30,000,000	0
Youth Polytechnic support grant	83,268,298	0
Abolishment of user fees in health centres and dispensaries	20,138,691	20,138,691
Kenya Urban Support Programme(KUSP) UIG	8,800,000	41,200,000
Agriculture Sector Development Support Project (ASDSP)	0	0
Kenya Urban Support Project (KUSP) -Urban Development Grants (UDG) Released	44,657,794	62,437,600
Total	498,256,160	217,731,345

DANIDA and THUSCP support health sector in their program implementation through dispensaries and health centres operation finding , KDSP supports training in building capacities at the county level at its level one stage, at level two, other investment other than training are included.NARIGP-support agriculture production in the county Youth polytechnic grant are intended for support of vocational training centres and village polytechnics

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2019 - 2020	2018 – 2019
			KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme				20,756,250
WB –Transforming Health Systems For Universal Care Project (THUSCP)				23,120,328
WB-National Agricultural & Rural Inclusive Growth Project (NARIGP)				50,078,476
WB-Kenya Urban Support Programme(KUSP)				41,200,000
WB-Kenya Urban Support Project (KUSP) -Urban Development Grants (UDG) Released				62,437,600
SWEDEN-Agriculture Sector Development Support Project (ASDSP)				6,934,526
Abolishment of user fees in health centres and dispensaries				20,138,691
Road Maintenance Fuel Levy				205,111,631
Total				429,777,502

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Transfers from Central government entities		
Ministry of Health(covid-19)	112,941,000	
Road Maintenance Fuel Levy	178,782,844	
TOTAL	291,723,844	

Transfer from ministry of health (covid-19) was meant to assist the county government from the severely affected by the Covid-19 pandemic.

Transfer from ministry of roads through KRB is meant to support the development and maintenance of roads in the county

4. PROCEEDS FROM DOMESTIC BORROWINGS

	2019 - 2020	2018 - 2019
	KShs	KShs
Borrowing within General Government	0	0
Borrowing from Monetary Authorities (Central Bank)	0	0
Other Domestic Depository Corporations (Commercial Banks)	0	0
Borrowing from Other Domestic Financial Institutions	0	0
Borrowing from Other Domestic Creditors	0	0
Domestic Currency and Domestic Deposits	0	0
Total	0	

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

	2019 - 2020	2018 - 2019
	KShs	KShs
Foreign Borrowing – Draw-downs Through Exchequer	0	0
Foreign Borrowing - Direct Payments	0	0
Foreign Currency and Foreign Deposits	0	0
Total	0	0

6. PROCEEDS FROM SALE OF ASSETS

	2019 - 2020	2018 - 2019
	KShs	KShs
Receipts from the Sale of Buildings	0	0
Total	0	0

7. REIMBURSEMENTS AND REFUNDS

	2019 - 2020	2018 - 2019
	KShs	KShs
Refund from World Food Programme (WFP)	0	0
Reimbursement of Audit Fees	0	0
Reimbursement on Messing Charges (UNICEF)	0	0
Reimbursement from World Bank – ECD	0	0
Reimbursement from Individuals & Private Organisations	0	0
Reimbursement from Local Government Authorities	0	0
Reimbursement from Statutory Organisations	0	0
Reimbursement within Central Government	0	0
Reimbursement Using Bonds	0	0
Total	0	0

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

	2019 - 2020	2018 - 2019
	KShs	KShs
Returns of Equity Holdings in Domestic Organisations	0	0
Returns of Equity Holdings in International Organisations	0	0
Total	0	0

9. COUNTY OWN GENERATED RECEIPTS

	2019 - 2020	2018 - 2019
	KShs	KShs
Fines, Penalties and Forfeitures	1,938,779	6,902,875
Business permits	98,535,344	126,378,883
Cess	6,918,950	20,174,817
Poll rates	53,226,461	60,126,961
Plot rents	44,979,407	62,713,630
Administrative services fees/Sale of forms	3,126,133	8,575,260
Various fees/other land based revenue	3,781,063	3,242,610
Plan approvals	9,738,904	36,907,306
Lease / rental of council's Infrastructure assets	5,423,449	8,151,673
Market/trade Centre fee	42,109,539	50,388,792
Vehicle parking fees	9,738,904	18,962,828
Parking Fess	21,238,709	18,592,165
Self Help Group	1,335,808	3,825,810
Other education-related receipts/poly	166,189	2,380,600
Environment & conservancy Administration	10,244,978	13,515,289
Slaughter houses administration	1,925,602	3,010,010
Other health & sanitation receipts	1,784,566	2,341,690
Sub Division/Trasnfer	6,285,858	7,114,440
Liquor	36,924,059	28,003,100
Motor Bike	2,216,046	6,833,610
Advertisement	7,848,196	17,027,999
Fire fighting	11,692,551	0
Land Hsg And Phy. Planning	1,266,920	1,302,650
Mariira Farm	216,773	2,483,171
Co Operative Audit	651,506	840,110
Water	0	123,930
Livestock (A.I)	2,188,223	3,331,125
Meat Inspection	8,861,763	8,210,880

MURANGA COUNTY GOVERNMENT
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	2019 - 2020	2018 - 2019
Vet. Clinical Services	1,489,553	47,220
Hospitals/H.C	126,185,813	139,482,031
Public Health	19,469,831	24,008,915
Weight And Measures	943,422	1,067,250
Others	0	3,183,230
Total	551,677,223	699,007,969

(This section should include **all classes of revenues** raised by the County Government. The section **may be tailored to reflect the classes of revenue** for each County. In addition, the preparers of the financial statements should endeavour to classify all revenues and avoid lumping up revenues under the class of other miscellaneous receipts. Miscellaneous income should only include incidental incomes such as; **insurance claims recovered and sale of assets.**

Comment on the performance of the own generated funds between the two years)

10. RETURNED CRF ISSUES

	2019 - 2020	2018 - 2019
	KShs	KShs
TRANSFER OF UNSPENT BALANCES-asse	9,187,275	0
TRANSFER OF UNSPENT BALANCES-asse	308	0
TRANSFER OF UNSPENT BALANCES-REC	167	0
TRANSFER OF UNSPENT BALANCES-DEV	17,672	1,800,000
TRANSFER OF UNSPENT BALANCES-PROG II	248,150	0
TRANSFER OF UNSPENT BALANCES-SPA	3,449,722	0
TRANSFER OF UNSPENT BALANCES-YP	11,662,050	0
TRANSFER OF UNSPENT BALANCES=RMFL	17,371,577	0
TRANSFER OF UNSPENT BALANCES-NARGIP	50,609,855	0
Reverse to RECURRENT	118,709	0
Total	92,665,484	1,800,000

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2019 - 2020	2018 - 2019
	KShs	KShs
Basic salaries of permanent employees	2,927,440,961	2,993,210,227
Basic wages of temporary employees	20,800,170	505,547,870
Personal allowances paid as part of salary	0	0
Personal allowances paid as reimbursements	0	0
Personal allowances provided in kind	0	0
Pension and other social security contributions	0	0
Compulsory national social security schemes	30,199,509	0
Compulsory national health insurance schemes	0	0
Social benefit schemes outside government	0	0
Other personnel payments	6,273,195	0
Total	2,984,713,835	3,498,758,097

12. USE OF GOODS AND SERVICES

	2019 - 2020	2018 - 2019
	KShs	KShs
Utilities, supplies and services	44,880,363	80,562,055
Communication, supplies and services	2,216,395	18,039,588
Domestic travel and subsistence	150,906,819	171,629,204
Foreign travel and subsistence	21,215,037	7,729,233
Printing, advertising and information supplies & services	21,633,893	54,149,087
Rentals of produced assets	16,258,651	23,805,080
Training expenses	490,965,976	124,252,970
Hospitality supplies and services	43,187,041	64,903,444
Insurance costs	9,054,825	14,333,940
Specialized materials and services	1,139,835,313	1,362,943,062
Office and general supplies and services	24,802,649	29,054,424
Other operating expenses	180,374,951	144,207,870
Routine maintenance – vehicles and other transport equipment	15,072,284	20,061,365
Routine maintenance – other assets	590,247,926	365,804,525
fuel	35,555,932	46,715,522
Total	2,786,208,055	2,528,191,369

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Subsidies to Public Corporations	800,000	4,923,500
TOTAL	800,000	4,923,500

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Transfers to County Government entities		
Muranga County Assembly	581,359,265	627,000,000
Muranga Municipal Board	45,200,000	62,437,600
TOTAL	626,559,265	689,437,600

Transfer to county assembly and municipal board represents the amount disbursed to the entity for operation and development expenditure as captured by the annual estimates

15. OTHER GRANTS AND PAYMENTS

	2019 - 2020	2018 - 2019
	KShs	KShs
Scholarships and other educational benefits	60,939,344	75,466,345
Subsidies to small businesses, cooperatives, and self employed	333,152,219	9,596,444
Other Current transfers, grants	48,247,263	77,088,647
Other Capital Grants and Transfers	720,387	0
Total	443,059,213	162,151,436

Scholarships represent amount set aside to support needy children through bursary funds

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

	2019 - 2020	2018 - 2019
	KShs	KShs
Government pension and retirement benefits	0	0
Social security benefits in cash and in kind	0	9,558,682
Employer Social Benefits in cash and in kind	0	0
Total	0	9,558,682

17. ACQUISITION OF ASSETS

Non- Financial Assets	2019 - 2020	2018 - 2019
	KShs	KShs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Construction of Roads	0	28,913,385
Construction and Civil Works	102,224,112	520,014,874
Overhaul and Refurbishment of Construction and Civil Works	0	0
Purchase of Vehicles and Other Transport Equipment	14,870,756	
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment	0	7,866,655
Purchase of Specialized Plant, Equipment and Machinery	28,965	6,907,796
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	76,204,512
Purchase of Certified Seeds, Breeding Stock and Live Animals	338,879	252,626,899
Research, Studies, Project Preparation, Design & Supervision	0	3,914,576
Rehabilitation of Civil Works	3,878,414	0
Acquisition of Strategic Stocks and commodities	79,444,384	43,580,200
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total acquisition of non- financial assets	200,785,510	940,028,897
Financial Assets		
Domestic Public Non-Financial Enterprises	0	0
Domestic Public Financial Institutions	0	0
Total acquisition of financial assets	0	0
Total acquisition of assets	200,785,510	940,028,897

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

	2019 - 2020	2018 - 2019
	KShs	KShs
Public Enterprises	459,200	0
Total	459,200	0

19. REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2019 - 2020	2018 - 2019
	KShs	KShs
Repayments on Borrowings from Domestic	0	0
Total	0	0

20. OTHER PAYMENTS

	2019 - 2020	2018 - 2019
	KShs	KShs
Budget Reserves	900,000	186,680
Civil Contingency Reserves	0	0
Other payments	319,654,032	22,943,908
	320,554,032	23,130,588

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency *	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2019 - 2020	2018 - 2019
				KShs	KShs
County Revenue Fund A/C No.1000171553	Kshs.	CRF		262,040,478	470,728,574
CBK-County Development A/C No.1000170988	Kshs.	Development		1,860	17,672
CBK-County recurrent A/C No. 1000171073	Kshs.	Recurrent development		242	167
CBK-County RMLF A/C No.1000252798	Kshs.			344,298	17,371,577
KCB -Revenue A/C No. 1140745859				3,579,470	561,900
Muranga County Kenya Devol Sup Prog-Kes A/C 1000439181				71	
Family Bank-Muranga County Govt. bursary a/c no.006000024352				232,885	582,402
Equity-Muranga C. Revenue A/C 0220273464893				1,441,044	2,870,355
NARGIP A/C NO.1000368845				34,049,330	50,609,855
Special Purpose a/c no.1000346485				84,445,883	3,449,722
AGRI SECTOR DEV PROG. II- A/C NO.1000368877				2,500,000	248,150
CBK-YOUTH POLY-A/C NO.1000368853				580,730	11,662,050
Total				389,216,290	558,102,423

*(Amount should be as per amount in the cash book and bank reconciliation statements prepared for each account held)

21B. CASH IN HAND

	2019 - 2020	2018 - 2019
	KShs	KShs
Cash in Hand – Held in domestic currency	0	3,238,365
Cash in Hand – Held in foreign currency	0	
Total	0	3,238,365

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Cash in hand should also be analysed as follows:

	2019 - 2020	2018 - 2019
	KShs	KShs
Gatanga sub-county revenue office	0	123,180
Kandara sub-county revenue office	0	148,950
Maragua sub-county revenue office	0	670,015
Town management sub-county revenue office	0	364,450
Kiharu sub-county revenue office	0	340,830
Mathioya sub-county revenue office	0	49,700
Kangema sub-county revenue office	0	160,940
Kahuro sub-county revenue office	0	103,360
Kigumo sub-County revenue office	0	1,276,940
Total	0	3,238,365

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Government Imprests	0	0
Clearance accounts	0	0
Total		

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
N/A				
Total				

23. ACCOUNTS PAYABLE

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposits	0	0
Retention monies	0	0
Total	0	0

24. FUND BALANCE BROUGHT FORWARD

	2019 - 2020	2018 - 2019
	KShs	KShs
Bank accounts	389,216,290	558,102,423
Cash in hand	0	3,238,365
Accounts Receivables	0	0
Accounts Payables	0	0
Total	389,216,290	561,340,788

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS a prior period adjustment really applies to the correction of an error in the financial statements of a prior period

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	0		0
Cash in hand	0		0
Accounts Payables	0		0
Receivables	0		0
Others (specify)	0		0
	0		0

26. CHANGES IN RECEIVABLES

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	0	0
Imprest issued during the year (B)	0	0
Imprest surrendered during the Year (C)	0	0
Net changes in account receivables D= A+B-C	0	0

27. CHANGES IN ACCOUNTS PAYABLES – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0
Net changes in account receivables D= A+B-C	0	0

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7.9. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 2)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Construction of buildings	63,603,700			10,951,581
Construction of civil works	236,684,398			281,954,949
Supply of goods	1,147,071,002			189,003,499
Supply of services	78,302,583			777,034,838
Total	1,525,661,683			1,258,944,867

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Senior management	0			0
Middle management	0			0
Unionisable employees	0			0
Others	0			0
Total	0			0

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Amounts due to National Government entities	0			0
Amounts due to County Government entities	0			0
Amounts due to third parties	0			0
Total	0			0

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4. External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	0	0
External assistance received as loans and grants	0	0
External assistance received in kind- as payment by third parties	0	0
Total	0	0

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	0	0
External assistance received as grants	0	0
Total	0	0

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		0	0
Undrawn external assistance - grants		0	0
Total		0	0

c) Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors	0	0
Bilateral donors	0	0
International assistance organization	0	0
NGOs	0	0
National Assistance Organization	0	0
Total	0	0

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d. Non-monetary external assistance

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Goods	0	0
Services	0	0
Total	0	0

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
Compensation of Employees	0	0
Use of goods and services	0	0
Subsidies	0	0
Transfers to Other Government Units	0	0
Other grants and transfers	0	0
Social Security Benefits	0	0
Acquisition of Assets	0	0
Finance Costs, including Loan Interest	0	0
Repayment of principal on Domestic and Foreign borrowing	0	0
Other Payments	0	0
TOTAL	0	0

5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY

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.

Classification by Source

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
National government	0	0
Multilateral donors	0	0

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Bilateral donors	0	0
International assistance organization	0	0
NGOs	0	0
National Assistance Organization	0	0
Total	0	0

Classification of payments made by Third Parties by Nature of expenses

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
Compensation of Employees	0	0
Use of goods and services	0	0
Subsidies	0	0
Transfers to Other Government Units	0	0
Other grants and transfers	0	0
Social Security Benefits	0	0
Acquisition of Assets	0	0
Finance Costs, including Loan Interest	0	0
Repayment of principal on Domestic and Foreign borrowing	0	0
Other Payments	0	0
TOTAL	0	0

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6. 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

	20xx- 20xx	20xx- 20xx
	Kshs	Kshs
Key Management Compensation (Governors, CEC Members and COs)		
<u>Transfers to related parties</u>		
Transfer to the Muranga County Assembly	581,359,265	627,000,000
Muranga Municipal board	45,200,000	62,437,600
Transfers to Development Projects	0	0
Transfers to non reporting entities e.g schools and welfare	0	0
Transfers to County Water Service Providers	0	0
Expenses paid on behalf of County Water Service Providers	0	0
Total Transfers to related parties	626,559,265	689,437,600
<u>Transfers from related parties</u>		
Transfers from the Exchequer	0	0
Transfers from MDAs	0	0
Transfers from SCs and SAGAs- National Government	0	0
(Insert any other transfers received)	0	0
Total Transfers from related parties	626,559,265	689,437,600

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7. 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.

Entity	Date Established/Date taken over	Location	Accounting Officer responsible
Muranga Municipal Board	February 2019	Muranga Town	Eng.Gabriel Kamau

8. 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
KCB –Revenue A/C No. 1140745859	Kshs.		3,579,470	561,900
Equity-Muranga C. Revenue A/C 0220273464893	Kshs.		1,441,044	2,870,355
Total			5,020,514	3,432,255

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9. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The reports are attached separately.				

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

CEC, County Treasury

Sign.....

Date.....

MURANGA COUNTY GOVERNMENT
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ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	THSUCP	NARIGP	YP	USER FEE	KUSP-(UDG)	KUSP-(UIG)	KDSP	Total Transfers from the National Treasury/ Exchequer
Exchequer Releases for quarter 1	1,095,912,900	0	0	0	0	0	0	0	0	1,095,912,900
Exchequer Releases for quarter 2	1,133,703,000	9,328,125	24,767,776	41,713,340	0	0	0	0	0	1,209,512,240
Exchequer Releases for quarter 3	1,795,029,750		52,306,414	86,672,556	41,634,149	0	0	0	0	1,975,642,869
Exchequer Releases for quarter 4	1,732,046,250	16,293,125	0	80,310,042	41,634,149	20,138,691	44,657,794	8,800,000	30,000,000	1,973,880,051
Total	5,756,691,900	25,621,250	77,074,190	208,695,938	83,268,298	20,138,691	44,657,794	8,800,000	30,000,000	6,254,948,060

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ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
	A	B	c	d=a-c		
Construction of buildings						
1. Assorted suppliers	63,603,700			10,951,581		
2.						
3.						
Sub-Total	63,603,700			10,951,581		
Construction of civil works						
4. Assorted suppliers	236,684,398			281,954,949		
5.						
6.						
Sub-Total	236,684,398			281,954,949		
Supply of goods						
7. Assorted suppliers	1,147,071,002			189,003,499		
8.						
9.						
Sub-Total	1,147,071,002			189,003,499		
Supply of services						
10. Assorted suppliers	78,302,583			777,034,838		
11.						
12.						
Sub-Total	78,302,583			777,034,838		
Grand Total	1,525,661,683			1,258,944,867		

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ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							



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ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to County Govt Entities							
4.							
5.							
6.							
	Sub-Total						
Amounts due to Third Parties							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

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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	541,934,014				541,934,014
Buildings and structures	1,382,952,997				1,382,952,997
Transport equipment	614,759,388	14,870,756			629,630,144
Office equipment, furniture and fittings	69,266,240				69,266,240
ICT Equipment	27,539,155				27,539,155
Machinery and Equipment	456,236,529				456,236,529
Heritage and cultural assets					0
Biological assets					0
Intangible assets	42,454,701				42,454,701
Infrastructure assets- Roads, Rails	548,928,259	102,224,112			651,152,371
Work in progress					
Others	585,095,715	83,690,642.00			668,786,357
Total	4,269,166,998	200,785,510			4,469,952,508

(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.)

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ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanati on
1	Muranga Municipal board	8,800,000	4,000,000		32,400,000	45,200,000	45,200,000		
	Total	8,800,000	4,000,000		32,400,000	45,200,000	45,200,000		

Chief Officer Finance
 County Executive

Chief Officer, Housing, Urban &
 Physical Planning

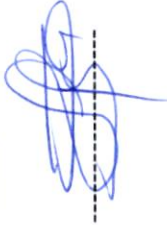
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Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	Muranga County Assembly	69,359,265	160,000,000	202,000,000	150,000,000	581,359,265	581,359,265		
	Total	69,359,265	160,000,000	202,000,000	150,000,000	581,359,265	581,359,265		

Chief Officer Finance
 County Executive



Director of Finance
 County Assembly



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ANNEX 6 Contingent liabilities register

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1	n/a					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

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ANNEX7 – BANK RECONCILIATION/FO 30 REPORT

The reports are attached separately.