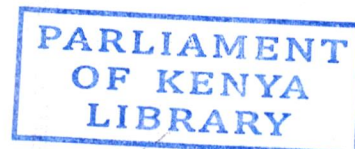


REPUBLIC OF KENYA



*Paper laid on
the Table of the
Senate on 05/11/14
by Sen. Khalwale
LAD*

KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KIRINYAGA COUNTY GOVERNMENT**

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



REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying Consolidated financial statements of the Kirinyaga County Government set out on pages 8 to 27, which comprise the statement of assets as at 30 June 2014, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation recurrent and development for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

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

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

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

Basis for Disclaimer of Opinion

1. Assets and Liabilities inherited from the Defunct Local Authorities in Kirinyaga County

The County's statement of receipts and payments reflects an amount of Kshs.582,740,650 under acquisition of assets for the sixteen (16) months period ended 30 June 2014. It also reflects pending bills amounting to Kshs.16,469,393 in Annex 3 to the financial statements as at 30 June 2014.

However, the county's financial statements for the sixteen months period do not include the opening balances for assets and liabilities inherited from the defunct local authorities.

In addition, the Transition Authority is yet to formally hand over the assets and liabilities of the defunct local authorities to the County Government.

2. Other Revenues

During the period under review, the statement of receipts and payments shows that the County Government collected local revenue totaling Kshs.284,765,330. However, schedules extracted from daily collection records showed total collections of Kshs.230,586,690, resulting to unexplained and unreconciled difference of Kshs.54,178,640.

Further, revenue generated from devolved functions namely Ministries of Health, Sports, Culture and Arts, Lands and Housing, Agriculture, Livestock & Fisheries and Labour has not been incorporated in the financial statements.

In the circumstances, the accuracy of other revenues balance of Kshs.284,765,330 could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position reflects a bank balance of Kshs.633,402,013 as at 30 June 2014. However, County Government records show a bank balance of Kshs.655,779,394 as at the same date, resulting in unexplained and unreconciled balance of Kshs.22,377,381. It was further observed that the County Government did not maintain accurate and complete cashbooks and did not prepare bank reconciliation statements for most of its bank accounts and the balances shown were mainly from unreconciled bank statements.

In addition, the cash and cash equivalents balance of Kshs.14,547,835.00 as at 1 July 2013 were not supported by cashbook and bank reconciliation statements.

In the circumstances, the accuracy of bank balances figure of Kshs.633,402,013 as at 30 June 2014 could not be confirmed.

4. Compensation of Employees

i. Unexplained Variance

The statement of receipts and payments reflects compensation of employees' expenditure totaling Kshs.1,453,650,528 comprising of Kshs.132,531,018 incurred during the four (4) months ended June 2013 and Kshs.1,321,119,510 for twelve months ended 30 June 2014. However, compensation of employees' expense as per expenditure schedules provided amounts to Kshs.1,356,168,800 for the 12 months ended 30 June 2014, resulting in an unexplained variance of Kshs.35,049,290. Further, supporting schedules and payrolls for the four months to June 2013 were not provided for audit verification.

ii. Omitted Ward Staff Wages

A total of Kshs.15,539,474 was paid to wards staff employed by the County Assembly for 20 wards and personal assistants for the nominated Members of the County Assembly's during the period under review. However, the figure was not included in the compensation of employees balance for the period under review. As a result, the compensation of employees balance of Kshs.1,453,650,528 was understated by the same amount.

iii. Unpaid Deductions

Statutory deductions totaling Kshs.9,307,556 from the employees' salaries were not remitted to various welfare groups and insurance companies. However, this amount was not shown in the financial statements as pending bills for the period under review.

In the circumstances, the propriety and the accuracy of the compensation of employees figure of kshs.1,453,650,528 for the period ended 30 June 2014 could not be confirmed.

5. Expenditure

The statement of receipts and payments showed total expenditure of Kshs.2,372,469,332 for the 16 months period under review. However, payments ledger maintained by the County Government had total payments of Kshs.2,205,505,588 while a ledger generated through the IFMIS system showed total payments of Kshs.1,525,322,829. No reconciliation or explanation was provided on the three sets of balances.

In the circumstances, the accuracy of the total expenditure balance figure of Kshs.2,372,469,332 as at 30 June 2014 could not be confirmed.

6. Failure to disclose key information in the financial statements

During the financial year under review, the County Government did not maintain a Fixed Assets Register or include Fixed Assets Schedule showing the details of the assets as required by the new reporting format. Therefore, assets owned by the County Government and those inherited from the defunct local authorities were not disclosed in the financial statements. Further, the County Government did not maintain a creditor's ledger to record the outstanding liabilities balances.

In the circumstances, the county did not comply with the reporting format set by the Public Sector Accounting Standards Board.

Disclaimer of Opinion

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

Accordingly, I do not express an opinion on the financial statements.



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

Nairobi

07 October 2015



COUNTY GOVERNMENT OF KIRINYAGA

REPORTS AND FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTHS ENDING
JUNE 30, 2014

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

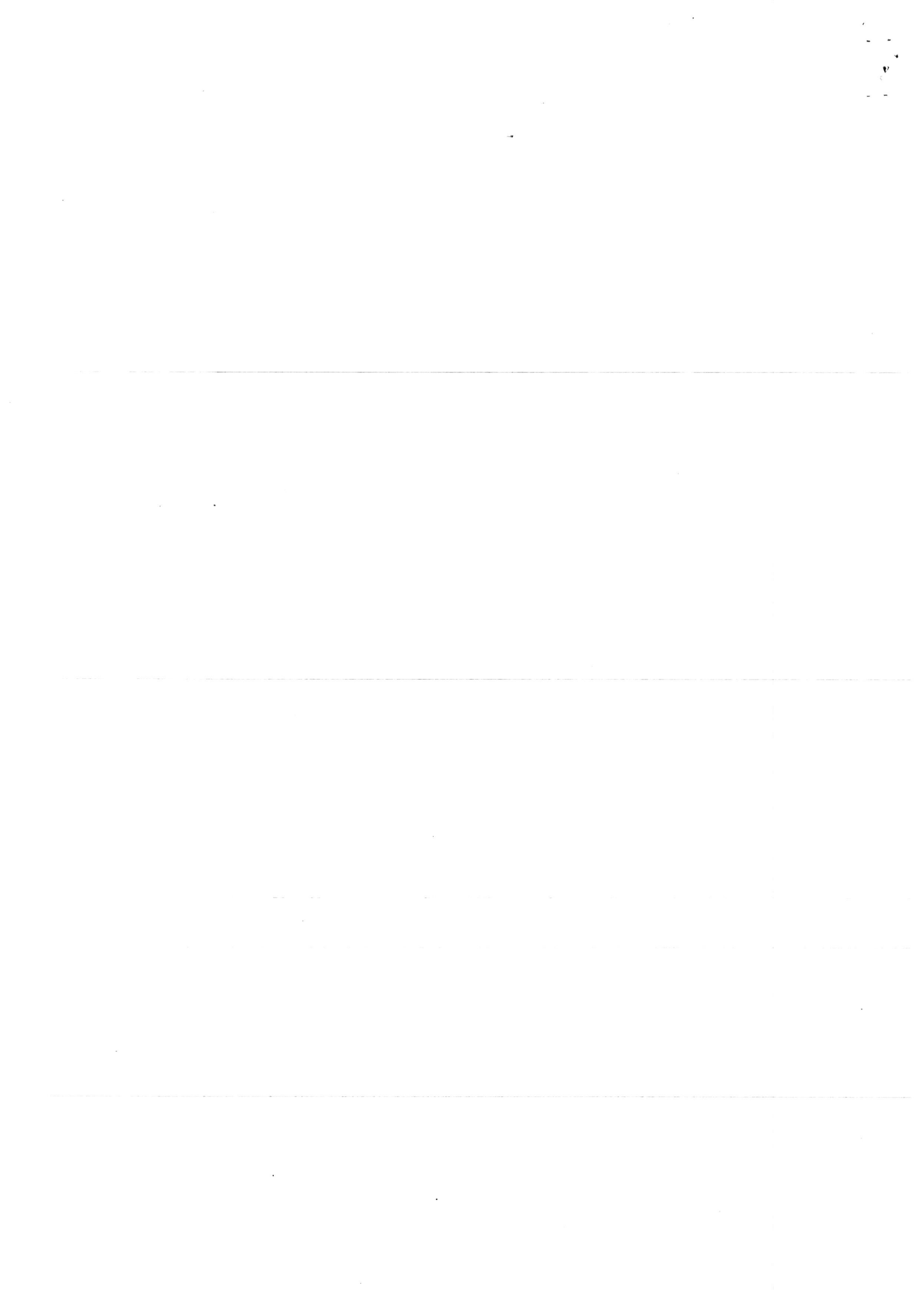
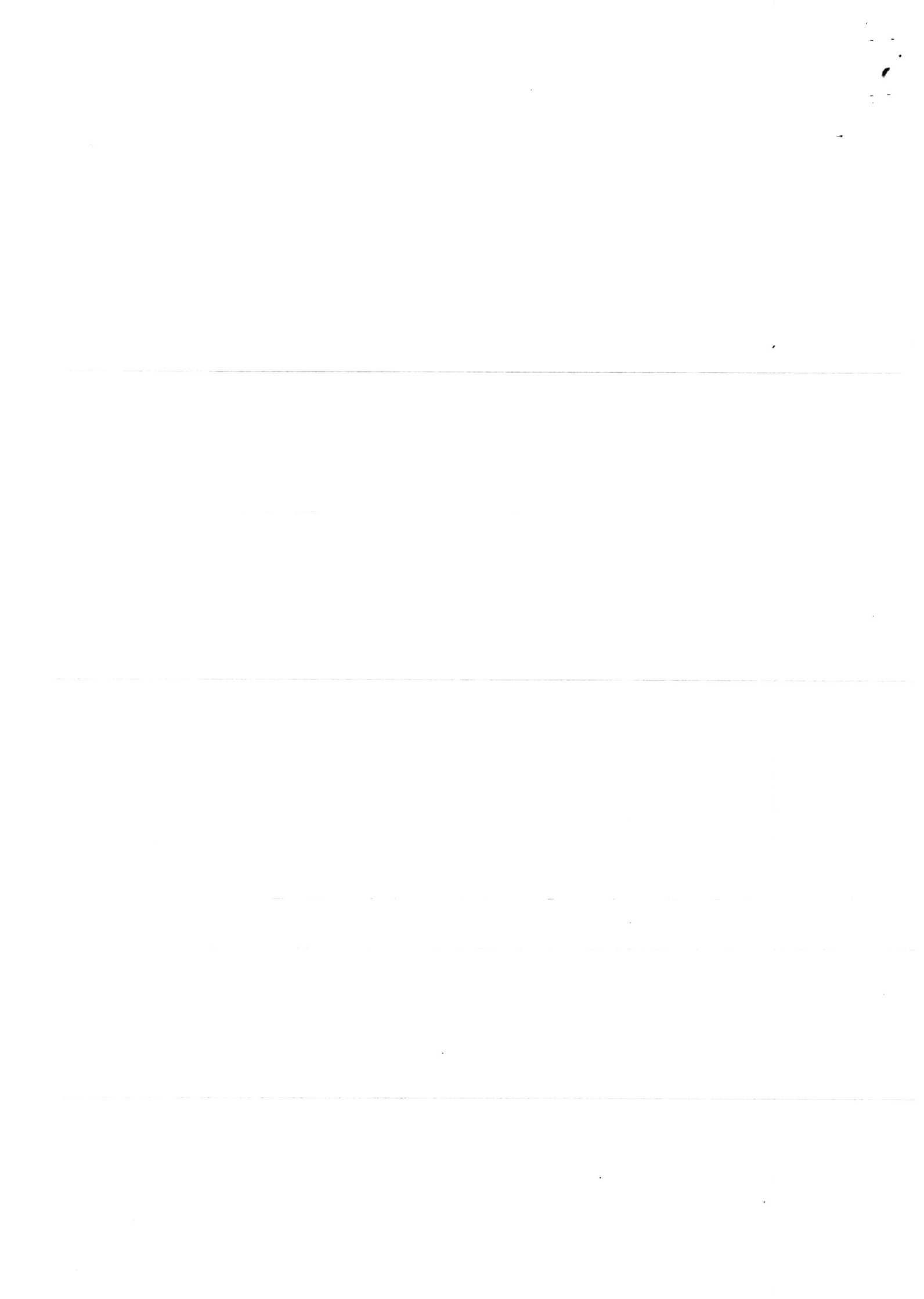


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The Entity in this document refers to the County Government of Kirinyaga



I. 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.

(b) Key Management

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

Joseph K. Ndathi	County Governor
Julius M. Njiri	Deputy Governor
Murimi Murage	CEC Member for Finance and Economic Planning
Ann W. Mwangi	CEC Member for Education
Joyce W. Muriithi	CEC Member for Health
Stanley Gachugo	CEC Member for Trade, Cooperatives and Tourism
Peter W. Ngundo	CEC Member for Transport and Infrastructure
Dr. Joseph Muthike	CEC Member for Environment, Water and Natural Resources
Rev. Magdalene N. Mwangi	CEC Member for Gender, Social Services and Sports
Ephraim Wambu	CEC Member for Agriculture, Livestock and Fisheries
Harry F. Mugo	CEC Member for Lands, Physical Planning and Housing.

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Finance Officer	Patrick I Kinya
2.	Head of County Treasury (Accounting)	Zephania N. Kiongo
3.	Development Officer	John N. Mbugua
4.	Head of Internal Audit	Phillomena Nyokabi
5.	Internal Audit Office	Joseph Nyaga
6.	Head of Supply Chain Management	Tom Ogora
7.	Senior Accountant	Raphael Mwaura
8.	Head of County Budget	Naftaly M. Muikia

(d) Fiduciary Oversight Arrangements

The County Government consists of two Arms of Government with one mainly undertaking the oversight role namely the **County Assembly**. The activities are checked by the activities of several committees instituted mainly by the County Assembly.

The Finance committee is mandated to ensure there is that the public resources in the county are applied prudently for the activities that were meant for in the County. Additionally the members of the County Assembly are representatives of the region all over the County and consequently are able to verify the optimal resource management of the county.

The County has a functional Internal Audit Office which oversees the day to day financial management of the County. They assure sound internal controls are in place.

(e) Entity Headquarters

P.O. Box 260-10304
Kutus, KENYA

(f) Entity Contacts

Telephone: (254)
E-mail: kirinyaga.go.ke
Website: kirinyaga.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank
P.O Box 635 – 10300
Kerugoya
3. Kenya Commercial Bank
P.O Box 90 - 10300
Kerugoya
4. Equity Bank
P.O Box 1056 -10300
Kerugoya

(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

II. FORWARD BY THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND ECONOMIC PLANNING

I have the pleasure of presenting the annual financial report of the County Government of Kirinyaga for the year ended 30th June 2014. These annual financial report have been prepared in accordance with Generally Accepted Accounting Principles (GAAPs), the International Accounting Standards (IAS), the International Public Sector Accounting Standards (IPSAS) cash basis, and Section 163 of the Public Finance Management Act, 2012.

The County realised an overall surplus of KShs. 633.40 Million compared to a budget of KShs. 3.025 Billion. The total operating expenditure was Kshs. 2.37 billion which includes both recurrent and development expenditure. This was a performance of 72.34%. While the total revenue was Kshs. 3.01 Billion with Kshs. 2.72 Billion from Equitable share and KShs. 284.77 Million from local sources. This equates to 93.34% performance in revenue, whereas share of revenue from the exchequer was received 100% the local revenue performance was 53.98%.

The County Government has made substantial progress in achieving its objectives. The County have maintained several existing roads all over the County, piped water to several places, construction work in various areas and offered bursaries to needy students and pupils all over the County.

The County endeavoured to utilise Public Finance Management procedures and regulations, which included; Procurement and Disposals Act, Public Finance Management Act, 2012 just to mention a few to ensure optimal utilisation of the County Resources and achieve value for money as enshrined in the Constitution of Kenya 2010.

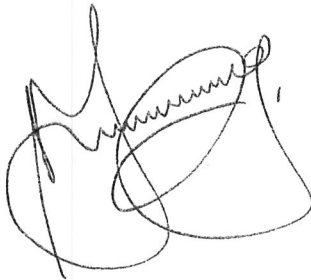
In the Financial Year under review, the County was faced by various challenges. They include;

- The County Government is new set of Public Management which has never been practised anywhere in the world, this caused lack of previous experiences and reference to refer to in times of uncertainties. There were no existing structures to operate from and the devolved units together with former Local Authorities never had a transitional platform.
- Low revenue collection caused by lack of access to revenues collectible by the devolved entities which were previously under the National Government. The County has instituted mechanism to enhance revenue collection from these units and ensure all revenues collectible are tapped. Additionally, the County is in the process of installing a revenue collection system which will further seal loopholes for revenue loss.
- The delay in disbursements of funds to County Governments by the National Government has persisted since inception. The County Government therefore had limited resources, hurting timely implementation of the budget during the period under review.
- The integrated Financial Management Information System (IFMIS) had not been fully rolled out in the County to facilitate tracking of expenditure particularly in the County Assembly. The implementation of IFMIS continues to pose serious challenges in the effective management of public resources and threatens to hinder the achievements of tenets of public finance as espoused under article 201 of the Constitution. The system also experiences downtimes so often than not and consequently affects efficiency adversely.
- As noted in the note above, Government Payment System (G-Pay) shares similar characteristics as IFMIS.

COUNTY GOVERNMENT OF KIRINYAGA
Reports and Financial Statements
For the 16 Months ending June 30, 2014 (KShs)

- Constant disagreements between the two arms of Government cannot be over emphasized. The County Assembly often stepped on the mandate of the County Executive which affected the relationship and overall performance.

In Conclusion, I am grateful to the County Governor, Deputy Governor, County Executive committee members, Departmental heads for the support they have given to me and the staff of my department during the year. I would also like to thank the officers from the National Treasury, the Office of the Controller of Budget, the Commission on Revenue Allocation and Kenya National Audit Office for the advice and guidance.



Murimi Murage
CEC For Finance and Economic Planning
County Government of Kirinyaga

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 164 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of that entity. Section 164 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

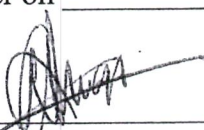
The Accounting Officer in charge of the Finance in County Government of Kirinyaga is responsible for the preparation and presentation of the Kirinyaga County financial statements, which give a true and fair view of the state of affairs of the Kirinyaga County for and as at the end of the financial year (period) ended on June 30, 2013. 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 entity; (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 of Kirinyaga; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of Finance in Kirinyaga County accepts responsibility for the Kirinyaga County 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 Accounting Officer is of the opinion that the Kirinyaga County financial statements give a true and fair view of the state of County Government of Kirinyaga transactions during the financial year ended June 30, 2013, and of the Kirinyaga County financial position as at that date. The Accounting Officer in charge of Finance in Kirinyaga County further confirms the completeness of the accounting records maintained for the County Government of Kirinyaga, which have been relied upon in the preparation of the Kirinyaga County financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of finance in Kirinyaga County confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 Accounting Officer confirms that Kirinyaga County 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

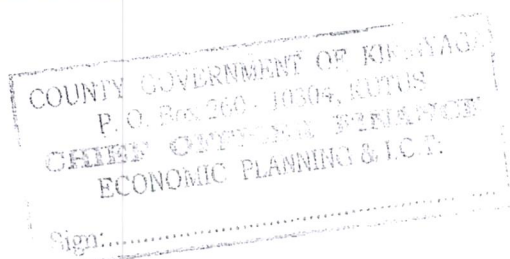
The Kirinyaga County Government financial statements were approved and signed by the Accounting Officer on _____ 2014.



Chief Officer



Head of Treasury Accounts



COUNTY GOVERNMENT OF KIRINYAGA

Reports and Financial Statements

For the 16 Months ending June 30, 2014 (KShs)

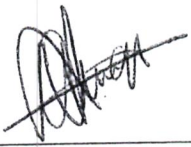
**IV. REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS
OF COUNTY GOVERNMENT OF KIRINYAGA.**

COUNTY GOVERNMENT OF KIRINYAGA
Reports and Financial Statements
For the 16 Months ending June 30, 2014 (KShs)

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014 Kshs
RECEIPTS		
Exchequer releases	1	2,721,106,015
Other Receipts	2	284,765,330
		3,005,871,345
TOTAL RECEIPTS		
PAYMENTS		
Compensation of Employees	3	1,453,650,528
Use of goods and services	4	275,098,105
Other grants and transfers	5	51,888,100
Social Security Benefits	6	29,200
Acquisition of Assets	7	582,740,650
Other Payments	8	9,062,749
		2,372,469,332
TOTAL PAYMENTS		
SURPLUS/DEFICIT		633,402,013

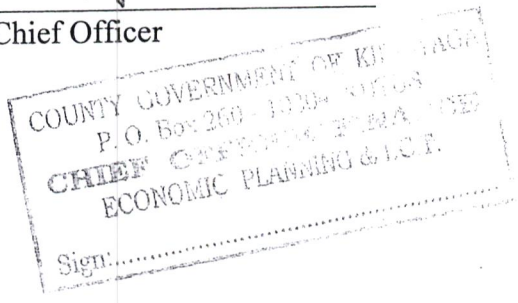
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2014 and signed by:



Chief Officer



Head of Treasury Accounts




1

COUNTY GOVERNMENT OF KIRINYAGA
Reports and Financial Statements
For the 16 Months ending June 30, 2014 (KShs)


VI. STATEMENT OF ASSETS

	Note	2013-2014 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	9	633,402,013
Cash Balances		NIL
Cash Equivalents		NIL
Outstanding Imprests		NIL
TOTAL FINANCIAL ASSETS		<u><u>633,402,013</u></u>
 REPRESENTED BY		
Fund balance b/fwd		NIL
Surplus/Deficit for the year		633,402,013
Prior year adjustments		-
NET FINANCIAL POSITION		<u><u>633,402,013</u></u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2014 and signed by:

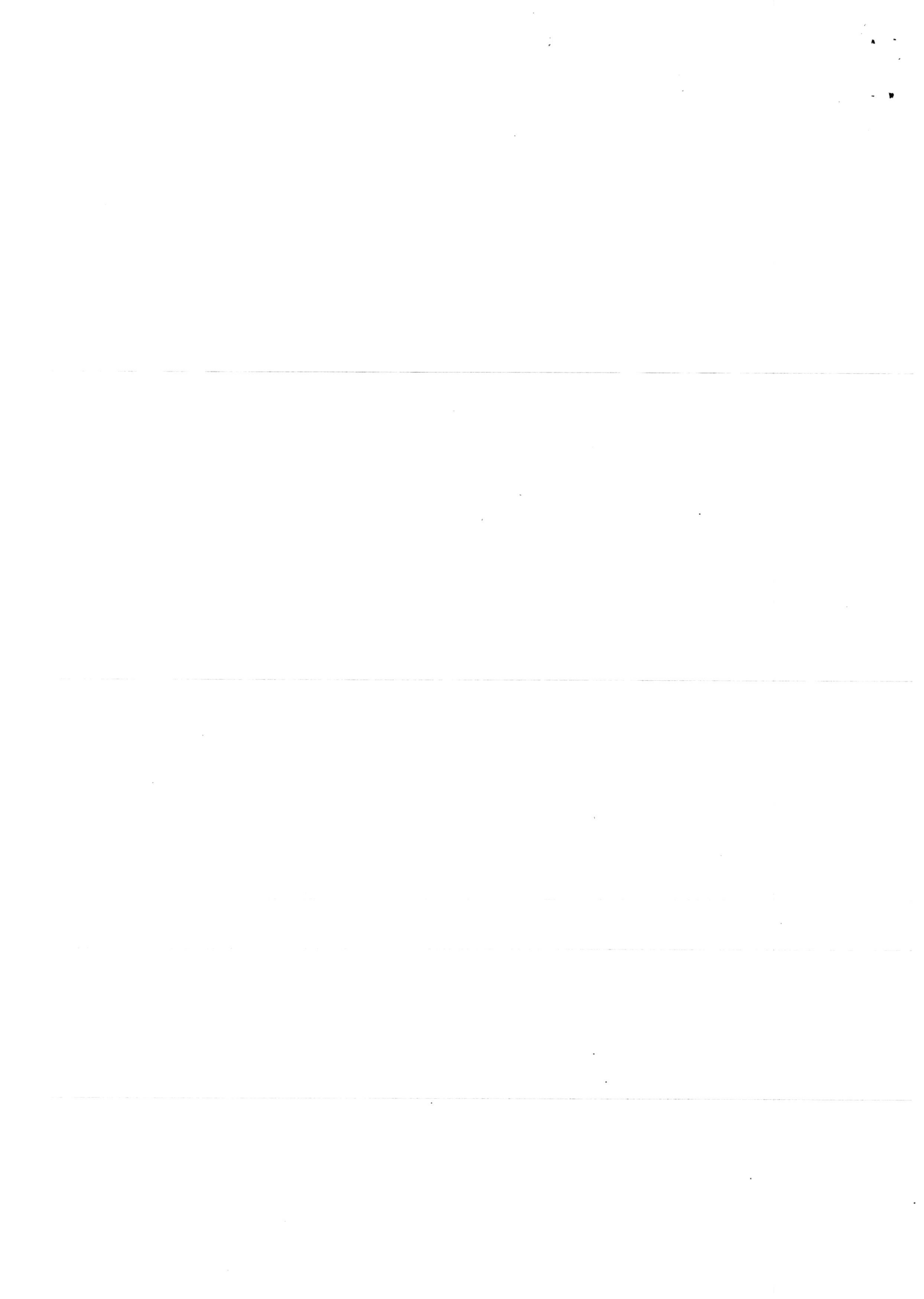


 Chief Officer



 Head of Treasury Accounts

COUNTY GOVERNMENT OF KIRINYAGA
 P. O. Box 260 - 11104 KIRINYAGA
 CHIEF OFFICER
 ECONOMIC PLANNING & LOGISTICS
 Sign:.....



COUNTY GOVERNMENT OF KIRINYAGA
Reports and Financial Statements
For the 16 Months ending June 30, 2014 (KShs)

VII. STATEMENT OF CASHFLOW

	Note	2013-2014 Kshs
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts for operating income		
Exchequer Releases	1	2,721,106,015
Other Receipts	2	284,765,330
Payments for operating expenses		
Compensation of Employees	3	1,453,650,528
Use of goods and services	4	275,098,105
Other grants and transfers	5	51,888,100
Social Security Benefits	6	29,200
Other Expenses	8	9,062,749
Adjusted for:		
Adjustments during the year		-
Net cash flow from operating activities		1,216,142,663
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	7	582,740,650
Net cash flows from Investing Activities		582,740,650
NET INCREASE IN CASH AND CASH EQUIVALENT		633,402,013
Cash and cash equivalent at BEGINNING of the year		-
Cash and cash equivalent at END of the year	9	633,402,013

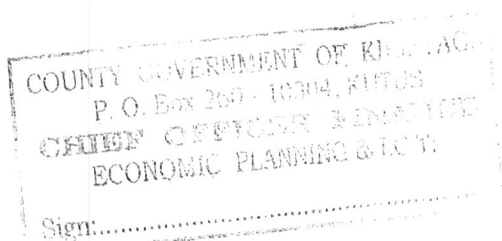
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Chief Officer



Head of Treasury Accounts



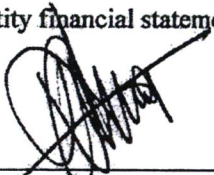
COUNTY GOVERNMENT OF KIRINYAGA
Reports and Financial Statements
For the 16 Months ending June 30, 2014 (KShs)

III. 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	2,963,106,007	-241,999,992	2,721,106,015	2,721,106,015	-	100
Other Receipts	486,364,300	-	486,364,300	284,765,330	201,598,970	58.55
TOTAL RECEIPTS	3,449,470,307	-241,999,992	3,207,470,315	3,005,871,345	201,598,970	93.71
PAYMENTS						
Compensation of Employees	878,396,962	472,431,709	1,350,828,671	1,453,650,528	-102,821,857	107.61
Use of goods and services	1,101,328,444	-512,059,550	589,268,894	275,098,105	314,170,789	46.68
Other grants and transfers	106,500,000	-54,611,900	51,888,100	51,888,100	-	100
Social Security Benefits	1,000,000	-549,672	450,328	29,200	421,128	6.48
Acquisition of Assets	1,271,697,067	-81,423,329	1,190,273,738	582,740,650	607,533,088	48.95
Other Payments	47,000,000	-36,787,251	10,212,749	9,062,749	1,150,000	88.74
TOTALS	3,405,922,473	-212,999,993	3,192,922,480	2,372,469,332	820,453,148	74.30

- (a) From the above summary the under-utilisation of acquisition of assets up to 48.95% was as a result of low revenue collection from the local sources, late release of equitable share from the National Government resulting in delayed procurement procedures.
- (b) Compensation of employees was over spent by 7.61% due to devolved staff not factored in the original budget and not fully covered in the Supplementary budget and National Treasury recovered at source the salaries paid on behalf of the County.

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



 Chief Officer



 Head of Treasury Accounts

Reports and Financial Statements
For the 16 Months ending June 30, 2014 (KShs)

IX. 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	2,106,505,983	-160,576,663	1,945,929,320	1,945,929,320	-	100
Other Receipts	353,753,374	-	353,753,374	213,816,927	139,936,447	60.44
TOTAL RECEIPTS	2,460,259,357	-160,576,663	2,299,682,694	2,159,746,247	139,936,447	93.91
PAYMENTS						
Compensation of Employees	878,396,962	472,431,709	1,350,828,671	1,453,650,528	-102,821,857	107.61
Use of goods and services	1,101,328,444	-512,059,550	589,268,894	275,098,105	314,170,789	46.68
Other grants and transfers	106,500,000	-54,611,900	51,888,100	51,888,100	-	100
Social Security Benefits	1,000,000	-549,672	450,328	29,200	421,128	6.48
Acquisition of Assets	282,486,117	-	282,486,117	174,667,018	107,819,099	61.83
Other Payments	47,000,000	-36,787,251	10,212,749	9,062,749	1,150,000	88.74
TOTALS	2,416,711,523	-131,576,664	2,285,134,859	1,964,395,700	320,739,159	85.96

(a) As explained, compensation of employees was over spent by 7.61%. This was caused by the devolved staff whose cost of salaries was not factored in the original budget and upon preparation of the supplementary, it was not fully covered. However, the National Treasury deducted her share of salaries they had paid on behalf of the County at source resulting in over expenditure of salaries other than that provided for in the Final Budget.

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



Chief Officer

COUNTY GOVERNMENT OF KIRINYAGA
P. O. Box 260 - 10104, KUTUS
CHIEF OFFICER, FINANCE
ECONOMIC PLANNING & I.C.T.
Sign:.....




Head of Treasury Accounts

X. 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	856,600,024	-81,423,329	775,176,695	775,176,695		100
Other Receipts	132,610,926	-	132,610,926	70,948,403	61,662,523	53.50
TOTAL RECEIPTS	989,210,950	81,423,329	907,787,621	846,125,098	61,662,523	93.21
PAYMENTS						
Acquisition of Assets	989,210,950	-81,423,329	907,787,621	408,073,632	499,713,989	44.95
TOTAL PAYMENTS	989,210,950	-81,423,329	907,787,621	408,073,632	499,713,989	44.95

(a) The summary above shows an under - utilisation in acquisition of assets at 44.95 %. This was caused by the late passage of appropriation amendment bill causing delayed start of project implementation. Additionally, there was delayed intermittent release of funds by the National Treasury of the equitable shareable share coupled with long procurement procedures. Furthermore, most of the projects started were ongoing at various levels of completion and were not yet paid for as at the end of the Financial Year and consequently could not be reflected in the financial statements.

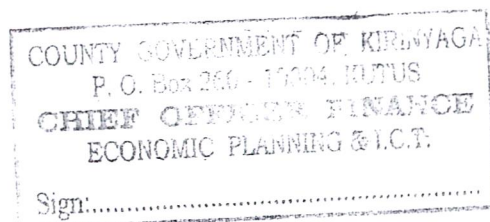
The entity financial statements were approved on _____ 2014 and signed by:



Chief Officer



Head of Treasury Accounts



XI. SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

	2013 - 2014	2012 - 2013
	Kshs	Kshs
GAV Provisioning account balance	2,824,359,766	181,511,579
Total	2,824,359,766	181,511,579

The County General Vote on Account is made up of Equitable shareable Share of Kshs. 2,587,865,089 forming 91.63% of the vote and Kshs. 236,494,677 from the local sources forming 8.37%.

- Details of Exchequer Account

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Exchequer Provisioning account balance	2,631,422,204	166,963,744
Total	2,631,422,204	166,963,744

The Exchequer Account is comprised of Kshs. 2,189,036,194 which was released to the County and Kshs. 442,386,010 deducted at source by the National Treasury.

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Kirinyaga County Government. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the County Government of Kirinyaga.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the County 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 County includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 County at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

	16 Months Ending 30 June 2014	2013 - 2014 (12 Months)	2012 - 2013 (4 Months)
		Kshs	Kshs
Total Exchequer Releases for quarter 1	133,240,926	-	133,240,926
Total Exchequer Releases for quarter 2	240,145,648	240,145,648	-
Total Exchequer Releases for quarter 3	369,602,350	369,602,350	-
Total Exchequer Releases for quarter 4	883,830,000	883,830,000	-
Total Exchequer Releases for quarter 5	1,094,287,091	1,094,287,091	-
Total	2,721,106,015	2,587,865,089	133,240,926

2 OTHER RECEIPTS

	16 Months Ending 30 June 2014	2013 - 2014	2012 - 2013
	Kshs	Kshs	Kshs
Rents	5,814,646	4,950,730	863,916
Other Property Income	28,564,134	23,680,540	4,883,594
Receipts from Administrative Fees and Charges	250,386,550	207,863,407	42,523,143
Total	284,765,330	236,494,677	48,270,653

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3 COMPENSATION OF EMPLOYEES

	16 Months Ending 30 June 2014 Kshs	2013 - 2014 Kshs	2012 - 2013 Kshs
Basic salaries of permanent employees	1,430,908,968	1,298,377,950	132,531,018
Basic wages of temporary employees	21,939,046	21,939,046	-
Personal allowances paid as part of salary	802,514	802,514	-
Total	1,453,650,528	1,321,119,510	132,531,018

4 USE OF GOODS AND SERVICES

	16 Months Ending 30 June 2014 Kshs	2013 - 2014 Kshs	2012 - 2013 Kshs
Utilities, supplies and services	32,319,682	3,471,182	28,848,500
Communication, supplies and services	6,970,776	6,970,776	-
Domestic travel and subsistence	38,308,697	38,308,697	-
Foreign travel and subsistence	5,280,466	5,280,466	-
Printing, advertising and information supplies & services	18,940,372	18,940,372	-
Rentals of produced assets	1,189,582	1,189,582	-
Training expenses	14,440,416	14,440,416	-
Hospitality supplies and services	16,129,935	16,129,935	-
Insurance costs	13,177,460	13,177,460	-
Specialized materials and services	31,833,616	31,833,616	-

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Office and general supplies and services	14,583,692	14,583,692	-
Fuel, Oil and Lubricants	16,058,741	16,058,741	
Other operating expenses	14,541,466	8,957,240	5,584,226
Routine maintenance – vehicles and other transport equipment	5,371,591	5,371,591	-
Routine maintenance – other assets	45,951,613	45,951,613	-
Total	275,098,105	240,665,379	34,432,726

5 OTHER GRANTS AND OTHER PAYMENTS

	16 Months Ending 30 June 2014 Kshs	2013 - 2014 Kshs	2012 - 2013 Kshs
Scholarships and other educational benefits	50,000,000	50,000,000	-
Subsidies to small businesses, cooperatives, and self employed	1,888,100	1,888,100	-
Total	51,888,100	51,888,100	-

6 SOCIAL SECURITY BENEFITS

	16 Months Ending 30 June 2014 Kshs	2013 - 2014 Kshs	2012 - 2013 Kshs
Social security benefits in cash and in kind	29,200	29,200	-
Total	29,200	29,200	-

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7 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	16 Months		
	Ending 30 June	2013 - 2014	2012 - 2013
	2014		
	Kshs	Kshs	Kshs
Construction of Buildings	81,586,020	81,586,020	-
Refurbishment of Buildings	103,620,041	103,620,041	-
Construction of Roads	58,173,793	58,173,793	-
Construction and Civil Works	161,969,031	161,969,031	-
Purchase of Vehicles and Other Transport Equipment	86,397,986	86,397,986	-
Purchase of Household Furniture and Institutional Equipment	418,690	418,690	-
Purchase of Office Furniture and General Equipment	10,259,603	10,259,603	-
Purchase of ICT Equipment	10,586,280	10,586,280	-
Purchase of Specialised Plant, Equipment and Machinery	11,352,651	11,352,651	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	1,285,057	1,285,057	-
Research, Studies, Project Preparation, Design & Supervision	1,062,029	1,062,029	-
<u>Financial Assets</u>			
Domestic Loans to Individuals and Households	56,029,469	56,029,469	-
Total	582,740,650	582,740,650	-

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8 OTHER EXPENSES

	16 Months Ending 30 June 2014 Kshs	2013 - 2014 Kshs	2012 - 2013 Kshs
Capital Transfers to Non-Financial Public Enterprises	-	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-	-
Capital Transfer to Private Non-Financial Enterprises	9,062,749	9,062,749	-
Other expenses	-	-	-
	9,062,749	9,062,749	-

9 Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2013 - 2014	2012 - 2013
			Kshs	Kshs
CBK, 1000170433, KES			259,346,020	-
CBK, 1000170336, KES			2,932,304	-
CBK, 1000170247, KES			323,121,493	-
KCB, 1140791605, KES			2,704,313	749,071
Equity, 04202934800466, KES			-	118,855
Equity, 0420293277195, KES			-	29,950
Co-op Bank, 01120034973700, KES			-	234,150

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Co-op Bank, 01100034973701, KES			-	1,000
Co-op Bank, 01100034535000, KES			-	823
Co-op Bank, 01120034973701, KES			-	930
Co-op Bank, 01120034535000, KES			-	630
Co-op Bank, 01120034535001, KES			-	400
Equity, 0420296193660, KES			-	37,988
Family Bank, 057000014917, KES			-	159,260
Family Bank, 057000012777, KES			-	120,126
KCB, 1129577236, KES			-	5,745,506
KCB, 1104077450, KES			-	2,484,053
KCB, 1103613456, KES			-	112,539
KCB, 1104066386, KES			-	285,010
KCB, 1104080435, KES			-	7,227
KCB, 1140758497, KES		6,768,099		3,363,193
KCB, 1107309050, KES			-	245
KCB, 1107309174, KES			-	243,963
Equity, 0420260844601, KES		2,484,506		842,320
Equity, 0420197648735, KES			-	10,597
Co-op Bank, 01141489581000, KES		3,436,525		-
Co-op Bank, 01141273895600, KES		3,020,592		-
Co-op Bank, 01141567073500, KES		14,530,416		-
Co-op Bank, 01141567073501, KES		15,041,391		-
Co-op Bank, 01141567001400, KES		16,356		-
Total			633,402,013	14,547,835

COUNTY GOVERNMENT OF KIRINYAGA
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10 OTHER IMPORTANT DISCLOSURES

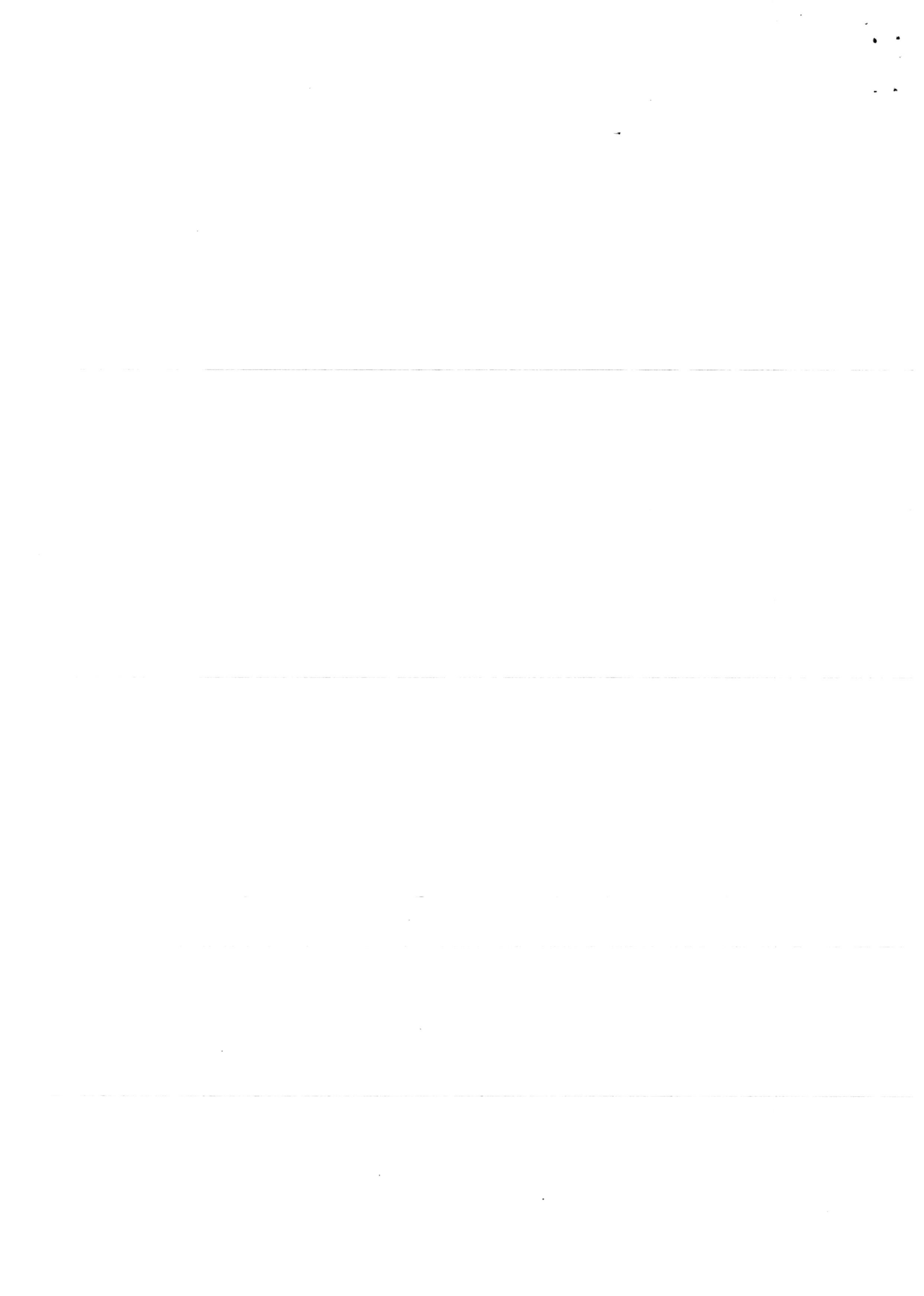
OTHER PENDING PAYABLES (See Annex 1)

	Kshs	Kshs
Amounts due to National Government entities		
Amounts due to County Government entities		
Amounts due to third parties (Suppliers)	14,456,178	
Others	2,013,215	
	<u>16,469,393</u>	

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ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comments
1. Rapid Professional Services	Governor's Office partitioning				1,406,039	-	10% Retention Fee
2. Hardsoft Systems	Hansard Equipments				756,451		10% Retention Fee
3. Jimro Systems	Refurbishments of County Assembly offices				599,995		10% Retention Fee
4. Micronet Power Systems	Governor's Office partitioning				950,000		10% Retention Fee
5. Aria Trading	Kutus – Kimbimbi Rd Rehabilitation				1,460,722		10% Retention Fee
6. Mwaton Investment	Kagumo-Kangaita Rehabilitation				1,343,322		10% Retention Fee
7. Jimro Enterprises	Kiamanyeki Rd Junction Rehabilitaion				300,000		10% Retention Fee
8. Span Consultants	Kianyaga Open air market rehabilitation				109,569		10% Retention Fee
9. Makage General Enterprises	Water Tank at Kenera W/P				360,970		10% Retention Fee
10. Joe Leave Merchants	Water Tank at Kibaratini W/P				298,334		10% Retention Fee
11. Makage General Enterprises	Ngugui foot bridge				167,516		10% Retention Fee
12. Elikar Enterprises	Culvert installation at Kangai				276,624		10% Retention Fee
13. Jimro Enterprises	Laboratory at Kangu				200,000		10% Retention Fee
14. Rosalio Construction	Mortuary at Sagana				496,500		10% Retention Fee
15. Kinwan General Contractors Ltd	Mortuary at Kianyaga				483,000		10% Retention Fee
16. Kinwan General Contractors Ltd	X-Ray Unit at Kianyaga				496,500		10% Retention Fee
17. Alicent (K) Ltd	Agric Offices at Mwea West				793,950		10% Retention Fee
18. Grangel Investments	Agric Offices at Kirinyaga West				316,765		10% Retention Fee



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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comments
19. Construction of Health Facilities					3,226,399		10% Retention Fee
20. Rehabilitation of open air market					413,523		10% Retention Fee
Sub-Total					14,456,178		
Others							
21. Deposits for Gender & Sports	Sponsorship by Corporate bodies				55,000		
22. Staff Salary Returned	Winnie				37,555.60		
23. County Operations account Recovery	District Treasury Taxes				509,332		
24. Staff Training Deposit	County Treasury				1,020,000		
25. Kenya Revenue Authority	Income Tax				381,247		
26. NHIF	Recovery				7,680		
27. LAPTRUST	Returned				2,400		
Sub-Total					2,013,215		
Grand Total					16,469,393		

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2013/14	Historical Cost (Kshs) 2012/13
Land	592,607,100	592,607,100
Buildings and structures	125,872,549	125,872,549
Transport equipment	74,698,904	39,047,250
Office equipment, furniture and fittings	42,466,094	22,422,030
ICT Equipment, Software and Other ICT Assets	18,392,592	
Other Machinery and Equipment	69,452,196	19,200,000
Heritage and cultural assets		
Intangible assets		
Total	923,489,435	799,148,929

