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REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF MURANGI

**FOR THE YEAR END
30 JUNE, 2019**





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COUNTY GOVERNMENT OF MURANGA

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

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MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2019

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MURANGA COUNTY GOVERNMENT

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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

A. H.E MWANGI WA IRIA

Mwangi Wa Iria is the First and the Current Governor of Murang'a County. He is also the current Vice Chairman of the Council Of Governor having been elected in January 2019. Wa Iria holds a Bachelors Degree from Moi University and a Masters Degree from the Chartered Institute of Purchasing and Supply in the United Kingdom(UK).

Before joining politics, Wa Iria was the Managing Director of New Kenya Cooperative Creameries (KCC). He has also served as National Sales manager of Kenya Breweries Ltd, Managing Director of Ngano Feeds Ltd, CEO of Freshco Seeds and as General Manager of the Commercial Division of Industrial Promotion Services that brings together more than 30 companies owned by the Aga Khan Development Network.

Mwangi wa Iria aims to fully exploit the huge agricultural potential in Murang'a county by optimizing the value chain through modern crop and animal production methods, value addition (agro-industrialisation) and linkages to market in order to deliver maximum value. Key to this is the Dairy Development Project that has seen the construction of a post modern high capacity milk processing plant at Maragua, Murang'a County.

Other issues in his agenda are creation of job opportunities for youth as a means of containing security and other social ills such as alcoholism, development of a strategy to turn around declining education standards in the county, development of a robust and supportive infrastructural system and alignment of development areas to the policies and priorities of National Government.

B. Hon. MAINA KAMAU

Maina Kamau was picked by Governor Mwangi Wa Iria in the year 2017 general election as the Deputy Governor. Hon. Kamau holds a Bachelor's Degree from the University of Nairobi.

He bears vast experience in politics and public service having served as a Councillor for Highridge Ward(2002-2007) and later becoming the member of parliament for Kandara Constituency(2007-2012).

Hon. Maina Kamau is also an astute businessman with interests in the Hospitality, Agribusiness and Real Estate.

C. DAVID WAKABA WAWERU: FINANCE, ECONOMIC PLANNING AND ICT.

Mr. Wakaba is a Bachelor of Commerce Degree- Business Administration from the University of Nairobi. He also holds advanced management program from the Strathmore Business School and postgraduate training with the Marketing Society of Kenya. He has previously served in various senior level management capacities in the Government agencies and the private sector. Mr. Wakaba has immeasurable experience in the communications sector having served as the Managing Director to the National Broadcaster-KBC.

Mr. Wakaba was appointed to the County Executive in the year 2013 and reappointed to serve for the second term in the year 2017.

D. EDWARD MUIRURI-CEC YOUTH AND SPORTS.

MR. Edward Muiruri holds a Bachelors Degree and a Masters Degree from Moi University. He bears vast experience in the corporate arena having worked at senior management level for various multinationals locally and across the borders. Some of these corporate entities include giant horticultural firms.

Mr. Muiruri was appointment to the County Executive Committee in the year 2013 and served in various dockets such as Cooperatives, Special Programs, Trade and Natural Resources. He was reappointed to serve for the second term in the year 2018.

E. GERISHON NYAGIA REUBEN: CEC EDUCATION AND TECHNICAL TRAINING.

Mr. Nyagia, a Bachelors of Education Graduate has been serving as the County Executive Committee member in charge of education and technical training for seven(7) years since his appointment in the year 2015. Prior to his appointment in the year 2014 Nyagia had served in the education sector administration as a Principal for twenty three(23) years and also taught for nine (9) years. He has also served as the KESSHA Chairman for Murang'a region.

Hon. Nyagia endows the County Government with vast expertise and experience pivotal to the management of the County Education Department. Nyagia was reappointed in the year 2017 to the same portfolio.

F. HON. EUNICE NYAMBURA MACHARIA: CEC PUBLIC SERVICE AND ADMINISTRATION

Mrs. Nyambura holds an MBA in Human Resources Management, a Postgraduate Higher Diploma in Human Resources and a Bachelor Of Arts Degree from the University Of Nairobi.

Mrs. Nyambura is a long-standing administrator in the public service and a member of the Institute of Human Resources Management (IHRM) and Kenya Association of Public Administration and Management (KAPAM).

Mrs. Nyambura has expansive experience in training in Human Resources in various Ministries as Senior Personnel Officer where she served before her appointment as the Public

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Service and Administration CEC in the year 2013. She was further reappointed in the year 2017 to the same docket.

G. SARAH T MASAKI: CEC PHYSICAL PLANNING AND URBAN DEVELOPMENT

Mrs. Masaki holds a Masters Degree in Urban and regional Planning and Bachelor of Arts Degree from the University Of Nairobi. A registered planner Mrs. Masaki bears rich experience and training spanning over twenty (20) years in Land Management, Urban socio-economic Environmental planning & Public Administration.

She has worked in various reputable Corporate and Government Institutions.

Preceding her appointment in the year 2014 as the CEC LANDS Mrs. Masaki served as the Chief Physical Planning Officer at the Ministry of Lands.

Mrs. Masaki was reappointed in the year 2017 to the Physical Planning docket.

H. HON PAUL MACHARIA: CEC COOPERATIVES AND WATER

Mr. Macharia holds a Masters Degree in Human Resource Management-JKUAT, MBA- MT KENYA UNIVERSITY and a Bachelors Of Commerce Degree from Kenyatta University. He is also a CPA-K with several professional writings that have been published. Mr. Macharia is also pursuing a PHD in Finance at JKUAT.

Previously Mr. Macharia had served in senior management levels as an administrator at Kenyatta University, Murang'a County Government as Field Services Coordinator among others.

I. HON. JOSEPH N. MBAI: CEC HEALTH AND SANITATION

Mr. Mbai holds an MBA-Strategic Management and a Bachelors Degree in Biochemistry from the University of Nairobi. He induces wide experience in the Pharmaceutical sector having served held senior management positions in various multinationals.

He served as the regional sales manager with the GlaxoSmithKline-consumer division and a host of other pharmaceutical enterprises.

Mr. Mbai served as the County Chief Officer in the department of Health and Sanitation prior to his appointment as the CEC to the same docket in 2017.

J. HON CECILIA KIBE: CEC ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE

Hon. Cecilia a Bachelor of Science-agriculture graduate with a Masters Degree in Sociology and Community Development from the University Of Nairobi is an acclaimed environmentalist with over fifteen(15) years experience in the climate change arena.

Nationally, she was instrumental in the development of the climate change action plan, the climate change policy and now the climate change law.

Previously she served at the Kenya Climate Change Working Group where she spearheaded interventions on advocacy to adaptation and mitigation of climate change effects especially on food security. She was appointed to the County Executive Committee in the year 2018.

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K. ALBERT MWANIKI NDUNGU: CEC AGRICULTURE AND LIVESTOCK

Mr. Albert Ndungu holds a BSc Degree in Agriculture and Home Economics from Egerton University and a Masters Degree in Soil Fertility from the Kenyatta University. He also holds a certificate in quality management system from the House of Quality in SA.

Ndungu bears over twenty two (22) years tremendous experience in Agriculture and Agribusiness including various multinationals such as World Vision and Frigoken.

He was appointed to serve as the CEC in the year 2013 and later reappointed to the same capacity in the year 2018.

L. Eng. AMOS NJOROGI: CEC INFRASTRUCTURE, TRANSPORT AND ENERGY

Eng Amos is a Civil Engineering Degree Graduate from the University of Nairobi. He is a registered Engineer with the Engineers Registration Board (ERB) in addition to training in disaster preparedness.

He holds a broad experience that spans over 20 years in civil engineering within Kenya and abroad having worked for various firms such as Haps Consult in design and supervision of various works.

Eng Amos was appointed as the CEC Infrastructure and Transport in the year 2013 and reappointed to the same capacity in the year 2018.

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 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
16.	Ag. Chief Officer-supply chain	Mr. Jackson Kinuthia
17.	Chief Officer-Housing Urban& Physical planning	Eng. Gabriel Kamau

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d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the county for the year ended 30th June 2019 were;

- *Muranga County Assembly*
- *Controller Of Budget*

e) Entity Headquarters

P.o. Box 52
County Hall
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

MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
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2. FORWARD BY THE CEC

I hereby forward the financial statements for the financial year ended 30th June 2019. These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the Public Finance Management Act 2012.

Murang'a County Government had prepared its budget guided by the county's integrated development plan with key development programs been Infrastructure development, Milk production and marketing, increased food production and production and provision of water allocated the lion share of development funds. ECD and Youth polytechnics were also allocated funds to improve the infrastructure and education/training standards.

The impact of these programs can already be felt for example the two irrigation projects that have been completed have enhanced food production. Milk production has increased fourfold following the provision of quality A.I services and a ready market. These initiatives are providing farmers with guaranteed monthly income that has boosted the livelihood of many to mention but a few. The county projects are completed in time thereby ensuring the residents get value for their money.

The main challenge the county is facing is growing its revenue base. With few industries in the county and low economic activities, the county is constrained on local revenues. We also faced challenges on timely approval of budgets and processing of all financial items through IFMIS which is been addressed with assistance from the National Treasury officials. There is also a challenge in project implementation due to late disbursement of funds from national treasury. The county executive and that county assembly had a cordial working relation that has greatly contributed to the planning and implementation of development programs. We look forward to achieving a high rate of development in the county stimulated by the county government initiatives.



DAVID WAKABA WAWERU
CEC-FINANCE, IT AND ECONOMIC PLANNING

MURANGA COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2019

3. 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.

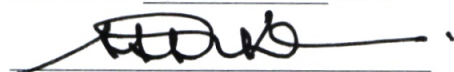
The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2019. 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, 2019, 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 _____ 2019.



County Executive Committee Member – Finance

REPUBLIC OF KENYA

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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MURANG'A FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Executive of Murang'a set out on pages 1 to 39, which comprise of the statement of assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows, and the summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Murang'a as at 30 June, 2019, 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. Discrepancies in the Financial Statements

The financial statements reflect the following anomalies:

1.1. Variances in Comparative Figures

Several comparative balances reflected in the financial statements for the year under review differ with the identical account balances reflected in the financial statements for the previous year as shown in the attached Appendix I:

1.2. Differences Between Financial Statements and Expenditure Records Balances

Comparison of several expenditure balances with payment records availed for audit revealed several unexplained differences as shown in the attached Appendix II.

1.3. Differences Between Financial Statements and Integrated Financial Management Information System (IFMIS) Balances

Several account balances reflected in the financial statements differ with balances shown in the IFMIS reports as shown in the attached Appendix III.

No satisfactory explanations or reconciliations have been provided for the differences. In view of the anomalies, the accuracy and completeness of the balances reflected in the financial statements have not been confirmed.

2.0. Unsupported Statement of Receipts and Payment Balances

2.1 Compensation of Employees - NHIF Comprehensive Medical Cover

The statement of receipts and payments reflects compensation of employees' balance totalling Kshs.3,498,758,097, as further disclosed in Note 11 to the financial statements. The balance includes Kshs.73,529,797 paid to the National Health Insurance Fund (NHIF) as medical insurance policy cover for 2,088 employees of the County Executive.

The expenditure records availed for audit indicated that the policy was for the period between 01 February, 2018 and 31 January, 2019 and was priced at Kshs.67,023,912. However, as stated, Management paid the NHIF Kshs.73,529,797 resulting an unexplained overpayment of Kshs.6,505,885.

Furthermore, Management signed a new contract with the Fund on 15 July, 2019 for enhanced terms at a premium of Kshs.110,074,633 for 2,006 staff covering the period 01 May, 2019 to 30 April, 2020. However, Management has not provided an adequate explanation for the steep rise in the cost of the premium in spite of the reduced number of employees covered, and why the contract signed on 15 July, 2019 was back-dated to 01 May, 2019.

As a result of these anomalies, the accuracy and validity of the expenditure totalling Kshs.73,529,797 incurred on comprehensive medical cover for the year ended 30 June, 2019, and the enhanced contract of Kshs.110,074,633, has not been confirmed.

2.2. Use of Goods and Services

The statement of receipts and payments reflects use of goods and services totalling Kshs.2,528,191,369, as further disclosed in Note 12 to the financial statements. The sum includes Kshs.1,071,000 paid as transport allowance to members of the public for attending meetings held within the County. However, Management did not avail signed attendance lists to confirm that the payees attended the meetings.

As a result, the occurrence and validity of the allowance payments totalling Kshs.1,071,000 has not been confirmed.

2.3. Acquisition of Assets

The statement of receipts and payments for the year ended 30 June, 2019 reflects payments on acquisition of assets totalling Kshs.940,028,897, as further disclosed in Note 17 to the financial statements. The sum includes purchase of certified seeds, breeding stock and live animals valued at Kshs.252,626,899.

The records availed for audit further indicated that during the year under review, Management supplied coffee and maize to farmers with Boma manure at a cost of Kshs.69,343,550. Management also disbursed Kshs.42,600,000 to ten (10) tea factories for improvement of factory infrastructure. The factories were to procure the services themselves and thereafter submit expenditure returns after paying for the improvement works.

However, Management did not avail tender documents for the supply and transportation of the manure, and signed lists of farmers supplied with the manure. Further, expenditure returns including tender documents, letters of offer and inspection and acceptance of works reports for the grants totalling Kshs.42,600,000 remitted to tea processing factories were not presented for audit review.

In the absence of relevant evidence, the occurrence and validity of expenditure totalling Kshs.354,570,449 reported to have been incurred on grants to farmers and tea factories and included in the acquisition of assets expenditure totalling Kshs.940,028,897 reflected in the statement of receipts and payments for the year ended 30 June, 2019, has not been confirmed.

2.4. Unsupported County Own-Generated Receipts

The statement of receipts and payments for the year ended 30 June, 2019 reflects own-generated revenue totalling Kshs.699,007,969, as further disclosed in Note 9 to the financial statements. The following observations were made in regard to revenue collection and accounting:

- (i) Examination of revenue records at Matiba Eye and Dental Hospital indicated that the Hospital collected hospital fees totalling Kshs.7,878,735 during the year under review but banked Kshs.2,288,230 resulting to a shortfall of Kshs.5,590,505.
- (ii) In addition, Mariira Farm collected Kshs.2,483,171 but banked Kshs.1,040,404 resulting to a revenue shortfall of Kshs.1,442,767.
- (iii) During the month of June, 2019, milk collections at the Farm cost Kshs.30,800 but the total sales amounted to Kshs.23,405 resulting in a shortfall of Kshs.7,395 which Management did not explain.

Further, examination of receipt books, business permit and liquor license records revealed the following anomalies:

- i. Business permit receipts for the month of February, 2019 were Kshs.5,687,500, whereas only Kshs.3,251,750 was recorded in the collection ledger. The shortfall amounting to Kshs.2,435,750 was not explained.
- ii. Similarly, business permit revenue receipt books for March, 2019 in respect of Murang'a Town revealed collections for the year totaled Kshs.8,761,050 while the revenue collection sheets reflected Kshs.6,710,800 resulting in unreconciled difference of Kshs.2,050,250.
- iii. Liquor license fees recorded in receipt books from Kandara, Murang'a Town and Maragua sub-counties reflected revenues of Kshs.7,055,000, Kshs.3,490,000 and Kshs.5,861,900 respectively while the ledger and collection sheets maintained at the headquarters indicated receipts of Kshs.4,264,000, Kshs.1,328,750 and Kshs.6,088,700, respectively. The differences between the receipt books and collection control sheets were not explained.

In view of these anomalies, the completeness and accuracy of county own-generated revenue amounting to Kshs.699,007,969 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

2. Unsupported Pending Accounts Payables

Included in Note 5.10 to the financial statements under other important disclosures are pending accounts payables (bills) totalling to Kshs.1,525,661,683 as at 30 June, 2019, as summarized below:

Description	Amount Kshs.
Construction of Buildings	63,603,700
Construction of Civil Works	236,684,398
Supply of Goods	1,147,071,002
Supply of Services	78,302,583
Total	1,525,661,683

However, the balance excludes unremitted contributions to the Local Authorities Pension Fund (LAPFUND) amounting to Kshs.1,056,359 for three (3) officers for the period August, 2014 to December, 2015.

In addition, Management has not disclosed, in the movement schedule, bills incurred during the year and payments made in respect of the pending accounts payables as required in Annexure 2 of the financial statements.

Further, no adequate explanation has been provided by Management for the very large balance of pending bills totalling Kshs.1,525,661,683 as at 30 June, 2019.

In absence of sufficient and relevant evidence, the accuracy and completeness of the pending bills balances totalling Kshs.1,525,661,683 outstanding as at 30 June, 2019 has not been confirmed.

4. Unconfirmed Fixed Assets Balance

The summary of fixed assets disclosed in Annex 5 to the financial statements reflects fixed assets totalling Kshs.4,269,166,998 as at 30 June, 2019. However, the summary reflects a nil balance for biological assets although audit verification revealed that the County Government owned biological assets, including dairy animals, at Mariira Farm. The assets have not, however, been valued for inclusion in the assets records. No adequate explanation has been provided by Management for the failure to value and include the biological assets in the financial statements.

Consequently, the valuation and completeness of the fixed assets balance of Kshs.4,269,166,998 reflected in the statement of assets and liabilities as at 30 June, 2019 has not been confirmed.

5. Failure to Disclose Progress on Follow-Up of Audit Recommendations

Management has not included in the financial statements information on progress made in following up on auditor's recommendations on the previous year's audit.

As a result, the financial statements do not comply with the reporting guidelines prescribed by the Public Sector Accounting Standards Board (PSASB).

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Murang'a 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 were no other key audit matters to report in the year under review.

Other Matter

1. Budget Control and Performance

The summary statement of appropriation: recurrent and development combined reflects expenditure totalling Kshs.7,856,180,169 equivalent to 89% of the budget for the year amounting to Kshs.8,809,779,834 resulting to under-expenditure of Kshs.953,599,665 or 11% of the budget as indicated:

Vote	2018/2019 Budget Kshs.	2018/2019 Actual Expenditure Kshs.	Under-expenditure Kshs.	% Under-expenditure to the Budget
Recurrent	5,311,196,658	5,147,959,214	163,237,444	3
Development	3,498,583,176	2,708,220,955	790,362,221	23
Total	8,809,779,834	7,856,180,169	953,599,665	11

Management has not provided a satisfactory explanation for failure to utilize all the funds budgeted for use during the year under review.

Further, Management had budgeted to raise revenue totalling Kshs.1,000,000,000 from local sources. However, the actual amount totaled Kshs.699,007,969 equivalent to 70% of the budget resulting in a revenue shortfall of Kshs.300,992,031. Further, revenue collection in the previous three (3) years, from 2016/2017 to 2018/2019, failed to meet collection targets, as shown below:

Year	Revenue Target/ Budget Kshs.	Actual Receipts Kshs.	% of Actual to Budget	Revenue shortfall Kshs.	% Revenue Growth/ (Decline)
2016/2017	880,000,000	535,583,977	60.8	351,118,925	
2017/2018	850,000,000	423,996,982	49.9	426,003,018	(20.8)
2018/2019	1,000,000,000	699,007,969	69.9	300,992,031	64.9

No explanation has been provided by Management for the persistent under-collection of revenue.

Failure to attain revenue and expenditure targets hinders delivery of goods and services to citizens and implementation of development programmes.

2. Unresolved Prior Year's Issues

The audit report for the previous year highlighted various anomalies in respect to the accuracy and completeness of the financial statements, lawfulness and effectiveness in use of public resources and effectiveness of internal control and risk management systems. As previously mentioned, Management has not disclosed the progress made in resolving the issues.

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 Qualified Opinion and 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 Unapproved Salary Payments

The approved budget for compensation of employees was Kshs.3,381,606,432 whereas the actual expenditure amounted to Kshs.3,498,758,097, resulting in over-expenditure of Kshs.117,151,665 equivalent to 3% of the budget. However, Management did not present, for audit review, approvals or the supplementary budget to confirm that the over-expenditure was approved as required by Section 135 of the Public Finance Management Act, 2012.

1.1 Unremitted Tax

Records availed for audit indicated that Kshs.15,886,097 was, during the year under review, paid as salary arrears to former employees of the Economic Stimulus Programme. However, Management did not provide supporting documents to confirm whether Pay-As-You-Earn (PAYE) tax estimated at Kshs.4,765,829 due for collection from the payments was deducted and remitted to Kenya Revenue Authority (KRA) as required in Section 37(1) and (2) of Income Tax Act.

1.2 Irregular Payment of PAYE from the Development Vote

The expenditure records further indicated that Kshs.16,536,657 was paid to the Kenya Revenue Authority (KRA) as penalties and interest on PAYE taxes amounting to Kshs.12,159,306 after Management delayed remittance of taxes to the Authority. However, documents to support the payments including supplementary budget granted by the County Assembly for the additional expenditure and approval to pay the amount from the Development Vote instead of Recurrent Vote from which it was payable were not presented for audit. By making the payment from the Development Vote, Management contravened Section 154(1)(b) of the Public Finance Management Act, 2012, which prohibits Accounting Officers from authorizing the transfer of monies appropriated for capital expenditure except to defray other capital expenditure for creation or renewal of assets.

1.3 Unsupported Recruitment of Casuals

The compensation of employees balance further includes Kshs.504,547,870 basic wages paid to temporary employees` out of which Kshs.13,097,114 was paid to forty-six (46) casual staff recruited to process National Hospital Insurance Fund (NHIF) claims for the months of May, June and July, 2018. However, Management did not provide evidence to support that the posts were advertised as required in law and the appointment letters issued to the payees. In addition, signed muster rolls showing the pay rates, identities of the payees and the sums paid to them were not availed for audit. Similarly, there was no

confirmation whether PAYE (Pay-as-You-Earn) tax due estimated at Kshs.1,289,441 was paid to the KRA.

Furthermore, the casuals worked for more than three (3) months without ceasing contrary to the provisions of Section 37(1) of Employment Act, 2007 (Revised 2012) that limits casual employment to three months durations.

2.0 Non-Compliance with the Public Finance Management (County Government) Regulations, 2015 on Fiscal Discipline

The statement of receipts and payments reflects compensation of employees' expenditure totalling Kshs.3,498,758,097 equivalent to 47.4% of the receipts for the year totalling Kshs.7,379,185,471. The County Executive therefore, exceeded the threshold of 35% for such expenditure set in Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the Management was in breach of the law.

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, except for the matters described in the Basis for Qualified Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Weaknesses in Management of Medical Stores

A review of the procurement process followed in the purchase of medical supplies revealed the following internal control weaknesses:

- i. In several instances, inspection and acceptance committee reports for purchase of pharmaceutical drugs, non-pharmaceuticals, dressings and lab reagents were raised after goods had been supplied, recorded in stores, and issued to the user

departments. As a result, the worth and conformity of the supplies to the respective contract agreements and validity of the stores records could not be confirmed.

- ii. Records on drugs received and issued from Murang'a County Referral Hospital Stores to the Pharmacy Department and other health facilities revealed discrepancies between counter-receipt and issue vouchers (S11) and records maintained by the facilities.
- iii. Stores records at the hospital were not standardized. For instance, stores issue notes were printed from ordinary stationery(A4) paper and serial numbers inserted manually. As a result, the trail of transactions for internal control and audit not clear.

In the circumstances, Management has not established and maintained effective internal controls on procurement and use of medical stores. As a result, the risk of loss of supplies purchased through public funds, and of supply of sub-standard items, is high.

2. Lack of Audit Committee

As similarly reported in the previous year, Management is yet to establish an Audit Committee as required by Regulation 42(1)(e) of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, an effective governance system for management of public funds envisaged in the Regulations does not exist in the County.

3. Long Outstanding Rates Arrears

Annexure 7 to the financial statements reflects outstanding plot rent and rate arrears totalling Kshs.865,270,581 as at 30 June, 2019. Records presented for audit indicated that the arrears of revenue have been outstanding, and have risen steadily, for several years.

Management has not explained the remedial actions it has taken to collect the arrears to fund delivery of essential services to the residents of Murang'a County.

In the circumstance, internal controls on revenue collection are not effective.

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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

25 January, 2021

Appendix I: Variances in Comparative Balances

	Item	Comparative Balances 2017/2018 (Kshs.)	Audited Balance 2017/2018 (Kshs.)	Difference (Kshs.)
1.	County Own-Generated Revenue	450,948,654	423,996,982	26,951,672
2.	Cash and Cash Equivalents	1,038,335,487	758,480,323	279,855,164
3.	Accounts Payables – Deposits and Retentions	0	7,524,164	7,524,164
4.	Prior Year Adjustments	0	260,427,656	260,427,656
5.	Surplus for the year	473,124,417	446,172,744	26,951,673
6.	Net increase in Cash and Cash Equivalents	473,124,417	194,120,840	279,003,577

Appendix II: Differences between Financial Statements and Expenditure Records Balances

Component		Balance in Statement of Receipts and Payments (Kshs.)	Balance in Expenditure Records (Kshs.)	Difference (Kshs.)
1.	Basic Salaries to Permanent Employees	2,993,210,227	3,187,076,026	(193,865,799)
2.	Basic Wages to Temporary Employees	505,547,870	127,350,285	378,197,585
3.	Hospitality, Supplies and Services	64,903,444	31,951,008	32,952,436
4.	Domestic Travel and Subsistence	171,629,204	114,080,241	57,548,963
5.	Insurance Costs	14,333,940	57,528,390	(43,194,450)
6.	Fuel, Oil and Lubricants	46,715,522	39,497,858	7,217,664
7.	Research, studies, project preparation, design and supervision	3,914,576	2,934,576	980,000

Appendix III: Differences Between Financial Statement and IFMIS Balances

(i) Statement of Receipts and Payments

Component	Financial Statement Balance (Kshs.)	IFMIS Report Figure (Kshs.)	Difference (Kshs.)
Receipts			
Exchequer Releases	6,248,600,000	6,701,761,600	(453,161,600)
Proceeds from Domestic and Foreign Grants	429,777,502	0	429,777,502
Transfers from Other Government Entities		257,077,669	(257,077,669)
County Own Generated Receipts	699,007,969	537,446,268	161,561,701
Returned CRF Issues	1,800,000	0	1,800,000
Total	7,379,185,471	7,496,285,537	(117,100,066)
Payments			
Compensation of Employees	3,498,758,097	3,669,411,355	(170,653,258)
Use of Goods and Services	2,528,191,369	2,119,468,772	408,722,597
Subsidies	4,923,500		4,923,500
Transfers to other Government Units	689,437,600	100,267,802	589,169,798
Other Grants and Transfers	162,151,436	36,013,824	126,137,612
Social Security Benefits	9,558,682	23,579,921	(14,021,239)
Acquisition of Assets	940,028,897	925,442,366	14,586,531
Finance Costs, including Loan Interest	-	63,631,429	(63,631,429)
Other Payments	23,130,588	674,077,277	(650,946,689)
Total	7,856,180,169	7,611,892,746	244,287,423

(ii) Statement of Assets and Liabilities

Details	Financial Statement Figure (Kshs.)	IFMIS Report Balance (Kshs.)	Difference (Kshs.)
Cash and bank	561,340,788	37,438,042,723.75	(36,876,701,935.75)
Receivables	-	7,971,842	(7,971,842)
Payables	-	25,655,197,057.60	(25,655,197,057.60)

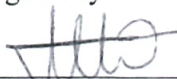
MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2019


5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2018-2019	2017-2018
	Notes	KShs	KShs
RECEIPTS			
Exchequer releases	1	6,248,600,000	6,191,000,000
Proceeds from Domestic and Foreign Grants	2	429,777,502	422,083,894
Transfers from Other Government Entities	3		
Proceeds from Domestic Borrowings	4		-
Proceeds from Foreign Borrowings	5		-
Proceeds from Sale of Assets	6		-
Reimbursements and Refunds	7		
Returns of Equity Holdings	8		-
County Own Generated Receipts	9	699,007,969	450,948,654
Returned CRF issues	10	1,800,000	16,616,907
TOTAL RECEIPTS		7,379,185,471	7,080,649,456
PAYMENTS			
Compensation of Employees	11	3,498,758,097	3,326,870,489
Use of goods and services	12	2,528,191,369	1,597,445,503
Subsidies	13	4,923,500	7,769,519
Transfers to Other Government Units	14	689,437,600	501,971,452
Other grants and transfers	15	162,151,436	203,630,631
Social Security Benefits	16	9,558,682	2,080,184
Acquisition of Assets	17	940,028,897	839,596,195
Finance Costs, including Loan Interest	18		33,461,978
Repayment of principal on Domestic and Foreign borrowing	19		
Other Payments	20	23,130,588	94,699,089
TOTAL PAYMENTS		7,856,180,169	6,607,525,039
SURPLUS/DEFICIT		(476,994,698)	473,124,417

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 _____ 2019 and signed by:


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

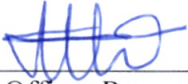

 Chief Officer Finance
Name: Peter G. Kahora
 ICPAK Member Number: 7444

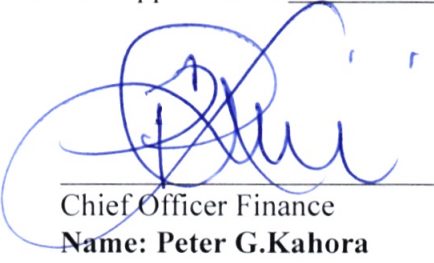
MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2019

5.2. STATEMENT OF ASSETS AND LIABILITIES

		2018-2019	2017-2018
	Notes	KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	558,102,423	1,037,723,393
Cash Balances	21B	3,238,365	612,094
Total Cash and cash equivalent		<u>561,340,788</u>	<u>1,038,335,487</u>
Accounts receivables – Outstanding Imprests	22		-
TOTAL FINANCIAL ASSETS		<u>561,340,788</u>	<u>1,038,335,487</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23		
NET FINANCIAL ASSETS		<u>561,340,788</u>	<u>1,038,335,487</u>
REPRESENTED BY			
Fund balance b/fwd	24	1,038,335,487	565,211,070
Prior year adjustments	25		
Surplus/Deficit for the year		(476,994,698)	473,124,417
NET FINANCIAL POSITION		<u>561,340,788</u>	<u>1,038,335,487</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 _____ 2019 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
Reports and Financial Statements
For the year ended June 30, 2019

5.3. STATEMENT OF CASH FLOWS

		2018-2019	2017 – 2018
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	6,248,600,000	6,191,000,000
Proceeds from Domestic and Foreign Grants	2	429,777,502	422,083,894
Transfers from Other Government Entities	3		
Reimbursements and Refunds	7		-
Returns of Equity Holdings	8		-
County Own Generated Receipts	9	699,007,969	450,948,650
Returned CRF issues	10	1,800,000	16,616,907
Payments for operating expenses			
Compensation of Employees	11	(3,498,758,097)	(3,326,870,480)
Use of goods and services	12	(2,528,191,369)	(1,597,445,503)
Subsidies	13	(4,923,500)	(7,769,519)
Transfers to Other Government Units	14	(689,437,600)	(501,971,452)
Other grants and transfers	15	(162,151,436)	(203,630,631)
Social Security Benefits	16	(9,558,682)	(2,080,184)
Finance Costs, including Loan Interest	18		(33,461,978)
Other Payments	20	(23,130,588)	(94,699,089)
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities		<u>463,034,199</u>	<u>1,312,720,612</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6		
Acquisition of Assets	17	(940,028,897)	(839,596,195)
Net cash flows from Investing Activities		<u>(940,028,897)</u>	<u>(839,596,195)</u>
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4		
Proceeds from Foreign Borrowings	5		-
Repayment of principal on Domestic and Foreign borrowing	19		-
Net cash flow from financing activities			-
			-
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(476,994,698)</u>	<u>473,124,417</u>
Cash and cash equivalents at BEGINNING of the year	21	1,038,335,487	565,211,070
Cash and cash equivalents at END of the year	24	561,340,788	1,038,335,487

MURANGA COUNTY GOVERNMENT
Reports and Financial Statements
For the year ended June 30, 2019

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 _____ 2019 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

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	6,248,600,000		6,248,600,000	6,248,600,000	-	100%
Proceeds from Domestic and Foreign Grants	812,179,834		812,179,834	429,777,502	(382,402,332)	53%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	1,000,000,000		1,000,000,000	699,007,969	(300,992,031)	70%
Return issues to CRF	750,000,000		750,000,000	1,800,000	(748,200,000)	0%
TOTAL	8,810,779,834		8,810,779,834	7,379,185,471	(1,431,594,363)	
PAYMENTS						
Compensation of Employees	3,271,606,432	110,000,000	3,381,606,432	3,498,758,097	117,151,665	103%
Use of goods and services	2,544,762,463	318,941,573	2,863,704,036	2,528,191,369	(335,512,667)	88%
Subsidies	10,000,000	(5,000,000)	5,000,000	4,923,500	(76,500)	98%
Transfers to Other Government Units	966,296,786	(22,654,573)	943,642,213	689,437,600	(254,204,613)	73%
Other grants and transfers	68,000,000	37,000,000	105,000,000	162,151,436	57,151,436	154%
Social Security Benefits	10,000,000		10,000,000	9,558,682	(441,318)	96%
Acquisition of Assets	1,745,614,153	(413,287,000)	1,332,327,153	940,028,897	(392,298,257)	71%
Finance Costs, including Loan Interest	144,000,000	(2,000,000)	142,000,000		(142,000,000)	0%
Repayment of principal on borrowings						
Other Payments	50,500,000	(24,000,000)	26,500,000	23,130,588	(3,369,412)	87%
TOTAL	8,810,779,834	(1,000,000)	8,809,779,834	7,856,180,169	(953,599,666)	
SURPLUS/(DEFICIT)		1,000,000	1,000,000	(476,994,697)	(477,994,697)	

Reports and Financial Statements

For the year ended June 30, 2019

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

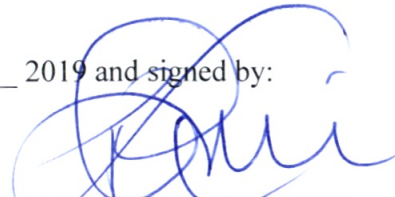
The entity financial statements were approved on _____ 2019 and signed by:



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

5.5. 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	2,529,882,447		2,529,882,447	2,529,882,447	-	100%
Proceeds from Domestic and Foreign	647,659,638		647,659,638	224,665,871	(422,993,767)	35%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	1,000,000,000		1,000,000,000	699,007,969	(300,992,031)	70%
Return CRF issues	750,000,000		750,000,000	1,800,000	(748,200,000)	0%
TOTAL	4,927,542,085		4,927,542,085	3,455,356,287	(1,472,185,798)	
PAYMENTS						
Compensation of Employees	3,271,606,432	110,000,000	3,381,606,432	3,498,758,097	117,151,665	103%
Use of goods and services	769,793,440	130,654,573	900,448,013	914,412,433	13,964,420	102%
Subsidies	10,000,000	(5,000,000)	5,000,000	4,923,500	(76,500)	98%
Transfers to Other Government Units	719,642,213	140,000,000	859,642,213	657,437,600	(202,204,613)	76%
Other grants and transfers				51,507,801	51,507,801	
Social Security Benefits				9,558,682	9,558,682	
Acquisition of Assets	32,000,000	10,000,000	42,000,000	11,174,421	(30,825,579)	27%
Finance Costs, including Loan Interest	124,000,000	(2,000,000)	122,000,000		(122,000,000)	
Repayment of principal on borrowings						
Other Payments	500,000		500,000	186,680	(313,320)	37%
TOTAL	4,927,542,085	383,654,573	5,311,196,658	5,147,959,214	(163,237,444)	
SURPLUS/(DEFICIT)	-	(383,654,573)	(383,654,573)	(1,692,602,927)	(1,308,948,354)	

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(Explain whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The total figures on the recurrent budget execution statement and development budget execution should add up to the totals of the combined statement.)

(a) Proceeds from Domestic and Foreign Grants the following grants the following grants were not received during the financial year.

	BUDGET	RECIEVED	BALANCE
Development Of Youth Polytechnics Allocation	65,710,000	0	65,710,000
Development Of Youth Polytechnics Allocation B/F	63,066,341	0	63,066,341
Allocation Transforming Health Care System (WB) THUSCP	50,000,000	23,120,327	26,879,672
Allocation World Bank Loan-NARIGP Allocation	140,435,163	50,078,476	90,356,687
Allocation Kenya Devolution Support Programme (KDSP) Level 1 (WB)	48,244,593	0	48,244,593
AD Valorem Levy	41,213,000	0	41,213,000
Kenya devolution support program B/F	24,000,000	0	24,000,000

The entity financial statements were approved on _____ 2019 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

5.6. 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	3,718,717,553		3,718,717,553	3,718,717,553		100%
Proceeds from Domestic and Foreign Grants	164,520,196		164,520,196	205,111,631	40,591,435	125%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
TOTAL						
PAYMENTS	3,883,237,749		3,923,237,749	3,923,829,184	40,591,435	
Compensation of Employees						
Use of goods and services	1,774,969,023	188,287,000	1,963,256,023	1,613,778,936	(349,477,087)	82%
Subsidies						
Transfers to Other Government Units	246,654,573	(162,654,573)	84,000,000	32,000,000	(52,000,000)	38%
Other grants and transfers	68,000,000	37,000,000	105,000,000	110,643,635	5,643,635	100%
Social Security Benefits	10,000,000		10,000,000		(10,000,000)	0%
Acquisition of Assets	1,713,614,153	(423,287,000)	1,290,327,153	928,854,476	(361,472,678)	72%
Finance Costs, including Loan Interest	20,000,000		20,000,000		(20,000,000)	0%
Repayment of principal on borrowings						
Other Payments	50,000,000	(24,000,000)	26,000,000	22,943,908	(3,056,092)	88%
TOTALS	3,883,237,749	(384,654,573)	3,498,583,176	2,708,220,955	(790,362,222)	77%
SURPLUS/(DEFICIT)	-	384,654,573	384,654,573	1,215,608,230	830,953,657	

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(Explain whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The total figures on the recurrent budget execution statement and development budget execution should add up to the totals of the combined statement.)

1. The ksh. 40,591,435 were grants from Road Maintenance Fuel Levy Fund for the financial year 2017 /2018 but it came late on 21-11-2018
2. Transfer to other government units with 38% this occurred because the county government didn't make to get Equitable Share on time that we received our last disbursement on 05-Jul-2019 after the year ended.

The entity financial statements were approved on _____ 2019 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

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme	Sub-programme	description	Final Budget	Actual on comparable basis	Budget utilization difference
			2018-2019		2018-2019
			KShs	KShs	KShs
	0	Default - Non Programmatic	-	644,967,471	(644,967,471)
101004010		Cash Crop Development and Management	451,089,018	224,254,420	226,834,598
	101014010	Land and Crops Development	9,000,000	8,870,310	129,690
	101024010	Promotion Food Security	442,089,018	215,384,110	226,704,908
102004010		Livestock and fisheries Development	68,738,575	67,176,203	1,562,372
	102034010	Value addition and marketing of fish products	68,738,575	67,176,203	1,562,372
103004010		Land survey, housing and administration	30,500,000	2,890,000	27,610,000
	103024010	Development Planning and Land Reforms	13,000,000	2,890,000	10,110,000
	103044010	Land Survey	17,500,000	-	17,500,000
108000000		Crop Development and Management	185,713,000	106,298,740	79,414,260
	108019999	Land and Crops Development	185,713,000	106,298,740	79,414,260
109000000		Agribusiness and Information Management	5,167,000	4,210,936	956,064
	109019999	Agribusiness and Market Development	5,167,000	4,210,936	956,064
112000000		Livestock Resources Management and Development	61,000,000	34,088,768	26,911,232
	112019999	Livestock Policy Development and capacity building Programme	44,000,000	24,098,566	19,901,434
	112059999	Livestock Diseases Management and Control	17,000,000	9,990,202	7,009,798
113000000		Land Administration and Management	5,000,000	2,495,315	2,504,685
	113019999	Land Administration and Management	5,000,000	2,495,315	2,504,685
201004010		Road Transport	1,049,061,524	773,485,207	275,576,318

MURANGA COUNTY GOVERNMENT

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Programme	Sub-programme	description	Final Budget	Actual on comparable basis	Budget utilization difference
			2018-2019		2018-2019
	201014010	Construction of Roads and Bridges	742,043,265	489,667,389	252,375,876
	201054010	Community Water Project and Distribution	307,018,259	283,817,817	23,200,442
202000000		Road Transport	52,943,840	40,989,858	11,953,982
	202019999	Construction of Roads and Bridges	33,943,840	26,659,264	7,284,576
	202069999	General Administration, Planning and Support Services	19,000,000	14,330,594	4,669,406
202004010		ICT Infrastructure Development	17,164,332	7,411,355	9,752,977
	202014010	ICT Infrastructure Connectivity	17,164,332	7,411,355	9,752,977
203004010		Information And Communication Services	5,400,000	4,346,823	1,053,177
	203024010	Office administration and support	5,400,000	4,346,823	1,053,177
210000000		ICT Infrastructure Development	3,000,000	2,092,769	907,231
	210019999	ICT Infrastructure Connectivity	3,000,000	2,092,769	907,231
301004010		Tourism Development and Promotion	3,410,766	3,620,579	(209,813)
	301014010	Tourism Promotion and Marketing	3,410,766	3,620,579	(209,813)
302004010		Trade Promotion and marketing	139,000,000	111,968,687	27,031,313
	302014010	Domestic Trade Development	139,000,000	111,968,687	27,031,313
304000000		Cooperative Development and Management	84,185,242	70,136,404	14,048,838
	304019999	Governance and Accountability	1,000,000	558,450	441,550
	304029999	Co-operative Advisory Services	83,185,242	69,577,954	13,607,288
307000000		Trade Development and Promotion	9,600,000	6,765,317	2,834,683
	307019999	Domestic Trade Development	4,500,000	3,067,597	1,432,403
	307029999	Fair Trade and Consumer Protection	5,100,000	3,697,720	1,402,280

MURANGA COUNTY GOVERNMENT
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Programme	Sub-programme	description	Final Budget	Actual on comparable basis	Budget utilization difference
			2018-2019		2018-2019
401004010		Supply suppression and enforcement		2,116,050	
			4,000,000		1,883,950
	401014010	Alcoholic Control and Reviewing of Licences	4,000,000	2,116,050	1,883,950
402000000		Curative Health Services		203,252,172	
			248,580,595		45,328,423
	402029999	Mental Health	8,800,000	6,070,050	2,729,950
	402039999	Specialized services (Spinal Injury)	73,500,000	55,601,280	17,898,720
	402049999	Forensic and Diagnostics	34,000,000	33,443,974	556,026
	402059999	Free Primary Healthcare	132,280,595	108,136,868	24,143,727
501004010		Education		67,406,465	
			161,000,000		93,593,535
	501034010	Early Childhood Development Education	93,000,000	40,078,979	52,921,021
	501054010	Motivation of Primary and Secondary School	68,000,000	27,327,486	40,672,514
502004010		Technical Vocational Education and Training		13,090,260	
			20,000,000		6,909,740
	502034010	Infrastructure Development and Expansion	20,000,000	13,090,260	6,909,740
503004010		Youth Training and Development		80,936,120	
			138,776,341		57,840,221
	503014010	Revitalization of Youth Polytechnics	138,776,341	80,936,120	57,840,221
701004010				423,217,175	
			561,202,027		137,984,852
	701024010	Legistration, Treaties and Advisory Services	277,245,727	248,256,774	28,988,953
	701034010	Public Trusts and Estates Management	72,437,600	-	72,437,600
	701054010	Oversight	211,518,700	174,960,402	36,558,298
702004010				16,555,805	
			25,900,000		9,344,195
	702014010	Human Resource Management	5,900,000	897,290	5,002,710
	702024010	Human Resource Development	20,000,000	15,658,515	4,341,485

MUKANGA COUNTY GOVERNMENT

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Programme	Sub-programme	description	Final Budget	Actual on comparable basis	Budget utilization difference
			2018-2019		2018-2019
706004010			5,075,033,090	4,401,139,242	673,893,848
	706014010	General Administration Planning and support Services	5,075,033,090	4,640,503,166	434,529,924
711000000		Gender & Youth Empowerment	36,700,000	21,835,122	14,864,878
	711039999	Youth Development Services	36,700,000	21,835,122	14,864,878
718000000		Public Financial Management	27,501,553	23,690,063	3,811,490
	718039999	Audit Services	14,900,000	11,905,561	2,994,439
	718069999	Public Financial Management Reforms	12,601,553	11,784,502	817,051
726000000		Human Resource management and Development	6,650,000	5,485,352	1,164,648
	726029999	Human Resource Management	6,650,000	5,485,352	1,164,648
729000000		Audit Services	5,500,000	4,515,950	984,050
	729029999	County Governments Audit	5,500,000	4,515,950	984,050
901004010			157,114,069	113,163,777	43,950,292
	901024010	Policy Formulation and Implimentation	157,114,069	113,163,777	43,950,292
902004010			38,500,000	30,918,361	7,581,639
	902014010	Social Assistance to vulnerable groups	14,000,000	9,948,561	4,051,439
	902024010	Persons Living With Disabilities	10,000,000	8,170,852	1,829,148
	902044010	Disaster Fund Management	14,500,000	12,798,948	1,701,052
903004010			39,102,096	29,682,754	9,419,342
	903034010	Development and Management of Sports Facilities	39,102,096	29,682,754	9,419,342
904004010			5,550,000	2,660,320	2,889,680
	904014010	Development And Promotion of Culture	5,550,000	2,660,320	2,889,680

MURANGA COUNTY GOVERNMENT
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Programme	Sub-programme	description	Final Budget	Actual on comparable basis	Budget utilization difference
			2018-2019		2018-2019
1001004010			30,200,000	15,732,061	14,467,939
	1001024010	Promotion of Irrigation and Drainage Development and Management	500,000	303,180	196,820
	1001054010	Environmental Leadership and Governance	29,700,000	15,428,881	14,271,119
1004000000		Water Resources Management	57,496,766	54,220,344	3,276,422
	1004039999	Water Supply Infrastructure	57,496,766	54,220,344	3,276,422
		Grand Total	8,809,779,834	7,856,180,169	953,599,665

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic)

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2018 – 2019	2017 – 2018
	KShs	KShs
Government Imprests		
Clearance accounts		
Total		

[Include a breakdown of the outstanding imprest below or as an annex to the notes if the list is longer than 1 page.]

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		KShs	KShs	KShs
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
<i>Name of Officer or Institution</i>	dd/mm/yy			
Total				

23. ACCOUNTS PAYABLE

	2018 – 2019	2017 – 2018
	KShs	KShs
Deposits		
Retention monies		
Total		

[Provide short appropriate explanations as necessary]

24. FUND BALANCE BROUGHT FORWARD

	2018 – 2019	2017 – 2018
	KShs	KShs
Bank accounts	1,037,723,393	564,235,037
Cash in hand	612,094	976,033
Accounts Receivables		-
Accounts Payables		-
Total	1,038,335,487	565,211,070

[Provide short appropriate explanations as necessary]

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

Description of the error	2018 – 2019	2017 – 2018
	KShs	KShs
Adjustments on bank account balances		
Adjustments on cash in hand		
Adjustments on payables		
Adjustments on receivables		
Others (<i>specify</i>)		

MURANGA COUNTY GOVERNMENT
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5.10. HER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	109,166,781			63,603,700
Construction of civil works	284,860,407			236,684,398
Supply of goods	1,343,881,826			1,147,071,002
Supply of services	103,421,898			78,302,583
Total	1,841,330,912			1,525,661,683

2. PENDING STAFF PAYABLES (See Annex 2)

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
Total				

3. OTHER PENDING PAYABLES (See Annex 3)

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total				

(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)

MURANGA COUNTY GOVERNMENT
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4. 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

	2018- 2019	2017-2018
	Kshs	Kshs
Key Management Compensation(Governors, CEC Members and C.Os)		
<u>Transfers to related parties</u>		
Transfer to the Muranga County Assembly	627,000,000	501,971,452
Muranga Municipal board	62,437,600	
Transfers to Development Projects		
Transfers to non reporting entities e.g schools and welfare		
Transfers to County Water Service Providers		
Expenses paid on behalf of County Water Service Providers		
Total Transfers to related parties	689,437,600	501,971,452
<u>Transfers from related parties</u>		
Transfers from the Exchequer		
Transfers from MDAs		
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
Total Transfers from related parties	689,437,600	501,971,452

MURANGA COUNTY GOVERNMENT
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For the year ended June 30, 2019

5. 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

MURANGA COUNTY GOVERNMENT
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6. PROGRESS ON FOLLOW UP OF AUDITOR 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 information has been provided 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 2018/2019	Equitable Share	DANIDA	USER FEES	THSUCP	KUSP-UDG	NARGIP	KUSP-UIG	Total Transfers from the National Treasury/ Exchequer
Exchequer Releases for quarter 1	749,832,000							749,832,000
Exchequer Releases for quarter 2	1,812,094,000	10,378,125		3,431,424	62,437,600			1,888,341,149
Exchequer Releases for quarter 3	1,093,505,000	10,378,125		16,441,226				1,120,324,351
Exchequer Releases for quarter 4	2,593,169,000		20,138,691	3,247,678		50,078,476	41,200,000	2,707,833,845
Total	6,248,600,000	20,756,250	20,138,691	23,120,328	62,437,600	50,078,476	41,200,000	6,466,331,345

MURANGA COUNTY GOVERNMENT
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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	109,166,781			63,603,700		
2.						
3.						
Sub-Total						
Construction of civil works						
4. Assorted suppliers	284,860,407			236,684,398		
5.						
6.						
Sub-Total						
Supply of goods						
7. Assorted suppliers	1,343,881,826			1,147,071,002		
8.						
9.						
Sub-Total						
Supply of services						
10. Assorted suppliers	103,421,898			78,302,583		
11.						
12.						
Sub-Total						
Grand Total	1,841,330,912			1,525,661,683		

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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							

MURANGA COUNTY GOVERNMENT
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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							

MURANGA COUNTY GOVERNMENT
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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				614,759,388
Office equipment, furniture and fittings	69,266,240				69,266,240
ICT Equipment	19,672,500	7,866,655			27,539,155
Machinery and Equipment	373,124,221	83,112,308			456,236,529
Heritage and cultural assets					
Biological assets					
Intangible assets	42,454,701				42,454,701
Infrastructure assets- Roads, Rails		548,928,259			548,928,259
Work in progress					
Others	284,974,040	300,121,675			585,095,715
Total	3,329,138,101	940,028,897			4,269,166,998

(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 A– INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	Muranga County Assembly	68,000,000	199,000,000	100,000,000	260,000,000	627,000,000			
	Total	68,000,000	199,000,000	100,000,000	260,000,000	627,000,000			

Chief officer Finance
County Executive

Director of Finance
County Assembly

(NB: This appendix must be agreed and signed by the issuing and receiving party)

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ANNEX 6B – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	Muranga Municipal board		62,437,600			62,437,600			
	Total		62,437,600			62,437,600			

Chief officer Finance
 County Executive

Chief Officer-Housing, Urban& Physical planning
 County fund

(NB: This appendix must be agreed and signed by the issuing and receiving party)

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ANNEX 7– PLOT RENT AND RATE ARREAS

Ref	SUB-COUNTY	PLOT RENT ARREAS	HOUSE RENT	STALL RENT	INTEREST (PENALTY) 36%P.A	TOTAL
1.	MARAGUA SUB COUNTY	42,398,430		843,000		43,241,430
2	KANDARA SUB COUNTY	11,521,520	290,700			11,812,220
3	GATANGA SUB COUNTY	12,769,055				12,769,055
4	KIGUMO SUB COUNTY	10,280,473		299,500		10,579,973
5	TOWN MANAGEMENT	57,516,876	4,913,793	1,782,200	679,764,563	743,977,432
6	KIHARU SUB COUNTY	3,037,219				3,037,219
7	KANGEMA SUB COUNTY	3,357,356				3,357,356
8	MATHIOYA SUB COUNTY	4,517,166		619,500		5,136,666
9	KAHURO SUB COUNTY	26,154,738				26,154,738
	TOTAL	171,552,833	5,204,493	3,544,200	679,764,563	865,270,581

Chief Officer Revenue & County Financial Operation

Edwin K. Kimuyu

Ag. Market superintendant

Peter K. Karitu

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ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)

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JOURNAL ENTRY

	DR	CR
Social security benefit Being amount overstated in social security benefit expenditure.	6,407,252	
Other payments Being recognition of understated expenditure wrongly charged.		6,407,252
Basic salaries of permanent employees Being overstated in basic salaries of permanent employees expenditure.	335,561,684	
Basic wages of temporary employees Being recognition of understated expenditure wrongly charged.		326,232,183
Social security benefit Being recognition of understated expenditure wrongly charged.		7,599,313
Other operating expenses Being recognition of understated expenditure wrongly charged.		1,730,188
Basic wages of temporary employees Being amount overstated in basic wages of temporary employees.	1,959,369	
Social security benefit Being recognition of understated amount in social security expenditure		1,959,369
TOTAL	343,928,305	343,928,305

 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

5.8. 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 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

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. 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 2019, this amounted to KShs xxx compared to KShs xxx in prior period as indicated on note xxx.

There were no other restrictions on cash during the year

6. 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.

7. 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.

8. 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. 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 *Muranga county government* at the end of the year. Pending bills 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.

10. 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 Muranga county government 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 11th June 2019 for the period 1st July 2018 to 30th June 2019 as required by law. There were 2 number of supplementary budgets passed in the year. A high-level assessment of the *Muranga county government* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. 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.

13. 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.

14. 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.

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5.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2018 - 2019	2017 - 2018
	KShs	KShs
Total Exchequer Releases for quarter 1	749,832,000	843,370,000
Total Exchequer Releases for quarter 2	1,888,341,149	1,194,168,900
Total Exchequer Releases for quarter 3	1,120,324,351	2,257,369,751
Total Exchequer Releases for quarter 4	2,707,833,845	2,120,189,532
Total	6,466,331,345	6,415,098,183

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	2018/2019	2017/2018
	KShs	KShs
Total Equitable Share for quarter 1	749,832,000	843,370,000
Total Equitable Share for quarter 2	1,812,094,000	1,168,705,000
Total Equitable Share for quarter 3	1,093,505,000	2,166,850,000
Total Equitable Share for quarter 4	2,593,169,000	2,012,075,000
Total	6,248,600,000	6,191,000,000

1B: Level 5 Hospitals Allocation

Description	2018/2019	2017/2018
	KShs	KShs
Transfers for level 5 hospitals		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Description	2018/2019	2017/2018
	KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme	20,756,250	23,969,045
World Bank – THUSCP	23,120,328	
National Agricultural & Rural Inclusive Growth Project (NARIGP)	50,078,476	50,609,855
Kenya Devolution Support Programme(KDSP)		45,056,255
Youth Polytechnic support grant		84,088,455
Abolishment of user fees in health centres and dispensaries	20,138,691	20,749,146
Kenya Urban Support Programme(KUSP)	41,200,000	
Agriculture Sector Development Support Project (ASDSP)		
Kenya Climate Smart Agriculture Project (KCSAP)		
Road Maintenance Fuel Levy		
Conditional Allocations for free Maternal health care Allocation		10,000,000
Kenya Urban Support Project (KUSP) -Urban Development Grants (UDG) Released	62,437,600	
Total	217,731,345	234,472,756

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2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	2018 - 2019	2017 - 2018
		KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)			
DANIDA - Universal Healthcare in Devolved Units Programme		20,756,250	23,969,045
Grants Received from Multilateral Donors (International Organisations)			
WB –Transforming Health Systems For Universal Care Project (THUSCP)		23,120,328	
WB-National Agricultural & Rural Inclusive Growth Project (NARIGP)		50,078,476	50,609,855
WB-Kenya Devolution Support Programme(KDSP)			45,056,255
Youth Polytechnic support grant			84,088,455
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	
Grants Received from other levels of government			
Conditional Allocations for free Maternal health care Allocation			10,000,000
Abolishment of user fees in health centres and dispensaries		20,138,691	20,749,146
Road Maintenance Fuel Levy		205,111,631	187,611,138
Total		429,777,502	422,083,894

DANIDA is a grant from World Bank to level two and three hospitals while KDSP is a grant for capacity building and investments in the big four agenda.

NARGIP and ASDSP are grants to support agriculture production in the counties.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2018 - 2019	2017 - 2018
	KShs	KShs
Transfers from Central government entities		
(insert name of budget agency)		
Transfers from Counties		
(insert name of budget agency)		
(insert name of budget agency)		
TOTAL		

(Give a brief description of what the transfers relate to and from whom they were received)

4. PROCEEDS FROM DOMESTIC BORROWINGS

	2018 - 2019	2017 - 2018
	KShs	KShs
Borrowing within General Government		
Borrowing from Monetary Authorities (Central Bank)		
Other Domestic Depository Corporations (Commercial Banks)		
Borrowing from Other Domestic Financial Institutions		
Borrowing from Other Domestic Creditors		
Domestic Currency and Domestic Deposits		
Total		

(Give a brief description of the nature and sources of borrowings including any assets pledged as security)

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

	2018- 2019	2017 – 2018
	KShs	KShs
Foreign Borrowing – Draw-downs Through Exchequer		
Foreign Borrowing - Direct Payments		
Foreign Currency and Foreign Deposits		
Total		

(Give a brief explanation relating to sources of funds, interest charged and terms of repayment)

6. PROCEEDS FROM SALE OF ASSETS

	2018 – 2019	2017 – 2018
	KShs	KShs
Receipts from the Sale of Buildings		
Receipts from Sale of Vehicles and Transport Equipment		
Receipts from Sale of Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from Sale of Strategic Reserves Stocks		
Receipts from Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
Total		

7. REIMBURSEMENTS AND REFUNDS

	2018 - 2019	2017 – 2018
	KShs	KShs
Refund from World Food Programme (WFP)		
Reimbursement of Audit Fees		
Reimbursement on Messing Charges (UNICEF)		
Reimbursement from World Bank – ECD		
Reimbursement from Individuals& Private Organisations		
Reimbursement from Local Government Authorities		
Reimbursement from Statutory Organisations		
Reimbursement within Central Government		
Reimbursement Using Bonds		
Total		

(Give a brief description on what the refunds relate to)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

	2018 - 2019	2017 - 2018
	KShs	KShs
Returns of Equity Holdings in Domestic Organisations		
Returns of Equity Holdings in International Organisations		
Total		

(State briefly from which entities dividends or interest is derived from)

9. COUNTY OWN GENERATED RECEIPTS

	2018 - 2019	2017 - 2018
	KShs	KShs
Fines, Penalties and Forfeitures	6,902,875	2,754,723
Business permits	126,378,883	135,610,582
Cess	20,174,817	43,349,539
Poll rates	60,126,961	37,867,127
Plot rents	62,713,630	19,427,508
Administrative services fees/Sale of forms	8,575,260	1,609,265
Various fees/other land based revenue	3,242,610	27,259,778
Plan approvals	36,907,306	
Lease / rental of council's Infrastructure assets	8,151,673	5,573,804
Other miscellaneous receipts		1,806,377
Market/trade Centre fee	50,388,792	25,372,855
Vehicle parking fees	28,719,937	34,279,107
Parking Fess	18,592,165	
Self Help Group	3,825,810	
Other education-related receipts/poly	2,380,600	134,307
Environment & conservancy Administration	13,515,289	10,784,830
Slaughter houses administration	3,010,010	435,424
Other health & sanitation receipts	2,341,690	88,130,197
Technical services fees		6,542,911
External services fees		10,010,320
Sub Division/Trasnsfer	7,114,440	
Liquor	28,003,100	
Motor Bike	6,833,610	
Advertisement	17,027,999	
Land Hsg And Phy. Planning	1,302,650	
Mariira Farm	2,483,171	
Co Operative Audit	840,110	
Water	123,930	
Livestock (A.I)	3,331,125	

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Meat Inspection	8,210,880	
Vet. Clinical Services	47,220	
Hospitals/H.C	139,482,031	
Public Health	24,008,915	
Weight And Measures	1,067,250	
Others	3,183,230	
Total	699,007,969	450,948,654

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

10. RETURNED CRF ISSUES

	2018 - 2019	2017 - 2018
	KShs	KShs
Recurrent account –assembly		7,194,694
Development account- assembly		9,180,896
Development account –Executive	1,800,000	22,316
RMFL		219,000
Total	1,800,000	16,616,907

The Kshs.1, 800,000 were the unspent balances as at the closure of the financial year 2017/2018.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2018 - 2019	2017 - 2018
	KShs	KShs
Basic salaries of permanent employees	2,993,210,227	3,110,671,214
Basic wages of temporary employees	505,547,870	214,287,306
Personal allowances paid as part of salary		1,837,269
Personal allowances paid as reimbursements		74,700
Personal allowances provided in kind		
Pension and other social security contributions		
Compulsory national social security schemes		
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		
Total	3,498,758,097	3,326,870,489

(Give brief explanation including the comparative number of employees)

12. USE OF GOODS AND SERVICES

	2018 - 2019	2017 - 2018
	KShs	KShs
Utilities, supplies and services	80,562,055	53,024,058
Communication, supplies and services	18,039,588	11,210,069
Domestic travel and subsistence	171,629,204	82,891,247
Foreign travel and subsistence	7,729,233	5,580,682
Printing, advertising and information supplies & services	54,149,087	15,059,515
Rentals of produced assets	23,805,080	18,220,605
Training expenses	124,252,970	51,041,951
Hospitality supplies and services	64,903,444	46,592,100
Insurance costs	14,333,940	25,415,295
Specialized materials and services	1,362,943,062	911,742,236
Office and general supplies and services	29,054,424	16,669,420
Other operating expenses	144,207,870	105,863,366
Routine maintenance – vehicles and other transport equipment	20,061,365	117,245,807
Routine maintenance – other assets	365,804,525	101,368,455
Fuel	46,715,522	35,304,697
Members Subscription		216,000
Total	2,528,191,369	1,597,445,503

(Give a brief explanation of this category of expenses)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

Description	2018 - 2019		2017 - 2018	
	KShs		KShs	
Subsidies to Public Corporations	4,923,500		7,769,519	
<i>See list attached</i>				
(insert name)				
Subsidies to Private Enterprises				
<i>See list attached</i>				
TOTAL	4,923,500		7,769,519	

(Give explanation of the nature of subsidies and the kind of services that have been subsidised)

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018 - 2019		2017 - 2018	
	KShs		KShs	
Transfers to County Government entities				
See attached list (under annex 6A&6B)				
Muranga County Assembly	627,000,000		501,971,452	
Muranga Municipal Board	62,437,600			
TOTAL	689,437,600		501,971,452	

(Provide the nature and purpose of transfers and are these transfers to be recovered)

15. OTHER GRANTS AND PAYMENTS

	2018 - 2019		2017 - 2018	
	KShs		KShs	
Scholarships and other educational benefits	75,466,345			
Emergency relief and refugee assistance				
Subsidies to small businesses, cooperatives, and self employed	9,596,444		65,147,445	
Other Current transfers, grants	77,088,647		39,562,478	
Other Capital Grants and Transfers			98,920,708	
Total	162,151,436		203,630,631	

(Provide explanation as to what other grants and payments relate to and who is the beneficiary)

MURANGA COUNTY GOVERNMENT
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

	2018 - 2019	2017 - 2018
	KShs	KShs
Government pension and retirement benefits		694,597
Social Security Benefits	9,558,682	1,385,587
Employer Social Benefits in cash and in kind		
Total	9,558,682	2,080,184

(Explain where the benefits are remitted and who the beneficiaries are)

17. ACQUISITION OF ASSETS

Non- Financial Assets	2018 - 2019	2017 - 2018
	KShs	KShs
Purchase of Buildings		-
Construction of Buildings		-
Refurbishment of Buildings		-
Construction of Roads	28,913,385	35,514,590
Construction and Civil Works	520,014,874	509,765,207
Overhaul and Refurbishment of Construction and Civil Works		-
Purchase of Vehicles and Other Transport Equipment		-
Overhaul of Vehicles and Other Transport Equipment		-
Purchase of Household Furniture and Institutional Equipment		-
Purchase of Office Furniture and General Equipment		-
Purchase of ICT Equipment	7,866,655	-
Purchase of Specialized Plant, Equipment and Machinery	6,907,796	8,342,358
Rehabilitation and Renovation of Plant, Machinery and Equip.	76,204,512	1,000,000
Purchase of Certified Seeds, Breeding Stock and Live Animals	252,626,899	146,449,110
Research, Studies, Project Preparation, Design & Supervision	3,914,576	6,439,041
Rehabilitation of Civil Works		60,826,752
Acquisition of Strategic Stocks and commodities	43,580,200	71,259,137
Acquisition of Land		-
Acquisition of Intangible Assets		-
Total acquisition of non- financial assets		-
Financial Assets		-
Domestic Public Non-Financial Enterprises		-
Domestic Public Financial Institutions		-
Total acquisition of financial assets		-
Total acquisition of assets	940,028,897	839,596,195

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

	2018 – 2019	2017 – 2018
	KShs	KShs
Exchange Rate Losses		
Interest Payments on Foreign Borrowings		
Other creditors		704,000
Public enterprises		32,757,978
Total		33,461,978

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

	2018 – 2019	2017 – 2018
	KShs	KShs
Repayments on Borrowings from Domestic		
Principal Repayments on Guaranteed Debt Taken over by Government		
Repayments on Borrowings from Other Domestic Creditors		
Repayment of Principal from Foreign Lending & On – Lending		
Total		

20. OTHER PAYMENTS

	2018 – 2019	2017 – 2018
	KShs	KShs
Budget Reserves	186,680	71,155,635
Civil Contingency Reserves		
Other payments	22,943,908	23,543,454
Total	23,130,588	94,699,089

(Provide explanation as to what each component of other expenses relate to)

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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, Developmen t, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2018 – 2019	2017 – 2018
				KShs	KShs
County Revenue Fund A/C No.1000171553				470,728,574	1,029,481,538
CBK-County Development A/C No.1000170988				17,672	-
CBK-County recurrent A/C No. 1000171073				167	154
CBK-County RMLF A/C No.1000252798				17,371,577	-
KCB –Revenue A/C No. 1140745859				561,900	
KCB –payment A/C No.1149363819					2,582,917
Family Bank-Muranga County Govt. bursary a/c no.006000024352				582,402	2,042,577
Equity-Muranga C. Revenue A/C 0220273464893				2,870,355	3,196,226
NARGIP A/C NO.1000368845				50,609,855	-
Special Purpose a/c no.1000346485				3,449,722	-
AGRI SECTOR DEV PROG. II-A/C NO.1000368877				248,150	
CBK-YOUTH POLY-A/C NO.1000368853				11,662,050	
Total				558,102,423	1,037,723,393

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

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21B. CASH IN HAND

	2018 – 2019	2017 – 2018
	KShs	KShs
Cash in Hand – Held in domestic currency	3,238,365	612,094
Cash in Hand – Held in foreign currency		
Total	3,238,365	612,094

Cash in hand should also be analysed as follows:

	2018 – 2019	2017 – 2018
	KShs	KShs
Gatanga sub-county revenue office	123,180	34,390
Kandara sub-county revenue office	148,950	140,940
Maragua sub-county revenue office	670,015	150,900
Town management sub-county revenue office	364,450	161,230
Kiharu sub-county revenue office	340,830	73,510
Mathioya sub-county revenue office	49,700	
Kangema sub-county revenue office	160,940	
Kahuro sub-county revenue office	103,360	
Kigumo sub-County revenue office	1,276,940	51,124
Total	3,238,365	612,094

[Provide cash count certificates for each]