REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF UASIN GISHU

FOR THE YEAR ENDED 30 JUNE 2017

Revised Template of [30-06-2017)]

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB
07 MAR 2018
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P. O. Box 2774 - 30100, ELDORET

COUNTY GOVERNMENT OF UASIN GISHU

AMMENDED

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

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I. KEY COUNTY GOVERNMENT OF UASIN GISHU INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

The *County Government of Uasin Gishu's* day-to-day management is under the following key organs:

Office of H.E the Governor; Jackson k. Mandago
Office of H.E the D/Governor; Daniel k. Chemno
Office of the CEC Member - Finance Economic Planning; Shadrack k. Sambai
Office of the CEC Member -Public Service Management; Barnabs k. Sang
Office of the CEC Member -ICT&E-Government; Barnabs k. sang
Office of the CEC Member -Trade, Tourism, Wildlife &Industrialization; Philip k. Meli
Office of the CEC Member -Health Service; Margaret c. Chepkwony
Office of The CEC Member -Environment, Energy, Water and Industrialization; Mary w. Njogu
Office of the CEC Member -Roads, Transport & Public Works; Gideon Birir
Office of the CEC Member -Agriculture, Livestock &N Fisheries Development; Cyril Cheruiyot
Office of the CEC Member -Lands& Housing; And Physical planning; Robert Ngisirei
Office of the CEC Member -Education, Culture, Youth sports & Social Service; Enock K. Muigei

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Officer-Finance	**Peter K. Chesos**
2.	Chief Officer- Public Service Management	**Miriam J. Kosgei**
3.	Chief Officer-ICT & E- Government	**Edwin K. Sutter**
4.	Chief Officer-Trade, Tourism, Wildlife & Industrialization	**Simeon K. Cheplel**
5.	Chief Officer-Health Services	**Wilson K.Kemei**
6.	Chief Officer- Environment, Energy, Water & Natural Resources	**Simion K. Kemei**
7.	Chief Officer-Roads, Transport & Public Works	**Patrick K. Mutai**
8.	Chief Officer-Agriculture, Livestock & Fisheries Development	**Victoria J. Tarus**
9.	Chief Officer-Lands & Housing and Physical Planning	**Nelson K.Maritim**
10.	Chief Officer-Education, Culture, & Social Services	**Keneth K. Misoi**
11	Chief Officer Administration and Cordination	**Edwin K. Bett**
12	Chief Officer-Budgeting & Economic Planning	**Millicent A. Okonjo**
13	Chief Officer-, Youth & Sports	**Eunice Kerich**

(d) Fiduciary Oversight Arrangements

1. County Assembly of Uasin Gishu County;
2. Public Accounts Committee; and
3. Budget and Appropriations Committee.

(e) County Government of Uasin Gishu Headquarters

P.O. Box 40 ELDORET
County Hall Building
Uganda Road/Highway
ELDORET, KENYA

(f) County Government of Uasin Gishu Contacts

Telephone: (254) 0532016111
E-mail: cecfinance@uasingishu.go.ke
Website: www.go.ke

(g) County Government of Uasin Gishu Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya

2. Kenya Commercial Bank
   P.O Box 560 – 30100
   ELDORET, KENYA

3. Cooperative Bank
   P.O Box 2948 – 30100
   ELDORET, KENYA

4. Chase Bank
   P.O. Box 2926 – 30100
   ELDORET, KENYA

5. Family Bank
   P.O. Box 629 - 30100
   ELDORET, KENYA

6. Equity Bank
   P.O Box
   ELDORET

1. Independent Auditors

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

2. Principal Legal Adviser

The County Attorney General
Legal Office
County Hall
P.O. Box 40
Eldoret, Kenya

FORWARD BY THE CECM FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of County Government Of Uasin Gishu financial statements for the year ended 30th June 2017. The financial statements present the financial performance of the County Government over the past year. The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Financing of the County Governments Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution. The County also finances its operations through own generated revenues. These are revenues collected within the County. They key local revenue sources for County Government Of Uasin Gishu included business permits, land rates, business plan approval, advertising fees, cesses and various other administrative charges. The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include: 1) Automation of revenue collection system the County is currently testing, as a pilot, the viability of using UGPAY as the revenue collection system. Financial Performance a) Revenue In the year ended 30th June 2017, the County had projected revenues of KShs 7,046,240,041, consisting of KShs 1,192,000,000 from own sources and KShs 5,854,240,041 from other sources.

CARA revenues continue to form the largest part of our revenue budget, contributing 79% towards our budget. Our own generated revenues formed 17% of our budget. Out of the projected revenue, the County was able to realise KShs 6,548,249,462 in actual revenues, representing 92% performance. This low performance was as a result of low realization of the own generated revenues whose performance was at 56%. In the table below, we present an analysis of revenue performance during the year.

Revenue Classification	Revenue Budget Kshs	Actual Kshs	Realization %
CARA	5,601,025,717	5,601,025,717	100%
Own Generated Revenue	1,192,000,000	668,487,942	56%
Conditional allocations	359,590,824	258,337,289	69%
Unspent Funds b/f	672,847,174	672,847,174	100%
Total	**7,825,463,715**	**7,200,698,122**	**92%**

Our total expenditure for the year amounted to KShs 6,220,445,880. KShs 1,658,003,013 was spent on development expenditure while KShs 4,562,442,867 was spent on recurrent expenditure representing a ratio of 27:73 respectively

FY 2016/2017 was a good year in general. Good progress was made and the momentum has been created to enable County Government Of Uasin Gishu continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that County Government Of Uasin Gishu achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Uasin Gishu county.

06 MAR 2018

JULIUS KORUTTO
CECM – FINANCE & ECONOMIC PLANNING
COUNTY GOVERNMENT OF UASIN GISHU

II. 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 County Government of Uasin Gishu, 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, 2017. 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, 2017, 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 _____ 2018

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
CEC FINANCE & PLANNING

_____

County Executive Committee member, Finance

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF UASIN GISHU FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Uasin Gishu set out on pages 8 to 39, which comprise the statement of assets as at 30 June 2017, and the statement receipts and payments, statement of cash flows and summary statement of appropriation 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 of the effects of the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of County Executive of Uasin Gishu as at 30 June 2017, 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.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter Sections of my report, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Receipts

1.1 Finance Bill 2016

The statement of receipts and payments reflect total receipts figure of Kshs.6,548,249,462 which include county own revenue amount of Kshs.668,487,942 collected from various revenue streams against budgeted amount of Kshs.1,192,000,000 for the year ended 30 June 2017. However, management has not provided approved County Finance Bill 2016/2017. Although information available indicates that the same was discussed in various meetings involving various stakeholders and eventually presented to the Uasin Gishu County Assembly on 23 September 2016 for approval, no documentary evidence has been provided to confirm that the same was approved by the County Assembly contrary to Section 133 of the Public Finance Management Act, 2012

which states that not later than ninety days after passing the Appropriation Bill, the county assembly shall consider and approve the Finance Bill with or without amendments. Consequently, therefore management is in breach of the law.

1.2 Revenue Collection Management System

As reported in the previous year, an ICT company was paid Kshs.18,306,685 (Kshs.11,625,413 on 22 October 2015 and Kshs.6,681,272 on 31 March 2016) or approximately 47% of the contract sum of Kshs.38,751,377.60 in respect of customization, installation and implementation of County revenue collection and management system for customization of revenue collections, cash flow management and funds requisitioning under tender No. CGU/T/011/2014/2015 which is 47% of the value of the contract sum of Kshs.38,751,377.60. According to the contract agreement signed on 3 February 2015 the system was to be delivered in 120 days from the time of signing the agreement. A review of the position during the 2016/2017 audit in January 2018 revealed that nearly three years after signing of the contract, there is no evidence that the vendor has installed the three modules that had not been installed as at 30 June 2016 which included asset management system, water billing and management system and the geographic information system (GIS) integration interface.

In addition, the system has not been integrated with all revenue bank accounts except one revenue bank account and MPESA, while deposits done in other banks cannot be linked directly to the relevant services paid for. The system also has no provision or capacity to accrue interest/penalty for delayed payments.

A further analysis of point of sales receipts availed revealed that there were frequent cases of offline sales that are not captured in the revenue system which was said to have been occasioned by frequent system failures during revenue collection, an indication of ineffectiveness of the revenue management system. Consequently, the delay in completion of the system implementation means all the objectives of the project have not been met and residents of Uasin Gishu did not obtain value for money amounting to Kshs.18,306,685 spent on the system.

1.3 Land Rates Revenue

The county own generated revenue of Kshs.668,487,942 includes land rates revenue amounting to Kshs.97,587,849 out of the budgeted amount of Kshs.254,000,000 to result to under collection of Kshs.156,412,151 or 62% of the budgeted amount. Records availed for audit indicated that land rates charged were based on valuation rolls updated in the year 2006 for the municipality and 2002 for other areas outside municipality. Although the management explained that they were in the process of preparing new valuation roll, it is only Burnt Forest town where a contract for the same had been awarded.

Further, the management explained that the arrears accruing from land rates are in excess of a billion Kenya shillings, however no record showing the arrears as at 30 June 2017 was availed for audit review. Consequently, the accuracy and completeness of the land rates revenue amounting to Kshs.97,587,849 for the year ended 30 June 2017 could not be confirmed.

1.4 Street Parking Fees

Included also in local revenue figure of Kshs.668,487,942 is an amount of Kshs.156,734,024 collected from motor vehicle parking fees. However, the management did not maintain a register of the parking slots available within the county which, would otherwise give an indication of the effectiveness of collection of revenue from street parking fees. Further, the reserved parking register availed did not indicate parking slot number, reserved parking barrier number and payment receipt numbers. Although management has explained that the demarcation and numbering of street parking was on-going, no documentary evidence has been provided and it is not known when the same shall be completed. In the circumstances, the accuracy of motor vehicle parking fees figure of Kshs.156,734,024 for the year ended 30 June 2017 could not be confirmed.

1.5 Housing Rent

The local revenue figure of Kshs.668,487,942 further includes house rent amounting to Kshs.22,368,764 for the year ended 30 June 2017. Information availed for audit indicates that the County Government has 1,359 rental houses and 2,946 kiosks and toilets all with expected monthly rent of Kshs.6,173,769 and annual rent of Kshs.74,085,228. However, only Kshs.22,368,764 or approximately 30% of the of the expected amount was realised to leave Kshs.51,716,464 uncollected for the year ended 30 June 2017. Further, record of rent arrears revealed that the county government rent arrears amounted to Kshs.211,338,223 as at 30 June 2017 due from tenants. However, the management has not explained the measures being put in place to ensure that rent arrears are recovered promptly to enhance service delivery to the citizens of Uasin Gishu.

Consequently, the recoverability of rent arrears amounting to Kshs.211,338,223 is in doubt and the management may not be able to deliver on its mandate due to lack of funds arising from the inability to collect the projected revenue.

2.0 Compensation of Employees

2.1 Expenditure on Wages and Benefits

As reported in the previous year, the statement of receipts and payments for the year ended 30 June 2017 reflects compensation of employees balance of Kshs.2,564,364,131 which is approximately 39% of the total revenue of Kshs.6,548,249,462 and thus exceeded the recommended ratio of 35% stipulated in Section 25 (1) of the Public Finance Management (County Governments) Regulations 2015. Consequently, the County Government is in breach of the law and the wage bill may not be sustainable unless adequate measures are put in place to contain the rising wage bill and declining revenue collection.

3.0 Other Current Grants and Transfers

3.1 Subsidized Maize Seeds to Cooperative Societies

Included in other grants and transfers figure of Kshs.120,583,584 as reflected in the statements of receipts and payments for the year ended 30 June 2017 is other capital

grants and transfers figure of Kshs.96,688,861 as disclosed in note 15 to the financial statements out of which, transfers to cooperative societies figure of Kshs.16,204,690 was disbursed to forty (40) farmers' cooperative societies in respect of subsidized Maize seed. However, policy guidelines regarding identification of eligible farmers, conditions and terms of disbursement, monitoring and evaluation were not availed for audit review. Consequently, the validity and propriety of the payments amounting to Kshs.16,204,690 disbursed to forty (40) farmers' cooperative societies in respect of subsidized maize seed for the year ended 30 June 2017 could not be confirmed.

4.0 Acquisition of Assets

4.1 Construction of Buildings

The statement of receipts and payments for the year ended 30 June 2017 reflects acquisition of assets figure of Kshs.1,518,420,152 which includes expenditure on construction of buildings balance Kshs.178,192,314 as disclosed in note 17 to the financial statements. Available information revealed that the construction of buildings figure of Kshs.178,192,314 includes payments in respect of buildings that had either stalled or whose completion period had elapsed as detailed below:

4.2 Stalled Projects

4.2.1 Construction of Proposed Model Sub-county Hospital Phase 1 - Ziwa Health Centre

As reported in the previous year, the County Government of Uasin Gishu paid a Construction firm an amount of Kshs.3,548,850 during 2015/2016 for the completion of the construction of Ziwa Sub County Hospital Phase 1. The contract was awarded at a contract sum of Kshs.93,476,582. The contract agreement was signed on 26 June 2015 and works expected to be completed within fifty two (52) weeks or on 24 September 2016 with effect from 24 September 2015. The contract involved construction of Ground Floor, OPD block, Maternity block and Family planning block. It was further reported that status report was not availed for audit review to show the progress made and hence it was not possible to confirm the percentage of work done or the date when the works were due for completion. Further, there was no evidence provided to show that the contractor provided performance bond as required in the contract agreement.

A physical inspection of the project during 2016/2017 revealed that the project still remains stalled and audit verification carried out in January 2018 indicated that only excavation works on a part of the foundation had been done, back filled and walling done up to four courses on one side while the rest of the foundation had been dug with no back filling. The contractor was not on site and there was no work that was going on. The entire site is covered with overgrown vegetation an indication that the contractor left the site over considerable period of time. Further, although a copy of performance bond for Kshs.4,678,830 from an insurance company was provided, it had expired on 3 July 2015 and no evidence was provided to show that the performance bond was renewed. Consequently, the objective of this project has not been achieved and no value for money has been obtained.

4.2.2 Construction of Proposed Model Sub-County Hospital Phase 1 – Moiben Health Centre

As reported in the previous year, a construction firm was awarded a contract for the construction of a model Sub-county Hospital Phase 1 at Moiben Health Centre through tender No. UGC/T/47/2014-2015 at a contract sum of Kshs.98,246,240. The contract agreement was signed on 25 June 2015 and works expected to be completed within fifty two (52) weeks on 3 August 2016 with effect from 3 August 2015. The contract involved construction of Ground Floor, OPD block, Maternity block and Family planning block. Information available however, indicated that the contract was terminated in May 2016 due to non-performance by the contractor and that default notices to the contractor for non-performance of the contract prior to termination of the contract were not provided for audit review. Further, no evidence was provided to show that the contractor had provided a performance bond as required in the contract. Available information further showed that the contractor filed case No.9/2016 on 12 May 2016 against the County Government for non-payment and unlawful termination of the contract.

Although no payment had been made to the contractor by 30 June 2017, there is a likely contingent liability for unlawful termination of the contract and loss of benefits that would have accrued from the project.

A review of the position during 2016/2017, and audit verification carried out in January 2018 revealed that no additional work has been done since the last audit although sand, cement, ballast, and building stones of various quantities were still on site unsecured.

Consequently, the objective of this project has not been achieved and no value for money has been obtained.

4.2.3 Construction of Kapseret Sub-County Office

The County Government of Uasin Gishu advertised in a local daily of 29 January 2015 tender No.UGC/PW/03/2014/2015 for the construction of the Kapseret Sub-County offices. The tender was awarded to a construction company at a contract sum of Kshs.33,242,000. The contract agreement was signed on 14 May 2015 and works expected to be completed within fifty two (52) weeks from the date of signing the agreement. The contract involved construction of a two storey building office. During the year 2015/2016, payments amounting to Kshs.25,874,581 or approximately 78% of the contract sum were paid to the contractor. Audit inspection of the project carried out in January 2018 revealed that the project is incomplete more than a year after the expected completion date. It was observed that the foundation works, superstructure, internal walling of ground and first floor had been done but the rest of works were incomplete and the contractor was not on site. Further, the contractor's performance bond from AMACO Insurance Company expired on 12 May 2016 and the management has not explained measures being taken to ensure that the contractor completes the project to the benefit of the people of Uasin Gishu County.

Consequently, the objective of this project has not been achieved and no value for money has been obtained on the money so far spent on the project

4.2.4 Construction of Kipkaren River Market

The county Government of Uasin Gishu advertised in a local daily of 29 January 2015 tender No.CGU/T/21/2014/2015 for construction of Kipkaren River Market. The tender was awarded to a construction company at a contract sum of Kshs.3,949,990. The contract agreement was signed on 13 May 2015 and works expected to be completed in twelve (12) weeks commencing immediately upon handing over of the site. The contract involved construction of market stalls and erecting chain link fence at the market. An amount of Kshs.2,639,425 was paid to the contractor in May 2016 which was approximately 67% of the contract sum.

Although no additional payments were made during 2016/2017, physical verification of the project revealed that the project remained stalled after the foundation excavation works had been done which has been filled with soil and covered with over grown grass. Some sections of the fence erected using concrete poles and chain link had been vandalized. Despite the project employer having issued a default notice on 12 January 2018 to the contractor for failure to complete the project as per contract agreement, the contractor was still not on site and it is not known when the project shall be completed.

Consequently, the objective of this project has not been achieved and no value for money has been obtained on the expenditure of Kshs.2,639,425 so far incurred on the project.

4.2.5 Construction of Electric Fencing at Chebororwa Agricultural Training Centre (ATC)

As reported in the previous year, an amount of Kshs.5,109,780 was paid to two firms in respect of construction of a chain link fence and electric fence at Chebororwa Agricultural Training Centre (ATC). The contract sum for the construction of the chain link fence was Kshs.13,029,220, while construction of the electric fence was contracted at Kshs.15,323,849. Both contracts were to be completed within 12 weeks with effect from 13 April 2015. However, status reports were not availed for audit review to show the completion status and indicate the percentage of work done and that audit verification of the project works in the month of October 2016 revealed that the construction works had stalled and the contractors were not on site. Although it was explained that the project stalled due to ATC land ownership dispute and that the matter was before the Courts, the Senate and National Assembly, no further information was provided on how the management was addressing the issue with the contractors.

Information available indicates that the court on 22 September 2017 ruled in favour of the County Government in a case that had been filed by the residents of Chebororwa and that public land should be fenced, and the county government had embarked on sensitization of the public of the importance of the project to the community. It is however not known when the contractors will resume work and when the fencing shall be completed and at what cost.

Consequently, the residents of Uasin Gishu have been denied the benefits that would have accrued from the stalled projects had they been implemented as planned.

4.3 Delayed Completion of Projects

4.3.1 Construction of Proposed Model Sub-county Hospital Phase 1 – Kesses Health Centre

The County Government of Uasin Gishu advertised in a local daily of 10 April 2015 tender No.UGC/T/49/2014-2015 for the construction of the Kesses Sub County Hospital Phase 1. The tender was awarded to a construction company at a contract sum of Kshs.97,819,230.36. The contract agreement was signed on 26 June 2015 and works expected to be completed within fifty two (52) weeks on 26 June 2016. The contract involved construction of Ground Floor, OPD block, Maternity block and Family planning block.

During the year under review payments amounting to Kshs.14,941,499.50 were made in addition to Kshs.55,854,294 paid during 2015/2016 to bring the total payments in respect of the project to Kshs.70,795,794.10 or approximately 72.4% of the contract sum.

Audit verification carried out in January 2018 revealed that the foundation, walling, super structure, floor, plastering, doors and window fixing and window glass fixing on OPD block, maternity and family planning blocks are complete while electrical, plumbing, and painting works were on going on the three blocks. It was further observed that the project was behind schedule by over eighteen (18) months while the performance bond provided of Kshs.4,940,000 from an Insurance Company expired on 15 June 2016 and no evidence was provided to show that the performance bond was renewed. Although the management has explained that the delay was due to the adverse weather condition and that the works are now at 99% complete, no documentary evidence was provided to show that the contract period was extended and when the same shall be completed.

4.3.2 Construction of Perimeter Wall and Security House at Kuinet

Included in construction of buildings amount of Kshs.178,192,314 as disclosed in note 17 to the financial statements is an amount of Kshs.2,618,400 paid to a construction company in respect of construction of perimeter wall and security house at Kuinet. The county Government of Uasin Gishu advertised in a local daily of 12 January 2017 tender No.CGU/TRADE/T/051/2016/2017 for the construction of perimeter fence and two security houses at Kuinet Market and the tender awarded to a supplies company at a contract sum of Kshs.6,590,070. The contract agreement was signed on 6 March 2017 and works expected to be completed within twelve (12) weeks. The contract involved construction of perimeter wall, two security houses and two gates. The payment of Kshs.2,618,400 which is approximately 39.7 % of the contract sum was paid to the contractor on 30 June 2017 vide payment voucher number 10004028.

Available information revealed that only 70% of the works was complete. A physical verification of the project in January 2018 revealed that walling works was complete but with no finishes, while construction of two security houses and fixing of two gates is yet to start. The contractor was not on site and the performance bond issued by Equity Bank expired on 2 February 2018. No evidence was provided for audit review to show that there was either extension of contract period or renewal of the expired performance bond. Consequently, the objectives of the project may not have been achieved and no value for money for the expenditure of Kshs 2,618,400 was obtained.

4.3.3 Construction of Fire Station at Burnt Forest

Included in construction of buildings amount of Kshs.178,192,314 as disclosed in note 17 to the financial statements is an amount of Kshs.1,598,200 paid to a construction company in respect of construction of fire station at Burnt Forest. The county Government of Uasin Gishu advertised in a local daily of 18 March 2016 tender No. CGU/T/18/2015-2016 for the construction of the fire substation in Burnt Forest. The tender was awarded to a building contractor at a contract sum of Kshs.5,991,353 and the contract agreement signed on 13 May 2016 and the work was expected to be completed within eight (8) weeks after signing of the contract. The contract involved construction of machine bay and a control room, residential quarters for staff, septic tank and plumbing works. The payment of Kshs.1,598,200 to the contractor was made on 31 May 2017 vide payment voucher number 10003413 which was approximately 26% of the contract sum.

However, physical verification of the project carried out in January 2018 revealed that the project is incomplete more than a year after the expected completion date. The major activities done include foundation and slab laying on the staff quarters while foundation and walling works were complete in respect of machine bay and control room. Works on septic tank were yet to start. Although the management has indicated that default notice has been issued to the contractor, no additional information has been provided on when the construction of the project is expected to be completed.

Consequently, the objectives of the project may not have been achieved and no value for money for the expenditure of Kshs.1,598,200 was obtained.

4.4 Infrastructure Development

4.4.1 Construction of Toilets

The acquisition of assets figure of Kshs.1,518,420,152 includes construction of buildings amount of Kshs.178,192,314 for the year ended 30 June 2017 as disclosed in note 17 to the financial statements out of which an amount of Kshs.7,875,434 was incurred on construction of four toilets to various markets in the county as below:

	Project	Contract Amount (Kshs)	Amount Paid as at 30 June 2017 (Kshs)
1	Kuinet Market Toilet Block	3,999,240	2,060,000
2	Burnt forest Market Toilet Block	4,252,550	2,060,000
3	Sogomo Market Toilet Block	3,952,360	2,060,000
4	Construction of Toilet block at Jua-Kali	1,695,434	1,695,434
	Total	**13,899,584**	**7,875,434**

A physical verification of the projects carried out in January 2018 revealed that the construction works was complete although the projects had not been handed over to the county government. However, the toilets cannot be put into use due to lack of septic tanks and water connections which were not included in the tenders for construction. Although

the management has explained that the projects had been phased and that the next phase would be the construction of septic tanks and water connections, no documentary evidence has been provided to show when the septic tanks and water connection shall be done and at what cost. Consequently, the objective of the projects has not been achieved and people of Uasin Gishu did not obtain value for Kshs.7,875,434 spent on the four toilets for the year ended 30 June 2017.

4.4.2 Construction of Chagaiya High Altitude Training Camp

The construction of buildings figure of Kshs.178,192,314 as disclosed in note 17 to the financial statements for the year ended 30 June 2017 includes an amount of Kshs.14,646,788.10 or approximately 8.5% of the contract sum of Kshs.172,310,405 paid to a construction company on 28 June 2017 vide payment voucher number 10003859 in respect of the construction of a high altitude training camp at Chagaiya to promote sports tourism in the county. Tender No. CGU/TRADE/T/003/2016/2017 for the construction of the training camp was advertised in local dailies of 12 October 2016 and 14 October 2016 and the tender awarded at a contract sum of Kshs.172,310,405. The contract agreement was signed on 29 December 2016 and works expected to be completed within eighteen (18) months commencing immediately upon signing of the agreement.

The contract involved construction of bungalow hostel, twin tower, four storey building, locker rooms and a swimming pool. The bungalow hostel consisted of 18 hostel rooms, television room, common room, restaurant, board room, gymnasium, and a reception while the twin four story building contained: offices, board room, male and female changing rooms, kitchen and additional hostel rooms.

A physical verification of the project in January 2018, over twelve months after signing of the contract agreement revealed that approximately 30% of the works had been done. The bungalow hostel foundation, slab laying works were complete while walling works was ongoing. The first twin tower excavation, slab laying works is complete with walling and steel fixing was ongoing while excavation works was on going on the second tower. Works on swimming pool was yet to start. The project is therefore not likely to be completed within the contract period of 18 months with only 30% of the works done and with almost six months remaining to complete approximately 70% of the remaining works. In addition, approval of the project by the cabinet, budgetary funding plan for the project and details of managerial and operational plan for completed project were not availed for audit review. Consequently, the propriety of the expenditure of Kshs.14,646,788.10 could not be confirmed for the year ended 30 June 2017.

4.5 Construction and Civil Works

4.5.1 Construction of Chepkonfgony- Kiburer Bridge

Included in construction and civil works amount of Kshs.512,031,767 as disclosed in note 17 to the financial statements for the year ended 30 June 2017 is an amount of Kshs.17,980,716.30 paid to a construction firm on 10 March 2017 vide PV No 112 and Invoice No 895954 dated 1 February 2017 in respect of Construction of Chepkongony–

Kiburer Bridge which was the full contract sum. The tender was awarded to the firm through Tender No. CGU/RDS/B&BC:08/2015-16 and the contract signed on 15 July 2016. The works were to commence on 1 August 2016 and be completed in 6 months on 28 February 2017. According to the tender documents, all bidders were to have major plant and equipment to be used in the civil works and provide a proof of ownership or lease agreement for the equipment to be used. However, the construction firm that was awarded the tender attached to the tender documents unsigned confirmation note from another company indicating that they have a lease agreement for equipment with the contractor running till 10 March 2017. Further, the lease agreement was not provided for audit review indicating the equipment leased. Also, the payment was not supported by an interim certificate to show the certified amount of work done.

Audit verification of the project in February 2018 revealed that the superstructure of the bridge, painting, pipe handrails, back filling was done and the bridge was in use. However, no progress reports, inspection and acceptance and handing over/ commissioning report were availed for audit review. Consequently, the propriety of the expenditure of Kshs.17,980,716.30 incurred on the project could be confirmed for the year ended 30 June 2017.

4.5.2 Construction of Besiobor - Kosachei Bridge

Included in construction and civil works amount of Kshs.512,031,767 as disclosed in note 17 to the financial statements for the year ended 30 June 2017 is an amount of Kshs.12,336,879.33 paid to a construction company on 10 May 2017 vide PV No 166 and interim certificate No 1 dated 17 May 2017 in respect of construction of Besiobor-Kosachei Bridge. The tender was awarded to the company for a contract sum of Kshs.26,330,175.90 through Tender No. CGU/RDS/B&BC: 9/2105-16 and the contract signed on 15 July 2016. The works were to commence on 1 August 2016 and be completed in 6 months on 28 February 2017.

Audit review revealed that the performance bond submitted by the contractor was valid up to 29 December 2016 while the contract was to be completed on 28 February 2017 and the management has not explained why a performance bond which was to expire before delivery of the contract contrary to the signed contract which stated that before execution of the contract, the contractor shall first submit a performance bond guarantee of 5% of the tender sum from a financial institution covering the entire duration of the contract.

According to the report of the Inspection and Acceptance Committee dated 22 March 2017, the level of work completed was at 50% and which further stated that the project delayed because of land issues which required compensation. Information available indicates that the inspection and acceptance committee instructed the Resident Engineer to revise the work plan in a view to extent the completion period. However, no request for extension from the contractor was provided for audit. Although the management has indicated that a request to extend the contract period and which is being adjudicated by the Resident Engineer was received from the contractor, no documentary evidence was provided for audit and it is not known when the bridge shall be completed. Consequently,

the people of Uasin Gishu County have not got value for Kshs.12,336,879.33 spent on the bridge for the year ended 30 June 2017.

4.5.3 Construction of Lelachbei-Telut Box Culvert

Included in construction and civil works amount of Kshs.512,031,767 as disclosed in note 17 to the financial statements for the year ended 30 June 2017 is an amount of Kshs.4,882,701.51 paid to a construction company on 10 May 2017 vide PV No 114 and interim payment certificate No.1 dated 31 January 2017 in respect of the construction of Lelachbei-Telut box culvert. The tender was awarded to the company for a contract sum of Kshs.12,750,010.69 through Tender No. CGU/RDS/B&BC: 06/2105-16 and the contract signed on 15 July 2015. However, the tender performance bond guarantee provided by the contractor from Eco bank for Kshs.637,500 had no date and was only valid up to 6 January 2016 while the tender was advertised on 11 and 12 May 2016.

Although audit verification of the project in January 2018 revealed that the bridge was complete and in use, the progress report and completion certificate were not availed for audit review. Consequently, the propriety of the expenditure of Kshs.4,882,701.51 could not be confirmed for the year ended 30 June 2017.

4.5.4 Construction of Chepyakwai-Ngara falls Bridge

Included in construction of civil works expenditure of Kshs.512,031,767 as disclosed in Note 17 to the financial statements is expenditure of Kshs.3,878,668.80 paid to a construction company in respect of construction of Chepyakwai-Ngara falls Bridge. However, tender documents including tender opening register, tender evaluation minutes, notification and acceptance letters, tender award letter, performance bond guarantee and signed contract agreement were not availed for audit verification.

Although the status reports and inspection and acceptance committee certificate stated that the project is complete, audit verification of the project works in the month of January 2018 revealed that painting and inserting guardrails to the bridge had not been done as required by the bill of quantities under miscellaneous bridge/drift works (item number 21). Bridge painting was to cost Kshs.75,000 and guardrails Kshs.420,000. In addition, there was no evidence of continuation of construction works at the ground as the contractor was not on site. Consequently, the people of Uasin Gishu may not have obtained value for Kshs.3,878,668.80 spent on the bridge for the year ended 30 June 2017.

4.6 Purchase of ICT Equipment

The purchase of ICT equipment figure of Kshs.27,096,141 as disclosed in Note 17 to the financial statements for the year ended 30 June 2017 includes a payment of Kshs.6,423,996.48 to a computer firm in respect of supply, delivery, installation, commissioning and maintenance of point to point connectivity. Tender No. UGC/T/14/2015-2016 was awarded to the firm at a contract sum of Kshs.10,706,660.80. The contractor was subsequently paid an amount of Kshs.4,282,664.32 during the

financial year 2015/2016, while the balance of Kshs.6,423,996.48 was paid during the year ended 30 June 2017.

Although the contract sum has been paid in full, audit inspection in January 2018, revealed that a number of lines connecting the county headquarter and outside stations that were tested did not go through as expected, an indication that the project was either incomplete or was not implemented as per the expectations of the contract. Although the management explains that the reason for the poor connectivity is due to prolonged power outages in the out stations which goes even for full day without electricity, it has not indicated the measures being put in place to ensure that the equipment provide the service anticipated. Consequently, the residents of Uasin Gishu County did not obtain value for Kshs.10,706,660.80 spent on the communication equipment.

4.7 Construction of Milk Cooling Plants

As reported in the previous year, thirteen contracts for the construction of milk cooling plants at a total contract sum of Kshs.228,586,162 were awarded on 18 April 2016 and were to be completed in 24 weeks on 18 October 2016 and that an amount of Kshs.4,119,410 was paid to one of the contractors during the year.

A review of the position during the year under review showed that amounts totalling Kshs.138,176,455 were paid to the contractors and included in the purchase of specialised plant, equipment and machinery figure of Kshs.242,860,557 as disclosed in note 17 to the financial statements, to bring the total payments on the projects to Kshs.142,295,865 as at 30 June 2017. Although the projects were to be completed by 18 October 2016, none had been completed as at the time of this audit in January 2018 which is over 15 months late and no documentary evidence was provided for extension of contract period. The ownership of land where the coolers are being constructed is owned by Cooperatives and it is not known how the general public will benefit from the facilities once they are complete. In addition, although the management explained that the coolers shall be supplied by the National Government after the buildings are completed, no memorandum of understanding has been provided to confirm that the National Government had indeed committed to supplying the coolers once construction of the buildings is complete. According to letter Ref. No. MOALF/DLP/DAIRY/46/Vol.1/58 dated 9 June 2016 from the Ministry of Agriculture, Livestock and Fisheries to all Governors, 980 coolers of 2000 litres, 3000 litres and 5000 litres were to be procured and the county governments were required to request for the coolers according to their needs by 24 June 2016 after which the design of the milk cooler buildings were to be sent to the county governments. However, no documentary evidence was provided to show the number and sizes of coolers requested for and confirmation from the ministry that it will supply the coolers once the buildings are complete.

A physical verification in January 2018 revealed that the structures were still incomplete at various levels of completion but none of the contractors was on site. It is therefore not known when the buildings shall be completed. Consequently, the residents of Uasin Gishu did not receive value for Kshs.142,295,865 so far incurred on this project.

4.8 Purchase of Land for Early Child Development Education (ECDEs) and Other Projects

The acquisition of assets figure of Kshs.1,518,420,152 as disclosed in Note 17 to the financial statements includes acquisition of land amount of Kshs.47,846,000 out of which an amount Kshs.32,366,000 is in respect of purchase of eight (8) pieces of land for various projects. Information available indicates that the acquisition of land was through direct procurement method which was approved on 24 March 2016 since the parcels of land to be acquired were said to be adjacent to already existing institutions and which had permanent structures. However, three pieces of land measuring 0.9, 3, and 13.5 acres respectively costing a total of Kshs.8,190,000 were not supported by requisitions from the beneficiaries indicating the sizes of land required.

Consequently, it was not possible to confirm whether the land purchased for Kshs.8,190,000 was actually required by the beneficiaries and as a result the propriety of the same could not be ascertained for the year ended 30 June 2017.

5.0 Unjustified Expenditure on Domestic Travel

Included in budget reserves figure of Kshs.18,860,900 as disclosed in note 20 to the financial statements for the year ended 30 June 2017 is an amount of Kshs.5,251,200 paid to a staff of the County Executive in respect of allowances for forty three (43) members of county assembly and forty nine (49) county staff to attend 2017/2018 budget discussion in Kisumu between 4 and 8 May 2017. According to letter Ref. UG/CA/B1/BGET/VOL1/80 dated 3 May 2017 from the County Assembly, the number of members who were to attend the workshop was not indicated. It was therefore not possible to confirm how the figure of Kshs.5,251,200 was arrived at. Further no justification has been provided for holding the workshop outside the County Headquarters contrary to Treasury Circular No.20/2015 of 4 November, 2015 that required public entities to hold meetings within their respective headquarters. Further, no reason was provided as to why individual imprests were not issued to the officers as required by Section 91 of the Public Finance Management (County Governments) Regulations, 2015. Consequently, the management breached the law and the propriety of Kshs.5,351,200 for the year ended 30 June 2017 could not be confirmed.

6.0 Cash and Cash Equivalents

6.1 Bank Reconciliation Statements

The statement of financial assets reflects bank balance of Kshs.947,843,844 as at 30 June 2017. However, the County Government of Uasin Gishu did not prepare bank reconciliation statements using the IFMIS cash management (CM) module, have such reports checked, signed off and filed as evidence of review as required by the Treasury Circular Ref: AG/16/1/VOL.IV/76 dated 13 July 2017 and the revised reporting template by the Public Sector Accounting Standards Board. The management is therefore in breach of the law.

6.2 National Bank of Kenya Account

The statement of financial assets as at 30 June 2017 reflects bank balance of Kshs.947,843,844 which includes National Bank of Kenya overdrawn balance of Kshs.19,100 as disclosed in Note 21A to the financial statements. Audit review of the bank reconciliation statement for the month of June 2017 for the revenue collections bank account at National Bank of Kenya reflects an overdraft cashbook balance of Kshs.19,100 which is reflected as the same as the balance as per bank statement. However, the certificate of bank balance reflects nil balance as at 30 June 2017 resulting in a variance of Kshs.19,100 and which has not been explained or reconciled.

The negative balance has also been netted off against the bank balance of Kshs.947,862,944 contrary to the International Public Sector Accounting Standards No.1 on presentation of the financial statements that prohibits netting of assets against liabilities. Consequently, the accuracy of the bank balance of Kshs.947,843,844 as at 30 June 2017 could not be confirmed.

7.0 Statement of Cash Flows

The statement of cash flows for the year ended 30 June 2017 reflects cash and cash equivalent at end of the year figure of Kshs.883,538,788 while the statement of assets and liabilities reflects a figure of Kshs.954,743,416 as at 30 June 2017 to result to a variance of Kshs.71,204,628 which has not been explained or reconciled. The statement of cash flows further reflects comparative cash at year end figure of Kshs.614,305,226 while the statement of financial assets reflects cash and cash equivalent figure of Kshs.659,395,976 as at 30 June 2016 to result to a variance of Kshs.45,090,750 which has also not been explained or reconciled. Consequently, the accuracy of the statement of cash flows for the year ended 30 June 2017 could not be confirmed.

8.0 Handing Over of Assets and liabilities from Defunct Local Authorities

The summary of fixed assets register at Annex 4 to the financial statements reflects assets acquisitions since 2013/2014 financial year totalling Kshs.6,147,300,199 as at 30 June 2017. However as reported in the previous year, the amount of Kshs.6,147,300,199 excludes assets taken over from the defunct local authorities and whose details such as land, buildings, motor vehicles, computers and other office equipment were not included in the County's fixed assets register. Although it has been explained that the assets have been verified and validated and forwarded to Intergovernmental Budget and Economic Council (IBEC) for guidance and direction, no further information has been provided as to when the process shall be finalised and the same included in the assets register of the county government. Consequently, the accuracy and completeness of the assets balance of Kshs.6,147,300,199 as at 30 June 2017could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Uasin Gishu in accordance with ISSAI 30 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 our professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section and Other Matter section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Budget Absorption

During the year under review, Uasin Gishu County Executive had an approved budget of Kshs.7,825,463,715 comprised of recurrent vote budget of Kshs.5,149,315,318 and a development vote budget of Kshs.2,676,148,397. At the end of the financial year on 30 June 2017, the budget performance reflected overall under-absorption of Kshs.1,605,017,835 or approximately 21% as summarized below:

Vote	Approved Budget 2016/2017 (Kshs)	Actual Expenditure 2016/2017 (Kshs)	Under-Absorption (Kshs)	%
Development	2,676,148,397	1,658,003,013	1,018,145,384	38
Recurrent	5,149,315,318	4,562,442,867	586,872,451	12
Total	**7,825,463,715**	**6,220,445,880**	**1,605,017,835**	**21**

The under-absorption of the approved budget is an indication that some activities and projects in the annual plan were not implemented by the County Executive. This is likely to have negative effects on delivery of goods and services to the residents of Uasin Gishu County. There is therefore need for the management to re-look at its budget implementation mechanisms with a view to focus on priority areas that will enhance service delivery to the residents of Uasin Gishu.

1.2 Development Budget

During the year under review, the Uasin Gishu County Executive allocated Kshs.2,676,148,397 on development projects but spent Kshs.1,658,003,013 thus resulting to under expenditure of Kshs.1,018,145,384 or approximately 38% of the budget. The under-expenditure mainly related to other grants and transfers and acquisition of assets as detailed below:

Component	Approved Budget 2016/2017 (Kshs)	Actual Expenditure 2016/2017 (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Transfers to Other Government Entities	46,801,805	42,894,000	3,907,805	8
Other grants and transfers	230,059,721	96,688,861	133,370,860	58

Acquisition of Assets	2,399,286,871	1,518,420,152	880,866,719	37
TOTAL	**2,676,148,397**	**1,658,003,013**	**1,018,145,384**	**38**

The under absorption of the approved development budget indicates that activities and projects in the annual work plan were not implemented by the County Executive. Therefore, the County Executive did not utilize Kshs.1,018,145,384 of the funds allocated for development and hence the objectives of the budget were not achieved. This may hamper service delivery to the residents of Uasin Gishu County due to lack of requisite infrastructure.

1.3 Local Revenue Collection Performance

The statement of receipts and payments reflects local revenue amount of Kshs.668,487,942 against the budgeted amount of Kshs.1,192,000,000 resulting to under collection of Kshs.523,512,058 or 44% of the budget. Further, the local revenue collection of Kshs.668,487,942 during the year 2016/2017 is a decline of Kshs.50,928,674 which is approximately 7% as compared to Kshs.719,416,616 collected during 2015/2016. Although the management attributes the decline in revenue collection to among others lack of legal framework such as finance bill, cess collection and management bill; challenges in operationalization of new revenue collection and management system and court cases, management has not explained specific measures being put in place to ensure that all the budgeted revenue is collected and accounted for to enhance service delivery to the residents of Uasin Gishu County. Consequently, the continued decline in revenue collection may hamper or compromise service delivery to the residents of Uasin Gishu County.

2.0 Project Implementation

Records availed for audit review indicated that a total of Kshs.2,660,240,592 was allocated to twelve (12) departments as detailed below to fund four hundred and forty one (441) projects.

No.	Department	No of Budgeted Projects	Budget (Kshs)	Actual Expenditure (Kshs)	No of Projects Implemented	% Level of Completion
1	Finance	3	8,846,007	-	0	0
2	Agriculture	12	545,357,049	273,884,457	9	75%
3	Education, culture and social services	42	80,405,116	241,692,314	36	85%
4	Public Administration	4	50,201,000	10,303,970	1	25%
5	Youth and sports	11	43,000,000	-	0	0
6	PSM	3	3,714,723	-	0	0
7	Land and Housing	33	151,844,247	109,142,778	26	78%
8	Public Works, Roads and Transport	99	874,074,166	440,620,270	98	98%
9	Water	177	454,905,212	364,066,876	168	94%

10	ICT and E-Government	20	64,273,291	41,504,962	10	50%
11	Health	14	190,028,152	112,699,548	5	35%
12	Trade Cooperative, Tourism & Wildlife	23	193,591,629	86,087,161	12	52%
		441	**2,660,240,592**	**1,680,002,336**	**365**	**82%**

However, the projects were behind schedule with only Kshs.1,680,002,335 or approximately 63% of the funds allocated having been disbursed towards three hundred and sixty five (365) projects. Non-implementation of the budget is contrary to Section 113(1) of the County Government Act, 2012 which requires that the county budget be based on the annual development priorities and objectives and performance targets set by the County. Consequently, the residents of Uasin Gishu County may not have obtained value for money in respect of the projects that were to be implemented during the year ended 30 June 2017.

3.0 Project Verification

During the audit, fifty four (54) projects with a total budget of Kshs.1,057,127,515.80 out of which Kshs.524,414,834.86 had been spent were verified in January 2018. The findings of the verification were as detailed below:

NO	Project/Item procured	Contract Sum (Kshs)	Method of Procurement	Date of Advert	Amount Paid (Kshs)	Delivery Status
1	Supply&delivery of a Heavy duty utility passenger vehicle	5,910,000	Open National Tender	31-Oct and 01-Nov-2016	5,910,000	Delivered
2	Supply&delivery of a high sided truck	4,200,000	Open National Tender		4,200,000	Delivered
3	Purchase of Survey equipment	7,466,082	Open National Tender	18-Mar-16	7,466,082	Delivered
4	Renovation of house No.107 & No.108 west Kihunga square	2,297,658	Quotations		2,291,974	Complete
5	Partitioning of CEC lands secretary's office	697,160	Quotations		697,160	Complete
6	Maintenance of drainage in lower moi's bridge township	1,977,568	Quotations		1,977,568	Complete
7	Chepkanga FCS Cooler, Tuiyoluk Cooler, Belula Cooler	19,828,770	Open National Tender	18-Mar-16	18,471,970	80%
8	Ngenyilel Cooler, Kaptembei Cooler, Sossian Cooler	14,467,716	Open National Tender	18-Mar-16	14,007,550	81%
9	Kilima Cooler, Mois bridge/muungano Cooler	14,886,086	Open National Tender	18-Mar-16	1,720,335	70%
10	Tuiyotich Cooler, Moiben MFC Cooler, Toloita Cooler, Barwasis Cooler	19,799,387	Open National Tender	18-Mar-16	11,902,531	81%

11	Tapsangoi Cooler	20,040,929	Open National Tender	18-Mar-16	11,027,930	84%
12	Theatre Equipment at Turbo Sub district Hospital	5,620,000	Quotation	15-May-16	5,620,000	Delivered
13	Theatre Equipment at Turbo Sub district Hospital	3,200,000	Quotation	27-Mar-16	3,200,000	Delivered
14	Ziwa Sub County Hospital	93,476,582	Open National Tender	10.04.2015	3,584,850	4% - Stalled
15	Moiben Sub County Hospital	98,246,241	Open National Tender	10-Apr-15	-	stalled
16	Construction of Ainabkoi Sub County office	36,414,055	Open National Tender	29-Jan-15	34,461,275	95%
17	Construction of Kapseret Sub County office	33,242,000	Open National Tender	29-Jan-15	25,874,581	75% - stalled
18	Construction of Turbo Hospital	26,220,610	Open National Tender	10-Apr-15	19,640,427	95%
19	Construction of Kesses Sub County Hospital	98,731,665	Open National Tender	10-Apr-15	66,354,044	80%
20	Eletric Fencing at Chebororwa ATC	15,323,849	Open National Tender	19-Jan-15	1,153,620	stalled
21	Completion of Kamalel Health Centre	3,961,730	Quotations	31-Dec-17	3,961,730	Complete
22	Construction of Chagaiya High Altitude Training Camp	172,310,405	Open National Tender	14-Oct-16	14,646,788	30%
23	Construction of Perimeter Wall and Security House at Kuinet	6,590,070	Open National Tender	12-Jan-17	2,618,400	65%
24	Construction of Fire Station at Burnt Forest	5,991,353	Open National Tender	18-Mar-16	1,598,200	40%
25	Construction of Kipkaren River Market	3,949,990	Open National Tender	29-Jan-15	2,639,425	stalled
26	Kuinet Market Toilet Block	3,999,240	Quotations	23-Feb-17	2,060,000	95%
27	Burnt forest Market Toilet Block	4,252,550	Open National Tender	23-Dec-16	2,060,000	95%
28	Sogomo Market Toilet Block	3,952,360	Quotations	22-Dec-16	2,060,000	95%
29	Deliverly of Prover Tank 1000 Litres	4,500,000	Open National Tender	18-Feb-16	4,500,000	Delivered
30	Renovation of Teachers advisory Centre- Eldoret	3,988,667	Quotations	28-Jan-17	3,988,667	Complete
31	Construction of Toilet block at Jua Kali	1,695,434	Quotations		1,695,434	Complete
32	Completion of County Mechanical Workshop	23,887,497	Open National Tender	10-Apr-15	5,556,873	95%

33	Construction of Iten Junction-Veterinary-PCEA road in Eldoret Town Phase II	12,246,574	Open National Tender	29-dec-2015 and 4-Jan-2016	9,967,170	98%
34	Construction of Kimbilio bridge	40,940,750	Open National Tender	22-May-15	40,940,750	Complete
35	Purchase of Survey equipment	6,544,604	Quotation	17-May-17	6,544,604	Delivered
36	Construction of Moi University-Chesunet bridge	12,768,468	Open National Tender	2014/2015	12,768,468	Complete
37	Construction of Kapngetuny-Kiborokwo Bridge	15,300,007	Open National Tender	04-Jan-16	8,304,754	80%
38	Construction of Chepkongony-kiburer Bridge	17,980,716	Open National Tender	11 May and 12 May 2016	9,427,459	98%
39	Construction of Kongnyalil Box Culvert	13,055,568	Open National Tender	11 and 12 May 2016	13,055,568	Complete
40	Construction of Kipketingwet bridge	17,001,211	Open National Tender	11 and 12 May 2016	16,976,602	80%
41	Construction of Chepyakwai-Ngara fall bridge	12,756,051	Open National Tender	29 and 30 Dec 2015	12,754,803	80%
42	Construction of Kingongo-Kipkenyo bridge	21,250,452	Open National Tender	29 and 30 Dec 2015	21,249,325	98%
43	Construction of Panvilla Rivatex Road in Eldoret town	33,326,039	Open National Tender	29 and 30 Dec 2015	28,425,848	95%
44	Construction of Kapkei-Kimoning Box Culvert	12,824,119	Open National Tender	29 and 30 Dec 2015	5,521,384	98%
45	Construction of Kileges-Kongasis bridge	18,118,514	Open National Tender	11 and 12 May 2016	9,538,187	80%
46	Construction of Lelachbei-Telut Box Culvert	12,750,011	Open National Tender	11 and 12 May 2016	4,882,702	98%
47	Construction of Turbo Water Projects	3,089,000	Quotation	01-Mar-17	3,089,000	Complete
48	Seiyot & Besiobor borehole drilling project	3,680,941	Quotation	02-Mar-17	3,680,941	Complete
49	Construction of Perimeter wall-Kodhek Estate Phase 1 Eldoret	3,973,603	Quotation	Aug-16	3,973,603	Complete
50	Construction of chemaywes water project	3,976,252	Quotation	06-Jan-17	3,976,252	Complete
51	Construction of Kipsigak Water Projects	3,116,045	Quotation	06-Jan-17	3,116,045	Complete
52	Borehole equipping and pipe laying,construction of tank (Chepterit)	3,285,055	Quotation	06-Jan-17	3,285,055	Complete
53	Construction of Legetio Water Projects	3,988,900	Quotation	06-Jan-17	3,988,900	Complete
54	Borehole (Supply,delivery,install	24,028,982	Open National Tender	11-Jan-17	12,000,000	30%

	ation,Testing and Commissioning of 12 No.Borehole)					
	Total	**1,057,127,516**			**524,414,834**	

Twenty three (23) projects involving purchase of equipment and construction of buildings and civil works worth Kshs.143,927,801 had been delivered/completed. Five (5) projects with total contract sum of Kshs.145,992,421 out of which Kshs.33,252,476 or approximately 23% had already been expended were found to have stalled and there was no indication of when the construction would resume. The management has however not explained how it will ensure that the stalled projects are revived and completed for the benefit of the residents of Uasin Gishu.

4.0 Governance Framework

4.1 Lack of Independent Internal Audit Function

The County Executive of Uasin Gishu has established an internal audit unit. However, the internal audit function reports both administratively and functionally to the Chief Officer Finance instead of an Audit Committee contrary to Regulation 155(1) of the Public Finance Management (County Government) Regulations 2015, which states that the head of internal audit unit in a County Government entity shall enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the audit committee. Further, the internal audit function operated without an approved internal audit charter detailing the scope, responsibilities and purpose of internal audit function. Consequently, the unit lacks the operational independence to execute its mandate of overseeing governance mechanisms and promoting transparency and accountability in management of the resources of the County Executive.

4.2 Failure to Establish an Audit Committee

The County Executive of Uasin Gishu has not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Government) Regulations, 2015 which require each county government entity to establish an audit committee. The County Executive is therefore in breached of the law.

5.0 Failure to Observe One Third Rule Staff Establishment

Audit review of personnel records availed for audit revealed that during the year under review, the Uasin Gishu County Public Service Board recruited one hundred and one (101) new employees of various cadres, out of whom ninety two (92) or approximately 91% were from the dominant community contrary to the provisions of Section 65 (1), (e) of the County Government Act, 2012 which requires that the County Public Service Board in selecting of employees, to ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates for appointment who are not from the dominant ethnic communities. Consequently, and as reported in the previous year, the

management breached the County Government Act, 2012 on staff establishment for promotion of national unity.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the County Executive's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations.

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

Those charged with governance are responsible for overseeing the County Executive's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the County Executive's 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 going concern 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 offering 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 offering 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 of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

Nairobi

16 July 2018

I. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Exchequer releases	1	5,601,025,717	5,190,879,968
Proceeds from Domestic and Foreign Grants	2	8,660,000	17,320,000
Transfers from Other Government Entities	3	249,677,289	116,779,718
Proceeds from Domestic Borrowings	4	0	0
Proceeds from Foreign Borrowings	5	0	0
Proceeds from Sale of Assets	6	0	0
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	668,487,942	719,416,616
Returned CRF issues	10	20,398,514	0
TOTAL RECEIPTS		**6,548,249,462**	**6,044,396,302**
PAYMENTS			
Compensation of Employees	11	2,564,364,131	2,325,186,063
Use of goods and services	12	1,255,137,212	1,140,443,947
Subsidies	13	0	0
Transfers to Other Government Units	14	742,824,449	932,499,899
Other grants and transfers	15	120,583,584	233,530,328
Social Security Benefits	16	0	5,954,800
Acquisition of Assets	17	1,518,420,152	1,873,481,825
Finance Costs, including Loan Interest	18	255,451	110,634
Repayment of principal on Domestic and Foreign borrowing	19	0	0
Other Payments	20	18,860,900	11,972,420
TOTAL PAYMENTS		**6,220,445,880**	**6,523,179,916**
SURPLUS/DEFICIT		**327,803,582**	**(478,783,614)**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Uasin Gishu financial statements were approved on _____ 2018 and signed by:

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
CHIEF OFFICER FINANCE

Chief Officer.....
Name: PETER K. CHESANG

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
PRINCIPAL ACCOUNTANT EXPENDITURE

Signed.....
Head of Treasury
Name: SILAS K. RONOH
ICPAK Member Number: 8151

II. STATEMENT OF ASSETS AS AT 30TH JUNE 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	947,843,844	648,784,837
Cash Balances	21B	6,899,572	10,611,139
Total Cash and cash equivalent		**954,743,416**	**659,395,976**
Accounts receivables – Outstanding Imprests	22	14,194,110	13,479,270
TOTAL FINANCIAL ASSETS		**968,937,526**	**672,875,246**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	(85,398,738)	(58,570,020)
NET FINANCIAL ASSETS		**883,538,788**	**614,305,226**
REPRESENTED BY			
Fund balance b/fwd	24	614,305,226	1,105,328,446
Prior year adjustments	25	(58,570,020)	(12,239,606)
Surplus/Deficit for the year		327,803,582	(478,783,614)
NET FINANCIAL POSITION		**883,538,788**	**614,305,226**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Uasin Gishu financial statements were approved on _____ 2018 and signed by:

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
CHIEF OFFICER FINANCE

Chief Officer
Name: PETER K. CHESOS
Sign.....

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
PRINCIPAL ACCOUNTANT - EXPENDITURE

Head of Treasury
Name: SILAS K. RONOH
ICPAK Member Number: 8151

III. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2017

		2016-2017 Kshs	2015 - 2016 Kshs
Receipts from operating income			
Exchequer Releases	1	5,601,025,717	5,190,879,968
Proceeds from Domestic and Foreign Grants	2	8,660,000	17,320,000
Transfers from Other Government Entities	3	249,677,289	116,779,718
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	668,487,942	719,416,616
Returned CRF issues	10	20,398,514	0
Payments for operating expenses			
Compensation of Employees	11	(2,564,364,131)	(2,325,186,063)
Use of goods and services	12	(1,255,137,212)	(1,140,443,947)
Subsidies	13	0	0
Transfers to Other Government Units	14	(742,824,449)	(932,499,899)
Other grants and transfers	15	(120,583,584)	(233,530,328)
Social Security Benefits	16	0	(5,954,800)
Finance Costs, including Loan Interest	18	(255,451)	(110,634)
Other Payments	20	(18,860,900)	(11,972,420)
Adjusted for:			
Adjustments during the year	25	(58,570,020)	(12,239,606)
Net cash flow from operating activities		**1,787,653,714**	**1,382,458,605**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	0	0
Acquisition of Assets	17	(1,518,420,152)	(1,873,481,825)
Net cash flows from Investing Activities		**(1,518,420,152)**	**(1,873,481,825)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4	0	0
Proceeds from Foreign Borrowings	5	0	0
Repayment of principal on Domestic and Foreign borrowing	19	0	0
Net cash flow from financing activities		**0**	**0**
NET INCREASE IN CASH AND CASH EQUIVALENT		**269,233,562**	**(491,023,220)**
Cash and cash equivalent at BEGINNING of the year	21	**614,305,226**	**1,105,328,446**
Cash and cash equivalent at END of the year	24	**883,538,788**	**614,305,226**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Uasin Gishu financial statements were approved on _____ 2018 and signed by:

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
Sign .....
PRINCIPAL ACCOUNTANT - EXPENDITURE

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
HIRTER K. CHESIS
CHIEF OFFICER FINANCE

Chief Officer
Sign.....
Name: HIRTER K. CHESIS

Head of Treasury
Name: SILAS K. RONOH
ICPAK Member Number; 8151

IV. 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	5,601,025,717	-	5,601,025,717	5,601,025,717	-	100%
Proceeds from Domestic and Foreign Grants	104,206,703	-	104,206,703	8,660,000	95,546,703	8%
Transfers from Other Government Entities	149,007,621	106,376,500	255,384,121	249,677,289	5,706,832	98%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
County Own Generated receipts	1,192,000,000	-	1,192,000,000	668,487,942	523,512,058	56%
Return issues to CRF	-	672,847,174	672,847,174	672,847,174	-	100%
TOTAL	**7,046,240,041**	**779,223,674**	**7,825,463,715**	**7,200,698,122**	**624,765,593**	**92%**
PAYMENTS						
Compensation of Employees	2,465,164,659	96,984,000	2,562,148,659	2,564,364,131	(2,215,472)	100%
Use of goods and services	1,136,033,231	672,847,174	1,808,880,405	1,255,137,212	553,743,192	69%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	764,695,559	9,392,500	774,088,059	742,824,449	31,263,610	96%
Other grants and transfers	262,059,721	-	262,059,721	120,583,584	141,476,137	46%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	2,399,286,871	-	2,399,286,871	1,518,420,152	880,866,719	63%
Finance Costs, including Loan Interest	-	-	-	255,451	(255,451)	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	19,000,000	-	19,000,000	18,860,900	139,100	99%
TOTAL	**7,046,240,041**	**779,223,674**	**7,825,463,715**	**6,220,445,880**	**1,605,017,835**	**79%**
SURPLUS/(DEFICIT)		-	-	**980,252,242**	**(980,252,242)**	-

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

(a) Other grants and transfers. Subsidies to farmers was not utilized fully due to logistical challenges
(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 of actual on comparable basis should tie with the totals under receipts and payments where this is not the case, a reconciliation should between the two statements should be prepared and disclosed.)*

The County Government of Uasin Gishu financial statements were approved on _____ 2018 and signed by:

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
Sign.....
CHIEF OFFICER FINANCE

Chief Officer
Name: PETER K. CHESOS

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
Sign .....
PRINCIPAL ACCOUNTANT - EXPENDITURE

Head of Treasury Accounts
Name: SILAS K. RONOH
ICPAK Member Number; 8151

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	3,010,937,041	-	3,010,937,041	3,010,937,041	-	100%
Proceeds from Domestic and Foreign Grants	104,206,703	-	104,206,703	8,660,000	95,546,703	8%
Transfers from Other Government Entities	62,947,900	106,376,500	169,324,400	163,617,568	5,706,832	97%
Proceeds from Domestic Borrowings		-	-	-	-	0%
Proceeds from Foreign Borrowings		-	-	-	-	0%
Proceeds from Sale of Assets		-	-	-	-	0%
Reimbursements and Refunds		-	-	-	-	0%
Returns of Equity Holdings		-	-	-	-	0%
County Own Generated receipts	1,192,000,000	-	1,192,000,000	668,487,942	523,512,058	56%
Return CRF issues	-	672,847,174	672,847,174	672,847,174	-	100%
TOTAL	**4,370,091,644**	**779,223,674**	**5,149,315,318**	**4,524,549,725**	**624,765,593**	**88%**
PAYMENTS						
Compensation of Employees	2,465,164,659	96,984,000	2,562,148,659	2,564,364,131	(2,215,472)	100%
Use of goods and services	1,136,033,231	672,847,174	1,808,880,405	1,255,137,212	553,743,192	69%
Subsidies			-	-	-	0%
Transfers to Other Government Units	717,893,754	9,392,500	727,286,254	699,930,449	27,355,805	96%
Other grants and transfers	32,000,000		32,000,000	23,894,723	8,105,277	75%
Social Security Benefits	-		-	-	-	0%
Acquisition of Assets	-	-	-	-	-	0%
Finance Costs, including Loan Interest	-	-	-	255,451	(255,451)	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	19,000,000	-	19,000,000	18,860,900	139,100	99%
TOTAL	**4,370,091,644**	**779,223,674**	**5,149,315,318**	**4,562,442,867**	**586,872,451**	**89%**
SURPLUS/(DEFICIT)	**-**	**-**	**-**	**(37,893,142)**	**37,893,142**	**-**

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

(a) -x Other grants and transfers. Subsidies to farmers was not utilized fully due to logistical challenges
(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.*)

The County Government of Uasin Gishu financial statements were approved on _____ 2018 and signed by:

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
CHIEF OFFICER FINANCE

Sign .....
Chief Officer
Name: PETER CHESOS

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
Sign .....
PRINCIPAL ACCOUNTANT - EXPENDITURE

Head of Treasury Accounts
Name: SILAS K. RONOH
ICPAK Member Number: 8151

VI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,590,088,676	-	2,590,088,676	2,590,088,676	-	100%
Proceeds from Domestic and Foreign Grants		-	-	-	-	0%
Transfers from Other Government Entities	86,059,721	-	86,059,721	86,059,721	-	0%
Proceeds from Domestic Borrowings		-	-	-	-	0%
Proceeds from Foreign Borrowings		-	-	-	-	0%
Proceeds from Sale of Assets		-	-	-	-	0%
Reimbursements and Refunds		-	-	-	-	0%
Returns of Equity Holdings		-	-	-	-	0%
County Own Generated receipts		-	-	-	-	0%
Return CRF issues		-	-	-	-	0%
TOTAL	**2,676,148,397**	-	**2,676,148,397**	**2,676,148,397**	-	**100%**
PAYMENTS						
Compensation of Employees		-	-	-	-	0%
Use of goods and services		-	-	-	-	0%
Subsidies		-	-	-	-	0%
Transfers to Other Government Units	46,801,805	-	46,801,805	42,894,000	3,907,805	92%
Other grants and transfers	230,059,721	-	230,059,721	96,688,861	133,370,860	42%
Social Security Benefits		-	-	-	-	0%
Acquisition of Assets	2,399,286,871	-	2,399,286,871	1,518,420,152	880,866,719	63%
Finance Costs, including Loan Interest		-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing		-	-	-	-	0%
Other Payments		-	-	-	-	0%
TOTALS	**2,676,148,397**	-	**2,676,148,397**	**1,658,003,013**	**1,018,145,384**	**62%**
SURPLUS/(DEFICIT)	-	-	-	**1,018,145,384**	**(1,018,145,384)**	-

(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.)

The County Government of Uasin Gishu financial statements were approved on _____ 2018 and signed by:

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
Sign .....
PRINCIPAL ACCOUNTANT - EXPENDITURE

Chief Officer
Name: PETER K. CHESOS
Sign.....

COUNTY GOVERNMENT OF UASIN GISHU
06 MAR 2018
CHIEF OFFICER FINANCE

Head of Treasury Accounts
Name: SILAS K. RONOH
ICPAK Member Number; 8151

VII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	20xx		20xx	Date, 20xx	
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

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

VIII. 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 County Government of Uasin Gishu 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 County Government of Uasin Gishu

The financial statements are for the Uasin Gishu County Government. The financial statements encompass the reporting County Government of Uasin Gishu 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 County Government of Uasin Gishu.

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 County Government of Uasin Gishu 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 County Government of Uasin Gishu 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 2017, 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 County Government of Uasin Gishu recognises all expenses when the event occurs and the related cash has actually been paid out by the County Government of Uasin Gishu.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued

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 County Government of Uasin Gishu 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 in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *County Government of Uasin Gishu* 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.

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 2017, this amounted to Kshs 85,398,738 compared to Kshs 58,570,020 in prior period as indicated on note 23 to the financial statements.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued

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 County Government of Uasin Gishu fixed asset register a summary of which is provided as a memorandum to these financial statements.

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 *County Government of Uasin Gishu* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

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 *County Government of Uasin Gishu's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on - for the period 1st July 2016 to 30 June 2017 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the *County Government of Uasin Gishu's* actual performance against the comparable budget for the financial year under review has been included in an annex (summary statement appropriations) 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.

NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	952,174,371	415,270,397
Total Exchequer Releases for quarter 2	924,169,243	1,323,674,391
Total Exchequer Releases for quarter 3	1,400,256,429	1,297,719,991
Total Exchequer Releases for quarter 4	2,324,425,674	2,154,215,189
Total	**5,601,025,717**	**5,190,879,968**

(All the allocations as per the CARA Act 2016/17 were received in full

2 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2016 - 2017	2015 – 2016
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)				
DANIDA		-	8,660,000	17,320,000
	-	-	-	-
Grants Received from other levels of government				
	-	-	-	-
Total			**8,660,000**	**17,320,000**

(Danish Development Agency funding for improving Health services at various health facilities)

3 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers from Central government entities		
Transfer from National Treasury		
Conditional Additional Allocations for doctors and nurses' salaries	96,984,000	
Transfer from Ministry of Health		
Free maternity healthcare	44,452,500	50,838,281
Abolishment of user fees in health centers and dispensaries	22,181,068	-
Transfer from Ministry of Transport and Infrastructure		
Road maintenance fuel levy fund	86,059,721	65,941,437
TOTAL	**249,677,289**	**116,779,718**

Conditional additional allocations are the additional salaries awarded to doctors and nurses in the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 PROCEEDS FROM DOMESTIC BORROWINGS

	2016 - 2017	2015 - 2016
	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	-	-

5 PROCEEDS FROM FOREIGN BORROWINGS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

6 PROCEEDS FROM SALE OF ASSETS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

7 REIMBURSEMENTS AND REFUNDS

	2016 - 2017	2015 – 2016
	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 and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

8 RETURNS OF EQUITY HOLDINGS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

9 COUNTY OWN GENERATED RECEIPTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Land Rates	97,587,849	77,387,417
Other Property Income	1,040,685	0
Receipts from Administrative Fees and Charges	6,436,355	0
Business Permits/Cess	218,801,549	225,863,747
Other Local Levies	0	2,898,800
Administrative Service Fees	2,328,600	5,299,548
Other Miscellaneous Revenue	2,386,862	34,556,367
Natural Resources Exploitation	633,120	0
Lease/Rental of Infrastructure Assets	275,080	0
Market/Trade Centre fees	24,120,667	24,629,208
Vehicle Parking Fees	156,734,024	174,030,936
Housing	22,368,764	27,700,732
Social Premises Use Charges	592,500	0
School Fees	0	1,482,593
Public Health Services	10,746,960	17,789,366
Public Health Facilities Operations	28,912,597	25,500,762
Environment and Conservancy Administration	2,324,650	3,569,210
Slaughter Houses Administration	10,927,751	8,712,597
Water Supply Administration	698,170	8,422,177
Sewerage Administration	0	0
Sign Boards and advertisement fee	17,690,814	33,688,249
Other Health and Sanitation Revenues	12,368,020	0
Technical Service Fees	28,834,349	24,056,464
External Service Fees	9,692,490	0
Fines and penalties	12,986,086	23,828,443
Receipts from Voluntary transfers other than grants	0	0
	668,487,942	**719,416,616**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 RETURNED CRF ISSUES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Recurrent account-from county assembly	8,557,806	-
Development account	11,840,708	-
Deposit account		-
Total	**20,398,514**	-

11 COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Basic salaries of permanent employees	1,784,371,892	1,249,555,444
Basic wages of temporary employees	19,719,697	28,308,324
Personal allowances paid as part of salary	544,078,027	669,720,258
Personal allowances paid as reimbursements	0	0
Personal allowances provided in kind	0	0
Pension and other social security contributions	206,529,915	377,602,037
Compulsory national social security schemes	9,664,600	0
Compulsory national health insurance schemes		0
Social benefit schemes outside government	0	0
Other personnel payments	0	0
Total	**2,564,364,131**	**2,325,186,063**

12 USE OF GOODS AND SERVICES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Utilities, supplies and services	44,294,548	36,295,317
Communication, supplies and services	11,106,636	9,164,593
Domestic travel and subsistence	205,005,159	275,338,518
Foreign travel and subsistence	26,739,467	70,075,253
Printing, advertising and information supplies & services	41,157,234	103,072,104
Rentals of produced assets	8,174,475	1,955,926
Training expenses	43,937,849	48,433,482
Hospitality supplies and services	116,540,608	26,977,558
Insurance costs	71,520,707	38,579,255
Specialized materials and services	283,322,501	131,615,065
Office and general supplies and services	14,239,163	13,926,722
Other operating expenses	184,563,218	248,166,976
Routine maintenance – vehicles and other transport equipment	64,051,446	44,300,937
Routine maintenance – other assets	56,779,457	26,272,416
Fuel & lubricants	83,704,746	66,269,825
Total	**1,255,137,212**	**1,140,443,947**

13 SUBSIDIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Subsidies to Public Corporations		
	-	-
Subsidies to Private Enterprises		
TOTAL	-	-

14 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Transfers to National Government entities		
Transfers to County entities	248,694,000	436,754,663
County Assembly		0
Uasin Gishu county Assembly	494,130,449	495,745,236
TOTAL	**742,824,449**	**932,499,899**

15 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Scholarships and other educational benefits	3,376,277	233,530,328
Emergency relief and refugee assistance	2,668,368	0
Subsidies to small businesses, cooperatives, and self employed	0	0
Other current transfers, grants	17,850,078	0
Other capital grants and transfers	96,688,861	0
Total	**120,583,584**	**233,530,328**

16 SOCIAL SECURITY BENEFITS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	5,954,800
Employer Social Benefits in cash and in kind	-	-
Total	-	**5,954,800**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 ACQUISITION OF ASSETS

Non-Financial Assets	2016 – 2017	2015 – 2016
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	178,192,314	142,924,436
Refurbishment of Buildings	9,070,300	329,769,246
Construction of Roads	420,086,538	585,362,587
Construction and Civil Works	512,031,767	0
Overhaul and Refurbishment of Construction and Civil Works	0	206,604,476
Purchase of Vehicles and Other Transport Equipment	10,110,000	100,550,513
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	19,391,597	10,653,995
Purchase of ICT Equipment	27,096,141	14,414,910
Purchase of Specialized Plant, Equipment and Machinery	242,860,557	243,618,994
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Purchase of Certified Seeds, Breeding Stock and Live Animals	31,295,386	58,224,161
Research, Studies, Project Preparation, Design & Supervision	7,634,050	111,056,318
Rehabilitation of Civil Works	2,715,560	40,683,293
Acquisition of Strategic Stocks and commodities	0	0
Acquisition of Land	47,846,000	170,690
Acquisition of Intangible Assets	10,089,943	29,448,206
Financial Assets	**1,518,420,152**	**1,873,481,825**
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**1,518,420,152**	**1,873,481,825**

18 FINANCE COSTS, INCLUDING LOAN INTEREST

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Bank Charges	255,451	110,634
Total	**255,451**	**110,634**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2016 - 2017	2015 – 2016
	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

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Budget Reserves	18,860,900	11,972,420
Civil Contingency Reserves	-	-
Other payments	-	-
Total	**18,860,900**	**11,972,420**

21A: Bank Accounts

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2016 – 2017	2015 – 2016
EXPENDITURE ACCOUNTS		Kshs	Kshs
CBK 1000171316	Recurrent Account	566,800	8,354
CBK-1000171294	Development -Account	1,332,296	7,074,972
CBK-1000248475	Road Fuel Levy-Account	94,712,574	6,517,350
CBK-100171685	Exchequer Account	682,310,021	581,159,161
CBK 1000248467	Deposit Account	85,398,738	0
CBK-1000248483	Health Conditional Grants Account	18,093,055	20,342,140
KCB-1154663280	Educational Account	0	4,485,240
KCB-1167279476	Imprest Account	5,079	20,781
KCB-1182110363	Project Force Account	35,835,055	26,646,420
KCB-1211782794	People with disability account-	26,902,536	0
REVENUE ACCOUNTS			
National Bank-1001111955700	Revenue Collection Account	(19,100)	0
Chase Bank-162307522001	Revenue Collection Account	0	13
Equity Bank-10902611251	Revenue Collection Account	0	99,450
KCB-1141856689	Revenue Collection Account	1,019,036	2,302,617
Co-operative bank-1141672927900	Revenue Collection Account	28,760	7,105
Family Bank-82000011728	Revenue Collection Account	1,554,697	9,787
Sphire bank-405448501	Revenue Collection Account	21,501	69,540
MPESA-646464	Revenue Collection	82,796	41,907
Total		**947,843,844**	**648,784,837**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21B: CASH IN HAND

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	6,899,572	10,611,139
Cash in Hand – Held in foreign currency	-	-
Total	**6,899,572**	**10,611,139**

Cash in hand should also be analysed as follows:

	2016 – 2017	2015 – 2016
	Kshs	Kshs
West Health Centre	15,075	11,400
West Market	22,445	41,775
Kipkenyo Slaughter Slab	11,660	0
Kisor Health Centre	4,540	0
Hawkers Market	2,260	0
Pioneer Health Centre	30,600	27,420
Pioneer Public Health Office	14,000	0
Kaburwo Slaughter Slab	2,380	3,750
Rri Kapsaret Sub County	24,540	10,200
Wholesale Market	14,340	0
Sosiani Bus Park	40,800	62,440
Main Market	27,600	19,760
Islamic Slaughter Slab	1,800	0
Burntforest S.C.Hospital	59,890	0
Rri Kaptagat	37,580	0
Kapsoya Health Centre	500	14,940
Ainabkio Health Centre	1,200	0
Ainabkio Sub County Market	7,360	205,944
Kaplelach Tumoge Dispensary	1,800	0
Veterinary Services Eld	8,800	8,950
Kimumu Market	9,120	0
Moiben Sub County Markets	12,000	34,780
Kipsigak Health Centre	3,550	0
Sukunanga Slaughter Slab	750	2,180
Cheptiret Slaughter Slab	1,100	0
Kimumu Health Centre	1,950	0
Chepkanga Slaugther slab	1,400	0
Chepkanga Health Centre	4,950	24,450
Moiben Veterinary	800	0
Car Parking	148,800	141,280
Soy Market	5,820	366,240
Ziwa Cess	200	0
Mois Bridge Cess	64,400	0

Chembulet Health Centre	980	0
Sugoi A Dispensary	1,000	0
Uasin Gishu District Hospital	0	108,220
Merewt Dispensary	0	11,600
Weight & Measures	0	253,110
Mois Bridge H/C	0	1,000
Kesses Slaughter Slab	0	900
Kesses Megun Ward	0	5,000
Ngeria Slaughter Slab	0	4,300
Meibeki Ward	0	25,500
Kongalo Dispensary	0	6,700
Kipchoge Stadium	0	6,300
Kesses H/C	0	9,850
Ziwa H/C	0	38,480
Maili Nne Slaughter Slab	0	1,000
Turbo Sub County Markets	48,560	0
Turbo Health Centre	24,250	207,930
Sugoi B Dispensary	5,970	0
Sosiani Health Centre	7,770	0
Main Buspark	1,200	39,900
Huruma Health Centre	2,710	0
Sambut Health Centre	4,800	0
Murgor Hills Dispensary	1,000	0
Betting Control	175,750	19,500
Main Slaughter Slab	25,700	16,800
Railways Dispensary	2,470	3,145
Water Supply	0	49,810
Rri Soy Sub County	62,400	0
Mois Bridge Market	10,970	0
Ziwa Markets	13,380	0
Kipsomba	1,340	1,080
Kabobo Health Centre	4,100	0
Rri Cbd	9,820	0
Mobett Dispensary	6,200	0
Cash Office Payments	5,905,192	8,825,505
Total	**6,899,572**	**10,611,139**

[Provided cash count certificates for each]

22: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	**2016 – 2017**	**2015 – 2016**
	Kshs	**Kshs**
Government Imprests	14,194,110	13,479,270
Clearance accounts	-	-
Total	**14,194,110**	**13,479,270**

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

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Total				-

23. ACCOUNTS PAYABLE

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Deposits	85,398,738	58,570,020
Total	**85,398,738**	**58,570,020**

An amount of Ksh. 58,570,000 was erroneously not reflected under Note 23A as part of bank balances in financial year 2015/16 financial statements and in the statement of assets and liabilities the same figure was used to reduce the assets as pending accounts payable. In this respect therefore assets in the financial statements was understated by the same amount and thus the need to adjust the Financial statements of 2016/17 in order to report the correct fund balance b/f.

24. FUND BALANCE BROUGHT FORWARD

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	648,784,837	1,085,224,915
Cash in hand	10,611,139	3,203,763
Accounts Receivables	13,479,270	28,287,433
Accounts Payables	(58,570,020)	(11,387,665)
Total	**614,305,226**	**1,105,328,446**

[Provide short appropriate explanations as necessary]

25: PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016
	Kshs	Kshs
Adjustments on bank account balances	58,570,020	12,239,606
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables		
Others (*specify*)	-	-
Total	**58,570,020**	**12,239,606**

OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	95,791,513.20	2,556,850
Supply of goods	32,827,525.27	44,070,233
Supply of services	93,602,742.96	26,291,296
Total	**222,221,781.43**	**72,918,37**

26.2: PENDING STAFF PAYABLES (See Annex 2)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	43,914,885.53	38,485,871
Others (*specify*)	0	12,676,743
Total	**43,914,885.53**	**51,162,614**

26.3: OTHER PENDING PAYABLES (See Annex 3)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	0	31,352,606
Amounts due to third parties- Lap-trust actuarial deficit	44,500,828	67,250,000
Total	**44,500,828**	**98,602,606**

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

27 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:

	2016/2017	2015/2016
	Kshs	Kshs
Key Management compensation	-	-
	========	========
Transfers to the County Assembly	494,130,449	495,745,236
Transfers to other County Government entities	248,694,000	436,754,663
Transfers to County Ministries and Departments	-	-
Transfers from other County Government Entities	-	-
	742,824,449	**932,499,899**

28 ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and resolve 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.

County Government of Uasin Gishu	Date Established	Location	Accounting Officer responsible
Bursary fund	20.01.2016	County HQ	Chief officer education culture and social services
TIVET Revolving Fund	20.01.2016	County HQ	Chief officer Youth and sports services
Enterprise Development Fund	26.05.2015	County HQ	Director enterprises development fund
Emergency Fund	22.01.2016	County HQ	Chief officer finance
Car loan and mortgage Fund	06.10.2015	County HQ	Chief officer finance
Alcoholic Drinks Control Board Fund	06.05.2014	County HQ	Chief officer Health

IX. 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)*

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 County Government of Uasin Gishu 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……

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	A	b	c	d=a-c		
Construction of civil works						
1. Agriculture Dept-Development	2,556,850	2015/16	2,556,850	0	2,556,850	
2. Environment- Development	0	2016/17		95,540,436	0	
3. Finance – Development	0	2016/17		251,077.20	0	
Sub-Total				**95,791,513.20**	**2,556,850**	
Supply of goods						
4. Environment- Development		2016/17		3,807,777.00	8,283,117	
5. Roads, Transport and Public Works-Devt		2016/17		16,910,335.00	8,811,116	
6. Lands, Housing & Urban -Recurrent				7,470,243.00	26,976,000	
7. Agriculture Dept- Recurrent	0	2016/17		1,398,920.27	0	
8. Ict & e-Govrnment- Recurrent	0	2016/17		1,665,250.00	0	
9. Trade- Development	0	2016/17		1,575,000.00		
Sub-Total				**32,827,525.27**	**44,070,233**	
Supply of services						
10. Education Dept-Recurrent		2016/117		2,614,120.00	4,969,170	
11. Ict & e-Govrnment- Recurrent		2016/17		692,425.15	21,322,126	
12. Environment-Recurrent	0	2016/17		1,274,450.00	0	
13. Planning & Budget- Recurrent	0	2016/17		788,007.50	0	
14. Finance- Recurrent	0	2016/17		2,397,020.55	0	
15. County Public Service Board-Recurrent	0	2016/17		1,970,975.00	0	
16. Health Services	0	2016/17		36,561,168.80	0	
17. Youth & Sports- Recurrent	0	2016/17		4,914,275.00	0	
18. Public Administration- Recurrent	0	2016/17		2,425,760.00	0	
19. Governor-Recurrent	0	2016/17		10,586,067.60	0	
20. Public Service Mgt- Recurrent	0	2016/17		20,338,835.00	0	
21. Trade, Industrialization, Tourism-Recurrent	0	2016/17		2,701,196.60	0	
22. Roads, Transport & Public Works- Recurrent	0	2016/17		6,338,441.76	0	
Sub-Total				**93,602,742.96**	**26,291,296**	
Grand Total				**222,221,781.43**	**72,918,379**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
1. Staff Unremitted Deductions					11,254,162.18	51,162,614	
2. Staff Unremitted deductions Feb. April. June					24,793,978.55	0	
3. Staff Unremitted Deductions to Laptrust					7,866,744.80	0	
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total					**43,914,885.53**	**51,162,614**	
Grand Total					**43,914,885.53**	**51,162,614**	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		A	B	C	D=A-C		
Amounts Due to National Govt Entities							
1.							
Sub-Total							
Amounts Due to County Govt Entities							
2. County Assembly	Unremitted Allocations	31,352.606	30/6/2017	31,352,606	0	31,352,606	
3.							
Sub-Total					**0**		
Amounts Due to Third Parties							
4. Laptrust	Statutory	7,250,000	2012/13	0	0	7,250,000	Unremitted Deductions
5. Laptrust	Acturial Deficit	45,000,000	2012/13	0	44,500,828	45,000,000	
6. Gicheru& Co. Advocates	Legal Fees Arrears	60,000,000	2015/16	60,000,000	0	0	
7. Various Deductions In Depts.	Unpaid Payroll Deductions	51,162,614	2015/16		0	51,162,614	
8.							
Sub-Total					**44,500,828**	**67,250,000**	
Others (*Specify*)							
9.							
Sub-Total							
Grand Total					**44,500,828**	**98,602,606**	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	17,460,690	47,846,000	-	65,306,690
Buildings and structures	2,867,457,331	189,978,174.00	-	3,057,435,505
Transport Equipment	216,502,104	10,110,000	-	226,612,104
Office Equipment, Furniture & Fittings	70,329,743	18,106,798	-	88,436,541
Ict Equipment, Software and other Ict Assets	24,387,771	37,186,084.00	-	61,573,855
Other Machinery and Equipment	1,032,858,189	1,176,263,660.70	-	2,209,121,850
Heritage and Cultural assets	0	-	-	0
Intangible Assets	100,528,796	38,929,436	-	139,458,232
Total	**4,628,880,046**	**1,518,420,153**	**-**	**6,147,300,199**

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 18 on acquisition of assets during the year.

ANNEX 5: INTER- COUNTY GOVERNMENT OF UASIN GISHU TRANSFERS

Ref	County Government of Uasin Gishu	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred Kshs	Amount Confirmed as received Kshs	difference	explanation
1	County Assembly	118,678,215	146,448,211	88,659,860	140,344,163	**494,130,449**	**494,130,449**	**0**	
2	Bursary fund	0	0	137,800,000	0	**137,800,000**	**137,800,000**	**0**	
3	TIVET Revolving Fund	0	0	45,000,000	0	**45,000,000**	**45,000,000**	**0**	
4	Enterprise Development Fund	0	0	0	30,894,000	**30,894,000**	**30,894,000**	**0**	
5	Emergency Fund	0	0	0	20,000,000	**20,000,000**	**20,000,000**	**0**	
6	Car loan and mortgage Fund	0	0	15,000,000	0	**15,000,000**	**15,000,000**	**0**	
9	Alcoholic Drinks Control Board Fund	0	0	0	0	0	0	**0**	
10	**Total**	**118,678,215**	**146,448,211**	**286,459,860**	**191,238,163**	**742,824,449**	**742,824,449**	**0**	

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

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