REPUBLIC OF KENYA

FICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF KIAMBU

FOR THE YEAR ENDED 30 JUNE 2017

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KIAMBU

Telegraphic Address
'Governor' Kiambu
Tel: 067 20374
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When replying please quote Ref No. & Date

Finance, ICT & Economic Planning
Kiambu County
P.O Box 2344-00900
KIAMBU, KENYA

REF: KCG/FEP/AUDIT/28

11th April 2018

The Auditor General
P O Box 30084 - 00100
NAIROBI

RE: FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2017 KIAMBU COUNTY GOVERNMENT (REVISED)

Pursuant to section 163 of the Public Financial Management Act 2012, find enclosed the Revised Financial Statements for the period 1st July, 2016 to 30th June, 2017 for your necessary action.

Faith Njeri Harrison
CHIEF OFFICER – FINANCE, ICT & ECONOMIC PLANNING

Copies to: Controller of Budget
CEO-Commissioner on Revenue Allocation
Principal Secretary – National Treasury
County Secretary

Enc.

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
RECEIVED
P.O. Box 987 - 1000, NAIROBI

KIAMBU COUNTY GOVERNMENT

REPORTS AND FINANCIAL STATEMENTS *(Revised)*

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 ENTITY INFORMATION AND MANAGEMENT

(a) Background information

i. Kiambu County is constituted as per the constitution of Kenya and is headed by the County executive committee chaired by the County Governor, who collectively are responsible for the general policy and strategic direction of the County.

ii. The County is located in the Central highlands of Kenya in the former Central Province, close to Kenya's capital, Nairobi. It covers an area of 2,543.42 square kilometers, with a total population of 1,623,282. It is a leading innovative commercial hub that shares its borders with six other counties; Nakuru and Kajiado to the West, Murang'a and Nyandarua to the North, Nairobi to the South and Machakos to the East.

iii. The County constitutes twelve Sub- Counties; Gatundu South, Gatundu North, Juja, Thika Town, Ruiru, Githunguri, Kiambu, Kiambaa, Kabete, Kikuyu, Limuru and Lari.

iv. Main Economic Activities/industries include Farming, Food Processing, Manufacturing (Leather), Mining (Carbacid), Textile (Cotton), Motor Vehicle Assembly, Wholesale and Retail trade.

Vision

To be the most recognized ,modernized and well organized county with equal opportunities and high standards of living for all.

Mission

To improve the standard of living and welfare of our citizens by promoting effective governance structures providing quality services through public participation equitable distribution of resources and fiscal responsibility.

Core Values

Kiambu County upholds the values of accountability,transparency,inclusiveness,visionary,respect and teamwork.

(b) Key Management

The County Government of Kiambu's day-to-day management is under the following key structures:

1. The Governor.
2. The Deputy Governor and County Executive Member Trade, Tourism, Industry and Co-operative.
3. The Speaker County Assembly.
4. The Clerk, Kiambu County Assembly.
5. The County Executive Member of Finance & Economic Planning.
6. The County Executive Member of Public Service &Administration.
7. The County Executive Member of Lands, Housing & Physical planning.
8. The County Executive Member of Education, ICT,Culture & Social Services.
9. The County Executive Member of Health Services.

10. The County Executive Member of Water, Environment & Natural Resources.
11. The County Executive Member of Youth Sports & Communication.
12. The County Executive Member of Roads, Transport, Public Works &Utilities.
13. The County Executive Member of Agriculture, Livestock, Veterinary & Fisheries
14. The County Secretary.
15. The Secretary County Public Service Board

(c) Fiduciary Management

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

S/NO	NAME	DESIGNATION	DEPARTMENT
1	Mr John Gicaci	Accounting Officer	Finance & Economic Planning.
2	Mr Dominic Kanyi Gicheru	Accounting Officer	Public Service &Administration
3	Mr David K Gatimu	Accounting Officer	Lands,Physical Planning & Housing
4	Ms Ann Gichohi	Accounting Officer	Education ,ICT, Culture & Social Services
5	Dr.Stephen Njuguna Waiguru	Accounting Officer	Health Services
6	Mr. John Karonji Muhia	Accounting Officer	Water, Environment & Natural Resources
7	Ms Marie Wanjeri Mugo	Accounting Officer	Youth, Sports & Communications.
8	Dr Samuel Otieno Otieno	Accounting Officer	Trade,Tourism,Industry and co-operative
9	Eng.Lucas M. Wahinya	Accounting Officer	Roads, Transport, & Public Works
10	Mr. John Ndungu Njenga	Accounting Officer	Agriculture, Livestock, Veterinary & Fisheries
11	Mr. John Mutie	Accounting Officer	County Assembly
12	Mr Martin Njoroge Njeri	Accounting Officer	County Public Service Board

(d) Fiduciary Oversight Arrangements

County Public Accounts Committee (PAC) and County Public Investment Committees (PIC).

The PAC has the crucial responsibility of checking and overseeing County Government expenditure in all public institutions i.e. ministries, departments and related agencies; while the PIC has an equally daunting task of overseeing public expenditure in investment. The two oversight Committees are absolutely crucial in the fight against corruption because they derive their mandate directly from the people in whose name and for whose interest they are expected to speak and act

(e) Entity Headquarters

P.O. Box 2344 - 00900
Municipal Hall
Kiambu, KENYA

(f) Entity Contacts

Telephone: (254) 0675858108
E-mail: kiambucountygovernment@Kiambu.go.ke
Website: www.kiambucountygovernment.go.ke

(g) Entity Bankers

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

ii. The Cooperative Bank of Kenya
Kiambu Branch
P.O. Box 1064 – 00900
Kiambu
Tel. 254-066- 2022720

iii. Kenya Commercial Bank
Kiambu Branch
P.o box 81-00900
Kiambu

iv. Family Bank
Thika branch
P.o box 354-01000
Thika

v. Rafiki Bank
Thika branch
P.o box 12755-00400
Nairobi

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CEC

BUDGET PERFORMANCE

The table below shows summary of budget allocation against actuals for the year ended 30th june 2017

		Approved Budget	Actual Expenditure	Absorption Rate
	Recurrent Expenditure			
R4061	County Assembly	941,889,139		
R4062	County Executive	434,208,227	395,565,945.55	91.10
R4063	County Public Service Board	60,372,664	57,075,377	94.54
R4064	Finance And Economic Planning	1,322,603,463	1,295,928,447	97.98
R4065	Administration And Public Service	499,859,654	465,374,178	93.10
R4066	Agriculture, Livestock And Fisheries	526,576,608	483,887,620	91.89
R4067	Water, Environment And Natural Resources	476,560,444	427,216,120	89.65
R4068	Health Services	4,412,803,966	4,139,269,257	93.80
R4069	Education, Culture, ICT And Social Services	864,880,873	689,218,365	79.69
R4070	Youth, Sports And Communications	362,613,978	291,867,392	80.49
R4071	Lands, Physical Planning And Housing	297,918,522	268,535,429	90.14
R4072	Trade, Tourism, Industry And Co-Operative	494,249,505	399,272,095	80.78
R4073	Roads, Transport And Public Works	1,712,609,436	1,453,739,973	84.88
	Totals	**12,407,146,479**	**10,366,950,199**	**90.42**

NB. The actual expenditure for the county assembly will be accounted for in the consolidated financial statements

The County Government absorbed 90.42% of its annual budget allocation. Analysis of budget performance by departments shows that Finance and Economic planning attained the highest absorption rate at 97.98 per cent of its annual budget allocation while Education, Culture, ICT And Social Services department absorbed the lowest at 79.69%.

PERFORMANCE OF KEY DEVELOPMENT PROJECTS

Some of the progress made by the County includes:

1. Health Sector

Health care is one of the major sectors of the County government. The County has continued to invest in quality and accessible healthcare through construction and equipping of various infrastructural developments started last year.

The county has procured and installed 4 dental units in Wangige level 4 hospital, Karuri level 4 hospital, Thika level 5 and Githunguri health centre. The County has also procured ambulances that have been distributed to the various health facilities in a bid to improve referral services in the County. The County also acquired multifunctional beds in a bid to improve the quality of services offered. These have been distributed to Gatundu and Kiambu level 4 hospitals. The County also procured ICU beds and HDU beds for Kiambu level 4 hospital.

To improve power supply to the health facilities the County has procured generators and installed them in Igegania level 4 hospital, Githunguri health centre and Ruiru level 4 Hospital. In Kiambu level 4 hospital the County renovated the outpatient, maternity and rehabilitated the walkways. The upgrading of the infrastructure coupled with the quality services offered has attracted a high number of patients seeking services from within Kiambu and the neighbouring Counties the number of OPD patients have increased to over 2,000 patients per day and 1,000 deliveries per month.

On renovation and operationalization of Tigoni dispensary, the Health Department turned a Community building into a functional dispensary through rehabilitation, the feedback has been very impressive. Going forward, the health Sector will continue to invest a significant share of resources to ensure delivery of the planned programmes, quality and accessible health care. An Annuity Programme to support equipping, expansion and completion of the proposed infrastructural developments is also underway.

2. Tarmac/ Access Roads

The Department has been able to rehabilitate/reconstruct of 25 Kms of bituminous roads; upgrading 20 Km of major links and urban gravel roads to bitumen standards. The County has also been able to Construction and rehabilitation 2,100Km of rural roads, maintained of over 5,000km of existing roads. This has tremendously improved the connectivity and has improved accessibility of various trading centres and therefore promoting more livelihood activities hence improving the living standards for the people of Kiambu.

Some of the completed roads include;

i. Ndumberi – Githunguri Road (D404)-The works are located in both Kiambu and Githunguri sub-counties. The road is approximately 15.32km. The project road traverses through Ting'ang'a, Ikinu, and Gathanji trading centers. A length of 13.05Km. The project cost is KShs. 340,801,794.00 with a contract period of 24 months. It is 99% complete
ii. Thika Gatitu Junction Road which is located in Thika sub county. The road is approximately 3km. The project cost isKShs. 221m with a contract period of 18 months. It is complete.

iii. Githunguri CBD Road which is located in Githunguri Sub County. The road is approximately 2.4km. The project cost isKShs. 103.1m with a contract period of 24 months. It is 80% complete.

The department also has successfully constructed and rehabilitated of 12Bridges in various sub counties. The specific bridges include; in Gatundu South- Ndundu Kwa George, Kiang'eti Gathiuri-Gathiru, Marigoiti wa Gachane, Nembu Gatuikira , in Kabete-Chura-Muthure, Kamworiaini bridge , Turarii Bridge , in Kikuyu- Muthiga shauri yako,in Gatundu North- Gatei Bridge, Wanugu Bridge, In Kiambu -Ngegu – Indian Bazaar Foot Bridge and In Lari- Gatamaiyu bridge.

Road works have enhanced mobility of people, farmers have been able to deliver their food produce in all seasons, property value has also gone up, and wear and tear of vehicles has also reduced. Bridges and foot bridges have enhanced on connectivity within the County.

3. Automation of development applications and approval

The County has come up with a system of approving building plans online. The system has been providing better and timelier information to decision makers, managers, and staff throughout the County.

4. County Spatial Plan

The County Government has formulated a 10 year spatial plan that provides detailed frameworks for urban development. The plans have provided an elaborate Development Control Guidelines for Urban, Peri-urban and rural development in all the 12 Sub Counties.

5. Agriculture, Livestock and Fisheries Sector

The strategy of the Department of Agriculture is to create an enabling environment for Agricultural, Livestock and Fisheries development. The department has distributed to farmers over 30,000 banana tissue culture seedlings worth KShs 3.5 million; Established 3 fertilizer mini depots. This led to increased fertilizer consumption from 20,423 bags in 2013 to over 50,000 bags in 2017; Assisted over 15 groups with Value addition Equipment worth KShs 10millon leading to reduced post-harvest loses; Supported over 10 dairy cooperatives with the 11 bulk milk coolers and 2 pasteurizers worth KShs 90 million. Supply, installation, testing and commissioning of Bulk milk coolers and pasteurizers have enabled the dairy farmers to get a higher income from sale of milk. This has enhanced value addition of milk and increased milk prices from KShs 30 to 40 per litre production; Enhanced Animal disease control through procurement of vaccines, equipment and rehabilitation of cattle dips at a cost of KShs 20 million. This has reduced diseases incidences by 60%.

6. Water Environment and Natural resources sector

The department has so far completed 6 new Borehole water projects, rehabilitated 10 old boreholes by equipping with new pumping sets and extension of pipe distribution systems and completed 20 water distribution projects. The Department has also supported 8 water service providers (WSPs) and community water projects within the county in extension of distribution pipe networks to the residents with over 1,064 Kilometres of pipes for the WSPs and about 563Km of pipes to the community water projects. The County has been providing safe and clean water after embracing modern technology in water treatment.

On matters of environment, the County has completed 8 modern Public Sanitation, acquired new garbage trucks and further improved 4 dump sites by ensuring there is controlled management of the facilities.

7. Youths, Women and PWDs Enterprise Development Fund

Through the Kiambu County Youths, Women and PWDs enterprise development fund, the County Government has been able to train over 20 000 residents on how to access the fund. The fund has so far disbursed over KShs 200 million to more than 95 groups and 1000 individuals who successfully received the funding for start-ups or existing business. The fund has also disbursed KShs. 20 million to Sacco's around the County for micro loans and KShs. 15 million to partnership with the Visionary Empowerment Program (VEP) to distribute over 700 water tanks to groups and individuals;

The Fund has performed well in its objective of empowering the youth, women and persons with disabilities access to capital for enterprise start-ups and the expansion of already existing businesses.

8. Education Sector

The Education, ICT, Culture and Social Services Department mandate is to increase access to education and training; improve quality and relevance of education, reduce inequality as well as exploit talent and skills, increase the use of ICT and innovation for global competitiveness.
Early Childhood Development and Education (ECDE) enrolment in ECDE increased significantly, engagement of 1,071 care givers, disbursement of a bursary to the needy students in secondary schools, colleges and universities, thirty one (31) youth polytechnics were equipped with training tools and equipment's, ten youth polytechnics were renovated and rehabilitated;

VALUE –FOR-MONEY ACHIEVEMENTS

Health Sector

It has been noted that people used to travel for more than 5 Kms to seek medical services. With construction, rehabilitation and equipping of various facilities e.g Tigoni Dispensary the distance has shortened and a good number of patients are accessing services on daily basis. The programmes have achieved the value for money objectives.

Tarmac/Access Roads

With construction of major roads in Kiambu County, the residents are able to connect from one Sub County to another using shorter distances as well as saving of time and money.

Automation of development applications and approval

Automation of development applications and approval has benefitted the community since they take less time for their building plans to be approved. With the regulation of building plans the County is able to guarantee a healthy and safe community.

Automation of the development applications and approval has also enhanced the county revenue.

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Automation of the development applications and approval has also enhanced the county revenue.

Agriculture, Livestock and Fisheries

Value addition to various farm products such as milk and bananas has led to increased income of the farmers. Food productivity has also ensured there is food security within the county. This in return has led to improved welfare of the residents.

Water Environment and Natural resources sector

The above projects have been completed and are contributing to the well-being of the beneficiaries meeting the objectives they were meant for. Provision of clean and safe water has increased from 35% to 60% for water and 20% to 25% for sewerage coverage.

The acquisition of the garbage collection trucks and the machinery in waste management has greatly reduce the cost compared to contracting the services. These saving are proof that there is value for funds used in acquiring the plant. The same has resulted to clean and conducive environment to live in.

Youths, Women and PWDs Enterprise Development Fund

Through training a number of youth has been empowered after acquiring skills on entrepreneurship. The Fund has also created and increased sources of income to fund beneficiaries.

Education Sector

A large number of youth population have been empowered after accessing polytechnics services. The school feeding programme has led to increased enrolment rate in ECDE centres within the county. The needy students within the county have benefitted with bursary hence accessing quality education services

CHALLENGES

The County has been facing some challenges while implementing the projects. These include;

- Delay in project implementation due to late disbursement of funds from National Treasury.
- Delayed payments to Contractors & Suppliers which lead to delays in completion of projects. This is caused by frequent IFMIS breakdowns and delayed release of money.
- Unmet internal revenue target resulting to inadequate funds during implementation process.
- Political interference in the dumpsites
- Encroachment of land
- Security challenges

RECOMMENDED WAY FORWARD

- National Treasury to release funds on time
- Efficient Disbursement of funds to match the scale, magnitude and demands laid out in the budgeted programmes and projects
- Capacity building to enhance efficiency and effectiveness on the mandate bestowed on the departments
- Prompt payment of Suppliers should be fast tracked to avoid delay of completing the projects
- Civic education to community and staff to avoid conflict
- Proper project planning
- National Treasury to ensure smooth operation of IFMIS.

Sign _____

CEC Finance and Economic Planning

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 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 and economic planning on _____ 2018

_____

County Executive Committee member – Finance and Economic Planning

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements County Executive of Kiambu set out on pages 14 to 41, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation: recurrent, development and combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Kiambu 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 audit procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, 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 Variances between the Financial Statements and IFMIS

The figures in the financial statements for the year ended 30 June 2017 contain discrepancies totaling Kshs.53,702,172,465 compared with IFMIS report balances as summarized below;

Components	Financial Statements Amount-Kshs.	IFMIS Report Amount Kshs.	Variances Kshs.
Total Receipts	11,358,168,969	11,163,420,527	194,748,442
Total Payments	11,308,839,338	11,274,134,013	34,705,325

Cash and Bank	92,820,704	24,572,794,654	(24,479,973,950)
Receivables	15,164,804	(1,878,427,674)	1,893,592,478
Payables	20,564,521	31,365,809,281	(31,345,244,760)
Total	**22,795,558,336**	**76,497,730,801**	**(53,702,172,465)**

In view of the foregoing, the accuracy and completeness of these financial statements for the year ended 30 June 2017 could not be confirmed.

2.0 Receipts

2.1 County Own Generated Revenue

The statements of receipts and payments for the year ended 30 June 2017 reflects total receipts of Kshs.11,358,168,969 out of which an amount of Kshs.2,064,531,305 is in respect to County own generated receipts.

According to the approved revenue estimates for the period 2016/2017, the County had projected to collect a total of Kshs.3,093,924,963 from local revenue sources. However, the County realized actual collections of Kshs.2,064,531,305 being 67% of the projections resulting in under collection of Kshs.1,029,393,658 (33%) as summarized in the table below. The management has not provided explanations for the failure to meet the revenue targets.

Revenue Streams	Budget Amount-Kshs.	Actual Collection-Kshs.	Under collection-Kshs.	Over collection Kshs.	% Variance
Agriculture Livestock & Fisheries Management Unit	72,294,792	59,014,201	13,280,591		-18.4
Physical Planning Management Unit	738,500,000	392,025,664	346,474,336		-46.9
Business Permit Management Unit	300,000,000	201,891,980	98,108,020		-32.7
Cess Management Unit	152,000,000	36,741,443	115,258,557		-75.8
Education Culture ICT & Social Services Unit		1,392,560		1,392,560	100.0
Health Services Management Unit	485,000,000	431,081,972	53,918,028		-11.1
Housing Management Unit	17,000,000	3,360,232	13,639,768		-80.2
Land Rates Management Unitt	502,000,000	243,538,067	258,461,933		-51.5

Revenue Streams	Budget Amount-Kshs.	Actual Collection-Kshs.	Under collection-Kshs.	Over collection Kshs.	% Variance
Market Management Unit	110,000,000	55,574,469	54,425,531		-49.5
Others	85,870,171	190,621,199		104,751,028	122.0
Roads Transport Public Works Management Unit	40,000,000	28,404,326	11,595,674		-29.0
Slaughter House Management Unit	55,760,000	40,252,865	15,507,135		-27.8
Trade Tourism Industry & Cooperatives Unit	14,500,000	12,075,686	2,424,314		-16.7
Vehicle Parking Management Unit	336,000,000	279,489,985	56,510,015		-16.8
Water Environment & Natural Resources Management Unit	61,500,000	46,066,656	15,433,344		-25.1
Liquor Licences Management Unit	110,000,000		110,000,000		-100.0
Medium term loan		43,000,000		43,000,000	100.0
Total Fines, Penalties and Forfeitures	8,500,000		8,500,000		-100.0
Registration of Private Schools/Self Help Groups/Education inspection	5,000,000		5,000,000		-100.0
Total:	**3,093,924,963**	**2,064,531,305**	**1,178,537,246**	**149,143,588**	**33.0**

Further, a comparison of revenue from local sources for the year ended 30 June 2017 with the approved budget revealed that the County missed its revenue targets in sixteen (16) revenue streams and only managed to surpass the target in three (3) revenue streams. The poor performance in revenue collection indicates possible revenue leakages. The management has not provided explanation for the undesirable performance and measures being taken to ensure that all revenue due to the County is collected.

2.2 Wrong Classification of Tea and Coffee Cess Revenue

A review of budget and records of revenue for the County revealed that the County Executive had budgeted to receive grants from the National government totaling Kshs.63,956,166 in respect of tea and coffee cess funds. The amount was received in two tranches of Kshs.37,499,303 and Kshs.26,456,863 disbursed in August 2016 and May 2017

respectively. However, the revenue was wrongfully classified and captured under cess management unit income as County own generated revenue. The erroneous classification misstates the amount of cess for the year ended 30 June 2017.

2.3 Decline in Own Source Revenue Collection

A comparison of County own generated revenue collections for the 2016/2017 with the collections for the period 2015/2016 revealed decline in revenue by Kshs.335,269,186 (16%) from Kshs.2,446,125,742 collected in the previous year to Kshs.2,064,531,305 in 2016/2017.

In addition, the County had projected to collect revenue totaling Kshs.9,637,415,700 in the last 3 financial years but realized a total of Kshs..6,621,513,603 or 69% of the budgeted amount as given below:

Financial Year	Budgeted Revenue Kshs.	Actual Amount collected Kshs.	Actual Vs Budgeted %	Increase/Decrease from previous year	% increase/ decrease
2014/2015	3,241,234,585	2,110,856,556	65.1		
2015/2016	3,308,126,323	2,446,125,742	73.9	335,269,186	15.9
2016/2017	3,088,054,792	2,064,531,305	66.9	-381,594,437	-15.6
Total	**9,637,415,700**	**6,621,513,603**	**69**		

No reason has been provided for the poor performance in revenue collection.

2.4 Computerized Revenue Collection System

As reported previously, the County Executive has computerized revenue collection by installing a revenue collection system and a business intelligence analytics system. However, a review of the collection system revealed the following weaknesses and security vulnerabilities:

2.4.1 Unstable Revenue Data

Revenue reports generated from the Zizi system reflect different amounts of revenue collected when analysis is made from different modules and times for the same period under review. A system report of all receipts captured for 2016/2017 amounted to Kshs.841,159,845 while an analysis made per subcounty level revealed a total of Kshs.814,012,054 resulting in unreconciled variance of Kshs.27,147,791.

2.4.2 Loss of Revenue Arising from Unpaid Cheques and Unauthorised Access

As previously reported, the County Executive accepts cheques as a means of payment for services. Once a cheque is received from a customer, it is updated in favour of the customer account and a receipt issued. The cheque is later updated in a manually maintained incoming cheque register and presented to the bank. A review of some transactions processed through the system showed that the County heavily relies on officers from banks to update them via email on the status of the presented cheques.

Further, analysis of bank statements showed that twenty seven (27) unpaid cheques were not reversed resulting to possible revenue loss of Kshs.3,897,694.

In addition, revenue reports maintained by the County indicate that at Tigoni Hospital, members of staff hacked the system and misappropriated revenue amounting to Kshs.9,000,000. Although the management indicated that some of the staff had refunded the money, no documents were presented to confirm if the revenue have actually been recovered.

The point of Sale (POS) machines used in revenue collection are pre-configured with fixed charges and rates. However, a review of transactions captured under the Riverbank system revealed revenue transactions amounting to Kshs.25,121,841 were voided. No explanation has been provided for this anomaly.

In view of the above, the accuracy and completeness of county own generated revenue during the year could not be ascertained.

2.5 Missing Receipts

Analysis of reports from the County Pro System revealed that there were 1055 missing receipt transactions, out of which twenty nine (29) had been used to receipt cheques amounting to Kshs.1,285,778 which could not be traced to bank to account for the revenue.

As a result, it has not been possible to confirm the validity and accuracy of revenue collected through the County Pro System during the year ended 30 June 2017.

2.6 Post Dated Cheques

As previously reported, the County Executive accepts cheques as a means of payment for services. Once a cheque is received from a customer, it is updated in favour of the customer account and a receipt issued. The cheque is later presented to the bank. A review of some transactions processed through the system showed that eighty nine (89) postdated cheques amounting to Kshs.2,832,391 were received which means the cash was not realized immediately and recognition of these cheques as revenue is against the IPSAS Cash Basis accounting principle.

2.7 Valuation of Properties

As previously reported, the County used an outdated valuation roll to value properties. Further analysis of properties data maintained by the County Pro system revealed the County has 85,757 properties in its records out of which 2666 properties are neither charged ground rent nor rates. Revenue loss may occur as a result of the inaccurate records.

3.0 Compensation of Employees

3.1 Comparison of Budget and Actual Expenditure

The statement of receipts and payments for the year ended 30 June 2017 reflects expenditure of Kshs.4,883,001,144. The expenditure on compensation of employees represents about 43% of total revenue of Kshs.11,358,969 collected during the year under review. The expenditure, therefore, exceeded the set limit of 35% in Regulation 25 (1) (b)

of the Public Finance Management (County Governments) Regulations, 2015 which provides that County Government expenditure on wages and benefits for public officers should not exceed 35% of the County total revenue.

Further, analysis of expenditure on compensation of employees for the past 3 years is given below;

Year	Budget Amount Kshs.	Actual Expenditure Kshs.	Variance Kshs.	Growth Kshs.	% Growth
2014/2015	4,409,820,076	4,323,636,541	86,183,535		
2015/2016	4,318,688,395	4,315,853,617	2,534,778	(7,782,924)	-0.2
2016/2017	4,891,277,725	4,883,001,144	8,276,581	567,147,527	13%
Total	**13,619,786,196**	**13,522,491,302**	**97,294,894**	-	-

The above table shows that the 2016/2017 County employee cost increased by Kshs.567,147,527 from Kshs.4,315,853,617 incurred in 2015/2016 to Kshs.4,883,001,144 in 2016/2017 paid to five thousand three hundred and sixty four (5,364) employees.

Although the increase in compensation of employees has been attributed to salary increase awards to medical staff and annual increment, the current level of expenditure of 47% of total County revenue may negatively affect service delivery and implementation of planned development projects of the County.

3.2 Unsupported Salary Arrears

The statement of receipts and payments for the year ended 30 June 2017 reflects expenditure of Kshs.4,853,001,144 in respect of compensation of employees. Included in this figure is an amount of Kshs.228,569,398 paid to County staff as salary arrears.

However, the basis of the payment and supporting documentation including salary pay change advice and appropriate authority were not provided for audit review.

Consequently, the validity of salary arrears figure of Kshs.228,569,398 incurred during the year ended 30 June 2017 could not be confirmed.

3.3 Undertaxation and Nil Deduction on PAYE

Review of payroll for the month of June 2017, revealed that nineteen (19) employees were not taxed resulting to non-remittance of PAYE of Kshs.434,431. Further, two hundred and sixty two (262) employees were undertaxed PAYE due, resulting in unremitted tax of Kshs.5,067,427.70. This may lead to unnecessary penalties and interest that can have a negative impact on the County Executive's operations.

4.0 Use of Goods and Services

4.1 Insurance Costs

Note 12 to the financial statements for the year ended 30 June 2017 reflects use of goods and services figure of Kshs.1,953,836,076 which includes expenditure of Kshs.50,099,926 in respect of insurance costs. The expenditure was paid for provision of medical insurance for employees of the County, general insurance and provision of motor vehicle insurance covers for properties of the County. However, a review of records for the payments revealed the following findings:

4.2 Provision of Medical Insurance Covers

4.2.1 Medical Insurance cover by National Hospital Insurance Fund (NHIF)

Included in the insurance costs figure of Kshs.50,099,926 is an amount of Kshs.27,000,000 paid to NHIF during the year being for provision of medical cover for 2,083 employees who were yet to receive an enhanced insurance cover categorized under newly employed by the County Public Service Board and those absorbed by the County at the inception of devolution. Records indicate that the agreed total premium was Kshs.56,313,275 per year. Scrutiny of documents maintained at the county for the medical cover revealed the following:

i. Delay in implementation of the contract

The contract agreement signed on 31 January 2017 was schedule to run for a period of one (1) year, effective from 1 February 2017 to 31 January 2018. However, as at the time of this audit in January 2018, there was no evidence indicating that insurance policy had been issued to the County yet the contract period was set to expire within a month. Further, the management has not explained how different this medical cover is compared to the compulsory scheme for all employees in Kenya under the NHIF Act, 2015.

It was not possible to determine if and when insurance cover would take effect to benefit the employees of the County.

ii. Breach of contract on payment

According to the signed contract, the agreed premiums were to be made within 30 calender days from the date of the execution. However, as at 30 June 2017, the County had made payments amounting to Kshs.27,000,000 only while the balance of Kshs.29,313,275 remained unpaid as at 30 June 2017.

iii. Failure to provide details of the Beneficiaries

As indicated above, 2083 employees were to benefit from the insurance cover. However, the staff listing and beneficiaries in respect of the cover, premium payable and other relevant records were not made available for audit verification. Further, the basis and details indicating how the annual premium of Kshs.56,313,275 was determined was not provided.

As a result, the propriety and value for money on expenditure of Kshs.27,000,000 paid for medical insurance during the year ended 30 June 2017 could not be ascertained.

4.2.2 Provision of Medical cover for County Executive Members

Award of contract

The County Executive of Kiambu under the Department of Administration procured insurance services from M/s Primeken Insurance Brokers Ltd at a cost of Kshs.14,981,251 for provision of medical cover for the Executive Members. As at 30 June 2017, no payment had been made in respect of this cover. Although available records provided on financial evaluation for insurance services revealed that the winner of the contract was the lowest evaluated firm among four bids received, notice of tender, tender opening and award minutes were not presented for audit review. Further, contract documents indicated unpaid premium sum of Kshs.8,055,338 while outstanding payment recorded in payment voucher amounted to Kshs.14,981,251. No explanation was given for the variance noted.

Breach of contract on payment

According to Section 4.2 of the signed contract, that the terms of payment would be 30 days from the date of execution of policy documents in January 2017. However, no payment was made to the insurer during the financial year under review. The contract sum of Kshs.14,981,251 remained outstanding as at 30 June 2017. Further, contrary to section 3.1 0 of the contract which indicated that the contract would commence immediately upon execution and would be valid for a period of one year, as at the time of audit, the provision of service and policy cover had not been executed. The County Executive Members therefore do not have medical insurance cover. It has not been explained how medical bills incurred by County Executive members were paid in absence of insurance policy.

4.2.3 Provision of General Insurance Cover

Included in the insurance costs figure of Kshs.50,099,926 is an amount of Kshs.5,000,000 paid to M/s Goldfield Insurance Brokers Ltd for provision of general insurance covers. Records made available indicate that the Department of Administration procured the insurance services at a cost of Kshs.32,986,630. The cover included; fire and allied, furniture and equipment, burglary and theft, money insurance, public liability, fidelity guarantee, all risks, group personal accident (staff scale3-10), group personal accident (County Executive Committee Members) and work injury benefit insurance covers. Verification of documents maintained at the County revealed the following observations;

(i) Procurement procedure

Although financial evaluation report on the contract was presented, other relevant tender documents including tender notices or advertisement, tender opening, technical evaluation minutes and award of tender for the service were not presented for verification. Available information and financial evaluation report for insurance services indicated that

the scope of evaluation was limited to price consideration only. The winner M/s Goldfield Insurance brokers was awarded the contract at a sum of Kshs.32,986,630 for being the lowest evaluated bidder among other four companies. No other procurement records were provided to show how the bidders were identified and given tender bids for the service.

(ii) Delay of premium payment

According to section 4.2 of the contract, the terms of payment was agreed to be 30 days from the date of execution of policy documents effective January 2017. However, apart from initial amount paid of Kshs.5,000,000, the balance of Kshs.27,986,630 remained unpaid as at 30 June 2017. Although the management attributed the non-payment of the premium to delay by National Treasury to release exchequer issues, there was no evidence of steps taken to ensure that the operations of the County would not be adversely affected in the event of fire, theft or any risk occurring.

4.2.4 Provision of Motor Vehicle Insurance cover

The County Executive of Kiambu through the Department of Administration procured motor vehicle insurance covers in two lots. LOT I contract was awarded to UAP Insurance Company Limited covering motor vehicles under the Departments of County Executive, Administration, Agriculture, Roads Transport and Public Works and Utilities, and Health Department at a cost of Kshs.41,500,279. LOT II was awarded to M/s Mima Insurance Brokers Limited at a cost of Kshs.23,489,842.21 for motor vehicles in the Departments of Finance and Economic Planning, Water Environment and Natural Resources and Trade, Tourism, Industry Cooperatives Development and Marketing, County Public Service Board, Lands, Housing and Physical Planning, and Department of Youth Affairs, Sports and Communication Services. However, tender documents such as advertisement, opening, evaluation minutes and notice of award and contract agreement were not provided for audit verification. No payment was made to the insurance company in respect of the service during the year under review.

Consequently, the propriety and completeness of insurance costs of Kshs.50,099,926 for the year ended 30 June 2017 could not be confirmed.

4.3 Legal Fees

Included in the use of goods and services figure of Kshs.1,953,836,076 as disclosed in note 12 to the financial statements is other operating expenses expenditure of Kshs.387,866,221. Out of the balance of Kshs.387,866,221, an amount of Kshs.6,048,015.55 was in respect of legal fees. However, the following observations were noted:

i. Some of the legal fees payments involved unresolved prior year cases between various parties and the defunct local authorities which could not be verified.

ii. Details of most of the cases though listed in a schedule could not be confirmed for lack of court files.

iii. Records indicate that outstanding legal fees as at 30 June 2017 total Kshs.206,371,267. However, invoices, fee notes from the law firms and court files

were not provided for audit verification. It was not possible, therefore, to confirm whether these legal fees are in line with the Advocates and Magistrates Remuneration Order that guides fees charged by advocates.

Consequently, the propriety of expenditure of Kshs.6,048,015.55 incurred on legal fees for the year ended 30 June 2017 could not be confirmed.

5.0 Construction of Roads

5.1 Expenditure on National Government Roads

Note 17 to the financial statements for the year ended 30 June 2017 reflects acquisition of assets figure of Kshs.1,946,298,286 which includes construction of roads amount of Kshs.627,473,595. The construction of roads expenditure includes an amount of Kshs.145,205,325 in respect of construction of roads projects as shown below:

Contract Name	Contract No.	Contractor	Contract Sum-Kshs	Amount paid 2016/17 Kshs.	Total Payments as at 30/6/2017 Kshs.
Repair & Rehabilitation of Ndumberi-Githunguri Road	CKG/RT&PW/001/2013-2014	M/s Samar Construction Co Ltd	340,801,794	32,556,460	318,760,290
Improvement of Thika Town Entrance-Garissa Road Junction	CKG/RTPW&U/161/2014-2015	M/s Njuca Consolidated Ltd	221,005,870	80,826,608	135,891,751
Construction of Thogoto-Ndaire-Dagoretti Road	CKG/RTPW&U/038/2016-2017	M/s HK Builders & General Contractors Ltd	181,452,510		18,145,251
Improvement of A2(Kimbo) Matangini Roads	CKG/RTPW&U/44/2016-2017	M/s Mutech Motors & Civil Engineering	170,552,896		17,055,289
Rehabilitation & Improvement of C64-C65 Road	CKG/RTPW&U/37/2016-2017	M/s Geokarma Construction Ltd	145,346,505	14,534,650	14,534,650
Repair & Rehabilitation of Githunguri CBD Roads	CKG/RTPW&U/018/2013-2014	M/s Charwins Ltd	103,997,582	17,287,607	66,127,983
Ndeiya Ewasso Kedong Road	Not provided		14,701,450		
		Total	**1,177,858,607**	**145,205,325**	**570,515,214**

Records indicate that out of the above seven (7) road projects awarded at a contract sum of Kshs.1,177,858,607, three (3) contracts were awarded during the year. The works involved construction, repair, rehabilitation and improvement of roads to bitumen standards in the

County. The contractors had been paid a total of Kshs.506,146,496.90 in the previous years bringing the total payments incurred on these projects to Kshs.570,515,213.90, while pending bills of Kshs.64,368,717 in respect of certified works of the road was outstanding as at 30 June 2017.

However, no evidence of public participation was availed for audit verification. It was therefore not clear how the roads were identified, awarded and implemented.

It was also noted that the roads are under the National Government through either Kenya Urban Roads Authority(KURA) or Kenya Rural Roads Authority(KERRA). The management has not explained why they undertook to implement these projects which ought to have been done with the concurrence of National Government in accordance with Article 186 of the Constitution of Kenya 2010.

A verification carried out in January, 2018 revealed that the constructions were at different stages of completion.

In addition, the County Executive was clearly struggling to pay the contractors, as evident by delay in completion of projects commenced in 2013/2014 period, some of whom had abandoned the projects due to non-settlement of certificates for work done.

Consequently, the objective of these projects has not been achieved and value for money on the expenditure of Kshs.570,515,213.90 so far spent on the projects could not be confirmed.

5.2 Improvement of Thika Town Entrance–Garissa Road Junction

Included in the construction of roads expenditure of Kshs.627,473,595 as disclosed in note 17 to the financial statements for the year ended 30 June 2017, is an amount of Kshs.80,826,607.50 for improvement of Thika Town Entrance – Garissa road junction. Records indicate that contract No CGK/RTPW&U/161/2014/2015 for the improvement of the road was awarded on 25 June 2015 to a local construction firm M/s Njuca Consolidated Company Ltd at a contract sum of Kshs.221,005,870.30. During the year under review, an amount of Kshs 80,826,607.50 was paid bringing total payments so far made to the contractor to Kshs.135,891,751. The contract was to run for eighteen (18) months, commencing July 2015. According to certificate of completion for the latest payment, the percentage of works completed was 62% against 172% of the contract period elapsed as at January 2018.

A further examination of records available revealed that construction of a single lane adjacent to Thika Prison had not commenced due to the fact that the GK Prison had encroached on the road reserve and constructed twelve (12) residential houses on the road. No effort appears to have been made to have the houses demolished to allow the construction to proceed. It was also not clear if inspection on the road was done before awarding the contract.

Further, the project had stalled as at the time of audit and the contractor was not on site. Consequently, the propriety of expenditure of Kshs.135,891,751 so far spent on the project as at 30 June 2017 could not be confirmed.

6.0 Construction of Schools and Civil Works

6.1 Construction of Limuru Fire station

Included in the acquisition of assets figure of Kshs.1,946,298,286 as disclosed in note 17 to the financial statements is construction and civil works expenditure of Kshs.447,269,930 out of which an amount of Kshs.3,242,260 was paid to a construction company for construction of Limuru fire station. However, previous payments to the contractor was not provided, including an amount of Kshs.11,000,000 paid in 2015/2016. As previously reported, this contract was awarded on 24 April 2015 to Brits Limited a tender sum of Kshs.24,249,933. The scope of work involved construction of a hostel for fire fighters, an office, a fire fighting engine parking bay, construction of toilet, a fire drill tower and a perimeter fence.

Works which commenced on 7 May 2015 were scheduled to run for twenty (20) weeks to end on 7 October 2015. However, physical verification carried out in January 2018 indicated that all the structures at the site were incomplete and the contractor was not on site. Although records of payments indicate that the contractor had been paid a total of Kshs.14,242,260 equivalent to 59% of the contract sum, against 655% of time elapsed, there was no evidence of approved extension of contract time. The management has not presented measures taken to address the unsatisfactory performance and delay in completion of the project.

Consequently, the propriety of Kshs.14,242,260 so far incurred on this project as at 30 June 2017 could not be confirmed.

6.2 Construction of Githunguri Fire Station

As similarly reported in the previous year, included in the acquisition of assets figure of Kshs.1,946,298,286 for the year ended 30 June 2017 and as disclosed in note 17 to the financial statements is construction and civil works expenditure of Kshs.447,269,930. The figure of Kshs.447,269,930 includes Kshs.2,747,950 paid to a firm in respect of construction of Githunguri fire station bringing total payments so far made to this project to Kshs.10,019,516. Records indicate that contract No.CGK/RTPW&u/FS/2014-2015/Vol.1/003 for the construction was awarded on 4 June 2015 to M/s Gishi Building Contractors and Civil Engineering Co. Limited at a contract sum of Kshs.22,961,085.

According to the contract agreement signed between the County Executive and the contractor, the contract was to be executed within twenty (20) weeks. However, a physical verification of the project in the month of January 2018 revealed that the contractor was not on site and the works had stalled. Records indicated that progress of works stood at about 33% against an elapsed contract period of 615%, while the contractor had been paid a total of Kshs.10,019,516 or 44% of the contract sum. It is not clear why payment was made over and above the certified works.

As a result, the propriety of expenditure of Kshs.10,019,516 incurred on the construction of Githunguri fire station as at 30 June 2017 could not be confirmed.

6.3 Construction of Talent Academy and Amphitheatre

Included in the acquisition of assets figure of Kshs.1,946,298,286 is construction and civil works amounting to Kshs.447,269,930 as disclosed in note 17 to the financial statements out of which Kshs.18,093,018.85 was in respect of construction of talent academy and amphitheater during the year under review. Review of records revealed that contract No.KCG/YASC/TALENT/007/2015/2016 for construction of talent academy and amphitheater was awarded to M/s Paschal Construction Ltd on 11 May 2016 at contract sum of Kshs.81,928,155. The construction was to be completed within 12 months from the date of award of the contract. An audit inspection carried out in January, 2018 showed that certified works represent about 22% only of the contract sum while 150% of the contract period had lapsed which does not compare favourably with the level of completion.

Further, the contractor was not on site at the time of this audit. It is not clear whether there was extension of contract period and completion of the project appears uncertain. No explanation was given as to why the project had stalled.

Consequently, value for money already spent on the project of Kshs.18,093,018.85 as at 30 June 2017 could not be confirmed.

6.4 Rehabilitation of Primary School Playgrounds

Included in the acquisition of assets figure of Kshs.1,946,298,286 as disclosed in note 17 to the financial statements is construction and civil works expenditure of Kshs.447,269,930 out of which an amount of Kshs.7,842,300 was paid to a construction company for rehabilitation of primary school playgrounds. However, the maintenance of primary school education facilities and rehabilitation of their infrastructure is under National Government and not a devolved function. It is therefore not clear how the County Executive got involved in national government function. Further, the Bills of Quantities(BQs) presented for audit revealed that the contractors were required to do grading, levelling, marking, installation of goal posts, grass planting and watering. It was, however, noted that most grounds have no grass and are extremely dusty making the schools inhospitable and a serious health hazard to teachers, pupils and the local community. Some schools have reported cases of respiratory and other airborne diseases but no remedial action appears to have been taken by the County.

Consequently, the propriety and value for money already on the expenditure of 7,842,300 incurred on rehabilitation of school playgrounds for the year ended 30 June 2017 could not be confirmed.

6.5 Construction of Stadia

6.5.1 Construction and Rehabilitation of Thika Stadium

Note 17 to the financial statements for the year ended 30 June 2017 reflects construction and civil works figure of Kshs.447,269,930 which includes an amount of Kshs.1,823,928.70 in respect of rehabilitation of Thika Stadium. Records maintained by the County Executive revealed that Contract No. KCG/YASC/STADIUM/063/2014/2015 for rehabilitation of the Stadium was awarded in 2015 to M/s Simbaline General Services Ltd at a sum of

Kshs.14,529,230. Works which commenced on 20 May 2015 were scheduled to run for twelve months to end on 19 April 2016. However, physical verification carried out in January 2018 indicated that works in respect of the basketball court, water tower and toilet block were complete while about 30% of the columns and stands had been constructed. The construction was behind schedule by 250% of the contract period lapsed. It is not clear whether extension of contract period was requested and approved to allow the completion of the project. Out of the contract sum, an amount of Kshs.1,823,928.70 had been paid in respect of this project.

Consequently, the propriety of expenditure of Kshs.1,823,928.70 spent on the project as at 30 June 2017 could be ascertained.

6.5.2 Construction and Rehabilitation of Ruiru Stadium

Available records indicate that contract No KCG/YASC/STADIUM/005/2015/2016 for rehabilitation of Ruiru stadium was awarded in 2015/2016 to M/s Kevman Investments Ltd for a sum of Kshs.32,823,265. However, no tender documents such as tender notice, tender opening and evaluation, award minutes and contract agreement for the works were provided for audit review. Further, payment details made to the contractor were not presented for audit review. Further, the stadium had not been officially handed over to the Department of Youth. It was also noted that a local football club claimed possession of the stadium with one of its officials being in custody of the keys to the stadium gate.

As a result, the propriety of expenditure incurred on this project as at 30 June 2017 could not be confirmed.

6.6 Stalled Construction of Lusigetti Community Library

Included in the acquisition of assets figure of Kshs.1,946,298,286 as disclosed in note 17 to the financial statements is construction and civil works expenditure of Kshs.447,269,930 out of which an amount of Kshs.1,750,161 was paid to M/s Three DS Services Ltd for construction of Luzegeti Community Library. Available records maintained by the County indicate that the contract for construction of the community library was awarded on 20 February 2015 to the company at a contract sum of Kshs.7,667,376. The construction of the project was to run for a duration of 4 weeks starting immediately after the award. It was however noted that the project had stalled and the contract period had lapsed.

Records indicate that the contractor had abandoned the site after having been paid Kshs.1,750,161 or 23% of the contract price. No explanation was given for the failure to complete the construction to serve the intended purpose.

Consequently, it has not been possible to confirm the propriety and value for money on the expenditure of Kshs.1,750,161 spent on the project as at 30 June 2017.

7.0 Supply of Milk Pasteurizer

Included in the acquisition of assets figure of Kshs.1,946,298,286 as disclosed in note 17 to the financial statements is purchase of specialized plant, equipment and machinery figure of Kshs.188,775,349 out of which an amount of Kshs.18,093,018.85 was paid to a company

for supply, installation and commissioning of a milk pasteurizer. Records indicate that the County Executive competitively awarded contract No KCG/T/ALF/2/2015/2016 for the for supply of a pasteurizer on 10 June 2016 at a contract sum of Kshs.23,395,000. The supplier delivered the equipment and was issued to Kiambaa Dairy Ltd, a cooperative society owned by farmers in the County. However, no requisition nor memorandum of understanding signed between the County and the cooperative society was provided for audit review.
It was therefore not clear whether the pasteurizer was donated to the society and whether the County Executive was to receive any revenue from its use.

Consequently, the ownership of the milk pasteurizer procured during the year under review at a cost of Kshs.23,395,000 could not be confirmed.

8.0 Unutilized Medical Equipment

Included in the acquisition of assets figure of Kshs.1,946,298,286 is purchase of specialized plant, equipment and machinery amounting to Kshs.188,775,349 as disclosed in note 17 to the financial statements. The figure of Kshs.188,775,349 includes expenditure of Kshs.9,710,000 incurred in respect of purchase of medical equipment during the year under review. A review of approved budget of the County showed that the Ministry of Health had a provision of Kshs.75,000,000 for purchase of medical equipment. This was in line with the County Governments County Integrated Development Plan (CIDP) objective to provide specialized medical equipment to ensure adequate access to medical care.

Although the equipments procured from M/s Brighton Pharmaceuticals and Bark Pharm Ltd were delivered on 16 December, 2016, physical verification carried out in January 2018 revealed that the equipment delivered to two hospitals in the County as detailed below had not been put to use to serve the public.

Equipment	Supplier	Date Received	Hospital	Cost -Kshs.
Ultra Sound Machines	Brighton Pharmaceuticals Ltd	16/12/2016	Wangige Hospital	1,900,000
Ventilators	Bark pharm Ltd	16/12/2016	Kiambu Hospital	5,850,000
Delivery bed pack	Brighton Pharmaceuticals Ltd	16/12/2016	Kiambu Hospital	1,960,000
	Total			**9,710,000**

The management has not given justification for the failure to utilize the equipment for the benefit of residents of Kiambu County. Failure to utilize the equipment will lead to deterioration due to wear and tear and vandalism hence loss of public funds.

In the circumstances, the value for money on expenditure of Kshs.9,710,000 in respect of purchase of medical equipment for the year ended 30 June 2017 could not be confirmed.

9.0 Expenditure on Proposed Public Washrooms and Landscaping at Mathore Kikuyu

Note 20 to the financial statements for the year ended 30 June 2017 reflects other payments figure of Kshs.95,738,271 which includes an amount of Kshs.2,366,537 incurred on construction of washrooms and land scapping at Mathore-Kikuyu. The contract was

awarded to M/s Jimrose Building Contractors at a contract sum of Kshs.9,603,680. According to article 4.2 of the contract agreement dated 26 June 2015, the contract period was to run for 12 calendar weeks commencing immediately after the signing of contract. As at the time of this audit, the contractor had been paid a total of Kshs.4,620,980 including an amount of Kshs.2,366,537 on 30 March 2017 processed through voucher No 5946/1. However, verification carried out could not establish the location and specific works carried out to warrant the payments and it appears no work was done on the ground. Further, inspection and acceptance committee report was not provided for the works paid for.

Consequently, the propriety of expenditure of Kshs.4,620,980 spent on the project as at 30 June 2017 could be ascertained.

10.0 Pending Bills

Annex 2 to the financial statements as at 30 June 2017 reflects pending bills of Kshs.597,697,528. However, the annual report of the Controller of Budget for 2016/2017 indicates pending bills as at 30 June 2017 of Kshs.549,442,219 in respect of development vote and Kshs.370,819,455 for recurrent expenditure thus totaling Kshs.920,261,674. The resultant difference of Kshs.322,564,146 between the balances recorded in financial statements and COB report has not been explained or reconciled.

Further had the bills of Kshs.597,697,528 been paid and the expenditure charged to the accounts for the year under review, the surplus of Kshs.49,329,631 reflected in the statement of receipts and payments would have decreased to a deficit of Kshs.548,367,897. This is an indication that the management entered into financial commitments for which no resources were available contrary to Section 135(1) to the Public Finance Management Act, 2012 which provides that expenditure not appropriated should not be incurred. In addition the bank balances totaling Kshs.92,820,704 as at 30 June 2017 were inadequate to cover these pending bills.

Consequently, the propriety, accuracy and completeness of the pending bills totaling Kshs.597,697,528 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Kiambu 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 my 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, I have determined that there are no key audit matters to communicate in my report.

Other Matter

1.0 Overall Budget Performance

During the financial year ended 30 June 2017, the County Executive of Kiambu had an approved budget of Kshs.11,465,257,340 comprising of recurrent vote of Kshs.7,920,380,443 and development vote of Kshs.3,544,876,897. The summary statement of appropriation recurrent and development; combined reflected overall expenditure totaling Kshs.10,366,950,200 equivalent to 90 % absorption rate as follows:

Vote	Approved Budget 2016/2017 Kshs.	Actual Expenditure 2016/2017 Kshs.	Variance Kshs.	% Variance to Budget
Recurrent	7,920,380,443	7,684,629,840	-235,750,603	-3.0
Development	3,544,876,897	2,682,320,360	-862,556,537	-24.3
Total	**11,465,257,340**	**10,366,950,200**	**-1,098,307,140**	**-9.6**

The above summary shows that the county realized under-expenditure of Kshs.862,556,537 or approximately 24% of approved development estimates of Kshs.3,544,876,897. No explanation was given for the underperformance. Further, project implementation status report was not presented for audit review. It was not possible therefore to confirm projects implemented and completed, and the unimplemented ones.

1.2 Under/ Over Expenditure

The detailed analysis of expenditure against budget for the year ended 30 June 2017 is given below:

Components	2016/2017 Final budget Kshs.	2016/2017 Actual Expenditure Kshs.	Over/(Under) Absorption-Kshs.	% Actual/Budget absorption
Compensation of Employees	4,891,277,725	4,883,001,144	(8,276,581)	100
Use of Goods and Services	2,197,311,262	1,953,836,076	(243,475,186)	89
Transfers to Other Government Units	1,374,585,622	1,288,656,224	(85,929,398)	94
Other Grants and Transfers	158,070,119	144,145,198	(13,924,921)	91
Social Security Benefits	41,000,000	35,275,000	(5,725,000)	86
Acquisition of Assets	2,783,012,612	1,946,298,286	(836,714,326)	70
Other Payments	20,000,000	115,738,271	95,738,271	579
Total	**11,465,257,340**	**10,366,950,199**	**(1,098,307,141)**	**90**

The analysis indicates that the County realized under expenditure in all items except on other payments with budget allocation of Kshs.20,000,000 and actual expenditure of Kshs.115,738,271, representing an over expenditure of 95,738,271. The over expenditure was not regularized through reallocations or supplementary budget.

1.3 Purchase of Specialized Materials and Equipment

Records maintained by County government indicate that an amount of Kshs.14,750,000 had been provided in the approved budget for 2016/2017 for the purchase of specialized materials and equipment in the Ministry of Lands, Physical Planning and Housing as follows:

Items	Approved Budget Kshs.
Purchase of Generators	4,250,000
Purchase of Specialized Plant	8,500,000
Purchase of Software	2,000,000
Total	**14,750,000**

However, no expenditure was recorded under these items. No explanation was provided why the budget allocation was not utilized. Further, the residents of Kiambu were denied benefits expected from the equipment which were not purchased.

2.0 Doubtful claim on Acquisition of Land

2.1 Compulsory Acquisition of Land

The County Executive compulsorily acquired five parcels of land L.R Numbers Githunguri/Gaithieko/332, Githunguri/Gaithieko/333, Githunguri/Gaithieko/334, Githunguri/Gaithieko/335 and Githunguri/Gaithieko/336 all measuring 55 acres for use by the County. The land was leased several years ago to the Government for a period of 33 years. The lease expired in 1991 but the Government continued occupation of the land until 2007 when a gazette Notice No. 1468 was issued by the Commissioner of Lands indicating an intention to compulsorily acquire the land. The land was valued by the Government valuer and offered the petitioners Kshs.55million. Available information indicate that the petitioners were dissatisfied with the amount offered and appealed to the Tribunal and subsequently filed the petition claiming a total of Kshs.285,889,870 to include; value of land and improvements, additional 15% as per acre, unpaid rent due from 1991 to 2007 and aborted acquisition costs in 1998. The Government valuer did not consider the improvements on the land while the petitioner's valuer had taken into consideration the development thereof.

2.2 Court Case

A review of case files revealed that the matter was petitioned in the High Court of Kenya at Nairobi Petition No.399 of 2014 in the Matter of the Constitution of Kenya and in the matter of a Constitutional Reference under article 22 and in the matter of contravention of the rights & fundamental freedoms under articles 20, 21,22,23,40 & 60 of the Constitution of Kenya and in the matter of the Land Acquisition Compensation Tribunal at Nairobi Civil Appeal No.10 of 2009. The suit was between four (4) petitioners and the Attorney General, and the Commissioner of Lands as the respondents while the County Government of Kiambu was an interested party in the case. The Court consented to the case and the parties agreed to settle the matter under the following terms;

i. The petitioners were to be paid a total of Kshs 85,524,000 being full compensation in respect of the compulsory acquisition of the above said parcels of land.

ii. The Kshs. 55,905,135 which had been deposited with the Registrar of the High Court on 7 October 2010 was to be released to the petitioners through the Petitioners advocates, m/s Mwagambo & Okonjo Advocates.

iii. The remaining balance of Kshs.29,618,865 was to be paid by the interested party (County Government of Kiambu) to the Petitioners through the Petitioners advocates, m/s Mwagambo &Okonjo Advocates in a manner that Kshs.5,000,000 be paid within 60 days after the 7 October 2010 when the deposited Kshs.55,905,135 was released. The two payments of Kshs.10,000,000 was to be paid on or before 28 February 2017 while the final balance of Kshs.14,618,865 was to be paid before 31 August 2017.

iv. The title documents and all the relevant documents to the property in the custody of the petitioners be released to the custody and control by the interested party's Advocates, M/s Kithi & Company Advocates within 7 days of the initial transfer of Kshs.55,905,135. The petitioners were to facilitate the transfer of the property to the Interested Party.

v. The Interested Party was to bear the cost of transfer of the property being the Githunguri/Gaitheko 332-336 including stamp duty, transfer cost, legal cost and all attendant costs thereof.

vi. The interested party was to bear the costs of the suit to the petitioners advocates to be paid within 45 days of the initial transfer of Kshs.55,905,135.

2.3 Delay in Payment of compensation

As a result of the above determination, the County Executive of Kiambu made the first two payments to the petitioners advocates, M/s Mwagambo & Okonjo of Kshs.5,000,000 and Kshs.10,000,000. The remaining balance of Kshs.14,618,865 was due for payment by 31 August 2017.

However, as at 8 January 2018, the County Executive had not paid the outstanding balance of Kshs.14,618,865 and therefore on the same date, the petitioners advocates wrote to the County Secretary, Kiambu County, setting out records of payments as at that date as ordered by the Court with a revised demand for extra payment of Kshs.31,144,728 instead of Kshs.14,618,865 outstanding balance out of the consented amount of Kshs.85,524,000.

This new demand resulted in unexplained extra demand of Kshs.16,525,863. The County Executive of Kiambu did not seem to contest this demand by the petitioners and therefore leading to loss of public funds arising from the unnecessary delays in paying the consented and determined compensation.

2.4 Failure to facilitate land transfer to the County Government

The title documents to the property was still in the custody of the petitioners despite the court direction that they be released to the advocates of the County Executive of Kiambu, M/s Kithi and Company Advocates and the petitioners to facilitate the transfer of the property to

Kiambu County Government. The ownership status of the parcel of land remain uncertain. No reason was provided for the delay despite the fact that payment has been made to the petitioners. Notwithstanding the unpaid amounts, the property may be converted to private use in absence of valid ownership documents.

Further, the inaction of the County Executive on the extra demand of Kshs.16,525,863 will result in unnecessary payments which should have been avoided. The management has not provided any justification for the unsatisfactory handling of this case that evidently may lead to loss of public funds.

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 assumption.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 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 to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Exchequer releases	1	8,446,320,403	7,793,585,788
Proceeds from Domestic and Foreign Grants	2	0	0
Transfers from Other Government Entities	3	695,682,819	348,845,446
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	2,064,531,305	2,446,125,742
Returned CRF issues	10	151,634,442	0
TOTAL RECEIPTS		**11,358,168,969**	**10,588,556,976**
PAYMENTS			
Compensation of Employees	11	4,883,001,144	4,315,853,617
Use of goods and services	12	1,953,836,075	2,196,227,671
Subsidies	13	0	0
Transfers to Other Government Units	14	2,230,545,363	1,859,637,175
Other grants and transfers	15	144,145,198	167,342,307
Social Security Benefits	16	35,275,000	59,998,728
Acquisition of Assets	17	1,946,298,286	1,965,604,322
Finance Costs, including Loan Interest	18	0.00	0.00
Repayment of principal on Domestic and Foreign borrowing	19	0.00	0.00
Other Payments	20	115,738,271	100,000
TOTAL PAYMENTS		**11,308,839,338**	**10,564,763,820**
SURPLUS/DEFICIT		**49,329,631**	**23,793,156**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11th April 2018 and signed by:

Chief Officer
Name:
ICPAK: 7687

Director Accounting Services
Name: H. Waweru
ICPAK Member Number: 5921

II. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	92,820,704	55,580,698
Cash Balances	21B	0.00	243,890
Total Cash and cash equivalent		92,820,704	55,824,588
Accounts receivables – Outstanding Imprests	22	15,164,804	2,831,288
Accounts Payables – Deposits and retentions	23	20,564,521	91,492,496
TOTAL FINANCIAL ASSETS		128,550,028	150,148,372
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	20,564,521	91,492,496
NET FINANCIAL ASSETS		107,985,507	58,655,876
REPRESENTED BY			
Fund balance b/fwd	24	58,655,876	34,862,723
Prior year adjustments		0.00	0.00
Surplus/Deficit for the year		49,329,631	23,793,156
NET FINANCIAL POSITION		107,985,507	58,655,879
CONTROL			

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11th April 2018 and signed by:

Chief Officer
Name:

Director Accounting Services
Name: H. Wanem
ICPAK Member Number: 5921

III. STATEMENT OF CASH FLOWS

		2016-2017	2015 - 2016
Receipts from operating income			
Exchequer Releases	1	8,446,320,403	7,793,585,788
Proceeds from Domestic and Foreign Grants	2	0.00	0.00
Transfers from Other Government Entities	3	695,682,819	348,845,446
Reimbursements and Refunds	7	0.00	0.00
Returns of Equity Holdings	8	0.00	0.00
County Own Generated Receipts	9	2,064,531,305	2,446,125,742
Returned CRF issues	10	151,634,442	0.00
		11,358,168,969	**10,588,556,976**
Payments for operating expenses			
Compensation of Employees	11	(4,883,001,144)	(4,315,853,617)
Use of goods and services	12	(1,953,836,076)	(2,196,227,671)
Subsidies	13	0.00	0.00
Transfers to Other Government Units	14	(2,230,545,363)	(1,859,637,175)
Other grants and transfers	15	(144,145,198)	(167,342,307)
Social Security Benefits	16	(35,275,000)	(59,998,728)
Finance Costs, including Loan Interest	18	0.00	0.00
Other Payments	20	(115,738,271)	(100,000)
		(9,362,541,052)	**(8,599,159,501)**
Adjusted for:			
Adjustments during the year		0	0
Net cash flow from operating activities		**1,995,627,917**	**1,189,397,478**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	0	0
Acquisition of Assets	17	(1,946,298,286)	(1,965,604,322)
Net cash flows from Investing Activities		**(1,946,298,286)**	**(1,965,604,322)**
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		**49,329,631**	**23,793,156**
Cash and cash equivalent at BEGINNING of the year	24	**58,655,876**	**34,862,723**
Cash and cash equivalent at END of the year		**107,985,507**	**58,655,879**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11th April 2018 and signed by:

Chief Officer
Name:

Director Accounting Services
Name: H. Wawera
ICPAK Member Number 5921

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	8,446,320,403		8,446,320,403	8,446,320,403	-	100
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities	390,632,671	324,634,000	715,266,671	695,682,819	-19,583,852	97
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	3,708,678,244	-614,753,442	3,093,924,963	2,064,531,305	-1,029,393,658	67
Return issues to CRF	151,634,442		151,634,442	151,634,442	-	100
TOTAL	**12,697,265,760**	**-290,119,281**	**12,407,146,479**	**10,416,279,830**	**-1,048,977,510**	92
PAYMENTS						
Compensation of Employees	4,550,327,725	340,950,000	4,891,277,725	4,883,001,144	-8,276,581	100
Use of goods and services	2,257,227,867	-59,916,605	2,197,311,262	1,953,836,076	-243,475,186	89
Subsidies						
Transfers to Other Government Units	2,194,303,220	122,171,541	1,374,585,622	1,288,656,224	-85,929,398	96
Other grants and transfers	264,070,119	-106,000,000	158,070,119	144,145,198	-13,924,921	91
Social Security Benefits	111,100,000	-70,100,000	41,000,000	35,275,000	-5,725,000	86
Acquisition of Assets	3,300,236,829	-517,224,217	2,783,012,612	1,946,298,286	-836,714,326	70
Finance Costs, including Loan Interest						
Repayment of principal on Domestic and Foreign borrowing						
Other Payments	20,000,000		20,000,000	115,738,271	95,738,271	
TOTAL	**12,697,265,760**	**-290,119,281**	**11,465,257.340**	**10,366,950,199**	**-1,098,307,141**	**91**
SURPLUS/(DEFICIT)	-	-	-	**49,329,631**		

The entity financial statements were approved on 14 April 2018 and signed by:

Chief Officer
Name:

Director Accounting Services
Name: A. Wawerru
ICPAK Member Number 5921

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						
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
Return CRF issues						
TOTAL						
PAYMENTS						
Compensation of Employees	4,550,327,725	340,950,000	4,891,277,725	4,883,001,144	-8,276,581	100
Use of goods and services	2,077,806,352	- 70,916,605	2,006,889,747	1,772,963,541	-233,926,206	88
Subsidies						
Transfers to Other Government Units	852,147,931	- - 101,378,497	750,769,434	711,875,549	-38,893,885	95
Other grants and transfers	240,000,000	- 104,000,000	136,000,000	126,078,751	-9,921,249	93
Social Security Benefits	111,100,000	- 70,100,000	41,000,000	35,275,000	-5,725,000	86
Acquisition of Assets	85,957,000	8,486,537	94,443,537	59,697,584	-34,745,954	63
Finance Costs, including Loan Interest					-	
Repayment of principal on Domestic and Foreign borrowing						

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 %
Other Payments				95,738,271	95,738,271	
TOTAL	**7,917,339,008**	**3,041,435**	**7,920,380,443**	**7,684,629,840**	**-235,750,603**	**97**
SURPLUS/(DEFICIT)						

The entity financial statements were approved on 11th April 2018 and signed by:

Chief Officer
Name:

Director Accounting Services
Name: H. Wawery
ICPAK Member Number: 5921

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						
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
TOTAL						
PAYMENTS						
Compensation of Employees						
Use of goods and services	179,421,515	11,000,000	190,421,515	180,872,535	-9,548,980	95
Subsidies			-			
Transfers to Other Government Units	400,266,150	223,550,038	623,816,188	576,780,675	-47,035,513	92
Other grants and transfers	24,070,119	- 2,000,000	22,070,119	18,066,447	-4,003,672	82
Social Security Benefits			-			
Acquisition of Assets	3,214,279,829	- 525,710,754	2,688,569,075	1,886,600,704	-801,968,371	70
Finance Costs, including Loan Interest			-			
Repayment of principal on Domestic and Foreign borrowing						
Other Payments	20,000,000		20,000,000	20,000,000		100
TOTALS	**3,838,037,613**	**- 293,160,716**	**3,544,876,897**	**2,682,320,360**	**-862,556,537**	**76**

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 %
SURPLUS/(DEFICIT)			-		-	

The entity financial statements were approved on 11th May 2018 and signed by:

Chief Officer
Name:

Director Accounting Services
Name: H. Warren
ICPAK Member Number 5921

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. **Statement of compliance and basis of preparation**
The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.
The receivables and payables are disclosed in the Statement of Assets and Liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. **Reporting entity**
The financial statements are for the Kiambu County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. **Recognition of receipts and payments**

a) Recognition of receipts
The County Government recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

Revenue
Revenue is recognized in the books of accounts when cash is received. Cash is considered as received when notification of revenue remittance is received.

Transfers from the Exchequer
Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

External Assistance
External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants
Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

County Own Generated Receipts
These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues
These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

b) Recognition of payments
The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

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.

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 entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. **In-kind contributions**

In-kind contributions are donations that are made to the *county government of Kiambu* 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 Kiambu* 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.

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 entity 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 *Kiambu county* 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 Kiambu 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 for the period 1st July 2016 to 30 June 2017 as required by law. A high-level assessment of the *county government of Kiambu's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	2,015,279,524	1,865,885,447
Total Exchequer Releases for quarter 2	2,053,580,487	1,903,203,156
Total Exchequer Releases for quarter 3	2,013,314,203	1,865,885,447.00
Total Exchequer Releases for quarter 4	1,971,082,604	1,828,567,738.00
Total	**8,053,256,818**	**7,463,541,788.00**
conditional grant		
1st quarter transfer	98,265,894	84,161,220.00
2nd quarter transfer	100,231,215	84,161,220.00
3rd quarter transfer	98,265,897	82,511,000.00
4th quarter transfer	96,300,579	79,210,560.00
Total	**393,063,585**	**330,044,000.00**
GRAND TOTAL	**8,446,320,403**	**7,793,585,788**

(State the amount received vis a vie amount included in the CARA)

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)				
(Insert name of donor)			0	0
(Insert name of donor)			0	0
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)			0	0
(Insert name of donor)			0	0
Grants Received from other levels of government				
(Insert name of donor)			0	0
(Insert name of donor)			0	0
Total			0	0

3 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers from Central government entities		
DANIDA	9,600,000	19,200,000
Fuel Levy	123,738,237	94,811,800
User fee Foregone	35,773,082	37,838,646
Maternity Fee	270,812,500	196,995,000
Doctors /nurses salary	255,759,000	0
TOTAL	**695,682,819**	**348,845,446**

4 PROCEEDS FROM DOMESTIC BORROWINGS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Borrowing within General Government	0	0
Borrowing from Monetary Authorities (Central Bank)	0	0
Other Domestic Depository Corporations (Commercial Banks)	0	0
Borrowing from Other Domestic Financial Institutions	0	0
Borrowing from Other Domestic Creditors	0	0
Domestic Currency and Domestic Deposits	0	0
Total	0	0

5 PROCEEDS FROM FOREIGN BORROWINGS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	0	0
Foreign Borrowing - Direct Payments	0	0
Foreign Currency and Foreign Deposits	0	0
Total	0	0

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

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	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Receipts from Sale of Certified Seeds and Breeding Stock	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
Receipts from the Sale of Inventories, Stocks and Commodities	0	0
Disposal and Sales of Non-Produced Assets	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
Total	0	0

7 REIMBURSEMENTS AND REFUNDS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Refund from World Food Programme (WFP)	0	0
Reimbursement of Audit Fees	0	0
Reimbursement on Messing Charges (UNICEF)	0	0
Reimbursement from World Bank – ECD	0	0
Reimbursement from Individuals and Private Organisations	0	0
Reimbursement from Local Government Authorities	0	0
Reimbursement from Statutory Organisations	0	0
Reimbursement within Central Government	0	0
Reimbursement Using Bonds	0	0
Total	0	0

8 RETURNS OF EQUITY HOLDINGS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	0	0
Returns of Equity Holdings in International Organisations	0	0
	0	0
Total	0	0

9 COUNTY OWN GENERATED RECEIPTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Interest Received		
Business management		
Land Rates		
Ministry of Health (health units)	431,081,972	505,714,876
Ministry of Agriculture	59,014,201	40,992,412
Building plan approval fee	392,018,083	442,149,452
Business Permits current year	201,930,712	298,480,531
Ballast Cesses	36,741,443	100,539,451
Licence fee	25,000,000	100,550,517
Rents		
Other property charges	243,538,067	286,562,065
Administrative Services Fees	221,128,932	96,636,436
Enclosed buspark Fees	23,460,275	31,818,925
Land board Fees		
Medium Term Loans (1-3 Yr Repayment)	43,000,000	99,674,506
Long Term Loans (Over 3 Yr Rpayment)		
Market/Trade Centre Fee	55,505,018	76,394,822
Street Parking Fees	279,489,985	276,210,778
House rent-Local authority Housing	3,360,232	38,632,094
Feeding programme		
Vocational/training School Fees	1,392,560	5,093,472
Betting and control		
Liquor Licences		
Slaughter Houses Administration	40,233,465	46,675,405
Refuse collection fee .	7,636,360	
Total	**2,064,531,305**	**2,446,125,742**

10 RETURNED CRF ISSUES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Recurrent account	97,740,159	0
Development account	53,894,284	0
Deposit account		
Total	151,634,442	0

11 COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Basic salaries of permanent employees	4,235,851,096	3,570,314,895
Basic wages of temporary employees	396,194,610	350,594,394
Personal allowances paid as part of salary	133,009,944	328,568,818
Personal allowances paid as reimbursements		-
Personal allowances provided in kind		-
Pension and other social security contributions		-
Compulsory national social security schemes	117,945,494	66,375,510
Compulsory national health insurance schemes		
Social benefit schemes outside government		-
Other personnel payments		
Total	**4,883,001,144**	**4,315,853,617**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 USE OF GOODS AND SERVICES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Utilities, supplies and services	92,079,390	81,822,855
Communication, supplies and services	41,584,780	46,136,174
Domestic travel and subsistence	181,475,855	162,956,292
Foreign travel and subsistence	48,059,533	39,274,561
Printing, advertising and information supplies & services	152,003,613	176,593,081
Rentals of produced assets	1,496,060	7,300,000
Training expenses	97,299,615	106,094,604
Hospitality supplies and services	84,621,066	85,236,279
Insurance costs	50,099,926	112,250,000
Specialized materials and services	254,983,334	328,009,641
Office and general supplies and services	81,620,973	75,915,407
Other operating expenses	387,866,221	427,451,202
Routine maintenance – vehicles and other transport equipment	77,190,942	72,453,808
Fuel oil and lubricants	96,114,863	110,722,020
Routine maintenance – other assets	307,339,905	364,011,747
Total	**1,953,836,076**	**2,196,227,671**

13 SUBSIDIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Subsidies to Public Corporations		
See list attached	0	0
(insert name)	0	0
Subsidies to Private Enterprises		
See list attached	0	0
(insert name)	0	0
TOTAL	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Transfers to Central government entities		
Transfer to county assembly(REC)	894,245,126	827,458,896
(DEV)	47,644,013	44,000,000
Other Current Transfers, Grants and Subsidies	408,898,711	427,848,880
Other Capital Grants and Trans	879,757,513	560,329,399
TOTAL	**2,230,545,363**	**1,859,637,175**

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

15 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Scholarships and other educational benefits	60,000,000	103,088,177
Emergency relief and refugee assistance	84,145,198	64,254,130
Subsidies to small businesses, cooperatives, and self employed		
Total	**144,145,198**	**167,342,307**

16 SOCIAL SECURITY BENEFITS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Government pension and retirement benefits	35,275,000	59,998,728
Social security benefits in cash and in kind	0	0
Employer Social Benefits in cash and in kind	0	0
Total	**35,275,000**	**59,998,728.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 ACQUISITION OF ASSETS

Non Financial Assets	2016 – 2017	2015 – 2016
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings	360,733,746	303,686,846
Refurbishment of Buildings	88,615,702	109,516,364
Construction of Roads	627,473,595	697,559,471
Construction and Civil Works	447,269,930	272,935,082
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	53,036,098	123,111,621
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	5,000,000	-
Purchase of Office Furniture and General Equipment	50,646,543	67,467,858
Purchase of ICT Equipment		
Purchase of Specialized Plant, Equipment and Machinery	188,775,349	235,145,823
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Purchase of Certified Seeds, Breeding Stock and Live Animals	12,361,850	4,899,972
Research, Studies, Project Preparation, Design & Supervision	51,091,740	85,378,870
Rehabilitation of Civil Works	19,040,000	58,647,515
Acquisition of Strategic Stocks and commodities	-	
Acquisition of Land	15,000,000	
Acquisition of specialized plant	27,253,733	7,254,900
Financial Assets		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Foreign financial Institutions operating Abroad		
Total	**1,946,298,286**	**1,965,604,322**

18 FINANCE COSTS, INCLUDING LOAN INTEREST

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Exchange Rate Losses	0	0
Interest Payments on Foreign Borrowings	0	0
Interest Payments on Guaranteed Debt Taken over by Govt	0	0
Interest on Domestic Borrowings (Non-Govt)	0	0
Interest on Borrowings from Other Government Units	0	0
Total	0	0

19 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Repayments on Borrowings from Domestic	0	0
Principal Repayments on Guaranteed Debt Taken over by Government	0	0
Repayments on Borrowings from Other Domestic Creditors	0	0
Repayment of Principal from Foreign Lending & On – Lending	0	0
Total	0	0

20 OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Budget Reserves		
Civil Contingency Reserves	20,000,000	100,000.00
Other payments	95,738,271	
Total	**115,738,271**	**100,000.00**

21A: Bank Accounts

Name of Bank, Account No. & currency		Indicate whether recurrent, Development, deposit, receipts e.t.c	2016 – 2017	2015 – 2016
			Kshs	Kshs
Central bank CRF 1000170646		Revenue	41,747,200.65	15,970,320.7
Central bank recurrent 1000170409		Recurrent	165,665.35	1,225,833.2
Central bank development 1000170457		Development	67,056	11,411,872.95
Central bank road maintenance levy fund 1000250837		Development	38,610,035	
Coop bank revenue 011413715435502		Revenue	8,479,876.03	20,191,902.3
Coop bank operations 01141371543500		Recurrent	21.634.64	36,835.2
Kenya commercial bank revenue 1164796372		Revenue	3,729,235.86	16,743,934.1
Total			**92,820,703**	**55,580,698.45**

*Amount should be as per amount in the cash book.

Other county operating bank accounts (see annex 8)

21B: CASH IN HAND

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	0	243,890
Cash in Hand – Held in foreign currency	0	
Total	**0**	**243,890**

22: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Government Imprests	15,164,804	2,831,288
Clearance accounts		
Total	**15,164,804**	**2,831,288**

23. ACCOUNTS PAYABLE

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Deposits	127,236	20,031,614
Retention funds	20,437,286	71,460,882
Total	**20,564,521**	**91,492,496**

24. FUND BALANCE BROUGHT FORWARD

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	58,655,876	34,862,723
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total	**58,655,876**	**34,862,723**

25: PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016
	Kshs	Kshs
Adjustments on bank account balances	0	0
Adjustments on cash in hand	0	0
Adjustments on payables	0	0
Adjustments on receivables	0	0
Others (*specify*)	0	0
Total	**0**	**0**

OTHER IMPORTANT DISCLOSURES

26 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	941,889,139	871,458,896
Transfers to other County Government entities	1,288,656,224	988,178,279
Transfers to County Ministries and Departments	60,000,000	103,088,177
Transfers from other County Government Entities		
	======	======

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)*
FY 2013/2014	Attached (Annex 6)	Cleared by senate	CO Finance &Economic planning John Gicaci	Resolved	N/A
FY 2014/2015	Attached(Annex 6)	Cleared by senate	CO Finance &Economic planning John Gicaci	Resolved	N/A

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

CEC, FINANCE AND ECONOMIC PLANNING

Sign.....

Date.....

ANNEX 1 – 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	0	15,000,000	0	15,000,000
Buildings and structures	818,339,400	360,733,746	0	1,180,073,146
Transport equipment	123,111,621	53,036,098	0	176,147,719
Office equipment, furniture and fittings	242,578,530	50,646,543	0	293,225,073
ICT Equipment, Software and Other ICT Assets	396,288,152	-	0	396,288,152
Other Machinery and Equipment	862,588,421	188,775,349	0	1,051,363,770
Heritage and cultural assets				
Intangible assets				
Total	**2,443,906,124**	**668,191,736**	**0**	**3,112,097,860**

NB: The balance as at the end of the year is the **cumulative cost** of all assets bought and inherited by the County Government. Additions during the year should tie to note 17 on acquisition of assets during the year.