REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF MERU

FOR THE YEAR ENDED 30 JUNE 2017

KENYA NATIONAL AUDIT OFFICE
EMBU HUB
27 FEB 2018
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COUNTY GOVERNMENT OF MERU - EXECUTIVE

AMENDED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Government of Meru is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction as per the fourth schedule IV of the constitution. The county is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CEC – Finance is financial reporting at the County level.

Vision

"A United Prosperous Green Model County."

Mission

"To facilitate sustainable development and wealth creation in the County through technological innovations, trade and industrialization that leverages on our skilled human resources, agriculture, wildlife, bio-diversity and cultural heritage."

Core Values

The County is committed to upholding the following core values as the guiding principles for its operations:

- *Integrity*

Honesty and sincerity are an integral part of the County's operations. The county shall uphold these through strict adherence to the moral principles underlying all our policies.

- *Transparency and Accountability*

The county shall always endeavor to be transparent, answerable and liable at all times.

- *Team work*

The county shall treat one another with respect and communicate openly. The county shall create a workplace that fosters community, respect, and uniqueness of each person, promotes employee participation to ensure their full contribution and appreciate the value of multiple perspectives and diverse expertise.

- *Inclusiveness*

In its undertakings, the county shall have people from diverse backgrounds or communities involved in development. The county values the perspectives and contributions of all people, and incorporates the needs, and perspectives of communities into the design and implementation of county programs. All groups and members of the county shall be treated equally and without exception.

- *Innovativeness*

The county shall thrive on creativity and ingenuity. The county will seek the innovations and ideas that can bring a positive change. The county will value creativity that is focused, data-driven, and continuously-improving based on results.

- *Hard work*

The county shall be be patriotic to the cause of the county and be guided by ethics of hard work in all its undertakings

(b) Key Management

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

	Name	Designation	Date of holding office
1.	H.E Peter Munya	Governor	29th March, 2013
	H.E Raphael Muriungi	Deputy Governor	29th March, 2013
	Mr. Jacob M. Kirera	CEC, Finance	14th April 2013
	Mr. Martin Bikuri	CEC, Lands, ICT & Planning	14th April 2013
	Hon. Ntoihta N'Mithiaru	CEC, Cooperative, Tourism and Enterprise Development	14th April 2013
	Mrs. Hellen Nangithia	CEC, Public Administration	14th April 2013
	Mrs. Mary Mwiti	CEC, Water, Environment & Natural Resources	14th April 2013
	Mrs. Joy Karui	CEC, Culture, Youth Sports &Gender	4th October 2015
	Mr. Newton Itobi	CEC, Transport & Infrastructure	14th April 2013
	Mr. William Muraa	CEC, Health	14th April 2013
	Mr. Jenaro Guantai	CEC, Agriculture, Livestock & Fisheries	24th September 2014
	Mr. Julius Kimathi	County Secretary	14th April 2013

(c) Fiduciary Management

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

No.	Designation	Name
1.	CEC, Finance	Jacob Kirera
2.	Chief Officer Finance	Charles Mwenda
3.	Director of Accounts	Patrick Wambua
4.	Director of Revenue	Francis Mungai

(d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2017 were:

1. County Assembly of Meru;
2. Public Accounts Committee of the County assembly of Meru
3. Budget and Appropriations Committee
4. Senate Sectorial Committee on Public Accounts and Investment.

(e) County Government of Meru Headquarters

P.O. Box 120 - 60200
County Headquarters Building
Meru- Makutano Road
Meru, KENYA

(f) County Government of Meru Contacts

Telephone: (254) 720088043
E-mail: merucounty@meru.go.ke
Website: www.meru.go.ke

(g) County Government of Meru Bankers

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

2. Kenya Commercial Bank
   Meru Branch, Kenya

3. Cooperative Bank of Kenya
   Meru Branch, Kenya

4. Barclays bank of Kenya
   Meru Branch, Kenya

(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

It is my pleasure to present the County Government of Meru's financial statements for the year ended 30th June 2017. The financial statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. They key local revenue sources for County included business permits, Vehicle parking fees, land rates, plot rents, business plan approval, advertising fees, cesses and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

i) Automation of revenue collection system – the County is currently collecting all is revenue through the County Integrated Revenue Operation Management System and E revenue, (ZIZI) systems;

ii) Operationalization of Meru County Revenue Board – the County established a Meru county Revenue Board through an act of county assembly , which has been mandated to manage and mainstream all the local revenue collections for the county government.

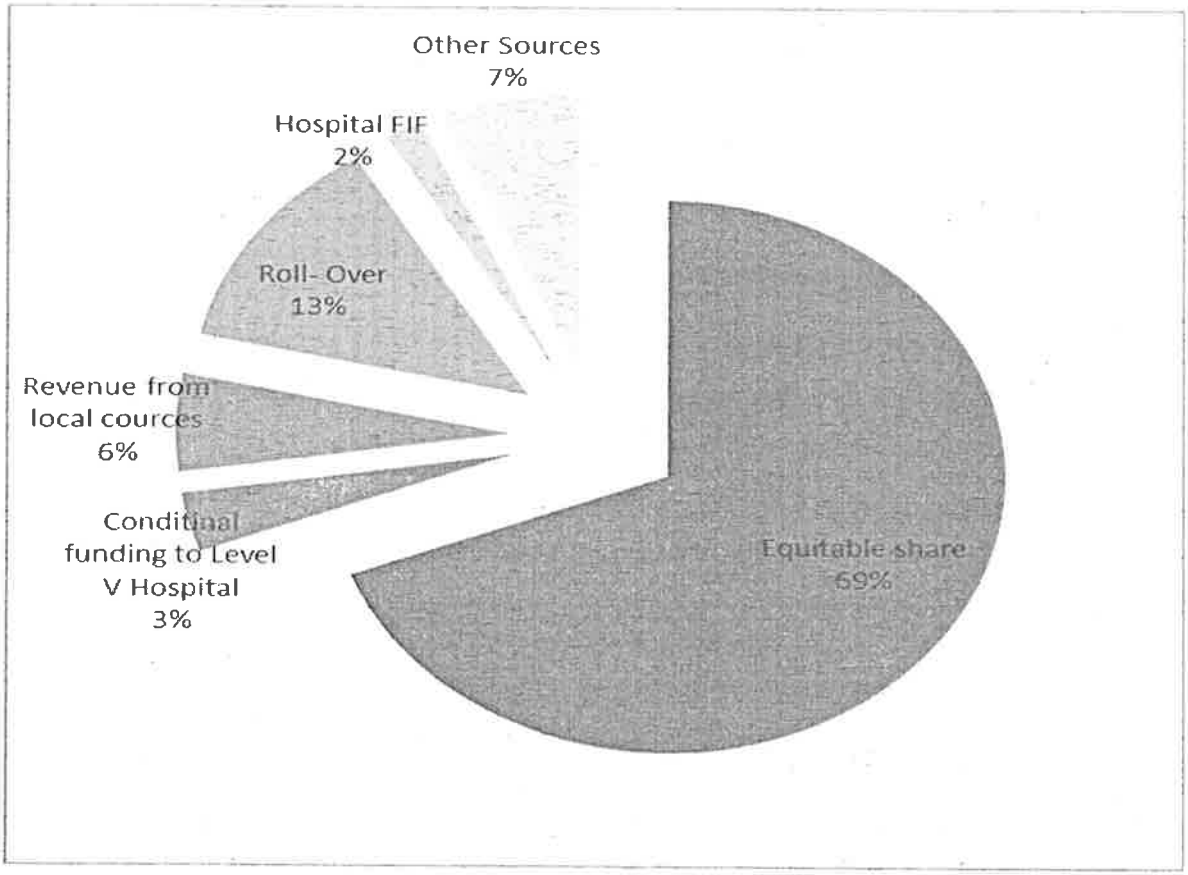
Financial Performance

a) Revenue

In the year ended 30th June 2017, the County had projected revenues of KShs 10,141,099,698 consisting of KShs 7,006,680,257.00 equitable share, kshs 356,069,364.00 conditional funding for level V, Kshs 1,321,187,373,5 as roll over from the previous year's budget, 588,236,727 from own

sources, 185,000,000 as appropriation in aid from Hospital Facility improvement funds and balance from other sources.

A graphical representation of the revenue budget is as shown below:



Out of the projected revenue, the County was able to realize KShs 9,617,518,834 in actual revenues, representing 94% performance. This low performance was as a result of low realization

Of the own generated revenues whose performance was at 72%. In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs	Realization (%)
Equitable Share	7,006,680,257	7,006,680,257	100
Conditional funding to Level V Hospital	356,069,364	356,069,364	100
Local Sources	588,236,727	421,839,455	72
Roll over	1,321,187,373	1,321,187,373	100
Hospital FIF	185,000,000	83,996,064	45
Other sources	678,309,811	427,746,321	63

Table 1: Revenue performance in FY 2016/2017

b) Payments

Our total expenditure for the year amounted to KShs 8,256,703,153. KShs 2,409,478,885 was spent on development expenditure while KShs 5,847,224,268was spent on recurrent expenditure.

Much of the recurrent budget was spent on compensation for employees. This was as a result of salary increments awarded to Doctors and Nurses over the past year. However, we appreciate that a well remunerated workforce is necessary for service delivery. As such, we are committed to improving the welfare of our staff.

c) Cash flows

In the FY 2016/2017, we have not had many liquidity disruptions. This was as a result of proper planning by the County.

d) Accounts receivables

Imprest management is a critical area of focus in Meru County. Our aim is to adhere to the PFM regulations on imprest management. We appreciate that there is still room for improvement in this area. The main challenge has been to get staff to account for their imprests on time. Going into FY 2017/2018, we will place more emphasis on complying with the PFM regulations with regards to imprests.

e) Pending bills

At the closure of the year, we have reported an amount of Kshs 1.5 billion as the pending bills from. This was as a result of delayed disbursement by the national government, along with delay by the contractors in executing flagship county projects. Our focus as a County is to settle the bills as soon as possible. In every budget cycle, we ensure that part of the allocations is towards settlement of old outstanding pending bills.

f) Fixed assets

Meru County has made significant investments in fixed assets since coming into office in 2013. Additionally, we inherited some assets from the defunct municipal council. The county has developed a compressive assets register, and undertaken tagging exercise for all its assets. We are in the process of developing a comprehensive asset management policy, which we hope to finalize in FY2017/2018.

Operational performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee member. For seamless service delivery, all departments have to work in unison

and synergize. Despite the notable achievements, we have experienced some challenges during the year. These Include:

- Poor own revenue collection – the actual revenue collected during the year was 72% of the projected revenues and 45% for Facility improvement Fund. We are exploring ways of boosting revenue collection as mentioned earlier;
- We have also experienced challenges with IFMIS as a result of down times and poor internet connectivity. This has in some instance delayed payments to suppliers and lead to payments being made outside IFMIS;
- Political processes – since this was an election year, there were disruption of county programmes and activities, mainly revenue collection by the political campaigns witnessed towards the end of the financial year.

Conclusion

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

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

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

Sign
CEC
Meru County Government

MERU COUNTY GOVERNMENT
23 FEB 2018
P. O. Box 120 - 60200 MERU
TREASURY DEPARTMENT

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 on _____ 2017.

MERU COUNTY GOVERNMENT
23 FEB 2018
P.O. BOX 120-20200 MERU
FINANCE DEPARTMENT

_____
County Executive Committee member – Finance

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Meru County Executive set out on pages 11 to 30, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and a summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 the Meru County Executive 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, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report and based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

1.1 Bank Balances

The statement of assets reflects cash and cash equivalents balance of Kshs.1,583,481,976 held in the County Executive's twenty-three (23) bank accounts as at 30 June, 2017. However, an unexplained and unreconciled variance of

Kshs.58,247,630 was noted between the cash balance reflected in the financial statements and the balances reflected in the bank records as follows:-

Bank	Account No	Financial Statement Balance (Kshs.)	Balances as per Bank Records (Kshs.)	Variance
CBK	Development-1000170352	109,857	37,498,428	37,388,571
CBK	Recurrent-1000170368	9,583	20,868,642	20,859,059
TOTAL		**119,440**	**58,367,070**	**58,247,630**

Further, bank reconciliation statements for Thirteen (13) bank accounts were not prepared and cashbooks for ten (10) bank accounts were not made available for audit review.

Consequently, the propriety, accuracy and completeness of the bank balance of Kshs.1,583,481,976 as at 30 June 2017 could not be ascertained.

1.2 Cash in Hand

The financial statements reflects a cash in hand balance of Kshs.1,235,584 as at 30 June 2017. However, the board of survey report was not provided for audit scrutiny. As a result, it was not possible to confirm the correctness and accuracy of the Kshs.1,235,584 cash on hand balance as at 30 June 2017.

1.3 Undisclosed Bank Accounts

The financial statements disclosed twenty-three (23) bank accounts under Note 13A. However, three (3) bank accounts namely Meru County Hospital revenue account, Meru level 5 hospital revenue account and Meru County Agricultural Revolving Fund account numbers 1199571369, 1199196576, 01141418844302 respectively with unknown balances were not disclosed in the financial statements contrary to the Public Finance Management (County Government) Regulations, 2015.

1.4 Failure to Maintain a County Treasury Subsidiary Accounts (CTSA) Register

The County Head of Accountancy Services did not maintain a register of all County Treasury Subsidiary Accounts (CTSA) sub accounts and other bank accounts opened by County Government entities including funds accounts, related accounts and accounts for donor funded projects contrary to the Public Finance Management Regulations 2015 Section 87 (1) which requires the County Head of Accountancy Services to reconcile periodically the government bank accounts list, with the records maintained by the Central Bank of Kenya.

In the circumstances, it was not possible to determine the actual number of accounts operated by the Meru County Executive and its entities.

1.4 Irregular Payments

The Meru County Executive operated an imprest account at Kenya Commercial Bank account number 1140746480 in compliance with section 82 (1) (b) which stipulates that all County Government bank accounts shall be opened at the Central Bank of Kenya except for imprest bank accounts for petty cash. However, the Executive paid Kshs.507,972,145 from the imprest account for expenditures that were not petty cash in nature.

In view of the foregoing, the County Executive breached the law.

1.6 Illegal Bank Accounts

During the year under review, the Meru County Executive operated twenty-three (23) bank accounts made up of nineteen accounts operated in commercial banks and four (4) held at the Central Bank of Kenya. Except for the imprest account the other eighteen (18) bank accounts held with commercial banks was contrary to the Public Finance Management (County Governments) Regulations, 2015 Section 82 (1) (b) which stipulates that all County Government bank accounts shall be opened at the Central Bank of Kenya except for imprest bank accounts for petty cash. No reasons were given as to why the Meru County Executive was operating the eighteen (18) accounts in commercial banks.The County Executive during the year ended 30 June 2017 did not comply with the PFM (County Governments) Regulations, 2015.
In view of the foregoing, the accuracy and completeness of cash and cash equivalents balance of Kshs.1,583,481,976 as at 30 June 2017 could not be ascertained.

2.0 Outstanding Imprest

Records made available for audit review, revealed that as at 30 June 2017, Imprests amounting to Kshs.5,042,500 held by two officers were outstanding for more than 6 Months Contrary to Section 92 (5) of the Public Finance Management(Regulations), 2015.

Consequently, the Meru County Executive was in breach of the law and the accuracy, recovery and propriety of the imprests balance of Kshs.5,042,500 as at 30 June 2017 could not be confirmed.

3.0 Unreconciled Local Revenue

During the financial year under review, the County Executive budgeted to collect Kshs.588,236,727 from County own revenue and Kshs.185,000,000 from Hospital Facility Improvement Fund (FIF) both totaling to Kshs.773,236,727. However, only Kshs.421,839,433 and Kshs.81,948,178 was collected in relation to County's own revenue and Hospital Facility Improvement Fund (FIF) respectively both totaling to Kshs.503,787,633 resulting to a revenue shortfall of Kshs.269,449,094. Further, bank records reflected total bankings of Kshs.777,260,059 from local revenue resulting into an un-reconciled difference of Kshs.273,472,426. In addition, the County Integrated Revenue Operation Management System, E-revenue (ZIZI) and manual returns

reflected collections of Kshs.447,323,961 for County own revenue and Kshs.81,948,178 for hospital FIF all totaling to Kshs.529,272,139. The disparities in the amount of local revenue collections in the three (3) records has not been explained or reconciled.
In the circumstances, it was not possible to ascertain how much local revenue the County Executive collected during the year under review and whether all the collections were accounted for appropriately.

4.0 Unspecified Loan Facility

During the financial year under review, the Meru County Executive paid Kshs.7,338,763 to Kenya Commercial Bank for short-term accommodation on 02 September 2016 through payment voucher number Sal 50 paid under account 2210101. However, the payment did not reveal the details of the short term accommodation and what it financed. The County executive did not provide the loan agreement, approval from the County Assembly as required by Section 142 (1) of the Public Finance Management Act, 2012 and loan register.
In consequence, the legality, compliance, correctness and accuracy of the interest paid, purpose of the funds and the extent of the obligation could not be ascertained as at 30 June 2017.

5.0 Irregular Emergency Fund Expenditure

During the year under review, Meru County Executive did not create an emergency fund as required by the Public Finance Management Act, 2012. The purpose of an Emergency Fund is to enable payments to be made in respect of a County when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises. However, the Meru County Executive spent Kshs.30,343,678 under Emergency Relief and Refugee Assistance.

In the circumstance the Emergency Fund expenditure of Kshs.30,343,678 as at 30 June, 2017 was irregular in the absence of emergency fund and its regulations.

6.0 Loan Interest Repayments

During the financial year under review, the Meru County Executive paid Kshs.48,917,672 to Capital SACCO Ltd being MCA interest repayments. However, a review of the payments indicated that the payment was the difference in interest of 16% being charged by the SACCO on loans taken by the Members of County Assembly and interest of 3% that could have been charged by the Assembly had it created a fund. There is no evidence of compliance with Section 196(3) and 196(4) of the Public Finance Management Act, 2012 as regards obligations and guarantees.

Under the circumstances, the expenditure of Kshs.48,917,672 was wasteful contrary to Section 210 of the Public Finance Management (County Government) Regulations, 2015 as the expenditure could have been avoided had due care and diligence been exercised by creating the Fund.

7.0 Unsupported Expenditure

7.1 Routine Maintenance – of Motor Vehicles

Included in the use of goods and services expenditure of Kshs.1,185,147,087 for the year under review was Routine Maintenance for Motor Vehicles and other transport equipment expenditure of Kshs.15,903,902. However, available records indicated that there were no pre and post inspection of motor vehicles from the Department of Transport and infrastructure for mechanical defects. Further, the Motor Vehicle work tickets did not indicate any defects for the vehicles and tyres requisitioned and received were not recorded in the stores records.

Consequently, the propriety and validity of the expenditure on Routine Maintenance – of Motor Vehicles of Kshs.15,903,902 as at 30 June 2017 could not be confirmed.

7.2 Communication, Supplies and Services

Included in the use of goods and services balance of KShs.1,185,147,087 as at 30 June 2017 was Communication, Supplies and Services expenditure of Kshs.35,890,534 which further included an expenditure of Kshs.12,619,200 which was not supported by requisition notes, procurement documents and stores records. Included was a contract to print books of Kshs.7,097,200 entered on 14 November 2013 but Local Purchase Order was dated 18 April 2017 casting doubt on its authenticity.

As a result, the propriety and validity of the Kshs.12,619,200 expenditure as at 30 June 2017 could not be confirmed.

In view of the foregoing, the expenditure of Kshs.28,523,102 included in the Use of Goods and Services for the year ended 30 June 2017 was not a proper charge to public funds

8.0 Irregular Procurement Expenditure

8.1 Irregular Procurement of Audit Services

As reported previously, the County Executive engaged the services of an audit firm to carry out an audit of its pending bills records at a contract sum of Kshs.11, 498,703. However, Section 226(3) of the Constitution and Section 48 of the Public Audit Act, 2015 gives the mandate of auditing all government and government institutions solely to the Auditor-General.

The contract between the County Government of Meru and the consultant (KPMG) was signed on 30 September, 2015 with a contract period of 30 days and a contract price of Kshs.11,498,703. An undated and unsigned addendum to the contract referring to a discussion held on 1 February 2016 added some additional scope whose details were not made available for audit at an additional cost of Kshs.6,886, 816. According to the addendum, 50% of the contract sum of (Kshs.3,443,408) was to be

paid upon the signing of the addendum while the remaining 50% of the balance (Kshs.3,443,408) was to be paid upon issuance of the draft report.

Records made available for audit indicated that Kshs.6,886,815 was paid on 03 January, 2017 to the audit firm . However, the variation cost was 60% of the original contract which was contrary to Section 139 (6) of the Public Procurement and Asset Disposal Act, 2015. The variation of this contract was done four months after signing of the initial contract, contrary to Section 139 (4) of the Public Procurement and Asset Disposal Act, 2015. The report was not made available for audit and the amount had not been reflected as an outstanding pending bill although the payment was done under vote 4130299-Payables from Previous Financial Periods. Therefore, the payment of Kshs.6,886,815 was made contrary to the contract terms.

In view of the foregoing, the Kshs.11,498,703 and Kshs.6,886,815 pending bills expenditure both totaling to Kshs.18,385,520 was not a proper charge on public funds.

Consequently, the expenditure cannot be confirmed to have been lawful and effective.

8.2 Irregular Procurement of Works – Muramba Borehole

Meru County Executive department of Water, Environment and Natural Resources awarded a tender of Kshs.3,070,180 for the drilling of a Borehole at Muramba – St Francis of Asisi. However, documents for one bidder were not provided for audit but were instead substituted by documents for another contractor who did not bid according to the tender evaluation minutes. Consequently, the Meru County Executive was in breach of the Law and value for money for the expenditure of Kshs.3,070,180 as at 30 June 2017 could not be confirmed.

8.3 Irregular Procurement of Gas

The County Executive of Meru through the department of Health spent Kshs.1,044,000 vide payment voucher number 2656 dated 12 May 2017 for refilling one hundred and eighty 13kg cylinder gas for vaccine fridge for rural health facilities. Audit review however established that the refilling of the gas cylinders was done at Kshs.5,800 each instead of the market price of Kshs.2,000 each resulting to a total overpayment of Kshs.684,000 for the 180 cylinders. This was contrary to Section 54 of the Public Procurement and Asset Disposal Act, 2015 that requires standard goods, works and services with known market prices to be procured at prevailing market prices.

In the circumstances, the Meru County Executive was in breach of the law and the Kshs.684,000 overpayment was irregular and has to be recovered.

8.4 Irregular Construction of ECD Classrooms

During the year under review, the County Executive awarded tenders for construction of ECD classrooms at Ng'ombe Njiru and Njuki Njiru Primary Schools, construction of market roof shed at Mitunguu market at a cost of Kshs.1,275,181, Kshs.1,169,282 and Kshs.3,544,425 respectively all totaling to Kshs.5,988,888. The tenders were awarded

through restricted tendering. However, the contract sums were below the minimum threshold of Kshs.4,000,000 contrary to the Public Procurement Disposal (Amendment) Regulations 2013. Further, the contractors were not registered with the County Executive as a supplier. Also provisional sums of Kshs.200,000 for construction of market roof shed at Mitunguu market were not accounted for.

In view of the foregoing, the Meru County executive was in breach of the law and the propriety for the expenditure of Kshs.5,988,888 as at 30 June 2017 could not be confirmed.

9.0 Acquisition of Assets

9.1 Non-Current Assets

During the year under review, the County Government Executive maintained a fixed assets register with a total balance of Kshs.2,034,763,447. However, the summary of Fixed Assets Register at Annex 4 of the financial statements reflected a balance of Kshs.4,755,793,9356 resulting into an unexplained and unreconciled variance of Kshs.2,721,030,488. Further, non-current assets amounting to Kshs.2,022,474,820 acquired during the year were not updated in the fixed assets register.

In view of the foregoing, the accuracy, completeness, valuation, custody and security of the fixed assets balance of Kshs.4,755,793,935 as at 30 June 2017 could not be ascertained.

9.2 Construction of Road Using Unapproved Method

The County Executive awarded a Contract of Kshs.93,903,209 for Upgrading of Route A,B,C,D, E and F (police- Flamingo- Society Stores, Basin Route and Police Station to Kwakainga Roads) in Maua town using probase technology. Out of the total contract sum, Kshs.47,528,550 had been paid as at 30 June 2017, however, Circular No. 1/2016 dated 15 June 2016 by the Ministry of Transport, Infrastructure, and Housing and Urban Development indicated that none of the proprietary products being promoted for stabilization of soils for road pavements construction has been approved for use on public roads. Further, letter ref MOTI/I/A. 31.02 Vol. I dated 3 July 2015 from the Ministry of Transport, Infrastructure, Housing and Urban Development identified specific roads for trial purposes for Probase technology, and the above roads in Maua town were not among them. No reason was given for failure to comply with the requirements of the circulars.

As a result, it was not possible to ascertain the propriety and value for money of the expenditure of Kshs.47,528,550 as at 30 June 2017.

9.3 Motor Vehicle Insurance

The financial statements for the year under review, reflected insurance cost of Kshs.244,420,997 under Use of Goods and Services which included Kshs.43,216,620 relating to insurance of motor vehicle policies for unknown number of Motor Vehicles. However, no documents were made available to show that the service was

competitively acquired in line with Section 103 (2) of the Public Procurement and Assets Disposal Act, 2015 and Section 227 of the Constitution. Further, no details of the motor vehicles being insured were made available for audit scrutiny.

Consequently, the County Executive breached the law and it was not possible to confirm that value for money was realized on the expenditure of Kshs.43,216,620 incurred on Motor Vehicle Insurance as at 30 June 2017.

9.4 Mortuary Chambers

During the year under review, Meru County Executive awarded a tender to M/S Achelis for the Supply, Installation and commissioning of ten (10) Mortuary Chambers through tender no. CGM/ONT/005/2015-2016 at a contract sum of Kshs. 64,627,781. The supplier through delivery note 472080 and other unreferenced delivery notes dated 23 September 2016 supplied the chambers to the County Government. However, during a physical verification, it was observed that out of the 10 units purchased only 7 had been installed and commissioned while 3 procured at a cost of Kshs.19,388,334 had not been installed and commissioned comprising of one supplied to Kanyakine Hospital which could not be installed as the Mortuary was still under construction and two which were part of the six units delivered to Meru Teaching and referral hospital and could not be installed as the Mortuary had a capacity to hold only four chambers. This resulted in excessive procurement contrary to Section 53 (3) of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the County Executive breached the law and it was not possible to confirm that value for money was realized on the expenditure of Kshs.19,388,334 for the three mortuary chambers as at 30 June 2017.

9.5 Irregular Supply and Replacement of Generators

During the year under review, the County Executive awarded a tender to M/S Achelis for the Supply, Installation and commissioning of generators through tender no. CGM/ONT/004/2015-2016 at a contract cost of Kshs.18,694,427. A physical verification established that the generators were supplied, installed and commissioned as per the tender. It was also established that there were other generators previously at the Meru Teaching and Referral Hospital that were in working condition that were being replaced. However, there was no technical report made available for audit giving reasons why the generators were being replaced.

As a result, the propriety and value for money for the Kshs.18,694,427 new generators could not be established as at 30 June 2017.

9.6 Medical Equipment

During the year under review, the County Executive procured medical equipment from Buya Suppliers Limited at a cost of Kshs.2,552,000. However, physical verification established that although the items were supplied to the hospital on 23 June 2017 they were not in use and had been kept in the store. It is not clear whether there was user

request and why there was excessive procurement contrary to Section 53 (3) of the Public Procurement and Assets Disposal Act, 2015.

In consequence, Meru County Executive was in breach of the law and value for money in the Kshs.2,552,000 expenditure was not realized as at 30 June 2017.

9.7 Unaccounted for Furniture Expenditure

During the financial year under review, the Meru County Executive paid Kshs.3,228,000 through payment voucher HM 010/1 dated 01 February 2017 to Saramba Construction and General Supplies Ltd being supply of Furniture for the facilities in Meru County. However, a review of the payment indicated that although the furniture was received there is no documentary evidence to show which facility received the furniture.

In the circumstances, the propriety and value for money for the Kshs.3,228,000 furniture as at 30 June 2017 could not be established.

9.8 Unspecified Advertisement

Included in the Payables from Previous Financial Period is an expenditure of Kshs.3,840,000 to a media house for live coverage and sponsorship contract for infomercials, live interview with CEC health and extra support. However, the details of the period when the service was offered and the requisition and Local Purchase order (LPO) were not made available for audit review. Further, the payment was not previously reflected as pending bill although paid through vote of Payables from Previous Financial Period.

Consequently, the propriety and validity of the expenditure of advertisement of Kshs.3,840,000 as at 30 June 2017 could not be confirmed.

9.9 Physically Challenged Equipment's and Tonners

Included in the Payables from Previous Financial Period is an expenditure of Kshs.3,922,000 and Kshs.1,970,000 for physically challenged equipment's and supply of tonners respectively totaling to Kshs.5,892,000. A review of this expenditure indicated that although the amounts were paid through account 4130299- Payables from Previous Financial Period they had not been reflected under pending bills as at 30 June 2016. Further no documents were made available on how the items were distributed and the beneficiaries.

As a result, the propriety and validity of the expenditure of Kshs.5,892,000 as at 30 June 2017 could not be confirmed.

10.0 Storage and Transportation of Relief Food

During the year under review, Meru County Executive paid for storage of relief food between October 2015 and September 2016 and transportation through issuance of

an imprest of Kshs.1,369,340 to an officer to pay for the expenses. However, no records were made available to support any purchase of relief food, procurement of the service of storage and transportation and explanation why the relief food was stored for one year after purchase. Further no reasons were given for paying the suppliers cash.

Under the circumstances it was not possible to ascertain the propriety, legality and value for money of the Kshs.1,369,340 expenditure as at 30 June 2017.

11.0 Upgrading of Stadiums

11.1 Upgrading of Kinoru Stadium

As previously reported in the financial period 2015/2016, the County Executive had awarded a contract (MCG/ONT/300/2013-2014) to Newspace Creators Ltd for upgrading Kinoru Stadium to International Standards at a tender sum of Kshs.167,392,817. The contract was cancelled on 29 July 2016 after the Contractor had already been paid Kshs.121,342,573 through a letter referenced MCG/CGYSS/KS/ONT/300/2013-2014 on the basis of expiry of the contract life time although the contract was not complete. As at 30 June 2016, only Kshs.46,050,244 remained outstanding from the total contract sum. During the year under review, the County awarded a tender to complete the upgrading of the stadium comprising of Terraces offices and other Facilities-Wing A and B, Ablution block, gates and the ticketing area and Electrical works at a cost of Kshs.51,989,735, Kshs.11,526,270 and Kshs.22,797,950 respectively all totaling to KShs.86,313,955. Considering that only Kshs.46,050,244 remained unpaid in the cancelled contract price, reawarding the remaining works at Kshs.86,313,955 increased the contract price by Kshs.46,263,711. As at 30 June 2017, the contractors had been paid Kshs.45,181,630 for the three contracts which when added to the Kshs.121,342,573 paid during the cancelled contract totaled to Kshs.166,524,203 since inception for the upgrading of the stadium. A site visit revealed that the works at the stadium had been handed over to another contractor and the above three contractors were not at the site. Further In , it was not possible to confirm the works done and the whereabouts of the materials on site paid for as per the engineer's certificates.

Under the circumstances, the propriety and value for money for the Kshs.166,524,203 expenditure in respect to upgrading of Kinoru Stadium could not be ascertained as at 30 June 2017.

11.2 Upgrading of Nguthiru Stadium

During the year under review, Meru County Government spent Kshs.16,091,334 for the construction of a boundary wall at Nguthiru Stadium as per tender MCG/RT/305/2014-2015. The actual expenditure exceeded the approved budget of Kshs.15,000,000 by Kshs.1,091,334. Although the works were alleged to have been procured through restricted tendering, there was no evidence that conditions set under Section 102(1) in the Public Procurement and Assets Disposal Act, 2015 were adhered to. Further, no documents were made available on how the provisional sum of Kshs.1,700,000 included in the bill of quantities was spent.

Consequently, the propriety and value for money of the expenditure of Kshs.16,091,334 as at 30 June 2017 could not be established.

12.0 Purchase of Motor Vehicles

During the year under review, the County Executive procured twelve (12) motor vehicles as indicated below as per the respective County Government Executive Contract tenders.

Date	Particulars	Amount
15.9.2016	Purchase of 2 Ambulances	15,987,830
21/9/2016	Purchase of 2 Ambulances	15,987,830
06/06/2017	New Generation Toyota Hilux Cabin Pick	4,278,620
19/04/2017	Toyota Land Cruiser Prado	13,109,913
06/02/2017	Toyota Hilux Pick-Up Double Cabin	4,355,691
24/04/2017	Purchase of Ambulance	7,993,915
09/03/2017	Purchase of Four Suzuki's	10,000,000
Total		**71,713,799**

However, a review of the documents made available for audit did not reveal the motor vehicle details such as chassis numbers and engine numbers. Further, no logbooks were made available for audit verification.

In the circumstance, the propriety of the Kshs.71,713,799 expenditure as well as the ownership of the motor vehicles as at 30 June 2017 could not be ascertained.

13.0 Undistributed Bull Semen

During the year under review, the County Government Executive of Meru; Department of Agriculture, Livestock and Fisheries through Purchase Order no. 307 dated 23 November 2016 contracted The University of Nairobi to Import and Supply Bull Semen from Sao Paulo, Brazil at a contract sum of Kshs.15,525,000 and the contractor was paid Kshs.15,524,998 on 02 March 2017. Audit review and verification on 09 January 2018 revealed that; out of the 4,300 doses of semen ordered, 3,500 were delivered vide delivery note numbers 3063 and 31199316 while 800 doses remained undelivered. Out of the 3,500 delivered doses 261 doses had been issued while 3,239 doses were stored by the County Directorate of Livestock Development, the County risks losing the already supplied semen and not meeting the objectives envisaged in the memorandum. Consequently, the propriety and validity of the expenditure of bull semen of Kshs.15,524,998 for the year ended 30 June 2017 could not be confirmed.

14.0 Reallocation of Funds without Approval

During the financial year under review, the County Executive paid Kshs.1,000,000 to Lalji Ramji Filling station vide payment voucher number 1649 dated 23 January 2017 being payment for fuel in the department of Town Administration. Further Kshs.927,205 was paid to Edifface Enterprises Ltd vide payment voucher number 1228 dated 26 October 2016 being payment for supply of stationery for the department of Water, Environment and Natural Resources – WENR. Audit review revealed that these payments totaling to Kshs.1,927,205 were charged to Hospitality supplies and services vote instead of the respective vote heads without any supplementary reallocation or formal approval. As a result, the reallocation was irregular.

15.0 Unaccounted for Non-Pharmaceutical Drugs

During the year under review, the County Executive paid Kshs.122,094,856 to Kenya Medical Supplies Authority for supplies of pharmaceuticals and non-pharmaceuticals drugs to health facilities within the County. Audit review and field verification of sampled health facilities revealed that, non-pharmaceuticals supplies amounting to Kshs.21,870,394 were not recorded in the respective health facilities stores records. Section 162 (2) of the Public Procurement and Asset Disposal Act, 2015 requires an accounting officer of a County procuring entity to ensure that all inventory, stores and assets purchased are received.

In the circumstances, it was not possible to ascertain how the non-pharmacetical deliveries, worth Kshs.122,094,856 were received and issued to the users thus casting doubt on the validity of the expenditure as at 30 June 2017.

16.0 Unsupported Daily Subsistence Allowance Expenses

During the financial year under review, the County Executive spent Kshs.94,907,057 against a budget of Kshs.131,732,322 for domestic travels. Included in the domestic travel were unsupported and irregular payments totaling to Kshs. 12,791,350.

In the circumstances, the propriety of the expenditure of 12,791,350 for domestic travel as at 30 June 2017 could not be ascertained.

17.0 Alcohol Drinks Control Fund

The County Government of Meru established an Alcohol Drinks and Control Fund vide the Meru County Alcoholic Drinks Act, 2014. However, the Fund's financial statements for the financial year ended 30 June 2017 have not been prepared and submitted to the Auditor-General as required by Section 7 (3) (c) and (d) of the Meru County Alcoholic Drinks Act, 2014.

In the circumstances, the Meru County Executive was in breach of law.

18.0 Meru County Executive Staff Housing Fund

The County Executive Member for Finance established the Meru County Executive Staff Housing Fund Regulations, 2015 pursuant to Section 116 (1) of the Public Finance Management Act, 2012 During the financial year under review, the County Executive transferred Kshs.190,851,126 to Kenya Commercial bank account number 1204408971 in respect to the Fund. As at 30 June 2017, the County had disbursed Kshs.179,500,000 to beneficiaries and the loan balance as at 30 June 2017 was Kshs.174,919,626. A review of the outstanding loan balances indicated that they related to Fourteen (14) persons who were no longer with the Meru County Executive casting doubt on their recoverability. Further, the bill of quantities for the home improvements and constructions were not provided during the audit. In addition, no financial statements have been prepared for the financial year ending 30 June 2017 as required by the Public Finance Management Act, 2012 in respect to the Fund.

In the circumstances, the accountability, security, accuracy and recoverability of the Fund balance of Kshs.174,919,626 as at 30 June 2017 and any interest earned thereof could not be ascertained.

19.0 Stalled Project

During the year under review Meru County Executive through tender no. MCG/RT/300/2014-2015 contracted Construction of Athiru Rujine Inpatient Ward at Athiru Rujine Ward at a contract sum of Kshs.11,909,700. The works were procured through restricted tendering, but there was no evidence of how conditions set under Section 102(1) in the Public Procurement and Assets Disposal Act, 2015 were met. The first phase that entailed the construction of the inpatient wards to roofing, finishing, plastering and fixing of window casements were done and valued at Kshs.5,833,800 on 10 January 2017 vide certificate number 1. Physical verification revealed that the project had stalled since the first certification and no additional works had been done for one year.

In the circumstances, it was not possible to ascertain that the contract would be completed with the contract price and whether there was any value for money for the Kshs.5,833,800 expenditure that had been paid as at 30 June 2017.

20.0 Nugatory Payments to Council of Governors

During the year under review, the County Government paid Kshs.27,907,106 as per the payments vouchers listed below to support the Council of Governors.

Date	Payee	Particulars	Amount (Kshs)
22/08/20 16	Council of Governors	Membership Fees	7,500,000
23/08/2016	Council of Governors	Membership Fees	841,762
05/10/2016	Council of Governors	Membership Fees	2,000,000
05/10/2016	Council of Governors	Membership Fees	841,762
17 /01/2017	Council of Governors	Membership Fees	841,762

17-01/2017	Council of Governors	Membership Fees	881,850
03/03/2017	Council of Governors	Membership Fees	5,000,000
03/03/2017	Council of Governors	Membership Fees	5,000,000
03/03/2017	Council of Governors	Membership Fees	5,000,000
Total			**27,907,106**

This expenditure was incurred in contravention of Section 37 of the Intergovernmental Relations Act, 2 of 2012 on operational expenses in respect of the structures and institutions established in this Act which require that such operational expenses be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, the County Executive was in breach of the law and the propriety of the expenditure of Kshs.27,907,106 could not be confirmed as at 30 June 2017.

21.0 Other Expenses

21.1 Agricultural Machinery Services- Mitunguu

During the year under review Kshs.2,149,159 was spent in respect to other expenses in Mitunguu. However, there was no documentary evidence that the expenditure was budgeted for. Further, a transfer of Kshs.2,842,952 was made to Nkubu Revolving Fund Account. However, records for this bank account and legislation/regulations guiding the transfer were not made available for audit review. In addition, there was no evidence of compliance with Section 109 (2) of the Public Finance Management Act 2012.

In the circumstances, the propriety and value for money for the above expenditure of Kshs.2,149,159 and Kshs.2,842,852 both totaling to Kshs.4,992,111 could not be ascertained as at 30 June 2017.

21.2 Kaguru Agriculture Training Centre

During the period under review, the County Executive reflected an expenditure of Kshs. 10,121,022 as other expenses for Kaguru Agriculture Training Centre. Further, two transfers of Kshs.4,285,800 both totaling to Kshs.8,579,600 were made to Meru County Revolving Account. Bank statement and cashbook for this bank account were not made available for audit scrutiny. Further, there was no evidence of compliance with Section 109 (2) of the Public Finance Management Act, 2012.

In the circumstances, the propriety and value for money for the expenditure of Kshs.18,700,622 could not be ascertained as at June 2017.

21.3. Coffee Development Fund

During the year, the County Executive paid other expenses of Kshs.5,615,998 (Note 12) to coffee Development Fund without supporting documents. As a result, the

propriety and value for money of the expenditure of Kshs.5,615,993 could not be ascertained as at 30 June 2017.

22.0 Pending Bills

The financial statements reflects under Annex 1 to the financial statements an amount of Kshs.1,511,219,240 in relation to pending payables/bills which included unsupported bills totaling to Kshs.103,469,051. Further, the Creditors' ledgers were not made available to ascertain the creditors' movement from Kshs.1,305,362,894 as at 30 June 2016 to Kshs.1,511,219,240 as at 30 June 2017. A review of pending bills paid during the year under review revealed that bills totaling to Kshs.364,714,588 had not been reflected as pending bills in the financial statement for the year ended 30 June 2016. In addition pending bills Kshs.1,171,903,280 has been included in Acquisition of assets (Note 10) as payables from previous years irregularly and without supporting documents.

As a result, it has not been possible to confirm the accuracy and the validity of the pending bills balance of Kshs.1,511,219,240 reported in the financial statements as at 30 June 2017.

23.0 Foreign Travel and Accommodation Allowances

During the Financial year ended 30 June 2017, the County executive budgeted to spend Kshs.8,847,353 for foreign travel against actual expenditure of Kshs.3,875,560. Included in the foreign travel expenses was an expenditure of Kshs.1,679,888 for three officers travelling to china and Sweden for functions that were not related to the operations of the Meru County Executive.

Consequently, the propriety of the expenditure of Kshs.1,679,888 for foreign travel as at 30 June 2017 could not be confirmed.

24.0 Human Resource Management

24.1 Irregular Recruitment of Casual Workers

Expenditure on casual workers increased by Kshs.8,260,488 (7%) from Kshs.121,628,836 as at 30 June 2016 to Kshs.129,889,324 as at 30 June 2017. This increase may have been caused by uncoordinated recruitment of casual workers. No evidence has been made available for audit to indicate that the County Public Service Board regulated the engagement of the Casuals as required by Section 74 of the County Government Act, 2012. Further, (six) (6) casual employees were duplicated in the schedules used for payments. In view of the foregoing, it has not been possible to ascertain the propriety of the Kshs.129,889,324 expenditure incurred on casual workers as at 30 June 2017.

24.2 New Appointments

During the year under review, the Meru County Executive recruited one thousand three hundred and thirty-one (1331) new employees through the County Public Service Board. However, included in the 1331 newly recruited staff were one thousand two hundred and seventy-four (1274) whose recruitment records were not made available for audit review. Further, these appointments made by the board established that they were made without an updated staff establishment. A review of the payroll reflected 4,208 employees in the IPPD system, with total cost of Kshs.3,127,549,962 while 564 employees were paid manually giving a total of 5,718 employees as at 30 June 2017. Compared with, the IPPD system reflected a total of 3,243 employees while 778 employees at a cost of Kshs.2,792,240,320 were paid manually totaling to 4,021 employees as at 1 July 2016. Given that the County recruited 1,331 employees and 106 employees retired there is un-reconciled difference of 472 employees during the period. As a result, the adequacy, appropriateness, the existence and the necessity to fill vacancies or the possibility of staff progression was not ascertained.

In view of the foregoing, the accuracy and validity of the new appointments of 1331 could not be confirmed as at 30 June 2017.

25.0 Previous Years Unresolved Audit Issues

Review of the progress on follow up of implementation of previous audit issues ended in the 2015/2016 revealed that the Executive has not implemented 73% (Note VIII) of the audit recommendations. No reason was given for this anomally.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Meru County Executive in accordance with ISSAI 30 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 and Other Matter sections of my report, I confirm that there were no Key Audit Matters to report in the year under review.

Other Matter

1.1 Budgetary Control and Performance

During the financial year under review, the County had an approved budget of Kshs.10,141,099,698 comprising of Kshs.6,924,212,810 (68.3%) for recurrent expenditure and Kshs.3,216,886,888 (31.7%) for development expenditure. Included in the approved budget was Kshs.457,938,835 recurrent expenditure and Kshs.456,751,368 development expenditure for the County Assembly. Further analysis of the budget revealed that the County Government had a budget of

Kshs.3,978,108,917 (39.2%) for personnel emoluments being 4.2% more than the limit set by Section 25 of the Public Finance Management (County Governments) Regulations, 2015. In addition the County Assembly budget was Kshs.921,209,231 being 9.1% of the total budget which exceeded the limit set by 2%.

In the circumstances, Section 25 of the Public Finance Management (County Governments) Regulations, 2015 and Section 107 of the Public Finance Management Act, 2012 were not complied with.

1.2 Revenue Analysis

The projected revenue for the period was Kshs.10,141,099,698 including equitable share for County Assembly of Kshs.921,209,231 but only Kshs.9,360,455,064 was realized resulting into a revenue shortfall of Kshs.780,644,634 as follows:

Item	Budgeted Kshs.	Actual Kshs	Variance Kshs
Equitable Share	7,006,680,257	7,006,680,257	-
Danida Facility	10,295,000	10,295,000	-
Conditional Funding For Level 5 Hosp.	356,069,364	356,069,364	-
Free Maternity Health Care	114,704,443	No details	114,704,443
Compensation For User Fees Foregone Grant	32,096,227	32,096,227	-
Conditional Funding From World Bank-Health	13,420,040	No details	13,420,040
Fuel Levy Fund	107,657,595	107,657,595	-
Coffee Cess	5,615,993	5,615,993	-
Tea Development Fund	25,484,506	25,484,506	-
Doctors Emergency Call Allowance	34,152,000	No details	34,152,000
New Risk Allowance For Doctors	16,080,000	No details	16,080,000
Nursing Service Allowance	69,840,000	No details	69,840,000
Clinical Officers Call Allowance	14,580,000	No details	14,580,000
Health Workers Allowance	240,000,000	No details	240,000,000
County Own Revenue	588,236,727	447,323,961	140,912,766

Hospital FIF	185,000,000	83,996,064	101,003,936
2015/2016 Roll-Over	1,321,187,546	1,285,236,097	35,951,449
TOTAL	**10,141,099,698**	**9,360,455,064**	**780,644,634**

In the circumstances, the overall revenue short fall of Kshs.780,644,634 together with the total under expenditure of Kshs.1,884,396,545 renders the entire budget unrealistic resulting to equivalent undelivered services to the County residents.

2.0 Failure to Establish an Audit Committee

The County Executive of Meru did not have an audit committee in place, contrary to Section 155 (5) of the PFM Act, 2012 which states that the County government shall establish an internal audit committee whose composition and functions are set out in Section 167 (1) of the Public Finance Management (County Governments) Regulations 2015.

No reason has been given for failure to establish the audit committee.

3.0 Ethnic and Regional Balancing

An analysis of ethnic composition of 1331 employees appointed by the Meru County Executive in the financial year under review reflected the following composition

Ethnic Code	Ethnic Name	No of staff	% age
2	Embu	4	0.3%
3	Kamba	2	0.2%
4	Kikuyu	9	0.7%
6	Meru	1301	97.7%
7	Tharaka	10	0.8%
14	Luhya	1	0.1%
22	Luo	1	0.1%
29	Turkana	3	0.2%
Total		**1331**	**100.0%**

From the above analysis out of the total 1331 recruited employees 1301 (97.7%) are from the dominant ethnic community in the County. This is contrary to the requirements of the County Government Act, 2012 Section 65(1) which requires that during recruitment at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.

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 applicable basis of accounting unless the management either intends to liquidate the County Executive or to cease operations, or have no realistic alternative but to do so.

The 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'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 County Executive's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive ability 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 as a going concern or 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			
Proceeds from Domestic and Foreign Grants	1	10,295,000.00	-
Transfers from National Treasury	2	7,006,680,257	6,737,921,071
Transfers from Other Government Entities	3	838,225,021	220,218,577
Other Revenues	4	503,787,633	548,481,713
TOTAL RECEIPTS		**8,358,987,911**	**7,506,621,360**
PAYMENTS			
Compensation of Employees	5	3,127,549,962	2,792,240,320
Use of goods and services	6	1,185,147,087	1,072,696,878
Transfers to Other Government Units	7	1,449,006,794	1,312,307,106
Other grants and transfers	8	236,157,618	389,329,296
Social Security Benefits	9	7,471,082	662,451
Acquisition of Assets	10	2,022,474,820	565,637,211
Finance Costs, including Loan Interest	11	22,648,945	13,969,758
Other Expenses	12	206,246,845	850,024,293
TOTAL PAYMENTS		**8,256,703,153**	**6,996,867,312**
SURPLUS/DEFICIT		**102,284,758**	**509,754,048**

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 _____ 2017 and signed by:

Chief Officer

Head of Treasury

MERU COUNTY GOVERNMENT CHIEF OFFICER 23 FEB 2018 FINANCE / TREASURY P.O. Box 120 - 60200, MERU

MERU COUNTY GOVERNMENT DIRECTOR OF ACCOUNTS 23 FEB 2018 P.O. Box 120 -60200 MERU

II. STATEMENT OF ASSETS

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	1,582,167,289	1,472,588,939
Cash Balances	13B	1,314,687	2,151,909
Total Cash and cash equivalent		**1,583,481,976**	**1,474,740,848**
Accounts receivables – Outstanding Imprests	14	5,042,500	-
TOTAL FINANCIAL ASSETS		**1,588,524,475.9**	**1,474,740,847.9**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	11,498,870.0	50,111,293.6
NET FINANCIAL ASSETS		**1,577,025,605.9**	**1,424,629,554.3**
REPRESENTED BY			
Fund balance b/fwd	16	1,474,740,847.9	914,875,506.0
Surplus/Deficit for the year		102,284,758.2	509,754,048.3
NET FINANCIAL POSITION		**1,577,025,606.1**	**1,424,629,554.3**

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 _____ 2017 and signed by:

Chief Officer

Head of Treasury

MERU COUNTY GOVERNMENT CHIEF OFFICER 23 FEB 2018 FINANCE / TREASURY P. O. Box 120 - 60200, MERU

MERU COUNTY GOVERNMENT DIRECTOR OF ACCOUNTS 23 FEB 2018 P.O. BOX 120-60200

III. STATEMENT OF CASH FLOWS

		2016-2017 Kshs	2015 - 2016 Kshs
Receipts from operating income			
Proceeds from Domestic and Foreign Grants	1	10,295,000	-
Transfers from National Treasury	2	7,006,680,257	6,737,921,071
Transfers from Other Government Entities	3	838,225,021	220,218,577
Other Revenues	4	503,787,633	548,481,713
Payments for operating expenses			
Compensation of Employees	5	3,127,549,962	2,792,240,320
Use of goods and services	6	1,185,147,087	1,072,696,878
Transfers to Other Government Units	7	1,449,006,794	1,312,307,106
Other grants and transfers	8	236,157,618	389,329,296
Social Security Benefits	9	7,471,082	662,451
Finance Costs, including Loan Interest	11	22,648,945	13,969,758
Other Expenses	12	206,246,845	850,024,293
		6,234,228,333	**6,431,230,101**
Adjusted for:			
Changes in receivables		(5,042,500)	(27,183,391)
Changes in payables		(38,612,424)	8,958,050
Net cash flow from operating activities		**6,190,573,409**	**6,413,004,760**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10	(2,022,474,820)	(565,637,211)
Net cash flows from Investing Activities		**(2,022,474,820)**	**(565,637,211)**
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		**4,168,098,589**	**5,847,367,548**
Cash and cash equivalent at BEGINNING of the year		**1,474,740,848**	**962,559,334**
Cash and cash equivalent at END of the year		**1,583,481,976**	**1,474,740,848**

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 _____ 2017 and signed by:

Chief Officer

Head of Treasury

MERU COUNTY GOVERNMENT CHIEF OFFICER 23 FEB 2018 FINANCE / TREASURY P.O. Box 120 - 60200, MERU

MERU COUNTY GOVERNMENT DIRECTOR OF ACCOUNTS 23 FEB 2018 P.O. BOX 120-60200 MERU

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						
Proceeds from Domestic and Foreign Grants	10,295,000		10,295,000	10,295,000		100%
Exchequer releases	7,362,749,621	-	7,362,749,621	7,362,749,621	-	100%
Transfers from Other Government Entities	447,575,158	-	447,575,158	447,575,158	-	100%
Roll over	1,321,187,546	-	1,321,187,546	1,321,187,546	-	
Other Receipts	503,787,633	495,504,740	999,292,373	635,132,363	(364,160,010)	94%
TOTAL	9,645,594,958	495,504,740	10,141,099,698	9,766,644,688	364,160,010	
PAYMENTS						
Compensation of Employees	3,300,000,000	678,108,916	3,978,108,916	3,127,549,962	850,558,954	86%
Use of goods and services	1,576,300,531	(68,908,432)	1,507,392,099	1,185,147,087	322,245,012	216%
Transfers to Other Government Units	1,449,006,794	-	1,449,006,794	1,449,006,794	-	
Other grants and transfers	310,000,000	(10,000,000)	300,000,000	236,157,618	63,842,382	97%
Social Security Benefits	6,500,000	1,500,000	8,000,000	7,471,082	528,918	
Acquisition of Assets	1,540,000,000	598,591,888	2,138,591,888	2,022,474,820	116,117,068	20%
MCA Car loan Interest	160,000,000	200,000,000	360,000,000	22,648,945	337,351,055	
Other Expenses	600,000,000	(200,000,000)	400,000,000	206,246,845	193,753,155	
TOTAL	**8,941,807,325**	**1,199,292,373**	**10,141,099,698**	**8,256,703,153**		**74%**

The entity financial statements were approved on _____ 2017 and signed by:

Chief Officer

Head of Treasury Accounts

MERU COUNTY GOVERNMENT CHIEF OFFICER FINANCE / TREASURY P.O. Box 120 - 60200, MERU 23 FEB 2018

MERU COUNTY GOVERNMENT DIRECTOR OF ACCOUNTS 23 FEB 2018 P.O. Box 120 -60200 MERU

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						
Proceeds from Domestic and Foreign Grants	10,295,000	-	10,295,000	10,295,000		100%
Exchequer releases	3,862,749,621	-	4,145,862,733	3,862,749,621		100%
Transfers from Other Government Entities	447,575,158	-	447,575,158	447,575,158		100%
Roll over	1,321,187,546	-	1,321,187,546	1,321,187,546		
Other Receipts	900,000,000	99,292,373	999,292,373	635,132,363		94%
TOTAL	**6,541,807,325**	**99,292,373**	**6,924,212,810**	**6,276,939,688**	**-**	**95%**
PAYMENTS						
Compensation of Employees	3,300,000,000	678,108,916	3,978,108,916	3,127,549,962	850,558,954	79%
Use of goods and services	576,300,531	431,091,568	1,007,392,099	917,801,729	89,590,370	91%
Transfers to Other Government Units	1,315,285,330	0	1,315,285,330	1,315,285,330	-	100%
Other grants and transfers	130,000,000	(60,000,000)	70,000,000	66,153,278	3,846,722	96%
Social Security Benefits	6,500,000	1,500,000	8,000,000	7,471,082	528,918	93%
Acquisition of Assets	420,000,000	(369,537,299)	50,462,701	50,345,633	117,068	98%
interest for Mca Car loans and mortgages	160,000,000	200,000,000	360,000,000	22,648,945	337,351,055	62%
Other Expenses	300,000,000	(165,036,236)	134,963,764	106,246,845	28,716,919	79%
TOTAL	**6,208,085,861**	**716,126,949**	**6,924,212,810**	**5,847,224,268**	**1,310,710,006**	82%

The entity financial statements were approved on _____ 2017 and signed by:

Chief Officer

MERU COUNTY GOVERNMENT CHIEF OFFICER FINANCE / TREASURY P. O. Box 120 - 60200, MERU
23 FEB 2018

Head of Treasury Accounts

MERU COUNTY GOVERNMENT DIRECTOR OF ACCOUNTS P.O. Box 120 -60200 MERU
23 FEB 2018

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						
Proceeds from Domestic and Foreign Grants						0%
Exchequer releases	3,500,000,000	(283,113,112)	3,216,886,888	3,216,886,888		100%
TOTAL	**3,500,000,000**	**(283,113,112)**	**3,216,886,888**	**3,216,886,888**	**-**	**100%**
PAYMENTS						
Compensation of Employees	-			-	-	0%
Use of goods and services	1,000,000,000	(500,000,000)	500,000,000	267,345,358	232,654,642	53%
Transfers to Other Government Units	133,721,464	-	133,721,464	133,721,464	0	100%
Other grants and transfers	180,000,000	50,000,000	230,000,000	170,004,340	59,995,660	73%
Social Security Benefits				-		
Acquisition of Assets	1,120,000,000	968,129,187	2,088,129,187	1,972,129,187	116,000,000	94%
Other expenses	300,000,000	(34,973,764)	265,026,236	50,000,000	215,026,236	19%
TOTALS	**2,733,721,464**	**483,155,423**	**3,216,886,888**	**2,409,478,885**	807,408,003	74%

The entity financial statements were approved on _____ 2017 and signed by:

Chief Officer

Head of Treasury Accounts

MERU COUNTY GOVERNMENT CHIEF OFFICER 23 FEB 2018 FINANCE / TREASURY P. O. Box 120 - 60200, MERU

MERU COUNTY GOVERNMENT DIRECTOR OF ACCOUNTS 23 FEB 2018 P.O. Box 120 -60200 MERU

VI. 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 County Government of Meru. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

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

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)

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

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

Returns to CRF Issues

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

b) Recognition of payments

The 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. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public 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 Meru* 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 Meru* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2016, this amounted to Kshs 11,498,870.00 compared to Kshs 50,111,293.60 in prior period as indicated on note 15.There were no other restrictions on cash during the year

6. **Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. **Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued

8. Non current assets

Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the 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 *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

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's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 25th June for the period 1st July 2016 to 30 June 2017 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

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.

VII. NOTES TO THE FINANCIAL STATEMENTS

1 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)				
	Daninda			10,295,000	-
	Total			**10,295,000**	**0**

(The Grant was to support health facilities, especially the health centres and dispensaries)

2 EXCHQUER RELEASES

		2016 - 2017	2015 - 2016
		Kshs	Kshs
	Total Exchequer Releases for quarter 1	1,162,650,095	539,033,686
	Total Exchequer Releases for quarter 2	1,125,836,347	1,718,169,874
	Total Exchequer Releases for quarter 3	2,412,537,185	1,685,701,859
	Total Exchequer Releases for quarter 4	2,305,656,630	2,795,015,652
	Total	**7,006,680,257**	**6,737,921,071**

3 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfer from Ministry of agriculture (refund of Devolved staff salary)	61,224,336	-
Ministry of Roads - RMLF	107,657,595	82,490,349
Ministry of Health - Free Maternal	115,425,000	106,112,900
Tea Development Fund	25,484,506	
Coffee Cess	5,615,993	
Ministry of Health - User Forgone	32,096,227	31,615,328
Other transfers from ministry of health	134,652,000	-
Conditional grants to Level V hospital	356,069,364	-
TOTAL	**838,225,021**	**220,218,577**

4 COUNTY OWN GENERATED RECEIPTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Rents	11,338,882	1,348,978
Other Property Income	546,000	1,682,102
Business permits	130,306,318	107,913,329
Land Rates	32,385,807	39,964,791
Cesses	47,915,935	58,725,016
Plot rents	3,665,146	5,738,560
Other local levies	20,508,440	-
Transfers and subdivision fee	2,025,976	1,092,093
Lease / rental of council's infrastructure	568,085	-
Other miscellaneous revenues	2,203,780	16,298,660
Miscellaneous revenues	12,531,171	10,127,676
Market/trade centre fee	42,781,889	44,649,111
Vehicle parking fees	66,062,746	59,152,649
Housing	-	11,960,659
Building plans	13,705,214	14,640,440
Fire Section fee	319,500	663,790
Public health services	7,100,694	4,578,624
Public health facilities operations - FIF	81,948,178	148,602,198
Environment & conservancy	301,600	546,400
Slaughter houses administration	5,630,390	5,517,865
Meat inspection and veterinary services	2,006,669	3,138,485
Other health & sanitation	1,316,840	-
income generated by Kaguru ATC	15,899,667	11,799,887
Income generated by AMS Mitunguu	2,718,706	340,400
Total	**503,787,633**	**548,481,713**

5 COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Basic salaries of permanent employees	1,469,735,141	1,693,094,783
Basic wages of temporary employees	129,889,324	121,628,836
Personal allowances paid as part of salary	1,405,815,787	954,990,573
Personal allowances provided in kind		22,526,128
Pension and other social security contributions	37,461,011	-
Compulsory national social security schemes	50,780,051	-
Other personnel payments	33,868,648	-
Total	**3,127,549,962**	**2,792,240,320**

6 USE OF GOODS AND SERVICES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Utilities, supplies and services	28,648,609	23,088,628
Communication, supplies and services	35,890,534	31,833,299
Domestic travel and subsistence	94,907,057	149,556,369
Foreign travel and subsistence	3,875,560	18,864,455
Printing, advertising and information supplies & services	69,296,532	65,385,733
Rentals of produced assets	20,950,973	18,089,863
Training expenses	32,222,364	65,218,103
Hospitality supplies and services	100,057,472	171,160,113
Insurance costs	244,420,997	191,128,788
Specialized materials and services	192,133,705	112,762,932
Office and general supplies and services	19,827,358	19,269,503
Other operating expenses	259,110,215	14,178,391
Routine maintenance – vehicles and other transport equipment	15,903,902	44,130,020
Routine maintenance – other assets	54,203,176	64,006,010
	13,698,633	84,024,671
Total	**1,185,147,087**	**1,072,696,878**

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Transfers to County government entities		
Transfers to Meru County Assembly	904,515,604	1,053,899,530
Meru County Investment and Development Corporation	139,126,482	208,407,576
Meru County Microfinance bank	152,007,626	50,000,000
Transfer to Health Facilities (DANIDA)	10,295,000	-
Meru County Revenue Board	47,000,000	-
Meru Executive Staff Housing Fund	196,062,083	-
TOTAL	**1,449,006,794**	**1,312,307,106**

8 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Scholarships and other educational benefits(KCB Bursary)	205,813,940	163,000,896
Emergency relief and refugee assistance and disaster	30,343,678	15,094,423
Subsidies to small businesses, cooperatives, and self employed		111,826,901
Other grants		99,407,076
Total	**236,157,618**	**389,329,296**

9 SOCIAL SECURITY BENEFITS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Government pension and retirement benefits	7,471,082	662,451
Total	**7,471,082**	**662,451**

10 ACQUISITION OF ASSETS

Non Financial Assets	2016 – 2017	2015 – 2016
	Kshs	Kshs
Construction of Buildings	182,051,069	23,113,740
Refurbishment of Buildings	99,885,832	25,400
Construction of Roads	84,093,801	132,296,411
Construction and Civil Works	26,041,104	61,251,968
Overhaul and Refurbishment of Construction and Civil Works	274,769,735	151,027,479
Purchase of Vehicles and Other Transport Equipment	13,222,165	122,787,650
Purchase of Household Furniture and Institutional Equipment	-	165,150
Purchase of Office Furniture and General Equipment	49,199,229	13,990,160
Purchase of Specialised Plant, Equipment and Machinery	19,938,500	23,425,900
Purchase of Certified Seeds, Breeding Stock and Live Animals	66,742,355	3,554,500
Research, Studies, Project Preparation, Design & Supervision	18,348,700	8,941,003
Acquisition of Strategic Stocks and commodities	4,014,000	394,900
Purchase of ICT Equipment	12,265,050	24,662,950
Payables - From Previous Years	1,171,903,280	-
Total	**2,022,474,820**	**565,637,211**

11 FINANCE COSTS, INCLUDING LOAN INTEREST

	2016 - 2017	2015 – 2016
	Kshs	Kshs
MCA Car loan and Mortgages interest	22,648,945	13,969,758
Total	**22,648,945**	**13,969,758**

12 OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Budget Reserves	8,403,700	2,843,680
Other - expenses Capital Transfer - Other (Budg	-	64,111,081
Other expenses -payables from previous financial period	-	606,815,439
Other expenses- Kaguru ATC	10,121,022	-
Other expenses- AMS Mitunguu	2,149,159	-
Other expenses- FIF	179,956,971	176,254,093
Other expenses- coffee development fund	5,615,993	-
	206,246,845	**850,024,293**

13A: Bank Accounts

Name of Bank, Account No. & currency	Currency	Nature of the account	2016 – 2017	2015 – 2016
			Kshs	Kshs
Central bank of Kenya,-REV. Ac no. 1000170484	KES	CRF	1,408,655,057	1,241,385,427
Central bank of Kenya,-REC. Ac no. 1000170368	KES	REC	9,583	5,070,982
Central bank of Kenya,-DEV. Ac no. 1000170352	KES	DEV	109,857	6,384,809
Kenya Commercial bank, Ac no.1140746480	KES	REC	24,491,378	- 576,827
Co-operative bank, Ac no. 01141418507201	KES	REC	242,702	2,648,262
Co-operative bank, Ac no. 01141418507203	KES	REC	-	516,821
Co-operative bank, Ac no. 01141418507205	KES	REC	-	44,700
Co-operative bank, Ac no. 01141418507206	KES	REC	-	82,755
Kaguru ATC	KES	REC	7,579,934	3,547,309
AMS Mitunguu	KES	REC	599,282	3,822,877
Meru International Investment Conference (MIICO)	KES	REC	-	-
FIF - KCB Operation Account	KES	REC	(17,309,064)	(8,830,736)
FIF - Cooperative Revenue Account	KES	REC	14,036,745	-
Meru Bursary Account- KCB AC No 1180300572	KES	REC	145,294	1,887,147
Meru County Transport Dept operation - Backlays 2033560640	KES	REC	11,374,254	-
Meru County ECDE project Account	KES	REC	22,929,257	6,039,275
Meru County Departmental Account - Coop AC 01141418844303	KES	REC	-	44,644,745
Meru County Health projects- KCB Ac No. 1180724828	KES	REC	(7,827,325)	9,999,175
Meru County Intellectually Challenged	KES	REC	98,335	74,275
Meru County Deposit Account	KES	DEV	11,498,870	50,111,294
Meru county Ex SHF- collection AC 1204408971	KES	REC	22,009,720	-
KCB Revenue account 1140746316	KES	REC	4,526,088	23,247,896
Road Maintenance Levy	KES	DEV	78,997,322	82,488,752
Total			**1,582,167,289**	**1,472,588,939**

13B: CASH IN HAND

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	1,314,687	2,151,909.00
Total	**1,314,687**	**2,151,909**

14 ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Government Imprests	5,042,500	0
Total	**5,042,500**	**0**

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

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Jasper Muthomi		4,545,000	0	4,545,000
Luke Nkumbuku		497,500	0	497,500
Total				**5,042,500**

15. ACCOUNTS PAYABLE

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Deposits	11,498,8700	50,111,294
Total	**11,498,870**	**50,111,294**

16. FUND BALANCE BROUGHT FORWARD

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	1,472,588,939	1,256,574,639
Cash in hand	2,151,909.00	-
Total	**1,474,740,848**	**1,256,574,639**

OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	225,064,064	1,000,000
Construction of civil works	402,634,653	108,600
Supply of goods	266,732,384	22,500
Supply of services	137,416,263	100,000
	1,031,847,365	**1,231,100**

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Senior management	-	1,299,817
Middle management	-	1,949,726
Unionisable employees	-	3,249,543
Others – Un paid salaries and wages	316,173,504	-
	316,173,504	**6,499,085**

17.3: OTHER PENDING PAYABLES (See Annex 3)

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Amounts due to National Government entities		-
Amounts due to County Government entities	163,198,371	-
Amounts due to third parties		-
Others (*specify*)		-
	163,198,371	-

27 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2016/2017 Kshs	2015/2016 Kshs
Transfers to the County Assembly	904,515,604	1,053,899,530
Transfers to other County Government entities	534,196,191	258,407,576
Transfers to County Ministries and Departments	10,295,00	0
	1,449,006,794	**1,312,307,106**

28 ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and resolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

Entity	Date Established	Location	Accounting Officer responsible
Meru Investment and Development Corporation	1/4/2015	Consolidated bank building-Meru	Imitira
Meru Micro Finance Corporation	1/5/2015	Ntaara Plaza-Meru	Mwenda
Meru County Revenue Board	1/12/2016	Meru County HQ	Thilange
Meru Executive Staff Housing Fund	1/2/2017	Meru County HQ	Mwenda

VIII. 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)*
1.0	Accuracy and completeness of financial statements	The county will ensure accuracy of the financial statements in future	Charles Mwenda- Chief officer Finance	Not Resolved	June 2018
2.0	Fixed assets	The county has an updated assets register and will undertake valuation of assets to determine the values of assets	Charles Mwenda- Chief officer Finance	Not Resolved	
3.0	Pending Bills		Charles Mwenda- Chief officer Finance	Not Resolved	
4.0	Unsupported payments		Charles Mwenda- Chief officer Finance	Not Resolved	
5.0	Accounts receivable		Charles Mwenda- Chief officer Finance	Not Resolved	
6.0	Irregular procurement	The county will ensure strict adherence to procurement rules and procedures	Mary Majau – Director of Procurement	Not Resolved	June 2018
7.0	Irregular procurement of Consultancy Services	The county will ensure strict adherence to procurement rules and procedures	Mary Majau – Director of Procurement	Not Resolved	June 2018

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)*
8.0	Unaccounted expenditure for Meru Diaspora Investors conference	All the support for the exercise is avialble	Mary Majau – Director of Procurement	Resolved	
9.0	Upgrading of Kinoru stadium	The county will ensure value for monet	Mercy Ndiira- Chief officer Culture	Not resoved	June 2016
10.0	Transfer of other grants & Expenses	The transfers are adequately supported	Patrick Wambua – Director of Accounts	Resolved	
11.0	Human Resource Managment	The recruitment process has been reqularised	Clair Kagwiria- Secretary CPSB	Resolved	

Guidance Notes:

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

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

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

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

CEC, County Treasury

Sign.....

Date.....23/2/2018.....

MERU COUNTY GOVERNMENT
23 FEB 2018
P. O. Box 120 - 60200 MERU
C.E.C TREASURY DEPARTMENT

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
	A	B	c		
Construction of buildings					
Kanners International ltd	6,659,300			6,659,300	
G Kaindio and Sons	1,795,500			1,795,500	
Emwati General supplies	1,185,600			1,185,600	
Kans Action General limited	3,386,914			3,386,914	
Ten Fences Africa	2,905,497			2,905,497	
Kalianti Contractors	9,306,955			9,306,955	
G Kaindio and Sons	8,390,346			8,390,346	
Eastern Redbull Enterprise	11,799,505			11,799,505	
Kanners I nternational ltd	4,732,340			4,732,340	
Emwati General supplies	3,900,514			3,900,514	
Stegmak construction co	10,959,490			10,959,490	
Mbame Construction	209,468			209,468	
Parks Company Ltd	1,020,014			1,020,014	
Lojom General Contractors	383,168			383,168	
Valylics Plumbers	377,100			377,100	
Lims Company Limited	3,802,240			3,802,240	
Jamuto Enterprises	2,121,539			2,121,539	
Privycon Limited	3,546,750			3,546,750	
Stanko Works Limited	166,211			166,211	
Emwati General Suppliers Ltd	2,876,376			2,876,376	
Merwed Services Co.Ltd	5,720,081			5,720,081	
Eastern Redbull Enterprise	1,000,000			1,000,000	
Bainanga Construction Co.	1,581,342			1,581,342	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Gadaro Enterprises	1,449,592			1,449,592	
Kans Action Ltd	6,351,936			6,351,936	
Kanners International	2,046,000			2,046,000	
Kans Action Ltd	2,184,500			2,184,500	
Ingala Building And Consruction Ltd	3,142,146			3,142,146	
Tenfences Africa Ltd	3,807,478			3,807,478	
Eastern Redbull	3,993,563			3,993,563	
Manene Construction Ltd	999,984			999,984	
Almrium Supplies	998,600			998,600	
Maua Works Construction Ltd	8,344,130			8,344,130	
Stegmak Construction	9,999,400			9,999,400	
Lojom General Contractors	1,534,846			1,534,846	
Gefllen Construction Ltd	3,801,000			3,801,000	
Samtria Contractors Ltd	5,600,200			5,600,200	
Kans Action Ltd	1,993,817			1,993,817	
Yare Holdings Ltd	2,899,290			2,899,290	
Chokera Holdings Ltd	1,246,280			1,246,280	
Kagaki Investment Ltd	488,790			488,790	
Kanners International	1,000,000			1,000,000	
Darol Contractors Ltd	875,160			875,160	
Eliza And Mwonja	800,000			800,000	
Gakungu Company Ltd	480,000			480,000	
Stanko Works Limited	2,550,260			2,550,260	
Tims International (K) Ltd	5,467,614			5,467,614	
Wadmex Enterprises Ltd	449,778			449,778	
Zajuli Company Ltd	1,497,960			1,497,960	
Zajuli Company Ltd	1,213,750			1,213,750	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Wadmex Enterprises Ltd	749,667			749,667	
Kaliati Contractors	7,290,600			7,290,600	
Timcar Agencies Ltd	265,590			265,590	
Stanko Works	381,765			381,765	
Bridgeways Enterprises	883,308			883,308	
Pafriga Enterprises	1,000,000			1,000,000	
Targetmerchants Ltd	1,000,000			1,000,000	
Pricykas Kenya Ltd	1,000,000			1,000,000	
Kagaki Investment Ltd	619,100			619,100	
Smith Mj Investment Co.	1,898,514			1,898,514	
Kanners Internationa Ltd	3,814,430			3,814,430	
Purestar Enterprises Ltd	1,311,844			1,311,844	
Roskard Construction Ltd	2,078,232			2,078,232	
Omnips Construction Company	1,186,231			1,186,231	
Omnips Construction Company	1,186,231			1,186,231	
Omnips Construction Company	1,186,231			1,186,231	
Real Kings Contractors	1,295,372			1,295,372	
Dantax Enterprises	150,000			150,000	
Ridgetop Inv.Services Co.	1,394,453			1,394,453	
Ridgetop Inv.Services Co.	705,677			705,677	
Citronwood Construction	756,184			756,184	
Ridgetop Inv.Services Co.	1,256,184			1,256,184	
Benny Building Semis Ltd	1,275,181			1,275,181	
Omnips Construction Company	155,114			155,114	
Aleet Construction Co.	118,506			118,506	
Patsac Africa Construction Ltd	1,254,473			1,254,473	
Kamukara Supplies Service	1,300,000			1,300,000	
Kamukara Supplies Service	1,300,000			1,300,000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Raingo Limited	990,990			990,990	
Perez Investment Co Limited	1,200,000			1,200,000	
Sirius Contractors Limited	980,567			980,567	
Raingo Limited	1,200,044			1,200,044	
Lajaz Contractors Limited	1,000,020			1,000,020	
M/S Davesil Ltd	1,247,661			1,247,661	
Famous General Contractors	1,199,999			1,199,999	
Hammaton Construction Co Ltd	1,204,169			1,204,169	
Kimunka Industries Ltd	1,288,290			1,288,290	
Fredkim Agencies Ltd	3,891,922			3,891,922	
Kamukara Supplies Service	2,942,007			2,942,007	
Kita Ventures Ltd	2,445,869			2,445,869	
Target General Merchants	16,272,503			16,272,503	
Lincon Construction Ltd	7,475,505			7,475,505	
Stanko Works Limited	500,000			500,000	
Joric Enterprises	1,102,638			1,102,638	
Tartex Constructors Ltd	369,158			369,158	
Ingala Buildings & Construction	5,157,854			5,157,854	
Fors Fortis Consulting Limited	1,997,500			1,997,500	
Ten Fences Africa	6,955,353			6,955,353	
Sub-Total	**225,064,064**			**225,064,064**	
Construction of civil works					
Kanners International Ltd	1,244,940			1,244,940	
Mucoore Enterprises Ltd	2,845,773			2,845,773	
Lims Company Limited	804,000			804,000	
Agricultural Mechanization	1,082,789			1,082,789	
Solograciuos Company Ltd	1,197,000			1,197,000	
Dabukei Enterprises Ltd	2,591,440			2,591,440	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Agricultural Mechanization	152,000			152,000	
Agricultural Mechanization	1,425,000			1,425,000	
Modesty Holdings Limited	1,636,760			1,636,760	
Modesty Holdings Limited	1,636,760			1,636,760	
Target General Merchants	3,366,650			3,366,650	
Samtria Company Ltd	1,189,000			1,189,000	
Ermson Company Ltd	650,000			650,000	
Rockfields Building	2,996,000			2,996,000	
Remboya Construction Co	2,221,500			2,221,500	
Kaliati Contractors Ltd	600,068			600,068	
Mbame Construction	25,200,000			25,200,000	
Lizka Ltd	949,498			949,498	
Capiton Construction Co. Ltd	886,942			886,942	
Pricykas Kenya Limited	3,700,012			3,700,012	
Stegmak Construction	19,995,307			19,995,307	
Mbame Construction	3,000,000			3,000,000	
Omnips Construction Company	1,990,000			1,990,000	
Techtron Company Ltd	258,627			258,627	
Mateas Company Ltd	65,464			65,464	
Mateas Company Ltd	196,393			196,393	
Mateas Company Ltd	65,464			65,464	
Benny Building Services Limited	327,239			327,239	
Grawin Investment Ltd	4,151,865			4,151,865	
Jamuto Enterprises Ltd	15,652,030			15,652,030	
Bridgeways Enterprise Ltd	2,832,750			2,832,750	
Soliet Enterprises	13,845,480			13,845,480	
Mbame Construction Ltd	12,182,416			12,182,416	
Kickdown Trading Company	2,498,055			2,498,055	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Mbame Construction Ltd	8,126,723			8,126,723	
Kimu Electro Services Ltd	2,651,500			2,651,500	
Anthopi Mechanical Engineering	3,823,849			3,823,849	
Anthopi Mechanical Engineering	1,484,639			1,484,639	
Miles Construction	4,000,000			4,000,000	
Mbasha Link	2,630,880			2,630,880	
Omnips Construction Company	1,990,000			1,990,000	
Davis And Shirtliff	890,880			890,880	
Davis And Shirtliff	2,739,505			2,739,505	
Abbey Construction Ltd	4,239,194			4,239,194	
Lepah Enterprises Ltd	955,800			955,800	
Nastace Enterprises	977,500			977,500	
Novel Technologies E A Ltd	18,416,837			18,416,837	
Remboya Construction Co	1,993,100			1,993,100	
Lepah Enterprises Ltd	2,971,950			2,971,950	
Lims Company Limited	3,788,300			3,788,300	
Kaliati Contractors	2,800,000			2,800,000	
Kaliati Contractors	2,800,000			2,800,000	
Kaliati Contractors	2,800,000			2,800,000	
Kaliati Contractors	2,800,000			2,800,000	
Nastace Enterprises	2,149,300			2,149,300	
Texas Solutech Co.Ltd	2,110,960			2,110,960	
Lepah Enterprises Ltd	2,946,350			2,946,350	
Gadaro Enterprises	3,449,702			3,449,702	
Gadaro Enterprises	1,871,600			1,871,600	
Nastace Enterprises	2,944,850			2,944,850	
Stegmak Construction Co.Ltd	3,625,353			3,625,353	
Kenpet Agencies Limited	2,201,400			2,201,400	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Omega Communications Ltd	1,988,644			1,988,644	
Merwed Services Ltd	942,750			942,750	
Courral Ltd	669,477			669,477	
Kansam General Merchants	669,477			669,477	
Superzeal Vision Achievers	1,636,594			1,636,594	
Kanners International Ltd	2,116,000			2,116,000	
Neosmart Holdings Ltd	1,083,904			1,083,904	
Vinerays General	855,000			855,000	
Kenpet Agencies Limited	552,000			552,000	
Davesil Company Ltd	1,575,180			1,575,180	
Eastern Red Bull	341,850			341,850	
Grawin Investment Limited	427,160			427,160	
Darol Company Limited	623,490			623,490	
Glovima Logistics Limited	509,000			509,000	
Grawin Investment Limited	706,826			706,826	
Gefllen Construction Ltd	1,766,000			1,766,000	
Remboya Construction Co.	757,180			757,180	
Nicton Company Ltd	930,000			930,000	
Rimi Construction Co. Ltd	813,540			813,540	
Dagwija Agencies Ltd	1,353,000			1,353,000	
Kikis Investment Company Limited	1,966,000			1,966,000	
Kikis Investment Company Limited	825,000			825,000	
Muringa Karimi Investment Ltd	858,054			858,054	
Benny Building Contarctors Limited	5,926,213			5,926,213	
Franda Company Limited	2,309,000			2,309,000	
Kansam General Merchants Ltd	1,680,200			1,680,200	
Miles Construction Ltd	5,002,720			5,002,720	
Ronnel Enterprises Ltd	1,641,800			1,641,800	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Kagaki Investment Ltd	1,525,701			1,525,701	
Timekeeper Limited	2,020,000			2,020,000	
Bravin International	1,332,000			1,332,000	
Kenpet Agencies Limited	731,251			731,251	
Miles Construction Ltd	5,002,720			5,002,720	
Waciama Company Limited	1,781,600			1,781,600	
Rojomuti Agencies	1,785,250			1,785,250	
Breal Company Ltd	1,434,026			1,434,026	
Sologracious Co Ltd	1,252,500			1,252,500	
Kaikai Trading Company Ltd	675,000			675,000	
Doka Company Ltd	2,220,000			2,220,000	
Miles Construction Ltd	2,000,000			2,000,000	
Stegmak Construction Karama Water Project	2,000,000			2,000,000	
Goldfieds Electricals & Alarm Services	500,000			500,000	
Goldfieds Electricals & Alarm Services	500,000			500,000	
Ronnel Enterprises Limited	920,552			920,552	
Eddicom Construction Co.Ltd	281,306			281,306	
Miles Construction Ltd	7,374,335			7,374,335	
Timekeeper Company Ltd	3,700,000			3,700,000	
Ronnel Enterprises Ltd	3,088,200			3,088,200	
Gadaro Co. Ltd	2,024,930			2,024,930	
Infraline Co.Ltd	1,987,850			1,987,850	
Kenpet Agencies	1,760,000			1,760,000	
Agricultural Mechanization	1,082,789			1,082,789	
Sologracious Company Ltd Meru	1,196,247			1,196,247	
Kanners International Ltd	3,452,500			3,452,500	
Nelma Enterprises Ltd	1,860,000			1,860,000	
Kenpet Agencies Limited	1,802,250			1,802,250	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Gadaro Enterprises Ltd	2,041,000			2,041,000	
Eatern Red Bull Enterprises	1,102,500			1,102,500	
Glovima Logistics Limited Logistics	335,600			335,600	
Muktas Kenya Ltd	2,636,981			2,636,981	
Timekeeper Company Limited	2,450,000			2,450,000	
G.Kaindio & Son's Co Ltd	1,337,600			1,337,600	
Darol Contractors (K) Ltd	1,451,392			1,451,392	
Darol Contractors (K) Ltd	1,004,000			1,004,000	
Muktas Kenya Limited	2,636,981			2,636,981	
Legox Company Ltd	1,200,000			1,200,000	
Kenpet Agencies Limited	1,168,000			1,168,000	
Eastern Red Bull Enterprises Ltd	962,500			962,500	
Basetel Communication	400,000			400,000	
Darol Company Limited	1,575,000			1,575,000	
Lims Company Limited	2,797,100			2,797,100	
Bravin International	1,151,060			1,151,060	
Kaliati	1,544,996			1,544,996	
Nicton Company Ltd	1,150,000			1,150,000	
Real Worth Capital	1,420,000			1,420,000	
Legox Company Lmited	1,200,000			1,200,000	
Kaliati Contractors Co Ltd	2,450,000			2,450,000	
Ayannex Company Limited	1,172,000			1,172,000	
Greencraft Construction	721,600			721,600	
Agricultural Mechanization	1,628,400			1,628,400	
Realworth Capital East Africa Ltd	2,372,000			2,372,000	
Shamo Investment Ltd	1,499,880			1,499,880	
Omega Communications Ltd	1,736,176			1,736,176	
Eastern Red Bull	3,835,000			3,835,000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Kanners International Co. Ltd	1,009,800			1,009,800	
Remboya Construction Ltd	1,988,760			1,988,760	
Ermson Company Ltd	2,403,545			2,403,545	
Hammaton Construction Co.Ltd	1,266,245			1,266,245	
Kanners International Co. Ltd	1,939,980			1,939,980	
Kai Kai Trading Company	2,047,500			2,047,500	
Legox Company Ltd	527,500			527,500	
Remboya Construction Co	1,892,676			1,892,676	
Malan Construction	3,066,750			3,066,750	
Kenpet Agencies	4,304,000			4,304,000	
Ermson Company Ltd	1,150,000			1,150,000	
Bridgeways Enterprises Limited	2,094,960			2,094,960	
Pamushik Company Ltd	1,975,000			1,975,000	
Betaweb Computers Systems	912,000			912,000	
Ronnel Enterprises Company Ltd	483,720			483,720	
Grawin Investment Limited	900,000			900,000	
Ronnel Enterprises Ltd	500,000			500,000	
Ronnel Enterprises Company Ltd	500,000			500,000	
Ronnel Enterprises Company Ltd	920,552			920,552	
Ronnel Enterprises Company Ltd	967,440			967,440	
Ronnel Enterprises Company Ltd	483,720			483,720	
Ronnel Enterprises Company Ltd	2,978,880			2,978,880	
Ronnel Enterprises Company Ltd	3,414,341			3,414,341	
Ronnel Enterprises Company Ltd	2,289,780			2,289,780	
Ronnel Enterprises Company Ltd	2,761,658			2,761,658	
Nissi Ventures Ltd	1,158,865			1,158,865	
Kanners International	1,476,600			1,476,600	
Nissi Ventures Ltd	844,800			844,800	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Stegmak Construction	5,984,500			5,984,500	
Benny Building Contarctors Limited	450,000			450,000	
Kans Action General Construction	14,874,000			14,874,000	
Stanko Works Limited	251,040			251,040	
Stegmak Construction Co.Ltd	192,607			192,607	
Manene Construction Ltd	3,882,984			3,882,984	
G.Kaindio And Sons Ltd	3,724,000			3,724,000	
Grawin Investment Limited	2,365,780			2,365,780	
Superpoint Holdings Limited	198,720			198,720	
Pushtech Limited	200,100			200,100	
Kans Action General Construction	194,600			194,600	
Sub-Total	**402,634,653**			**402,634,653**	
Supply of goods					
KEMSA	4,361,158.000			4,361,158.000	
Maua Hilltop Pharmacy	350,000.000			350,000.000	
Nickiny Enterprises	383,700.000			383,700.000	
Grownet Technologies Ltd	851,150.000			851,150.000	
Marwarx Enterprise	1,063,000.000			1,063,000.000	
Eliza And Mwonja	2,000,000.000			2,000,000.000	
Eliza And Mwonja	1,999,700.000			1,999,700.000	
Afri Potters Investment	600,000.000			600,000.000	
Jiinue Logistics Ltd	1,081,598.000			1,081,598.000	
Metrotech Logistics Ltd	448,695.000			448,695.000	
Yale Holdings	118,000.000			118,000.000	
Total Hospital Solution	408,000.000			408,000.000	
Kansam General Merchants	2,900,000.000			2,900,000.000	
Kenya Medical Supplies Authority	740,000.000			740,000.000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
KEMSA	14,523,069.000			14,523,069.000	
KEMSA	11,895,884.250			11,895,884.250	
KEMSA	8,437,684.050			8,437,684.050	
KEMSA	12,818,890.300			12,818,890.300	
KEMSA	4,680,840.000			4,680,840.000	
KEMSA	10,705,614.800			10,705,614.800	
Kenya Seeds Company Ltd	212,356.000			212,356.000	
Achelis Material Handling Limited	4,230,000.000			4,230,000.000	
Grawin Investiment Ltd	2,504,934.000			2,504,934.000	
Asterisk Limited	13,537,005.120			13,537,005.120	
Grawin Investment Ltd	1,998,700.000			1,998,700.000	
Jimbo Africa Investment	500,000.000			500,000.000	
Metric Chemicals	986,000.000			986,000.000	
Mbukana Enterprises	1,992,250.000			1,992,250.000	
Springline Agencies Ltd	1,416,000.000			1,416,000.000	
Kwaritah Traders Ltd	80,400.000			80,400.000	
Tri-Biato Ventures	405,390.000			405,390.000	
Vinerays General Supplies And Cont Ltd	234,800.000			234,800.000	
Lennah Enterprises Ltd	240,000.000			240,000.000	
Jophet Limited	1,512,000.000			1,512,000.000	
Amk Technologies	809,000.000			809,000.000	
Metrotech Logistics Ltd	159,000.000			159,000.000	
Grownet Technologies Ltd	875,500.000			875,500.000	
Zoomtech Holdings	1,880,000.000			1,880,000.000	
Gadaro Enterprises	148,000.000			148,000.000	
Laiji Ramji Filling Stations	200,000.000			200,000.000	
Laiji Ramji Filling Station	500,000.000			500,000.000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Silverspread Service Station	320,000.000			320,000.000	
Betaweb	150,000.000			150,000.000	
Emwati General Supplies	325,728.000			325,728.000	
Buya Supplies Limited	180,000.000			180,000.000	
Emwati General Supplies	805,000.000			805,000.000	
Maxim K Ltd	1,799,735.000			1,799,735.000	
Maxim K Ltd	342,482.000			342,482.000	
Jonito Investment	540,250.000			540,250.000	
Bridgeways Ltd	1,747,080.000			1,747,080.000	
Joric Enterprises Ltd	1,762,350.000			1,762,350.000	
Ovation Enterprises	960,000.000			960,000.000	
Digitech Africa Ltd	626,340.000			626,340.000	
Nifty Ventuers	174,660.000			174,660.000	
Jopet Limited	386,500.000			386,500.000	
Amk Technologies	509,000.000			509,000.000	
Medtronic Healthcare Ltd	4,773,978.000			4,773,978.000	
Kiama Industries	485,500.000			485,500.000	
Maxim K Ltd	628,500.000			628,500.000	
Nkubu Youth Polytechnic	646,800.000			646,800.000	
Ithima Youth Polytechnic	468,000.000			468,000.000	
Maua Vocational Training Centre	652,400.000			652,400.000	
Grownet Technologies Limited	59,500.000			59,500.000	
Kickdown Trading Company Limited	1,373,620.000			1,373,620.000	
Lamak Ent Ltd	1,616,560.000			1,616,560.000	
Pafriga Enterprises Ltd	679,750.000			679,750.000	
Fadamy Investments Limited	938,000.000			938,000.000	
Kickdown Trading Company Limited	805,000.000			805,000.000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Labarua Investment Ltd	1,603,030.000			1,603,030.000	
Tayaan General Suppliers Ltd	17,500.000			17,500.000	
Toyota Kenya Limited	18,020,000.000			18,020,000.000	
Gadaro Enterprises	225,000.000			225,000.000	
Mitunda Investment Ltd	20,400.000			20,400.000	
Dofidah Supplies Ltd	195,000.000			195,000.000	
Tayaan General Supplies	191,000.000			191,000.000	
Achellis Materials Handling Ltd	1,153,870.000			1,153,870.000	
Jokim Scale Service S	1,067,200.000			1,067,200.000	
Nairobi X-Ray Supplies Ltd	14,007,000.000			14,007,000.000	
Dofidah Supplies Limited	144,560.000			144,560.000	
Mawira Auto Spares	148,000.000			148,000.000	
Mawira Auto Spares	148,000.000			148,000.000	
Mawira Auto Spares	166,000.000			166,000.000	
Mawira Auto Spares	166,000.000			166,000.000	
Mawira Auto Spares	164,000.000			164,000.000	
Mawira Auto Spares	166,000.000			166,000.000	
Mawira Auto Spares	140,000.000			140,000.000	
KEMSA	6,216,890.000			6,216,890.000	
KEMSA	2,786,582.000			2,786,582.000	
Davis & Shirtliff	153,161.000			153,161.000	
KEMRI	736,700.000			736,700.000	
KEMSA	9,121,967.900			9,121,967.900	
Meru Leadways Agencies	356,500.000			356,500.000	
Miko Ventures Ltd	210,000.000			210,000.000	
Miko Ventures Ltd	380,000.000			380,000.000	
Buya Supplies Ltd	132,758.000			132,758.000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Buya Supplies Ltd	140,000.000			140,000.000	
Stafel Orthocare Limited	1,980,000.000			1,980,000.000	
Panafrica Co.Ltd	1,952,799.000			1,952,799.000	
Mantrac Kenya Limited	1,310,325.000			1,310,325.000	
Associated Auto Center Ltd	5,980,000.000			5,980,000.000	
Homebell Enterprises	2,737,600.000			2,737,600.000	
Besty Ltd	370,000.000			370,000.000	
Gadaro Enterprises	276,660.000			276,660.000	
Gadaro Enterprises	1,515,250.000			1,515,250.000	
Pan Africa Co.Ltd	1,952,799.000			1,952,799.000	
Toyota Kenya Limited	1,886,328.000			1,886,328.000	
CMC Motors	4,800,000.000			4,800,000.000	
Tayaan General Suppliers Ltd	1,099,500.000			1,099,500.000	
Lennah Enterprises Ltd	500,000.000			500,000.000	
Panafrican Kenya Limited	1,633,777.000			1,633,777.000	
Colifit Enterprises Ltd	499,800.000			499,800.000	
Gadaro Enterprises	126,000.000			126,000.000	
Tayaan General Suppliers Ltd	241,300.000			241,300.000	
Pamushik Company Ltd	193,000.000			193,000.000	
Jiinue Logistics Limited	154,800.000			154,800.000	
Jiinue Logistics Limited	154,000.000			154,000.000	
Muts And Company Ltd	1,919,000.000			1,919,000.000	
Desley Holdings Kenya Ltd	1,820,000.000			1,820,000.000	
Kisima Farms Ltd	1,605,000.000			1,605,000.000	
Kenya Seeds Company Ltd	1,890,000.000			1,890,000.000	
Panmac Investment Ltd	110,000.000			110,000.000	
Print Option	2,491,500.000			2,491,500.000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Anjulab Supplies	120,450.000			120,450.000	
KARI	3,849,500.000			3,849,500.000	
Meru Goat Breeders	1,496,000.000			1,496,000.000	
Tayaan General Supplies	198,500.000			198,500.000	
Kans Action Limited	3,801,552.000			3,801,552.000	
Nissi Ventures	2,000,000.000			2,000,000.000	
Panmac Investment Ltd	200,160.000			200,160.000	
Davis And Shirtliff	1,190,000.000			1,190,000.000	
Omnips Company Ltd	1,600,000.000			1,600,000.000	
Zoomtech Holdings Ltd	300,000.000			300,000.000	
Ortopedia Salesio Kenya	825,000.000			825,000.000	
Alpha Tech And Lab	625,200.000			625,200.000	
Empresa Rico	1,700,000.000			1,700,000.000	
Ripelogistics International Ltd	1,800,000.000			1,800,000.000	
Davisil Limited	1,830,000.000			1,830,000.000	
Zoomtech Holdings Limited	594,500.000			594,500.000	
Mwitari Auto Garage	120,522.000			120,522.000	
Panmac Investments	880,000.000			880,000.000	
Saraka Supplies	215,000.000			215,000.000	
Mateas Company Limited	664,700.000			664,700.000	
Mateas Company Limited	478,000.000			478,000.000	
Crestwood Logistics	525,000.000			525,000.000	
Miko Ventures Limited	150,000.000			150,000.000	
Josabi Kelelek General Supplies	1,929,800.000			1,929,800.000	
Emwati	862,930.000			862,930.000	
KEMSA	740,000.000			740,000.000	
KEMSA	2,313,962.000			2,313,962.000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Sub-Total	266,732,384			266,732,384	
Supply of services					
The Star Publications Ltd	131,544			131,544	
The Star	1,252,800			1,252,800	
The Star	1,252,800			1,252,800	
The Star	131,544			131,544	
Nation Media Group	1,120,000			1,120,000	
Standard Group	250,000			250,000	
Redio Maisha	300,000			300,000	
Nation Media Group	33,204			33,204	
Slopes Co.Ltd	1,240,000			1,240,000	
Andy Tech Media Services	1,183,250			1,183,250	
Natabel Co.Ltd	1,180,000			1,180,000	
Nation Media Group	135,720			135,720	
Nation Media Group	122,148			122,148	
Nation Media Group	560,000			560,000	
Standard Media Group	459,360			459,360	
Standard Group Limited	893,200			893,200	
Nation Media Group Ltd	1,120,000			1,120,000	
Ktn Kenya	624,000			624,000	
The Scott Travel	254,760			254,760	
Kiautha Arithi Co.Advocates	1,794,800			1,794,800	
Gatari Ringera &Co.Advocates	2,375,000			2,375,000	
Binyenya Thuranira & Co.Advocates	2,620,000			2,620,000	
Nevada Palace Hotel	31,900			31,900	
Nevada Palace Hotel	348,000			348,000	
Gatimene Gardens Hotel	70,000			70,000	
Nevada Palace Hotel	20,880			20,880	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Nevada Palace Hotel	16,240			16,240	
Nevada Palace Hotel	8,700			8,700	
Nevada Palace Hotel	31,900			31,900	
Nevada Palace Hotel	31,900			31,900	
Nevada Palace Hotel	23,200			23,200	
Nevada Palace Hotel	17,200			17,200	
Nevada Palace Hotel	6,960			6,960	
Nairobi Pacific Hotel	35,420			35,420	
Nairobi Pacific Hotel	63,140			63,140	
Nevada Palace Hotel	31,900			31,900	
Meru Slopes Hotel	155,200			155,200	
Rangeland Hotel	128,200			128,200	
Alba Hotel	170,750			170,750	
Alba Hotel	80,000			80,000	
Alba Hotel	132,000			132,000	
Alba Hotel	247,330			247,330	
Alba Hotel	105,750			105,750	
Alba Hotel	140,000			140,000	
Nairobi Pacific Hotel	73,600			73,600	
Nairobi Pacific Hotel	128,250			128,250	
Nairobi Pacific Hotel	108,450			108,450	
Beisa Hotel	274,800			274,800	
Nairobi Pacific Hotel	9,340			9,340	
Nevada Palace Hotel	8,120			8,120	
Alba Hotel	25,260			25,260	
Alba Hotel	23,320			23,320	
Nevada Palace Hotel	100,804			100,804	
Gatimene Gardens Hotel	207,000			207,000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Gatimene Gardens Hotel	47,030			47,030	
Cmc Motors Group Ltd	1,064,241			1,064,241	
Mwitari Auto Garage	27,200			27,200	
Mwitari Auto Garage	22,500			22,500	
Mwitari Auto Garage	18,600			18,600	
Mwitari Auto Garage	17,550			17,550	
Mwitari Auto Garage	24,100			24,100	
Mwitari Auto Garage	17,850			17,850	
Mwitari Auto Garage	161,950			161,950	
Mwitari Auto Garage	28,500			28,500	
Yusuf Auto Spares	52,000			52,000	
Silverspread	747,900			747,900	
Imetha Water And Sanitation Co.Ltd	640,715			640,715	
Kamberia Water Project	7,250			7,250	
K.C.B Bank	2,969,748			2,969,748	
Renaissance Planning Ltd	2,376,912			2,376,912	
Nairobi Pacific Hotel	52,000			52,000	
Biashara Energy Solutions Ltd	407,000			407,000	
Jkuat Enterprises Ltd	1,276,000			1,276,000	
Meru Highway Motors	56,000			56,000	
Jerusalem Motors Ltd	178,292			178,292	
Mewass	3,825			3,825	
Imetha Water And Sanitation	11,265			11,265	
Imetha Water	6,550			6,550	
Mewass	1,535			1,535	
Meru Water And Sewarage	45,150			45,150	
Mwitari Auto Garage	28,550			28,550	
Mwitari Auto Garage	28,800			28,800	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Mwitari Auto Garage	28,700			28,700	
Mwitari Auto Garage	29,800			29,800	
Mwitari Auto Garage	27,850			27,850	
Mwitari Auto Garage	28,700			28,700	
Mwitari Auto Garage	18,000			18,000	
Mwitari Auto Garage	28,550			28,550	
Mwitari Auto Garage	29,800			29,800	
Kithoka Youth Polytechnic	84,000			84,000	
Rangeland Hotel	67,500			67,500	
Rangeland Hotel	292,400			292,400	
Elsa Hotel	300,000			300,000	
Elsa Hotel	136,000			136,000	
Elsa Hotel	108,000			108,000	
Elsa Hotel	112,000			112,000	
Elsa Hotel	313,000			313,000	
Nevada Palace Hotel	25,520			25,520	
Nevada Palace Hotel	16,240			16,240	
Gatimene Garden	230,000			230,000	
Batian View Experimental Education Centre	314,000			314,000	
Nairobi Pacific Hotel	130,500			130,500	
Gatimene Gardens	315,000			315,000	
Sunstar Hotel	228,000			228,000	
Sunstar Hotel	228,000			228,000	
Kenya Institute Of Supplies Management	77,000			77,000	
Kenya School Of Government	1,787,400			1,787,400	
Nevada Palace Hotel	97,900			97,900	
Nevada Palace Hotel	20,880			20,880	
Nevada Palace Hotel	7,969			7,969	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Nevada Palace Hotel	103,240			103,240	
Westwind Hotel	51,800			51,800	
Nairobi Pacific	47,250			47,250	
Riverbank	2,218,826			2,218,826	
Geoland Surveys	7,400,000			7,400,000	
Real Plan Consultancy	2,282,000			2,282,000	
Geoland Surveys	2,800,000			2,800,000	
Renaissance Planning Ltd	13,579,020			13,579,020	
Uhuru Security	63,000			63,000	
Kenya Power	6,902			6,902	
Kplc	3,624			3,624	
Kenya Power Company Ltd	1,000			1,000	
Kenya Power Company Ltd	177,965			177,965	
Kenya Power Company Ltd	33,972			33,972	
Kenya Power Company Ltd	121,000			121,000	
Meru Nissan Operators	1,200,000			1,200,000	
Planet Services Limited	1,200,000			1,200,000	
Brosis C.O Limited	63,000			63,000	
Silverspread Services	134,238			134,238	
Lalji Ramji	50,000			50,000	
Silverspread Services	134,238			134,238	
Lalji Ramji	800,000			800,000	
Nevada Palace Hotel	92,800			92,800	
Alba Hotel	305,390			305,390	
Sunstar Hotel	174,000			174,000	
Meru Slopes Hotel	74,250			74,250	
Meru Slopes Hotel	82,500			82,500	
Meru Slopes Hotel	7,400			7,400	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Meru Slopes Hotel	1,750			1,750	
Meru Slopes Hotel	67,010			67,010	
Meru Slopes Hotel	9,000			9,000	
Meru Slopes Hotel	145,000			145,000	
Meru Slopes Hotel	39,150			39,150	
Meru Slopes Hotel	50,190			50,190	
Meru Slopes Hotel	136,650			136,650	
Meru Slopes Hotel	42,000			42,000	
Meru Slopes Hotel	49,500			49,500	
Meru Slopes Hotel	49,000			49,000	
Meru Slopes Hotel	57,700			57,700	
Meru Slopes Hotel	28,000			28,000	
Meru Slopes Hotel	35,000			35,000	
Meru Slopes Hotel	184,500			184,500	
Meru Slopes Hotel	74,250			74,250	
Meru Slopes Hotel	10,350			10,350	
Heritage Hotel	97,500			97,500	
Nevada Palace Hotel	123,969			123,969	
Standard Media Group	893,200			893,200	
Media Mechanics Ltd	1,740,000			1,740,000	
Nation Media Group Limited	1,120,000			1,120,000	
The Star	626,400			626,400	
Standard Group	893,200			893,200	
Nation Media Group Limited	182,628			182,628	
Institute Of Internal Auditors	5,000			5,000	
Mru Highway Motors	13,000			13,000	
Makutano One Enterprises	31,000			31,000	
Cmc Motors Group	26,374			26,374	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Cmc Motors Group	43,610			43,610	
Makutano One Enterprises	33,000			33,000	
Cmc Motors Group	40,576			40,576	
Joseph Mutuma Garage	175,500			175,500	
Sunstar Garage	185,000			185,000	
Cmc Motors Group	34,889			34,889	
Jerusalem Motors	160,000			160,000	
Meru Highway Motors	63,750			63,750	
Joseph Njoroge	27,000			27,000	
Makutano One	55,332			55,332	
Makutano One	61,000			61,000	
Moses Chege Motor Cycle Rpr	9,750			9,750	
Moses Chege Motor Cycle Rpr	19,100			19,100	
Moses Chege Motor Cycle Rpr	38,000			38,000	
Jerusalem Motors Ltd	249,168			249,168	
Mawira Auto Spares	48,850			48,850	
Jerusalem Motors Ltd	199,404			199,404	
Joseph Mutuma	68,050			68,050	
Samu Machinery Services	226,440			226,440	
Meru Highway Motors	363,000			363,000	
Meru Highway Motors	380,000			380,000	
Meru Highway Motors	350,000			350,000	
Lawi Kithnji Motors	17,000			17,000	
Jerusalem Motors	28,730			28,730	
Jerusalem Motors	96,800			96,800	
Lawi Kithnji Motors	204,540			204,540	
Meru Highway Motors	32,000			32,000	
Meru Highway Motors	127,600			127,600	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Meru Highway Garage	550,000			550,000	
Joseph Mutuma	223,000			223,000	
Autoconcern Limited	38,000			38,000	
Grawam Limited	1,055,600			1,055,600	
Joseph Mutuma	202,200			202,200	
Autoconcern Limited	42,743			42,743	
Njuri Motors Ltd	120,689			120,689	
Joseph Mutuma	32,550			32,550	
Subaru Kenya	216,443			216,443	
Mutindwa Enterprises Ltd	31,389			31,389	
Mutindwa Enterprises Ltd	32,872			32,872	
Mutindwa Enterprises Ltd	47,700			47,700	
Joseph Mutuma	29,700			29,700	
Joseph Mutuma	29,700			29,700	
Joseph Mutuma	38,700			38,700	
Meru Highway Motors	35,000			35,000	
Mwitari Auto Garage	110,150			110,150	
Joseph Mutuma	29,600			29,600	
Joseph Mutuma	24,600			24,600	
Joseph Mutuma	43,400			43,400	
Auto Concern	32,000			32,000	
Joseph Mutuma	29,700			29,700	
Meru Highway Garage	28,550			28,550	
Meru Highway Garage	184,000			184,000	
Jerusalem Motors Ltd	72,900			72,900	
Jerusalem Motors Ltd	72,900			72,900	
Makutano One	81,780			81,780	
Cmc Motors	77,676			77,676	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Cmc Motors	102,229			102,229	
Jerusalem Motors Ltd	85,376			85,376	
Subaru Kenya	65,313			65,313	
Mwitari Auto Garage	19,855			19,855	
Meru Highway Garage	32,500			32,500	
Toyota Kenya Ltd	47,820			47,820	
Jerusalem Motors	62,640			62,640	
Meru Highway Motors	360,000			360,000	
Auto Concern Ltd	44,000			44,000	
Meru Highway Garage	136,860			136,860	
Meru Highway Garage	409,000			409,000	
Meru Highway Garage	363,000			363,000	
Meru Highway Motors	35,000			35,000	
Mwitari Auto Spares	28,740			28,740	
Mwitari Auto Spares	28,740			28,740	
Joseph Mutuma	29,700			29,700	
Joseph Mutuma	44,100			44,100	
Jerusalem Motors	128,296			128,296	
Jerusalem Motors	128,296			128,296	
Jerusalem Motors	55,216			55,216	
Jerusalem Motors	113,680			113,680	
Jerusalem Motors	47,900			47,900	
Jerusalem Motors	59,080			59,080	
Jerusalem Motors	47,900			47,900	
Jerusalem Motors	142,216			142,216	
Jerusalem Motors	62,640			62,640	
Jerusalem Motors	21,576			21,576	
Jerusalem Motors	64,496			64,496	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Jerusalem Motors	225,900			225,900	
Mwitari Auto Garage	38,000			38,000	
Meru Highway Motors	110,750			110,750	
Meru Highway Motors	86,800			86,800	
Cmc Motors Group Limited	88,887			88,887	
Meru Highway Motors	35,000			35,000	
Joseph Mutuma	81,670			81,670	
Mfi Documents Solution	278,400			278,400	
Mwitari Auto Garage	23,000			23,000	
Meru Highway Motors	68,000			68,000	
Cmc Motors Group Ltd	40,208			40,208	
Cmc Motors Group Ltd	39,757			39,757	
Mwitari Auto Garage	28,000			28,000	
Mwitari Auto Garage	30,000			30,000	
Mwitari Auto Garage	23,000			23,000	
Lojom Contractors Co Ltd	383,168			383,168	
The Star	131,544			131,544	
Kenya Sch Of Govt	167,620			167,620	
Kenya Sch Of Govt	276,080			276,080	
Kenya Sch Of Govt	167,620			167,620	
Kenya Sch Of Govt	127,500			127,500	
Kenya Sch Of Govt	167,620			167,620	
Kenya Sch Of Govt	116,400			116,400	
Kenya Sch Of Govt	64,960			64,960	
Kenya School Of Government	55,700			55,700	
Kenya School Of Government	55,700			55,700	
Sustain International	1,300,000			1,300,000	
Kenya School Of Government	54,240			54,240	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
Joseph Mutuma	29,700			29,700	
Gatimene Gardens	300,000			300,000	
Makutano One	249,000			249,000	
Mediquip Global Ltd	57,000			57,000	
Ntara & Associates	600,000			600,000	
Kirimi Ituaruchiu	96,000			96,000	
William Arunga	9,000			9,000	
Elijah Mwandime	48,000			48,000	
Florence Kiome	10,000			10,000	
Elsa Hotel	84,000			84,000	
Rangeland Hotel Limited	35,700			35,700	
Beisa Hotel Ltd	64,800			64,800	
Renaissance Planning Ltd	4,875,879			4,875,879	
Nevada Palace Hotel	16,240			16,240	
Ideal Security Services Ltd	140,313			140,313	
Athena Arena Company Limited	580,000			580,000	
Mfi Documents Solutions Ltd	58,000			58,000	
Safaricom Ltd	469,000			469,000	
Sucamwema Transporters Ltd	2,020,000			2,020,000	
Postal Corporation Of Kenya	4,000			4,000	
Agricultural Finance Corporation	13,245,365			13,245,365	
Joyce Kaari Nyaga	4,088			4,088	
Intercity Secure Homes	55,680			55,680	
Intercity Secure Homes	111,360			111,360	
Gichuyia Nthuraku M'riara	584,938			584,938	
Lawi Kithnji Motors	32,700			32,700	
Real Plan Consultancy	237,800			237,800	
Meru Water And Sewerage Services	12,793			12,793	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Comments
The Scott Travel Group Ltd	35,830			35,830	
Mwitari Auto Garage	22,950			22,950	
Football Kenya Federation	60,000			60,000	
Geostate Surveys	150,000			150,000	
Dom Spark	100,000			100,000	
Lennah Enterprises Limited	1,848,000			1,848,000	
Mwitari Auto Garage	28,000			28,000	
Andytech Media Services	1,900,000			1,900,000	
Margaret Gacheri Gikundi	54,000			54,000	
David Ntarangwi	942,198			942,198	
Francis Mugambi	8,000			8,000	
Apa Insurance Co Ltd	14,549,350			14,549,350	
Jacob M"Ajoi	60,000			60,000	
Nkubu Youth Polytechnic	80,820			80,820	
Farmgate Ltd	1,317,400			1,317,400	
Bridgeways Enterprises	1,114,934			1,114,934	
Sub-Total	**137,416,263**			**137,416,263**	
Grand Total	**1,031,847,365**			**1,031,847,365**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Others (*unpaid salaries*)							
Unpaid June Salaries And Wages		315,523,679			315,523,679		
Sitati Namwala		194,228			194,228		
M'kathia Stanley Kubai		98,700			98,700		
Salome Gatene Mbaabu		342,797			342,797		
Geofrey Kayuki Kaachara		14,100			14,100		
Sub-Total		**316,173,504**			**316,173,504**		
Grand Total					**316,173,504**		

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Out: B:
		a	b	c	d=a-c	
Amounts due to County Govt Entities						
Inter Account Borrowing - Deposit A/C	Inter Account Borrowing - Deposit A/C	81,000,000			81,000,000	
Meru County Transport Department Operations Account-Barclays Bank		2,515,360			2,515,360	
Meru County Krb -Fuel Levy Acct	Transfer of 3rd And 4th Qtr Tranches For KRB Projects 2016/2017	53,828,797			53,828,797	
Kiegoi Ktda Tea Factory	Transfer of Tea Levy Funds	2,945,053			2,945,053	
Githongo Ktda Factory	Transfer 0f Tea Levy Funds	3,111,155			3,111,155	
Igembe Ktda Factory	Transfer Of Tea Levy Funds	1,464,461			1,464,461	
Michiimikuru Ktda Tea Factory	Transfer Of Tea Levy Funds	4,682,035			4,682,035	
Kinoro Ktda Tea Factory	Transfer Of Tea Levy Funds	4,417,889			4,417,889	
Kionyo Ktda Tea Factory	Transfer of Tea Levy Funds	4,708,206			4,708,206	
Imenti Ktda Tea Factory	Transfer of Tea Levy Funds	4,525,415			4,525,415	
Sub-Total		**163,198,371**			**163,198,371**	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	41,837,783		-	41,837,783
Buildings and structures	1,783,732,738	1,838,744,821	-	3,622,477,559
Transport equipment	552,429,685	13,222,165	-	565,651,850
Office equipment, furniture and fittings	136,941,185	49,199,229	-	186,140,414
ICT Equipment, Software and Other ICT Assets	28,718,450	12,265,050	-	40,983,500
Other Machinery and Equipment	127,057,864	19,938,500	-	146,996,364
Heritage and cultural assets			-	0
Intangible assets	62,601,410	89,105,055	-	151,706,465
Total	**2,733,319,115**	**2,022,474,820.00**		**4,755,793,935**

ANNEX 5: INTER- ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred Kshs	Amount Confirmed as received Kshs	difference	explanation
1	County Assembly	226,128,901	226,128,901	226,128,901	226,128,901	904,515,604	904,515,604		
2	Meru Investment and Development Corporation	34,781,621	34,781,620	34,781,620	34,781,620	139,126,482	139,126,482		
3	Meru County Micro Finance Corporation	38,001,906	38,001,907	38,001,906	38,001,907	152,007,626	152,007,626		
4	Transfer to health facilities (Danida Funds)		5,147,500		5,147,500	10,295,000	10,295,000		
5	Meru Revenue Board	-	-	30,000,000	17,000,000	47,000,000	47,000,000		
6	Meru Executive Staff Housing fund			196,062,083	-	196,062,083	196,062,083		
	Total	**298,912,428**	**304,059,928**	**524,974,510**	321,059,928	1,449,006,795	1,449,006,795		

Chief Officer Finance
County Executive

MERU COUNTY GOVERNMENT
CHIEF OFFICER
23 FEB 2018
FINANCE / TREASURY
P. O. Box 120 - 60200, MERU