REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF TRANS ZOIA

FOR THE YEAR ENDED 30 JUNE 2017

COUNTY GOVERNMENT OF TRANS NZOIA

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

Table of Content Page

I. KEY TRANS-NZOIA COUNTY INFORMATION AND MANAGEMENT I
II. FORWARD BY THE CEC 1
III. STATEMENT OF MANAGEMENT RESPONSIBILITIES 2
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE TRANS NZOIA COUNTY GOVERNMENT 3
I. STATEMENT OF RECEIPTS AND PAYMENTS 4
II. STATEMENT OF ASSETS 5
III. STATEMENT OF CASHFLOW 6
IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED 7
V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT 9
VI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT 11
VII. SIGNIFICANT ACCOUNTING POLICIES 13
VIII. NOTES TO THE FINANCIAL STATEMENTS 15

I. KEY TRANS-NZOIA COUNTY INFORMATION AND MANAGEMENT

1. Background information

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

2. Key Management

The Trans-Nzoia County Government's day-to-day management is under the following key organs:

- Governor.....Hon Patrick Khaemba
- County Secretary.....Mr. Pius Munialo
- County Executive Member (Finance).....Hon Maurice Lokwaliwa
- County Chief Officers (Finance)..... Prof Ben Wanjala

3. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	County Executive Member-Finance	**Hon Maurice Lokwaliwa**
2.	Chief Officer-Finance	**Prof. Ben Wanjala**
3.	Head of Treasury Accounting	**Mr. Caroli Njalale Simiyu**

4. Fiduciary Oversight Arrangements

Internal Audit department
There is an internal Audit Department that ensures that reviews internal control on revenue/appropriation-in –aid and accounting from to time to time and advise on deviations from approved levels and reviews budget controls, ensures government assets, stores, supplies are appropriately recorded and kept safely.

The finance department
This department ensures that all Government assets and records kept safely, ensures timely and accurate preparation of reports, interprets and implements financial regulations and procedures, Treasury circulars, letters and instructions and ensuring expenditures are within the voted allocations and preparation of up to date and accurate books of accounts.

Budget department
The county prepares annual budgets which are approved by the county assembly then the budget is uploaded in the IFMIS for implementation. The budget department prepares quarterly reports which are submitted to the controller of budget for monitoring and expenditure controls and taking appropriate corrective action required
The budget department also revises the budget estimates through supplementary.

5. **Trans Nzoia County Government Headquarters**
   P.O. Box 4211-30200
   County Headquarters Building/House/Plaza
   Avenue/Road/Highway
   KITALE, KENYA

6. **Trans Nzoia County Government Contacts**

   Telephone: (254) 30301/2
   E-mail: countyoftransnzoia.@gmail.com
   Website: www.countyoftranszoia.go.ke

7. **Trans Nzoia County Government Bankers**

   1. Central Bank of Kenya-County Revenue Fund
      Account No. 1000171596
      Haile Selassie Avenue
      P.O. Box 60000
      City Square 00200
      Nairobi, Kenya

   2. Central Bank of Kenya-Development
      Account No 1000171081
      Nairobi-Kenya

   3. Central Bank of Kenya-Recurrent
      Account No 1000171154
      Nairobi-Kenya

   4. Kenya Commercial Bank
      Account No 1140772694
      Kitale-Kenya

   5. Equity Bank-Standing Imprest
      Account No 033026085558
      Kitale-Kenya

   6. Equity Bank-Revenue Collection
      Account No 0330260729452
      Kitale-Kenya

   7. Co-operative Bank (County Assembly)
      Account No 01141502494900
      Kitale-Kenya

   8. Eco-Bank (Elimu Bursary)
      Account No 0100015023860101
      Kitale-Kenya

9. Trans National Bank (Youth and Women)
   Account No 0152817001
   Kitale-Kenya

10. County Public Service Board
    Kenya Commercial Bank
    Account No. 1149298472
    Kitale-Kenya

11. Trans-Nzoia County Assembly- Imprest Account
    Family Bank
    Account No.093000030593
    Kitale- Kenya

12. Trans-Nzoia County –Nawiri Fund Account
    Equity Bank
    Account No. 0330263908695

13. Trans-Nzoia County –Stalled Projects
    Equity Bank
    Account No. 0330263870915
    Kitale- Kenya

14. Health Operational Account
    Kenya Commercial Bank
    Account No. 115802113
    Kitale- Kenya

15. County Government of Trans-Nzoia –Retention Account
    Chase Bank
    Account No.0402234113002
    Kitale

8. Independent Auditors

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

9. 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

The County had budgeted expenditure of Ksh 6,875,000,761 while the actual expenditure was Ksh 6,188,836,112 representing 90% of the estimate. In this four years, the county had been working out to complete projects that were initiated past three years. There has been tremendous progress towards this end.
This has enabled the county to enjoy value for money from the projects that have been initiated.

The challenge has been, institutionalisation of IFMIS but there is good progress towards use of this system in the County. I am happy to report that a good number of my staff have been trained in the use of IFMIS and the Procurement module has been operationalised in the County.

Hon. Maurice Lokwaliwa
Ag. CEC- Finance
Trans Nzoia County Government

COUNTY EXECUTIVE MEMBER FOR FINANCE & ECONOMIC PLANNING
27 FEB 2018
COUNTY GOVERNMENT OF TRANS NZOIA
P. O. Box 4211 - 30200, KITALE-KENYA

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 the County Government Trans-Nzoia County, receiver of revenue 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.

Ag. County Executive Committee member - Finance

COUNTY EXECUTIVE MEMBER FOR FINANCE & ECONOMIC PLANNING
27 FEB 2018
COUNTY GOVERNMENT OF TRANS NZOIA
P. O. Box 4211 - 30200, KITALE-KENYA

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Trans Nzoia set out on pages 4 to 28, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of County Executive of Trans Nzoia 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 County Governments Act, 2012.

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

Basis for Qualified Opinion

1.0 Presentation and Accuracy of Financial Statements

1.1 Summary of Fixed Assets Register

The statement of receipts and payments for the year ended 30 June 2017 reflects acquisition of assets balance of Kshs.1,444,017,015 which is at variance with an amount of Kshs.1,011,640,231 in the summary of fixed assets register as indicated in Annex 4 to the financial statements and therefore resulting to a variance of Kshs.432,376,784 and which has not been explained or reconciled. Further, the summary fixed assets register does not include the assets inherited from the defunct local authorities under the County Government.

Under the circumstance, the accuracy and completeness of the acquisition of assets for the year ended 30 June 2017 could not be confirmed.

1.2 Basic Salaries of Permanent Employees

The statement of receipts and payments for the year ended 30 June 2017 reflects compensation of employees figure of Kshs.1,944,062,488 which includes basic salaries of permanent employees figure of Kshs.1,067,708,804. However, the figure of Kshs.1,067,708,804 for basic salaries of permanent employees is at variance with the supporting documents figure of Kshs.1,061,064,351 resulting to a variance of Kshs.6,644,453 which has not been explained or reconciled. Under the circumstance, the validity and accuracy of basic salaries of permanent employees figure of Kshs.1,067,708,804 for the year ended 30 June 2017 could not be confirmed.

1.3 Basic Wages of Temporary Employees

Included in the compensation of employees figure of Kshs.1,944,062,488 reflected in the statement of receipts and payments is basic wages of temporary employees figure of Kshs.12,964,628 which also is at variance with the supporting documents figure of Kshs.84,389,368 resulting to a variance of Kshs.71,424,740 which has not been explained or reconciled. Further, a review of personnel records revealed that casual employees have been engaged for more than three months without being confirmed as permanent employees contrary to Section 37 of the Employment Act, 2007.

Under the circumstance, the management is in breach of the law and the accuracy and completeness of basic wages of temporary employees expenditure of Kshs.12,964,628 for the year ended 30 June 2017 could not be confirmed.

2.0 Use of Goods and Services

2.1 Rental of Produced Assets

Note 13 to the financial statements reflects rentals of produced assets figure of Kshs.32,803,736 relating to leased offices in the sub counties. However, procurement record such as quotation, tender evaluation minutes and award minutes, acceptance letters and contract agreements were not availed for audit verification.

Consequently, the validity, accuracy and propriety of rentals of produced assets expenditure of Kshs.32,803,736 for the year ended 30 June 2017 could not be confirmed.

2.2 Insurance Expenditure

Note 13 to the financial statements reflects insurance costs balance of Kshs.60,661,178 which include insurance service expenditure of Kshs.33,612,051 which were procured using restricted tendering method instead of open tender contrary to the Public procurement and assets Disposal Act, 2015. Further, pre-inspection valuation reports from the valuer and insurance policy documents for insurance services procured for Kshs.33,612,051 were not availed for audit verification.

Under the circumstance, the validity, accuracy and propriety of Kshs.33,612,051 expenditure on insurance costs for the year ended 30 June 2017 could not be confirmed.

3.0 Other Grants and Other Payments

3.1 Scholarships and Other Educational Benefits

Note 16 to the financial statements reflects scholarship and other educational benefits expenditure figure of Kshs.129,605,000 against the budgeted amount of Kshs.127,500,000 resulting to over expenditure of Kshs.2,105,000. However, no documentary evidence was availed for audit review to confirm whether the over expenditure was regularized in a supplementary budget as required by law.

Under the circumstance, the management is in breach of the law and the validity and propriety of scholarship and other educational benefits figure of Kshs.2,105,000 for the year ended 30 June 2017 could not be confirmed.

4.0 Social Security Benefits

The statement of receipts and payments for the year ended 30 June 2017 reflects social security benefits balance of Kshs.145,875,339 against the budgeted amount of Kshs.18,495,607 as reflected in the statement of appropriation resulting to an over expenditure of Kshs.127,329,732 contrary to Regulation 53(1) of the Public Finance Management (County Governments) Regulation, 2015 which requires that an Accounting Officer of an entity not to authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities. No documentary evidence was availed for audit review to confirm whether the over expenditure was regularized in a supplementary budget as required by law.

Under the circumstance, the County Executive is in breach of the law and the validity and propriety of social security benefits expenditure of Kshs.127,329,732 for the year ended 30 June 2017 could not be confirmed.

5.0 Acquisition of Assets

5.1 Proposed Construction of the Trans-Nzoia County Teaching and Referral Hospital-Kitale

Included in the construction of buildings figure of Kshs.529,377,883 reflected in in Note 18 to the financial statements is an expenditure Kshs.182,749,350 in respect of the proposed construction of Trans-Nzoia county referral hospital. However, available information revealed that the interim certificates for works done were being issued by a consultant contrary to Section 48 to the Public Procurement and Asset Disposal Act, 2015 which requires inspection and acceptance committee to issue interim or completion certificates. It is not clear and management has not explained why the public works department was not used in supervising the project. Further, field inspection of the project revealed that the project had not been completed despite the extension of the contract period of 30 April 2017 having elapsed. Under the circumstance, the management is in

breach of the law and the objectives of the project may not have been achieved and therefore the county government did not get value for money for the expenditure of Kshs.182,749,350 incurred on the proposed construction of Trans-Nzoia County Referral Hospital for the year ended 30 June 2017 could not be confirmed.

5.2 Construction of Roads

The statement of receipts and payments for the year ended 30 June 2017 reflects acquisition of assets balance of Kshs.1,444,017,015 which also includes construction of roads expenditure of Kshs.251,334,505 as disclosed in Note 18 to the financial statements out of which an expenditure of Kshs.91,676,164 in respect of purchase of fuel, oil and lubricants is not related to road construction. However, no explanation was provided for charging purchase of fuel, oil and lubricants to construction of roads.

Under the circumstance, the validity, and accuracy of construction of roads expenditure of Kshs.91,676,164 for the year ended 30 June 2017 could not be confirmed.

5.3 Proposed Construction of Main Kitale Bus Park and Market

Included in acquisition of assets figure of Kshs. 1,444,017,015 is construction and civil works balance of Kshs.37,672,287 which includes Kshs. 33,922,079 payments made to a construction company on the construction of main Kitale bus park and main modern market. A review of records made available indicate that the commencement and completion dates for the project were 4 December 2015 and 16 June 2016 respectively. However, site inspection of the project during the month of February 2018 revealed that the project had not been completed and no evidence of extension of contract period was availed for audit review. Further, the project was being supervised by a consultant contrary Section 48 to the Public Procurement and Asset Disposal Act, 2015 which requires inspection and acceptance committee to issue interim or completion certificates.

Consequently, management is in breach of the law and the objective of the project may not be achieved and no value for money has been obtained on the expenditure of Kshs.33,922,079 for the year ended 30 June 2017.

6.0 Cash and Cash Equivalent

6.1 Cash Balance

The statement of assets reflects nil cash balances. However, the Central Bank of Kenya Development cash book availed for audit review reflects cash hand balance of Kshs.1,826,450 and which has not been disclosed in the financial statements.

Under the circumstance, the accuracy and completeness of nil cash balance as at 30 June 2017 could not be confirmed.

6.2 Bank Balances

Note 22A to the statement of assets reflect bank balances figure of Kshs.62,923,879 which include various balances totalling to Kshs.770,118 that are at variance with their respective cash book balances as summarized below:

Name of Bank	Account Number	Financial Statement figure (Kshs)	Cash Book Balance (Kshs)	Variance (Kshs)
Kenya Commercial Bank	1140772694	770,118	371,318	398,800
Kenya Commercial Bank	115802113	0	1,556	(1556)
Chase Bank	0402234113002	0	9,196,576	(9,196,576)
Total		**770,118**	**9,569,450**	**(8,799,332)**

Consequently, the accuracy and completeness of bank balance of Kshs.62,923,879 as at 30 June 2017 could not be confirmed.

6.3 Irregular Opening /Maintenance of Bank Accounts

Note 22A to the financial statement reflect bank accounts maintained in Equity Bank and Kenya Commercial Bank contrary to Section 82 of the Public Finance Management (county Governments) Regulation, 2015 which require county governments to open bank accounts at the Central Bank of Kenya except for imprest bank accounts. Entities operating bank accounts outside this provision were required to comply with the regulation within six (6) months from date of commencement of the regulations which was 1 January 2016.

Under the circumstances, the accuracy, validity and completeness of bank balances of Kshs.62,923,879 as at 30 June 2016 could not be confirmed.

7.0 Accounts Receivable-Outstanding Imprest

The statement of assets as at 30 June 2017 reflects accounts receivables–outstanding imprests figure of Kshs.15,239,400 which include long outstanding imprest of Kshs.8,291,970 and which has not been surrendered or recovered from the salaries of the defaulting officers on the due date. Further, available information revealed that officers were issued with multiple imprest totaling Kshs.2,413,910 contrary to Section 93 of the of the Public Finance Management (county Governments) Regulation, 2015 which stipulate that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate.

Under the circumstances, the county government is in breach of the law and the propriety of accounts receivables–outstanding imprests of Kshs.15,239,400 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISAIs). I am independent of County Executive of Trans Nzoia in accordance with ISSAIs 30 Code of Ethics. I have fulfilled other ethical responsibilities in accordance with ISSAI and accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence 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 discussed in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budget Control and Performance

1.1 Budget Absorption

During the year under review, the County Executive of Trans Nzoia had a total budget of Kshs.6,875,000,761 comprising development budget of Kshs.2,650,519,174 and recurrent budget of Kshs.4,224,481,587. Further, the total budget reflected overall under absorption of Kshs.686,164,649 or 10% as summarized below:

Item	Budgeted Allocation 2016/2017	Actual 2016/2017	Under/Over Absorption	Under Absorption Rate %
Development	2,650,519,174	1,924,082,146	726,437,028	27%
Recurrent	4,224,481,587	4,264,753,966	(40,272,379)	(1)%
Total	**6,875,000,761**	**6,188,836,112**	**686,164,649**	10%

The under absorption of approved budget is an indication of activities and projects in the annual work plan not implemented by the County Executive which is likely to have negative effect on goods and service delivery by the County Executive. There is need for the management to re-look at its budgetary mechanism with a view to focusing on priority areas and which enhance service delivery to the citizens of Trans Nzoia County.

1.2 Development Budget

During the year under review, the County Executive of Trans Nzoia allocated Kshs.2,650,519,174 to development projects and spent a total of Kshs.1,913,236,800 resulting to net under expenditure Kshs.737,282,374 as detailed below:

Department	Budgeted Allocation 2016/2017	Actual 2016/2017	Under/Over Absorption	Under Absorption Rate %
Agriculture, Livestock, Fisheries and Cooperative Development	120,000,000	40,874,392	79,125,608	366%
Economic Planning, Commerce and Industry	61,500,000	130,638,564	(69,138,564)	(12)%
Environment, Water and Natural Resources	265,457,642	95,184,742	170,272,900	64%
Public Works, Transport and Infrastructure	1,067,316,195	805,777,290	261,538,905	25%
Health	622,900,000	614,899,798	8,000,202	1%
Lands, Housing and Physical Planning	74,420,000	690,000	73,730,000	99%
Gender, Youth, Sports, Culture and Tourism	102,700,000	15,082,952	87,617,048	85%
Governance and Public Service Management	31,491,445	15,296,859	16,194,586	51%
Education, ECDE and Vocational Training	140,300,000	164,672,974	(24,372,974)	(17)%
Finance	115,447,348	30,119,229	85,328,119	74%
County Assembly	48,986,544	0	48,986,544	100%
Total	**2,650,519,174**	**1,913,236,800**	**737,282,374**	28%

It is clear that the County Executive did not utilize Kshs.737,282,374 or 28% of the allocated funds and hence intended objectives may have not been achieved and this may hamper service delivery to the people of the County executive of Trans Nzoia due to lack of prerequisite infrastructure.

1.3 Recurrent Budget

During the year under review, the County Executive of Trans Nzoia allocated Kshs.4,224,481,587 for recurrent expenditure and spent a total of Kshs.4,264,753,966 resulting to net over expenditure Kshs.40,272,379 as detailed below:

Item	Budgeted Allocation 2016/2017	Actual Expenditure 2016/2017	Under/Over Absorption	Absorption Rate %
Compensation of Employees	2,220,743,378	1,944,062,488	276,680,890	88%
Use of goods and services	2,003,738,209	1,618,378,922	385,359,287	81%
Transfers to Other Government Units	0	556,437,217	(556,437,217)	Infinity
Social Security Benefits	0	145,875,339	(145,875,339)	Infinity
Total	**4,224,481,587**	**4,264,753,966**	**(40,272,379)**	**101%**

From the above analysis, it is evident that the County Government overspent on transfers to other government units and social security benefits by Kshs.556,437,217 and Kshs.145,875,339 respectively. However, no evidence was provided to show that the same was regularized through supplementary estimates as required by law. The management may have under budgeted on transfer to other government entities and social security benefits and need a realistic budget in future. Therefore, the executive was in breach of the law.

1.5 Vehicle Parking Fees

Included in the other revenue figure of Kshs.241,193,609 reflected in the statement of receipts and payments is vehicle parking fees of Kshs.19,115,830 against a budgeted amount of Kshs.61,763,740 resulting to under collection of revenue of Kshs.42,647,910 or 69% of the budgeted revenue. The management has not explained the reason for failure to achieve the revenue target from parking fees.
Under the circumstance, the county may not able to deliver the intended services to the citizens of Trans Nzoia County.

1.6 Project Implementation Status

A total of Kshs.2,650,519,174 was allocated to ten (10) department to finance various development projects. However, project implementation reports were not availed for audit verification.

Under the circumstances, the level of completion of the projects and whether or not the project implementation was on schedule could not confirmed for the year ended 30 June 2017.

2.0 Control Environment

A review of Trans Nzoia County Government application systems revealed that the entity uses Integrated Financial Management System, Jambo pay and Integrated Personnel and Payroll Database (IPPD) systems. However, the following weaknesses were noted:

2.1 There is no established IT steering committee at the board level to provide direction on IT matters.

2.2 The IT strategic plan was not in place, which could lead to IT goals not contributing to the county's strategic objectives.

2.3 There is no approved IT security policy in place.

2.4 No formally documented and approved processes to manage upgrades made to all financial/performance information systems.

Under the circumstances, failure to establish an IT strategic plan could result in IT goals not contributing to the County's strategic objectives and related costs. Lack of IT policy may also lead to lack of clear direction to maintain information security and to properly safeguard the County's IT resources. In addition, lack of disaster recovery and business continuity plans means the organization may not be able to continue with normal services in case of a disaster.

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's ability to continue 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's or to cease operations, or have no realistic alternative but to do so.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County's 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			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	5,665,000	5,665,000
Exchequer releases	4	5,502,547,171	5,099,612,701
Transfers from Other Government Entities	5	252,060,652	152,269,736
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	241,193,609	311,586,973
TOTAL RECEIPTS		**6,001,466,432**	**5,569,134,410**
PAYMENTS			
Compensation of Employees	12	1,944,062,488	1,599,246,132
Use of goods and services	13	1,670,672,841	1,416,368,014
Subsidies	14	-	-
Transfers to Other Government Units	15	854,603,429	572,642,686
Other grants and transfers	16	129,605,000	123,384,500
Social Security Benefits	17	145,875,339	44,865,839
Acquisition of Assets	18	1,444,017,015	1,966,623,252
Finance costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	-
TOTAL PAYMENTS		**6,188,836,112**	**5,723,130,423**
SURPLUS/DEFICIT		**(187,369,680)**	**(153,996,013)**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Trans-Nzoia County financial statements were approved on _____ 2017 and signed by:

Chief Officer

CHIEF OFFICER- COUNTY TREASURY
27 FEB 2018
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury
Name: Simon Nyatate
ICPAK Member Number

DIRECTOR FINANCE / HEAD OF COUNTY TREASURY - ACCOUNTING
27 FEB 2018
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

II. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	62,923,879	228,652,578
Cash Balances	22B	-	-
Total Cash and cash equivalent		**62,923,879**	**228,652,578**
Accounts receivables – Outstanding Imprests	23	15,239,400	46,000,000
TOTAL FINANCIAL ASSETS		**78,163,279**	**274,652,578**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	175,309	9,294,928
NET FINANCIAL ASSETS		**77,987,970**	**265,357,650**
REPRESENTED BY			
Fund balance b/fwd.	25	265,357,650	419,353,663
Surplus/Deficit for the year		**(187,369,680)**	**(153,996,013)**
NET FINANCIAL POSITION		**77,987,970**	**265,357,650**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Trans Nzoia County financial statements were approved on _____ 2017 and signed by:

Chief Officer

CHIEF OFFICER COUNTY TREASURY 27 FEB 2018 P. O. Box 4211-30200, KITALE-KENYA COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury
Name: Simon Njatale
ICPAK Member Number

DIRECTOR FINANCE / HEAD OF COUNTY TREASURY - ACCOUNTING 27 FEB 2018 P. O Box 4211-30200, KITALE, KENYA COUNTY GOVERNMENT OF TRANS-NZOIA

III. STATEMENT OF CASHFLOW

		2016 – 2017	2015 - 2016
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	5,665,000	5,665,000
Exchequer Releases	4	5,502,547,171	5,099,612,701
Transfers from Other Government Entities	5	252,060,652	152,269,736
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	241,193,609	311,586,973
Payments for operating expenses			
Compensation of Employees	12	1,944,062,488	1,599,246,132
Use of goods and services	13	1,670,672,841	1,416,368,014
Interest payments	14	-	-
Transfers to Other Government Units	15	854,603,429	572,642,686
Other grants and transfers	16	129,605,000	123,384,500
Social Security Benefits	17	145,875,339	44,865,839
Finance Costs, Including Loan Interest	19	-	-
Other Expenses	21	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		**1,256,647,335**	**1,812,627,239**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	1,444,017,015	1,966,623,252
Net cash flows from Investing Activities		**1,444,017,015**	**1,966,623,252**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	21	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**(187,369,680)**	**(153,996,013)**
Cash and cash equivalent at BEGINNING of the year	24	**265,357,650**	**419,353,663**
Cash and cash equivalent at END of the year	25	**77,987,970**	**265,357,650**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Trans-Nzoia County financial statements were approved on _____ 2017 and signed by:

Chief Officer

CHIEF OFFICER - COUNTY TREASURY
27 FEB 2018
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury
Name: Simon Njalale
ICPAK Member Number

DIRECTOR FINANCE/HEAD OF COUNTY TREASURY - ACCOUNTING
27 FEB 2018
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	5,665,000	8.098,015	13,763,015	5,665,000	8,098,015	41%
Exchequer releases	5,502,547,171	-	5,502,547,171	5,502,547,171	-	100%
Transfers from Other Government Entities	277,797,795	(4,107,220)	273,690,575	252,060,652	21,629,923	92%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	585,000.000	-	585,000,000	-	585,000,000	0%
Returns of Equity Holdings	-	-	-	-	-	0%
Other Receipts	500,000,000	-	500,000,000	241,193,609	258,806,391	48%
TOTALS	**6,871,009,966**	**3,990,795**	**6,875,000,761**	**6,001,466,432**	**873,534,329**	**87%**
PAYMENTS						
Compensation of Employees	1,263,205,563	875,378,168	2,138,583,731	1,944,062,488	194,521,243	91%
Use of goods and services	1,878,651,288	258,750,961	2,137,402,249	1,670,672,841	466,729,408	78%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	669,698,627	(389,856,303)	279,842,324	854,603,429	(574,761,105)	305%
Other grants and transfers	596,949,105	-	596,949,105	129,605,000	467,344,105	22%
Social Security Benefits	187,259,848	(168,764,241)	18,495,607	145,875,339	127,379,732	788%
Acquisition of Assets	2,275,245,535	571,517,798	1,703,727,745	1,444,017,015	259,710,730	85%
Finance Costs, including Loan Interest	-	-	-	-	-	0%

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTALS	**6,871,009,966**	**3,990,795**	**6,875,000,761**	**6,188,836,112**	**686,164,649**	**90%**

(a) The item on transfer to other Government unit has surpassed the budget limit because we expensed the direct exchequer requisitioned by the trans-nzoia county assembly.

The Trans-Nzoia County financial statements were approved on _____ 2017 and signed by:

Chief Officer

CHIEF OFFICER- COUNTY TREASURY
27 FEB 2018
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury
Name: Simion Njalale
ICPAK Member Number

DIRECTOR FINANCE / HEAD OF COUNTY TREASURY - ACCOUNTING
27 FEB 2018
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

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	-	-	-	-	-	0%
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	5,665,000	8,098,015	13,763,015	5,665,000	8,098,015	41%
Exchequer releases	2,280,510,207	571,517,790	2,852,027,997	2,852,027,997	-	100%
Transfers from Other Government Entities	277,797,795	(4,107,220)	273,690,575	252,060,652	21,629,923	92%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	585,000,000	-	585,000,000	-	585,000,000	0%
Returns of Equity Holdings	-	-	-	-	-	0%
Other Receipts	500,000,000	-	500,000,000	241,193,609	258,806,391	48%
Totals	**3,648,973,002**	**575,508,585**	**4,224,481,587**	**3,350,947,258**	**873,534,329**	**79%**
PAYMENTS						
Compensation of Employees	1,263,205,563	875,378,168	2,138,583,731	1,944,062,488	194,521,243	91%
Use of goods and services	1,808,651,288	258,750,961	2,067,402,249	1,618,378,922	449,023,327	78%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	389,856,303	(389,856,303)	-	556,437,217	(556,437,217)	0%
Other grants and transfers	-	-	-	-	-	0%
Social Security Benefits	187,259,848	(168,764,241)	18,495,607	145,875,339	127,329,732	789%
Acquisition of Assets	-	-	-	-	-	0%

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 %
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTALS	**3,648,973,002.00**	**575,508,585**	**4,224,481,587**	**4,264,753,966**	**(40,272,379)**	**101%**

The Trans-Nzoia County financial statements were approved on _____ 2017 and signed by:

Chief Officer

CHIEF OFFICER- COUNTY TREASURY
27 FEB 2018
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury
Name: Simon Njalale
ICPAK Member Number

DIRECTOR FINANCE/HEAD OF COUNTY TREASURY - ACCOUNTING
27 FEB 2018
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

VI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	-	-	-	-	-	0%
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	0%
Exchequer releases	3,222,036,964	(571,517,790)	2,650,519,174	2,650,519,174	-	100%
Transfers from Other Government Entities	-	-	-	-	-	0%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
Total	**3,222,036,964**	(571,517,790)	**2,650,519,174**	**2,650,519,174**	-	**100%**
PAYMENTS						
Compensation of Employees	-	-	-	-	-	
Use of goods and services	70,000,000	-	70,000,000	52,293,919	17,706,081	75%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	279,842,324	-	279,842,324	298,166,212	18,323,888	107%
Other grants and transfers	596,949,105	-	596,949,105	129,605,000	467,344,105	22%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	2,275,245,535	(571,517,790)	1,703,727,745	1,444,017,015	259,710,730	85%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Other Payments	-	-	-	-	-	0%
TOTALS	**3,222,036,964**	**(571,517,790)**	**2,650,519,174**	**1,924,082,146**	**726,437,028**	**73%**

The Trans-Nzoia County financial statements were approved on _____ 2017 and signed by:

Chief Officer

CHIEF OFFICER- COUNTY TREASURY
27 FEB 2018
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury
Name: Simmon Njalale
ICPAK Member Number

DIRECTOR FINANCE / HEAD OF COUNTY TREASURY - ACCOUNTING
27 FEB 2018
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. **Statement of compliance and basis of preparation**
   The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

   The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *Trans-Nzoia County* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

   The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. **Recognition of revenue and expenses**
   The *Trans-Nzoia County* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *Trans-Nzoia County*. In addition, the *Trans-Nzoia County* recognises all expenses when the event occurs and the related cash has actually been paid out by the *Trans-Nzoia County*.

3. **In-kind contributions**
   In-kind contributions are donations that are made to the *Trans-Nzoia County* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Trans-Nzoia County* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **Cash and cash equivalents**
   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.

5. 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 expenditure 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.

6. 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 by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. 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 Trans-Nzoia County fixed asset register a summary of which is provided as a memorandum to these financial statements.

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

9. 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 *Trans-Nzoia County* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *Trans-Nzoia County* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

This are exact figures as certified by the Auditor General in the previous year 2015-2016

11. 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.

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2016- 2017	2015 – 2016
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes	-	-
	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Government Employees to Social & Welfare Schemes in Government	-	-
	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2016- 2017	2015 – 2016
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
Grants Received from Multilateral Donors (International Organisations)				
Danida			5,665,000	5,665,000
			-	-
Grants Received from other levels of government				
Total			**5,665,000**	**5,665,000**

4 EXCHQUER RELEASES

	2016 - 2017	2015- 2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	935,433,019	407,969,016
Total Exchequer Releases for quarter 2	1,403,149,529	1,300,401,239
Total Exchequer Releases for quarter 3	1,375,636,793	1,274,903,175
Total Exchequer Releases for quarter 4	1,788,327,830	2,116,339,271
Total	**5,502,547,171**	**5,099,612,701**

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 – 2017 Kshs	2015 – 2016 Kshs
Transfers from Central government entities		
Free Maternal Health services	67,667,500	68,402,500
Kenya Rural Boards Fund(KRBF)-Fuel Levy	84546,000	64,782,039
User Charges	20,209,152	19,085,197
MOH Allowances	79,638,000	
TOTAL	**252,060,652**	**152,269,736**

6 PROCEEDS FROM DOMESTIC BORROWINGS

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

7 PROCEEDS FROM FOREIGN BORROWINGS

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

8 PROCEEDS FROM SALE OF ASSETS

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

9 REIMBURSEMENTS AND REFUNDS

	2016- 2017 Kshs	2015 – 2016 Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Total	-	-

10 RETURNS OF EQUITY HOLDINGS

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 OTHER REVENUES

	2016- 2017 Kshs	2015- 2016 Kshs
Rents/Rates	34,678,474	35,222,530
Other Property Income	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges	-	-
Business permits	56,780,637	61,386,301
Cesses	19,346,062	20,164,885
Water supply Administration	3,254,525	-
Advertisement, Trade Names, Billboards/Signboard	8,936,778	14,315,784
Administrative services fees-Application Fees	2,644,455	3,436,280
Building plans, clearance and completion certificate	6,157,060	8,314,523
Change of User, Plot subdivision and Transfers	1,323,260	2,112,485
Market/trade Centre fee	11,855,760	24,633,038
Vehicle parking fees	19,115,830	37,774,873
Social premises use charges	95,300	966,964
Public health services	154,000	10,694,097
Public health facilities operations	67,258,578	79,482,121
Environment & conservancy	-	-
Other miscellaneous Revenue	1,763,165	-
Slaughter houses administration	1,118,195	1,278,860
Other health & sanitation	-	-
Agricultural Mechanization services	602,850	2,176,282
Liquor Fees	6,108,680	9,627,950
	241,193,609	**311,586,973**

12 COMPENSATION OF EMPLOYEES

	2016 - 2017 Kshs	2015 - 2016 Kshs
Basic salaries of permanent employees	1,067,708,804	826,306,840
Basic wages of temporary employees	12,964,628	75,285,011
Personal allowances paid as part of salary	862,179,056	680,199,518
Personal allowances paid as reimbursements	1,210,000	6,924,400
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	10,530,363
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Total	**1,944,062,488**	**1,599,246,132**

13 USE OF GOODS AND SERVICES

	2016 – 2017 Kshs	2015– 2016 Kshs
Utilities, supplies and services	38,268,126	41,370,811
Communication, supplies and services	3,967,067	6,506,563
Domestic travel and subsistence	123,294,339	114,388,563
Foreign travel and subsistence	11,809,922	50,042,567
Printing, advertising and information supplies & services	39,312,322	94,557,456
Rentals of produced assets	32,803,736	37,224,131
Training expenses	54,445,047	87,228,912
Hospitality supplies and services	292,027,303	71,625,317
Insurance costs	60,661,178	72,048,826
Specialized materials and services	408,191,227	299,216,407
Office and general supplies and services	57,388,243	31,907,060
Other operating expenses	198,672,499	302,478,640
Routine maintenance – vehicles and other transport equipment	28,350,734	41,760,049
Routine maintenance – other assets	291,494,293	85,430,184
Fuel and Lubricants	29,987,803	80,582,528
Total	**1,670,672,841**	**1,416,368,014**

14 SUBSIDIES

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

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017 Kshs	2015- 2017 Kshs
Other current transfers, grants and subsidies		
Trans-Nzoia County Public Service Board	28,944,000	12,602,800
Trans-Nzoia County Assembly-Direct exchequer issue	534,270,936	308,360,146
Trans-Nzoia County Hospital Operations	291,388,493	248,715,740
Other Capital grants and transfers		
Trans-Nzoia County Public Service Board	-	2,964,000
TOTAL	**854,603,429**	**572,642,686**

16 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Scholarships and other educational benefits	129,605,000	112,384,500
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	11,000,000
Other capital grants and transfers (car loan & mortgages)	-	-
Other grants and transfers- County Public Service Board	-	-
	-	
Total	**129,605,000**	**123,384,500**

17 SOCIAL SECURITY BENEFITS

	2016 – 2017 Kshs	2015 – 2016 Kshs
Government pension and retirement benefits	100,459,801	44,865,839
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	45,415,538	-
Total	**145,875,339**	**44,865,839**

18 ACQUISITION OF ASSETS

Non-Financial Assets	2016 – 2017 Kshs	2015- 2016 Kshs
Purchase of Buildings	-	-
Construction of Buildings	529,377,883	593,272,947
Refurbishment of Buildings	27,069,240	144,898,809
Construction of Roads	251,334,505	315,832,303
Construction and Civil Works	37,672,287	297,585,407
Overhaul and Refurbishment of Construction and Civil Works	4,062,291	136,316,398
Purchase of Vehicles and Other Transport Equipment	-	68,139,865
Purchase of Office Furniture and General Equipment	13,533,870	107,372,410
Purchase of ICT Equipment	-	-
Purchase of Specialized Plant, Equipment and Machinery	549,941,788	164,440,308
Rehabilitation and Renovation of Plant, Machinery and Equip.	5,287,402	23,466,917
Purchase of Certified Seeds, Breeding Stock and Live Animals	5,235,700	25,416,000
Research, Studies, Project Preparation, Design & Supervision	6,900,000	22,061,635
Rehabilitation of Civil Works	7,613,750	18,099,113
Acquisition of Land	-	25,897,140
Acquisition of Intangible Assets	5,988,299	23,824,000
Financial Assets	-	
Domestic Public Non-Financial Enterprises	-	-
Total	**1,444,017,015**	**1,966,623,252**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 FINANCE COSTS, INCLUDING LOAN INTEREST

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

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

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

21 OTHER EXPENSES

	2016 – 2017 Kshs	2015- 2016 Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other expenses	-	-
	-	-

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in Bank Account (Kshs.)	Type of Account	Exchange rate	2016 – 2017 Kshs	2015 – 2016 Kshs
Central Bank of Kenya, Account No. 100171541	Kshs	Recurrent		1,176,180	1,092,290
Central Bank of Kenya, Account Number 100071081	Kshs	Development		192,556	2,853,349
Equity Bank – Kitale Account Number	Kshs	Recurrent		78,721	69,743

Name of Bank, Account No. & currency	Amount in Bank Account (Kshs.)	Type of Account	Exchange rate	2016 – 2017	2015 – 2016
03302605558					
Kenya Commercial Bank – Kitale Account Number 1140772694	Kshs	Recurrent		770,118	80,427
Equity Bank – Kitale, Account Number 0330260729452	Kshs	Revenue		8,801,564	2,598,629
Central Bank County Revenue Account	Kshs	Revenue		18,478,174	212,038,117
Health Operational account KCB A/c no. 115802113	kshs	Revenue		-	-
Trans-Nzoia County - Stalled Projects account - Equity Bank A/c no. 0330263870915	Kshs	Recurrent	-	1,667,027	625,095
Chase Bank –Retention A/C	Kshs	Recurrent		-	9,294,928
Trans-Nzoia County Road Maintenance Fuel Levy Fund A/C No. 1000284738 Central Bank	Kshs	Development		31,584,230	-
Trans-Nzoia Count Deposit Account No;1000284749	Kshs	Recurrent		175,309	
TOTAL				**62,923,879**	**228,652,578**

22B: CASH IN HAND

	2016 - 2017 Kshs	2015- 2016 Kshs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

Cash in hand should also be analysed as follows:

	2016 – 2017 Kshs	2015 – 2016 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016- 2017	2015 – 2016
	Kshs	Kshs
Government Imprests- see attached list of outstanding Imprest	15,239,400	46,000,000
Clearance accounts	-	-
Total	**15,239,400**	**46,000,000**

24. ACCOUNTS PAYABLE

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Retention Funds	**175,309**	**9,294,928**
Deposits	-	-
Total	**175,309**	**9,294,928**

25. FUND BALANCE BROUGHT FORWARD

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	228,652,578	343,276,435
Cash in hand	-	-
Accounts Receivables	46,000,000	76,077,228
Accounts Payables	(9,294,928)	-
Total	**265,357,650**	**419,353,663**

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016-2017	2015-2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

26.2: PENDING STAFF PAYABLES (See Annex 2)

	2016-2017	2015-2016
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (*specify*)	-	-
	-	-

26.3: OTHER PENDING PAYABLES (See Annex 3)

	2016-2017	2015-2016
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (*specify*)	-	-
	-	-

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	A	b	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
Sub-Total						
Construction of civil works						

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		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	C	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016-2017	Historical Cost (Kshs) 2015-2016
Land	-	25,897,140
Buildings and structures	442,176,274	890,858,354
Transport equipment	-	63,139,865
Office equipment, furniture and fittings	13,533,870	107,372,410
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	549,941,788	247,731,898
Heritage and cultural assets	-	-
Intangible assets	5,988,299	23,824,000
Total	**1,011,640,231**	**1,358,823,667**