REPUBLIC OF KENYA

FFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF KIAMBU

FOR THE YEAR ENDED 30 JUNE 2018

THE NATIONAL TREASURY
REGISTRY
RECEIVED
28 SEP 2018
P.O. Box 30007 - 00100, NAIROBI
ACCOUNTING SERVICES DEPARTMENT

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HARAMBEE

COUNTY GOVERNMENT OF KIAMBU

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

- Kiambu County is constituted as per the constitution of Kenya and is headed by The county Executive Committee chaired by the County Governor,who collectively are responsible for the general policy and strategic direction of the County.
- The County is located in the central highlands of Kenya in the former Central province,close kenya's capital,Nairobi. It covers an area of 2,543.42 square kilometers ,with a total population of 1,623,282 which is now projected to be 2.5 Million.It is a leading innovative commercial hub that shares its borders with six other Counties ;Nakuru and Kajiado to the West,Murang'a and Nyandarua to the North,Nairobi to the South and Machakos to the East.
- The County constitutes twelve Sub Counties ;Gatundu South,Gatundu North,Juja,Thika ,Ruiru,Githunguri,Kiambu,Kiambaa,Kabete,Kikuyu,Limuru and Lari.

Main Economic activities/Industries include Farming,Food processing,Manufacturing (leather),Mining (Carbacid),Textile (Cotton),Motor vehicle Assembly,Whole sale and Retail trade.

Vision
To be the most recognized,modernized and well organized county with equal opportunities and high standard of living for all.
Mission
To Improve the standard of living and welfare of our citizens by promoting effective governance structures providing quality services through public participation equitable distribution of resources and fiscal responsibility.
Core Values
Kiambu county upholds the values of accountability,transparency ,inclusiveness,visionary,respect and team work.

(b) Key Management

Kiambu County's day-to-day management is under the following key organs:

1. The Governor
2. The Deputy Governor
3. The Speaker County Assembly
4. The Clerk,Kiambu County Assembly
5. The County executive Member of Finance & Economic planning
6. The County Executive Member of Trade,Tourism,Industry and Cooperative
7. The County Executive Member of Public Service and Administration
8. The County Executive Member of Lands,Housing and Physical Planning
9. The County executive Member of Education,Culture and Social Services
10. The County Executive Member of Health Services
11. The County Executive Member of Water,Environment And Natural Resources
12. The County Executive Member of Youths ,Sports and Communication
13. The County Executive Member of Roads,Transport,Public Works and Utilities
14. The County Executive Member of Agriculture ,Livestock,Veterinary and Fisheries

15. The County Secretary
16. The Secretary County Public Service Board

(c)Fiduciary Management

The key management personnel who held office during the quarter ended 30th June, 2018 and who had direct fiduciary responsibility were:

No.	Name	Designation	Department
1	Faith Njeri Harrison	Accounting Officer	Finance ,ICT & Economic Planning
2.	Jane Nyokabi Njuguna	Accounting Officer	Public Service &Administration
3.	James Michael Ndungu	Accounting Officer	Lands,Physical planning & Housing
4.	Isaac Muiru Mwangi	Accounting Officer	Education,Gender,Culture & Socia Services
5.	Dr. Andrew Jacob Toro	Accounting Officer	Health Services
6.	Mr. John Karonji Muhia	Accounting Officer	Water ,Energy,Environment & Natural Resources
7.	Peninah Njoki Kamau	Accounting Officer	Youth Affairs,Sports And Communication
8.	Jacqueline Njeri Kimwaki	Accounting Officer	Trade ,Tourism, Cooperatives & Enterprise Development
9.	Eng. Lucas M. Wahinya	Accounting Officer	Roads,transport ,Public Works & Utilities
10.	Mr. John Ngigi Kuria	Accounting	Agriculture,Crop Production &

		Officer	Irrigation
11	Dr.David Kamundia Ndungu	Accounting Officer	Livestock ,Fisheries & Veterinary Services
12.	Mr. John Mutie	Accounting Officer	Clerk to County Assembly
13.	Mr. Martin Njoroge Njeri	Accounting Officer	County Public Service Board

(d)Fiduciary Oversight Arrangements

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

The PAC has the crucial responsibility of checking and overseeing Count Government Expenditure in all Public Institutions I.e. Ministries, Departments and related agencies; while the PIC has an equally daunting task of overseeing Public expenditure in Investment. The two oversight committees are absolutely crucial in the fight against corruption because they derive their mandate directly from people in whose name and for whose interest they are expected to speak and act.

(e) Entity Headquarters

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

(f) Entity Contacts

Telephone: (254) 067858108
E-mail:kiambucountygovernment@Kiambu.go.ke
Website: www.kiambucountygovernment.go.ke

(g) Entity Bankers

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

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

3 Kenya Commercial Bank
   Kiambu Branch
   P.O.Box 81-00900
   Kiambu

4. Family Bank
   Thika Branch
   P.O.Box 354-01000
   Thika

5 Rafiki Bank
   Thika Branch
   P.O Box 12755-00400
   Nairobi

a) Independent Auditors

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

b) Principal Legal Adviser

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

2. FORWARD BY THE CEC

BUDGET PERFORMANCE

The table below shows summary of budget allocation against actuals for the year ended 30th June, 2018.

		Approved Budget	Actual Expenditure	Absorption Rate
4061	County Assembly	1,381,745,034		
4062	County Executive	531,998,651	521,506,147	98.03%
4063	County Public Service Board	58,108,500	58,101,499	99.9%
4064	Finance, Economic Planning & ICT	1,219,166,452	1,147,616,938	94.13%
4065	Administration ,Public Service & Communication	638,554,853	607,942,906	95.21%
4066	Agriculture, Crop Production & Irrigation	504,775,104,	489,374,038	96.95%
4067	Water, Energy ,Environment &Natural Resources	432,420,496,	405,990,178	93.89%
4068	Health Services	4,432,265,476	4,194,245,000	94.63%
4069	Education, Gender ,Culture & Social Services	1,424,495,819	1,380,626,276	96.92%
4070	Youth Affairs, Sports & Communication	65,720,500	54,631,308	83.13%
4071	Land,Housing,Physical Planning & Urban Development	261,684,388	231,327,306	88.40%
4072	Trade,Tourism,Cooperatives & Enterprise Development	205,019,568	199,841,479	97.47%

4073	Roads,Transport,Public Works & Utilities	1,388,672,598	1,263,944,537	91.02%
4074	Livestock, Fisheries &Veterinary Services	40,932,480	5,350,560	13.07%
	TOTAL	**12,585,559,919**	**10,560,498,175**	**94.26%**

NB. The actual expenditure for the county assembly will be accounted for in the consolidated financial statements.
The County government absorbed 94.26% of its annual budget allocation .Analysis of the budget performance by departments shows that County Public Service Board attained the highest absorption rate at 99.9% of its annual allocation while the department of Livestock, Fisheries and Veterinary services had the lowest absorption of 13.07% which was attributed by its conception date which was in May, 2018.

PERFORMANCE OF KEY DEVELOPMENT PROJECTS

Some of the progress made by the County includes:

1. Health Sector

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

During the FY 2017/2018, The County Government progressed with the construction of medical facilities. These includes the R.H unit at Thika Level 5 hospital, Ward blocks at Lari level 4 hospital, Wangige Level 4 hospital, Tigoni Level 4 hospital and Kikuyu Level 4 Hospital. Construction of new medical facilities includes a level 4 hospitals in Bibirioni and Githunguri. The County also commenced with the construction of a modern funeral home at Gatundu Level 5 hospital.
Renovation and equipping of medical facilities was done throughout the County. These includes fencing of Tinganga, Maguguni, Ruiru and Ngeteti health centers, ablution blocks at Gichuru, Kamuchege, Karia, Thigio, Kiandutu, Githirioni, Lusingetti and Githunguri health centers.
The County Government supplied water tanks for reserving water in the medical facilities within the county.

2. Roads and Infrastructure Sector

The County Government through the Roads Department was able to rehabilitate and construct bituminous roads and also upgraded major links and urban gravel roads to bitumen standards. The County was also able to construct and rehabilitate rural roads, maintained the existing roads

throughout the County. This has tremendously improved the connectivity and has improved accessibility of various trading centres and therefore promoting more livelihood activities hence improving the living standards for the people of Kiambu.

Some of the completed roads include; Thika Gatitu Junction Road which is located in Thika sub county, Mwichacharia Kiriko Road in Githunguri Sub County, Kimende Weru Muru Road in Lari Sub County, Ruku Gitwamba Road in Kabete Sub County, Athi Mukuyuini road in Juja SubCounty, Maaiahi Gikambura Road in Kikuyu Sub County, Kigongo Kahunyu road in Gatundu South, kawira access road in Gatundu North, Rainbow hotel Gatongora road in Ruiru and Kiroe PCEA road in Limuru. Street paths were also constructed in Kiambu Township and other major towns within the County

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

The department installed street lighting and flood masts in several sub counties. Some of them are Wangige Market in Kabete, Bibirioni in Limuru Mugacha Wamba in Kiambaa, Kahawa Sukari in Ruiru, Karuri Market in Kiambaa, Githobokoni in Gatundu North and Kirika in Kiambu.

Other projects include construction and rehabilitation of Fire Stations within the county, this was done in Thika and Limuru Kiambu Sub Counties. The County Government also supplied and installed culverts for rehabilitation of roads in the County.

3. Land, Housing, Physical Planning and Urban Development Sector

The County Government through the department came up with a system of approving building plans online. The system is being used in providing better and timely information to decision makers, managers, and staff throughout the County.

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

Some of the infrastructural projects undertaken by the department within the financial year includes construction and refurbishment of offices driveway and Perimeter fence at Red Nova in Kiambu Sub County, Refurbishment of flats on Block 9/18 (A and B) in Thika Sub County, Installation of Generator and installation of Local Area Network (LAN) at Red Nova offices in Kiambu Town.

5. Agriculture, Livestock and Fisheries Sector

The strategy of the Department of Agriculture is to create an enabling environment for Agricultural, Livestock and Fisheries development. The department purchased and distributed Avocado seedlings to farmers in all the Sub Counties. It also purchased distributed water pipes for irrigation in Gatundu North and Githunguri Sub Counties.

The department purchased and distributed milk coolers and pasteurizers in Githunguri and Limuru Dairies. Milk cans and weighing scale equipment were purchased and distributed to Gatundu South and Karatu Dairies in Gatundu South Sub County. Other projects include rehabilitation of vetinary offices in Gatundu South, Gatundu North, Limuru, Thika, Ruiru, Githunguri Lari and

Kiambu Sub Counties. Tilapia and Catfish fingerlings were supplied to farmers in all Sub Counties. The department also purchased A I serum for all Sub Counties within the year.

6. Water Environment and Natural Resources sector

The County Government through the department constructed bus parks sanitation facilities in Githurai, Lossingetti, Rwaka, Ruiru Town and Kiambu Town. Sanitation facilities were also constructed in Kimende and Kiambaa cemeteries, Governor's Office in Kiambu, Witeithie, Ngoliba, Uthiru and Kiandutu Markets among others. The department also purchased and supplied skips to all Sub Counties within the year.

During the tree planting season, the department purchased and supplied tree seedlings in all the Sub Counties. Biodigester was purchased and supplied to Kiambaa Sub County. The department also financed beautification of Thika Town and also Landscaping at the Governor's office in Kiambu Town.

On matters of water, the department sunk boreholes in all the 12 Sub Counties. Some of them includes Thogoto in Kikuyu, Salama in Juja, Ndumberi in Kiambu, Gitithia in Lari, Kimbo in Ruiru, Nyathuna in Kabete, Muchatha in Kiambaa, Gitiha in Githunguri, Githobokoni in Gatundu North and Kiamwangi in Gatundu South. The department purchased and supplied elevated water tanks and water pumps to various Sub Counties. Some include Ngecha, Kiamwangi Kiuu, Kiamumbi Kabunge and Ruiru Level 4 hospital. Other projects include supply of water pipes and construction of water kiosks.

7. Youths Affairs and Sports

The main projects by this department within the year included construction of an Aphithietre and talent Academy in Kiambu Sub County and rehabilitation and upgrading of Ruiru Stadium in Ruiru Sub County. Others include rehabilitation and upgrading of Limuru stadium in Limuru Sub County.

8. Education Sector

The Education, ICT, Culture and Social Services Department mandate is to increase access to education and training; improve quality and relevance of education, reduce inequality as well as exploit talent and skills, increase the use of ICT and innovation for global competitiveness.

Early Childhood Development and Education (ECDE) enrolment in ECDE increased significantly within the year. The department concentrated more on construction and rehabilitation of infrastructure in the ECDE centres.

Some of the projects undertaken includes construction of classrooms at Tinganga ECDE centre in Githunguri, Ihigaini ECDE centre in Gatundu North, Kawaida ECDE centre in Kiambaa, Ngegu ECDE centre in Kiambu and Gacharage ECDE centre in Lari. Construction of toilet blocks was done at Ndenderu ECDE centre in Kiambaa, Babayao ECDE centre in Juja, Karuri ECDE centre, Ihigaini ECDE Centre in Gatundu North and Ngegu ECDE centre in Kiambu. Refurbishment of ECDE classrooms was done in Thimbigua ECDE centre in Kiambu, Karuri ECDE centre in Kiambaa and Muthurwa ECDE centre in Ruiru. Renovation was also done at Kanjuku Youth Polytechnic in Gatundu North.

VALUE –FOR-MONEY ACHIEVEMENTS

Health Sector

It has been noted that people used to travel for many Kms to seek medical services. With construction, rehabilitation and equipping of various medical facilities, the distance has shortened and increased the number of patients accessing services on daily basis. The programmes have achieved the value for money objectives.

Tarmac/Access Roads

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

Automation of development applications and approval

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

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

Agriculture, Livestock and Fisheries

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

Water Environment and Natural resources sector

The projects by the department are contributing to the well-being of the beneficiaries meeting the objectives they were meant for. Provision of clean and safe water has increased to very significant levels.

The construction of sanitation facilities especially at public places which includes markets and bus parks have also acquisition of skips and other machinery in waste management has greatly reduce the cost compared to contracting the services. These saving are proof that there is value for funds used in acquiring the plant. The same has resulted to clean and conducive environment to live in.

Youths, Sports and Gender

Construction and improvement of sports facilities within the County by the department has gone a long way in promoting and exploiting talents among the youth. The facilities are also expected to catapult the youth within the County to international levels and also reduce crime in their midst.

Education Sector

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

CHALLENGES

Some challenges which the County have been facing while implementing the projects include;

- Delay in project implementation due to late disbursement of funds from National Treasury.
- Large number of pending bills inherited from the previous County Government. This has caused fewer projects being implemented by the new dispensation.
- Unmet internal revenue target resulting to inadequate funds during implementation process.
- Large wage bill due to large workforce inherited from the defunct local authorities thus putting pressure on implementation of new project.
- Lack of awareness by the public on prioritization of projects

RECOMMENDED WAY FORWARD

- Disbursement of funds by the National Treasury should be done in time
- Prioritising payment of pending bills so as to give room for the County to implement new projects.
- Increased revenue raising measures so as to enhance internal revenue
- Exploring ways of controlling the wage bill by curtailing new recruitments by the departments.
- Capacity building on Civic education and public participation to the public so as to increase awareness on projects being implemented.

Sign _____

CEC Finance and Economic Planning

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2018. 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, 2018, 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 28th SEPT 2018.

County Executive Committee Member – Finance

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 KIAMBU FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Kiambu set out on pages 1 to 67, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation – recurrent, development and combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Kiambu as at 30 June, 2018 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.

Basis for Qualified Opinion

1. Variance between Financial Statements and IFMIS Report

The amounts and balances reflected against receipts and payments and various financial assets and liabilities, respectively in the financial statements for the year ended 30 June 2018 differs with IFMIS Report figures as summarized below:

Components	Financial Statements (Kshs)	IFMIS Report (Kshs)	Variance (Kshs)
Total Receipts	12,607,384,451	12,000,754,010.40	606,630,440.6
Total Payments	11,828,175,279	11,021,165,783.45	807,009,495.5
Cash and Bank	774,055,367	3,105,163,004	(2,331,107,637)
Receivables	5,153,806	3,467,893,571	(3,462,739,765)
Payables	83,063,113	40,779,010,555	(40,695,947,442)
Total	**25,297,832,016**	**70,373,986,926**	**(45,076,154,910)**

The above differences were not satisfactorily explained or reconciled.

2. Cash and Cash Equivalents

2.1 Understatement of Cash and Bank Balances

The statement of assets and liabilities as at 30 June 2018 reflects cash and bank balances of Kshs.774,055,367. An analysis of the cash book, however, revealed that payments totalling Kshs.753,197,759 for the month of July 2018 were irregularly posted in the month of June 2018 contrary to regulation 97 (4) of the Public Finance Management (County Government) Regulations, 2015. As result, the cash and bank balances reflected in the statement of assets and liabilities as at 30 June, 2018 have been understated by Kshs.753,197,729.

2.2 Unreconciled Cash Book Balance

No bank reconciliations were prepared as at 30 June 2018 contrary to regulation 90 of the Public Financial Management (County Government) Regulations, 2015. An examination of the cash book revealed a balance of Kshs.690,276,851 in the County Revenue Fund (CRF) as at 30 June 2018 while the bank statement as at the same date reflects a balance of Kshs.399,980,928. The difference of Kshs.290,295,923 was not reconciled or explained

2.3 Undisclosed Bank Accounts

The bank balances of Kshs.774,034,897 shown in the financial statements did not include a balance of Kshs.254,903 as at 30 June, 2018 in respect of twelve bank accounts for the Sub Counties. No reason was given for failure to include the balance in the financial statements.

In view of the above circumstances, the completeness and accuracy of cash and cash equivalents balance of Kshs.774,055,367 reflected in the financial statements as at 30 June, 2018 could not be confirmed.

3. Payments through General Suspense Account

The IFMIS payment register for the County Executive of Kiambu show that expenditure totalling Kshs. 929,105,190 as summarized below and charged to General Suspense Account (6780101) during the year under review was not supported contrary to regulation 107(1) of Pubic Finance Management (County Governments) Regulations, 2015. The regulation requires that, all transactions relating to clearance and suspense accounts be supported by authentic and verifiable source documents, clearly indicating the approved allocations.

Payee	Amount (Kshs)
Sub County Offices, Dispensaries and Cooperative Officers	900,031,382
Kiambu County Operations Account	24,873,808
Chief Officer Executive – Kiambu County	4,200,000
Total	**929,105,190**

No explanation was given regarding the nature of the above transactions and payments. As a result, the validity and propriety of the payments totalling Kshs. 929,105,190 could not be confirmed.

4. Unidentified Classification of Expenditure as Refer to Drawer (R/D) Cheques Account

Examination of payment details from various departments revealed that expenditure of Kshs.6,254,513 was charged to a Refer to Drawer (R/D) Cheques Account. However, payment vouchers and supporting documents in respect of the expenditure were not provided for audit examination. In view of the above, the propriety of the expenditure totalling Kshs.6,254,513 could not be ascertained.

5. Compensation of Employees

The statement of receipts and payments reflects an expenditure of is Kshs.5,886,281,182 on compensation of employees which includes an amount of Kshs.637,970,489 on the following items:

Item	Amount (Kshs.)
Basic wages of temporary employees	503,119,105
Personal allowance paid as part of salary	134,851,384
Total	**637,970,489**

The above amount was not, however, supported with relevant documentation. As a result, the validity and propriety of the expenditure of Kshs. 637,970,489 could not be confirmed.

6. Transfers to Other Government Entities

6.1 Un-receipted Transfers to Thika Level 5 Hospital

IFMIS register maintained at the County shows that an amount of Kshs.147,524,479 was transferred to Thika Level 5 Hospital in respect of other current transfers and grants. However, the cash book and records of AIE maintained at Thika Level 5 Hospital shows that an amount of Kshs.106,143,926 was received as current transfers. The resulting difference of Kshs.41,380,553 is not recorded in the cash book maintained at the Thika Level 5 Hospital. Transfers to Other Government Entities amount of Kshs. 2,651,978,665 reflected in the statement of receipts and payments for the year ended 30 June, 2018 is therefore, under circumstances, not fairly stated.

6.2 Other Capital Transfers Charged to Recurrent Vote

Examination of recurrent expenditure vote book status report for the year under review revealed that an amount of Kshs. 64,624,048 relating to other capital transfers and grants was charged to the recurrent vote instead of development vote. No satisfactory explanation was provided for misallocation of the expenditure between the votes.

7. Other Grants and Payments

7.1 Tuition Fees Allowances

During the year under review, the Department of Administration, Public Service and Communication paid tuition fees allowances amounting to Kshs.4,351,142. However, no supporting documents were provided for the expenditure, which was charged to Other Grants and Payments. Consequently, the validity and propriety of the expenditure of Kshs.4,351,142 could not be confirmed.

8. Outstanding Imprests

The statement of assets and liabilities as at 30 June, 2018 reflects outstanding imprests balance of Kshs.5,153,806 while the imprests register shows an outstanding balance of Kshs.49,011,727 as at the close of the financial year. The resulting difference of Kshs.43,857,921 was not explained or reconciled. As a result, the completeness and accuracy of the balance of Kshs.5,153,806 reflected in the financial statements could not be ascertained.

Further, there is no evidence that the imprests have since been surrendered or recovered from the defaulting officers' salary as required under regulation 93(6) of the Public Finance Management (County Government) Regulations, 2015.

In addition, an examination of the imprests register revealed that officers of different cadres were issued with multiple imprests amounting to Kshs.151,155,301 contrary to the provisions of regulations 93(4)(b) and 93(8) of the Public Finance Management (County Governments) Regulations, 2015.

9. Pending Bills

Included under Other Important Disclosures to the financial statements as at 30 June 2018 are pending bills amounting to Kshs.2,316,638,468 which includes legal fees of Kshs.190,560,506. The pending bills have been summarized in the disclosures as follows:

Description of Pending Bills	Amount Kshs
Pending Account Payables	1,992,019,387
Pending Staff Payables	25,465,315
Other Pending Payables	299,153,766
Grand Total	**2,316,638,468**

A supporting schedule, however, reflects total pending bills of Kshs.2,191,211,102, resulting in unexplained or unreconciled difference of Kshs.125,427,366.

In addition, tender documents; contract agreements; local purchase/service orders; invoices/certificates of works; and complete schedules detailing names of the contractors/suppliers, purchase/service order numbers, invoice/certificate numbers and description of goods supplied, services provided or works done were not provided for audit review. As a result, the validity, completeness and accuracy of the pending bills totalling Kshs.2,316,635,468 could not be ascertained.

Had the pending bills of Kshs.2,316,638,468 as at 30 June 2018 been paid and the expenditure charged to the accounts for the year under review, the statement of receipts and payments for the year ended 30 June 2018 would have reflected a deficit of Kshs.1,537,429,296 instead of the surplus of Kshs.779,209,172 now shown.

Accumulation of huge pending bills is an indication that the County Executive entered into financial commitments without adequate resources contrary to regulation 50 of the Public Finance Management (County Government) Regulations, 2015.

10. Fund Balance

The statement of assets and liabilities as at 30 June, 2017 reflects nil fund balance brought forward whereas the closing balance on 30 June, 2017 was Kshs.107,985,507 which ordinarily ought to have been the opening balance on 1 July, 2017. No explanation was provided for this anomaly.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Kiambu in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and the Basis for Conclusion on Compliance with Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and the Basis for Conclusion on Compliance with Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Budget Performance

1.1 Overall Budget Performance

Item	Final Budget Kshs	Actual Amount Kshs	Under/(Over) Kshs	Percentage of Under/Over %
Receipts				
Exchequer releases	9,664,000,000	9,664,000,002	(2)	0%
Proceeds from Domestic and Foreign Grants	78,008,687	328,551,775	(250,543,088)	321%
Transfers from Other Government Entities	919,334,940	836,590,620	82,744,320	9%
County Own Generated Receipts	1,924,216,292	1,685,421,352	238,794,940	12%
Returned CRF issues	-	92,820,702	(92,820,702)	100%
Total	**12,585,559,919**	**12,607,384,451**	**(21,824,532)**	**0.2%**
Payments		-		
Compensation of Employees	5,906,551,744	5,886,281,181	20,270,563	0.3%
Use of goods and services	1,502,336,821	1,448,930,311	53,406,510	4%
Transfers to Other Government Units	1,488,769,270	1,385,320,135	103,449,135	7%
Other grants and transfers	326,313,964	233,037,903	93,276,061	29%
Social Security Benefits	500,000	249,050	250,950	50%
Acquisition of Assets	1,944,345,806	1,512,217,686	432,128,120	22%
Other Payments	35,000,000	94,371,898	(59,371,898)	170%
Total	**11,203,817,605**	**10,560,408,164**	**643,409,441**	**6%**

1.2 County Own Generated Revenue

There was a significant shortfall in the County's Own Generated Revenue from a budgeted amount of Kshs.1,924,216,292 to an actual collection of Kshs.1,685,421,352 during the year under review. This represents an under-achievement of revenue target by a significant figure of Kshs.238,794,940 or 12%.

Further, a comparative analysis of the County`s Own Generated Revenue collection shows that an amount of Kshs.2,064,531,305 was collected during 2016/2017 compared to an amount of Kshs.1,685,421,352 in 2017/2018 financial year, resulting in unexplained decline by Kshs.379,109,953.

1.3 Expenditure

The Total actual amount spent on both recurrent and development expenditure in the year 2017/2018 was Kshs.10,560,408,164 out of which Kshs.2,155,561,701 or 20.4% relates to development expenditure. Section 107 of the Public Finance Management Act, 2012 requires that at least 30% of the County Government`s total budget be allocated to development expenditure. The County Executive was therefore in breach of the law.

2. Acquisition of Assets

2.1 Construction of Buildings

2.1.1 Proposed Construction of Perimeter Fence at Ting'ang'a Dispensary

Examination of contract records revealed that three (3) firms submitted bids for the construction of a Perimeter Fence at Ting'ang'a Dispensary. However, in unexplained circumstances and contrary to Section 83(1) of the Public Procurement and Asset Disposal Act 2015, the contract was awarded to another contractor which, did not participate in the bidding process at a contract sum of Kshs.3,427,997. The firm was paid through Payment Voucher Number 395 dated 25 June 2018. In addition, relevant bid documents, tender evaluation committee minutes and Contract Agreement or Local Service Order were not provided for audit review.

Consequently, the County Executive was therefore in breach of the law and value for money was not realised.

2.1.2 Proposed Construction of Wangige Level 4 Hospital

Contract No. KCGHEALTHSERVICES/27/2014-2015 for the proposed construction of Wangige Level 4 Hospital was awarded to a contractor at a contract sum of Kshs.220,283,842. In unexplained circumstances, the contract was awarded to the highest bidder in term of price contrary to Section 86(1)(a) of the Public Procurement and Asset Disposal Act, 2015.

In addition, tender evaluation minutes were not provided for audit review. In consequence, it could not be confirmed that the bids submitted by the contractor were competitive as required under Section 83 (1) and Section 86 of Public Procurement and Asset Disposal Act, 2015.

Examination of contract records revealed that the contractor has so far been paid Kshs.40,299,199 or 18% of the contract sum.

Consequently, the County Executive was therefore in breach of the law and value for money was not realised.

2.2 Construction of Roads

2.2.1 Githunguri CBD Roads

The County Executive awarded the contract for construction of Githunguri CBD Roads at a contract price of Kshs.103,997,581. The letter of award was not, however, provided for audit review. The contract documents containing Bills of Quantities were also not provided for audit review and as result, the scope of work could not be ascertained.

Audit inspection of the site undertaken on 19 October 2018 revealed that construction of additional three roads was at sub base level but the status report was not made available for audit review.

The contract was irregularly varied by Kshs.23,845,164 to Kshs.127,842,745 purposely to accommodate three additional roads measuring one Kilometer. Available records

indicate that an amount of Kshs.109,847,397 or 86% of the contract sum had been paid as of October, 2018. The construction started in April 2014 and was expected to end in April 2017. The contractor was still on site in October 2018, beyond the contract period but no liquidated damages had been recovered.

Consequently, the County Executive was therefore in breach of the law and value for money was not realised.

2.2.2 Thika Gatitu Junction Roads Project

The County Executive awarded the contract for the construction of the Thika Gatitu Junction Roads Project at a contract price of Kshs.221,005,870 on 25 June 2015 and the contractor was ordered to commence work in July 2015 with a contract perios of eighteen (18) months.
The contract document, letter of award together with Bills of Quantity were not made available for audit review and therefore, the scope of work could not be ascertained.

An audit inspection of the project undertaken on 22 October 2018 revealed that a stretch adjacent to Thika Prison had not been done due to what was explained to be delay in relocation of senior prison staff houses. The progress of work completed at that time was 62% as reported in the previous certificate. Although, the contract period had expired, no liquidated damages had been recovered from the contractor. A sum of Kshs.182,547,880 or 83% of the contract sum has so far been paid to the contractor.

Consequently, the County Executive was therefore in breach of the law and value for money was not realised.

2.2.3 Kimende Town Roads Project

The County Executive awarded the contract for Kimende Town Roads Project at a contract price of Kshs.139,821,009 which was projected to take eighteen (18) months from January 2018.

The contract document signed on 20 December 2017 and provided for audit review was incomplete. Management did not provide Bills of Quantities for audit verification. Perusal of the project file revealed scanty information on the scope of works which included site clearance, construction of 200mm thick sub-base, asphaltic wearing course and drainage works. Records of site instructions and meetings were also not made available for audit review.

An audit inspection of the construction site undertaken on 19 October 2018 revealed that grading and drainage works had been done despite the fact that 55.5% of the contract period had expired and the contractor was not on site. This was in spite of being paid Kshs.12,313,651 or 8.8% of the contract sum.

Consequently, the County Executive was therefore in breach of the law and value for money was not realised.

2.3 Purchase of Certified Seeds, Breeding Stocks and Live Animals

2.3.1 Procurement of Hass Avocado Seedlings

During the Financial year under review, the department of Agriculture, Crop Production and Irrigation procured Hass avocado seedlings valued at Kshs.9,970,929 through quotations. However, the contracts to supply the seedlings were shared among two firms only. No satisfactory explanation was provided for this anomaly.

3. Stalled Projects

Examination of sampled records and physical verification of projects in Kiambu County revealed that eleven projects had stalled at various levels of construction as highlighted below. The management was therefore in breach of the following provisions of the law as regards the stalled projects:

(i) Section 53(8) of Public procurement and Disposal Act 2015, which requires an accounting officer not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

(ii) Section 197(7)(i) which stipulates that if an officer incurs wasteful expenditure then the officer commits an offence of financial misconduct.

(iii) Regulation 42(1)(b) of the Public Financial Management (County Government) Regulations, 2015 which states that, an accounting officer shall ensure that public funds entrusted to his/her care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the County Government.

(iv) Section 74(1) of Public Procurement and Disposal Act 2015, which states that the accounting officer shall ensure that preparation of an invitation tender sets out of a brief description of goods works or services being procured including time limit for delivery and completion.

3.1 Proposed Construction of Kikuyu Level IV

Seremala Construction was awarded contract No. KCG/HEALTHSERVICES/26/2014-2015 for the Proposed Construction of Kikuyu Level IV at a contract price of Kshs.211,723,000. According to tender opening committee minutes of 17 April 2015 a total of thirteen firms submitted their tender documents. However, tender evaluation minutes and report were not provided for audit and hence it's not clear how Seremala Construction and Engineering Ltd was picked.

An audit verification of the project conducted on 2 November 2018 indicated that the project was incomplete and the contractor was not on site. Further enquiry from the personnel on site revealed that the works had stalled for almost eight months due to inadequate funds.

Records provided for audit revealed that a total of Kshs.43,724,616.00 had been paid which represented 21% of the contract sum.

3.2 Proposed Construction of No. 1 Toilet Block at Lussinget Sub County Hospital

M/S Waterlock International was awarded a tender to construct a No. 1 Toilet Block at Lussinget Sub County Hospital at a contract price of Kshs.2,932,207 for a period of one hundred and eighty days. An audit verification done on 1 November 2018 revealed the project had stalled, the execution time had lapsed and no construction was ongoing.

At the time of audit, records indicated that a total of Kshs.1,374,370 had been spent on the project.

3.3 Thogoto Ndaire Dagoretti Road (CKG/RTPW&U/38/2016 – 2017)

Examination of contract records revealed that a contract for construction of Thogoto Ndaire Dagoretti Road was awarded to M/s H.K Builders at a contract price of Kshs.181,452,510. Letter of award was not provided for audit purposes but information obtained from the County indicated that the construction work commenced in March 2017 and was expected to end in September of 2018.

The scope of work entailed improving the 2.5 km stretch to bitumen standards. However, the Bill of Quantities were not provided for audit and the specific work to be done could not be established in the circumstances.

It was explained during a visit to the site on 19 October, 2018 that the construction work was approximately 70% complete although no certificate was provided to support the completion level. The drainage works had been done and sub base and wearing course done for approximately 1.1 km. Records show that Kshs.81,327,180 had been paid to the contractor at the time of audit The contractor was however not on site.

3.4 A2 Junction Kimbo - Matangini Road (CKG/RTPW&U/44/2016-2017)

The contract for construction of A2 junction Kimbo - Matangini road was awarded at a contract price of Kshs.170,552,895. A copy of the letter of award was not provided for audit.

The scope entailed improvement of the road starting at Thika Super Highway Kimbo junction to Magomano in Theta Ward. The Bills of Quantities were not provided for audit and the detailed works could not therefore be confirmed.

A visit to the site on 19 of October revealed that approximately 2.1 Kms had been completed out of 5.1 Kms, leaving a balance of 3 Kms. As at the time of audit, Kshs.108,774,424 had been paid to the contractor leaving a balance of Kshs.61,778,471. The contractor was not on site and the project had stalled.

3.5 Proposed Construction of Limuru Hawkers Market

Pekema Construction Limited was awarded a contract to construct Limuru hawkers market at a contract sum of Kshs.14,328,296. The construction was to be completed within 180 days from the date of award of the contract.

An audit inspection carried out on 1 November 2018 revealed that; the project was behind schedule, the toilets were incomplete and drainage was poorly done, the contractor had abandoned the site and no construction was ongoing.

At the time of the audit, records indicated that an amount of Kshs.13,370,250.00 had been paid to the contractor.

3.6 Proposed Extensions and Renovations at Red Nova

The Kiambu County Government, Trade and Tourism Department awarded M/S Mastery Enterprises Ltd a contract to construct a cafeteria at a contract sum of Kshs.8,607,465 for a period of one hundred and fifty days.

An audit verification done on 1 November 2018 revealed the project had stalled and the execution time had lapsed. Further, the contractor had abandoned the site and no construction work was going on.

At the time of audit, an amount of Kshs.2,500,000 had been paid to the contractor which represented 29% of the contract sum.

3.7 Proposed Construction of Limuru Market

African Resource Ltd was awarded a contract to build Limuru Market at a contract sum of Kshs.45,168,350. In the period under the audit, records indicate that a payment of Kshs.15,165,918.60 vide payment voucher 484 dated 25 June 2018 was made to the contractor as the 3rd and final payment.

During a project verification exercise that was done on 1 November 2018, it was noted that the market was not yet complete, the contractor was still on site and construction works were on going. In addition, the toilets that had been recently built were in a poor condition and the walls had cracked. This is indication that the contractor was paid for incomplete work and poor workmanship.

3.8 Community Hall in Kiambu Township

Available records maintained by the County indicate that the contract for construction of Kiambu community town hall was awarded to Ihiga Ltd on 20 February 2015 at a contract sum of Kshs.14,396,339. The construction of the project was to run for a duration of twenty calendar weeks starting immediately after the award. It was however noted that the project had stalled and the contract period had lapsed.

Records indicate that the contractor had abandoned the site after having been paid Kshs.4,500,000 or 31% of the contract price. No explanation was given for failure to complete the construction to serve the intended purpose.

3.9 Mang'u ECDE Centre

Contract for construction of 2 ECDE classrooms at Mang'u ECDE Centre was awarded on 6th May 2017 to Pemug Enterprises at a sum of Kshs.5,373,650. The construction was to take sixteen weeks effective from the date of the contract.

However, a site visit of the Centre in November, 2018 revealed that construction of the two classrooms had stalled. Further, only 70% of the work had been done yet the contractor had been paid Kshs.4,861,450. The contractor had abandoned the site an indication that money already spent on the project may go to waste. No explanation was given for failure to complete the project.

3.10 Rehabilitation of Kanjai C64-C65 Road

Contract No. CGK/RTPW&U/37/2016-2017 for rehabilitation of Kanjai C64-C65 road was awarded on 24 February 2017 to M/S Geokarma Construction Co. Ltd at a tender sum Kshs.145,346,505 following a competitive tendering process. The works were to commence immediately and were scheduled to run for a period of eighteen months.

A visit made to the project site on 19 on October 2018 revealed that although sub grading and sub base had been done for the entire road, the wearing course had been done only up to approximately 3 Kms. The works appear to lag behind schedule and had not yet been completed. An amount of Kshs.33,623,809.92 had been paid to the contractor.

3.11 Refurbishment of Stadia - Gikambura and Ruiru Football Grounds – Astra Tuf Finish

Kiambu County Government signed two contracts for Tender No. KCG/YASC/ASTRA/STADIUM/004/2016/2017 with Kevman Investments on 7 May, 2017 for refurbishment of Gikambura Football Grounds (Astra Tuff finish) in Kikuyu Sub –County at a contract price of Kshs.19,422,280 and Ruiru Football Grounds (Astra Tuff Finish) at a contract price of Kshs.19,422,280.

The Contractor was subsequently issued with an undated letter for payment of the 1st Certificate. Consequently, a payment was made on 7 August, 2017 of an amount of Kshs.15,946,575 for each stadium. The total payments for the two being Kshs.31,893,150. However, a report from the works department has indicated that the contractor has abandoned the sites and that the retention money has been with-held.

4. Non-disbursement of Capitation and Free Maternity Fund from the Ministry of Health

The ministry of Health through letter Ref KCG/EX/Vol/1/2/ dated 14 November 2018 directed that all hospitals should render free maternity services and receive reimbursement based on number of deliveries.

In response to the directive, three Level 5 hospitals in Kiambu County, which includes Kiambu, Gatundu and Thika incurred expenditure totalling Kshs.410,690,000 out of which Kshs.376,026,282 had been reimbursed leaving a balance of Kshs.34,663,717 as shown below:

Hospital	Amount Expected	Amount Reimbursed	Balance Kshs
Kiambu (2013-2018)	177,580,000	166,014,333	11,565,666.
Gatundu (2013-2018)	85,845,000	81,524,420	4,320,580
Thika (2013-2018)	147,265,000	128,487,529	18,777,471
Total	**410,690,000**	**376,026,282**	**34,663,717**

No satisfactory explanation was provided for failure to receive the outstanding balance.

5. Compensation of Employees

5.1 Huge Bill

The final budget on wages and benefit for public officers serving in Kiambu County Government for financial 2017/2018 was Kshs.5,906,551,774 while the actual revenue collected during the year under review was Kshs.12,607,384,571. However, the statement of receipts and payments reflects total expenditure on compensation of employees of Kshs.5,886,281,182, an indication that the percentage of wages and benefits of public officers to the total revenue was 47%.
The above percentage exceeded the sustainable threshold of 35% contrary to regulation 25(1) (b) of the Public Financial Management (County Government) Regulations, 2015. The effect is unsustainable bloated wage bill and revenue collected is used to finance salaries and wages instead of financing development projects that enhances service delivery.

5.2 Lack of Authorized Establishment

The County manages its Human Resource without authorized established as required under Section B5 (2) of the County Public Service Human Resource Manual. Examination of the staff records and payroll revealed that the County had employed 706 new employees yet there were no positions advertised in the newspapers declaring vacant positions.

6. Non-compliance with Ethnic Diversity

Analysis of staff composition in Kiambu County Executive revealed that out of seven hundred and six new employees, the dominant ethnic community constituted 90% of the total employees contrary to the requirements of Article 232(1)(h) of the Constitution, Section 7(2) of the National Cohesion and Integration Act, 2008 and Section 65(1)(e) of the County Governments Act, 2012.

Cohort	Kikuyu	Others	Total
Staff (New Employees)	636	70	706

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Compliance with Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my

attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of County Executive of Kiambu 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 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.

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Conclude on the appropriateness of the management's use of the 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 ability of County Executive of Kiambu 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 sustaining 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 County Executive of Kiambu 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

18 February 2019

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

RECEIPTS			
Exchequer releases	1	9,664,000,002	8,446,320,4
Proceeds from Domestic and Foreign Grants	2	328,551,775	
Transfers from Other Government Entities	3	836,590,620	695,682,8
Proceeds from Domestic Borrowings	4	0	
Proceeds from Foreign Borrowings	5	0	
Proceeds from Sale of Assets	6	0	
Reimbursements and Refunds	7	0	
Returns of Equity Holdings	8	0	
County Own Generated Receipts	9	1,685,421,352	2,064,531,3
Returned CRF issues	10	92,820,702	151,634,4
TOTAL RECEIPTS		**12,607,384,451**	**11,358,168,9**
PAYMENTS			
Compensation of Employees	11	5,886,281,182	4,883,001,1
Use of goods and services	12	1,449,020,312	1,953,836,0
Subsidies	13	0	
Transfers to Other Government Units	14	2,651,978,665	2,230,545,3
Other grants and transfers	15	298,037,903	144,145,1
Social Security Benefits	16	249,050	35,275,0

Social Security Benefits	**16**	249,050	35,275,000
Acquisition of Assets	**17**	1,513,236,269	1,946,298,286
Finance Costs, including Loan Interest	**18**	0	0
Repayment of principal on Domestic and Foreign borrowing	**19**	0	0
Other Payments	**20**	29,371,898	115,738,271
TOTAL PAYMENTS		**11,828,175,279**	**11,308,839,338**
SURPLUS/DEFICIT		**779,209,172**	**49,329,631**

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 28th SEPT 2018 and signed by:

Chief Officer
Name:

Head of Treasury
Name: JOHN KINYANJUI CHEGE
ICPAK Member Number:

5.2. STATEMENT OF ASSETS AND LIABILITIES

FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	774,034,897	92,820,704
Cash Balances	21B	20,470	0
Total Cash and cash equivalent		774,055,367	92,820,704
Accounts receivables – Outstanding Imprests	22	5,153,806	15,164,804
Accounts Payables-Deposits and retentions	23	83,063,113	20,564,521
TOTAL FINANCIAL ASSETS		862,272,286	128,550,028
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	83,063,113	20,564,521
NET FINANCIAL ASSETS		779,209,173	107,985,507
REPRESENTED BY			
Fund balance b/fwd	24	0	58,655,876

Prior year adjustments	25	0	0
Surplus/Deficit for the year		779,209,173	49,329,631
NET FINANCIAL POSITION		**779,209,172**	**107,985,507**

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 28TH SEPT 2018 and signed by:

Chief Officer
Name:

Head of Treasury
Name: JOHN KINYANJUI CHEGE
ICPAK Member Number:

5.3. STATEMENT OF CASH FLOWS

Receipts from operating income			
Exchequer Releases	**1**	9,664,000,002	8,446,320,403
Proceeds from Domestic and Foreign Grants	**2**	328,551,775	0
Transfers from Other Government Entities	**3**	836,590,620	695,682,819
Reimbursements and Refunds	**7**	0	0
Returns of Equity Holdings	**8**	0	0
County Own Generated Receipts	**9**	1,685,421,352	2,064,531,305
Returned CRF issues	**10**	0	151,634,442
Payments for operating expenses			
Compensation of Employees	**11**	(5,886,281,181)	(4,883,001,144)
Use of goods and services	**12**	(1,449,020,312)	(1,953,836,076)
Subsidies	**13**	0	0
Transfers to Other Government Units	**14**	(2,651,978,665)	(2,230,545,363)
Other grants and transfers	**15**	(298,037,903)	(144,145,198)
Social Security Benefits	**16**	(249,050)	(35,275,000)
Finance Costs, including Loan Interest	**18**	0	0
Other Payments	**20**	(29,371,898)	(115,738,271)
Adjusted for:			
Adjustments during the year		0	0
Net cash flow from operating activities		**2,199,624,739**	**1,995,627,917**

CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	**6**	0	0
Acquisition of Assets	**17**	1,513,236,269	(1,946,298,286)
Net cash flows from Investing Activities		**1,513,236,269**	**(1,946,298,286)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	**4**	0	0
Proceeds from Foreign Borrowings	**5**	0	0
Repayment of principal on Domestic and Foreign borrowing	**19**	0	0
Net cash flow from financing activities		**686,388,470**	**49,329,631**
NET INCREASE IN CASH AND CASH EQUIVALENT		**0**	**0**
Cash and cash equivalent at BEGINNING of the year	**21**	**92,820,702**	**58,655,876**
Cash and cash equivalent at END of the year	**24**	**779,209,172**	**107,985,507**

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 28th SEPT 2018 and signed by:

Chief Officer
Name:

Head of Treasury
Name: JOHN KINYANJUI CHEGE
ICPAK Member Number

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

RECEIPTS						
Exchequer releases	9,315,200,000	348,800,000	9,664,000,000	9,664,000,002	(2)	100%
Proceeds from Domestic and Foreign Grants	78,008,687	0	78,008,687	328,551,775	(250,543,088)	421%
Transfers from Other Government Entities	893,634,853	25,700,087	919,334,940	836,590,620	82,744,320	91%
Proceeds from Domestic Borrowings	0	0	0	0	0	0%
Proceeds from Foreign Borrowings	0	0	0	0	0	0%
Proceeds from Sale of Assets	0	0	0	0	0	0%
Reimbursements and Refunds	0	0	0	0	0	0%
Returns of Equity Holdings	0	0	0	0	0	0%
County Own Generated receipts	3,127,400,184	(1,203,183,892)	1,924,216,292	1,685,421,352	238,794,940	88%
Return issues to CRF	0	0	0	92,820,702	(92,820,702)	0%
TOTAL	**13,414,243,724**	**(828,683,805)**	**12,585,559,919**	**12,607,384,451**	**(21,824,532)**	**100%**
PAYMENTS						

Compensation of Employees	2,463,079,315	3,443,472,429	5,906,551,744	5,886,281,181	20,270,563	100%
Use of goods and services	1,071,145,444	431,191,377	1,502,336,821	1,448,930,311	53,406,510	96%
Subsidies	0	0	0	0	0	0%
Transfers to Other Government Units	739,255,882	749,513,388	1,488,769,270	1,385,320,135	103,449,135	93%
Other grants and transfers	142,956,982	183,356,982	326,313,964	233,037,903	93,276,061	71%
Social Security Benefits	2,650,000	(2,150,0000)	500,000	249,050	250,950	50%
Acquisition of Assets	1,664,309,760	280,036,046	1,944,345,806	1,512,217,686	432,128,120	78%
Finance Costs, including Loan Interest	0	0		0	0	0%
Repayment of principal on borrowings	0	0		0	0	0%
Other Payments	22,000,000	13,000,000	35,000,000	94,371,898	(59,371,898)	270%
TOTAL	**6,105,397,383**	**5,098,417,495**	**11,203,814,883**	**10,560,408,164**	**642,390,797**	**94%**
SURPLUS/(DEFICIT)						

There was no significant under utilization during the year under review however, we had an over utilisation in the proceeds from domestic and foreign grants as amounts received from KDSP which was not budgeted for during the year under review.

The entity financial statements were approved on 28th SEPT 2018 and signed by:

Chief Officer
Name:

Head of Treasury Accounts
Name: JOHN KINYANJUI CHEGE
ICPAK Member Number

5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

RECEIPTS						
Exchequer releases						
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
Return CRF issues						

TOTAL						
PAYMENTS						
Compensation of Employees	2,463,079,317	3,443,472,701	5,906,551,744	5,886,281,182	20,270,562	100%
Use of goods and services	982,702,642	445,344,043	1,428,046,683	1,388,479,531	39,567,380	96%
Subsidies	0	0	0	0	0	0%
Transfers to Other Government Units	419,474,796	279,483,736	698,958,532	698,958,531	1	100%
Other grants and transfers	130,000,000	170,400,000	300,400,000	232,861,903	67,538,097	99%
Social Security Benefits	2,650,000	(2,150,000)	500,000	249,050	250,950	50%
Acquisition of Assets	109,199,911	(6,577,199)	102,619,712	104,663,240	(2,040,528)	100%
Finance Costs, including Loan Interest	0	0	0	0	0	0%
Repayment of principal on borrowings	0	0	0	0	0	0
Other Payments	0	0	0	94,371,898	(94,371,898)	0
TOTAL	**4,107,106,666**	**4,329,973,009**	**8,437,0769,671**	**8,405,865,107**	**31,214,564**	**100%**

SURPLUS/(DEFICIT)						

There was no significant underutilization during the year under review.

The entity financial statements were approved on 28th SEPT 2018 and signed by:

Chief Officer
Name:

Head of Treasury Accounts
Name: JOHN KINYANJUI CHEGE
ICPAK Member Number:

5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

RECEIPTS						
Exchequer releases						
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
TOTAL						

PAYMENTS						
Compensation of Employees	0	0	0	0	0	0%
Use of goods and services	88,442,804	(14,152,666)	74,290,138	60,451,068	13,839,070	81%
Subsidies	0	0	0	0	0	0%
Transfers to Other Government Units	319,781,086	470,029,652	789,810,738	686,361,604	103,449,134	87%
Other grants and transfers	12,956,982	12,956,982	25,913,964	176,000	25,737,964	1%
Social Security Benefits	0	0	0	0	0	0%
Acquisition of Assets	1,555,109,850	286,613,245	1,841,723,094	1,408,573,029	433,150,062	76%
Finance Costs, including Loan Interest	0	0	0	0	0	0
Repayment of principal on borrowings	0	0	0	0	0	0
Other Payments	22,000,000	13,000,000	35,000,000	0	35,000,000	0
TOTALS	**1,998,290,722**	**768,447,213**	**2,766,737,934**	**2,155,561,701**	**611,176,230**	**78%**

SURPLUS/(DEFICIT)						

Chief Officer
Name:

Head of Treasury Accounts
Name: JOHN KINYANJUI CHEGE
ICPAK Member Number:

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

4062- Kiambu County Executive

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0.00	0.00
	0	Default - Non Programmatic	0	0	0.00
702000000		Cabinet Affairs	531,998,651.00	520,463,647.60	11,535,003.40
	702010000		528,365,251.00	519,531,147.60	8,834,103.40
	702020000		3,633,400.00	1,975,000.00	1,658,400.00
		Grand Total	531,998,651.00	521,506,147.60	10,492,503.40

4063- County Public Service Board

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
703000000		Government Advisory Services	58,108,500.00	58,101,499.90	7,000.10
	703020000	Kenya-South Sudan Advisory Services	58,108,500.00	58,101,499.90	7,000.10
		Grand Total	58,108,500.00	58,101,499.90	7,000.10

4064-Finance, Economic Planning And Ict

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0		0.00
	0	Default - Non Programmatic	0		0.00
501000000		Primary Education	16,249,021.00	16,017,667.75	3,143,933.25
	501030000	Alternative provision of Basic Education	16,249,021.00	16,017,667.75	3,143,933.25
702000000		Cabinet Affairs	0	0	0
	702010000		0	0	0
704000000		State House Affairs	1,202,917,431.00	1,131,599,270.40	71,318,160.60
	704010000	Coordination of State House Functions	973,839,449.00	902,835,889.70	71,003,559.30
	704020000	Administration of Statutory benefits for the retired Presidents	180,506,800.00	180,506,799.10	0.9
	704030000		48,571,182.00	48,256,581.60	314,600.40
		Grand Total	1,219,166,452.00	1,147,616,938.15	71,549,513.85

4065-Administration ,Public Service And Communication

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
703000000		Government Advisory Services	591,610,204.00	578,570,503.65	13,039,700.35
	703010000	State Corporations Advisory Services	591,610,204.00	578,570,503.65	13,039,700.35
	703020000	Kenya-South Sudan Advisory Services	0	0	0
705000000		Leadership and Coordination of MDAs	46,944,649.00	29,372,402.50	17,572,246.50
	705010000	Coordination and Supervision	0	0	0
	705020000		46,944,649.00	29,372,402.50	17,572,246.50
		Grand Total	638,554,853.00	607,942,906.15	30,611,946.85

4066-Agricuture, Crop Production And Irrigation

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0.00	0.00
	0	Default - Non Programmatic	0	0.00	0.00
101000000		Land Policy and Planning	504,775,104.00	489,374,038.35	15,401,065.65
	101010000	Development Planning and Land Reforms	461,303,683.00	461,203,462.55	100,220.45
	101020000	Land Information Management	19,766,117.00	7,622,055.00	12,144,062.00
	101030000	Land Survey	4,001,204.00	2,000,000.00	2,001,204.00
	101040000	Land Use	19,704,100.00	18,548,521.00	1,155,579.00
		Grand Total	**504,775,104.00**	**489,374,038.55**	**15,401,065.45**

4067- Water ,Energy , Environment And Natural Resources

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0.00	0.00
	0	Default - Non Programmatic	0	0.00	0.00
1001000000		General Administration, Planning and Support Services	432,420,496.00	389,717,522.75	42,702,973.25
	1001010000	Environmental Policy Management	272,994,419.00	261,454,736.30	11,539,682.70
	1001020000	Water policy Management	41,124,664.00	38,574,557.00	2,550,107.00
	1001030000		118,301,413.00	105,960,885.00	12,340,528.00
		Grand Total	**432,420,496.00**	**405,990,178.75**	**26,430,317.25**

4068-Health Services

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
401000000		Preventive & Promotive Health Services	4,432,265,476.00	4,194,245,000.15	238,020,475.85
	401010000	Communicable Disease Control	2,810,189,725.00	2,803,052,645.55	7,137,079.45
	401020000	Health Promotion	1,560,075,751.00	1,329,192,354.60	230,883,396.40
	401030000	Non-communicable Disease Prevention & Control	62,000,000.00	62,000,000.00	0
		Grand Total	**4,432,265,476.00**	**4,194,245,000.15**	**238,020,475.85**

4069-Education ,Gender, Culture And Social Services

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
501000000		Primary Education	1,281,965,574.00	1,198,131,334.65	83,834,239.35
	501010000	Free Primary Education	804,034,997.00	793,068,848.80	10,966,148.20
	501020000	Special Needs Education	415,865,634.00	397,438,884.00	18,426,750.00
	501030000	Alternative provision of Basic Education	36,150,979.00	27,447,601.85	8,703,377.15
	501040000	Early Child Development and Education	25,913,964.00	20,176,000.00	5,737,964.00
901000000		Sports	142,530,245.00	142,530,242.00	3
	901010000	Sports Training and competitions	75,930,616.00	75,930,613.00	3
	901020000	Development and Management of Sports Facilities	28,579,629.00	28,579,629.00	0
	901030000		38,020,000.00	38,020,000.00	0
		Grand Total	**1,424,495,819.00**	**1,380,626,276.00**	**43,869,543.00**

4070-Youth Affairs, Sports And Communication

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
901000000		Sports	65,720,500.00	54,631,309.00	11,089,191.00
	901010000	Sports Training and competitions	23,255,626.00	12,829,723.00	10,425,903.00
	901020000	Development and Management of Sports Facilities	37,847,874.00	37,324,886.00	522,988.00
	901030000		4,617,000.00	4,476,700.00	140,300.00
		Grand Total	**65,720,500.00**	**54,631,309.00**	**11,089,191.00**

4071-Land ,Housing,Physical Planning And Urban Development

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
101000000		Land Policy and Planning	0	0	0
	101010000	Development Planning and Land Reforms	0	0	0
102000000		Housing Development and Human Settlement	261,684,388.00	231,327,306.55	30,357,081.45
	102010000	Housing Development	232,343,804.00	205,710,722.55	26,633,081.45
	102020000	Estate Management	29,340,584.00	25,616,584.00	3,724,000.00
	102030000		0	0	0
		Grand Total	**261,684,388.00**	**231,327,306.55**	**30,357,081.45**

4072-Trade,Tourism ,Co-Operatives Ad Enterprise Development

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0.00	0.00
	0	Default - Non Programmatic	0	0.00	0.00
102000000		Housing Development and Human Settlement	0	0	0
	102010000	Housing Development	0	0	0
301000000		General Administration Planning and Support Services	205,019,568.00	190,198,549.20	14,821,018.80
	301010000		153,753,649.00	153,700,527.00	53,122.00
	301020000		28,265,919.00	27,975,033.60	290,885.40
	301030000		23,000,000.00	18,165,918.60	4,834,081.40
	301040000		0	0	0.00
		Grand Total	**205,019,568.00**	**199,841,479.20**	**5,178,088.80**

4073-Roads,Transport, Public Works And Utilities

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	0	0
	0	Default - Non Programmatic	0	0	0
201000000		General Administration, Planning and Support Services	1,388,672,598.00	1,263,944,537.00	124,728,061.00
	201010000	General Administration, Planning and Support Services	1,388,672,598.00	1,263,944,537.00	124,728,061.00
	201020000	Human Resources and Support Services	0	0	0
		Grand Total	**1,388,672,598.00**	**1,263,944,537.00**	**124,728,061.00**

4074-Livestock Fisheries And Vetinary Services

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
101000000		Land Policy and Planning	40,932,480.00	5,350,560.00	35,581,920.00
	101020000	Land Information Management	40,882,480.00	5,300,560.00	35,581,920.00
	101030000	Land Survey	50,000.00	50,000.00	0
		Grand Total	**40,932,480.00**	**5,350,560.00**	**35,581,920.00**

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

5.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The receivables and payables are disclosed in the Statement of Assets and Liabilities.

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

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

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

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

Returns to CRF Issues

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

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

Acquisition of fixed assets

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

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs.83, 063,113 compared to KShs. 20,564,522 in prior period as indicated on note 23.

There were no other restrictions on cash during the year

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *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 *entity'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 June,2017 for the period 1st July 2017 to 30 June 2018 as required by law. There were 3No. 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.

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

Total Exchequer Releases for quarter 1	2,222,720,101	2,133,545,418
Total Exchequer Releases for quarter 2	2,657,600,002	2,153,811,718
Total Exchequer Releases for quarter 3	2,416,000,002	2,111,580,100
Total Exchequer Releases for quarter 4	2,367,679,897	2,067,383,183
Total	**9,664,000,002**	**8,446,320,403**

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

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Grants Received from Bilateral Donors (Foreign Governments)				
DANIDA	0	0	33,400,684	0
KDSP	0	0	295,151,091	0
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)	0	0	0	0
(Insert name of donor)	0	0	0	0
Grants Received from other levels of government				
(Insert name of donor)	0	0	0	0

(Insert name of donor)	0	0	0	0
Total			**328,551,775**	**0**

DANIDA is a grant from the world bank to level two and three hospitals while KDSP is a grant for capacity building and investments in the big four Agenda .

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017 - 2018 KShs	2016 - 2017 KShs
Transfers from Central government entities		
Ministry of Health Level 5 Hospital	412,716,763	9,600,000
Fuel levy	261,434,700	123,738,237
User Fees Foregone	35,773,082	35,773,082
Maternity fees	0	270,812,500
Doctors/nurses salary	0	255,759,000
NAGRIP	50,609,855	0
Polytechnics	60,096,220	0
Special Health	10,000,000	0
Liquor Found	5,960,000	
TOTAL	**836,590,620**	**695,682,819**

4. PROCEEDS FROM DOMESTIC BORROWINGS

	2017 - 2018 KShs	2016 - 2017 KShs
Borrowing within General Government	0	0
Borrowing from Monetary Authorities (Central Bank)	0	0
Other Domestic Depository Corporations (Commercial Banks)	0	0
Borrowing from Other Domestic Financial	0	0

Institutions		
Borrowing from Other Domestic Creditors	0	0
Domestic Currency and Domestic Deposits	0	0
Total	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

	2017 - 2018	2016 - 2017
	KShs	KShs
Foreign Borrowing – Draw-downs Through Exchequer	0	0
Foreign Borrowing - Direct Payments	0	0
Foreign Currency and Foreign Deposits	0	0
Total	**0**	**0**

6. PROCEEDS FROM SALE OF ASSETS

	2017 - 2018	2016 - 2017
	KShs	KShs
Receipts from the Sale of Buildings		
Receipts from Sale of Vehicles and Transport Equipment	0	0
Receipts from Sale of Plant Machinery and Equipment	0	0
Receipts from Sale of Certified Seeds and Breeding Stock	0	0
Receipts from Sale of Strategic Reserves Stocks	0	0
Receipts from Sale of Inventories, Stocks and Commodities	0	0
Disposal and Sales of Non-Produced Assets	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
Total	**0**	**0**

7. REIMBURSEMENTS AND REFUNDS

	2017 - 2018	2016 - 2017

	KShs	KShs
Refund from World Food Programme (WFP)	0	0
Reimbursement of Audit Fees	0	0
Reimbursement on Messing Charges (UNICEF)	0	0
Reimbursement from World Bank – ECD	0	0
Reimbursement from Individuals& Private Organisations	0	0
Reimbursement from Local Government Authorities	0	0
Reimbursement from Statutory Organisations	0	0
Reimbursement within Central Government	0	0
Reimbursement Using Bonds	0	0
Total	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

	2017 - 2018 KShs	2016 - 2017 KShs
Returns of Equity Holdings in Domestic Organisations	0	0
Returns of Equity Holdings in International Organisations	0	0
	0	0
Total	**0**	**0**

9. COUNTY OWN GENERATED RECEIPTS

	2017 - 2018 KShs	2016 - 2017 KShs
Interest Received	0	0
Profits and Dividends	0	0
Rents	0	0
Other Property Income	0	0
Sales of Market Establishments	0	0
Receipts from Administrative Fees and Charges	0	221,128,932
Receipts from Administrative Fees and Charges - Collected as AIA	0	0
Receipts from Incidental Sales by Non-Market Establishments	0	0
Receipts from Sales by Non-Market Establishments	0	0
Receipts from Sale of Incidental Goods	0	0
Fines Penalties and Forfeitures	0	0

Receipts from Voluntary transfers other than grants	0	0
Business permits	181,948,848	201,930,712
Cess	87,258,687	95,755,644
Poll rates	180,988,383	243,538,067
Plot rents	0	3,360,232
Other local levies	136,897,001	25,000,000
Administrative services fees	0	0
Various fees	0	0
Council's natural resources	0	0
Exploitation	0	0
Sales of council assets	0	0
Lease / rental of council's	0	0
Infrastructure assets	0	0
Other miscellaneous receipts	0	0
Other miscellaneous receipts	0	0
Insurance claims recovery	0	0
Medium term loans (1-3 yr repayment)	0	43,000,000
Long term loans (over 3 yr repayment)	0	0
Transfers from reserve funds	0	0
Donations	0	0
Fund raising events	0	0
Other receipts from financial assets loan	0	0
Market/trade centre fee	13,220,337	55,505,018
Vehicle parking fees	225,748,920	302,950,260

Housing	1,966,400	392,018,083
Social premises use charges	0	0
School fees	0	0
Other education-related	105,000	1,392,560
Other education receipts	0	0
Public health services	0	0
Public health facilities operations	493,885,752	431,081,972
Environment & conservancy	41,686,380	7,636,360
Administration	0	0
Slaughter houses administration	38,394,715	40,233,465
Water supply administration	0	0
Sewerage administration	0	0
Other health & sanitation	0	0
Technical services fees	283,320,929	0
External services fees	0	0
	1,685,421,352	**2,064,531,305**

The shortfall in revenue collection was caused by political interference during campaign period and the transition between the previous and the current administration.

10. RETURNED CRF ISSUES

	2017 - 2018	2016 - 2017
	KShs	KShs
Recurrent Operations account 1141371543500	21,634	97,740,159

CBK recurrent Account 1000170409	165,665	53,894,284
Central Bank Development Account 10001070457	67,056	
Central Bank Revenue Account 1000170646	41,747,201	
Road Maintenance levy Fund 1000250836	38,610,035	
Coop Revenue collection Account 1141371543502	8,479,876	
KCB Revenue Collection Account 1164796372	3,729,235	
Deposit account	0	0
Total	**92,820,702**	**151,634,442**

The Kshs.92, 820,702 were the unspent balances as at the closure of financial year 2016/17 and were appropriated during the second quarter of the financial year through the first supplementary budget of the financial year 2017/18.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2017 - 2018 KShs	2016 - 2017 KShs
Basic salaries of permanent employees	5,138,233,144	4,235,851,096
Basic wages of temporary employees	503,119,105	396,194,610
Personal allowances paid as part of salary	134,851,384	133,009,944
Personal allowances paid as reimbursements	0	0
Personal allowances provided in kind	0	0
Pension and other social security contributions	0	0
Compulsory national social security schemes	110,077,549	117,945,494
Compulsory national health insurance schemes	0	0
Social benefit schemes outside government	0	0
Other personnel payments	0	0
Total	**5,886,281,182**	**4,883,001,144**

The increase in amounts spent on compensation of employees was as a result of 615No.additional employees acquired in the financial year 2017/18

12. USE OF GOODS AND SERVICES

	2017 - 2018 KShs	2016 - 2017 KShs
Utilities, supplies and services	61,563,801	92,079,390
Communication, supplies and services	26,790,558	41,584,780
Domestic travel and subsistence	143,937,837	181,475,855
Foreign travel and subsistence	28,899,099	48,059,533

Printing, advertising and information supplies & services	67,473,623	152,003,613
Rentals of produced assets	5,934,100	1,496,060
Training expenses	50,498,087	97,299,615
Hospitality supplies and services	60,886,064	84,621,066
Insurance costs	68,398,100	50,099,926
Specialized materials and services	218,840,724	254,983,334
Office and general supplies and services	55,922,354	81,620,973
Other operating expenses	318,204,966	387,866,221
Routine maintenance – vehicles and other transport equipment	62,992,376	77,190,942
Routine maintenance – other assets	131,905,923	307,339,905
Fuel oil and Lubricants	143,772,700	96,114,863
Total	**1,449,020,312**	**1,953,836,076**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. SUBSIDIES

Description	2017 - 2018 KShs	2016 - 2017 KShs
Subsidies to Public Corporations		
See list attached	0	0
(insert name)	0	0
Subsidies to Private Enterprises		
See list attached	0	0
(insert name)	0	0
TOTAL	**0**	**0**

13. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018 KShs	2016 - 2017 KShs
Transfers to Central government entities		
See attached list	0	0
Transfers to County Assembly (REC)	1,264,539,825	894,245,126
(DEV)	2,118,690	47,644,013
Other current transfers ,Grants and subsidies	920,353,512	408,898,711
Other capital Grants and transfers	464,966,638	879,757,513

TOTAL	**2,651,978,665**	**2,230,545,363**

The transfers to the assembly are as indicated above while other current transfers include facility improvement fund to the hospitals and polytechnics. Other capital transfers include conditional grants to level five hospital .None of these grants are recoverable.

14. OTHER GRANTS AND OTHER PAYMENTS

	2017 - 2018 KShs	2016 - 2017 KShs
Scholarships and other educational benefits	135,000,000	60,000,000
Emergency relief and refugee assistance	98,037,903	84,145,198
Subsidies to small businesses, cooperatives, and self employed	0	0
Total	**233,037,903**	**144,145,198**

The scholarship and educational benefits payments relate to bursary disbursed to needy students all over the county while the emergency relief is a school feeding programme for the ECDEs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. SOCIAL SECURITY BENEFITS

	2017 – 2018 KSHs	2016 – 2017 KSHs
Government pension and retirement benefits	249,050	35,275,000
Social security benefits in cash and in kind	0	0
Employer Social Benefits in cash and in kind	0	0
Total	**249,050**	**35,275,000**

The amount was paid to the pension department for the staff seconded to the county government.

15. ACQUISITION OF ASSETS

Non Financial Assets	2017 – 2018 KSHs	2016 – 2017 KSHs
Purchase of Buildings	0	0
Construction of Buildings	328,231,208	360,733,746
Refurbishment of Buildings	47,387,915	88,615,702
Construction of Roads	572,193,385	627,473,595
Construction and Civil Works	220,231,442	447,269,930
Overhaul and Refurbishment of Construction and Civil Works	0	0
Purchase of Vehicles and Other Transport Equipment	106,123,052	53,036,098
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	300,000	5,000,000
Purchase of Office Furniture and General Equipment	29,394,657	50,646,543
Purchase of ICT Equipment	0	0
Purchase of Specialized Plant, Equipment and Machinery	76,047,265	216,029,082

Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Purchase of Certified Seeds, Breeding Stock and Live Animals	18,556,885	12,361,850
Research, Studies, Project Preparation, Design & Supervision	37,098,444	51,091,740
Rehabilitation of Civil Works	1,694,016	19,040,000
Acquisition of Strategic Stocks and commodities	0	0
Acquisition of Land	12,900,000	15,000,000
Acquisition of specialized plant	3,078,000	0
Domestic lending	60,000,000	
Financial Assets		
Domestic Public Non-Financial Enterprises	0	0
Domestic Public Financial Institutions	0	0
Total	**1,513,236,269**	**1,946,298,286**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FINANCE COSTS, INCLUDING LOAN INTEREST

	2017 - 2018 KShs	2016 - 2017 KShs
Exchange Rate Losses	0	0
Interest Payments on Foreign Borrowings	0	0
Interest Payments on Guaranteed Debt Taken over by Govt	0	0
Interest on Domestic Borrowings (Non-Govt)	0	0
Interest on Borrowings from Other Government Units	0	0
Total	**0**	**0**

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

	2017 - 2018 KShs	2016 - 2017 KShs
Repayments on Borrowings from Domestic	0	0
Principal Repayments on Guaranteed Debt Taken over by Government	0	0
Repayments on Borrowings from Other Domestic Creditors	0	0
Repayment of Principal from Foreign Lending & On – Lending	0	0
Total	**0**	**0**

18. OTHER PAYMENTS

	2017/2018	2016/2017
	Ksh's	Ksh's
Budget Reserves	0	0
Civil Contingency Reserves	0	20,000,000
Other payments	74,744,162	95,738,271
Capital transfer to public financial institutions and enterprises	19,627,736	0
	94,371,898	**115,738,271**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Branch No. & Account No.	Currency of Bank Account (Currency)	Indicate whether recurrent, development, revenue or deposits	Equivalent in foreign currency	2017 – 2018	2016 – 2017
				KShs	KShs
Central Bank CRF 1000170646	Kshs.	Revenue		690,276,851	41,747,200.65
Central Bank recurrent 1000170409	Kshs.	Recurrent		75,762	165,665.35
Central Bank Development 1000170457	Kshs.	Development		144,948	67,056
Central Bank road maintenance levy fund 1000250836	Kshs.	Development		42,287	38,610,035
Coop bank revenue 0114137154355502	Kshs.	Revenue		417,910	8,479,876.03
Coop Bank operations 01141371543500	Kshs.	Recurrent		41,544	21,634.64
Kenya Commercial Bank revenue 1164796372	KShs.	Revenue		0.51	3,729,235.86
Special Purpose Health Account 1000336358	Kshs.	Recurrent		1,763,574	0
Special Purpose Agriculture 1000365919	Kshs.	Recurrent		55,609,855	0

Special Purpose Education Account 1000368648	Kshs.	Recurrent		25,662,165	0
Total				**774,034,896.51**	**92,820,703**

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

21B. CASH IN HAND

	2017 – 2018 KShs	2016 – 2017 KShs
Cash in Hand – Held in domestic currency	20,470	243,890
Cash in Hand – Held in foreign currency	0	0
Total	**20,470**	**243,890**

Cash in hand should also be analysed as follows:

	2017 – 2018 KShs	2016 – 2017 KShs
Location 1 Thika Hq	20,470	0
Location 2	0	0
Location 3	0	0
Total	**20,470**	**0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

[illegible]	2017 - 2018 KShs	2016 - 2017 KShs
Government Imprests	5,153,806	15,164,804
Clearance accounts	0	0
Total	**5,153,806**	**15,164,804**

(See annex 8)

ACCOUNTS PAYABLE

	2017 - 2018 KShs	2016 - 2017 KShs
Deposits	0	127,236
Retention Funds	83,955,112	20,437,286
Total	**83,955,112**	**20,564,521**

(See annex 11)

21. FUND BALANCE BROUGHT FORWARD

	2017 - 2018 KShs	2016 - 2017 KShs
Bank accounts	0	58,655,876
Cash in hand	0	0
Accounts Receiv ables	0	0
Accounts Payabl es	0	0
Total	0	**58,655,876**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. PRIOR YEAR ADJUSTMENTS

Description of the error	2017 - 2018 Kshs	2016 - 2017 Kshs
Adjustments on bank account balances	0	0
Adjustments on cash in hand	0	0
Adjustments on payables	0	0
Adjustments on receivables	0	0
Others (*specify*)	0	0
	0	**0**

5.10. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017 – 2018 KShs	2016 – 2017 KShs
Construction of buildings	248,804,230	0
Construction of civil works	704,056,729	0
Supply of goods	900,936,455	0
Supply of services	138,221,973.61	0
	1,992,019,387	**0**

2. PENDING STAFF PAYABLES (See Annex 2)

	2017 – 2018 KShs	2016 – 2017 KShs
Senior management	156,313	0
Middle management	0	0
Unionisable employees	22,149,742	0
Others (*specify*)	3,159,260	0
	25,465,315	**0**

3. OTHER PENDING PAYABLES (See Annex 3)

	2017 – 2018 KShs	2016 – 2017 KShs
Amounts due to National Government entities	192,206,057	0
Amounts due to County Government entities	123,876	0

Amounts due to third parties	106,823,833	0
Others (*specify*)	0	0
	299,153,766.25	**0**
TOTAL PENDING BILLS	**2,316,638,468**	**1,065,477,153**

There were neither prior year adjustments nor fund balances.

4. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Government:

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

Related party transactions

	2017-2018 Ksh	2016-2017 Ksh
Key Management Compensation(Governors, CEC Members and C.Os)		
Transfers to related parties		
Transfer to the County Assembly	1,266,658,515	941,889,139
Transfers to other County Government Entities	1,385,320,136	1,288,656,224

Transfers to Development Projects		
Transfers to non reporting entities e.g schools and welfare		
Transfers to County Water Service Providers		
Expenses paid on behalf of County Water Service Providers		
Total Transfers to related parties	**2,651,978,655**	**2,230,545,363**
Transfers from related parties		
Transfers from the Exchequer	9,664,000,002	8,446,320,403
Transfers from MDAs		
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
Total Transfers from related parties	**9,664,000,002**	**8,446,320,403**

5. 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
Kiambu Youth ,Women,PWDs Enterprise Fund	2014	Kiambu	Peninah Njoki
Kiambu County Bursary Fund	2014	Kiambu	Isaac Muiru Mwangi
Kiambu County Emergency Fund	2013	Kiambu	Wilson Kang'ethe
Kiambu County alcoholic drink Control Fund	2013	Kiambu	

			Jacob Macharia

6. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

[illegible]	[illegible]	[illegible]	[illegible]	Status: [illegible] Resolved	Time Frame: [illegible]
FY2013/2014	Attached	Cleared by senate	Co Finance & Economic Planning John Gicaci	Resolved	N/A
FY 2014/15	Attached	Cleared by Senate	Co Finance & economic Planning John Gicaci	Resolved	N/A
FY 2015/16	Attached	Awaiting county Assembly clearance	Co Finance & Economic planning Faith Harrison	Not resolved	N/A
FY 2016/17	N/A	Awaiting audit opinion	Co Finance Economic planning Faith Harrison	Not resolved	N/A

CEC, County Treasury

Sign..... .....

Date..... .....

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	[illegible]	[illegible]	[illegible]
Exchequer Releases for quarter 1	2,222,720,101		94,924,855	2,317,644,956
Exchequer Releases for quarter 2	2,657,600,002	21,548,828	113,497,109	2,792,645,939
Exchequer Releases for quarter 3	2,416,000,002		103,179,191	2,519,179,193
Exchequer Releases for quarter 4	2,367,679,897	11,851,856	101,115,607	2,480,647,360
Total	**9,664,000,002**	**33,310,684**	**412,716,762**	**10,110,117,450**

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid to Date	Outstanding Balance 2017/2018	Current Year Budget 2018/2019	Comments
	A	B	c	d=a-c		
Construction of buildings						
Assorted Suppliers	248,804,230	As per Attachment	0	248,804,230		List Attached (page 70-79)
Sub-Total	**248,804,230**		**0**	**248,804,230**		
Construction of civil works						
Assorted Suppliers	704,056,729	As per Attachment	0	704,056,729		List Attached (page 79-102)

Summary of Goods or Services	Original Contract	Date Contracted	Amount Paid To Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/17	Comments
Sub-Total	**704,056,729**		**0**	**704,056,729**		
Supply of goods						
Assorted Suppliers	900,936,455	As per Attachment	0	900,936,455		List Attached (page 103-174)
Sub-Total	**900,936,455**		**0**	**900,936,455**		
Supply of services						
Assorted Suppliers	138,221,973.51	As per Attachment	0	138,221,973.51		List Attached (page 174-207)
Sub-Total	**138,221,973.51**			**138,221,973.51**		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 2017/2018	Overstanding Balance 2016/2017	Comments
Grand Total	1,992,019,388.52		0	1,992,019,388.52		

ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	ID Group	Original Amount	Date Payable Commenced	Amount Paid To Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		a	b	c	d=a-c		
Senior Management							
Various	As per attached list	156,313	As per Attachment	0	156,313	0	List Attached
Sub-Total		**156,313**		**0**	**156,313**	**0**	
Middle Management							
1.							
2.							
3.							
Sub-Total							
Unionisable							

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To Date	Outstanding Balance 2017/2018	Outstanding Balance 2018/20	Comments
Employees							
	As per attached list	22,149,742	As per attached lists	0	22,149,742	0	List Attached
Sub-Total		**22,149,742**		**0**	**22,149,742**	**0**	
Others (*specify*)							
	As per attached list	3,159,260	As per attached list	0	3,159,260	0	List Attached (page 207-216)
Sub-Total		**3,159,260**		**0**	**3,159,260**	**0**	
Grand Total		**25,465,315**		**0**	**25,465,315**	**0**	

ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To Date	Outstanding Balance 30/6/2018	Outstanding Balance 30/6/2017	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
Various Entities	As per Attachment	192,206,057	As per attached	0	192,206,057		List Attached
Sub-Total		**192,206,057**		**0**	**192,206,057**		
Amounts due to County Govt Entities							
Various Entities	As per Attachment	123,876	As per attached	0	123,876		List Attached

Name	Brief Transaction Description	Original Amount	Date Payable Committed	Amount Paid To Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Sub-Total		**123,876**		**0**	**123,876**		
Amounts due to Third Parties							
Various Entities	As per Attachment	106,823,833	As per attached	0	106,823,833		List Attached
Sub-Total		**106,823,833**			**106,823,833**		
Others (*specify*)							
N/A	N/A		N/A		N/A		
Sub-Total	**0**			**0**		**0**	

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid Tot Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
Grand Total		299,153,766.25		0	299,153,766.25	0	List Attached Pages (216-237)

TOTAL PENDING BILLS BOTH RECURRENT AND DEVELOPMENT= KSH. 2,316,638,469

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs.) 2016/2017	Additions during the year (KShs.)	Disposals during the year (KShs.)	Historical Cost c/f (KShs.) 2017/2018
Land	15,000,000	12,900,000	0	27,900,000
Buildings and structures	1,180,073,146	375,619,123	0	1,296,666,558
Transport equipment	176,147,719	106,123,052	0	176,147,719
Office equipment, furniture and fittings	293,225,073	29,694,657	0	296,096,523
ICT Equipment, Software and Other ICT Assets	396,288,152	0	0	405,232,320
Other Machinery and Equipment	1,051,363,770	79,125,265	0	1,056,030,646
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Projects		831,217,287	0	831,217,287
Biological Assets		18,556,885	0	18,556,885
Investments		60,000,000	0	60,000,000
Total	**3,112,097,860**	**1,513,236,269**	**0**	**4,625,334,129**

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

ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred (Sim	Amount confirmed as received (Ksh	difference	explanati
1	County Assembly	103,804,000	309,000,000	200,163,130	653,691,385	1,266,658,515	1,266,658,515	0	
2	Bursary fund	1,000,000	0	0	134,000,000	135,000,000	135,000,000	0	
3	project								
4	board								
5	corporation								
6									
7									
8									
9	Total	104,804,000	309,000,000	200,163,130	787,691,385	1,401,658,515	1,401,658,515	0	

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

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