REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF TRANS NZOIA

FOR THE YEAR ENDED 30 JUNE 2018

OFFICE OF AUDITOR GENERAL
WESTERN HUB
16 JAN 2019
Sign
P.O. Box 2042 - 50100 KAKAMEGA

COUNTY GOVERNMENT OF TRANS-NZOIA

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 COUNTY GOVERNMENT OF TRANS-NZOIA INFORMATION AND MANAGEMENT

a) Background information

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

b) Key Management

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

- Governor ..... Hon. Patrick Khaemba.
- County Secretary..... Mr. Sifuna Wakofula
- County Executive Member Finance.....Hon. Bonface Wanyonyi Cosmas
- County Chief Officer (Finance).....CPA Emmanuel Wanjala Sikuku

c) Fiduciary Management

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

No.	Designation	Name	Period Served
1.	CEC. Finance & Eco Planning	**Hon.Bonface Wanyonyi Cosmas**	2-Jan-18 To 30-Jun-2018
2.	Chief Officer Finance	**CPA Emmanuel Sikuku Wanjala**	1-May-18 To 30-Jun-18
3.	Head of Treasury Accounting	**Caroli Njalale Simiyu**	01-Jul-17 To 30-Jun 2018
4.	Principal Accounts Controller	**CPA Andrew Musuya Biketi**	01-Jul-17 To 30-Jun 2018
5.	Ag. CECM. Finance	**Hon. Maurice Lokwaliwa**	01-Jul-2017 To 02-Jan-2018
6.	Chief Officer Finance	**Prof. Ben Wanjala**	01-Jul-2017 To 30-Apr-2018

d) Fiduciary Oversight Arrangements

Internal Audit department

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

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

Budget department
The county prepares annual budgets which are approved by the county assembly then the budget is uploaded in the IFMIS for implementation. The budget department prepares

quarterly reports which are submitted to the controller of budget for monitoring and expenditure controls and taking appropriate corrective action required. The budget department also revises the budget estimates through supplementary.

e) County Government of Trans-Nzoia Headquarters

P.O. Box 4211-30200
County Headquarters Building/House/Plaza
Avenue/Road/Highway
KITALE,
KENYA

f) County Government of Trans-Nzoia Contacts

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

g) County Government of Trans-Nzoia Bankers

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

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

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

d. Kenya Commercial Bank
Account No 1140772694
Kitale-Kenya

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

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

g. Co-operative Bank (County Assembly)
Account No 01141502494900

Kitale-Kenya

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

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

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

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

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

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

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

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

h) Independent Auditors

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

i) Principal Legal Adviser

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

2. FORWARD BY THE CEC

The County executive had budgeted expenditure of Ksh 6,628,528,220 while the actual expenditure was Ksh 5,839,385,755 representing 88% of the estimate which include ksh. 4,888,529,960 and Kshs 950,855,795 on Recurrent and Development respectively.

The County has tarmacked most Roads within Kitale Town which is the County Headquarter and the Modern Bus terminal and County Referral Hospital are at an advanced stage of completion.

Most rural roads have been graded and gravelled which has enabled farmers to transport the produce to the markets.

Many Fresh produce markets across the County are complete and are due for commissioning.

The ECD classrooms have been put up in most primary schools within the County and this has enabled the county to enjoy value for money from the projects that have been initiated.

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

CEC Finance and Economic Planning
County Government of Trans-Nzoia

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 the County Government of Trans-Nzoia, 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 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 14th January,2019.

County Executive Committee Member – Finance

4. REPORT OF THE INDEPENDENT AUDITORS ON THE COUNTY GOVERNMENT OF TRANS-NZOIA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF TRANS NZOIA 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 Trans Nzoia set out on pages 1 to 35, 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 statement of comparison of budget and actual amounts 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 effect 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 Trans Nzoia 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. Fixed Assets Register

The statement of receipts and payments reflects acquisition of assets figure of Kshs.782,820,414 incurred during the year under review in addition to assets acquired since inception of the County in 2013 amounting to Kshs.3,634,546,464 as at 30 June 2017. However, the summary of fixed assets register at Annexure 5 to the financial statements reflects nil balance. Further, the electronic fixed assets register maintained was not up to date as it did not include all the assets procured by the County Executive since inception and those taken over from the defunct local authorities. The register also lacked vital information such as date of acquisition, cost of the assets, and location of the assets among others, contrary to Section 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to be responsible for maintaining a register of assets under his or her control or possession.

In the circumstances, it was not possible to ascertain the accuracy of the summary of fixed assets register as at 30 June 2018.

2. Differences Between Financial Statements Figures and IFMIS Report

The statement of receipts and payments reflect total payments totalling Kshs.5,839,385,755 whereas the IFMIS report reflects payments totalling Kshs.3,932,299,793 resulting into an unreconciled variance of Kshs.1,907,085,962 as detailed below:

Items	IFMIS Report (Kshs)	Financial Statements (Kshs)	Variance (Kshs)
Acquisition of Assets	453,145,233.00	782,820,414.00	(329,675,181.00)
Compensation of Employees	1,800,848,589.85	2,667,942,552.00	(867,093,962.15)
Finance Costs, Including Loan Interest	42,395,099.50	43,639,112.00	(1,244,012.50)
Other Grants and Transfers	120,178,630.00	50,000,000.00	70,178,630.00
Other Payments	857,552,317.60	7,683,700.00	849,868,617.60
Social Security Benefits	28,517,983.65	40,410,072.00	(11,892,088.35)
Transfers to Other Government Units	9,773,800.00	550,288,525.00	(540,514,725.00)
Use of Goods and Services	619,888,139.80	1,696,601,380.00	(1,076,713,240.20)
	3,932,299,793.40	**5,839,385,755.00**	**(1,907,085,961.60)**

In addition, the statement of receipts and payments reflect total receipts totalling Kshs.6,305,090,762 compared to the IFMIS report which reflects a figure of Kshs.4,872,899,973.50, resulting into an unreconciled variance of Kshs.1,432,190,788 as detailed below.

Items	IFMIS Report (Kshs)	Financial Statements (Kshs)	Variance (Kshs)
Exchequer Releases	4,875,865,453.50	5,647,400,000.00	(771,534,546.50)
Proceeds From Domestic and Foreign Grants	-	183,431,058.00	(183,431,058.00)
Returned Crf Issues	-	36,800,609.00	(36,800,609.00)
Other Receipts	(2,965,480.00)	248,724,083.00	(251,689,563.00)
Transfers from Other Government Entities	-	188,735,012.00	(188,735,012.00)
Total	**4,872,899,973.50**	**6,305,090,762.00**	**(1,432,190,788.50)**

Consequently, the completeness and accuracy of the financial statements for the year ended 30 June 2018 could not be confirmed.

3. Cash and Cash Equivalents Balance

While the statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.566,846,740 as at 30 June 2018, the statement of cash flows for the year ended 30 June 2018 reflects cash and cash equivalents balance of Kshs.543,692,977 hence resulting into an unreconciled variance of Kshs.23,153,763.

In the circumstances, the accuracy of the statement of cash flows for the year ended 30 June 2018 could not be confirmed.

4. Outstanding Imprests

The statement of assets and liabilities reflects accounts receivables – outstanding imprest balance of Kshs.60,338,990 as at 30 June 2018. However, the schedule availed for review reflected Kshs.34,644,847, leading to an unsupported balance of Kshs.25,694,143. In addition, no reason has been provided for failure to recover the outstanding imprests which should have been accounted for on or before 30 June 2018 contrary to Section 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which require that imprests be surrendered within seven (7) working days after returning to the work station.

Consequently, the accuracy and recoverability of the imprests amounting Kshs.60,338,990 as at 30 June 2018 could not be confirmed.

5. Accounts Payables - Borrowing from Financial Institution

The accounts payable balance of Kshs.83,492,753 as at 30 June 2018 includes borrowing from financial institution of Kshs.74,120,868 as disclosed in Note 23 to the financial statements. Information available indicate that the County Executive through letter dated 15 July 2017, applied for an overdraft facility of Kshs.204,000,000 which included principal amount of Kshs.198,000,000 and interest of Kshs.6,000,000 from Equity Bank, Kitale to pay June 2017 salaries. The overdraft was to be repaid within forty-five (45) days. However, the proceed of the overdraft was not accounted for as a receipt in the financial statements contrary to Section 141(5) of the Public Finance Management Act, 2012 which states that all the proceeds of borrowing under this Act shall be paid in to the County Revenue Fund.

Although information available indicates that the management made a request for extension of the overdraft repayment period and which was granted by the bank, no reason has been provided as to why the overdraft has remained outstanding for almost a year. In addition, the details of the terms for the extended repayment period has not been provided for audit review.

Consequently, the accounts payable balance of Kshs.83,492,753 as at 30 June 2018 could not be confirmed.

6. Accounts Payable (Pending Bills)

A list of pending bills amounting to Kshs.1,263,846,780 were availed for audit review. However, they were not supported by LSOs/LPOs, invoices, reports of the inspection and acceptance committee, goods receipt notes among others. In addition, they have not been disclosed in Annexure 2 to the financial statements as required by the reporting format recommended by the Public Sector Accounting Standards Board (PSASB).

Consequently, the management contravened National Treasury Circular Reference AG/101/ (7S) which requires the accounting officer to institute stringent financial controls and maintain financial discipline in order to achieve efficient utilization of resources.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Trans Nzoia 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

1.1 Budget Absorption

During the year under review, the County Executive had an approved budget of Kshs.6,628,528,220 which comprised recurrent vote budget of Kshs.4,632,197,963 and a development vote budget of Kshs.1,996,330,257. During the same period, the Executive recorded expenditure of Kshs.5,839,385,755 to result to an overall budget under-absorption of Kshs.789,142,465 representing 12% as summarized below:

Vote	Approved Budget 2017/2018 (Kshs)	Actual Expenditure 2017/2018 (Kshs)	Budget Utilisation Difference (Kshs)	% of Utilisation
Recurrent	4,632,197,963	4,888,529,960	-256,331,997	106
Development	1,996,330,257	950,855,795	1,045,474,462	48
Total	**6,628,528,220**	**5,839,385,755**	**789,142,465**	**88**

The under absorption was mainly on development vote on which Kshs.950,855,795 was expended out of the approved budget of Kshs.1,996,330,257 to result to under expenditure of Kshs.1,045,474,462 representing 52%.

The under-absorption of the approved budget is an indication that some activities and development projects in the annual plan were not implemented by the County Executive which may have affected service delivery to the residents of Trans Nzoia County.

1.2 Development Budget

During the year under review, the County Executive allocated Kshs.1,904,343,713 to development projects and spent a total of Kshs.796,421,012, resulting into net under expenditure of Kshs.1,107,922,701 for all departments except for Department of Water, Environment & Natural Resources which recorded an over expenditure of Kshs.45,459,909 as detailed below:

Department	Budgeted Allocation 2017/18 Kshs.	Actual 2017/18 Kshs.	Under/Over Absorption Kshs.	Under/Over Absorption rate (%)
Agriculture, Livestock, Fisheries & Cooperative development	109,361,849	33,488,812	75,873,037	69.38%
Economic Planning, Commerce & Industry	79,953,686	20,328,831	59,624,855	74.57%
Water, Environment & Natural Resources	188,397,053	233,856,962	(45,459,909)	(24.13)%
Public Works, Transport and & Infrastructure	565,978,809	274,843,989	291,134,820	51.44%
Health	592,394,773	154,266,363	438,128,410	73.96%
Lands, Housing & Physical Planning	78,203,502	8,425,000	69,778,502	89.23%
Gender, Youth, Sports, Culture &Tourism	78,207,863	13,477,611	64,730,252	82.77%
Education & ICT	154,509,877	30,207,901	124,301,976	80.45%
Governance, Public Service & Management	27,841,250	12,271,682	15,569,568	55.92%
Finance	29,495,051	15,253,861	14,241,190	48.28%
Sub-Total	**1,904,343,713**	**796,421,012**	**1,107,922,701**	**58.18%**
County Public Service Board	18,000,000	18,000,000	18,000,000	100.00%
County Assembly	73,986,544	73,986,544	73,986,544	100.00%
Sub-Total	**91,986,544**	**91,986,544**	**91,986,544**	**100.00%**
Total	**1,996,330,257**	**796,421,012**	**1,199,909,245**	**60.11%**

The under-absorption of the approved development budget is an indication that some activities and development projects in the annual plan were not implemented by the County Executive.

1.3 Recurrent Budget

During the year under review, the County Executive allocated Kshs.4,068,745,538 to recurrent/normal operations vote and spent a total of Kshs.3,965,975,049 resulting to net under expenditure in all the ten departments. There was over expenditure above 10% in the Departments of Agriculture, Livestock, Fisheries & Cooperative Development, Education & ICT, Governance, Public Service & Management and Finance as detailed below:

Department	Budgeted Allocation 2017/18 Kshs.	Actual 2017/18 Kshs.	Under/(Over) Absorption Kshs.	Under/(Over) Absorption rate(%)
Agriculture, Livestock, Fisheries & Cooperative development	295,392,246	597,010,171	(301,617,925)	(102.11)%
Economic planning, Commerce & Industry	61,701,034	56,432,586	5,268,448	8.54%

Water, Environment & Natural Resources	72,568,298	64,327,369	8,240,929	11.36%
Public works ,Transport and & Infrastructure	343,155,308	81,783,774	261,371,534	76.17%
Health	1,570,724,082	1,639,989,672	(69,265,590)	(4.41)%
Lands, Housing & Physical planning	94,948,240	16,190,151	78,758,089	82.95%
Gender, Youth, Sports, Culture &Tourism	139,789,643	95,473,640	44,316,003	31.70%
Education & ICT	400,290,613	121,703,777	278,586,836	69.60%
Governance, Public Service & Management	383,564,851	436,047,800	(52,482,949)	(13.68)%
Finance	706,611,223	857,016,109	(150,404,886)	(21.29)%
Sub-Total	**4,068,745,538**	**3,965,975,049**	**102,770,489**	**2.53%**
County Public Service board	33,000,000	22,516,100	10,483,900	31.77%
County Assembly	530,452,425	239,147,960	291,304,465	54.92%
Sub-Total	**563,452,425**	**261,764,060**	**301,788,365**	**53.56%**
Total	**4,632,197,963**	**4,227,639,109**	**404,558,854**	**8.73%**

However, no authority or documentary evidence of re-allocation of funds to the departments that recorded over expenditure above the approved budget were availed for review. Consequently, the management breached the law and some planned projects may not be implemented.

1.4 Project Implementation

1.4.1 Ministry of Health

Verification of Major Projects Under the Ministry of Health

Audit verification carried out in November 2018 on some projects that were initiated prior to the 2017/18 financial year revealed that they were still incomplete as detailed below:

Contractor	Work Done	Date of Agreement.	Contract Sum Kshs.	Amount Paid Kshs.	Site Visit Comments
M/s Shalom (D) Contractors	Construction of OPD Nabiswa Dispensary	9/11/2016	3,375,000	2,434,860	• About 90% complete • Project has taken about 24 months instead of 9 months
M/s Sea Whalers Enterprises	Cons of OPD Block at Sibanga disp	30/6/2016	3,153,6733	2,753,980	• Laid on existing foundation hence loss of Kshs.507,000 spent on substructure works. • Lying on unfenced area and the unfinished building vandalized and dirty. The project has taken over 27 months instead of 9 months.

M/s Kenbet Enterprise	Const of OPD Tom Mboya HC	30/6/2016	3,056,460	2,589,030	The project is not fully paid. No completion certificate but in use.
M/s Jodinde Enterprise	Construction of OPD-Naisamb dispensary	21/6/2016	3,175,070	2,129,770	On-going
M/s Bulawayo Construction Co.	Renovation works, Kachibora Sub county Hosp	5/5/2017	5,823,548	5,373,548	The project is stalled.
M/s Kokisey Cons	Cons Maternity ward at Kaibey dispensary	29/6/2016	4,004,668	3,302,868	On-going
M/s Nazareth Holdings	Construction of OPD at Tarakwa dispensary	30/6/2016	3,365,720	3,365,720	On-going
M/s Greenfield cons services	Cons of Ablution block at KMTC	16/6/2014	3,041,926	3,041,926	On-going
	Total		**57,379,125**	**24,991,702**	

Although the management attributes the delay to completion of the projects to poor funding, the explanation did not appear satisfactory since the department only utilised Kshs.154,266,363 representing 26% of the approved development budget of Kshs.592,394,773 resulting to an under expenditure of Kshs.438,128,410 representing 74% under absorption. Consequently, the residents of Trans Nzoia may not have obtained the health services they are entitled to.

1.4.2 Department of Agriculture

A total of Kshs.109,361,849 was allocated to the Department of Agriculture to finance 8 projects in the financial year ended 30 June 2018. However, the implementation of these projects was behind schedule and by 30 June 2018, only 6 out of 8 projects had been completed as detailed below:

No.	Project Description	LPO/ LSO	Contract Amount Kshs.	Budget Item	Project Physical Location	Status of The Project
1.	Construction of grain store	1083874	816,580	2211008	Saboti	Complete and in use
2.	Construction of grain store	1083875	2,604,119	2211008	Kiminini	Complete and in use
3.	Construction of grain store	1083876	975,528	2211008	Kwanza	Complete and in use
4.	Construction of pit latrine & bathroom	001153	644,041.20	2211008	Kiminini	Complete and in use
5.	Ablution & fencing	001569	2,401,316	2211008	Kwanza	On going
6.	Tissue Culture Lab	2211008	4,700,000	2211008	Saboti	On going
7.	Planting Fertilizer	000839	30,968,750	2640399	County Wide	Bought and distributed
8.	Top dressing Fertilizer	000840	20,837,600	2640399	County Wide	Bought and distributed
	Total		**63,947,934.2**			

Delay in implementation of the projects impacts negatively on provision of adequate facilities to improve the standards of living of the residents of Trans Nzoia County.

1.4.3 Department of Gender, Youth, Culture, Sports and Tourism Stalled Projects

The department had a development budget of Kshs.78,207,863 out of which Kshs.13,477,611 was expended, leading to an under expenditure of Kshs.64,730,252 representing 83% of the budget. Despite the above budget provision for new projects, the management failed to initiate any new projects in the department during the year under review. In addition, the projects that were initiated in previous period remained incomplete as at the time of audit in November 2018 as detailed below:

S/No	LPO/LSO No	LPO/LSO Date	Budget Item	Budget Amount Kshs.	Amount Paid Kshs.	Project Description & Location	Remarks
1.	1112926	8/12/2015	Refurbishment of buildings - other	25,000,000	169,000	Leveling of Wiyeta Primary school sports ground- Sinyereri ward	Works stalled
2.	1112911	12/1/2016	Refurbishment of buildings - other	25,000,000	364,000	Leveling of Kisawai primary school sports ground Kinyoro ward	Works stalled
3.	599751	21/5/2016	Refurbishment of buildings - other	25,000,000	1,288,50	Construction of perimeter stone wall and landscaping of Amahoro sports ground – Sikhendu ward	Work stalled

The residents of Trans Nzoia County may not have obtained value for the expenditure incurred on the projects due to delay in their implementation and non-initiation of new projects that were budgeted for.

REPORT ON 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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources section 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. Revenue

1.1 Revenue Collection at the Health Facilities

Included in the county own generated receipts amount of Kshs.248,724,083 is Kshs.36,488,353 being direct expenditure by two health facilities of Kitale County and Mt Elgon Sub-County Hospitals as indicated below:

Institution	Amount Collected Kshs.	Amount Banked Kshs.	Expenditure at Source Kshs.
Kitale County Hospital	45,578,615	15,711,625	29,898305
Mt. Elgon Sub County Hospital	11,589,414	4,898,436	6,590,048
Total	**57,168,029**	**20,610,061**	**36,488,353**

The use of revenue at source is contrary to Regulation 63(4) of the Public Finance Management (County Governments) Regulations, 2015 which states that all public moneys collected by a receiver of revenue or collector of revenue or collected and retained by a county government entity, shall be paid into the designated bank accounts of the county government and shall not be used by any public officer in any manner between the time of their receipts and payment into the bank except as provided by law.

Consequently, the management breached the law.

1.2 User Fees

Included in the transfer from other government entities figure of Kshs.188,735,012 is user fees figure of Kshs.10,104,377 received in the County Revenue fund account on 14 May 2018. However, the Department of Health did not provide any details on how this amount was to be utilized neither was it possible to confirm how the amount was subsequently spent.

1.3 Disbursement of DANIDA Funds to Health Centres and Dispensaries

Included in proceeds from domestic and foreign grants figure of Kshs.183,431,058 under DANIDA (Donor Funds) figure of Kshs.14,723,664 are funds meant for 26 health centres each at Kshs.328,125 and 38 dispensaries each at Kshs.162,958 of which a total of Kshs.1,152,124 was not released to five health facilities as follows;

	Health Facility	Amount in Kshs.
1	Rafiki Health Centre	338,125
2	Tom Mboya Health Centre	325,125
3	Cheptantan Dispensary	162,958

4	Misanga Dispensary	162,958
5	Nasianda Dispensary	162,958
	Total	**1,152,124**

Although it was explained that the reason for non-disbursement of the funds was due to accounts for the health facilities not being operationalised and that the amount of Kshs.1,152,124 was later disbursed to other health facilities, no documentary evidence was provided for audit review to indicate when the same was disbursed.

2. Compensation of Employees

The compensation of employees figure of Kshs.2,667,942,552 is approximately 42.3% of the total revenue of Kshs.6,305,090,762 and thus exceeded the recommended ratio of 35% stipulated in Section 25(1) of the Public Finance Management (County Governments) Regulations, 2015. Consequently, the management is in breach of the law and the wage bill may not be sustainable unless adequate measures are put in place to contain the rising wage bill and increase collection of county own generated revenue.

3. Acquisition of Assets

3.1 Construction of the Main Kitale Bus park

In the previous year report, construction of the Kitale bus park and main modern market amounted to of Kshs.33,922,079 during 2016/2017. Further, a review records indicated that the project commenced on 4 December 2015 and was expected to be completed by 16 June 2016. However, during the year under review, a further amount of Kshs.7,792,802 was incurred in the project which was included in construction of civil works amount of Kshs.180,406,981 under the acquisition of assets figure of Kshs.782,820,414. The expenditure of Kshs.7,792,802 brought the total cumulative expenditure of the project to Kshs.228,990,099 out of the contract sum of Ksh.355,256,265. Information available indicates that the contract period was extended to 30 April 2017. However, project verification carried out in November 2018 revealed that the project had stalled and the contractor was not on site.

Consequently, the objective of the project may not have been achieved and the residents of the County have not received value for Ksh.228,990,099 so far spent on the project.

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

In the previous year's report, reference was made to an expenditure of Kshs.182,749,350 made in respect of the proposed construction of the Trans-Nzoia County Referral and Teaching Hospital and that the interim certificates for works done were being issued by a private consultant contrary to Section 48 of the Public Procurement and Asset Disposal Act, 2015 which requires inspection and acceptance committee to issue interim or completion certificates. Further, no reason was provided as to why the project was not supervised by the state department of roads and public works.

Audit review of the project during the year under review revealed that phase two of the project which included equipping of the hospital was awarded to the main contractor for a contract sum of Kshs.732,338,531 as per the contract agreement signed on 15 December 2017 and was to be completed in 62 weeks in February 2019 and an amount of Kshs.195,007,447 was paid towards the project and which was included in construction of buildings figure of Kshs.291,155,877 under the acquisition of assets figures of Kshs.782,820,414. However, the report and certificates of the inspection and acceptance committee were not availed for review to confirm if the works done and equipment supplied met the specifications. Audit verification of the project carried out in November 2018 revealed that the project stalled in June 2018 and no reason was provided as to why the contractor had abandoned the project.

Consequently, the project may not be completed in time and the residents of Trans Nzoia County may not have received the services and benefits of the completed hospital.

3.3 Purchase of Land

Included in acquisition of assets figure of Kshs.782,820,414 is Kshs.1,223,301,858 which includes Kshs.2,475,000 paid to Walterluk-Mabonde for the purchase of Block 13/Bikeke/733. However, the valuation report availed was for Kshs.2,150,000 leading to overpayment for the land by Kshs.325,000 of which had not been explained in regard to Department of Lands, Housing and Physical Planning.

In the circumstances, the probity of the over expenditure of Kshs.325,000 incurred on purchase of land could not be confirmed for the year ended 30 June 2018.

3.4 Construction of Small Market Shades - (Kimila and Matisi)

Included in the acquisition of assets amount of Kshs.782,820,414 is construction and civil works amount of Kshs.180,406,981 which includes a total of Kshs.1,041,150 paid to two firms for construction of two market sheds at Matisi and Kimila markets respectively. However, review of the project records revealed the following anomalies;

i. Matisi Market Sheds

A construction firm was paid Kshs.507,210 out of a contract sum of Kshs.1,491,144 for construction of Matisi Market sheds for a contract period of 6-8 weeks. However, the payment mode was not indicated in the contract agreement. Further, the tender documents (including bids/quotations, tender evaluation minutes, letter of award and letter of acceptance) were not provided for audit review. In addition, as at the time of audit, the market was still incomplete.

ii. Kimila Market Sheds

Another construction firm was paid Kshs.533,940 out of contract sum of Kshs.1,487,184 for construction of a market shed at Kimila Market. However, the payment mode was not indicated in the contract agreement. Further, the tender documents (including bids/quotations, tender evaluation minutes, letter of award and letter of acceptance) were not provided for audit review. Further, project progress report was not availed for audit review.

Consequently, the propriety of the expenditure of Kshs.1,041,150 incurred on the two market sheds during the year under review could not be confirmed.

3.5 Construction of Sikhendu Market

The County Executive engaged a local construction company for construction of Sikhendu fresh produce market at a contract sum of Kshs.15,221,975 which was completed and officially opened on 20 October 2018 for use. However, an audit verification on the market in November 2018 revealed that the water gutters were already broken and manhole chambers were all open.

Consequently, the residents of Trans Nzoia County may not have obtained value for money incurred on the market.

4. Avoidable Tax Interest and Penalty

The finance costs including interest amount of Kshs.43,639,112 for the year ended 30 June 2018 includes Kshs.21,135,585 paid to Kenya Revenue Authority in respect to penalty of Kshs.20,322,678 and interest of Kshs.812,907 for delayed remittance of the tax recoveries for the month of November 2017 as below:

Payroll Month	Payee Amount Kshs.	Penalty@ 25% Kshs.	Interest 1% pm Kshs.	Total Kshs.
Nov. 2017	81,290,713.00	20,322,678	812,907	102,426,298

A charge of Kshs.21,135,585 on Executive funds amounted to nugatory payment as it was avoidable. In addition, the interest and penalty were not budgeted for and hence affecting cash flow position of the Executive.

Delay in remittances of statutory deduction to Kenya Revenue Authority is contrary to Section 37 of the Income Tax Act which require that the PAYE for the current month should be accounted for and remitted by the 9th day of the following month.

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 Report on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Information Technology (IT) Internal Control

Audit review of the County Executive ICT department revealed that the department does not have an approved ICT strategy committee, strategic plan and an IT steering committee to oversee the County IT assets. There was also no formal documented and tested emergency procedure in place, approved disaster recovery and business continuity plans. Further, formal approved user account management policy with users having unique user name together with proper air conditioning of the server room were not in place.

Consequently, the County Executive may not be able to continue normally in case of a disaster and the ICT assets of the County Executive are also not secured.

2. Governance Framework

2.1 Failure to Establish an Audit Committee

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

2.2 Lack of Independent Internal Audit Function

The County Executive of Trans Nzoia has established an internal audit unit. However, the internal audit function reports both administratively and functionally to the CEC Finance instead of an Audit Committee contrary to Regulation 155(1) of the Public Finance Management (County Government) Regulations 2015, which states that the head of internal audit unit in a County Government entity shall enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the audit committee. In addition, the internal audit function operated without an approved internal audit charter detailing the scope, responsibilities and purpose of internal audit function as required. Further, during the year under review the internal audit department did not prepare any internal audit reports highlighting the risks existing, weaknesses in the systems of internal control and the recommendations thereon.

Consequently, the unit lacks the operational independence to execute its mandate of overseeing governance mechanisms and promoting transparency and accountability in management of the County Executive.

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 effective 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 Executive's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using basis of accounting unless the management either intends to liquidate the Executive or to cease operations, or have no realistic alternative but to do so.

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

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 scepticism throughout the audit. I also:

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

- 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 Executive's 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 Executive to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

Nairobi

18 February 2019

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	2017-2018 KShs	2016-2017 KShs
RECEIPTS			
Exchequer releases	1	5,647,400,000	5,502,547,171
Proceeds from Domestic and Foreign Grants	2	183,431,058	5,665,000
Transfers from Other Government Entities	3	188,735,012	252,060,652
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	248,724,083	217,102,483
Returned CRF issues	10	36,800,609	-
TOTAL RECEIPTS		**6,305,090,762**	**5,977,375,306**
PAYMENTS			
Compensation of Employees	11	2,667,942,552	1,944,062,488
Use of goods and services	12	1,696,601,380	1,643,758,569
Subsidies	13	-	-
Transfers to Other Government Units	14	550,288,525	792,312,915
Other grants and transfers	15	50,000,000	194,718,660
Social Security Benefits	16	40,410,072	145,875,339
Acquisition of Assets	17	782,820,414	1,444,017,015
Finance Costs, including Loan Interest	18	43,639,112	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Other Payments	20	7,683,700	-
TOTAL PAYMENTS		**5,839,385,755**	**6,164,744,986**
SURPLUS/DEFICIT		**465,705,007**	**187,369,680**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Trans-Nzoia financial statements were approved on 14th January, 2019 and signed by:

Chief Officer
CPA Emmanuel W. Sikuku
ICPAK Member No: 6069

Head of Treasury
Caroli Njalale Simiyu
ICPAK Member No:

5.2. STATEMENT OF ASSETS AND LIABILITIES

	Notes	2017-2018 KShs	2016-2017 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	566,846,740	62,923,879
Cash Balances	21B	-	-
Total Cash and cash equivalent		**566,846,740**	**62,923,879**
Accounts receivables – Outstanding Imprests	22	60,338,990	15,239,400
TOTAL FINANCIAL ASSETS		**627,185,730**	**78,163,279**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	83,492,753	175,309
NET FINANCIAL ASSETS		**543,692,977**	**77,987,970**
REPRESENTED BY			
Fund balance b/fwd	24	77,987,970	265,357,650
Prior year adjustments	25	-	-
Surplus/Deficit for the year		465,705,007	187,369,680
NET FINANCIAL POSITION		**543,692,977**	**77,987,970**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. County Government of Trans-Nzoia financial statements were approved on 14th January,2019 and signed by:

Chief Officer
CPA Emmanuel W. Sikuku
ICPAK Member No. 8009

Head of Treasury
Caroli Njalale Simiyu
ICPAK Member No

5.3. STATEMENT OF CASH FLOWS

	Notes	2017-2018 KShs	2016 - 2017 KShs
Receipts from operating income			
Exchequer Releases	1	5,647,400,000	5,502,547,171
Proceeds from Domestic and Foreign Grants	2	183,431,058	5,665,000
Transfers from Other Government Entities	3	188,735,012	252,060,652
County Own Generated Receipts	9	248,724,083	217,102,483
Returned CRF issues	10	36,800,609	-
Payments for operating expenses			
Compensation of Employees	11	2,667,942,552	1,944,062,488
Use of goods and services	12	1,696,601,380	1,643,758,569
Transfers to Other Government Units	14	550,288,525	792,312,915
Other grants and transfers	15	50,000,000	194,718,660
Social Security Benefits	16	40,410,072	145,875,339
Finance Costs, including Loan Interest	18	43,639,112	-
Other Payments	20	7,683,700	-
Net cash flow from operating activities		**1,248,525,421**	**1,256,647,335**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	782,820,414	1,444,017,015
Net cash flows from Investing Activities		**782,820,414**	**1,444,017,015**
CASHFLOW FROM FINANCING ACTIVITIES			
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**465,705,007**	**187,369,680**
Cash and cash equivalent at BEGINNING of the year	21	**77,987,970**	**265,357,650**
Cash and cash equivalent at END of the year	24	**543,692,977**	**77,987,970**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Trans-Nzoia financial statements were approved on 14th January,2019 and signed by:

Chief Officer
CPA Emmanuel Sikuku

Head of Treasury
Caroli Njalale Simiyu

ICPAK Member No: 6069

ICPAK Member No:

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	5,647,400,000	-	5,647,400,000	5,647,400,000	-	100 %
Proceeds from Domestic and Foreign Grants	389,997,451	(79,450,722)	310,546,729	193,535,635	117,011,094	62%
Transfers from Other Government Entities	132,433,805	84,845,004	217,278,809	178,630,435	38,648,374	82%
County Own Generated receipts	600,000,000	(200,000,000)	400,000,000	248,724,083	151,275,917	62%
Return issues to CRF	53,302,682	-	53,302,682	36,800,609	16,502,073	69 %
TOTAL	**6,823,133,938**	**(194,605,718)**	**6,628,528,220**	**6,302,429,581**	**323,437,458**	**95%**
PAYMENTS						
Compensation of Employees	2,266,262,414	46,220,300	2,312,482,714	2,667,942,552	(355,459,838)	115%
Use of goods and services	1,786,738,841	(37,046,528)	1,749,692,313	1,696,601,380	53,090,933	97%
Transfers to Other Government Units	563,452,425	-	563,452,425	550,288,525	13,163,900	98%
Other grants and transfers	179,500,000	(11,500,000)	168,000,000	50,000,000	118,000,000	30%
Social Security Benefits	35,000,000	10,000,000	45,000,000	40,410,072	4,589,928	88%
Acquisition of Assets	1,892,180,258	(242,279,490)	1,649,900,768	782,820,414	867,080,354	47%
Finance Costs, including Loan Interest	60,000,000	40,000,000	100,000,000	43,639,112	56,360,888	44%
Other Payments	40,000,000	-	40,000,000	7,683,700	32,316,300	19%
TOTAL	**6,823,133,938**	**(194,605,718)**	**6,628,528,220**	**5,839,385,755**	**789,142,465**	**88%**

The County Government of Trans-Nzoia financial statements were approved on 14th January,2019 and signed by:

Chief Officer
CPA Emmanuel W. Maluku
ICPAK Member No. [illegible]

Head of Treasury Accounts
Caroli Njalale Simiyu
ICPAK Member No

5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	3,829,651,448	402,546,515	4,232,197,963	4,232,197,963	-	100%
County Own Generated receipts	600,000,000	(200,000,000)	400,000,000	248,724,083	151,275,917	62%
TOTAL	**4,429,651,448**	**202,546,515**	**4,632,197,963**	**4,480,922,046**	**151,275,917**	**97%**
PAYMENTS						
Compensation of Employees	2,266,262,414	46,220,300	2,312,482,714	2,667,942,552	(355,459,838)	115%
Use of goods and services	1,364,936,609	63,326,215	1,428,262,824	1,528,565,999	(100,303,175)	107%
Transfers to Other Government Units	563,452,425	-	563,452,425	550,288,525	13,163,900	98%
Other grants and transfers	100,000,000	43,000,000	143,000,000	50,000,000	93,000,000	35%
Social Security Benefits	35,000,000	10,000,000	45,000,000	40,410,072	4,589,928	90%
Finance Costs, including Loan Interest	60,000,000	40,000,000	100,000,000	43,639,112	56,360,888	44%
Other Payments	40,000,000	-	40,000,000	7,683,700	32,316,300	19%
TOTAL	**4,429,651,448**	**202,546,515**	**4,632,197,963**	**4,888,529,960**	**(256,331,997)**	**105%**
SURPLUS/(DEFICIT)	-	-	-	**(407,607,914)**	**(99,733,718)**	

The County Government of Trans-Nzoia financial statements were approved on 11th January, 2019 and signed by:

Chief Officer
CPA Emmanuel W. Sikuku
ICPAK Member No: 6069

Head of Treasury Accounts
Caroli Njalale Simiyu
ICPAK Member No:

5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	1,817,748,552	(402,546,515)	1,415,202,037	1,415,202,037	-	100%
Proceeds from Domestic and Foreign Grants	389,997,451	(79,450,723)	310,546,729	193,535,635	117,011,094	62%
Transfers from Other Government Entities	132,433,805	84,845,004	217,278,809	178,630,435	38,648,374	82%
Return CRF issues	53,302,682	-	53,302,682	36,800,609	16,502,073	69%
TOTAL	**2,393,482,490**	**397,152,233**	**1,996,330,257**	**1,824,168,716**	**172,161,541**	**91%**
PAYMENTS						
Use of goods and services	421,802,232	(100,372,743)	321,429,489	168,035,381	153,394,108	52%
Other grants and transfers	79,500,000	(54,500,000)	25,000,000	-	25,000,000	0
Acquisition of Assets	1,892,180,258	(242,279,490)	1,649,900,768	782,820,414	867,080,354	47%
TOTALS	**2,393,482,490**	**(397,152,233)**	**1,996,330,257**	**950,855,795**	**1,045,474,462**	**48%**
SURPLUS/(DEFICIT)	-	-	-	**873,312,921**	**(873,312,921)**	**48%**

The County Government of Trans-Nzoia financial statements were approved on 14th January, 2019 and signed by:

Chief Officer
CPA Emmanuel W. Sikuku
ICPAK Member No: 6[illegible]

Head of Treasury-Accounts
Caroli Njalale Simiyu
ICPAK Member No:

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018		2018	Date, 2018	
	KShs	KShs	KShs	KShs	KShs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

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 County Government of Trans-Nzoia all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Reporting County Government of Trans-Nzoia

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer

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

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 County Government of Trans-Nzoia or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the County Government of Trans-Nzoia 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 County Government of Trans-Nzoia recognises all expenses when the event occurs and the related cash has actually been paid out by the County Government of Trans-Nzoia.

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 *County Government of Trans-Nzoia* and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the *County Government of Trans-Nzoia* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *County Government of Trans-Nzoia* 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 9,371,885 compared to Kshs 175,309 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 *County Government of Trans-Nzoia* 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 *County Government of Trans-Nzoia* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *County Government of Trans-Nzoia'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 30th May 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the *County Government of Trans-Nzoia'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

The comparative figures for the previous financial year have been maintained in the presentation of the current financial statements as per the Auditor Generals' audit Certificate.

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

	2017 - 2018	2016 – 2017
	KShs	KShs
Total Exchequer Releases for quarter 1	395,318,000	935,433,019
Total Exchequer Releases for quarter 2	1,440,087,000	1,403,149,529
Total Exchequer Releases for quarter 3	1,976,590,000	1,375,636,793
Total Exchequer Releases for quarter 4	1,835,405,000	1,788,327,830
Total	**5,647,400,000**	**5,502,547,171**

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2017 – 2018	2016 – 2017
			KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)				
1. Danida		-	14,723,664	5,665,000
2. NARGIP	-	-	50,609,855	-
3. KDSP-World Bank			43,386,482	-
4. HSSP World Bank			35,601,180	-
Grants Received from other levels of government				
1. Youth Polytechnic	-	-	39,109,877	-
Total			**183,431,058**	**5,665,000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017 – 2018 KShs	2016 – 2017 KShs
Transfers from Central government entities		
User Fees	10,104,577	20,209,152
Free Maternity Service	-	67,667,500
Kenya Roads Boards Fund-Fuel Levy	178,630,435	84,546,000
MOH Allowances	-	79,638,000
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	**188,735,012**	**252,060,652**

4. PROCEEDS FROM DOMESTIC BORROWINGS

	2017 – 2018 KShs	2016 – 2017 KShs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Total	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

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

6. PROCEEDS FROM SALE OF ASSETS

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

7. REIMBURSEMENTS AND REFUNDS

	2017 – 2018 KShs	2016 – 2017 KShs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals& Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

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

9. COUNTY OWN GENERATED RECEIPTS

	2017 – 2018	2016 – 2017
	KShs	KShs
Interest Received	-	-
Profits and Dividends	-	-
Rents	29,101,207	34,678,474
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Business permits	59,123,919	56,780,637
Cess	25,469,801	19,346,062
Poll rates	-	-
Plot rents	-	-
Other local levies	2,050,430	2,644,455
Administrative services fees	905,729	-
Veterinary fees	1,680,874	-
Council's natural resources	1,735,700	-
Exploitation	-	-
Coffee license sale of seedlings	406,945	-
Lease / rental of council's	-	-
Infrastructure assets	-	-
Other miscellaneous receipts	3,735,525	1,763,165
Noise control pollution fees	401,850	-
Insurance claims recovery	-	-

Medium term loans (1-3 yr repayment)	-	-
Long term loans (over 3 yr repayment)	-	-
Liquor fees	300,000	6,108,680
Donations	-	-
Fund raising events	-	-
Other receipts from financial assets loan	-	-
Market/trade centre fee	13,229,630	11,855,760
Vehicle parking fees	24,874,318	19,115,830
Housing	-	-
Social premises use charges	76,040	95,300
Weights and Measures	411,150	-
Agricultural mechanization services	491,359	602,850
Other education receipts	-	-
Public health services	102,500	154,000
Public health facilities operations	66,068,472	43,167,452
Environment & conservancy	2,214,500	-
Water Supply Administration	320,871	3,254,525
Slaughter houses administration	165,970	1,118,195
Advertisement, trade names, Billboard and Sign board	11,133,838	8,936,778
Building Plan, Clearance and Completion Certificate	1,244,200	6,157,060
Change of user/ plot subdivision	3,391,700	1,323,260
Technical services fees	14,755	-
Survey fees	72,800	-
	248,724,083	**217,102,483**

10. RETURNED CRF ISSUES

	2017 – 2018	2016 – 2017
	KShs	KShs
Recurrent account	5,197,284	-
Development account	31,603,325	-
Deposit account	-	-
Total	**36,800,609**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2017 – 2018	2016 – 2017
	KShs	KShs
Basic salaries of permanent employees	2,613,205,809	1,067,708,804
Basic wages of temporary employees	54,736,743	12,964,628
Personal allowances paid as part of salary	-	862,179,056
Personal allowances paid as reimbursements	-	1,210,000
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**2,667,942,552**	**1,944,062,488**

12. USE OF GOODS AND SERVICES

	2017 - 2018	2016 – 2017
	KShs	KShs
Utilities, supplies and services	54,921,300	37,120,626
Communication, supplies and services	5,980,390	3,967,069
Domestic travel and subsistence	50,912,479	119,461,089
Foreign travel and subsistence	15,977,979	15,643,172
Printing, advertising and information supplies & services	70,645,375	39,312,322
Rentals of produced assets	4,846,400	32,802,736
Training expenses	152,811,270	54,445,047
Hospitality supplies and services	181,971,618	292,027,303
Insurance costs	14,203,505	60,661,178
Specialized materials and services	306,960,982	408,191,227
Office and general supplies and services	71,297,971	49,107,943
Other operating expenses	282,666,828	154,886,027
Routine maintenance – vehicles and other transport equipment	26,187,116	28,350,734
Routine maintenance – other assets	332,198,556	291,494,293
Fuel and Lubricants	125,019,611	56,287,803
Total	**1,696,601,380**	**1,643,758,569**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Subsidies to Public Corporations		
	-	-
Subsidies to Private Enterprises		
	-	-
TOTAL	-	-

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Transfers to Central government entities		
See attached list	-	-
Transfers to Other County Entities		
County Public Services Board	19,836,100	28,944,000
Trans-nzoia County Assembly Direct Exchequer Issues	530,452,425	534,270,936
Trans-nzoia Hospitals Operations	-	229,097,979
TOTAL	**550,288,525**	**792,312,915**

15. OTHER GRANTS AND OTHER PAYMENTS

	2017 - 2018	2016 – 2017
	KShs	KShs
Scholarships and other educational benefits	50,000,000	129,605,000
Emergency relief and refugee assistance	-	22,638,750
Subsidies to small businesses, cooperatives, and self employed	-	42,474,910
Other Current Transfer-Others	-	-
Total	**50,000,000**	**194,718,660**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

	2017 - 2018	2016 – 2017
	KShs	KShs
Government pension and retirement benefits	40,410,072	100,459,801
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	45,415,538
Total	**40,410,072**	**145,875,339**

17. ACQUISITION OF ASSETS

Non-Financial Assets	2017 – 2018	2016 – 2017
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	291,155,877	243,499,635
Refurbishment of Buildings	55,110,736	198,676,639
Construction of Roads	176,571,881	27,069,240
Construction and Civil Works	180,406,981	168,256,732
Overhaul and Refurbishment of Construction and Civil Works	18,918,353	207,951,669
Purchase of Vehicles and Other Transport Equipment	-	4,062,291
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	11,019,002	13,533,870
Purchase of ICT Equipment	-	-
Purchase of Specialized Plant, Equipment and Machinery	15,145,320	549,941,788
Rehabilitation and Renovation of Plant, Machinery and Equip.	12,352,803	5,287,402
Purchase of Certified Seeds, Breeding Stock and Live Animals	6,743,461	5,235,700
Research, Studies, Project Preparation, Design & Supervision	6,971,000	6,900,000
Rehabilitation of Civil Works	-	7,613,750
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	8,425,000	5,988,299
Acquisition of Intangible Assets	-	-
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total	**782,820,414**	**1,444,017,015**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

	2017 - 2018	2016 – 2017
	KShs	KShs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	43,639,112	-
Interest on Borrowings from Other Government Units	-	-
Total	43,639,112	-

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

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

20. OTHER PAYMENTS

	2017 – 2018	2016 – 2017
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	7,683,700	-
Other payments	-	-
	7,683,700	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency*	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2017 – 2018	2016 – 2017
				KShs	KShs
Central Bank Development A/C 1000171081	Ksh	Development	-	19,095	192,556
Central Bank Recurrent A/C 1000171154	Ksh	Recurrent	-	3,070	1,176,180
Central Bank county revenue Fund 0330260875558	Ksh		-	501,137,078	18,478,174
Equity Bank A/C. Executive operation 0330260875558		Recurrent	-		78,721
Equity Bank A/C Revenue Collection 033060729452		Recurrent	-	3,537,061	8,801,564
Fuel levy A/C		Development	-	102,269	31,484,230
Equity Bank-Stalled project A/C 330263870915		Development	-	14,327	1,667,027
KCB Bank-executive-Imprest A/C 1140772694		Recurrent	-	368,123	770,118
Central Bank Deposit		Recurrent	-	175,309	175,309
Chase Bank-Retention A/C		Recurrent	-	9,176,576	-
KCB Bank NARGIP A/C 1236937872		Development	-	37,023,123	-
KCB Bank Special purpose A/C		Development	-	15,290,707	-

Total			-	**566,846,740**	**62,923,879**

*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	-	-
Cash in Hand – Held in foreign currency	-	-
Total	**-**	**-**

Cash in hand should also be analysed as follows:

	2017 – 2018 KShs	2016 – 2017 KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Government Imprests	60,338,990	15,239,400
Clearance accounts	-	-
Total	**60,338,990**	**15,239,400**

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

23. ACCOUNTS PAYABLE

	2017 – 2018	2016 – 2017
	KShs	KShs
Deposits and Retentions	9,371,885	175,309
Borrowing from Financial Institutional	74,120,868	-
Total	**83,492,753**	**175,309**

24. FUND BALANCE BROUGHT FORWARD

	2017 – 2018	2016 – 2017
	KShs	KShs
Bank accounts	62,923,879	228,652,578
Cash in hand	-	-
Accounts Receivables	15,239,400	46,000,000
Accounts Payables	(175,309)	(9,294,928
Total	**77,987,970**	**265,357,650**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

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

5.10. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017 – 2018 KShs	2016 – 2017 KShs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

2. PENDING STAFF PAYABLES (See Annex 2)

	2017 – 2018 KShs	2016 – 2017 KShs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (*specify*)	-	-
	-	-

3. OTHER PENDING PAYABLES (See Annex 3)

	2017 – 2018 KShs	2016 – 2017 KShs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (*specify*)	-	-
	-	-

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 Kshs	2017- 2018 Kshs
Key Management Compensation (Governors, CEC Members and C.Os)	-	-
Transfers to related parties		
Transfer to the County Assembly	-	-
Transfers to other County Government Entities	-	-
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	**-**	**-**
Transfers from related parties		
Transfers from the Exchequer	-	-
Transfers from MDAs	-	-
Transfers from SCs and SAGAs- National Government	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	**-**	**-**

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.

COUNTY GOVERNMENT OF TRANS-NZOIA	Date Established	Location	Accounting Officer responsible
Elimu Bursary Fund	9th May 2014	Social Hall	Chief Officer Education
Youth and Women Development fund	4th June, 2014	Social Hall	Chief Officer Gender
Nawiri Fund	5th May, 2015	Fire Yard	Chief Officer Trade
County Public Service Board	10th July,2013	Mt Elgon Hospital	Secretary to the Board
NARGIP Project	2017		Chief officer Agriculture

6. ROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*

Guidance Notes:

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

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

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

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

CEC, County Treasury

Sign.....

Date.....

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Level 5 hospitals allocation	Total Transfers from the National Treasury
Exchequer Releases for quarter 1	395,318,000	14,723,664		
Exchequer Releases for quarter 2	1,440,087,000	-		
Exchequer Releases for quarter 3	1,976,590,000	-		
Exchequer Releases for quarter 1	1,835,405,000	-		
Total	**5,647,400,000**	**14,723,664**		

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
	A	B	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		a	B	C	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		A	B	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 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				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total				

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-COUNTY GOVERNMENT OF TRANS-NZOIA TRANSFERS

Ref	COUNTY GOVERNMENT OF TRANS-NZOIA	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	County Assembly	**58,330,508**	**135,613,089**	**135,613,089**	**200,895,739**	**530,452,425**	**530,452,425**	-	
2	Elimu Bursary fund	-	-	-	**50,000,000**	**50,000,000**	**50,000,000**		
3	Xxx project								
4	Trans nzoia Public Service board	**9,627,100**	-	**3,500,000**	**6,709,000**	**19,836,100**	**19,836,100**		
	Total								

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project