REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF KIRINYAGA

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR - GENERAL
P. O. Box 113 - 60100, EMBU
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COUNTY GOVERNMENT OF KIRINYAGA

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

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1. COUNTY GOVERNMENT OF KIRINYAGA 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

Kirinyaga County Government day-to-day management is under the following key organs:

1)	H.E. Anne Mumbi	County Governor
2)	Peter Ndambiri	Deputy Governor
3)	Moses Migwi	CEC Member for Finance and Economic Planning
4)	James Kinyua Mutugi	CEC Member for Education
5)	-	CEC Member for Health
6)	Mithamo Margaret Kibuci	CEC Member for Trade, Cooperatives and Tourism
7)	-	CEC Member for Transport and Infrastructure
8)	Dr. Jackan M. Gutu	CECM for Environment, Water and Natural Resources
9)	Jackline Wanjiku Njogu	CEC Member for Agriculture, Livestock and Fisheries
10)	Rev.Peter Murimi Kajombe	CEC Member for Lands, Physical Planning & Housing.
11)	Dennis Gichobi Mucimi	CEC Member for Youth & Sports.
12)	Lynette Wanjiru Njeru	CEC Member for Gender, culture & Social Development
13)	Joe Muriuki	County Secretary.

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Finance Officer	**Patrick Mugo**
2.	Head of County Treasury (Accounting)	**Zephaniah N. Kiongo**
3.	Director of Economic Planning	**John N. Mbugua**
4.	Director, Internal Audit	**Phillomena Nyokabi**
5.	Director Supply Chain Management	**Carilus Otieno**
6.	Director, County Budget	**Lawrence K. Muchira**

d) Fiduciary Oversight Arrangements

The County Government consists of two Arms of Government with one mainly undertaking the oversight role namely the County Assembly. The activities are checked by the activities of several committees instituted mainly by the County Assembly. The Finance committee is mandated to ensure there is that the public resources in the county are applied prudently for the activities that were meant for in the County. Additionally, the members of the County Assembly are representatives of the region all over the County and consequently are able to verify the optimal resource management of the county.
The County has a functional Internal Audit Office which oversees the day to day financial management of the County. They assure sound internal controls are adhered to. There is an audit committee in place which has an oversight role on the county executive. They make their independent recommendations based on internal and external audit reports. External audit is done by Office of Auditor General after the end of each financial year. The final external audit report is deliberated by the Senate, Public Account Committee and County Assembly Finance and Budget committee.

e) Entity Headquarters

P.O. Box 260
KUTUS, KENYA
Kutus Town

f) Entity Contacts

Telephone: 0720803286
Website: www.kirinyaga.go.ke
Email: cofinance@kirinyaga.go.ke

g) Entity Bankers

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

2. Kenya Commercial Bank
   P.O. Box 90 - 10300
   Kerugoya

3. Co-operative Bank
   P.O Box 635 – 10300
   Kerugoya

4. Equity Bank
   Kerugoya

h) Independent Auditors

Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 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 CECM FINANCE

I have the pleasure for presenting the amended financial report of the County Government of Kirinyaga for the year ended 2018/2019. These financial reports have been prepared in accordance with Generally Accepted Accounting Principles (GAAPs), the International Accounting Standards (IAS), the International Public Sector Accounting Standards (IPSAS) cash basis, and Section 163 of the Public Finance Management Act, 2012.

The County realised a deficit of Kshs. 304,761,511 during the year, compared to an approved supplementary budget of KShs. 5,911,458,972. The total expenditure for the year was Kshs 5,241,797,280, which included both recurrent and development expenditure. The total current year revenue was Kshs 4,937,035,769 with Kshs 4,113,400,000, from equitable share and KShs. 430,961,821 from local sources.

The County endeavoured to utilise Public Finance Management procedures and regulations, which included; Procurement and Disposals Act, Public Finance Management Act, 2012 just to mention a few to ensure optimal utilisation of the County Resources and achieve value for money as enshrined in the Constitution of Kenya 2010.

In the Financial Year under review, the County was faced by various challenges. They include;

- The delay in disbursements of funds to County Governments by the National Government has persisted since inception. The County Government therefore had limited resources, which posed a challenge to timely implementation of the budget during the period under review. The county did not receive all the revenues as stipulated in CARA from National Treasury.

- The integrated Financial Information System (IFMIS) had not been fully rolled out in the County to facilitate proper accounting of revenues and auto bank reconciliations of the county bank accounts. The county treasury had resorted to manual system of accounting for revenues and bank reconciliation. This poses serious challenges in the effective management of public resources. The system also experiences network downtimes so often than not and consequently affects efficiency.

- Valuation of all the county assets has not been done. These include all lands where the county buildings are located for instance health centres, county polytechnics and county offices. This poses a great challenge in coming up with a comprehensive asset register for the county. The inter-governmental committee on asset and liabilities is in the process of carrying out valuation of all assets inherited from former county council, municipals and National Government, in order to come up with a consolidated asset register for the county. The asset register included in this report is therefore limited to those assets acquired after devolution in the year 2013.

In Conclusion, I am grateful to the County Governor, Deputy Governor, County Executive committee members, Departmental heads for the support they have given to me and the staff of my department during the year. I would also like to thank the officers from the National Treasury, the Office of the Controller of Budget, the Commission on Revenue Allocation and Kenya National Audit Office for the advice and guidance.

CPA. Moses Migwi
CECM - Finance and Economic Planning
ICPAK No.20661

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, 2019. 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 amended financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2019, 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 amended financial statements were approved and signed by the CEC member for finance on 15/11 2019.

County Executive Committee Member – Finance

REPUBLIC OF KENYA

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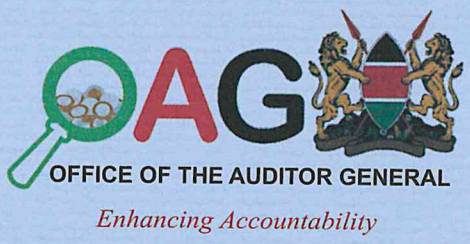

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KIRINYAGA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Kirinyaga set out on pages 1 to 40, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation; recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 the County Executive of Kirinyaga as at 30 June, 2019, 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 and the County Governments Act, 2012.

Basis for Qualified Opinion

1.0 Accuracy of the Financial Statements

1.1 Variances Between Statement of Receipts and Payments Balances and the Integrated Financial Management Information System (IFMIS) Figures

The statement of receipts and payments for the year ended 30 June, 2019 reflects total expenditure of Kshs.5,241,797,280. However, the IFMIS report reflects a total expenditure of Kshs.4,561,101,048 on the same items resulting to unreconciled variances as shown below:

Components	Statement of Receipts and Payments Amount (Kshs.)	IFMIS Report Amounts (Kshs.)	Variances (Kshs.)
Compensation of Employees	2,508,203,335	2,438,759,239	69,444,096
Use of goods and services	659,319,115	794,869,980	(135,550,865)
Transfers to Other Government Units	1,057,098,193	113,559,525	943,538,668
Other grants and transfers	28,467,401	253,545,040	(225,077,639)
Acquisition of Assets	988,709,236	960,367,264	28,341,972
Total	**5,241,797,280**	**4,561,101,048**	

In the circumstances, the accuracy of the balances in respect to the five (5) items in the financial statements for the year ended 30 June, 2019 could not be ascertained.

1.2 Variances Between the Approved Budget and the Statement of Appropriation Budget Balances

The summary statement of appropriation - recurrent reflects Kshs.4,093,312,926 in respect to the final budget while the approved expenditure budget reflects Kshs.3,491,378,117 in respect to the same items resulting to an unexplained variances as shown below:

Payments	Summary Statement of Appropriation Final Budget (Kshs.)	Approved Final Budget (Kshs.)	Variance (Kshs.)
Compensation of Employees	2,507,244,885	2,500,196,975	7,047,910
Use of Goods and Services	642,475,905	739,554,700	(97,078,795)
Subsidies	0	7,546,868	(7,546,868)
Transfers to Other Government Units	896,774,016	180,257,294	716,516,722
Other Grants and Transfers	20,000,000	25,500,000	(5,500,000)
Acquisition of Assets	26,818,120	31,322,280	(4,504,160)
Other Payments	0	7,000,000	(7,000,000)
Total	**4,093,312,926**	**3,491,378,117**	

Similarly, the summary statement of appropriation - development reflects an amount of Kshs.1,818,146,046 in respect to final budget while the approved expenditure budget reflects Kshs.1,746,028,604 in respect to the same items resulting to an unexplained and unreconciled variances as shown below:

Payments	Summary Statement of Appropriation Final Budget (Kshs.)	Approved Final Budget (Kshs.)	Variance (Kshs.)
Compensation of Employees	2,000,000	5,000,000	(3,000,000)
Use of Goods and Services	62,124,042	68,549,182	(6,425,140)
Subsidies	0	13,320,000	(13,320,000)
Transfers to Other Government Units	531,301,571	294,411,516	236,890,055
Other Grants and Transfers	35,120,000	0	35,120,000
Acquisition of Assets	1,187,600,433	1,364,747,906	(177,147,473)
Total	**1,818,146,046**	**1,746,028,604**	

In addition, the County Executive did not avail the approved individual receipts budget for recurrent and development for audit review. It was therefore, not possible to confirm the accuracy of the final budgeted receipts balances of Kshs.4,093,312,926 and Kshs.1,818,146,046 as reflected in the summary statements of appropriation for recurrent and development respectively.

In the circumstances, the accuracy of the recurrent and development budgeted receipts of Kshs.4,093,312,926 and Kshs.1,818,146,046 respectively for the year ended 30 June, 2019 could not be confirmed.

1.3 Summary Statement of Appropriation: Recurrent and Development Combined

The summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2019 reflects an amount of Kshs.246,274,089 and Kshs.146,399,859 in respect to actual receipts on proceeds from domestic and foreign grants and actual receipts on transfers from other government entities respectively. However, Note 2 and Note 3 to the financial statements reflect a balance of Kshs.206,855,539 and Kshs.185,818,409 respectively in respect to the same items in the statement of receipts and payments resulting to an unexplained variance of Kshs.39,418,550.

In the circumstances, the accuracy of the statement of appropriation: recurrent and development combined for the year ended 30 June, 2019 could not be ascertained.

1.4 Variance Between the Statement of Budget Execution by Programs and Sub-Programs

The statement of budget execution by programs and sub-programs reflects total actual payments valued at Kshs.4,729,988,418 for twenty-three (23) items. However, the IFMIS report reflects a cumulative value of Kshs.4,693,517,942 in respect to the same items resulting to an unreconciled variances as detailed in the attached **Appendix I**.

Further, the statement of budget execution by programs and sub-programs reflects variances between the approved budget and IFMIS budget report. Under Basic Education-General Administration, the approved budget as per the Statement of Budget

Execution by Programmes and Sub-programmes of Kshs.186,405,420 is indicated as Kshs.226,055,280 as the approved budget in the IFMIS Report resulting to an over-estimation of Kshs.39,649,860. Conversely, under the Technical and Vocational Training-Village Polytechnics the approved budget as per Statement of Budget Execution by Programmes and sub-programmes of Kshs.42,439,460 is indicated as Kshs. 2,789,600 as the approved budget in the IFMIS Report resulting to an under-estimation of Kshs.39,649,860 as a compensating error.

In the circumstances, the accuracy of the statement of budget execution by programs and sub-programs for the year ended 30 June, 2019 could not be ascertained.

1.5 Statement of Cashflows

The statement of cashflows reflects a balance of Kshs.797,093,633 in respect of net cashflows from operating activities. However, a re-cast of the balances reflects an amount of Kshs.796,093,633 resulting to unexplained variance of Kshs.1,000,000. The statement also reflects a negative balance of Kshs.989,709,236 in respect to acquisition of assets while Note 17 to the financial statements reflects an amount of Kshs.988,709,236 resulting to un-reconciled variance of Kshs.1,000,000 as a compensating error.

In the circumstances, the accuracy of the statement of cash flows for the year ended 30 June, 2019 could not be ascertained.

2.0 Cash and Cash Equivalents

As disclosed in Note 21A to the financial statements, the statement of assets and liabilities as at 30 June, 2019 reflects a balance of Kshs.823,688,291 in respect to cash and cash equivalents.

However, bank reconciliation statements for four (4) bank accounts reflect receipts in bank statements not recorded in cash books amounting to Kshs.46,512,617, thereby understating the cash and cash equivalents by the same amount while payments in bank statements not reflected in cashbooks for three (3) bank accounts amounted to Kshs.351,169, thus overstating the cash and cash equivalents by the same amount. No evidence was provided to indicate that such outstanding reconciling amounts were subsequently adjusted in the cashbook.

Further, the bank reconciliation statement for one bank account with a nil closing balance includes unpresented cheques amounting to Kshs.8,429 in respect to stale cheques that had not been reversed in the cashbook thereby understating the cash book balance by Kshs.8,429 as at 30 June, 2019.

In addition, the County Executive had overdrawn one bank account at ABC Bank by Kshs.206 as at 30 June, 2019 but a bank confirmation certificate was not availed for review.

3.0 Pending Accounts Payable

As disclosed in Note 5.10.1 on the other important disclosures, the financial statements reflect an amount of Kshs.362,916,593 in respect of pending accounts payable for the year ended 30 June, 2019. However, supporting documents including approved list of the pending bills, payment vouchers, contract agreements, procurement records, invoices, delivery notes, stores ledgers, LSOs, LPOs and evidence of the existence of a pending bills committee were not availed for audit review.

Further, the County Executive's vote book reflects an amount of the Kshs.362,916,593 comprised of Kshs.159,703,664 and Kshs.203,212,929 in respect to development and recurrent commitments respectively. However, review of the outstanding commitments in the vote book status report for the year ended 30 June, 2019 reflects Kshs.1,936,711 and Kshs.1,714,900 in respect to development and recurrent commitments respectively both totalling to Kshs.3,651,611 only resulting to an unexplained variance of Kshs.359,264,982, an indication that the commitments may not have been controlled through the vote book.

In the circumstances, it was not possible to confirm the validity of the Kshs.362,916,593 for the year ended 30 June, 2019.

4.0 Compensation of Employees

As disclosed in Note 11 to the financial statements, the statement of receipts and expenditure reflects an amount of Kshs.2,508,203,335 under compensation of employees which constitutes an amount of Kshs.2,227,048,446 comprising of Kshs.2,161,751,232 and Kshs.65,297,214 in respect of basic salary of permanent employees and basic wages of temporary employees respectively. However, supporting schedules availed for audit review reflect an amount of Kshs.2,144,497,420 and Kshs.69,427,777 respectively, resulting to a total variance of Kshs.13,123,249 which has not been explained or reconciled.

Further, a review of the payroll for the year under review revealed that out of the Kshs.2,508,203,335 paid as compensation of employees, an amount of Kshs.2,161,751,232 paid as basic salaries of permanent employees includes Kshs.86,169,972 which was processed manually outside the IPPD system. The manual system requires calculation of deductions and net pay by the human resource officers and constant monthly and/or annual updates which is prone to human error. It was not clear why Management did not pay all its employees using the IPPD.

In the circumstances, the accuracy of Kshs.2,508,203,335 in respect of compensation of employees for the year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Kirinyaga Management in accordance with ISSAI 130 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. I have determined that there are no other key audit matters to report during the year under review.

Other Matter

1. Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.5,911,458,972 and Kshs.5,711,705,011 respectively, resulting to an under-funding of Kshs.199,753,961 or 3.3% of the budget. Similarly, the County Executive expended Kshs.5,241,797,280 against an approved budget of Kshs.5,911,458,972 resulting to an under-expenditure of Kshs.669,661,692 or 11% of the budget. The underfunding mostly occurred under proceeds from domestic and foreign travel where an amount of Kshs.304,694,304 was not received while the under-expenditure mainly occurred under transfers to other Governments of Kshs.370,977,394.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although the Management has indicated that the issues have been responded to, the matters have remained unresolved as the Senate and the County Assembly have not deliberated on the issues.

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 matter 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. Lack of an Approved Staff Establishment

During the year under review, the County Executive had a total staff of two thousand six hundred and forty-four (2,644) out of which thirty-eight (38) were recruited within the year. As reported in the previous year, the County Executive did not have an approved staff establishment in the financial year under review contrary to Section B 5(2) and Section B 6(3) of the County Public Service Human Resource Manual 2013 which requires the County Government to ensure optimum staffing level are based on the authorized establishment and organization structure.

Consequently, the County Executive was in breach of the Human Resource Manual and therefore it has not been possible to establish if the County Government operated at optimum staffing levels.

2. Project Implementation Status Report

During the year under review, the project implementation status report availed for audit review indicates that one hundred and ninety-five (195) projects with an approved budget of Kshs.1,597,447,692 were rolled out across the county departments and regions. Out of these, 110 projects with a budget of Kshs.697,183,085 were fully completed, 37 projects with a budget of Kshs.771,728,258 were partially complete while 48 projects with a budget of Kshs.128,536,350 had not started as detailed in **Appendix II:**

Further, and as reported in the previous year, verification of project records and inspection of projects revealed that construction of seventy-seven (77) projects with a total contract sum of Kshs.188,085,355, which had commenced in the financial year 2016-2017 had stalled and had been abandoned. In addition, project verification conducted in the month of September, 2019 revealed four (4) additional projects with a contract sum of Kshs.119,050,684 and which were expected to be completed during the year under review, had also stalled resulting to a total of Kshs.307,136,039 in respect to stalled projects.

In the circumstances, the residents of Kirinyaga County therefore failed to get the expected goods and services equivalent to Kshs.128,536,350 and Kshs.771,728,258 totalling to Kshs.900,264,608, being the budgeted projects that had not been started or projects that were started but not completed during the year under review respectively. This is an indication of a weak project implementation mechanism. There is therefore, need for the Management to review its project planning mechanism with a view to prioritizing projects which will be implemented during the financial year resulting to higher positive impact, in order to improve service delivery to the citizens of Kirinyaga County.

3. Ethnic Composition

A review of the personnel records and the payroll availed for audit review indicated that the Executive had a total staff of two thousand six hundred and forty-four (2,644) as at 30 June, 2019 out of which 38 were recruited during the year. Out of the 38 personnel

recruited during the year, 34 (89%) are from the dominant community contrary to Section 65 1(e) of the County Government Act, 2012 which requires at least thirty percent of the vacant posts at entry level to be filled by candidates who are not from the dominant ethnic community in the county.

In the circumstances, the County Executive is in breach of law.

4. Non-Compliance with the Public Finance Management Act, 2012

As disclosed in Note 11 to the financial statements, the statement of receipts and expenditure reflects an amount of Kshs.2,508,203,335 under compensation of employees compared to the County actual total revenue of Kshs.5,711,705,011. The expenditure represents 44% of the total receipts thereby exceeding the 35% threshold contrary to Section 25 (1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the county governments expenditure on wages and benefits for public officers should not exceed 35% of the county total revenue.

5. Failure to Submit Financial and Non- Financial Reports

The County Executive did not submit monthly financial and non-financial budgetary reports to the County Treasury with copies to the Controller of Budget and the Auditor-General contrary to Section 54(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer of a county government entity shall submit a monthly financial and non-financial budgetary report in the format to be issued by the Cabinet Secretary relating to the activities of his or her county government entity for the preceding month to the County Treasury with copies to the Controller of Budget and the Auditor-General not later than the 10th day of each month.

6. Irregular Expenditure to Council of Governors

Note 14 to the financial statements reflects Kshs.1,057,098,193 in respect to transfers to other government entities for the year ended 30 June, 2019 which includes Kshs.15,287,678 relating to transfer to the Council of Governors. However, the expenditure was incurred in contravention of Section 37 of the Intergovernmental Relations Act, 2012 which stipulates that the Council's budget shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk management and Governance 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. Fixed Asset Register

Annex 5 to the financial statements reflects an asset value brought forward of Kshs.1,245,972,362 and additions during the year of Kshs.618,785,641 all totalling Kshs.1,864,758,003 as the balance carried forward. However, the financial statements for 2017/2018 reflect a balance brought forward of Kshs.796,630,081 resulting to an unexplained variance of Kshs.449,342,281.

Further, Annex 5 reflects an amount of Kshs.618,785,641 in respect to additions during the year while Note 17 on acquisition of assets reflects a balance of Kshs.988,709,236 on the same item resulting to an unreconciled variance of Kshs.369,923,595.

In addition, the County Executive's assets are not coded or tagged for ease of identification and tracking as required by Section 132(b) of the Public Finance Management (County Governments) regulations, 2015 which require accounting officer to ensure that movement and conditions of assets can be tracked. There is no evidence availed for audit review indicating that assets inherited from the defunct authorities in the County were included in the summary of fixed assets.

In the circumstance, the Management has not instituted proper mechanism to safeguard the custody and ownership of public lands.

2. Land - Land Ownership Documents

As previously reported, a list of parcels of land owned by Kirinyaga County Executive's availed for audit review indicates the existence of forty-eight (48) parcels of land. However, land ownership documents for forty-five (45) parcels of land were not availed for audit verification. The schedule also lacked other vital information among them the date of acquisition, purpose of the land and its value in the list of parcels of land provided.

Further, of the forty-eight (48) parcels of land, only twelve (12) parcels with an estimated value of Kshs.2,250,000 were reflected in the fixed asset register. Management availed ownership documents for only three (3) parcels of land while ownership documents for the other nine (9) land parcels were not availed for audit verification.

In addition, and as previously reported, the County Executive is in a dispute over a parcel of land registration number KIINE/THINGIRICHI/527. The parcel of land, measuring approximately 250 acres, was registered on 5 May, 1960 as Native Trust Land Board/County Council of Kirinyaga. The land was reserved as cattle holding ground under the Veterinary Department. A civil suit No. 245 of 2000 was however filed by a petitioner against the defunct County Council of Kirinyaga claiming legal ownership of the parcel of land. On 25 November, 2004, the land was registered in the name of the petitioner's widow. Although the County Government claims that the allocation by the Commissioner of Lands to the petitioner was done illegally and that the title held by the widow is not valid, the matter is still pending in court and awaiting determination.

In the circumstances, I am unable to determine whether the County Executive has put in place policies and procedures to ensure safety and custody of its assets and public lands under its jurisdiction.

3. Weak Information, Communication Technology (ICT) Environment

During the year under review, the County Executive did not have an approved ICT policy to enable it manage business processes for the delivery of services to the public in an effective and efficient manner. The Executive also lacked an IT continuity plan and a disaster recovery plan.

Further, the data confidentiality, accuracy, reliability, integrity and availability could not be ascertained in the absence of ICT policy, IT continuity plan and a disaster recovery plan for the year ended 30 June, 2019.

In the circumstances, I am unable to determine the effectiveness of the internal controls and risk management processes.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. 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 overall 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Executive or to

cease operations.

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 County Executive's financial reporting process, reviewing the effectiveness of how the County Executive 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 overall 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 overall 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.

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

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

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 April, 2021

Appendix I

Variance of Statement of Budget Execution by Programs and Sub-programs

	Sub-Programme	Description	Actual Payments as per the F/S (Kshs.)	Actual Payments as per IFMIS Report (Kshs.)	Variance (Kshs.)
1	106013960	General Administration & Planning	396,399,340	398,338,340	(1,939,000)
2	106043960	County Spatial Planning	71,824,108	71,891,708	(67,600)
3	106073960	Survey and Mapping	592,135	609,735	(17,600)
4	111003960	Estate Management	301,375	401,375	(100,000)
5	202023960	ICT Governance	8,678,391	8,752,631	(74,240)
6	206013960	Construction and Maintenance of Roads and Bridges	424,717,396	425,372,587	(655,191)
7	303023960	Tourism Promotion and Marketing	2,100,099	2,200,099	(100,000)
8	303043960	International Tourism Promotion & Marketing	1,405,572	1,805,572	(400,000)
9	303053960	Promotion of Industrial Training	818,297	957,028	(138,731)
10	304013960	General Administration & Planning for County & Sub-county Office	29,138,987	29,655,592	(516,605)
11	403013960	Curative & Rehabilitative Services	2,149,478,618	2,101,373,089	48,105,529
12	501013960	General Administration	162,522,193	162,700,193	(178,000)
13	501023960	Sub county Education Operations	12,285,170	13,354,830	(1,069,660)
14	503013960	Village Polytechnic	42,439,460	42,467,460	(28,000)
15	702013960	Legislation & Oversight	629,333,009	625,916,568	3,416,441
16	704013960	Finance Services	297,153,815	297,155,816	(2,001)
17	704083960	Budget Formulation, Coordination and Management	8,643,626.00	8,686,626.00	(43,000)
18	704093960	Accounting Services	6,524,857	6,559,457	(34,600)
19	705013960	Economic Planning Services	6,654,624	6,750,524	(95,900)
20	706013960	County Executive Services	284,797,477	287,505,609	(2,708,132)
21	708013960	Coordination of County Functions	131,584,602	136,261,667	(4,677,065)
22	709013960	Organization of County Business	3,387,260.00	5,493,029	(2,105,769)
23	907013960	General Administration	59,208,007	59,308,407	(100,400)
	Total		**4,729,988,418**	**4,693,517,942**	

Appendix II

Project Implementation Status Report

Department	Budget (Kshs.)	Disbursements (Kshs.)	Number of Projects	Current Status
Agriculture	26,240,000	20,391,750	4	Completed
Health	29,047,732	19,442,739	11	
Gender, Culture, Social Services	5,000,000	4,912,000	1	
Environment and Water	48,105,102	44,368,326	7	
Youth and Sports	11,491,400	11,438,201	2	
Trade, Cooperatives and Enterprise Development	51,783,326	50,034,411	7	
Transport and Infrastructure	440,167,815	306,709,575	74	
Lands and Physical Planning	71,302,200	71,302,200	1	
Finance, Economic Planning	14,045,510	8,540,019	3	
Sub - Total	**697,183,085**	**537,139,221**	**110**	
Agriculture	157,981,945	52,883,013	4	Ongoing
Health	319,832,985	245,337,277	17	
Gender, Culture, Social services	21,000,000	0	1	
Youth and Sports	28,000,000	21,842,219	1	
Trade, Cooperatives and Enterprise Development	36,324,148	14,890,342	3	
Transport and Infrastructure	120,350,684	112,102,417	5	
Education	61,544,821	48,753,371	1	
Lands and Physical Planning	8,000,000	0	4	
Finance, Economic Planning	18,693,675	11,738,200	1	
Sub-Total	**771,728,258**	**507,546,839**	**37**	
Agriculture	1,000,000	0	1	Not started
Gender, Culture, Social services	5,605,350	997,600.00	6	
Environment and Water	59,334,000	3,487,733.00	23	
Youth and Sports	4,000,000	0	6	
Trade, Cooperatives and Enterprise Development	31,397,000	0	4	
Transport and Infrastructure	6,100,000	0	2	
Education	11,100,000	0	5	

Department	Budget (Kshs.)	Disbursements (Kshs.)	Number of Projects	Current Status
Executive	10,000,000	4,318,408	1	
Sub-Total	**128,536,350**	**8,803,741**	**48**	
Grand Total	**1,597,447,693**	**1,053,489,801**	**195**	

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Notes	2018-2019 KShs	2017-2018 KShs
RECEIPTS			
Equitable Share	1A	4,113,400,000	4,409,200,001
Proceeds from Domestic and Foreign Grants	2	206,855,539	189,853,577
Transfers from Other Government Entities	3	185,818,409	172,901,883
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	430,961,821	344,408,120
Returned to CRF Issues	10		
TOTAL RECEIPTS		**4,937,035,769**	**5,116,363,582**
PAYMENTS			
Compensation of Employees	11	2,508,203,335	2,446,094,800
Use of goods and services	12	659,319,115	474,994,623
Subsidies	13		
Transfers to Other Government Units	14	1,057,098,193.05	842,888,013
Other grants and transfers	15	28,467,401	72,068,000
Social Security Benefits	16		
Acquisition of Assets	17	988,709,236	753,599,776
Finance Costs, including Loan Interest	18		4,659
Repayment of principal on Domestic and Foreign borrowing	19		
Other Payments	20		28,200,392
TOTAL PAYMENTS		**5,241,797,280**	**4,617,850,263**
SURPLUS/DEFICIT		**(304,761,511)**	**498,513,319**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity amended financial statements were approved on 16/11 2019 and signed by:

Chief Officer
Name: Patrick M. Ndathi

Head of Treasury
Name: Z.N. Kiongo
ICPAK Member Number: 9398

5.2. STATEMENT OF ASSETS AND LIABILITIES

	Notes	2018-2019 KShs	2017-2018 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	823,688,291	1,016,303,894
Cash Balances	21B		
Total Cash and cash equivalent		**823,688,291**	**1,016,303,894**
Accounts receivables – Outstanding Imprests	22		
TOTAL FINANCIAL ASSETS		**823,688,291**	**1,016,303,894**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	(209,931,506.95)	**(97,785,599)**
NET FINANCIAL ASSETS		**613,756,784**	**918,518,295**
REPRESENTED BY			
Fund balance b/fwd	24	918,518,295	420,004,976
Prior year adjustments	25		
Surplus/Deficit for the year		(304,761,511)	498,513,319
NET FINANCIAL POSITION		**613,756,784**	**918,518,295**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity amended financial statements were approved on 16/11 2019 and signed by:

Chief Officer
Name: Patrick M. Ndathi

Head of Treasury
Name: Z.N. Kiongo
ICPAK Member Number: 9398

5.3. STATEMENT OF CASH FLOWS

	Notes	2018-2019 KShs	2017 – 2018 KShs
Receipts from operating income			
Exchequer Releases	1A	4,113,400,000	4,409,200,001
Proceeds from Domestic and Foreign Grants	2	206,855,539	189,853,577
Transfers from Other Government Entities	3	185,818,409	172,901,883
Reimbursements and Refunds	7		
Returns of Equity Holdings	8		
County Own Generated Receipts	9	430,961,821	344,408,120
Returned to CRF Issues	10		
Payments for operating expenses			
Compensation of Employees	11	(2,508,203,335)	(2,446,094,800)
Use of goods and services	12	(659,319,115)	(474,994,623)
Subsidies	13		
Transfers to Other Government Units	14	(1,057,098,193)	(842,888,013)
Other grants and transfers	15	(28,467,401)	(72,068,000)
Social Security Benefits	16		
Finance Costs, including Loan Interest	18		(4,659)
Other Payments	20		(28,200,392)
Adjusted for:			
Adjustments during the year **Changes in Payables**		112,145,908	72
Net cash flow from operating activities		**797,093,633**	**1,252,113,167**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6		
Acquisition of Assets	17	(988,709,236)	(753,599,776)
Net cash flows from Investing Activities		**(989,709,236)**	**(753,599,776)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4		
Proceeds from Foreign Borrowings	5		
Repayment of principal on Domestic and Foreign borrowing	19		
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(192,615,603)**	**498,513,391**
Cash and cash equivalents at BEGINNING of the year	21	**1,016,303,894**	**517,790,503**
Cash and cash equivalents at END of the year	24	**823,688,291**	**1,016,303,894**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity amended financial statements were approved on 18/12 2019 and signed by

Chief Officer Finance
Name: Patrick M. Ndathi

Head of Treasury
Name: Z.N. Kiongo
ICPAK No: 9398

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	4,113,400,000		4,113,400,000	4,113,400,000		100%
Proceeds from Domestic and Foreign Grants	317,598,693	233,369,700	550,968,393	246,274,088.70	304,694,304.30	45%
Transfers from Other Government Entities	171,794,810	(42,575,119)	129,219,691.00	146,399,859	(17,180,168.00)	113%
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	650,000,000	(220,000,000)	430,000,000	430,961,821	(961,821.00)	100%
Unspent funds	900,123,444	(212,252,556)	687,870,888	774,669,242.40	(86,798,354.40)	113%
TOTAL	**6,152,916,947**	**(241,457,975)**	**5,911,458,972**	**5,711,705,011.10**	**199,753,960.90**	**97%**
PAYMENTS						
Compensation of Employees	2,102,537,860	403,077,255	2,509,244,885	2,508,203,335	1,041,550	100%
Use of goods and services	771,962,204	(63,732,487)	704,599,947	659,319,115	45,280,832	93%
Subsidies						
Transfers to Other Government Units	1,122,722,114	305,353,473	1,428,075,587	1,057,098,193.05	370,977,393.95	74%
Other grants and transfers	36,900,000	18,220,000	55,120,000	28,467,400.60	26,652,599	52%
Social Security Benefits						
Acquisition of Assets	2,118,688,769	(904,270,216)	1,214,418,553	988,709,236	225,709,317	81%
Finance Costs, including Loan Interest	106,000	(106,000)				
Repayment of principal on borrowings						
Other Payments						
TOTAL	**6,152,916,947**	**(241,457,975)**	**5,911,458,972**	**5,241,797,279.65**	**669,661,692**	**89%**
SURPLUS/(DEFICIT)				**469,907,731.45**		

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) The Unspent fund brought forward from 2017/18 financial year was ksh. 774,669,242.40, this fund was utilized to finance first quarter recurrent and development budget due to delayed exchequer releases by National Treasury. The unspent fund brought forward was mainly to cater for roll over projects in development budget.

(b) There was a supplementary budget done during the fourth quarter which caused utilization differences in some vote heads.

(c) 100 % budget on local revenue was realised by the end of financial year. Supplementary budget revised the amount of local revenue from Ksh. 650,000,000 to Ksh. 430,000,000.

(d) Unspent fund carried forward from this financial year is kshs.571,444,015

(e) The National Treasury did not release all exchequers as per the CARA. No fund was released for KDSP despite been in the budget. The remaining balance which was not realised was Kshs. 170,741,357.

The entity amended financial statements were approved on 26/11 2019 and signed by:

Chief Officer
Name: Patrick M. Ndathi

Head of Treasury
Name: Z.N. Kiongo
ICPAK Member Number: 9398

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	2,879,380,000		2,879,380,000	2,879,380,000		100%
Proceeds from Domestic and Foreign Grants	55,861,330	153,517,547	209,378,877	85,474,862.70	123,904,014	41%
Transfers from Other Government Entities	113,492,570	(101,867,492)	11,625,078	11,282,570	342,508	97%
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	455,000,000	(149,941,917)	305,058,083	346,934,502.95	(41,876,419.95)	114%
Unspent funds	167,657,724	520,213,164	687,870,888	711,852,462	(23,981,574)	103%
TOTAL	**3,671,391,624**	**421,921,302**	**4,093,312,926**	**4,034,924,397.65**	**58,388,528.35**	**99%**
PAYMENTS						
Compensation of Employees	2,102,537,860	401,077,255	2,507,244,885	2,507,244,885.00		100%
Use of goods and services	771,962,204	(125,856,529)	642,475,905	577,791,549.00	64,684,356.00	90%
Subsidies						
Transfers to Other Government Units	752,667,309	144,106,707	896,774,016	932,461,172.05	(35,687,156.05)	104%
Other grants and transfers	1,500,000	18,500,000	20,000,000	20,000,000.00		100%
Social Security Benefits						
Acquisition of Assets	42,618,251	(15,800,131)	26,818,120	25,032,362.30	1,785,757.70	93%
Finance Costs, including Loan Interest	106,000	(106,000)				
Repayment of principal on borrowings						
Other Payments						
TOTAL	**3,671,391,624**	**421,921,302**	**4,093,312,926**	**4,062,529,968.35**	**30,782,957.65**	**99%**
SURPLUS/(DEFICIT)				**(27,605,570.70)**		

[*Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization*]

(a) The Unspent fund brought forward from 2017/18 financial year was ksh. 774,669,242.40, this fund was utilized to finance first quarter recurrent and development budget due to delayed exchequer releases by National Treasury. The unspent fund brought forward was mainly to cater for roll over projects in development budget.

(b) There was a supplementary budget done during the fourth quarter which caused utilization differences in some vote heads.

(c) 100 % budget on local revenue was realised by the end of financial year. Supplementary budget revised the amount of local revenue from Ksh. 650,000,000 to Ksh. 430,000,000.

(d) Unspent fund carried forward from this financial year is kshs.571,444,015

(e) The National Treasury did not release all exchequers as per the CARA. No fund was released for KDSP despite been in the budget. The remaining balance which was not realised was Kshs. 170,741,357.

The entity amended financial statements were approved on 30/11 2019 and signed by:

Chief Officer
Name: Patrick M. Ndathi

Head of Treasury
Name: Z.N. Kiongo
ICPAK Member Number: 9398

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	1,234,020,000	0	1,234,020,000	1,234,020,000	-	100%
Proceeds from Domestic and Foreign Grants	211,737,363	129,852,153	341,589,516	160,799,226	180,790,290	47%
Transfers from Other Government Entities	108,302,240	9,292,373	117,594,613	135,117,289	(17,522,676)	115%
Proceeds from Domestic Borrowings					-	
Proceeds from Foreign Borrowings					-	
Proceeds from Sale of Assets					-	
Reimbursements and Refunds					-	
Unspent funds	732,465,720	(732,465,720)		62,816,780	(62,816,780)	
County Own Generated receipts	195,000,000	(70,058,083)	124,941,917	84,027,317.55	40,914,599.45	67%
TOTAL	**2,481,525,323**	**(663,379,277)**	**1,818,146,046**	**1,676,780,612.55**	**141,365,433.45**	**92%**
PAYMENTS					-	
Compensation of Employees		2,000,000	2,000,000	958,450.00	1,041,550	48%
Use of goods and services		62,124,042	62,124,042	81,527,566.00	(19,403,524)	131%
Subsidies					0	
Transfers to Other Government Units	370,054,805	161,246,766	531,301,571	124,637,021.00	406,664,550	23%
Other grants and transfers	35,400,000	(280,000)	35,120,000	8,467,400.60	26,652,599	24%
Social Security Benefits					0	
Acquisition of Assets	2,076,070,518	(888,470,085)	1,187,600,433	963,676,873.70	223,923,559	81%
Finance Costs, including Loan Interest					0	
Repayment of principal on borrowings					0	
Other Payments					0	
TOTALS	**2,481,525,323**	**(663,379,277)**	**1,818,146,046**	**1,179,267,311.30**	**638,878,735**	**65%**
SURPLUS/(DEFICIT)				**497,513,301.25**	.	

[*Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]*

(a) The Unspent fund brought forward from 2017/18 financial year was ksh. 774,669,242.40, this fund was utilized to finance first quarter recurrent and development budget due to delayed exchequer releases by National Treasury. The unspent fund brought forward was mainly to cater for roll over projects in development budget.

(b) There was a supplementary budget done during the fourth quarter which caused utilization differences in some vote heads.

(c) 100 % budget on local revenue was realised by the end of financial year. Supplementary budget revised the amount of local revenue from Ksh. 650,000,000 to Ksh. 430,000,000.

(d) Unspent fund carried forward from this financial year is kshs.571,444,015

(e) The National Treasury did not release all exchequers as per the CARA. No fund was released for KDSP despite been in the budget. The remaining balance which was not realised was Kshs. 170,741,357.

The entity amended financial statements were approved on 30/11 2019 and signed by:

Chief Officer
Name: Patrick M. Ndathi

Head of Treasury
Name: Z.N. Kiongo
ICPAK Member Number: 9398

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme	Sub Program	Description	Approved Budget	Actual Payments	Variance
101003960		LIVESTOCK RESOURCE MANAGEMENT AND DEVELOPMENT	3,606,700.00	2,854,355.00	752,345.00
	101023960	Livestock Extension and Capacity Building services	1,111,700.00	693,200.00	418,500.00
	101053960	Livestock production Management	880,000.00	856,675.00	23,325.00
	101063960	Livestock Disease Management &Control	1,615,000.00	1,304,480.00	310,520.00
102003960		CROP DEVELOPMENT AND MANAGEMENT	8,084,450.00	6,809,919.00	1,274,531.00
	102023960	Agricultural Extension Services	2,766,200.00	1,890,576.00	875,624.00
	102033960	Agribusiness and Market Development	447,800.00	418,853.00	28,947.00
	102063960	Land &Crop Development	4,263,450.00	3,900,595.00	362,855.00
	102073960	Food Security Initiatives	607,000.00	599,895.00	7,105.00
104003960		FISHERIES DEVELOPMENT	600,800.00	600,800.00	0
	104023960	Aquacultural Development	600,800.00	600,800.00	0
106003960		LAND AND PHYSICAL PLANNING	602,239,593.00	468,815,583.40	133,424,009.60
	106013960	General Administration & Planning	523,328,393.00	396,399,340.40	126,929,052.60
	106043960	County Spatial Planning	78,007,200.00	71,824,108.00	6,183,092.00
	106073960	Survey and Mapping	904,000.00	592,135.00	311,865.00
108003960		Policy, Strategy and Management of Agriculture	356,845.00	343,894.80	12,950.20
	108013960	Development of Agricultural Policy, Legal &Regulatory Framework	356,845.00	343,894.80	12,950.20
109003960		Agribusiness and Information Management	229,500.00	129,488.00	100,012.00
	109023960	Agricultural Information Management	229,500.00	129,488.00	100,012.00
111003960		Estate Management	655,000.00	301,375.00	353,625.00
	111003960	Estate Management	655,000.00	301,375.00	353,625.00
202003960		ADMINISTRATIVE SUPPORT SERVICES	10,512,200.00	8,678,391.00	1,833,809.00
	202023960	ICT governance	10,512,200.00	8,678,391.00	1,833,809.00
203003960		TRANSPORT MANAGEMENT	64,965,937.00	63,623,501.35	1,342,435.65
	203013960	General Administration Planning and Policy Developmentl	64,965,937.00	63,623,501.35	1,342,435.65

Programme	Sub Program	Description	Approved Budget	Actual Payments	Variance
204003960		DISASTER MANAGEMENT	2,130,800.00	1,144,611.45	986,188.55
	204013960	Fire Fighting and Emergency Services	2,130,800.00	1,144,611.45	986,188.55
206003960		Roads Development, Maintenance and Management	582,918,499.00	424,717,396.45	158,201,102.55
	206013960	Construction and Maintainance of Roads and Bridges	582,918,499.00	424,717,396.45	158,201,102.55
207003960		Government Buildings Services	3,010,908.00	2,127,366.50	883,541.50
	207013960	Government Building Services	3,010,908.00	2,127,366.50	883,541.50
208003960		Infrastructure Development, Maintenance and Management	9,900,000.00	8,948,493.45	951,506.55
	208013960	Infrastructure Development Services	9,900,000.00	8,948,493.45	951,506.55
301003960		TRADE DEVELOPMENT AND INVESTMENT	130,825,973.00	66,165,562.90	64,660,410.10
	301033960	Capacity Building for traders and SMEs	551,500.00	529,450.00	22,050.00
	301043960	Promotion , Developement &Growth of Trade	129,896,473.00	65,263,763.45	64,632,709.55
	301053960	Fair Trade Practices and Consumer Protection	378,000.00	372,349.45	5,650.55
303003960		TOURISM DEVELOPMENT AND MARKETING	6,838,226.00	5,567,387.50	1,270,838.50
	303023960	Tourism Promotion and Marketing	2,601,800.00	2,100,099.00	501,701.00
	303043960	International Tourism Promotion & Marketing	1,833,000.00	1,405,571.50	427,428.50
	303053960	Promotion of Industrial Development	1,148,206.00	818,297.00	329,909.00
	303063960	Provision of Industrial Training	1,255,220.00	1,243,420.00	11,800.00
304003960		COOPERATIVES DEVELOPMENT AND MARKETING	34,058,179.00	31,878,200.20	2,179,978.80
	304013960	General administration & planning for County & Sub County Office.	30,577,826.00	29,138,986.55	1,438,839.45
	304053960	Cooperative Advisory and Extension Services	2,866,703.00	2,275,320.85	591,382.15
	304063960	Cooperative Education and Training	329,390.00	329,390.00	0
	304073960	Cooperative Governance &Accountability	284,260.00	134,502.80	149,757.20
306003960		COOPERATIVE AUDIT SERVICES	378,000.00	346,791.35	31,208.65
	306033960	Inspections, and investigations for co-operatives	378,000.00	346,791.35	31,208.65
403003960		Curative and Rehabilitative Services	2,220,630,833	2,149,478,618.35	71,152,214.65
	403013960	Curative and Rehabilitative Services	2,220,630,833.00	2,149,478,618.35	71,152,214.65
501003960		BASIC EDUCATION	198,690,590.00	174,807,363.00	23,883,227.00

Programme	Sub Program	Description	Approved Budget	Actual Payments	Variance
	501013960	General Administration	186,405,420.00	162,522,193.00	23,883,227.00
	501033960	Sub County Education Operations	12,285,170.00	12,285,170.00	0.00
503003960		TECHNICAL AND VOCATIONAL TRAINING	42,439,460.00	42,439,460.00	0.00
	503013960	Village polytechnic	42,439,460.00	42,439,460.00	0.00
702003960		LEGISLATION AND OVERSIGHT	674,052,251.00	629,333,009	44,719,242
	702013960	Legislation and Oversight	674,052,251.00	629,333,009	44,719,242
704003960		PUBLIC FINANCE MANAGEMENT	416,639,752.00	363,344,289.40	53,295,462.60
	704013960	Finance services	341,048,021.00	297,153,815.35	43,894,205.65
	704023960	Revenue services	45,857,675.00	38,790,677.80	7,066,997.20
	704043960	Procurement and supply services	8,051,660.00	7,161,333.25	890,326.75
	704053960	Internal audit services	1,539,188.00	1,388,540.00	150,648.00
	704083960	Budget Formulation, Coordination and Management	9,466,163.00	8,643,626.00	822,537.00
	704093960	Accounting Services	6,827,045.00	6,524,857.00	302,188.00
	704123960	Resource Mobilization	3,850,000.00	3,681,440.00	168,560.00
705003960		COUNTY PLANNING AND ECONOMIC POLICY MANAGEMENT	6,957,390.00	6,654,624.00	302,766.00
	705013960	Economic Planning Services	6,957,390.00	6,654,624.00	302,766.00
706003960		OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR	289,066,657.00	284,797,476.75	4,269,180.25
	706013960	County Executive Services	289,066,657.00	284,797,476.75	4,269,180.25
707003960		COUNTY EXECUTIVE ADMINISTRATION	86,080,912.00	67,903,320.35	18,177,591.65
	707013960	County Executive Services	86,080,912.00	67,903,320.35	18,177,591.65
708003960		Management of County Affairs	143,396,292.00	131,584,601.95	11,811,690.05
	708013960	Coordination of County Functions	143,396,292.00	131,584,601.95	11,811,690.05
709003960		County Executive Committee Affairs	5,600,000.00	3,387,260.00	2,212,740.00
	709013960	Organization of County Business	5,600,000.00	3,387,260.00	2,212,740.00
710003960		County Public Service	20,019,040.00	19,483,990.65	535,049.35
	710013960	Human Resource Management Services	20,019,040.00	19,483,990.65	535,049.35
901003960		WATER SUPPLY SERVICES	108,350,504.00	76,653,082.20	31,697,421.80

Programme	Sub Program	Description	Approved Budget	Actual Payments	Variance
	901013960	Water and Irrigation	108,350,504.00	76,653,082.20	31,697,421.80
903003960		ENERGY PROGRAMME	**798,960.00**	**719,450.00**	**79,510.00**
	903013960	Energy Services	798,960.00	719,450.00	79,510.00
904003960		CLEANSING/WASTE MANAGEMENT	**38,860,712.00**	**36,289,455.30**	**2,571,256.70**
	905023960	Environment Management and Protection	38,860,712.00	36,289,455.30	2,571,256.70
907003960		SOCIAL SERVICES	**62,593,049.00**	**61,510,116.90**	**1,082,932.10**
	907013960	General Administration	59,669,049.00	59,208,006.90	461,042.10
	907023960	Social Welfare Services	2,924,000.00	2,302,110.00	621,890.00
909003960		YOUTH	**45,187,400.00**	**34,737,899.60**	**10,449,500.40**
	909013960	Youth Development and Empowerment Services	45,187,400.00	34,737,899.60	10,449,500.40
911003960		CHILDREN SERVICES	**5,402,000.00**	**3,975,027.00**	**1,426,973.00**
	911013960	Child Community Support Services	5,402,000.00	3,975,027.00	1,426,973.00
912003960			**34,786,010.00**	**34,840,768.00**	**-54,758.00**
	912013960	Gender Administation Services	34,786,010.00	34,840,768.00	-54,758.00
913003960			**29,994,350.00**	**9,764,170.00**	**20,230,180.00**
	913013960	Gender & Social Devpt	29,994,350.00	9,764,170.00	20,230,180.00
914003960			**16,934,000.00**	**13,533,220.00**	**3,400,780.00**
	914013960	Management & Development of sports & sports Facilities	16,934,000.00	13,533,220.00	3,400,780.00
916003960			**2,384,000.00**	**2,284,000.00**	**100,000.00**
	916013960	Control & Camphaign Against Drug & Substance	2,384,000.00	2,284,000.00	100,000.00
917003960			**1,283,200.00**	**1,222,960.00**	**60,240.00**
	917013960	Preservation &bPromotion of Heritage and Culture	1,283,200.00	1,222,960.00	60,240.00
		Grand Total	**5,911,458,972**	**5,241,797,280**	**669,661,692**

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 Kirinyaga 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 2019, 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 a

n expense in equal and opposite amounts; otherwise, the contribution is not recorded.

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 July 2018, for the period 1st July 2019 to 30 June 2019 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of County Government of Kirinyaga 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.

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 2019, this amounted to KShs 209,931,507 compared to KShs 97,785,599 in prior period.

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.

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2018 - 2019	2017 - 2018
	KShs	KShs
Total Exchequer Releases for quarter 1	205,670,000	308,644,000
Total Exchequer Releases for quarter 2	1,153,480,735	725,687,585
Total Exchequer Releases for quarter 3	1,157,727,904	1,293,553,681
Total Exchequer Releases for quarter 4	1,854,078,020	2,320,132,672
Total	**4,370,956,659**	**4,648,017,938**

The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer. Exchequer releases are as follows: (The totals of A, B and C below should equal the total exchequer releases).

1A. Equitable Share

Description	2018/2019	2017/2018
	KShs	KShs
Total Equitable Share for quarter 1	205,670,000	308,644,000
Total Equitable Share for quarter 2	1,069,484,000	705,472,000
Total Equitable Share for quarter 3	1,131,185,000	1,212,530,000
Total Equitable Share for quarter 4	1,707,061,000	2,182,554,000
Total	**4,113,400,000**	**4,409,200,000**

1B: Level 5 Hospitals Allocation

Description	2018/2019	2017/2018
	KShs	KShs
Transfers for level 5 hospitals		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1C: Donor Funds released through Exchequer Releases as per CARA

Description	2018/2019	2017/2018
	KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme	14,782,500	15,834,157
World Bank – THUSCP	23,485,609.70	10,000,000
National Agricultural & Rural Inclusive Growth Project (NARIGP)	50,078,476	50,609,855
Kenya Devolution Support Programme		113,409,565
Youth Polytechnic support grant	39,418,550	37,339,283
Abolishment of user fees in health centres and dispensaries	11,282,570	11,625,078
Kenya Urban Support Programme	112,502,200	
Agriculture Sector Development Support Project (ASDSP)	6,006,753	
Kenya Climate Smart Agriculture Project (KCSAP)		
Total	**257,556,659**	**238,817,938**

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2018 - 2019	2017 – 2018
			KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)				
DANIDA			14,782,500	15,834,157
Grants Received from Multilateral Donors (International Organisations)				
World Bank – THUSCP			23,485,609.70	10,000,000
Asdsp			6,006,753	
Kusp			112,502,200	
Kdsp				113,409,565
Narigp			50,078,476	50,609,855
Total			**206,855,538.70**	**189,853,577**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2018 - 2019	2017 - 2018
	KShs	KShs
Transfers from Central government entities		
Abolishment of user fees in health centers and dispensaries	11,282,570	11,625,078
Grants To Tvets (youth polytechnic)	39,418,550	37,339,283
Fuel Levy	135,117,289	123,937,522
Transfers from Counties		
(insert name of budget agency)		
(insert name of budget agency)		
TOTAL	**185,818,409**	**172,901,883**

4. PROCEEDS FROM DOMESTIC BORROWINGS

	2018 – 2019	2017 - 2018
	KShs	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		

(Give a brief description of the nature and sources of borrowings including any assets pledged as security)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

	2018- 2019	2017 – 2018
	KShs	KShs
Foreign Borrowing – Draw-downs Through Exchequer		
Foreign Borrowing - Direct Payments		
Foreign Currency and Foreign Deposits		
Total		

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

6. PROCEEDS FROM SALE OF ASSETS

	2018 – 2019	2017 – 2018
	KShs	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		
Total		

7. REIMBURSEMENTS AND REFUNDS

	2018 - 2019	2017 – 2018
	KShs	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		

(Give a brief description on what the refunds relate to)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. RETURNS OF EQUITY HOLDINGS

	2018 - 2019	2017 – 2018
	KShs	KShs
Returns of Equity Holdings in Domestic Organisations		
Returns of Equity Holdings in International Organisations		
Total		

(State briefly from which entities dividends or interest is derived from)

9. COUNTY OWN GENERATED RECEIPTS

	2018 - 2019	2017 – 2018
	KShs	KShs
Interest received		
Profits and Dividends		
Rent	5,388,400	6,371,610
Plan approvals		
Property Income		
Sales of Market Establishments		
Receipts from Administrative Fees and Charges	25,185,549	10,108,664
Receipts from Administrative Fees and Charges - Collected as AIA		
Receipts from Sales by Non-Market Establishments		
Receipts from Sale of Incidental Goods	4,096,206.15	2,107,327.30
Fines, Penalties and Forfeitures		
Receipts from Voluntary transfers other than grants		
Business permits	103,596,963.00	84,814,771
Cess	4,789,835.00	5,267,150
Poll rates		
Plot rents	21,162,524.00	27,515,987
Local levies	37,589,300.00	32,762,220
Administrative services fees		
County's natural resources		
Sales of County assets		
Lease / rental of council's Infrastructure assets		
Insurance claims recovery		
Medium term loans (1-3 yr repayment)		
Long term loans (over 3 yr repayment)		
Transfers from reserve funds		
Donations		

Fund raising events		
Market/trade Centre fee	31,910,500.00	31,035,845
Vehicle parking fees	23,469,118.00	18,036,760
Housing		
Social premises use charges		
School fees		
Other education-related receipts		
Public health services	24,217,900.00	29,738,800
Public health facilities operations	122,004,737.35	73,774,016
Environment & conservancy Administration	9,141,905.00	7,496,486
Slaughter houses administration		
Water supply administration		
Sewerage administration		
Other health & sanitation receipts		
Technical services fees	6,867,445.00	6,169,280
External services fees		
Other miscellaneous receipts	11,541,438.00	9,209,204
Total	**430,961,820.50**	**344,408,120**

Budget for local revenue was revised through supplementary budget from Ksh. 650,000,000 to 430,000,000. The revised budget for local revenue was fully realised at the end of financial year.

10. RETURNED CRF ISSUES

	2018 - 2019	2017 – 2018
	KShs	KShs
Recurrent account		
Development account		
Deposit account		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2018 – 2019	2017 – 2018
	KShs	KShs
Basic salaries of permanent employees	2,161,751,232.30	2,156,759,406
Basic wages of temporary employees	65,297,214.00	46,277,417.90
Personal allowances paid as part of salary		
Personal allowances paid as reimbursements		
Personal allowances provided in kind		
Pension and other social security contributions	173,917,101.45	160,219,838.15
Compulsory national social security schemes	7,489,457.20	4,281,295.00
Compulsory national health insurance schemes	38,748,332.00	37,373,650.00
Social benefit schemes outside government	60,999,997.95	41,183,193
Other personnel payments		
Total	**2,508,203,334.90**	**2,446,094,800**

12. USE OF GOODS AND SERVICES

	2018 - 2019	2017 – 2018
	KShs	KShs
Utilities, supplies and services	32,949,473.80	38,602,473.75
Communication, supplies and services	10,354,812.60	5,366,321.95
Domestic travel and subsistence	57,619,698.65	44,870,232.70
Foreign travel and subsistence	13,144,838.15	
Printing, advertising and information supplies & services	26,353,196.20	19,572,925.65
Rentals of produced assets	1,256,300.00	1,186,280.00
Training expenses	22,739,895.05	54,670,692.05
Hospitality supplies and services	12,662,668.00	23,133,966.50
Insurance costs	22,000,000.00	30,822,840.50
Specialized materials and services	204,471,940.95	190,192,429.80
Office and general supplies and services	13,289,405.25	10,775,039.00
Other operating expenses	166,159,659.00	22,048,316.65
Routine maintenance – vehicles and other transport equipment	9,207,639.00	18,200,548.85
Fuel oil lubricants	62,854,234.35	13,802,019.25
Routine maintenance – other assets	4,255,354.00	1,750,536.00
Total	**659,319,115.00**	**474,994,622.65**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

Description	2018 – 2019	2017 – 2018
	KShs	KShs
Subsidies to Public Corporations		
See list attached		
Subsidies to Private Enterprises		
See list attached		
(insert name)		

(Give explanation of the nature of subsidies and the kind of services that have been subsidised)

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018 – 2019	2017 – 2018
	KShs	KShs
Transfers to County Government entities		
Transfers to car & mortgage fund	2,000,000.00	26,000,000
County Assembly	629,333,009.00	651,804,733
Hospital facility improvement fund	70,835,252.00	102,612,744
youth polytechnic	48,753,371.00	28,004,462
NARIGP	104,715,201.40	7,473,130
Emergency fund	4,000,000.00	-
Health centre kanida fund	38,849,259.00	25,502,944
Alcoholic fund	2,384,000.00	1,490,000
KUSP	112,502,200.00	
User fees	11,282,570	
ASDSP	17,155,653.00	
Transfers to National Government entities		
Transfer to the Council of Governors	15,287,677.65	
TOTAL	**1,057,098,193.05**	**842,888,013**

15. OTHER GRANTS AND PAYMENTS

	2018 – 2019	2017 – 2018
	KShs	KShs
Scholarships and other educational benefits/Bursary	20,000,000.00	70,000,000
Emergency relief and refugee assistance		
Other current transfers, grants	8,467,400.60	2,068,000
Subsidies to small businesses, cooperatives, and self employed		
Total	**28,467,400.60**	**72,068,000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

	2018 - 2019	2017 – 2018
	KShs	KShs
Government pension and retirement benefits		
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
Total		

17. ACQUISITION OF ASSETS

Non-	2018 – 2019	2017 – 2018
	KShs	KShs
Purchase of Buildings		
Construction of Buildings	225,880,348.15	2,323,991
Refurbishment of Buildings	5,337,685.50	
Construction of Roads		
Construction and Civil Works	654,186,936.31	233,780,655.80
Overhaul and Refurbishment of Construction and Civil Works		
Purchase of Vehicles and Other Transport Equipment		179,872,180
Overhaul of Vehicle and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	7,895,376.80	7,272,081
Purchase of ICT Equipment	28,440,801.00	6,764,510
Purchase of Specialized Plant, Equipment and Machinery	25,720,725.55	292,838,377.70
Rehabilitation and Renovation of Plant, Machinery and Equip.	3,115,023.00	
Purchase of Certified Seeds, Breeding Stock and Live Animals	21,219,750.00	15,525,750
Research, Studies, Project Preparation, Design & Supervision	16,912,590.00	15,222,230
Rehabilitation of Civil Works		
Acquisition of Strategic Stocks and commodities		
Acquisition of Land		
Acquisition of Intangible Assets		
Total acquisition of non- financial assets	**988,709,236.31**	**753,599,775.50**
Financial Assets		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Total acquisition of financial assets		
Total acquisition of assets	**988,709,236.31**	**753,599,775.50**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

	2018 – 2019	2017 – 2018
	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)		
Interest on Borrowings from Other Government Units		
Finance Costs, including Loan Interest		4,659
Total		**4,659**

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

	2018 – 2019	2017 – 2018
	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

	2018 – 2019	2017 – 2018
	KShs	KShs
Budget Reserves		
Civil Contingency Reserves		
Other payments		28,200,392
		28,200,392

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2018 – 2019	2017 – 2018
		Kshs	Kshs
CBK, 1000[illegible]1700433, KES CRF	REVENUE	536,525,211.80	774,669,242.40
CBK, 1000[illegible]1700336, KES RECURRENT	RECURRENT	4,446,334.75	7,988.05
CBK,1000[illegible] COUNTY ASSEMBLY RECURRENT	RECURRENT	0	-
CBK, 1000[illegible]	DEV	25,219,576.30	3,235,445.05
CBK, 1000[illegible]	DEV	215,468.70	433,466.35
CBK, 1000[illegible], COUNTY HEALTH CONDITIONAL GRANT	RECURRENT		99,598
CBK, 1000[illegible] AGRICULTURE SECTOR DEV SUPPORT PROGRAMME	RECURRENT		5,500,000
CBK, 1000[illegible] KIRINYAGA COUNTY DEPOSIT ACCOUNT	DEV	209,931,507.00	97,785,598.70
CBK, 1000[illegible] KENYA URBAN SUPPORT PROGRAMME DEV GRANT	DEV	0	
CBK, 1000[illegible] KENYA URBAN SUPPORT PROGRAMME INSTITUTIONAL	REC	0	
CBK, 1000[illegible] VIHIGA POLYTECHNIC GRANT	DEV	0	
CBK, 1000[illegible] NATIONAL AGRI RURAL GROWTH INCLUSIVE PROJECT	RECURRENT	0	47,526,870
CBK, ,1000[illegible] COUNTY ASSEMBLY DEV	DEV		2,057,095.05
KCB,NATIONAL AGRI & RURAL GROWTH INC PROJECT	REC		7,473,130
KCB, KIRINYAGA COUNTY ASDSP			
KCB, KIRINYAGA PUBLIC HEALTH REVENUE	REC	232,256.08	25,510
KCB,1224[illegible] KIRINYAGA COUNTY REFERRAL HOSPITAL	RECURRENT	420,501.00	
KCB,1224[illegible] SUB COUNTY HOSPITAL	RECURRENT	1,634,680.00	
KCB,1224[illegible] KIRINYAGA SUB COUNTY HOSPITAL	RECURRENT	43,000.00	
KCB,1224[illegible] KIRINYAGA SUB COUNTY HOSPITAL	RECURRENT	68,461.88	

CO-OP, 1[illegible]4103458180[illegible],KEPI MOH KIRINYAGA	RECURRENT	592,564.60	9,314.60
CO-OP,1141567236900,CHMT-DANIDA	RECURRENT		3,982,245
CO-OP,1141567072600, CHMT-HSSF	RECURRENT		5,474
KCB, 1140791605, OPERATIONS	RECURRENT	2,400	12,934,450
CO-OP BANK, STANDING [illegible] ,0114127[illegible]8956[illegible]	DEV	0	-
CO-OP,ADSAF OPERATIONS, 01141567202401	RECURRENT	0	313,330
CO-OP,ADSAF COLLECTION, 0114567202400	FUND	0	
CO-OP, HOSPITAL FUND OPERATION, 01141567073501	RECURRENT		202,486
CO-OP, HOSPITAL FUND COLLECTION, 01141567073500	FUND	0	-
CO-OP, SUB COUNTY REVENUE, 0114148958[illegible]	REVENUE	295,110.00	-
CO-OP, KIRINYAGA COUNTY ASSEMBLY, 01141567001400	RECURRENT		323.01
KCB, KIRINYAGA COUNTY REVENUE ACCOUNT, 1140758497	REVENUE	1,737,263.93	10,067,696.84
EQUITY COLLECTION ACCOUNT, 0420260844601	REVENUE	252,875.80	1,700,473.86
KCB, KAMWENDE MOKS FUND, 1104075997	FUND	12,250.00	954.85
ABC BANK, REVENUE A/C [illegible]012170010000046	REVENUE	(206)	365
CO-OP, EMERGENCY FUND A/C 01141567510[illegible]	FUND		2,756,908
KCB,1104073[illegible] KERUGOYA HOSP IMPROVEMENT FUND,	FUND	32,987,534.50	13,779,859.50
FORTUNE SACCO ASSEMBLY MORTGAGE,[illegible]0[illegible]5180[illegible]70016	FUND		6,031,286.12
FORTUNE SACCO ASSEMBLY MORTGAGE,101135[illegible]10011	FUND		
BINGWA, EXE A/C MORTGAGE & CAR LOAN FUND A/C 4107 007-[illegible]8[illegible]0	FUND		18,199,241.90
KCB,1259[illegible] KUSP URBAN INST GRANT	FUND		
KCB,1259[illegible] KUSP URBAN DVT PROGRAMME	FUND		
KCB,1254[illegible] KIRINYAGA COUNTY HOSPITAL REVENUE	REVENUE	9,071,501.00	
KCB, K.WISE REPAYMENT FUND KIRE WARD A/C 1163963879	FUND		432,664
KCB, K.WISE REPAYMENT FUND KARITHWARD A/C 1152390[illegible]	FUND		422,006
KCB, K.WISE REPAYMENT FUND MUKURE WARD A/C 1163964[illegible]	FUND		333,625
CO-OP, TEBERE WARD FUND A/C 01141491600[illegible]	FUND		398,875
CO-OP, MURUA WAKO WARD FUND A/C 01141491603[illegible]	FUND		527,735

CO-OP, GATHIGIRIRI WARD KCBF A/C 0114149590500	FUND		356,157
CO-OP, NYANGATI WARD KCBF A/C 0114149590200	FUND		354,845
KCB, K.COUNTY BURSARY FUND INOI WARD A/C 1161015997	FUND		557,634
KCB, K.COUNTY BURSARY FUND KERUGOYA WARD A/C 1161080740	FUND		346,479
KCB, K.COUNTY BURSARY FUND MUTIRA WARD A/C 1161093095	FUND		433,101.50
KCB, K.COUNTY BURSARY FUND KANYEKIINE WARD A/C 1161561358	FUND		341,871.50
KCB, K.COUNTY BURSARY FUND MUTITHI WARD A/C 1205586253	FUND		250,965.50
KCB, K.COUNTY BURSARY FUND KANGAI WARD A/C 1205585184	FUND		366,249
KCB, K.COUNTY BURSARY FUND WAMUMU WARD A/C 1205585958	FUND		340,965
KCB, K.COUNTY BURSARY FUND THIBA WARD A/C 1205586091	FUND		265,085
KCB, KARIMANDI WARD KCBF A/C 1161083551	FUND		328,377
KCB, BARAGWI WARD KCBF A/C 1161083472	FUND		358,425
KCB, NJUKIINI WARD KCBF A/C 1161083413	FUND		228,345
KCB, KABARE WARD KCBF A/C 1161083677	FUND		440,810
KCB, NGARIAMA WARD KCBF A/C 1161083510	FUND		325,269
EQUITY, K.COUNTY BURSARY FUND MUTITHI WARD A/C 0420262390821	FUND		40,925
EQUITY, K.COUNTY BURSARY FUND KANGAI WARD A/C 0420262390748	FUND		9,488
EQUITY, K.COUNTY BURSARY FUND WAMUMU WARD A/C 0420262390793	FUND		24,545
EQUITY, K.COUNTY BURSARY FUND THIBA WARD A/C 0420262390771	FUND		21,100
TOTAL		**823,688,291.34**	**1,016,303,894**

21B. CASH IN HAND

	2018 – 2019	2017 – 2018
	KShs	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:

	2018 – 2019	2017 – 2018
	KShs	KShs
Location 1		
Location 2		
Location 3		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2018 – 2019	2017 – 2018
	KShs	KShs
Government Imprests	0	0
Clearance accounts		
Total	**0**	**0**

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

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	*KShs*	*KShs*
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

	2018 – 2019	2017 – 2018
	KShs	KShs
Deposits	209,931,506.95	97,785,598.70
Retention monies		
Total	**209,931,506.95**	**97,785,598.70**

24. FUND BALANCE BROUGHT FORWARD

	2018 – 2019	2017 – 2018
	KShs	KShs
Bank accounts	1,016,303,894	517,790,503
Cash in hand		
Accounts Receivables		
Accounts Payables	(97,785,599)	(97,785,527)
Total	**918,518,295**	**420,004,976**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

Description of the error	2018 – 2019	2017 – 2018
	KShs	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

PENDING BILLS	Pending Bill B/F	Amount Paid during F/Y 2018/2019	Net Balance	Pending Bill F/Y 2018/2019	Total Pending Bill C/F
DETAILS	a	b	c=a-b	d	e=c+d
Construction of buildings					
Health	7,731,141.00	7,211,532.00	519,609.00	-	519,609.00
Trade	6,474,463.75		6,474,463.75		6,474,463.75
Agriculture & Livestock	9,550,627.20		9,550,627.20	2,237,989.90	11,788,617.10
Sub-Total	**23,756,231.95**	**7,211,532.00**	**16,544,699.95**	**2,237,989.90**	**18,782,689.85**
Construction of civil works					
Youth & sports	547,000.00	547,000.00	-		-
Environment	34,594,967.00		34,594,967.00		34,594,967.00
Transport	140,347,092.60	41,466,354.60	98,880,738.00		98,880,738.00
Agriculture & Livestock	7,445,269.00		7,445,269.00		7,445,269.00
Sub-Total	**182,934,328.60**	**42,013,354.60**	**140,920,974.00**	**-**	**140,920,974.00**
Supply of goods					
Youth & sports	1,480,400.00	1,480,400.00	-		-
Physical Planning	117,004.00		117,004.00	66,200.00	183,204.00
Culture and Social services	2,315,550.00	1,472,730.00	842,820.00		842,820.00
Trade	14,244,510.50	565,892.00	13,678,618.50	183,500.00	13,862,118.50
Environment	3,722,671.00		3,722,671.00		3,722,671.00
Education	8,349,930.00		8,349,930.00		8,349,930.00
Health	115,069,780.00	112,470,720.00	2,599,060.00	129,409,332.90	132,008,392.90
Transport	13,751,426.00		13,751,426.00	948,234.70	14,699,660.70
Agriculture & Livestock	13,483,692.70		13,483,692.70	1,825,147.00	15,308,839.70
Sub-Total	**172,534,964.20**	**115,989,742.00**	**56,545,222.20**	**132,432,414.60**	**188,977,636.80**
Supply of services					
Youth & sports	79,680.00	79,680.00			
Physical Planning	885,880.00		885,880.00		885,880.00
Culture and Social services	489,000.00		489,000.00		489,000.00
Trade	820,228.00	29,108.00	791,120.00		791,120.00
Environment	178,675.00		178,675.00		178,675.00
Education	28,925.00		28,925.00		28,925.00
Health	11,824,180.00	11,808,180.00	16,000.00	6,554,860.00	6,570,860.00
Agriculture & Livestock	1,095,275.00		1,095,275.00	234,800.00	1,330,075.00
Sub-Total	**15,401,843.00**	**11,916,968.00**	**3,484,875.00**	**6,789,660.00**	**10,274,535.00**
Staff Alowance					
Youth & sports	63,000.00		63,000.00		63,000.00
Culture and Social services	649,800.00	596,600.00	53,200.00		53,200.00
Trade	341,800.00	341,800.00			
Education	797,100.00		797,100.00		797,100.00
Physical Planning	35,050.00		35,050.00	10,800.00	45,850.00
Transport	914,600.00		914,600.00		914,600.00
Agriculture & Livestock				2,087,007.00	2,087,007.00
Sub-Total	**2,801,350.00**	**938,400.00**	**1,862,950.00**	**2,097,807.00**	**3,960,757.00**
Grand Total	**397,428,717.75**	**178,069,996.60**	**219,358,721.15**	**143,557,871.50**	**362,916,592.65**

2. PENDING STAFF PAYABLES (See 5.10-1)

3. OTHER PENDING PAYABLES (See 5.10-1)

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

	2018- 2019 Kshs	2017- 2018 Kshs
Transfers to related parties		
Transfer to the County Assembly	629,333,009.00	651,804,733
Transfers to other County Government Entities		
Transfers to Development Projects	1,167,074,027.45	703,197,063
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	**1,796,407,036.45**	**1,355,001,796**
Transfers from related parties		
Transfers from the Exchequer	4,370,956,659	4,648,017,938
Transfers from MDAs		
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
Total Transfers from related parties	**4,370,956,659**	**4,648,017,938**

5. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve 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
Kirinyaga Water & Sewerage Co.	2002	KERUGOYA	Managing Director,Ephantus Maina
County Assembly car & mortage fund	2014	KERUGOYA	Clerk County Assembly, Kamau Aidi
Kirinyaga County Emergency Fund	2015	KUTUS	Director Accounting services, Zephaniah N. Kiongo
Alcoholic Drink & Substance Abuse Fund	2014	KUTUS	Director Alcoholic Drinks, Samuel M. Muriithi
County Executive car & mortgage fund	2015	KUTUS	Chief officer Finance, Patrick Mugo
Hospital Facility Improvement Fund	2013	KUTUS	Chief Officer Health, Stanley Muriithi
Kirinyaga County Bursary Fund	2014	KUTUS	Chief officer Education, James Nyamu Nyaga
Kerugoya Kutus Municipal Board	2018	KERUGOYA	Municipal Manager,Paul Muchira

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.

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)*
EXTERNAL AUDIT 2017/2018	Inaccuracy of receipts	Financial statement corrected and amended copy submitted to the auditor	Zephaniah Ndungu Kiongo, Director Accounting Services	Resolved	
EXTERNAL AUDIT 2017/2018	Variances between figures in IFMIS and figures as per the financial statement	National Treasury to operationalise the IFMIS cash payment module to enable auto bank reconciliation and accuracy of the IFMIS trial balance. IFMIS Accounts receivable module to record revenue and reconcile was not operational.	Zephaniah Ndungu Kiongo, Director Accounting Services	Partially resolved	1 year
EXTERNAL AUDIT 2017/2018	Purchase of specialised pant equipment and machinery	Procurement records, tender evaluation minutes and delivery notes availed to the auditors	Zephaniah Ndungu Kiongo, Director Accounting Services	Resolved	
EXTERNAL AUDIT 2017/2018	Use of goods and services and acquisition of assets supporting schedule not provided	Supporting schedule for use of good and services ,acquisition of assets, availed to auditors	Zephaniah Ndungu Kiongo, Director Accounting Services	Resolved	
EXTERNAL AUDIT	Unsupported	Bank certificates and	Zephaniah	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)*
2017/2018	cash and cash equivalents	reconciliations availed to the auditors	Ndungu Kiongo, Director Accounting Services		
EXTERNAL AUDIT 2017/2018	Unsupported insurance cost	Payment vouchers supporting these costs availed to the auditors.	Zephaniah Ndungu Kiongo, Director Accounting Services	Resolved	

Guidance Notes:

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

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

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

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

CEC, County Treasury

Sign.....

Date.....16/11/19.....

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Level 5 hospitals allocation	Other transfers- Donor funds transferred through exchequer	Total Transfers from the National Treasury/ Exchequer
Exchequer Releases for quarter 1	205,670,000				205,670,000
Exchequer Releases for quarter 2	1,069,484,000	7,391,250		76,605,485.40	1,153,480,735.40
Exchequer Releases for quarter 3	1,131,185,000	7,391,250		19,151,654	1,157,727,904
Exchequer Releases for quarter 4	1,707,061,000			147,017,019.70	1,854,078,019.70
Total	**4,113,400,000.00**	**14,782,500.00**		**242,774,159.10**	**4,370,956,659.10**

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE (See 5.10-1)

ANNEX 3 – ANALYSIS OF PENDING ACCOUNTS PAYABLE (See 5.10-1)

ANNEX 4 – ANALYSIS OF PENDING ACCOUNTS PAYABLE (See 5.10-1)

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/2018	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out) during the year (KShs)	Historical Cost c/f (KShs) 2018/2019
Land	2,250,000				2,250,000
Buildings and structures	375,079,975.24	35,055,655			410,135,630.24
Transport equipment	734,562,198.20				734,562,198.20
Office equipment, furniture and fittings	27,571,915.60	1,926,440			29,498,355.60
ICT Equipment	37,838,847.50	1,550,999			39,389,846.50
Machinery and Equipment		5,604,844			5,604,844
Heritage and cultural assets					
Biological assets					
Intangible assets		16,322,070			16,322,070
Infrastructure assets- Roads, Rails	68,669,425.30	318,269,450.63			386,938,875.93
Work in progress		240,056,182			240,056,182
Total	**1,245,972,361.84**	**618,785,640.63**			**1,864,758,002.47**

(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	Q 1	Q 2	Q3	Q 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	Transfers to car & mortgage fund				2,000,000	2,000,000.00	2,000,000.00		
2	County Assembly	155,699,710	169,430,700	162,576,000	141,626,599	629,333,009.00	629,333,009.00		
3	Hospital Facility improvement fund	17,006,977.00	17,733,455	30,549,920	5,544,900.00	70,835,252.00	70,835,252.00		
4	youth polytechnic				48,753,371	48,753,371.00	48,753,371.00		
5	NARIGP	1,839,000	1,839,000	44,000,000	57,037,201.40	104,715,201.40	104,715,201.40		
6	Emergency fund				4,000,000.00	4,000,000.00	4,000,000.00		
7	Health centres danida	5,618,574	5,303,285	21,938,564	5,988,836.00	38,849,259.00	38,849,259.00		
8	Alcoholic fund		2,384,000			2,384,000.00	2,384,000.00		
9	User fee foregone				11,282,570	11,282,570.00	11,282,570.00		
10	KUSF			71,302,200	41,200,000	112,502,200.00	112,502,200.00		
11	ASDSP		2,586,700.00		14,568,953.00	17,155,653.00	17,155,653.00		
12	Transfer to COG	150,000.00	9,769,538.00	4,400,000.00	968,139.65	15,287,677.65	15,287,677.65		
	Total	**180,314,261**	**209,046,678**	**334,766,684**	**332,970,570.05**	**1,057,098,193.05**	**1,057,098,193.05**		

Chief Officer
Name: Patrick M. Ndathi

Head of Treasury
Name:Z.N. Kiongo
ICPAK Member Number:9398