REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF KIRINYAGA

FOR THE YEAR ENDED 30 JUNE 2016

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
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HARAMBEE

COUNTY GOVERNMENT OF KIRINYAGA

AMENDED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
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Table of Content

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT 1
II. FORWARD BY THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE 4
III. STATEMENT OF MANAGEMENT RESPONSIBILITIES 6
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR COUNTY GOVERNMENT OF KIRINYAGA 7
I. STATEMENT OF ASSETS 9
II. STATEMENT OF CASHFLOW 10
III. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT 11
IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED 13
V. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT 15
VI. SIGNIFICANT ACCOUNTING POLICIES 24
VII. NOTES TO THE FINANCIAL STATEMENTS 26

I. KEY ENTITY 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

1. Joseph K. Ndathi	County Governor
2. Julius M. Njiri	Deputy Governor
3. Murimi Murage	CEC Member for Finance and Economic Planning
4. Stanley Gachugo	CEC Member for Education
5. Ephraim Wambu	CEC Member for Health
6. Joyce W. Muriithi	CEC Member for Trade, Cooperatives and Tourism
7. Dr.Joseph Muthike	CEC Member for Transport and Infrastructure
8. Ann W. Mwangi	CEC Member for Environment, Water and Natural Resouces
9. Rev. Magdalene N. Mwangi	CEC Member for Gender, Social Services and Sports
10. Peter W. Ngundo	CEC Member for Agriculture, Livestock and Fisheries
11. Harry F. Mugo	CEC Member for Lands, Physical Planning and Housing.

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Finance Officer	Eliub C. Muriithi
2.	Head of County Treasury (Accounting)	Zephaniah K. Ndung'u
3.	Director of Economic Planning	John N. Mbugua
4.	Director, Internal Audit	Phillomena Nyokabi
5.	Director of Supply Chain Management	Tom Ogora
6.	Head of County Budget	Naftaly M. Muikia

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 in place.

(d) Entity Headquarters

P.O. Box 260
ACK Plaza
KUTUS, KENYA

(e) Entity Contacts

Telephone: (254)
E-mail: kirinyaga.go.ke
Website: kirinyaga.go.ke

(f) Entity Bankers

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

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

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

4. ABC Bank
   PO Box
   Nairobi

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. FORWARD BY THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE

I have the pleasure of presenting the annual financial report of the County Government of Kirinyaga for the year ended 30th June 2016. These annual financial report 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 an overall deficit of KShs. 183 Million compared to a budget of KShs. 4.6 Billion. The total operating expenditure was Kshs. 4.1 billion which includes both recurrent and development expenditure. This was a performance of 98%. While the total revenue was Kshs. Billion with Kshs. 3.66 Billion from Equitable share and KShs. 390 Million from local sources. This equates to 83% performance in revenue, whereas share of revenue from the exchequer was received 100%. The local revenue performance was 78%.

The County Government has made substantial progress in achieving its objectives. The County have maintained several existing roads all over the County, piped water to several places, construction work in various areas and offered bursaries to needy students and pupils all over the County.

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 County Government is new set of Public Management which has never been practised anywhere in the world, this caused lack of previous experiences and reference to refer to in times of uncertainties. There were no existing structures to operate from and the devolved units together with former Local Authorities never had a transitional platform.
- Low revenue collection caused by lack of access to revenues collectible by the devolved entities which were previously under the National Government. The County has instituted mechanism to enhance revenue collection from these units and ensure all revenues collectible are tapped. Additionally, the County is in the process of installing a revenue collection system which will further seal loopholes for revenue loss.
- The delay in disbursements of funds to County Governments by the National Government has persisted since inception. The County Government therefore had limited resources, hurting timely implementation of the budget during the period under review.
- The integrated Financial Management Information System (IFMIS) had not been fully rolled out in the County to facilitate tracking of expenditure particularly in the County Assembly. The implementation of IFMIS continues to pose serious challenges in the effective management of public resources and threatens to hinder the achievements of tenets of public finance as espoused under article 201 of the Constitution. The system also experiences downtimes so often than not and consequently affects efficiency adversely.
- As noted in the note above, Government Payment System (ibanking) shares similar characteristics as IFMIS.

- Constant disagreements between the two arms of Government cannot be over emphasized. The County Assembly often stepped on the mandate of the County Executive which affected the relationship and overall performance.

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.

Murimi Murage
CEC For Finance and Economic Planning
County Government of Kirinyaga

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2015, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on 1/5 2017.

County Executive Committee member – Finance

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY EXECUTIVE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Executive of Kirinyaga set out on pages 8 to 34, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Executive's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Unexplained Differences Between Financial Statements and Supporting Schedules

A comparison between the balances in the financial statements and the supporting schedules reflects variances tabulated below:

Expenditure item	Amount as per supporting Schedules Kshs.	Amount as per Financial Statements Balance Kshs.	Variance Kshs.
Use of Goods and Services	542,752,565.20	545,130,189	2,377,624
Acquisition of Assets	1,128,989,556	1,164,155,238	35,165,682

As a result of the variances, the accuracy and completeness of the County Executive's financial statements for the year ended 30 June 2016, could not be confirmed.

2.0 Differences Between the Financial Statements and IFMIS Balances

A scrutiny of the balances reported in the financial statements and balances extracted from the Integrated Financial Management System (IFMIS) revealed the following variances;

Description	Amounts as per Financial Statements Submitted Kshs.	Amount as per IFMIS Kshs.	Variance Kshs.
Receipts	4,052,410,814	116,517,252	3,935,893,562.00
Payments	4,195,697,604	3,639,514,736	556,182,868.00
Receivables	-	122,410,801	(122,410,801.00)
Payables	47,004,097	7,691,156,700	(7,644,152,603.00)
Cash and Bank	574,516,297	46,1777,926	112,738,371.00

As a result of these variances, the accuracy and completeness of the financial statements could not be confirmed.

3.0 Receipts

The statement of receipts and payments for the year ended 30 June 2016 reflects other receipts balance of Kshs.390,377,140. However, bank records indicated that only Kshs.337,213,595.45 was banked in the County Revenue Fund (CRF) account during the year, resulting in an unbanked revenue of Kshs.53,163,544.55. Management has not explained the variance noted and no expenditure details on the unbanked revenue was provided for verification. Therefore the amount remains unaccounted for contrary to Section 109 (2) Public Finance Management Act, 2012. Consequently, the County Executive was in breach of the law.

4.0 Acquisition of Assets

4.1 Acquisition of Land

The statement of receipts and payments for the year ended 30 June 2016 reflects acquisition of assets balance of Kshs.1,164,155,238. Included in the balance is acquisition of land during the year purchased at a cost of Kshs.3,734,800. However, the purchase agreement and the land ownership documents supporting the transaction were not availed for audit review. Further, the fixed assets register maintained was not updated during the year. Consequently, accuracy and completeness of acquisition of assets balance of Kshs.1,164,155,238 could not be confirmed.

4.2 Construction of the Governor's Office

The statement of receipts and payments for the year ended 30 June 2016, reflects acquisition of assets balance of Kshs.1,164,155,238. Included in the balance is an

expenditure of Kshs.108,112,922 made to M/s Jimro Enterprises in respect of construction of the Governor's office. However, no payment vouchers supporting this expenditure were presented for audit review. Consequently, the propriety of the expenditure of Kshs.108,112,922 and accuracy of acquisition of assets balance of Kshs.1,164,155,238 could not be confirmed.

5.0 Cash and Cash Equivalents

The statement of assets as at 30 June 2016 reflects cash and cash equivalents' balances of Kshs.574,516,297 made up of bank balances. However, the following bank account balances reflected in the financial statements as at 30 June 2016 were not supported by cash books balances and bank reconciliations statements:-

Details	Financial Statements Balances (Kshs)
CBK – CRF	340,197,569.50
CBK - Recurrent	49,002,601.15
CBK - Road Levy	1,486,124.70
CBK - Development	40,429,482.25
Coop - ADSAF	376,770.00
Coop - Sub County Revenue	864,960

Consequently, the accuracy and completeness of bank balances of Kshs.574,516,297 could not be confirmed.

6.0 Account Receivable-Outstanding Imprests

The statement of assets reflects a nil balance on Accounts receivables – outstanding imprests as at 30 June 2016, while the schedules presented during the audit showed a balance of Kshs.11,160,324 in respect of outstanding imprests. The variance has not been explained. The outstanding imprests had not been surrendered and accounted for as at 30 June 2016, contrary to the laid down financial regulations.

Consequently, the NIL balance of Accounts receivables – Outstanding Imprests as at 30 June 2016 may not be fairly stated.

7.0 Pending Bills

Note 26.2 and note 26.3 to financial statements on pending staff payables and other pending payables reflected nil balances. However, records maintained at the County showed that the County Executive had cumulative pending bills of Kshs.98,280,681 as at 30 June 2016.

In addition, had the bills been paid and charged to the 2015/2016 accounts, the financial statements would have reflected a deficit of Kshs.241,567,471 and not a deficit of Kshs.143,286,790 shown in the financial statements. Consequently, the accuracy of the nil balance on accounts payables could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of County Executive of Kirinyaga as at 30 June 2016, 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.

Other Matter

1.0 Budget Performance Analysis

1.1 Overall Analysis

During the year under review, the final approved budget for Kirinyaga County Executive was Kshs.4,777,492,711 with Kshs.3,266,192,608 (68%) allocated to the recurrent expenditure and Kshs.1,511,300,103 (32%) to development as follows:

Item 2015/2016	**Budgeted 2015/2016**	**Actual 2015/2016**	**Absorption rate %**	**% of Total Expenditure**
Development Vote	1,511,300,103	1,039,840,219	69%	25%
Recurrent Vote	3,266,192,608	3,155,912,802	97%	75%
Total	**4,777,492,711**	**4,195,753,021**	**88%**	**100%**

However, review of the budget performance shows that the County Executive spend Kshs.1,039,840,219 on development expenditure which is 25% of total expenditure. This is contrary to section 107 (2) b of PFM Act, 2012 which requires that over the

medium term, a minimum of thirty (30) percent of the County government's budget shall be allocated to development expenditure.

1.2 Under /Over Expenditure

A comparison of budget and actual amounts for the year ended 30 June 2016 revealed the following:

Item	Budget 2015-2016 (Kshs.)	Actuals 2015-2016 (Kshs.)	Difference (Kshs.)	Variance
Compensation of Employees	2,087,843,999	1,771,785,488	316,058,511	18%
Use of Goods and Services	899,049,460	545,130,189	353,919,271	65%
Transfers to Other Government Entities	8,150,000	567,980,305	(559,830,305)	-99%
Other Grants and Transfers	79,250,000	81,379,185	(2,129,185)	-3%
Social Security Benefits	42,914,317	65,325,616	(22,411,299)	-34%
Acquisition of Assets	1,660,284,935	1,164,155,238	496,129,697	43%
Total	**4,777,492,711**	**4,195,756,021**	**581,736,690**	**14%**

From the above analysis, the County Executive under spent on Transfer to other Government Entities, Other Grants, and Social Security Benefits but overspent on Compensation of Employees, Use of Goods and Services and Acquisition of Assets. No explanation was provided for the failure to adhere to the approved budgetary provisions.

1.3 Overall Development Budget Performance

During the year under review, the County Executive had budgeted to implement 619 projects. However, the project implementation status report for the County Executive as at 30 June 2016, showed that a total of five hundred and eight (508) projects were implemented while one hundred and eleven (111) projects were not implemented as per the table below:

Department	No of Budgeted Projects 2015/2016	Budget Approved 2015/2016 Budget (Kshs.)	Actual Expenditure (Kshs.)	No of Projects implemented	Implementation %
County Executive	1	118,693,000	108,112,922	1	91.1
Finance and Planning	1	970,000	0	1	
Ministry of Agriculture	50	77,302,727	41,606,347	34	53.8
Environment and Natural Resources	129	320,338,627	311,601,683	111	97.2
Education, Youth, Culture and Social Services	73	85,724,472	54,727,134	47	62.7
Ministry of Health	128	295,213,120	132,100,795	110	44.7
Physical Planning and Development	17	91,500,179	27,790,787	1	30.4
Ministry of Transport	141	316,691,286	294,644,406	129	93
Trade Development	46	95,804,379	60,451,670	42	63.1
Culture and Social Services	32	51,854,055	23,627,705	31	45.6
Total	**619**	**1,511,300,103**	**1,063,670,447**	**508**	**70.4**

From the above table, it is clear that planned projects were not fully implemented during the year. The delay in project implementation is likely to affect the implementation of the 2015/2016 projects. However, it was not clear how the unutilized funds for development amounting to Ksh.447,629,656 were spent. Further, the County Executive's development bank account reflects a balance of Ksh.40,429,482 as at 30 June 2016, which was not enough to fund projects worth Kshs.447,629,656 an indication that the funds may have been irregularly reallocated to recurrent expenditure contrary to the Public Finance Management Act, 2012.

2.0 Revenue Analysis

2.1 Revenue Budget Performance

During the year under review, the County Executive had projected to collect revenue amounting to Kshs.4,777,492,709. However, the County realized revenue totaling Kshs.4,557,879,888.45, resulting in an overall revenue shortfall of Kshs.219,612,821.

Further, the County Executive had budgeted to collect revenue from local sources of Kshs.500,000,000 during the year under review. However, actual total collections were Kshs.390,377,140.30 resulting in a shortfall in revenue collection of Kshs.109,622,860. No reasons for under collection of revenue from local sources were provided.

2.2 Arrears of Revenue

Examination of revenue records maintained by the County Executive revealed that there were arrears of revenue totaling Kshs.290,376,010 under three (3) categories of revenue as follows:

Subcounty	Property Rates Kshs.	House Rent Kshs.	Total Kshs.
Kerugoya/Kutus	70,937,600	2,111,842	73,049,442
Sagana	123,369,131	N/A	123,369,131
Kirinyaga	89,247,537	4,709,900	93,957,437
Total			**290,376,010**

In the absence of a clear actionable plan on debt collection, the revenue arrears may never be collected. Further, no schedules or note to the financial statements was presented for the arrears of revenue. Consequently, it has not been possible to confirm the accuracy and recoverability of the arrears of the revenue.

3.0 Human Resource Management

3.1 Lack of a Staff Establishment

As reported in the previous year, contrary to the requirement of Section B 5 (2) and Section B 6(3) of the County Public Service Human Resource Manual and Transition Authority Circular Ref No TA/2 / dated 18th December 2013, Kirinyaga County does not have an approved staff establishment and therefore optimal staffing levels for all cadre of staff have not been established. The basis for declaring vacancies, advertising and subsequent recruitment could therefore not be established.

3.2 Failure to Achieve 30% Ethnic Diversity in the Recruitment Process

The County Public Service Board recruited 116 staff in 2015/2016 financial year. It was however noted that only 21 came from other ethnic communities which amounts to 18% of total recruitment. This is contrary to the requirements of Section 65 (1)(e) of the County Government, Act 2012 which requires at least 30% of vacant posts at the entry level be filled by candidates who are not from the dominant ethnic community.

3.3 Unsupported Statutory Deductions

The County Executive deducted from staff salaries statutory deductions amounting to Kshs.231,966,411 as at 30 June 2016. However, an amount of Kshs.55,806,676 remitted to LAP fund and Kshs.3,978,237 remitted to NSSF were not supported by official receipts from these institutions. Consequently, the County Executive might not have remitted all the statutory deductions and this might attract penalties and pose a risk to the retirement benefits of the staff.

4.0 Ministry of Finance and Economic Planning

4.1 Weakness in Revenue Collection and Management System Procured From African Banking Corporation (ABC Bank)

As reported in 2014/2015 the County Executive of Kirinyaga procured a revenue collection and management system from African Banking Corporation Bank (ABC). The contract between the County Executive of Kirinyaga and ABC bank was signed on 28 December 2014 and the contract period was four (4) years. However, the following audit issues were noted;

(i) The total amount collected by ABC bank as at 30 June 2016 could not be established. However, the Kirinyaga County revenue fund account reflected Kshs.96,024,039 as amount collected through ABC Bank.

(ii) ABC bank did not adhere to the rollout plan as set out in annexure 1 of the contract. In annexure 1 some of the key milestone dates set out were; data migration (migration of data from LAIFOMS to the new system) by 28th February 2015, testing by 15 June 2015 and deployment of the system by 30th June 2015. None of these have been achieved.

(iii) It was noted that the intellectual property rights to the software for the revenue collection and management system were owned by Techno Brain Limited and not by the County Government of Kirinyaga or by ABC bank with whom the County Executive has entered into an agreement. Techno Brain Limited owns the intellectual property rights to the software and has commercially licensed the software to ABC bank. The County Executive has not entered into any contractual agreement with Techno Brain Limited the company that owns the software.

(iv) ABC bank as the receiver of revenue did not submit quarterly reports to the County Treasury with copies to the National Treasury and the Commission on Revenue Allocation.

Consequently, the County Executive has not achieved value for money on this project.

4.2 Legal Fees

Records maintained at the County Executive of Kirinyaga revealed that legal fees amounting to Kshs.20,717,263.80 were outstanding as at 30th June 2016. No reason was provided for failure to pay the legal fee. Further the amount was not disclosed as pending bills for 2015/2016 financial year. In addition, the details of the cases involved and the rate charged were not provided for audit verification. In the circumstances, the propriety of the legal fees balance of Kshs.20,717,263.80 outstanding as at 30 June 2016 could not be ascertained.

5.0 Ministry of Health and Medical Services

5.1 Implementation of Projects Not Budgeted For

Audit of the 2015/16 approved budget of the County and the procurement plan of the Department of Health services revealed that, during the financial year under review, the County Executive implemented projects that were not budgeted for and they were not included in the annual procurement plan. It was also noted that the implemented projects were not of an emergency nature. There was no explanation provided as to why the projects worth Kshs.5,300,000 were not budgeted for and included in the procurement plan for the financial year 2015/2016 budget through supplementary budget. The said projects are listed as follows:

Project Name	Type of Work/Activity	Contractor/Supplier	Amount Paid
Ng'othi Dispensary	Purchase of Land	Joseph Nganga Gachomba	1,400,000.00
Ngariama Kabare/438	Purchase of land	Daniel Njoka Kimwea	3,900,000.00
		Total	**5,300,000.00**

County funds may be diverted and used on projects which are not a priority to the County.

5.2 Stalled Projects

Physical verification of different projects carried out between 2nd and 5th October, 2016 revealed that a number of projects initiated by the County Executive of Kirinyaga had stalled and contractors were not on site. A list of such projects is given as follows:

Project Name	Type of Work/Activity	Total Approved Budget	Remarks
Joshua Mbai Dispensary	Construction and Equiping Laboratory	2,256,094	Stalled at 80%
Gatitu Health centre	Construction of Dispensary	3,910,070	No land

Kianyaga Sub District Hospital	Construction and Equiping an X ray department	3,025,401	Stalled at 50%
Kianjiru Dispensary	Construction of Dispensary	2,910,000	Stalled at 75%
Ng'ang'a Dispensary	Construction of Dispensary	2,000,140	Stalled at 35%
Kimweas Dispensary	Construction of Dispensary		Stalled at 20%
	Total	**14,101,705**	

No explanation was given as to why these projects were not completed despite the contractors having been paid. Failure to complete projects results in wastage of public funds and no value for money is achieved in such projects.

5.3 Unaccounted for Expenditure on County Health Management Team (CHMT)

The County Executive has four (4) health revenue collecting units/facilities namely, Kianyaga Hospital, Kimbimbi Hospital, Kerugoya Hospital and Sagana Hospital. During the financial year 2015/16, the four (4) health revenue collection units/facilities collected a total of Kshs.53,376,923. According to the Kirinyaga County Health Facilities Improvement Fund Regulations, 2016, it is specified that not more than 80% of the funds collected will be retained by the collecting unit with the remaining funds being channeled to the County Health Management Team(CHMT). A total of Kshs.10,675,384.60 was channeled to the County Health Management Team. However, the County Executive, through the Department of Health Services did not provide any accounting documents to support and account for the Kshs.10,675,384.60 channeled to the CHMT. Further, there was no record indicating that the expenditure arising from these transfers was captured in the IFMIS system.

In addition, the Department of Health Services did not prepare an approved budget and expenditure returns for the County Health Management Team funds and therefore it was not possible to ascertain how the funds channeled to the team were utilized for the benefit of the residents of Kirinyaga County.

5.4 Purchase of Land for Kimweas Dispensary

Records availed indicate that a piece of land, Ngariama/Kabere/438, was procured during the year at a cost of Kshs.3,900,000 for construction of proposed Kimweas Dispensary. However, the County Executive did not provide the advertisement for expression of interest, application by the seller upon - expression of interest, official search results, site visit, inspection and evaluation report, offer and acceptance letters, valuation of the land report by a government valuer, evaluation and negotiations minutes and title deed after the transfer. Further, purchase of the land was not

provided for in the approved 2015/2016 budget and also in the annual procurement plan for the Ministry of Health Services during the year under review. Further, a physical verification showed that the land was not fenced and the actual size could not be ascertained. In the circumstances, it was not possible to confirm the ownership of the land hence the propriety of the expenditure is doubtful.

6.0 Ministry of Transport and Infrastructure

6.1 Electrification of Different Wards in Kirinyaga County

The County Department of Transport, Roads and Public Works entered into an arrangement with Rural Electrification Authority (REA) to finance electrification at various wards in the County at a cost of Ksh.29,914,721 with REA implementing the projects. However, the following observations were made:-

(i) No clear timelines were set for commencement and completion of the projects.

(ii) Physical verification in November 2016 revealed that the projects had not taken off with no clear indication as to when the work was to commence and no reason was provided for delay in starting the projects. The County Executive funds have been tied with no indication as to when the projects would be implemented by REA. Consequently, the County Executive may lose public funds if the project is not implemented.

7.0 Ministry of Environment, Water & Natural Resources

7.1 Supply of Water pipes

During the year under review, the Department of Water procured water pipes and fittings worth Kshs.34,323,580.The pipes were for distribution to various water projects within the County. However, there was no evidence availed to show how the pipes were received by the specific project committee members. At the time of verification, the pipes were still lying idle in various locations. Consequently, the propriety of the expenditure incurred on pipes in the year of Kshs.34,323,580 could not be confirmed. Further, it was not clear if the projects will be implemented since the work of the County was only to buy the pipes and not to implement.

7.2 Installation of High Mast Floodlights

The Department of Environment procured for installation at Kutus, Kagio, Ngurubani, Kianyaga, Mutithi and Kandogu markets 90M high masts floodlights for Kshs.7,923,080 from Jamak Electronics. However, the identification process and minutes recommending the sites where the installations were to be done were not availed for audit verification. Without proper identification process, floodlights may be installed in less deserving areas and therefore fail to achieve the desired goals.

7.3 Construction of a Water Tank for Miuu Water Project

During the year under review, the Department of Water procured and awarded Ms Makage General Enterprises Ltd the tender for construction of one 225M^3 water tank at Miuu Water Project at Kshs.3,649,700 on 24 July 2015. However, as at 30 June 2016, the contractor had been paid Kshs.2,740,000 (80%). During a physical verification carried out in November 2016, it was found that the tank had not been completed yet the contractor had been paid 80 % of the total contract sum. Further, it was not clear why the contractor had taken more than one year to construct the tank. The delay has denied the residents of Miuu, access to water that was intended to improve their livehoods.

8.0 Physical Planning and Housing Department

8.1 Provision of Surveying Services

The County Executive contracted the Director of Surveys, Ministry of Lands, Housing and Urban Development for services of surveying and replanning of eight (8) colonial villages in Kirinyaga County at a cost of Kshs.3,211,000. However, no confirmation in form of official receipt or acknowledgement by the payee was presented for audit review. Further, there was no evidence of commencement of the project as at the time of this audit. Consequently, value for money for the amount of Kshs.3,211,000 spent on the project could not be ascertained.

9.0 Establishment of County Public Funds

Records made available for audit review indicate that Kirinyaga County Executive had established five (5) County Funds as follows:

Fund Name	Amount Allocated 2015/2016 Kshs.
1. Bursary fund	76,650,000
2. FIF	75,290,787
3. Alcoholic Fund	4,000,000
4. Emergency Fund	10,000,000
5. Car Loan and Mortgage Fund	70,000,000

However, the administrators of the above County Public Funds had not prepared the required accounts for the funds for the financial year under review and had not submitted the financial statements to the Auditor-General within the stipulated period.

The County Executive was therefore in breach of the law. The propriety of the expenditure incurred by the fund administrators on behalf of the County Executive could not be ascertained.

10.0 Lack of an Audit Committee

As reported previously, the County Executive is yet to put in place an audit committee as provided for under Section 155(5) of the PFM Act, 2012. This exposes the County to financial risks as the necessary mechanisms in terms of audit and risk mitigation structures have not been established as provided for in the Act.

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

Nairobi

30 August 2017

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	123,816,048	-
Exchequer releases	4	3,538,217,626	3,097,237,885
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	390,377,140	317,775,726
TOTAL RECEIPTS		**4,052,410,814**	**3,415,013,611**
PAYMENTS			
Compensation of Employees	12	1,771,785,488	1,824,023,224
Use of goods and services	13	545,074,773	443,102,360
Subsidies	14	-	-
Transfers to Other Government Units	15	567,980,305	37,659,934
Other grants and transfers	16	81,376,185	67,760,000
Social Security Benefits	17	65,325,616	65,128,700
Acquisition of Assets	18	1,164,155,238	939,942,416
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	-
TOTAL PAYMENTS		**4,195,697,604**	**3,377,616,634**
SURPLUS/DEFICIT		**(143,286,790)**	**37,396,977**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11/5 2017 and signed by:

Chief Officer

Head of Treasury

I. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	574,516,297	703,764,574
Cash Balances	22B	-	-
Total Cash and cash equivalent		**574,516,297**	**703,764,574**
Accounts receivables – Outstanding Imprests	23	-	-
TOTAL FINANCIAL ASSETS		**574,516,297**	**703,764,574**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	47,004,097	32,965,584
NET FINANCIAL ASSETS		**527,512,200**	**670,798,990**
REPRESENTED BY			
Fund balance b/fwd	25	670,798,990	633,402,013
Surplus/Deficit for the year		(143,286,790)	37,396,977
NET FINANCIAL POSITION		**527,512,200**	**670,798,990**

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

Chief Officer

Head of Treasury

II. STATEMENT OF CASHFLOW

		2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	123,816,048	-
Exchequer Releases	4	3,538,217,626	3,097,237,885
Transfers from Other Government Entities	5	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	390,377,140	317,775,726
TOTAL		**4,052,410,814**	**3,415,013,611**
Payments for operating expenses			
Compensation of Employees	12	(1,771,785,488)	(1,824.023,224)
Use of goods and services	13	(545,074,773)	(443,102,360)
Subsidies	14	-	-
Transfers to Other Government Units	15	(567,980,305)	(37,659,934)
Other grants and transfers	16	(81,376,185)	(67,760,000)
Social Security Benefits	17	(65,325,616)	(65,128,700)
Finance Costs, including Loan Interest	19	-	-
Other Expenses	21	-	-
TOTAL		**(3,031,542,366)**	**(2,437,674,218)**
Adjusted for:	24		
Changes in payables		(14,038,513)	(16,496,191)
Net cash flow from operating activities		**(3,017,503,853)**	**(2,421,178,027)**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	(1,164,155,238)	(939,942,416)
Net cash flows from Investing Activities		**(1,164,155,238)**	**(939,942,416)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**(129,248,277)**	**70,362,561**
Cash and cash equivalent at BEGINNING of the year	25	**703,764,574**	**633,402,013**
Cash and cash equivalent at END of the year	22A	**574,516,297**	**703,764,574**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15 2017 and signed by:

Chief Officer

Head of Treasury

I. 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						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	123,816,048.00		123,816,048.00	123,816,048.00	0.00	100%
Exchequer releases	3,540,339,028.00		3,540,339,028.00	3,538,217,626.00	2,121,402.00	100%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Rolled Over Projects	613,337,633.00		613,337,633.00	0.00	613,337,633.00	
Other Receipts	500,000,000.00		500,000,000.00	390,377,140.00	109,622,860.00	78%
TOTAL	4,777,492,709.00		4,777,492,709.00	4,052,410,814.00	725,081,895.00	85%
PAYMENTS						
Compensation of Employees	1,885,993,703.00	201,850,296.00	2,087,843,999.00	1,771,785,488.00	316,058,511.00	95.54%
Use of goods and services	781,975,246.00	117,074,214.00	899,049,460.00	545,130,189.00	353,919,271.00	82.94%
Subsidies	7,800,000.00	0.00	7,450,000.00	0.00	0.00	57.05%
Transfers to Other Government Units	200,000.00	0.00	700,000.00	567,980,305.00	(567,280,305.00)	28.75%
Other grants and transfers	79,250,000.00	0.00	79,250,000.00	81,376,185.00	(2,126,185.00)	99.18%
Social Security Benefits	194,802,170.00	0.00	42,914,317.00	65,325,616.00	(22,411,299.00)	300.96%
Acquisition of Assets	2,371,291,087.00	711,006,152.00	1,660,284,935.00	1,164,155,238.00	496,129,697.00	75.48%
Finance Costs, including Loan Interest	0.00	0.00	0.00	0.00	0.00	0.00%
Repayment of principal on Domestic and Foreign borrowing	0.00	0.00	0.00	0.00	0.00	0.00%

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 %
Other Payments	0.00	0.00	0.00	0.00	0.00	0.00%
TOTAL	**5,321,312,206.00**	**392,081,642.00**	**4,777,492,709.00**	**4,195,753,021.00**	**581,739,688.00**	**87.82%**

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

(a) Xxxx
(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

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

Chief Officer

Head of Treasury Accounts

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	123,816,048.00		123,816,048.00	123,816,048.00	0.00	100%
Exchequer releases	2,442,260,029.00		2,442,260,029.00	2,442,260,029.00	0.00	100%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Rolled Over projects						
Other Receipts	500,000,000.00		500,000,000.00	390,377,140.00	109,622,860.00	78%
TOTAL	3,066,076,077.00		3,066,076,077.00	2,956,453,217.00	109,622,860.00	96%
PAYMENTS						
Compensation of Employees	1,885,993,703.00	201,850,296.00	2,087,843,999.00	1,771,785,488.00	316,058,511.00	85%
Use of goods and services	722,141,063.00.00	149,168,310.00	871,309,373.00	523,390,000.00	347,919,373.00	60%
Subsidies	7,800,000.00	(350,000.00)	7,450,000.00	0.00	7,450,000.00	85%
Transfers to Other Government Units	200,000.00	500,000.00	700,000.00	567,980,305.00	(567,280,305.00)	%
Other grants and transfers	79,250,000.00	0.00	79,250,000.00	81,376,185.00	(2,126,185.00)	85%
Social Security Benefits	194,802,170.00	(151,887,853.00)	42,914,317.00	65,325,616.00	(22,411,299.00)	152%
Acquisition of Assets	175,889,141.00	835,778.00	176,724,919.00	146,055,208.00	30,669,711.00	83%
Finance Costs, including Loan Interest	0.00	0.00	0.00	0.00	0.00	

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 %
Repayment of principal on Domestic and Foreign borrowing	0.00	0.00	0.00	0.00	0.00	0.00%
Other Payments	0.00	0.00	0.00	0.00	0.00	0.00%
TOTAL	**3,066,076,077.00**	**200,116,531.00**	**3,266,192,608.00**	**3,155,912,802.00**	**110,279,806.00**	**97%**

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

(a) Xxxx
(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

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

Chief Officer

Head of Treasury Accounts

V. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants						
Exchequer releases	1,098,078,999.00		1,098,078,999.00	1,095,957,597.00	2,121,402.00	100%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Rolled Over projects	613,337,633.00		613,337,633.00		613,337,633.00	0%
Other Receipts						
TOTAL	1,711,416,632.00		1,711,416,632.00	1,095,957,597.00	615,459,035.00	64%
PAYMENTS						
Compensation of Employees						
Use of goods and services	59,834,183.00	(32,094,096.00)	27,740,087.00	21,740,189.00	5,999,898.00	78%
Subsidies						
Transfers to Other Government Units						
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	2,195,401,946.00	(711,841,930.00)	1,483,560,016.00	1,018,100,030.00	465,459,986.00	69%
Finance Costs, including Loan Interest						
Repayment of principal on Domestic and Foreign borrowing						

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Other Payments						
TOTALS	**2,255,236,129.00**	**(743,936,026.00)**	**1,511,300,103.00**	**1,039,840,219.00**	**471,459,884.00**	**69%**

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

(a) Xxxx
(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

The entity financial statements were approved on 1/5/ 2017 and signed by:

Chief Officer

Head of Treasury Accounts

VI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity* and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

The *entity* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all expenses when the event occurs and the related cash has actually been paid out by the *entity*.

3. 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 revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

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

6. **Accounts Payable**
For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

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

8. **Pending bills**
Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *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.

9. **Budget**
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. **Comparative figures**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

11. **Subsequent events**
Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

VII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from other levels of government				
Ministry of Health	-	KES	66,098,920	-
Kenya Roads Board	-	KES	44,947,128	-
DANIDA		KES	12,770,000	
Total			**123,816,048**	-

4 EXCHQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	283,057,410	373,386,574
Total Exchequer Releases for quarter 2	902,245,494	369,602,350
Total Exchequer Releases for quarter 3	884,554,406	883.830,000
Total Exchequer Releases for quarter 4	1,468,360,316	1,094,287,091
Total	**3,528,217,626**	**2,721,106,015**

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers from Central government entities		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Total	-	-

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

8 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

9 REIMBURSEMENTS AND REFUNDS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

10 RETURNS OF EQUITY HOLDINGS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
Total	-	-

11 OTHER REVENUES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Interest Received	-	-
Profits and Dividends	-	-
Rents	-	-
Other Property Income	29,086,014	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	309,539,919
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Business permits	91,315,756	-
Cesses	10,537,885	-
Poll rates	7,380	-
Plot rents	12,906,767	-
Other local levies	30,243,164	-
Administrative services fees	9,011,480	-
Various fees	11,180,133	-
Council's natural resources	-	-
Liquor Licences	44,453,876	-
Sales of council assets	-	-
Lease / rental of council's	-	-
Infrastructure assets	-	-
Other miscellaneous revenues	211,500	-
Other miscellaneous revenues	-	-
Insurance claims recovery	-	-
Medium term loans (1-3 yr repayment)	-	-
Long term loans (over 3 yr rpayment)	-	-
Transfers from reserve funds	-	-
Donations	-	-

Fund raising events	-	-
Other revenues from financial assets loan	-	-
Market/trade centre fee	42,019,405	-
Vehicle parking fees	19,782,900	-
Housing	7,548,703	-
Social premises use charges	120,500	-
School fees	2,500	-
Other education-related	-	-
Other education revenues	-	-
Public health services	-	-
Public health facilities operations	69,916,673	-
Environment & conservancy	9,067,789	-
Administration	-	-
Slaughter houses administration	92,360	-
Water supply administration	220,020	-
Sewerage administration	-	-
Other health & sanitation	-	-
Technical services fees	2,652,335	-
External services fees	-	-
	390,377,140	**309,539,919**

12 COMPENSATION OF EMPLOYEES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic salaries of permanent employees	1,448,597,619	1,641,500,117
Basic wages of temporary employees	56,181,966	123,739,107
Personal allowances paid as part of salary	267,005,903	58,784,000
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**1,771,785,488**	**1,824,023,224**

13 USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	18,592,278	14,013,684
Communication, supplies and services	6,472,534	8,882,689
Domestic travel and subsistence	46,954,958	73,939,485
Foreign travel and subsistence	8,437,122	16,600,986
Printing, advertising and information supplies & services	20,688,392	49,676,808
Rentals of produced assets	5,523,169	5,648,650
Training expenses	14,666,594	21,297,546
Hospitality supplies and services	16,241,210	28,529,468
Insurance costs	54,466,603	28,005,082
Specialised materials and services	206,547,728	95,969,633
Office and general supplies and services	17,774,999	17,169,776
Other operating expenses	67,509,519	54,653,464
Fuel, Oil and Other Lubricants	42,565,636	20,017,832
Routine maintenance – vehicles and other transport equipment	7,710,480	-
Routine maintenance – other assets	10,923,552	8,697,257
Total	**545,074,773**	**443,102,360**

14 SUBSIDIES

Description	**2015 - 2016 Kshs**	**2014 - 2015 Kshs**
Subsidies to Public Corporations		
See list attached	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
See list attached	-	-
(insert name)	-	-
TOTAL	-	-

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to Central government entities		
See attached list	-	-
Other Current transfers- Grants and subsidies	-	3,636,800
Other Capital grants and transfers	-	33,923,134
African Institute of economic studies	-	100,000
Transfers to Other Counties		
Transfer to Kirinyaga County Assembly	487,980,305	-
Transfer to the emergency fund	10,000,000	-
Transfer to Car Loan and Mortgage fund	70,000,000	-
TOTAL	**567,980,305**	**37,659,934**

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Scholarships and other educational benefits	76,610,000	62,920,000
Emergency relief and refugee assistance	590,930	-
Subsidies to small businesses, cooperatives, and self employed	4,175,255	4,840,000
Total	**81,376,185**	**67,760,000**

17 SOCIAL SECURITY BENEFITS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Government pension and retirement benefits	65,325,616	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**65,325,616**	**-**

18 ACQUISITION OF ASSETS

Non Financial Assets	2015 - 2016 Kshs	2014 - 2015 Kshs
Purchase of Buildings	-	-
Construction of Buildings	304,458,233	266,940,631
Refurbishment of Buildings	2,221,750	900,000
Construction of Roads	130,102,840	59,236,954
Construction and Civil Works	568,601,729	494,288,246
Overhaul and Refurbishment of Construction and Civil Works	-	2,000,000
Purchase of Vehicles and Other Transport Equipment	2,940,586	84,621,844
Overhaul of Vehicles and Other Transport Equipment	399,908	-
Purchase of Household Furniture and Institutional Equipment	22,000	3,216,800
Purchase of Office Furniture and General Equipment	62,037,098	1,491,103
Purchase of ICT Equipment	2,958,802	2,507,647
Purchase of Specialised Plant, Equipment and Machinery	69,462,637	17,970,304
Rehabilitation and Renovation of Plant, Machinery and Equip.	2,461,657	331,556
Purchase of Certified Seeds, Breeding Stock and Live Animals	8,338,670	811,751
Research, Studies, Project Preparation, Design & Supervision	6,414,448	1,980,700
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	3,734,880	3,644,880
Acquisition of Intangible Assets	-	-
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**1,164,155,238**	**939,942,416**

19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016 Kshs	2014 - 2015 Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 - 2016 Kshs	2014 - 2015 Kshs
Repayments on Borrowings from Domestic	-	-
Principal Repayments on Guaranteed Debt Taken over by Government	-	-
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
	-	-
Total	-	-

21 OTHER EXPENSES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other expenses	-	-
	-	-

22A: BANK ACCOUNTS

Name of Bank, Account No. & currency	Account Currency	Indicate whether recurrent, Development, deposit, revenue, CRF e.t.c	2015 - 2016	2014 - 2015
			Kshs	Kshs
CBK, 10001700433, KES- CRF	KES	REVENUE	340,197,569.50	579,077,368.05
CBK, 10001700336, KES-RECURRENT	KES	RECURRENT	49,002,601.15	33,663,363.00
CBK, 1000268271, ROAD LEVY FUND A/C	KES	DEVELOPMENT	1,486,124.70	-
CBK, 1000170247, KES- DEVT	KES	DEVELOPMENT	40,429,482.25	786,415.55
KCB, 1140791605, KES- OPERATIONS	KES	RECURRENT	46,400,615.00	32,965,383.55
CO-OP BANK, STANDING IMPREST AC/C01141273895600	KES	DEVELOPMENT	82,623.00	288,880.00
CO-OP,ADSAF OPERATIONS, 01141567202401	KES	RECURRENT	317,378.00	1,301,875.00
NATIONAL BANK, CONSERVATION A/C, 01120034973700, KES	KES	DEVELOPMENT	0.00	23,800.00
CO-OP,ADSAF COLLECTION, 0114567202400	KES	FUND	287,045.50	9,542,435.00
CO-OP, HOSPITAL FUND OPERATION, 01141567073501	KES	RECURRENT	106,222.25	1,582,805.30
CO-OP, HOSPITAL FUND COLLECTION, 01141567073500	KES	FUND	4,835,509.90	30,467,145.00
CO-OP, SUB COUNTY REVENUE, 01141489581000,	KES	REVENUE	2,832,111.00	2,608,298.00
CO-OP, KIRINYAGA COUNTY ASSEMBLY, 01141567001400	KES	RECURRENT	0.00	2,000.00
KCB, KIRINYAGA COUNTY REVENUE ACCOUNT, 1140758497	KES	REVENUE	109,698.94	10,298,708.00
EQUITY COLLECTION ACCOUNT, 0420260844601	KES	REVENUE	1,285,349.61	1,156,098.00
KCB, KAMWETI DEMONSTRATION FUND, 1104075997	KES	FUND	364,988.10	-
ABC BANK, REVENUE A/C, 001217001000046	KES	REVENUE	1,442,995.00	-
CO-OP, EMERGENCY FUND A/C 01141567510100	KES	FUND	7,353,080.00	-
BINGWA, EXE. MORTGAGE & CAR LOAN FUND A/C 4107-00	KES	FUND	70,000,000.00	-

KCB, K.WEST BURSARY FUND KIINE WARD A/C 1163963879	KES	FUND	572,000.00	-
KCB, K.WEST BURSARY FUND KARITI WARD A/C 1152890018	KES	FUND	45,200.00	-
KCB, K.WEST BURSARY FUND MUKURE WARD A/C 1163964123	KES	FUND	12,000.00	-
CO-OP, TEBERE WARD KCBF A/C 01141491690400	KES	FUND	302,010.00	-
CO-OP, MURINDUKO WARD KCBF A/C 01141491693500	KES	FUND	204,770.00	-
CO-OP, GATHIGIRIRI WARD KCBF A/C 01141491690500	KES	FUND	399,280.00	-
CO-OP, NYANGATI WARD KCBF A/C 01141491690200	KES	FUND	468,580.00	-
KCB, K.COUNTY BURSARY FUND INOI WARD A/C 1161615997	KES	FUND	82,612.00	-
KCB, K.COUNTY BURSARY FUND KERUGOYA WARD A/C 1161080740	KES	FUND	3,566,974.00	-
KCB, K.COUNTY BURSARY FUND MUTIRA WARD A/C 1161093095	KES	FUND	86,892.00	-
KCB, K.COUNTY BURSARY FUND KANYEKIINE WARD A/C 1161561358	KES	FUND	72,565.00	-
EQUITY, K.COUNTY BURSARY FUND MUTITHI WARD A/C 0420262390821	KES	FUND	36,005.00	-
EQUITY, K.COUNTY BURSARY FUND KANGAI WARD A/C 0420262390748	KES	FUND	68,558.00	-
EQUITY, K.COUNTY BURSARY FUND WAMUMU WARD A/C 0420262390793	KES	FUND	105,250.00	-
EQUITY, K.COUNTY BURSARY FUND THIBA WARD A/C 0420262390771	KES	FUND	400,740.00	-
KCB, KARUMANDI WARD KCBF A/C 1161083561	KES	FUND	691,700.00	-
KCB, BARAGWI WARD KCBF A/C 1161083472	KES	FUND	388,247.00	-
KCB, NJUKIINI WARD KCBF A/C 1161083413	KES	FUND	30,100.00	-
KCB, KABARE WARD KCBF A/C 1161083677	KES	FUND	360,700.00	-
KCB, NGARIAMA WARD KCBF A/C 1161083510	KES	FUND	106,713.00	-
TOTAL			**574,516,296.90**	**703,764,574.45**

22B: CASH IN HAND

	2015 - 2016 Kshs	2014 - 2015 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:

	2015 - 2016 Kshs	2014 - 2015 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (*specify*)	-	-
Total	-	-

[Provide cash count certificates for each]

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Government Imprests	-	-
Clearance accounts	-	-
Total	-	-

[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	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Total				**xxx**

24. ACCOUNTS PAYABLE

	2015 - 2016 Kshs	2014 - 2015 Kshs
Deposits	47,004,097	32,965,584
Total	**47,004,097**	**32,965,584**

25. FUND BALANCE BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	703,764,574	633,402,013
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	**703,764,574**	**633,402,013**

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)	2015 – 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	Annexed	-
Construction of civil works	Annexed	-
Supply of goods	Annexed	-
Supply of services	Annexed	-
	-	-

26.2: PENDING STAFF PAYABLES (See Annex 2)	2015 – 2016	2014 - 2015
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (*specify*)	-	-
	-	-

26.3: OTHER PENDING PAYABLES (See Annex 3)	2015 – 2016	2014 - 2015
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (*specify*)	-	-
	-	-

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							