REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF TRANS NZOIA

FOR THE YEAR ENDED 30 JUNE 2016

KENYA NATIONAL AUDIT OFFICE
RIFT VALLEY PROVINCE
RECEIVED
13 APR 2017
P.O. Box 2774 - 30100, ELDORET
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COUNTY GOVERNMENT OF TRANS NZOIA

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)

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I. KEY TRANS-NZOIA COUNTY INFORMATION AND MANAGEMENT

1. Background information

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

2. Key Management

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

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

3. Fiduciary Management

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

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

4. Fiduciary Oversight Arrangements

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

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

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

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

6. **Trans Nzoia County Government Contacts**

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

7. **Trans Nzoia County Government Bankers**

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

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

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

   4. Kenya Commercial Bank
      Account No 1140772694
      Kitale-Kenya

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

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

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

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

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

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

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

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

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

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

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

8. Independent Auditors

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

9. Principal Legal Adviser

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

II. FORWARD BY THE CEC

The County had budgeted expenditure of Ksh 6,154,867,114 while the actual expenditure was Ksh 5,723,130,422 representing 93% of the estimate. In this third year, the county had been working out to complete projects that were initiated past two years. There has been tremendous progress towards this end.
This has enabled the county to enjoy value for money from the projects that have been initiated. Although there was underfunding of Kshs. 51,365,900 in the Free Maternal Health services and ksh. 5,665,000 budget under Grants -DANIDA in the current financial year 2015-2016

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

COUNTY EXECUTIVE MEMBER
FOR FINANCE
13 APR 2017
COUNTY GOVERNMENT OF
P. O. Box 4211-30200, KITALE

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

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2016. 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, 2016, 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 _____ 2016.

COUNTY EXECUTIVE MEMBER FOR FINANCE

Ag. County Executive Committee member – Finance

13 APR 2017

COUNTY GOVERNMENT OF TRANS-NZOIA
P. O. Box 4211-30200, KITALE

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the County Executive of Trans Nzoia set out on pages 4 to 32, which comprise the statement of financial 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.

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 the 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.

Because of the matters discussed in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Exchequer Release

The statements of receipts and payments for the year ended 30 June 2016 reflects exchequer releases of Kshs.5,099,612,701 which is at variance with the figure of Kshs.5,890,000,000 indicated in the report of the Controller of Budget for the same period and therefore resulting in unexplained variance of Kshs.790,387,299. Consequently, the validity, accuracy and completeness of the exchequer releases of Kshs.5,099,612,701 in the statements of receipts and payments for the year ended 30 June 2016 could not be confirmed.

2.0 Danida Grants

The statement of receipts and payments for the year ended 30 June 2016 also discloses proceeds from domestic and foreign grants of Kshs.5,665,000 described in note 3 to the financial statements as DANIDA Grants. However, the report of Controller of Budget indicates that no DANIDA Grants were disbursed to the County Government during the year. Consequently, the validity, accuracy and completeness of the DANIDA grants of Kshs.5,665,000 in the statement of receipts and payments for the year ended 30 June 2016 could not be confirmed.

3.0 Use of Goods and Services

3.1 Foreign Travel and Subsistence

Included in the use of goods and services figure of Kshs.1,416,368,014 reflected in the statement of receipts and payments is foreign travel and subsistence allowance of Kshs.50,042,567 which in include an expenditure of Kshs.4,284,002 incurred on travels to Israel, Argentina, Tanzania and South Africa. However, no documentary evidence was availed for audit verification to confirm that travel clearance was sought from the Ministry of Foreign Affairs as required by Office of the President circular referenced OP/CAB.1/7A of 26 January 2015 which require that state officers who travel abroad and government officials, both National and County shall require appropriate clearance. In the case of the County Governments, this shall be processed through the Ministry of Devolution and Planning and forwarded to the Ministry of Foreign Affairs and International Trade for necessary facilitation. Under the circumstances, the propriety of expenditure Kshs.4,284,002 on foreign travel and subsistence for the year ended 30 June 2016 could not be confirmed.

3.2 Other Operating Expenses

Included in the use of goods and services figures of Kshs.1,416,368,014 reflected in the statement of receipts and payments and as disclosed in note 13 to the financial statements is other operating expenses amounting to Kshs.302,478,481 out of which an expenditure of Kshs.3,132,139 was incurred on the procurement of legal services from private firms. However no evidence has been provided to show the Attorney General was consulted contrary to Ref: AD/6/D/144 Vol. 1 dated 2 October 2014 which stipulates that the Attorney General has the monopoly of representing the government in all legal matters and where need arises for engagement of private advocates, the Attorney General must be consulted for approval and issuance of no objection. Similarly, the legal fees payable to any private law firm under such an arrangement must be approved and authorized by the Attorney General and shall be paid by the requesting institution.

3.3 Procurement of Drugs

Also included in the use of goods and services total expenditure of Kshs.1,416,368,014, are specialized materials and service expenses of Kshs.299,216,407 which include an expenditure of Kshs.44,729,661 for the supply of drugs from M/S Mission for Essential drugs.

However, it was not supported by the necessary procurement records such as requisition from users, tender advertisement, tender opening minutes and evaluation committee minutes, letter of offer, acceptance letter and contract agreement were not availed for audit verification. Further, a review of other records made available indicated that the County Government also procured drugs of Kshs.28,679,203 from Kenya Medical Supplies Authority. The management has not provided a distribution list indicating to which health facility the above drugs were issued to. Consequently, the propriety of expenditure of Kshs.73,408,864 on drugs for the year ended 30 June 2016 could not be confirmed.

3.4 Procurement of Fertilizers

Note 13 to the financial statements reflects specialized materials and service expenditure of Kshs.299,216,407 which include a payment of Kshs.47,250,000 to ARM Cement Ltd for the purchase of fertilizer for farmers. However, requisition from users and the criteria for identifying the beneficiaries were not availed for audit verification. Under the circumstances, the propriety of expenditure of Kshs.47,250,000 could not be confirmed.

3.5 Procurement of Laboratory Reagent

Also the expenditure of Kshs.299,216,407 on specialized materials and service disclosed in note 13 to the financial statements include expenditure totalling Kshs.18,602,260 for the procurement of laboratory reagents from various firms as detailed below:

Date	PV No.	Payee	Description	Amount (Kshs)
12-Jul-15	94	Bioscan diagnostics E.A Ltd	Payment made for the cost incurred on the supply of lab reagents	12,009,910

17/4/2016	370	Hemocue Kenya Ltd	Payment for supply of Lab reagents	3,700,000
11-Jun-15	37	Bonster enterprises	Payment of supplies to the ministry of health(detergents)	2,892,350
		Total		**18,602,260**

However, requisition from users and distribution list of these laboratory reagents were not availed for audit verification. Under the circumstances, the validity, accuracy and propriety of Kshs.18,602,260 expenditure on laboratory reagents for the year ended 30 June 2016 could not be confirmed.

4.0 Acquisition of Assets

4.1 Proposed Construction of Storage Facilities

Included in acquisition of assets figure of Kshs.1,966,623,252 is construction of buildings figure of Kshs.593,272,947 out of which an expenditure of Kshs.8,201,993 was incurred on construction of storage facilities. A review of records made available revealed that the contract sum for the project was Kshs.18,017,142 and a request for quotation method was used to procure these works instead of open tender. Under the circumstance, the procurement of works for the construction of storage facilities was done contrary to Section 105 of the Public Procurement and Asset Disposal Act 2015 which states that a procuring entity may use a request for quotations from the register of suppliers for a procurement if the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum value for using requests for quotations as prescribed in Regulations, the procurement is for goods, works or non-consultancy services that are readily available in the market and the procurement is for goods, works or services for which there is an established market. The County Executive was in breach of the law and the propriety of the expenditure of Kshs.8,201,993 for the year could not be ascertained.

4.2 Proposed Construction of Main Kitale Bus Park and Market

Included in acquisition of assets figure of Kshs.1,966,623,252 is construction of buildings figure of Kshs.593,272,947 which includes Kshs.198,644,090 expenditure on the construction of Main Kitale Bus Park and Main Modern Market. However, a scrutiny of documents made available revealed that the County Executive of Trans Nzoia entered into a contract with a Properties Company for the construction of Main Kitale Bus Park and Market for a contract sum of Kshs.287,721,107. The commencement and completion dates were 4 December 2015 and 16 June 2016 respectively. The project was being supervised by a Consulting and Engineers firm. No explanation was provided for failure to use the public works department in supervising the project. Further, the project had not been completed by the time of audit and the contractor requested for a four (4) months extension beyond the June 2016 date in the contract. However, the Contractor requested for more detailed program of works and indicated the extension was not to be beyond 28 February 2017. No details have been availed to confirm whether the extension was granted. Consequently,

delay in the completion of the project may result in price escalation resulting in additional costs. Also the unavailability of the facility is service denied to residents of the County.

4.3 Purchase of Office Furniture and General Equipment

Included in acquisition of assets figure Kshs.1,966,623,252 is purchase of office furniture and general equipment figure of Kshs.107,372,410 which include an expenditure of Kshs.10,000,000 to Kenya Power and Lighting Company Ltd for street lighting in Kitale town. However, contract agreement between the County Executive and Kenya Power and Lighting Company was not availed for audit verification. Under the circumstance, the propriety of Kshs.10,000,000 expenditure on street lighting could not be confirmed.

4.4 Summary of Fixed Assets Register

The statements of receipts and payments reflects acquisition of assets figure of Kshs.1,966,623,252 which is at variance with an amount of Kshs.1,358,823,667 in the summary of fixed asset register attached as annex 4 to the financial statements resulting to a variance of Kshs.607,799,585 which has not been explained or reconciled.

Consequently, the validity and accuracy of the summary of fixed assets register could not be confirmed.

5.0 Accounts Receivables – Outstanding Imprest

The statement of financial assets reflect accounts receivables-outstanding imprests balance of Kshs.46,000,000. However, the imprest registers were not updated. Under the circumstance, the accuracy, validity and existence of accounts receivables-outstanding imprests balance of Kshs.46,000,000 as at 30 June 2016 could not be confirmed.

6.0 Accounts Payables- Deposits and Retentions

The statement of financial assets reflect accounts payables-deposits and retentions balance of Kshs.9,294,928. However, the analysis of pending accounts payable of Kshs.9,294,928 has not been included as an annexure to the financial statements as prescribed by the Public Sector Accounting Standards Board.

Consequently, the accounts payables-deposits and retentions have not been presented in line with the international Public Sector Accounting Standards as prescribed by the Public Sector Accounting Standards Board.

7.0 Budgetary Control and Performance

7.1 Budget Absorption

During the year under review, the County Executive of Trans Nzoia had a total budget of Kshs.6,154,867,114 comprising development budget of Kshs.2,907,889,672 and recurrent budget of Kshs.3,246,977,442. Further, the total budget reflected overall under absorption of Kshs.431,736,692 or 7% as summarized below:

Item	Budgeted Allocation 2015/2016	Actual 2015/2016	Under/(Over) Absorption	Under/(Over) Absorption %
Development	2,907,889,672	2,415,115,290	492,774,382	17
Recurrent	3,246,977,442	3,308,015,132	(61,037,690)	(2)
Total	**6,154,867,114**	**5,723,130,422**	**431,736,692**	**7**

The under absorption of approved budget is an indication of activities and projects in the annual work plan not implemented by the County Executive which is likely to have negative effect on goods and service delivery by the County Government. Further, the over expenditure of Kshs.61,037,690 was incurred without approval. There is need for the management to re-look at its budgetary mechanism with a view to focusing on priority areas and which enhance service delivery to the citizens of County Government of Trans Nzoia.

7.2 Development Budget

During the year under review, the County Executive of Trans Nzoia allocated Kshs.2,907,889,672 to development projects and spent a total of Kshs.2,415,115,290 resulting in net under expenditure of Kshs.492,774,382 as detailed below:

Department	Budget (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	Over Aborption (Kshs)	% Under Absorption	% Over Absorption
Agriculture, Livestock, Fisheries and Cooperative Development	184,704,429	204,256,385		19,551,956		11%
Economic Planning, Commerce and Industry	151,826,847	93,272,568	58,554,279		39%	
Environment, Water and Natural Resources	302,286,237	246,268,395	56,017,842		19%	
Public Works, Transport and Infrastructure	1,061,551,457	669,551,028	392,000,429		37%	
Health	477,504,823	556,470,221		78,965,398		17%
Lands, Housing and Physical Planning	163,288,720	56,480,424	106,808,296		65%	
Gender, Youth, Sports, Culture and Tourism	119,801,720	50,455,200	69,346,520		58%	
Governance and Public Service Management	92,685,954	63,601,639	29,084,315		31%	

Education, ECDE and Vocational Training	187,552,942	164,174,288	23,378,654		12%	
Finance	79,700,000	310,585,142		230,885,142		290%
County Assembly	86,986,544		86,986,544		100%	
Total	**2,907,889,672**	**2,415,115,290**	**822,176,879**	**329,402,496**	**28%**	**11%**

It is clear that the County Executive did not utilize Kshs.822,176,879 or 28% of the allocated funds and hence the intended objectives may not have been achieved and this may hamper service delivery to the people of County Executive of Trans Nzoia due to lack of prerequisite infrastructure. Further, a total of Kshs.329,402,496 or 11% spent over and above the budget was not approved and therefore some projects were denied funds.

7.3 Recurrent Budget

Out of the recurrent budget of Kshs.3,246,977,442, below is the budget performance analysis:

Budget Vote	Budget Amount	Actual Expenditure	Under Absorption	Over Absorption	%
Compensation of Employees	1,608,824,368	1,599,246,132	9,578,236		99
Use of goods and services	1,422,968,780	1,416,368,015	6,600,765		100
Transfers to Other Government Units	89,349,592	208,545,220		119,195,628	233
Other grants and transfers	59,524,125	38,989,928	20,534,197		66
Social Security Benefits	66,310,577	44,865,839	21,444,738		68
Total	**3,246,977,442**	**3,308,015,134**	**58,157,936**	**119,195,628**	**102**

From the above analysis, it is evident that the County Government under-spent on most of the budget lines resulting to under expenditure of Kshs.58,157,936. The management may have over budgeted on recurrent expenditure and need more realistic budgeting in the future.

Further, it is evident that the County Executive overspent on transfers to other government units by Kshs.119,195,628 which was not approved. The management may have under budgeted on transfer to other government entities and need a realistic budget in future.

7.4 Governor's Vote

During the year under review, the Trans Nzoia County Executive allocated Kshs.417,358,815 to the department of Governance, Public Service Management and County Public Service Board comprising Development budget of Kshs.92,685,954 and recurrent budget of Kshs.324,672,861. Further, the total budget reflected under absorption of Kshs.300,709,228 or 72% as summarized below:

Item	Budget Allocation 2015/2016 (Kshs)	Actual Expenditure 2015/2016 (Kshs)	Under Absorption (Kshs)	Absorption Rate %
Development	92,685,954	26,413,158	66,272,796	28%
Recurrent	324,672,861	90,236,429	234,436,432	28%
Total	**417,358,815**	**116,649,587**	**300,709,228**	**28%**

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

7.5 Project Implementation

A total of Kshs.2,907,889,673 was allocated to eleven (11) departments to finance 112 projects in the financial year ended 30 June 2016. However, the implementation of these projects was behind schedule and by 30 June 2016 only 65 out of 112 projects had been partially implemented. A total expenditure of Kshs.2,414,648,050 had been spent on the projects which represents 83% of the funds allocated as shown below:

Department	No of Budgeted Projects	Budget	Actual Expenditure	No of Projects implemented	% Level of Implementation
Public Works	11	1,061,551,457	669,083,788.60	8	73%
Lands, Urban Planning And Housing	9	163,288,720	56,480,424.00	4	44%
Economic Planning, Commerce And Industry	9	151,826,847	93,272,568.40	6	67%
Agriculture ,Livestock, Fisheries And Co-Operative Development	19	184,704,429	204,256,385.00	12	63%
Environment, Water And Natural Resources	16	302,286,237	246,268,394.70	7	44%

Gender, Youth, Culture And Sports	15	119,801,720	50,455,199.85	14	93%
Education And ICT	11	187,552,942	164,174,287.90	4	36%
Finance	6	79,700,000	310,585,141.85	2	33%
Health Services	10	477,504,823	556,470,220.91	5	50%
Governance And PSM,CPSB	5	92,685,954	63,601,639.10	3	60%
County Assembly		86,986,544		None	0%
Total	**112**	**2,907,889,673**	**2,414,648,050.31**	**65**	**58%**

Delay in implementation of projects will impact negatively on the provision of adequate facilities to improve the standards of living of the citizens of Trans Nzoia County and is likely to affect the implementation of the 2016/2017 projects.

7.6 Project Status

From a sample of projects verified, the audit revealed following the observations:

Project	Budget allocation	Payments as at 30 June 2016	Observations
Renovation of painting works and fencing of Kwanza sub county hospital.		2,000,000	The project is ongoing.
Construction of County Teaching and Referral Hospital	340,000,000	286,370,950	The construction of the hospital is on-going. It is 55% complete. Construction of the hospital fence already complete, Some rooms already complete. Matters are still in court regarding the construction of the hospital
Painting and renovation works at Mt.Elgon Hospital	28,595,123	5,345,000	The project is complete. Painting have been done, and tiles have been added to the floors of the hospital.
Kitale County Hospital		1,165,840	The renovations had all been completed.
Purchase of utility vehicle.	4,000,000	2,959,000	Project is complete but not in use.
Theatre lamp and operating tables.		NIL	Project is complete and was in use
Incubators and Anaesthesia machines	4,000,000	NIL	Project is complete and was in use
Construction of public Toilet at Kiminini market	1,995,000	490,143.70	The project is on-going.
Installation of street lighting in Kitale town.	92,600,000	10,000,000	The project is on-going

Installation of 20m high mast flood lights in the county		53,009,526.00	The project is complete and in use.
Twin workshop-Kitale youth polytechnic	31,050,000	1,700,000	Painting, main electrical switch, verandah ceiling not complete. Soil in front of building not removed
ECDE-Central primary school.		1,300,000	Ceiling not yet done, ventilations not completed, paintings not done.
Naisambu youth polytechnic.		1,562,000	Ceiling of the verandah not properly done, interior doors were not standard, door locks not in place.
St. Joseph primary-Matisi ward		700,000	Ceiling not in place, no window handles, Painting not done.1st building abandoned and there was no tentative programme that was to be done.
Construction of Kitale main bus park	243,000,000	198,644,025	Drainage system is already done, runways have been constructed, Office block, doors were not of the agreed standard and were being changed. Market block at concrete level, Extension for completion given up to April 2017.
Construction of fresh produce market in Endebess	80,089,620	8,007,108	Market awaiting hand-over by the Contractor to the County Government
Construction of fresh produce market at Sikhendu Kiminini Sub-County		13,108,488	Paint works only remaining
Construction of fresh produce market at Kapkoi in Keiyo Ward & Mitume in Tuwan Ward		13,912,023	Finishing touches and awaiting hand-over by the contractor to the County Government
Operationalization of milk coolers-Meebot Dairy Cooperative 1000litres	10,000,000	-	The milk cooler was bought in the financial year 2014-2015. The milk cooler has not been operationalized and not in working condition.
Operationalization of milk coolers-Koitogos Dynamic Dairy Cooperative 1000litres		-	The milk cooler was bought in the financial year 2014-2015. The milk cooler has not been operationalized and not in working condition.
Operationalization of milk coolers-Endebess Dairy Cooperative 1000litres		-	The milk cooler was bought in the financial year 2014-2015. The milk cooler has not been operationalized and not in working condition.
Operationalization of milk coolers-Mubere Dairy Cooperative 1000litres		-	The milk cooler was bought in the financial year 2014-2015. The milk cooler is working and operational.

Operationalization of milk coolers-Kwanza Dairy Cooperative 1000litres		-	The milk cooler was bought in the financial year 2014-2015. The milk cooler has not been operationalized and not in working condition.
Operationalization of milk coolers-Kapsitwet Dairy Cooperative 1000litres		-	The milk cooler was bought in the financial year 2014-2015. The milk cooler has not been operationalized and not in working condition.

The above observations are clear indication of wastage of public funds where completed projects are not utilized. It is also an indication of lack of public participation before a project is implemented which leads to lack of ownership of such projects contrary to Section 115.(1) of the County Government Act, 2012 which demands public participation in the county planning processes. In addition, most of the projects were not branded and it was therefore not possible to confirm whether the projects were funded by the County government or another government agency.

7.7 Projects not started

The project status report availed for audit revealed that the following projects had not commenced as at 30 June 2016.

Project	Estimated Cost (Kshs)
Construction of OPD block at Kiminini dispensary	3,595,270
Construction of an OPD block at Naisambu dispensary	3,175,070
Construction of a maternity ward at Namanjalala dispensary	3,100,025
Construction of an OPD block at Matunda sub-county Hospital	3,595,220
Construction of ward and reception at Saboti sub-county hospital	3,056,460
Construction of OPD block at Tom Mboya Health centre	3,221,380
Construction of maternity ward at Sikhendu dispensary	3,060,685
Construction of an OPD block at Perkera dispensary	3,446,330
Construction of OPD block at Tarakwa dispensary	3,365,720
Construction of maternity ward at Wiyeta health centre	3,400,220
Construction of OPD block at Mutambo dispensary	3,200,000
Construction of maternity ward at Bidii health centre	3,096,065
Construction of maternity ward at Rafiki health centre	3,226,886
Construction of an OPD block in Sibanga dispensary	3,153,673

Construction of OPD block at Kaptien	3,150,000
Installation of Oxygen plant	16,500,000
Total	**65,343,004**

It is not clear and the management has not explained why the approved projects had not been undertaken.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion Paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

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

Nairobi

15 August 2017

I. 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	5,665,000	8,950,000
Exchequer releases	4	5,099,612,701	4,049,392,093
Transfers from Other Government Entities	5	152,269,736	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	311,586,973	301,267,105
TOTAL RECEIPTS		**5,569,134,410**	**4,359,609,198**
PAYMENTS			
Compensation of Employees	12	1,599,246,132	1,600,093,591
Use of goods and services	13	1,416,368,014	754,654,809
Subsidies	14	-	-
Transfers to Other Government Units	15	572,642,686	-
Other grants and transfers	16	123,384,500	157,570,360
Social Security Benefits	17	44,865,839	57,122,258
Acquisition of Assets	18	1,966,623,252	1,470,988,328
Bank charges	19	-	8,541,018
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	421,551,235
TOTAL PAYMENTS		**5,723,130,423**	**4,470,521,598**
SURPLUS/DEFICIT		**(153,996,013)**	**(110,912,400)**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Trans-Nzoia County financial statements were approved on _____ 2016 and signed by:

Chief Officer

CHIEF OFFICER- COUNTY TREASURY
13 APR 2017
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury

DIRECTOR FINANCE / HEAD OF COUNTY TREASURY ACCOUNTING
13 APR 2017
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

II. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	228,652,578	343,276,435
Cash Balances	22B	-	-
Total Cash and cash equivalent		**228,652,578**	**343,276,435**
Accounts receivables – Outstanding Imprests	23	46,000,000	76,077,228
TOTAL FINANCIAL ASSETS		**274,652,578**	**419,353,663**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	9,294,928.00	-
NET FINANCIAL ASSETS		**265,357,650**	**419,353,663**
REPRESENTED BY			
Fund balance b/fwd.	25	419,353,663	**530,266,063**
Surplus/Deficit for the year		**(153,996,013)**	**(110,912,399)**
NET FINANCIAL POSITION		**265,357,650**	**419,353,663**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Trans-Nzoia County financial statements were approved on _____ 2016 and signed by:

Chief Officer

13 APR 2017
P.O. Box 4211-30200, KITALE-KENYA
CHIEF OFFICER-COUNTY TREASURY
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury

13 APR 2017
DIRECTOR FINANCE/HEAD OF TREASURY
KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

III. STATEMENT OF CASHFLOW

		2015 – 2016	2014 - 2015
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	5,665,000	8,950,000
Exchequer Releases	4	5,099,612,701	4,049,392,093
Transfers from Other Government Entities	5	152,269,736	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	311,586,973	301,267,105
Payments for operating expenses			
Compensation of Employees	12	1,599,246,132	1,600,093,591
Use of goods and services	13	1,416,368,014	754,654,809
Interest payments	14	-	-
Transfers to Other Government Units	15	572,642,686	-
Other grants and transfers	16	123,384,500	157,570,360
Social Security Benefits	17	44,865,839	57,122,258
Bank Charges	19	-	8,541,018
Other Expenses	21	-	421,551,235
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		**1,812,627,239**	**1,360,075,928**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	19	1,966,623,252	1,470,988,328
Net cash flows from Investing Activities		**1,966,623,252**	**1,470,988,328**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	21	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**(153,996,013)**	**(110,912,400)**
Cash and cash equivalent at BEGINNING of the year	24	**419,353,663**	**530,266,062**
Cash and cash equivalent at END of the year	25	**265,357,650**	**419,353,663**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Trans-Nzoia County financial statements were approved on _____ 2016 and signed by:

Chief Officer

Head of Treasury

CHIEF OFFICER COUNTY TREASURY 13 APR 2017 P. O. Box 4211-30200, KITALE-KENYA COUNTY GOVERNMENT OF TRANS-NZOIA

DIRECTOR FINANCE/HEAD OF COUNTY TREASURY ACCOUNTING 13 APR 2017 P. O Box 4211-30200, KITALE, KENYA COUNTY GOVERNMENT OF TRANS-NZOIA

IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget 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	11,330,000	-	11,330,000	5,665,000	5,665,000	50%
Exchequer releases	5,119,936,291	(20,323,590)	5,099,612,701	5,099,612,701	-	100%
Transfers from Other Government Entities	320,813,748	(117,178,112)	203,635,636	152,269,736	51,365,900	75%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	451,262,264	-	451,262,264	-	451,262,264	0%
Returns of Equity Holdings	-	-	-	-	-	0%
Other Receipts	389,026,513	-	389,026,513	311,586,973	77,439,540	80%
TOTALS	**6,292,368,816**	**(137,501,702)**	**6,154,867,114**	**5,569,134,410**	**585,732,704**	**90%**
PAYMENTS						
Compensation of Employees	1,811,824,369.00	(203,000,001)	1,608,824,368	1,599,246,132	9,578,236	99%
Use of goods and services	1,261,890,978.00	161,077,802	1,422,968,780	1,416,368,014	6,600,765	100%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	501,579,505.00	71,063,181	572,642,686	572,642,686	572,642,686	100%
Other grants and transfers	141,272,728.00	100,000,000	241,272,728	123,384,500	117,888,228.00	51%

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 %
Social Security Benefits	66,310,577.00	-	66,310,577	44,865,839	21,444,738.00	68%
Acquisition of Assets	2,509,490,659.00	(266,642,684)	2,242,847,975	1,966,623,252	276,224,723.00	88%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTALS	**6,292,368,816.00**	**(137,501,702)**	**6,154,867,114**	**5,723,130,423**	**431,736,691.00**	**93%**

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

The Trans-Nzoia County financial statements were approved on _____ 2016 and signed by:

Chief Officer

CHIEF OFFICER - COUNTY TREASURY
13 APR 2017
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury Accounts

DIRECTOR FINANCE / HEAD OF COUNTY TREASURY - ACCOUNTING
13 APR 2017
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	-	-	-	-	-	0%
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	11,330,000	-	11,330,000	5,665,000	5,665,000	50%
Exchequer releases	2,191,723,029	-	2,191,723,029	2,191,723,029	-	100%
Transfers from Other Government Entities	320,813,748	(117,178,112)	203,635,636	152,269,736	51,365,900	75%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	451,262,264	-	451,262,264	-	451,262,264	100%
Returns of Equity Holdings	-	-	-	-	-	0%
Other Receipts	389,026,513	-	389,026,513	311,586.973	77,439,540	80%
Totals	**3,364,155,554**	**(117,178,112)**	**3,246,977,442**	**2,661,244,738**	**585,732,704**	**82%**
PAYMENTS						
Compensation of Employees	1,811,824,369	- 203,000,001	1,608,824,368	1,599,246,132	9,578,236	99%
Use of goods and services	1,261,890,978	161,077,802	1,422,968,780	1,416,368,015	6,600,765	100%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	82,856,902	6,492,690	89,349,592	208,545,220	(119,195,628)	223%
Other grants and transfers	141,272,728	- 81,748,603	59,524,125	38,989,928	20,534,197	66%

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 %
Social Security Benefits	66,310,577	-	66,310,577	44,865,839	21,444,738	68%
Acquisition of Assets	-	-		-	-	0%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	63%
TOTALS	**3,364,155,554**	**(117,178,112)**	**3,246,977,442**	**3,308,015,133.00**	**52,109,988.18.50**	**102%**

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

The Trans-Nzoia County financial statements were approved on _____ 2016 and signed by:

Chief Officer

CHIEF OFFICER COUNTY TREASURY
13 APR 2017
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

Head of Treasury Accounts

DIRECTOR FINANCE/HEAD OF COUNTY TREASURY - ACCOUNTING
13 APR 2017
P. O Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

VI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	-	-	-	-	-	0%
Tax Receipts	-	-	-	-	-	0%
Social Security Contributions	-	-	-	-	-	0%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	0%
Exchequer releases	2,928,213,262	(20,323,590)	2,907,889,672	2,907,889,672	-	100%
Transfers from Other Government Entities	-	-	-	-	-	0%
Proceeds from Domestic Borrowings	-	-	-	-	-	0%
Proceeds from Foreign Borrowings	-	-	-	-	-	0%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Reimbursements and Refunds	-	-	-	-	-	0%
Returns of Equity Holdings	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
Total	**2,928,213,262**	**(20,323,590)**	**2,907,889,672**	**2,907,889,672**	**-**	**100%**
PAYMENTS						
Compensation of Employees	-	-	-	-	-	
Use of goods and services	-	-	-	-	-	0%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	418,722,603	64,570,491	483,293,094	364,097,466	119,195,628	75%
Other grants and transfers	-	181,748,603	181,748,603	84,394,572	97,354,031	46%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	2,509,490,659	(266,642,684)	2,242,847,975	1,966,236,252	276,224,723	88%

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 %
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments		-	-	-	-	0%
TOTALS	**2,928,213,262**	**(20,323,590)**	**2,907,889,672**	**2,415,115,290.00**	**492,774,382.00**	**83%**

The Trans-Nzoia County financial statements were approved on _____ 2016 and signed by:

Chief Officer

Head of Treasury Accounts

CHIEF OFFICER- COUNTY TREASURY
13 APR 2017
P. O. Box 4211-30200, KITALE-KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

DIRECTOR FINANCE/HEAD OF COUNTY TREASURY - ACCOUNTING
13 APR 2017
P. O. Box 4211-30200, KITALE, KENYA
COUNTY GOVERNMENT OF TRANS-NZOIA

VII. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *Trans-Nzoia County* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

9. Budget

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

10. Comparative figures

This are exact figures as certified by the Auditor General in the previous year 2014-2015

11. Subsequent events

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

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	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	-	-
	-	-
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 Government Employees to Social & Welfare Schemes in Government	-	-
	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015- 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
Grants Received from Multilateral Donors (International Organisations)				
Danida			5,665,000	8,950.000
			-	-
Grants Received from other levels of government				
Total			**5,665,000**	**8,950,000**

4 EXCHQUER RELEASES

	2015 - 2016	2014- 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	407,969,016	956,724,505
Total Exchequer Releases for quarter 2	1,300,401,239	1,090,220,948
Total Exchequer Releases for quarter 3	1,274,903,175	823,228,063
Total Exchequer Releases for quarter 4	2,116,339,271	1,179,218,577
Total	**5,099,612,701**	**4,049,392,093**

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 – 2016 Kshs	2014 – 2015 Kshs
Transfers from Central government entities	-	-
Free Maternal Health services	68,402,500	-
Kenya Rural Boards Fund(KRBF)-Fuel Levy	64,782,039	-
User Charges	19,085,197	-
TOTAL	**152,269,736**	-

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	-	-
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

	201 5- 2016 Kshs	2014 - 2015 Kshs
Rents/Rates	35,222,530	17,651,526
Other Property Income	-	5,292,250
Receipts from Administrative Fees and Charges	-	12,393,298
Receipts from Administrative Fees and Charges	-	978,588
Business permits	61,386,301	55,503,180
Cesses	20,164,885	33,939,562
Plot rents	-	7,706,542
Advertisements, Trade Names ,Billboards/Signboards	14,315,784	-
Administrative services fees-Application Fees	3,436,280	-
Building plans, clearance and completion certificate	8,314,523	-
Change of User, Plot subdivision and Transfers	2,112,485	-
Market/trade Centre fee	24,633,038	21,549,500
Vehicle parking fees	37,774,873	25,599,766
Social premises use charges	966,964	70,300
Public health services	10,694,097	-
Public health facilities operations	79,482,121	-
Environment & conservancy	-	1,845,210
Administration	-	2,449,015
Slaughter houses administration	1,278,860	1,394,676
Other health & sanitation	-	98,072,585
Agricultural Mechanization services	2,176,282	-
Liquor Fees	9,627,950	-
	311,586,973	**301,267,105**

12 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic salaries of permanent employees	826,306,840	842,903,335
Basic wages of temporary employees	75,285,011	66,689,868
Personal allowances paid as part of salary	680,199,518	678,911,268
Personal allowances paid as reimbursements	6,924,400	2,436,000
Personal allowances provided in kind	-	-
Pension and other social security contributions	10,530,363	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	9,153,120
Total	**1,599,246,132**	**1,600,093,591**

13 USE OF GOODS AND SERVICES

	2015 – 2016 Kshs	2014 – 2015 Kshs
Utilities, supplies and services	41,370,811	36,271,703
Communication, supplies and services	6,506,563	7,444,959
Domestic travel and subsistence	114,388,563	94,528,869
Foreign travel and subsistence	50,042,567	12,551,642
Printing, advertising and information supplies & services	94,557,456	37,343,976
Rentals of produced assets	37,224,131	-
Training expenses	87,228,912	60,037,779
Hospitality supplies and services	71,625,317	32,176,073
Insurance costs	72,048,826	22,985,599
Specialized materials and services	299,216,407	125,606,612
Office and general supplies and services	31,907,060	46,401,148
Other operating expenses	302,478,481	135,248,303
Routine maintenance – vehicles and other transport equipment	41,760,049	57,389,913
Routine maintenance – other assets	85,430,184	11,389,205
Fuel and Lubricants	80,582,528	75,279,028
Total	**1,416,368,014**	**754,654,809**

14 SUBSIDIES

Description	2015 - 2016 Kshs	2014 – 2015 Kshs
Subsidies to Public Corporations	-	-
Subsidies to Private Enterprises	-	-
TOTAL	-	-

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014- 2015 Kshs
Other current transfers, grants and subsidies		
Trans-Nzoia County Public Service Board	12,602,800	-
Trans-Nzoia County Assembly	308,360,146	-
Trans-Nzoia County Hospitals Operations	248,715,740	
Other Capital grants and transfers		
Trans-Nzoia County Public Service Board	2,964,000	-
TOTAL	**572,642,686**	-

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Scholarships and other educational benefits	112,384,500	68,000,000
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	11,000,000	89,570,360
Other capital grants and transfers (car loan & mortgages)	-	-
Other grants and transfers- County Public Service Board	-	-
Total	**123,384,500**	**157,570,360**

17 SOCIAL SECURITY BENEFITS

	2015 – 2016 Kshs	2014 – 2015 Kshs
Government pension and retirement benefits	44,865,839	55,909,796
Social security benefits in cash and in kind	-	1,212,462
Employer Social Benefits in cash and in kind	-	-
Total	**44,865,839**	**57,122,258**

18 ACQUISITION OF ASSETS

Non-Financial Assets	**2015 - 2016**	**2014- 2015**
	Kshs	**Kshs**
Purchase of Buildings	-	-
Construction of Buildings	593,272,947	291,739,480
Refurbishment of Buildings	144,898,809	8,574,746
Construction of Roads	315,832,303	37,058,896
Construction and Civil Works	297,585,407	-
Overhaul and Refurbishment of Construction and Civil Works	136,316,398	162,209,101
Purchase of Vehicles and Other Transport Equipment	68,139,865	116,510,359
Overhaul of Vehicles and Other Transport Equipment	-	14,208,609
Purchase of Household Furniture and Institutional Equipment	-	14,211,723
Purchase of Office Furniture and General Equipment	107,372,410	29,705,224
Purchase of ICT Equipment	-	29,055,656
Purchase of Specialized Plant, Equipment and Machinery	164,440,308	113,485,319
Rehabilitation and Renovation of Plant, Machinery and Equip.	23,466,917	235,826,425
Purchase of Certified Seeds, Breeding Stock and Live Animals	25,416,000	19,149,076
Research, Studies, Project Preparation, Design & Supervision	22,061,635	20,429,880
Rehabilitation of Civil Works	18,099,113	-
Acquisition of Strategic Stocks and commodities	-	158,323,088
Acquisition of Land	25,897,140	72,984,001
Acquisition of Intangible Assets	23,824,000	147,516,747
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	**1,966,623,252**	**1,470,988,330**

19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016	**2014 - 2015**
	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)	-	8,541,018
Interest on Borrowings from Other Government Units	-	-
Total	**-**	**8,541,018**

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	-	421,551,235
	-	**421,551,235**

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in Bank Account (Kshs.)	Type of Account	Exchange rate	2015 – 2016	2014 – 2015
				Kshs	Kshs
Central Bank of Kenya, Account No. 100171541	Kshs	Recurrent		1,092,290	144,935,959
Central Bank of Kenya, Account Number 100071081	Kshs	Development		2,853,349	95,009,685
Equity Bank – Kitale Account Number 03302605558	Kshs	Recurrent		69,743	21,476,454
Kenya Commercial Bank – Kitale Account Number 1140772694	Kshs	Recurrent		80,427	2,887,216
Equity Bank – Kitale, Account Number 0330260729452	Kshs	Revenue		2,598,629	4,883,911
Central Bank County Revenue Account	Kshs	Revenue		212,038,117	13,581,458
Health Operational account KCB A/c no. 115802113	kshs	Revenue		-	44,044
Trans-Nzoia County - Stalled Projects account - Equity Bank A/c no. 0330263870915	Kshs	Recurrent		625,095	1,791,975

Name of Bank, Account No. & currency	Amount in Bank Account (Kshs.)	Type of Account	Exchange rate	2015 – 2016	2014 – 2015
Chase Bank –Retention A/C	Kshs	Recurrent		9,294,928	-
Sub-Total-County Executive				**228,652,578**	**284,610,702**
County Assembly					
*Trans-Nzoia County Assembly Imprest-**Family Bank**, A/c no. 093000030593*	Kshs	Recurrent		-	62,519
***Co-operative Bank** – Kitale County Assembly A/c No 01141502494900*	Kshs	Recurrent		-	9,984
Car and Mortgage Loan K-Rep Bank A/c No.	Kshs	Recurrent		-	-
Sub-Total County Assembly					**72,503**
COUNTY ENTITIES					
***County Public Service Board**-Kenya Commercial Bank A/c No. 1149298472*	Kshs	Recurrent		-	15,035,416
***Nawiri Fund-Equity** Bank A/c No. 0330263908695*	Kshs	Recurrent		-	4,000,000
***Elimu Bursary- Eco-Bank** A/c No.0100015023860101*	Kshs	Recurrent		-	3,416,512
***Youth and Women Fund Trans-National Bank** A/c No. 152817001*	Kshs	Recurrent		-	36,141,302
Sub-Total County Entities				**-**	**58,593,230**
Grand Total				**228,652,578**	**343,276,435**

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	-	-
Total	-	-

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015- 2016 Kshs	2014 – 2015 Kshs
Government Imprests- see attached list of outstanding Imprest	46,000,000	76,077,228
Clearance accounts	-	-
Total	**46,000,000**	**76,077,228**

24. ACCOUNTS PAYABLE

	2015 - 2016 Kshs	2014 - 2015 Kshs
Retention Funds	**9,294,928**	-
Deposits	-	-
Total	**9,294,928**	-

[Provide short appropriate explanations as necessary]

25. FUND BALANCE BROUGHT FORWARD

	2015 - 2016 Kshs	2014 – 2015 Kshs
Bank accounts	343,276,435	467,423,244
Cash in hand	-	-
Accounts Receivables	76,077,228	62,842,819
Accounts Payables		-
Total	**419,353,663**	**530,266,063**

[Provide short appropriate explanations as necessary]

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015-2016 Kshs	2014-2015 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

26.2: PENDING STAFF PAYABLES (See Annex 2)

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

26.3: OTHER PENDING PAYABLES (See Annex 3)

	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 2015	Outstanding Balance 2014	Comments
	A	b	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
Sub-Total						
Construction of civil works						

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	C	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	C	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015-2016	Historical Cost (Kshs) 2014-2015
Land	25,897,140	72,984,001
Buildings and structures	890,858,354	291,739,480
Transport equipment	63,139,865	116,510,359
Office equipment, furniture and fittings	107,372,410	29,705,224
ICT Equipment, Software and Other ICT Assets	-	29,055,656
Other Machinery and Equipment	247,731,898	113,485,319
Heritage and cultural assets	-	-
Intangible assets	23,824,000	147,516,747
Total	**1,358,823,667**	**800,996,786**