REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF KAJIADO

FOR THE YEAR ENDED 30 JUNE 2018

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
- 4 JAN 2019
RECEIVED

COUNTY GOVERNMENT OF KAJIADO

EXECUTIVE

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

2. Background information

Kajiado County is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct Municipal Council and the ones that have been transferred from the national government. The county is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County

Vision

To Promote Our Heritage ad enhance eco-friendly Development

Mission

To provides Quality Services in collaboration with the stake holders and ensuring equitable and sustainable utilization of available resources

3. Key Management

The entity's day-to-day management is under the following key organs:

	Name	Designation	Date of holding office
1	H.E. Hon. Joseph J. Ole Lenku	Governor	18th August 2017 to date
2	H.E. Hon. Martin Moshisho	Deputy Governor	18th August 2017 to date
3	Michael Semera	CECM – County Treasury	September, 2017 to date
4	Alex Kilowua	CECM Roads, Public Works & Transport	September, 2017 to date

5	Esther Somoire	CECM Medical Services & Public Health	September, 2017 to date
6	Moses Ole Narok	CECM Agriculture, Livestock and Cooperatives	September, 2017 to date
7	Alvin Kimani	CECM Gender & Social Services	September, 2017 to date
8	Samuel Seki	CECM ,Education	September, 2017 to date
9	Hamilton Parseina	CECM Lands	September, 2017 to date
10	Jackline koin	CECM Trade, Tourism, Culture & Wildlife	September, 2017 to date
11	Alais Kisota	CECM Public Service & Citizen Participation	September, 2017 to date
12	Florence Waiganjo	CECM Water, Irrigation Environment & Natural Resources	September, 2017 to date

4. **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Name	Designation
1.	Michael Semera	CECM – County Treasury
2.	Francis Ole Sakuda	County Secretary
3.	Morris Kaaka	Chief Officer – County Treasury
4.	CPA Joshua Majakusi	Director Finance

5. Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2017 were:

1. County Assembly of Kajiado County;
2. Audit Committee;
3. Public Accounts Committee; and
4. Budget and Appropriations Committee.

6. Entity Headquarters

Kajiado county
offices
Off Kajiado –
Namanga Road
P.O. Box 11 – 01100
Kajiado, Town
KENYA

7. Entity Contacts

Telephone: (254) 0202043075
E-mail: ctreasury@kajiado.go.ke

8. Entity Bankers

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

2. Kenya Commercial Bank
P.O. Box 01100
Kajiado, Kenya

9. Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

10. Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. FORWARD BY THE CEC

The budget allocation of Kshs. 8,188,007,890 was utilized, to pay compensation of employees of Kshs 2,106,572,661 whereas Kshs 1,141,353,288 was for the use of goods and services, Kshs. 2,081,921,406 for Acquisitions of Assets, Kshs 482,966,030 other grants and transfers. The acquisition of assets was expensed under the cash basis of accountings but included in the Fixed Assets Register.

The budget allocation though not enough was prudently and efficiently used to run the county government. However, there were challenges faced during the implementation of strategic objectives of the county. The exchequer requisitions delayed and two tranches were received on the closure of financial year. This forced us to carry forward pending bills.

To control expenditure, the county implemented Integrated Financial Information System (IFMIS) where the implementation of Procurement Module helped us to control procurement of goods and services. The county endeavoured to capacity build the staff to coup with the task of providing efficient financial management services to the public as well enhancing financial reporting as required by the Public Financial Management Act 2012.

Sign.....

Date.28/9/2018

CECM – County Treasury

County Government of Kajiado

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The County Executive Committee (CEC) member for Finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2018, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were

used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on 28/9/ 2018.

County Executive Committee Member – Finance

4. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (specify entity name)

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY EXECUTIVE OF KAJIADO FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the County Executive of Kajiado as at 30 June, 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Disclose Land and Biological Assets

The County Executive owns a cattle ranch. However, the value of the ranch and the livestock therein have not been disclosed in the financial statements. The county Executive's assets are therefore understated by an undetermined amount.

2. Differences Between Financial Statements and IFMIS Figures- Domestic Travel and Subsistence

The financial statements reflect an amount of Kshs.1,141,353,288 in respect of use of goods and services out of which, an amount of Kshs.247,780,039 was in respect of Domestic travel and subsistence. This figure differs with the IFMIS payment of 87,909,738.55 by Kshs.159,870,300.

There was no evidence that the two sets of records were reconciled.

3. Unsupported Pending Accounts Payables

Annex 2 to the financial statements reflects analysis of pending accounts payable amounting to Kshs.766,806,193. However, and as previously reported, the County Executive has not maintained an up-dated individual creditor's register/ledger with full details of the creditor's regarding work done or services rendered, invoices, local purchase/service orders, certificates of completion, evidence of delivery and suppliers' statements.

Further, the decrease of Kshs.425,221,544 from previous year's figure of Kshs.1,192,027,739 has not been supported. In addition, had the bills been cleared in the period under review, the County Executive would have recorded an excess vote (deficit) of Kshs.662,449,996 instead of the surplus of Kshs.104,356,197 reflected in the statement of receipts and payments.

In the circumstances, the accuracy and completeness of pending bills as disclosed in the financial statements and their effect on future service delivery of the County Executive could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Under-Collection of Local Revenue

Note 9 to the financial statements reflects receipts totaling Kshs.6,772,989,224 which include County own generated receipts of Kshs.680,475,029 (2016/17 - Kshs.557,094,069). This represents a 35% shortfall on the financial year's target of Kshs.1,040,794,334. The total budget amount was used to plan activities for the year hence the county may not have been able to implement those activities thus affecting service delivery to the people.

2. Failure to Prepare Financial Statements for Funds- Other Grants and Transfers

The statement of receipts and payments reflects expenditure of Kshs.482,966,030 in respect of other grants and transfers. In the period under review, the County executive operated a Youth Fund which received Kshs.15,000,000.

However, there were no financial statements prepared and submitted for audit contrary to the requirement of Section 116 (7) (a) of the Public Finance Management Act 2012 in respect of this Fund. The Act requires the administrator of a county public fund to prepare accounts of the fund for each of the financial years. In the circumstances, the County Executive was in breach of the law. Further, it has not been possible to confirm the accountability of Kshs.15,000,000 transferred to the fund in the absence of the respective financial statements.

3. Unresolved Prior-year Issue - Assets and Liabilities Inherited from the Defunct Local Authorities in Kajiado County

Disclosed in Annex 4 to the financial statements for the year ended 30 June 2017 is a summary of fixed assets register showing that the County Executive had non-current assets with a total historical cost of Kshs.2,105,134,609 as of 30 June 2017. However, as mentioned in previous years' reports, the financial statements for the year ended 30 June 2017 similarly do not include assets amounting to Kshs.91,605,348 acquired in the four (4) months period ending 30 June 2013 as well as assets and liabilities of undetermined values of the defunct local authorities and other devolved functions. The Transition Authority did not formally transfer the assets and liabilities of the defunct local authorities in Kajiado to the County Government of Kajiado. Therefore, the existence and carrying values of assets and liabilities that were inherited from the defunct local authorities have still not been established under the circumstances.

Consequently, the completeness and accuracy of non-current currents including their historical costs as at 30 June 2017 and prior years as disclosed in annex 4 cannot still be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unauthorized Expenditure

An analysis of the approved recurrent budget against the actual expenditure revealed that the following departments exceeded their approved budgetary amounts hence leading to a total unauthorized expenditure of Kshs.2,693,078,704 as shown:

Vote	Ministry/Department	Recurrent Budget Kshs	Actual Recurrent Expenditure Kshs	Over Expenditure Kshs
4661	Office of the Governor and The Deputy Governor	198,573,002	223,537,429	24,964,427
4671	Public Service, Administration and Citizen Participation	419,247,272	2,536,858,773	2,117,611,501
4672	County Treasury	499,085,161	1,012,226,519	513,141,358
4674	Lands and Physical Planning	120,220,541	157,581,959	37,361,418
	Total	**1,237,125,976**	**3,930,204,680**	**2,693,078,704**

Further, the Department of Roads, Transport, Public Works, Housing and Energy incurred total development expenditure of Kshs.587,795,087 against an approved budget of Kshs.534,390,015 leading to an over-expenditure of Kshs.53,405,072 in development budget. The department of Lands and Physical Planning had an approved development budget of Kshs.48,982,764 but incurred a total of Kshs.54,510,158 hence exceeding the approved budget by Kshs.5,527,394 as follows:

Vote	Ministry/Department	Development Budget Kshs	Actual Expenditure Development Kshs	Over Expenditure Kshs	Budget Utilization
4670	Roads, Transport, Public Works, Housing and Energy	534,390,015	587,795,087	53,405,072	**110%**
4674	Lands and Physical Planning	48,982,764	54,510,158	5,527,394	**111%**
	Grand Total	**583,372,779**	**642,305,245**	**58,932,466**	**110%**

2. Irregular Compensation of Employees

The statement of receipts and payments reflects an expenditure of Kshs.2,106,572,661 under compensation of employees. During the year under review, the County Executive made payments amounting to Kshs.23,532,302 to casuals as indicated in the IFMIS payment report in the departments of Education, Health Services, Lands and Economic Planning, Youths Sports, Trade and Culture, Public Works and Transport, Agriculture, Treasury, Water and Irrigation. It was not clear how these casuals were recruited since there was no evidence of recruitment documents, muster roll and registers, staff establishment per department, approved terms of service and returns from the supervisors. The County Public Service Board had issued a memo Ref: CGK/KCPSB/STAFF.MATT/VOL.1/42 to regulate the engagement of persons on contract, volunteer and casual workers, staff of joint ventures and attachment of interns in its public bodies and offices. It appears that this memo was ignored since the casuals

were sourced, engaged and distributed across the county without the involvement of the County Public Service Board as required by the law.

Consequently, the validity and regularity of the expenditure of Kshs.23,532,302 could not be ascertained.

3. Irregularities Noted in the Construction of a Modern Library

As reported in the previous year, the County Executive entered into a contract to construct a modern library in the financial year 2014/2015. The contract was signed on 1 April, 2015, with the project running for a period of 36 months ending on the 31 March, 2018. However, according to payment certificate No. 4 dated 18 June 2018, the project was 92% complete. It was not clear why the contractor delayed implementing the project and whether there was any application for extension of the contract.

In the year 2017/2018, the County Executive allocated Kshs.20,000,000 towards the project. However, the County Executive paid the contractor Kshs.58,404,695 resulting in an unauthorized expenditure of Kshs.38,404,695. The payments were effected as follows:

Department	Amount Budgeted for Kshs.	Amount Paid Kshs.
Office of the Governor & Deputy Governor	20,000,000	29,754,695
Youth, Sports, Gender & Social Services	Nil	28,650,000
Total	20,000,000	58,404,695

Further, certificate Nos 1 to 4 as tabulated show certified works amounting to Kshs.107,933,495 while the corresponding amounts paid to the contractor, totaled Kshs.110,779,920 resulting in payment for uncertified works totaling Kshs.2,846,425.

Payment Details to Contractor	Amount Certified Kshs.	Amount Paid Kshs.	Date Paid
Certificate 1 - Dated 24 June 2015	26,691,093	6,482,754	25/05/2016
		18,892,471	26/05/2016
Certificate 2 - Dated 1 March 2016	22,837,707	7,000,000	10/07/2015
		20,000,000	18/11/2015
Certificate 3 - Dated 23 January 2018	26,162,653.50	28,650,000	10/05/2018
Certificate 4 - Dated 18 June 2018	26,779,225.50	29,754,695	30/06/2018
Total	**107,933,495**	**110,779,920**	

In addition, physical verification done in the month of November 2018 and a comparison with the payments made indicates an overpayment of Kshs.11,232,000 for items and works not done as follows;

Item Description	Amount Kshs.
Roads & Parking	2,310,000
Doors, door frames & Ironmongery	1,922,000
Windows & gazing	7,000,000
Total	**11,232,000**

Also as reported in the previous year, a firm of architects had been overpaid by Kshs.667,141 for their involvement in the construction of the library. However, the firm resigned from the contract on 6 February 2017.

The County Executive has neither clarified the reason(s) for the overpayment nor recovered the overpaid amounts.

In the circumstances, it was not possible to ascertain the following;

i. The source of the extra funding amounting to Kshs.38,404,695 which had not been budgeted.

ii. Why payments amounting to Kshs.11,232,000 were made for works that were not done.

iii. Why payments amounting to Kshs.2,846,425 were made for uncertified works.

iv. The cause of the delay in the delivery of the project and the steps being taken by the management to avert further delay and possible cost over runs.

It was not possible to confirm whether the project will ever be delivered to completion and whether the public will get value for money.

4. Irregular Construction of Dining Hall at Olkejuado High School

The County Executive's supplementary estimates and procurement plan for the period under review indicated that, the County Executive was to procure construction works towards construction of a dining hall at Olekejuado High school at a cost of Kshs.15,000,000 using restricted tendering. However, construction of schools is not a function which is devolved under schedule 4 of the Constitution of Kenya.

Available documents indicate that, the contract to construct the dining hall at Olkejuado High School in Dalalekutuk ward was awarded to a contractor at a contract price of

Kshs.36,980,846 through a notification ref CGK/ED/TED/7/2017-18 dated 4 December, 2017.The tender agreement was dated 18 December 2017 but both the tenderer and the representative of the procuring entity did not indicate the date the contract was signed. It is only the witness to the agreement (Chief Officer, Education) who is indicated as having signed on 18 January 2018. It was not clear whether the date of engagement was mutually agreeable as the date the agreement was witnessed.

Further, there were no tender documents and minutes of evaluation to show how the contractor was identified and whether proper procurement procedures were followed.

In addition, there were no site handing over minutes to indicate the actual date of commencement as per the agreement, the original bills of quantities and engineer's estimates.

Further, out of the contract price of Kshs.36,980,846, the management paid Kshs.17,674,572 on 30 April 2018 vide certificate No.1. This surpassed the budgeted amount of Kshs.15,000,000 by Kshs.2,674,572.

Consequently, the expenditure could not be confirmed to be in compliant with the existing laws and regulations. The over expenditure of Kshs.2,674,572 towards the project was not authorized. Further, in the absence of tender minutes, the regularity of the procurement process could not be ascertained.

5. Unresolved Prior Year Issues

5.1 Ngong Sports Complex

The County Executive contracted a firm to construct a Modern Sports Complex in Ngong Town for Kshs.198,464,940 under the department of Education, Youth, Sports Culture and social services. The project was scheduled to be undertaken in four phases for consecutive four financial years from 2014/2015 to 2017/2018 or 48 months from the date of the agreement. The agreement was signed on 6 July 2015 implying expected completion date of 5 July 2019. It therefore follows that at a minimum, 25% of the project should be achieved every financial year for the four years under consideration. Consequently, the project ought to have been at 50% completion by 30 June 2017. However, records presented for audit review revealed that as at 21 June 2016, only Kshs.34,387,474 had been absorbed as per interim certificate No. 1 indicating 17% completion.

In the year under review, no works were carried out implying either the project had been abandoned or works had stalled with physical verification confirming the same. That notwithstanding, a payment of Kshs.3,000,000 was made to the architects for consultancy services in respect of the project on 11 May 2017 despite the fact that no works had been carried out during the year. In addition, no fee notes, invoice, authority or any other documentary evidence has been presented for audit verification in support of this payment.

In the circumstances, it was not possible to confirm that the public got value for the total amount of Kshs.37,387,474 spent so far on the project. Further, there may be cost over runs in the event that the project is not delivered in time and other associated costs including interest and penalties, loss of value by delaying the accruing benefits to the tax payers and possible litigations arising from breach of contract.

5.2 Nalepo Primary School Access Road

The County Executive awarded a contract for grading and gravelling of Nalepo Primary School access road in Olkeri ward on 16 March 2017 to a firm at a contract sum of Kshs.1,995,960. The contract was for a period of 90 days effective from the date of signing the contract agreement. An amount of Kshs.611,784 was paid to the Contractor on 28 June 2017 being the value of certified works as per interim certificate No. 1 of 22 June 2017. However, the contract period expired on 16 June 2017 when the Contractor had only implemented 31% of the contract works. No evidence has been provided for audit to confirm that the Contractor requested for extension of the contract period as required under section 139 (2a) of Public Procurement and Assets Disposal Act, of 2015.

Consequently, it was not possible to confirm that there was efficient use of resources and benefits accruing to the residents in the implementation of this project.

5.3 Kajiado County Referral Hospital Maternity Wing

The County Executive contracted a firm to construct a maternity wing and ward at Kajiado County Referral Hospital at an initial contract sum of Kshs.53,729,145 through contract agreement dated 24 April 2015 following a Tender No. CGK/MOH/CWS/O8/2014-15. The initial contract sum was subsequently varied by Kshs.13,188,838 on 26 April 2017, which is 24.5% of the contract sum, exceeding the 20% ceiling authorized under section 139(4)(c) of Public Procurement and Asset Disposal Act, of 2015. Further, the variation included an amount of Kshs.4,197,736 for building, re-alignment and modifications of the project as a result of the technical department designing, without involvement of the user department as indicated in a letter reference KCG/HEALTH SERVICES/20/VOL3/222 of 13 February 2017. Consequently, it was not possible to confirm that there was efficient use of resources and benefits accruing to the residents of Kajiado in the implementation of this project.

5.4 Projects Budgeted and Implemented without Public Participation

During the year 2016/2017, evaluation of internal controls on budget process and identification of projects, and other records produced for audit review, revealed that a total of twenty-eight sampled flagship projects with a budget of Kshs.239,200,000 were conceived and started without going through the full cycle of budget process including public participation, sectoral working groups forums, and validation. This was done contrary to provisions of regulation 221(5) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, the County Treasuries shall arrange for effective public participation during the development of their annual budget estimates including the publication of citizens' budgets which shall explain and summarize

the budget proposals. In the circumstances, it is not possible to ascertain that there was proper involvement of the public in identification of the projects to ensure transparency and accountability.

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

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of IT Controls

A review of the County Executive's IT controls revealed that the IT department lacks the basic controls that enable the department to function effectively. This is largely caused by insufficient allocation of resources both financial and human to the department thus rendering it unable to meet the mandate for which it was established. The County Executive was found in lack of the following:

i. IT strategy committee.
ii. IT steering committee.
iii. Training program in place to build IT capacity.
iv. Approved IT security policy.
v. Policies in place which cover physical access to IT environment.
vi. Approved disaster recovery plan.
vii. Approved backup and retention strategy.
viii. Formal approved user account management policy.
ix. Insufficient fire extinguishers and fire suppression systems in the computer rooms.
x. Formal, documented and tested emergency procedure in place.

Not all the computers have an anti-virus installed.

The County Executive has not adhered to regulation 110(1) of the Public Finance Management Act (County Government) Regulations, 2015 which requires an Accounting Officer for a county government to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

2. Lack of a Risk Management Policy

Kajiado County Executive lacks a Risk Management Policy contrary to the requirements of Regulation 158(1) of the Public Finance Management (County Governments Regulations), 2015 which stipulates that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and that the County Government entity develops a system of risk management and internal control that builds robust business operations. Failure to develop a risk management policy means that the County executive does not have a framework for management of risk and hence it is not possible to identify, assess and control risk. As a result, it is not possible to define the entity's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

3. Weaknesses in Management of Human Resources

During the year under review, the county Executive employed one hundred ninety five (195) staff in various departments. This included recruitment of a Director - Supply Chain, Deputy Director of Budget and an Accountant General. However, the respective personnel files availed for audit did not contain necessary documents to show whether the employees' had the requisite skills, qualifications and competence as advertised.

Further, a review of the human resource processes and documentation showed that the County Executive did not have an approved human resource establishment and job evaluation report to guide in the management and utilization of the human resource and to establish the required and optimal number of staff and skills required in each and every department.

In addition, a review of the payrolls revealed that the County Executive staff numbered 2,604 as at 30 June 2018 out of which, 2,594 were in the Integrated Personnel Payroll Database (IPPD) and 110 in a different payroll for employees on contract terms and which was maintained in an excel software contrary to Regulation 120(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the absence of an approved a staff establishment, the County Executive is not in a position to know how many workers are required, how many are in post and how many need to be recruited which may lead to abuse of the recruitment process in the absence of open and objective recruitment process.

In addition, in the absence of necessary documentation in the personnel files, it is not possible to ascertain whether the county engaged the right personnel with the necessary

skills and competence as per the requirements of the advertisements in the period under review.

Further, the accuracy of the payroll and its output may not be determined as an excel software may be exposed to manipulation and changes without authorization and approvals.

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the County Executive's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the County management intends to cease operations of the County Executive, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

Nairobi

18 February 2019

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2017-2018	2016-2017
	Notes	KShs	KShs
RECEIPTS			
Exchequer releases	1	5,768,200,000	4,761,279,539
Proceeds from Domestic and Foreign Grants	2	-	-
Transfers from Other Government Entities	3	314,243,139	358,232,098
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	680,475,029	557,094,069
Returned CRF issues	10	10,071,056	-
TOTAL RECEIPTS		**6,772,989,224**	**5,676,605,706**
PAYMENTS			

Compensation of Employees	11	2,106,572,661	1,809,228,190
Use of goods and services	12	1,141,353,288	1,103,246,805
Subsidies	13	-	-
Transfers to Other Government Units	14	714,967,233	948,737,155
Other grants and transfers	15	482,966,030	99,520,964
Social Security Benefits	16	140,852,409	
Acquisition of Assets	17	2,081,921,406	1,224,589,893
Finance Costs, including Loan Interest	18	-	8,982,842
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Other Payments	20	-	-
TOTAL PAYMENTS		**6,668,633,027**	**5,194,305,849**
SURPLUS/DEFICIT		**104,356,197**	**482,299,857**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th Sep 2018 and signed by:

Chief Officer –County Treasury

Name: Morris Kaaka

Head of Treasury-Accounting

Name: CPA Joshua Majakusi

ICPAK Member Number: 12128

5.2. STATEMENT OF ASSETS AND LIABILITIES

		2017-2018	2016-2017
	Notes	KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	1,108,878,593	1,004,080,356
Cash Balances	21B	-	442,040
Total Cash and cash equivalent		1,108,878,593	1,004,522,396
Accounts receivables – Outstanding Imprests	22	-	-
TOTAL FINANCIAL ASSETS		**1,108,878,593**	**1,004,522,396**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	-	-
NET FINANCIAL ASSETS		**1,108,878,593**	**1,004,522,396**
REPRESENTED BY			
Fund balance b/fwd	24	1,004,522,396	522,222,538
Prior year adjustments	25	-	-
Surplus/Deficit for the year		104,356,197	482,299,857
NET FINANCIAL POSITION		**1,108,878,593**	**1,004,522,395**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th Sep. 2018 and signed by:

Chief Officer –County Treasury

Name: Morris Kaaka

Head of Treasury-Accounting

Name: CPA Joshua Majakusi

ICPAK Member Number: 12128

5.3. STATEMENT OF CASH FLOWS

		2017-2018	2016 - 2017
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	5,768,200,000	4,761,279,539
Proceeds from Domestic and Foreign Grants	2	-	-
Transfers from Other Government Entities	3	314,243,139	358,232,098
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	680,475,029	557,094,069
Returned CRF issues	10	10,071,056	-
Payments for operating expenses			
Compensation of Employees	11	2,106,572,661	1,809,228,190
Use of goods and services	12	1,141,353,288	1,103,246,805
Subsidies	13	-	-
Transfers to Other Government Units	14	714,967,233	948,737,155
Other grants and transfers	15	482,966,030	99,520,964

Social Security Benefits	**16**	140,852,409	
Finance Costs, including Loan Interest	**18**	-	8,982,842
Other Payments	**20**	-	-
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities		**2,186,277,603**	**1,706,889,750**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	**6**	-	-
Acquisition of Assets	**17**	2,081,921,406	1,224,589,893
Net cash flows from Investing Activities		**2,081,921,406**	**1,224,589,893**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	**4**	-	-
Proceeds from Foreign Borrowings	**5**	-	-
Repayment of principal on Domestic and Foreign borrowing	**19**	-	-
Net cash flow from financing activities			

		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**104,356,197**	**482,299,857**
Cash and cash equivalent at BEGINNING of the year	**24**	**1,004,522,396**	**522,222,538**
Cash and cash equivalent at END of the year	**21**	**1,108,878,593**	**1,004,522,396**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th Sep 2018 and signed by:

Chief Officer –County Treasury
Name: Morris Kaaka

Head of Treasury-Accounting
Name: CPA Joshua Majakusi
ICPAK Member Number: 12128

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	5,011,445,438	756,754,562	5,768,200,000	5,768,200,000	-	100%
Proceeds from Domestic and Foreign Grants	-	106,319,061	106,319,061	-	106,319,061	0%
Transfers from Other Government Entities	231,918,092	42,865,562	274,783,654	314,243,139	(39,459,485)	114%
Proceeds from Domestic Borrowings			-	-	-	
Proceeds from Foreign Borrowings			-	-	-	
Proceeds from Sale of Assets			-	-	-	
Reimbursements and Refunds						

			-	-	-	
Returns of Equity Holdings			-	-	-	
County Own Generated receipts	990,794,334.00	50,000,000	1,040,794,334	680,475,029	360,319,305	65%
Return issues to CRF	997,910,841		997,910,841	10,071,056	987,839,785	1%
TOTAL	**7,232,068,705**	**955,939,185**	**8,188,007,890**	**6,772,989,224**	**1,415,018,666**	83%
PAYMENTS			-		-	
Compensation of Employees	2,376,252,465	(227,677,361)	2,148,575,104	2,106,572,661	42,002,443	98%
Use of goods and services	1,160,205,124	245,831,870	1,406,036,994	1,141,353,288	264,683,706	81%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	955,197,029	(134,950,156)	820,246,873	714,967,233	105,279,640	87%

Other grants and transfers	482,966,030	-	482,966,030	482,966,030	-	100%
Social Security Benefits	146,097,544	-	146,097,544	140,852,409	5,245,135	96%
Acquisition of Assets	2,111,350,514	1,072,734,832	3,184,085,345	2,081,921,406	1,102,163,939	65%
Finance Costs, including Loan Interest	-	-	-	-	-	
Repayment of principal on borrowings	-	-	-	-	-	
Other Payments		-	-	-	-	
TOTAL	**7,232,068,705**	**955,939,185**	**8,188,007,890**	**6,668,633,027**	**1,519,374,863**	81%
SURPLUS/(DEFICIT)	-	-	-	**104,356,197**		

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

(a) Xxxx

(b) Xxxx

(c) Xxxx

(Explain *whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23 The total of actual on comparable basis should tie with the totals under receipts and payments where this is not the case, a reconciliation should between the two statements should be prepared and disclosed.)*

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

Chief Officer –County Treasury

Name: Morris Kaaka

Head of Treasury-Accounting

Name: CPA Joshua Majakusi

ICPAK Member Number: 12128

5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	A	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	3,257,439,535	(342,304,974)	2,915,134,561	3,887,239,061	(972,104,500)	133%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	-
Transfers from Other Government Entities	114,803,277	(64,720,468)	50,082,809	188,545,883	(138,463,074)	376%
Proceeds from Domestic Borrowings	-	-	-	-	-	
Proceeds from Foreign Borrowings	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
Reimbursements and Refunds	-	-	-	-	-	
Returns of Equity Holdings	-	-	-	-	-	
County Own Generated receipts	990,794,334	50,000,000	1,040,794,334	680,475,029	360,319,305	65%

Return CRF issues	997,910,841	-	997,910,841	10,071,056	987,839,785	1%
TOTAL	**5,360,947,987**	**(357,025,442)**	**5,003,922,545**	**4,766,331,029**	**237,591,516**	**93%**
PAYMENTS	-	-	-	-	-	
Compensation of Employees	2,376,252,465	(227,677,361)	2,148,575,104	2,106,572,661	42,002,443	98%
Use of goods and services	1,160,205,124	245,831,870	1,406,036,994	1,141,353,288	264,683,706	81%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	955,197,029	(134,950,156)	820,246,873	714,967,233	105,279,640	87%
Other grants and transfers	482,966,030	-	482,966,030	482,966,030	-	100%
Social Security Benefits	146,097,544	-	146,097,544	140,852,409	5,245,135	96%
Acquisition of Assets	240,229,796	(240,229,796)	-	79,237,800	(79,237,800)	
Finance Costs, including Loan Interest	-	-	-	-	-	
Repayment of principal on borrowings	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTAL	**5,360,947,987**	**(357,025,442)**	5,003,922,545	**4,665,949,421**	**337,973,124**	93%
SURPLUS/(DEFICIT)	-	-	-	100,381,608		

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

(Explain *whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The total figures on the recurrent budget execution statement and development budget execution should add up to the totals of the combined statement.*)

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

Chief Officer –County Treasury

Name: Morris Kaaka

Head of Treasury-Accounting

Name: CPA Joshua Majakusi

ICPAK Member Number: 12128

5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	A	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	1,754,005,903	1,099,059,536	2,853,065,439	1,880,960,939	972,104,500	66%
Proceeds from Domestic and Foreign Grants	-	106,319,061	106,319,061			100%
Transfers from Other Government Entities	117,114,815	107,586,030	224,700,845	125,697,256	99,003,589	56%
Proceeds from Domestic Borrowings			-		-	
Proceeds from Foreign Borrowings			-		-	
Proceeds from Sale of Assets			-		-	
Reimbursements and Refunds			-		-	
Returns of Equity Holdings			-		-	
County Own Generated receipts			-		-	
Return CRF issues			-		-	
TOTAL	**1,871,120,718**	**1,312,964,627**	**3,184,085,345**	**2,006,658,195**	**1,071,108,089**	

PAYMENTS			-		-	
Compensation of Employees			-		-	
Use of goods and services			-		-	
Subsidies			-		-	
Transfers to Other Government Units			-		-	
Other grants and transfers			-		-	
Social Security Benefits						
Acquisition of Assets	1,871,120,718	1,312,964,627	3,184,085,345	2,002,683,606	1,181,401,739	63%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings			-		-	
Other Payments			-		-	
TOTALS	**1,871,120,718**	**1,312,964,627**	**3,184,085,345**	**2,002,683,606**	**1,181,401,739**	63%
SURPLUS/(DEFICIT)	-	-	-	**3,974,589**		

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

(a) Xxxx

(b) Xxxx

(Explain *whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The total figures on the recurrent budget execution statement and development budget execution should add up to the totals of the combined statement.*)

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

Chief Officer –County Treasury
Name: Morris Kaaka

Head of Treasury-Accounting
Name: CPA Joshua Majakusi
ICPAK Member Number: 12128

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

	Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2017-2018		2017-2018	2017-2018	
		KShs	KShs	KShs	KShs	KShs
4661	OFFICE OF THE GOVERNOR AND THE DEPUTY GOVERNOR	133,374,252.00	339,835,750.00	473,210,002	307,308,837	65%
4664	COUNTY PUBLIC SERVICE BOARD	82,480,010.00	27,660,618.00	110,140,628	49,925,518	45%
4665	EDUCATION AND VOCATIONAL TRAINING	573,895,706.00	77,539,120.00	651,434,826	430,632,464	66%
4666	MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION	2,064,648,161.00	177,884,159.00	2,242,532,320	716,855,300	32%
4667	YOUTH, SPORTS, GENDER AND SOCIAL SERVICES	116,561,150.00	35,626,110.00	152,187,260	93,762,007	62%
4668	AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE	307,493,721.00	30,475,722.00	337,969,443	145,695,022	43%

	DEVELOPMENT					
4669	WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES	306,080,915.00	75,852,448.00	381,933,363	337,415,443	88%
4670	ROADS, TRANSPORT, PUBLIC WORKS, HOUSING AND ENERGY	498,164,408.00	172,475,015.00	670,639,423	720,742,864	107%
4671	PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION	350,947,272.00	68,300,000.00	419,247,272	2,270,487,385	542%
4672	COUNTY TREASURY	747,477,443.00	897,303,601.00	1,644,781,044	1,247,546,661	76%
4673	TRADE, CULTURE, TOURISM AND WILDLIFE	152,989,615.00	26,586,278.00	179,575,893	136,169,409	76%
4674	LANDS AND PHYSICAL PLANNING	196,255,753.00	(27,052,448.00)	169,203,305	212,092,117	125%
4675	COUNTY ASSEMBLY	703,789,458.00	51,363,653.00	755,153,111	-	
	GRAND TOTAL	**6,234,157,864.00**	**1,953,850,026.00**	**8,188,007,890**	**6,668,633,027**	

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

5.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

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

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

County Own Generated Receipts

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

Returns to CRF Issues

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

b) Recognition of payments

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

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

Repayment of borrowing (principal amount)

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

Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs 17,169,800 compared to KShs 3,229,211 in prior period as indicated on note 21A. There were no other restrictions on cash during the year

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Pending bills

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

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 30th April 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2017 - 2018	2016 - 2017
	KShs	KShs
Total Exchequer Releases for quarter 1	-	809,417,522
Total Exchequer Releases for quarter 2	1,326,686,000	785,611,124
Total Exchequer Releases for quarter 3	1,586,255,000	1,190,319,885
Total Exchequer Releases for quarter 4	2,855,259,000	1,975,931,008
Total	**5,768,200,000**	**4,761,279,539**

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

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2017 - 2018	2016 – 2017
			KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from other levels of government	-	-	-	-
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-

(Include a brief explanation on grants received, from whom and for what purpose)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	KShs	KShs
Kenya Roads Board	188,008,411	73,157,028
Ministry of Health - DANIDA	13,945,701	8,945,000
Ministry of Health - Maternal Health Care	6,633,392	56,312,500
Ministry of Health - User Fees Foregone	16,311,160	16,311,160
Ministry of Health - WB-THUSCP	19,524,597	100,315,410
youth polytechnic	26,990,230	76,959,000
KDSP	42,829,648	26,232,000
TOTAL	**314,243,139**	**358,232,098**

(Give a brief description of what the transfers relate to and from whom they were received)

4. PROCEEDS FROM DOMESTIC BORROWINGS

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROCEEDS FROM FOREIGN BORROWINGS

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

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

6. PROCEEDS FROM SALE OF ASSETS

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

	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

7. REIMBURSEMENTS AND REFUNDS

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

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

8. RETURNS FROM EQUITY HOLDINGS

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. COUNTY OWN GENERATED RECEIPTS

	2017 - 2018	2016 – 2017
	KShs	KShs
Interest Received		
Profits and Dividends		
Rents		
Other Property Income		
Sales of Market Establishments		
Receipts from Administrative Fees and Charges		
Receipts from Administrative Fees and Charges - Collected as AIA		
Receipts from Incidental Sales by Non-Market Establishments		
Receipts from Sales by Non-Market Establishments		
Receipts from Sale of Incidental Goods		
Fines Penalties and Forfeitures		
Receipts from Voluntary transfers other than grants		
Business permits	194,355,027	
Cess		
Poll rates	18,900,216	
Plot rents	42,970,717	
Other local levies	45,000	
Administrative services fees		
Various fees		
Council's natural resources	56,640,774	
Exploitation		
Sales of council assets		

Lease / rental of council's		
Infrastructure assets		
Other miscellaneous receipts	70,250,328	
Insurance claims recovery		
Medium term loans (1-3 yr repayment)		
Long term loans (over 3 yr repayment)		
Transfers from reserve funds		
Donations		
Fund raising events		
Other receipts from financial assets loan		
Market/trade Centre fee	15,792,279	
Vehicle parking fees	42,827,880	
Housing		
Social premises use charges	807,400	
School fees		
Other education-related	57,200	
Other education receipts		
Public health services	9,521,930	
Public health facilities operations	20,115,198	
Environment & conservancy		
Administration		
Slaughter houses administration	11,225,160	
Water supply administration		
Sewerage administration	20,000	
Other health & sanitation	3,065,040	
Technical services fees	26,028,104	
External services fees	15,574,000	
Other revenue not classified anywhere	152,278,776	557,094,069
Total	**680,475,029**	**557,094,069**

(Comment on the performance of the own generated funds between the two years)

10. RETURNED CRF ISSUES

	2017 - 2018	2016 – 2017
	KShs	KShs
Recurrent account	10,071,056	-
Development account		-
Deposit account		
Total	**10,071,056.00**	-

(State what the refunds relate to and when they were appropriated for use)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2017 - 2018	2016 – 2017
	KShs	KShs
Basic salaries of permanent employees	1,036,873,805	986,318,852
Basic wages of temporary employees	52,324,666	54,848,600
Personal allowances paid as part of salary	1,017,374,190	669,752,428
Personal allowances paid as reimbursements		
Personal allowances provided in kind		
Pension and other social security contributions		71,896,117
Compulsory national social security schemes		26,412,193
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		
Total	**2,106,572,661**	**1,809,228,190**

(Give brief explanation including the comparative number of employees)

12. USE OF GOODS AND SERVICES

	2017 - 2018	2016 – 2017
	KShs	KShs
Utilities, supplies and services	32,724,351	26,360,379
Communication, supplies and services	18,014,874	17,949,100
Domestic travel and subsistence	247,780,039	161,980,658
Foreign travel and subsistence	14,676,691	31,002,270
Printing, advertising and information supplies & services	73,466,592	48,614,421
Rentals of produced assets	-	

		1,215,600
Training expenses	29,124,356	22,602,335
Hospitality supplies and services	47,992,759	65,835,878
Insurance costs	84,526,372	43,986,969
Specialized materials and services	292,055,249	233,068,808
Office and general supplies and services	43,635,243	26,574,313
Other operating expenses	123,767,532	288,360,147
Routine maintenance – vehicles and other transport equipment	47,942,116	28,181,727
Routine maintenance – other assets	25,072,604	53,077,695
Fuel, oil and lubricants	60,574,511	54,436,505
Total	**1,141,353,288**	**1,103,246,805**

(Give a brief explanation of this category of expenses)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. SUBSIDIES

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

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

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 – 2017
	KShs	KShs
Kajiado County Assembly	704,967,233	647,586,903
Mortgage and car loan	10,000,000	-
Other current grants and subsidies	-	301,150,252
TOTAL	**714,967,233**	**948,737,155**

(Provide the nature and purpose of transfers and are these transfers to be recovered)

15. OTHER GRANTS AND OTHER PAYMENTS

	2017 - 2018	2016 – 2017
	KShs	KShs
Scholarships and other educational benefits	80,000,000	60,000,000
Emergency relief and refugee assistance	110,000,000	29,520,964
Health Grants	54,967,389	-
Roads Maintenance Levy Fund	188,008,411	
Disability mainstreaming Fund	8,000,000	10,000,000
Transfers to village polytechnic	26,990,230	
Youth Fund	15,000,000	-
Total	**482,966,030**	**99,520,964**

(Provide explanation as to what other grants and payments relate to and who is the beneficiary)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. SOCIAL SECURITY BENEFITS

	2017 - 2018	2016 – 2017
	KShs	KShs
Government pension and retirement benefits	140,852,409	
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
Total	**140,852,409**	-

(Explain where the benefits are remitted and who the beneficiaries are)

17. ACQUISITION OF ASSETS

Non-Financial Assets	2017 – 2018	2016 – 2017
	KShs	KShs
Purchase of Buildings	-	
Construction of Buildings	629,484,516	371,105,818
Refurbishment of Buildings	32,841,547	204,400
Construction of Roads	556,400,341	365,320,695
Construction and Civil Works	401,032,877	297,652,785
Overhaul and Refurbishment of Construction and Civil Works	-	
Purchase of Vehicles and Other Transport Equipment	39,618,900	26,652,834
Overhaul of Vehicles and Other Transport Equipment	-	
Purchase of Household Furniture and Institutional	-	

Equipment		
Purchase of Office Furniture and General Equipment	3,941,750	780,000
Purchase of ICT Equipment	201,603,368	
Purchase of Specialized Plant, Equipment and Machinery	143,569,011	66,434,776
Rehabilitation and Renovation of Plant, Machinery and Equip.	17,771,055	17,150,082
Purchase of Certified Seeds, Breeding Stock and Live Animals		
Research, Studies, Project Preparation, Design & Supervision	55,658,041	79,288,503
Rehabilitation of Civil Works		
Acquisition of Strategic Stocks and commodities		
Acquisition of Land		
Acquisition of Intangible Assets		
Financial Assets		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Total	**2,081,921,406**	**1,224,589,893**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCE COSTS, INCLUDING LOAN INTEREST

	2017 - 2018	2016 – 2017
	KShs	KShs
Exchange Rate Losses	-	
Interest Payments on Foreign Borrowings	-	
Interest Payments on Guaranteed Debt Taken over by Govt	-	
Interest on Domestic Borrowings (Non-Govt)	-	8,982,842
Interest on Borrowings from Other Government Units	-	-
Total	-	**8,982,842**

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

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

Total	-	-

20. OTHER PAYMENTS

	2017 - 2018	2016 – 2017
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other payments	-	-
	-	-

(Provide explanation as to what each component of other expenses relate to)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency*	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2017 – 2018	2016 – 2017
Central Bank of Kenya, 1000171219 & KES	KES	*development bank a/c*	N/a	575,541	1,081,157
Central Bank of Kenya, 1000171251 & KES	KES	*recurrent bank a/c*	N/a	486,737	253,286
Central Bank of Kenya, 1000199008 & KES	KES	*deposit bank a/c*	N/a	17,169,800	3,229,211
Central Bank of Kenya, 1000171642 & KES	KES	*revenue fund a/c*	N/a	934,310,752	802,500,322
Central Bank of Kenya, 1000282207& KES	KES	*Kajiado County Dept of H/Grants Account*	N/a	81,765,743	107,600,484

Central Bank of Kenya, 1000282193 & KES	KES	*Kajiado County Roads Levy Fund Account*	N/a	30,006,366	71,381,604
Kenya Commercial Bank, 114749870 & KES	KES	*revenue collection a/c*	N/a	44,563,654	18,034,292
Total				**1,108,878,593**	**1,004,080,356**

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

21B. CASH IN HAND

	2017 – 2018	**2016 – 2017**
	KShs	**KShs**
Cash in Hand – Held in domestic currency	-	442,040
Cash in Hand – Held in foreign currency		
Total	-	**442,040**

Cash in hand should also be analysed as follows:

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

[Provide cash count certificates for each]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	**2017 – 2018**	**2016 – 2017**
	KShs	**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			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Total				

23. ACCOUNTS PAYABLE

	2017 – 2018	**2016 – 2017**
	KShs	**KShs**
Deposits		
Total		

[Provide short appropriate explanations as necessary]

24. FUND BALANCE BROUGHT FORWARD

	2017 – 2018	2016 – 2017
	KShs	KShs
Bank accounts	1,004,080,356	521,553,028
Cash in hand	442,040	669,510
Accounts Receivables		
Accounts Payables		
Total	**1,004,522,396**	**522,222,538**

[Provide short appropriate explanations as necessary]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

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

5.10. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 2)

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

2. PENDING STAFF PAYABLES (See Annex 3)

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

3. OTHER PENDING PAYABLES (See Annex 4)

	2017 – 2018	2016 – 2017
	KShs	KShs
Amounts due to National Government entities		
Amounts due to County Government entities		
Amounts due to third parties (**Contingent Liability**)	670,000,000	
Others (*specify*)		
Total	**670,000,000**	

The contingent liability relates to the case between the County Government of Kajiado and Kilimanjaro safari club were the court had initially ruled that Kilimanjaro safari club be paid

amount of Kshs. 670,000,000 . However, the County Government filed an appeal in Court and the case is yet to be settled.

RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Government:

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

Related party transactions

Key Management Compensation(Governors, CEC Members and C.Os)	121,777,338.00	138,422,166.24
Transfers to related parties		
Transfer to the County Assembly	704,967,233	647,586,903
Transfers to other County Government Entities		
Transfers to Development Projects		
Transfers to non-reporting entities e.g. schools and welfare		
Transfers to County Water Service Providers		
Expenses paid on behalf of County Water Service Providers		
Total Transfers to related parties		
Transfers from related parties		
Transfers from the Exchequer		

Transfers from MDAs		
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
Total Transfers from related parties	**826,744,571.00**	**786,009,069.24**

4. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and resolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

[illegible]	[illegible]	[illegible]	[illegible]
Xxx Corporation			
Xxx fund			
Xxx Board			
Xxx project			
XXX Scheme			

6. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Audit report 14-15	Unplanned project		Director procurement	resolved	
Audit report 14-15	Lack of fixed asset register	Now in place		resolved	
Audit report 14-15	Provisional sums paid without supporting documents	Support provided	C o roads	resolved	
	Cash and cash equivalent Amount not supported	supported	Snr. Accountant	revedsolved	
Audit report 2016-17	Lacks of creditors ledger	Now in place	Director supny chai	resolved	
Non-inclusion of defunct		not yet recorded	Accountant general		Next financial year

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
local authority noin asset register					

Guidance Notes:

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

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

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

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

CEC, County Treasury

Sign.....

Date.....28th Sep. 2018.....

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Exchequer Releases for quarter 1				
Exchequer Releases for quarter 2	1,326,686,000			
Exchequer Releases for quarter 3	1,586,255,000			
Exchequer Releases for quarter 4	2,855,259,000			
Total	**5,768,200,000**			

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

	A	B	C	d=a-c		
Construction of buildings						
1.	855,785,000		371,257,066	43,484,527,9	211,576,483	
2.						
3.						
Sub-Total			**371,257,066**		**211,576,483**	
Construction of civil works						
4.	98,273,000		42,283,119	55,989,881	502,617,426	
5.						
6.						
Sub-Total			**42,283,119**		**502,617,426**	
Supply of goods						
7.	226,288,378		0	226,288,378	49,013,802	
8.						
9.						
Sub-Total			**0**		**49,013,802**	

Supply of services						
10.					143,384,181	
11.						
12.						
Sub-Total						
Grand Total	**1,180,346,378**		**413,540,185**	**766,806,193**	**906,591,892**	

ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		a	b	C	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							

Others (*specify*)								
10.								
11.								
12.								
Sub-Total								
Grand Total								

ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES

		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							

Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
Kilimanjalo Sports Club	This a contingent liability to Kilimanjaro safari club which is subject to Court of Appeal ruling				670,000,000		Court case awaiting ruling
10.							
11.							
Sub-Total							

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land	-	-	-	-
Buildings and structures	1,334,601,976.15	629,484,516	-	1,964,086,492.15
Transport equipment	135,951,599	39,618,900	-	175,570,499
Office equipment, furniture and fittings	155,133,832	3,941,750	-	159,075,582
ICT Equipment, Software and Other ICT Assets	-	201,603,368	-	201,603,368
Other Machinery and Equipment	479,447,201	145,619,011	-	625,066,212
Heritage and cultural assets			-	
Intangible assets			-	
Total	2,105,134,608	1,020,267,545	-	3,125,402,153.15

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

ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	County Assembly	**38,159,915**	**117,290,907**	**112,539,094**	**436,977,317**				
2	Emergency fund								
3	Xxx project								
4	Xxx board								
5	Xxx								
6	Xxx								
	Total								

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

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

ANNEX 7– BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)

COUNTY GOVERNMENT OF KAJIADO

P.O BOX 11
KAJIADO
Email: ctreasury@kajiado.go.ke

THE COUNTY TREASURY

30th June 2018

COUNTY GOVERNMENT OF KAJIADO BANK ACCOUNTS DETAILS AS AT 30TH JUNE 2018

No	Account Name	Account Number	Bank	Branch	Bank Bal. 30.06.2018	Date of opening	Signatories	Remarks
1	KAJIADO COUNTY VILLAGE POLYTECHNIC	1000368608	CBK	Haile Selassie Avenue	NIL	23rd Feb 2018	Francis Mbugua Henry Sororonyi Jackson Ritei Morris kaaka	Newly open
2	ROADS LEVY ACCOUNTS	1000282193	CBK	Haile Selassie Avenue	45,983,038.60	27th Jan 2016	Sankaire Tima Henry Sororonyi Jackson Ritei Morris kaaka	Operational
3	KAJIADO COUNTY DEPTMENT OF H/GRANTS A/C	1000282207	CBK	Haile Selassie Avenue	81,765,743.45	27th Jan 2016	Jacob Sampeke Henry Sororonyi Jackson Ritei Morris kaaka	Operational
4	KAJIADO COUNTY CLIMATE SMART AGRI/GRANTS	1000365331	CBK	Haile Selassie Avenue	NIL	9th Feb 2018	Leornard leakey Ritei	Newly open
	KAJIADO COUNTY ASDSP II ACCOUNTS	1000365347	CBK	Haile Selassie Avenue	NIL	9th Feb 2018	Henry Sororonyi Jackson Ritei Morris kaaka	Newly open
5	KAJIADO COUNTY URBAN SUPPORT PROGRAMME	1000355258	CBK	Haile Selassie Avenue	NIL	8th Feb2018	Moses Leteyio Murunya Henry Sororonyi	Newly open

6	KAJIADO COUNTY DEVELOPMENT	1000171219	CBK	Haile Selassie Avenue	25,739,110.35	3rd April 2013	Jackson Ritei Morris kaaka Henry Sororonyi Jackson Ritei Morris kaaka	Operational
7	KAJIADO COUNTY RECURRENT	1000171251	CBK	Haile Selassie Avenue	119,170,121.70	3rd April2013	Henry Sororonyi Jackson Ritei Morris kaaka	Operational
8	KAJIADO COUNTY REVENUE FUND	1000171642	CBK	Haile Selassie Avenue	681,891,643.75	3rd April 2013	Henry Sororonyi Jackson Ritei Morris kaaka	Operational
9	KAJIADO COUNTY DEPOSIT ACCOUNT	1000199008	CBK	Haile Selassie Avenue	18,833,672.30	12th Feb 2014	Henry Sororonyi Jackson Ritei Morris kaaka	Operational