REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF KITUI

FOR THE YEAR ENDED 30 JUNE 2018

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

a) Background information

The County is constituted as per the constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The year under review was an election year as the General Elections were held on 8th August 2017. These elections resulted in a new Governor who was sworn in on 21st August 2017 and subsequently led to a change of government by the appointment of new County Executive Committee and County Chief Officers among other key government appointments.

The County Executive Committee in existence before the General Election of August 2017 continued to hold office till 6th November 2017 when the new CECs were appointed to take office. County Chief Officers were appointed much later on 6th April 2018.

b) Key Management

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

• Chariry Kaluki Ngilu	Governor;
• Dr Wathe Nzau	Deputy Governor;
• Mary Ndunge Nguli	CEC Member County Treasury
• Emmanuel Malii Kisangau	CEC Member Agriculture, Water and Livestock Development
• David Musyoki Kivoto	CEC Member Basic Education, ICT and Youth Development
• Rosaita Mbukua Ngina	CEC Member Health and Sanitation[1]
• Philip Mutinda Mumo	CEC Member Trade, Cooperatives and Investments
• John Muneeni Makau	CEC Member Environment and Natural Resources
• Patrick Koki Musau	CEC Member Tourism, Sports and Culture and;
• Eng. Jacob Kakundi	CEC Member Lands Infrastructure, Housing and Urban Development.

c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Officer – Finance (Effective April 6, 2018)	Enoch Nguthu
2.	Chief Officer – Budgeting and Economic Planning (Effective April 6, 2018)	Kalii Makau
3.	Accountant General	Joel M. Muyanga
4.	Chief Officer – Tourism, Sports and Culture (Effective April 6, 2018)	Geoffrey Kimanzi Zakayo
5.	Alternate	Margaret Thomas Katele
6.	Alternate	Shadrack Musyoka Matuku
7.	Chief Officer – Health and Sanitation (Effective April 6, 2018)	Richard Mulwa Muthoka
8.	Alternate	Allan Evans Owino
9.	Alternate	Fidhelis Mwini Mwaniki

[1] Rosaita Mbukua Ngina was redeployed to Donor Liaison Office for the County, Nairobi.

10.	Chief Officer – Trade, Cooperatives and Investments (Effective April 6, 2018)	Clement Mulyungi Munyithya
11.	Alternate	Francis Kyalo Kea
12.	Alternate	Patrick Mwendwa Kyangie
13.	Alternate	Gilbert Edebe Musalia
14.	Chief Officer – Environment and Natural Resources (Effective April 6, 2018)	Benjamin Kioko Kiilu
15.	Alternate	Benjamin Musili Mukulo
16.	Chief Officer – Lands, Infrastructure and Urban Development	Christopher Maingi Syengo
17.	Alternate	Christopher David Kitonga
18.	Alternate	Jeremiah Mulyungi Musyoka
19.	Chief officer – Basic Education (Effective April 6, 2018)	Agneta Mwikali Peter
20.	Alternate	Sammy Boniface Mwenga
21.	Chief Officer – Youth Training and Development (Effective April 6, 2018)	Geoffrey Mulinge Changangu
22.	Alternate	Mathew Muli Mutuku
23.	Chief Officer – Agriculture and Livestock (Effective April 6, 2018)	James Songolo Mbii
24.	Alternate	Francis Kitoo
25.	Chief Officer – Water and Irrigation (Effective April 6, 2018)	Joseph Kimanga Mutua
26.	Alternate	Kennedy Mutati
27.	Chief Officer – Office of the Governor (Effective April 6, 2018)	Agnes Kawila Mulewa
28.	Alternate	Alex Nzioki Kimanzi
29.	Alternate	Patricia Koki Mbisi

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- Kitui County Assembly Public Investment and Accounts Committee
- Kitui County Assembly County Budget and Appropriation Committee
- Kitui County Assembly Finance and Economic Planning Committee
- Kitui County Budget and Economic Forum
- Controller of Budget
- National Treasury

e) Entity Headquarters

P.O. Box 33 90200
Tana Athi Building
Kitui, Kenya

f) Entity Contacts

Telephone: 044-4422041,
044-4422304
E-mail: info@kituicounty.go.ke
Website: www.kitui.go.ke

g) Entity Bankers

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

Nairobi, Kenya

2. Kenya Commercial Bank
   Kitui Branch
   P. O. Box 683- 90200
   Kitui, Kenya

3. Cooperative Bank of Kenya
   Kitui Branch
   P. O. Box 11431
   Kitui, Kenya - 90200

h) Independent Auditors

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

i) Principal Legal Adviser

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

2. FORWARD BY THE CECM

1. Budget Performance against Actual Targets
Analysis of Revenues.

During the period July 2017 to June 2018, the County received **Kshs. 8.65** billion as equitable share from National Government and raised **Kshs. 335** million from local sources. The County received grants amounting to **Kshs. 584.1** million (being Kshs 400.3m from Nation Government and Kshs 183.8m from foreign donors) for the 2017/2018 FY. Total local revenue raised during the period under review was **63** percent of the annual local revenue target. The equitable share of revenue has increased by an average of about **12.5** percent per annum over the last five years. Local revenue collection increased by **25.6** percent in 2014/15 and further by about **29.9** percent in 2015/16 before declining by **24.2** percent in 2016/17. The County collected **Kshs. 335** million in 2017/18 which represented an increase of **6.03** percent on the previous year.

Table 1: Revenue Streams (Kshs. Millions)

Revenue Streams	2013/14	2014/15	2015/16	2016/17	2017/18
Equitable share	5,315.30	6,380.00	7,267.30	7,841.20	8,652.30
Local Revenue	255.24	320.50	416.20	315.35	335
Conditional grants		34.60	250.70	452.72	584
Total	**5,570.54**	**6,735.10**	**7,934.20**	**8,609.27**	**9,571**

An analysis of the composition of county revenue reveals that the equitable share accounts for about **92** percent of total revenue. Conditional grants have been growing in importance and have overtaken local revenue sources. Grants as a share of total revenue increased from 0.5 percent in 2014/15 to **5.3** percent in 2016/17, and the share decreased to **6.05** percent in 2017/18. The main components of the grants are Road Maintenance Fuel Levy, Free Maternal Healthcare, and grants from development partners. The notable increase in 2017/18 is attributed to World Bank grants to supplement financing of County Health Facilities; Road Maintenance Fuel Levy Fund; Free Maternal Health Care Allocation; and allowances for medical staff, devolution and agricultural programmes (Table 45)

Analysis of Expenditure

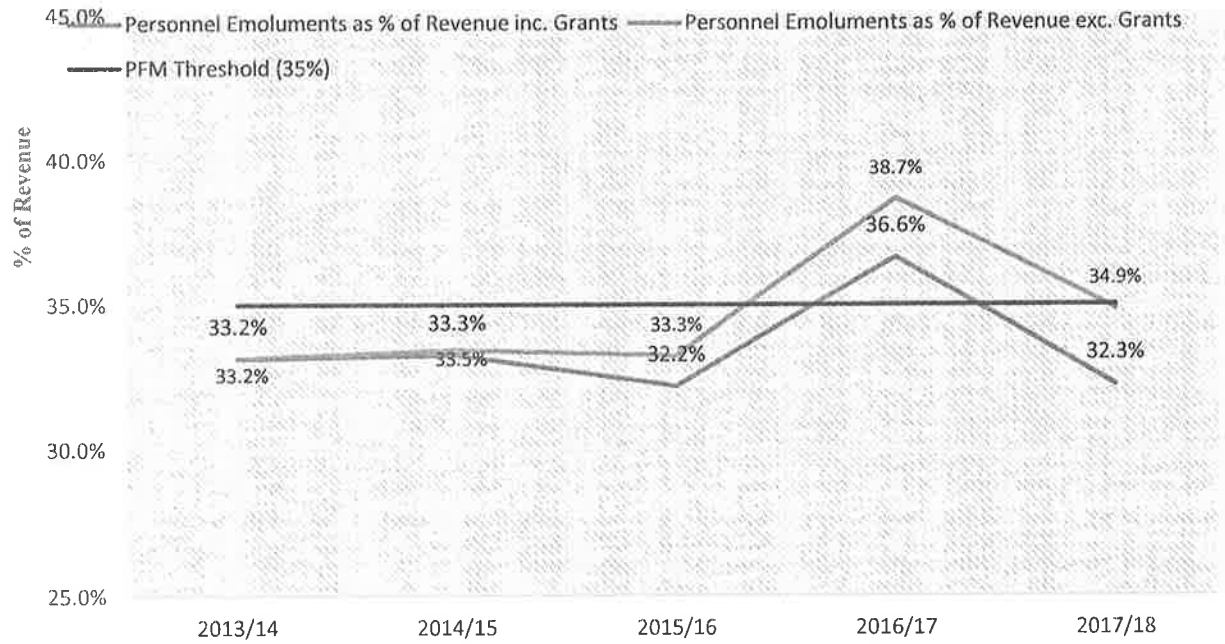
During the period 2013/14-2016/17 total expenditure by the County more than doubled from Kshs. 3.53 billion to **Kshs. 9.7** billion in 2017/18, representing 86 percent absorption. Recurrent expenditure (personnel emoluments and operations and maintenance) as a share of total expenditure averaged fell from **86** percent in 2013/14 to **72** percent in 2017/18. This change in the composition of expenditure has enabled the County to meet the fiscal responsibility principles outlined in the PFM Act, 2012 and the PFM (County Regulations) 2015, which stipulates that county government's actual expenditure on development shall be at least 30 percent.

Table 2: Budgeted Expenditure by Economic Classification (Kshs. Millions)

Expenditure Categories	2013/14	2014/15	2015/16	2016/17	2017/18
Personnel Emolument	1,847.40	2,242.00	2,555.92	3,153.30	3,202.40
Operations and Maintenance	1,174.40	1,704.70	1,542.78	2,597.00	3,055.70
Development	506.28	2,963.80	3,771.92	5,220.10	4,984.90
Total	**3,528.08**	**6,910.50**	**7,870.62**	**10,970.40**	**11,243**
Personnel Emoluments	52.4%	32.4%	32.5%	28.7%	28.5%
Operations and Maintenance	33.3%	24.7%	19.6%	23.7%	27.2%
Development	14.4%	42.9%	47.9%	47.6%	44.3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Further, the PFM (County Governments) Regulations 2015, requires that county governments maintain employee compensation levels at not more than 35 percent of their total revenue. While employee compensation has remained within the threshold of thirty-five percent, the County is facing increasing wage bill pressure. In 2017/18, the proportion of personnel emoluments as a percentage of total revenue including grants stood at **28.5** percent. The ratio of goes up to **34.2** percent when actual expenditure on payroll expenses is compared to the total expenditure. Data for 2018/19 is provisional but trends in actual expenditure and revenue suggest that the County might not be able to meet the threshold in the current fiscal year.

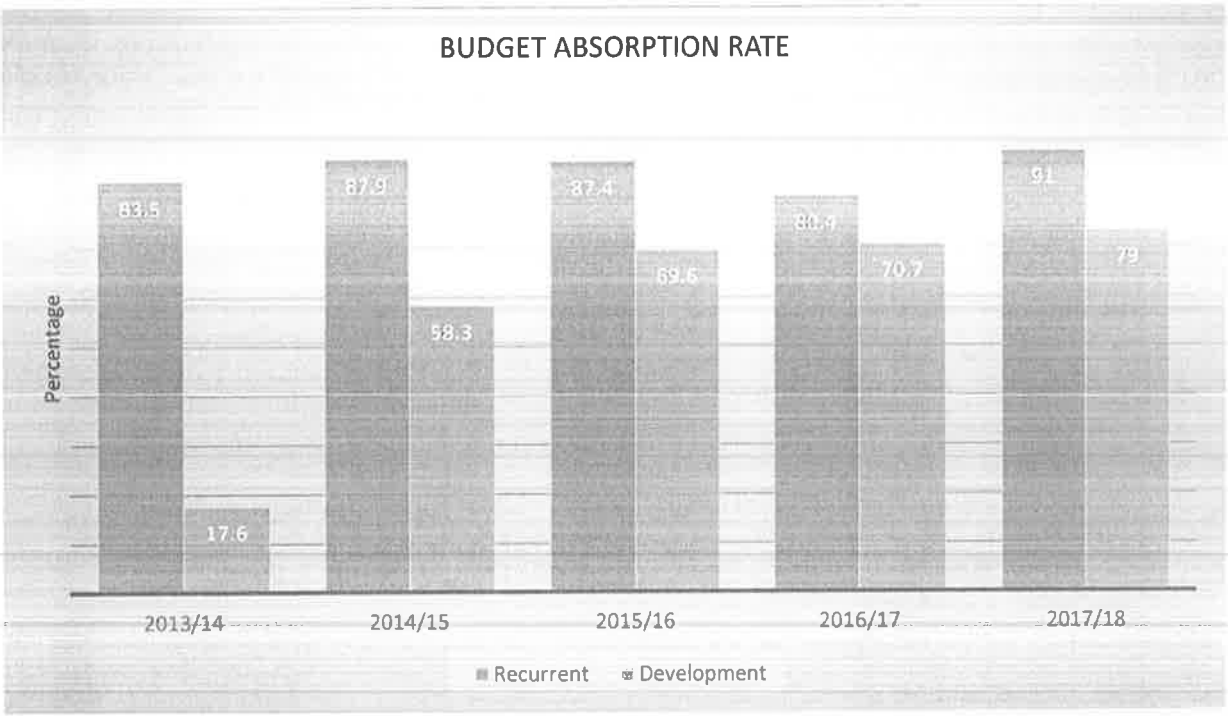
Figure 1: Personnel Emoluments as % Revenue



The increasing wage bill pressure points to the need for implementation of the Capacity Assessment and Rationalization Programme (CARP) to ensure proper staff rationalisation to ensure wage bill is contained and optimal staffing levels are maintained to free up more resources for development.

As assessment of the budget absorption rate, which is calculated as actual expenditure as a percentage of approved budget reveals lots of improvement. The recurrent expenditure for the period 2013/14-2017/18 represented an average absorption rate of **84.5** percent. The absorption rate for development expenditure for the same period is **54** percent, a significant improvement. In 2013/14, the absorption rate was estimated at 17.6 percent and increased to 58 percent in 2014/15 and further to 70 percent in 2016/17 (Figure 5). The absorption rate for total County Government's budgets for 2017/18 for recurrent and a development budget was 91 percent and 79 percent respectively, which shows a significant improvement over the last five years. Accordingly, Kitui County's recurrent expenditure posted savings and a tightening of the fiscal framework as it was below the national average whereas development budget absorption rate for the county was above the average for all counties.

Figure 2: Budget Absorption Rate 2013/14-2017/18



Analysis of expenditure allocations by sector between 2014/15 and 2017/18 reveals that the four leading sectors are: Health and Sanitation; Office of the Governor; Lands, Infrastructure & Urban Development; and Agriculture, Water, and Irrigation. The other sectors that received an average of more than five percent of budget allocation are County Assembly; Basic Education, Training, and Skills Development; and Administration & Coordination of County Affairs (table 2).

Table 3: Expenditure Shares by Sector 2014/15-2017/18

Sector/Sub-sector	2014/15	2015/16	2016/17	2017/18	Average
Office of the Governor	12.60%	16.60%	12.90%	18.00%	14.00%
Administration & Coordination of County Affairs	3.80%	6.80%	4.90%	0.00%	5.20%
Agriculture, Water & Irrigation	14.20%	12.80%	12.20%	12.00%	13.10%
Basic Education, Training, & Skills Development	6.70%	6.20%	8.00%	8.00%	6.90%
Lands, Infrastructure & Urban Development	16.80%	12.70%	10.40%	11.00%	13.30%
Health & Sanitation	22.80%	19.60%	23.90%	24.00%	22.10%
Trade, Industry, ICT & Cooperatives	3.50%	3.20%	3.50%	2.00%	3.40%
Culture, Youth, Sports & Social Services	2.10%	2.40%	2.30%	0.00%	2.30%
Environment, Energy & Minerals Investment Development	3.50%	2.90%	2.80%	2.00%	3.10%
Tourism and Natural Resources	0.70%	1.10%	1.30%	3.00%	1.00%
County Treasury	4.00%	3.30%	3.90%	7.00%	3.70%
County Public Service Board	0.80%	0.70%	0.70%	1.00%	0.80%
County Assembly	8.60%	9.30%	8.30%	9.00%	8.70%
Kitui Town Administration	-	1.40%	3.30%	2.00%	2.40%
Mwingi Town Administration	-	1.00%	1.60%	1.00%	1.30%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

1. Physical Progress

According to a review of the implementation of the CIDP 2013-2017 completed in November 2017, some of the key achievements include:

- Completion of stalled health facilities and construction of new facilities including the elevation of Ikutha health centre to a level four (4) hospital through the expansion and equipping of the hospital;
- Addressing youth unemployment problem through the implementation of the Access to Government Procurement Opportunities (AGPO) and 100% matching grant to support youth in starting businesses;
- Investment in small honey industries, provision of open irrigation kits, provision of greenhouses to increase food production and farmers' income;
- Creation of cooperatives to facilitate access to credit;
- Tree planting to increase forest cover including legislative measures to regulate the cutting of trees and sale of charcoal;
- Increased access to water through the provision of water tanks to public health centres, ECDE Centres and market centres, drilling of boreholes and construction of earth dams;
- Increased enrolment in ECDE centres from 65,000-88,106;
- Establishment of a rescue centre for street children;
- Facilitated the issuance of title deeds;
- Installation of street lights in major towns;
- Construction of bridges and culverts, and markets; and
- Mapping of existing tourism potential areas.

2. Status of County Flagships

S/N	Key Flagship Projects 2013 -2017 CIDP	Department	Status
1.	County Health Insurance Cover	Health and Sanitation	Done
2.	Skills Development programme	Ministry of Trade	Ongoing
3.	Mineral extraction programme for artisanal miners	Ministry of Environment	Ongoing
4.	Mechanisation of Agriculture and productivity improvement	Agriculture, Water and Livestock Development	
5.	Education Support Programme	Office of The Governor	Done
6.	Ndengu Revolution	Ministry of agriculture	Ongoing
7.	Market Lighting	Administration and Coordination of County Affairs	Ongoing
8.	River Athi-Kanyangi- Mutomo-Ikutha-Kanziko Water Supply.	Agriculture, Water and Livestock Development	Ongoing
9.	Construction of Sub Surface Dams	Education, ICT and Youth Development	Ongoing
10.	ECDE Development Programme	Education, ICT and Youth Development	Ongoing
11.	Model Youth Polytechnics	Education, ICT and Youth Development	Ongoing
12.	County ICT Programme		Ongoing
13.	Prepare the County Spatial Plan	Lands, Infrastructure and Urban Development	Ongoing
14.	Prepare Urban Plan	Lands, Infrastructure and Urban Development	Ongoing
15.	Land Adjudication	Lands, Infrastructure and Urban Development	Ongoing
16.	Upgrade of Kitui And Mwingi Hospitals from Level Iv To Level V Status	Health and Sanitation	Ongoing
17.	Maternity Unit and Theatre Development Programme	Health and Sanitation	Ongoing
18.	Youth Infrastructure Savings and Investment Programme	Trade, Cooperatives and Investment	Ongoing
19.	Build County Community Resource Centres	Tourism, Culture and Social Services	Ongoing
20. 19	Development of Nzambani Rock Cultural Centre as a Tourism Destination	Tourism, Culture and Social Services	Ongoing
21.	Kitui Wildlife Conservancy	Tourism, Culture and Social Services	Ongoing
22.	Rural Electrification	Environment and Natural Resources	Ongoing
23.	Automation of County Revenue Collection	County Treasury	Ongoing
24.	County Revenue Resource Mapping	County Treasury	Done

25. Implementation Challenges

The key challenges faced during the implementation of the First Generation CIDP include:

- Mistrust between the County Assembly and the County Executive including lack of appreciation of the roles and responsibilities of the two arms of the County Government especially on matters regarding planning and implementation of County programmes;
- Human resource challenges including lack of clear mandate in intergovernmental relations regarding the recruitment, discipline, and transfer of employees in some sectors especially health;
- Financial challenges to the implementation of the CIDP have included delayed disbursements by the National Treasury, local revenue has been below the planned targets, and inability to attract alternative sources of finance like Public-Private-Partnerships; and
- Challenges regarding aligning the CIDP to changing priorities, programmes and performance management tools to emerging important needs

Lessons Learned

In view of the experiences gained during the implementation of the 2013-2017 CIDP and taking into account the challenges discussed above, the following lessons were learned:

- ✓ There is a need for induction and training for members of the County Assembly and Executive on their roles and responsibilities in planning and budget implementation;
- ✓ There is need to address challenges related to human resource capacity and management for effective implementation of the CIDP and any other related policy documents;
- ✓ Capacity building for staff on financial management, procurement, government accounting procedures and financial reporting is required.
- ✓ Also, there is need to enhance project prioritization in the context of limited resources, and enhance local resource mobilisation; and
- ✓ Also, the County should strengthen the monitoring and evaluation system together with a performance management framework to support the implementation of the CIDP.

26. Value for Money Achievements

In the period under review, the County made progress to address challenges related to value for money considerations. Specifically, the county ensured best value for money in their procurement of goods and services. There were verifiable reductions in cost of goods and services depicted in lower recurrent expenditures. The policy for the county was to avoid unnecessary costs and wastages, a policy we belief was well implemented.

The county tried as much as possible to increase competition in the procurement of goods and services and compliance with procurement procedures was emphasized at all levels.

- Several guidelines and circulars were issued in regard to the matter.
- Projects verification committees were also sent to some project sites to verify before payments were done
- Projects were randomly identified for monitoring based on their perceived risks
- Citizen engagement was also embraced for as a mechanism for providing feedback

27. County's Future Outlook

Expenditure

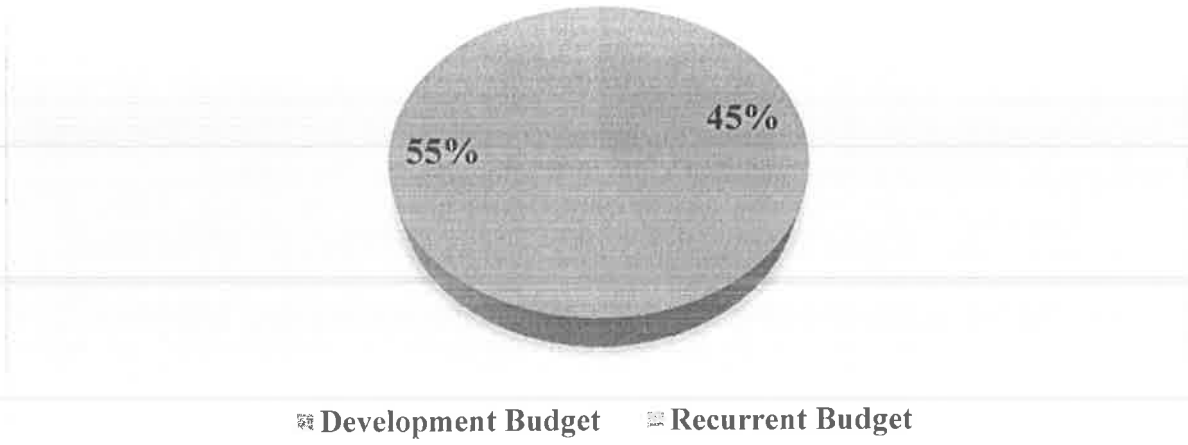
The broad development policies of the County government provide a clear and progressive approach on the priorities that will receive special attention in the 2018/19 FY. Special focus is given to programmes with direct impact on the five pillar County Agenda of:

i) Food and water.

ii) Health care
iii) Education and youth development
iv) Women Empowerment
v) Wealth creation

The overall County budget for both executive and County Assembly is Kshs 11.8 Billion composing of Kshs 10.7 Billion for the county executive and Kshs 1.03 Billion for Kitui County Assembly. The budget is broken down into development and recurrent expenditure respectively.

Figure 3: breakdown of county development vs recurrent 2018 – 2019 budget



Ministerial Allocation

The ministerial allocations for both development and the recurrent expenditure are as follows:

Table 1: Ministerial Allocation (Kshs Million)

Ministry	Recurrent (Kshs Million)	Development (Kshs Million)	Total Allocation (Kshs Million)	%
Office of the Governor	583.4	825	1,408.40	12
Administration and Coordination	373	-	373	3.2
The County Treasury	458.1	107.4	565.6	4.8
Health and Sanitation	2,420.20	506.9	2,927.20	24.9
Basic Education, ICT and Youth Development	548.2	160.4	708.8	6
Trade, Cooperatives and Investments	325.4	789	747	6.2
Lands, Infrastructure and Urban Development	325.4	789	1,114.50	9.5
Tourism, Sports and Culture	148	124	272.1	2.3
Agriculture, Water and Livestock Development	494.8	1,219.80	1,714.60	14.6
Environment and Natural Resources	141.4	115.1	256.5	2.2
County Public Service Board	61.1	-	61.1	0.5
County Assembly	904.7	130	1,034.70	8.7
Kitui Municipality	161.8	292.8	454.6	3.9
Mwingi Town Administration	81.9	54.5	136.4	1.2
Total	**5,900.80**	**4,839.60**	**11,775.20**	**100**

Sector Specific Budget Allocations

a) **Food and Water**

Programme/ project	Budget (Kshs Millions)
Crop development support and management including firm input support	93
Agricultural productivity support-World bank conditional grant	140.4
Farm development and agribusiness including purchase of tractors	200
Agricultural extension services and training	36.6
Water resource development, supply infrastructure, development and irrigation	767.4
Livestock production and management	47.6
Livestock disease management and control	17.8
Total	**1,303**

b) **Health Care**

Programme/ Project	Budget (Kshs Millions)
Purchase of utility vehicles for logistical support and transportation of essential services	32
Staff Medical insurance	73
Health Policy, planning and financing including Universal Health cover (Data mapping, analysis and rollout of UHC); strengthening monitoring & evaluation and health management systems.	92.1
Maternal and child Health including family planning, DANIDA project, Transforming health care system for Universal care project, immunization and disease surveillance.	131
Preventing and promotive health services including communicable and non-communicable diseases prevention and control	143.3
Curative health services including forensic and diagnostics, medical drugs including equipping of various hospital facilities and other infrastructural development	691
County referral services including purchase of Ambulances	151
Free primary health (Compensation for User fees)	22.5
Health standards and quality assurance	10.7
Human resource management	1,340.30
TOTAL	**2686.9**

c) **Education and Youth Development**

Programme/ Project	Budget (Kshs Millions)
Educational Empowerment Programme including scholarships and other educational benefits	103.7
Primary education including early childhood, ECDE classroom; purchase of teaching and learning materials.	366.8
Human resource services	119.8
Youth training and skills development including refurbishing of youth polytechnics,	232.1
Total	**822.4**

d) **Women Empowerment**

Programme/ project	Budget (Kshs Millions)
County Empowerment Fund	80.0
Upgrading women skills and other development initiatives	40.0
Total	**120.0**

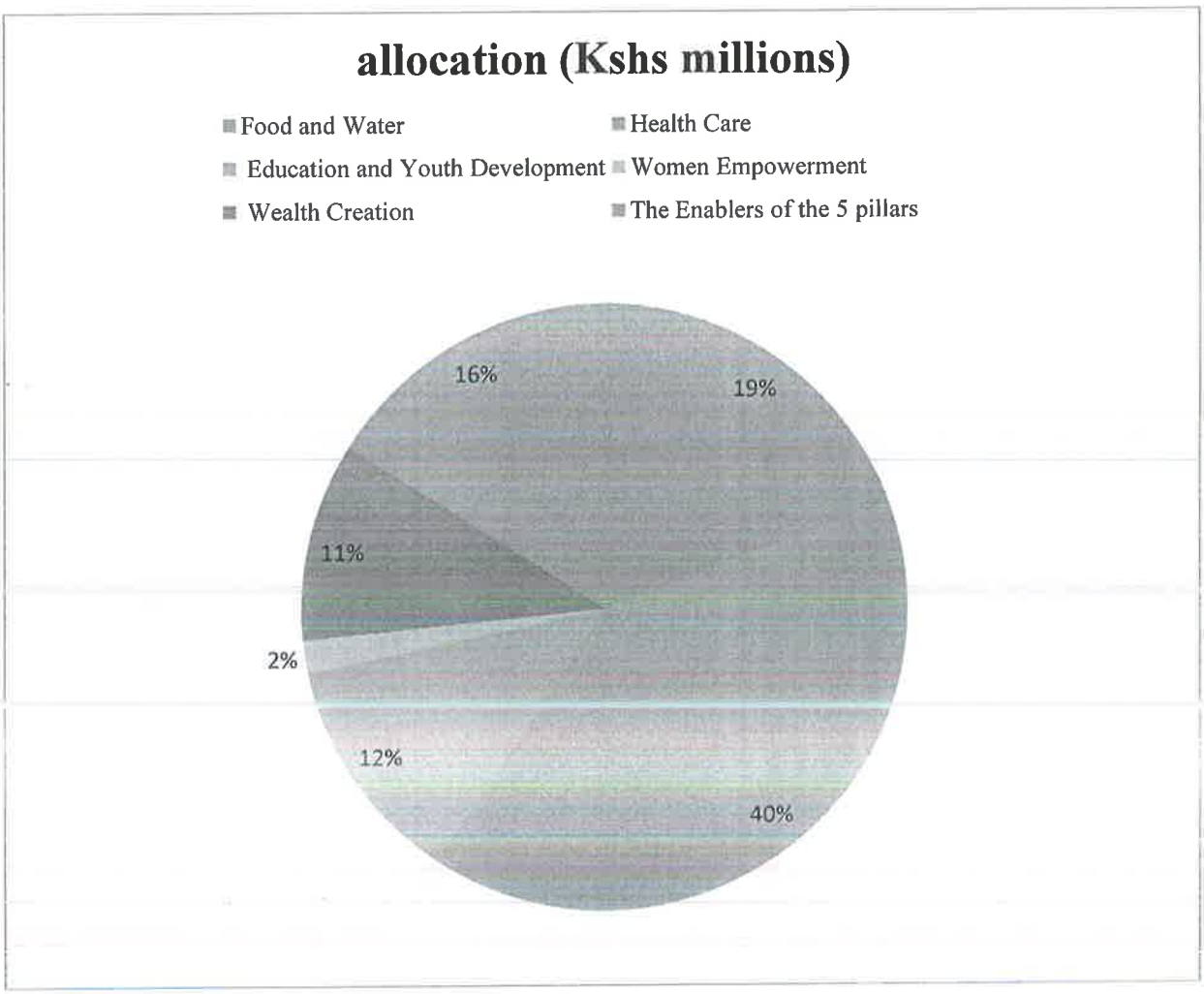
e) Wealth Creation

Programme/ project	Budget (Kshs Millions)
Purchase of land and development of Mwingi Jua Kali sector.	30
Trade development and promotion including construction of abattoirs, cottage industries, modern kiosk, purchase of livestock trucks	175.8
Branding and marketing of Kitui county products	30
County empowerment fund	180
Value addition machinery including processing machines, ballast Crashers, interlocking brick making machines and others	150
Establishment and support of Kitui county investment corporation.	20
Mineral Testing Lab	10
Development and management of sports facilities including sports talent development	67.5
Development of wildlife conservancy and tourism centres.	45
Total	**708.3**

The Enablers of the 5 pillars

Programme/ project	Budget (Kshs Millions)
Kitui County Emergency Fund	50
Capacity building program (World Bank Grant) i.e., Kenya Devolution Support Programme (KDSP)	57.4
ICT infrastructure development including revenue automation	55.1
Physical planning including engineering designs and design plans	40
Land survey and mapping	11.2
Support of land adjudication and settlement and titling	73.6
Housing development and human settlements including low cost housing programme,	118.5
Construction of roads and bridges including grading and marruming major roads and access roads, and road maintenance levy funds	555.8
Climate change adaptation and mitigation including tree planting and alternative livelihood programmes	34.4
Alternative energy technologies including solar lighting projects	59.9
Mineral resources development including setting up mineral testing laboratory	20.2
Total	**1,076.10**

Figure 4: summary of 2018/2019 budget allocation per pillars



Sign

CEC- County Treasury.
Kitui County Government.

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 _____ 2018.

_____

County Executive Committee Member – County Treasury

4. REPORT OF THE INDEPENDENT AUDITOR ON THE COUNTY GOVERNMENT OF KITUI

Auditor General

Date

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Kitui set out on pages 18 to 111, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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 effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Kitui as at 30 June, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Lack of Trial Balance

The financial statements availed for audit review had not been supported by a trial balance as the management failed to submit the same.

Consequently, it has not been possible to ascertain the validity of the balances in the financial statements.

2.0 Inaccuracies in the Financial Statements

2.1 Variances in Financial Statements Balances and the Supporting Schedules.

The statement of receipts and payments for the year under review reflect total actual payments of Kshs.9,715,648,143 as at 30 June 2018. However, comparison of balances reflected in the financial statements for the year under review with the balances reflected in

the respective supporting schedules reflected unexplained and unreconciled expenditure understatement of Kshs.68,969,179 on three items and an overstatement of Kshs.13,728,214 on two items as follows;

Items Description	Note	Financial statement Balance (Kshs)	Supporting Schedules (Kshs.)	Variance Understated Overstated (Kshs)	
Domestic Travel and Subsistence, and Other Transportation Costs	12	445,802,386	444,973,622		828,764
Other Operating Expenses	12	218,761,581	219,410,842	649,261	-
Construction of Roads	17	444,825,833	431,926,383	-	12,899,450
Rehabilitation of Civil Works	17	30,580,070	63,877,181	33,297,111	-
Scholarships and other educational benefits	15	151,863,077	186,885,884	35,022,807	-
Net Total		**1,291,832,947**	**1,347,073,912**	**68,969,179**	**13,728,214**

In the circumstances, the accuracy of the financial statements balances as at 30 June 2018 could not be ascertained.

2.2 Variances Between the Financial Statements and Vote Book Balances

The statement of receipts and payments for the year under review reflects total actual payments of Kshs.9,715,648,143 as at 30 June 2018. However, the respective Integrated Financial Management Information System (IFMIS) vote book status report reflect total actual expenditure of Kshs.8,645,103,760 resulting into an unreconciled and unexplained variance of Kshs.1,070,544,383.

In addition, the statement of appropriation; recurrent and development combined reflects a total final budget of Kshs.11,243,352,815. However, the IFMIS final approved budget reflect a total of Kshs.9,909,662,623 resulting to unexplained and unreconciled variance of Kshs.1,333,690,192.

In the circumstance, the accuracy of the balances reflected in the financial statements as at 30 June 2018 could not be confirmed.

3.0 Cash and Cash Equivalents

3.1 Bank Reconciliation Statement

The statement of assets and liabilities reflect a cash and cash equivalent balance of Kshs.1,503,758,730 as at 30 June 2018, comprising of Kshs.1,502,249,441 bank balance and Kshs.1,509,289 cash balances. However, the respective bank reconciliation statements and board of survey reports reflect a bank balance of Kshs.763,969,130 and a cash in hand balance of Kshs.1,298,594 resulting into an unexplained or unreconciled variances of Kshs.738,280,312 and Kshs.210,695 for the bank balance and cash in hand balance respectively both totaling to Kshs.738,491,006.

In the circumstance, the validity, completeness and accuracy of the cash and cash equivalents balance of Kshs.1,503,758,730 as at 30 June 2018 could not be ascertained.

3.2 County Government Standing Imprest Bank Account

Note 21A to the financial statements reflects bank balances of Kshs.1,502,249,441 as at 30 June 2018 which include Kshs.3,866,969 held at Kitui County Government standing imprest account number 1140752995. However, the respective bank reconciliation statement for June 2018 reflected a bank balance of Kshs.5,637,035 resulting to unexplained variance of Kshs.1,770,066.

In the circumstances, the accuracy of the bank balances of Kshs.1,502,249,441 reflected in the financial statements as at 30 June 2018 could not be confirmed.

3.3 County Revenue Fund

Note 21A to the financial statements reflects County Revenue Fund balance of Kshs.855,875,675 as at 30 June 2018. However, the respective bank reconciliation statement and bank confirmation certificate reflect a balance of Kshs.112,411,423 resulting to unexplained or unreconciled balance of Kshs.743,464,252.

In the circumstances, the accuracy of the Kitui County Revenue Fund balance of Kshs.855,875,675 reflected in the financial statements as at 30 June 2018 could not be ascertained.

4.0 Statement of Cash Flows

The statement of cash flows as at 30 June 2018 reflects cash and cash equivalent at the end of the year of Kshs.1,503,758,730. However, a recasting of the figures in the cash flows statement gave a total Kshs.1,464,807,876 resulting into an unexplained variance of Kshs.38,950,854. Further, the statement reflect a change in receivables of Kshs.3,814,166 while the respective supporting documents reflect a balance of Kshs.3,973,784 resulting into an unexplained variance of Kshs.159,618.

In the circumstance, the accuracy of the cash and cash equivalent balance of Kshs.1,503,758,730 as at 30 June 2018 could not be confirmed.

5.0 Prior Year Matter

As reported in the previous year, the audited financial statements for the financial year 2016/2017 reflected variances between various expenditure balances in the financial statements and respective accounting schedules balances resulting into an understatement of the expenditure in the financial statements by Kshs.630,041,560 as follows;

Items Description	Supporting Schedules Balances (Kshs)	Financial Statement Balance (Kshs.)	Variance (Kshs)
Use of Goods and Services			
Routine maintenance-vehicles and other transport equipment	47,742,933	24,976,620	22,766,313
Rentals of produced assets	12,611,790	9,130,953.	3,480,837
Utilities, supplies & services	152,193,741	46,463,382	105,730,359.
Office and general supplies and services	49,239,750	36,409,280	12,830,470
Printing, Advertising and Information supplies and services	142,580,710	109,111,534	33,469,176
Training Expenses	99,423,467	42,123,327	57,300,140.
Specialized Materials and Services	437,627,989	231,650,120	205,977,869
Other Operating Expenses	138,159,596	80,876,278	57,283,319
Communication Supplies & Services	24,209,116	17,268,100	6,941,016.
Hospitality, Supplies and Services	91,398,942	54,338,447	37,060,495
Insurance	91,968,088	80,582,837	11,385,251
Total	**1,287,156,122**	**732,930,878**	**554,225,244**
Acquisition of Assets			
Purchase of vehicles and other transport Equipment	51,971,637	21,934,492	30,037,145.
Purchase of certified seeds, Breeding stock and live Animals	26,926,009	24,383,601	2,542,408
Construction and Civil Works	1,585,520,205	1,556,624,271	28,895,933.
Construction of roads	537,193,066	357,679,461	179,513,605.
Construction of Buildings	617,927,764	617,152,923	774,841

Items Description	Supporting Schedules Balances (Kshs)	Financial Statement Balance (Kshs.)	Variance (Kshs)
Purchase of ICT Equipment	13,983,917	13,208,717	775,200
Research, Studies, Project Preparation, Design & Supervision	227,091,764	109,376,510	117,715,254
Acquisition of Land	6,788,374	7,680,400	(892,026)
Acquisition of Intangible Assets	7,852,066	6,658,812	1,193,254.
Total	**3,075,254,802**	**2,714,699,187**	**360,555,615**
Compensation of Employees			
Basic Salaries of Permanent Employees	2,064,698,871.80	2,165,391,409	(100,692,537)
Basic wages of temporary employees	251,033,890.20	406,426,666	(155,392,776)
Personal allowances paid as part of salary	34,151,803.30	64,382,829	(30,231,026)
Social benefit schemes outside government	9,063,498.85	9,065,899	(2,400)
Total	**2,358,948,064.30**	**2,645,266,803**	**(286,318,739)**
Outstanding imprest	15,548,112	13,968,672	1,579,440.
Total	**6,736,907,100**	**6,106,865,540**	**630,041,560**

The Kshs.630,041,560 understatement had not been rectified as at 30 June 2018.

In the circumstances, the accuracy of the financial statements opening balances as at 1 July 2018 could not be ascertained.

6.0 Statement of Receipt and Payments

The statement of receipts and payments reflects total receipts of Kshs.9,571,591,356 as at 30 June 2018. However, the receipts were understated by re-voted funds (returned County Revenue Fund) of Kshs.1,318,085,375 which was unspent balances as at the end of 30 June 2017. No explanations were given for non-inclusion of returned County Revenue Fund issues as part of the receipts for the year ended 30 June 2018.

In addition, the combined summary statement of appropriation reflects total actual receipts of Kshs.10,889,676,731 which differ with the total receipts of Kshs.9,571,591,356 reflected in the statement of receipts and payments by unexplained variance of Kshs.1,318,085,375.

Further, the combined summary statement of appropriation reflects proceeds from domestic and foreign grants and transfer from other government entities of Kshs.251,387,743 and Kshs.332,781,148 respectively which differ with the amount reflected in the statement of

receipts and payments of Kshs.183,811,098 and Kshs.400,357,784 by an explained variance of Kshs.67,576,645 and Kshs.67,576,636 respectively.

In the circumstance, the accuracy of total receipts of Kshs.9,571,591,356 reflected in the statement of receipts and payments for the year ended 30 June 2018 could not be confirmed.

7.0 Use of Goods and Services – Domestic Travel and Subsistence

Note 12 to the financial statements reflects Kshs.445,802,386 in respect to domestic travel and daily subsistence allowances and other transport costs which included Kshs.2,150,000 paid while carrying out a survey by department of environment and natural resources with South Eastern Kenya University. However, no supporting documents including minutes' resolution on the role and responsibility of each party to the survey were made available for audit review.

In addition, a signed list of the payments of allowance paid to the County Executive employees, 16 contracted field assistants and enumerators of Kshs.1,084,000, Kshs.480,000 and Kshs.96,000 respectively were not availed for audit review.

Further, Kshs.715,680 was spent by the department of Trade, Cooperative and Investment in paying per diem and stationery cost while training 10 enterprises from 3 to 13 October 2017. However, no supporting documents including correspondences between the department and the suppliers, signed list of participants and travelling documents to the venue of training were availed for audit review.

In the circumstances, the accountability and validity of the Kshs.2,865,680 expenditures being the sum of Kshs.2,150,000 and Kshs.715,680 as at 30 June 2018 could not be confirmed.

8.0 Pending Bills (Accounts Payable)

Note 5.10 to the financial statements reflects pending accounts payables, pending staff payables and other pending payables of Kshs.1,052,087,373, Kshs.23,752,648 and Kshs.91,835,472 respectively all totaling to Kshs.1,167,675,493.

However, the respective supporting documents including invoices, delivery notes, certificate for work completed and nature of debt were not made available for audit verification.

In the circumstances, the accuracy and existence of the pending bills payables of Kshs.1,167,675,493 as at 30 June 2018 could not be confirmed.

9.0 Acquisition of Assets - Motor Vehicles

The summary of fixed assets register at annex 5 to the financial statements reflects assets additions during the year totaling to Kshs.3,026,026,893 which include Kshs.69,408,261

spent on procuring sixteen (16) motor vehicles from various suppliers. However, the ownership documents including log books were not availed for audit verification.

In the circumstances, it was not possible to ascertain ownership and security of the motor vehicles totaling to Kshs.69,408,261 as at 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Kitui 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 adverse 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 matter(s) 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

1.0 Budgetary Controls and Performance

1.1 Comparison of Approved Expenditure Budget and the IFMIS Budget

During the year under review, the County Assembly approved a programme based budget for County Executive amounting to Kshs.10,253,583,217 to be shared among thirteen departments comprising of nine ministries, two town administration, County Public Service Board and office of the governor. However, analysis of the integrated financial management information system (IFMIS) budget reflected a total budget of Kshs.10,036,589,627 resulting to unexplained and unreconciled variance of Kshs.216,993,590 as analyzed below;

Department	IFMIS Budget (Kshs)	Approved Budget (Kshs)	Variance (Kshs)
Office of The Governor	1,364,914,243	1,364,914,243	0
Ministry of Administration And Coordination Affairs	453,880,924	453,880,924	0
The County Treasury	1,580,726,354	571,088,545	1,009,637,808
Ministry of Health & Sanitation	761,117,106	3,020,983,950	(2,259,866,84)
Ministry of Basic Education, ICT & Youth Development	899,832,400	761,117,106	138,715,294
Ministry of Trade, Cooperatives & Investment	3,020,983,950	516,342,971	2,504,640,979

Department	IFMIS Budget (Kshs)	Approved Budget (Kshs)	Variance (Kshs)
Ministry of Lands, Infrastructure, Housing & Urban Development	516,342,972	899,832,399	(383,489,427)
Ministry of Tourism, Sports & Culture	-	300,972,478	(300,972,478)
Ministry of Agriculture, Water & Livestock Development	303,148,739	1,580,726,353	(1,277,577,614)
Ministry of Environment & Natural Resources	300,972,479	303,148,740.21	(2,176,261)
County Public Service Board	571,088,546	70,306,664.02	500,781,881
Mwingi Town Administration	263,581,914	146,686,925.92	116,894,988
Kitui Town Administration (County Headquarters)		263,581,913.51	(263,581,913)
Total	**10,036,589,627**	**10,253,583,217**	**(216,993,590)**

1.2 Under Collection of Own Generated Revenue

During the year under review, the County had budgeted for own generated revenues totalling to Kshs.528,413,076. However, only Kshs.335,122,474 or 63% of this revenue was collected while Kshs.193,290,602 (37%) remained uncollected.

In addition, a review of the trend analysis for the past three (3) financial years revealed that the current revenue collection has gradually declined compared to the collections in the 2014/2015 and 2015/2016 financial years as shown below:

Financial Year	Budgeted amount (Kshs)	Actual Amount (Kshs)	Variance (Kshs.)	%
2014-2015	650,000,000	434,268,204	215,731,796	33
2015-2016	608,200,000	416,188,728	192,011,272	32
2016-2017	668,610,000	315,347,363	353,262,637	53
2017-2018	528,413,075	335,122,474	193,290,601	37

The County Executive is not desirous to adhere to its own budgetary policies by instituting effective revenue collection mechanisms during the year under review and the Kshs.193,290,602 revenues under collection translate to goods and services not delivered to citizens of Kitui County.

2.3 Budgetary Performance

The summary statement of appropriation - recurrent and development combined reflects approved final budgeted receipts of Kshs.11,243,352,815 and actual receipts of Kshs.10,889,676,731 resulting to under collection of revenue of Kshs.353,676,084 or 3%.

Further, the summary statement of appropriation reflects approved final expenditure budget of Kshs.11,243,352,815 and actual expenditure of Kshs.9,715,648,143 resulting to under absorption of Kshs.1,527,704,672 or 14% as detailed below:

Item	Final Budget (Kshs)	Actual Receipts (Kshs)	Under/(Over) Receipts (Kshs)	(%)
	Analysis of receipts			
Exchequer releases	8,652,300,000	8,652,300,000	0	100
Proceeds from Domestic and foreign grants	412,418,308	251,387,734	161,030,574	39
Transfers from other Government Entities	332,136,056	332,781,148	(645,092)	0.194
County Own Generated Revenue	528,413,076	335,122,474	193,290,602	37
Returned CRF issues	1,318,085,375	1,318,085,375	0	100
Total Receipts	**11,243,352,815**	**10,889,676,731**	**353,676,084**	**3**
Analysis of Expenditures				
Item	**Final Budget (Kshs**	**Actual Expenditure (Kshs)**	**Under/(Over) Expenditure (Kshs)**	
Compensation of employees	3,422,968,505	3,321,990,916	100,977,589	3
Use of goods and services	2,568,006,216	2,216,121,882	351,884,334	14
Transfers to other government units	989,769,598	974,951,572	14,818,026	1
Other grants and transfers	225,699,424	166,500,777	59,198,647	26
Social security Benefits	10,500,000	10,056,102	443,898	4
Acquisition of Assets	4,026,409,072	3,026,026,893	1,000,382,179	25
TOTAL Expenditure	**11,243,352,815**	**9,715,648,143**	**1,527,704,672**	**14**

The under absorption of Kshs.1,527,704,672 or 14%, especially on use of goods and services, other grants and transfers and acquisition of assets may have negatively impacted on the delivery of services to the citizens of Kitui County.

In the circumstance, the residents of Kitui County may have missed out on the benefits equivalent to the Kshs.1,527,704,672 appropriated but not expended during the year.

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 Qualified Opinion and the Basis for Conclusion on Compliance with Lawfulness and Effectiveness in Use of Public Resources sections 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

1.0 Non - Preparation of Cash Flow Projection

Section 127 of the PFM Act 2012 require County Governments to prepare cash flow projections by 15 June for the next financial year. The projection is to be submitted to the Controller of Budget with copies to the Intergovernmental Budget and Economic Council and the National Treasury. The Public Finance Management (PFM) County Government Regulations, 2015, regulation number 43 provides on the requirement of the accounting officer to provide the county treasury with the cash flow projections. However, no supporting documents showing that cash projection was submitted by the Executive to the Controller of Budget contrary to the law.

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

2.0 Monthly Reporting Obligations by Accounting Officers

Regulation 54 of the Public Finance Management (PFM) County Government Regulations 2015, requires accounting officers to prepare on every 10th of each month, a monthly financial and non-financial budgetary report for the activities for the preceding month, and copies of the report forwarded to the controller of budget and the Auditor-General. However, during the year under review, there was no evidence that the reports were prepared and submitted as required by the PFM County Government Regulation 54.

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

3.0 Revenue Arrears

A Local Authority Integrated Financial Operation Management System (LAIFOMS) outstanding balances report made available for audit review reflected revenue arrears

totalling to Kshs.306,204,522 as at 30 June 2018. However, the revenue arrears were not disclosed in the financial statements contrary to International Public Sector Accounting Standards (IPSAS) Financial Reporting under cash basis of accounting (Final Pronouncement, November 2017) Section 1.2.2 which requires in part that notes to the financial statements may provide additional information about liabilities, such as non-cash assets such as receivables. In the circumstance, the County Executive was in breach of the law.

4.0 Compensation of Employees

4.1 Staff Establishment

According to the County Government Act 2012, Section 5(2)(f) one of the responsibilities of the County Government shall be to establish and staff its public service as contemplated under Article 235 of the Constitution. However, the County Executive did not have an approved staff establishment that would show the establishment status including, the numbers filled and any under/ over establishments.

In addition, the County Executive had not undertaken an employee head count exercise that would confirm the employees of County Executive, the deployment of staff, and skill analysis.

In the circumstances, it was not possible to ascertain how the staff were held accountable for their jobs and whether there were over and under establishment during the year under review.

4.2 Unauthorized Engagement of Casuals

Note 11 of the notes to the financial statements reflects an expenditure of Kshs.455,233,308 in respect to basic wages of temporary employees which further include Kshs.5,486,293 spent on payments of casuals engaged by the County Executive.

However, the respective supporting documents including the authority from the County Public Service Board to engage the casuals, the engagement letters and copies of the identity cards were not availed for audit review. In addition, the casuals were paid in cash, making it impossible to establish the authenticity of the payments.

In the circumstances, the validity of Kshs.5,486,293 as at 30 June 2018 could not be confirmed.

5.0 Use of Good and Services

5.1 Procurement of Pesticides

Note 12 of notes to the financial statements reflects use of goods and services balance of Kshs.2,216,121,882 as at 30 June 2018 which include specialized materials and services balance of Kshs.610,091,832 which further include Kshs.8,342,983 for the procurement of

pesticides. The procurement method used was request for quotations and a total of 26 suppliers were given the contract to supply various quantity of pesticides. However, this amount was above the prescribed value of Kshs.2,000,000 which is the allowable limit for the request of quotations. Instead the procurement was split into smaller procurements amounts to ensure it did not go beyond the Kshs.2,000,000 mark. This is against the provision of Section 54 of the Public Procurement and Asset Disposal (PPAD) Act, 2015 which states that no procuring entity may structure procurement as two or more procurements for the purpose of avoiding the use of a procurement procedure except where prescribed. The method adopted was request for quotations and no justification was given as to why the method was preferred to open tender.

In the circumstance, the County Executive was in breach of Section 54 of the PPAD Act, 2015

5.2 Installation of P8 Outdoor Digital Bill Board

Note 12 to the financial statements reflects printing, advertising and information supplies and services balance of Kshs.121,080,125 as at 30 June 2018 which include Kshs.3,070,000 for setting up and installation of an outdoor billboard at the main bus station. However, the successful tenderer was notified on 1 December 2017 and accepted the offer on 4 December 2017 and a contract was signed on 8 December 2017, only eight (8) days after the date of notification.

This was in contravention of Section 135(3) of the Public Procurement and Assets Disposal Act, 2015, which requires the contract to be entered into within the period specified in the notification but not before expiry of 14 days following the date of notification.

Consequently, the County Executive was in breach of the law.

5.3 Procurement of Booklets

Note 12 to the financial statements reflects printing, advertising and information supplies and services balance of Kshs.121,080,125 as at 30 June 2018 which include Kshs.37,456,400 for printing and supply of 42,000 copies of booklets to celebrate three (3) years of devolution. The method of procurement used was restricted tendering. However, no documents or explanation were provided to justify that the goods were complex and specialized in nature, or time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of good to be procured and evidence to the effect that there were only few known suppliers of the said goods.

As a result, the County Executive was in breach of Section 102(1) of the Public Procurement and Assets Disposal (PPAD) Act, 2015 which stipulate the condition for use of restricted tendering method of procurement.

5.4 Procurement of Goods Used During Mining Awareness Conference

Note 12 to the financial statements reflects printing, advertising and information supplies and services balance of Kshs.121,080,125 as at 30 June 2018 which included Kshs.5,080,000 for supply of shirts, round neck T-shirts, calendars and brochures including printing of mining Act,1000 copies in each items. However, the opening, evaluation and award of tender was done by the same composition of committee members contrary to Section 78(b) of the PPAD Act, 2015, which requires that at least one of the tender opening committee members should not participate in the tender evaluation process. Further, the quotation submitted for consideration were opened, evaluated, awarded and local purchase order raised on the same date. This was in contravention of Section 135(3) of the Public Procurement and Assets Disposal Act, 2015, which requires the contract to be entered into within the period specified in the notification but not before expiry of 14 days following the date of notification.

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

5.5 Payment to Council of Governors

Note 12 to the financial statements reflects other operating expenses of Kshs.218,761,581 which included Kshs.5,625,000 paid to the council of governors. However, the payment was in contravention of the Section 37 of the intergovernmental Relation Act, 2012 which states that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National government to cater for; the Summit, the Council of County Governors, the Technical Committee, Secretariat and the sectoral working group established by the Technical Committee and the sectoral working groups established by the Council.

As a result, the County was in breach of the law and the propriety of the expenditure of Kshs.5,625,000 for the year ended 30 June 2018 and value for money could not be confirmed.

5.6 Insurance Cost

Note 12 to the financial statements reflects an expenditure on Insurance cost totaling to Kshs.80,912,517 paid to various insurance companies. However, no supporting documentary evidence including procurement documents: opening, evaluation and award minutes were availed for audit verification contrary to Section 68(2) of Public Procurement and Assets Disposal Act, 2015 which stipulated the procurement records an accounting officer should keep.

In the circumstances, it was not possible to ascertain the propriety and value for money for the Kshs.80,912,517 expenditure as at 30 June 2018.

6.0 Acquisition of Assets

6.1 Renovation and Completion of Various Works at Kyangunga Dispensary

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.9,509,149 paid to a contractor for renovation and completion of various works in Kyangunga Dispensary. The County Executive entered into a contract with the contractor on 13 October 2016 at a contract sum of Kshs.11,829,044. The letter of notification of award was issued on 06 October, 2016, and accepted on 07 October, 2016. As at 30 June 2018, the contractor had been paid a total of Kshs.9,509,149 being certificate number 1 dated 13 February, 2017 of Kshs.4,220,061 and certificate number 2 dated 20/12/2017 of Kshs.5,289,087. However, approved requisition, tender advert including the specifications, tender opening minutes, the bill of quantities and the formal contract document were not made available for audit review. Further, the Minutes for site inspection and meeting held on 14 December, 2017 indicated that contract commencement date was 25 November, 2016 to be completed after 20 weeks on 14 March, 2017. However, during physical verification on 11 October, 2018, it was observed that the works had not been completed and the contractor was not on side.

In the circumstances, the procurement process could not be confirmed to have been true and fair. Further, the delayed completion of the project has led to delayed benefits to the target beneficiaries and there was no indication of value for money.

6.2 Construction of Outpatient at Mwingi Level 4 Hospital

Note 17 of notes to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.3,825,000 paid to a contractor for the construction of a modern outpatient department block at Mwingi level 4 hospital. The contract sum was Kshs.59,418,911 and was to take a period of 8 weeks (242 days) starting 12 February, 2015 as per the contract. The accumulated amount paid to the contractor as per certificate number 8 was Kshs.56,905,553. A physical verification on 11 October 2018 revealed that the contractor was on the ground doing final finishing to the building resulting to 1337 days lapsed from the completion date. This was against clause 6 of the contract which stated that unless agreed by both parties the contract should be performed within the contract duration as stipulated and any delays shall result to penalties for failure to complete the project in time. However, no documents were made available to show that the contractor had been penalized for the delayed completion.

In the circumstances, the delayed completion of the project has led to delayed benefits to the target beneficiaries and no value for money have been realized for the Kshs.56,905,553 expenditure as at 30 June 2018.

6.3 Construction of Mortuary at Mwingi Level 4 Hospital

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which included Kshs.4,161,443 for the construction

of a mortuary at Mwingi Level 4 Hospital whose total contract sum was Kshs.20,523,600. The letter of notification of award was dated 24 January 2017 and accepted on 25 January 2017. The contract agreement was dated 14 February 2017. This contract agreement indicated in clause 4 that the contract duration was one (1) month starting 08 February 2017. However, a review of documentation made available for audit and physical verification carried out on 11 October 2018 revealed the following issues:

i. The procurement of the project could not be traced in both the annual budget and procurement plan made available for audit review. In the circumstance, it could not be confirmed that the procurement was properly planned for as required by Section 53 of the Public Procurement and Assets Disposal Act 2015.

ii. The approved requisition, tender advert including the specifications, tender opening minutes, the bill of quantities and the regret letters were not made available for audit review.

iii. The tender evaluation report was not as per the regulation stated above as it lacked the scores awarded by each evaluator.

iv. Further, there was no recorded deliveries of the regret letters, if any, to the unsuccessful tenderers contrary to Section 74 of the PPAD Act 2015.

v. During the physical verification on 11 October 2018, it was observed that the building had been done to roofing and some windows had not been fixed but the contractor was not on site an indication that the works had stalled.

In the circumstances, the delayed completion of the project had led to delayed benefits to the target beneficiaries and no value for money was realized.

6.4 Construction of Amenity Block at Kitui Referral Hospital

Note 17 of notes to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.23,705,000 for construction of an amenity ward at Kitui Referral Hospital. This amount was part of the contract sum of Kshs.144,775,000.

The works had been advertised in the dailies on 05 April 2017 and three bidders responded. The tenders were evaluated on 26 April 2017 and one of the contractors was recommended for award. The notification for award was issued on 27 April 2017 and accepted on the same date. The contract agreement was signed on 11 May 2017. However, audit review of the documentation made available and physical verification on 11 October 2018 revealed the following issues:

i. The tender opening minutes, bid documents, regret letters and site hand over minutes were not made available for audit review. The procurement process therefore, could not be confirmed to have been true and fair.

ii. The tender evaluation report made available for audit indicated that the tender was opened on 19 April 2017. This was the 19 day after the advert which is less than provided by regulation 40 of the public procurement and disposal regulations 2006 which provides for a minimum period of 21 days.

iii. The physical verification revealed that the project had stalled at almost slab level. The contractor was not at site and appeared not to have been at the site for some time. The project duration was 24 months and as at the time of the verification 18 months had lapsed. Considering that only 16.4% of the works had been certified complete, and that the contractor was not at the site, there was a high likelihood that the contractor was not going to deliver within the remaining 6 months as at the time of audit.

In the circumstances, the delayed completion of the project had led to delayed benefits to the target beneficiaries and there was no value for money for the expenditure total Kshs.23,705,000.

6.5 Stalled Construction of Outpatient Block at Kitui Referral Hospital

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.8,795,001 paid to a contractor for the construction of a modern outpatient block at Kitui Referral Hospital. The contractor had been contracted for the works at a contract sum of Kshs.43,975,009, out of which Kshs.41,661,642 has been certified and paid as per the 3rd valuation certificate dated 8 December 2017. The contract notification was issued on 24 January 2017 and accepted on 25 January 2017. The contract agreement was signed on 08 February 2017. A review of the documentation made available for audit review and physical verification revealed the following issues:

i. The tender opening minutes, bid documents, regret letters and site hand over minutes were not made available for audit review. The procurement process could therefore not be confirmed to have been true and fair.

ii. The physical verification revealed that the completion of the building had stalled as the contractor was not on site and had demobilized. Some internal finishes including doors and tiling had not been done. The works had therefore not been completed 583 days after the expiration of the agreed contract period on 07 March 2017. Clause 6 of the contract required unless otherwise agreed by both parties, the contract shall be performed within the contract duration as stipulated and any delays shall result in penalties for failure to complete the project in time and shall be followed by a notification to the contractor of termination proceedings of the contract. No action has been taken by the County Executive to actualize the clause.

In the circumstances, the delayed completion of the project led to delayed benefits to the target beneficiaries.

6.6 Construction of Outpatient Block at Mutomo Kitui South Sub County

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.4,148,320 for construction of an outpatient block at Mutomo Kitui South Sub County. The procurement process had been done in the year 2016/2017. The letter of notification of award was issued on 24 January 2017 and accepted on 25 January 2017. The contract agreement was signed on 08 February 2017 and was to take 16 weeks commencing 10 April 2017 and ending on 10 August 2017. However, the approved requisition, tender advert, tender opening minutes, appointment letters to the adhoc committees, and the bid documents were not made available for audit. Further, physical verification revealed that the project construction stalled at barely the foundation level. The construction was just 2 courses above the ground and the floor slab had not been done. The contractor had demobilized and the site appeared abandoned for quite some time. The Executive did not invoke clause 6 of the contract agreement and Section 104 of the PPAD Act, 2015 which stipulate the liquated damages for delayed performance of contract.

In the circumstances, the delayed completion of the project led to delayed benefits to the target beneficiaries.

6.7 Construction of Theatre at Ikutha Health Centre

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.5,242,750 paid to a contractor for construction of theatre at Ikutha Health Centre. The amount was part of the contract sum of Kshs.6,879,150. The procurement process was started in 2016/2017 financial year. A review of the audit documentation and physical verification on 10 October, 2018 revealed the following issues:

i. The recorded deliveries showing that bids were invited from 10 bidders were not made available for audit review. Section 74 of the PPAD Act 2015 require that all tender documents are sent out on recorded deliveries.

ii. The tender opening minutes, letters of appointment to the adhoc committees, recorded delivery of regret letters and bid documents were not made available for audit review.

iii. As at the time of the audit verification on 10 October 2018 the theatre was not yet at a usable state. The works were incomplete, as drainage works, electrical works, and other finer finishing had not been done. In addition, the building had developed visible cracks running on the wall and floor. The contractor was not on the site and had demobilized as no visible equipment were at the site.

In the circumstances, the delayed completion of the project has led to delayed benefits to the target beneficiaries and no value for money was realized.

6.8 Storeyed Maternity Ward at Kitui Referral Hospital

As reported in the previous year, the County Executive entered into a contract with a contractor for the construction of a storey maternity ward at a contract sum of Kshs.242,782,653. The letter of award was issued on 27 April 2017 and the contractor accepted on 28 April 2017. The contract form was signed on 11 May 2017. The following observations were made:

i. The project could not be traced in the annual procurement plan, and annual budget for the year. It was therefore possible that the project may not have been planned appropriately.

ii. During the year under review, Kshs.35,281,850 was paid to the contractor vide payment voucher number 18694 dated 09 February 2018. However, the payment voucher together with the supporting documents and certificates were not made available for audit review.

iii. Physical verification revealed that the project had stalled and the contractor was not at the site. The completion of the project was therefore doubtful.

In the circumstances, the management was in breach of the law and the Executive may not have obtained value for money on the money spent on the ward.

6.9 Procurements of Works and Services for Kanyoonyoo Sand Yard

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which included Kshs.3,972,110 and Kshs.3,984,168 paid to two contractors for construction of office, gate house and pit latrine and for fencing and putting a gate at Kanyonyoo sand yard respectively. A review of the documentation made available for audit review and physical verification carried out on 09 October 2018 revealed the following issues:

i. The two projects files lacked the tender opening minutes, the contract document and or the LSO issued, and the regret letters sent out to the losing bidders.

ii. In both tenders, five quotations were received for each. It was however observed that there were no letters of appointment of the three officers who opened the quotations.

iii. For both tenders it was observed that the officers who opened the quotations were the same officers who did the evaluation contrary to Section 78(1) (b) of the PPAD Act 2015 which require that at least one of the members involved in the tender opening not to be involved in the tender processing or evaluation. It was also noted that the same officers participated in the tender opening and evaluation of both tenders, contrary to section 46(4) (b) which calls for rotation of the members of the tender evaluation committee.

iv. The deadline for tender number Q009 was indicated as 08 January 2018. The quotations were opened on 15 February 2018. This is contrary to Section 78(3) which require that tenders are opened immediately after the deadline for the submission of the tenders.

In the circumstances, the management was in breach of the law and the citizen of Kitui may not have obtained value for money of Kshs.3,972,110 and Kshs.3,984,168 contract.

6.10 Construction of Go-down at Syongila

Note 17 to the financial statements reflects construction of buildings balance of Kshs.348,570,301 as at 30 June 2018 which include Kshs.21,363,786 for the construction of the proposed Go-Down at Syongila Polytechnic. However, audit review of the documentation made available and physical verification on 08 October, 2018 revealed the following issues:

i. The tender opening minutes, letters appointing the tender opening, tender evaluation and inspection and acceptance committees were not availed for audit review.

ii. Section 106(5) (b) of the PPAD Act require the successful bidder to confirm the order in writing. However, this provision was not adhered to in the tenders as no such confirmations were availed for audit review.

In the circumstances, the management was in breach of the law and the citizen of Kitui may not have obtained value for money for the resources spent on the Go- down.

6.11 Construction and Maintenance of Roads

Note 17 to the financial statements reflects construction of roads balance of Kshs.444,825,833 as at 30 June 2018 which include Kshs.9,347,614, Kshs.5,381,084 and Kshs.11,812,921 all totaling to Kshs.26,541,619 paid to various contractors for construction and maintenance of roads including; Mataka- Ilamba- Murangeni road, Kalala-Mutia- Makoli road and Upgrading to Bitumen standard on Garissa Stage-Musila Garden Road respectively. However, the following anomalies were noted in all the three contracts:

a) The procurement could not be traced in the annual procurement plan made available for audit review. In the circumstance, it could not be confirmed that the procurement was properly planned for as required by Section 53 of the PPAD Act 2015.

b) The invitation to tender did not have a requirement that the bidders serializes all the pages in the submitted bids. This was contrary to Section 74 (1) stated.

c) The regret letters sent out to the unsuccessful bidders did not indicate the winning bid as is required by Section 87(3) of the procurement law. Further, there was no recorded deliveries of the regret letters contrary to the Section 74 of the PPAD Act, 2015.

d) The contract award was not published and publicized as is required by the Section 138 (1) of the Public Procurement and Asset Disposal Act, 2015.

e) Technical report on the reserve price of the three contracts were not provided contrary to Section 164(3) of the PPAD Act 2015.

f) The advertisement was done on only one (1) daily newspaper contrary to Section 96(2) of the above Act.

In the circumstances, the Executive was in breach of the law and value for money may not have been obtained by the citizen of Kitui County on the resources spent on construction and maintenance roads.

6.12 Supply, Delivery, Installation and Commissioning of Stationary Stone Crusher Plant

Note 17 to the financial statements reflects purchase of specialized plant, equipment and machinery balance of Kshs.202,246,459 as at 30 June 2018 which included Kshs.17,061,098 paid to a contractor as 20% of the contract price of Kshs.85,305,490 for supply, installation and commissioning of stationary stone crusher plant. The agreement indicated that 20% was to be paid upon signing the contract, 50% upon delivery and 30% upon successful commissioning. The contract was signed on 25 May 2018 and 20% of the contract price was paid during the year under review. However, the item was not in the procurement plan contrary to Section 53(2) of PPAD Act,2015, no tender evaluation report was availed, particulars of the persons who submitted tenders or their representatives who attended the opening of tenders was not provided contrary to Section 78(10) (b) of the PPAD Act, 2015, regrets letters to unsuccessful bidders were not provided for audit review contrary to Section 87(3) of PPAD Act, 2015. Further, the geological survey report on suitability and viability of the project was not availed.

In the circumstances, the Executive was in breach of the law and there was no certainty that the County residents would get value for money for the Kshs.17,061,098 expenditure as at 30 June 2018

6.13 Green Grams Revolution (Ndengu Revolution)

Note 17 to the financial statements reflects purchase of certified seeds, breeding stock and live animals balance of Kshs.81,312,438 as at 30 June 2018 which include Kshs.49,620,373 paid to various suppliers for procuring certified green gram seeds. During the financial year under review, Kitui Executive initiated a Ndengu Revolution program whose aim was to acquire certified green gram seeds from accredited suppliers for planting by deserving Kitui County people with the objective of achieving Food Security, Income Generation and Wealth Creation. The farmers were to be supported with certified seeds of two varieties namely KS20 and N26 to be procured, supplied delivered and distributed separately by the Red Cross Society of Kenya and the County Executive of Kitui. A total of 240 households were

targeted though with a predetermined vetting identification exercise set. A total of Kshs.49,620,373 was incurred by the Executive in procuring the certified green gram seeds. However, it was noted that the Ndengu Revolution objectives were substantially not realized. First, on food security, the revolution was supposed to transform the whole activity into a cash crop farming so that farmers could use the proceeds to buy other preferred food stuffs such as maize. On income generation, the green grams were anticipated to attract Kshs.100 per kilogram upon harvest only to retail at Kshs.30 per kilogram just as before. On wealth creation, a proposal to establish "The first community Bank" where by green gram farmers would make their savings and there after borrow for possible investments has not been actualized to date. Further, it could not be confirmed the role of the Red Cross and that of the Executive on Ndengu Revolution distribution as some farmers confirmed receiving seeds from both parties.

Consequently, it was not possible to ascertain that the Kshs.49,620,373 expenditure achieved its intended objective and it has not been possible to ascertain if value for money was received on the project by the citizens of Kitui County.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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 sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Early Childhood Development Education (ECDE) Teachers with Same Bank Account

A review of the payroll for the year under review indicated that a total of twenty (20) bank accounts were each shared by two (2) Early Childhood Development Education (ECDE) teachers resulting to forty (40) ECDE teachers sharing various bank accounts.

It was not explained how the forty (40) teachers can share various bank accounts and how they operated the shared bank accounts.

2. Sharing of Tax Personal Identification Numbers(PIN)

A review of the July 2017 manual payroll revealed that three hundred and twelve (312) Kenya Revenue Authority Personal Identification Numbers (PINs), each were shared by two ECDE teachers resulting to six hundred and twenty-four (624) ECDE teachers sharing various personal identification numbers. In addition, comparison of the Manual payroll for ECDE teachers for the month of June 2018 with the Integrated Personnel Payroll Data(IPPD) payroll for the month of June 2018, revealed that fifteen (15) personnel were sharing similar KRA Tax pins. No explanations were given in regard to this irregularity.

3. Lack of Documented Risk Management Policy and Reports

The Public Finance Management (County Governments) Regulations, 2015, Section 153 (1) (b) states that internal auditors shall have a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization.

However, audit assessment of the internal controls on the risk management processes revealed that the County Executive of Kitui internal audit section did not have a risk management policy. Further, there was no documented formal risk assessment during the financial year 2017/2018. It was therefore not clear how risks were identified, their significance estimated and likelihood of their occurrence determined. Further, it could not be established how the risks were controlled and monitored to ensure correction/mitigation measures were effective in the absence of documentation and reports on the same.

Consequently, without risk management policy in the Executive, it was not possible to ascertain how risks were identified and mitigated during the year under review.

4. Non Sequential Numbering of Payment Vouchers

The PFM (County Government) Regulations, 2015 regulation number 104(1) requires that receipt and payment vouchers of public money to be properly supported by pre-numbered receipt and payment vouchers. However, analysis of County Executive's payment vouchers revealed that there was existence of a gap in sequential numbering of payment vouchers which the management failed to explained or justify.

5. Poor Maintenance of Cash Books

The cash books for Kitui County Executive standing imprest, Kitui County Revenue collection account and Kitui Pro-Poor Account for the year under review were not properly maintained as the cash book balances were not counter checked by senior officer as part of internal control policy mechanism.

Further, the cash book for revenue collection account was partly maintained; only transactions relating to receipts were captured while the transfers from revenue collection account to county revenue fund account and other payments were not accounted for.

Consequently, the accuracy of the financial statements balances of Kshs.3,866,969, Kshs.8,551,909 and Kshs.39,032,399 for standing imprest, revenue collection account and Kitui Pro-Poor Account respectively as reflected in note 21A to the financial statement could not be confirmed as at 30 June 2018

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires 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 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 and for its assessment of the effectiveness of internal control

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner in line with Article 229(6) of the Constitution of Kenya,2010.

Those charged with governance are responsible for overseeing the Kitui 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 of Kenya. 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 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Kitui 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 Kitui County Executive's ability to continue offering 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 of Kitui to cease to continue offering services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate 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 of Kitui 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

	Note	2017/2018 Kshs	2016/2017 Kshs
RECEIPTS			
Exchequer releases	1	8,652,300,000	7,841,480,359
Proceeds from Domestic and Foreign Grants	2	183,811,098	150,470,244
Transfers from Other Government Entities	3	400,357,784	302,701,288
Proceeds from Domestic Borrowings	4	0	0
Proceeds from Foreign Borrowings	5	0	0
Proceeds from Sale of Assets	6	0	0
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	335,122,474	315,347,363
Returned CRF issues	10	0	0
TOTAL RECEIPTS		**9,571,591,356**	**8,609,999,254**
PAYMENTS			
Compensation of Employees	11	3,321,990,916	2,645,266,803
Use of goods and services	12	2,216,121,882	1,815,583,381
Subsidies	13	0	0
Transfers to Other Government Units	14	974,951,572	781,749,766
Other grants and transfers	15	166,500,777	217,843,264
Social Security Benefits	16	10,056,102	0
Acquisition of Assets	17	3,026,026,893	3,587,475,175
Finance Costs, including Loan Interest	18	0	0
Repayment of principal on Domestic and Foreign borrowing	19	0	0
Other Payments	20	0	0
TOTAL PAYMENTS		9,715,648,143	9,047,918,389
SURPLUS/DEFICIT		(144,056,787)	(437,919,135)

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 4/12/ 2018 and signed by:

Chief Officer - Finance
Name: **Enoch Nguthu**

Accountant General
Name: **Joel Muyanga**
ICPAK Member Number: **17969**

5.2. STATEMENT OF ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2017/2018 Kshs	2016/2017 Kshs
Cash and Cash Equivalents			
Bank Balances	21A	1,502,249,441	1,551,668,328
Cash Balances	21B	1,509,289	4,276,809
Total Cash and cash equivalents		1,503,758,730	1,555,945,137
Accounts receivables – Outstanding Imprests	22	9,994,888	13,968,672
TOTAL FINANCIAL ASSETS		1,513,753,618	1,569,913,809
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	319,880,022	277,115,001
NET FINANCIAL ASSETS		1,193,873,596	1,292,798,808
REPRESENTED BY			
Fund balance b/fwd	24	1,292,798,808	1,730,717,943
Prior year adjustments	25	45,131,575	0
Surplus/Deficit for the year		(144,056,787)	(437,919,135)
NET FINANCIAL POSITION		1,193,873,596	1,292,798,808

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 4/12/ 2018 and signed by:

Chief Officer - Finance
Name: **Enoch Nguthu**

Accountant General
Name: **Joel Muyanga**
ICPAK Member Number: **17969**

5.3. STATEMENT OF CASH FLOWS

	Note	2017/2018 Kshs	2016/2017 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Exchequer releases	1	8,652,300,000	7,841,480,359
Proceeds from Domestic and Foreign Grants	2	183,811,098	150,470,244
Transfers from Other Government Entities	3	400,357,784	302,701,288
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	335,122,474	315,347,363
Returned CRF issues	10	0	0
Payments for operating expenses			
Compensation of Employees	11	(3,321,990,916)	(2,645,266,803)
Use of goods and services	12	(2,216,121,882)	(1,815,583,381)
Subsidies	13	0	0
Transfers to Other Government Units	14	(974,951,572)	(781,749,766)
Other grants and transfers	15	(166,500,777)	(217,843,264)
Social Security Benefits	16	(10,056,102)	0
Finance Costs, including Loan Interest	18	0	0
Other Payments	20	0	0
Adjusted for:			
Changes in receivables	26	(3,814,166)	
Changes in payables	26	42,765,021	
Total Adjustments		38,950,855	0
Net cash flows from operating activities		**2,959,871,816**	**3,149,556,040**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	0	0
Acquisition of Assets	17	(3,026,026,893)	(3,587,475,175)
Net cash flows from investing activities		**(3,026,026,893)**	**(3,587,475,175)**
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Domestic Borrowings	4	0	0
Proceeds from Foreign Borrowings	5	0	0
Repayment of principal on Domestic and Foreign borrowing	19	0	0
Net cash flow from financing activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		**(66,155,077)**	**(437,919,135)**
Cash and cash equivalent at BEGINNING of the year	21	**1,569,913,807**	**2,007,832,942**
Cash and cash equivalent at END of the year	24	**1,503,758,730**	**1,569,913,807**
As per statement of assets		**1,503,758,730**	**1,555,945,137**

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 4/12/ 2018 and signed by:

Chief Officer - Finance
Name: **Enoch Nguthu**

Accountant General
Name: **Joel Muyanga**
ICPAK Member Number: **17969**

5.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	8,368,427,839	283,872,161	8,652,300,000	8,652,300,000	-	100%
Proceeds from Domestic and Foreign Grants	269,220,781	143,197,527	412,418,308	251,387,734	161,030,574	61%
Transfers from Other Government Entities	307,716,611	24,419,445	332,136,056	332,781,148	(645,092)	100%
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%
County Own Generated Receipts	702,040,500	(173,627,424)	528,413,076	335,122,474	193,290,602	63%
Returned CRF issues	226,000,000	1,092,085,375	1,318,085,375	1,318,085,375	-	100%
TOTAL	**9,873,405,731**	**1,369,947,084**	**11,243,352,815**	**10,889,676,731**	**353,676,084**	**97%**
PAYMENTS				-		
Compensation of Employees	3,418,478,162	4,490,343	3,422,968,505	3,321,990,916	100,977,589	97%
Use of goods and services	1,890,692,041	677,314,175	2,568,006,216	2,216,121,882	351,884,334	86%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	896,617,161	93,152,437	989,769,598	974,951,572	14,818,026	99%
Other grants and transfers	424,061,715	(198,362,291)	225,699,424	166,500,777	59,198,647	74%
Social Security Benefits	-	10,500,000	10,500,000	10,056,102	443,898	0%
Acquisition of Assets	3,243,556,652	782,852,420	4,026,409,072	3,026,026,893	1,000,382,179	75%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTAL	**9,873,405,731**	**1,369,947,084**	**11,243,352,815**	**9,715,648,143**	**1,527,704,672**	**86%**

The entity financial statements were approved on 4/12/ 2018 and signed by:

Chief Officer - Finance
Name: **Enoch Nguthu**

Accountant General
Name: **Joel Muyanga**
ICPAK Member Number: **17969**

5.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	5,461,139,215	676,156,153	6,137,295,368	6,137,295,368	-	100%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	0%
Transfers from Other Government Entities	87,216,611	(64,716,705)	22,499,906	23,144,998	(645,092)	103%
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%
County Own Generated Receipts	702,040,500	(173,627,424)	528,413,076	335,122,474	193,290,602	63%
Returned CRF issues	-	-	-		-	0%
TOTAL	**6,250,396,326**	**437,812,024**	**6,688,208,350**	**6,495,562,840**	**192,645,510**	**97%**
PAYMENTS						
Compensation of Employees	3,230,774,208	142,761,985	3,373,536,193	3,316,039,916	57,496,277	98%
Use of goods and services	1,717,601,163	367,760,238	2,085,361,401	1,864,725,570	220,635,831	89%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	866,617,161	(53,635,320)	812,981,841	680,285,289	132,696,552	84%
Other grants and transfers	244,061,715	(38,400,000)	205,661,715	117,195,982	88,465,733	57%
Social Security Benefits	-	10,500,000	10,500,000	-	10,500,000	0%
Acquisition of Assets	191,342,079	8,825,121	200,167,200	126,443,739	73,723,461	63%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTAL	**6,250,396,326**	**437,812,024**	**6,688,208,350**	**6,104,690,497**	**583,517,853**	**91%**

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Chief Officer - Finance
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Accountant General
Name: **Joel Muyanga**
ICPAK Member Number: **17969**

5.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,907,288,624	(392,283,992)	2,515,004,632	2,515,004,632	-	100%
Proceeds from Domestic and Foreign Grants	269,220,781	143,197,527	412,418,308	251,387,734	161,030,574	61%
Transfers from Other Government Entities	220,500,000	89,136,150	309,636,150	309,636,150	-	100%
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%
County Own Generated Receipts	-	-	-	-	-	0%
Returned CRF issues	226,000,000	1,092,085,375	1,318,085,375	1,318,085,375	-	100%
TOTAL	**3,623,009,405**	**932,135,060**	**4,555,144,465**	**4,394,113,891**	**161,030,574**	**96%**
PAYMENTS				-		
Compensation of Employees	187,703,954	(138,271,642)	49,432,312	5,951,000	43,481,312	12%
Use of goods and services	173,090,878	309,553,937	482,644,815	351,396,312	131,248,503	73%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Units	30,000,000	146,787,757	176,787,757	294,666,283	(117,878,526)	167%
Other grants and transfers	180,000,000	(159,962,291)	20,037,709	49,304,795	(29,267,086)	246%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	3,052,214,573	774,027,299	3,826,241,872	2,899,583,154	926,658,718	76%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
TOTAL	**3,623,009,405**	**932,135,060**	**4,555,144,465**	**3,600,901,544**	**954,242,921**	**79%**

(a) *Transfer to other government entities reported an over-expenditure (167%) as a result of grants from foreign entities which support health care being transferred to health centres and dispensaries. These grants had not been captured as transfers but operational expenditures for the facilities*
(b) *Other grants and transfers reported an over-expenditure (246%) due to changes in budget that reclassified portion of the pro-poor component into recurrent, necessitating transfer of the same to recurrent budget.*
(c) *Compensation for employees in the development budget entails budgeted expenditure on salaries for the grants to the health centres and dispensaries. This entry recorded an under-expenditure of 12%.*

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5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
0		**Default - Non-Programmatic**			**-**	**8,623,350**	**(8,623,350)**
	0	Default - Non-Programmatic			-	8,623,350	(8,623,350)
101000000		**Land Policy and Planning**			**244,114,297**	**222,503,688**	**21,610,609**
	101010000	Development Planning and Land Reforms			229,534,784	208,758,674	20,776,110
	101020000	Land Information Management			13,182,513	12,228,081	954,432
	101030000	Land Survey			-	-	-
	101040000	Land Use			1,397,000	1,516,932	(119,932)
	101050000	Land Settlement			-	-	-
102000000		**Housing Development and Human Settlement**			**227,202,880**	**164,948,347**	**62,254,533**
	102010000	Housing Development			227,202,880	164,948,347	62,254,533
103000000					**9,019,367**	**7,140,454**	**1,878,913**
	103010000	Stalled and new Government buildings			-	-	-
	103020000	Building Standards and Research			9,019,367	7,140,454	1,878,913
104000000					**25,263,138**	**18,997,199**	**6,265,939**
	104010000	Coastline Infrastructure Development			25,263,138	18,997,199	6,265,939
105000000		**Urban and Metropolitan Development**			**12,503,213**	**9,978,181**	**2,525,032**
	105010000	Urban Mobility and Transport			12,503,213	9,978,181	2,525,032
	105020000	Metropolitan Planning & Infrastructure Development			-	-	-
	105040000	Urban Planning, Investment and Research			-	-	-
	105050000	Urban Markets Development			-	-	-
106000000		**General Administration Planning and Support Services**			**108,654,714**	**92,924,147**	**15,730,567**
	106010000	Administration, Planning & Support Services			32,038,675	23,150,485	8,888,190
	106020000	Procurement, Warehousing and Supply			76,616,039	69,773,661	6,842,378

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
107000000		**General Administration Planning and Support Services**			**47,809,524**	**45,842,186**	**1,967,338**
	107010000	Agricultural Policy, Legal and Regulatory Frameworks			47,809,524	45,842,186	1,967,338
108000000		**Crop Development and Management**			**252,271,245**	**242,176,935**	**10,094,311**
	108010000	Land and Crops Development			209,592,292	200,312,222	9,280,070
	108020000	Food Security Initiatives			42,678,953	41,864,712	814,241
	108040000	Agricultural Research			-	-	-
109000000		**Agribusiness and Information Management**			**174,778,316**	**160,680,694**	**14,097,622**
	109010000	Agribusiness and Market Development			174,778,316	160,680,694	14,097,622
110000000		**Irrigation and Drainage Infrastructure**			**521,026,913**	**431,978,437**	**89,048,476**
	110010000	Promotion of Irrigation and Drainage Development and Management			521,026,913	431,978,437	89,048,476
111000000		**Fisheries Development and Management**			**830,758,119**	**715,667,091**	**115,091,028**
	111010000	Fisheries Policy, Strategy and capacity building			568,437,090	504,636,543	63,800,547
	111020000	Aquaculture Development			262,321,029	211,030,548	51,290,481
	111030000	Management and Development of Capture Fisheries			-	-	-
112000000		**Livestock Resources Management and Development**			-	-	-
	112020000	Livestock Production and Management			-	-	-
	112050000	Livestock Diseases Management and Control			-	-	-
201000000		**General Administration, Planning and Support Services**			**110,405,819**	**105,624,388**	**4,781,431**
	201010000	General Administration, Planning and Support Services			110,405,819	105,624,388	4,781,431
202000000		**Road Transport**			**65,586,693**	**53,215,696**	**12,370,997**
	202030000	Maintenance of Roads			38,612,500	28,606,570	10,005,931
					26,974,193	24,609,126	2,365,067

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
203000000		**Rail Transport**			**44,744,965**	**43,237,680**	**1,507,285**
	203010000	Rail Transport			44,744,965	43,237,680	1,507,285
207000000		**General Administration Planning and Support Services**			**91,565,340**	**74,599,170**	**16,966,170**
	207010000	General Administration, Planning and Support Service			78,498,545	62,176,230	16,322,315
	207020000				1,835,000	1,696,532	138,468
	207030000				11,231,795	10,726,408	505,387
210000000		**ICT Infrastructure Development**			**85,000**	**84,750**	**250**
	210010000	ICT Infrastructure Connectivity			85,000	84,750	250
211000000		**General Administration Planning and Support Services**			-	-	-
	211030000	Financial Services			-	-	-
213000000		**Power Transmission and Distribution**			-	-	-
	213020000	Rural Electrification			-	-	-
301000000		**General Administration Planning and Support Services**			**115,020,119**	**108,019,490**	**7,000,629**
	301010000				115,020,119	108,019,490	7,000,629
302000000		**Industrial Development and Investments**			-	**192,000**	**(192,000)**
	302010000	Promotion of Industrial Development and Investments			-	192,000	(192,000)
303000000		**Standards and Business Incubation**			**223,370,448**	**118,088,947**	**105,281,501**
	303010000	Standardization, Metrology and conformity assessment			223,370,448	118,088,947	105,281,501
	303020000	Business financing & incubation for MSMEs			-	-	-
304000000		**Cooperative Development and Management**			**228,409,978**	**109,714,746**	**118,695,232**
	304010000	Governance and Accountability			26,787,270	26,643,974	143,296
	304020000	Co-operative Advisory Services			178,020,048	60,121,692	117,898,356
	304030000	Marketing, value addition and research			23,602,660	22,949,080	653,580

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
305000000		**East African Affairs and Regional Integration**			**77,570,386**	**63,716,225**	**13,854,161**
	305010000	East African Customs Union			25,465,394	23,739,548	1,725,846
	305020000	East African Common Market			-	-	-
	305030000	EAC Monetary Union			52,104,992	39,976,677	12,128,315
	305040000				-	-	-
306000000		**Tourism Development and Promotion**			**47,138,534**	**63,266,174**	**(16,127,640)**
	306010000	Tourism Promotion and Marketing			18,598,979	41,486,984	(22,888,005)
	306020000	Niche tourism product development and diversification			28,539,555	21,779,190	6,760,366
307000000		**Trade Development and Promotion**			**23,087,911**	**21,729,601**	**1,358,310**
	307010000	Domestic Trade Development			13,623,768	13,035,876	587,892
	307020000	Fair Trade and Consumer Protection			9,464,143	8,693,725	770,418
308000000		**General Administration, Planning and Support Services**			**47,719,272**	**46,985,346**	**733,926**
	308010000	General administration planning and support services			44,522,541	43,916,990	605,551
	308020000				3,196,731	3,068,356	128,375
401000000		**Preventive & Promotive Health Services**			**1,542,881,756**	**1,485,605,020**	**57,276,736**
	401010000	Communicable Disease Control			1,455,769,804	1,453,325,610	2,444,194
	401020000	Health Promotion			72,736,300	22,719,517	50,016,784
	401030000	Non-communicable Disease Prevention & Control			14,375,652	9,559,893	4,815,759
402000000		**Curative Health Services**			**1,101,765,805**	**757,489,049**	**344,276,756**
	402010000	National Referral Services			944,834,022	737,926,668	206,907,354
	402020000	Mental Health			9,104,000	8,245,572	858,428
	402030000	Specialized services (Spinal Injury)			147,827,783	11,316,809	136,510,974
	402050000	Free Primary Healthcare			-	-	-
403000000		**Health Research and Development**			**86,754,000**	**78,089,224**	**8,664,776**
	403010000	Capacity Building & Training			78,240,000	73,041,884	5,198,116

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
	403020000	Research & Innovations			3,810,000	1,522,643	2,287,357
	403030000	Research Ethics, Standards & Regulation			4,704,000	3,524,697	1,179,303
404000000		**General Administration, Planning & Support Services**			**289,582,389**	**155,635,565**	**133,946,824**
	404010000	Health Policy, Planning & Financing			4,092,800	1,930,200	2,162,600
	404020000	Health Standards, Quality Assurance & Standards			240,701,685	142,455,651	98,246,034
	404030000	National Quality Control Laboratories			22,288,000	2,590,500	19,697,500
	404040000	Human Resource Management			22,499,904	8,659,214	13,840,690
501000000		**Primary Education**			**83,400,117**	**79,242,619**	**4,157,498**
	501010000	Free Primary Education			83,400,117	79,242,619	4,157,498
	501040000	Early Child Development and Education			-	-	-
502000000		**Secondary Education**			**435,115,110**	**405,433,832**	**29,681,278**
	502010000	Secondary Bursary Management Services			435,115,110	405,433,832	29,681,278
503000000		**Quality Assurance and Standards**			**161,422,042**	**79,905,408**	**81,516,634**
	503010000	Curriculum Development			161,422,042	79,905,408	81,516,634
504000000		**University Education**			**20,500,000**	**18,021,504**	**2,478,497**
	504010000	University Education			20,500,000	18,021,504	2,478,497
505000000		**Technical Vocational Education and Training**			**50,812,718**	**45,863,972**	**4,948,746**
	505010000	Technical Accreditation and Quality Assurance			50,812,718	45,863,972	4,948,746
	505040000	Infrastructure Development and Expansion			-	-	-
701000000		**General Administration Planning and Support Services**			**1,787,414,037**	**1,486,732,641**	**300,681,396**
	701010000				1,787,414,037	1,486,732,641	300,681,396
702000000		**Cabinet Affairs**			**245,987,709**	**252,283,340**	**(6,295,631)**
	702010000				245,987,709	252,283,340	(6,295,631)
703000000		**Government Advisory Services**			**30,328,000**	**28,204,627**	**2,123,373**
	703010000	State Corporations Advisory Services			30,328,000	28,204,627	2,123,373

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
704000000		**State House Affairs**			**60,562,461**	**60,007,649**	**554,812**
	704010000	Coordination of State House Functions			60,562,461	60,007,649	554,812
705000000		**Leadership and Coordination of MDAs**			**252,238,711**	**244,900,561**	**7,338,150**
	705010000	Coordination and Supervision			252,238,711	244,900,561	7,338,150
706000000		**Economic Policy and National Planning**			**269,964,001**	**270,092,839**	**(128,838)**
	706010000	Economic Planning Coordination services			269,964,001	270,092,839	(128,838)
	706020000	Community Development			-	-	-
707000000		**National Statistical Information Services**			**55,257,480**	**47,337,048**	**7,920,432**
	707010000	Census and Surveys			55,257,480	47,337,048	7,920,432
708000000		**Monitoring and Evaluation Services**			-	-	-
	708010000	National Integrated Monitoring and Evaluation			-	-	-
709000000		**General Administration Planning and Support Services**			-	-	-
	709010000	Human Resources and Support Services			-	-	-
710000000		**Public Service Transformation**			**42,721,682**	**38,603,591**	**4,118,091**
	710010000	**Human Resource Management**			42,721,682	38,603,591	4,118,091
711000000		**Gender & Youth Empowerment**			-	**2,641,277**	**(2,641,277)**
	711010000	National Youth Service			-	-	-
	711030000	Youth Development Services			-	2,149,052	(2,149,052)
	711060000	Gender & Socio-economic empowerment			-	492,225	(492,225)
712000000		**Devolution Services**			**230,316,233**	**168,548,585**	**61,767,648**
	712010000	Management of devolution affairs			149,315,548	92,862,970	56,452,578
	712020000	Intergovernmental Relations			20,274,085	19,602,372	671,713
	712030000	Capacity building			10,857,752	10,450,529	407,223
	712040000				20,734,245	19,627,428	1,106,817
	712050000				29,134,603	26,005,286	3,129,317
713000000		**Special Initiatives**			**14,104,887**	**11,605,756**	**2,499,131**
	713010000	Relief & Rehabilitation			7,707,777	6,467,939	1,239,838

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
	713020000	Resettlement & Reconstruction			6,397,110	5,137,817	1,259,293
714000000		**General Administration Planning and Support Services**			**4,785,090**	**4,387,507**	**397,583**
	714010000	Administration services			4,785,090	4,387,507	397,583
715000000					-	-	-
	715010000	**Management of Kenya missions abroad**			-	-	-
722000000		**Legislative Oversight**			-	-	-
	722010000	Legislative Oversight			-	-	-
726000000		**Human Resource management and Development**			-	-	-
	726010000	Establishment and Management and Consultancy Service			-	-	-
901000000		**Sports**			**13,837,210**	**14,844,239**	**(1,007,029)**
	901010000	Sports Training and competitions			13,837,210	14,764,199	(926,989)
	901020000	Development and Management of Sports Facilities			-	80,040	(80,040)
902000000		**Culture**			-	**37,054**	**(37,054)**
	902010000	Conservation of Heritage			-	37,054	(37,054)
	902020000	Public Records and Archives Management			-	-	-
	902030000	Development and Promotion of Culture			-	-	-
903000000		**The Arts**			-	**3,088,016**	**(3,088,016)**
	903010000	Film Services			-	3,088,016	(3,088,016)
	903020000				-	-	-
904000000		**Library Services**			-	**4,182,974**	**(4,182,974)**
	904010000	Library Services			-	4,182,974	(4,182,974)
905000000		**General Administration, Planning and Support Services**			-	**3,659,250**	**(3,659,250)**
	905010000	General Administration, Planning and Support Services			-	3,624,250	(3,624,250)
	905020000				-	35,000	(35,000)

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
908000000		**Social Development and Children Services**			-	-	-
	908010000	Social Welfare and vocational rehabilitation			-	-	-
	908020000	Community Mobilization and development			-	-	-
1001000000		**General Administration, Planning and Support Services**			**81,861,407**	**75,489,893**	**6,371,514**
	1001010000	Environmental Policy Management			81,861,407	75,489,893	6,371,514
1002000000		**Environment Management and Protection**			**19,327,098**	**19,852,329**	**(525,231)**
	1002010000	National Environment Management			19,327,098	19,852,329	(525,231)
1003000000		**Natural Resources Conservation and Management**			**115,082,510**	**106,724,596**	**8,357,914**
	1003010000	Forests Conservation and Management			65,548,673	63,373,456	2,175,217
	1003020000	Forestry Research and Development			49,533,837	43,351,140	6,182,697
	1003030000	Wildlife Conservation and Security			-	-	-
	1003040000	National Parks and Reserves Management			-	-	-
1004000000		**Water Resources Management**			**10,200,568**	**7,942,114**	**2,258,454**
	1004010000	Water Resources conservation and Protection			10,200,568	7,942,114	2,258,454
	1004030000	Water Supply Infrastructure			-	-	-
1005000000		**Integrated Regional Development**			**59,841,065**	**57,578,330**	**2,262,735**
	1005010000	Integrated basin-based Development			59,841,065	57,578,330	2,262,735
1006000000		**Meteorological Services**			**50,905,729**	**50,636,342**	**269,387**
	1006010000	Modernization of meteorological services			50,905,729	50,636,342	269,387
1007000000		**General Administration Planning and Support Services**			**11,568,592**	**9,840,483**	**1,728,109**
	1007010000	**Mining Policy Development and Coordination**			5,396,813	4,048,524	1,348,289
	1007020000				6,171,779	5,791,959	379,820
1008000000		**Resources Surveys and Remote Sensing**			**4,079,532**	**3,592,403**	**487,129**
	1008010000	Resources Surveys and Remote Sensing			4,079,532	3,592,403	487,129
1009000000		**Mineral Resources Management**			**3,632,772**	**3,357,000**	**275,772**

Program	Sub Program	Description	Original Budget	Adjustments	Approved Budget	Actual Payments	Variance
	1009010000	Mineral Resources Development			3,632,772	3,357,000	275,772
					10,664,356,902	**8,988,967,633**	**1,675,389,269**

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic). This disclosure does not include any payment done outside the system.

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 Kitui County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer

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

External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Kitui 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 *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 with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs 257,788,697.20 compared to Kshs 277,115,001 in prior period as indicated on note 23.

Also, the county government maintained a gratuity account at Kenya Commercial Bank, Kitui branch for which all funds provisioned in the payroll but for the settlement of gratuity expenses for contract employees are paid from. This account had a balance of Kshs as at June 30, 2018 (note 23).

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.

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 Kitui 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.

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 Kitui County 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 March 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There were three (3) number of supplementary budgets passed in the year. A high-level assessment of the Kitui County'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

	Kshs 17/18	Kshs 16/17
Total Exchequer Releases for quarter 1	-	1,333,051,661
Total Exchequer Releases for quarter 2	1,211,322,000	1,293,844,258
Total Exchequer Releases for quarter 3	3,158,089,500	1,960,370,090
Total Exchequer Releases for quarter 4	4,282,888,500	3,254,214,350
Cumulative Amount	**8,652,300,000**	**7,841,480,359**

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in	2017/2018	2016/2017
		foreign currency	Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
(Insert name of donor)		-	-	-
(Insert name of donor)		-	-	-
		-		
Grants Received from Multilateral Donors (International Organizations)				
DANIDA			20,982,159	18,495,000
THSUCP-WORLD BANK			58,554,018	131,975,244
KDSP - WORLD BANK			53,665,066	-
NARIGP-world bank			50,609,855	
		-		
Grants Received from other levels of government				
Conditional Allocation from Road Maintenance Fuel Levy Fund		-		-
		-		
TOTAL		-	**183,811,098**	**150,470,244**

DANIDA and THSUCK support health sector in their program implementation through dispensaries and health centres operational funding. KDSP (Kenya Devolution Support program) supports training in building the capacities at the county level at its level one stage. At level two, other investment menus other than training are included.
NARIGP (National Agriculture and Rural Irrigation Growth Program) support agriculture production in the counties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	2017/2018	2016/2017
	Kshs	Kshs
Transfers from Central government entities		
Kenya Roads Board Fuel Levy Fund (KRB)	309,636,150	120,484,292
Ministry of Health Maternity fees	-	182,216,996
Ministry of Health User fees Forgone	23,144,998	
Ministry of Health Result Based Financing	-	-
Ministry of Youth - Youth poly grant	67,576,636	-
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
Total	**400,357,784**	**302,701,288**

KRB supports the development and maintenance of roads under the roads department in the county while User Fees support operational costs for dispensaries and health centres who do not charge these fees. Youth polytechnic grants are intended for support of vocational training centres and village polytechnics

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)

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 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	-	-

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 and 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 OF EQUITY HOLDINGS

	2017/2018	2016/2017
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

9. COUNTY OWN GENERATED RECEIPTS

	2017/2018	2016/2017
	Kshs	Kshs
RECEIPTS		
Interest Received	-	-
Profits and Dividends	-	-
Rents	10,945,225	-
Other Property Income	5,646,985	4,215,724
Sales of Market Establishments		
Receipts from Administrative Fees and Charges	16,522,892	17,949,586
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	481,843	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	556,183	-
Fines, Penalties and Forfeitures	1,409,113	2,927,413
Receipts from Voluntary transfers other than grants	-	-
Licences	11,692,190	
Business Permits	70,692,395	101,194,240
Cess	-	-
Poll Rates	8,173,262	-
Plot Rents	8,342,676	14,458,434
Other Local Levies	36,783,809	40,000
Administrative Services Fees	7,005,576	19,084,462
Various Fees	6,439,480	-
Council's Natural Resources Exploitation	-	-
Sales of Council Assets	-	-
Lease / Rental of Council's Infrastructure Assets	1,075,150	706,600
Other Miscellaneous Receipts	76,331,431	76,658,936
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	29,549,870	39,637,315
Vehicle Parking Fees	19,850,355	19,736,610
Housing	-	2,193,030
Social Premises Use Charges	-	-
School Fees	-	-
Other Education-Related Fees	-	-
Other Education Receipts	-	-
Public Health Services	12,044,337	-
Public Health Facilities Operations	192,149	-
Environment & Conservancy Administration	20,000	1,753,080
Slaughter Houses Administration	6,220,858	4,795,370
Water Supply Administration	-	-
Sewerage Administration	-	-
Other Health & Sanitation Revenues	-	-
Technical Services Fees	5,146,695	9,996,563
External Services Fees	-	-
TOTAL	**335,122,474**	**315,347,363**

Revenue collection improved marginally from Kshs 315m to Kshs 335m, a 6.3% increase.

10. RETURNED CRF ISSUES

	2017/2018	2016/2017
	Kshs	Kshs
Recurrent account	-	-
Development account	-	-
Deposit account	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. COMPENSATION OF EMPLOYEES

	2017/2018	2016/2017
	Kshs	Kshs
Basic salaries of permanent employees	2,781,009,452	2,165,391,409
Basic wages of temporary employees	455,233,308	406,426,666
Personal allowances paid as part of salary	43,300,179	64,382,829
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	42,447,977	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	9,065,899
Other personnel payments	-	-
Total	**3,321,990,916**	**2,645,266,803**

(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	36,863,020	152,193,741
Communication, Supplies and Services	22,673,846	24,209,116
Domestic Travel and Subsistence, and Other Transportation Costs	445,802,386	349,463,826
Foreign Travel and Subsistence, and other transportation costs	14,318,088	24,618,030
Printing, Advertising and Information Supplies and Services	121,080,125	142,580,710
Rentals of Produced Assets	10,996,411	12,611,790
Training Expenses	174,779,177	99,423,467
Hospitality Supplies and Services	132,082,663	91,398,942
Insurance Costs	80,912,517	91,968,088
Specialised Materials and Supp	610,091,832	437,627,989
Office and General Supplies and Services	70,995,951	49,239,750
Fuel Oil and Lubricants	108,979,309	63,512,068
Other Operating Expenses	218,761,581	138,609,596
Routine Maintenance - Vehicles	71,306,676	47,742,933
Routine Maintenance - Other Assets	96,478,300	90,383,335
	-	
Total	**2,216,121,882**	**1,815,583,381**

(Give a brief explanation of this category of expenses)

13. SUBSIDIES

	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	-	-

14. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017/2018	2016/2017
	Kshs	Kshs
Transfers to Central government entities	-	-
See attached list	-	-
Transfers to Other Counties	-	-
County Assembly	811,034,003	781,749,766
Transfers to Health Centres and Dispensaries	163,917,569	-
TOTAL	**974,951,572**	**781,749,766**

Transfer to County Assembly represents the amount disbursed to the entity for operational and development expenditures as captured by the annual estimates. Transfers to health facilities represent operational funding disbursed to dispensaries and health centres.

15. OTHER GRANTS AND OTHER PAYMENTS

Description	2017/2018	2016/2017
	Kshs	Kshs
Scholarships and other educational benefits	151,863,077	217,843,264
Emergency relief and refugee assistance	14,637,700	
Subsidies to small businesses, cooperatives, and self employed	-	-
	-	
TOTAL	**166,500,777**	**217,843,264**

Scholarship represent amount set aside to support needy children while emergency relief represents expenditure that is incurred to respond to unforeseen contingencies affecting general population of the county.

16. SOCIAL SECURITY BENEFITS

	2017/2018	2016/2017
	Kshs	Kshs
Government pension and retirement benefits	10,056,102	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
	0	
Total	**10,056,102**	-

These payments relate to compensation made to former councillors who had served for a period equivalent to two or more terms in the defunct local authorities.

17. ACQUISITION OF ASSETS

	2017/2018	2016/2017
	Kshs	Kshs
Non-Financial Assets		
Purchase of Buildings	-	-
Construction of Buildings	348,570,301	617,927,764
Refurbishment of Buildings	106,955,520	111,754,789
Construction of Roads	444,825,833	537,193,066
Construction and Civil Works	1,354,415,015	1,585,520,205
Overhaul and Refurbishment of Construction and Civil Works	47,341,438	-
Purchase of Vehicles and Other Transport Equipment	93,437,574	51,971,637
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	1,807,267	2,079,164
Purchase of Office Furniture and General Equipment	82,643,681	76,994,816
Purchase of ICT Equipment	-	13,983,917
Overhaul of Plant, Machinery and Equipment	-	-
Purchase of Specialised Plant, Equipment and Machinery	202,246,459	309,509,854
Rehabilitation and Renovation of Plant, Machinery and Equip.	782,133	1,309,624
Purchase of Certified Seeds, Breeding Stock and Live Animals	81,312,438	26,926,009
Research, Studies, Project Preparation, Design & Supervision	223,056,405	227,091,764
Rehabilitation of Civil Works	30,580,070	10,572,126
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	6,788,374
Acquisition of Intangible Assets	8,052,759	7,852,066
Financial Assets	-	

Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
	-	
Total	**3,026,026,893**	**3,587,475,175**

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)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

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 expenses	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND BANK BALANCES

21A. BANK BALANCES

Name of Bank, Account No. & Currency	Account No.	Bank	Amount in bank account currency	Indicate whether recurrent or development, deposits, receipts, etc	Ex. rate (if in foreign currency)	2017/2018	2016/2017
					Kshs	Kshs	Kshs
Kitui County Revenue Fund	1000171111	CBK		Revenue		855,875,675	1,010,593,376
Kitui County Recurrent	1000170654	CBK		Recurrent		994	63,891,105
Kitui County Development	1000170638	CBK		Development		367,807	42,767
Kitui County Deposit	1000217127	CBK		Deposit		257,788,697	277,115,001
Resource Based Fund A/C	1000297247	CBK		Donor-Development		6,116,502	120,409,006
Kitui County Transforming Health System for Universal Care Project	1000334142	CBK		Donor-Development		41,532,018	-
Kitui county Natural Agricultural Rural grant project	1000366998	CBK		Donor development		31,287,940	-
Kitui Devolution Support Program	1000371064	CBK		Development		7,591,798	-
Kitui Roads Maintenance Fuel Levy Account	1000353651	CBK		Development		96,218,080	-
Kitui County Village Polytechnics Grant	1000367008	CBK		Donor Dev		67,576,636	-
Kitui Roads Maintenance Fuel Levy Account	1000353651	CBK		Development		88,909,330	-
Kitui Roads Maintenance Fuel Levy Account	01141304430300	Coop Bank - Kitui		Development		7,308,750	-
Kitui County Revenue Collection	1140752855	KCB - Kitui		Recurrent		8,551,909	3,451,762
Kitui County Standing GVT Impest	1140752995	KCB - Kitui		Recurrent		3,866,969	1,193,457
Kitui County Gratuity Account	1182808883	KCB-Kitui		Recurrent		62,091,325	-

KCEP CRAL	01141302244400	Coop Bank - Kitui		Donor development		1,297,746	-
NARIGP - COOP Bank Account	01141810573100	Coop Bank - Kitui		Donor development		18,236,500	-
Kitui Pro-Poor Account	1149645113	KCB - Kitui		Recurrent		39,032,399	-
Kitui District Hosp Operations Account	01141303838201	Coop Bank - Kitui		Recurrent		1,757,788	18,305,600
Kauwi Sub Dist Hosp Operations Account	01141303838301	Coop Bank - Kitui		Recurrent		1,075,010	1,333,602
Nuu Sub Dist Hosp Operations Account	01141399535301	Coop Bank - Mwingi		Recurrent		164,784	161,365
Katulani Sub Dist Hosp Operations Account	1156667747	KCB - Kitui		Recurrent		521,304	1,828
Ikanga Sub Dist Hosp Operations Account	1156671523	KCB - Kitui		Recurrent		126,708	52,421
Mutito Sub Dist Hosp Operations Account	1156804256	KCB - Kitui		Recurrent		282,195	859,788
Mwingi District Hosp Operations Account	1156709008	KCB -Mwingi		Recurrent		460,637	1,662
Tseikuru Sub Dist Hosp Operations Account	1156757614	KCB -Mwingi		Recurrent		78,193	41,595
Migwani Sub Dist Hosp Operations Account	1156714397	KCB -Mwingi		Recurrent		45,548	39,968
Kyuso Sub Dist Hosp Operations Account	1156755654	KCB -Mwingi		Recurrent		41,300	23,192
Zombe sub district Hosp operations account	1220157570	KCB-Kitui		Recurrent		14,307	-
Mutomo subdistrict hosp operations account	1219303062	KCB-Mutomo		Recurrent		-	-
Ikutha sub district hosp operations account	1217309373	KCB-Mutomo		Recurrent		85,499	-
Kanyangi Sub Dist Hosp Operations Account	01001036319100	NBK - Kitui		Recurrent		163,173	162,838
						1,502,249,441	**1,551,668,328**

The figures presented here refer to reconciled cashbook balances as at July 13, 2018

*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	1,509,289	4,276,809
Cash in Hand – Held in foreign currency	-	-
Total	**1,509,289**	**4,276,809**

Cash in hand should also be analysed as follows:

	2017/2018	2016/2017
	Kshs	Kshs
Location 1 - Ministry of Trade, Industry, IT and Cooperatives	-	-
Location 2 - Ministry of Finance & Economic Planning - Payments	2,123	2,612,612
Location 3 - Kitui Level IV Hospital	174,246	42,755
Location 4 - Mwingi Level IV Hospital		13,940
Location 5 - Ministry of Finance & Economic Planning - Receipts	800,000	1,271,397
Location 6 - Ministry of Agriculture - ATC	-	-
Location 7 - Mwingi Town - Revenue Office	532,920	336,105
Location 8	-	-
Total	**1,509,289**	**4,276,809**

[Provide cash count certificates for each]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

	2017/2018	2016/2017
	Kshs	Kshs
Government Imprests	9,994,888	13,968,672
Other Advances		-
Clearance Accounts	-	-
Total	**9,994,888**	**13,968,672**

breakdown of the outstanding imprest

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Tom Ouma Ojwang	15/01/2018	93,000	-	93,000
Boniface Mwaniki Njue	03-01-18	120,000	-	120,000
James Ndwiga Muchira	26/04/2018	123,560	-	123,560
Martin Sele Kyeva	03-07-18	46,000	-	46,000
Bernard Macharia Mwangi	04-04-18	816,400	-	816,400
David Mutunga Kyalo	02-05-18	133,000	-	133,000
Dominic Mutisya Mumbu	29/09/2017	505,600	-	505,600
Rachael Katuku Ithua	26/01/2018	492000	-	492000
Emmanuel Mutisya Mbondo	17/01/2018	21,800	-	21,800
Faith Kathini Moki	29/11/2017	483,100	-	483,100
Stanley Wambua Ngove	29/11/2017	210,000	-	210,000
Anderson Bahati Wambua	18/06/2018	40,700	-	40,700
Sammy Mutua Mbuvi	20/06/2018	89,050	-	89,050
peter Muimi Yaninga	13/05/2018	30,000	-	30,000
Philip Mutinda mumo	04-12-18	1,061,484.	-	1,061,484
Sebastian Muli Sausi	24/11/2017	10,000	-	10,000
Joseph Musy0oka Mutemi	18/06/2018	470,200	-	470,200
Remmie Mbiku Nzioki	04-06-18	116,800	-	116,800
Kelvin Mulyu Kithonga	18/06/2018	1,254,500	-	1,254,500
Godfrey Issika Maithya	31/05/2018	879300	-	879,300
Michael Kivwii	31/05/2018	69,300	-	69,300
Faith Munanie Paul	23/05/2018	84,550	-	84,550
Regina Kivungo	19/01/2018	50,000	-	50,000
Simon Mwangangi Kilonzo	29/03/2018	279,800	-	279,800
Boniface Musee Musili	29/03/2018	222,000	-	222,000
Chris Kitheka Muema	22/03/2018	308,100	-	308,100
Samuel Kimanzi	29/03/2018	452,400	-	452,400
Jacob Maundu Kakundi	25/04/2018	543,342	-	543,342
Eunice Ndulu Muaa	18/06/2018	602,000	-	602,000
Charles Kimanzi Mati	10//05/2018	352,800	-	352,800
Margaret Angela Mutemi	20/06/2018	33,500	-	33,500
Munyasya nzese Musya	18/06/2018	600	-	600
Total		**9,994,886**	-	**9,994,886**

23. ACCOUNTS PAYABLE

	2017/2018	2016/2017
	Kshs	Kshs
Deposits -Retentions	257,788,697	277,115,001
Gratuity	62,091,325	-
Total	**319,880,022**	**277,115,001**

[Provide short appropriate explanations as necessary]

24. FUND BALANCE BROUGHT FORWARD

	2017/2018	2016/2017
	Kshs	Kshs
Bank accounts	1,502,249,441	1,551,668,328
Cash in hand	1,509,289	4,276,809
Accounts Receivables	9,994,888	13,968,672
Accounts Payables	(319,880,022)	(277,115,001)
Total	**1,193,873,596**	**1,292,798,808**

[Provide short appropriate explanations as necessary]

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. PRIOR YEAR ADJUSTMENTS

	2017/2018	2016/2017
	Kshs	Kshs
Adjustments on bank account balances	45,131,575	-
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others (*specify*)	-	-
Total	**45,131,575**	-

This balance relates to closing balance for 2016/17 in the accounts of Pro-poor and Gratuity accounts which were not reflected in the statements of 2016/17. This figure was broken down as gratuity Kshs 41,759,982 and Pro-poor Kshs 3,371,592. This omission caused an understatement in the cash and cash equivalent in both the cash flow statement and the balance sheet figures brought forward.

26. ADJUSTMENTS IN PAYMENTS IN OPERATING ACTIVITIES

The cash flow statement for the financial year 2016/17 did not reflect movements in both Receivables and Payables. In 2016/17, these balances were: Accounts receivables – Outstanding Imprests was Kshs. 13,968,672 (2017/18 – Ksh. 9,994,888) while Accounts payables – Deposits and Retentions Kshs 277,115,001 (2017/2018 – Ksh. 319,880,022). The movements in these two balance sheet items are: Kshs. 3,814,166 and Ksh. 42,765,021, respectively. These are cash flow items netting Kshs. 38,950,855 have now been dealt with correctly in the 2017/2018 cash flow statement.

5.10. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017/2018	2016/2017
	KShs	KShs
Construction of buildings	77,481,553	217,408,437
Construction of civil works	690,725,319	741,167,472
Supply of goods	103,003,414	96,944,442
Supply of services	180,877,088	160,771,697
	1,052,087,373	**1,216,292,048**

2. PENDING STAFF PAYABLES (See Annex 2)

	2017/2018	2016/2017
	KShs	KShs
Senior management	5,577,245	515,600
Middle management	11,899,360	394,328
Unionisable employees	3,946,393	1,780,835
Others (*specify*)	2,329,650	-
	23,752,648	2,690,763

3. OTHER PENDING PAYABLES (See Annex 3)

	2017/2018	2016/2017
	KShs	KShs
Amounts due to National Government entities	25,912,761	0
Amounts due to County Government entities	-	0
Amounts due to third parties	65,922,712	0
Others (*specify*)	-	0
	91,835,472	-

(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)

4. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;

- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions

	2017/2018	2016/2017
	Kshs	Kshs
Key Management Compensation (Governors, CEC Members and COs)	65,310,485	69,259,372
Transfers to related parties		
Transfer to the County Assembly	811,034,003	781,749,766
Transfers to other County Government Entities-Facilities	163,917,569	-
Transfers to Development Projects	0	0
Transfers to non-reporting entities e.g. schools and welfare	0	0
Transfers to County Water Service Providers	0	0
Expenses paid on behalf of County Water Service Providers	0	0
Total Transfers to related parties	974,951,572	**781,749,766**
Transfers from related parties		
Transfers from the Exchequer	8,652,300,000	7,841,480,359
Transfers from MDAs	400,357,784	302,701,288
Transfers from SCs and SAGAs- National Government		
Transfers from donor funding	183,811,098	150,470,244.00
Total Transfers from related parties	**9,236,468,882**	**8,294,651,891**

5. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

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

Entity	Date Established	Location	Accounting Officer responsible
Xxx Corporation	xxx	xxx	xxx
Xxx fund	xxx	xxx	xxx
Xxx Board	xxx	xxx	xxx
Xxx project	xxx	xxx	xxx
XXX Scheme	xxx	xxx	xxx

The county has not established any corporation since coming into existence

Other Disclosures

REVENUE ARREARS

The county inherited land rates &rent against properties from the defunct local authorities in the former councils of Mwingi and Kitui. In an effort to collect on the same, in subsequent years since 2014, the county has issued waivers in an attempt to encourage payments. An analysis of plot ownership indicates duplicate plots and unknown landlords which explains slow payments even with waivers.

The county does not view the rates/rents as fully collectable and in line with prudence principle in revenue recognition, the same has not been factored in income pending a Valuation roll exercise to identify the current plot numbers, correct locations and their owners. It is only then that an accurate income could be reported.

TOURIST BUILDING FIRE DISASTER

Fire broke out at the Tourist Building at night on 24th February 2018 causing extensive damage to the building and loss of property belonging to County Government of Kitui. Due to scarcity of office space at government buildings, the county Government of Kitui had rented the Tourist Building to provide office accommodation for employees of various ministries including the following:

i. Ministry of Education, ICT and Youth Development
ii. Ministry of Tourism, Culture and Sports
iii. Ministry of Environment and Natural Resources
iv. Ministry of Public Service Management and Administration
v. Department of Human Resource Management

The County Government of Kitui was renting the building on tenancy arrangement. During this fire episode the County Government of Kitui lost various property including official documents, furniture and ICT equipment among others. County employees also reported loss of personal property including Laptops and other items. Valuation is going on to quantify the losses
The incident was reported to Kitui Police station and investigations are still on-going. So far there has been no claim brought against County Government of Kitui in regard to the fire on this building.

LEGAL MATTERS

The county while carrying out its mandate has faced a few disputes that ended up either in court or arbitration with which are at the following level:

a. Fairplan Systems Ltd v/s County Government of Kitui

The County Government of Kitui has sued Fairplan Systems Ltd in a matter. This is a matter where the County Government of Kitui engaged Fairplan System Ltd to develop building plans/drawings for Kitui County headquarters. Dispute arose due to the huge professional fees charged by Fairplan System Ltd. The matter went for arbitration and an award of about Kshs. 46M was awarded to Fairplan. The County Government of Kitui went to court to challenge the arbitration award. The matter is ongoing, and we believe we have a fair chance in this case.

b. Power Pump Technical Company Ltd v/s County Government of Kitui

The County Government of Kitui has sued Power pump Technical in a matter where the defunct Municipal Council of Kitui contracted Power Pump to build a slaughter house at Kabati market. When County Governments were inaugurated, Power Pump Technical Company Ltd sued the County Government of Kitui to recover the balance of contract sum. The matter was referred to arbitration where an award of Kshs 26.1m (including interest) in favour of Power Pump Technical Company Ltd was issued. The County Government of Kitui has sued Power Pump Technical Company Ltd challenging the arbitration award.

c. Kenya Commercial Bank Ltd v/s County Government of Kitui

This is a matter where Kenya Commercial Bank Ltd (KCB) sued County Government of Kitui to recover Kshs. 26M. It is alleged KCB lent money to the defunct Municipal Council of Kitui for the purchase machinery and the borrower defaulted on loan repayment. After the County Governments were inaugurated, KCB sued County Government of Kitui to recover an amount of Kshs. 26M (which is loan balance plus accrued interest since 1998). The matter is yet to be concluded.

6. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.3	Development Budget	The low absorption rate under the county ministry of coordination and administration was caused by the delays in completion of construction of ward administration offices at year end. The delay was caused by the lengthy process of identifying the land, purchasing land where public land was not available and the lengthy procurement process.	Spending entity Accounting officer	Resolved	2018
1.4	**Recurrent Expenditures**	The recurrent budget balances were supposed to be utilized while supervising the development projects and since the project had not been completed thus non-utilization of the money. Government pension & retirement and social security benefit budget were funds set aside to cater for gratuity provision for the county executive officers on contract and county assembly members. The money had not yet been paid out by the end of FY 2014/2015.	Spending entity Accounting officer	Resolved	2016
1.6.2	**Un-Disclosed Revenue Receivables**	County Governments have lists of assets and liabilities which are yet to be verified by the Intergovernmental Technical Relations Committee and handed over. We did not disclose any former Local Authorities assets or liabilities in the Financial Statements because they had not been verified by Transition Authority. The Intergovernmental Technical Relations Committee has now constituted county committees for the verification of former Local Authorities assets or liabilities The Kshs 1,281,220 relates to market stall rent arrears which were accumulated by the defunct local authority. The amount is in the Local Authority Integrated Financial Operation management system (LAIFOMS) used by the former Mwingi Town Council which is subject to verification.	Intergovernmental relations technical Committee Receiver of revenue	Not Resolved Resolved	2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
2.0	Fixed Assets Register	The transfer of assets and liabilities from both the defunct Local Authority and devolved function by national government was mandated to the transition authority. During its tenure the authority undertook the audit/inventory of the same and compiled an asset and liability register which has now been transferred to inter-governmental relation committee for finalization and subsequent advice to entities. The fixed assets which will be transferred to the county will form the opening balance for the assets register. The County is in the process of developing both a Fixed Assets Policy and a Fixed Assets Register which were not in place during the audit. The county has prepared an assets list.	Chief officer-Treasury	Fixed asset preparation - contracted	2018
3.1	**Cash and Bank**	The county opens Bank Accounts only when it is prudently necessary in efforts to improve service delivery. We operate a centralized cash management system where a central banking arrangement is used to control finances for all the decentralized units. However, we have 11 eleven Hospitals, Health centres and Dispensaries (237) spread across the county whom for purposes of effectively being able to address patients' needs at the local levels, it is necessary to have Bank Accounts for each facilities, further due to the fact that the health centres and dispensaries are funded to some lever by development partner county have to comply with those condition which include proper financial management with separate bank account thus resulting to several bank accounts being operated. The County has six main accounts held at central bank of Kenya	Chief finance officer	Resolved	Continuous
3.2	**Maintenance of Cash Books**	*Our main Bank Accounts namely Recurrent and Development held at Central Bank of Kenya are transacted through IFMIS, hence our cashbooks for the same should be system based. However, the accounts receivable module in IFMIS is not active leading to an incomplete system cashbook. The county maintains a parallel manual cashbook The IFMIS department is currently in the process of rolling out the accounts receivable module to*	Assistant accountant general	Resolved	Continuous

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		ensure a complete IFMIS system cash book can be generated			
4.1	**Unsupported Financial Statement Balances**	***The Kshs.*** *49,955,923 was an uncleared payment to KEMSA for medical drugs at the close of the FY 2013/2014. When the County was sweeping funds balances to the County Revenue Account in Central Bank of Kenya at the close of the FY, the amount was not transferred with a view that the payment would materialize. This amount was appropriated through a supplementary budget and disclosed through a note in the financial statements supported by the relevant bank statement availed to the auditors.* *An amount of Kshs. 3,456,753 relating to transfers of funds to county Hospitals / Health Centres was done through payment vouchers which have been summarized as per attached summaries.*	Assistant accountant general	Resolved	2018
4.2	**Inaccuracy of the Financial Statements**	*The differences noted in the consolidated accounts affecting: Acquisition of Assets, Use of goods and services and Inaccurate Compensation of Employees relate to Inter-Account Transfers between the assembly and the Executive. It should be observed that while the County assembly reported Kshs. 868,640,961 the Executive reported a figure of Ksh.687,982,695. The difference of Kshs. 180,658,266 is attributable to timing differences of Ksh.116,000,000 MCAs Car Loan fund which the Executive reported in 2013/14 with Assembly reporting for it in 2014/2015, Kshs. 10,000,000 similarly mistimed by the two entities, a Ksh.4,878,000 County Executive expense which was also reported by the assembly causing duplication, Stale cheques of Kshs. 23,422,815 which were erroneously reported as new sources of income by the Assembly and Kshs. 26,357,451 Compensation of Employees paid by the Assembly in 2013/14 but reported in the current period.* *It is worth noting that in the previous period the separate entities were audited as one entity*	Assistant accountant general	Resolved	Continuous

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		hence the challenge in aligning some transactions to their right financial period *With respect to Acquisition of Assets, the County Executive reported a figure of Kshs. 3,000,966,700 while County Assembly had an amount of Kshs. 208,429,001 in the financial statements and produced schedules to support the same.*			
7.0	**Irregular Recruitment**	*The Board recruits employees from approved requests by County Departments. The appointment of drivers at Job Group 'D' (driver III) was not an exception from this principle. The need to employ the 53 drivers was approved by the cabinet as per the attached cabinet memo and a follow up letter from the office of the County Secretary (attached). The recruitment of other cadres followed this principle and was done on a need basis.*	Secretary to Kitui county public service board	Resolved	2017

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.....Nadunge.....

Date.....

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Periodic	Equitable share	DANIDA	Level 5 hospitals allocation	
	Kshs	Kshs	Kshs	
Exchequer Releases for quarter 1	-	-	-	
Exchequer Releases for quarter 2	1,211,322,000	20,982,159	-	1,
Exchequer Releases for quarter 3	3,158,089,500	-	-	3,
Exchequer Releases for quarter 4	4,282,888,500		-	4,
Total	**8,652,300,000**	**20,982,159**	-	**8,**

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
	a	b	c	d=a-c	
Construction of buildings					
Ikutha Market Water Project	e		-	7,840	
Mukas Contractors and supplies	20,000		-	20,000	
Mutex Construction	25,975		-	25,975	
Trorai	905,750		843,917	61,833	
M/S Koddar Enterprises	66,000		-	66,000	
Artic Builders General Contractors	68,203		-	68,203	
Ms Little Five Tours Ltd	80,000		-	80,000	
Mwingundo Enterprises	2,674,664	17/05/2016	2,574,664	100,000	
Janbald Enterprises	490,077		375,455	114,621	
One Win Builders	1,211,067		1,089,967	121,100	
Tash Consultancy Services	3,080,055		2,954,038	126,017	
Miramba Ikamba Contractors	127,124		-	127,124	
Ms Melina Forwarders	141,790		-	141,790	
Tash Consultancy Services Ltd	3,080,055		2,926,052	154,003	
Gracher Enterprises Ltd	2,373,480	04-10-17	1,635,719	737,761	
Lybon Company Ltd	1,441,460		1,272,518	168,942	
Thagituko Contractors	172,002		-	172,002	
Bichar Image Solution	193,989		-	193,989	
M/S Terramas Construction Company	900,070		701,800	198,270	
M/S Syokavi Limited	889,000		670,643	218,357	
Jjopalemb Kamutei Entreprises Ltd	218,600		-	218,600	
Josma General Works Ltd	1,686,218	27/2/2018	1,446,286	239,932	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Ntume contractors	242,600		-	242,600	
Ngutani General Contractors	258,575		-	258,575	
Jedga General Supplies	283,860		-	283,860	
Mumondilis Ltd	3,075,950		2,777,123	298,827	
Jimeliza Enterprises	2,895,874		2,568,760	327,114	
M/S Mitchee Tec (K) Limited	999,046		668,436	330,610	
One More Time Ltd	343,996		-	343,996	
Waterblue Trading & Consultancy Ltd	2,888,293		2,534,166	354,127	
Kiithio Skilled Associates Enterprises	355,246		-	355,246	
Katumba General Contractors	450,015		81,779	368,236	
Mema Trading	376,010		-	376,010	
Munyini K Ltd	2,430,000		2,030,272	399,728	
Ms Mwingi East Renovators	407,940		-	407,940	
Headcord Contractors	999,040		581,923	417,117	
Kyamboo Building Contractors	420,000		-	420,000	
PM Developers LTD	430,010		-	430,010	
Kodda Enterprises	432,000		-	432,000	
M/S Ithenze Two Again Construction	880,720		439,945	440,775	
Nhajel Enterprises	2,480,940		2,038,790	442,150	
Pomelo Limited	442,563		-	442,563	
Kiswii Engineering Contractors	450,000		-	450,000	
Southern Cruiser Construction	491,988		-	491,988	
Jeti General Contractors Ltd	18,879,370	04-05-16	18,381,150	498,220	
Utomu Contractors	505,819		-	505,819	
Troval Investment	905,750		399,785	505,965	
Kasoni General Contractors	513,358		-	513,358	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Mitchee Tec(K)Ltd	999,046		452,081	546,965	
General Terrazo & Marble Contractors	550,000		-	550,000	
Zasemwa Enterprises	601,310		-	601,310	
Mpendwa Holdings &Supplies Ltd	998,500		372,518	625,982	
Jemu Agencies Ltd	627,473		-	627,473	
Zapes General Trading Company	662,701		-	662,701	
Mbitini Promise Enterprises	712,050		-	712,050	
Mwamba Musesa Co.Ltd	900,800		168,697	732,103	
Jofait Contractors	742,280		-	742,280	
Amegus Enterprises Company Ltd	991,183		180,121	811,062	
M/S Thycami General Contractors	880,350		-	880,350	
Carolism Enterprises Ltd	882,509		-	882,509	
Xaman Ventures	900,000		-	900,000	
M/S Tajopeja Agencies	900,825		-	900,825	
Stair Cap Limited	918,924		-	918,924	
Iremo Collection Stores	1,000,000		-	1,000,000	
Kathika Enterprises Ltd	1,065,477		-	1,065,477	
Sharphine Agencies	2,896,357		1,799,867	1,096,490	
Panamer Company Ltd	1,131,029		-	1,131,029	
Marolta Conatruction Co.Ltd	1,276,401		-	1,276,401	
Pomelo Ltd	1,557,358		-	1,557,358	
Musavani Contractors & Supplies Ltd	1,670,000		-	1,670,000	
Kitui Skynet Digital	1,801,440		-	1,801,440	
Millenium Strategy Ltd	1,856,593		-	1,856,593	
Skyalician Company Ltd	3,071,950		1,026,261	2,045,689	
Saimoh Kenya Limited	2,277,810		-	2,277,810	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Nitelvin Ltd	3,235,000		917,749	2,317,251	
Marktua Investment	3,974,850		1,088,382	2,886,468	
Mujabacajo Construction	3,984,168		955,624	3,028,544	
Lokaki Investment Ltd	3,277,630		-	3,277,630	
County Link Contractors	3,478,655		-	3,478,655	
Katulani Building Contractors	3,758,168		-	3,758,168	
Rapid Growth	5,612,320		-	5,612,320	
Royce Building & General Contractors Ltd	11,550,503		-	11,550,503	
Sub-Total	**133,436,042**	**85,506**	**55,954,489**	**77,481,553**	
Construction of civil works				-	
Everkim Investments Limited	24,000	30/05/2018	-	24,000	
Danvin Distributors K Ltd	2,595,000		2,433,401	161,610	
Danros General Contractors and Supplies Company Ltd	222,000	30/05/2018	-	222,000	
Patricia And Gabriel Construction Company	229,117		-	229,117	
Flocoski Supplies	237,300		-	237,300	
Global Construction &Software Agencies	241,391		-	241,391	
Tostine Ltd.	248,817		-	248,817	
Pat Gab Enterprises	261,848		-	261,848	
Mashariki North Enterprises	261,848		-	261,848	
Chobo Group Limited	269,377		-	269,377	
Southern Solutions Construction & Supplies	330,100		59,987	270,113	
Syano Roads and Bridges Co. Ltd	6,888,158	04-05-16	6,557,909	330,229	
Caloshe Enterprises	353,500		-	353,500	
Chobo Group Ltd	3,442,860		2,967,933	474,927	
Kivani Constructors	489,530		-	489,530	
Homenet Construction Company Ltd	505,486		-	505,486	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Telina Contractors and General Supplies Ltd	5,793,459	04-01-16	5,249,335	544,124	
Linef Investment	574,225		-	574,225	
Tena Construction & G/Supplies	580,572		-	580,572	
Belton Construction & Suppliers	591,282		-	591,282	
Mopeth General Contractors	621,890		-	621,890	
Damuka Investment & General	657,950		-	657,950	
Browny Contractors Limted	664,900		-	664,900	
Ashitae Ventures	687,464		-	687,464	
Jakamu Builders & Contractora Ltd	695,534		-	695,534	
Musesyae Enterprises	707,181		-	707,181	
Katmas Civil Contractors Ltd	728,260		-	728,260	
Free Drop Interior Designers	749,700		-	749,700	
Mumondilis Limited	750,000		-	750,000	
Timax Building and General Contractors	14,207,767	04-05-16	13,436,947	770,820	
Tomujabacajo Construction and general supplies ldt	810,000		-	810,000	
Asaja Suppliers	819,507		-	819,507	
Senetec Building Construction and Roads	3,352,386	29/12/2016	2,484,094	868,292	
Joqueens Enterprises	888,049		-	888,049	
Fame intrude alarm systems	895,488		-	895,488	
Simica Building Limited	975,534		-	975,534	
Electro Brothers and General Contractors	3,823,378	23/11/2015	2,843,467	979,912	
Kenstanz Company Ltd	989,547		-	989,547	
Perch Top Suppliers	994,910	06-05-18	-	994,910	
Superfix Constractors & General Supplies	1,023,025		-	1,023,025	
Benadav Enterprise	1,092,748	16/4/2018	-	1,092,748	
Editech International Ltd	1,171,242		-	1,171,242	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Jubeka Enterprise Ltd	1,176,375		-	1,176,375	
Mwalewa Stores	1,507,972		274,034	1,233,938	
Grapritor Trading Agencies Ltd	1,540,480		279,942	1,260,538	
Hildom Investment Ltd	1,287,967		-	1,287,967	
Bricata Merchants	1,489,362		-	1,489,362	
Kangama Builders & Contractors Ltd.	1,502,399		-	1,502,399	
Ethanga Building And Construction Company	1,570,975		-	1,570,975	
Kakesu Contractors Limited	1,767,558		-	1,767,558	
Kibo Kilimanjaro	2,300,198		499,829	1,800,369	
Nzusson Construction & Engineering Works Ltd.	2,172,204		-	2,172,204	
Seruji Contractors & General	2,979,460		636,160	2,343,300	
Newell Limited	3,974,450		1,463,979	2,510,471	
Caloshe Enterprises	3,729,900		972,392	2,757,508	
Ndandini Dymo Enterprises	2,800,000	18/05/2018	-	2,800,000	
Esjovia Contractors Ltd	2,800,000		-	2,800,000	
Mumoni Company Ltd	2,932,098		-	2,932,098	
Nzusson Construction And Eng. Works	3,000,056		-	3,000,056	
Wii Construction Enterprises	10,015,993	30/3/2016	6,935,729	3,080,264	
Lyston Enterprises Limited	3,252,236		-	3,252,236	
Nzeeu Investment Limited	3,458,582		-	3,458,582	
One Rhino Construction Ltd	3,569,446		-	3,569,446	
Fanda Wired Enterprises	3,598,882		-	3,598,882	
Semeha Engineering Ltd	3,768,756		-	3,768,756	
Mini-Lock Contractors & Supplies	3,795,258		-	3,795,258	
Kangama Builders and Contractors Ltd	3,811,297		-	3,811,297	
Jobico Group Of Companies Limited	3,869,700	26/04/2017	-	3,869,700	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Inkunxa & Nyila East Africa Construction Company Limited	4,821,332	23/05/2018	879,280	3,942,052	
Ruwasi General Supplies	3,954,846		-	3,954,846	
Tillen Angencies	4,337,392		-	4,337,392	
Taraji Co. Ltd	4,395,972		-	4,395,972	
Palace Management Company	4,849,559		-	4,849,559	
Logic Links Limited	4,890,909		-	4,890,909	
Jacklo Company Ltd	4,932,862		-	4,932,862	
Young Makavenzi Ltd	4,954,552		-	4,954,552	
Mwingi Busara Enterprises Ltd	5,280,436		-	5,280,436	
Markwell Services Limited	5,620,200		-	5,620,200	
Shatiti Enterprises Ltd	5,750,654		-	5,750,654	
Nasicom Logistics Limited	5,907,880		-	5,907,880	
Weatherford Engineering Co. Ltd	5,912,123		-	5,912,123	
Lyjos Enterprises	5,983,879		-	5,983,879	
Kamwando Enterprises Limited	6,001,852		-	6,001,852	
End Engineering & Construction Company Ltd	6,539,818		-	6,539,818	
Western Holding Ltd	6,542,748		-	6,542,748	
Signature Contractors	6,602,009		-	6,602,009	
Dannycot Enterprises Ltd	7,000,774		-	7,000,774	
Kasco Investment Limited	7,134,860		-	7,134,860	
Ndamuma Construction Ltd	7,150,124		-	7,150,124	
Kyangonza Construction	7,366,400		-	7,366,400	
Afriserve International Ltd	7,498,582		-	7,498,582	
Carotox Supplies	7,941,135		-	7,941,135	
Mosline Enterprises Ltd.	7,996,112		-	7,996,112	
Mutindi General Contractors	8,120,464		-	8,120,464	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Mwatshi Construction Company	8,353,772		-	8,353,772	
Racdamui City Investment Ltd	8,485,200		-	8,485,200	
Kivui General Suppliers & Contractors	8,675,451		-	8,675,451	
Three Ranks (K) Ltd	8,980,966		-	8,980,966	
Delta Agri-Tech and Engineering Ltd	9,100,434		-	9,100,434	
Felikeys (K) Ltd	9,210,261		-	9,210,261	
June Engineering Services Limited	9,477,604		-	9,477,604	
Dunhill Works Ltd	9,808,798		-	9,808,798	
Malulani Investments Limited	9,844,247		-	9,844,247	
Jackmer Contractors Ltd	10,100,758		-	10,100,758	
Miambani Valley General Contractors Ltd	10,191,528		-	10,191,528	
Rutgil Enterprises	10,532,730		-	10,532,730	
Lybon Company Limited	11,180,748		-	11,180,748	
Landi Investments Ltd	11,614,642		-	11,614,642	
Chambalili Trading Company Ltd	11,673,022		-	11,673,022	
Jomeg Contractors	11,790,378		-	11,790,378	
Malili Construction And Engineering Works Ltd	12,205,081		-	12,205,081	
Renah & Renard Limited	13,214,303		-	13,214,303	
Artic Builders & General Contractors	13,673,048		-	13,673,048	
Glogra General Suppliers & Contractors	14,162,898		-	14,162,898	
Ikoo limited	15,068,375		-	15,068,375	
keith Reuben Property Group Ltd	15,685,759		-	15,685,759	
Watema General Supplies	16,083,852		-	16,083,852	
Mukesh Technical Services	16,509,294		-	16,509,294	
Festo Construction and Engineering Co. Ltd	17,429,928		-	17,429,928	
Diasco Limited	17,853,125		-	17,853,125	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Konza Works Construction & Engineering Ltd	18,204,912		-	18,204,912	
Jaci General Investment	19,626,176		-	19,626,176	
Aridsun Contractors	21,373,933		-	21,373,933	
Rene Industries Ltd	22,521,184		-	22,521,184	
Katungate Contractors Ltd	24,186,844		-	24,186,844	
Syano Roads And Bridges Ltd	25,275,084		-	25,275,084	
Sub-Total	**738,699,736**	**170,587**	**47,974,418**	**690,725,319**	
Supply of goods				-	
Elisha Contractors	7,000		-	7,000	
Everlyne K. Mulinda	11,340		-	11,340	
Cyber Base	13,993		-	13,993	
Safaricom Limited	16,000		-	16,000	
Jeddy Musee	20,880		-	20,880	
Mivukoni Secondary School	25,000	-	-	25,000	
Nasa Networking & Electronic System	25,900		-	25,900	
Swiftwave Company	26,638		-	26,638	
Tseikuru Secondary School	35,000		-	35,000	
Safaricom Limited	36,500		-	36,500	
Nduki General Contractors	42,400	06-12-18	-	42,400	
Sheikh Ahmed And Sons	42,668		-	42,668	
Ngulu Investments Ltd	48,707		-	48,707	
Technology Telecommunication Ltd	50,000		-	50,000	
Technology Telecommunication Ltd	50,000		-	50,000	
Eco Build Services	54,000	16/05/2018	-	54,000	
Safaricom Limited	61,750		-	61,750	
Advatex Systems	63,000		-	63,000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Phalmer General	71,121		-	71,121	
Lake Oil Ltd	71,162		-	71,162	
Pestlab Cleaning Services	76,200		-	76,200	
Lake Oil Limited	78,200		-	78,200	
Global Talk Holding Ltd	78,710		-	78,710	
Mutomo Petroleum & G/Supplies	79,200		-	79,200	
Netasam Enterprises Ltd	81,200		-	81,200	
Chadanira Limited	86,700		-	86,700	
Mountain Breeze	88,000		-	88,000	
Peter Mulei And Sons Ltd	90,000		-	90,000	
Voltage Smart Systems	97,188		-	97,188	
Wayani Enterprises Ltd	99,630		-	99,630	
Netasam Enterprises Ltd	99,760		-	99,760	
Eagle Tech Printers And General Suppliers	105,390		5,452	99,938	
Umoja Mwingi Petrol Station	99,999		-	99,999	
Ikutha General Filling Station	100,000		-	100,000	
Kitui Riverside Services	100,000		-	100,000	
Netasam Enterprises Ltd	121,800		-	121,800	
Nicomulex Enterprises	129,200		-	129,200	
Safaricom Limited	135,500		-	135,500	
Netasam Enterprises Ltd	139,200		-	139,200	
Jostec Agencies	148,737		-	148,737	
Stedorn General Agency Ltd	154,266		-	154,266	
Aka Vibrant Services	154,600		-	154,600	
Migaa Service Station	168,741		-	168,741	
Kitui Riverside S/Station	172,353		-	172,353	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Eagletech Printers And General Supplies	191,475		9,904	181,571	
Geoper Construction	187,250	06-12-18	-	187,250	
Zombe Petroleum Dealers	194,000		-	194,000	
Technology Telecommunications Ltd	196,600		-	196,600	
Pestlab Cleaning Services	200,000		-	200,000	
Riverside Service Station	200,000		-	200,000	
Sheikh Ahmed And Sons	200,000		-	200,000	
Sheikh Ahmed And Sons	200,000		-	200,000	
Jedema Enterprises	202,500		-	202,500	
Mutomo Capital Inn	206,000		-	206,000	
Concern Traders	210,754		-	210,754	
Gurdian Co. Ltd	212,755		-	212,755	
Cynpaul Trading	213,606		-	213,606	
Adzest Computer Services	218,000		-	218,000	
Jedema Enterprises	219,900		-	219,900	
Aleannitash Enterprises	229,500		-	229,500	
Glassam Mechants Limited	233,300		-	233,300	
County Chemicals	243,500		-	243,500	
Technology Telecommunication Ltd	244,600		-	244,600	
Beautiful Beginning Investment	248,000		-	248,000	
Extravagant Enterprises	249,550		-	249,550	
Homeshine Nice Products	249,800		-	249,800	
Stratbest Ltd	250,000		-	250,000	
Shelkh Ahmed	252,000		-	252,000	
Stratbest Ltd	255,000		-	255,000	
Sannia Investment	278,400		-	278,400	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Jeda Construction & General Suppliers	284,400		-	284,400	
Titen Agencies	294,299		-	294,299	
Rotoki Enterprises	298,200		-	298,200	
Kanda Petrol Station	300,000		-	300,000	
Sheikh Ahmed And Sons	300,399		-	300,399	
Kitui roads and bridge construction	305,235		-	305,235	
East Breeze Hotel And Cateres	309,000		-	309,000	
Phijahira Agencies	327,660		16,948	310,712	
Recfa Contractors General Supplies	315,500		-	315,500	
Perth Business Solutions Ltd	317,100		-	317,100	
Katethya Investment	319,500		-	319,500	
Maryatecs Agencies	323,680		-	323,680	
Technology Telecommunication Ltd	325,600		-	325,600	
Stevor Garden Printers and Stationers	327,600		-	327,600	
Salo Enterprises	332,900		-	332,900	
Tashline Enterprises	335,588		-	335,588	
Kaindis Enterprises	376,328		-	376,328	
Kitui Riverside	412,000		-	412,000	
Lido Supplies & General Traders	428,600		-	428,600	
All Parts International	440,000		-	440,000	
Kyando General Supplies Ltd	445,000		-	445,000	
Philsando Tradewise	465,447		-	465,447	
Dojakem Chemist	468,000		-	468,000	
Raceron	495,000		-	495,000	
Digitech Images	523,300		-	523,300	
Jedema Enterprises	573,700		-	573,700	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Jedema Enterprises	580,500		-	580,500	
Zombe Petroleum Dealers	582,000		-	582,000	
Crestwood Logistics Ltd	600,000		-	600,000	
Kasalfa Enterprises	626,400		-	626,400	
County Silicon Systems	668,385		34,572	633,813	
Actor Magnetic Ltd	644,768		-	644,768	
Muathime Cleaning Services	683,060		-	683,060	
Kapuriee Proffesional	684,599		-	684,599	
Lokaki Investments	688,399		-	688,399	
Ndandini Dynamo enterprise	698,180	-	-	698,180	
Kirdi	754,401		-	754,401	
Globaltalk Holding Ltd	756,000		-	756,000	
Tevamed Chemist	756,000		-	756,000	
Rekamu Supplies Limited	773,130		-	773,130	
Cynpaul Trading	796,552		-	796,552	
Kanda Petrol Station	800,000		-	800,000	
Danix	803,520		-	803,520	
Centronica Suppliers	825,000		-	825,000	
Dojakem Chemist	837,000		-	837,000	
Dots Commercial Services	839,800		-	839,800	
Isando Trading Co Ltd	856,980		-	856,980	
Dojakem Chemist	933,000		-	933,000	
Staircap Limited	951,000		-	951,000	
Tarmular Holding Ltd	968,350		-	968,350	
Dawin Draft Choice	1,300,850		-	1,300,850	
Chiva Enterprises	1,338,500		-	1,338,500	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Science Scope Ltd	1,381,100		-	1,381,100	
Nitos Ltd	1,395,000		-	1,395,000	
Untek Investment Ltd	1,497,713		-	1,497,713	
Pharmasel Ltd	1,652,220		-	1,652,220	
Norken International Ltd	1,783,470	23/3/2018	-	1,783,470	
Kawashey Enterprises	1,881,379		-	1,881,379	
Helam Kenya Ltd	1,927,800		-	1,927,800	
Kanda Petrol Station	2,200,000		-	2,200,000	
Kirdi	2,227,500		-	2,227,500	
Markat Agencies	2,356,480		-	2,356,480	
Untek Investment Limited	2,414,843		-	2,414,843	
Albon Company	2,497,944		-	2,497,944	
Kanda Petrol Station	2,734,137		-	2,734,137	
Emico Mechanical Consultants	2,789,700	29/3/2018	-	2,789,700	
Emico Mechanical Consultants	2,795,800	29/3/2018	-	2,795,800	
Shaddah Investment	2,800,000		-	2,800,000	
Jedema Enterprises	3,203,700		-	3,203,700	
Kaytonic Enterprises	3,989,737		-	3,989,737	
Bricus Contractors	4,268,400		-	4,268,400	
Chamax Investment	4,297,046		-	4,297,046	
Bridgecon Holding Limited	5,412,373		-	5,412,373	
Calna Investment Ltd	7,929,413		-	7,929,413	
Sub-Total	**103,070,200**	**86,880**	**66,876**	**103,003,414**	
Supply of services					
Kitui Water and Sanitation Company	315		-	315	
Kiambere Mwingi Water and Sanitation	715		-	715	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kitui Atc	800		-	800	
Kitui Cottages	800	-	-	800	
Commissioner of VAT	1,007	-	-	1,007	
Kenya Power Co. Ltd	1,174		-	1,174	
Kitui Cottages	1,500		-	1,500	
Kitui Resort Hotel	1,640		-	1,640	
Kitui Cottages	1,900		-	1,900	
Widows & Children Pension Scheme	1,909		-	1,909	
Kitui Cottages	2,280		-	2,280	
Kitui Cottages	3,040		-	3,040	
Commissioner of VAT	3,120		-	3,120	
Commissioner of VAT	3,360		-	3,360	
Thika Motors Ltd	3,457		-	3,457	
Shalom Paradise	3,750		-	3,750	
Kitui Cottages	3,780		-	3,780	
Kitui Mwingi	4,000		-	4,000	
Kitui Cottages	4,040		-	4,040	
Kitui Atc	4,200		-	4,200	
Kitui Cottages	4,410		-	4,410	
Hotel Heritage	4,500		-	4,500	
Kitui Agricultural Training	4,500		-	4,500	
Kitui Mwing Parkside	4,500		-	4,500	
Kitui Agricultural Training Centre	5,000		-	5,000	
Kitui Cottages	5,040		-	5,040	
Kitui Cottages Guest House	5,050		-	5,050	
Kitui Cottages	6,000		-	6,000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kitui Cottages	6,060		-	6,060	
Commision Of Vat	6,240		-	6,240	
Kitui Mwingi Parkside Motel	6,250		-	6,250	
Hotel Heritage	6,500		-	6,500	
Nicky Automax	6,500		-	6,500	
Commision Of Vat	6,682		-	6,682	
Hotel Heritage	7,300		-	7,300	
Kitui Mwingi Parkside Motel	7,500		-	7,500	
Kitui Cottages	7,810		-	7,810	
Ikutha Market Water Project	7,840		-	7,840	
Global Talk Holdings	8,000		-	8,000	
Kitui Premier Resort	8,000		-	8,000	
Kitui Cottages	8,080		-	8,080	
Altons Automart	8,120		-	8,120	
Kitui Cottages	8,370		-	8,370	
Kitui Premier Resort	8,640		-	8,640	
Commision Of Vat	8,820		-	8,820	
Derick K Kasimu	9,000		-	9,000	
Kitui Cottages	9,090		-	9,090	
Kitui Cottages	9,230		-	9,230	
Kitui Mwingi Parkside Motel	9,250		-	9,250	
Kitui Premier Resort	9,300		-	9,300	
Kitui Atc	9,500		-	9,500	
Kitui Premier Resort	9,600		-	9,600	
M/S Felchry Ltd	10,188		-	10,188	
Kitui Cottages	11,110		-	11,110	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kitui Cottages	11,110		-	11,110	
Kenya Power	11,297		-	11,297	
Thika Motors Ltd	11,674		-	11,674	
Kitui Cottages	12,120		-	12,120	
Altons Automart	12,899		-	12,899	
Eastern Communication Systems	13,200		-	13,200	
Kenya Power	13,373		-	13,373	
Kitui Premier Resort	14,000		-	14,000	
Kitui Premier Resort	14,000		-	14,000	
Kitui Premier Resort	14,450		-	14,450	
Simba Corporation Ltd	14,798		-	14,798	
Kitui Mwingi Parkside Motel	14,950		-	14,950	
Institute Of Internal Audits	15,000		-	15,000	
Kenya Power	15,043		-	15,043	
M/S Altons	15,252		-	15,252	
Kitui Agricultural Training Centre	15,500		-	15,500	
Kitui Atc	16,000		-	16,000	
Simba Corporation	16,129		-	16,129	
Kitui Cottages & Guest House	16,160		-	16,160	
Kitui Premier Resort	16,500		-	16,500	
Kitui Resort Hotel	17,120		-	17,120	
Altons Automat	17,245		-	17,245	
County Fm Limited	17,400		-	17,400	
Eastern Communication Systems	17,400		-	17,400	
Kitui Premier Resort	17,500		-	17,500	
Thika Motor Dealers	17,634		-	17,634	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kenya Power Co. Ltd	17,837		-	17,837	
Altons Automat	17,879		-	17,879	
Altons Automat	18,560		-	18,560	
Athiani Holdings	18,560		-	18,560	
Eastern Communication Systems	18,560		-	18,560	
Eastern Communication Systems	18,560		-	18,560	
Hotel Heritage	18,750		-	18,750	
Kitui Premier Resort	19,160		-	19,160	
Kenya Power	19,467		-	19,467	
Kitui Cottages	19,650		-	19,650	
Kitui Cottages	20,960		-	20,960	
Mwingi Hotels Ltd	21,000		-	21,000	
Altons Automart	21,460		-	21,460	
Cottages Guest House	21,750		-	21,750	
Livid Inter. Kenya Ltd	22,026		-	22,026	
Altons Auto Marts	22,691		-	22,691	
Syokimau Fm	23,200		-	23,200	
Kitui Cottages	23,230		-	23,230	
Kitui Cottages	23,500		-	23,500	
Kitui Premier Resort	23,500		-	23,500	
Cmc Motors	24,136		-	24,136	
The Standard Group	24,200		-	24,200	
Altons Automart	24,249		-	24,249	
Kitui Cottages	24,380		-	24,380	
Landi Investments Ltd	25,170		-	25,170	
Intercounty Gardens Hotel	25,500		-	25,500	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Altons Automart	25,517		-	25,517	
Eastern Communication Systems	26,400		-	26,400	
County Fm Limited	27,500		-	27,500	
Athiani Holding	27,840		-	27,840	
Kitui Resort Hotel	27,960		-	27,960	
Kitui Agricultural Training	28,000		-	28,000	
Kitui Resort Hotel	28,400		-	28,400	
Attic Tours Ltd	28,630		-	28,630	
Eastern Broadcasting Corporation	29,000		-	29,000	
Cmc Motors	29,403		-	29,403	
Simba Corporations	29,776		-	29,776	
Technology Telecommunication Ltd	30,000		-	30,000	
Technology Telecommunications Ltd	30,000		-	30,000	
Kitui Mwingi Parkside Motel	30,500		-	30,500	
Altons Automart	30,719		-	30,719	
Kitui Mwingi Parkside Motel	31,000		-	31,000	
Eastern Communication Systems	31,320		-	31,320	
Kenya Power	31,724		-	31,724	
Kplc	32,360		-	32,360	
Kitui Premier Resort	32,400		-	32,400	
Max Gracious Tours And Travel	32,935		-	32,935	
Altons Auto Marts	32,996		-	32,996	
Blue Tower Services	33,000		-	33,000	
Kitui Agricultural Training Centre	33,000		-	33,000	
Pot County Hotel	33,160		-	33,160	
Altons Automart	33,374		-	33,374	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kitui Resort Hotel	33,500		-	33,500	
Attic Tours Ltd	33,855		-	33,855	
Altons Automart	33,918		-	33,918	
Simba Colt Motors	34,463		-	34,463	
Mislam Tree Nursery	34,500		-	34,500	
Blue Tower Services	34,800		-	34,800	
County Fm	34,800		-	34,800	
Emerging Business Technologies Ltd	34,800		-	34,800	
Landi Investment Ltd	34,900		-	34,900	
Simba Corporation Ltd	34,968		-	34,968	
Altons Auto Marts	35,332		-	35,332	
Eastern Communication Systems	36,000		-	36,000	
Kitui - Mwingi Parkside Motel Ltd	36,850		-	36,850	
Kitui Agricultural Training Centre	38,000		-	38,000	
Nemi Adventures	38,000		-	38,000	
Sanduga Auto Engineering	38,216		-	38,216	
Francis Auto Metal Works Engineering	38,500		-	38,500	
Kitui Premier Resort	38,500		-	38,500	
Kitui Water And Sanitation	38,660		-	38,660	
Attic Tours Ltd	38,810		-	38,810	
Altons Automart	39,953		-	39,953	
Masinga Dam Resort	40,750		-	40,750	
Kitui Mwingi Parkside Motel Ltd	41,000		-	41,000	
Enguthu Auto Workshop	41,300		-	41,300	
Kitui Premier Resort	41,400		-	41,400	
Francis Auto	43,750		-	43,750	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kitui Resort Hotel	43,980		-	43,980	
Kitui-Mwingi Parkside	44,500		-	44,500	
Altons Automart	44,683		-	44,683	
Altons Auto Marts	44,738		-	44,738	
Netasam Enterprises Ltd	45,000		-	45,000	
Altons Automart	45,092		-	45,092	
Toyota Kenya	45,316		-	45,316	
Altons Automart	45,426		-	45,426	
Kitui Agricultural Training Centre	45,600		-	45,600	
Landi Investment Ltd	47,600		-	47,600	
Nemi Adventures	48,000		-	48,000	
Toyota Kenya Limited	48,172		-	48,172	
One Muko Enterprise	49,216		-	49,216	
Job Kasimba Noah	50,000		-	50,000	
Rock Shine Contractors	50,000		-	50,000	
Technology Telecommunication Ltd	50,000		-	50,000	
Gashon General Supplies	50,924		-	50,924	
Dots Commercial Services	51,000		-	51,000	
Nemi Adventures Ltd	51,400		-	51,400	
Revelation Hotel	51,750		-	51,750	
Delta Guards Ltd	52,200		-	52,200	
Radio Thome	52,200		-	52,200	
Kitui Premier Resort	52,300		-	52,300	
Kitui Resort Hotel	52,400		-	52,400	
Voo Seondary School	53,000		-	53,000	
Sanduga Auto Engineering	53,400		-	53,400	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Kitui Resort Hotel	54,560		-	54,560	
Attic Tours Ltd	55,345		-	55,345	
Peter Musyoka Engineering & Services	55,448		-	55,448	
County Fm	55,680		-	55,680	
Eastern Communication Systems	55,680		-	55,680	
Simba Corporation Ltd	56,352		-	56,352	
Eastern Broadcasting Corporation	58,000		-	58,000	
Altons Automart	58,160		-	58,160	
Altons Automart	58,501		-	58,501	
Delta Guards Ltd	60,000		-	60,000	
Delta Guards Ltd	60,000		-	60,000	
Simba Corporation Ltd	60,053		-	60,053	
Kitui Cottages And Guest	60,130		-	60,130	
Kenya School Of Government	60,320		-	60,320	
Kenya School Of Government	60,320		-	60,320	
Kenya School Of Government	60,320		-	60,320	
Kenya School Of Government	60,320		-	60,320	
Kitui Agricultural Training Centre	60,800		-	60,800	
Mwingi Hotels	61,150		-	61,150	
Junha Market Ventures	1,999,840		1,938,590	61,250	
Gashon General Supplies	62,524		-	62,524	
Landi Investment Ltd	63,585		-	63,585	
Landi Investment Ltd	64,800		-	64,800	
Mulu & Co. Advocates	64,960		-	64,960	
Gashon General Supplies	65,250		-	65,250	
Landi Investment Ltd	65,308		-	65,308	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Altons Automat	65,844		-	65,844	
Eastern Communication	66,000		-	66,000	
Toyota Kenya Limited	67,716		-	67,716	
Altons Auto Marts	68,109		-	68,109	
Kenya Power	68,924		-	68,924	
Landi Investment Ltd	69,252		-	69,252	
Global Toner Centre	84,890		15,427	69,463	
Nemi Adventures	69,500		-	69,500	
County Fm	69,600		-	69,600	
County Fm	69,600		-	69,600	
County Fm	69,600		-	69,600	
Peter Musyoka	69,600		-	69,600	
The Kyaka Hotel	70,400		-	70,400	
Ksg For Lawi Mamai	70,760		-	70,760	
Simba Corporation Ltd	71,314		-	71,314	
Delta Guards Ltd	72,000		-	72,000	
Delta Guards Ltd	72,000		-	72,000	
Delta Guards Ltd	72,000		-	72,000	
Delta Guards Ltd	72,000		-	72,000	
Delta Guards Ltd	72,000		-	72,000	
Delta Security Guard Ltd	72,000		-	72,000	
Shalom Paradise	72,500		-	72,500	
Altons Automart	72,864		-	72,864	
Syokimau FM	74,240		-	74,240	
Kitui Cottages & Guest House	74,400		-	74,400	
Altons Automart	74,633		-	74,633	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Landi Investment Ltd	77,950		-	77,950	
Landi Investment Ltd	78,600		-	78,600	
Nemi Adventures	80,000		-	80,000	
Altons Automart	80,627		-	80,627	
Kitui Mwingi Parkside Motel Ltd	81,500		-	81,500	
Chemoquip	81,780		-	81,780	
Green Hotel Zombe	82,400		-	82,400	
Mantrac K Ltd	82,685		-	82,685	
Mantrac K Ltd	82,685		-	82,685	
Mantrac K Ltd	82,685		-	82,685	
Delta Guards Ltd	84,000		-	84,000	
Landi Investment Ltd	84,000		-	84,000	
Peter Musyoka Eng. Services	84,100		-	84,100	
Standard Group Limited	85,344		-	85,344	
Altons Automart	85,550		-	85,550	
Muyo K Investments	85,840		-	85,840	
Altons Automart	87,113		-	87,113	
Institution of Surveyors of Kenya	88,000		-	88,000	
Peter Mulei And Sons Ltd	90,000		-	90,000	
Eastern Communication Systems	92,800		-	92,800	
Peter Musyoka Engineering	93,380		-	93,380	
Technology Telecommunications Ltd	94,800		-	94,800	
Delta Guards Ltd	96,000		-	96,000	
Summer Spring Hotel	96,000		-	96,000	
Landi Investment Ltd	96,100		-	96,100	
Altons Automart	96,860		-	96,860	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Toyota Kenya Ltd	99,035		-	99,035	
Hot Spring Grill	100,000		-	100,000	
Kuul Breeze Hotels	100,000		-	100,000	
Peter Musyoka Engineering	100,920		-	100,920	
Safaricom Limited	102,289		-	102,289	
Landi Investment Ltd	103,900		-	103,900	
Kitui-Mwingi Parkside Hotel	105,000		-	105,000	
Nemi Adventures Ltd	105,000		-	105,000	
Kitui Mwingi Parkside Motel	110,000		-	110,000	
Kenya School of Government	110,379		-	110,379	
Kenya School Of Government-Japeth Ndonyi	110,379		-	110,379	
Eastern Communication System	111,360		-	111,360	
Marony Travel Agencies	112,130		-	112,130	
Kenya Institute of Planners	112,750		-	112,750	
Kitui Cottages	115,670		-	115,670	
Altons Automat	115,765		-	115,765	
Eastern Broadcasting Corporation	116,000		-	116,000	
Eastern Communications Systems	116,000		-	116,000	
Kenya School Of Government	116,400		-	116,400	
Cmc Motor Group	117,296		-	117,296	
Kitui Premier Resort	119,640		-	119,640	
Delta Guards	120,000		-	120,000	
Delta Guards	120,000		-	120,000	
Delta Guards	120,000		-	120,000	
Subaru Kenya	120,584		-	120,584	
Kenya School Of Government-Mombas	120,640		-	120,640	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Standard Group	121,000		-	121,000	
Netasam Enterprises Ltd	121,500		-	121,500	
Netasam Enterprises Ltd	121,800		-	121,800	
Mwingi Hotels Ltd	123,400		-	123,400	
Simba Corporation Ltd	123,792		-	123,792	
Netasam Enterprises Ltd	127,600		-	127,600	
Netasam Enterprises Ltd	127,600		-	127,600	
Reefa Contravtors	128,294		-	128,294	
Crown Motors	129,190		-	129,190	
Altons Automat	130,621		-	130,621	
Kplc	132,000		-	132,000	
Kenya School Of Government-Thomas Maluki	133,100		-	133,100	
Armoured Security Guards	133,400	-	-	133,400	
Armoured Security	133,400		-	133,400	
Armoured Security Guards	133,400		-	133,400	
Armoured Security Guards	133,400		-	133,400	
Knicky Automax	134,000		-	134,000	
Nation Media Group Ltd	135,720		-	135,720	
Simba Corporation Ltd	135,964		-	135,964	
Masinga Dam Resort	138,750		-	138,750	
Altons Automat	138,813		-	138,813	
Armoured Security Guard	139,200		-	139,200	
County Fm	139,200		-	139,200	
Kitui Premier Resort	145,000		-	145,000	
Armoured Security Guards	146,740		-	146,740	
Eric Kaindi	148,900		-	148,900	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Star Ltd	152,424		-	152,424	
The Star	152,424		-	152,424	
Armoured Security Guards	153,120		-	153,120	
Legacy Hotel Mwingi	153,400		-	153,400	
Kefri	160,500		-	160,500	
Simba Corporation Ltd	166,989		-	166,989	
Kenya School Government	170,520		-	170,520	
David Kimanzi Electrical Engineers	172,370		-	172,370	
Altons Automart	174,909		-	174,909	
The Nairobi City Council	175,000		-	175,000	
Standard Ltd	177,480		-	177,480	
Strathmore University	180,000		-	180,000	
Legacy Hotel	180,400		-	180,400	
Landi Investment Ltd	183,871		-	183,871	
Eastern Communications Systems	185,600		-	185,600	
Landi Investment Ltd	187,664		-	187,664	
Landi Investment Ltd	193,700		-	193,700	
Lechaks Enterprises	199,200		-	199,200	
Staff Allowances	205,000		-	205,000	
Eastern Broadcasting Corporation Ltd	208,800		-	208,800	
Gashon General Supplies	209,980		-	209,980	
Katethya Investment	210,850		-	210,850	
Sumbaru Kenya	214,009		-	214,009	
General Terrazo & Marble Contractors	215,805		-	215,805	
Summer Spring Hotel	216,000		-	216,000	
Mantrac K Ltd	225,717		-	225,717	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Landi Investment Ltd	227,207		-	227,207	
Motor Cross Limited	227,900		-	227,900	
Homeshine Nice Products	230,000		-	230,000	
County Fm	232,000		-	232,000	
Eastern Broadcasting Corporation Ltd	232,000		-	232,000	
Knicky Automax	232,000		-	232,000	
Landi Investment Ltd	232,754		-	232,754	
Emico Mechanical	233,579	06-09-16	-	233,579	
Legacy Hotel	235,320		-	235,320	
Government Printers	236,640		-	236,640	
Kenya Power and Lighting Company	238,890		-	238,890	
Centre for Capacity Building	242,000		-	242,000	
Everwell Investments	257,040		13,295	243,745	
Cmc Motors Group Ltd	245,443		-	245,443	
Altons Automat	247,124		-	247,124	
S.N Masila	250,000		-	250,000	
Standard Group	255,200		-	255,200	
Kemnet Technologies	269,352		13,932	255,420	
Attic Tours Ltd	259,760		-	259,760	
Alfa Works Enterprises Ltd	261,578		-	261,578	
The Star	263,077		-	263,077	
Eastern Communication Systems	278,700		-	278,700	
Summer Spring Hotel	280,000		-	280,000	
Landi Investment Ltd	281,553		-	281,553	
Altons Auto Marts	286,858		-	286,868	
Eastern Broadcasting Ltd	295,000		-	295,000	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Nissan Kenya	298,839		-	298,839	
Simba Colt Ltd	316,839		-	316,839	
Council Of Governors	320,000		-	320,000	
Standard Group	324,800		-	324,800	
Isuzu East Africa	332,250		-	332,250	
Sania Investment	332,920		-	332,920	
Obura Mbeche And Co. Advocates	336,456		-	336,456	
Mantrac K Ltd	339,134		-	339,134	
Mantrac K Ltd	339,134		-	339,134	
Mantrac K Ltd	339,134		-	339,134	
Mantrac K Ltd	339,134		-	339,134	
Technology Telecommunication Ltd	340,000		-	340,000	
Global Talk Holdings	345,140		-	345,140	
J.K Mwalimu & Company Advocates	348,000		-	348,000	
Kenya Instute Of Supply Management	349,680		-	349,680	
Nation Media Group	356,120		-	356,120	
Emico Mechanical	358,510	11-05-18	-	358,510	
Katumo Alfie Supplies	359,999		-	359,999	
Nemi Adventures Ltd	360,500		-	360,500	
Kenya Forestry Reserch Institute	368,000		-	368,000	
Appolo Muinde And Partners	373,520		-	373,520	
Kitui Pastoral Centre Conference	393,000		-	393,000	
Office Concept And Technics Ltd	409,750		-	409,750	
Kitui Mwingi Parkside Motel	419,100		-	419,100	
Simba Corporation Ltd	423,487		-	423,487	
Simba Corporation Limited	433,627		-	433,627	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Attic Tours Travel Ltd	449,330		-	449,330	
Nation Media Group Ltd	468,756		-	468,756	
Jonitec Ltd	468,988	25/05/2018	-	468,988	
Standard Group	484,000		-	484,000	
Strategic Planners of Kenya	3,961,400	03-06-17	3,470,000	491,400	
Emico Mechanical	498,157	03-04-17	-	498,157	
Headcord Contractors	528,170		-	528,170	
Fragajo Suppliers Construction Co. Ltd	534,470		-	534,470	
Safaricom Limited	542,938		-	542,938	
Safaricom Limited	714,187		156,094	558,093	
Ksg	573,250		-	573,250	
Cmc Motor Group Ltd	581,757		-	581,757	
Katethya Investment	597,500		-	597,500	
Kenya School Of Government	599,640		-	599,640	
Simiyu Wekesa Advocates	600,000		-	600,000	
The Standard Group	605,000		-	605,000	
Kplc-Mwingi Hospital	605,484		-	605,484	
One Muko Enterprise	641,950		-	641,950	
Institute Of Intrnal Auditors	650,000		-	650,000	
Emico Mechanical	658,300	19/4/2018	-	658,300	
Kplc-For Kdh	669,709		-	669,709	
Emico Mechanical	737,644	19/4/2018	-	737,644	
Emico Mechanical	746,216	19/4/2018	-	746,216	
Luthekam Solutions	765,000		-	765,000	
Emico Mechanical	771,203	19/4/2018	-	771,203	
Emico Mechanical	773,256	19/4/2018	-	773,256	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Mbarazes Investment Ltd	1,197,600		401,564	796,036	
C.K Nzili And Company Advocated	812,000		-	812,000	
Emico Mechanical	840,666	19/4/2018	-	840,666	
Technology Solutions Center	3,817,260		2,930,484	886,776	
Mantrac K Ltd	891,567		-	891,567	
Esther Mukiti	892,500		-	892,500	
Kisuko Building Construction Ltd	968,868		-	968,868	
Nemi Ventures	1,055,000		-	1,055,000	
Kiambere Mwingi	1,275,910		-	1,275,910	
Emico Mechanical Consultant	1,309,000		-	1,309,000	
Nation Media Group	1,433,803		-	1,433,803	
Marte Merchants Limited	1,480,000		-	1,480,000	
Kitui Mwingi Parkside Motel Ltd	1,668,000		-	1,668,000	
Gurdian Company Ltd	1,713,726	23/4/2018	-	1,713,726	
M/S Elisha Contractors	1,846,989		-	1,846,989	
Jk Mwalimu And Co Advocates	1,896,552		-	1,896,552	
Seven Seas Consultancy Ltd	1,968,450		-	1,968,450	
Markers Consultancy Ltd	1,998,900		-	1,998,900	
South East Management Consultancy Ldt	1,999,730		-	1,999,730	
Jk Mwalimu And Co. Advocates	2,004,000		-	2,004,000	
Benadav Enterprise	2,496,042		-	2,496,042	
M/S Rolencia Investment	2,499,980		-	2,499,980	
Mulinga Mbaluka & Co. Advocates	2,900,000		-	2,900,000	
Soratse Enterprises Limited	3,515,920		-	3,515,920	
Kenya Orient Insurance Ltd	3,534,821		-	3,534,821	
Seven Forteen Ltd	3,795,520		-	3,795,520	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
Hospital Facilities	4,227,041		-	4,227,041	
Newtonner Cartridges Ltd	4,725,660		-	4,725,660	
C.K Nzili And Company Advocated	6,000,000		-	6,000,000	
Kitui County Government Gratuity	8,619,031		-	8,619,031	
Nhif	58,366,173		-	58,366,173	
Sub-Total	**189,816,473**	**171,567**	**8,939,386**	**180,877,088**	
Grand Total	**1,165,022,541**	**514,540**	**112,935,168**	**1,052,087,373**	

ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
	Kshs	Kshs	Kshs	Kshs		
Senior Management		a	b	c	d=a-c	
Florence Wambua	P	48,500			48,500	
Aggrey Ogolla	P	18,750			18,750	
Alfonce Kanunga	P	137,865			137,865	
Joshua Kanandu	P	53,900			53,900	
Kamunda John	P	753,000			753,000	
Nicholus Kimanzi	P	50,000			50,000	
Dr.Josphat Maluki	Q	33,600			33,600	
Festus M Nzuki	Q	2,104,000			2,104,000	
Francis Ngoroi	Q	33,600			33,600	
Francis Ngoroi	Q	66,750			66,750	
Joyfred Kasamba	Q	189,000			189,000	
Joyfred Kasamba	Q	2,035,200			2,035,200	
Matthew Mutuku	Q	12,400			12,400	
Maurice Thomas	Q	13,800			13,800	
Shadrack Ivutha	Q	5,880			5,880	
Pius Kioko	T	21,000			21,000	
Sub-Total	-	**5,577,245**	-	-	**5,577,245**	
Middle Management						
Alfred Kinunu	K	3,800			3,800	
Alice Zakayo	K	74,000			74,000	
Alice Zakayo	K	40,100			40,100	
Alice Zakayo	K	49,400			49,400	
Alice Zakayo	K	11,200			11,200	

Alice Zakayo	K	144,800			144,800	
Brian Mbuvi	K	43,800			43,800	
Caleb Kioko	K	132,800			132,800	
Elijah Kimuli	K	73,000			73,000	
Francis Kitema	K	18,900			18,900	
Jane Musyoka	K	155,500			155,500	
Jane Musyoka	K	30,310			30,310	
Julius Akola	K	18,000			18,000	
Kelvin Kithonga	K	29,500			29,500	
Marrietah Kioko	K	48,500	-	-	48,500	
Patrick Mutuku	K	4,200			4,200	
Samuel Ikima	K	84,000			84,000	
Titus Masila	K	298,850			298,850	
Benedict Musyoka	L	236,600			236,600	
Benjamin Mutua	L	144,800			144,800	
Clinical Nurses	L	330,000			330,000	
Dick Kinoti	L	114,800			114,800	
Dr.Peter Kithuka	L	25,000			25,000	
Dr.Peter Kithuka	L	18,200			18,200	
Hassan Charo	L	24,900			24,900	
Henry Kimanzi	L	189,000			189,000	
Jackson Matheka	L	26,000			26,000	
John Maundu	L	26,950			26,950	
Mathew Kyalo	L	113,400			113,400	
Nancy Mulandi	L	164,000			164,000	
Paul N Nzioki	L	76,200			76,200	
Peter Kanuni	L	11,400			11,400	
Peter Kithuka	L	4,400			4,400	

Rose Muema Peter	L	50,000			50,000	
Rosephine Mwende	L	7,000			7,000	
Ruth Mwangangi	L	6,000			6,000	
Simon Wamathai	L	27,000			27,000	
Stephen Maithya	L	140,000			140,000	
Lucyline K. Muriithi	L	14,250			14,250	
Roselyne Munyasya	L	2,310,380			2,310,380	
Danic Mutemi	M	61,000			61,000	
Dennis Muthoka	M	214,000			214,000	
Dennis Muthoka	M	214,000			214,000	
Dennis Muthoka	M	144,800			144,800	
Dr.Joseph Kamonzo	M	37,000			37,000	
Eric Kaindi	M	51,500			51,500	
Eric Kaindi	M	51,500			51,500	
George Nduto	M	144,800			144,800	
Gladys Nyambura Thuo	M	10,000			10,000	
Gladys Thuo	M	122,500			122,500	
Gladys Thuo	M	123,200			123,200	
Gladys Thuo	M	1,660,400			1,660,400	
Janet Kimanzi	M	5,500			5,500	
Lucy John	M	90,500			90,500	
Mutua Mailu	M	284,200			284,200	
Mwanzia Kilonzo	M	14,000			14,000	
Solomon Nyamai	M	20,200			20,200	
Peter Kimwele	M	56,000			56,000	
Clement M Kaloki	N	18,750			18,750	
Cyrus Muli	N	16,600			16,600	
Cyrus Muli	N	400,350			400,350	

David K Mutiku	N	29,900			29,900	
David K. Mutiku	N	28,620			28,620	
Francis Mutuku	N	331,100			331,100	
James Mutunga Kimani	N	12,000			12,000	
Joseph Nako	N	29,150			29,150	
Joseph Nako	N	17,850			17,850	
Joseph Nako	N	52,800			52,800	
Joseph Nako	N	631,500			631,500	
Matthew Mutuku	N	14,600			14,600	
Peter Kithuka	N	418,300			418,300	
Philip Kyambati	N	10,200			10,200	
Sharon Munyao	N	766,000			766,000	
Simon Ireri	N	115,000			115,000	
Valiian Matheka	N	65,800			65,800	
Valilian Matheka	N	114,800			114,800	
Wambua Mulwa	N	200,000			200,000	
Sub-Total		**11,899,360**	-	-	**11,899,360**	
Unionisable Employees						
Sammy B Mwenga	A	72,800			72,800	
Annastacia Kimanzi	B	5,880			5,880	
Kambua Kasango	B	16,500			16,500	
Michael Mulu	B	33,950			33,950	
Eunice Katee	C	4,980			4,980	
Josphin Malusi	C	3,500			3,500	
Josphine Mutui	C	4,080			4,080	

Judy Kilonzi	C	459,600			459,600	
Mutisya Patrick	C	93,000			93,000	
Philip.M .Mumo	C	29,400			29,400	
Catherine Kauvi	D	286,800			286,800	
Elizabeth Muimi	D	6,000			6,000	
James Mutambu	D	10,260			10,260	
Joseph Mutua	D	142,500			142,500	
Patricia Mulewa	D	5,280			5,280	
Paul Kaleve	D	15,000			15,000	
Ronald Muli	D	493,800			493,800	
Samson Ivu	D	64,400			64,400	
Sophia Njambi	D	12,948			12,948	
Micheal Mutuku Sila	D	13,200			13,200	
Caroline Kilungya	E	1,260			1,260	
Caroline Mwalimu	E	5,880			5,880	
Esther Mwalimu	E	19,787			19,787	
James Malombe	E	50,000			50,000	
Mary Kasiki Nguna	E	28,300			28,300	
Redemter Kimanzi	E	19,894			19,894	
Ruth Kilonzo	E	260,400			260,400	
Sharon Munyao	E	495,720			495,720	
Benjamin Nyamai	F	17,400			17,400	
Charles Mbunzi	F	238,000			238,000	
Japheth Kiama	F	39,600			39,600	
Josiah Mulila	F	15,900			15,900	
Irene Ngute Musyoka	G	10,450			10,450	
Irene Ngute Musyoka	G	36,000			36,000	
Patricia Musyimi	G	50,000			50,000	

Patrick Kavoi	G	4,200			4,200	
Rebeca Komu	G	3,480			3,480	
Patricia Musyimi	G	50,000			50,000	
Augustine Mwanzia	H	193,000			193,000	
Benard N. Katuta	H	8,000			8,000	
Clement Mwanzia	H	12,000			12,000	
Cleopas Simatwa	H	10,450			10,450	
Cleophas Simatwa	H	14,000			14,000	
Daisy Esther	H	47,600			47,600	
Grace Mwololo	H	10,450			10,450	
James Nganga	H	10,450			10,450	
Joseph Mwendwa	H	25,000			25,000	
Michael Nziani Muthui	H	17,500			17,500	
Patrick Kavoi	H	4,000			4,000	
Patrick Mukala	H	14,400			14,400	
Patrick Ngula	H	10,360			10,360	
Titus Masila	H	46,400			46,400	
Zipporah Kyambi Mwalya	H	12,250			12,250	
Agnes Mulila	J	42,000			42,000	
Eddah Muema	J	18,250			18,250	
Frank D Kilile	J	1,350			1,350	
Gladys Musyima	J	168,900			168,900	
Grace Syuki	J	29,100			29,100	
Jeddy Musee	J	67,200			67,200	
Justus Ireri Mbogo	J	13,050			13,050	
Kasimbi Kitonga	J	31,634			31,634	
Mary Mutunga	J	18,900			18,900	

	-	-	-	-	-	
Sub-Total	**-**	**3,946,393**	**-**	**-**	**3,946,393**	
Others (specify)						
Austine Mwanzia		228,000			228,000	
Catherine Wangui		58,000			58,000	
Charles Mulonzya		25,000			25,000	
Cosmus Kinyumu		200,000			200,000	
David Muisyo		4,800			4,800	
David Musili		29,400			29,400	
Dr. Augustus Kivunzya		28,000			28,000	
Dr.Augustus Kivunzya		43,400			43,400	
Ester Kasyoka		50,000			50,000	
Esther Mukiti		279,600			279,600	
Everlyne K. Mulinda		10,400			10,400	
Gabriel Mbogo		38,000			38,000	
Gabriel Mbogo		31,500			31,500	
George Munywoki		6,000			6,000	
Ishmael Angasa		172,200			172,200	
Ishmael Angasa		204,400			204,400	
Ishmael Angasa		172,200			172,200	
Janet Mbiwa		50,000			50,000	
Jeniffer Kimanzi		50,000			50,000	
Joseph Mutemi		144,800			144,800	
Joshua Munyambu		50,000			50,000	
Kavili Velela		62,700			62,700	
Michael Nziani Muthui		31,500			31,500	
Mulandi Mueke		8,400			8,400	
Raphael Munyoki		145,600			145,600	

Thomas Nzelu		9,000			9,000	
Toma Ngovu		91,500			91,500	
Stanley Munyithya	N/A	105,250			105,250	
	-	-	-	-	-	
Sub-Total	-	**2,329,650**	-	-	**2,329,650**	
Grand Total		23,752,648	-	-	23,752,648	

ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/1018	Comments
		a	b	c	d=a-c	
Amounts due to National Govt Entities						
Commissioner Of Taxes		288,731	-	-	288,731	
P.A.Y.E		116,789			116,789	
Laptrust		7,426,082			7,426,082	
Commision of Vat		11,065			11,065	
Commissioner Of Domestic Tax		2,992,043			2,992,043	
Commissioner of Taxes		9,689			9,689	
Commissioner of taxes		580,366			580,366	
Commissioner of taxes		8,836			8,836	
Commissioner Of Vat		5,122			5,122	
Commissioner For Domestic Tax		1,864,293			1,864,293	
Commissioner Of Taxes		739,562			739,562	
Commissioner of Vat		100,500			100,500	
Commissioner of Vat		106,363			106,363	
Commissioner Of Taxes		5,198,293			5,198,293	
Commissioner Of Taxes		1,007,618			1,007,618	
Commissioner of taxes		242,377			242,377	
Commissioner of taxes		4,689,817		-	4,689,817	
Commissioner Of Taxes		525,216			525,216	
Sub-Total	-	**25,912,761**	-	-	**25,912,761**	
Amounts due to County Govt Entities						
	-	-	-	-	-	

	-	-	-	-	-	
	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Amounts due to Third Parties						
Kitui County Government Deposit Account		400,217			400,217	
Gai Baptist Vocational Training Center		3,840,000			3,840,000	
Ikutha Baptist Vocational Training Center		8,168,825			8,168,825	
Kamanyi Baptist Vocational Training Center		945,000			945,000	
Katse Baptist Vocational Training Center		750,000			750,000	
Katulani Baptist Vocational Training Center		375,000			375,000	
Katwalabaptist Vocational Training Center		300,000			300,000	
Kisasi Baptist Vocational Training Center		705,000			705,000	
Kyatune Baptist Vocational Training Center		2,580,000			2,580,000	
Kyuso Baptist Vocational Training Center		2,850,000			2,850,000	
Matinyani Baptist Vocational Training Center		1,320,000			1,320,000	
Migwani Baptist Vocational Training Center		960,000			960,000	
Migwani Baptist Vocational Training Center		1,905,000			1,905,000	
Mui Baptist Vocational Training Center		1,710,000			1,710,000	
Mulango Baptist Vocational Training Center		7,665,000			7,665,000	
Mutomo Baptist Vocational Training Center		4,575,000			4,575,000	
Mutonguni Baptist Vocational Training Center		2,940,000			2,940,000	
Mwingi Baptist Vocational Training Center		2,700,000			2,700,000	
Syongila Baptist Vocational Training Center		6,180,000			6,180,000	
Kitui County Deposit Account		1,583,892			1,583,892	
Kitui County Government		138,511			138,511	
Kitui County Deposit Account		6,571,672			6,571,672	

Retention Deposit		916,100			916,100	
Kitui County Government		4,365,260		-	4,365,260	
Kitui County Government		628,663			628,663	
Kitui County Deposit Account		849,570			849,570	
Sub-Total		**65,922,712**	-	-	**65,922,712**	
Others (specify)						
Grand Total	-	**91,835,472**	-	-	**91,835,472**	

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical cost c/f (Kshs)
	2016/2017			2017/2018
Land	14,284,374	-	-	14,284,374
Buildings and structures	5,317,911,990	2,332,688,177	-	7,650,600,167
Transport equipment	106,942,340	93,437,574	-	200,379,914
Office equipment, furniture and fittings	131,163,884	84,450,948	-	215,614,832
ICT Equipment, Software and Other ICT Assets	94,344,789	-	-	94,344,789
Other Machinery and Equipment	526,234,490	203,028,592	-	729,263,082
Heritage and cultural assets	60,732,941	-	-	60,732,941
Intangible assets	710,825,835	8,052,759	-	718,878,594
Others	-	304,368,843	-	304,368,843
Total	**6,962,440,643**	**3,026,026,893**	-	**9,988,467,536**

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	82,022,900	220,520,540	158,005,243	350,485,320	811,034,003			
2	Xxx fund								
3	Xxx project								
4	Xxx board								
5	Xxx corporation								
6	Xxx								
7	Xxx								
8	Xxx								
9	**Total**	82,022,900	220,520,540	158,005,243	350,485,320	811,034,003			

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)