REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF MAKUENI

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
27 JAN 2020
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GOVERNMENT OF MAKUENI COUNTY

(THE COUNTY EXECUTIVE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

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1. KEY COUNTY INFORMATION AND MANAGEMENT

a) Background information

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

Vision

A prosperous value based County with high quality of life.

Mission

To transform the livelihoods of each household through accountable leadership that creates an enabling environment for inclusive, effective and efficient service delivery.

Core Values

- *Integrity and Accountability;*
- *Inclusiveness;*
- *Equity and Fairness;*
- *Patriotism;*
- *Responsiveness;*
- *Hard work, Creativity and Innovation.*

b) Key Management

The County's day-to-day management is vested under the following;

No.	Name	Designation	Date of holding
1.	H.E. Kivutha Kibwana	Governor	21.08.2017
2.	H.E. Adelina Mwau	Deputy Governor	21.08.2017
3.	Rael Muthoka	County Secretary	01.04.2019
4.	Mary Kimanzi	CEC, Finance and Socio- Economic Planning	19.10.2017
5.	Joshua W. Wambua	CEC, Education, Youth, Sports & ICT	17.10.2018
6.	Rosemary Maundu	CEC, Devolution, County Administration, Participatory Development and Public Service	17.10.2018
7.	Philip Ndambuki	CEC, Gender, Children, Culture and Social Services.	08.08.2019
8.	Dr. Naomi Makau	CEC, Roads, Transport, Energy and Public Works	17.10.2019

9.	Dr. Andrew Mutava Mulwa	CEC, Health Services	19.10.2017
10.	Eng. Sebastian Kyoni	CEC, Trade, Industry, Marketing, Tourism & Co-operative Development	17.10.2018
11.	Robert Kisyula	CEC, Water, Sanitation, Environment and Climate Change	19.10.2017
12.	Lawrence Nzung'a	CEC, Agriculture Irrigation, Livestock & Fisheries Development	19.10.2017
13.	Julius Kaloi	CEC, Lands, Mining, Housing, Physical Planning and Urban Development.	17.10.2018

c) Fiduciary Management

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

No.	Designation	Name	CPA Reg. No.
1.	CEC- Finance & Socio Economic Planning	CPA Mary Kimanzi	7333
2.	Chief Officer- Finance Services	CPA Justus Suka	16463
3.	Ag. Director- Financial Accounting Services	CPA Kennedy Muthama	19022
4.	Principal Financial Reporting Officer	CPA Bridgid Kibone	9733

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2019 were;

- Makueni County Assembly;
- Controller of Budget;
- National Treasury;
- Commission on Revenue Allocation; and
- Makueni County Audit Committee;

e) Makueni County Headquarters

County Headquaters Building
Off Wote-Makindu Highway
P.O. Box 78-90300
Makueni-Kenya

f) Makueni County Contacts

Telephone: (254) 20 203 4944/2068236
E-mail: contact@makueni.go.ke
Website: www.makueni.go.ke

g) Makueni County Bankers

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

II. Kenya Commercial Bank
Wote-Branch

III. Co-operative Bank
Wote-Branch

h) Independent Auditors

Auditor General,
Office of the Auditor General,
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

KEY MANAGEMENT

The County Executive team during the financial year consisted of;

H.E. Prof. Kivutha Kibwana - Governor

H.E. Prof. Kivutha Kibwana is the Governor, Makueni County. Previously he served as the Presidential Advisor on Constitutional, Parliamentary and Youth Affairs (2007 to 2012), Minister for Lands and Settlement, Environment and Natural Resources and Member of Parliament for Makueni Constituency (2002 to 2007). Prior to this he served in the Faculty of Law, University of Nairobi rising to the position of Dean, Faculty of Law and later Associate Professor.

H.E. Prof. Kivutha Kibwana has also had a distinguished service in the civil society and was the founder of the Centre for Law and Research International (CLARION) and served as the Spokesperson of the National Convention Executive Council (NCEC). The two organizations spearheaded the agitation for constitutional reforms in the country for more than two decades.

He is a holder of the Doctor of Juridical Science (S.J.D) degree from George Washington University, United States of America (USA), two Master of Law degrees from Harvard University, USA and the University of London, Master of Arts degree in Theological Studies from the Africa International University and a Bachelor of Law degree from the University of Nairobi.

H.E. Adelina Mwau – Deputy Governor.

She holds a Master Degree in Development Studies at the Institute of Development Studies - The Hague, Holland and a Diploma in Adult Education at the Institute of Adult Studies- University of Nairobi. She trained in DELTA (Development Education Leadership Teams in Action) - A 4- phased training in Participatory approaches to development organized by Kenya Catholic Secretariat, Department of Development.

Rael Muthoka- County Secretary

Master of Arts-Development Studies,

Bachelor of Arts – Government and Public Administration

Work Experience

December 2017 to March, 2019 – Chief Officer

April 2019 to date- County Secretary

Jan 2014 – Dec 2017 - Deputy County Secretary

Oct 2007 – Jan 2014- Administration Officer.

Joshua W. Wambua, MBS- CEC, Education, Youth, Sports & ICT

Mr. Joshua Willy Wambua holds a Master of Business Administration Degree with a major in finance from University of Nairobi and a degree in Business Administration in Finance. He is a Certified Secretary and a fellow of the Institute of Certified Public Secretaries of Kenya.

CPA Mary Kimanzi - CEC, Finance and Socio-Economic Planning

CPA Mary Kimanzi joined the County Government in April 2014 as the Chief Officer for Finance and Socio-economic Planning. She was appointed the County Executive Committee Member for Finance and Socio- Economic Planning in June, 2015 and reappointed to the same Position in October 2017. She is a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya. She holds a Master of Business Administration in Finance from the University of Nairobi and currently pursuing a Master of Public Policy and Management at Strathmore Business School.

Rosemary Maundu- CEC, Devolution, County Administration, Participatory Development and Public Service.

Mrs. Rosemary Maundu holds a Master Degree in Entrepreneurship from The Catholic University of Eastern Africa and a Bachelor of Commerce Degree in Business Management from the same University. She is serving a second term after reappointment in October 2017.

Philip Ndambuki- CEC, Gender, Children, Culture and Social Services.

Philip Ndambuki holds a Bachelor of Arts Degree from the University of Nairobi.

He has extensive and successful leadership experience in Sales and Marketing (local and international) with leading corporate brands like British American Tobacco Kenya (BAT), Cadbury Kenya and East Africa and MTN South Sudan. Prior to his appointment to the County Executive, Philip served as a Technical Advisor (Economic Sector) in Makueni Service Delivery Unit. He was instrumental in establishing commercial partnership with strong regional and global players in the Juice Industry like Delmonte, Kenya Wine Agencies Limited (KWAL) and Orana, who purchase mango puree produced by Makueni Fruit processing Plant (MFPP).

He also chaired the Committee tasked to restructure and revamp Kikima Dairy Processing Plant for competitive performance and marketing of Makueni Fresh milk brand.

Dr. Naomi Makau- CEC, Roads, Transport, Energy and Public Works.

Dr. Naomi N. Makau holds a PhD in Education Administration with a major in Curriculum Studies from Maasai Mara University, a Master Degree in Education Administration from the University of Nairobi. She also holds a Bachelor of Education Degree, with a specialization in Chemistry and Physics from Egerton University. She holds a Diploma in Education Management from the Kenya Education Management Institute and a Certificate in Effective Teaching of Science Education from Hiroshima University, Japan.

Dr. Andrew Mutava Mulwa- CEC, Health Services

Dr. Mulwa is a medical doctor and holds a Bachelor of Medicine and Bachelor of Surgery (MBChB) degree from the University of Nairobi. He is currently a Master of Science student in Strategic Management at the Jomo Kenyatta University of Agriculture and Technology. He is a Trainer of Trainers in various aspects of health service delivery including; Community Health Strategy, Integrated Management of Acute Malnutrition, Emergency Preparedness and Disaster Management. He has attended senior International management course Decentralization offered at the prestigious Harvard School of Public Health, Boston, Massachusetts, USA. He was the pioneer graduate of an executive course offered by the University of Edinburg/ Worldbank in New Delhi, India.

Eng. Sebastian Kyoni - CEC, Trade, Industry, Marketing, Tourism & Co-operative Development.

Eng. Kyoni holds a Bachelor of Science Degree in Electrical and Electronics Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He is a Registered Engineer with extensive Post Graduate training and experience in Engineering Design, Construction and Project Management.

Robert Kisyula- CEC, Water, Sanitation, Environment and Climate Change.

Bob Kisyula has M.Sc. in Management and Organizational Development from United States International University (USIU) Nairobi, and holds a B.Sc. in Agriculture (Horticulture) from Egerton University. Prior to appointment as County Executive Committee Member for Water, Irrigation, Environment & Climate Change, he was the County Executive Committee Member for Devolution and Public Service since August 2016.

Lawrence Nzung'a- CEC, Agriculture Irrigation, Livestock & Fisheries Development

Mr. Lawrence N. Nzung'a holds a Bachelor's degree in Forestry Resources and Wildlife Management Majoring in Fisheries from Moi University.

Julius Kaloi - CEC, Lands, Mining, Housing, Physical Planning and Urban Development.

Julius Kaloi holds a Master degree in Finance from Moi University. He has a Bachelor's degree in Commerce, Accounting option from Daystar University.

2. FOREWARD BY THE CEC

It is my pleasure to present the Government of Makueni County Executive Financial Statements for the Financial Year ended 30th June, 2019. The Financial Statements present the financial performance of the County Government over the financial year 2018/19.

Pursuant to Section 164 of the Public Finance Management Act, an Accounting Officer for a County Government shall prepare Financial Statements in respect of the County in formats prescribed by the Public Sector Accounting Standards Board. The law requires that these Statements are submitted to the Auditor General, the National Treasury, the Controller of Budget and Commission for Revenue Allocation within three months after the end of each Financial Year. The attached Financial Statements which have been prepared in line with the requirements of the (PFMA),2012, present a true and fair view of the state of affairs of the County Government of Makueni for the twelve months period ending June 30th, 2019.

County Governments' Financing

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues and continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include;

a. Revenue enforcement- The County has put revenue enforcement personnel in place to help seal any pilferages in her revenue collection.
b. Automated all revenue streams that has ensured the minimization of revenue leakages.
c. Initiated the preparation of valuation roll and implement the imposition of the rate payment by property owners.

Financial Performance

a) Revenue

In the year ended 30th June, 2019, the County had projected revenues of KShs 10,651,722,007 consisting of KShs 796,500,000 from own sources and County funds, Kshs. 7,127,800,000 from the Exchequer, Kshs. 1,239,610,849 from Development partners while Kshs 1,487,811,158 from the reallocation budget.

A graphical representation of the revenue budget is as shown below:

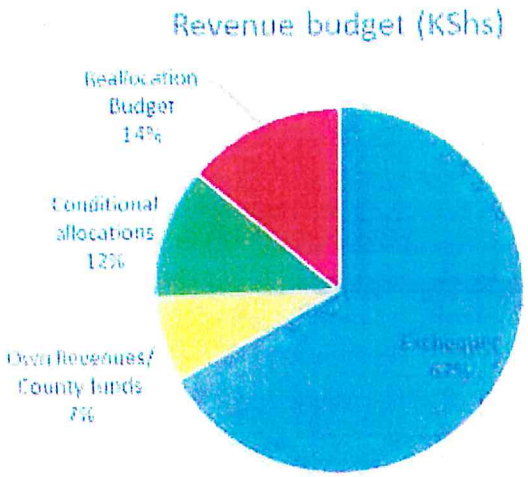

Figure 1: Government of Makueni County revenue sources in FY 2018/2019

Out of the projected revenue, the County was able to realise KShs 10,013,582,060.85 in actual revenues, representing 94% performance. The difference in the budget was due to under collection in the donor funds, own source revenue and other revenues as presented below:

Table 1: Revenue performance in FY 2018/2019

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation
Exchequer	7,127,800,000.00	7,127,800,000.00	100%
Own Revenues/ County funds	796,500,000.00	511,702,072.00	64%
Conditional allocations	1,239,610,848.60	886,268,831.00	71%
Reallocation Budget	1,487,811,157.85	1,487,811,157.85	100%
Total	**10,651,722,006.45**	**10,013,582,060.85**	**94%**

b) Payments

The total expenditure for the financial year 2018/2019 amounted to KShs 8,608,848,017 out of which KShs 977,698,540 was spent on acquisition of Assets, KShs 6,734,247,993 on use of goods and Personnel emoluments, Kshs. 823,662,413 on transfers to the County Assembly while Kshs. 73,239,071 comprised of other grants and transfers.

c) Cash flows

The County encountered some liquidity challenges due to some delays in exchequer releases. The cash and cash equivalents slightly decreased from KShs 1,406,697,690 as at 30th June 2018 to KShs 1,400,306,099 as at 30th June 2019.

d) Accounts receivables

Our accounts receivables for the period included imprest. Imprest management is a critical area of focus in the Government of Makueni County. We have put in place mechanisms to ensure that there is proper imprest management system which ensures that imprests are well recorded, examined for compliance and accuracy, timely surrendered and accounted for.

e) Pending bills

The accounts payables at the close of FY 2018/19 was KShs 8.5 million compared to Kshs 17 m in FY2017/18. The County endeavors to pay suppliers timely and also ensures that all procurements are supported by a budget. This ensures timely payments as obligations fall due. The outstanding payments remained at the closure of financial year.

f) Fixed assets

During the FY 2018/19 the fixed assets increased from Kshs 3,498,329,290 to Kshs 4,476,027,831. Initialy, in 2013 we also inherited some assets from the defunct local authorities amounting to Kshs 669,255,500.00 as per the CALC report dated June 2017. The County is in the process of automating the Asset Register.

Operational performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee Member. For seamless service delivery, all departments have to work together towards achieving operational efficiency. Some of the departmental projects completed during the year are shown in the table below:

Table 3: Key Activities during the year

Department	Key activities
Department of Roads, Transport, Energy & Public Works	• Construction of Siembeni –Kwa Kyai-Kamulembeni-Rehema-Matinga. • Rehabilitation of Kwa Somba Mulala Kathuma. • Rehabilitation of Kibarani-Wiivia-Kivuthini-Kaunguni-Parish road. • Rehabilitation of Kwa Nyoloki-Kwa Kikuva-Ngumai Kasimu-Mboni road. • Rehabilitation of Lungu Junction-Nthengeni-Ndumbi-Kimangu-Kwa Mutava road. • Construction of Manyenyoni drift. • Heavy grading of Kavuthu, Kyumbuni-Mutyambua-Barazani-Mungyani. • Opening and grading of Mwaani-Kenze-Uvete road. • Rehabilitation of Makutano-Matutu-Mulolongo-Kikumini. • Grading of Kiukuni – Kako road.

	• Grading of Kithuluni - Itetani road. • Grading of Kyangondu Primary School junction – Kavingo Market road. • Rehabilitation of Watuka - Mituvu – Nthaatwa – Kwa mitumba road. • Ivingoni-Makutano-Maulu-Nzambani road. • Grading, Gravelling and Concrete Works along Kavandini-Mutulani –Kasunguni –Mangala road. • Kathonzweni-Mathemba-Makutano road. • Opening and grading of Kavata Nzou-Mukilitwa –Kilungu Primary road. • Rehabilitation of Kavuthu- Ilengeni- Ngoto. • Kibarani-Sekeleni Ilatu-Kalembe Raha road. • Yumbuni-Kavatini-Kyanguli road. • Rehabilitation of Kithumani-Mbenuu-Kathuma road. • Routine maintenance of Mtito Andei-Mbeetwani-Mavindini-Lukenya University road. • Mwanyani – Upete – Kyandue – Mukaa rd. • Maintenance of Wote (Kivandini) – Nziu Road (12.20 Km). • Rehabilitation of Kiatini JCN-Kaumoni road (Kiatini river drift). • Opening and heavy grading of Nduluku-Kikuswi-Kyaluma-Kitongu-Kwa Ndungi-Kikuswi road (8km). • Rehabilitation Of Iiani-Nzeveni roads. • Proposed Cabro Works At Executive Office Block. • Proposed Construction of Boundary wall to Deputy Governor's Residence. • Proposed Construction of Boundary wall to Governor's Residence. • Proposed Construction of Civil Works, Land Scapping and Drainage Works to Deputy Governor's Residence. • Proposed Construction of Civil Works, Land Scapping and Drainage Works to Governor's Residence. • Construction of Emali Bus Park and Green Grocers- phase II (8NO. Container Kiosks). • Proposed Nunguni buspark and green grocer Phase 11. • Nunguni buspark Modern Toilet block. • Cabro works, Container kiosks and waiting bay shades.
Education, Sports and ICT	• Katikomu ECDE toilet construction. • Reconstruction of latrines at Kinguu ECDE. • Construction of a toilet at Ndongoni ECDE. • Wote-ACK Mwaani ECDE Centre • Construction of ECDE classroom at Muthungue ECDE. • Muundani ECDE Centre. • Kalembwani ECDE Centre.

	• Resource Centre –Mtito Andei. • Construction of Kailo ECDE. • Construction of Salama Muslim School Complex. • Construction of Workshops and equipping at Kakuswi CTTI. • Construction of Kiukuni ECDE. • Construction of Wikiamba ECDE. • Construction of Iviani ECDE. • Construction of Mutantheeu ECDE. • Construction of Kathuluni ECDE classroom, office and a store. • Construction and equipping of Lia Itune ECDE. • Construction of classroom, office, rain water harvesting at Nduundune ECDE. • Construction and equipping of Malili Township ECEDE. • Construction of 2 classrooms and equipping of Kasyelia ECDE. • Construction of modern ecde class, office and store at Kusyethuku ECDE. • Construction and equipping of Muusini ECDE. • Construction and equipping of Kyenze Highway ECDE. • Construction of Unoa ECDE. • Construction and fencing of Muatini ECDE. • Renovation of classroom, construction of a toilet block at Nduu ECDE. • Construction of classroom, office, rain water harvesting at Kamutonye ECDE. • Completion and equipping of Matheani ECDE class and toilet. • Construction of two classes, office, store, toilets; provision of sports equipment at Muketani ECDE. • Construction of ECDE class, office and toilet at Machinery Township. • Construction of Kivani ECDE. • Construction and equipping of Mithanga ECDE. • Construction of Nzayo ECDE. • Construction of Ngaikini ECDE. • Upgrading of Masokani CTTI. • Upgrading and completion of classes at Kitandi CTTI. • Upgrading of Kyangee CTTI- construction, levelling of ground, fencing, electricity, administration block, dormitory, workshop, latrine and kitchen. • Completion and equipping of Ukala CTTI (upgrading).
Lands, Mining, Physical Planning and Urban	• Land survey & mapping in the whole County. • Purchase of land - Makutano Talent Centre - Ivingoni Nzambani. • Mining mapping & development in Kibwezi East and Kibwezi West.

Development	• Issuance of title deeds in the County. • Urban planning - (valuation rolls) in the County. • Survey of private land, public lands and roads in Kibwezi East.
Agriculture, Livestock and Fisheries	• Industrial crops development (Coffee, cotton, Sisal, Macadamia) through production, value addition and marketing. • Honey development at Mavindini, Kikumbulyu South. • Construction of guard house complete. ATC fencing complete. • Construction of Ablution Block – MAP • Agricultural Mechanization Unit at HQ. • Provide artificial insemination and drought tolerant seeds like green grams, millet and maize. • Food security programme. 7,352 kg of KS20 green grams procured and distributed to 3,656 farmers. Yield 1,700 bags. • Industrial crop development – macadamia. Macadamia feasibility study done. 4,444 Seedlings supplied and planted. One acre Orchard planted and fenced. Nursery established and tools / equipement provided. • Poultry chain development & agricultural productivity programme at Kibwezi West. • Dairy Development -agregation and small scale value addition.
Department of Gender, Children, Culture & Social Services.	• Social Polices Development: Child protection policy draft; Gender mainstreaming policy draft; Social protection policy draft; Social hall policy draft; SGBV Policy draft; and Music, Entertainment and Arts policy draft. • Equality and inclusion programme: Performed advocacy and conducted awareness campaigns on Sexual and Gender Based Violence (SGBV) at Sub County level; Established a Gender Based Violence Recovery Centre in Partnership with Nairobi Women Hospital; and Enhanced public awareness and participation on gender equality and inclusion activities; • PWD Empowerment and Disability Mainstreaming: Completed construction of three PWDs empowerment workshops; Constructed two PWDs hostels; Constructed two PWDs 2 classrooms with a 4 door pit latrine and water harvesting system at Kalongo primary school; Carried out a survey on the number, gender, age and placement for County staff who are PWDs; and Survey and developed a report on the status of disability mainstreaming within the county. • Enhanced access and utilization of funds set aside for special interest groups: Improved funds uptake under the Tetheka Fund by 64.35 %, (from Kshs.135M to Kshs.222M) through training of beneficiaries and officers in collaboration with KCB; and Digitized the Tetheka Fund loan application process by uploading the Tetheka loans application forms and loan application procedure/requirement to the county Website. • Improved social protection and livelihood of vulnerable groups: Provided inclusive NHIF cover to 197 elderly Men and Women; Enhanced access to assistive devices for PWDs by procuring/acquiring

	and distributing 228 assorted assistive devices to 228 beneficiaries ; Sensitized over 1000 children on the day of the African child, 600 elderly persons through Thome forums and more than 150 PWDs during International Day of Persons with Disability; Built capacity of child protection committees to enhance child protection activities; and Supported two groups with 100 seater tents with chairs to enhance their income generating activities. • Increase Vulnerable group Participation in development: Organized business empowerment training for the AGPO category in all sub counties; Organized 60 safe spaces forums for children in all sub wards, collecting their views and developed their Strategic plan; Mapped the MAUMAU veterans across the county and incorporated their views in the development plans; and Completed the construction of two poultry houses for small homes in Mbooni subcounty. • Enhancement of Culture, Music and The Arts: Continued to Identify, harness, develop, preserve and promote Akamba cultural heritage in music and the arts by supporting the formation of the Makueni County Choir; Supported the County Choir to Participate in the Kenya Music and Cultural festival, emerging among the winners; Supported 2 choirs to record at the County Studio; Held one cultural exhibition at the Makueni ASK Show 2019; Supported 50 musicians to record at the County studio; and Held the Sifa Blast end of year event in partnership with Mercy Masika Foundation. Many local and regional artists were given an opportunity to perform during the event.
Water, Sanitation, Environment and Climate Change.	• Kathuma bore. • Kawala borehole. • Muusini borehole. • Yekanga hill conservation. • Ndumbi borehole. • Kaketi earth dam. • Kinyongo springs. • Kwa Malului. • Katilini earth dam. • Four sand dams in Emali Mulala. • Mukononi sand dam. • Kakili borehole. • Lower Ngandani. • Sokomoko borehole. • Nguswini borehole. • Kwa Ndaina sand dam. • Mwitiko sand dam. • Kilia King'ang'a borehole distribution.

The County was able to increase own source revenue collection by 11%. This is because revenue collection improved from Kshs 322m in 2017/18 Financial Year to Kshs 511m in the Financial Year ending 30th June 2019. We will continue to explore ways of enhancing revenue collection to make sure that it is further improved.

Conclusion

The County Government made good progress in project/programme implementation during the Financial Year. We have also embarked on document digitization which will ensure ease of retrieval of information going forward.

Finally I take this opportunity to thank H.E. the Governor and the Deputy Governor for their leadership and guidance in achieving the County Vision for the people of Makueni. I also want to thank my colleagues, the County Executive Committee Members in charge of other departments together with the Chief Officers who we have worked hand in hand to ensure that Government of Makueni County achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Makueni County.

Mary Kimanzi- CEC, Finance and Socio Economic Planning and Head of County Treasury
Government of Makueni County

3. STATEMENT OF COMPLIANCE

The County Government is regulated by various laws and regulations. As a County Government, we are committed to ensuring that we have complied with all the laws and regulations governing County Governments.

a) Financial reporting – Section 166 of the PFM Act (2012) requires the County Treasury to submit quarterly reports to the County Assembly and deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation (CRA), no later than one month after the end of each quarter. Government of Makueni County complied with these requirements and submitted the quarterly reports within the stipulated timelines.

b) Fiscal responsibilities – Section 107 of the PFM Act (2012) stipulates the requirements of the County Treasury in enforcing fiscal responsibility.

- "The County Government's recurrent expenditure shall not exceed the County government's total revenue" .

- "A minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure".

- They County Government has also complied with the Fiscal provisions as provided in the PFM Act (2012), Section 107 mentioned above.

4. 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, receiver of receipts and Consolidated Financial Statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) Member for Finance of the County Government is responsible for the preparation and presentation of the County Government's Financial Statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the Financial Year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC Member for Finance accepts responsibility for the County Government's Financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC Member for Finance is of the opinion that the County Government's Financial Statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2019, and of its financial position as at that date. The CEC Member for Finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its Financial Statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Financial Statements

The County Government's Financial Statements were approved and signed by the CEC Member for Finance on .....25. 11. 2019....., 2019.

County Executive Committee Member – Finance and Socio Economic Planning and Head of County Treasury

REPUBLIC OF KENYA

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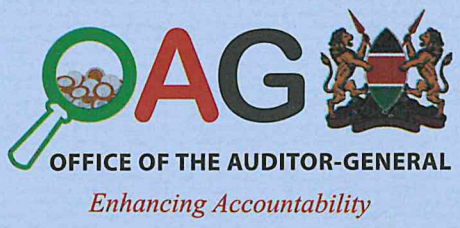

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Makueni set out on pages 1 to 32, which comprise the statement of assets and liabilities as at 30 June, 2019, and statement of receipts and payments, statement of cash flows and the summary statement of appropriation; recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matter 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 Makueni as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accuracy of the Financial Statements - Variances Between Financial Statements and IFMIS Balances

The financial statements presented for audit and the Integrated Financial Management Information Systems (IFMIS) trial balance had significant variances which have not been reconciled as detailed below: -

Item	Financial statements Balance (Kshs.)	IFMIS Balance (Kshs.)	Variance (Kshs.)
Bank Balances	1,400,306,099	4,183,372,060	(2,783,065,961)
Cash Balances	-	45,237,870,272	(45,237,870,272)
Outstanding Imprests & Clearance account	1,880,210	786,058,967	(784,178,757)
Accounts Payable	162,658,164	32,240,877,744	(32,078,219,580)
Fund balance B/F	1,322,605,259	8,257,158,152	(6,934,552,893)

Consequently, the accuracy, validity and completeness of the financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Land Without Ownership Documents

As disclosed in Note 9 to the financial statements, the statement of receipts and payments reflects an expenditure of Kshs.977,698,540 under acquisition of assets which included an amount of Kshs.5,100,000 being the cost of purchase of four (4) parcels of land. Although the transactions were supported by sale agreements and allotment letters, the management did not avail the valuation reports, need assessment reports and ownership documents such as title deeds for the respective parcels of land in question. Management has also not demonstrated the efforts it has taken towards securing the ownership documents.

Consequently, the ownership of the four (4) parcels of land bought at the cost of Kshs.5,100,000 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Makueni Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

1.1. Revenue Under-Collection

The summary statement of appropriation; recurrent and development combined, reflects final receipts budget and actual on comparable basis of Kshs.10,651,722,007 and Kshs.10,013,582,061 respectively resulting to an under-collection of Kshs.638,139,946 or 6% of the budget. Although there is a remarkable improvement in own generated resource collections in comparison to the previous year, there was an under collection by 36%. Management has not rendered explanations for the deviations from the budget for the year and the action plans being implemented to bridge the gap and enhance own generated revenue collection.

1.2. Under-Expenditure

The statement also reflects final expenditure budget and actual on comparable basis of Kshs.10,651,722,007 and Kshs.8,608,848,017 respectively resulting into an under absorption of Kshs.2,042,873,990 or 19% of the budget. The acquisition of assets accounted for the bulk of the under absorption of Kshs.1,705,481,693 or 83% of the total amount. This is indicative of the County Government's failure to implement all the

planned projects and programmes for the year. No explanations have been rendered for the under absorption.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Payment to the Council of Governors

The County Executive paid Kshs.5,000,000 to the Council of Governors. However, the funding for the operations of the Council of Governors are provided for by the National Government in accordance with Section 37 of the Intergovernmental Relations Act, 2012.

Consequently, the County is in breach of the law.

2. Compensation of Employees

2.1 Expenditure on Compensation of Employees Above Allowable Ceiling

The statement of receipts and payments also reflects expenditure on compensation of employees of Kshs.3,240,640,048. The expenditure is approximately 41.4% of the total receipts of Kshs.7,826,400,064 for the year. This is contrary to Section 25(1)(a) and 25(b) of the Public Finance Management (County Government) Regulations, 2015.

Consequently, the County Executive is in breach of law.

2.2 Staff Ethnic Composition

Review of the staff establishment revealed that 92% of the one hundred and sixty-nine (169) employees recruited during the year were from one ethnic community in the County. This is contrary to section 65 (1) of the County Government Act, 2012 which provides that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

Consequently, the Management is in breach of the law.

2.3 Non-adherence with Human Resource Policies and Procedures

Examination of payroll records for the year revealed that fourteen (14) employees were receiving net pay that was less than one third of their basic salaries contrary to the provisions of Section C.1 (3) of the Human Resource Policies and Procedures Manual

for the Public Service (2016) which states that public officers shall not over commit their salaries beyond two thirds (2/3) of basic salary.

Under the circumstances, the Management was in breach of the Human Resource Policies and Procedures Manual.

3. Loss at Kalamba Fruit Processing Factory

The County also operates a fruit processing plant at Kalamba area whose revenue budget for the year was Kshs.30,000,000. Actual revenue realized amounted to Kshs.28,564,965 representing 95% achievement of the budget.

Review of factory management accounts for the financial year ended 30 June, 2019, revealed a gross profit of Kshs.1,999,511 on net sales of Kshs.38,346,480 representing a 5% gross margin. The operating costs amounted to Kshs.2,701,967 resulting to a net loss of Kshs.702,456 before charging employee cost for the sixteen officers deployed to the plant. The factory, has significantly high overheads and is not making any profits. Unless the management strategize on the operations of the factory, its continued funding may not be effective in the use of public resources

In view of the foregoing, the sustainability and commercial viability of the factory may not be guaranteed.

4. Project Implementation

4.1 Stalled and Unused Completed Projects

A review of the project implementation status report for the year revealed that the County expended Kshs.57,506,122 on twenty-seven (27) projects during the year. The detailed analysis of the projects, physical location, amount paid and its status is at **Annex 1**. However, twenty-two (22) projects had been completed, but were yet to be commissioned and were idle. Further five (5) boreholes with a combined cost of Kshs.14,779,763 had stalled.

4.2 Construction of Kathekani Borehole

Contract for phase 2 works of Kathekani borehole project was awarded on 28 March, 2019 at a contract price of Kshs.3,724,050. The scope of works was installation of water distribution infrastructure. Phase I of the project had been awarded in 2016/17 financial year to a different contractor with the scope of drilling and equipping the borehole. However, field inspection during the month of September, 2019 revealed that there was no water on site as the Phase I contractor had not equipped the borehole. Consequently, the extent to which the borehole was drilled, including the hourly water yields and whether it was as per the specifications could not be confirmed. There is also lack of clarity on why Phase II works were contracted before the works under Phase I had been completed as this was a prerequisites.

From the foregoing, I am unable to ascertain whether the County Government will realize value for money from the expenditure in the projects amounting to Kshs.57,506,122 and award of Phase 2 works of Kathekani borehole project.

5. Idle Parcels of Land

The County Government had acquired six (6) parcels of land at a total price of Kshs.43,790,000 which had not been put into any economic use as at the time of this audit. It is not clear what the intention for the acquisition was and why it has not been implemented.

In the circumstances, it has not been possible to confirm the value for money from the expenditure of Kshs.43,790,000 on the acquisition of the six (6) parcels of land.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Weak Controls over Revenue Collection

During the year under review, the County Government had budgeted to collect market fee revenue of Kshs.34,500,000. However, actual collection amounted to Kshs.28,072,495 resulting to a shortfall of Kshs.6,427,505 or 19% of the budget. A physical inspection at Kathonzweni Market during the month of September, 2019 revealed that the market entrance fee was only collectible after 3pm and was explained to be due to shortage of revenue collection officers. Further random checks of physical wares being sold by the traders against amounts paid revealed incidences where amount charged and paid was for lesser quantities than what was being held in stock.

The County had also budgeted for livestock market fees receipts of Kshs.16,000,000 but only realized Kshs.7,773,035 resulting to a shortfall of Kshs.8,226,965 or 51% of the budget. A visit to Kathonzweni Livestock Market during the month of September, 2019 revealed instances where traders paid fees for a single animal but used it to move multiple animals out of the market undetected.

In the circumstances, the County Government's controls over the collection of market fees are weak making it susceptible to revenue leakages.

2.0 Lack of a Risk Management Policy

The County does not have in place a risk management policy that guides on assessment and evaluation of risk and development of the strategies to mitigate them. This is contrary to clause 158 (a) of the Public Finance Management Act (County Government) Regulations, 2015 which requires the Accounting Officer to ensure that a County Government entity develops risk management strategies, including fraud prevention mechanisms, and a system of risk management and internal control that builds robust business operations.

Due to lack of a Risk Management Policy, the County Executive does not have a risk management framework and a risk register. As such, the County Executive may not be able to mitigate risks that affect its business.

3.0 Operations at the Agricultural Training Centre

The County Government operates an Agricultural Training Centre at Kwa Kathoka whose annual revenue budget for the year was Kshs.5,000,000. The Centre realized Kshs.4,949,200 representing 99% of its budget. However, a visit to the Centre, during the month of September, 2019 revealed that the potential of the facility had not been optimized. For instance, the seminar halls and accommodation rooms were idle, while there was lack of professionally trained staff in hospitality to effectively operate the facilities effectively.

In the circumstances, the County Government may not be optimizing the usage of the Centre and may not realise value for money from the investments made.

4.0 Resourcing of Internal Audit Department

A review of the internal audit function revealed that it was not adequately staffed and lacked requisite tools such as an audit system and analytical techniques to effectively deliver on its mandate.

Consequently, the ability of the Internal Audit Department to deliver on its mandate and provide independent appraisal of the operations of the County has not been realized.

5.0 ICT Department Operations

There is no approved ICT Policy, IT Steering Committee, or comprehensive ICT inventory in place. Lack of an approved ICT policy and the related governance structures and controls may lead to breach of confidentiality, integrity and availability of information.

6.0 Lack of Disaster Recovery Plan

The County does not have in place disaster recovery and business continuity plans contrary to provisions of Section 158(b)(1) of the Public Finance Management(County Governments) Regulations, 2015 which stipulates that the role of a disaster recovery plan is to secure the County Government's ability to meet its obligation to provide basic services or its financial commitments, identify the financial problems and be designed to place the County Government in a sound and sustainable financial condition as quickly as possible.

Due to lack of a Disaster Recovery Plan, the County Executive may not be able to recover crucial process in the event of a disaster occurring.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence

obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.

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

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

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 October, 2020

Annex 1 –Stalled and Idle Projects-Department of Water, Environment, Sanitation and Climate Change

No.	Project Description	Sub-County	Ward	Budget (Kshs.	Project Status
1	Ilovoto Weir	Kaiti	Ilima	541,357	Complete but Idle
2	Drilling of Kyumu /kinyongo borehole	Kaiti	Ukia	510,249	Complete but Idle
3	Rehabilitation of Mbaani water project (phase 1)	Kaiti	Ukia	1,455,000	Complete but Idle
4	Rehabilitation of Mbaani water project (phase 2)	Kaiti	Ukia	1,940,000	Complete but Idle
5	Ndauni Borehole	Kibwezi East	Masongaleni	1,940,000	Complete but Idle
6	Extension of Kathekani Water Project -Water Line to Miangeni, Pump to Kathekani Hill And Flow Through Gravity to Ngovu, Kyunguni, Kathekani, Landi	Kibwezi East	Mtito Andei	4,365,000	Complete but Idle
7	Drilling of Kilungu borehole	Kibwezi East	Thange	2,425,000	Complete but Idle
8	Extension of Kilui water project	Kibwezi West	Kikumbulyu South	4,142,870	Complete but Idle
9	Drilling of Mukameni borehole	Kibwezi West	Makindu	970,000	Complete but Idle
10	Rehabilitation of West ngosini Borehole	Makueni	Kikumini/Muvau	628,401	Complete but Idle
11	Rehabilitation of Kithuki Water Project	Makueni	Kitise/Kithuki	700,000	Stalled
12	Construction of Nguthunu earth dam	Makueni	Mavindini	2,425,000	Complete but Idle
13	Construction of Nguthini Earth dam / Matulani borehole	Makueni	Mavindini	1,940,000	Complete but Idle
14	Makutano borehole	Makueni	Mavindini	3,880,000	Stalled
15	Drilling of Kwa Mutavi Borehole	Makueni	Nzaui/Kilili/Kalamba	970,000	Complete but Idle
16	Drilling and distribution of Kavingo borehole	Makueni	Wote/Nziu	2,425,000	Complete but Idle
17	Drilling and distribution of Kavingo borehole	Makueni	Wote/Nziu	2,247,465	Complete but Idle
18	Drilling and distribution of Kitheini borehole	Makueni	Wote/Nziu	1,762,465	Complete but Idle
19	Drilling and distribution of Kitheini borehole	Makueni	Wote/Nziu	970,000	Complete but Idle
20	Distribution of Kaiti- Kwakitila water project	Mbooni	Kako/ Waia	5,248,846	Stalled
21	Waia/Kako-Kako-kyaluma water project	Mbooni	Kako/ Waia	94,064	Stalled
22	Thwake water project	Mbooni	Kisau/Kiteta	1,455,000	Complete but Idle

No.	Project Description	Sub-County	Ward	Budget (Kshs.	Project Status
23	Expansion of Kiumi Water Project including installation of electricity	Mbooni	Kithungo/Kitundu	4,856,854	Stalled
24	Mulima Water Project(piping)	Mbooni	Mbooni	4,181,553	Complete but Idle
25	Drilling & Distribution of Kwa Ndifatha borehole	Mbooni	Tulimani	3,880,000	Complete but Idle
26	Drilling of Itetani dispensary / Itetani girls secondary school borehole	Mbooni	Tulimani	1,552,000	Complete but Idle
27	Tulimani-Tulimani borehole & kyangwasi borehole	Mbooni	Tulimani	-	Complete but Idle
	Total			**57,506,122**	

6. FINANCIAL STATEMENTS

6.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2018-2019	2017-2018
	Notes	KShs	KShs
RECEIPTS			
Exchequer releases	1	7,826,400,064	7,066,092,031
Transfers from Other Government Entities	2	187,668,767	254,349,334
County Own Generated Receipts	3	511,702,072	322,104,226
Returned CRF Issues	4	1,487,811,158	-
TOTAL RECEIPTS		**10,013,582,061**	**7,642,545,592**
PAYMENTS			
Compensation of Employees	5	3,240,640,048	3,038,485,212
Use of goods and services	6	3,493,607,944	1,750,046,875
Transfers to Other Government Units	7	825,156,273	826,923,097
Other grants and Payments	8	71,745,211	187,735,752
Acquisition of Assets	9	977,698,540	1,139,007,155
Other Payments	10	-	669,345,371
TOTAL PAYMENTS		**8,608,848,017**	**7,611,543,463**
SURPLUS/DEFICIT		**1,404,734,044**	**31,002,129**

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements. The County's Financial Statements were approved on 25/11 2019 and signed by:

Chief Officer: Financial Services
Name: Justus Suka
ICPAK Member Number: 16463

Head of Treasury: Ag. Director
Name: Kennedy Muthama
ICPAK Member Number: 19022

6.2. STATEMENT OF ASSETS AND LIABILITIES

	Notes	2018-2019 KShs	2017-2018 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11A	1,400,306,099	1,406,697,690
Total Cash and cash equivalent		**1,400,306,099**	**1,406,697,690**
Accounts receivables – Outstanding Imprests	12	1,880,210	16,610,460
TOTAL FINANCIAL ASSETS		**1,402,186,309**	**1,423,308,150**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	13	162,658,164	100,702,891
NET FINANCIAL ASSETS		**1,239,528,145**	**1,322,605,259**
REPRESENTED BY			
Fund balance b/fwd.	14	1,322,605,259	1,291,603,130
Prior year adjustments	15	-1,487,811,158	
Surplus/Deficit for the year		1,404,734,044	31,002,129
NET FINANCIAL POSITION		**1,239,528,145**	**1,322,605,259**

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements. The County's Financial Statements were approved on 25/11 2019 and signed by:

Chief Officer: Financial Services
Name: Justus Suka
ICPAK Member Number: 16463

Head of Treasury: Ag. Director
Name: Kennedy Muthama
ICPAK Member Number: 19022

6.3. STATEMENT OF CASH FLOWS

		2018-2019	2017 – 2018
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	7,826,400,064.40	7,066,092,031
Transfers from Other Government Entities	2	187,668,767.00	254,349,334
County Own Generated Receipts	3	511,702,071.70	322,104,226
Returned CRF Issues	4	1,487,811,158	-
Payments for operating expenses			
Compensation of Employees	5	-3,240,640,048.35	-3,038,485,212
Use of goods and services	6	-3,493,607,944.20	-1,750,046,875
Transfers to Other Government Units	7	-825,156,273.00	-826,923,097
Other grants and transfers	8	-71,745,211.00	-187,735,752
Other Payments	10	-	-669,345,371
Adjusted for:			
Changes in receivables		14,730,250.00	-26,125,037
Bank Balance B/Fwd		-1,487,811,158	
Changes in payables		61,955,272.70	
Total Adjustments			
Net cash flow from operating activities		**971,306,949**	**1,143,884,248**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9	-977,698,540	-1,139,007,155
Net cash flows from Investing Activities		**-977,698,540**	**-1,139,007,155**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**-6,391,591**	**4,877,093**
Cash and cash equivalents at BEGINNING of the year	11	**1,406,697,690**	**1,401,820,597**
Cash and cash equivalents at END of the year	11	**1,400,306,099**	**1,406,697,690**

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements. The County's Financial Statements were approved on 25/11 2019 and signed by:

Chief Officer: Financial Services
Name: Justus Suka
ICPAK Member Number: 16463

Head of Treasury: Ag. Director
Name: Kennedy Muthama
ICPAK Member Number: 19022

6.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	8,305,859,714	61,551,135	8,179,742,082	7,826,400,064	353,342,018	96%
Transfers from Other Government Entities	187,668,767	-	187,668,767	187,668,767	-	100%
County Own Generated receipts	620,000,000	176,500,000	796,500,000	511,702,072	284,797,928	64%
Reallocation Budget	-	1,487,811,158	1,487,811,158	1,487,811,158	-	100%
TOTAL	**9,113,528,481**	**1,725,862,293**	**10,651,722,007**	**10,013,582,061**	**638,139,946**	**94%**
PAYMENTS						
Compensation of Employees	3,297,504,926	24,703,200	3,322,208,126	3,240,640,048	81,568,078	98%
Use of goods and services	2,684,598,631	813,738,594	3,498,337,225	3,493,607,944	4,729,281	100%
Transfers to Other Government Units	887,153,339	169,935,537	1,057,088,876	825,156,273	231,932,603	78%
Other grants and transfers	87,000,000	3,907,546	90,907,546	71,745,211	19,162,335	79%
Acquisition of Assets	1,969,602,818	713,577,415	2,683,180,233	977,698,540	1,705,481,693	36%
TOTAL	**8,925,859,714**	**1,725,862,293**	**10,651,722,007**	**8,608,848,017**	**2,042,873,990**	**81%**
SURPLUS/(DEFICIT)						

- *Some of the donor funds were not released hence the under- utilization of 6%.*
- *The own generated revenue had an improvement of KES 189 million as compared to the previous year. However, the target for FY2018/2019 was not achieved.*

The County's Financial Statements were approved on 25/11 2019 and signed by:

Chief Officer: Financial Services
Name: Justus Suka
ICPAK Member Number: 16463

Head of Treasury: Ag. Director
Name: Kennedy Muthama
ICPAK Member Number: 19022

6.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	4,999,530,098	212,843,305	5,212,373,403	5,212,373,403	-	100%
Transfers from Other Government Entities	-	-	-	-	-	-
County Own Generated receipts	620,000,000	176,500,000	796,500,000	511,702,072	284,797,928	64%
Reallocation Budget	-	225,484,280	225,484,280	225,484,280	-	100%
TOTAL	**5,619,530,098**	**614,827,585**	**6,234,357,683**	**5,949,559,755**	**284,797,928**	**95%**
PAYMENTS						
Compensation of Employees	3,297,504,926	24,703,200	3,322,208,126	3,240,640,048	81,568,078	98%
Use of goods and services	2,684,598,631	813,738,594	3,498,337,225	3,493,607,944	4,729,281	100%
Transfers to Other Government Units	786,360,207	135,504,544	921,864,751	735,048,754	186,815,997	80%
Other grants and transfers	87,000,000	3,907,546	90,907,546	71,745,211	19,162,335	79%
Acquisition of Assets	-	-	-	-	-	-
TOTAL	**6,855,463,764**	**977,853,885**	**7,833,317,649**	**7,541,041,958**	**292,275,691**	**96%**
SURPLUS/(DEFICIT)						

The County's Financial Statements were approved on 25/11 2019 and signed by:

Chief Officer: Financial Services
Name: Justus Suka
ICPAK Member Number: 16463

Head of Treasury: Ag. Director
Name: Kennedy Muthama
ICPAK Member Number: 19022

6.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	1,882,727,183	(514,318,470)	1,368,408,713	698,600,064	669,808,649	51%
Transfers from Other Government Entities	187,668,767	-	187,668,767	187,668,767	-	100%
County Own Generated receipts	-	-	-	-	-	-
Reallocation Budget	-	1,262,326,878	1,262,326,878	1,262,326,878	-	100%
TOTAL	**2,070,395,950**	**748,008,408**	**2,818,404,358**	**2,148,595,709**	**669,808,649**	**76%**
PAYMENTS						
Compensation of Employees	-	-	-	-	-	0%
Use of goods and services	-	-	-	-	-	0%
Transfers to Other Government Units	100,793,132	34,430,993	135,224,125	90,107,519	45,116,606	67%
Other grants and transfers	-	-	-	-	-	0%
Acquisition of Assets	1,969,602,818	713,577,415	2,683,180,233	977,698,540	1,705,481,693	36%
TOTALS	**2,070,395,950**	**748,008,408**	**2,818,404,358**	**1,067,806,059**	**1,750,598,299**	**38%**
SURPLUS/(DEFICIT)						

The County's Financial Statements were approved on 25/11 2019 and signed by:

Chief Officer: Financial Services
Name: Justus Suka
ICPAK Member Number: 16463

Head of Treasury: Ag. Director
Name: Kennedy Muthama
ICPAK Member Number: 19022

6.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Department	Programme/ Sub Programme	Revised Estimates FY 2017/18	Original Budget FY 201819	Variance	FY 2018/19 Revised Budget	Expenditure	vote balance	Implementation Status
Agriculture, Livestock & Fisheries	**Programme 1: General administration & planning**		-		-		-	
	SP1. 1 General administration & planning	281,452,381.53	437,198,784.16	(268,877,941.60)	706,076,725.76	522,089,483.00	183,987,242.76	74%
	Programme 2: Land, Crop development & productivity			-			-	
	SP2. 1 Land, Crop development & productivity	261,680,300.63	60,500,000.00	(48,144,189.37)	108,644,189.36	75,951,727.85	32,692,461.51	70%
	P3; Agribusiness and information management			-			-	
	SP3. 1 Agribusiness and information management	15,381,221.05	150,500,000.00	13,210,397.63	137,289,602.37	117,966,566.15	19,323,036.22	86%
	Programme 4: Livestock Production, Management and Development			-			-	
	SP4. 1 Livestock Production, Management and Development	156,732,675.11	67,800,000.00	(12,191,502.23)	79,991,502.23	65,306,658.15	14,684,844.08	82%
	Total Budget	**715,246,578.31**	**715,998,784.16**	**(316,003,235.56)**	**1,032,002,019.72**	**781,314,435.15**	**250,687,584.57**	76%
Transport & Infrastructure	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	61,099,581.75	168,645,658.55	(34,000,038.85)	202,645,697.40	184,709,717.82	17,935,979.58	91%
	Programme 2: Road transport			-			-	
	SP2. 1 Road transport	593,617,651.76	333,150,001.00	(527,647,744.97)	860,797,745.97	678,841,169.50	181,956,576.47	79%
	P3; Infrastructure development			-			-	
	SP3. 1 Infrastructure development	153,373,489.64	81,279,123.00	2,344,247.49	78,934,875.51	51,369,558.75	27,565,316.76	65%
	Programme 2: Energy Infrastructure & development			-			-	

	SP4. 1 Energy Infrastructure & development	41,692,600.70	7,650,000.00	(32,454,659.20)	40,104,659.20	34,609,458.87	5,495,200.33	86%
	Total Budget	**849,783,323.85**	**590,724,782.55**	**(591,758,195.53)**	**1,182,482,978.08**	**949,529,904.95**	**232,953,073.13**	80%
Trade, Industry & Cooperatives	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	108,533,942.31	45,934,578.50	(2,818,604.20)	48,753,182.70	42,719,398.89	6,033,783.81	88%
	Programme 2: Trade development & promotion			-			-	
	SP2.1; Enterpreneural development and training	-	-	-	-		-	
	SP2.2; Fair trade and consumer protection	-	-	-	-		-	
	SP2.3; Local markets development	-	-	-	-		-	
	SP2.4; Trade marketing & promotion	68,688,065.30	42,050,000.00	4,301,458.95	37,748,541.05	19,204,999.08	18,543,541.97	51%
	P3; Industrial development and promotion			-			-	
	SP3. 1 Industrial development and promotion	13,854,400.00	22,050,000.00	21,500,000.00	550,000.00	42,871.60	507,128.40	8%
	Programme 4: Tourism development & promotion			-			-	
	SP4. 1 Tourism development & promotion	11,580,733.90	25,650,000.00	18,257,919.95	7,392,080.06	5,426,695.77	1,965,384.28	73%
	Programme 5: Cooperative development and management			-			-	
	SP4. 1 Cooperative development and management	11,647,532.00	800,000.00	(34,102,016.61)	34,902,016.61	31,237,018.70	3,664,997.91	89%
	Total Budget	**214,304,673.51**	**136,484,578.50**	**7,138,758.09**	**129,345,820.41**	**98,630,984.05**	**30,714,836.36**	76%
Land, Physical Planning & Mining	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	54,236,587.17	90,390,808.04	18,192,765.00	72,198,043.04	58,180,004.68	14,018,038.36	81%
	Programme 2: : Land Survey & Mapping			-			-	
	SP2. 1 : Land Survey & Mapping	18,246,471.51	9,680,000.00	(21,545,137.15)	31,225,137.15	25,502,302.40	5,722,834.75	82%
	P3; Urban planning			-			-	

	SP3. 1 Urban planning	50,700,000.00	143,561,600.00	(56,510,648.20)	200,072,248.20	97,343,005.75	102,729,242.45	49%
	Programme 2: Mining mapping & development			-			-	
	SP4. 1 Mining mapping & development	2,650,000.00	2,550,000.00	(1,836,000.00)	4,386,000.00	2,745,654.92	1,640,345.08	63%
	Total Budget	**125,833,058.68**	**246,182,408.04**	**(61,699,020.35)**	**307,881,428.39**	**183,770,967.75**	**124,110,460.64**	60%
Water, Irrigation & Environment	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	222,571,746.61	140,045,868.05	(35,798,119.15)	175,843,987.20	108,584,921.62	67,259,065.57	62%
	Programme 2: Water infrastructure Development			-		-	-	
	SP 2.1 Water harvesting and storage	293,917,761.11	183,070,000.00	(101,725,383.39)	284,795,383.39	138,940,466.07	145,854,917.32	49%
	SP 2.2.Piped water supply infrastructure	255,549,071.53	79,570,000.00	(205,369,681.10)	284,939,681.10	130,445,117.69	154,494,563.41	46%
	SP2.3 Ground water development	249,648,820.87	86,770,000.00	(166,919,253.01)	253,689,253.01	115,342,768.19	138,346,484.83	45%
	P3; Irrigation infrastructure development			-		-	-	
	SP3. 1 Irrigation infrastructure development	4,980,938.00	12,720,000.00	9,215,281.50	3,504,718.50	782,671.17	2,722,047.33	22%
	Programme 4: Environment management and protection			-		-	-	
	SP4. 1 Environment management and protection	163,791,544.95	101,988,132.00	(58,248,991.21)	160,237,123.21	101,344,391.91	58,892,731.30	63%
	Total Budget	**1,190,459,883.07**	**604,164,000.05**	**(558,846,146.36)**	**1,163,010,146.41**	**595,440,336.65**	**567,569,809.76**	51%
Education & ICT	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	33,662,651.75	259,679,763.28	(17,360,354.60)	277,040,117.88	271,465,715.48	5,574,402.39	98%
	Programme 2: Early childhood education			-			-	
	SP1. 1 Early childhood education	221,822,504.23	99,500,000.00	(36,881,355.63)	136,381,355.63	108,438,285.31	27,943,070.32	80%
	Programme 3: Technical training & non formal education			-			-	
	SP1. 1 Technical training & non formal education	182,137,892.24	67,070,000.00	(35,375,762.49)	102,445,762.49	73,354,002.78	29,091,759.72	72%

	Programme 4: Support to education			-			-	
	SP1. 1 Support to education	85,716,889.79	47,000,000.00	17,000,000.00	30,000,000.00	28,665,311.00	1,334,689.00	96%
	Programme 5; ICT Infrastructure & Systems Development			-			-	
	SP3. 1 ICT Infrastructure & Systems Development	59,205,860.93	28,600,000.00	5,212,819.25	23,387,180.75	19,813,600.00	3,573,580.75	85%
	Programme 6; Youth Development support & Empowerment			-			-	
	SP6. 1 Youth Development	-		(63,777,317.79)	63,777,317.79	55,801,349.75	7,975,968.04	87%
	Programme 7: Sports Development			-			-	
	SP7. 1 Sports Development	-		(49,144,248.81)	49,144,248.81	16,525,177.09	32,619,071.72	34%
	Total Budget	**582,545,798.94**	**501,849,763.28**	**(180,326,220.07)**	**682,175,983.35**	**574,063,441.40**	**108,112,541.95**	84%
Health	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	2,623,792,498.17	3,084,065,097.80	(340,221,698.23)	3,424,286,796.03	2,936,283,644.36	488,003,151.67	86%
	Programme 2: Curative health care services			-			-	
	SP2. 1 :Curative health care services	6,400,000.00	4,900,000.00	500,000.00	4,400,000.00	4,106,780.60	293,219.40	93%
	Programme 3; Preventive and promotive health care services			-			-	
	SP3. 1 Preventive and promotive health care services	81,804,295.00	89,400,000.00	(46,300,000.00)	135,700,000.00	53,426,038.21	82,273,961.79	39%
	Total Expenditure of Vote	**2,711,996,793.17**	**3,178,365,097.80**	**(386,021,698.23)**	**3,564,386,796.03**	**2,993,816,463.17**	**570,570,332.86**	84%
Youth, Gender & Social Services	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	51,871,239.29	61,958,789.40	3,167,325.77	58,791,463.63	50,994,680.56	7,796,783.07	87%
	Programme 2: Gender & Social Development			-			-	
	SP2. 1 Gender & Social Development	72,636,616.20	28,275,000.00	(7,287,334.88)	35,562,334.88	34,708,078.52	854,256.36	98%
	P3; Youth Development support & Empowerment			-			-	

	SP3. 1 Youth Development	59,259,009.06	51,400,000.00	51,400,000.00	-		-	
	Programme 2: Sports Development			-			-	
	SP4. 1 Sports Development	63,150,950.75	19,405,000.00	19,405,000.00	-		-	
	Total Budget	**246,917,815.31**	**161,038,789.40**	**66,684,990.89**	**94,353,798.51**	**85,702,759.08**	**8,651,039.43**	91%
County Attorney	**Programme 1: Legal & advisory services**		-	-	-		-	
	SP1. 1 Legal & advisory services	31,379,680.80	31,092,171.20	(5,000,000.00)	36,092,171.20	21,082,846.25	15,009,324.95	58%
	Total Budget	**31,379,680.80**	**31,092,171.20**	**(5,000,000.00)**	**36,092,171.20**	**21,082,846.25**	**15,009,324.95**	58%
County Secretary	**Programme 1: Leadership and coordination of departments.**		-	-	-		-	
	SP1. 1 Leadership and coordination of departments.	812,260,903.75	291,733,696.76	(20,391,898.58)	312,125,595.34	298,264,539.55	13,861,055.79	96%
	Total Budget	**812,260,903.75**	**291,733,696.76**	**(20,391,898.58)**	**312,125,595.34**	**298,264,539.55**	**13,861,055.79**	96%
Governship	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	221,558,407.63	170,828,919.85	(33,024,756.00)	203,853,675.85	195,586,375.40	8,267,300.45	96%
	Total Budget	**221,558,407.63**	**170,828,919.85**	**(33,024,756.00)**	**203,853,675.85**	**195,586,375.40**	**8,267,300.45**	96%
Devolution & Public Service	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	207,123,198.96	221,384,730.77	(11,878,504.00)	233,263,234.77	217,427,081.55	15,836,153.22	93%
	Programme 2: :Public Participation & Civic Education			-			-	
	SP2. 1 :Public Participation & Civic Education	23,024,000.00	13,824,000.00	(20,518,148.00)	34,342,148.00	34,468,612.25	- 126,464.25	100 %
	Programme 3; Information and communication			-			-	
	SP3. 1 Information and communication	22,624,124.00	11,973,500.00	4,000,000.00	7,973,500.00	4,946,466.87	3,027,033.13	62%
	Programme 4: Enforcement and compliance			-			-	
	SP4. 1 Enforcement and compliance	9,751,648.00	7,636,000.00	(3,800,000.00)	11,436,000.00	11,434,616.87	1,383.13	100 %
	Programme 5: Volunteerism & mentorship			-			-	

	SP5. 1 Volunteerism & mentorship	14,750,500.00	10,650,500.00	(4,125,728.00)	14,776,228.00	14,740,682.32	35,545.68	100 %
	Total Budget	**277,273,470.96**	**265,468,730.77**	**(36,322,380.00)**	**301,791,110.77**	**283,017,459.85**	**18,773,650.92**	94%
County Public Service Board	**Programme 1: General Administration and Planning**		-	-	-		-	
	SP1.1 : General Administration and Planning	65,234,904.62	72,740,675.54	11,499,999.54	61,240,676.00	58,740,491.55	2,500,184.45	96%
	Total Budget	**65,234,904.62**	**72,740,675.54**	**11,499,999.54**	**61,240,676.00**	**58,740,491.55**	**2,500,184.45**	96%
Finance & Socio Economic Planning	**Programme 1: General administration & planning**		-	-	-		-	
	SP1. 1 General administration & planning	571,487,837.70	1,002,756,802.11	433,337,942.09	569,418,860.02	527,515,901.35	41,902,958.67	93%
	Programme 2: Public financial management		-	-	-		-	
	SP2.1 Accounting services	37,224,663.07	12,525,000.00	1,075,000.00	11,450,000.00	7,454,367.96	3,995,632.04	65%
	SP2.2; Budget formulation, coordination and management	67,947,373.29	38,981,308.00	(23,896,744.97)	62,878,052.97	59,678,866.70	3,199,186.27	95%
	SP2.3; Internal audit services	19,594,010.74	11,450,000.00	700,000.00	10,750,000.00	7,637,390.76	3,112,609.24	71%
	SP2.4; Resource mobilisation	167,142,730.38	35,270,000.00	(5,445,135.00)	40,715,135.00	39,722,352.69	992,782.31	98%
	SP2.5; Supply chain management services	22,603,944.00	15,850,000.00	8,447,000.00	7,403,000.00	6,267,169.96	1,135,830.04	85%
	SP2.6; Economic planning	47,192,261.60	25,994,000.00	(4,919,980.00)	30,913,980.00	21,360,289.22	9,553,690.78	69%
	Total Budget	**933,192,820.78**	**1,142,827,110.11**	**409,298,082.12**	**733,529,027.99**	**669,636,338.64**	**63,892,689.35**	91%
County Assembly	Legislation & Oversight	696,408,741.80	816,360,207.00	(31,090,571.80)	847,450,778.80	823,662,413.00	23,788,365.80	97%
	Total Budget	**696,408,741.80**	**816,360,207.00**	**(31,090,571.80)**	**847,450,778.80**	**823,662,413.00**	**23,788,365.80**	97%
	TOTAL COUNTY BUDGET	**9,674,396,855.19**	**8,925,859,715.00**	**(1,725,862,291.84)**	**10,651,722,006.84**	**8,608,848,017**	**2,042,873,989.84**	81%

6.8. 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 County 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 County

The Financial Statements are for the Government of Makueni County. The Financial Statements encompass the reporting County 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 County.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

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

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the County 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 County or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

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

Returns to CRF Issues

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

b) Recognition of payments

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

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.

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 the County and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the Financial Statements.

4. In-kind contributions

In-kind contributions are donations that are made to the 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 County included 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.

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to KShs 162,658,164 compared to KShs 100,702,891 in prior period as indicated on note 12.

There were no other restrictions on cash during the year.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the County 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 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 County's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on June 26th, 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was 2(two) number of supplementary budgets passed in the year. A high-level assessment of the 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.

1. EXCHQUER RELEASES

	2018 - 2019	2017 - 2018
	KShs	KShs
Total Exchequer Releases for quarter 1	714,748,349	31,201,603
Total Exchequer Releases for quarter 2	1,997,327,723	1,005,352,557
Total Exchequer Releases for quarter 3	2,003,946,280	2,551,532,756
Total Exchequer Releases for quarter 4	3,110,377,713	3,478,005,115
Total	**7,826,400,064**	**7,066,092,031**

The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer. Exchequer releases are as follows:

1A. Equitable Share

Description	2018/2019	2017/2018
	KShs	KShs
Total Equitable Share for quarter 1	369,278,463	-
Total Equitable Share for quarter 2	1,840,339,537	955,528,000
Total Equitable Share for quarter 3	1,960,145,000	2,491,198,000
Total Equitable Share for quarter 4	2,958,037,000	3,378,474,000
Total	**7,127,800,000**	**6,825,200,000**

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

Description	2018/2019	2017/2018
	KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme	22,882,500	26,715,347
World Bank – THUSCP	51,160,924	32,588,849
National Agricultural & Rural Inclusive Growth Project (NARIGP)	50,078,476	50,609,855
Kenya Devolution Support Programme	296,651,733	47,396,651
Youth Polytechnic support grant	23,835,350	64,131,527
Abolishment of user fees in health centres and dispensaries	19,435,760	19,449,802
Kenya Urban Support Programme	177,461,600	-
Agriculture Sector Development Support Project (ASDSP)	8,275,568	-
Kenya Climate Smart Agriculture Project (KCSAP)	-	-
Allocation Instruments for Devolution Advice & Support (IDEAS)	48,818,153	-
Conditional Allocation from Road Maintenance Fuel Levy Fund	-	-
Total	**698,600,064**	**240,892,031**

- *DANIDA:. The projects objective is to improve utilization and quality of primary health care services with a focus on reproductive, maternal, new-born, child, and adolescent health services.*
- *KDSP- Kenya Devolution Support Programme: This is a World Bank project aimed at strengthening capacity of core county institutions to improve delivery of devolved services at county level.*
- *NARIGP: National Agricultural and Rural Inclusive Growth Project- The purpose of the grant is to increase agricultural productivity and profitability of targeted rural communities in selected counties, and to provide immediate and effective response in case of crisis or emergency.*

- *Conditional Allocations for Development of Youth Polytechnics: Meant to support county governments in equipping Technical and Vocational Centres and capitation of student fees.*

- *Conditional Allocations for Compensation for User Fees Foregone: It enhances the Government policy of not charging user fees in public health facilities.*

- *Conditional Allocation from Road Maintenance Fuel Levy Fund: This allocation is meant to further enhance County Governments' capacity to repair and maintenance of county roads*

2. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2018 - 2019	2017 - 2018
	KShs	KShs
Transfers from Central government entities		
Conditional Allocation from Road Maintenance Fuel Levy Fund	187,668,767	254,349,334
(insert name of budget agency)	-	-
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	**187,668,767**	**254,349,334**

3. COUNTY OWN GENERATED RECEIPTS

	2018 - 2019	2017 – 2018
	KShs	KShs
Parking Fees	28,413,300	28,529,340
Plot Rates/Rent	8,676,341	7,793,352
Single Business Permits	127,090,700	83,160,173
Plans Inspection	14,352,228	7,550,698
Public Health services	14,732,850	15,760,315
Advertising (Billboards)	4,427,008	4,544,094
Market Fees	40,028,985	33,917,393
Rent (County Houses, Market stalls, County commercial buildings)	1,705,460	125,500
Agricultural Produce cess	19,851,860	14,098,776
Fines, penalties and forfeiture	4,331,012	3,310,220
Hospital Fees	98,057,113	26,008,060
Licences	47,673,170	36,947,751
Other Revenues	102,362,045	60,358,555
	-	-
Total	**511,702,072**	**322,104,226**

-There is a notable growth of a hundred and eighty nine million shillings as compared to the previous financial year.

4. RETURNED CRF ISSUES

	2018 – 2019	2017 – 2018
	KShs	KShs
Makueni County Accounts	1,487,811,157.97	-
	-	
Total	**1,487,811,157.97**	

5. COMPENSATION OF EMPLOYEES

	2018 - 2019	2017 – 2018
	KShs	KShs
Basic salaries of permanent employees	3,236,882,251	3,038,485,212
Basic wages of temporary employees	2,307,599	-
Personal allowances paid as part of salary	1,450,199	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**3,240,640,048**	**3,038,485,212**

- Increase in compensation to employees was due to salaries and allowances review by the Salaries & Remuneration Commission
-The County also hired a number of new personnel

6. USE OF GOODS AND SERVICES

	2018 - 2019	2017 – 2018
	KShs	KShs
Utilities, supplies and services	33,792,305	26,352,277
Communication, supplies and services	8,179,774	6,750,304
Domestic travel and subsistence	105,136,371	123,349,330
Foreign travel and subsistence	21,245,141	16,117,157
Printing, advertising and information supplies & services	27,507,698	37,868,102
Rentals of produced assets	5,838,560	1,858,460
Training expenses	42,165,295	45,489,045
Hospitality supplies and services	42,149,251	39,834,907
Insurance costs	151,988,965	260,828,823
Specialized materials and services	315,226,280	258,928,298
Office and general supplies and services	26,824,219	29,068,900
Other operating expenses	2,564,473,876	769,500,923
Refined Fuel	58,751,741	43,869,286
Routine maintenance – vehicles and other transport equipment	65,863,579	58,299,701
Routine maintenance – other assets	24,464,889	31,931,362
Total	**3,493,607,944**	**1,750,046,875**

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018 – 2019	2017 – 2018
	KShs	KShs
County Assembly	823,662,413	664,332,867
Transfer to Sand Authority	-	37,268,565
Tetheka Fund	-	42,071,665
Car Loan & Mortgage Fund- County Executive	-	83,250,000
Car Loan and Mortgage Fund County Assembly	-	
ENE Microfinance	1,493,860	
TOTAL	**825,156,273**	**826,923,097**

-Transfers to the County Assembly are for normal operations of the Assembly for both recurrent and development.

8. OTHER GRANTS AND PAYMENTS

	2018 – 2019	2017 – 2018
	KShs	KShs
Scholarships and other educational benefits	4,837,665.00	157,735,752
Emergency relief and refugee assistance	66,907,546	30,000,000
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	**71,745,211**	**187,735,752**

-The scholarships are bursaries administered by the Department of education offered to needy students by the County Government.

-The emergency relief is administered under the Emergency Fund for purposes of those occurrences that are unforeseen and requiring immediate action to alleviate human suffering.

9. ACQUISITION OF ASSETS

Non- Financial Assets	2018 – 2019	2017 – 2018
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	243,798,150	318,013,040
Refurbishment of Buildings	-	9,744,973
Construction of Roads	313,108,335	162,820,175
Construction and Civil Works	76,910,239	173,883,310
Overhaul and Refurbishment of Construction and Civil Works	92,516,354	313,640,088
Purchase of Vehicles and Other Transport Equipment	38,423,000	48,793,850
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	496,886	489,850
Purchase of Office Furniture and General Equipment	15,885,677	6,718,952
Purchase of ICT Equipment	-	12,794,806
Purchase of Specialized Plant, Equipment and Machinery	22,619,900	75,916,466
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	6,173,360
Research, Studies, Project Preparation, Design & Supervision	1,840,000	9,444,085
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	5,100,000	574,200
Acquisition of Intangible Assets	-	-
Total acquisition of non- financial assets	**810,698,540**	**1,139,007,155**
Financial Assets		
Domestic Public Non-Financial Enterprises	167,000,000	-
Domestic Public Financial Institutions	-	-
Total acquisition of financial assets	-	-
Total acquisition of assets	**977,698,540**	**1,139,007,155**

***Note**: The Financial Assets reported under Domestic Public Non- Financial Enterprises refers to the Funds spent on Car Loan and Mortgage Fund. The Fund is meant to be a revolving Fund targeting the State officer and Public Servants as per the Salaries and Remuneration Commission (SRC) guidelines.*

10. OTHER PAYMENTS

	2018 – 2019	2017 – 2018
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other payments	-	669,345,371
Total	-	**669,345,371**

Note: *The other payments reported in the previous period related to payments which were development in nature and reported in IFMIS ledgers under other operating expenses expenditure item. However in the current reporting period such expenditure items have been reported under the other operating expenses as per the IFMIS ledgers thus the zero balance.*

11. CASH AND BANK BALANCES

11A. BANK BALANCES

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2018 – 2019	2017 – 2018
		KShs	KShs
Central Bank of Kenya-1000170937	Revenue Ac	980,492,177	939,383,411
Central Bank of Kenya-1000170557	Recurrent Ac	2,159,236	120
Central Bank of Kenya-1000170573	Development Ac	34,066,454	285,736
Central Bank of Kenya-1000251697	Makueni County Road Maint. Fund	108,785,844	283,603,438
Central Bank of Kenya-1000333464	Makueni County Spec. Purpose Ac	55,056	22,535,642
Central Bank of Kenya-1000365471	Makueni County Agr Rural Growth I P	1,897,310	23,494,300
Central Bank of Kenya-1000372125	Makueni County KDSP	32,044,113	7,124,827
Central Bank of Kenya-1000365487	Makueni County Agricultural Sector Development Support Programme II	90	-
Central Bank of Kenya-1000372117	Makueni County Urban Development Grants	60,849,992	
Central Bank of Kenya-1000367407	Makueni County Village Poly Proj.	-	16,073,027
Kenya Commercial Bank-1140751719	Revenue Ac	9,664,175	3,801,993
Kenya Commercial Bank-1140751042	Operations Ac	455,369	1,376,449
Kenya Commercial Bank-1147187010	Development Ac	-	-
Kenya Commercial Bank-1143804953	Liquor Ac	306,400	985,850
Kenya Commercial Bank-1162295899	Makueni sub county imprest a/c	745	445
Kenya Commercial Bank-1163197033	Kibwezi W. Sub County Ac	12,056	400
Kenya Commercial Bank-1162794070	Kaiti Sub County Imprest Ac	740	859
Kenya Commercial Bank-1201095395	Kibwezi E. Sub County Ac	668	580,554
Kenya Commercial Bank-1162744774	Kilome Sub County Ac	524	524
CBK Retention Ac	Deposit Ac	162,658,164	100,702,891
Kenya Commercial Bank-1198480068	Mbooni Sub County Ac	4,257	1,666

Kenya Commercial Bank-1168389127	Directorate of Co-operatives	298,899	247,105
Kenya Commercial Bank-1169183565	Demonstration Revenue Ac	50,000	1,928,480
Kenya Commercial Bank-1169182968	Demonstration Operation Ac	384,568	155
Co-operative Bank Of Kenya Ltd.-01141540363600	Makueni County Animal Protection Grant	576	273,983
Co-operative Bank Of Kenya Ltd.-01141539338600	MOA Revenue Ac	732,935	720,265
Co-operative Bank Of Kenya Ltd.-01141539156001	Donor Ac	67,313	500,433
Department of Health Services Accounts	Annex 7	5,318,439	3,075,138
Total		**1,400,306,099**	**1,406,697,690**

12. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2018 – 2019	2017 – 2018
	KShs	KShs
Government Imprests	1,880,210	16,610,460.00
Clearance accounts	-	-
Total	**1,880,210**	**16,610,460.00**

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	*KShs*	*KShs*
Zippora Mativo	28-Jun-19	20,000	-	20,000
Joyce Nzilani	27-Jun-19	470,000	-	470,000
Benard Muthama Musembi	28-Jun-19	600,000	-	600,000
Stephen Mwania	28-Jun-19	212,412	-	212,412
Dennis Kakundi	28-Jun-19	352,928	-	352,928
Abednego Mutungwa	28-Jun-19	145,000	-	145,000
Ruciah Wanza Ngila	28-Jun-19	79,870	-	79,870
Total		**1,880,210**	-	**1,880,210**

13. ACCOUNTS PAYABLE

	2018 – 2019	2017 – 2018
	KShs	KShs
Deposits	162,658,164	100,702,891
Retention monies	-	-
Total	**162,658,164**	**100,702,891**

14. FUND BALANCE BROUGHT FORWARD

	2018 – 2019	2017 – 2018
	KShs	KShs
Bank accounts	1,406,697,690	1,401,817,098
Cash in hand	-	3,500
Accounts Receivables	16,610,460	31,709,242
Accounts Payables	(100,702,891)	(141,926,710)
Total	**1,322,605,259**	**1,291,603,130**

15. PRIOR YEAR ADJUSTMENT

	2018 – 2019	2017 – 2018
	KShs	KShs
Adjustments on Bank Account Balances	1,487,811,157.97	-
	-	-
	-	-
Total	**1,487,811,157.97**	-

6.9. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings	2,134,257	-	-	6,993,968
Construction of civil works	1,106,524	-	-	-
Supply of goods	3,770,626	-	-	196,000
Supply of services	10,069,810	-	-	1,270,000
Total	**17,081,217**	-	-	**8,459,968**

2. PENDING STAFF PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	4,285,200	-	4,285,200	-
Total	**4,285,200**	-	**4,285,200**	-

3. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Government:

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

Related party transactions

	2018- 2019	2017- 2018
	Kshs	Kshs
Key Management Compensation(Governors, CEC Members and C.Os)	-	-
Transfers to related parties		
Transfer to the County Assembly	823,662,413	664,332,867
Tetheka Fund	-	42,071,665
Car Loan and Mortgage Fund	-	83,250,000
Car Loan and Mortgage Fund	-	37,268,565
Transfer to Sand Authority	-	-
	-	-
Total Transfers to related parties	**823,662,413**	**826,923,097**
Transfers from related parties		
Transfers from the Exchequer	7,127,800,000	6,825,200,000
Conditional Additional Allocations to County Governments	698,600,064	337,930,663
Transfers from National Government		-
Transfers from Donors	-	157,310,702
Total Transfers from related parties	**7,826,400,064**	**7,320,441,365**

4. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

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

County Entity	Date Established/Date taken over	Location	Accounting Officer responsible
Sand Authority	August 2015	Wote Town	Halinishi Yusuf
Tetheka Fund	2016	County HQ	Diana Muli
Emergency Fund	2014	County HQ	Justus Suka
Car and Mortgage	2018	County HQ	Justus Suka

5. PENDING ACCOUNTS

RECEIVEABLES

	2018-2019	2017-2018
	Kshs	Kshs
Former Makueni County Council and Wote Ward	123,347,380	149,267,517
Total	**123,347,380**	**149,267,517**

-These are receivables relating to the former defunct local authorities.

6. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor on the reports and Financial Statements for FY2017/18, 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)*
	Failure to Meet Targets in County Executive's Own Generated Receipts	The county treasury has put in place various strategies to improve revenue collection during the 2018/19 financial year	Chief Officer – Planning, Budget and Revenue	Not Resolved	
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.0	Stalled/Projects Not Started	26 projects which were either not started or stalled for various unexplained reasons.	Various Chief Officers	Not Resolved	
2.0	Budget Implementation The absorption was 79%	The under expenditure resulted from late submission of invoices from suppliers, IFMS system down time making it not possible to clear all the payments by 30th June, 2018	County Secretary	Not Resolved	
3.0	Failure to Prepare a Performance Report	The County Governments has been preparing and submitting quarterly performance reports to Controller of Budget, National treasury, Commission on Revenue Allocation and	Chief Officer- Financial Services	Not 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)*
		County Assembly.			
	REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1	Lack of Risk Management Policy	The County Government has already noted the need to have a Risk Management Policy and developed a draft risk management policy	County Secretary	Not Resolved	
2	Disaster Recovery Plan	The auditors' recommendations have been noted and the County Government shall endeavor to have a Disaster Recovery Plan in place in the course of 2018/19 financial year.	County Secretary	Not Resolved	

CEC, County Treasury

Sign.....

Date.....25.11.2019

ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Health Sector Support Project (HSSP)-Universal Care	Youth Polytechnic support grant	Youth Polytechnic support grant	USER FEES	KUSP	RMFL	KDSP	IDEAS	ASDSP	NAGRIP	Total Transfers from the National Treasury Exchequer
Exchequer Releases for quarter 1	369,278,463	-	-	-					296,651,733	48,818,153			714,748,349
Exchequer Releases for quarter 2	1,840,339,537	11,441,250	9,285,336	-			136,261,600						1,997,327,723
Exchequer Releases for quarter 3	1,960,145,000	11,441,250	24,084,462	-				93,834,383			8,275,568		2,097,780,663
Exchequer Releases for quarter 4	2,958,037,000	-	17,791,127	-		19,435,760	41,200,000	93,834,383				50,078,476	3,204,212,097
Total	**7,127,800,000**	**22,882,500**	**51,160,924**	**23,835,350**	**19,435,760**	**19,435,760**	**177,461,600**	**187,668,767**	**296,651,733**	**48,818,153**	**8,275,568**	**50,078,476**	**8,014,068,831**

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
	A	B	c	d=a-c		
Construction of buildings						
1. Mukaange Company Limited	3,721,076	-	-	3,721,076		
2. Turples Construction Company	3,272,892	-	-	3,272,892		
Sub-Total	**6,993,968**			**6,993,968**	**2,134,257**	
Construction of civil works						
1.						
2.						
3.						
Sub-Total					**1,106,524**	
Supply of goods						
4. Office pro merchants	196,000			196,000		
5.						
6.						
Sub-Total	**196,000**			**196,000**	**3,770,626**	
Supply of services						
7. Sapa Security limited	570,000			570,000		
8. Casamoko Contractors	700,000			700,000		
9.						
Sub-Total	**1,270,000**			**1,270,000**	**10,069,810.21**	
Grand Total	**8,459,968**			**8,459,968**	**17,081,217.21**	

ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
Sub-Total							
Middle Management							
2.							
3.							
Sub-Total							
Unionisable Employees							
4.							
5.							
Sub-Total							
Others (*specify*)							
6.							
Sub-Total						4,285,199.65	
Grand Total						4,285,199.65	

The Government of Makueni County had no pending staff payables in the current reporting period.

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/2018	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out) during the year (KShs)	Historical Cost c/f (KShs) 2018/2019
Land	688,790,695	5,100,000			693,890,695
Buildings and structures	327,758,013	243,798,150			571,556,163
Transport equipment	212,294,677	38,423,000			250,717,677
Office equipment, furniture and fittings	286,065,942	16,382,563			302,448,505
ICT Equipment	47,342,572	-			69,962,472
Machinery and Equipment	300,178,007	22,619,900			300,178,007
Heritage and cultural assets	-	-			-
Purchase of Certified Seeds, Breeding Stock and Live Animals	6,173,360	-			8,013,360
Intangible assets	23,098,033	168,840,000			190,098,033
Infrastructure assets- Roads, Rails	1,606,627,991	482,534,927			2,089,162,918
Work in progress	-	-			-
Total	**3,498,329,290**	**977,698,540**			**4,476,027,831**

Note: *Intangible Assets during the Financial includes Ksh 167,000,000 for Car Loan and Mortgage Fund which is a financial assets and Ksh 1,840,000 for Research and Feasibility Studies.*

ANNEX 5 – 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	151,587,229	174,470,407	235,707,907	261,896,870	823,662,413	823,662,413		
2	Car Loan and Mortgage Fund-CE	-	-	-	-	-	-		
3	Car Loan and Mortgage FundCA			-		-	-		
4	Transfer to Sand Authority	-	-	-	-	-	-		
	Total	**151,587,229**	**174,470,407**	**235,707,907**	**261,896,870**	**823,662,413**	**823,662,413**		

Director of Finance
County Executive

Director of Finance
County Assembly/fund/project

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

Bank Reconciliations have been provided separately in files due to their bulkiness.

ANNEX 7– DEPARTMENT OF HEALTH SERVICES ACCOUNTS

CASH BOOK BALANCES AS AT 30th OF JUNE 2019					
NO.	ACCOUNT NAME	TYPE	ACCOUNT NO.	BANK	AMOUNT
1	MAKUENI COUNTY HEALTH MGT TEAM HSSF	HSSF-HQ	1149981776	KCB WOTE	3,455,280.55
2	KIBWEZI EAST SUB CTYPUBLIC HEALTH	PHO	1149770791	KCB KIBWEZI	12,248.00
3	KILOME SUB-COUNTY P.HEALTH FIF	PHO	1153950405	KCB EMALI	3,862.50
4	MAKUENI COUNTY GOVERNMENT FAC IMPR FUND KAITI	PHO	1149340495	KCB-WOTE	18,981.50
5	KBZ SUB-COUNTY GOV.FIF COLL.AC	PHO	1152074407	KCB KIBWEZI	26,970.00
6	MNK COUNTY GOV FACMNK COUNTY GOV FAC IMPRV-MBOONI	PHO	1149364165	KCB WOTE	5,081.05
7	MAKUENI COUNTY GOVT FAC IMPRV-MKN	PHO	1148757414	KCB WOTE	6,319.90
8	MAKUENI CTY KBZ SUB CTY HOSP RIII	RECURRENT	1147265178	KCB KIBWEZI	32,396.50
9	MAKUENI COUNTY HOSPITAL-RECURRENT	RECURRENT	1146201982	KCB-WOTE	5,114.60
10	MATILIKU SUB-COUNTY HOSPITAL R111	RECURRENT	1147481083	KCB - EMALI	8,583.50
11	SULTAN SUB-COUNTY HOSP R.111	RECURRENT	1147172978	KCB EMALI	1,517.50
12	KISAU SUB COUNTY HOSP RECURRENT	RECURRENT	1159865299	KCB WOTE	9,860.90
13	KILUNGU SUB COUNTY RECCURENT	RECURRENT	1162871113	KCB-WOTE	417,521.00
14	MAKINDU SUB COUNTY HOSPITAL RECURRENT	RECURRENT	1147259151	KCB MAKINDU	10,141.90
15	MBOONI SUB-COUNTY RECURRENT ACCOUNT	RECURRENT	1157798705	KCB WOTE	42,787.00
16	TAWA SUB-COUNY HOSPITAL RECURRENT ACC.	RECURRENT	1158226276	KCB MASII	28,842.00
17	HSSF MIN OF PUBLIC HEALTH $ SANITATION	SCMOH	1124924892	KCB KIBWEZI	20,099.95
18	MUKAA DISTRICT HSSF OPERATION A/C	SCMOH	1122655665	KCB EMALI	5,239.00
19	KILUNGU DISTRICT HSSF OPERATION	SCMOH	1122455798	KCB-WOTE	30,377.30
20	HSSF- DHMT MAKINDU	SCMOH	1127416057	KCB MAKINDU	35,972.60
21	SCMOH MBOONI SUB-COUNTY	SCMOH	11434217500	CO-OP	

				BANK WOTE BRANCH	21,406.35
22	MAKUENI DIST HSSF OPERATION	SCMOH	1122455925	KCB WOTE	8,080.80
23	KISAU SUB COUNTY HOSPITAL FIF	RECURRENT	1144710537	KCB WOTE	484,260.50
24	KAMBU SUB COUNTY HOSPITAL	RECURRENT	1139073907	KCB KIBWEZI	2,191.65
25	KAMBU MODEL HEALTH CENTRE HSSF	FREE MAT	1157902049	KCB KIBWEZI	167,517.75
26	SULTAN HAMUD SUB COUNTY HOSP DEVPT	DEVT	1151244023	KCB EMALI	3,227.00
27	KILOME SUB-COUNTY DEVPT ACCT	DEVT	1151244384	KCB EMALI	829.85
28	MBOONI SUB COUNTY HOSPITAL FIF	RECURRENT	1144710650	KCB WOTE	25,213.00
29	KIBWEZI SUB DISTRICT HOSP FREE MATERNIT	FREE MAT	1144968224	KCB KIBWEZI	237.00
30	FREE MATERNITY HEALTHCARE-MATILIKU	FREE MAT	1146125429	KCB - EMALI	3,856.00
31	KISAU HOSP. FREE MATERNITY HCSF	FREE MAT	1144959446	KCB WOTE	407,778.50
32	KILUNGU HOSP.FREE MATERNITY HCSF	FREE MAT	1144959292	KCB-WOTE	1,133.70
33	MBOONI FREE MATERNITY A/C	FREE MAT	1144964059	KCB WOTE	5,305.00
34	TAWA SUB-COUNTY HOSPITAL MATERNITY	FREE MAT	1144980267	KCB MASII	1,267.00
35	SULTAN SUBCOUNTY HOSP FMHCSF	FREE MAT	1147173281	KCB EMALI	2,835.30
36	MAKINDU SUB COUNTY HOSPITAL FREE MATERNITY	FREE MAT	1145499120	KCB MAKINDU	6,102.10
	GRAND TOTAL				**5,318,438.75**

ANNEX 8– TRIAL BALANCE

GOVERNMENT OF MAKUENI COUNTY
TRIAL BALANCE
FOR THE YEAR ENDED 30TH JUNE, 2019

	Current Period	
Account No and Description	**Debit**	**Credit**
	Kshs	**Kshs**
Basic Salaries - Permanent Employees	3,240,640,048.35	
Utilities, Supplies and Services	33,792,305.35	
Communication, Supplies and Services	8,179,774.25	
Domestic Travel and Subsistence, and Other Transportation Costs	105,136,371.00	
Foreign Travel and Subsistence, and other transportation costs	21,245,140.75	
Printing , Advertising and Information Supplies and Services	27,507,698.00	
Rentals of Produced Assets	5,838,560.00	
Training Expenses	42,165,294.60	
Hospitality Supplies and Services	42,149,250.80	
Insurance Costs	151,988,965.40	
Specialised Materials and Supp	315,226,279.55	
Office and General Supplies and Services	26,824,218.70	
Fuel Oil and Lubricants	58,751,741.10	
Other Operating Expenses	2,564,473,876.15	
Routine Maintenance - Vehicles	65,863,579.25	
Routine Maintenance - other assets	24,464,889.30	
Emergency Relief	66,907,546.00	
Scholarships	4,837,665.00	
Construction of Buildings	243,798,149.80	
Construction of Roads	313,108,335.20	
Construction and Civil Works	76,910,238.65	
Overhaul and Refurbishment of Construction and Civil Works	92,516,353.55	
Purchase of Vehicles and Other Transport Equipment	38,423,000.00	
Purchase of Household Furniture and Institutional Equipment	496,886.00	
Purchase of Office Furniture and General Equipment	15,885,676.85	
Purchase of Specialised Plant, Equipment and Machinery	22,619,900.00	
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	1,840,000.00	
Acquisition of Land	5,100,000.00	
Domestic Public Non-Financial Enterprises(Domestic Lending and On-lending)	167,000,000.00	

ENE Microfinance	1,493,860.00	
Transfer to Makueni County Assembly	823,662,413.00	
Receivables-Outstanding Imprests C/F	1,880,210.00	
Balance C/D-Cash	-	
Prior Year Adjustment	1,487,811,157.97	
Balance C/D-Bank	1,400,306,099.14	
Receivables-Deposits B/F	100,702,891.25	
Exchequer Releases		7,826,400,064.40
Own Generated Revenue		511,702,071.70
Transfer from other Government Entities		187,668,767.00
Balance B/D-Bank		1,406,697,689.94
Returned CRF Issues		1,487,811,157.97
Receivables-Outstanding Imprests B/F		16,610,460.00
Payables-Deposits C/F		162,658,163.95
Total	**11,599,548,374.96**	**11,599,548,374.96**

The Statement has been prepared, reviewed and approved by the following:

Prepared By: Bridgid Kibowie

Reviewed By: KENNEDY MUTHAMA

Approved By: JUSTUS SUKA