REPUBLIC OF KENYA

FFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF NAROK

FOR THE YEAR ENDED

30 JUNE 2018

KENYA NATIONAL AUDIT OFFICE
SOUTH RIFT HUB
18 DEC 2018
RECEIVED
P.O. Box 1050-20100 NAKURU

COUNTY GOVERNMENT OF NAROK
(EXECUTIVE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2018

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

TABLE OF CONTENTS

1. KEY ENTITY INFORMATION AND MANAGEMENT i

2. COMMENTARY BY THE CEC, FINANCE AND ECONOMIC PLANNING viii

3. STATEMENT OF CORPORATE GOVERNANCE xiv

4. STATEMENT OF COMPLIANCE xvi

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES xvii

6. REPORT OF THE INDEPENDENT AUDITORS TO THE COUNTY GOVERNMENT xviii

7. FINANCIAL STATEMENTS 1

7.1. STATEMENT OF RECEIPTS AND PAYMENTS 1
7.2. STATEMENT OF ASSETS AND LIABILITIES 3
7.3. STATEMENT OF CASHFLOWS 4
7.4. SUMMARY STATEMENT OF APPROPRIATION: COMBINED 5
7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT 7
7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT 9
7.7. SIGNIFICANT ACCOUNTING POLICIES 11
7.8. NOTES TO THE FINANCIAL STATEMENTS 17

ANNEXES 29

LIST OF TABLES

Table 1: Revenue performance in FY 2017/2018 ix

Table 2: Departmental performance in FY 2017/2018 xii

Table 3: Public accounts committee members xiv

Table 4: Budget and appropriations committee members xv

Table 5: Audit Committee members xv

LIST OF FIGURES

Figure 1: Narok County revenue sources in FY 2017/2018 ix

Figure 2: County Government Flagship projects completed in FY 2017/2018 x

KEY ENTITY INFORMATION AND MANAGEMENT

(a)Background information

Narok County is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct Town Council of Narok, defunct County Council of Narok and defunct County Council of TransMara. It also provides the services that have been transferred from the national government. The county is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CEC – Finance is financial reporting at the County level.

Vision

"Economic Transformation for a Shared Prosperity."

Mission

"To enhance sustained socio-economic growth through optimal utilization of resources to improve the quality of life for County residents."

Core Values

Narok County upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity, professionalism and team work.

(b)Key management

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

	Name	Designation	Date of holding office
1.	H.E. Samuel Kuntai Tunai	Governor	3 March 2013
2.	H.E. Everlyne Chepkurui Aruasa	Deputy Governor	3 March 2013
3.	Mr. Morgan M. Siloma	CEC, Finance and Economic Planning	Transferred to Finance on 5 August 2015 (from Roads, Transport and Public works) Re appointed for the second term 11th December 2017
4.	Ms.Vivian M. Sereti	CEC, Health Services	5 April 2013 (Transferred from Roads) Re appointed for the second term 11th December 2017

5.	Mr. Joseph Kantet Koila	CEC, Trade, Tourism and Industry	11th December 2017
	Name	**Designation**	**Date of holding office**
6.	Mr. Ezekiel Rono	CEC, Transport and Infrastructure	Re appointed for the second term 11th December 2017
7.	Mr. Julius M. Tompo	CEC, Lands, Housing and Physical Planning Ag. CES, Administration, Coordination of decentralised services, Disaster & Public Service Management.	11th December 2017
8.	Miss Everline K. Cherotich	CEC Agriculture, livestock & Fisheries	11th December 2017
10.	Mr. John Marindany	CEC, Education, Youth Affairs, Sports and Culture	5 April 2013 (transferred to Trade, Tourism and Industry on 10 October 2015) Re appointed for the second term 11th December 2017

(c)Fiduciary management

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

No.	Name	Designation
1.	Mr.Morgan M. Siloma (MBA)	CEC, Finance and Economic Planning
2.	CPA.Dennis ParsoiLetiet, CPA (K) Bcom	Chief Officer, Finance and Economic Planning
3.	Mr. Walter Onkundi Chanua BBM, CPA(K)	Assistant Director and Ag. Head of treasury, Accounting
4.	Mrs. Rhoda Uka, CPA (K)	Chief Accountant

(d)Fiduciary oversight arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2018 were:

1. County Assembly of Narok County;
2. Audit Committee;

3. Public Accounts Committee; and

4. Budget and Appropriations Committee.

(e)Entity headquarters

P.O. Box 898 - 00100
Narok County Building/House/Plaza
Narok-Nakuru Road
Narok, Kenya

(f)Entity contacts
Telephone: (254) 715372004
E-mail: info@narokCcountygovernment.go.ke
Website: www.narok.go.ke

(g)Entity bankers

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

2. Kenya Commercial Bank
   Narok Branch,
   P.O. Box 406 - 20500
   Narok, Kenya

3. Cooperative Bank of Kenya,
   Narok Branch

(h)Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084 – GPO 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. Samuel Kuntai Tunai - Governor H.E. Samuel K. Tunai, EGH was elected the first Governor of Narok County on 3 March 2013. The governor was elected on an agenda of uplifting the living standards of the people of Narok County residents, improving the county roads, boosting agricultural output, improving the health sector and uplifting the people of Narok County from poverty. It is on these key pillars that the government of H.E. Samuel Tunai has been working on since coming into power. Governor Tunai holds a Bachelor's Degree from the University of Nairobi. Before his election as the governor, he served as the Director of Intelligence for National Intelligence Service.
H.E. Evalyn Chepkirui Aruasa – Deputy Governor H.E. Evalyn Chepkirui Aruasa was elected as the first Deputy Governor of Narok County. She has an LLB from Moi University and LLM from Indiana States University. She also has a Diploma from the Kenya School of Law. The Deputy Governor is passionate with girl child empowerment and she is keen on enhancing such programs throughout the county.	

Mr. Morgan M. Siloma - CEC, Finance and Economic Planning

Mr.Morgan M. Siloma was appointed as the CEC, Finance and Economic Planning on 5th August 2013. He has been in the same role and has been driving the financial management agenda in the county.

Before his appointment, he served as the CEC, Roads, Transport and Public works. He also served as CEC, lands Housing and urban Planning.

Ms Vivian Mpeti Sereti - CEC, Health Services

Ms Vivian was appointed the CEC, Health services in Feb 2015. Ms Vivian graduated from the University of Nairobi in 2011 with a Bachelor of Arts with a double major in Geography and Tourism. Until her appointment, she served as the Reservation manager.

Attach photo	**Mrs. Cicilia W. Wuapari - CEC, Trade, Tourism and Industry**
Mr. Ezekiel Rono - CEC, Transport and Infrastructure Mr. Ezekiel Rono was appointed as the CEC, Transport and Infrastructure on 5th April 2013. He holds a BEd degree from Kenyatta University. He also has a Master of Education from Maasai Mara University.	Attach photo
Attach photo	Mr. Julius M. Tompo - **CEC, Lands, Housing and Physical Planning** CEC, Lands, Housing and Physical Planning Ag. CES, Administration, Coordination of decentralised services, Disaster & Public Service Management.

Miss Everline K. Cherotich - **CEC, Agriculture and Water**	Attach photo
Mr. Job Ole Kiyapi -**CEC Environment and Natural Resources**	Attach photo
Attach photo	**Mr.John Marindany - CEC, Education, Youth Affairs, Sports and Culture** Mr. Marindany was appointed to head the Department of **Education, Youth Affairs, Sports and Culture** in February 2016, after serving in the department of health and Roads. He holds a Master of Arts (Basic Education) and a Bachelor of Education from Moi University He has previously served as a teacher and Principal in various schools. He brings into the position over 10 years' experience in Education Management.

1. COMMENTARY BY THE CEC, FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Narok financial statements for the year ended 30th June 2018. The financial statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Financing of the County Governments

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. These are revenues collected within the County. They key local revenue sources for Narok County included business permits, land rates, business plan approval, advertising fees, cesses and various other administrative charges.

The County 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:

1) Automation of revenue collection system and

2) Hiring a reputable revenue collection agent

Financial Performance

a) Revenue

In the year ended 30th June 2018, the County had projected revenues of KShs 9,805,632,548 consisting of KShs 2,483,456,238 from own sources and KShs 7,322,176,310 from the National Government and other sources.

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

Figure 1: NAROK County revenue sources in FY 2017/2018

CARA revenues continue to form the largest part of our revenue budget, contributing 73% towards our budget. Our own generated revenues formed 20% of our budget. The remaining 7% is covered by conditional grants from Government and other agencies.

Out of the projected revenue, the County was able to realise KShs 8,902,315,822 in actual revenues, representing 91% performance. This performance was as a result of under-realization of the own generated revenues whose performance was at 72%. In the table below, we present an analysis of revenue performance during the year.

Table 1: Revenue performance in FY 2017/2018

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
CARA	6,523,200,000	6,523,200,000	100%
Other transfers	798,976,310	598,080,402	75%
Own generated revenues	2,483,456,238	1,781,035,419	72%
Total	**9,805,632,548**	**8,902,315,821**	**91%**

b) Payments

Our total expenditure for the year amounted to KShs 8,351,083,169. KShs 1,875,312,356 was spent on development , Ksh 288,6769,698 was made as as development transfers, summing up to Ksh 2,163,992,054 while KShs **6,187,091,115** was spent on recurrent expenditure representing a ratio of 26:74 respectively.

The County Government has opened over 450km of rural access roads and maintained over over the past one year. Additionally, the County has hired more ECD teachers to bridge the gaps. Educational facilities were constructed as well as health facilities. This will go a long way in improving educational standards and growth for our children and promote health and general wellbeing of our people. The County Government applied force account on most of the road works which resulted in saving costs with a greater achievement in the roads sector.

Much of the recurrent budget was spent on compensation for employees. This was as a result of salary increments awarded to Doctors and Nurses over the past year. However, we appreciate that a well remunerated workforce is necessary for service delivery. As such, we are committed to improving the welfare of our staff.

c) Cash flows

In the FY 2017/2018, we have not had many liquidity disruptions. This was as a result of proper planning by the County and timely disbursements by the National Treasury. The cash and cash equivalents increased from KShs 224,375,940 as at 30th June 2017 to KShs 775,608,591 as at 30th June 2018.

d) Accounts receivables

Imprest management is a critical area of focus in Narok County. Our aim is to adhere to the PFM regulations on imprest management. We appreciate that there is still room for improvement in this area. The main challenge has been to get staff and the Members of County Assembly to account for their imprests on time. Going into FY 2018/2019, we will place more emphasis on complying with the PFM regulations with regards to imprest management.

e) Pending bills

We have increased the pending bills from KShs 1,680,372,462 to KShs **1,858,297,237.00**. These bills largely relate to ongoing works which spilt over to the next FY. Our focus as a County is to settle the bills as soon as possible. In every budget cycle, we ensure that part of the allocations is towards settlement of old outstanding pending bills.

f) Fixed assets

Narok County has made significant investments in fixed assets since coming into office in 2013. Additionally, we inherited some assets from the defunct local Authorities. We are nearing completion in development of comprehensive asset management policy, which we hope to finalize in FY 2018/2019. The policy will among other things incorporate physical verification of all assets, valuation of assets, tagging of assets and proper maintenance of an 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 in unison and synergize. In the table below, we summarize the key activities carried out by each department during the year:

Department	Key activities
Health Services	• New health facilities were constructed • Radiology Ultrasound and Diagnosis equipment in the level 5 hospital • Dialysis machines
Trade, Tourism and Industry	• Maasai Mara unfrastructure rehabilitation • Marketing Narok County as a key tourist destination • Automation of business permit issuance
Transport and Infrastructure	• Opening of access roads • Gravelling of Rural roads
Lands, Housing and Physical Planning	•• Initiated process of Narok Town plots Title issuance • Automation of business permit approval process
Agriculture and Water	• • Supply of certified seeds to farmers • Educating Farmers to farmers on profitable farming Livestock health programmes
Education, Youth Affairs, Sports and Culture	• Governor's Cup football • Narok County cultural day • Construction of classrooms

Table 2: Departmental performance in FY 2017/2018

Despite the notable achievements, we have experienced some challenges during the year. These include:

1) Under-collection of own revenue collection – the actual revenue collected during the year was 72% of the projected revenues. We are exploring ways of boosting revenue collection so as to meet the target.

2) We have also experienced challenges with IFMIS as a result of down times and poor internet connectivity. This has in some instance delayed payments to suppliers.

3) Political processes – there were no delays in approving the budget for FY 2017/2018. This was because of political good-will and harmonious working relationship between the County Executive and the County assembly.

Conclusion

FY 2017/2018 was a good year in general. Good progress was made and the momentum has been created to enable the County Government of Narok continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Narok 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 Narok County.

Morgan M. Siloma

County Executive Committee Member for Finance and Economic Planning,
County Government of Narok.

2. STATEMENT OF CORPORATE GOVERNANCE

Narok County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County is made up of a County Assembly and County Executive. The County Assembly (CA) consists of the Members of County Assembly (MCAs) who are elected by the people to represent them in the Assembly. The CA is headed by the Speaker.

The County Executive is structured in terms of departments, headed by a County Executive Committee (CEC) Member. The CECs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution.

The County Assembly

The County Assembly is made of the MCAs. It is headed by the Speaker who is elected by the MCAs. The CA is the legislative authority in the county. It also plays an oversight role in ensuring that the county resources are well allocated and well spent. The CA is especially critical in the budgeting process. The MCAs meet every week in accordance with the Standing Orders of the County Assembly.

In executing its mandate, the CA has the following oversight committees:

1. Public Accounts Committee
2. Budget and Appropriations Committee

Public Accounts Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year.

Budget and Appropriations Committee

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process.

In addition to the above two committees of the County Assembly, the County Government has an independent Audit Committee which was constituted in 2016 to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties.

Audit Committee

The audit committee's mandate is to advise the County Government on institutional risk management and compliance. The committee held three meetings in FY 2017/2018.

Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give

feedback. In this regard, the County held an Annual consultative meeting in February 2018 where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

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. Narok County complied with this 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" – in FY 2017/2018, Narok County complied with this requirement whereby the recurrent expenditure was KShs 6,187,091,115,
against total revenues of KShs 8,902,315,822. Ksh. 2,163,137,986 was spent on development expenditure while KShs 6,187,091115 was spent on recurrent expenditure representing a ratio of 26:74 respectively.

-

- "A minimum of thirty percent of the county government's budget shall be allocated to the development expenditure" – in FY 2017/2018, KShs 3,290,130,040 (34%) was allocated to development expenditure against a total budget of KShs 9,805,632,548.

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 entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

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

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for Finance on 28, September 2018.

Morgan M. Siloma,
County Executive Committee member – Finance and Economic Planning.

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Narok set out on pages 1 to 36, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of appropriation: recurrent, development and 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Narok as at 30 June 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 County Own Generated Receipts- Single Business Permit

The county own generated receipts balance of Kshs.1,781,035,419 includes revenue of Kshs.31,410,023 which was generated from Single Business Permits (SBP). However, the Single Business Register shows that there were 8,444 eligible businesses who were invoiced for a total sum of Kshs.60,761,867. This implies that the county government had outstanding fees from single business permits amounting to Kshs.29,351,844 (or 48%) of the SBP revenue.

2.0 Grants for Health Sector Support Fund

The statement of receipt and payments reflects transfers from other government entities of Kshs.598,080,402 which includes conditional grants for Health Sector Support Fund (HSSF) of Kshs.162,981,737. The HSSF grants comprises Health Centre & Dispensaries (HCD) user fees of Kshs.20,106,734, World Bank Result Based Financing (RBF) of Kshs.81,201,403 and Danida HSSF of Kshs.15,267,292. These monies are received in the Health Special Purpose Account No.1000 294 779 for onward transfer to health centers and dispensaries to support their activities. However, examination of various records show that the amount received in the Special Purpose Account was Kshs.210,274,956, which differs with the HSSF grants in the financial statement by Kshs.49,509,953 as shown below:

Component	Amount as per the Financial Statement (Kshs)	Amount as per the Special Purpose Account (Kshs)	Variance (Kshs)
HCD –User Fees	20,106,734	10,053,367	(10,053,367)
World Bank RBF	81,201,403	138,000,000	56,798,597
DANIDA HSSF	15,267,292	24,212,292	8,945,000
World Bank Transforming Health System (THS)	38,009,297	38,009,297	0
DANIDA THS	8,397,011	0	8,397,011
Total	**162,981,737**	**210,274,956**	**49,509,953**

The variances have not been explained.

3.0 Compensation of Employees - Casual Wages

The compensation of employees balance of Kshs.3,383,671,695 includes an expenditure of Kshs.12,125,115 in respect of casual wages paid during the year. The casual workers were engaged in the County Department of Health. However, the expenditure on casual wages was not supported by approval letters from the CPSB as required by clause B.16 of the County Public Service Human Resource Manual, master rolls and letters of engagement. Therefore, it was not possible to confirm whether the expenditure of Kshs.12,125,115 in respect of casual wages was justified.

4.0 Garbage Collection Services

The use of goods and services balance includes other operating expenses of Kshs.842,641,934 out of which Kshs.14,253,753 was paid to two firms for garbage collection services at a cost of Kshs.13,920,000 and Kshs.3,813,753 respectively. According to the contract agreement for cleaning and garbage collection, the service provider is required to submit to the County government certified job cards showing details of the job done within a specified period. However, the payment vouchers were not supported by documents to verify the job done.

Therefore, the propriety of the expenditure of Kshs.14,253,753 in respect of garbage collection services could not be confirmed.

5.0 Travel and Subsistence

The use of goods and services balance of Kshs.1,935,758,883 includes an expenditure of Kshs.96,561,065 in respect of domestic travel and subsistence. Out of this amount, payments totaling Kshs.12,907,814 were made to various officers for domestic travel and subsistence. However, no supporting documents have been provided to confirm that the funds were spent for the intended purposes.

Consequently, the regularity and occurrence of the expenditure of Kshs.12,907,814 in respect of domestic travel and subsistence could not be confirmed.

6.0 Foreign Travel

The use of goods and services balance includes an expenditure of Kshs.20,007,178 in respect of foreign travel. Out of this amount, payments totaling Kshs.2,722,350 were made to five (5) officers through imprest system. However, at the time of audit in October 2018,

the amount had not been accounted for. Therefore, the occurrence and propriety of the expenditure could not be confirmed.

7.0 Routine Maintenance of Vehicles and other Transport Equipment

The use of goods and services expenditure includes Kshs.77,825,086 in respect of routine maintenance of vehicles and other transport equipment. The motor vehicle register showed that the County Government owns ninety-seven (97) motor vehicles and other transport equipment. Even though work tickets and list of vehicles were provided for audit, other supporting documents like expenditure receipts, fuel register, inspection certificates and payment vouchers were not presented for audit verification. Therefore, the validity of the expenditure of Kshs.77,825,086 in respect of maintenance of vehicles and other transport equipment could not be confirmed.

8.0 Unsupported Expenditure - Refurbishment of Buildings

The acquisition of assets figure of Kshs.1,875,312,356 includes expenditure of Kshs.60,531,468 in respect of refurbishment of buildings. Out of this amount, is Kshs.4,101,457 for which supporting documents were not provided for audit review. In the circumstance, it was not possible to confirm the correctness, occurrence and validity of the expenditure of Kshs.4,101,457 in respect of refurbishment of buildings.

9.0 Maasai Mara Community Support Fund - Payments of Medical Bills

The transfer to other government units balance of Kshs.468,368,521 includes Kshs.139,528,988 in respect of remittances to the Maasai Mara Community Support Fund (MMCSF). Out of the remittance, Kshs.9,957,621 was used to settle medical bills. According to Section 15 (2) of the Maasai Mara Community Support Fund Act 2016, medical bills are settled for members of the community who are injured as a result of wildlife aggression. However, although there was evidence of the affected people attending various hospitals, there was no evidence to indicate that persons whose bills were paid, had suffered due to wildlife aggression.

10.0 Accounts Receivables - Outstanding Imprest

The statement of assets and liabilities reflects outstanding imprest of Kshs.12,992,364 as at 30 June 2018, whose breakdown is provided under Note 15 to the financial statements. However, examination of the imprest register revealed that it did not reflect vital details such as the personal numbers of the staff who held imprest and the reference numbers of payment voucher for cases that had been surrendered.

Therefore, the validity and accuracy of the outstanding imprest balance of Kshs.12,992,364 as at 30 June 2018 could not be confirmed.

11.0 Fixed Assets

Annex 3 to the financial statements reflects a balance of Kshs.37,573,561,199 which is the summary of fixed assets owned by the County Government. However, the fixed asset register reflects a summary of Kshs.49,667,708,457, which implies a variance of Kshs.12,094,147,258. It was noted that the register also reflects assets inherited from the defunct local authorities which were under the jurisdiction of Narok County. However, verification of these assets and formal handing over to the County Government has not been done.

Consequently, the completeness and accuracy of the balance of fixed assets as at 30 June 2018 could not be confirmed.

12.0 Unaccounted for Rent Income

During financial year 2017/18, the County Government deducted Kshs.7,068,026 through the salary payroll as rent receivable from their staff who occupy the County houses. However, the amount was not remitted to the County Revenue Fund Account as required by Section 109(2) of the Public Finance Management Act, 2012 which provides that all money raised or received by or on behalf of the County Government is paid into that account.

Further, the County Government did not collect rent estimated at Kshs.2,568,000 from its 26 houses inside and around the Maasai Mara National Reserve.

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

Emphasis of Matter

Pending Bills

Annex 1 to the financial statements reflects a balance of Kshs.1,858,297,237 in respect of pending bills as at 30 June 2018. Out of the amount, Kshs.637,151,857 was owed to suppliers of goods and services while Kshs.1,221,145,380 was owed to civil works contractors. However, bills amounting to Kshs.758,297,237 were yet to be supported by local procurement orders, invoices, fee notes and delivery notes.

Key Audit Matters

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

Other Matter

1.0 Variance between figures in the Financial Statement and those in IFMIS

A comparison between data obtained from the Integrated Financial Management Information System (IFMIS) and the expenditure balances in the financial statement revealed material variances as shown in the table below:

Item	IFMIS Figures Kshs	Financial Statements Kshs	Variance Kshs
Acquisition of Assets	372,813,463.90	1,853,084,070.00	1,480,270,606.10
Compensation of Employees	2,452,327,381.50	3,383,671,694.96	931,344,313.46
Exchequer releases	12,002,688,000.00	6,523,200,000.00	-5,479,488,000.00
Other Grants and Transfers	307,866,080.75	198,200,000.00	-109,666,080.75
Other Receipts	4,810,954,421.65	-	-4,810,954,421.65

Proceeds from Domestic and Foreign Grants	208,544,734.80		
Social Security Benefits	83,383,168.75	-	- 83,383,168.75
Transfers from Other Government Entities	780,676,388.00	598,080,402.40	-182,595,985.60
Transfers to Other Government Units	568,527,220.00	980,368,521.00	411,841,301.00
Use of goods and Services	865,080,804.75	1,935,758,883.00	1,070,678,078.25

Concrete review of IFMIS data and reconciliation is required to be made to determine the correct position of the county financial statements.

2.0 Unaccounted for Receipt Books

Examination of the counterfoil receipt book register (CRBR) revealed that 9 receipt books, each holding 50 receipts (totaling to 450 receipts) for collection of miscellaneous income issued to staff had not been surrendered at the time of audit in October 2018. Some of the books had been outstanding for over one year. The receipts were meant to collect various types of revenue under miscellaneous income, and therefore it was not possible to estimate the actual revenue collected.

Further, the CRBR also indicated that 109 receipt books issued to officers for collection of revenue from markets and car parks, had not been surrendered at the time of audit in October 2018. Some of the receipt books were issued as far back as 2014.

It appears that adequate safeguards have not been put in place for the prompt collection and proper accounting for revenue as required by clause 63(1)(a) of the Public Finance Management (County Governments) Regulations, 2015.

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

1.0 Over-Employment of Staff

The statement of receipt and payments reflects expenditure of Kshs.3,383,671,695 in respect of compensation of employees whose population was 4904 as at 30 June 2018. In a meeting held on 18 February 2015, the County Public Service Board (CPSB), adopted a report on capacity assessment and rationalization of the public service (CARP), prepared by a local firm, which indicated that the optimal number of staff for all the four hundred and sixty-seven (467) cadres in the County's establishment is 6216. However, the audit analysis revealed that in 40 out of the 467 cadres, the County Government has over-employed 249 staff beyond the optimal number. It was further noted that there were several vacancies in

other cadres which have not been filled. Therefore, the level of expenditure of Kshs.3,383,671,695 in respect of compensation of employees is significantly high and unsustainable.

2.0 Procurement of Goods - Laundry Equipment

The County Government procured laundry equipment from a company at a cost of Kshs.20,665,400. The items were supplied to three different hospitals, Narok District Hospital, Lolgorian Hospital and Ololulunga Sub County Hospital. It was noted that quotations were invited from six suppliers out of whom three responded. However, the request for quotations method for the procurement was irregular since the expenditure was above the maximum threshold of Kshs.1,000,000 allowed for Class A entities. Therefore, it is not possible to confirm if the items were procured at the most economical value.

3.0 Stalled Project - Construction of Facilities in Schools

In the financial year 2016/2017, Kshs.393,116,850 was remitted to primary schools and early childhood learning centres for the construction of classrooms and other infrastructure. A further Kshs.212,110,000 was remitted to secondary schools for construction of classrooms, laboratories, dormitories and other school infrastructure, all totalling Kshs.605,226,850. Physical verification done on 8 November 2018 revealed that the structures were not complete and there was no work going on.

In the circumstance, the objective of these projects have not been achieved. Further, the public has not realized value out of the funds that have been tied in the stalled projects.

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 procedures performed, except for the matter 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

Lack of an Audit Committee

The County Executive of Narok on 29 July 2016, posted an advertisement in a newspaper with national circulation, inviting applications for membership to the County Audit Committee. However, at the time of audit in October 2018, no committee had been established as required by clause 167(1) of the Public Finance Management (County Governments) Regulations 2015. Therefore, the County Executive was in breach of the law.

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

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective

way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 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.

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

Nairobi

28 February 2019

6. FINANCIAL STATEMENTS

6.1.STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-18 Kshs	2016-17 Kshs
RECEIPTS			
Tax Revenues	-	-	-
Social Security Contributions	-	-	-
Proceeds from Domestic and Foreign Grants	1	-	-
Transfers from National Treasury	2	6,523,200,000	5,705,712,796
Transfers from Other Government Entities	3	598,080,402	262,651,973
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	-	-	-
Proceeds from Sale of Assets	-	-	-
Reimbursements and Refunds	-	-	-
Returns of Equity Holdings	-	-	-
County Own Generated Receipts	5	1,781,035,419	1,588,036,662
TOTAL REVENUES		**8,902,315,822**	**7,556,401,431**
PAYMENTS			
Compensation of Employees	6	3,383,671,695	3,079,485,903
Use of goods and services	7	1,915,530,597	1,711,371,460
Subsidies	-	-	-
Transfers to Other Government Units	8	468,368,521	332,380,000
Other grants and transfers	9	708,200,000	639,750,222
Social Security Benefits	10	-	-
Acquisition of Assets	11	1,875,312,356	1,698,788,984
Finance Costs, including Loan Interest	12	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-
Other Expenses	13	-	-
TOTAL PAYMENTS		**8,351,083,169**	**7,461,776,568**
SURPLUS/DEFICIT		**551,232,653**	**94,624,863**

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

Chief Officer

Head of Treasury Accounts

6.2. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017-18 Kshs	2016-2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	14A	762,616,227	221,399,938
Cash Balances	14B	-	-
Total Cash And Cash Equivalents		**762,616,227**	**221,399,938**
Accounts Receivables - Outstanding Imprest and Clearence Accounts	15	12,992,364	2,976,000
TOTAL FINANCIAL ASSETS		**775,608,591**	**224,375,938**
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	16		
NET FINANCIAL ASSETS		**775,608,591**	**224,375,938**
REPRESENTED BY			
Fund balance b/fwd	17	**224,375,938**	**129,751,075**
Surplus/Defict for the year		**551,232,653**	**94,624,863**
Prior year adjustments		-	-
NET FINANCIAL POSSITION		**775,608,591**	**224,375,938**

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

Chief Officer

Head of Treasury Accounts

6.3. STATEMENT OF CASHFLOWS

	Note	2017-18 Kshs	2016-2017 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Tax Revenues	-	-	-
Social Security Contributions	-		
Proceeds from Domestic and Foreign Grants	1	-	-
Transfers from National Treasury	2	6,523,200,000	5,705,712,796
Transfers from Other Government Entities	3	598,080,402	262,651,973
Reimbursements and Refunds	-	-	-
Returns of Equity Holdings	-	-	-
Other Revenues	5	1,781,035,419	1,622,091,508
		8,902,315,822	**7,492,549,396**
Payments for operating expenses			
Compensation of Employees	6	- 3,383,671,695	3,079,485,903
Use of goods and services	7	- 1,915,530,597	1,711,371,460
Subsidies	80	-	-
Transfers to Other Government Units	8	- 468,368,521	322,380,000
Other grants and transfers	9	- 708,200,000	639,750,222
Social Security Benefits	10	-	-
Finance Costs, including Loan Interest	12	-	-
Other Expenses	13	-	-
		- **6,475,770,813**	- **5,762,987,584**
Adjusted for:			
Changes in receivables			
Changes in payables		-	-
Adjustments during the year		-	-
Net cashflow from operating activities		**2,426,545,009**	**1,793,413,848**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	-	-	-
Acquisition of Assets	11	(1,875,312,356)	(1,698,788,984)
Net cash flows from Investing Activities		**(1,875,312,356)**	**(1,698,788,984)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	-	-	-
Proceeds from Foreign Borrowings	-	-	-

Repayment of principal on Domestic and Foreign borrowing	-	-	-
Net cash flow from financing activities	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**551,232,653**	**94,624,864**
Cash and cash equivalent at BEGINNING of the year	17	**224,375,938**	**129,751,077**
Cash and cash equivalent at END of the year	14&15	**775,608,590.99**	**224,375,940.4**

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

Chief Officer

Head of Treasury Accounts

SUMMARY

6.4. STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Tax Receipts						-
Social Security Contributions						-
Proceeds from Domestic and Foreign Grants						-
Exchequer releases	6,521,168,288	2,031,712	6,523,200,000	6,523,200,000	-	100%
Transfers from Other Government Entities	420,455,983	378,520,327	798,976,310	598,080,402	200,895,908	75%
Proceeds from Domestic Borrowings	-	-	-		-	-
Proceeds from Foreign Borrowings	-	-	-		-	-
Proceeds from Sale of Assets	-	-	-		-	-
Reimbursements and Refunds	-	-	-		-	-
Returns of Equity Holdings	-	-	-		-	-
Other Receipts	4,014,367,463	1,530,911,225	2,483,456,238	1,781,035,419	702,420,819	72%

Total Receipts	10,955,991,734	1,150,359,186	9,805,632,548	8,902,315,822	903,316,726	91%
Payments						
Compensation of Employees	2,765,705,448	640,726,764	3,406,432,212	3,383,671,695	22,760,517	99%
Use of goods and services	1,656,229,736	183,760,178	1,839,989,914	1,915,530,597	75,540,683	104%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	1,848,388,760	427,630,533	1,420,758,227	468,368,521	952,389,706	33%
Other grants and transfers	900,000,000	190,000,006	709,999,994	708,200,000	1,799,994	100%
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	3,785,667,790	1,357,215,588	2,428,452,202	1,875,312,356	553,139,846	77%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	
Other Expenses	-	-	-	-	-	
	10,955,991,734	1,150,359,186	9,805,632,548	8,351,083,169	1,454,549,379	85%

(a) The difference in exchequer releases is as a result of unspent funds from the previous year which were swept back to CRF.

(b) The budget on finance costs was low as a result of lower interest rates in the year.

(c) The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams such as land rates, business permits and cesses.

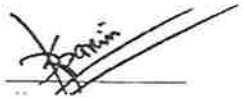
(d) The budget on other payments, particularly on settling pending bills, was also underutilised as a result of slow progress by the suppliers to complete the contracted works. As such, not all the pending bills were not fully settled.

(e) Utilisation of finance costs budget was also lower than expected due to low interest rates which came up as a result of interest rates capping in 2016.

SUMMARY

(f) *The low utilization of the development budget was as a result of delays in approving the budget. As a result, commencement of some projects delayed.*

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



Chief Officer

Head of Treasury

6.5. STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Tax Receipts						-
Social Security Contributions						-
Proceeds from Domestic and Foreign Grants						-
Exchequer releases	6,521,168,288	2,031,712	6,523,200,000	6,523,200,000	-	100%
Transfers from Other Government Entities	420,455,983	378,520,327	798,976,310	598,080,402	200,895,908	75%
Proceeds from Domestic Borrowings			-		-	-
Proceeds from Foreign Borrowings			-		-	-
Proceeds from Sale of Assets			-		-	-
Reimbursements and Refunds			-		-	-
Returns of Equity Holdings			-		-	-
Other Receipts	4,014,367,463	-1,530,911,225	2,483,456,238	1,781,035,419	702,420,819	72%

SUMMARY

Total Receipts	10,955,991,734	- 1,150,359,186	9,805,632,548	8,902,315,822	903,316,726	91%
Payments						
Compensation of Employees	2,765,705,448	640,726,764	3,406,432,212	3,383,671,695	- 22,760,517	99%
Use of goods and services	1,656,229,736	183,760,178	1,839,989,914	1,915,530,597	75,540,683	104%
Subsidies		-	-		-	
Transfers to Other Government Units	1,396,710,916	(427,630,533)	969,080,383	218,688,823	- 750,391,560	23%
Other grants and transfers	300,000,000	-	300,000,000	669,200,000	140,800,000	53%
Social Security Benefits		-	-		-	
Acquisition of Assets			-		-	-
Repayment of principal on Domestic and Foreign borrowing			-		-	
Other Expenses			-		-	
	6,118,646,100	**396,856,408**	**6,515,502,508**	**6,187,091,115**	- **328,411,393**	**95%**

(a) The difference in exchequer releases is as a result of unspent funds from the previous year which were swept back to CRF.

(b) The budget on finance costs was low as a result of lower interest rates in the year.

(c) The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams such as land rates, business permits and cesses.

(d) The budget on other payments, particularly on settling pending bills, was also underutilised as a result of slow progress by the suppliers to complete the contracted works. As such, not all the pending bills were not fully settled.

(e) *Utilisation of finance costs budget was also lower than expected due to low interest rates which came up as a result of interest rates capping in 2016.*

(f) *The low utilization of the development budget was as a result of delays in approving the budget. As a result, commencement of some projects delayed.*

The entity financial statements were approved on ____28.Sep ____ 2018 and signed by:

Chief Officer

Head of Treasury

6.6. STATEMENT OF APPROPRIATION: DEVELOPMENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Tax Receipts						-
Social Security Contributions						-
Proceeds from Domestic and Foreign Grants						-
Exchequer releases						-

SUMMARY

Transfers from Other Government Entities						-
Proceeds from Domestic Borrowings						-
Proceeds from Foreign Borrowings						-
Proceeds from Sale of Assets						-
Reimbursements and Refunds						-
Returns of Equity Holdings						-
Other Receipts						-
Total Receipts	-	-	-	-	-	-

Payments						
Compensation of Employees			-			-
Use of goods and services			-		-	-
Subsidies			-		-	-
Transfers to Other Government Units	451,677,844		451,677,844	249,679,698	201,998,146	55%
Other grants and transfers	600,000,000	- 190,000,006	409,999,994	39,000,000	- 370,999,994	10%
Social Security Benefits			-		-	-
Acquisition of Assets	3,785,667,790	- 1,357,215,588	2,428,452,202	1,875,312,356	- 553,139,846	77%
Repayment of principal on Domestic and Foreign borrowing			-		-	-
Other Expenses			-		-	-
	4,837,345,634	- 1,547,215,594	3,290,130,040	2,163,992,054	- 1,126,137,986	66%

a) *The difference in exchequer releases is as a result of unspent funds from the previous year which were swept back to CRF.*
b) *The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams such as land rates, business permits and cesses.*
c) *The low utilization of the development budget was as a result of delays in approving the budget. As a result, commencement of some projects delayed.*

The entity financial statements were approved on ___8, Sep ___ 2018 and signed by:

Chief Officer

Head of Treasury

6.7. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash-basis 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 imprest and salary advances and b) payables that include deposits and retentions.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling.

The accounting policies adopted have been consistently applied to all the years presented.

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

2. Reporting entity

The financial statements are for the Narok County Government. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 and comprises of (County Executive of Narok, County Assembly of Narok, and the Car loan and mortgage fund)

The consolidated financial statements include all budgetary entities controlled by the County Government. A detailed schedule of consolidated entities in included under appendix 4.

3. Basis of consolidation

This consolidation is based on unaudited financial statements submitted by the individual entities to the Office of the Auditor General as at 30th September 2018 with a copy to the Controller of Budget, the County Treasury and the Commission on Receipts Allocation.

The financial statements are aggregated on a line by line basis with the inter-entity transactions of receipts and payment being eliminated at consolidation level to avoid overstatement of receipts or payments.

The entities' accounting policies have been adjusted to form a consistent basis, where their effect is deemed material to this consolidated financial statement.

3. **Elimination**

Material balances between entities included in this consolidation have been eliminated. This has been informed by the inter-entity elimination template that is completed by the entities and submitted to the County Treasury.

5. **Recognition of receipts and payments**

a) **Recognition of receipts**

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

Tax receipts

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

Transfers from the Exchequer

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

External Assistance

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

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing

satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

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

Repayment of borrowing (principal amount)

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

Acquisition of fixed assets

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

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

6. In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or

personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

7. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018. There were no other restrictions on cash during the year

8. 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.

9. 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.

10.Non-current assets

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

11.Pending bills

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

charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

12. 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 *Narok County Government's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 30th April 2017 for the period 1st July 2017 to 30th June 2018 as required by law. There was one of supplementary budget passed in the year. A high-level assessment of the *Narok County's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

13. Comparative figures

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

14. 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.

15. 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.

16. 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.

17. Disclosure of entities included in consolidation

The County Government consolidated financial statements consist of a total of three entities consolidated for the financial year ended 30th June 2018 that are considered as budgetary entities. These entities, together with their results for the year are disclosed under appendix 4.

18. Disclosure of entities excluded from consolidation

None of the entities eligible for consolidation under the County Government budgetary cluster for the year ended 30th June 2018 has been excluded from consolidation.

6.8.NOTES TO THE FINANCIAL STATEMENTS

1.PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

These refer to grants received from domestic and foreign donors. The funds include grants received directly by the County Government and those that are received by the National Government first and disbursed to the County.

	FY2017/2018 KShs	FY2016/2017 KShs
Grants Received from Bilateral Donors (Foreign Governments)		
Government of Country A	-	-
Grants Received from Multilateral Donors (International Organizations)		
World Bank Health Funds		-
United Nations Population Fund	-	-
World Health Organization (WHO)	-	-
Clinton Health Initiative (CHAI)	-	-
AIDS Health Foundation	-	-
Médecins Sans Frontières (MSF)	-	-
Grants Received from other levels of government		
National Government – Special purpose grant	-	-
Total		

2.EXCHEQUER RELEASES

Exchequer releases refer to funds disbursed by the National Treasury to the County Government from the Exchequer. These funds are part of the allocations stipulated in County Allocation of Revenue Act (CARA) 2016. The exchequer releases include Equitable Share, DANIDA health funds and Level 5 hospital allocation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Description and reference of the transfer	2017-2018	2016-2017
	Kshs	Kshs
1st quarter transfer	913,248,000.00	1,426,428,200
2nd quarter transfer	1,859,112,000.00	1,454,956,764
3rd quarter transfer	1,630,800,000.00	1,426,428,200
4th quarter transfer	2,120,040,000.00	1,397,899,632
Total	**6,523,200,000.00**	**5,705,712,796**

The split between equitable share allocation, Level 5 hospital funds, and DANIDA Health Funds is as shown below:

	FY2017/2018 KShs	FY2016/2017 KShs
Equitable Share		-
Level 5 Hospital Funds		-
DANIDA Health Funds		-
Total	-	-

3.TRANSFERS FROM OTHER GOVERNMENT ENTITIES

These refer to funds disbursed to the County Government from other government entities. These transfers are part of the conditional allocations stipulated in CARA 2016. In FY 2017/2018, Narok County received funds from the National Government's Ministry of Health and the State Department of Infrastructure as shown below:

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers from Central government entities		
RMLF	225,301,201.00	87,668,239
HCD user fees	20,106,734.00	20,106,734
GOK free Maternity		70,440,000

KDSP	127,722,855	
NARIG- AGRI	50,609,855.40	
World Bank RBF	81,201,403	
DANIDA (HSSF)	15,267,292.00	8,945,000
VILLAGE POLYTECHNIC	31,465,754	
Medical Equip Maint		75,492,000
World bank -THS	38,009,297	-
DANIDA-THS	8,397,011	-
TOTAL	598,080,402.40	262,651,973

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4.PROCEEDS FROM DOMESTIC BORROWINGS

These relate to proceeds realized from domestic borrowings in FY 2017/2018.Narok County borrowed from the National Government, the Central Bank and local commercial banks. The proceeds were to finance development expenditure.

	FY2017/2018 KShs	FY2016/2017 KShs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
ther Domestic Depository Corporations (Commercial Banks)	-	-
Total		

5.COUNTY OWN GENERATED RECEIPTS

- The balance relates to funds generated from the County's local sources.

	2017-2018	2016-2017
	Kshs	Kshs
Interest Received	-	-

Profits and Dividends		-
Rents	7,841,436.55	-
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges		-
Receipts from Administrative Fees and Charges - Collected as AIA		-
Receipts from Incidental Sales by Non-Market Establishments		-
Receipts from Sales by Non-Market Establishments		-
Receipts from Sale of Incidental Goods		-
Fines Penalties and Forfeitures		-
Receipts from Voluntary transfers other than grants		-
Other Receipts Not Classified Elsewhere		-
Business Permits	31,410,023.00	27,833,932
Cess	37,847,574.00	32,653,611
Poll Rates	-	-
Plot Rents	19,066,637.00	106,302,171
Other Local Levies		11,362,940
Administrative Services Fees	-	-
Various Fees	-	-
County's Natural Resources Exploitation-maasai Mara	1,667,168,152.80	1,364,357,407
Sales Of Council Assets	-	-
Lease / Rental Of Council'S Infrastructure Assets	-	-
Other Miscellaneous Revenues	7,294,446.00	21,677,276
Other Miscellaneous Revenues	-	-

Insurance Claims Recovery	-	-
Medium Term Loans (1-3 Yr Repayment)	-	-
Long Term Loans (Over 3 Yr Rpayment)	-	-
Transfers From Reserve Funds	-	-
Donations	-	-
Fund Raising Events	-	-
Other Revenues From Financial Assets Loan	-	-
Market/Trade Centre Fee	5,263,950.00	4,162,408
Vehicle Parking Fees	2,014,800.00	915,700
Housing	-	6,071,217
Social Premises Use Charges	-	-
School Fees	-	-
Other Education-Related Fees	-	-
Other Education Revenues	-	-
Public Health Services	-	-
Public Health Facilities Operations	-	-
Environment & Conservancy Administration	3,128,400.00	12,700,000
Slaughter Houses Administration	-	-
Water Supply Administration	-	-
Sewerage Administration	-	-
Other Health & Sanitation Revenues	-	-
Technical Services Fees	-	-
External Services Fees	-	-
System Required Revenue A/cs	-	-

Total	1,781,035,419.35	1,588,036,662

6.COMPENSATION OF EMPLOYEES

This relates to the compensation paid to employees. The balance comprises of staff salaries, allowances, social security contributions and other personnel related payments.

	2017-2018	2016-2017
	Kshs	Kshs
Basic salaries of permanent employees	3,136,328,928	2,745,495,326
Basic wages of temporary employees	12,125,115	19,539,294
Personal allowances paid as part of salary	2,840,000	
Personal allowances paid as reimbursements		
Personal allowances provided in kind		
Pension and other social security contributions	225,069,883	
Compulsory national social security schemes	4,168,000	
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments	3,139,769	314,451,283
Total	**3,383,671,695**	**3,079,485,903**

7.USE OF GOODS AND SERVICES

The balance relates to the cost incurred on general office supplies, air tickets, subsistence allowances, cost of services, routine maintenance of assets and other expenditure incurred on a recurring basis.

	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	40,657,276.00	22,971,872

Communication, supplies and services	49,880,258.00	43,386,668
Domestic travel and subsistence	96,561,065.00	76,824,274
Foreign travel and subsistence	20,007,178.00	16,058,113
Printing, advertising and information supplies & services	90,064,391.00	44,002,554
Rentals of produced assets	124,568,884.00	56,649,686
Training expenses	46,501,545.00	37,337,202
Hospitality supplies and services	101,083,809.00	102,346,063
Insurance costs		3,205,803
Specialised materials and services	306,937,869.00	183,627,079
Office and general supplies and services	80,660,289.00	70,861,206
Other operating expenses	842,641,934.00	957,011,224
Routine maintenance – vehicles and other transport equipment	77,825,086.00	67,039,380
Fuel Oil and Lubricants	38,141,013.00	30,050,335
Routine maintenance – other assets		
Total	**1,915,530,597.00**	**1,711,371,460**

8. TRANSFER TO OTHER GOVERNMENT ENTITIES

This refers to transfers made by the County Government to other County Government Entities, which have not been consolidated in this set of financial statements. The transfers were made to central government, counties/ schools, MMCSF, HSSF, Assembly recurrent and development.

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to Central government entities		
Transfers to Counties schools		
MMCSF	139,528,988.00	260,600,000
HSD User fees foregone	20,106,734.00	
RBF World Bank	119,338,753.00	
DANIDA	15,267,292.00	
THS	7,866,189.00	
HSSF		1,780,000
Transfers to County Asssembly-Rec		
Transfers to County Asssembly-Dev	30,000,000	70,000,000
NARIGP	56,109,855.00	
RMLF	80,150,710.00	
TOTAL	**468,368,521**	**332,380,000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. OTHER GRANTS AND OTHER PAYMENTS

This refers to grants and other transfers made by the County Government. These grants and transfers are made for a specific purpose. They include scholarship and bursary grants, payments from the emergency fund and subsidies to youths, women and persons with disabilities.

	2017-2018	2016-2017
	Kshs	Kshs
Scholarships and other educational benefits	159,200,000.00	94,324,290
County assembly car and mortgage	39,000,000.00	
County Assembly recurrent	510,000,000	545,425,932

Total	708,200,000	639,750,222

10.SOCIAL SECURITY BENEFITS

This balance relates to social security benefits contributed by the County Government on behalf of its employees. The benefits include employer contribution to National Social Security Fund (NSSF).

	FY2017/2018 KShs	FY2016/2017 KShs
Government pension and retirement benefits		-
Social security benefits in cash and in kind		-
Employer Social Benefits in cash and in kind		-
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
11. ACQUISITION OF ASSETS

This refers to the development expenditure incurred by the County Government. This has been classified in terms of the assets acquired by the County government in the year.

	2017-2018	2016-2017
	Kshs	Kshs
Non Financial Assets		
Purchase of Buildings		
Construction of Buildings	48,814,224.00	10,814,734
Refurbishment of Buildings	60,531,468.00	1,114,670,633
Construction of Roads	954,476,506.00	27,325,303
Construction and Civil Works	706,212,189.00	278,785,216
Overhaul and Refurbishment of Construction and Civil Works		75,595,881
Purchase of Vehicles and Other Transport Equipment	15,000,000.00	
Overhaul of Vehicles and Other Transport Equipment		43,908,321
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	1,530,843.00	
Purchase of Specialised Plant, Equipment and Machinery	76,678,353.00	13,675,040
Rehabilitation and Renovation of Plant, Machinery and Equip.		51,595,952
Purchase of Certified Seeds, Breeding Stock and Live Animals		
Research, Studies, Project Preparation, Design & Supervision	8,760,497.00	1,315,000
Rehabilitation of Civil Works		27,431,617
Acquisition of Strategic Stocks and commodities	2,800,000.00	44,400,000
Acquisition of Land		
Acquisition of Intangible Assets		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Purchase of ICT Equipment	508,276.00	9,271,288
Financial Assets		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Foreign financial Institutions operating Abroad		
Other Foreign Enterprises		
Foreign Payables - From Previous Years		
Total	1,875,312,356.00	1,698,788,984

12. FINANCE COSTS, INCLUDING LOAN INTEREST

Finance costs refer to bank charges incurred on the County's bank accounts and interest charged on borrowings.

	FY2017/2018 KShs	FY2016/2017 KShs
Interest on domestic borrowings (Non-Govt)		-
Interest on borrowings from Other Government Units		-
Bank charges		-
Total		

13.OTHER EXPENSES

The balance relates to cost incurred in settling pending bills from prior periods.

	FY20172018 KShs	FY20162017 KShs
Budget Reserves		-
Civil Contingency Reserves		-
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
14.CASH AND CASH EQUIVALENTS

A.BANK ACCOUNTS

The balances refer to cash and cash equivalent balances held as at 30th June 2018 in all the County's bank accounts.

Name of Bank, Account No. & currency		Indicate whether recurrent, Development, deposit, revenue, CRF e.t.c	2017-2018	2016-2017
			Kshs	Kshs
Narok County Revenue Fund-CBK 1000171693	Kes	Revenue	619,051,506.10	12,767,123.80
Narok County Recurrent- CBK 1000171348	Kes	Recurrent	195,228.00	133,379.15
Narok County Development- CBK 1000171324	Kes	Development	361,525.00	115,169.50
RMLF CBK 1000282967	Kes	Special purpose	500,000.00	19,100.00
Narok County Health Special Purpose CBK 1000294779	Kes	Special purpose	71,762.35	31,988.00
Narok county Village Polytechnic - CBK-1000367245	kes	Special purpose	23,000,000.00	
Narok County Agriculture Special Purpose-CBK-1000365374	kes	Special purpose	500,000.00	
Narok County Deposit Account CBK 1000282991	Kes	Special purpose	3,611,361.00	-
Narok county revenue Collection Account-Coop 010141338976600	Kes	Revenue	1,649.99	1,649.99
Narok county Standing Imprest account-KCB 1140090933	Kes	Operations	34,157.59	13,350,399.59
Narok county revenue Collection Account-KCB 1140091263	Kes	Revenue	631,666.45	51,073,760.00
Narok county revenue Collection Account-KCB 1143225325	USD	297588.53@103	82,197.09	30,651,618.59
Operations roads and transport KCB 1167422651	Kes	Operations	775.55	2,571.00
Narok County Debt Collection A/c KCB 1180435494	Kes	Debt col	647,246.00	5,006,349.20
Bursary Fund TNB162810	Kes	Bursary fund	186,300.00	854.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Agriculture Livestock $Fisheries KCB 1167422821	Kes		114.50	2,309.50
Health and sanitation KCB 1167422937	Kes		2,138.60	1,203.60
Education and Social services Coop 01141660233200	Kes		842.62	2,252,767.01
Public service Management Family Bank 029000073079	Kes		223.11	71.85
Tourism and trade Coop01141660212800	Kes		2,979.80	10,001.50
Lolgorian sub county hospital Collection A/c Coop 01141480193900	Kes		2,443,072.00	1,300,490.00
Lolgorian sub county hospital Coop 01141480193901	Kes		170.00	5,830.00
Narok County Referal hospital Collection KCB 1159595607	Kes		10,062,672.00	4,137,117.00
Narok County Referal hospital operations KCB 11595646554	Kes		3,557.55	1,763.55
Trans mara west subcounty hospital Collection Coop 01141480194000	Kes			1,196,720.00
Trans mara west subcounty hospital operations Coop 01141480194001	Kes		975,079.75	896,901.00
Ololulungas subCounty Collection hospital KCB 1168449650	Kes		813,104.00	460,599.00
Trade and Industrialization Coop01141339290600	Kes			
County public service board TNB 161684	Kes		834.00	1,095.00
Lands,Housing,p/planning and urban dev Family 029000073316	Kes		1,692.68	175.30
ICT and E-government TNB 161715	Kes		27,356.00	
Environment, water and natural resourcesTNB 161689	Kes		729.00	344.60
Maasai Mara Community Support Fund-TNB 0161434001	Kes		97,719.00	
Maasai Mara Community Support Fund-Coop-01141339283000	Kes		79,422.00	
Maasai Mara Game Reserve KCB1180568575	Kes		8,557.50	2,214.50
Maasai Mara operation KCB - 1217433392	Kes		1,447,970.00	
Narok North subcounty KCB 1167423011	Kes		1,404.00	584.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Narok South subcountyTNB 161714	Kes		1,370.00	3,590.00
Narok East subcounty Family-29000073079	Kes		223.00	
NarokWest subcounty KCB 1167410882	Kes		1,554.50	2,619.50
Trans mara west subcounty Coop 01141480194100	Kes			2,948.97
Trans mara East (Emurua Dikirr) subcounty KCB 1167699785	Kes		46.50	2,292.00
Narok County Lands, Housing Development-KCB 1169399142	Kes		57,456.90	57,456.00
Narok County Debt Collection A/c Chase bank 04223168700001	Kes		97,906,001.00	97,906,881.00
Narok town management KCB account no 1181249155	Kes		130.50	
The county Director of Health Account 1149416645	Kes	*Disclosure*	8,674,325.05	
Total			**762,616,227.13**	**221,399,938.20**

B.CASH IN HAND

Cash in hand refers to cash balances held by the cash offices within the County Government as at 30th June.

	FY2017/2018	FY2016/2017
	KShs	KShs
Cash in Hand – Held in domestic currency	-	-
Total	-	-

Cash in hand per location

	FY2017/2018	FY2016/2017
	KShs	KShs
Location 1	-	-
Location 2	-	-
Total	-	-

15. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

This refers to the unaccounted for imprests as at 30th June.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Government Imprests

Description	2016-2017	2015-2016
	Kshs	Kshs
Government Imprests	12,992,364.00	2,976,000.00
Clearance accounts		
Total	**12,992,364.00**	**2,976,000.00**

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
	dd/mm/yy	*Kshs*	*Kshs*	*Kshs*
LEPOSO SAMWEL NDORKO	02-Jul-18	3,489,164.00		3,489,164.00
PHILEMON CHIRCHIR KOSGEI	02-Jul-18	1,149,000.00		1,149,000.00
SYLVIA NAIPEI PERTET	04-Jul-18	1,000,000.00		1,000,000.00
JOHN OIBOO SAAYA	04-Jul-18	1,082,000.00		1,082,000.00
PURITY SOIPANO	04-Jul-18	1,150,000.00		1,150,000.00
RUTOH, MR. KIPKORIR HENRY	04-Jul-18	300,000.00		300,000.00
NELLY PESSIAN TAMOOH	04-Jul-18	300,000.00		300,000.00
NICKSON TORINKE KOOL	02-Jul-18	324,400.00		324,400.00
JAMES NJOROGE WAMUGO	02-Jul-18	500,000.00		500,000.00
LYDIA WAIRIMU GICHO	02-Jul-18	500,000.00		500,000.00
JAMES NJOROGE WAMUGO	02-Jul-18	550,000.00		550,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

REGINA NAISINGOI KISIO	02-Jul-18	600,000.00		600,000.00
GEORGE KAHWAI WANJA	14-Jun-18	120,000.00		120,000.00
PHILEMON CHIRCHIR KOSGEI	14-Jun-18	194,800.00		194,800.00
LEPOSO SAMWEL NDORKO	18-Jun-18	112,000.00		112,000.00
JUDY CHERONO BETT	09-MAY-18	1,000,000.00		1,000,000.00
DANCAN SHINANA NGAYAMI	10-MAY-18	621,000.00		621,000.00
Total				**12,992,364.00**

16. ACCOUNTS PAYABLE

The balance refers to deposits received from suppliers as at 30th June. These deposits are refundable upon completion of the contracts.

	FY2017/2018 KShs	FY2016/2017 KShs
Deposits	-	-
Total	-	-

17.FUND BALANCE BROUGHT FORWARD

Fund balance brought forward comprise refer to the closing fund balance as at end of the previous year which is carried forward to the following year.

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	762,616,227.13	125,709,545
Cash in hand		
Receivables - Outstanding Imprests	12,992,364.00	4,041,530

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Payables - Deposits	-	-
Total	775,608,591.13	129,751,075

18. OTHER IMPORTANT DISCLOSURES

18.1. PENDING ACCOUNTS PAYABLE (See Annex 1)

These refer to the pending bills as at 30th June 2018. These are commitments made to suppliers which had not been settled as at the end of the year.

	FY 2017/2018	FY 2016/2017
	Kshs	Kshs
Construction of buildings	1,221,145,380.00	1,045,633,326
Construction of civil works		
Supply of goods & services	637,151,857.00	607,612,427
Supply of services		
Total	**1,858,297,237.00**	**1,653,245,753.00**

18.2.PENDING STAFF PAYABLES (See Annex 2)

The balance relates to pending payments to staff. These included amounts due to staff as at the end of the year.

	FY2017/2018 KShs	FY2016/2017 KShs
Senior management		-
Middle management		-
Unionisable employees		-
	-	-

DISCLOSURE NOTES

Investments

Investments represent the County Government's investment in local and foreign entities. These investments are recognised at nominal value and where denominated in foreign currency, these are translated at closing exchange rate as at 30th June.

	FY 2017/18	FY 2016/17
	KShs	KShs
Investment in government bonds	-	-
Investment in Treasury bills	-	-
Investment in companies equity	-	-
Total	-	-

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:

	FY 2017/18	FY 2016/17
	KShs	KShs
Transfers to the County Assembly	540,000,000	615,425,932
Transfers to other County Government entities	438,368,521	377,180,000
Transfers to County Ministries and Departments		
Total	**978,368,521.00**	**992,605,932**

Where applicable, related party transactions have been eliminated upon consolidation.

Detailed breakdown of performance of County Government Entities is provided under the Annex 4

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstandin g balance 2018	Outstanding balance 2017	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.Supplier A						
2. Supplier B						
3.						
Sub-Total						
Construction of civil works						
4.Supplier C				1,221,145,380	1,045,633,326	
5.Supplier D –Health Facilities						
6.						
Sub-Total				**1,221,145,380**	**1,045,633,326**	
Supply of goods						
7.Supplier E				637,151,857	607,612,427	
8.						
Sub-Total						
Supply of services						

9.Supplier F						
10.						

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid ToDate	Outstandin g balance 2018	Outstanding balance 2017	Comments
Sub-Total						
Grand Total				1,858,297,237	1,653,245,753	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstandin g Balance 2017	Outstandin g Balance 2017	Comments
		a	b	c	d=a-c		
Senior Management							
1.Person A							
2.							
3.							
Sub-Total							
Middle Management							
4.Person B	P						
5.							

6.							
Sub-Total							
Unionisable Employees							
7.Person C	K						
8.							
Sub-Total							
Others (*specify*)							
9.							
10.							
Sub-Total							
Grand Total							

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2017/2018
Land	30,015,879,200	0	-	30,015,879,200
Buildings and structures	1,893,607,209	91,915,681	-	1,985,522,890
Transport equipment	410,482,488	15,000,000	-	425,482,488
Office equipment, furniture and fittings	124,637,385	1,530,843	-	126,168,228
ICT Equipment, Software and Other ICT Assets	75,861,112	508,276	-	76,369,388
Other Machinery and Equipment	153,897,829	71,880,078	-	225,777,907
Heritage and cultural assets	0	0	-	0

Intangible assets	0	2,800,000	-	2,800,000
Construction of Roads	3,046,111,906	1,669,449,192		4,715,561,098
Total	**35,720,477,129**	**1,853,084,070**	-	**37,573,561,199**

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government.

ANNEX 4: SUMMARY OF FINANCIAL PERFORMANCE AND STATEMENT OF ASSETS AND LIABILITIES FOR COUNTY GOVERNMENT ENTITIES

Ref	Entity	Percentage of shareholding	Total receipts KShs	Total payments KShs	Surplus/ Deficit KShs	Total Assets KShs	Total Liabilities KShs	Fund balance KShs
1	County Assembly	100%	540,000,000					
2	Car loan and mortgage scheme fund	100%	39,000,000	39,000,000				
3	Narok Water and Sewerage Company	100%						

	Total							