



REPUBLIC OF KENYA



GOVERNMENT OF MAKUENI COUNTY  
COUNTY TREASURY

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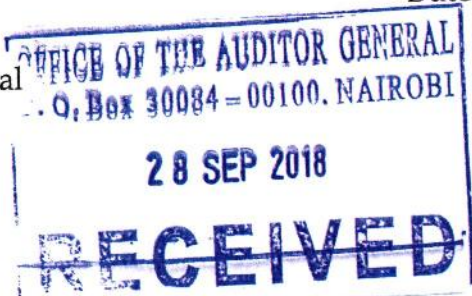


Makueni County  
P.O. Box 78-90300,  
MAKUENI

REF: MCG/OAG/2018

Date: 28<sup>th</sup> August, 2018

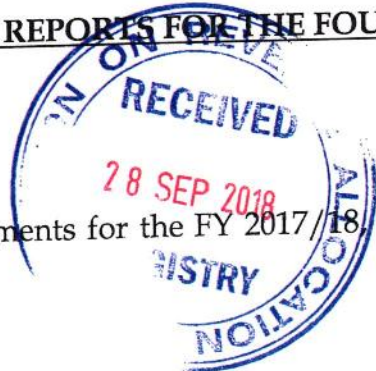
The Office of the Auditor General  
Anniversary Towers  
P.O Box 30084  
Loita Street  
Nairobi



**RE: SUBMISSION OF ANNUAL FINANCIAL REPORTS FOR THE FOURTH QUARTER FY 2017/18**

The above matter refers.

Please find attached reports and financial statements for the FY 2017/18, covering the period 1<sup>st</sup> July to 30<sup>th</sup> June 2018.



Mary K. Kimanzi  
**COUNTY EXECUTIVE COMMITTEE MEMBER - FINANCE & SOCIO-ECONOMIC PLANNING & HEAD OF COUNTY TREASURY**

CC: National Treasury  
Controller of Budget  
Commissioner on Revenue Allocation  
Makueni County Assembly



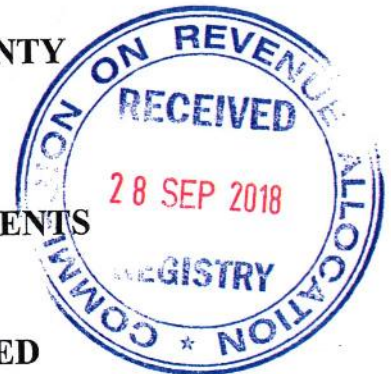
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28 SEP 2018  
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**GOVERNMENT OF MAKUENI COUNTY**  
*(THE COUNTY EXECUTIVE)*

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2018**



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



**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

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

**Vision**

*A prosperous value based County with high quality of life.*

**Mission**

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

**Core Values**

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

**b) Key Management**

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

No.	Name	Designation	Date of holding
1.	H.E. Kivutha Kibwana	Governor	21.08.2017
2.	H.E. Adelina Mwau	Deputy Governor	21.08.2017
3.	Paul Wasanga	County Secretary	19.10.2017
4.	Mary Kimanzi	CEC, Finance and Socio- Economic Planning	19.10.2017
5.	Joshua W. Wambua	CEC,Lands, Mining and Physical Planning	19.10.2017
6.	Rosemary Maundu	CEC, Trade, Industry, Tourism and Cooperatives	19.10.2017
7.	Dr. Godfrey K. Makau, PhD	CEC, Gender, Children, Culture and Social Services.	19.10.2017
8.	Dr. Naomi Makau	CEC, Education, Youth, Sports and ICT	19.10.2017

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9.	Dr. Andrew Mutava Mulwa	CEC, Health Services	19.10.2017
10.	Eng. Sebastian Kyoni	CEC, Roads Transport, Energy and Public Works	19.10.2017
11.	Robert Kisyula	CEC, Water, Irrigation, Sanitation, Environment and Climate Change	19.10.2017
12.	Lawrence Nzung'a	CEC, Agriculture, Irrigation, Livestock and Fisheries Development	19.10.2017
13.	Julius Kaloi	CEC, Minister for Devolution, County Admin, Participatory Development and Public Service	19.10.2017

**c) Fiduciary Management**

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

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

**d) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the year ended 30<sup>th</sup> June 2018 were;

- Makueni County Assembly;
- Controller of Budget;
- Makueni County Audit Committee;

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**e) Entity Headquarters**

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

**f) Entity Contacts**

Telephone: (254) 20 203 4944/2068236  
E-mail: [contacr@makueni.go.ke](mailto:contacr@makueni.go.ke)  
Website: [www.makueni.go.ke](http://www.makueni.go.ke)

**g) Entity Bankers**

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

II. Kenya Commercial Bank  
Wote-Branch

III. Co-operative Bank  
Wote-Branch

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

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**KEY MANAGEMENT**

The County Executive team during the financial year consisted of;

**H.E. Prof. Kivutha Kibwana - Governor**



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

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

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

**H.E. Adelina Mwau – Deputy Governor of choice for tourists coming into Kenya.**

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



**Paul Wasanga - County Secretary**



Paul Wasanga holds a Masters degree in Education Management from the University of Nairobi. He also holds a Masters degree in Strategic Management from Cambridge University

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

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



**Joshua W. Wambua, MBS.- CEC, Lands, Mining and Physical Planning**



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

**Rosemary Maundu- CEC, Trade, Industry, Tourism and Cooperatives**

Mrs. Rosemary Maundu holds a Masters Degree in Entrepreneurship from The Catholic University of Eastern Africa and a Bachelor of Commerce Degree in Business Management from the same University.



**Dr. Godfrey K. Makau, PhD- CEC, Gender, Children, Culture and Social Services.**



Dr. Godfrey Kyalo Makau is a holder of Ph.D in Business Administration specializing in strategic management from University of Nairobi, an MBA in marketing and BA in Sociology from Kenyatta University. He also has numerous professional certificates in ICT and Youth Projects Management.

Dr. G.K. Makau has a passion for youth socio-economic transformation.



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**Dr. Naomi Makau- CEC, Education & ICT**

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



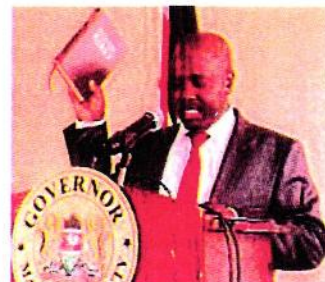
**Dr. Andrew Mutava Mulwa- CEC, Health Services**



Dr. Mulwa holds a Bachelor of Medicine and bachelor of Surgery (MB.ChB) from the University of Nairobi.

**Eng. Sebastian Kyoni- CEC, Roads, Transport, Energy and Public Works**

Eng. Sebastian Kyoni holds a BSc in Electrical and Electronics Engineering from the Jomo Kenyatta University of Agriculture & Technology and is a member of the Kenya Society of Electrical and Electronics Engineers.



**Robert Kisyula- CEC, Water, Irrigation and Environment**



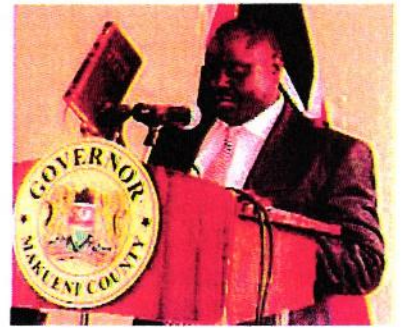
Bob Kisyula has M.Sc. in Management and Organizational Development from United States International University (USIU) Nairobi, and holds a B.Sc. in Agriculture (Horticulture) from Egerton University. Prior to appointment as County Executive Committee Member, for Water, Irrigation, Environment & Climate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

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**Lawrence Nzung'a- CEC, Agriculture, Livestock and Fisheries**

Mr. Lawrence N. Nzunga holds a Bachelors degree in Forestry Resources and Wildlife Management Majoring in Fisheries from Moi University.



**Julius Kaloi- CEC, Minister for Devolution and Public Service**



Julius Kaloi holds Masters degree in Finance from Moi University. He has a Bachelors degree in Commerce, Accounting option from Daystar University.

## **2. FORWARD BY THE CEC, FINANCE AND SOCIO ECONOMIC PLANNING**

It is my pleasure to present the Government of Makueni County Financial Statements for the year ended 30<sup>th</sup> June, 2018. The financial statements present the financial performance of the County Government over the past financial year.

Pursuant to Section 164 of the Public Finance Management Act, an Accounting Officer for a County Government entity shall prepare Financial Statements in respect of the entity in formats prescribed by the Public Sector Accounting Standards Board. The law requires that these statements are submitted to the Auditor General, the National Treasury, the Controller of Budget and Commission for Revenue Allocation within three months after the end of each financial year. The attached Financial Statements which have been prepared in line with the requirements of the (PFMA),2012, present a true and fair view of the state of affairs of the County Government of Makueni for the twelve months period ending June 30<sup>th</sup>, 2018.

### **County Governments' Financing**

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

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

- a. Automation of revenue collection – the County has procured and implemented a revenue collection system in an effort to enhance Own Source Revenue.
- b. Revenue enforcement- The county has also put revenue enforcement personnel in place to help seal any pilferages in her revenue collection

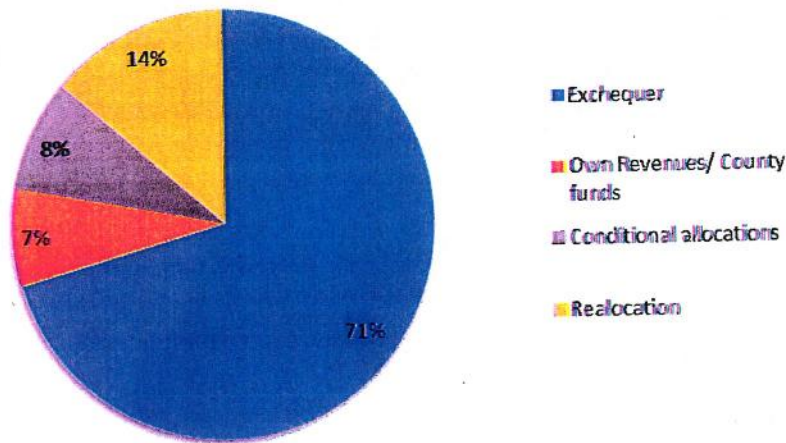
### **Financial Performance**

#### **A. Revenue**

In the year ended 30<sup>th</sup> June, 2018, the County had projected revenues of KShs 9,674,396,011 consisting of KShs 708,929,538.00 from own sources and County funds, Kshs. 6,825,200,000 from the Exchequer, Kshs. 858,549,557 from Development partners, Kshs. 1,281,717,761 being the reallocation budget from FY 2016/17.

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

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**Figure 1: Government of Makueni County revenue sources in FY 2017/2018**

Out of the projected revenue, the County was able to realise KShs 8,934,329,823.15 in actual revenues, representing 92% performance. The difference in the budget was due to under collection in the donor funds, own source revenue and other revenues as presented below:

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation
Exchequer	6,825,200,000.00	6,825,200,000.00	100%
Own Revenues/ County funds	708,929,538.00	322,104,226.40	45%
Conditional allocations	817,315,436.00	508,129,828.00	62%
Reallocation	1,323,451,037.15	1,323,451,037.15	100%
<b>Total</b>	<b>9,674,896,011.15</b>	<b>8,978,885,091.55</b>	<b>93%</b>

**Table 1: Revenue performance in FY 2017/2018**

**B. Payments**

The total expenditure for the financial year 2017/2018 amounted to KShs 7,611,543,463.51 out of which KShs 1,808,352,527 was spent on development, KShs 4,728,532,087 on operations, maintenance and Personnel emoluments, Kshs. 724,332,867 on transfers to the County Assembly while Kshs. 350,325,982 comprised of transfers to other County Government entities.

**c) Cash flows**

The County encountered some liquidity challenges due to some delays in exchequer releases. The introduction of the procedures by the COB where requisitions are placed once payments are uploaded in the IB also resulted to delays in meeting some of the County obligations. The cash and cash equivalents slightly increased from KShs 1,401,820,598 as at 30th June 2017 to KShs 1,406,697,690 as at 30<sup>th</sup> June 2018.

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**d) Accounts receivables**

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

**e) Pending bills**

The accounts payables at the close of FY 2017/18 was KShs 17 million compared to Kshs 135m in FY2016/17. The County endeavors to pay suppliers timely and also ensures that all procurements are supported by a budget. This ensures timely payments as obligations fall due. The outstanding payments remained at the closure of financial year.

**f) Fixed assets**

During the FY 2017/18 the fixed assets increased from Kshs 2,359,322,135 to Kshs 3,498,329,290. Initially, in 2013 we also inherited some assets from the defunct local authorities amounting to Kshs 669,255,500.00 as per the CALC report dated June 2017. The County is in the process of automating the Asset Register.

**Operational performance**

The County's operations are structured in terms of departments which are headed by a County Executive Committee Member. For seamless service delivery, all departments have to work together towards achieving operational efficiency. In the table below, we summarize some key outcomes of the County activities over the period.

NO	INDICATOR	SITUATION 2013	SITUATION 2017
1	Doctor patient ratio	1:22,712	1:20,000
2	Nurse patient ratio	1:1,932	1:1,800
3	Immunization coverage	62.26%	85%
4	Contraceptives uptake	30.75%	67%
5	Cooperatives turn over	Kshs 36m	Kshs 235m
6	Households with access to potable water	27,752	33,150*
7	Enrollment in CTTIs	2,919	4,088
		Boys – 1,617	Boys – 2,706
		Girls – 1,302	Girls – 1,382
8	Enrollment in ECDE	41,820	48,176
		Boys –	Boys – 24,575
		21,922	
		Girls –	Girls – 23,601
		19,898	
9	Proportion of budget funded by donor funding	3.70%	6%

**GOVERNMENT OF MAKUENI COUNTY** (*The County Executive*)

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**For the year ended June 30, 2018**

10	% of households with tittle deeds	19.8	30
11	Total cash crop production MT (Mangoes, green grams, citrus, avocados, coffee and cotton)	378,391	470,231.30
12	Total acreage under cash crops	46,184	50,996.80
13	Total acreage under soil/land conservation	192,441	209,567
14	Total acreage under farm forestry	44,379	61,298
15	Beef production (MT)	1,356	1,424
16	Milk production (Litres)	16,874,607	17,718,337
17	Proportion of budget funded by local sources (%)	4.1	6.95
18	Recurrent – Development ratio	39:61	33:67
10	% of households with tittle deeds	19.8	30
11	Total cash crop production MT (Mangoes, green grams, citrus, avocados, coffee and cotton)	378,391	470,231.30
12	Total acreage under cash crops	46,184	50,996.80
13	Total acreage under soil/land conservation	192,441	209,567
14	Total acreage under farm forestry	44,379	61,298

**Table 2: Summary of Outcomes/Outputs**

The key activities during the year under review include:

<b>Department</b>	<b>Key activities</b>
Public Works and Energy	<ul style="list-style-type: none"> <li>• Installation of street lights and floodlights in Tawa, Kwa Ndunda, Song'eni</li> <li>• Completion of 114 No.Solar flood lights across the county</li> <li>• Completion of Email buspark and green grocer phase II:</li> <li>• Construction of 40No.Container stalls</li> <li>• Construction of bus park, drainage at Nunguni phase II</li> <li>• Completion works to office block, Governor's and Deputy governor's House</li> <li>• Construction of Thwake Bridge</li> <li>• Road works across the County</li> </ul>
Education and ICT	<ul style="list-style-type: none"> <li>• Carried out training of 2,600 ECDE teachers on the new curriculum,136 CTTI instructors, 46 CTTI managers, 2 HQ staff in SMC and 20 ICT staff at KSG and carried out induction of 4 ECDE officers at KSG</li> <li>• Purchased ECDE learning materials for both pre-primary 1 and 2</li> <li>• Carried out Music fests from cluster to nationals</li> <li>• Constructed 9 ECDE centres, 2 CIC centres (and equipping),</li> </ul>

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	<p>developed infrustructure in Wards (Ward projects) and fenced Nzeeni TTC</p> <ul style="list-style-type: none"> <li>• Carried out ECDE curriculum development</li> <li>• Subsidized exam fee for 2<sup>nd</sup> year trainees @ 1,973 per trainee</li> <li>• Disbursed 75% of the conditional grant</li> <li>• Participated/Exhibited at the County trade fair in Makindu</li> <li>• Awarded bursaries and scholarships</li> <li>• Supported learner/teacher related activities at other levels of education not devolved</li> <li>• Web &amp; email migration and bandwidth subscription</li> <li>• ICT infrastructure development at the new executive block, Governor and Deputy Governor's residence</li> </ul>
<p>Lands, Mining, Physical Planning and Urban Development</p>	<ul style="list-style-type: none"> <li>• Purchase of land</li> <li>• Estate Administration &amp; Support to Adjudication &amp; NLC</li> <li>• Land Survey &amp; mapping</li> <li>• Mining Mapping &amp; development</li> <li>• Subsidy and issuance of Title deeds</li> <li>• Urban Infrastructure Development - (Market infrastructure) i.e Flood lights ,Lands Applications Committees ,county spatial plan</li> <li>• Urban Planning - (Valuation rolls )</li> </ul>
<p>Devolution, County Administration, Participatory Development and Public Service</p>	<ul style="list-style-type: none"> <li>• Coordinated all County Government functions</li> <li>• Renovated three ward offices (Ulilinzi, Mtito and Kilala Wards)</li> <li>• Recruited 86 Interns and 300 attachees</li> <li>• Established 3 diaspora chapters (Mombasa, United Kingdom and Nairobi Chapters)</li> <li>• Established village council</li> <li>• Recruited 33 enforcement officers and operationalized County Government enforcement services</li> <li>• Coordination of disaster management program (Drafted an MOU with Red Cross, Drafted disaster management bill awaiting presentation to cabinet, Burial expenses to 22 deceased people due to floods occasioned by long rains, supported 142 families affected by strong wind in March, 2018)</li> <li>• Engagement of citizens in Government Process</li> </ul>
<p>Health Services</p>	<ul style="list-style-type: none"> <li>• Purchase and installation of 5 hospital generators of various power out puts</li> <li>• Universal Health Care -Programme for subsidized healthcare services in all hospitals</li> <li>• Purchase of Ambulances and Utility vehicles</li> <li>• Completion of Syumile dispensary staff house</li> <li>• Purchase of Backhoe loader for market solid waste management</li> <li>• Construction of two classrooms and pit latrine at KMTC Wote and Computer laboratory at KMTC Makindu and Construction of surgical</li> </ul>

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	<ul style="list-style-type: none"> <li>ward</li> <li>• Purchase and distribution of 10,000 L water tanks to primary healthcare facilities</li> <li>• Construction of laboratory block</li> <li>• NHIF for Over 65 years</li> <li>• Purchase of medical equipment for various health facilities</li> <li>• Phase 2 of Kisayani dispensary</li> </ul>
Trade, Industry, Tourism and Cooperatives	<ul style="list-style-type: none"> <li>• Enhancement of culture in Kikumbulyu south</li> </ul>
Agriculture, Livestock and Fisheries	<ul style="list-style-type: none"> <li>• Agriculture &amp; Livestock Improvement (Seeds, Cattle dips - Kitonyini Cattle Dip &amp; Others)</li> <li>• holding ASK show ( exhibition) and a trade fair in June 2017 at Makindu show ground</li> </ul>
Office of the Governor	<ul style="list-style-type: none"> <li>• Staff Welfare-Establishment of guidelines for staff welfare benefits implementation. These include Medical Cover, Work injury benefit, Personal accident insurance covers, bereavement support and Medallion awards for retired staff.</li> </ul>
Finance and Socio Economic Planning	<ul style="list-style-type: none"> <li>• Automation of Revenue Management system</li> <li>• Construction of a septic tank, toilet and a perimeter wall at the county treasury offices</li> <li>• Participatory planning and budgeting leading to development of CIDP 2018-2022 and other annual reports and budget</li> </ul>
Youth, Gender, Sports, Culture and Social Services.	<ul style="list-style-type: none"> <li>• Mentorship Programme- Mentorship for Ex form four leavers</li> <li>• Supa Cup (Ward to County finals). Ball games activities from the ward level to the finals at the county level</li> <li>• KYISA Games youth empowerment</li> </ul>
Water, Irrigation and Environment	<ul style="list-style-type: none"> <li>• Construction of Mathembo earth dam</li> <li>• Equipping &amp; Distribution of Kwa Nzoka borehole (Kangondi)</li> <li>• Drilling of Ndumbi secondary borehole</li> <li>• Drilling of Kwa Kalelo Borehole</li> <li>• Drilling of Milangi/Nzeveni borehole</li> <li>• Rehabilitate and expansion of Ngovani earth dam</li> <li>• Drilling of Kilumilo Borehole</li> <li>• Drilling of Muusini location borehole</li> <li>• Drilling &amp; equipping of Kawelu borehole</li> <li>• Drilling of Kilumbu borehole</li> <li>• Construction of Mukilo water weir In Yandue location</li> </ul>

**Table 3: Key Activities during the year**

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



**GOVERNMENT OF MAKUENI COUNTY** (*The County Executive*)  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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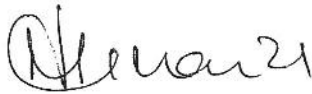
- 1) Poor Own Source Revenue collection – the actual revenue collected during the year was 53% of the projected revenues. We are exploring ways of enhancing revenue collection as mentioned earlier;
- 2) We have also experienced challenges with IFMIS as a result of down times and poor internet connectivity. This has in some instance delayed payments to suppliers.
- 3) Political processes – Due to elections in August 2017 and the subsequent nullification of the presidential winner leading to a re-run in October, there were delays in Exchequer releases leading to delays in projects implementation and delayed payments.

**Conclusion**

The County Government made good progress in project/programme implementation. The revenue collection also improved from Kshs 219m in 2016/17 to Kshs 322m. We have also embarked on document digitization which will ensure ease of retrieval of information going forward.

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

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



**Sign**

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

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## **2. STATEMENT OF CORPORATE GOVERNANCE**

Government of Makeni County is constituted as per the Constitution of Kenya, 2010. The structure of the County Government of Makeni comprises three arms. They are the County Executive (Committee), the Legislature (County Assembly), and the Public Service (County Public Service Board).

The County is headed by the Governor, H.E Prof. Kivutha Kibwana who is responsible for the general policy and strategic direction of the County, and the Deputy Governor H.E Adelina Mwau. Article 179 of the Constitution provides for the County Executive Committees. The Constitution bestows the executive authority of the County to the County Executive Committee (CEC). The County Executive Committee Members(CECs) are appointed by the Governor, with the approval of the County Assembly, from among persons who are not members of the Assembly. The County Executive is structured in terms of Departments, headed by the CECs. 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**

In the structure of the County Government in Kenya, the County Assembly is the legislative arm. A County Assembly consists of—

- Members elected by the registered voters of the wards (elected MCAs);
- The number of special seat members necessary to ensure that no more than two-thirds of the membership of the assembly are of the same gender (nominated MCAs, usually women);
- The number of members of marginalized groups, including persons with disabilities and the youth, prescribed by an Act of Parliament (nominated MCAs, six of them according to the County Governments Act); and
- The Speaker, who is an ex officio member.

Political parties nominate members to fill the gender and marginalized groups positions based on the proportion to the seats received in that election in that county by each political party.

The County Assembly plays an oversight role in ensuring that the county resources are well allocated and well spent.. The MCAs meet in accordance with the Standing Orders of the County Assembly. The County Assembly of Makeni is headed by the Speaker, Hon. Douglas Mbilu David.

### **The Public Service (County Public Service Board - CPSB).**

Article 235 of the Constitution contains the provision for the staffing of County Governments. According to this law, every county should have its own Public Service Board.

Article 235 stipulates that the CPSB is responsible for—

- Establishing and abolishing offices in the public service;
- Appointing persons to hold or act in those offices, and confirming appointments; and
- Exercising disciplinary control over and removing persons holding or acting in those offices.

**GOVERNMENT OF MAKUENI COUNTY** (*The County Executive*)  
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Part VII of the County Governments Act contains detailed information on the county public service as a component of the structure of the county governments in Kenya.

The “county public service” means the collectivity of all individuals performing functions within any department of the county government or its agency. The County Public Service Board is in charge of county public service and staffing matters.

**Audit Committee**

The Audit Committee was constituted in February 2016. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held 17 meetings in FY 2017/2018. The committee members during FY 2017/2018 were:

No	Name	Position	Period served
1.	Nicodemus Mwanthi Mutei	Chairperson	27th January, 2017
2.	Daniel Muthwii Sunza	Secretary	27th January, 2017
3.	Albert Maingi Musyoka	Member	27 <sup>th</sup> January, 2017
4.	Martin M. Musyimi	Member	27th January, 2017
5.	Fredrick Riaga Ogalo	Member	27th January, 2017
6.	Kennedy M. Muthama	Member	27th January, 2017
7.	Mutua Mulonzya	Member	27th January, 2017

**Communication with all Stakeholders**

The Government of Makueni County recognizes that public participation strengthens and legitimizes decisions made by the County, actions and development interventions, and that it is an important element of good governance and the foundation for true democracy. The County Governments’ commitment to public participation has been demonstrated through several efforts such as;

- Continuous access to timely information and feedback on decisions made through them in a language and format that is easy to understand.
- Framework for coordination and management of public participation and civic education activities.
- Promoting effective public participation in planning, budgeting and action planning.
- Promote effective public participation in project implementation, management and sustainability
- Provide a framework for Open Government Partnerships.
- Institutionalizing civic education programs and collaboration with civic society organizations in the county.
- Promoting effective participation of minorities and marginalized groups at all levels.
- Promoting responsive, functional and timely feedback and reporting mechanisms.
- Promoting effective grievance redress mechanisms on public participation processes.

**GOVERNMENT OF MAKUENI COUNTY** (*The County Executive*)  
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- Development committees and project management committees which are a means of empowering people and involving them in decision-making process, leading to sustainable development and a responsive government.

The Government of Makueni County has created an online platform for managing the county development budget. The County Projects Management System currently tracks budget and performance data for over 1600 programs and projects from the 30 wards implemented since 2013/14 FY, mainly supporting the realization of the County's Vision 2025.

This helps to reduce delayed and incomplete projects, as well as frequent cost over-runs. The web-based platform serves as a unified project information repository, allowing coordinated monitoring and evaluation (M&E) of county government development projects and therefore allows the public to keep track of the projects being implemented by the county government.

The system also reinforces new transparency and accountability measures outlined in Kenya's 2010 Constitution, by providing public access to information on government spending. Enhancements to the system have been substantially informed by user feedback. The system allows the public to send comments to relevant authorities on how to increase accuracy of information and accountability. 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. Government of Makueni 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, Government of Makueni County complied with this requirement whereby the recurrent expenditure was KShs 5.8M against total revenues of KShs 7.6M

- “A minimum of thirty percent of the county government’s budget shall be allocated to the development expenditure” – in FY 2017/2018, KShs 3,506,190,057 (36%) was allocated to development expenditure against a total budget of KShs 9,674,896,011.

**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 receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

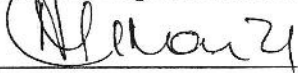
The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial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

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

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

**Approval of the financial statements**

The County Government's financial statements were approved and signed by the CEC member for finance on 27<sup>th</sup> September, 2018.

  
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**County Executive Committee Member – Finance and Socio Economic Planning**

**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*

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**5. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (Office of the Auditor General- Kenya)**


**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
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**6. FINANCIAL STATEMENTS**

**6.1. STATEMENT OF RECEIPTS AND PAYMENTS**

		2017-2018	2016-2017
	Notes	KShs	KShs
<b>RECEIPTS</b>			
Exchequer releases	1	6,825,200,000	6,441,351,588
Proceeds from Domestic and Foreign Grants	2	157,310,702	12,065,000
Transfers from Other Government Entities	3	-	85,890,000
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Conditional Additional Allocations to County Governments	7	337,930,663	222,080,126
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	322,104,226	219,073,418
Returned CRF issues	10	-	-
<b>TOTAL RECEIPTS</b>		<b>7,642,545,592</b>	<b>6,980,460,132</b>
<b>PAYMENTS</b>			
Compensation of Employees	11	3,038,485,212	2,424,883,082
Use of goods and services	12	1,690,046,875	1,647,622,497
Subsidies	13	-	-
Transfers to Other Government Units	14	886,923,097	748,338,860
Other grants and transfers	15	187,735,752	238,266,868
Social Security Benefits	16	-	-
Acquisition of Assets	17	1,139,007,155	2,993,877,085
Finance Costs, including Loan Interest	18	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Other Payments	20	669,345,371	1,021,980,999
<b>TOTAL PAYMENTS</b>		<b>7,611,543,463</b>	<b>9,074,9369,390</b>
<b>SURPLUS/DEFICIT</b>		<b>31,002,129</b>	<b>-2,094,509,258</b>

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 27<sup>th</sup> September, 2018 and signed by:

  
 Chief Officer  
 Name: Justus Suka  
 ICPAK Member Number: 16463

  
 Principal Financial Reporting Officer  
 Name: Bridgid Kibone  
 ICPAK Member Number: 9733





**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**6.2. STATEMENT OF ASSETS AND LIABILITIES**

		2017-2018	2016-2017
	Notes	KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	21A	1,406,697,690	1,401,817,098
Cash Balances	21B	-	3,500
<b>Total Cash and cash equivalent</b>		<b><u>1,406,697,690</u></b>	<b><u>1,401,820,597</u></b>
Accounts receivables – Outstanding Imprests	22	16,610,460	31,709,242
<b>TOTAL FINANCIAL ASSETS</b>		<b>1,423,308,150</b>	<b>1,433,529,840</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	23	100,702,891	141,926,710
<b>NET FINANCIAL ASSETS</b>		<b>1,322,605,259</b>	<b>1,291,603,130</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	24	1,291,603,130	3,386,112,388
Prior year adjustments	25	-	-
Surplus/Deficit for the year		31,002,129	-2,094,509,258
<b>NET FINANCIAL POSITION</b>		<b>1,322,605,259</b>	<b>1,291,603,130</b>

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 27<sup>th</sup> September, 2018 and signed by:

  
 Chief Officer  
 Name: Justus Suka  
 ICPAK Member Number: 16463

  
 Principal Financial Reporting Officer  
 Name: Name: Bridgid Kibone  
 ICPAK Member Number: 9733

**GOVERNMENT OF MAKUENI COUNTY** (*The County Executive*)  
**Reports and Financial Statements**  
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**6.3. STATEMENT OF CASH FLOWS**

		2017-2018	2016 - 2017
	Notes	KShs	KShs
<b>Receipts from operating income</b>			
Exchequer Releases	1	6,825,200,000	6,441,351,588
Proceeds from Domestic and Foreign Grants	2	157,310,702	12,065,000
Transfers from Other Government Entities	3	-	85,890,000
Conditional Additional Allocations to County Governments	7	337,930,663	222,080,126
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	322,104,226	219,073,418
Returned CRF issues	10	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	11	-3,038,485,212	- 2,424,883,082
Use of goods and services	12	-1,690,046,875	-1,647,622,497
Subsidies	13	-	-
Transfers to Other Government Units	14	-886,923,097	-748,338,860
Other grants and transfers	15	-187,735,752	-238,266,868
Social Security Benefits	16	-	-
Finance Costs, including Loan Interest	18	-	-
Other Payments	20	-669,345,371	-1,021,980,999
<b>Adjusted for:</b>			
Adjustments during the year		-26,125,037	85,625,547
<b>Net cash flow from operating activities</b>		<b>1,143,884,248</b>	<b>984,993,365</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	-1,139,007,155	-2,993,877,085
<b>Net cash flows from Investing Activities</b>		<b>-1,139,007,155</b>	<b>-2,993,877,085</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>4,877,093</b>	<b>-2,008,883,721</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	21	<b>1,401,820,597</b>	<b>3,410,704,318</b>
<b>Cash and cash equivalent at END of the year</b>	24	<b>1,406,697,690</b>	<b>1,401,820,597</b>

**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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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 27<sup>th</sup> September, 2018 and signed by:



Chief Officer

Name: Justus Suka

ICPAK Member Number: 16463



Principal Financial Reporting Officer

Name: Bridgid Kibone

ICPAK Member Number: 9733

**THE GOVERNMENT OF MAKUENI COUNTY** (The County Executive)  
 Consolidated Reports and Financial Statements  
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**6.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=c/c %
<b>RECEIPTS</b>						
Exchequer releases	6,825,200,000	-	6,825,200,000	6,825,200,000	-	100%
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Conditional Additional Allocations to County Governments	772,549,557		772,549,557	508,129,828	264,419,729	66%
Returns of Equity Holdings	-		-			
County Own Generated receipts	753,695,417		753,695,417	322,104,226	431,591,191	43%
Reallocation	1,323,451,037		1,323,451,037	1,322,951,882	499,155	100%
<b>TOTAL</b>	<b>9,674,896,011</b>		<b>9,674,896,011</b>	<b>8,978,385,936</b>	<b>696,510,075</b>	<b>93%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,038,510,432		3,038,510,432	3,038,485,212	25,219	100%
Use of goods and services	2,293,786,781		2,293,786,781	1,961,032,627	332,754,154	85%
Subsidies						
Transfers to Other Government Units	836,408,742		836,408,742	724,332,867	112,075,875	87%
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	2,441,300,566		2,441,300,566	1,139,007,155	1,302,293,410	47%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						

**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Other Payments	1,064,889,491		1,064,889,491	748,685,601	316,203,890	70%
<b>TOTAL</b>	<b>9,674,896,011</b>		<b>9,674,896,011</b>	<b>7,611,543,463</b>	<b>2,063,352,549</b>	<b>79%</b>
<b>SURPLUS/(DEFICIT)</b>						

- Some of the conditional allocations like other loans and grants, medical equipment leasing and Kenya Urban Support Programme were not released hence the under- utilization of 34%.
- The own generated revenue had an improvement of KES 103 million representing 47 % improvement in collection as compared to the previous year. However, the target for FY2017/2018 was not achieved, partly due to the volatile political environment which negatively affected business operations and other economic activities. In addition, the target was substantially ambitious considering previous trend.
- The under-utilization in use of goods, transfers and acquisition of assets was due to delay in implementation of activities because of the electioneering period and political unrest

The entity financial statements were approved on 27<sup>th</sup> September, 2018 and signed by:



Chief Officer  
 Name: Justus Suka  
 ICPAK Member Number: 16463



Principal Financial Reporting Officer  
 Name: Bridgid Kibone  
 ICPAK Member Number: 9733

GOVERNMENT OF MAKUENI COUNTY (The County Executive)

Reports and Financial Statements  
For the year ended June 30, 2018


6.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT


Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	5,264,155,844		5,264,155,844	5,264,155,844	-	100%
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Conditional Additional Allocations to County Governments						
Returns of Equity Holdings						
County Own Generated receipts	753,695,417		753,695,417	322,104,226	431,591,191	43%
Reallocation	77,543,225		77,543,225	77,543,225	-	100%
<b>TOTAL</b>	<b>6,095,394,486</b>		<b>6,095,394,486</b>	<b>5,663,803,295</b>	<b>431,591,191</b>	<b>93%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,038,510,432		3,038,510,432	3,038,485,212	25,219	100%
Use of goods and services	2,293,786,781		2,293,786,781	1,961,032,627	332,754,154	85%
Subsidies						
Transfers to Other Government Units	763,097,274		763,097,274	682,079,034	81,018,240	89%
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets						
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						
Other Payments						
<b>TOTAL</b>	<b>6,095,394,486</b>		<b>6,095,394,486</b>	<b>5,681,596,873</b>	<b>413,797,613</b>	<b>94%</b>

**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>SURPLUS/(DEFICIT)</b>						

The entity financial statements were approved on 27<sup>th</sup> September, 2018 and signed by:

  
 Chief Officer  
 Name: Justus Suka  
 ICPAK Member Number: 16463

  
 Principal Financial Reporting Officer  
 Name: Bridgid Kibone  
 ICPAK Member Number: 9733

GOVERNMENT OF MAKUENI COUNTY  
 Reports and Financial Statements  
 For the year ended June 30, 2018

6.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT


Receipts/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=c/c %
<b>RECEIPTS</b>						
Exchequer releases	1,561,044,156		1,561,044,156	1,561,044,156	-	100%
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Conditional Additional Allocations to County Governments	772,549,557		772,549,557	508,129,828	264,419,729	66%
County Own Revenue						
Reallocation	1,245,907,812		1,245,907,812	1,245,907,812	-	100%
<b>TOTAL</b>	<b>3,579,501,525</b>		<b>3,579,501,525</b>	<b>3,315,081,796</b>	<b>264,419,729</b>	<b>93%</b>
<b>PAYMENTS</b>						
Compensation of Employees						
Use of goods and services						
Subsidies						
Transfers to Other Government Units	73,311,468		73,311,468	42,253,833	31,057,635	58%
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	2,441,300,566		2,441,300,566	1,139,007,155	1,302,293,410	47%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						
Other Payments	1,064,889,491		1,064,889,491	748,685,601	316,203,890	70%
<b>TOTALS</b>	<b>3,579,501,525</b>		<b>3,579,501,525</b>	<b>1,929,946,590</b>	<b>1,649,554,935</b>	<b>54%</b>



**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>SURPLUS/(DEFICIT)</b>						

The entity financial statements were approved on 27<sup>th</sup> September, 2018 and signed by:

  
 Chief Officer  
 Name: Justus Suka  
 ICPAK Member Number: 16463

  
 Principal Financial Reporting Officer  
 Name: Bridgid Kibone  
 ICPAK Member Number: 9733

**GOVERNMENT OF MAKUENI COUNTY (1<sup>st</sup> Vice County Executive)**  
**Reports and Financial Statements**  
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**6.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Department	Programme/Sub Programme	Original Budget FY 2017/18	Adjustments	Revised Budget FY 2017/18	Expenditure	vote balance	Implementation Status
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning	-	-	-	-	-	-
	SP1. 1 General administration & planning	102,460,676.39	157,022,406.09	259,483,082.48	180,900,341.58	78,582,740.90	70%
	Programme 2: Land, Crop development & productivity	-	-	-	-	-	-
	SP2. 1 Land, Crop development & productivity	272,705,868.32	9,047,452.30	281,753,320.63	198,902,591.10	82,850,729.52	71%
	P3; Agribusiness and information management	-	-	-	-	-	-
	SP3. 1 Agribusiness and information management	10,948,502.25	4,432,718.80	15,381,221.05	10,948,502.25	4,432,718.80	71%
	Programme 4: Livestock Production, Management and Development	-	-	-	-	-	-
	SP4. 1 Livestock Production, Management and Development	176,912,147.75	(18,283,192.64)	158,628,955.11	136,912,147.75	21,716,807.36	86%
	<b>Total Budget</b>	<b>563,027,194.71</b>	<b>152,219,384.55</b>	<b>715,246,579.26</b>	<b>527,663,582.68</b>	<b>187,582,996.58</b>	<b>74%</b>
	Transport & Infrastructure	Programme 1: General administration & planning	-	-	-	-	-
SP1. 1 General administration & planning		40,911,074.05	42,043,580.16	82,954,654.21	40,911,074.05	42,043,580.16	49%
Programme 2: Road transport		-	-	-	-	-	-
SP2. 1 Road transport		266,108,477.11	346,814,961.32	612,923,438.42	355,777,446.21	257,145,992.22	58%
P3; Infrastructure development		-	-	-	-	-	-
SP3. 1 Infrastructure development	87,385,604.65	15,987,884.99	103,373,489.64	87,385,604.65	15,987,884.99	85%	
Programme 2: Energy Infrastructure & development	-	-	-	-	-	-	

**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**

**Reports and Financial Statements  
For the year ended June 30, 2018**

	SP4. 1 Energy Infrastructure & development	11,650,792.54	29,235,176.50	40,885,969.04	11,650,792.54	29,235,176.50	28%
	<b>Total Budget</b>	<b>406,055,948.35</b>	<b>434,081,602.97</b>	<b>840,137,551.32</b>	<b>495,724,917.45</b>	<b>344,412,633.87</b>	<b>59%</b>
Trade, Industry & Cooperatives	Programme 1: General administration & planning		-			-	
	SP1. 1 General administration & planning	66,626,878.06	27,229,596.25	93,856,474.31	68,516,685.15	25,339,789.16	73%
	SP2.4; Trade marketing & promotion	40,770,000.00	40,418,065.30	81,188,065.30	49,393,314.95	31,794,750.35	61%
	P3; Industrial development and promotion		-			-	
	SP3. 1 Industrial development and promotion	7,100,000.00	4,754,400.00	11,854,400.00	5,435,064.52	6,419,335.48	46%
	Programme 4: Tourism development & promotion		-			-	
	SP4. 1 Tourism development & promotion	9,300,000.00	2,280,733.90	11,580,733.90	10,301,573.32	1,279,160.58	89%
	Programme 5: Cooperative development and management		-			-	
	SP4. 1 Cooperative development and management	17,100,000.00	(5,775,000.00)	11,325,000.00	8,947,955.08	2,377,044.92	79%
	<b>Total Budget</b>	<b>140,896,878.06</b>	<b>68,907,795.45</b>	<b>209,804,673.51</b>	<b>142,594,593.02</b>	<b>67,210,080.49</b>	<b>68%</b>
Land, Physical Planning & Mining	Programme 1: General administration & planning		-			-	
	SP1. 1 General administration & planning	43,231,737.00	11,904,850.17	55,136,587.17	32,455,568.10	22,681,019.07	59%
	Programme 2: : Land Survey & Mapping		-			-	
	SP2. 1 : Land Survey & Mapping	10,700,000.00	9,546,471.51	20,246,471.51	10,959,208.40	9,287,263.11	54%
	P3; Urban planning		-			-	
	SP3. 1 Urban planning	94,200,000.00	(49,400,000.00)	44,800,000.00	22,000,000.00	22,800,000.00	49%
	Programme 2: Mining mapping & development		-			-	
SP4. 1 Mining mapping &	2,650,000.00	-	2,650,000.00	1,650,000.00	1,000,000.00	62%	

**GOVERNMENT OF MAKUENI COUNTY** (Line County Executive)  
**Reports and Financial Statements**  
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	SP1. 1 Support to education	81,538,173.79	3,937,285.00	85,475,458.79	78,461,370.79	7,014,088.00	92%
	Programme 5; ICT Infrastructure & Systems Development		-		-		
	SP3. 1 ICT Infrastructure & Systems Development	59,905,860.93	(637,000.00)	59,268,860.93	56,905,860.93	2,363,000.00	96%
	<b>Total Budget</b>	<b>447,051,005.76</b>	<b>133,493,794.18</b>	<b>580,544,799.94</b>	<b>519,774,465.79</b>	<b>60,770,334.15</b>	<b>90%</b>
Health	Programme 1: General administration & planning		-		-		
	SP1. 1 General administration & planning	2,463,310,993.30	165,314,819.36	2,628,625,812.66	2,297,284,773.70	331,341,038.96	87%
	Programme 2: Curative health care services		-		-		
	SP2. 1 :Curative health care services	12,358,594.00	(5,958,594.00)	6,400,000.00	4,835,000.00	1,565,000.00	76%
	Programme 3; Preventive and promotive health care services		-		-		
	SP3. 1 Preventive and promotive health care services	62,900,000.00	(458,005.00)	62,441,995.00	52,900,000.00	9,541,995.00	85%
	<b>Total Expenditure of Vote</b>	<b>2,538,569,587.30</b>	<b>158,898,220.36</b>	<b>2,697,467,807.66</b>	<b>2,355,019,773.70</b>	<b>342,448,033.96</b>	<b>87%</b>
Youth, Gender & Social Services	Programme 1: General administration & planning		-		-		
	SP1. 1 General administration & planning	53,109,372.66	17,936,858.63	71,046,231.29	25,472,795.36	45,573,435.93	36%
	Programme 2: Gender & Social Development		-		-		
	SP2. 1 Gender & Social Development	98,968,020.33	(28,596,404.13)	70,371,616.20	68,920,197.53	1,451,418.68	98%
	P3; Youth Development support & Empowerment		-		-		
	SP3. 1 Youth Development	33,378,245.06	29,576,264.00	62,954,509.06	29,042,722.12	33,911,786.94	46%
	Programme 2: Sports Development		-		-		
	SP4. 1 Sports Development	62,380,000.00	(5,924,549.25)	56,455,450.75	40,124,583.20	16,330,867.55	71%
	<b>Total Budget</b>	<b>247,835,638.06</b>	<b>12,992,169.25</b>	<b>260,827,807.31</b>	<b>163,560,298.21</b>	<b>97,267,509.10</b>	<b>63%</b>

**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

	development										
	<b>Total Budget</b>	<b>150,781,737.00</b>	<b>(27,948,678.32)</b>					<b>122,833,058.68</b>	<b>67,064,776.50</b>	<b>55,768,282.18</b>	<b>55%</b>
Water, Irrigation & Environment	Programme 1: General administration & planning										
	SP1. 1 General administration & planning	139,497,255.69	112,975,940.20					252,473,195.89	209,903,669.01	42,569,526.88	83%
	Programme 2: Water infrastructure Development										
	SP 2.1 Water harvesting and storage	465,470,340.84	(170,624,146.21)					294,846,194.63	99,954,328.26	194,891,866.37	34%
	SP 2.2.Piped water supply infrastructure	146,754,678.51	74,234,393.02					220,989,071.53	96,754,678.51	124,234,393.02	44%
	SP2.3 Ground water development	229,411,754.65	2,519,378.25					231,931,132.91	133,085,801.58	98,845,331.33	57%
	P3; Irrigation infrastructure development										
	SP3. 1 Irrigation infrastructure development	4,916,500.00	104,438.00					5,020,938.00	1,916,500.00	3,104,438.00	38%
	Programme 4: Environment management and protection										
	SP4. 1 Environment management and protection	176,130,941.88	(16,808,323.13)					159,322,618.75	68,000,870.73	91,321,748.02	43%
	<b>Total Budget</b>	<b>1,162,181,471.58</b>	<b>2,401,680.13</b>				<b>1,164,583,151.71</b>	<b>609,615,848.09</b>	<b>554,967,303.62</b>	<b>52%</b>	
Education & ICT	Programme 1: General administration & planning										
	SP1. 1 General administration & planning	35,304,193.20	(662,337.45)					34,641,855.75	25,304,193.20	9,337,662.55	73%
	Programme 2: Early childhood education										
	SP1. 1 Early childhood education	179,668,219.90	41,588,952.33					221,257,172.23	219,309,590.60	1,947,581.63	99%
	Programme 3: Technical training & non formal education										
	SP1. 1 Technical training & non formal education	90,634,557.94	89,266,894.30					179,901,452.24	139,793,450.27	40,108,001.96	78%
	Programme 4: Support to education										



**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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	<b>Total Budget</b>		27,611,783.77	306,671,310.73	262,303,645.36	44,367,665.37	86%
County Public Service Board	Programme 1: General Administration and Planning		-			-	
	SP1.1 : General Administration and Planning	70,233,982.97	(4,999,078.10)	65,234,904.87	64,074,112.17	1,160,792.70	98%
	<b>Total Budget</b>	<b>70,233,982.97</b>	<b>(4,999,078.10)</b>	<b>65,234,904.87</b>	<b>64,074,112.17</b>	<b>1,160,792.70</b>	<b>98%</b>
Finance & Socio Economic Planning	Programme 1: General administration & planning		-			-	
	SP1. 1 General administration & planning	207,467,844.05	329,393,993.66	536,861,837.70	336,199,222.84	200,662,614.86	63%
	Programme 2: Public financial management		-			-	
	SP2.1 Accounting services	44,224,663.07	(5,000,000.00)	39,224,663.07	36,988,572.76	2,236,090.31	94%
	SP2.2; Budget formulation, coordination and management	64,942,373.29	22,648,453.37	87,590,826.66	82,846,921.53	4,743,905.13	95%
	SP2.3; Internal audit services	21,294,010.74	(2,050,000.00)	19,244,010.74	19,164,748.49	79,262.25	100%
	SP2.4; Resource mobilisation	153,329,597.38	13,013,133.00	166,342,730.38	165,602,416.10	740,314.28	100%
	SP2.5; Supply chain management services	25,353,944.00	(2,750,000.00)	22,603,944.00	20,344,001.35	2,259,942.65	90%
	SP2.6; Economic planning	50,397,261.60	(3,313,000.00)	47,084,261.60	44,291,736.90	2,792,524.70	94%
	<b>Total Budget</b>	<b>567,009,694.13</b>	<b>351,942,580.03</b>	<b>918,952,274.15</b>	<b>705,437,619.97</b>	<b>213,514,654.18</b>	<b>77%</b>
County Assembly	Legislation & Oversight	665,097,274.00	31,311,467.08	696,408,741.08	664,338,183.00	32,070,558.08	95%
	Political & Governance Pillar	2,237,239,708.19	846,210,872.88	3,083,450,581.07	2,730,525,207.56	352,925,373.51	89%
	<b>TOTAL COUNTY BUDGET</b>	<b>7,893,639,168.99</b>	<b>1,781,256,841.46</b>	<b>9,674,896,010.45</b>	<b>7,611,543,463.00</b>	<b>2,063,352,547.45</b>	<b>79%</b>

## **6.8. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the 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 Government of Makeni County. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

### **3. Recognition of receipts and payments**

#### **a) Recognition of receipts**

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

#### **Tax receipts**

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

#### **Transfers from the Exchequer**

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



**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**External Assistance**

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

**Donations and grants**

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

**Proceeds from borrowing**

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

**Undrawn external assistance**

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

**County Own Generated Receipts**

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

**Returns to CRF Issues**

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

**b) Recognition of payments**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensation of employees**

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

**Use of goods and services**

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

**Interest on borrowing**

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

**Repayment of borrowing (principal amount)**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Cash and cash equivalents**

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

**Restriction on cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs 100,702,891 compared to KShs 141,969,876 in prior period as indicated on note 23

There were no other restrictions on cash during the year.

**6. Accounts Receivable**

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

**7. Accounts Payable**

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

**8. Non-current assets**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Pending bills**

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

**10. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The entity's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on June 6th, 2017 for the period 1<sup>st</sup> July 2017 to 30 June 2018 as required by law. There were three numbers of supplementary budgets passed in the year. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**11. Comparative figures**

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

**12. Subsequent events**

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

**13. Errors**

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

**14. Related party transactions**

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

6.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2017 - 2018	2016 - 2017
	KShs	KShs
Total Exchequer Releases for quarter 1	-	1,095,029,770
Total Exchequer Releases for quarter 2	955,528,000	1,062,823,012
Total Exchequer Releases for quarter 3	2,491,198,000	1,610,337,897
Total Exchequer Releases for quarter 4	3,378,474,000	2,673,160,909
<b>Total</b>	<b>6,825,200,000</b>	<b>6,441,351,588</b>

-All the amounts budgeted for were received

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2017 - 2018	2016 - 2017
			KShs	KShs
<b>Grants Received from Multilateral Donors (International Organizations)</b>				
DANIDA	-	-	26,715,347	12,065,000
<b>World Bank</b>				
Transforming Health Care(THS)- Universal Care	-	-	32,588,849	-
KDSP	-	-	47,396,651	-
NARIGP			50,609,855	
<b>Total</b>			<b>157,310,702</b>	<b>12,065,000</b>

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

**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
**Reports and Financial Statements**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**3. TRANSFERS FROM NATIONAL GOVERNMENT ENTITIES**

Description	2017 - 2018	2016 - 2017
	KShs	KShs
Transfers from Central government entities		
Free maternity healthcare	-	85,890,000
<b>TOTAL</b>	-	<b>85,890,000</b>

*-During this period there were no transfers from the National Government*

**4. PROCEEDS FROM DOMESTIC BORROWINGS**

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

**5. PROCEEDS FROM FOREIGN BORROWINGS**

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

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**6. PROCEEDS FROM SALE OF ASSETS**

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

**7. CONDITIONAL ADDITIONAL ALLOCATION TO COUNTY GOVERNMENTS**

	2017 - 2018	2016 - 2017
	KShs	KShs
Conditional Allocations for Development of Youth Polytechnics	64,131,527	-
Conditional Allocations for Compensation for User Fees Foregone	19,449,802	19,449,802
Conditional Allocation from Road Maintenance Fuel Levy Fund	254,349,334	98,971,324
Conditional Allocation For Health Workers Allowances	-	103,659,000
<b>Total</b>	<b>337,930,663</b>	<b>222,080,126</b>

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

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

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

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**8. RETURNS OF EQUITY HOLDINGS**

	2017 - 2018	2016 - 2017
	KShs	KShs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
<b>Total</b>	-	-

**9. COUNTY OWN GENERATED RECEIPTS**

	2017 - 2018	2016 - 2017
	KShs	KShs
Parking Fees	28,529,340	25,841,269
Plot Rates/Rent	7,793,352	6,668,541
Single Business Permits	83,160,173	65,462,900
Plans Inspection	7,550,698	6,077,004
Public Health services	15,760,315	4,178,635
Advertising (Billboards)	4,544,094	3,291,260
Market Fees	33,917,393	33,547,625
Rent ( County Houses, Market stalls, County commercial buildings)	125,500	-
Agricultural Produce cess	14,098,776	14,997,040
Fines,penalties and forfeiture	3,310,220	1,975,864
Hospital Fees	26,008,060	-
Sundry debtors (Premium for property allocation and ground rent)	-	-
Licences	36,947,751	32,685,500
Other Revenues	60,358,555	24,347,780
<b>Totals</b>	<b>322,104,226</b>	<b>219,073,418</b>

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



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**10. RETURNED CRF ISSUES**

	2017 - 2018	2016 - 2017
	KShs	KShs
Recurrent account	-	-
Development account	-	-
Deposit account	-	-
<b>Total</b>	-	-

**11. COMPENSATION OF EMPLOYEES**

	2017 - 2018	2016 - 2017
	KShs	KShs
Basic salaries of permanent employees	3,038,485,212	2,424,883,082
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	-	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
<b>Total</b>	<b>3,038,485,212</b>	<b>2,424,883,082</b>

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

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**12. USE OF GOODS AND SERVICES**

	2017 - 2018	2016 - 2017
	KShs	KShs
Utilities, supplies and services	27,345,277	21,354,842
Communication, supplies and services	6,750,304	9,332,105
Domestic travel and subsistence	123,349,330	152,092,603
Foreign travel and subsistence	16,117,157	21,156,860
Printing, advertising and information supplies & services	37,868,102	28,341,608
Rentals of produced assets	1,858,460	2,121,100
Training expenses	45,489,045	33,140,547
Hospitality supplies and services	39,834,907	44,090,416
Insurance costs	260,828,823	146,591,412
Specialized materials and services	258,928,298	348,494,148
Office and general supplies and services	29,068,900	19,684,746
Other operating expenses	709,500,923	702,057,679
Refined Fuel	42,876,286	19,628,760
Routine maintenance – vehicles and other transport equipment	58,299,701	54,553,382
Routine maintenance – other assets	31,931,362	44,982,289
<b>Total</b>	<b>1,690,046,875</b>	<b>1,647,622,497</b>

**13. SUBSIDIES**

Description	2017 - 2018	2016 - 2017
	KShs	KShs
Subsidies to Public Corporations	-	-
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
<b>TOTAL</b>	-	-

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**14. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017 - 2018	2016 - 2017
	KShs	KShs
Transfers to Other Counties		
County Assembly	724,332,867	688,338,860
Transfer to Sand Authority	37,268,565	60,000,000
Tetheka Fund	42,071,665	-
Car Loan & Mortgage Fund	83,250,000	-
<b>TOTAL</b>	<b>886,923,097</b>	<b>748,338,860</b>

**15. OTHER GRANTS AND OTHER PAYMENTS**

	2017 - 2018	2016 - 2017
	KShs	KShs
Scholarships and other educational benefits	157,735,752	55,799,982
Emergency relief and refugee assistance	30,000,000	114,466,886
Subsidies to small businesses, cooperatives, and self employed	-	68,000,000
<b>Total</b>	<b>187,735,752</b>	<b>238,266,868</b>

**16. SOCIAL SECURITY BENEFITS**

	2017 - 2018	2016 - 2017
	KShs	KShs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**17. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>KShs</b>	<b>KShs</b>
Purchase of Buildings	-	-
Construction of Buildings	318,013,040	1,270,035,395
Refurbishment of Buildings	9,744,973	11,702,763
Construction of Roads	162,820,175	315,307,181
Construction and Civil Works	173,883,310	235,939,119
Overhaul and Refurbishment of Construction and Civil Works	313,640,088	673,015,410
Purchase of Vehicles and Other Transport Equipment	48,793,850	68,862,012
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	489,850	14,411,100
Purchase of Office Furniture and General Equipment	6,718,952	114,461,857
Purchase of ICT Equipment	12,794,806	24,916,031
Purchase of Specialized Plant, Equipment and Machinery	75,916,466	177,761,541
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	339,340
Purchase of Certified Seeds, Breeding Stock and Live Animals	6,173,360	8,513,500
Research, Studies, Project Preparation, Design & Supervision	9,444,085	10,455,915
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	574,200	37,872,922
Acquisition of Intangible Assets	-	-
<b>Financial Assets</b>		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	30,283,000
<b>Total</b>	<b>1,139,007,155</b>	<b>2,993,877,085</b>

**18. FINANCE COSTS, INCLUDING LOAN INTEREST**

	<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>KShs</b>	<b>KShs</b>
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

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

**20. OTHER PAYMENTS**

	2017 - 2018	2016 - 2017
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other payments	669,345,371	1,021,980,999
	<b>669,345,371</b>	<b>1,021,980,999</b>

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**21. CASH AND BANK BALANCES**

**21A. BANK BALANCES**

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2017 - 2018	2016 - 2017
		KShs	KShs
Central Bank of Kenya-1000170937	Revenue Ac	939,383,411	1,007,360,933
Central Bank of Kenya-1000170557	Recurrent Ac	120	519
Central Bank of Kenya-1000170573	Development Ac	285,736	136,497,853
Central Bank of Kenya-1000268255	Emergency	-	41,234,121
Central Bank of Kenya-1000251697	Makueni County Road Maint. Fund	283,603,438	36,303,838
Central Bank of Kenya-1000333464	Makueni County Spec. Purpose Ac	22,535,642	-
Central Bank of Kenya-1000365471	Makueni County Agr Rural Growth IP	23,494,300	-
Central Bank of Kenya-1000372125	Makueni County KDSP	7,124,827	-
Central Bank of Kenya-1000367407	Makueni County Village Poly Proj.	16,073,027	-
Kenya Commercial Bank-1140751719	Revenue Ac	3,801,993	1,060,316
Kenya Commercial Bank-1140751042	Operations Ac	1,376,449	2,441,805
Kenya Commercial Bank-1147187010	Development Ac	-	-
Kenya Commercial Bank-1143804953	Liquor Ac	985,850	1,291,401
Kenya Commercial Bank-1140778218	Revenue Ac	-	-
Kenya Commercial Bank-1169182968	Recurrent Ac	-	-
Kenya Commercial Bank-1183068646	Empowerment Fund Ac	-	27,674,879
Kenya Commercial Bank-1162295899	Makueni sub county imprest a/c	445	-
Kenya Commercial Bank-1163197033	Kibwezi W. sub County Ac	400	-
Kenya Commercial Bank-1162794070	Kaiti Sub County Imprest Ac	859	-
Kenya Commercial Bank-1201095395	Kibwezi E. Sub County Ac	580,554	-
Kenya Commercial Bank-1162744774	Kilome Sub County Ac	524	-
CBK Retention Ac	Deposit Ac	100,702,891	141,969,876
Kenya Commercial Bank-1198480068	Mbooni Sub County Ac	1,666	-
Kenya Commercial Bank-1168389127	Directorate of Co-operatives	247,105	805,368
Kenya Commercial Bank-1169183565	Demonstration Revenue Ac	1,928,480	128,700
Kenya Commercial Bank-1169182968	Demonstration Operation Ac	155	222,396
Co-operative Bank Of Kenya Ltd.-01141540363600	Makueni County Animal Protection Grant	273,983	-
Co-operative Bank Of Kenya Ltd.-01141539338600	MOA Revenue Ac	720,265	3,417,423
Co-operative Bank Of Kenya Ltd.-01141539156001	Donor Ac	500,433	1,407,672
Department of Health Services	Annex 7	3,075,138	-

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Accounts			
<b>Total</b>		<b>1,406,697,690</b>	<b>1,401,817,098</b>

*\*Amount should is as per amount in the cash book.*

**21B. CASH IN HAND**

	2017 - 2018	2016 - 2017
	KShs	KShs
Cash in Hand – Held in domestic currency	-	3,500
Cash in Hand – Held in foreign currency	-	-
<b>Total</b>	<b>-</b>	<b>3,500</b>

Cash in hand should also be analysed as follows:

	2017 - 2018	2016 - 2017
	KShs	KShs
Cash Office	-	3,500
Location 2	-	-
Location 3	-	-
<b>Total</b>	<b>-</b>	<b>3,500</b>

**22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

<i>Description</i>	2017 - 2018	2016 - 2017
	KShs	KShs
Government Imprests	16,610,460.00	31,709,242
Clearance accounts	-	-
<b>Total</b>	<b>16,610,460.00</b>	<b>31,709,242</b>

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<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
Richard Amos Wambua	05/03/18	302,360.00	-	302,360.00
James Kilonzo	18/03/018	136,800.00	-	136,800.00
Ngungi Mbuku	29/06/18	137,480.00	-	137,480.00
Makanga Stephen	29/06/18	459,000.00	-	459,000.00
Genson Ngau	29/06/18	724,220.00	-	724,220.00
Christopher Yulu	26/06/18	896,200.00	-	896,200.00
Herbert Opany	26/06/18	1,172,000.00	-	1,172,000.00
Ambrose Mwanza Kisingu	29/06/18	792,000.00	-	792,000.00
Janet Mutio	29/06/18	8,870,400.00	-	8,870,400.00
Martin Muendo Kitavi	29/06/18	3,120,000.00	-	3,120,000.00
<b>Total</b>				<b>16,610,460.00</b>

**23. ACCOUNTS PAYABLE**

	<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>KShs</b>	<b>KShs</b>
Deposits & Retention	100,702,891	141,926,710
<b>Total</b>	<b>100,702,891</b>	<b>141,926,710</b>

**24. FUND BALANCE BROUGHT FORWARD**

	<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	1,401,817,098	3,410,704,070
Cash in hand	3,500	248
Accounts Receivables	31,709,242	7,073,927
Accounts Payables	(141,926,710)	(31,665,857)
<b>Total</b>	<b>1,291,603,130</b>	<b>3,386,112,388</b>



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**25. PRIOR YEAR ADJUSTMENTS**

Description of the error	2017 - 2018	2016 - 2017
	KShs	KShs
Adjustments on bank account balances	-	-
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others ( <i>specify</i> )	-	-
	-	-

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**6.10. OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2017-2018	2016-2017
	KShs	KShs
Construction of buildings	2,134,257	823,736
Construction of civil works	1,106,524	29,084,069
Supply of goods	3,770,626	25,377,231
Supply of services	10,069,810	80,019,305
	<b>17,081,217</b>	<b>135,304,342</b>

**2. PENDING STAFF PAYABLES (See Annex 2)**

	2017-2018	2016-2017
	KShs	KShs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others ( <i>specify</i> )	4,285,200	10,662,696
	<b>4,285,200</b>	<b>10,662,696</b>

**3. OTHER PENDING PAYABLES (See Annex 3)**

	2017-2018	2016-2017
	KShs	KShs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others ( <i>specify</i> )	-	-
	-	-

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**4. RELATED PARTY DISCLOSURES**

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

The following comprise of related parties to the County Government:

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

**Related party transactions**

	2017-2018	2016-2017
	Kshs	Kshs
Key Management Compensation(Governors, CEC Members and C.Os)	-	-
<b>Transfers to related parties</b>		
Transfer to the County Assembly	724,332,867	688,338,860
Tetheka Fund	42,071,665	-
Car Loan and Mortgage Fund	83,250,000	-
Transfer to Sand Authority	37,268,565	60,000,000
Transfers to County Water Service Providers	-	-
Expenses paid on behalf of County Water Service Providers	-	-
<b>Total Transfers to related parties</b>	<b>886,923,097</b>	<b>748,338,860</b>
<b>Transfers from related parties</b>		
Transfers from the Exchequer	6,825,200,000	6,441,351,588
Conditional Additional Allocations to County Governments	337,930,663	222,080,126
Transfers from National Government	-	85,890,000
Transfers from Donors	157,310,702	12,065,000
<b>Total Transfers from related parties</b>	<b>7,320,441,365</b>	<b>6,761,386,714</b>

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**5. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES**

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

<b>Entity</b>	<b>Date Established</b>	<b>Location</b>	<b>Accounting Officer responsible</b>
Sand Authority	August 2015	Wote Town	Halinishi Yusuf
Tetheka Fund	2016	County HQ	Rael Mumo
Emergency Fund	2014	County HQ	Justus Suka
Car and Mortgage	2018	County HQ	Justus Suka

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**7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<b>Cash and Cash equivalents</b> <b>1.1 Bank Accounts</b> Eleven accounts transact in non-impres cash contrary to Section 82 (1) (b) of the Public Financial Management (County Government) Regulations. Operation of numerous bank accounts led to a nugatory expenditures	The analysis of bank accounts done. The nugatory expense belongs to the Makueni County assembly and not the Executive	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	-
2.0	<b>Irregular Placement of Funds on Fixed Deposit</b> The propriety of the fixed deposit of Kshs.20,000,000 and any accruing interest thereof as at 30 June 2016 cannot be confirmed.	Explanation given	Accounting Officer-Department of Trade	Waiting for feedback from Makueni County Assembly	-
3.0	<b>Revenue</b>				
3.1	<b>Unbanked Revenue</b> The under banking of Kshs 309,050	The officer was found culpable and disciplinary measures taken	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	-
3.2	<b>Uncollected Revenue (Other Debtors)</b> Recoverability of the	Reconciliation done.	Accounting Officer-Financial	Waiting for feedback from	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	debts totalling Kshs.142,164,300 and the accuracy and completeness of the aggregate debtors balance could be confirmed.		Services	Makueni County Assembly	
3.3	<b>Uncollected Revenue from Defunct Local Authorities</b> The accuracy of the receivables balance of Kshs.7,073,927 as at 30 June, 2016 could be ascertained.	Disclosure already done in the Financial Statements	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	-
4.0	<b>Pending Payables</b> The accuracy and existence of the payables totalling Kshs. 292,007,336 as at 30 June 2016 could be confirmed	Explanation given	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	-
5.0	<b>Fixed Assets</b>				
5.1	<b>Fixed Assets Register</b> The accuracy, and completeness of the fixed assets register and assets balance of Kshs.656,898,877 as at 30 June 2016 could be confirmed.	The breakdown given	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	
5.2	<b>Acquisition of Assets</b>				
5.2.1	<b>Purchase of Motor Cycles</b> The propriety and value-for-money for the expenditure of Kshs.6,560,000 reportedly incurred on purchase of motor cycles could be ascertained.	Detailed explanation to the observation given	Accounting Officer-Department of Youth	Waiting for feedback from Makueni County Assembly	
5.2.2	<b>Purchase of Four (4</b>	Detailed	Accounting	Waiting for	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<b>Nos.) Eicher Terra Vehicles</b> Different observations on the purchase of 4 NO. Eicher Terra Vehicles and the missing Gold bar	explanation to the observation given.	Officer- Department of Transport	feedback from Makueni County Assembly	
5.2.3	<b>Purchase of Five (5 No.) Eicher Tipper Vehicles</b> Different observations on the purchase of 5 no Eicher Tipper Vehicles	Detailed explanation to the observation given	Accounting Officer- Department of Transport	Waiting for feedback from Makueni County Assembly	
5.2.4	<b>Purchase of an Isuzu Dmax — Pick-Up</b> The Government framework used for the procurement was not attached or availed and there was no proof of negotiation	Detailed explanation to the observation given	Accounting Officer- Department of Transport	Waiting for feedback from Makueni County Assembly	
5.2.5	<b>Purchase of a Tractor</b> Specifications of the tractor were not indicated in the tender documents and the recommendations from the county mechanical engineer were not made available for audit review	Detailed explanation to the observation given	Accounting Officer- Department of Agriculture	Waiting for feedback from Makueni County Assembly	
5.2.6	<b>Purchase of Lorry FRR for Project not Clearly Stated</b> Several unsatisfactory issues were noted; The pre-delivery inspection and engineer's specifications and recommendations were not availed. No	Detailed explanation to the observation given.	Accounting Officer- Department of Trade	Waiting for feedback from Makueni County Assembly	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	procurement documents were availed.				
5.3	<b>Purchase of Land</b> The propriety of the expenditure of Kshs.12,500,000 as at 30 June 2016 could not be ascertained	Detailed explanation to the observation given.	Accounting Officer- Department of Lands	Waiting for feedback from Makueni County Assembly	
5.4	<b>Construction Projects</b>				
5.4.1	<b>Construction of Dining Hall, Kitchen and a Dormitory at Molemuni Special Unit</b> Review of the procurement records revealed several anomalies:	Detailed explanation to the observation given.	Accounting Officer- Department of Education	Waiting for feedback from Makueni County Assembly	
5.4.2	<b>Construction of Two-storey Building at Nduluku CTTI:</b> Review of the procurement records revealed several anomalies:	Detailed explanation to the observation given.	Accounting Officer- Department of Education	Waiting for feedback from Makueni County Assembly	
5.4.3	<b>Phase II 2013/2014 Projects</b> Delay in the completion denied Makueni County residents the benefits they had expected to receive from these projects.	Detailed explanation to the observation given.	Accounting Officer- Department of Water	Waiting for feedback from Makueni County Assembly	
5.4.3.1	<b>Irregular Procurement Process in Kyandumbi, Tulimani and Kyaluma Boreholes</b> Propriety of the expenditure of Kshs. 8,775,232 incurred on the	Detailed explanation to the observation given	Accounting Officer- Department of Water	Waiting for feedback from Makueni County Assembly	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	projects as at 30 June 2016				
5.4.4	<b>Construction and Rehabilitation of Earth Dams</b> Propriety and value-for-money of the expenditure totalling Kshs.123,273,598 incurred on the dam works as at 30 June 2016 could not be confirmed.	Detailed explanation to the observation given	Accounting Officer- Department of Water	Waiting for feedback from Makueni County Assembly	
5.4.5	<b>Construction of an Animal/Fish Feed Centre at ATC</b> Propriety of the expenditure totalling Kshs.2,166,230 incurred on construction of the animal feed centre could not be confirmed.	Detailed explanation to the observation given	Accounting Officer- Department of Agriculture	Waiting for feedback from Makueni County Assembly	
5.5	<b>Stalled Projects</b>				
5.5.1	<b>Stalled Handcraft Stalls Projects</b>			Waiting for feedback from Makueni County Assembly	
5.5.2	<b>Handcraft Stalls at Kiboko Market</b> County residents were yet to obtain value for the money totalling Kshs.1, 850,000 incurred on building the stalls.	Explanation for why the delay given	Accounting Officer- Department of Trade	Waiting for feedback from Makueni County Assembly	
5.5.3	<b>Construction of Kiundwani Market Sheds</b> Propriety of the	Detailed explanation to the observation given	Accounting Officer- Department of Trade	Waiting for feedback from Makueni	

**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	expenditure of Kshs.1,918,000 incurred in building the new stalls could not be confirmed.			County Assembly	
5.5.4	<b>Construction of Makindu Market Sheds</b> Propriety and value-for-money of the expenditure totaling Kshs.3,787,790 incurred on construction of the market could not be confirmed.	Detailed explanation to the observation given	Accounting Officer- Department of Trade	Waiting for feedback from Makueni County Assembly	
6.0	<b>Use of Goods and Services</b>				
6.1	<b>Maintenance of Motor Vehicles</b> Propriety of the expenditure of Kshs.33,195,073 as at 30 June 2016 could not be ascertained	Detailed explanation to the observation given	Accounting Officer- Department of Health	Waiting for feedback from Makueni County Assembly	
7.0	<b>Procurement of the Staff Medical Insurance Cover</b> Propriety of expenditure totalling Kshs.117,079,980 incurred on procurement of staff medical cover cannot be confirmed	Detailed explanation to the observation given	Accounting Officer- Office of the County Secretary	Waiting for feedback from Makueni County Assembly	
8.0	<b>Irregular Payment of Domestic Travel and Subsistence Allowance</b> Propriety of the expenditure of Kshs. 4,838,671 as at 30 June 2016 could not be confirmed	Documents availed for review	Accounting Officer- Financial Services	Waiting for feedback from Makueni County Assembly	
9.0	<b>Refined Fuel, Oil and</b>	Explanation	Accounting	Waiting for	

GOVERNMENT OF MAKUENI COUNTY (The County Executive)

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For the year ended June 30, 2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Responsible person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<b>Lubricants</b> Propriety of the expenditure of Kshs.55,634,909 reportedly incurred on purchase of oil and lubricants cannot not be confirmed.	given	Officer-Financial Services	feedback from Makueni County Assembly	
10.0	<b>Non-implemented Car and Mortgage Loans Programme</b> The benefits expected to be derived from the programme worth Kshs.130,897,439 are yet to be realized	The programme has since been rolled out	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	
	<b>Other Matter</b>				
1.0	<b>Budgetary Analysis</b>				
1.1	<b>Un-Utilized Budget</b> County residents did not enjoy planned services budgeted at Kshs.3,410,704.070.	Explanation given	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	
1.2	<b>Recurrent Budget</b> The statement of appropriation- recurrent varies with IFMIS	Explanation and analysis of the variance given.	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	
1.3	<b>Development Budget</b> The statement of appropriation- development varies with IFMIS.	Explanation and analysis of the variance given.	Accounting Officer-Financial Services	Waiting for feedback from Makueni County Assembly	
1.4	<b>Development Projects Implementation and Management</b>	Explanation given.	Accounting Officer-Financial	Waiting for feedback from	

**GOVERNMENT OF MAKUENI COUNTY** (*The County Executive*)  
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**For the year ended June 30, 2018**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	No plausible explanation has been provided for the delays in commencing and completing the projects		Services	Makueni County Assembly	
1.4.1	<b>Delayed Implementation of Projects</b> It was not possible to confirm that the residents of Makueni County obtained value-for-money for projects worth Kshs. 305,497,838 budgeted during the year.	Detailed project status provided	Accounting Officer- Department of Trade	Waiting for feedback from Makueni County Assembly	
1.5	<b>Variance Between Budgeted Revenue and Actual Revenue</b> Delivery of services planned for the County residents was adversely affected by the shortfall	Explanation given.	Accounting Officer- Financial Services	Waiting for feedback from Makueni County Assembly	
2.0	<b>Human Resource</b>				
2.1	<b>Performance Appraisal System</b> There was no staff appraisal system established for County Executive Staff	Performance management contracting as a tool for managing performance has been adopted	Accounting Officer- Office of the County Secretary	Waiting for feedback from Makueni County Assembly	
2.2	<b>Non Reconciling Employee Records</b> Payments to additional staff in the IPPD payroll have not been accounted for.	Explanation given.	Accounting Officer- Office of the County Secretary	Waiting for feedback from Makueni County Assembly	
2.3	<b>Incomplete Records</b> The June 2016 manual payroll lacked biodata	Explanation given.	Accounting Officer- Office of the	Waiting for feedback from	

GOVERNMENT OF MAKUENI COUNTY (The County Executive)

Reports and Financial Statements

For the year ended June 30, 2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	information		County Secretary	Makueni County Assembly	
2.4	<b>New Entries into the IPPD Payroll</b> It was not clear why the County Public Service Board (CPSB) would show the employees as newly recruited in the 2015/2016 financial year and the same names shown in the June 2015 IPPD payroll.	Explanation given.	County Public Service Board	Waiting for feedback from Makueni County Assembly	
2.5	<b>Un-supported Recruitment</b> Minutes approving the recruitment were not availed for audit	Requisition of staff by departments letters availed	County Public Service Board	Waiting for feedback from Makueni County Assembly	
2.6	<b>Recruitment Data</b> Records on the newly recruited ECDE teachers were not presented for audit to ascertain their total number	Records were availed	County Public Service Board	Waiting for feedback from Makueni County Assembly	
2.7	<b>Irregularities on Recruitment of Staff</b> No plausible reason was provided for the discrepancies between CPSB and the advertisements	Explanation given	County Public Service Board	Waiting for feedback from Makueni County Assembly	
2.8	<b>Staff Regional Balance</b> The County Executive breached Section 65(i) (e) of the County Government Act, 2012. which provides that	Adequate explanation given	County Public Service Board	Waiting for feedback from Makueni County Assembly	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	at least 30% of County Government workers should be from communities other than the one dominant in the County.				

- *This is the report for FY2015/2016. The County Government did a response on the report to the county Assembly in an attempt to resolve the issues. We have since appeared before the Public Investments and Accounts Committee. We await their feedback. The County has is yet to be received the Auditor's report for FY2016/2017.*

CEC, County Treasury

Sign..... 

Date..... 27/9/18

**THE GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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**ANNEXES**

**ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER**

Period	Equitable Share	DANIDA	FUEL LEVY	USER FEE	POLYTECHNICS	KDSP	NARGIP	Total from the National Treasury
Exchequer Releases for quarter 1	-	-	118,622,496	-	-	-	-	118,622,496
Exchequer Releases for quarter 2	955,528,000	17,235,708	-	-	-	-	-	972,763,708
Exchequer Releases for quarter 3	2,491,198,000	-	-	-	-	31,201,603	50,609,855	2,573,009,458
Exchequer Releases for quarter 4	3,378,474,000	9,479,639	135,726,838	9,724,901	64,131,527	16,195,048	-	3,613,731,953
<b>Total</b>	<b>6,825,200,000</b>	<b>26,715,347</b>	<b>254,349,334</b>	<b>19,449,802</b>	<b>64,131,527</b>	<b>47,396,651</b>	<b>50,609,855</b>	<b>7,278,127,615</b>

**THE GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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**ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
A	B	C	d=a-c			
<b>Construction of buildings</b>						
1. Mishilo Investment	800,538.76			800,538.76		
2. Ken DO Ltd	203,040.24			203,040.24		
3. Dojosmu	210,000.00			210,000.00		
4. Katuli Works	64,728.00			64,728.00		
5. Josema Investment	347,450.00			347,450.00		
6. Eledeva	328,500.00			328,500.00		
7. Jongi Builders & General	180,000.00			180,000.00		
<b>Sub-Total</b>				<b>2,134,257.00</b>	<b>823,736.70</b>	
<b>Construction of civil works</b>						
8. Anza Equipment	698,384.00			698,384.00		
9. Altah Investment	408,140.00			408,140.00		
<b>Sub-Total</b>				<b>1,106,524.00</b>	<b>29,084,069.18</b>	
<b>Supply of goods</b>						
10. Nazusba General Supplies	347,500.00			347,500.00		
11. Aslam Supplies	309,000.00			309,000.00		
12. Lynnetech Chemicals and Equipment Ltd	786,770.00			786,770.00		
13. Waveline Commercial Enterprises	600,000.00			600,000.00		
14. Fiexifild Enterprises Ltd	289,450.00			289,450.00		
15. Afram Holdings Ltd	94,000.00			94,000.00		
16. Winpark Technologies	94,000.00			94,000.00		
17. Ventura Ventures and Enterprises	143,000.00			143,000.00		
18. Joapelah Supplies agencies	173,100.00			173,100.00		
19. Top Task Electronics	486,156.00			486,156.00		



GOVERNMENT OF MAKUENI COUNTY (The County Executive)

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
20. Stanmax Enterprises	314,750.00			314,750.00		
21. Ndilix Enterprises	132,900.00			132,900.00		
<b>Sub-Total</b>				<b>3,770,626.00</b>	<b>25,377,231.20</b>	
<b>Supply of services</b>						
22. Airport View Plaza	69,000.00			69,000.00		
23. Sahihi Africa Production	700,000.00			700,000.00		
24. Kasomoko Contractors	280,000.00			280,000.00		
25. CMC Motors Group Ltd	84,199.26			84,199.26		
26. Primate Tours	780,820.00			780,820.00		
27. Hotel Lepanda	541,500.00			541,500.00		
28. Subaru Kenya	183,732.95			183,732.95		
29. Sub County Revenue Officers	1,764,740.00			1,764,740.00		
30. Mumbuni Driving School	66,500.00			66,500.00		
31. Advertising for ASK Show	500,000.00			500,000.00		
32. Installation of Gutters	678,892.00			678,892.00		
33. Catering services	21,500.00			21,500.00		
34. Veronicah Muendi Ndolo	1,920.00			1,920.00		
35. Kenhill Innovative Inst. Co. Ltd	192,650.00			192,650.00		
36. Mutua Mulonzya	92,800.00			92,800.00		
37. Stirling Consultants	400,000.00			400,000.00		
38. Transform Nations	1,270,000.00			1,270,000.00		
39. Vaibe Consulting Ltd	309,720.00			309,720.00		
40. Gichimu Mung'ata Co. Advocates	2,000,000.00			2,000,000.00		
41. Kivi Milimani Hotel	112,000.00			112,000.00		
42. Kenya school Of Government	19,836.00			19,836.00		
<b>Sub-Total</b>				<b>10,069,810.21</b>	<b>80,019,305.01</b>	
<b>Grand Total</b>				<b>17,081,217.21</b>	<b>135,304,342.09</b>	

**THE GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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**ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	J G	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		a	b	C	d=a-c		
<b>Others (specify)</b>							
1. Local Authorities Pension Trust		3,972,124.65			3,972,124.65		
2. Eric Muthoka Mutuku		37,000.00			37,000.00		
3. Japheth Mutangili Muunda		16,800.00			16,800.00		
4. Japheth Mutangili Muunda		20,000.00			20,000.00		
5. Theresia Matemu		133,000.00			133,000.00		
6. Beatrice Nthenya Kala		20,000.00			20,000.00		
7. Lucy M. Kimeu		19,000.00			19,000.00		
8. Vincent Murywoki		22,530.00			22,530.00		
9. Morris Morgan Mwariama		5,250.00			5,250.00		
10. Victor Munyao Omido		5,250.00			5,250.00		
11. Faith Nzilani Mutisya		4,950.00			4,950.00		
12. Dr. Nicholas Mulwa Charles		8,295.00			8,295.00		
13. Nicodemus Malelu		37,000.00			37,000.00		
14.							
<b>Sub-Total</b>		<b>4,285,199.65</b>					
<b>Grand Total</b>		<b>4,285,199.65</b>			<b>4,285,199.65</b>		

**THE GOVERNMENT OF MAKUENI COUNTY (The County Executive)**

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**ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
		a	b	C	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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**ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2016/2017</b>	<b>Additions during the year (KShs)</b>	<b>Disposals during the year (KShs)</b>	<b>Historical Cost e/f (KShs) 2017/2018</b>
Land	37,872,922	650,917,773	-	688,790,695
Buildings and structures	1,606,627,991.00	327,758,013	-	1,934,386,004
Transport equipment	163,500,827.00	48,793,850	-	212,294,677
Office equipment, furniture and fittings	278,857,140.00	7,208,802	-	286,065,942
ICT Equipment, Software and Other ICT Assets	34,547,766.00	12,794,806	-	47,342,572
Other Machinery and Equipment	224,261,541.00	75,916,466	-	300,178,007
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	6,173,360	-	6,173,360
Intangible assets	13,653,948.00	9,444,085	-	23,098,033
<b>Total</b>	<b>2,359,322,135.00</b>	<b>1,139,007,155</b>	<b>-</b>	<b>3,498,329,290</b>

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

**GOVERNMENT OF MAKUENI COUNTY (The County Executive)**  
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**ANNEX 6 – INTER-ENTITY TRANSFERS**

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explain ation
1	County Assembly	52,048,476	190,907,267	192,704,269	288,672,855	724,332,867	723,668,083	664,784	
2	Tetheka Fund	-	-	-	42,071,665	42,071,665	42,071,665	-	
3	Car Loan & Mortgage	-	-	39,500,000	43,750,000	83,250,000	83,250,000	-	
4	Sand Authority	-	37,268,565	-	-	37,268,565	37,268,565	-	
5	Emergency Fund	-	-	-	30,000,000	30,000,000	30,000,000	-	
	<b>Total</b>	<b>52,048,476</b>	<b>228,175,832</b>	<b>232,204,269</b>	<b>404,494,520</b>	<b>916,923,097</b>	<b>916,258,313</b>	<b>664,784</b>	

**THE GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
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**ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT**

*(Attach FO 30 Reports from IFMIS)*

**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
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**ANNEX 8-TRIAL BALANCE**

Account No and Description	Current Period	
	Debit	Credit
	Kshs	Kshs
Basic Salaries - Permanent Employees	3,038,485,212.17	
Utilities, Supplies and Services	27,345,276.90	
Communication, Supplies and Services	6,750,303.85	
Domestic Travel and Subsistence, and Other Transportation Costs	123,349,330.23	
Foreign Travel and Subsistence, and other transportation costs	16,117,157.25	
Printing , Advertising and Information Supplies and Services	37,868,102.00	
Rentals of Produced Assets	1,858,460.00	
Training Expenses	45,489,045.25	
Hospitality Supplies and Servi	39,834,906.60	
Insurance Costs	260,828,823.15	
Specialised Materials and Supp	258,928,297.90	
Office and General Supplies and Services	29,068,900.20	
Fuel Oil and Lubricants	42,876,285.50	
Other Operating Expenses	709,500,923.15	
Routine Maintenance - Vehicles	58,299,700.72	
Routine Maintenance - other assets	31,931,362.34	
Emergency Relief	30,000,000.00	
Construction of Buildings	318,013,040.35	
Refurbishment of Buildings	9,744,973.06	
Construction of Roads	162,820,175.22	
Construction and Civil Works	173,883,309.82	
Overhaul and Refurbishment of Construction and Civil Works	313,640,087.75	
Purchase of Vehicles and Other Transport Equipment	48,793,850.00	
Purchase of Household Furniture and Institutional Equipment	489,850.00	
Purchase of Office Furniture and General Equipment	6,718,952.25	
Purchase of ICT Equipment, Software and Other ICT Assets	12,794,806.00	
Purchase of Specialised Plant, Equipment and Machinery	75,916,466.00	
Purchase of Certified Seeds, Breeding Stock and Live Animals	6,173,360.00	
Research, Studies, Project Preparation, Design & Supervision	9,444,085.00	
Acquisition of Land	574,200.00	
Other Payments	669,345,371.12	
Scholarships	157,735,751.65	
Transfer to Youth Empowerment Fund	42,071,665.20	
Transfer to Sand Authority	37,268,564.88	
Transfers to County Assembly	724,332,867.00	

**GOVERNMENT OF MAKUENI COUNTY** *(The County Executive)*  
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Transfer to Car Loan & Mortgage-Executive	83,250,000.00	
Receivables-Outstanding Imprests C/F	16,610,460.00	
Balance C/D-Cash	-	-0.36
Balance C/D-Bank	1,406,697,689.94	
Receivables-Deposits B/F	141,926,709.81	
Exchequer Releases		6,825,200,000.00
Own Generated Revenue		322,104,226.40
Proceed from Domestic and Foreign Grants		157,310,702.40
Conditional Allocation		337,930,663.00
Balance B/D-Bank		1,401,817,097.57
Balance B/D-Cash		3,500.00
Payables-Outstanding Imprests B/F		31,709,242.00
Payables-Deposits C/F		100,702,891.25
<b>Total</b>	<b>9,176,778,322.26</b>	<b>9,176,778,322.26</b>

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

Prepared By: Brigid Kibone  
*(Signature)*

Approved By: JUSTUS SUKA  
*(Signature)*



REPUBLIC OF KENYA

DATE: 2<sup>nd</sup> July, 2018

Report on the Board of Survey on the cash and Bank balances of.....  
as at the close of business on 29<sup>th</sup> June..... 2018.

The board consisting of- (Names and Officials Titles)

- 1. Daniel Musau S. Accountant - Chairman
- 2. Ruth Mumba - Cashier -
- 3. ELIZABETH DANIEL - ACCOUNTANT
- 4. AMOS MUSYOKA - Accountant
- 5. MICHAEL MAHA - AUDITOR OF Cashier of Treasury

At 8:00 am (time) in the ..... and the following cash was

Produced:-

Notes..... Shs.....

Silver..... Shs.....

Copper..... Shs.....

Cheques (as per details on reverse)..... Shs.....

It was observed that cheques amounting to Kshs..... cts.....

Had been on hand for more than 14 days prior to the date of the survey.

The cash consists of Kenya Currency and does not contain any demonetized coins or notes.

The cashbook reflected the following balances as at close of business on the

Cash on hand..... Kshs.....

Bank balances..... Kshs.....

The bank certificates of balances showed a sum of Kshs..... Cts.....

Standing to the credit of the account..... 20.....

The difference between this figure and the bank balances as shown by the cashbook is

accounted for the bank reconciliation statement ( F.O .30) attached.

- 1. Chairman Daniel Musau Date 2<sup>nd</sup> July, 2018.
- 2. Member of the board Ruth Mumba 02/7/2018
- 3. Member of the board Amos Musyoka
- 4. Member of the board Elizabeth Daniel
- 5. Member of the board Michael Maha

