



COUNTY GOVERNMENT OF MAKUENI

**AMENDED
REPORTS AND FINANCIAL STATEMENTS**

(COUNTY EXECUTIVE)

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

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COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

- Office of the Governor and Deputy Governor;
- The County Assembly, and
- The County Executive Committee

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC- Finance	Mary Kimanzi
2.	Chief Officer Finance	Joseph Ndiku
3.	Ag. Director- Financial Accounting Services	Kennedy Muthama

(d) Fiduciary Oversight Arrangements

The main Institution's responsible for fiduciary oversight is the County Assembly and the Controller of Budget. There is also Internal Audit Department headed by Director Internal Audit Services which also is responsible for ensuring that Internal Controls are applied at all levels and stages of transactions

(e) Entity Headquarters

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

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(f) Entity Contacts

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

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Wote Branch
3. 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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For the year ended June 30, 2016

II. FORWARD BY THE CEC

Pursuant to Section 164 of the Public Finance Management Act, the Accounting Officer for a County Government entity shall prepare and consolidate Financial Statements in respect of the entity in formats prescribed by the Accounting Standards Board. The law requires that these statements are submitted to the Auditor General, the County Treasury, the Controller of Budget and Commission for Revenue Allocation within four 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, 2016.

During this period, the County Government of Makueni received Kshs. 5.9 billion from the exchequer, Kshs 220.1 million from local sources, Kshs. 123.5 million from donors and 75.8 million for Road Maintenance Levy. The total revenue received was Kshs.6.38 billion out of which Kshs.5.4 billion was spent leaving a surplus of Kshs. 0.9 billion.

In order to ensure improved transparency, accountability and fiscal responsibility in the public sector, the County Government of Makueni is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources. The County Budget and Economic forum has played a key role in supporting a sound budget process. We have also continuously updated Makueni citizens on matters of public finance through various media. The County Government is also dedicated to deliver on the promises made in her budget. This will help bolster the key objective of devolution which is to promote sustainable and equitable social, political and economic development in the County.

The main challenge faced during the period was slowed procurement due to introduction of e-procurement owing to capacity and network challenge in the County. We have however done our best to ensure that all procurements were timely autocrated.

As I conclude, I would like to thank the National Treasury for the support they gave during the financial year.

The County's financial statements were forwarded and signed by CEC member on



Mary K. Kimanzi
County Executive Committee member- Finance and Socio-Economic Planning
Government of Makueni County.

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163, 164 and 165 of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2016. 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, 2016, 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 _____ 2016.



County Executive Committee member – Finance and Socio-Economic Planning

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

IV. REPORT OF THE INDEPENDENT AUDITORS ON THE COUNTY

Auditor General


Date


COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016	2014-2015
		Kshs	Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	123,583,293	28,714,658
Exchequer releases	4	5,969,671,381	5,456,005,919
Transfers from Other Government Entities	5	75,834,678	-
Proceeds from Domestic Borrowings	6	-	-
Domestic Currency & Domestic Deposits	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	220,171,649	215,349,954
TOTAL RECEIPTS		6,389,261,001	5,700,070,531
PAYMENTS			
Compensation of Employees	12	1,884,914,836	1,779,240,731
Use of goods and services	13	1,472,382,287	883,734,146
Subsidies	14	-	-
Transfers to other Government entities	15	724,851,073	587,834,772
Other grants and transfers	16	79,433,992	123,365,811
Social Security Benefits	17	-	-
Acquisition of Assets	18	1,253,457,213	1,026,467,024
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	-
TOTAL PAYMENTS		5,415,039,401	4,400,642,484
SURPLUS/DEFICIT		974,221,600	1,299,428,047

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 29/9 2016 and signed by:


 Chief Officer



 Head of Treasury

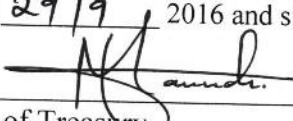
COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

II. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	3,410,704,070	2,423,023,480
Cash Balances	22B	248	944,445
Total Cash and cash equivalent		<u>3,410,704,318</u>	<u>2,423,967,925</u>
Accounts receivables – Outstanding Imprests	23	7,073,927	4,526,300
TOTAL FINANCIAL ASSETS		<u>3,417,778,245</u>	<u>2,428,494,225</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	31,665,857	16,603,437
NET FINANCIAL ASSETS		<u>3,386,112,388</u>	<u>2,411,890,788</u>
REPRESENTED BY			
Fund balance b/fwd	25	2,411,890,788	1,112,462,741
Surplus/Deficit for the year		974,221,600	1,299,428,047
NET FINANCIAL POSITION		<u>3,386,112,388</u>	<u>2,411,890,788</u>

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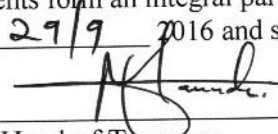
COUNTY GOVERNMENT OF MAKUENI
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III. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
		Kshs	Kshs
Receipts from operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	123,583,293	28,714,658
Exchequer Releases	4	5,969,671,381	5,456,005,919
Transfers from Other Government Entities	5	75,834,678	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	220,171,649	215,349,954
Payments to operating expenses			
Compensation of Employees	12	1,884,914,836	1,779,240,731
Use of goods and services	13	1,472,382,287	883,734,144
Interest payments	14	-	-
Subsidies	15	-	-
Transfers to Other Government Units	16	724,851,073	587,834,772
Other grants and transfers	17	79,433,992	123,365,811
Social Security Benefits	18	-	-
Finance Costs, including Loan Interest	20	-	-
Other Expenses	22	-	-
Adjusted for:			
Adjustments during the year: Changes in Receivables		2,547,627	4,526,300
Changes in Payables		15,062,420	-
Net cash flow from operating activities		2,240,193,607	2,321,368,771
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	(1,253,457,213)	(1,026,467,024)
Net cash flows from Investing Activities		(1,253,457,213)	(1,026,467,024)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	22,267,473
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	21	-	-
Net cash flow from financing activities		986,736,394	1,294,901,747
NET INCREASE IN CASH AND CASH EQUIVALENT		2,423,967,925	1,134,146,969
Cash and cash equivalent at BEGINNING of the year	22	3,410,704,318	2,423,967,925
Cash and cash equivalent at END of the year	22		

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 29/9 2016 and signed by:


 Chief Officer


 Head of Treasury

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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 %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	657,234,254		657,234,254	199,417,971	457,816,283	30%
Exchequer releases	5,969,671,381		5,969,671,381	5,969,671,381	-	100%
Transfers from Other Government Entities	-		-	-	-	
Proceeds from Domestic Borrowings	-		-	-	-	
Proceeds from Foreign Borrowings	-		-	-	-	
Proceeds from Sale of Assets	-		-	-	-	
Reimbursements and Refunds	-		-	-	-	
Returns of Equity Holdings	-		-	-	-	
Other Receipts	400,000,000		400,000,000	220,171,649	179,828,351	55%
Reallocation	-	2,423,023,432	2,423,023,432	-	2,423,023,432	
TOTALS	7,026,905,635	2,423,023,432	9,449,929,067	6,389,261,001	3,060,668,066	68%
PAYMENTS						
Compensation of Employees	2,286,534,697	241,227,724	2,527,762,421	1,884,914,836	642,847,585	75%
Use of goods and services	1,854,910,768	321,740,136	2,176,650,904	1,472,382,287	704,268,616	68%
Subsidies	-		-	-	-	

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
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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 %
Transfers to Other Government Units	-		-	724,851,073	724,851,073	
Other grants and transfers	-		-	79,433,992	79,433,992	
Social Security Benefits	-		-	-	-	
Acquisition of Assets	2,885,460,170	1,860,055,575	4,745,515,745	1,253,457,213	3,492,058,532	26%
Finance Costs, including Loan Interest						
Repayment of principal on Domestic and Foreign borrowing						
Other Payments	-					
TOTALS	7,026,905,635	2,423,023,431	9,449,929,070	5,415,039,401	4,034,889,669	57%

The entity financial statements were approved on 27/9 2016 and signed by:



Chief Officer



Head of Treasury Accounts

COUNTY GOVERNMENT OF MAKUENI
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V. 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 %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants						
Exchequer releases	3,741,445,466		3,741,445,466	3,741,445,466	-	100%
Transfers from Other Government Entities	-		-	-	-	
Proceeds from Domestic Borrowings	-		-	-	-	
Proceeds from Foreign Borrowings	-		-	-	-	
Proceeds from Sale of Assets	-		-	-	-	
Reimbursements and Refunds	-		-	-	-	
Returns of Equity Holdings	-		-	-	-	
Other Receipts	400,000,000		400,000,000	220,171,649	179,828,351	55%
Reallocations	-	562,967,860	562,967,860	-	562,967,860	
TOTALS	4,141,445,466	562,967,860	4,704,413,325	3,961,617,115	742,796,211	84%
PAYMENTS						
Compensation of Employees	2,286,534,697	241,227,724	2,527,762,421	1,884,914,836	579,645,333	77%
Use of goods and services	1,854,910,768	321,740,136	2,176,650,904	1,472,382,287	704,268,616	68%
Subsidies	-		-	-	-	

COUNTY GOVERNMENT OF MAKUENI
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For the year ended June 30, 2016

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 %
Transfers to Other Government Units	-		-	724,851,073	724,851,073	
Other grants and transfers	-		-	79,433,992	79,433,992	
Social Security Benefits	-		-	-	-	
Acquisition of Assets	-		-	-	-	
Finance Costs, including Loan Interest						
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTALS	4,141,445,465	562,967,860	4,704,413,325	4,161,582,188	542,831,137	88%

Other grants are bursary funds and emergency funds whose budget were Kshs. 50, 467,288 and Kshs. 45,880,700 respectively

The entity financial statements were approved on 29/9 2016 and signed by:



Chief Officer



Head of Treasury Accounts

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016


VI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

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 %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	657,234,254		657,234,254	199,417,971	457,816,283	30%
Exchequer releases	2,228,225,916		2,228,225,916	2,228,225,916	-	100%
Transfers from Other Government Entities	-		-	-	-	
Proceeds from Domestic Borrowings	-		-	-	-	
Proceeds from Foreign Borrowings	-		-	-	-	
Proceeds from Sale of Assets	-		-	-	-	
Reimbursements and Refunds	-		-	-	-	
Returns of Equity Holdings	-		-	-	-	
Other Receipts	-		-	-	-	
Reallocation	-	1,860,055,575	1,860,055,575	-	1,860,055,575	
TOTALS	2,885,460,170	1,860,055,575	4,745,515,744	2,427,643,887	2,317,871,858	51%
PAYMENTS						
Compensation of Employees						
Use of goods and services						
Subsidies						
Transfers to Other Government Units						
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	2,885,460,170	1,860,055,575	4,745,515,745	1,253,457,213	3,492,058,531	26%
Finance Costs, including Loan Interest						


COUNTY GOVERNMENT OF MAKUENI
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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 %
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTALS	2,885,460,170	1,860,055,575	4,745,515,745	1,253,457,213	3,492,058,531	26%

The entity financial statements were approved on 29/9 2016 and signed by:



 Chief Officer



 Head of Treasury Accounts

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of revenue and expenses

The county recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the county. In addition, the county recognises all expenses when the event occurs and the related cash has actually been paid out by the county.

3. In-kind contributions

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

4. 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.

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

5. 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 are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure 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.

6. 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 by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. 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.

8. Pending bills

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

9. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The county's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the county's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

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

11. 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.

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Reports and Financial Statements (County Executive)
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VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
	-	-
Total	-	-

COUNTY GOVERNMENT OF MAKUENI
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3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
Grants Received from Multilateral Donors (International Organizations)				
Danida Funds			12,065,000	21,750,000
World Society for the Protection of Animals			-	6,964,658
Grants Received from other levels of government				
Conditional Allocation for Free Maternity			90,900,000	-
Conditional Allocation for Compensation for User Fees Foregone			20,618,293	-
Conditional Allocation from RMLF			-	-
Total			123,583,293	28,714,658

COUNTY GOVERNMENT OF MAKUENI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 EXCHQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	477,573,710	898,242,217
Total Exchequer Releases for quarter 2	1,522,266,201	859,464,012
Total Exchequer Releases for quarter 3	1,492,417,844	1,354,306,928
Total Exchequer Releases for quarter 4	2,477,413,626	2,343,992,762
Total	5,969,671,381	5,456,005,919

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Conditional Allocation from RMLF	75,834,678	-
	-	-
	-	-
	-	-
TOTAL	75,834,678	-

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6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 - 2016	2014 - 2015
	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	-	-
Domestic Accounts Payable	-	22,267,473
Total	-	22,267,473

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

8 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

9 REIMBURSEMENTS AND REFUNDS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

COUNTY GOVERNMENT OF MAKUENI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 RETURNS OF EQUITY HOLDINGS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
Total	-	-

11 OTHER REVENUES

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Stock Market Fee	8,410,305	8,442,860
Plan Approval	4,552,617	6,438,310
Rents	11,683,488	8,115,422
Other Property Income-Other Plot Dues	4,080,786	4,032,595
Other Revenues- Others	13,376,466	22,970,215
-Stock Movement Fee	1,705,705	2,152,650
-Sand Cess	3,526,082	-
-Liquor License Fee	28,684,270	22,184,620
-Vet Service Fee	5,894,260	-
Fines Penalties and Forfeitures	1,682,247	1,697,739
Business Permits	65,078,465	66,533,409
Cesses	13,020,759	14,773,563
Other Local Levies- Kiosk Renewal	2,845,789	2,981,900
Tenders From County- Executive	-	103,000
-Assembly	-	1,237,000
Market/Trade Centre Fee	25,583,865	26,473,544
Vehicle Parking Fee	25,809,465	22,907,410
Environment & Conservancy Administration	4,237,080	4,305,647
Total		
	220,171,649	215,349,954

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12 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic salaries of permanent employees	1,758,672,670	1,779,240,731
Basic wages of temporary employees	838,877	-
Personal allowances paid as part of salary	-	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	92,775,654	-
Compulsory national social security schemes	7,884,000	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	24,743,635	-
Total	1,884,914,836	1,779,240,731

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	17,721,994	19,475,014
Communication, supplies and services	18,490,228	8,410,622
Domestic travel and subsistence	147,224,047	130,616,724
Foreign travel and subsistence	12,570,880	5,535,044
Printing, advertising and information supplies & services	26,812,211	36,625,208
Rentals of produced assets	3,187,850	15,826,235
Training expenses	39,373,823	18,129,580
Hospitality supplies and services	38,846,073	52,201,303
Insurance costs	143,119,432	46,104,517
Specialized materials and services	314,157,411	241,469,632
Office and general supplies and services	25,926,258	30,913,862
Other operating expenses	574,532,918	207,501,731
Routine maintenance – vehicles and other transport equipment	33,195,073	21,206,881
Fuel Oil and Lubricants	55,634,909	38,540,318
Routine maintenance – other assets	21,589,179	11,177,475
Total	1,472,382,287	883,734,146

14 SUBSIDIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Subsidies to Public Corporations	-	-
Subsidies to Private Enterprises	-	-
TOTAL	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to County Assembly	704,232,780	455,870,292
Transfers to Other Counties		
Transfers to Health Facilities	20,618,293	131,964,480
TOTAL	724,851,073	587,834,772

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Scholarships and other educational benefits	50,501,476	51,482,712
Emergency relief and refugee assistance	28,932,516	71,883,099
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	79,433,992	123,365,811

17 SOCIAL SECURITY BENEFITS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 ACQUISITION OF ASSETS

Non Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	336,592,596	200,238,062
Refurbishment of Buildings	-	-
Construction of Roads	45,753,797	47,361,082
Construction and Civil Works	165,416,899	258,784,263
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	147,688,863	288,429,713
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	111,345,234.95	12,994,210
Purchase of ICT Equipment	9,631,735	23,835,125
Purchase of Specialised Plant, Equipment and Machinery	46,500,000	32,746,934
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	5,140,448	12,554,660
Research, Studies, Project Preparation, Design & Supervision	385,387,640	119,972,974
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	29,550,000

Financial Assets

Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-

Total

1,253,457,213 1,026,467,024

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19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Repayments on Borrowings from Domestic	-	-
Principal Repayments on Guaranteed Debt Taken over by Government	-	-
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

21 OTHER EXPENSES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other expenses	-	-
	-	-

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22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit, revenue e.t.c	Exc rate (if in foreign currency)	2015 - 2016	2014- 2015
				Kshs	Kshs
Central Bank of Kenya Ltd 1000170937	Kshs	Revenue Ac		3,180,593,139.55	2,063,453,333.85
Central Bank of Kenya Ltd 1000170557	Kshs	Recurrent Ac		47,504,285.30	249,483,694.65
Central Bank of Kenya Ltd 1000170573	Kshs	Development Ac		87,499.85	102,013,531.65
Central Bank of Kenya Ltd 1000268255	Kshs	Emergency Ac		22,940,350.00	-
Central Bank of Kenya Ltd 1000251697	Kshs	Makueni County Road Maint. Ac		57,255,181.00	-
Kenya Commercial Bank Ltd 1140751719	Kshs	Revenue Ac		3,076,282.96	2,993,755.91
Kenya Commercial Bank Ltd 1140751042	Kshs	Operations Ac		5,684,100.10	1,604,309.00
Kenya Commercial Bank Ltd 1147187010	Kshs	Development Ac		5,028,613.60	535,049.70
Kenya Commercial Bank Ltd 1143804953	Kshs	Liquor Ac		447,945.00	85,000.00
Kenya Commercial Bank Ltd 1140778218	Kshs	Imprest Ac		-121,294.00	-
Kenya Commercial Bank Ltd 1169183565	Kshs	Revenue Ac		1,352,982.60	-
Kenya Commercial Bank Ltd 1169182968	Kshs	Recurrent Ac		438,234.00	-
Kenya Commercial Bank Ltd 1183068646	Kshs	Empowerment Fund Ac		48,000,000.00	-
Kenya Commercial Bank Ltd 1167286944	Kshs	Development Ac		1,504,550.00	
Kenya Commercial Bank Ltd 1159711895	Kshs	Development Ac		2,650.00	
Co-operative Bank of Kenya Ltd- 01141539338600	Kshs	MOA Ac		3,032,555.00	2,854,805.00
Co-operative Bank of Kenya Ltd- 01141539156001	Kshs	Donor Ac		2,211,137.95	-
Central Bank Of Kenya Ltd 1000238119	Kshs	Makueni County Deposit Ac		31,665,857.45	-
Total				3,410,704,070.36	2,423,023,479.76

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22B: CASH IN HAND

	2015 - 2016	2014- 2015
	Kshs	Kshs
Cash in Hand – Held in domestic currency	248	944,445
Cash in Hand – Held in foreign currency	-	-
Total	248	944,445

Cash in hand should also be analysed as follows:

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cash Office	248	944,445
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	248	944,445

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23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

<i>Description</i>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Government Imprests	7,073,927.00	4,526,300.00
Clearance accounts	-	-
Total	<u>7,073,927.00</u>	<u>4,526,300.00</u>

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		Kshs	Kshs	Kshs
Governor's Office		69,400.00	-	69,400.00
Department of Lands		1,891,460.00	-	1,891,460.00
Department of Devolution		1,550,000.00	-	1,550,000.00
Department of Trade		15,000.00		15,000.00
County Secretary		350,000.00		350,000.00
Department of Agriculture		666,717.00		666,717.00
Department of Transport		961,300.00		961,300.00
Department of Water		1,570,050.00		1,570,050.00
<i>Name of Officer or Institution</i>				
Total				<u>7,073,927.00</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. ACCOUNTS PAYABLE

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Deposits	31,665,857	16,603,437
Total	31,665,857	16,603,437

25. FUND BALANCE BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	2,423,023,480	1,108,845,271
Cash in hand	944,445	1,965,730
Accounts Receivables	4,526,300	6,187,666
Accounts Payables	(16,603,437)	(4,535,926)
Total	2,411,890,788	1,112,462,741

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26. OTHER IMPORTANT DISCLOSURES	2015-2016	2014-2015
26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)		
	Kshs	Kshs
Construction of buildings	29,288,528	22,905,306.36
Construction of civil works	161,718,793	350,939.00
Supply of goods	31,418,839	30,245,761.67
Supply of services	38,576,478	12,702,844.90
Others	15,502,349	11,447,782.10
	276,504,987	77,652,634.03
26.2: PENDING STAFF PAYABLES (See Annex 2)	2015-2016	2014-2015
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others	15,502,349	11,447,782.10
	15,502,349	11,447,782.10
26.3: OTHER PENDING PAYABLES (See Annex 3)	2015-2016	2014-2015
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (<i>specify</i>)	-	-
	-	-
26.4: PENDING ACCOUNTS RECEIVABLES	2015-2016	2014-2015
	Kshs	Kshs
Former Makueni County Council	141,032,175.00	
Wote ward	8,235,342.00	
Total	149,267,517.00	

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27. PROGRESS REPORT ON THE ISSUES RAISED DURING THE 2014/15 FINANCIAL YEAR.

NO	ISSUES RAISED	PROGRESS/REMARKS
1.0	<p>Cash and Cash Equivalents</p> <p>Bank confirmation certificates for nine accounts and bank reconciliation statements for seven (7) of the bank accounts were not made available for audit review.</p> <p>Four of the bank reconciliation statements had cash book balance figures which were not in agreement with the financial statements.</p>	<p>Bank reconciliation statements and bank certificates for all the accounts were availed for Audit review.</p> <p>Currently, bank reconciliations are done on a weekly basis</p>
3.1	<p>Fixed Assets register</p> <p>Unexplained difference of Kshs.430,564,219 between the total fixed assets figure reported in the financial statements (641,310,765) and the amount shown in the statement of receipts and payments(Kshs1,071,874,984) as at 30 June 2015</p> <p>The previous year's assets were not included in the fixed assets summary</p> <p>The fixed assets inherited from the defunct local authorities were not incorporated</p>	<p>Explanation availed. Audit advice has since been considered</p> <p>The previous year's assets were included in the fixed assets summary as per page 33 of the financial statements.</p>
3.2	<p>Purchase of Land</p> <p>The procurement documents for land purchase were not availed for audit verification.</p>	<p>The tender documents were later availed for audit review.</p>

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3.3	Procurement of Computers, Printers and Digital Cameras Purchase of computers, printers and digital cameras were not supported by quotations. The orders were split into several smaller quantities.	<p>The Quotations were availed for audit review after the audit.</p> <p>The county government is structured into different departments and each department works as a separate entity.</p>
3.4	Irregular Purchase of Prime Mover The contract for the purchase of prime mover was awarded to the second lowest bidder who	<p>The lowest bidder did not meet the technical evaluation criteria.</p>
4.1	Unsupported Emergency Projects County Assembly approval for the supply of emergency materials and construction of various projects under emergency expenditure category was not availed for audit.	<p>The county government constituted an emergency committee which is mandated to consider and approve emergency responses</p>
4.2	Unsupported Contracts and Services The tender/quotation documents in respect of the various contracts and services were not made available for audit review.	<p>The tender documents were later forwarded for audit review</p>
5.0	Construction of County Government of Makueni Office Block, Governor and Deputy Governor's Residencies There was no budget provision for the construction of the Deputy Governor's residence. Contract agreements and BQs for the projects were not availed.	<p>Budget provision was made for the construction of the governorship residences.</p> <p>The contract agreement and bill of quantities were availed for Audit review.</p>
6.0	Construction of Kalamba Fruit Project Relevant procurement documents for Consultancy services done on Kalamba fruit processing plant for audit review.	<p>Procurement documents in respect to consultancy services for Kalamba fruit processing plant were availed.</p>

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7.0	Construction of Institutes, Development centers and Rural Development Centers and Rural Electrification Projects The County did not give full contracts to the contractors but instead split the contracts into two Market survey for the building materials was not carried	The county government adopted the community model comprising of three aspects; Supply of materials, community contribution and labour. Differences were influenced by transportation costs that arose from the varying terrains and location of the projects
8.1	Use of Imprest to Construct a Primary School No documents for audit review to confirm expenditure for Yikisemei to qualify to be under emergency projects.	The county committee on emergency approved the expenditure for reconstruction of the school to be met through the emergency allocation.
8.2	Use of Imprest to Procure Contract Services.	Imprests were used to cater for their daily subsistence/field allowances.
9.0	Direct Procurement of General Office Supplies.	The suppliers were listed under the annual tenders of financial years 2014/2015 and 2015/16
10.0	Irregular Training Expenses	Government to government procurement was used to procure
11.0	Fabrication of Metal Stalls at Mbui Nzau Market Contract awarded to the second lowest bidder	Bidder quoted Kshs 1.3M (below the engineers estimate by more than 10%). Amount too low to execute the project if awarded.
12.1	Outstanding Imprests Some details of imprest holders missing It was not been possible to ascertain the recoverability of imprests as at 30 June 2015	Corrected The imprests have since been surrendered.
12.2	Unaccounted for Imprests Use of taxis instead of county	Imprests accounted for. Taxis were used as official vehicles were not available.
13.0	Unsupported Foreign Travel	Foreign Travel support was provided

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14.0	Supply and Delivery of Mock Exams and Textbooks Outlawed KCPE and KCSE Mock examination cost. Procurement documents not avail for audit review	The county government had completed procurement of the mock exams before the Ministry of Education directive. Ministry of Education directives have since been adhered to Tender documents for procurement process were availed.
15.0	Irregular Promotion :The political advisor	Explanation given.
16.0	Unconfirmed employee Compensation Payments	Explanation given.
17.0	Avoidable legal Fees	Explanation given.
	Other matters	
1.1	Un-Utilized Budget	Due to delay in passing the Appropriation Bill and Supplementary Appropriation Bill.
1.2	Under-expenditure in recurrent Budget	Due to delays in passing the budget
1.3	Under-expenditure in development Budget	Due to delays in passing the budget
2.0	Under-collection of Revenue	The county government has enhanced revenue collection mechanisms to improve in revenue collection
3.1	Irregular Purchase of Two Drum Rollers	The variance in date explained
5.0	Construction of Market Shades not complete and not in use	Market shades are now operational
6.0	Extension of Kiboko Twaandu Water Project	At the time of audit the degree of completion was 97% as supported by Engineer's payment certificates presented for payment advice.
7.0	Acquisition of Geographic Information System	The portal for the GIS phase one is active and accessible at any given time.
8.1	Lack of a Staff Establishment One third rule on employment not adhered	Staff establishment established Explanation given
8.2	Irregular Employment Non confirmation of officers on time	Employment is as per the departmental requirements Quite a number of staff confirmed and confirmations are ongoing.

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9.0	<p>Internal Audit Department and the Internal Audit Committee</p> <p>Lack of a fully-fledged internal audit department.</p> <p>Lack of an Audit Committee</p>	<p>Internal audit directorate established with a director and five internal auditors.</p> <p>Audit committee already in place</p>
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COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
Construction of buildings	29,288,528.08					
1.						
2.						
3.						
Sub-Total	29,288,528.08			29,288,528.08	22,905,306.36	
Construction of civil works	161,718,792.87					
4.						
5.						
6.						
Sub-Total	161,718,792.87			161,718,792.87	350,939.00	
Supply of goods	31,418,839.09					
7.						
8.						
9.						
Sub-Total	31,418,839.09			31,418,839.09	30,245,761.67	
Supply of services	38,576,478.21					
10.						
11.						
12.						
Sub-Total	38,576,478.21			38,576,478.21	12,702,844.90	
Grand Total	261,002,638.25			261,002,638.25	66,204,851.93	

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contract ended	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)		15,502,348.50					
10.							
11.							
12.							
Sub-Total							
Grand Total		15,502,348.50			15,502,348.50	11,447,782.10	

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2014 d=a-c	Outstanding Balance 2013	Comments
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						

COUNTY GOVERNMENT OF MAKUENI
Reports and Financial Statements (County Executive)
For the year ended June 30, 2016

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	-	29,550,000.00
Buildings and structures	336,592,596.00	239,095,692.00
Transport equipment	94,638,815.00	288,429,713.11
Office equipment, furniture and fittings	164,395,283.00	12,999,710.00
ICT Equipment, Software and Other ICT Assets	9,631,735.00	23,835,125.00
Other Machinery and Equipment	46,500,000.00	34,845,865.00
Heritage and cultural assets	-	-
Biological Assets	5,140,448.00	12,554,660.00
Total	656,898,877.00	641,310,765.00