

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY EXECUTIVE OF KERICHO**

**FOR THE YEAR
ENDED 30 JUNE 2016**



COUNTY GOVERNMENT OF KERICHIO

REPORTS AND FINANCIAL STATEMENTS

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)



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I. KEY COUNTY GOVERNMENT OF KERICHO INFORMATION AND MANAGEMENT

(a)Background information

Kericho County is a county of Kenya. Its capital and largest town is Kericho. The current governor is H.E Professor Paul Kiprono Chepkwony .

Kericho County is home to the best of Kenyan tea which is renowned worldwide for its taste with its town square even known as Chai Square. Some of the largest tea companies including Unilever Kenya, James Finlay and Williamson Tea are based here. It is also home to the popular Ketepa brand.

Sub-Counties

The county has six sub-counties, namely,

Ainamoi Sub-County

Belgut Sub-County

Bureti Sub-County

Kipkelion East Sub-County

Kipkelion West Sub-County

Sigowet-Soin Sub-County

CEMENTING THE TIES

The relationship between the County Government of Kericho, friends of the USA and the Sikh community has been taken to a new level after the signing of a memorandum of understanding on the following areas of mutual collaboration:-

1. Establishing a new University in Kericho
2. Upgrading and equipping medical health facilities in the County.

Through the effort of His Excellency the Governor, the county secured support from friends of the county from the USA, who donated expensive medical equipment including two state-of-the-art ambulances. This equipment will go towards improving and providing an efficient diagnostic, treatment and nursing care to the residents of the county.

3. Sports and culture.

Football kits from the English Premier league team, Aston Villa finally landed in Kericho. The 40 foot container packed with 55,000 complete pairs of uniforms worth Ksh.97million was received by

the leadership of the County Government of Kericho led by the Governor, H.E.Prof.Paul Chepkwony and members of the Sikh community living in Kericho.

The uniforms were donated by the Nishkam community of Birmingham, UK and will be distributed to over 5000 teams in the county.

AGRICULTURE AND COMMUNITY DEVELOPMENT

Agricultural, rural development and environmental conservation efforts are aimed at raising the living standards of the rural communities and environmental sustainability. In Kericho many farmers grow tea; the community borders large British tea plantations which were established way before Kenya's independence. The picturesque which also borders the Mau forest which is Kenya's largest forest is a fertile ground for agricultural activities. On a daily basis there is a beehive of activity in every farm, plucking tea, tilling the land, planting crops, livestock rearing and other farm activities.

Farmers of Cheborgei Cooperative Society in Bureti sub-county got a major boost following the support they received from the County Government when the Governor, H.E Prof. Paul Chepkwony presented Milk Cans of 50 litres each for milk collection from farmers in Cheboin Ward.

Deputy Governor, H.E. Susan Kikwai, attended an Inter-Governmental Relations Technical Committee (IGRTC) consultative meeting on the pending privatisation of the state-owned/controlled sugar factories held in Kisumu.

HE Prof. Paul Chepkwony commissioned Tebesonik Water project in Bureti sub county. This is one of the projects being funded by the county government and is set to serve well over 200 households including Tebesonik Dispensary, Tebesonik secondary and primary schools, Kibolgong primary and Kibolgong polytechnic and Tebesonik trading centre.

Governor HE Prof Paul Kiprono Chepkwony attended the 12th Reunion of Brooke Bond held at the Crowne Plaza, Caversham, Reading, UK where he used the opportunity to discuss the proposed Kericho Tea Auction

Key Management

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

- Chief Officers who are appointed Accounting Officers and Receivers of revenue;
- Head of departments and sections; and
- Directors of departments

(a) Fiduciary Management

1.	Accounting Officer	Leah J Chumba	Finance & Economic Planning/office of the Governor.
2.	Accounting Officer	Kipchumba Kosgey	Information, Communication & E-Government Department
3.	Accounting Officer	Bernard Korir	Education, Youth Affairs, Culture, Children & Social Affairs
4.	Accounting Officer	Willy Keter	Land, Housing & Physical Planning Department
5.	Accounting Officer	Peter koskei	Public Works, Roads & Transport Department
6.	Accounting Officer	Dr. Shadrack Mutai	Health Services
7.	Accounting Officer	Eng. Willie Langat	Water, Energy, Natural Resources & Environment
8.	Accounting Officer	Anne Koech	Agriculture, Livestock development & Fisheries Department
9.	Accounting Officer	John Kirui	Trade, Industry, Co-operative Management & Tourism
10.	Accounting Officer	Alexander Rotich	Public service management
11.	Accounting Officer	Martin Epus	County Assembly
12.	Accounting Officer	Ronald Sigey	County Public Service Board

(b) Fiduciary Oversight Arrangements

- (1) The County executive Committee inclusive of all members in charge of ensuring all programmes are run smoothly and there is value for money
- (2) Finance sub-committee deliberates and sets agenda on fiduciary matters to be presented to the executive
- (3) Internal Audit Department undertaking periodic reviews of expenditures and special assignments on improprieties noted
- (4) County assembly Budget and appropriation committee reviews all audit reports and implementation of the same by the county executive
- (5) DANIDA Internal Auditors under health department review usage of health sector funding
- (6) County Budget and Economic Forum approves the Budget review and Outlook paper and general oversight role
- (7) Public Lobby and advocacy groups giving voice to the stakeholders which is the general public
- (8) Constitutional Commissions set as per law for revenue allocation and budget review to ensure all programs are adequately budgeted for and are being implemented
- (9) Independent offices set by law i.e Office of the Auditor General for review of programmes to ensure there is no wastage and Value for Money is achieved.

(d) County Government of Kericho Headquarters

P.O. Box 112-20200,

Nakuru-Kericho Road

Kericho, KENYA

(e) County Government of Kericho Contacts

Telephone: (254) 0522021100

(254) 0522021101

E-mail: info@kericho.go.ke

Website: www.kericho.go.ke

(f) County Government of Kericho Bankers

1. Kericho County Dev. Account

A/C 1000171267

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

2. Kericho County Rec. Account

A/C 1000171308

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

3. Kericho County Rev.Fund Account

A/C 1000171677

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

4. Kericho County Imprest Account

A/C 1141257580

Kenya Commercial Bank

Kericho Branch

5. Kericho County Rev. Account

A/C 1140754297

Kenya Commercial Bank

Kericho Branch

6. KERICHO COUNTY-BURSARY ACCOUNT

A/C 01141603844500

Co-operative Bank

Kericho Branch

7. KERICHO COUNTY-YOUTH ENTERPRISE

A/C 0074908001

Trans National Bank

Kericho Branch

9. ANNEX5- HEALTHFACILITIES

**10. ANNEX 6-HEALTH CENTRES AND
DISPENSARIES**

II.FOREWORD

The county's projected revenue was estimated at Kshs. 5.570 billion as per the supplementary budget for the FY 2015/2016 comprising of Ksh. 4.505 billion from the National equitable share, other transfers Ksh. 173 million and conditional grants of Kshs.19.930 Million and Ksh.440 million on projected local revenues. In addition, the total budget aforementioned includes Kshs. 404 Million that was unspent balance from 2014-15 financial period and Kshs. 27 Million that was surplus from own revenue in 2014-15 financial year. The total county budgeted expenditure amounted to Ksh.5.570 billion which balances with the total revenues.

The county received Kshs 5.155 billion in the financial year and expended Kshs4.993 billion for the financial year.

The year local revenue was Kshs 472 Million which exceeded the target of Kshs440 Million by Kshs32 Million. This was a performance of 107%.

Under recurrent expenditure, the Office of the Governor had a leading absorption of close to 100% which are attributable to administrative functions of the office. The overall performance of the County was at approximately 92% of the approved budget. In addition, the county transferred Kshs. 117 Million to the County Emergency Fund, Bursary Fund and County Executive Mortgage Fund.

Under the development expenditure, the department of Public Works, Roads and Transport recorded a leading absorption standing at 98% against the budgetary provision due to completion and execution of access roads in the county.

Due to implementation of new e-procurement module in IFMIS, the process was lengthy and budget implementation was affected. The same had a direct impact on projects delivery in the 2015-2016 financial cycle.

Conclusion

The operationalization of the 2015-2016 financial cycle was greatly determined by the procurement processes and mainly the full integration of the e-procurement sub-module of the Procure to Pay module. The execution of the budget and the service delivery for citizens of the County Government will be achieved through collaboration of all the stakeholders in the national and county levels to bring out the potential of the County Government of Kericho.



Patrick Mutai,

County Executive Committee - Finance and Economic Planning

County Government of Kericho

III.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 County Government of Kericho, 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 30-09-2016.



County Executive Committee member – Finance and Economic Planning



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KERICHO FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the County Executive of Kericho set out on pages 11 to 47, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Executive internal control. An audit also includes evaluating the appropriateness of accounting policies used

Report of the Auditor-General on the Financial Statements of County Executive of Kericho for the year ended 30 June 2016

and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for my audit opinion.

Basis for Disclaimer of Opinion

1. Failure to Prepare IFMIS Bank Reconciliation Statements

The management did not prepare (IFMIS) bank reconciliation Statements for all the bank accounts under the Integrated Financial Management and Information System as required by the National Treasury and the Public Sector Accounting Standards Board. Instead, bank reconciliations were prepared from the balances recorded in the manual cash books which did not capture all the payment transactions in both recurrent and development vote. Additionally the County Government kept two parallel systems namely IFMIS and a manual system.

In the circumstance, the reliability of the cash books and the bank reconciliation statements cannot be confirmed.

2. Acquisition of Assets

A schedule of fixed asset records given in Annex 4 of the financial statements reported a balance of Kshs.1,631,784,000 as at June 30 2016. This was an increase of Kshs.434,047,000 from Kshs.1,197,737,000 reflected in the year 2014/15. The assets included building structures, transport equipment, office equipment, furniture and fittings, Information Communication Technology (ICT) equipment, software and other ICT assets, other machinery and equipments and access roads and water community assets. However, a fixed assets register showing the dates of acquisition, value and location of the assets was not presented for audit. Therefore, it has not been possible to carry out physical verification of the assets.

In the circumstances, it was not possible to confirm the accuracy and existence of the assets balance of Kshs.1,631,784,000.

3. Pending Bills

According to Annex 1 of the financial statements, the County Government pending accounts payable stood at Kshs.552,632,000 as at 30 June 2016, having increased by Kshs.148,230,000 during the year, from a balance of Kshs.404,402,000 in the previous year. However, the County Government did not provide details of the suppliers and contractors owned their respective balances and the nature of goods or services supplied by them.

In the circumstance, it has not been possible to authenticate the accuracy of the payable bills reported in the financial statements as at 30 June 2016.

4. Omitted Assets and Liabilities from the Defunct Local Authorities

As reported previously, the County Government of Kericho inherited assets and liabilities of undetermined value from the defunct local authorities located within the County. However, no identification, valuation and formal handing over by the

Transition Authority to the County Government had been done as at 30 June 2016 despite the assets being in use.

The failure to identify, validate, value and record both the assets and liabilities of the defunct local authorities may occasion losses as ownership of the assets is in doubt and further, they are yet to be recorded in the books of the County Government.

5. Budget Performance for Expenditure

Review of budget performance during the year revealed that total approved estimates for the year as tabulated below were Kshs.5,570,156,234 against actual expenditure of Kshs.4,992,823,000. The resulting variance of Kshs.577,333,234 represented ten percent (10%) under-absorption of funds. The recurrent approved estimate for the year was Kshs.3,423,257,000 against actual expenditure of Kshs.3,361,042,000 resulting to an under-expenditure of Kshs.62,215,000. The under-expenditure represents two percent (2%) rate of under-absorption of funds. Similarly, the approved development expenditure estimate was Kshs.2,146,891,032 against actual expenditure of Kshs.1,631,781,000. The resulting under absorption of funds amounting to Kshs.515,110,032 represents twenty three (23%) percent of the total development budget. Further, budget performance shows that the county spent Kshs.2,146,891,032 on development expenditure which amount represented 39% of total expenditure. The expenditure was within the requirement of Section 107 (2) b of the Public Finance Management (PFM) Act, 2012 which requires that over the medium-term, a minimum of thirty (30) percent of the County Government's budget be allocated to development expenditure. Details on the expenditures are tabulated below:

Item	Approved Estimates	Actual Expenditure	Variance	% Variance	% of Total Expenditure
Recurrent Expenditure	3,423,257,000	3,361,042,000	62,215,000	1.82%	61%
Development Expenditure	2,146,891,032	1,631,781,000	515,110,032	23.99%	39%
Totals	5,570,156,234	4,992,823,000	577,333,234	10.36%	

6. Budgetary Performance for Income

6.1 Overall Revenue Performance

During the year under review, the County Government budgeted to receive Kshs.4,505,064,038 as its equitable share of revenue, foreign grants amounting to Kshs.19,930,000, Kenya Roads Board Fuel Levy of Kshs.57,229,294, Ministry of Health Maternal health-care grant of Kshs.98,854,000, transfers from Counties of Kshs.17,676,855 and internally generated income of Kshs.440,000,000 as tabulated below:

Source	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	Percent %
Danida	19,930,000	19,930,000	0	0%
Equitable Share	4,505,064,038	4,505,064,038	0	0%
Kenya Roads Board Fuel Levy	57,229,294	57,229,294	0	0%

Ministry of Health Maternal Health Care	98,854,000	83,128,000	15,726,000	16%
Transfer from Counties	17,676,855	17,677,000	-145	0%
Local Income	440,000,000	471,746,000	-31,746,000	-7%
TOTAL	5,138,754,187	5,154,774,332	-16,020,145	0%

The County realized a total of Kshs.471,746,000 from local revenue which surpassed its target of Kshs.440,000,000 by Kshs.31,746,000. Further, the County received maternity health care funds of Kshs.83,128,000 which sum was below the budgetary allocation by Kshs.15,726,000.

6.2 Other Revenues

Local revenue as shown in the financial statements amounted to Kshs.471,746,000. However, the summary schedules for revenue collection that were presented by the County Government for audit showed total revenue collection from other revenues amounted to Kshs.434,441,000, resulting in a variance of Kshs.37,305,000. Further, the reported revenue receipts for the year under review exceeded the budgeted estimate of Kshs.440,000,000 as shown in the following table:

Revenue stream	Budgeted amount 2015/2016 Kshs.	Actual Amount 2015/2016 Kshs.	Difference between budgeted and actual Kshs.	% Performance
Tea produce Cess	33,145,428.00	54,756,247	21,610,819	165.20%
Other Cess		18,251,753	18,251,753	-
Liquor license fee	8,472,325.00	11,306,660	2,834,335	133.45%
Single Business Permit	46,857,719.00	47,512,322	654,603	101.40%
Market/trade Fees	23,976,737.00	23,813,280	-163,457	99.32%
Land rate/ plot rate	71,100,947.00	70,352,964	-747,983	98.95%
Bus Park Fees	27,257,241.00	26,231,569	-1,025,672	96.24%
Health services – F.I.F	140,000,000	130,893,040	-9,106,960	93.50%
Car Packing Fees	13,064,923	12,092,520	-972,403	92.56%
Sub county public health	7,613,751	6,763,202	-850,549	88.83%
House/ Kiosk/ & stall rent	11,937,874	10,159,639	-1,778,235	85.10%
Forest produce Cess	9,377,609	7,391,955	-1,985,654	78.83%
Advertisement	8,527,273	6,531,082	-1,996,191	76.59%
Plan approval fees	7,872,109	5,535,671	-2,336,438	70.32%
Other miscellaneous revenues	30,796,064	21,100,582	-9,695,482	68.52%
Other revenue sources e.g income from Kabianga tea factory, weights and measures ,impounding fees etc		19,052,514	19,052,514	-
	440,000,000	471,746,000	31,746,000	107.21%

The various revenue streams and their respective performance are highlighted below:

6.3 Tea Produce Cess

The County Executive budgeted to collect a total of Kshs.33,145,428 from tea produce cess in the financial year 2015/2016. However, actual collection of the cess stood at Kshs.54,756,247 as at 30 June as reported in the financial statements, which sum was 165% of the budgeted amount. The under-budgeting was reportedly caused by lack of data on the average quantity of tea processed annually in the County.

6.4 Liquor License Fees

The County Executive budgeted to collect a total of Kshs.8,472,325 as liquor licence fees for the year 2015/2016. However, the financial statements showed that actual collection of revenue from the sub-component stood at Kshs.11,306,660, exceeding the budgeted amount by 33.5%. This was due to lack of an integrated revenue data base that could capture the total number of restaurants within the County and amount of license fees expected from each. Therefore, Liquor licence fees may not have been collected from many restaurants as the county Executive may not have profiled all the businesses in the County.

6.5 Single Business Permit

The County Government of Kericho budgeted to collect Kshs.46,857,719 from single business permits (SBP) during the financial year under review. However, actual SBP collections stood at Kshs.47,512,322 as at 30 June 2016 which sum was more than the budgeted amount by Kshs.654,603. Nonetheless, the County Executive does not maintain a data base for all the businesses operating within the county except the businesses operating in Kericho town. Therefore, the revenue collected could have been more had the management prepared a database of all the businesses in the county.

6.6 Market and Trade Fees

The County Executive had budgeted to collect Kshs.23,976,737 from market and trade fees during the financial year under review but collected Kshs.23,813,280 leading to a shortfall of Kshs.163,457. However, though the collections reflected ninety nine percent (99%) collection rate, without a consolidated data base, the market fees accuracy in estimating market fees due and in accounting for the cannot be confirmed.

6.7 Land Rates and Plot Rents

The County Executive had budgeted to collect Kshs.71,100,947 from land rates and plot rent in the financial year 2015/2016 but managed to collect Kshs.70,352,964 leading to a short fall of Kshs.747,983 representing 99% collection rate. However, the County Executive did not maintain an up dated record of land and houses in the County. As a result, it was not possible to confirm accuracy and validity of the budgeted and the actual amounts reflected in the financial statements.

6.8 Bus Park Fees

The budgeted bus park fees for the financial year under review totalled Kshs.27,257,241 but the actual collections were Kshs.26,231,569 resulting to an

under collection of Kshs.1,025,672 representing ninety six percent (96%) collection rate. However, the County Executive did not maintain a record of all the bus parks including the expected number of vehicles to be parked therein. As a result, it was not possible to confirm the correctness of the budgeted and the actual amounts reflected in the financial statements.

6.9 Car Parking Fees

The budgeted car parking fees for the financial year under review totalled Kshs.13,064,923 against actual collection of Kshs.12,092,520, resulting in under-collection of Kshs.972,403 which was equivalent to 93% collection rate. However, the County Government did not maintain data on all the parking spaces and the expected number of vehicles. Therefore, it was not possible to confirm the accuracy of the budgeted and actual amounts reflected in the financial statements.

6.10 Sub-county Public Health

The County Executive budgeted to collect a total of Kshs.7,613,751 from the public health department during the year under review. However, a total of Kshs.6,763,202 was collected leading to under-collection of Kshs.850,549 or 11% of the budgeted amount. It was observed that there was no database from which the public health revenue was based and it was therefore not possible to confirm the accuracy and validity of both the budgeted and the actual amounts reflected in the financial statements.

6.11 House, Kiosk and Stall Rents

The budgeted collection on house, kiosk and stall rents was Kshs.11,937,874 for the year under review while the actual collections totalled Kshs.10,159,639, which resulted to under-collection of Kshs.1,778,235 or fifteen (15%) percent. Although the collections reflected 85% collection rate, the accuracy of rents budgeted and collected cannot be confirmed in the absence of a consolidated data base.

6.12 Forest Produce Cess

The budgeted collection on forest produce cess was Kshs.9,377,609.00 while actual collection was kshs.7,391,955 resulting to under-collection of Kshs.1,985,654 or 21% of the budgeted amount. However, a data base on forest produce was not maintained by the County Executive. Therefore, although, the revenue collected 79% of the expected revenue, the accuracy of the budgeted could not be confirmed in the absence of the base showing potential revenue data

6.13 Advertisement - Kshs.6,531,082

The budgeted collection on advertisement for the year under review was Kshs.8,527,273 but the actual collections amounted to Kshs.6,531,082, thereby resulting in an under-collection of kshs.1,996,191 or twenty-three percent (23%). However, the County Executive did not maintain a register of all the bill boards in the County or a record of application registers for advertisement. In the absence of an

accurate data base, the correctness of the actual revenue collected cannot be ascertained.

6.14 Plan Approval Fees

The County Executive had projected to collect Kshs.7,872,109 from housing plan approval Fees in the financial year under review but collected Kshs.5,535,671 leading to under-correction of Kshs.2,336,438 or thirty percent (30%). The County Government did not maintain data to support the projected budget and it was therefore difficult to confirm the accuracy of both the budgeted and the actual figures as reflected in the financial statements.

6.15 Other sources

The County Executive had targeted to collect Kshs.30,796,064 from Other Sources but only managed to collect Kshs.21,100,582, leading to an under collection of Kshs.9,695,482 32% of the budget. The management did not maintain data on the composition of potential other sources of revenue and hence it was difficult not possible to confirm the accuracy of both the budgeted and the actual figures reflected in the financial statements.

7.0 Governor's Office Budget Performance Analysis

The Governor's Office total approved budget for the year under review was Kshs.136,865,194 but actual expenditure totalled Kshs.114,428,823 thus leaving Kshs.22,436,371 unspent.

Office of the Governor

Details	Budget allocation Kshs.	Actual Expenditure Kshs.	Variance Kshs.	% Performance
Basic Salaries - Civil Service	28,059,662.00	27,925,522.00	134,140.00	99.52%
House Allowance	4,991,950.00	4,624,983.00	366,967.00	92.65%
Entertainment Allowance	1,888,704.00	940,000.00	948,704.00	49.77%
Transport Allowance	3,318,348.00	1,646,000.00	1,672,348.00	49.60%
Personal Allowances paid	-	357,715.00	-357,715.00	-
Telephone Allowance	734,496.00	100,875.00	633,621.00	13.73%
Gratuity - Civil Servants	7,922,026.00	7,922,026.00	-	100.00%
Electricity	306,000.00	290,235.00	15,765.00	94.85%
Water and Sewerage Charges	204,000.00	204,000.00	-	100.00%
Telephone, Telex, Facsimile and Mobile Phone Services	820,000.00	428,346.00	391,654.00	52.24%
Internet Connections	102,000.00	36,800.00	65,200.00	36.08%
Courier & Postal Services	510,000.00	378,110.00	131,890.00	74.14%
Travel Costs (airlines, bus, railway, mileage allowances, etc.)	4,560,000.00	3,005,887.00	1,554,113.00	65.92%
Accommodation - Domestic Travel	3,305,000.00	2,969,600.00	335,400.00	89.85%
Daily Subsistence Allowance	5,070,000.00	3,094,587.00	1,975,413.00	61.04%

Travel Costs (airlines, bus, railway, etc.)(Foreign Travel)	3,560,000.00	1,848,155.00	1,711,845.00	51.91%
Accommodation-(Foreign Travel)	2,040,000.00	1,758,510.00	281,490.00	86.20%
Daily Subsistence Allowance (Foreign Travel)	2,050,000.00	1,145,278.00	904,722.00	55.87%
Publishing & Printing Services	510,000.00	364,614.00	145,386.00	71.49%
Subscriptions to Newspapers, Magazines and Periodicals	510,000.00	209,248.00	300,752.00	41.03%
Advertising, Awareness and Publicity Campaigns	1,530,000.00	1,228,414.00	301,586.00	80.29%
Hire of Transport, Equipment	724,000.00	549,400.00	174,600.00	75.88%
Accommodation Allowance	520,000.00	385,500.00	134,500.00	74.13%
Tuition Fees Allowance	724,000.00	459,360.00	264,640.00	63.45%
Catering Services (receptions), Accommodation, Gifts, Food and Drinks	3,333,440.00	3,175,966.00	157,474.00	95.28%
Boards, Committees, Conferences and Seminars	2,040,000.00	1,997,200.00	42,800.00	97.90%
State Hospitality Costs	-	236,820.00	-236,820.00	-
Purchase of Uniforms and Clothing - Staff	17,000.00	8,875.00	8,125.00	52.21%
General Office Supplies (papers, pencils, forms, small office equipment etc)	306,000.00	62,399.00	243,601.00	20.39%
Supplies and Accessories for Computers and Printers	-	153,100.00	-153,100.00	-
Sanitary and Cleaning Materials, Supplies and Services	204,000.00	166,000.00	38,000.00	81.37%
Refined Fuels and Lubricants for Transport	3,060,000.00	1,305,200.00	1,754,800.00	42.65%
Contracted Guards and Cleaning Services	160,420.00	79,100.00	81,320.00	49.31%
Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	306,000.00	7,868,205.00	-7,562,205.00	2571.31%
Legal Dues/fees, Arbitration and Compensation Payments	50,400,148.00	23,137,444.00	27,262,704.00	45.91%
Contracted Professional Services	-	12,069,580.00	12,069,580.00	-
Confidential Expenditures	520,000.00	496,822.00	23,178.00	95.54%
Security Operations	612,000.00	319,317.00	292,683.00	52.18%
Maintenance Expenses - Motor Vehicles	1,530,000.00	1,018,230.00	511,770.00	66.55%
Maintenance of Office Furniture and Equipment	-	21,500.00	-21,500.00	-
Maintenance of Buildings and Stations -- Non-Residential	-	12,000.00	-12,000.00	-
Maintenance of Computers, Software, and Networks	-	30,000.00	-30,000.00	-

Purchase of Office Furniture and Fittings	206,000.00	188,100.00	17,900.00	91.31%
Purchase of Computers, Printers and other IT Equipment	210,000.00	209,800.00	200	99.90%
Total	136,865,194.00	114,428,823	22,436,371	83.61%

The budget performance analysis disclosed the expenditure was incurred under the recurrent vote only. The analysis further revealed that over 50% of the actual expenditure was on compensation of employees, travelling and accommodation expenses and legal fees.

8.0 Delay in completion of construction of Governors Office

The County Government of Kericho, on 9 May 2014, signed a contract with M/s Korso Enterprises Limited for the extension and refurbishment of the Governor's offices at a cost of Kshs.30,175,170. The duration of the contract was 26 weeks with completion due on 10 November 2014.

Further, it was later agreed to extend the contract period by nine months to 31 August 2015. As at 6 January 2016, the project was approximately 60% complete and the extension granted had expired, and the contractor paid Kshs.20,059,275.

During the audit for the year under review, the contractor was paid an additional Kshs.5,982,271, but there was no evidence of additional work done.

As reported in the previous year, the contract expected to take 26 weeks from 9 May 2016 was still incomplete two years later as at 30 June 2016. It is not clear what action the County Government is taking to address the matter given that the cost of the construction is likely to increase.

9.0 Arrears of Rates and Rent

The County Executive of Kericho reported arrears of rates and rents amounting to Kshs.1,203,194,387 as at 30 June 2016. The County Government did not explain why it had not budgeted and collected the revenue to boost its income and arrears contrary to guidelines outlined in the County Finance Bill. The County Executive may not therefore be able to meet its obligations.

10.0 Irregularities in the Recruitment and Payment of Casual Wokers

During the financial year 2015/2016, the County Government made wage payments to casual wages totaling to Kshs.45,419,063. Out of this amount, the Ministry of Health spent Kshs.17,754,839 while the Public Service Management spent Kshs.27,664,224. However, it was noted that the casuals were engaged on continuous basis for the whole year, thereby disregarding provisions of the Employment Act and the Government Code of Regulations which require casual employment to be terminated after every three months and renewed for a period not exceeding three times. Further, no master-roll or casual register was provided for audit verification.

11.0 Completion of Roads Construction

It was observed that the Ministry of Roads had budgeted to construct one hundred and thirty nine (139) roads under the in-house program at a cost of Kshs.343,036,260. The roads were to cover 305.9 Kilometers. At the time of audit inspection, seventy nine percent (79%) of the roads had been completed, while the remainder twenty-one percent (21%) were on-going. According to the management, the delay was due to non-availability of machines and weather unfavorable conditions.

12.0 Non repayment of Loans from Kericho County Enterprise Fund

Records maintained by the Kericho County Enterprise Fund for loan disbursement revealed that loans amounting to Kshs.75,020,000 had been disbursed to the beneficiaries as at 30 June 2016. However, Kshs.24,995,000 was due for repayment at that date but only Kshs.6,124,422 or 25% had been repaid leaving an outstanding balance of Kshs.18,870,578. This was contrary to section 8(1) of Legal Notice No.4 of Kericho County Enterprise Fund Act which states that the amount borrowed from the Fund shall be paid within twenty-four months including interest thereon and the moratorium period shall not exceed three months. Management have not provided evidence showing measures taken against the defaulters.

13.0 Unutilized Markets

Examination of payment vouchers, revealed that expenditures amounting to Kshs.793,821, Kshs.940,643 and Kshs.951,694.40 were incurred on construction of Chemeosot Market Shed, Sosiot Market and Sosiat FCS Cooler Room respectively. However, physical verification showed that the projects were complete but are not in use. Therefore, no value was derived from the aggregate expenditure of Kshs.2,686,258 spent on the projects.

14.0 Goods received without passing through the Inspection and Acceptance Committee

The management of Kericho County Hospital procured goods valued at Kshs.4,982,420, but a report from the inspection and acceptance committee was not presented for audit verification. The management, through their response indicated that inspection and acceptance reports for the goods existed but copies of the reports were not made available for audit verification to confirm the management's assertion.

15.0 Lack of Land Ownership Documents for Water Project Land

M/s Exo-Tech EA Ltd was awarded a contract (Ref; No.CGK/Q071/WTR/2015/2016) amounting to Kshs.5,332,900 for drilling and equipping a bore-hole, construction and electrification of a pump house, construction of rising main and distribution pipeline, and extension of power line for Chepseon Water Project. Also, M/s Letas Limited was awarded a contract to construct a weir, a 50 cubic meters masonry tank, and gravity pipe-line for Jagror Water Project at a contract sum of Kshs.3,395,488. However, in both projects that the County Executive did not have in its possession

ownership documents for the plots of land on which the projects were situated. The County Executive indicated that the process of transferring the land had not been finalized by the time implementation of the projects began.

16.0 Un-budgeted Expenditure

Explanation of payment documents for the department of water revealed that Kshs.5,527,770.70 was spent on payment of pending bills without any provision having been made in the budget for the expenditure. It is not clear how the payments were effected in the absence of a budgetary allocation. The expenditure was incurred as follows:

LSO/LPO	Payee	Purpose	Amount (Kshs)	F.Y
None	Rothco Ltd	Pump set installation & construction of rising main Distribution Pipeline	1,076,515.00	2014/2015
10577893	Oneway Logistics	Construction of Water Distribution Pipeline	1,212,331.00	2014/2015
0965393	Semcon Engineering Solutions Ltd	Construction, testing, and Commissioning of Storage tank at Chemamul water project	1,674,135.00	2013/2014
2348536	CMC Motors Group Ltd	Modification of robins for skip loader.	1,113,600.00	2014/2015
Total			5,527,770.70	

Payments made without requisite budgeting allocations contravene the Public Finance Management Act 2012. Therefore the County Executive breached the law.

Disclaimer of Opinion

Because of the significance of the matters described in the Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



FCPA Edward R. Ouko, CBS
AUDITOR-GENERAL

Nairobi


15 August 2017

COUNTY GOVERNMENT OF KERICHO
FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2016

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs '000'	2014-2015 Kshs'000'
RECEIPTS			
Proceeds from Domestic and Foreign Grants	3	19,930	-
Transfers from National Treasury	4	4,505,064	3,935,291
Transfers from Other Government Entities	5	158,034	-
Other Receipts	11	471,746	413,581
TOTAL RECEIPTS		5,154,774	4,348,872
PAYMENTS			
Compensation of Employees	12	1,707,657	1,822,225
Use of goods and services	13	849,680	954,169
Transfers to Other Government Units	15	680,064	20,220
Other grants and transfers	16	67,000	278,000
Social Security Benefits	17	56,641	12,137
Acquisition of Assets	18	1,631,784	1,197,737
Other Payments	21	-	-
TOTAL PAYMENTS		4,992,826	4,284,488
SURPLUS/DEFICIT		161,948	64,385

The accounting policies and explanatory notes to these financial statements form an Integral part of the financial statements. The County Government of Kericho financial statements were approved on 30TH SEP 2016 and signed by:



Chief Officer – Finance and Economic Planning



Head of Treasury Accounts

II STATEMENT OF ASSETS

	Note	2015-2016 Kshs'000'	2014-2015 Kshs'000'
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	572,553	547,774
Cash Balances	22B	238	1,244
Total Cash and cash equivalent		572,791	549,018
Accounts receivables – Outstanding Imprests	23	1,824	293
TOTAL FINANCIAL ASSETS			549,311
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24		
NET FINANCIAL ASSETS		574,615	549,311
REPRESENTED BY			
Fund balance b/fwd.	25	549,311	188,374
Surplus/Deficit for the year		161,948	64,385
Adjustments of the fund accounts	27B	(136,644)	
Prior year adjustment	27A		296,552
NET FINANCIAL POSITION		574,615	549,311

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Kericho financial statements were approved on 30TH SEP 2016 and signed by:


Chief Officer- Finance and Economic Planning


Head of Treasury Accounts

III.STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
		Kshs'000'	Kshs'000'
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	19,930	-
Transfers from National Treasury	4	4,505,064	3,935,291
Transfers from Other Government Entities	5	158,034	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	471,746	413,581
Payments for operating expenses			
Compensation of Employees	12	1,707,657	1,822,225
Use of goods and services	13	849,680	954,169
Subsidies	14	-	-
Transfers to Other Government Units	15	680,064	-
Other grants and transfers	16	67,000	278,000
Social Security Benefits	17	56,641	12,137
Finance Costs, including Loan Interest	19	-	-
Other Expenses	21	-	-
Adjusted for:			
Adjustments during the year	27	-	296,552
Net cash flow from operating activities		1,793,732	1,558,674
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	1,631,784	1,197,737
Net cash flows from Investing Activities		(1,631,784)	(1,197,737)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Net cash flow from financing activities		161,948	360,937
NET INCREASE IN CASH AND CASH EQUIVALENT		161,948	360,937
Cash and cash equivalent at BEGINNING of the year	25	549,311	188,374
Adjustments of the fund accounts	27B	(136,644)	-
Cash and cash equivalent at END of the year		574,615	549,311

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Kericho financial statements were approved on 30TH Sep 2016 and signed by:

Chief Officer – Finance and Economic Planning

Head of Treasury Accounts

II. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	'000'	'000'	'000'	'000'	'000'	'000'
Tax Receipts	-	-	-	-	-	-
Social Security Contributions	-	-	-	-	-	-
Proceeds from Domestic and Foreign Grants	22,600	(2,670)	19,930	19,930	-	100
Transfers from National Treasury	4,505,064	-	4,505,064	4,505,064	-	100
Transfers from Other Government Entities	173,760	-	173,760	158,034	15,726	90.95
Proceeds from Domestic Borrowings	-	-	-	-	-	-
Proceeds from Foreign Borrowings	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-
Reimbursements and Refunds	-	-	-	-	-	-
Returns of Equity Holdings	-	-	-	-	-	-
Other Receipts	440,000	431,402	871,402	881,039	(9,637)	102.19
Total	5,141,424	428,732	5,570,156	5,564,067	6,089	99.89

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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 %
PAYMENTS	'000'	'000'	'000'	'000'	'000'	'000'
Compensation of Employees	1,748,620	(39,829)	1,708,791	1,707,657	1,134	99.93
Use of goods and services	828,496	89,666	918,162	827,571	90,591	90.13
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	718,671	(14,812)	703,859	680,064	23,795	96.62
Other grants and transfers	175,080	(105,484)	69,596	67,000	2,596	96.27
Social Security Benefits	24,664	(1,815)	22,849	56,641	(33,792)	247.89
Acquisition of Assets	1,720,595	426,304	2,146,899	1,631,784	515,115	76.01
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
Total	5,216,126	354,030	5,570,156	4,970,717	599,439	89.24

The County Government of Kericho financial statements were approved on 30TH SEP 2016 and signed by:



Chief Officer- Finance and Economic Planning



Head of Treasury Accounts

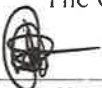
III. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	'000'	'000'	'000'	'000'	'000'	'000'
Tax Receipts	-	-	-	-	-	-
Social Security Contributions	-	-	-	-	-	-
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	-
Exchequer releases	2,435,324	-	2,435,324	2,435,324	-	100
Transfers from Other Government Entities	158,034	(41,503)	116,531	100,805	15,726	86.50
Proceeds from Domestic Borrowings	-	-	-	-	-	-
Proceeds from Foreign Borrowings	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-
Reimbursements and Refunds	-	-	-	-	-	-
Returns of Equity Holdings	-	-	-	-	-	-
Other Receipts	440,000	431,402	871,402	881,039	(9,637)	101.11
Total	3,033,358	389,899	3,423,257	3,417,168	6,089	99.82

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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 %
	'000'	'000'	'000'	'000'	'000'	'000'
PAYMENTS						
Compensation of Employees	1,748,620	(39,829)	1,708,791	1,707,657.00	1,134.00	99.93
Use of goods and services	828,496	89,666	918,162	849,680.00	68,482.00	92.54
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	718,671	(14,812)	703,859	680,064.00	23,795.00	96.62
Other grants and transfers	175,080	(105,484)	69,596	67,000.00	2,596.00	96.27
Social Security Benefits	24,664	(1,815)	22,849	56,641.00	(33,792.00)	247.89
Acquisition of Assets	-	-	-	-	-	-
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	3,495,531	(72,274)	3,423,257	3,361,042.00	62,215.00	98.18

The County Government of Kericho financial statements were approved on 30TH SEP 2016 and signed by:


Chief Officer – Finance and Economic Planning



Head of Treasury Accounts

SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	'000'	'000'	'000'	'000'	'000'	'000'
Tax Receipts	-	-	-	-	-	-
Social Security Contributions	-	-	-	-	-	-
Proceeds from Domestic and Foreign Grants	22,600	(2,670)	19,930	19,930	-	100
Exchequer releases.	2,146,899	-	2,146,899	2,146,899	-	100
Transfers from Other Government Entities	57,229	-	57,229	57,229	-	100
Proceeds from Domestic Borrowings	-	-	-	-	-	-
Proceeds from Foreign Borrowings	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-
Reimbursements and Refunds	-	-	-	-	-	-
Returns of Equity Holdings	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL	2,226,728	(2,670)	2,224,058	2,224,058	-	100

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 %
	'000'	'000'	'000'	'000'	'000'	'000'
PAYMENTS						
Compensation of Employees	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	22,600	(2,670)	19,930	14,463	5,467	72.56
Other grants and transfers	57,229	-	57,229	57,229	-	100
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	1,714,654	355,086	2,069,740	1,631,784	436,568	78.65
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	1,794,483	352,416	2,146,899	1,703,476	443,423	79.35

The County Government of Kericho financial statements were approved on 30TH SEP 2016 and signed by:


 Chief Officer – Finance and Economic Planning


 Head of Treasury Accounts

SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
GAV Provisioning account balance	443,423	623,219
Total	443,423	623,219

- Details of Exchequer Account

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Exchequer Provisioning account balance	62,215.00	490,683
Total	62,215.00	490,683

IV. SIGNIFICANT ACCOUNTING POLICIES

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

a. 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 Government of Kericho and all values are rounded to the nearest thousand (Kshs'000). 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.

b. Recognition of revenue and expenses

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

c. In-kind contributions

In-kind contributions are donations that are made to the County Government of Kericho 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 Government of Kericho 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.

d. 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.

e. 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 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.

f. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has 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.

g. Non-current assets

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

h. 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 Government of Kericho 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.

i. 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 Government of Kericho'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 Government of Kericho's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

j. Comparative figures

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

k. 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.

V. NOTES TO THE FINANCIAL STATEMENTS**1 TAX REVENUES**

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs'000'	Kshs'000'
Grants Received from Bilateral Donors (Foreign Governments)	NA	NA	-	-
Grants Received from Multilateral Donors (International Organisations)	NA	NA		
DANIDA			19,930	20,220
Grants Received from other levels of government –Road Maintenance Fuel Levy	NA	NA		-
Total			19,930	20,220

4 TRANSFERS FROM NATIONAL TREASURY

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Total Exchequer Releases for quarter 1	1,126,266	984,000
Total Exchequer Releases for quarter 2	1,148,791	1,022,106
Total Exchequer Releases for quarter 3	1,126,266	1,133,394
Total Exchequer Releases for quarter 4	1,103,741	1,272,929
Total	4,505,064	4,412,429

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Transfers from Central government entities		
KENYA ROADS BOARD-FUEL LEVY	57,229	-
MINISTRY OF HEALTH-FREE MATERNAL CARE	83,128	-
MINISTRY OF HEALTH-USER FEE FOREGONE	17,677	-
Transfers from Counties		-
TOTAL	158,034	-

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Total	-	-

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
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'000'	Kshs'000'
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'000'	Kshs'000'
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	-	-

10. RETURNS OF EQUITY HOLDINGS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

11. OTHER REVENUES

	2015 - 2016 Kshs'000'	2014 - 2015 Kshs'000'
Interest Received	-	-
Profits and Dividends	-	-
Rents	10,160	11,710
Other Property Income	510	1,077
Liquor Licence Fee	11,307	6,330
Advertisement	6,531	-
Plan approval fee	5,536	8,365
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Quarry Cess	3,056	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Application fee	2,651	-
Stock sales/Livestock	2,627	2,448
Income from county entities-Kabianga tea factory	2,000	-
Sub county veterinary services	1,754	7,469
Weights and measures	1,433	-
Impounding fees	1,174	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	16	-
Receipts from Voluntary transfers other than grants	-	-
Business permits	47,512	48,252
Cesses	69,952	28,897
Poll rates	-	-
Plot rents	70,353	79,920
Other local levies	28,708	-
Administrative services fees	-	-
Various fees	723	1,802
Council's natural resources	-	-
Exploitation	-	-
Sales of council assets	-	-
Lease / rental of council's	-	-
Infrastructure assets	-	-
Other miscellaneous revenues	2,051	17,572
Other miscellaneous revenues	1,471	11,242
Insurance claims recovery	-	-
Medium term loans (1-3 yr repayment)	-	-

COUNTY GOVERNMENT OF KERICHO - FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2016

Long term loans (over 3 yr payment)	-	-
Transfers from reserve funds	-	-
Donations	-	-
Fund raising events	-	-
Other revenues from financial assets loan	-	-
Market/trade Centre fee	23,813	26,244
Vehicle parking fees	38,324	48,383
Housing	-	-
Social premises use charges	-	-
School fees	-	-
Other education-related	-	-
Other education revenues	-	-
Public health services	6,763	5,740
Public health facilities operations	-	-
Environment & conservancy	7,392	-
Administration	-	-
Slaughter houses administration	2,909	3,137
Water supply administration	-	-
Sewerage administration	-	-
Other health & sanitation	123,019	113,096
Technical services fees	-	2,143
External services fees	-	-
Total	471,745	413,581

NOTE

The entities under the county Government of Kericho are;

1. Kericho Water and Sanitation Company Limited

2. Kabianga Tea Farm

Revenues from the two entities have not been disclosed in receipts and payments because the revenue is yet to be realised. The Annual General Meeting is yet to be held to declare dividends before transfers to the County Government.

12. COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Basic salaries of permanent employees	1,032,527	1,398,500
Basic wages of temporary employees	39,752	-
Personal allowances paid as part of salary	635,378	423,725
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	1,707,657	1,822,225

13USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs '000'	Kshs '000'
Utilities, supplies and services	48,288	41,357
Communication, supplies and services	6,262	5,495
Domestic travel and subsistence	75,839	125,429
Foreign travel and subsistence	44,729	37,938
Printing, advertising and information supplies & services	27,774	30,359
Rentals of produced assets	14,481	8,548
Training expenses	28,711	41,794
Hospitality supplies and services	32,463	98,062
Insurance costs	24,153	304,904
Specialised materials and services	300,390	39,010
Office and general supplies and services	17,612	107,729
Other operating expenses	162,634	14,122
Routine maintenance – vehicles and other transport equipment	12,755	12,173
Routine maintenance – other assets	22,738	24,761
Fuel Oil and Lubricants	30,150	-
Total	849,680	954,169

14. SUBSIDIES

Description	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Subsidies to Public Corporations		
	-	-
	-	-
	-	-
Subsidies to Private Enterprises	-	-
	-	-
	-	-
	-	-
TOTAL	-	-

15. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Transfers to Central government entities		
Transfers to Other County entities		
County Assembly	538,037	-
Kapkatet Hospital	71,430	-
Kericho District Hospital	47,869	-
Londiani Sub-County Hospital	1,882	-
Kipkelion Sub-County Hospital	394	
Soin/Sigowet Sub-County Hospital	2,547	-
Fortenan Sub-County Hospital	828	-
Roret Sub-County Hospital	2,614	-
Health Facilities-DANIDA Funds	14,463	20,220
TOTAL	680,064	20,220

16. OTHER GRANTS AND TRANSFERS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Scholarships and other educational benefits	10,000	169,000
Emergency relief and refugee assistance	57,000	9,000
Subsidies to small businesses, cooperatives, and self employed	-	100,000
Total	67,000	278,000

17. SOCIAL SECURITY BENEFITS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Government pension and retirement benefits	27,760	12,137
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	28,881	-
Total	56,641	12,137

SOCIAL SECURITY BENEFITS

Social security benefits involves pension to individual schemes which are not remitted monthly with the salaries. At the end of the financial year, the County Government of Kericho had funds in the accounts to cover for the pension for the financial year 2014/2015 which were paid in the financial year 2015/2016.

18. ACQUISITION OF ASSETS

Non Financial Assets	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Purchase of Buildings		0
Construction of Buildings	200,023	74,200
Refurbishment of Buildings	71,292	89,305
Construction of Roads	872,084	613,473
Construction and Civil Works	222,474	67,979
Overhaul and Refurbishment of Construction and Civil Works	4,161	30,159
Purchase of Vehicles and Other Transport Equipment	8,400	85,837
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	15	1,903
Purchase of Office Furniture and General Equipment	11,185	17,942
Purchase of ICT Equipment	44,567	15,531
Purchase of Specialised Plant, Equipment and Machinery	78,156	107,072
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	61,575	5,104
Research, Studies, Project Preparation, Design & Supervision	8,994	86,706
Rehabilitation of Civil Works	46,938	2,528
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	1,920	-
Acquisition of Intangible Assets	-	-
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	1,631,784	1,197,737

19. FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
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	-	-

20. REPAYMENT OF PRINCIPAL ON DOMESTIC AND FOREIGN BORROWING.

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
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. OTHERPAYMENTS

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	-	-
	-	-

22A: BANK BALANCES

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 Kshs '000'	2014 - 2015 Kshs '000'
KERICHO COUNTY REVENUE ACCOUNT-CBK ACCOUNT NO 1140754297	Ksh	RECURRENT	NA	15,183	-
KERICHO COUNTY-DEVELOPMENT ACCOUNT-CBK ACCOUNT NO 1000171267	Ksh	DEVELOPMENT	NA	56,585	2,844
KERICHO COUNTY-RECURRENT ACCOUNT-CBK ACCOUNT NO 1000171308	Ksh	RECURRENT	NA	645	2,096
KERICHO COUNTY-REVENUE ACCOUNT-CBK ACCOUNT NO 1000171677	Ksh	REVENUE	NA	500,113	413,321
KERICHO COUNTY-IMPRESET ACCOUNT ACCOUNT NO 1141257580	Ksh	RECURRENT	NA	0	7,150.35
KERICHO COUNTY-BURSARY ACCOUNT ACCOUNT NO 01141603844500	Ksh	RECURRENT	NA	-	26,467
KERICHO COUNTY-YOUTH ENTERPRISE ACCOUNT ACCOUNT NO 0074908001	Ksh	RECURRENT	NA	-	96,489
KERICHO COUNTY-ALCOHOLIC DRINKS ACCOUNT ACCOUNT NO 0280263621889	Ksh	RECURRENT	NA	27	12
KERICHO COUNTY ROAD MAINTENANCE LEVY ACCOUNT ACCOUNT NO.1182283497	Ksh	RECURRENT	NA	-	-
KERICHO COUNTY-EMERGENCY ACCOUNT ACCOUNT NO 0280263500766	Ksh	RECURRENT	NA	-	6,538
Total				572,553	547,774

22B: CASHBALANCES

	2015 - 2016 Kshs'000'	2014 - 2015 Kshs'000'
Cash in Hand – Held in domestic currency	238	1,244
Cash in Hand – Held in foreign currency	-	-
Total	238	1,244

Cash in hand should also be analysed as follows:

	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
KIPKELION EAST SUB-COUNTY	49	-
LANDS AND PHYSICAL PLANNING	1	135
BELGUT SUB-COUNTY	9	6
SOIN/SOGOWET SUB-COUNTY	39	30
BURETI SUB-COUNTY	76	56
AINAMOI SUB-COUNTY	1	-
VETERINARY DEPARTMENT	-	31
KERICHO DISTRICT HOSPITAL	-	140
KIPKELION WEST SUB-COUNTY HOSPITAL	6	3
KIPKELION WEST SUB-COUNTY	3	28
KERICHO TOWN SUB-COUNTY	41	185
KAPKATET SUB DISTRICT HOSPITAL	-	158
RORET SUB DISTRICT HOSPITAL	-	4
WEIGHTS AND MEASURE	13	-
COUNTY HEADQUARTER	-	469
Total	238	1,244

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015 - 2016	2014 - 2015
	Kshs'000'	Kshs'000'
Government Imprests	1,824	293
Clearance accounts	-	-
Total	1,824	293

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs'000'	Kshs'000'	Kshs'000'
ALLOYS LANGAT	-	-	-	1,576
NICHOLAS KOROS	-	-	-	50
FRANCIS KURGAT	-	-	-	26
WESLEY LANGAT	-	-	-	50
DAVID KIPNGETICH CHEPKWONY	-	-	-	19
STEPHEN MUTAI	-	-	-	103

Total

292,850

26.3: OTHER PENDING PAYABLES (See Annex 3)

	2015 - 2016	2014 - 2016
Amounts due to National Government entities	0.00	0.00
Amounts due to County Government entities	0.00	0.00
Amounts due to third parties	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	0.00	0.00

27A PRIOR YEAR SDJUSTMENT

	2015 - 2016 Kshs'000'	2014 - 2015 Kshs'000'
Late remittances for 2014-2016 financial year	0.00	296,552

27B ADJUSTMENTS OF THE FUND ACCOUNTS

	2015 - 2016 Kshs'000'	2014 - 2015 Kshs'000'
Bursary Account	26,467	-
Youth Enterprise Fund	96,489	-
Imprest Account	7,150	18,010
Emergency Account	6,538	-
TOTAL	136,644	18,010

28. 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	Status:	Timeframe:
1.0	Presentation of financial statement	The financial statements have been amended to factor in the rounding off of the figures and headers in the folios of the financial statements. The statements were prepared up to the shilling to ensure accuracy in the presentation of the financial information.	George Kirer-Chief Finance Officer	Resolved	NA
2.0	Inaccuracies in the financial statements	The comparatives for the financial statements are the 12 months period of the 2013 – 2014 financial cycles. It is worth noting that the certified financial statements for the 2013-2014 period was consolidated for the 16 months from march 2013 to June 2014 based on the advice from the office of the Auditor General.	George Kirer-Chief Finance Officer	Resolved	NA
3.0	Understatement of receipts	The difference of kshs. 7,155,956.00 was as a result of direct deposits done by the payers of the levies straight to the revenue collection account. The figure of kshs. 406 million is based on invoiced and receipted revenue by the county office. The figure of kshs. 413 million has been reconciled by both the revenue section and the revenue accountant based in the county.	George Kirer-Chief Finance Officer	Resolved	NA
4.0	Understatement of payments	The cashbook balances of kshs. 4.4 billion under total expenditure includes all grants and transfers to all the entities and even the funds established by the County Government. As at the close of the period, the fund has balance totaling kshs. 119 million which is the difference between the cashbook figure and the statement figure of kshs. 4.2 billion. The same is represented by the cash and cash equivalents as at the end of the period to conform with IPSAS	George Kirer-Chief Finance Officer	Resolved	NA
5.0	Other Grants And Transfers	The amended financial statements reflect other grants and other payment of kshs. 278 million which is made up of the Bursary Fund 169million, emergency fund 9million and enterprise fund 100 million. The other transfers figure of kshs. 20.22 million is for Danida Funds that are guided by a funding agreement signed by the national government and the development partner. The donor has already undertaken the audit	George Kirer-Chief Finance Officer	Resolved	NA

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		through their appointed auditors Ernst & Young.			
6.0	Cash and cash equivalents	<p>it is worth noting that the County Revenue Fund at Central Bank of Kenya is not an operational account and therefore there were no adjusting entries in the reconciliation statement.</p> <ul style="list-style-type: none"> The county government has engaged the IFMIS department at the National Treasury to reconcile the IFMIS cashbook and the manual cash book. Since the reporting format is cash basis, the presentation of the financial statements was prepared using both the IFMIS and manual cash books for purposes of presenting the information. 	George Kirer- Chief Finance Officer	Resolved	NA
7.0	Account receivables	The county government maintains registers for all imprest advances and surrenders.	George Kirer- Chief Finance Officer	Resolved	NA
8.0	Compensation of employees	The financial statements for the 2014-2015 financial period were consolidated. This includes all the departments and even the county assembly. The summary statement of appropriation which is part of the financial statements reflects a figure of kshs. 1.844 billion and not 1.787 billion. Therefore there was adequate budgetary provision to cater for the expenditure of kshs. 1.822 billion.	George Kirer- Chief Finance Officer	Resolved	NA
9.0	Pending Accounts Payable	The pending bills arose due to liquidity problems. The county government received funding towards the end of the financial period and there was no possibility of requisitioning the same. In addition, there were challenges of e-procurement as the county was still learning the process as the same was rolled out in may 2015	George Kirer- Chief Finance Officer	Resolved	NA
10.0	Funds not requisitioned	The county government received the last exchequer issue towards the end of the financial period and there was no possibility of requisitioning the same. This is due to the rigorous process of doing so which involves travelling to Nairobi and seeking authority from the controller of budget and	George Kirer- Chief Finance Officer	Resolved	NA

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		the Central Bank of Kenya.			
11.0	Budget performance 2014 – 2015	<p>The departments faced various challenges during budget absorption in the 2014-2015 financial period. This included among others;</p> <ul style="list-style-type: none"> • Late release of funds from the exchequer • Change management and transition challenges for staff from diverse backgrounds. • Inadequacy in budget implementation due to ongoing consultation on budget ceilings that dictate the preparation of the budget. • Lack of training of IFMIS and particularly e-procurement sub module of the procure to pay module 	George Kirer-Chief Finance Officer	Resolved	NA
12.0	Revenue reconciliation	<p>As aforementioned in paragraph 3 above, the figure of kshs 413 million has been reconciled by both the revenue section and the revenue accountant based in the County Treasury. The county treasury maintains the cashbook at the headquarters and upon receiving the collection control sheets, the same are posted in the cash book before reconciliation. Weekly reconciliation are undertaken on the collections in the local account and the transfers effected to the County Revenue fund maintained at the Central Bank of Kenya.</p>	George Kirer-Chief Finance Officer	Resolved	NA
13.0	Lack of database	<ul style="list-style-type: none"> • The county treasury undertook a survey of the business premises in the county in order to ascertain the potential presented for the single business permit. In addition, the county government has a database for plot rents and is preparing a new valuation roll and expressions of interest have already been invited towards the same. Furthermore, the county government through the finance act legislated and approved by the county assembly sets the rates to be charged on all levies 	George Kirer-Chief Finance Officer	Resolved	NA

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a+c		
	(Kshs)'000'		(Kshs)'000'	(Kshs)'000'	(Kshs)'000'	
Construction of buildings	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Construction of civil works	404,402	2015-2016	-	552,632	404,402	-
Sub-Total	404,402	2015-2016	-	552,632	404,402	-
Supply of goods	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Supply of services	-	-	-	-	-	-
Sub-Total	404,402	2015-2016	-	552,632	404,402	-
Grand Total	404,402	2015-2016	-	552,632	404,402	-

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
		(Kshs)'000'		(Kshs)'000'	(Kshs)'000'	(Kshs)'000'	
Senior Management	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Middle Management	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Unionisable Employees	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Others (specify)	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	-	-	-	-	-	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
		(Kshs)'000'		(Kshs)'000'	(Kshs)'000'	(Kshs)'000'	
Amounts due to National Govt Entities							
		-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Amounts due to County Govt Entities	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to Third Parties	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	-	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs)'000' 2015/2016	Historical Cost (Kshs)'000' 2014/2015
Land	1,920	-
Buildings and structures	200,023	163,505
Transport equipment	8,400	85,837
Office equipment, furniture and fittings	11,200	19,845
ICT Equipment, Software and Other ICT Assets	44,567	15,531
Other Machinery and Equipment	84,237	107,072
Heritage and cultural assets		-
Intangible assets		-
Access Roads and water-Community Assets	1,283,357	805,947
Total	1,631,784	1,197,737

COUNTY GOVERNMENT OF KERICHO

FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2016

ANNEX5- HEALTHFACILITIES

NO	FACILITY NAME	ACCOUNT NO	BANK	BRANCH	CODE
1	KAPKATET DISTRICT HOSPITAL	1152282913	KCB	SOTIK	069
2	RORET SUB COUNTY HOSPITAL	1153068087	KCB	KERICHO	106
3	KERICHO DISTRICT COUNTY HSPITAL	1153047764	KCB	KERICHO	106
4	SIGOWET SUB COUNTY HOSPITAL	1152768719	KCB	SONDU	106
5	LONDIANI SUB COUNTY HOSPITAL	1145265456	KCB	LONDIANI	237
6	FORTENAN SUB COUNTY HOSPITAL	1153109689	KCB	KERICHO	106
7	KIPKELION SUB DISTRICT HOSPITAL	1119903785	KCB	KERICHO	106

COUNTY GOVERNMENT OF KERICHO
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ANNEX 6-HEALTH CENTRES AND DISPENSARIES

NO.	MLF CODE	FACILITY NAME	SUB-COUNTY	BANK	BRANCH	ACCOUNT NO.
1	14198	KIPTERE HEALTH CENTRE	1157664709	KCB	KERICHO	BELGUT
2	14755	KAPSEGER DISPENSARY	1157664377	KCB	KERICHO	KIPKELION
3	14362	CHEPSIR DISPENSARY	1157667597	KCB	KERICHO	KIPKELION
4	14320	CHEMOIBEN DISPENSARY	1157658334	KCB	LITEIN	BURET
5	15228	MOSORE DISPENSARY	1157658695	KCB	LITEIN	BURET
6	14919	KIPSITET DISPENSARY	1157717489	KCB	KERICHO	KERICHO
7	17144	CHERONGET DISPENSARY	1157713572	KCB	KERICHO	BELGUT
8	14666	KAMAGET DISPENSARY	1157667155	KCB	KERICHO	BELGUT
9	14882	KIMUGUL DISPENSARY	1157727492	KCB	KERICHO	KIPKELION
10	14653	KAKIPTUI DISPENSARY	1157725767	KCB	KERICHO	BELGUT
11	14649	KAITUI DISPENSARY	1157807755	KCB	KERICHO	BELGUT
12	15179	MERTO DISPENSARY	1157819419	KCB	KERICHO	KERICHO
13	15039	LITEIN DISPENSARY	1157650279	KCB	LITEIN	BURET
14	17210	KETITUI DISPENSARY	1157807283	KCB	KERICHO	KERICHO
15	14870	KIMOUT DISPENSARY	1157826466	KCB	KERICHO	KIPKELION
16	18742	KIPTOME DISPENSARY -BELGUT	1157826318	KCB	KERICHO	BELGUT
17	15550	SERETUT DISPENSARY	1157809081	KCB	KERICHO	BELGUT
18	14972	KOIWALELACH DISPENSARY	1157827845	KCB	KERICHO	BELGUT
19	14715	KAPKIAM DISPENSARY	1157740545	KCB	KERICHO	KERICHO
20	17139	KAPSUSER DISPENSARY	1157884334	KCB	KERICHO	BELGUT
21	14300	CHEBORGEI HEALTH CENTRE	1157671187	KCB	KERICHO	BURET
22	15026	LEMOTIT DISPENSARY	1157894119	KCB	KERICHO	KIPKELION
23	17756	KAPKWEN DISPENSARY	1157905021	KCB	LONDIANI	KIPKELION
24	14613	KABIANGA HEALTH CENTRE	1157829872	KCB	KERICHO	BELGUT
25	15611	SONGONYET DISPENSARY	1157894534	KCB	KERICHO	KIPKELION
26	17143	SAMUTET DISPENSARY	1157912710	KCB	KERICHO	KERICHO
27	17316	KIPLELGUTIK DISPENSARY	1157933661	KCB	KERICHO	BELGUT
28	15001	KUNYAK DISPENSARY	1157944620	KCB	KERICHO	KIPKELION
29	14338	CHEPKEMEL HEALTH CENTRE	1157913318	KCB	KERICHO	BELGUT
30	15586	SIONGI DISPENSARY	1157660630	KCB	LITEIN	BELGUT
31	15713	TEBESONIK DISPENSARY	1157671411	KCB	LITEIN	BURET
32	17318	KAPKURES DISPENSARY	1157908837	KCB	KERICHO	BELGUT
33	14671	KAMAWOI DISPENSARY	1157913873	KCB	KERICHO	BELGUT
34	15005	LALIAT DISPENSARY	1158013213	KCB	KERICHO	KERICHO
35	16316	SUMOIYOT DISPENSARY	1158008678	KCB	KERICHO	BELGUT
36	15219	MOMONIAT HEALTH CENTRE	1158048564	KCB	KERICHO	KIPKELION

COUNTY GOVERNMENT OF KERICHO - FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2016

37	14826	KENEGUT DISPENSARY	1158018894	KCB	KERICHO	KERICHO
38	14375	CHEPTUIYET DISPENSARY	1158019289	KCB	KERICHO	BELGUT
39	14823	KEBENETI GOK DISPENSARY	1158022166	KCB	KERICHO	BELGUT
40	14657	KALAACHA DISPENSARY	1157671772	KCB	LITEIN	BURET
41	17314	KEJIRIET DISPENSARY	1158055544	KCB	KERICHO	KERICHO
42	14930	KIPTOME DISPENSARY BURET	1157672205	KCB	LITEIN	BURET
43	14764	KAPSOGUT DISPENSARY	1157657346	KCB	LITEIN	BURET
44	15343	NGENDALEL DISPENSARY	1157906133	KCB	KERICHO	KIPKELION
45	15245	MUGUMOINI DISPENSARY	1157717659	KCB	LONDIANI	LONDIANI
46	14192	AINAMOI HEALTH CENTRE	1157715893	KCB	KERICHO	KERICHO
47	15746	TULWET DISPENSARY	1157664032	KCB	LITEIN	BURET
48	15149	MASAITA DISPENSARY	1157665845	KCB	LONDIANI	LONDIANI
49	14633	KABUTII MATIRET DISPENSARY	1108277578	KCB	SONDU	BELGUT
50	14913	KIPSEGI DISPENSARY	1153813076	KCB	KERICHO	KIPKELION
51	15020	LELECHWET DISPENSARY	1158099878	KCB	LONDIANI	KIPKELION
52	14832	KERICHO FOREST DISPENSARY	1158062206	KCB	KERICHO	LONDIANI
53	17319	CHEMEGONG DISPENSARY	1158021941	KCB	KERICHO	BELGUT
54	15677	SUBUKIA DISPENSARY	1150620064	KCB	LONDIANI	LONDIANI
55	14726	KAPKORMOM DISPENSARY	1158184034	KCB	KERICHO	KERICHO
56	14718	KAPKISIARA DISPENSARY	1157660193	KCB	LITEIN	BURET
57	15617	SOSIOT HEALTH CENTRE	1157962637	KCB	KERICHO	BELGUT
58	14738	KAPLELARTET DISPENSARY	1158019076	KCB	KERICHO	BELGUT
59	14350	CHEPKUNYUK DISPENSARY	1158270526	KCB	KERICHO	KERICHO
60	14293	CHEBEWOR DISPENSARY	1158394551	KCB	LONDIANI	LONDIANI
61	14323	CHEMOSOT HEALTH CENTRE	1157673848	KCB	LITEIN	BURET
62	14935	KIPWASTUIYO HEALTH CENTRE	1157671284	KCB	LITEIN	BURET
63	14856	KIBUGAT DISPENSARY	1157671519	KCB	LITEIN	BURET
64	14353	CHEPLANGET DISPENSARY	1157671675	KCB	LITEIN	BURET
65	14929	KIPTEWIT DISPENSARY	1157660355	KCB	LITEIN	BURET
66	14625	KABOEITO DISPENSARY	1157654223	KCB	LITEIN	BURET
67	14827	KENENE DISPENSARY	1157671888	KCB	LITEIN	BURET
68	14276	BUTIIK DISPENSARY	1157671942	KCB	LITEIN	BURET
69	15105	MABASI DISPENSARY	1157651275	KCB	LITEIN	BURET
70	14370	CHEPTERWO DISPENSARY	1157650805	KCB	LITEIN	BURET
71	18236	CHEBOIN DISPENSARY	1157644856	KCB	LITEIN	BURET
72	14507	GETARWET DISPENSARY	1157672310	KCB	LITEIN	BURET
73	14309	CHELILIS DISPENSARY	1157672884	KCB	LITEIN	BURET
74	15618	SOSIT DISPENSARY	1157672779	KCB	LITEIN	BURET
75	14708	CIVIL SERVANT DISPENSARY	1157672639	KCB	LITEIN	BURET
76	14622	KABITUNGU DISPENSARY	1157664415	KCB	LITEIN	BURET
77	14578	IRAA DISPENSARY	1158051816	KCB	KERICHO	BELGUT
78	14824	KEDOWA HEALTH CENTRE	1158407289	KCB	LONDIANI	LONDIANI
79	14588	JAGOROR DISPENSARY	1158487746	KCB	LONDIANI	LONDIANI

COUNTY GOVERNMENT OF KERICHO - FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2016

80	18064	KAPCHEBWAI DISPENSARY	1157869319	KCB	KERICHO	KERICHO
81	14787	KAPTOBOITI DISPENSARY	1158441452	KCB	KERICHO	BELGUT
82	16475	CHEPCHOLIET DISP	1158186533	KCB	KERICHO	LONDIANI
83	14347	CHEPKOTON	1157826067	KCB	KERICHO	BELGUT
84	14381	CHERARA DISPENSARY	1158101457	KCB	KERICHO	KIPKELION
85	15546	SERENG DISPENSARY	1153975920	KCB	KERICHO	KIPKELION
86	14902	KIPLALMAT DISPENSARY	1157821162	KCB	KERICHO	BELGUT
87	17317	KAPCHANGA DISPENSARY	1157899625	KCB	KERICHO	BELGUT
88	14521	GK PRISONS- MAIN	1158055749	KCB	KERICHO	KERICHO
89	14578	IRAA DSPENSARY	1158051816	KCB	KERICHO	BELGUT
90	14627	KABOROK DISPENSARY	1157900267	KCB	KERICHO	BELGUT
91	17209	KAMASEGA DISPENSARY	1159028974	KCB	KERICHO	BELGUT
92	14296	CHEBIRIRBEI DISPENSARY	1157903703	KCB	KERICHO	BELGUT
93	14765	KAPSOMBOCH DISPENSARY	1159019282	KCB	KERICHO	BELGUT
94	15151	MANYOROR DISPENSARY	1159079080	KCB	KERICHO	BELGUT
95	14766	KAPSOROK DISPENSARY	1158701551	KCB	KERICHO	KERICHO
96	18188	CHEPKOIYO DISPENSARY	1157907156	KCB	KERICHO	KERICHO
97	15607	SOLIAT DISPENSARY	1157888194	KCB	KERICHO	KERICHO
98	14359	CHEPSEON DISPENSARY	1159024596	KCB	KERICHO	KERICHO
99	15528	SANGA DISPENSARY	1157879462	KCB	KERICHO	KERICHO
100	14679	KAMWINGI DISPENSARY	1159141762	KCB	LONDIANI	LONDIANI
101	17137	NYABANGI DISPENSARY	1158026870	KCB	KERICHO	BELGUT
102	14967	KOITABUROT DISPENSARY	1159146217	KCB	KERICHO	KERICHO
103	17313	KAPSIYA DISPENSARY	1157912583	KCB	KERICHO	BELGUT
104	17308	KALYONGWET DISPENSARY	1157957773	KCB	KERICHO	BELGUT
105	15118	MAKYOLOK DISPENSARY	1159161690	KCB	KERICHO	KIPKELION
106	15242	MTARAGON HEALTH CENTRE	1159230447	KCB	KERICHO	KIPKELION
107	15172	MENTERA DISPENSARY	1159222789	KCB	KERICHO	KIPKELION
108	14271	BUCHENGE DISPENSARY	1159500207	KCB	KERICHO	KERICHO
109	17138	KAPSOIT DISPENSARY	1157964826	KCB	KERICHO	KERICHO
110	15023	LELU DISPENSARY	1169797415	KCB	KERICHO	KERICHO