

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF

COUNTY EXECUTIVE OF

MIGORI

FOR THE YEAR ENDED

30 JUNE 2018

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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COUNTY EXECUTIVE OF MIGORI

REPORTS AND FINANCIAL STATEMENTS

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

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

COUNTY EXECUTIVE OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2018

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

b) Key Management

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

- H.E Zachary Okoth Obado; - Governor
- H. E Nelson Mahanga Mwita; - Deputy Governor.
- Mrs Scolastica Obiero; - CEC, Finance and Economic Planning
- Ms Iscar Aluoch; - CEC, Department of Health Services
- Ms Sheila Gati Mwita; - CEC, Public Service Management
- Mr. Moses Chamwada; - CEC, Department of Transport and Infrastructure
- Mr. Samson Ngariba; - CEC, Educ., Spots Culture Gender and Social Services
- Mr. Elijah Odhiambo; - Ag. CEC, Environs and Disaster Management
- Mr. Elizabet Ochaye; Ag. CEC, Trade Tourism and Industry
- Ms Elijah Odhiambo; - CEC, Lands and Physical Planning
- Mr. Valentine Ogongo; - CEC, Agriculture Livestock and Fisheries and
- Ms Rebecca Gati; CEC, Department of Water and Energy

c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	- Ms Scolastica Obiero
2.	C.O, Finance & Econ. Plan.	- Samuel Omuga
3.	Director, Finance & Econ Plan	- Paul Mwita
4.	Accountant	- Hannington Ochieng

d) Fiduciary Oversight Arrangements

The fiduciary oversight bodies at the county for the year ended 30th June 2018 were;

- *County Assembly of Migori*
- *Audit and finance committee*
- *Public Accounts committee*
- *Budget and Appropriations*

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e) County Headquarters

P.O. Box 195 – 40400
Suna Migori, KENYA

f) County Contacts

Telephone: (254) 726319450/ 736860086/ 770304976
E-mail: info@migori.go.ke
Website: www.migori.go.ke

g) County Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Migori Branch
P.O Box 54, 40400
Migori

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.

2. FORWARD BY THE CEC FINANCE AND ECONOMIC PLANNING

It gives me pleasure to present the County Government of Migori's financial statements for the year ending 30th June 2018. The financial statements present the financial performance of the county government over the past year.

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

Financing of the County Governments.

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

The county also finances its operations through own generated revenues which is collected within the county. Our key local revenue sources for Migori county included Single business permits, cesses, trade centre/market fees, approval of plans, cattle auction fees among others.

County's Financial Performance.

The county government of Migori had an approved supplementary budget of Ksh. 8,166,897,239 comprising of Ksh 2,697,056,626 as development and Ksh 5,469,840,613 as recurrent expenditure. From recurrent expenditure, county Assembly takes Ksh. 796,791,732 for its development projects, personnel emoluments and office operations.

Migori County, however, received a total of ksh 7,030,158,370 comprising of 6,462,800,000 as exchequer releases and 567,358,370 from donor funds. We managed to collect only ksh. 222,419,200 from county own revenues sources.

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Performance Summary for the 2017/2018

Particulars	Budget	Actual
Balance b/f	829,190,572	839,843,349
Equitable share	6,462,800,000	6,462,800,000
Leasing of Med. Equipment	95,744,681	138,220,725
RMFLF	248,690,316	204,454,632
User Fees Foregone	21,655,884	21,882,372
DANIDA	26,120,957	26,120,957
KDSP	-	46,330,994
NARIGP	50,000,000	50,609,855
EU Grant – Advice and Support	66,000,000	-
WB Loan – Health Facilities	40,625,000	-
Dev of Youth Polytechnics	47,015,785	47,015,785
WB Loan – Transforming HF	32,723,050	32,723,050
Locally collected Revenue	200,000,000	222,419,200
Total	8,166,897,239	8,122,442,917

Expenditure

Personnel Emoluments	2,411,169,456	2,440,535,869
Operations and Maintenance	2,311,379,425	2,562,315,699
Acquisition of Assets	2,637,056,626	1,896,796,747
Other Transfers	807,291,732	892,399,497
Total	8,166,897,239	7,792,047,812

Surplus/Deficit	-	330,395,105
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Physical Progress

The county government of Migori majorly invested on refurbishment and civil works on its existing infrastructural facilities such as opening of access roads within the county and maintenance of the existing ones that drew ksh. 1,041,940,580 out of the total development projects of ksh. 1,896,796,747. This was about 55% of the total capital projects.

We have also undertaken other projects such as construction of roads, construction and civil works, purchase of specialised plant equipment and machinery which took Ksh. 721,182,357 being 38% of the capital expenditure.

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Challenges

The untimely disbursement of funds by the National Treasury still poses a major challenge in the implementation of the county's budget. Other challenges included;

- Resistance of collecting county's own generated revenues – boda - boda operators
- Political interference
- Unrest after the country's general elections which pondered our county
- Poor revenue supervision methods applied during the year



Seolastica Obiero
CEC- Finance and Economic Planning.
County Government of Migori.

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STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

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

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on 24th September, 2018.



County Executive Committee Member – Finance

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of County Executive Migori set out on pages 1 to 31, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation – recurrent, development and combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

Basis for Disclaimer of Opinion

1.1. Limitation of Scope as a Result of Burnt Documents and Records

During the year under review, the County Executive Headquarters experienced an outbreak of fire on 24 September, 2017 which razed down the main procurements store and all the items stored therein. It was claimed that at the time of the fire outbreak the procurements store contained financial documents, tender documents, assortments of procured materials, equipment, furniture and stationery as detailed below:

Items	Number	Approximated Unit Cost Kshs.	Total Value Kshs.
Printers	28	63,000	1,764,000
Photocopiers	2	150,000	300,000
UPS 1.5 Va	60	28,000	1,680,000
Executive Chairs	37	35,000	1,295,000
Tonnors	10	12,000	120,000
Executive Tables	39	70,000	2,730,000

Items	Number	Approximated Unit Cost Kshs.	Total Value Kshs.
Computers, Monitor and Desk top	2	50,000	100,000
White Boards	100	50,000	5,000,000
Stationaries	Assorted	-	23,000,000
Office cleaning materials	Assorted	-	2,000,000
Tourist furniture's		-	264,000
Used Tyres	200	-	5,000,000
Tender Documents		-	N/A
Work tickets		-	N/A
Banners		-	3,000,000
Payment Vouchers/Cheques Counter foils		-	N/A
Payments Cashbook		-	N/A
Bank statements and reconciliation files		-	N/A -
Total			46,253,000

Data analytics of the IFMIS records revealed that expenditure totalling Kshs.1,562,479,487 was incurred and paid from 1 July to 24 September 2017. However, the expenditure could not be vouched due to lack of relevant documents and financial records which allegedly got burnt during the fire outbreak leading to limitation of scope.

Further, the validity, completeness and accuracy of the total receipts of Kshs.7,252,577,570 and total payments of Kshs.7,792,047,812 reflected in the financial statements for the year ended 30 June, 2018 could not be confirmed in absence of the documents and records claimed to have been destroyed by fire.

Similarly, the existence, completeness and accuracy of the cash and cash equivalents balance of Kshs.330,395,105 and the fixed assets balance of Kshs.5,324,856,027 as at 30 June, 2018 as reflected in the financial statements could also not be confirmed under the circumstances.

2. County Own Generated Receipts

The statement of receipts and payments for the year ended 30 June 2018 reflects County Own Generated Receipts totalling Kshs.221,419,200. However, the following anomalies have been observed:

2.1. Failure to Account for Liquor License Administration Permits Collection

Analysis of Counter Receipts Books Register (CRBR) maintained at the central stores indicated that one hundred and eight liquor license permit books had been

issued to Sub-County revenue clerks and a staff from the Department of Trade, Migori County Government but the same had not been returned. Further, examination of the liquor license permits revealed that a total of Kshs. 95,000 had been collected from one of the permits, however the bank statement for the same was not provided for audit review. Consequently, the accuracy of the total actual amount collected from Liquor License Administration Permits during the year under review could not be confirmed.

2.2. Revenue Collection at the Migori Level IV Hospital

Analysis of seven months' reports generated by the revenue system used for revenue collection at the Migori Level IV Hospital revealed unexplained and unreconciled variance of Kshs. 149,652.50 as illustrated below:

Month	Monthly Collection Summary	Per Cashier	Variance
	Per Revenue Item		
	Kshs	Kshs	Kshs
December 2017	986,847.30	1,006,917.30	(20,070.00)
January 2018	1,134,048.50	1,157,078.50	(23,030.00)
February 2018	1,134,048.50	1,138,001.00	(3,952.50)
March 2018	1,650,123.00	1,681,033.00	(30,910.00)
April 2018	1,267,144.00	1,285,584.00	(18,440.00)
May 2018	1,231,712.00	1,251,902.00	(20,190.00)
June 2018	1,474,610.00	1,507,670.00	(33,060.00)
Total	8,878,533.30	9,028,185.80	(149,652.50)

Consequently, the accuracy of the receipts could not be confirmed.

2.3. Revenue from Drugs Dispensed at Migori County Referral Hospital

Examination of revenue records maintained by the pharmacy department revealed that an amount of Kshs. 486,255 was charged for the drugs dispensed while the reports generated from the system indicated that an amount of Kshs. 195,634 was collected by the department, translating to a variance of Kshs. 290,621 for the month of May 2018. Consequently, the accuracy of the receipts could not be confirmed.

2.4. Rebates from National Hospital Insurance Fund

During the year under review, the Migori County Referral Hospital lodged claims amounting to Kshs.7,332,200 with the National Hospital Insurance Fund (NHIF) for services offered to the patients between July 2017 and June 2018 out of which an amount of Kshs.3,748,800 was received leaving a balance of Kshs.3,583,400. No explanation has been provided by the management for failure to receive the full amount claimed in the year under review.

3. Compensation of Employees

3.1. Basic Salaries of Employees

The statement of receipts and payments for the year ended 30 June, 2018 reflects compensation of employees' expenditure of Kshs.2,440,535,869 that comprised basic salaries to permanent employees of Kshs.2,339,727,814 and basic wages of temporary employees of Kshs.100,808,055 respectively. However, an analysis of schedules and vouchers used for payments vis-a-vis the Integrated Personnel and Payroll Data (IPPD) system payroll revealed that a total of Kshs.2,287,461,266 was paid in respect of compensation of employees. The resulting difference of Kshs.153,074,872 was not reconciled or explained. Consequently, the accuracy and completeness of the expenditure for compensation of employees could be confirmed.

3.2. Increase in Compensation of Employees

A trend analysis revealed that the total expenditure on compensation of employees increased from Kshs.1,935,158,353 in 2016/2017 financial year to Kshs.2,440,535,869 in 2017/2018. However, the management has not provided justification for the increase in the expenditure by Kshs.505,377,516 in the year under review.

3.3. Payroll Data Analysis

Data analysis carried out to authenticate the accuracy and validity of payroll data revealed that sixty-seven employees who had attained the retirement age of sixty years were still appearing in the payroll as of 30 June 2018 and the County was incurring an expenditure of Kshs.5,511,975 as compensation costs in respect of these employees. Further, it was noted that six former staff who were dismissed for various reasons were yet to be removed from the payroll.

4. Use of Goods and Services

4.1. Domestic Travel and Subsistence

Included in the use of goods and services expenditure of Kshs.2,562,315,699 is an amount of Kshs.460,097,088 in respect of domestic travel and subsistence. The management did not provide imprests surrender documents including payment vouchers, warrants, and supporting documents for the months of July 2017, August 2017 and September 2017, as the documents were claimed to have been destroyed in a fire incident. Consequently, the validity, propriety, accuracy and completeness of the expenditure on domestic travel and subsistence could not be ascertained.

4.2. Hospitality Supplies and Services

Included in the use of goods and services expenditure of Kshs.2,562,315,699 is an amount of Kshs.355,444,697 in respect of hospitality supplies and services. Out of which payments totalling Kshs.11,827,150 were not supported. Consequently, the validity, propriety, accuracy and completeness of the expenditure on hospitality supplies and services could not be ascertained.

4.3. Utilities Supplies and Services

Included also in the use of goods and services expenditure of Kshs.2,562,315,699 is an amount of Kshs.49,870,504 relating to utilities supplies and services. The latter in turn includes payments totalling Kshs.13,907,663 for which the respective payment vouchers and supporting documents were not provided for audit review. Consequently, the validity, propriety, accuracy and completeness of the Kshs.13,907,663 expenditure could not be ascertained.

4.4. Routine Maintenance - Vehicles & Other Transport Equipment

Included in the use of goods and services expenditure of Kshs.2,562,315,699 is an amount of Kshs.117,359,782 in respect of routine maintenance vehicles and other transport equipment. Out of which payments totalling Kshs.24,652,938 were not supported. Consequently, the validity, propriety, accuracy and completeness of the Kshs.24,652,938 expenditure could not be ascertained.

4.5. Installation of Power to Health Facilities

Included in the use of goods and services expenditure of Kshs.2,562,315,699 is an amount of Kshs.452,428,604 in respect of specialized materials which in turn includes Kshs.14,500,000 paid to a contractor for supply and installation of power to various health facilities. However, certificate of completion, inspection and acceptance committee reports were not provided for audit review. Consequently, the propriety of the expenditure of Kshs.14,500,000 could not be ascertained.

4.6. Contracted Professional Services

Included in the use of goods and services expenditure of Kshs.2,562,315,699 are other operating expenses amounting to Kshs.261,384,178. The latter in turn includes Kshs.12,535,000 spent on contracted professional services for whose requisition for the services and procurement documents were not provided for audit review. Consequently, the validity of the expenditure on contracted professional services could not be ascertained.

5. Pending Bills

Disclosed in Annex 2 to the financial statements are pending bills totalling Kshs.282,283,029 which were outstanding as at 30 June 2018. However, the pending bills balance was not supported by authentic and verifiable source documents and schedules clearly indicating type of supply, contracted amount, amount paid to date and outstanding balance as at the year end. As a result, the validity, completeness and accuracy of the pending bills balance of Kshs.282,283,029 could not be confirmed.

6. Non-current Assets

Disclosed in Annex 5 to the financial statements are non-current assets acquired by the County Executive in 2017/2018 financial year of Kshs.1,896,796,747 and

the brought forward balance of Kshs. 3,428,059,280 totalling Kshs.5,324,856,027. However, the County Executive did not maintain updated fixed assets register in the year under review. In addition, the Inter-Governmental Relations Technical Committee which took over from the Transition Authority is yet to formally hand over the assets and liabilities of the defunct local authorities to the County Government. Consequently, the existence and location of the non-current assets, and completeness and accuracy of the balance of Kshs.5,324,856,027 as at 30 June 2018 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1. Budget Performance

The County Executive did not enforce strict budgetary control and as a result various expenditure heads and items were overspent as summarized below:

Item	Final Budget Kshs.	Actual Expenditure Kshs.	Variance Kshs.
Own generated receipts	200,000,000	222,419,200	22,419,200
Compensation of employees	2,411,169,456	2,440,535,869	(29,366,413)
Use of goods and services	2,317,879,425	2,562,315,699	(244,436,274)
Transfer to Other Government Entities	736,791,732	746,694,407	(9,902,675)
Other grants and transfers	-	39,043,117	(39,043,117)
Social security benefits	64,000,000	106,661,973	(42,661,973)
Acquisition of assets	2,637,056,626	1,896,796,747	740,259,879

Further, the acquisition of assets expenditure head development budget was underutilized while the recurrent budget was overspent, an indication that the development funds were irregularly reallocated to recurrent vote. In addition expenditure under other grants and transfers is reflected as Kshs. 39,043,117 while the budget reflects nil amount.

2. Receipts

2.1. Own Generated Revenue

During the year under review, the County collected under Own Generated Revenue an amount of Kshs.222,419,200 against a supplementary budget of Kshs.200,000,000 (Original Budget – Kshs.450,000,000) which translate to 11% above the budget. In the preceding financial year, the County collected Kshs.350,334,347 against a budget of Kshs.400,000,000 which translate to a collection of 88% of the budgeted amount. Had the original budget not been revised downwards, the County could not have attained the revenue target.

2.2. Automation of Revenue Collection

The County Government of Migori began the process of procurement of automation of revenue services in the financial year 2013/14 through tender number MC/49/2013-2014. However, on 15 January, 2016 customization, installation and implementation of revenue collection cash flows and funds requisition system were cancelled due to procurement irregularities. The supplier, felt aggrieved and appealed to the Public Procurement Administrative Review Board which ruled in her favour on 15 January, 2016. Review of the case during the year under review revealed that the matter is still pending in the Court of Appeal. Consequently, failure to automate revenue collection puts the process of improvement of revenue collection in doubts.

2.3. Single Business Permit

A review of the Counterfoil Receipt Book Register maintained by the County Treasury revealed that thirty-four Single Business Permit (SBP) receipt books issued to sub-county revenue clerks had not been returned to the main store.

An audit of sampled Single Business Permit receipt books issued to Kuria West Sub-County revealed that a total of Kshs.965,500 collected was not in recorded in the control sheets as detailed below:

No.	Serial Number	Receipt Control Sheets	Amount Controlled	Not Controlled
1	2151-2200	2911	10,000.00	20,500.00
2	2751-2800	2883	67,500.00	131,000.00
3	2851-2900	2762	1,500.00	82,000.00
4	2801-2850	Not provided	Not provided	181,500.00
5	2901-2950	2703	89,000.00	81,500.00
6	2951-3000	11196	172,000.00	330,000.00
7	3101-3150	2878	15,500.00	139,000.00
	Total		355,500.00	965,500.00

Further, the County Executive did not maintain in the year under review a data base of all the businesses operating within the eight sub-counties and a register

of invoices issued to various business owners requesting for payment of business permits.

In view of the forgoing, the revenue collected could have been more had the management developed clear guidelines on SBP collection, business identification, use of invoices to demand payments and the preparation of a database of all the businesses in the County.

3. Procurement of Electrical Materials

Included in the acquisition of assets expenditure of Kshs.1,896,796,747 is an amount of Kshs.12,217,517 relating to purchase of household furniture and institutional equipment. The latter in turn includes a payment amounting to Kshs.11,809,290 made to a supplier for the supply and delivery of electrical materials. Physical verification in November, 2018 revealed that the electrical materials were still lying in the store increasing risk of wear and tear. Management did not provide explanation for failure to use the materials for the intended purposes. The County under the circumstances may not have achieved value for money in respect of the expenditure of Kshs.11,809,290.

4. Construction of FM Radio and Television Station

During the year under review, the County Government paid a sum of Kshs.17,615,890 to a contractor for the extra works on FM Radio and Television Station. The management did not provide for audit review licenses for the operationalization of the broadcasting from the industry regulator, Communication Commission of Kenya (CCK). Physical verification in November, 2018 revealed that the television and radio station were not operational. Consequently, the value for money may not be realized in the investment in absence of the authority to operate television and radio station from the regulator, Communication Commission of Kenya (CCK).

5. Construction of Roads

Included in the acquisition of assets expenditure of Kshs.1,896,796,747 is an amount of Kshs.1,041,940,580 relating to construction of roads. The latter in turn includes payments amounting to Kshs. 630,880,595 towards the maintenance of one hundred and fifteen roads which accounts for 61 % of the total expenditure for construction of roads.

A review of the maintenance expenditure and bills of quantities, and project verification revealed that much of the expenditure was incurred on gravel patching. However, maintenance of earth roads through gravel patching is expensive, as it requires regular maintenance services for the same roads annually, which is not sustainable in the long term.

6. Consultancies on Integrated Urban Development Plans

Included in the expenditure of acquisition of assets of Kshs.1,896,796,747 is an amount of Kshs.137,035,919 reflected under research, studies, project preparation, design and supervision. The amount relates to payments made to

various consultants for integrated urban development planning for Sori, Isebania, Awendo and Rongo towns. The contracts were awarded on 16 June 2015, with contracts' period not exceeding eighteen months. The contracts' period has since expired and the plans have not been adopted by the county assembly for implementation. The value for money invested in the consultancies may not be achieved in the circumstances.

7. Supply, Installation and Integration of Structured Cabling in Health Facilities

Included in the acquisition of assets expenditure of Kshs.1,896,796,747 is an amount of Kshs.68,195,693 relating to purchase of ICT equipment, which in turn includes is Kshs.15,579,881 for supply, installation and integration of structured cabling for the County and Sub-County health facilities. Physical verification revealed the ICT equipment were under-utilized in the health facilities due to inadequate and unstable power supply. Consequently, the resident of Migori may realize value for money on the expenditure of Kshs.15,579,881 incurred on supply, installation and integration of structured cabling.

8. Irregular Recruitment of Staff

During the year under review, Migori County Public Service Board recruited new staff in various cadres without following the due recruitment process and in total disregard to budget provisions. Examination of recruitment process revealed the following anomalies:

- i. Migori County Public Service Board did not have an approved staff establishment in place.
- ii. The staff budget for recruitment for the year under review for various cadres was fifty-nine against the recruited four hundred twenty-one, leading to over- employment of three hundred and sixty-two people.
- iii. The County Government budgeted to recruit two hundred and ninety-four ECDE caregivers without an approved staff establishment. Eventually three hundred and three officers were employed thus exceeding the approved number by nine.
- iv. In the previous year the Migori County Public Service Board employed one hundred and forty-four nurses and against a budget of thirty. Further, in the same year the Board employed six hundred ECD teachers against a budget of two hundred and sixty-six leading over employment of two hundred and thirty-four.
- v. The County Public Service Board did not invite applications through advertisement for forty-one Clerical Officers, one Agricultural Mechanization Officer and one Fiscal Policy Analyst vacancies that were filled during the year under review.

The County Public Service Board therefore employed staff without following recruitment procedures contrary to the requirements of Section 66 of the County Government Act, 2012. As a result, the Board was in breach of the law.

9. Engagement of Temporary Workers

As disclosed in Note 6 to the financial statements, compensation of employees costs of Kshs.2,440,535,869 includes an amount of Kshs.100,808,054 in respect basic wages for casual employees. A review of the casuals' records revealed that the casuals were engaged for more than three months and as such the nature of their job did not qualify to be classified as urgent or short term as stated in the County Public Service Human Resource Manual 2013, Section B.16 (1).

Further, complete records for temporary workers engaged by various departments were not provided for audit review. As a result, the validity of the expenditure could not be confirmed.

10. Car Loan & Mortgage Scheme Fund

Information available indicates that the County Executive operates a Car Loan & Mortgage Scheme for the staff. However, the County Executive did not prepare and submit for audit financial statements of the Car Loan & Mortgage Scheme Fund for the year ended 30 June ,2018 contrary to the requirements of Section 167 of the Public Finance Management Act, 2012.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Conclusions on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Cash Management Systems

During the year under review the County Executive of Migori maintained ten bank accounts at the Central Bank of Kenya and one hundred and eighty-seven bank accounts in various commercial banks. Most of the accounts maintained in the commercial banks were for health facilities. However, there were no effective internal checks including monthly reconciliations with regard to operations of these accounts.

The County Executive did not provide IFMIS auto generated bank reconciliations for the period under review.

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an

assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described under the Basis for Conclusions on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the County Executive of Migori in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.



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

Nairobi

18 February 2019

COUNTY EXECUTIVE OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2018

3. FINANCIAL STATEMENTS

3.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2017-2018	2016-2017
	Notes	KShs	KShs
RECEIPTS			
Exchequer releases	1	6,462,800,000	6,298,037,918
Proceeds from Domestic and Foreign Grants	2	26,120,957	20,440,000
Transfers from Other Government Entities	3	541,237,413	314,025,356
County Own Generated Receipts	4	222,419,200	350,334,347
Returned CRF Issues	5	-	-
TOTAL RECEIPTS		7,252,577,570	6,982,837,621
PAYMENTS			
Compensation of Employees	6	2,440,535,869	1,935,158,353
Use of goods and services	7	2,562,315,699	1,775,525,669
Transfers to Other Government Units	8	746,694,407	780,280,474
Other grants and transfers	9	39,043,117	213,890,738
Social Security Benefits	10	106,661,973	84,188,318
Acquisition of Assets	11	1,896,796,747	1,874,352,560
TOTAL PAYMENTS		7,792,047,812	6,663,396,112
SURPLUS/DEFICIT		(539,470,242)	319,441,509

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

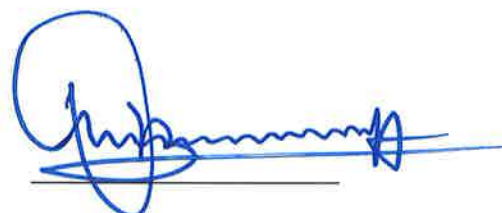
The entity financial statements were approved on 24th September, 2018 and signed by:



Chief Officer
Samuel Omuga



Director Finance
Paul Mwita



Accountant
Hannington Ochieng
ICPAK Member No. 18684

COUNTY EXECUTIVE OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2018

3.2. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2018

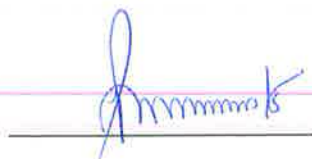
		2017-2018	2016-2017
	Notes	KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12A	328,891,003	829,190,573
Cash Balances	12B	1,504,102	10,652,776
Total Cash and cash equivalent	14	330,395,105	839,843,349
Accounts receivables – Outstanding Imprests		-	-
TOTAL FINANCIAL ASSETS		330,395,105	839,843,349
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	13	65,038,634	35,016,638
NET FINANCIAL ASSETS		265,356,471	804,826,713
REPRESENTED BY			
Fund balance b/fwd		804,826,712	485,385,203
Prior year adjustments	25	-	-
Surplus/Deficit for the year		-539,470,242	319,441,509
NET FINANCIAL POSITION		265,356,470	804,826,712

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

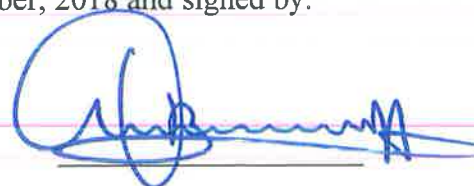
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Chief Officer
Samuel Omuga



Director Finance
Paul Mwita



Accountant
Hannington Ochieng
ICPAK Member No.18684


COUNTY EXECUTIVE OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2018

3.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

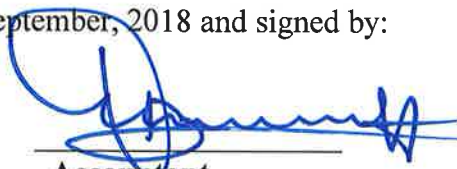
	Notes	2017-2018 KShs	2016 – 2017 KShs
Receipts from operating income			
Exchequer Releases	1	6,462,800,000	6,298,037,918
Proceeds from Domestic and Foreign Grants	2	26,120,957	20,440,000
Transfers from Other Government Entities	3	541,237,413	314,025,356
County Own Generated Receipts	4	222,419,200	350,334,347
Returned CRF Issues	5	-	-
Payments for operating expenses			
Compensation of Employees	6	(2,440,535,869)	(1,935,158,353)
Use of goods and services	7	(2,562,315,699)	(1,775,525,669)
Transfers to Other Government Units	8	(746,694,407)	(780,280,474)
Other grants and transfers	9	(39,043,117)	(213,890,738)
Social Security Benefits	10	(106,661,973)	(84,188,318)
Deposits and Retentions		-	35,016,636
Adjusted for:			
Adjustments during the year- Changes in Payables		30,021,997	-
Net cash flow from operating activities		1,387,348,503	2,228,810,705
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	11	(1,896,796,747)	(1,874,352,560)
Net cash flows from Investing Activities		(1,896,796,747)	(1,874,352,560)
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(509,488,244)	354,458,145
Cash and cash equivalent at BEGINNING of the year	12	839,843,349	485,385,203
Cash and cash equivalent at END of the year	14	330,395,105	839,843,349

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The county financial statements were approved on 24th September, 2018 and signed by:


Chief Officer
Samuel Omuga


Director Finance
Paul Mwita


Accountant
Hannington Ochieng
ICPAK Member No.18684

MIGORI COUNTY GOVERNMENT
Consolidated Reports and Financial Statements
For the year ended June 30, 2018

3.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Balance b/f	-	829,190,572	829,190,572	839,843,349	(10,652,777)	101%
Exchequer releases	6,721,266,066	258,466,066()	6,462,800,000	6,462,800,000	-	100%
Proceeds from Domestic and Foreign Grants	-	26,120,957	26,120,957	26,120,957	-	100%
Transfers from Other Government Entities	609,354,581	(68,117,875)	648,785,710	541,237,413	107,548,297	83%
County Own Generated receipts	450,000,000	(250,000,000)	200,000,000	222,419,200	22,419,200	111%
Return issues to CRF	-	-	-	-	-	-
TOTAL	7,780,620,647	(346,845,463)	8,166,897,239	8,092,420,919	85,129,097	99%
PAYMENTS						
Compensation of Employees	2,293,772,453	117,397,003	2,411,169,456	2,440,535,869	(29,366,413)	101%
Use of goods and services	1,873,876,246	444,003,179	2,317,879,425	2,562,315,699	(244,436,274)	111%
Transfers to Other Government Units	736,791,732		736,791,732	746,694,407	(9,902,675)	101%
Other grants and Transfers	-		-	39,043,117	(39,043,117)	-
Social Security Benefits	-		64,000,000	106,661,973	(42,661,973)	167%
Acquisition of Assets	2,876,180,216	(239,123,590)	2,637,056,626	1,896,796,747	740,259,879	72%
TOTAL	7,780,620,647	322,276,592	8,166,897,239	7,792,047,812	374,849,427	95%
SURPLUS/(DEFICIT)	-		-	300,373,107	(289,720,330)	

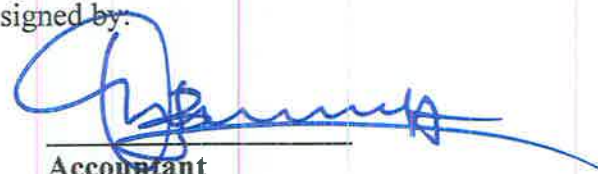
The county's financial statements were approved on 24th September, 2018 and signed by:



Chief Officer
Samuel Omuga



Director Finance
Paul Mwita



Accountant
Hannington Ochieng
ICPAK Member No.18684

3.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Balance b/d	-	829,190,572	829,190,572	839,843,349	(10,652,777)	-
Exchequer releases	3,845,085,850	(258,466,066)	3,831,063,652	3,831,063,652	-	100%
Proceeds from Domestic and Foreign Grants	-	26,120,957	26,120,957	26,120,957	-	100%
Transfers from Other Government Entities	609,354,581		609,354,581	541,237,413	68,117,168	89%
County Own Generated receipts	450,000,000	(250,000,000)	200,000,000	222,419,200	22,419,200	111%
Return CRF issues	-	-	-	-	-	
TOTAL	4,904,440,431	346,845,463	5,719,608,805	4,423,987,010	478,155,834	
PAYMENTS						
Compensation of Employees	2,411,169,456	117,397,003	2,411,169,456	2,440,535,869	(29,366,413)	101%
Use of goods and services	2,217,879,425	444,003,179	2,317,879,425	2,562,315,699	(244,436,274)	111%
Transfers to Other Government Units	796,791,732		736,791,732	746,694,407	(9,902,675)	101%
Other grants and transfers	-		-	39,043,117	(39,043,117)	-
Social Security Benefits	-		64,000,000	106,661,973	(42,661,973)	167%
TOTAL	4,904,440,431	561,400,182	5,529,840,613	5,895,251,065	(365,410,452)	107%
SURPLUS/(DEFICIT)	-			434,566,494	634,987,463	

The county's financial statements were approved on 24th September, 2018 and signed by:



Chief Officer
Samuel Omuga



Director Finance
Paul Mwita



Accountant
Hannington Ochieng
ICPAK Member No. 18684

3.6. 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						
Exchequer releases	2,876,180,216	(239,123,590)	2,637,056,626	2,637,056,626	-	100%
TOTAL	2,876,180,216	(239,123,590)	2,637,056,626	2,637,056,626	-	100%
PAYMENTS						
Acquisition of Assets	2,876,180,216	(239,123,590)	2,637,056,626	1,896,796,747	740,259,879	72%
TOTALS	2,876,180,216	(239,123,590)	2,637,056,626	1,896,796,747	740,259,879	72%
SURPLUS/(DEFICIT)						

The county's financial statements were approved on 24th September, 2018 and signed by:



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Samuel Omuga



Director Finance
Paul Mwita



Accountant
Hannington Ochieng
ICPAK Member No. 18684

3.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2017		2017	Date, 2017	
	KShs	KShs	KShs	KShs	KShs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic)

MIGORI COUNTY GOVERNMENT
Consolidated Reports and Financial Statements
For the year ended June 30, 2018

3.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

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

2. Reporting entity

The financial statements are for the Migori County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

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

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

County Own Generated Receipts

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

Returns to CRF Issues

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

b) Recognition of payments

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

COUNTY EXECUTIVE OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

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

Repayment of borrowing (principal amount)

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

Acquisition of fixed assets

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

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

4. In-kind contributions

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs 65,038,634 compared to KShs 35,016,638 in prior period as indicated on note 13.

There were no other restrictions on cash during the year

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

COUNTY EXECUTIVE OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Pending bills

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

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 28th June 2018 for the period 1st July 2017 to 30 June 2018 as required by law. There was one in number of supplementary budgets passed in the year. A high-level assessment of the County Government of Migori's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

3.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2017 - 2018	2016 - 2017
	KShs	KShs
Total Exchequer Releases for quarter 1	452,396,000	1,574,509,479
Total Exchequer Releases for quarter 2	1,648,014,000	1,605,999,669
Total Exchequer Releases for quarter 3	1,680,328,000	1,070,666,446
Total Exchequer Releases for quarter 4	2,682,062,000	2,046,862,324
Total	6,462,800,000	6,298,037,918

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2017 - 2018	2016 - 2017
			KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)				
Grants Received from Multilateral Donors (International Organisations)				
Grants Received from other levels of government (DANIDA)		-	26,120,957	20,440,000
Total			26,120,957	20,440,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017 – 2018	2016 – 2017
	KShs	KShs
Transfers from Central government entities		
(Free Maternity Health Care)	-	132,860,000
MOH- RBF (World Bank Grant)	138,220,725	-
RMFLF	204,454,632	72,576,984
Transforming Health Services	32,723,050	-
KDSP	46,330,994	-
VETC Funds	47,015,785	-
NARIGP	50,609,855	-
Aborlishment of User Fees Foregone	21,882,372	21,882,372
Transfers from Counties		
(Doctors, Nurses, Clinical Officers Allowance)	-	86,706,000
TOTAL	541,237,413	314,025,356

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4. COUNTY OWN GENERATED RECEIPTS

	2017 – 2018	2016 – 2017
	KShs	KShs
Fines Penalties and Forfeitures	318,980	253,600
Business permits	50,707,410	56,589,930
Cess	25,814,980	92,528,337
Land Rents and Rates	8,635,655	30,002,097
Plot rents	-	2,647,850
Bill Board Fees	10,677,238	15,046,754
Transport on Land	1,220,780	1,907,390
Council's natural resources	4,527,240	-
Sale of Tender Documents	282,000	1,964,100
Department of Fisheries	459,500	-
Market/trade centre fee	31,733,720	34,415,410
Vehicle parking fees	45,232,790	61,420,820
Kiosk Operation Fees	-	4,540,240
Fuel Levy	11,900	85,500
Entry/Exit fees	-	2,774,670
Department of Agriculture	1,956,170	1,737,585
Survey Fees	996,740	1,098,254
Public health services	2,128,940	21,385,773
Health facilities operations	15,823,192	-
Environment & conservancy	59,800	1,575,600
Department of Trade	797,646	-
Slaughter houses administration	17,675,530	16,945,710
Physical Planning Activities	1,006,591	1,186,107
Liquor License Administration	-	2,075,820
Weights and Measures	-	152,800
Department of Education	26,500	-
Department of P Works – Approval of Plans	2,325,698	-
	222,419,200	350,334,347

5. RETURNED CRF ISSUES

	2017 – 2018	2016 – 2017
	KShs	KShs
Recurrent account	39,000,000	-
Development account	40,000,000	-
Deposit account	-	-
Total	79,000,000	-

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6. COMPENSATION OF EMPLOYEES

	2017 – 2018	2016 – 2017
	KShs	KShs
Basic salaries of permanent employees	2,339,727,814	1,874,556,009
Basic wages of temporary employees	100,808,054	60,602,344
Total	2,440,535,868	1,935,158,353

(Give brief explanation including the comparative number of employees)

7. USE OF GOODS AND SERVICES

	2017 – 2018	2016 – 2017
	KShs	KShs
Utilities, supplies and services	49,870,504	38,740,330
Communication, supplies and services	15,286,709	12,293,630
Domestic travel and subsistence	460,097,088	354,034,987
Foreign travel and subsistence	5,563,573	-
Printing, advertising and information supplies & services	279,397,352	264,457,138
Rentals of produced assets	16,013,809	10,168,885
Training expenses	76,385,768	15,905,357
Hospitality supplies and services	355,444,697	286,732,824
Insurance costs	46,029,098	6,374,600
Specialized materials and services	452,428,604	335,911,334
Office and general supplies and services	145,178,805	67,128,635
Other operating expenses	261,384,178	205,976,583
Routine maintenance – vehicles and other transport equipment	117,359,787	64,094,523
Routine maintenance – other assets	189,522,482	58,824,637
Fuel and Lubricants	92,353,245	54,882,206
Total	2,562,315,699	1,775,525,669

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	KShs	KShs
Transfers to Central government entities		
See attached list	-	-
Transfers to Other Counties		
Migori County Assembly	736,000,000	698,570,000
Mikutra Water and Sanitation Services	10,694,407	18,656,746
Car and Mortgage/ Other Transfers	-	63,053,728
TOTAL	746,694,407	780,280,474

9. OTHER GRANTS AND OTHER PAYMENTS

	2017 - 2018	2016 - 2017
	KShs	KShs
Scholarships and other educational benefits	32,900,196	36,645,580
Migori County Bursary	5,852,000	163,945,158
Other Capital Transfers – ECDE Classrooms	290,921	13,300,000
Total	39,043,117	213,890,738

10. SOCIAL SECURITY BENEFITS

	2017 - 2018	2016 - 2017
	KShs	KShs
Government pension and retirement benefits	106,661,973	84,188,318
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	106,661,973	84,188,318

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11. ACQUISITION OF ASSETS

Non Financial Assets	2017 – 2018	2016 – 2017
	KShs	KShs
Construction of Buildings	117,271,523	112,317,731
Refurbishment of Buildings	12,920,751	5,816,167
Construction of Roads	1,041,940,580	680,989,561
Construction and Civil Works	163,647,102	159,671,145
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	21,351,587	7,000,000
Overhaul of Vehicles and Other Transport Equipment	29,483,300	2,000,000
Purchase of Household Furniture and Institutional Equipment	12,217,527	420,430
Purchase of Office Furniture and General Equipment	106,363,871	18,261,600
Purchase of ICT Equipment	68,195,693	221,792,532
Purchase of Specialized Plant, Equipment and Machinery	164,115,405	181,967,113
Purchase of Certified Seeds, Breeding Stock and Live Animals	22,253,489	15,253,000
Research, Studies, Project Preparation, Design & Supervision	137,035,919	406,856,435
Acquisition of Land	-	250,000
Acquisition of LAN	-	1,069,346
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total	1,896,796,747	1,874,352,560

12. CASH AND BANK BALANCES

12A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit, receipts etc	Ex. rate (if in foreign currency)	2017 – 2018	2016 – 2017
				KShs	KShs
CBK – 1000170948, KES	KES	Development	-	4,908,953	1,477,192.00
CBK – 1000171022, KES	KES	Recurrent	-	26,857,345	107,474,772
CBK – 1000171537, KES	KES	Revenue	-	29,384,893	531,097,557
CBK – 1000292482, KES	KES	MCRML Fund	-	845,877	16,192,328
CBK – 1000171537, KES	KES	Health Special	-	1,985,920	38,054,394
CBK – 1000365668, KES	KES	County NARIGP	-	55,609,855	-
CBK – 1000365692, KES	KES	ASDSP Special	-	-	-

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CBK – 1000368586, KES	KES	MC VETC	-	-	-
CBK – 1000376791, KES	KES	Urban Inst & Dev	-	-	-
CBK – 1000380683, KES	KES	Comm.Proj. Sp	-	-	-
KCB – 1149215860, KES	KES	Development	-	81,282	43,478,437
KCB – 1140793454, KES	KES	Operations	-		4,463,695
KCB – 1153149869, KES	KES	Salaries	-	11,152	142,426
KCB – 140763881, KES	KES	Revenue	-	3,548,730	569,779
KCB – 1154700062, KES	KES	WDF	-	1,258,396	455,681
KCB – 1145481647, KES	KES	PSB	-	-	375
KCB – 121702721, KES	KES	PSB	-	2,719	-
KCB – 1170448143, KES	KES	Retentions	-	65,038,634	35,016,636
KCB – 1203729731, KES	KES	Econ Planning	-	146,871	2,482,950
KCB – 1179977904, KES	KES	Internal Audit	-	2,475	105
KCB – 1105499693, KES	KES	Fish Cess	-	89,343	-
KCB – 1146721641, KES	KES	Water Supply	-	73,602	73,062
KCB – 1154819167, KES	KES	North Kadem	-	615	615
KCB – 1219338869, KES	KES	Wasweta 2 WDF	-	6,775	660
KCB – 1157668267, KES	KES	Masaba WDF	-	860	780
KCB – 1157721699, KES	KES	Wiga WDF	-	260	424
KCB – 1157877443, KES	KES	Kachieng WDF	-	84	270
KCB – 1158318677, KES	KES	Gokeharaka Wd	-	3,746	489
KCB – 1157897894, KES	KES	North Kadem	-	490	590
KCB – 1159130841, KES	KES	Makerero WDF	-	2,900	1,099
KCB – 1159276315, KES	KES	Muhuru WDF	-	9,380	9,380
KCB – 1159276439, KES	KES	Got Kachola	-	1,735	720
KCB – 1159276730, KES	KES	Kaler WDF	-	380	380
KCB – 1158858078, KES	KES	Nyamekongoroto	-	953,193	-
KCB – 1159279136, KES	KES	Macalder	-	380	121,138
KCB – 1158858221, KES	KES	MC Referral	-	3,489,455	24,012
KCB – 1157694837, KES	KES	Karungu SDH	-	-	1,434
KCB – 1157367941, KES	KES	Isebania FIF	-	-	469,833
KCB – 1157477380, KES	KES	Ntimaru SDH	-	-	6,719
KCB – 1157323995, KES	KES	Kuria DH	-	-	155,181
KCB – 1157801641, KES	KES	Kegonga DH	-	-	66,013
KCB – 1157360073, KES	KES	Rongo FIF	-	-	1,169
KCB – 1157323995, KES	KES	MC Referral	-	21,963	1,688
KCB – 1158858299, KES	KES	Rongo S/C FIF	-	410,134	33,352
KCB – 1158858310, KES	KES	Macalder S/C H	-	414,629	121,138
KCB – 1158858353, KES	KES	Kuria S/C Hosp	-	687,198	157,543
KCB – 1158858418, KES	KES	Karungu S/C Hos	-	401,058	16,602

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KCB – 1158858434, KES	KES	Isibania S/C H	-	337,139	83,484
KCB – 1158858469, KES	KES	Kegonga S/C H	-	272,477	108,618
KCB – 1158858485, KES	KES	Ntimaru S/C H	-	164,322	7,757
KCB – 1159210446, KES	KES	North Sakwa Op	-	3,120	650
KCB – 1165309890, KES	KES	MCG ICT A/C	-	5,565	310
KCB – 1171424299, KES	KES	MC Health RBF	-	500	-
KCB – 1180336461, KES	KES	MC Modern T	-	562,960	504,990
KCB – 1159280339, KES	KES	Kanyasa WDF	-	1,380	1,380
KCB – 1159281653, KES	KES	S Kanyamkago	-	595	775
KCB – 1159130841, KES	KES	Makerero WDF	-	2,899	1,099
KCB – 1159287376, KES	KES	God Jope WDF	-	114	610
KCB – 1159708819, KES	KES	Wasimbete WDF	-	380	380
KCB – 1159287465, KES	KES	C. Sakwa WDF	-	1,614	430
KCB – 1151401129, KES	KES	Kitere Disp.	-	941,533	8,866
KCB – 1136947515, KES	KES	Iraha Dispensary	-	491,914	7,083
KCB – 1120847028, KES	KES	Muchebe Disp	-	650,496	1,995
KCB – 1125497637, KES	KES	Motemorabu Dis	-	458,658	3,813
KCB – 1126066362, KES	KES	Ngisiru Dispens	-	239,750	17,000
KCB – 111762699, KES	KES	Makararangwe D	-	130,301	1,323
KCB – 1125711779, KES	KES	Komosoko D	-	311,728	1,470
KCB – 1106376692, KES	KES	Komomange D	-	239,438	1,962
KCB – 1135742588, KES	KES	Kombe Dispen	-	331,989	12,938
KCB – 1119187435, KES	KES	Tarang'anya D	-	215,487	1,688
KCB – 1126730106, KES	KES	Nyaitara D	-	404,745	5,531
KCB – 1125370440, KES	KES	Siabai Makonge	-	493,044	1,351
KCB – 1124655476, KES	KES	Gairoro Disp	-	96,139	582
KCB – 1136923578, KES	KES	Getambwega D	-	280,825	320
KCB – 1136271317, KES	KES	Taragai Disp	-	418,129	9,260
KCB – 1135748837, KES	KES	Nyametembe D	-	553,961	1,105
KCB – 1137233079, KES	KES	Agenga Disp	-	854,186	16,808
KCB – 1113514973, KES	KES	Aneko Disp	-	241,339	4,819
KCB – 1126535761, KES	KES	Kipingi Disp	-	239,066	1,513
KCB – 1126504815, KES	KES	Nyamanga Disp	-	530,130	279
KCB – 1126421480, KES	KES	Olas Dispensary	-	237,007	22,450
KCB – 1105896668, KES	KES	Othoch Rakuom	-	237,760	219
KCB – 1105652580, KES	KES	Riat Dispensary	-	536,842	406
KCB – 1126534986, KES	KES	Thim Lich Disp	-	643,289	238,608
KCB – 1144594790, KES	KES	Wath Onger D	-	325,784	447
KCB – 1126535133, KES	KES	Yago Dispensary	-	476,034	-
KCB – 1118658418, KES	KES	Kwoyo Kodalo D	-	1,083,194	1,480
KCB – 1117165639, KES	KES	Minyenya Dis	-	1,017,960	1,411

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KCB – 1136266658, KES	KES	Nyasese Disp	-	436,540	1,556
KCB – 1139815547, KES	KES	Nyamaranya Disp	-	238,592	1,431
KCB – 1126535265, KES	KES	Winjo Dispens	-	237,437	1,469
KCB – 1142280861, KES	KES	Girigiri Disp	-	125,872	499
KCB – 1158161220, KES	KES	Nyasoko Disp	-	334,283	1,168
KCB – 1157583156, KES	KES	Lela Dispensary	-	50,539	2,799
KCB – 1152319108, KES	KES	Thim Jope Dis	-	295,689	75,904
KCB – 1142280861, KES	KES	Kochola Disp	-	613,352	28594
KCB – 1148963383, KES	KES	Ndege Oriedo	-	696,202	10,833
KCB – 1156901340, KES	KES	Kemakoba Disp	-	125,487	499
KCB – 1176959328, KES	KES	Bondo Dispens	-	25,487	199
KCB – 1176975978, KES	KES	Masaria Disp	-	21,548	3,454
KCB – 1172812888, KES	KES	Kamsaki Disp	-	25,354	75,833
KCB – 1134406568, KES	KES	Kohanga Disp	-	102,363	7,583
KCB – 1181402786, KES	KES	Kanga Dispens	-	125,352	1,535
KCB – 113803861, KES	KES	Nyankore H C	-	76,729	1,729
KCB – 1202660266, KES	KES	Oruba Disp	-	257,401	75,604
KCB – 1202800130, KES	KES	Magacha Disp	-	134	119
KCB – 1119114381, KES	KES	Kugitimo Disp	-	224,937	34,420
KCB – 1124782745, KES	KES	Mogori H C	-	1,230,207	28,186
KCB – 1119639751, KES	KES	Nyabokarange H	-	883,676	2,276
KCB – 1119586828, KES	KES	Nyamataburo HC	-	1,075,601	10,954
KCB – 1119164206, KES	KES	Nyangoge HC	-	345,874	1,469
KCB – 1118960173, KES	KES	Tisinye HC	-	1,196,230	1,319
KCB – 1130227758, KES	KES	Nyamaraga HC	-	1,188,592	90,585
KCB – 1130827623, KES	KES	Ogwedhi HC	-	1,817,743	83,047
KCB – 1119688485, KES	KES	Gwitembe HC	-	385,743	19,297
KCB – 1119634393, KES	KES	Chinato HC	-	1,107,901	41,240
KCB – 1171424299, KES	KES	Migori C Health	-	500	-
EQUITY- 1160272236744,	KES	PL With Disabil	-	-38	191,065
EQUITY- 1160266311281	KES	School Feeding	-	20,336	20,336
EQUITY- 1160261978741	KES	Agric, Livestock	-	4,872	286,417
EQUITY- 11602602620813	KES	Education	-	249	134
EQUITY- 1160270175485	KES	Mon & Evaluat.	-	5,250	1,120
DTB - 0060218001, KES	KES	Car & Loan Mor	-	40,952,789	42,869,550
DTB – 0397396001, KES	KES	MC Operations	-	1,110,671	-
Co- op, 0114148308000	KES	County secretary	-	827	827
Co- op, 01141481907800	KES	Lands , Housing	-	314	1,040
Co- op, 01141481907700	KES	Water & Energy	-	1,353	201,152
Co- op, 01141482129000	KES	Gvn Operations	-	4,113	112
Co- op, 01141482317700	KES	D/Gvn Oper	-	443	63

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Co- op, 01141482697600	KES	MC Executive	-	2,640	-
Co- op, 01141481937700	KES	PSM	-	14,196,403	720
Co- op, 01141481907900	KES	Roads,P Works	-	3,826	4,523
Co- op, 01141481763500	KES	Health Sector	-	15,028,213	167,683
Co- op, 01141203091000	KES	Anjago Dispe	-	215,472	-
Co- op, 01141048713000	KES	Arombe Disp	-	108,737	218
Co- op, 01141056242200	KES	Giribe Disp	-	882,363	1,818
Co- op, 01141202033000	KES	God-Kwer Disp	-	92,070	1,790
Co- op, 01141077147000	KES	God-Jope Disp	-	601,275	-
Co- op, 01141077313500	KES	Midoti Disp	-	578,413	313
Co- op, 01141202278400	KES	Nyarongi Disp	-	681,700	2,118
Co- op, 01141077450500	KES	Ondong' Disp	-	712,968	31,508
Co- op, 01141203000000	KES	Osingo Disp	-	573,710	230
Co- op, 01141481117701	KES	Saro Disp	-	658,721	867
Co- op, 01141202876400	KES	Suna Rabuor Dis	-	326,581	1,054
Co- op, 01141048603400	KES	Bande Disp	-	261,292	1,870
Co- op, 01141077152500	KES	Kabuto Disp	-	687,493	1,240
Co- op, 01141077152500	KES	Kituka Disp	-	237,328	158
Co- op, 01141204249100	KES	Kombato Disp	-	672,031	1,708
Co- op, 01141202040000	KES	Lwanda Disp	-	420,041	280
Co- op, 01141204290300	KES	Namba Kodero D	-	1,028,625	321
Co- op, 01141202276200	KES	Ndiwa Disp	-	601,881	1,238
Co- op, 01141202040300	KES	Otati Disp	-	873,273	1,215
Co- op, 01141202279000	KES	Nyandago Kower	-	237,899	1,141
Co- op, 01141077325000	KES	Getongoroma Dis	-	226,832	1,332
Co- op, 01141481137200	KES	Obware Disp	-	117,110	176,455
Co- op, 01141481016701	KES	Got-Kachola Dis	-	79,813	1,812
Co- op, 01134482816200	KES	Diruma Disp	-	145,352	-
Co- op, 01141482809100	KES	Nyamalu Disp	-	75,893	76,167
Co- op, 01141482916700	KES	Ogongo Disp	-	217,105	503
Co- op, 01141482965000	KES	Nyakiringoto Dis	-	215,487	95,387
Co- op, 01141482962100	KES	Mugabo Disp	-	254,365	75,177
Co- op, 01141202676300	KES	Bugumbe HC	-	241,315	159,160
Co- op, 01141048766300	KES	Masaba HC	-	670,448	1,610
Co- op, 01141202912700	KES	Nyamekongoroto	-	953,193	67,755
Co- op, 01141202834300	KES	Muhuru HC	-	658,785	197,512
NBK, 01001017544700	KES	Othoro SCH FIF	-	130,675	-
NBK, 01001017544600	KES	Awendo SCH FI	-	569,048	-
NBK, 01001095863600	KES	Trade & Coop	-	3,208	2,150
NBK, 01001095864200	KES	Evn & Disaster	-	1,929	2,280
NBK, 01001017575000	KES	Water & Energy-	-	925	-

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NBK, 01001084043300	KES	Angaga Disp	-	461,472	7,238
NBK, 01001046609400	KES	Dede Disp	-	984,254	262
NBK, 01248046510700	KES	Kuja Disp	-	530,438	348
NBK, 01001045638500	KES	Ngere Disp	-	26,114	2,571
NBK, 01001070016400	KES	Ngodhe Disp	-	763,275	567
NBK, 01001095766300	KES	Nyakuru Disp.	-	1,006,512	4,570
NBK, 01001079718600	KES	Ombo-Mbita Dis	-	341,871	1,445
NBK, 01248046433000	KES	Otacho Disp	-	494,184	1,283
NBK, 01001046734200	KES	Rabondo Disp	-	918,903	1,004
NBK, 01001084039200	KES	Siruti Disp.	-	679,877	6,643
NBK, 01001046526600	KES	Bware Disp.	-	730,631	395
NBK, 01001084032800	KES	Koloo Disp	-	443,550	37,140
NBK, 01248080349900	KES	Kolwal Disp.	-	558,201	290,102
NBK, 01001084011400	KES	Midida Disp	-	514,371	894
NBK, 01001046434100	KES	Nyamasare	-	345,021	3,092
NBK, 01001084042600	KES	Ombo Kowiti Dis	-	484,479	2,239
NBK, 01001046632600	KES	Ongito Disp.	-	285,905	106
NBK, 01001017542800	KES	Osogo Disp.	-	245,552	1,413
NBK, 01001084058400	KES	Piny Owacho Dis	-	570,120	2,697
NBK, 01001046487600	KES	Sibuoche Disp	-	805,057	324
NBK, 01001084454800	KES	Ngonga Disp	-	1,000,808	1,255
NBK, 01001017567300	KES	Lwala Disp	-	231,798	190
NBK, 01001070063300	KES	Wanginya Disp	-	429,024	-109
NBK, 01248046484500	KES	Mariwa HC	-	991,808	1,111
NBK, 01242045431400	KES	Ongo HC	-	626,239	1,959
NBK, 01248046576600	KES	Oyani HC	-	1,193,803	4,349
NBK, 01248045067700	KES	Uriri HC	-	1,870,301	289,037
Total				328,891,003	829,190,573

*Amount should be as per amount in the cash book.

21B. CASH IN HAND

	2017 – 2018	2016 – 2017
	KShs	KShs
Cash in Hand – Held in domestic currency	1,504,102	10,652,843
Cash in Hand – Held in foreign currency	-	-
Total	1,504,102	10,652,843

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Cash in hand should also be analysed as follows:

	2017 – 2018	2016 – 2017
	KShs	KShs
Cash Office	1,500,600	850,152
Deputy Governor's Office	-	83
Department of Health	-	1,790,466
Ward Development Fund	-	55,681
Department of Trade	-	461,439
Water and Sanitation	-	1
Public Works Roads and Transport	-	321
Department of Agriculture	-	7,490,439
Public Service Board	135	4,261
Public Service Management	3,367	-
Total	1,504,102	10,652,843

[Provide cash count certificates for each]

13. ACCOUNTS PAYABLE

	2017 – 2018	2016 – 2017
	KShs	KShs
Deposits	65,038,634	35,016,636
Total	65,038,634	35,016,636

[Provide short appropriate explanations as necessary]

14. FUND BALANCE BROUGHT FORWARD

	2017 – 2018	2016 – 2017
	KShs	KShs
Bank accounts	829,190,574	480,000,666
Cash in hand	10,652,776	4,140,037
Accounts Receivables	-	1,244,500
Accounts Payables	(35,016,638)	-
Total	804,826,712	485,385,203

[Provide short appropriate explanations as necessary]

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3.10. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017 - 2018	2016 - 2017
	KShs	KShs
Construction of buildings	998,182	71,558,164
Construction of civil works	-	357,772,219
Supply of goods	98,478,402	64,697,710
Supply of services	182,806,444	110,499,694
	282,283,028	604,527,694

2. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Government:

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

Related party transactions

	20xx- 20xx	20xx- 20xx
	Kshs	Kshs
Key Management Compensation(Governors, CEC Members and C.Os)	-	-
Transfers to related parties		
Transfer to the County Assembly	736,000,000	698,570,000
Transfers to other County Government Entities	10,694,407	18,656,746
Transfers to Development Projects	-	63,053,728
Total Transfers to related parties	746,694,407	780,280,474

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3. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

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

Entity	Date Established	Location	Accounting Officer responsible
MIKUTRA		HEAD OFFICE	MD
CAR & MORGAGE FUND		HEAD OFFICE	CO FINANCE

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4. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

CEC, County Treasury

Sign.....

Date.....

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ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Other Revenues	Total Transfers from the National Treasury
Exchequer Releases for quarter 1	452,396,000	-	281,573,989	733,969,989
Exchequer Releases for quarter 2	1,648,014,000	16,852,230	73,384,480	1,738,250,710
Exchequer Releases for quarter 3	1,680,328,000	-	119,413,268	1,799,741,268
Exchequer Releases for quarter 4	2,682,062,000	9,268,727	289,284,876	2,980,615,603
Total	6,462,800,000	26,120,957	763,656,613	7,252,577,570

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ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
	A	B	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total	1,789,060		760,878	998,182	71,558,164	
Construction of civil works						
4.						
5.						
6.						
Sub-Total					357,772,219	
Supply of goods						
7.						
8.						
9.						
Sub-Total	98,478,402		4,973,785	98,478,402	64,697,710	
Supply of services						
10.						
11.						
12.						
Sub-Total	196,439,542		13,633,097	182,806,445	110,499,694	
Grand Total	296,677,004		19,367,760	282,283,029	604,527,694	

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ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2017/2018
Land	2,250,000	-	-	2,250,000
Buildings and structures	1,485,695,127	335,816,325	-	1,821,511,452
Transport equipment	880,161,056	1,101,373,004	-	1,981,534,060
Office equipment, furniture and fittings	39,511,999	43,631,656	-	83,143,655
ICT Equipment, Software and Other ICT Assets	222,861,878	184,765,486	-	407,627,364
Other Machinery and Equipment	314,782,284	54,344,427	-	369,126,711
Heritage and cultural assets	-	-	-	-
Intangible assets	482,796,936	176,865,848	-	659,662,784
Total	3,428,059,280	1,896,796,747	-	5,324,856,027

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

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ANNEX 6 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	difference	explanation
1	County Assembly	61,000,000	122,000,000	183,000,000	370,000,000	736,000,000	736,000,000	-	-
2	MIKUTRA	-	-	-	10,694,407	10,694,407	10,694,407	-	-
	Total	61,000,000	122,000,000	183,000,000	380,694,407	746,694,407	746,694,407	-	-

Director of Finance
County Executive



Director of Finance
County Assembly/fund/project

(NB: This appendix must be agreed and signed by the issuing and receiving party)

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ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)