

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

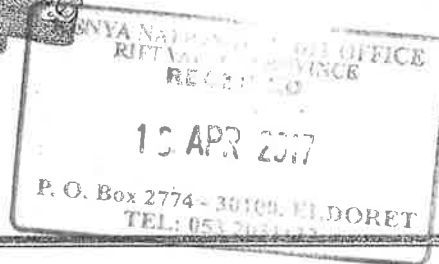
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY EXECUTIVE OF NANDI**

**FOR THE YEAR ENDED
30 JUNE 2016**



COUNTY GOVERNMENT OF NANDI

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)

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya and 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 Nandi day-to-day management is under the following key organs:

- The Governor.....H E Dr.Cleophas Lagat
- The Deputy Governor.....Hon.Dominic Biwott
- CECM- Finance and Economics.....Hon. Charles Muge
- CECM-Roads Transport and Public works..... Hon. Josiah Korir
- CECM-Health and Sanitation.....Hon. Mathew Rotich
- CECM-Agriculture, Livestock and Fisheries.....Hon. Mary Ngelechei
- CECM-Education Research and Vocational Training.....Hon. Rosemary Korir
- CECM-Lands, Environment and Natural Resources.....Hon. Dr. John Chumo
- CECM-Trade and Industrial Development.....Hon.Style Kessio
- CECM-Tourism, Culture and Co-operative Development....Hon.Paul Rop
- CECM-Devolved Units and Special Programmes.....Hon.Consolata Kuto
- CECM-Youth, Gender and Social Services.....Hon. Patrick Sang
- Clerk to The County Assembly.....Mr.Barnabas GK Kosgey
- County Secretary..... Mr. Francis Ominde.

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief officer-Finance	Henry Maritim Koech
2.	Principal Finance Officer	Emmanuel Sikuku Wanjala
3.	Head of treasury	Joyce Jepkoech Rotich

(d) County Government of Nandi Headquarters

P.O. Box 802,
County Headquarters
Kapsabet, KENYA

(e) County Government of Nandi Contacts

Telephone:[254] 053-5252355

E-mail:info@nandi.go.ke

Website: www.nandi.go.ke

(f) County Government of Nandi Bankers

1. Central Bank of Kenya
Eldoret Branch,
P.O. Box 2710-30100,
Eldoret .Kenya.
2. Co-operative Bank of Kenya
P.O. Box 869-30300,
Kapsabet .Kenya.
3. Equity Bank Ltd
P.O. Box 272-30300,
Kapsabet .Kenya

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. FORWARDING REMARKS BY THE FINANCE CEC.

Once again I take this opportunity to submit our financial statement for the financial year 2015/2016. There was general improvement on the operation of the County Government. It took some time for the budget estimate to be approved by the County Assembly due to the contentious issues over the ward development fund. This was later explained and harmonised by the Controller of Budget. E-procurement remained to be a challenge with teething problems but progressively being addressed. The County Revenue Collection slightly declined to Kshs.194,462,308 from the 2014/2015 Kshs.195,801,687. This was due to the three months health workers strike. This affected revenue collections from the health centres. Otherwise other revenue sources showed significant improvements.

Exchequer release from the national treasury was Kshs 4,755,105,868. Other receipts from the National treasury included DANIDA at Kshs 18,310,000 and Kshs 125,684,745 from fuel maintenance levy, FIF Maternity inpatient and free user fee.

The DANIDA Funds were disbursed to all the health facilities in the county as per the funds guidelines. The funds were for maintenance and operation costs.

The amount released for Recurrent and Development expenditures were Kshs 2,777,775,868 and Kshs 1,977,330,000 respectively.

Overall there was a surplus of Kshs 89,071,793.

On the expenditure; compensation to employees remained the biggest consumer of the recurrent Funds.

Recurrent expenditure were as follows:

1. Compensation to employees	1,713,379,155
2. Use of goods and services.....	934,975,721
3. Grants transfers.....	<u>37,742,926</u>
Total	2,686,097,802

The total development expenditure was Kshs 1,980,913,717.

This include Kshs 467,590,725 spent on medical and hospital supplies (drugs)

General expenditure on roads opening, spot improvement and maintenance was Ksh 640,783,340, water projects Kshs 428,662,457 tarmacking of roads in Kapsabet and Nandi Hills town was Kshs 44,912,574.

Generally at close of the financial year pending bills stood at Ksh. 633,460,957 as attached at annex1. Finally may I, take this opportunity to thank my fellow CEC members and their chief Officers for adherence to budgetary guidelines, thus making our operations easy. I urge we continue with that spirit.

Sign.....

Charles Kimeli Muge

CEC Finance, Economic Planning and ICT.

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

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year. 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 financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on _____ 2016.

Sign.....

Charles Kimeli Muge, CEC Finance, Economic Planning and ICT.

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Executive of Nandi set out on pages 5 to 35, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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 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.

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 Audit 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 judgement, 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 control 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's internal control. An audit also includes evaluating the appropriateness of accounting policies used 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, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Inaccuracies in the Financial Statements

The financial statements submitted for audit revealed the following inaccuracies:

1.1 Total Payments

The statement of receipts and payments reflects total payments balance of Kshs.5,004,491,128 which is at variance with the casted balance of Kshs.5,010,267,483 resulting in unexplained difference of Kshs.5,776,355. Under the circumstance, the validity and accuracy of total payments of Kshs.5,004,491,128 and surplus of Kshs.89,071,793 for the year ended 30 June 2016 cannot be confirmed.

1.2 Statement of Cash Flow

The statement of cash flows reflect net increase in cash-and-cash-equivalent balance of Kshs.89,071,793 which differs from the computed balance of Kshs.83,295,438 by Kshs.5,776,355. The variance has not been explained. Under the circumstance, the validity and accuracy of the statement of cash flows for the year ended 30 June 2016 cannot be confirmed.

1.3 Summary Statement of Appropriation–Recurrent and Development Combined

The summary statement of appropriation-recurrent and development combined reflects the following anomalies:

- 1.3.1 Budget utilisation difference balance of Kshs.25,321,300 under (FIF) maternity, inpatient differs from the computed balance of Kshs.19,321,300 resulting in a variance of Kshs.6,000,000 which has however, not been explained.
- 1.3.2 Budget utilisation difference figure of Kshs.136,631,903 under other receipts varies with the computed figure of Kshs.136,914,692 resulting in a variance of Kshs.282,789 and which has also not been explained or reconciled.

1.3.3 Approved budget balances for transfers to other government units, and other grants and transfers, reflect nil balances while the approved budget presented for audit review reflects Kshs.584,756,214 and Kshs.49,831,000 respectively.

Under the circumstances, the validity and accuracy of the summary statement of appropriation-recurrent and development combined for the year ended 30 June 2016 cannot be confirmed.

1.4 Pending Accounts Payable

Note 26.1 to the financial statements reflects total pending accounts payable balance of Kshs.633,460,957 as at 30 June 2016. However, the balance varies from the sum of Kshs.558,361,323 computed from annexure 1 of the financial statements. The resultant variance of Kshs.75,099,634 has not been explained.

2.0 Transfer from other Government Agencies

Note 5 to the financial statements reflects transfer from other government agencies balance of Kshs.125,684,745 for the year under review out of which a balance of Kshs.60,405,657 is in respect of Public Works–RLMF (Road Maintenance Fuel Levy Fund). However, the balance of Kshs.60,405,657 differs from the amount of Kshs.30,504,858 shown in the report of the Controller of Budget for the year ended 30th June 2016 thus resulting in an unexplained variance of Kshs.29,900,799 between the two records. Consequently, the validity, accuracy and completeness of the Public Works –RLMF balance reflected in the statement of receipts and payments for the year ended 30 June 2016 could not be confirmed.

3.0 Other Receipts

3.1 Accuracy of Other Receipts

The statement of receipts and payments reflects other receipts balance of Kshs.194,462,308 which does not agree with the balance of Kshs.236,898,601 reflected in the Controller of Budget Report for the year ended 30 June 2016 thus resulting in a variance of Kshs.42,436,293 which has not been explained. Further, included in other receipts balance is Kshs.22,688,486 which varies from the supporting documents balance of Kshs.5,760,446 resulting in a variance of Kshs.16,928,040 as shown below which has not been explained.

Receipt	Financial statement Figure (Kshs)	Supporting schedules Figure (Kshs)	Variance (Kshs)
Miscellaneous	21,677,606	5,049,566	16,628,040
Slaughter House Administration	1,010,880	710,880	300,000
Total	22,688,486	5,760,446	16,928,040

Under the circumstance, the accuracy and validity of other receipts balance of Kshs.194,462,308 for the year ended 30 June 2016 cannot be confirmed.

3.2 Receipts from Kiborgok Tea Farm

Included in the other receipts balance of Kshs.194,462,308 reflected in the statement of receipts and payments are receipts totalling Kshs.17,540,000 collected at Kiborgok Tea Farm. However, no supporting documents were availed for audit review in support of the balance.

Further, ownership documents for the farm and its income and expenditure statement were not availed for audit verification. Under the circumstance, the validity and accuracy of Kshs.17,540,000 receipts balance for the year ended 30 June 2016 could not be confirmed.

As a result, it has not been possible to confirm the ownership status of this farm.

4.0 Compensation of Employees

Included in the compensation of employees total expenditure of Kshs.1,713,379,155 is an expenditure of Kshs.1,694,610,276 relating to basic salaries of permanent employees. However, the balance differs from the balance of Kshs.1,346,803,082 shown in supporting documents thus resulting in an unexplained variance of Kshs.347,807,194. Under the circumstances the accuracy and validity of the balance of Kshs.1,694,610,276 being basic salaries of permanent employees for the year ended 30 June 2016 cannot be confirmed.

5.0 Use of Goods and Services

5.1 Domestic and Foreign Travel and Subsistence.

Included in the use of goods and service's balance of Kshs.934,975,721, as disclosed in Note 13 to the financial statements, is the sum of Kshs.415,402,973 relating to domestic travel and subsistence. However, supporting documents availed for audit verification indicated that a total of Kshs.370,853,631 was incurred on domestic and foreign travel and subsistence thus resulting in an unreconciled or unexplained variance of Kshs.44,549,342. Further, an expenditure of Kshs.20,911,696 out of the total expenditure of Kshs.415,402,973 was not supported with work tickets, requisitions and timetables.

Under the circumstances, the validity, accuracy and propriety of Kshs.415,407,973 expenditure on domestic and foreign travel and subsistence during the year under review cannot be confirmed.

5.2 Fuel, Oil and Lubricants

Included in the use of goods and services balance of Kshs.934,975,721 reflected in the statement of receipts and payments is fuel oil and lubricants expenditure of Kshs.44,855,199. However, the respective procurement records were not availed for audit verification and it was therefore not possible to confirm whether the procurement was

subjected to competitive bidding. Under the circumstances, the validity, accuracy and propriety of the fuel expenditure of Kshs.44, 855,199 for the year ended 30 June 2016 cannot be confirmed.

6.0 Other Grants and Transfers

6.1 Scholarship and Other Educational Benefits

Included under other grants and transfers balance of Kshs.37,742,926, as disclosed in Note 16 to the financial statements are bursaries for needy students in youth polytechnics amounting to Kshs.19,205,686. However, the criteria and Minutes of meetings of the vetting process to identify who should be issued with the bursaries were not presented for audit review. Under the circumstance, the propriety of Kshs.19,205,686 expenditure shown as having been incurred on scholarships and other educational benefits for the year ended 30 June 2016 cannot be confirmed.

6.2 DANIDA Disbursements

Included in other grants and other transfers balance of Kshs.37,742,926, as disclosed in Note 16 to the financial statements, is a DANIDA disbursements balance of Kshs.18,310,000 made during the year under review. However, expenditure returns in support of the expenditure were not availed for audit review. Consequently, the accuracy, validity and propriety of the expenditure cannot be confirmed.

7.0 Acquisition of Assets

7.1 Construction of Governor's Office

Included in the acquisition of assets balance of Kshs.1,980,913,717, as disclosed in Note 18 to the financial statements, is construction of buildings expenditure of Kshs.147,023,250 which includes the sum of Kshs 2,619,000 incurred on the construction of the Governor's office from proceeds of the Equitable Share contrary to Commission of Revenue Allocation Circular referenced CRA/CSO/CGM/10/Vol.8/4 of 19 May 2015 which recommended funding of the project through other sources. Further, payment vouchers and other related documents supporting the expenditure were not presented for audit verification. Under the circumstance, the propriety of expenditure of Kshs.2, 619,000 incurred on the construction of the Governor's office for the year ended 30 June 2016 cannot be confirmed.

7.2 Refurbishment of Koitalel Samoei University College

Included in the construction of buildings expenditure balance of Kshs.147,023,250 is an expenditure of Kshs.3,889,500 incurred on the refurbishment of Koitalel Samoei University College paid vide Voucher No. 44180057 of 12 November 2015. However, Koitalel Samoei University College is a National Government entity and there is no evidence available to show whether the County had consulted the National Government before signing the contract contrary to Section 187 of the Kenya Constitution, which stipulates that a function or power of government at one level may be transferred to a government at the other level by agreement between the governments if the function or

power would be more effectively performed or exercised by the receiving government and the transfer of the function or power is not prohibited by the legislation under which it is to be performed or exercised. If a function or power is transferred from a government at one level to a government at the other level, arrangements shall be put in place to ensure that the resources necessary for the performance of the function or exercise of the power are transferred and constitutional responsibility for the performance of the function or exercise of the power shall remain with the government to which it is assigned in the Fourth Schedule.

Under the circumstances, the propriety of Kshs.3,889,500 expenditure on the refurbishment of Koitalel Samoei University College for the year ended 30 June 2016 could not be confirmed.

7.3 Unsupported Expenditure on Construction of Roads

Included in the acquisition of assets balance of Kshs.1,980,913,717 reflected in the statement of receipts and payments, as disclosed in Note 18 to the financial statements, is Kshs.640,783,340 expenditure relating to construction of roads. However, out of the total expenditure of Kshs.640,783,340, an amount of Kshs.132,109,126 was not supported with documentary evidence. Consequently, the propriety of the Kshs.132,109,126 expenditure on construction of roads for the year ended 30 June 2016 cannot be confirmed.

7.4 Purchase of Medical Supplies

Included in the acquisition of assets balance of Kshs.1,980,913,717 reflected in the statement of receipts and payments are medical and hospital supplies expenditure of Kshs.467,590,725 which include an expenditure of Kshs.102,859,097 on purchase of medical supplies from Kenya Medical Supplies Authority. However, the distribution list showing the sub-county hospitals and dispensaries that were issued with the medical supplies was not availed for audit verification. Under the circumstance, it was not possible to confirm whether the drugs were received by the designated beneficiaries and used for the intended purpose.

8.0 Cash and Cash Equivalents

8.1 Revenue Bank Account

Included in the bank balance of Kshs.503,082,744 reflected in statement of financial assets and disclosed in Note 22A to the financial statements, is Nandi County revenue fund balance of Kshs.7,969,684.28 but whose cash book, bank reconciliation statements and certificate of bank balance were not availed for audit verification. Under the circumstance, the accuracy, validity, and completeness of the bank balance of Kshs.7,969,684.28 as at 30 June 2016 cannot be confirmed.

8.2 Recurrent Account

Included in the bank balance of Kshs.503,082,744 reflected in statement of financial assets and as disclosed in Note 22A to the financial statements, is recurrent account

(number 1000170719) balance of Kshs.111,896.95 whose bank reconciliation statements and certificate of bank balance were however, not availed for audit verification. Under the circumstance, the validity, accuracy and completeness of the bank balance of Kshs.111,896.95 as at 30 June 2016 cannot be confirmed.

8.3 Bank Accounts not Disclosed in the Financial Statements

Note 22A to the financial statements reflects a bank account balance of Kshs.503,082,744 comprised of balances held in five (5) bank accounts. However records made available for audit indicated that the County operated 17 other bank accounts which however, have not been disclosed in these financial statements as detailed below:

S/No	Bank	Bank Name	Bank Account
1	Kenya Commercial Bank	Nandi County	11022287954
2	Kenya Commercial Bank	Nandi County	1140835378
3	Kenya Commercial Bank	Nandi County	1142092143
4	Kenya Commercial Bank	Nandi County	1142117375
5	Kenya Commercial Bank	Nandi County	1142293688
6	Kenya Commercial Bank	Nandi County	1151706965
7	Kenya Commercial Bank	Nandi County	1151707090
8	Kenya Commercial Bank	Nandi County	1151707015
9	Kenya Commercial Bank	Nandi County	1179476972
10	Co-op Bank	Nandi County Executive	1179476972
11	Co-op Bank	Mortgage	1245328786600
12	Co-op Bank	Mortgage	1245328786600
13	Housing Finance	Nandi County	1245328786601
14	Housing Finance	Nandi County	7040003061
15	Housing Finance	Nandi County	1924813403
16	Equity Bank	Affirmative action Development Bank	490264982696
17	Equity Bank	Nandi County Educational Fund	490268594510

In addition, the cash books and bank reconciliation statements and Board of Survey reports for these accounts were not presented for audit verification. Under the

circumstance, the accuracy and validity of bank balances of Kshs.503,082,744 as at 30 June 2016 cannot be confirmed.

8.4 Cash in Hand

The statement of assets as at 30 June 2016 reflects a cash-and –cash equivalents balance of Kshs.507,131,447 out of which an amount of Kshs.4,048,703 was in respect of cash-in-hand held in various stations. However, the respective cash books and Board of Survey reports were not availed for audit verification. Consequently, the accuracy and completeness of the cash-in-hand balance of Kshs.4,048,703 reflected in the statement of assets as at 30 June 2015 cannot be confirmed.

9.0 Pending Accounts Payable

Note 26.1 to the financial statements reflects pending accounts payable balance of Kshs.633,460,957 which the County Executive had accumulated as at 30 June 2016 contrary to Treasury Circular Ref: AG3/101/ (7S) which requires accounting officers to institute stringent financial controls and maintain financial discipline in order to achieve efficient utilization of resources and ensure strict adherence to financial regulations and procedures and curb accumulation of pending bills.

In addition, the pending bills did not indicate the aging analysis and therefore could not ascertain how long the same had been outstanding. Further, documents to support such Local Purchase Order, Local Service Orders, delivery notes, certificates of completion, invoices, demand notice, and supplier statements were not provided for audit verification.

Consequently, the propriety of the pending bills balance of Kshs.633,460,957 as at 30 June 2016 cannot be confirmed.

10.0 Summary of Fixed Assets Register

Note 18 to the financial statements reflects acquisition of assets balance of Kshs.1,980,913,717 which varies from the balance of Kshs.1,928,587,507 shown in the summary of fixed assets in Annex 4 to the financial statements thus resulting to unexplained variance of Kshs.52,326,210. Consequently, the accuracy of the acquisition of assets balance of 1,980,913,717 as at June 2016 cannot be confirmed.

11.0 Budgetary Controls and Performance

11.1 Budget Absorption

During the year under review, the Nandi County Government's total budget amounted to Kshs.5,628,570,912 comprised of a development vote budget of Kshs.2,542,070,274 and recurrent vote budget of Kshs.3,086,500,638. Further, the overall budget reflected under absorption of Kshs.695,722,430 or 12 % as summarized below:

Item	Budgeted Allocation 2015/2016 (Kshs)	Actual Expenditure 2015/2016 (Kshs)	Under Absorption (Kshs)	Under absorption (%)
Development	2,542,070,274	1,980,913,717	561,156,557	22
Recurrent	3,086,500,638	3,029,353,769	57,146,869	2
Total	5, 628,570,912	5,010,267,486	618,303,426	11

The under absorption of the approved budget is an indication of activities and projects in the annual work plan not implemented by the County Government. This is likely to have a negative effect on the delivery of goods and service to the residents of Nandi County.

11.2 Development Expenditure

A total of Kshs.2,542,070,274 was allocated to eleven (11) departments during the year to finance various projects in the financial year under review. However, implementation of the projects was behind schedule since by 30 June 2016 only Kshs.1,842,813,591 which represents 72% of the funds allocated to the projects had been paid out as detailed below:

Department	Approved Estimate	Total Payments	Under Absorption (Kshs)	Under Absorption (%)
County Executive	230,000,000	182,742,676	47,257,324	21
Finance, economy & strategic planning	85,890,200	38,848,498	47,041,702	55
Agriculture, Livestock and Fisheries	145,590,000	112,626,653	32,963,347	23
Health services, sanitation & environment	482,500,000	479,481,518	3,018,482	1
Roads, Transport and Public Works	718,910,000	508,674,214	210,235,786	29
Education, Research and Vocational Training.	125,500,000	64,766,056	60,733,944	48
lands, Environment and Natural Resources	430,305,000	427,487,612	2,817,388	1
Trade, investment, culture & tourism	31,857,074	0	31,857,074	100
Tourism, Culture and Cooperative Development	29,210,000	1,690,500	27,519,500	94
Devolved Unit and Special Programmes	145,000,000	2,975,864	142,024,136	98
Youth, Gender and Social Services	56,750,000	0	56,750,000	100
County Assembly	60,558,000	23,520,000	37,038,000	61
Total	2,542,070,274	1,842,813,591	699,256,683	28

Overall, the County Executive did not utilize a total of Kshs.699,256,683 representing 28% of the County Government's development budget. Departments of Trade and Investment, Youth, Gender and Social Services, Devolved Units and Special Programmes and Tourism Culture and Cooperative Development had the highest unutilized development budget at 100%, 98% and 94% respectively.

The management has not explained the failure to utilize all the funds budgeted for development projects and may have over-budgeted on development expenditure.

Further analysis of the County Executive department revealed that the department was allocated a total budget of Kshs.649,534,461 comprising of Kshs.230,000,000 for development expenditure and Kshs.419,534,461 for recurrent expenditure. Under the development vote, the department utilized Kshs.182,742,676 or 79% of the development budget as shown below:

Budget Vote	Budget Amount (Kshs.)	Actual Expenditure (Kshs.)	Under-Absorption (Kshs.)	%
Construction of Governor's Office	30,000,000	2,619,000	27,381,000	91
Maintenance of Roads and Equipment	200,000,000	180,123,676	19,876,324	9
Total	230,000,000	182,742,676	47,257,324	21

The management has not explained why more than 21% of the development budget was not utilized.

11.3 Recurrent Vote

Out of the recurrent budget of Kshs.3,086,500,638, below is the budget performance analysis:

Item	Budget 2015-2016 Kshs.	Actuals 2015-2016 Kshs.	Under-Expenditure Kshs.	% Over Expenditure
Compensation to Employees	1,752,480,807	1,713,379,155	39,101,652	2
Use of Goods and Services	1,473,388,348	934,975,721	538,412,627	37
Other Grants and Transfers	49,831,000	37,742,926	12,088,074	24
Transfer to other Government Units	584,756,214	343,255,964	241,500,250	41
Total	3,086,500,638	3,029,353,766	831,102,603	22

From the analysis, it is evident that the County Executive under-spent on most budget lines. Use of Goods and Services account lead with the highest amount of unutilized

allocation of Kshs.538,412,627. Therefore these funds were not put to use for delivery of services to the residents of Nandi County.

11.4 Project Implementation

Records availed for audit indicated that a total of Kshs.2,542,070,274 was allocated to (12) twelve departments during the year to fund 67 projects. However, as at 30 June 2016, the projects were behind schedule with only Kshs.1,974,922,717 spent representing 78% of the allocated funds to 30 projects as detailed below:

Department	No of Budgeted Projects	Budget (Kshs)	Actual Expenditure (Kshs)	No of Projects implemented	% Level of Implementation
County Executive	2	230,000,000	182,742,676	1	79
Finance, Economy & Strategic planning	10	85,890,200	38,848,498	3	45
Agriculture, Livestock and Fisheries	8	145,590,000	112,626,653	6	77
Health Services, Sanitation & Environment	12	482,500,000	479,481,518	7	99
Roads, Transport and Public Works	8	718,910,000	639,608,495	4	89
Education, Research and Vocational Training.	5	125,500,000	64,766,056	4	52
Lands, Environment and Natural Resources	5	430,305,000	428,662,457	0	100
Trade, Investment, Culture & Tourism	4	31,857,074	0	0	0
Tourism, Culture and Cooperative Development	1	29,210,000	1,690,500	3	6
Devolved Unit and Special Programmes	7	145,000,000	2,975,864	2	2
Youth, Gender and Social Services	4	56,750,000	0	0	0
County Assembly	1	60,558,000	23,520,000	0	39
Total	67	2,542,070,274	1,974,922,717	30	78

Delayed implementation of government projects denies the public goods and services they deserve. Further, due to inflationary factors the project costs could escalate in future.

11.5 Project Status

From a sample of projects verified, the audit revealed the following observations:

Project	Budget allocation	Payments as at 30 June 2015 Kshs.	Observations
Tarmacking of roads at Nandi Hills and Kapsabet towns	60,000,000	44,912,574	Project completed but the road has developed cracks in various sections
Acquisition of road plant and Equipment	325,000,000	87,196,552	Equipments in good working condition. However, ownership documents were not availed for audit
Construction of Kipchogei stadium	30,000,000	0	Project on going, but behind the schedule
Automation of Revenue – Collection and management	20,000,000	11,516,180	Project almost complete but does not interface with other systems such as IFMIS
Construction of Governor's Office	30,000,000	2,619,000	Project on-going. Project behind the schedule but the Commission of Revenue Allocation had recommended that the project should not be funded using the Equitable Share
Construction of County Assembly Complex	60,558,000	23,520,000	Construction work not yet started. Only consultancy payments for consultancy were made. Construction costs were to be paid from other funds not Equitable Share.
Proposed Completion of X-Ray Block at Mosoriot Sub County Hospital	3,512,103	3,512,103	Project completed but not in use

In addition, most of the projects were not branded and it was therefore not possible to confirm whether the projects were funded by the County Government or another government agency.

These audit observations indicate poor use of public funds with delays in executing projects and completed projects not utilized among other anomalies. The observations also indicate absence of community ownership of projects due to lack of public participation before projects are implemented by the County Executive contrary to Section 115.(1) of the County Government Act, 2012 which demands public participation in the county planning processes.

11.6 Projects not started

The project status report availed for audit revealed that works on the following projects worth Kshs.96,519,468 budgeted for during the year under review had not been started as at 30 June 2016.

Project Name	Estimated Cost (Kshs)
Proposed Construction Of Morgue At Nandi Hills	33,064,648
Proposed Construction Maternity Block At Kabirbei Dispensary	3,887,350
Proposed Renovation Works At Sigisget Dispensary	1,372,400
Ndururo	744,682
Serengonik/ mogobich Primary	769,760
Simatwet Primary	778,000
Tuiyobei	778,000
Kapchanga	780,500
Proposed construction of public toilet, parking area and shades at Nandi Rock	4,751,789
For provision for consultancy services for collection, documentation & preservation of cultural Artifacts of the Nandi people	2,447,660
Kapkoimis Water Project	1,914,963
Marama Water Project	1,923,000
Kibagenge Water Project	1,960,000
Kimong/Kipyeshi Water Project	2,175,311
Nandi Hills Water Project	2,667,000
Koibabei Water Project	3,450,000
Kaplelwoi Water Project	3,572,560
Kapsilibai Water Project	3,650,000
Kolonget Water Project	4,000,000
Kapsagawat Water Project	4,653,390
Baraton Water Project	6,968,455
Ngechek Water Project	10,210,000
Total	96,519,468

It is not clear and the management has not explained why the approved projects were not implemented. As a result of the failed execution, the public has not enjoyed the services due from the incomplete projects.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for 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. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi


15 August 2017

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016

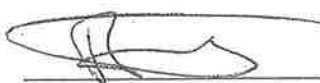
IV. STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	18,310,000	15,930,000
Exchequer releases	4	4,755,105,868	4,148,799,997
Transfers from Other Government Entities	5	125,684,745	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	194,462,308	195,801,687
TOTAL RECEIPTS		5,093,562,921	4,360,531,684
PAYMENTS			
Compensation of Employees	12	1,713,379,155	1,417,810,120
Use of goods and services	13	934,975,721	880,421,031.25
Subsidies	14	-	-
Transfers to Other Government Units	15	343,255,964	-
Other grants and transfers	16	37,742,926	100,806,388
Social Security Benefits	17	-	350,000
Acquisition of Assets	18	1,980,913,717	2,248,964,388.45
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	-
TOTAL PAYMENTS		5,004,491,128	4,648,351,927.70
SURPLUS/DEFICIT		89,071,793	(287,820,244.00)

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 _____ 2016 and signed by:



 Chief Officer

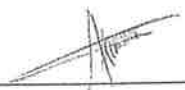


 Head of Treasury

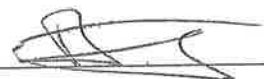
V. STATEMENT OF ASSETS AS AT 30TH JUNE 2016.

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	503,082,744	417,001,217
Cash Balances	22B	4,048,703	1,058,438
Total Cash and cash equivalent		<u>507,131,447</u>	<u>418,059,655</u>
Accounts receivables – Outstanding Imprests	23	-	-
TOTAL FINANCIAL ASSETS		<u>507,131,447</u>	<u>418,059,655</u>
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	-	-
NET FINANCIAL ASSETS		507,131,447	418,059,655
REPRESENTED BY			
Fund balance b/f	25	418,059,654	705,879,898
Surplus/Deficit for the year		89,071,793	-287,820,244
NET FINANCIAL POSITION		<u>507,131,447</u>	<u>418,059,655</u>

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 _____ 2016 and signed by:



Chief Officer



Head of Treasury

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016

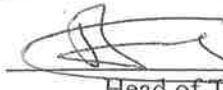
VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2016.

		2015-2016 Kshs	2014-2015 Kshs
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	18,310,000	15,930,000
Exchequer Releases	4	4,755,105,868	4,148,799,997
Transfers from Other Government Entities	5	125,684,745	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	194,462,308	195,801,687.70
		<u>5,093,562,921</u>	<u>4,360,531,684.70</u>
Payments for operating expenses			
Compensation of Employees	12	1,713,379,155	1,417,810,120
Use of goods and services	13	934,975,721	880,421,031.25
Subsidies	14	-	-
Transfers to Other Government Units	15	343,255,964	-
Other grants and transfers	16	37,742,926	100,806,388
Social Security Benefits	17	-	350,000
Finance Costs, including Loan Interest	19	-	-
Other Expenses	21	-	-
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities		3,029,353,769	1,961,144,144.45
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	(1,980,913,717)	(2,489,643,884.45)
Net cash flows from Investing Activities		(1,980,913,717)	(2,489,643,884.45)
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			
NET INCREASE IN CASH AND CASH EQUIVALENT		89,071,793	(287,820,244)
Cash and cash equivalent at BEGINNING of the year	24	418,059,654	705,879,898
Cash and cash equivalent at END of the year	25	507,131,447	418,059,654

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 _____ 2016 and signed by:

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016



Chief Officer

Head of Treasury

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

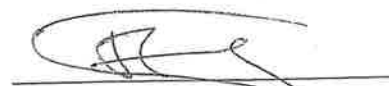
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	18,310,000		18,310,000	18,310,000	-	100%
Exchequer releases	5,306,241,525		5,443,182,868	4,755,105,868	688,077,000	87%
Health User Fee	17,551,588		17,551,588	17,551,588	-	100%
(FIF) Maternity ,Inpatient			67,048,800	47,727,500	25,321,300	62.2%
Transfers from Other Government Entities						
Road Maintenance Levy			60,405,657	60,405,657		100%
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts	331,377,000		331,377,000	194,462,308	136,631,903	59%
Total Receipts	5,673,480,113	-	5,937,875,913	5,093,562,921	585,917,192	86%
PAYMENTS						
Compensation of Employees	1,752,480,807	-	1,752,480,807	1,713,379,155	39,101,652	98%
Use of goods and services	1,334,019,831	-	1,334,019,831	934,975,721	399,044,110	70%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	-	-	-	343,255,964	343,255,964	100%
Other grants and transfers	-	-	-	37,742,926	37,742,926	100%
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	2,542,070,274		2,542,070,274	1,980,913,717	699,256,683	72%

For the year ended June 30, 2016

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 %
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTALS	5,628,570,912		5,628,570,912	5,004,482,128	756,403,555	87%

The County Government of Nandi financial statements were approved on _____ 2016 and signed by:


Chief Officer


Head of Treasury Accounts

VIII. 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						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	18,310,000		18,310,000	18,310,000	-	100%
Exchequer releases	2,883,202,594		2,883,202,594	2,777,775,868	105,426,726	96%
Health User Fee	17,551,588		17,551,588	17,551,588	-	100%
(FIF) Maternity ,Inpatient			67,048,800	47,727,500	25,321,300	100%
Transfers from Other Government Entities						
Road Maintenance Levy			60,405,657	60,405,657		100%
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts	331,377,000		331,377,000	194,462,308	136,631,903	59%
Total Receipts	3,250,441,182	-	3,377,895,639	3,116,232,921	261,662,718	92%
PAYMENTS						
Compensation of Employees	1,752,480,807	-	1,752,480,807	1,713,379,155	39,101,652	98%
Use of goods and services	1,334,019,831	-	1,334,019,831	934,975,721	544,197,982	63%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	-	-	-	343,255,964	343,255,964	100%

For the year ended June 30, 2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Other grants and transfers	-	-	-	37,742,926	37,742,926	100%
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	-	-	-	-	-	
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTALS	3,086,500,638		3,086,500,638	3,029,353,769	57,146,869	98%

The entity financial statements were approved on _____ 2016 and signed by:


Chief Officer


Head of Treasury Accounts

IX. 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						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants						
Exchequer releases	2,559,980,274		2,559,980,274	1,977,330,000	582,650,274	77%
Health User Fee						
(FIF) Maternity ,Inpatient						
Transfers from Other Government Entities						
Road Maintenance Levy						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts						
Total Receipts	2,559,980,274		2,559,980,274	1,977,330,000	582,650,274	77%
PAYMENTS						
Compensation of Employees	-	-	-	-	-	
Use of goods and services	-	-	-	-	-	
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	-	-	-	-	-	

For the year ended June 30, 2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	2,542,070,274		2,542,070,274	1,980,913,717	699,256,683	72%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTALS	2,542,070,274		2,542,070,274	1,980,913,717	699,256,683	72%

The entity financial statements were approved on _____ 2016 and signed by:

Chief Officer



Head of Treasury Accounts

X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the County Government of Nandi 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 Nandi includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year 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.

6. 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.

7. Non current assets

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

8. Pending bills

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

9. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Government of Nandi 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 Nandi actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

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

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016
NOTES TO THE FINANCIAL STATEMENTS

11. Subsequent events

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

XI. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

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

2 SOCIAL SECURITY CONTRIBUTIONS

	2015-2016	2013 - 2014
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015-2016	2014-2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
DANIDA-HSPS3		Kshs	18,310,000	15,930,000
(Insert name of donor)		Kshs	-	-
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)		Kshs	-	-
(Insert name of donor)		Kshs	-	-
Grants Received from other levels of government				
(Insert name of donor)		Kshs	-	-
(Insert name of donor)		Kshs	-	-
Total			18,310,000	15,930,000

4 EXCHEQUER RELEASES

	2015-2016	2014-2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	808,367,997	899,957,000
Total Exchequer Releases for quarter 2	784,592,468	1,016,456,000
Total Exchequer Releases for quarter 3	1,188,776,466	775,493,000
Total Exchequer Releases for quarter 4	1,973,368,937	1,456,893,997
Total	4,755,105,868	4,148,799,997

COUNTY GOVERNMENT OF NANDI**Reports and Financial Statements****For the year ended June 30, 2016****NOTES TO THE FINANCIAL STATEMENTS****5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2015-2016 Kshs	2014-2015 Kshs
Transfers from Central government entities		
HEALTH-(FIF-Maternity, Inpatient)	47,727,500	-
Public Works-RLMF		
Health -User Fee	60,405,657	-
	17,551,588	-
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	125,684,745	-

6 PROCEEDS FROM DOMESTIC BORROWINGS

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

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

7 PROCEEDS FROM FOREIGN BORROWINGS

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

8 PROCEEDS FROM SALE OF ASSETS

	2015-2016	2013 – 2014
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

9 REIMBURSEMENTS AND REFUNDS

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

COUNTY GOVERNMENT OF NANDI

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

10 RETURNS OF EQUITY HOLDINGS

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

11 OTHER REVENUES

2015-2016 2014-2015
Kshs Kshs

Interest Received	-	-
Profits and Dividends	-	-
Rents	-	-
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Kiborgok Tea Farm	17,540,000	9,648,172
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Other Receipts Not Classified Elsewhere	-	-
Business Permits	30,589,401	27,028,164
Cesses	5,810,815	12,648,843
Land Rates	26,163,805	12,429,790
Plot Rents	1,191,086	999,333
House and stall rent	3,906,900	3,940,370
Administrative Services Fees	-	-
Various Fees	-	-
Council's Natural Resources Exploitation	-	-
Sales Of Council Assets	-	-
Lease / Rental Of Council's Infrastructure Assets	-	-
Other Miscellaneous Revenues	-	-
Other Miscellaneous Revenues	-	-
Insurance Claims Recovery	-	-
Medium Term Loans (1-3 Yr Repayment)	-	-
Long Term Loans (Over 3 Yr Repayment)	-	-
Transfers From Reserve Funds	-	-
Donations	-	-
Fund Raising Events	-	-
Other Revenues From Financial Assets Loan	-	-
Market/Trade Centre Fee	8,843,155	10,764,267
Vehicle Parking Fee	35,222,291	26,430,879
Housing	-	-

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

10 RETURNS OF EQUITY HOLDINGS

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

11 OTHER REVENUES

	2015-2016	2014-2015
	Kshs	Kshs
Interest Received	-	-
Profits and Dividends	-	-
Rents	-	-
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Kiborgok Tea Farm	17,540,000	9,648,172
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Other Receipts Not Classified Elsewhere	-	-
Business Permits	30,589,401	27,028,164
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Administrative Services Fees	-	-
Various Fees	-	-
Council's Natural Resources Exploitation	-	-
Sales Of Council Assets	-	-
Lease / Rental Of Council's Infrastructure Assets	-	-
Other Miscellaneous Revenues	-	-
Other Miscellaneous Revenues	-	-
Insurance Claims Recovery	-	-
Medium Term Loans (1-3 Yr Repayment)	-	-
Long Term Loans (Over 3 Yr Repayment)	-	-
Transfers From Reserve Funds	-	-
Donations	-	-
Fund Raising Events	-	-
Other Revenues From Financial Assets Loan	-	-
Market/Trade Centre Fee	8,843,155	10,764,267
Vehicle Parking Fee	35,222,291	26,430,879
Housing	-	-

COUNTY GOVERNMENT OF NANDI**Reports and Financial Statements****For the year ended June 30, 2016****NOTES TO THE FINANCIAL STATEMENTS**

Social Premises Use Charges	-	-
School Fees	-	-
Transfers for free Maternity	-	3,050,000
Miscellaneous	21,677,606	10,452,403
Public Health Services FIF Maternity in patient	-	16,270,455
Public Health Facilities Operations	-	-
Environment & Conservancy Administration	-	-
Slaughter Houses Administration	1,010,880	900,790
Water Supply Administration	-	-
Sewerage Administration	487,814	412,344
Other Health & Sanitation Revenues	28,093,981	46,521,862.70
Agriculture	9,201,200	3,595,027
Trade fair	1,015,590	2,722,430
Cattle Dips Vaccination	3,707,783	7,986,558
Total	194,462,308	195,801,687.70

12 COMPENSATION OF EMPLOYEES

	2015-2016	2014-2015
	Kshs	Kshs
Basic salaries of permanent employees	1,694,610,276	1,417,810,120
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	-	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Gratuity LAPFUND[Assembly]	13,933,336	-
Gratuity ;County Executive	1,002,339	-
Social benefit schemes outside government	-	-
Other personnel payments (Mileage allowances)	2,166,899	-
Sitting Allowance	1,666,305	-
Total	1,713,379,155	1,417,810,120

13 USE OF GOODS AND SERVICE

	2015-2016	2014-2015
	Kshs	Kshs
Utilities, supplies and services	11,114,261	21,069,788
Communication, supplies and services	6,000,000	8,191,535
Domestic and Foreign travel and subsistence	415,402,973	147,921,972
Legal services	6,529,086	-
Printing, advertising and information supplies & services	71,424,929	32,193,499
Rentals of produced assets	-	6,373,351
Food rations,	84,075,137	-
Consultancy services	133,425,400	-
Training expenses	6,339,954	175,414,741
Hospitality supplies and services	25,971,117	42,613,868
Insurance costs	20,132,283	-
Contacted guards and cleaning services	19,268,580	-
Trade shows and exhibitions	18,613,304	-
Specialised materials and services	32,876,810	100,552,752
Office and general supplies and services	5,521,871	28,963,498
Other operating expenses	-	161,339,577
Routine maintenance – vehicles and other transport equipment	24,592,353	19,928,612
Fuel oil and lubricants	44,855,199	38,612,279

COUNTY GOVERNMENT OF NANDI**Reports and Financial Statements****For the year ended June 30, 2016****NOTES TO THE FINANCIAL STATEMENTS**

Routine maintenance – other assets	7,912,964	97,245,559
National days celebrations	919,500	-
Total	934,975,721	880,421,031

14 SUBSIDIES**Description****2015-2016****2014-2015****Kshs****Kshs**

Subsidies to Public Corporations

See list attached

-

350,000

(insert name)

-

-

Subsidies to Private Enterprises

See list attached

-

-

(insert name)

-

-

TOTAL

-

-

15 TRANSFER TO OTHER GOVERNMENT ENTITIES**Description****2015-2016****2014-2015****Kshs****Kshs**

Transfers to Central government entities

See attached list

-

-

Transfer to County Assembly

343,255,964

-

Transfers to Other Counties

(insert name of budget agency)

-

-

(insert name of budget agency)

-

-

TOTAL**343,255,964**

-

COUNTY GOVERNMENT OF NANDI**Reports and Financial Statements****For the year ended June 30, 2016****NOTES TO THE FINANCIAL STATEMENTS****16 OTHER GRANTS AND OTHER PAYMENTS**

	2015-2016 Kshs	2014-2015 Kshs
Grants to Youth Polytechnics	19,205,686	87,009,434
Funeral Riders	227,240	13,796,954
Subsidies to small businesses, cooperatives, and self employed		-
DANIDA Disbursements	18,310,000	
Total	37,742,926	100,806,388

17 SOCIAL SECURITY BENEFITS

	2015-2016 Kshs	2014-2015 Kshs
Government pension and retirement benefits	-	350,000
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	-

COUNTY GOVERNMENT OF NANDI
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NOTES TO THE FINANCIAL STATEMENTS

18 ACQUISITION OF ASSETS

Non Financial Assets

	2015-2016 Kshs	2014-2015 Kshs
Non Financial Assets		
Purchase of Buildings	-	
Construction of Buildings	147,023,250	166,443,174
Refurbishment of Buildings	24,566,600	25,277,043.80
Construction of Roads	640,783,340	829,805,369.30
Tarmacking of Roads, Nandi Hills and Kapsabet Towns	44,912,574	550,440,070
Overhaul and Refurbishment of Construction and Civil Works		-
Purchase of Vehicles and Other Transport Equipment		117,411,958
Overhaul of Vehicles and Other Transport Equipment	10,798,500	-
Purchase of Staff Uniforms	1,205,000	7,507,543
Purchase of Office Furniture and General Equipment	5,312,396	71,769,899
Medical and Hospital Supplies	467,590,725	0
Purchase of Specialised Machines and Plants	87,196,552	59,723,515
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	70,254,506	-
Water works [Projects]	428,662,457	-
Rehabilitation of Civil Works[Cattle dips]	35,100,637	-
Acquisition of strategic stock and commodities	-	399,757,457.90
Acquisition of Land		-
Acquisition of Intangible Assets	-	-
Purchase of ICT Equipment	11,516,180	20,828,360
Financial Assets		-

COUNTY GOVERNMENT OF NANDI
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Domestic Public Non-Financial Enterprises		-
Domestic Public Financial Institutions		-
Foreign financial Institutions operating Abroad		-
Other Foreign Enterprises		-
Foreign Payables - From Previous Years		-
Total	1,980,913,717	2,248,964,388.45

19 FINANCE COSTS, INCLUDING LOAN INTEREST

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

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

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

COUNTY GOVERNMENT OF NANDI

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

21 OTHER EXPENSES

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

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit, revenue e.t.c	Exc rate (if in foreign currency)	2015-2016 Kshs	2014-2015 Kshs
NANDI COUNTY RECURRENT A/C NO.1000170719.	KSHS	RECURRENT		111,896.95	923,964.75
NANDI COUNTY DEVELOPMENT A/C NO.1000170678.	KSHS	DEVELOPMENT		2,407,282.7	27,526.40
NANDI COUNTY REVENUE FUND A/C 1000171278.	KSHS	REVENUE		492,485,016	405,512,982.15
NANDI COUNTY REVENUE FUND A/C 0490260871255.Equity	KSHS	REVENUE		7,969,684.28	8,828,313.86
NANDI COUNTY GS A/C NO 01141327524300 Coop	Kshs			108,864.25	1,586,974
Total				503,082,744.18	417,001,216.55

COUNTY GOVERNMENT OF NANDI

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

22B: CASH IN HAND

	2015-2016 Kshs	2015- 2014 Kshs
Cash in Hand – Held in domestic currency M-PESA	3,062,322	1,058,438
Kapsabet referral	242,917	
Kiborgok	710,000	
Nandi hills	23,084	
Kapsabet town	9,480	
Kaimosi ATC	900	
Cash in Hand – Held in foreign currency		
Total	4,048,703	1,058,438

Cash in hand should also be analysed as follows:

	2015-2016 Kshs	2014-2015 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations	-	-
Total	-	-

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015-2016	2013 – 2014
	Kshs	Kshs
Government Imprests	-	-
Clearance accounts	-	-
Total	-	-

[Include a breakdown of the outstanding imprest below or as an annex to the notes if the list is longer than 1 page.]

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-

COUNTY GOVERNMENT OF NANDI

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

<i>Name of Officer or Institution</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer or Institution</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer or Institution</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer or Institution</i>	<i>dd/mm/yy</i>	-	-	-

Total

-

24. ACCOUNTS PAYABLE

2015-2016

2014-2015

Kshs

Kshs

Deposits

-

-

Total

-

-

25. FUND BALANCE BROUGHT FORWARD

2015-2016

2014-2015

Kshs

Kshs

Bank accounts	503,082,744.18	417,001,216.55
Cash in hand	4,048,703	1,058,438
Receivables - Outstanding Imprests	-	-
Payables – Deposits	-	-
Total	507,131,446.18	418,059,654.55

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Water, Agriculture, Youth and Education
Construction of civil works(Roads)

Kshs

202,368,452

426,250,916

Kshs

209,887,416.47

277,641,707.53

COUNTY GOVERNMENT OF NANDI
Reports and Financial Statements
For the year ended June 30, 2016

Supply of goods(Health and Sanitation)
Supply of services

4,741,955

633,460,957

487,529,124

NOTES TO THE FINANCIAL STATEMENTS

26.2: PENDING STAFF PAYABLES (See Annex 2)

Senior management
Middle management
Unionisable employees
Others (*specify*)

Kshs

Kshs

-

-

-

-

-

-

-

-

-

-

26.3: OTHER PENDING PAYABLES (See Annex 3)

Amounts due to National Government entities
Amounts due to County Government entities
Amounts due to third parties
Others (*specify*)

Kshs

Kshs

-

-

-

-

-

-

-

-

-

-

Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015/2016	Outstanding Balance	Comments
	a	b	C	d=a-c		
1. Roads				426,250,916		
2.						
3.						
Sub-Total				426,250,916		
Construction of civil works						
4. Lands				48,269,101		
5. Agriculture				45,000,000		
6. Youths and Sports				34,099,351		
Sub-Total				127,368,452		
Supply of goods						
7. Health and Sanitation				4,741,955		
8.						
9.						
Sub-Total				4,741,955		
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total				633,460,957		

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comments
		a	b	C	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
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 2014	Outstanding Balance 2013	Comments
		a	B	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/2016	Historical Cost (Kshs) 2014/2015
Balance B/F	1,607,064,388.80	541,127,600.00
Land		
Buildings and structures	171,598,850	326,300,844.80
Transport equipment	97,995,052	119,501,958
Office equipment, furniture and fittings	5,312,396	72,606,830
ICT Equipment, Software and Other ICT Assets	11,516,180	21,963,452
Other Machinery and Equipment	-	106,206,412
Heritage and cultural assets	35,100,637	419,357,292
Intangible assets		-
Total	1,928,587,507	1,607,064,388.80