REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

# REPORT

# OF

# THE AUDITOR-GENERAL

# ON

# COUNTY EXECUTIVE OF KIAMBU

# FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB
10 JUL 2020
RECEIVED
P.O. Box 267 - 10100, NYERI

COUNTY GOVERNMENT OF KIAMBU
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# COUNTY GOVERNMENT OF KIAMBU
# REPORTS AND FINANCIAL STATEMENTS (EXECUTIVE)

## FOR THE FINANCIAL YEAR ENDED
## JUNE 30, 2019

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

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# 1. KEY ENTITY INFORMATION AND MANAGEMENT

## (a) Background information

- Kiambu County is constituted as per the constitution of Kenya and is headed by The County Executive Committee chaired by the County Governor, who collectively is responsible for the general policy and strategic direction of the County.
- The County is located in the central highlands of Kenya in the former Central province, close Kenya's capital, Nairobi. It covers an area of 2,543.42 square kilometres, with a total population of 1,623,282 which is now projected to be 2.5Million. It is a leading innovative commercial hub that shares its borders with six other Counties; Nakuru and Kajiado to the West, Murang'a and Nyandarua to the North, Nairobi to the South and Machakos to the East.
- The County constitutes twelve Sub Counties ; Gatundu South, Gatundu North,Juja,Thika ,Ruiru,Githunguri,Kiambu,Kiambaa,Kabete,Kikuyu,Limuru and Lari.

Main Economic activities/Industries include Farming, Food processing, Manufacturing (leather), Mining (Carbacid), Textile (Cotton), Motor vehicle Assembly, Whole sale and Retail trade.

**Vision**

To be the most recognized, modernized and well organized county with equal opportunities and high standard of living for all.

**Mission**

To improve the standard of living and welfare of our citizens by promoting effective governance structures providing quality services through public participation equitable distribution of resources and fiscal responsibility.

**Core Values**

Kiambu County upholds the values of accountability, transparency, inclusiveness, visionary, respect and team work.

## (b) Key Management

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

1. The Governor
2. The Deputy Governor
3. The Speaker County Assembly
4. The Clerk, Kiambu County Assembly
5. The County executive Member of Finance & Economic planning
6. The County Executive Member of Trade,Tourism,Industry and Cooperative
7. The County Executive Member of Public Service and Administration
8. The County Executive Member of Lands, Housing and Physical Planning
9. The County executive Member of Education, Culture and Social Services
10. The County Executive Member of Health Services
11. The County Executive Member of Water, Environment And Natural Resources
12. The County Executive Member of Youths ,Sports and Communication
13. The County Executive Member of Roads,Transport,Public Works and Utilities
14. The County Executive Member of Agriculture ,Livestock, Veterinary and Fisheries
15. The County Secretary
16. The Secretary County Public Service Board

## a) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

| No. | Name | Designation | Department |
|---|---|---|---|
| 1 | Faith Harrison Njeri | Accounting Officer | Finance ,& Economic Planning |
| 2. | James Michael Ndungu | Accounting Officer | Lands, Physical planning & Housing |
| 3. | William Kimani | Accounting Officer | Administration and Public Service |
| 4. | Isaac Muiru Mwangi | Accounting Officer | Education, Gender, Culture Social Services |
| 5. | David K. Ndung'u | Accounting Officer | Health Services |
| 6. | JohnM Mutie | Accounting Officer | Water, Energy, Environmen Natural Resources |
| 7. | Peninah Njoki Kamau | Accounting Officer | Youth Affairs, Sports , ICT And Communication |
| 8. | Irene Wairimu Munyua | Accounting Officer | Trade, Tourism, Cooperativ & Enterprise Development |
| 9. | Daniel Kinyanjui | Accounting Officer | Roads, transport, Public Works & Utilities |
| 10. | John Ngige Kuria | Accounting Officer | Agriculture, Crop Productio & Irrigation |
| 11. | Jacquiline Njeri Kimwaki | Accounting Officer | Livestock ,Fisheries & Veterinary Services |
| 12. | Joseph Igogo Ndirangu | Accounting Officer | Clerk to County Assembly |
| 13. | Martin Njoroge Njeri | Accounting Officer | County Public Service Boarc |

**b) Fiduciary Oversight Arrangements**

**County Public Accounts Committee (PAC) and County Public Investment Committee (PIC).**

The PAC has the crucial responsibility of checking and overseeing Count Government Expenditure in all Public Institutions I.e. Ministries, Departments and related agencies; while the PIC has an equally daunting task of overseeing Public expenditure in Investment. The two oversight committees are absolutely crucial in the fight against corruption because they derive their mandate directly from people in whose name and for whose interest they are expected to speak and act.

**c) Entity Headquarters**

P.O. Box 2344-00900
Municipal Hall
Kiambu,Kenya

**d) Entity Contacts**

Telephone: (254) 067858108
E-mail:kiambucountygovernment@kiambu.go.ke
Website: www.kiambucountygovernment.go.ke

**e) Kiambu county Bankers**

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

ii. The Cooperative Bank of Kenya
Kiambu Branch
P.O.Box 1064-00900
Kiambu.
Tel.254-066-2022720

iii. Kenya Commercial Bank
Kiambu Branch
P.O.Box 81-00900
Kiambu

iv. Family Bank
Thika Branch
P.O.Box 354-01000
Thika

v. Rafiki Bank
Thika Branch
P.O Box 12755-00400
Nairobi

**f) Independent Auditors**

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

**g) 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

**BUDGET PERFORMANCE**

The table below shows summary of budget allocation against actual for the year ended 30th June 2019.

| | | Approved Budget | Actual Expenditure | Absorption Rate |
|---|---|---|---|---|
| 4061 | County Assembly | 1,255,864,621 | | |
| 4062 | County Executive | 473,071,197 | 337,079,577 | 71.25% |
| 4063 | County Public Service Board | 86,322,096 | 69,959,408 | 81.04% |
| 4064 | Finance,& Economic Planning | 1,951,250,536 | 1,263,715,711 | 64.76% |
| 4065 | Administration ,Public Service & Communication | 1,406,694,841 | 1,185,407,985 | 84.27% |
| 4066 | Agriculture, Crop Production & Irrigation | 619,245,936 | 457,505,282 | 73.88% |
| 4067 | Water, Energy ,Environment &Natural Resources | 596,419,901 | 465,443,899 | 78.04% |
| 4068 | Health Services | 6,421,468,810 | 5,919,489,167 | 92.18% |
| 4069 | Education, Gender ,Culture & Social Services | 1,759,799,863 | 1,098,534,090 | 62.42% |
| 4070 | Youth Affairs, Sports ,ICT & Communication | 115,812,322 | 83,285,931 | 71.91% |
| 4071 | Land,Housing,Physical Planning & Urban Development | 2,245,234,172 | 2,107,435,126 | 93.86% |
| 4072 | Trade,Tourism,Cooperatives & Enterprise Development | 447,580,748 | 183,715,865 | 41.04% |
| 4073 | Roads,Transport,Public Works & Utilities | 1,628,771,640 | 1,207,433,166 | 74.13% |
| 4074 | Livestock,Fisheries &Veterinary Services | 458,827,284 | 266,484,351 | 58.08% |
| | **TOTAL** | **19,466,363,967** | **15,756,271,195** | **80.94%** |

## PERFORMANCE OF KEY DEVELOPMENT PROJECTS

Some of the progress made by the County includes:

### 1. Health Sector

Health care is one of the major sectors of the County government. The County has continued to invest in quality and accessible health care through construction and equipping of various infrastructural developments started last year.

During the FY 2018/19, The County Government progressed with the construction of medical facilities. These includes the R.H unit at Thika Level 5 hospital, Ward blocks at Lari level 4 hospital, Wangige Level 4 hospital, Tigoni Level 4 hospital and Kikuyu Level 4 Hospital. Construction of new medical facilities includes a level 4 hospitals in Bibirioni and Githunguri. The County also commenced with the construction of Construction of level 4 hospital at Githunguri health centre, Construction of level 4 hospital at Bibirioni, Construction of modern funeral home at Gatundu level 5 hospital- builders works, Construction of modern funeral home at Gatundu level 5 hospital- mechanical and refrigeration, Construction of modern funeral home at Gatundu level 5 hospital- electrical works, Construction of RH unit in Thika level 5 hospital (Conditional Grant), Improvement of Kiambu Level 5 Hospital (Conditional Grant), Construction of 4-storeyesd type medical ward block at lari sub-district hospital, Construction of 4-storeyesd type medical ward block at Wangige level 4 hospital, Construction of 4-storeyesd type medical ward block at Tigoni level 4 hospital, Construction of 4-storeyesd type medical ward block at kikuyu level 4 hospital, Construction of toilet block at uplands dispensary, Construction and completion works at Githirioni dispensary Renovation works at Biafla (phase 1) and Construction of ablution block at Gichuru dispensary

Construction of ablution block at Githunguri health center, Construction of ablution block at Kamuchege dispensary, Completion works at Kagaa health center, Refurbishment and chain-link fencing at kinoo dispensary, Refurbishment and completion works at Ngeteti dispensary, Erection and completion of covered walkway at lari sub-district hospital, Supply and delivery of six 10,000L water tanks to health facilities in Gatundu north sub county, Fencing at Githirioni dispensary, Completion and fencing works at kamuchege dispensary, Refurbishment and construction works of toilet block at Ting'ang'a Dispensary, Refurrbishment works at kagaa health center, Construction of perimeter fence and tinga'ng'a dispensary (phase 1), Construction of perimeter fence and tinga'ng'a dispensary (phase 2), Refurbishment and fencing works at maguguni health center, Chainlink fencing at ngeteti dispensary, Construction of ablution block at Thigio health center, Perimeter fence at Githunguri ( Ruiru) health center, Refurbishment to Gikambura health center, Refurbishment and completion works of maternity ward at Githunguri Ruiru, Chain-link fencing at Athi dispensary, Fencing and refurbishment at uplands dispensary, Refurbishment of Karai muslim dispensary, Erection and completion of covered walkway at Lusiggeti sub-district hospital, Construction of perimeter fence at Gikambura Refurbishment and completion works at Ngeteti dispensary, Construction of ablution block at Kiandutu health center, Construction of toilet block at Lusiggeti sub district hospital, Construction of ablution block at karia health center, Construction of a toilet block at Githirioni dispensary, Conversion of ECD classes to dispensary at Gathiga dispensary and Conversion of ECD classes to dispensary at Karura ka nyungu dispensary

**2. Roads and Infrastructure Sector**

The County Government through the Roads Department was able to rehabilitate and construct bituminous roads and also upgraded major links and urban gravel roads to bitumen standards. The County was also able to construct and rehabilitate rural roads, maintained the existing roads throughout County. This has tremendously improved the connectivity and has improved accessibility of various trading centres and therefore promoting more livelihood activities hence improving the living standards for the people of Kiambu.

Proposed Construction of Ngoingwa Outfall Drain- Township, Construction of White Sisters Road Drain, Rehabilitation of Kenyatta Highway drainage works & Thika town manhole covers, Improvement of Thika Town Entrance-Garissa Road Junction at Gatitu And Kenyatta Road, Rehabilitation of Bishop Okoye Road, Rehabilitation of Kongo Road, Construction and Rehabilitation of Bombolulu Access Road, Marking the Main Thika Stage & Parking Lots Within Thika CBD, Rehabilitation of ACK Of Patrick Ngoingwa Access Road, Rehabilitation of Chania Access Road, Rehabilitation of Catholic Tola Road, Rehabilitation of Karibaribi off Road, Mataangiini-St Christopher Catholic church access road, Mataangiini-Rurii Primary School access road, Magomano Catholic Church-Canaan centre access road, Upgrading to bituminous standards of JN A2 Kimbo-Mataangiini-Junction road, Construction of Kenyatta road-Riuriro bridge,Judah access roads, Bethlehem- Ebenezer access road, Junction- Magomano Catholic access road, Ndarasha centre access roads, Ha Kairu-Mashambani-Jipan, Reel school access roads.

Proposed construction of Darasha bridge, Gravel pothole patching on various access roads within the ward, Drainage works to avert flooding on various estates, Grading of various roads Rehabilitation of Juja town-Juja Farm road-Spot gravelling, Construction and rehabilitation of Salama access roads, Construction and rehabilitation of JN Juja Farm road-Darasha shopping centre, Construction and rehabilitation of Athi-Mukuyuini access road, Construction and rehabilitation of Athi-Mukuyuini access road Phase 2, Construction and rehabilitation of Juja farm-Juja House-Athi access road, Proposed rehabilitation and repair works on Mung'etho - Gikumari bridge, Drainage works to avert flooding on various estates, Grading of various access roads, JN GSU-Kiganjo road-Maacre access road, Mugutha Primary School -PCEA Mukuyu access road, One Four area- JN Hakairu-Jacaranda road, Murera Primary-Kaburi-Maacre access road, Proposed construction of Ruiru-Mugutha bridge, Installation of various culverts on various sections of various access roads.

The department installed street lighting and flood masts in all sub counties. Some of them are Wangige Market in Kabete, Bibirioni in Limuru Mugacha Wamba in Kiambaa, Kahawa Sukari in Ruiru, Karuri Market in Kiambaa, Githobokoni in Gatundu North and Kirika in Kiambu.

Other projects include construction and rehabilitation of Fire Stations within the county; this was done in Thika and Limuru Kiambu Sub Counties. The County Government also supplied and installed culverts for rehabilitation of roads in the County among many other projects.

**3. Land, Housing, Physical Planning and Urban Development Sector**

The County Government through the department came up with and is continuing to use a system of approving building plans online. The system is being used in providing better and timely information to decision makers, managers, and staff throughout the County.

The County Government has also formulated a 10-year spatial plan that provides detailed frameworks for urban development. The plans have provided an elaborate Development Control Guidelines for Urban, Peri-urban and rural development in all the 12 Sub Counties.

Some of the infrastructural projects undertaken by the department within the financial year include parking and driveway at Red Nova, refurbishment works at Thika depot houses on block 9/108 block A, refurbishment works at Thika depot houses block 9/108 block B, construction of office block at Red Nova Kiambu, construction of perimeter fence gatehouse and landscaping at Red Nova Offices, Installation of LAN at Kiambu Red Nova, installation of generator at Kiambu Red Nova and re-routing and rewiring of old Kenya power supply to generator house at Red Nova

**5. Agriculture, Crop production,Irrigation and Marketing**

The strategy of the Department of Agriculture is to create an enabling environment for Agricultural, Livestock and Fisheries development. The department carried out the following projects: Renovation of Gatundu south fertilizer depot, Gatina Irrigation project (phase 3) and purchase of maize seed

## 6. Water Environment and Natural Resources sector

### Water and sanitation directorate

In the financial year 2018 /2019 the department was able to; Completed the development of the Kiambu County Water and Sanitation Services policy, 2018, Drilled 1 (one) borehole in Gatiiguru in Ngoliba Ward producing yield of 11m$^3$ /hr, Operationalised (equipping and 3phase connection) 3 boreholes which include Thogoto, Ondire and Ndongoro producing a combined total yield of 55m$^3$/hr, Laid 33 km of distribution pipelines with assorted pipes in Gitithia, Kabunge, Escarpment, Kiuu-Gatundu, Bathi Procured, Constructed septic tanks in Kamangu, Thogoto and Rukuma toilets, Constructed of bio-digester in Mutarakwa and Ndumberi toilet, Rehabilitated 3 sanitation blocks, 2 in Ruiru Food Market and 1 in Kwambira Market and Test Pumped of 9 boreholes to assist in designing pumps in readiness for equipping.

### Environment directorate

In the financial year 2018 /2019 the department was able to

- Procured of 21 skips for solid waste management
- Procured one skip loader
- Constructed of four skip platform at Kiambu (2) ,Kikuyu (1),Limuru (1)
- Increased revenue collection 500,000 to 13.5M by June 2019
- Launched ECO-School programme in five(5) schools in Thika sub-county
- Decommissioned Kiambu dumpsite
- Constructed of a tipping platform at Kangoki dumpsite
- Procured five (5) dump trucks and five (5) backhoes for solid waste management
- Procured of thirteen (13) chaff cutters for shredding organic waste in major markets within the county.
- Repaired of thirty(30) skips that were worn out
- Repaired and maintained of garbage trucks
- Introduced of new skips at Rukuma. Regen, Kisii area and Migingo
- Increased waste collection from 50%-65%
- Held over thirty (30) major clean ups within the county
- EstablishedOrganic waste management center at Waruhiu
- Trained of staffs locally and international
- Development of solid waste management policy is on-going
- Developed a job allocation criteria for all support staffs
- Procured personal protective equipment(PPEs) and tools for all staffs
- Carried out a time and motion study in Thika sub-county
- Held workshops and seminars on solid waste management
- Enhanced collaboration with partners eg Fukuoka university Japan and Wangari Maathai institute
- Gazetted County Environmental Committee (CEC) and put in place an Environment Impact Assessment review committee (EIA)

**Natural Resource and Forestry Directorate**

- Planted 136,700 trees in schools, churches, farms and open public places in all the 12 sub-counties.
- Planted 12,260 water friendly indigenous trees and Bamboos on the riparian and water catchment areas within the county
- Pegged Gateguriti river (4.5KM) in Kikuyu Sub-County.
- Landscaping and beautification work which is ongoing. This include;
  - ✓ Kikuyu Jeevanjee, Posta Mugumo area and High triangle area in Kikuyu Sub-County;
  - ✓ Kahawa Sukari Shopping Centre and Ruiru Town Main Median in Ruiru Sub-County; and,
  - ✓ Christina Wangari Gardens and seven roundabouts in Thika Sub-County.
- Done a Baseline survey on status of quarrying in the county to facilitate collection of revenue (On going).
- Established county tree nurseries in Kiambu and Thika sub-county respectively.
  - Have developed codex of Law on Riparian management

**Energy and Climate Change Directorate**

- Undertook a sustainability audit (with a major focus on energy use) in county premises in 10 sub counties (Thika, Juja, Ruiru, Githunguri, Kiambu, Gatundu North and South, Kiambaa Kikuyu and Kabete )
- Mapped and undertook energy needs assessment in learning institutions, health facilities and informal settlements
- Initiated the process of formulation of climate a change policy which is ongoing

**7. Youths Affairs ,Sports ,ICT & Communication**

The main projects by this department within the year included construction of an Amphitheatre and talent Academy in Kiambu Sub County and rehabilitation and upgrading of Ruiru Stadium in Ruiru Sub County. Others include rehabilitation and upgrading of Limuru stadium in Limuru Sub County.

**8. Education Sector**

The Education, ICT, Culture and Social Services Department mandate is to increase access to education and training; improve quality and relevance of education, reduce inequality as well as exploit talent and skills, increase the use of ICT and innovation for global competitiveness.

Early Childhood Development and Education (ECDE) enrolment in ECDE increased significantly within the year. The department concentrated more on construction and rehabilitation of infrastructure in the ECDE centres.

Some of the projects undertaken include construction of two classrooms and toilet at Kahembeta ECDE, Construction of one classroom at Ting'ang'a model primary school, Construction of two storied classrooms at Kanyariri Polytechnic, construction of community hall phase one at Karuri, construction of two classroom and ablution block at Muchatha ECDE, rehabilitation of classroom and construction of toilet block at Ngoliba ECDE, construction of perimeter fence at Makongeni youth polytechnic, supply and deliver of learning materials for ECDE centers, Fencing of Gatuanyaga primary school, rehabilitation of Ting'ang'a polytechnic, construction of community library at Lusingetti Nachu, construction of perimeter wall at Kikuyu model and construction of two classrooms offices, a toilet block at Nachu, construction of toilet block at Ndenderu ECDE, construction of latrine at Kiambaa ECDE, construction of toilet block at Gacharage and Karuri, construction of Muthurwa pit latrine, refurbishment of classroom at Ihiga-ini ECDE, construction of one classroom at Ting'ang'a ECDE, construction of wall at Bahati ECDE, renovation of Kanjuku youth polytechnic, construction of one two classrooms at Chania ECDE, constriction of toilet block at Kabathi ECDE and Kiambaa ECDE, conversions for education offices at Kiambu community hall, Refurbishment of 2 classrooms at Karuri ECDE, construction of wall at Bahati ECDE phase ii, construction of pit latrine at Kiawaroga Gikandi ECDE, Thome ECDE, completion of Theta social hall and a classroom, construction of toilet block at Rurii ECDE, construction of Karangari youth polytechnic, construction of classroom block at Riabai polytechnic and construction of pit latrine at Kiawaroga Gikandi

**9. Administration and Public service**

The department of administration and Public and public service has carried out construction of Lari Sub County offices, construction of Juja Sub County offices and construction of Kiambu Sub County offices.

**10. Trade, Tourism, Co-operatives and Enterprise Development**

During the first quarter FY 2018/19, The County Government progressed with the construction of Dagoretti market, Karuri market and Githunguri market. The county also constructed Mawathiani boda boda shed, Muchatha Boda boda shed, Gatiiguru boda boda shed, construction of Indian Bazaar and Kagaa shopping centre.

### 11. Livestock, Fisheries and Veterinary Services

Under the department of Livestock, the county carried out free artificial insemination services in all wards, purchased twenty motor cycles for AI for all wards, construction of Dagorretti Abattoir, Installation of Limuru dairy farmers co-operative milk UHT processing plant, purchase of three motor vehicles, conducted aquaculture productivity program and distributed fish fingerings to fish farmers in the county and procured six deep freezers to fish farmers group for fish preservation.

## VALUE –FOR-MONEY ACHIEVEMENTS

**Health Sector**

It has been noted that people used to travel for many kilometres to seek medical services. With construction, rehabilitation and equipping of various medical facilities, the distance has shortened and increased the number of patients accessing services on daily basis. The programmes have achieved the value for money objectives.

**Tarmac/Access Roads**

With construction of major roads in Kiambu County, the residents are able to connect from one Sub County to another using shorter distances as well as saving of time and money.

**Automation of development applications and approval**

Automation of development applications and approval has benefitted the community since they take less time for their building plans to be approved. With the regulation of building plans the County is able to guarantee a healthy and safe community.

Automation of the development applications and approval has also enhanced the county revenue.

**Agriculture, Livestock and Fisheries**

Value addition to various farm products such as milk and bananas has led to increased income of the farmers. Food productivity has also ensured there is food security within the county. This in return has led to improved welfare of the residents.

**Water Environment and Natural resources sector**

The projects by the department are contributing to the well-being of the beneficiaries meeting the objectives they were meant for. Provision of clean and safe water has increased to very significant levels.

The construction of sanitation facilities especially at public places which includes markets and bus parks have also acquisition of skips and other machinery in waste management has greatly reduce the cost compared to contracting the services. These saving are proof that there is value for funds used in acquiring the plant. The same has resulted to clean and conducive environment to live in.

**Youths Affairs, Sports, ICT and Communication**

Construction and improvement of sports facilities within the County by the department has gone a long way in promoting and exploiting talents among the youth. The facilities are also expected to catapult the youth within the County to international levels and also reduce crime in their midst.

**Education Sector**

A large number of youth populations have been empowered after accessing polytechnics services. The school feeding programme has led to increased enrolment rate in ECDE centres within the county. The needy students within the county have benefitted with bursary hence accessing quality education services

## CHALLENGES

Some challenges which the County have been facing while implementing the projects include;

- Delay in project implementation due to late disbursement of funds from National Treasury.
- Large number of pending bills.
- Unmet internal revenue target resulting to inadequate funds during implementation process.
- Large wage bill due to large workforce inherited from the defunct local authorities thus putting pressure on implementation of new project.
- Lack of awareness by the public on prioritization of projects

## RECOMMENDED WAY FORWARD

- Disbursement of funds by the National Treasury should be done in time
- Prioritising payment of pending bills so as to give room for the County to implement new projects.
- Increased revenue raising measures so as to enhance internal revenue
- Exploring ways of controlling the wage bill by curtailing new recruitments by the departments.
- Capacity building on Civic education and public participation to the public so as to increase awareness on projects being implemented.

Sign _____

**CEC Finance & Economic Planning**
**Name: Wilson Mburu Kang'ethe**

## 3. 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, 2019. 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, 2019, 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 13/07/ 2020.

**CEC Finance & Economic Planning**
**Name: Wilson Mburu Kang'ethe**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR GENERAL
*Enhancing Accountability*

**HEADQUARTERS**
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P.O. Box 30084-00100
NAIROBI

# REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KIAMBU FOR THE YEAR ENDED 30 JUNE, 2019

## REPORT ON THE FINANCIAL STATEMENTS

### Qualified Opinion

I have audited the accompanying financial statements of County Executive of Kiambu set out on pages 1 to 70, which comprise of the statement of assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows, and the statement of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, except for the effect of the matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the County Executive of Kiambu as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

### Basis for Qualified Opinion

#### 1. Variances Between the Statement of Assets and Liabilities and IFMIS Balances

The balances reflected in the statement of assets and liabilities in respect to several accounts differ with those shown in the Integrated Financial Management Information System (IFMIS) ledger, as summarized below:

| Item | Financial Statements Balance (Kshs.) | IFMIS Report Balance (Kshs.) | Variance (Kshs.) |
|---|---|---|---|
| Bank Balances | 1,332,355,038 | (41,435,037,103.20) | 42,767,392,141.2 |
| Cash Balances | | 49,737,063,694.25 | (49,737,063,694) |
| Accounts Receivables (Outstanding Imprests) | 43,141,833 | 378,119,294.95 | (334,977,462) |
| Accounts Payables (Deposits and Retentions) | 129,714,136 | 13,510,128,324.25 | (13,380,414,188) |
| Fund Balance (Brought Forward) | 779,209,172 | (5,635,201,100.45) | 6,414,410,272 |
| Surplus/ Deficit for the Year | 466,573,562 | 805,168,262.20 | (338,594,700) |

No adequate explanation has been provided by Management for the differences and as a result, the accuracy of the statement of assets and liabilities as at 30 June, 2019 has not been confirmed.

## 2. Unaccounted for Funds Transferred to Operations Bank Account

Examination of bank statements and other records indicated that, Management transferred funds totalling Kshs.64,509,912 from the County Revenue Fund to the Operations Account during the year under review. However, payment vouchers and other records on the transfers were not availed for audit.

Consequently, the occurrence, accuracy and propriety of the reported transfers totalling Kshs.64,509,912 could not be confirmed.

## 3. Accounts Receivable

### 3.1 Unconfirmed Accounts Receivables Balance

The accounts receivables-outstanding imprests balance totalling Kshs.43,141,833 as at 30 June, 2019 reflected in the statement of assets and liabilities differs with the sum of Kshs.83,216,629 recorded in the imprests register. The difference amounting to Kshs.40,074,796 between the two sets of records was not explained.

Consequently, the accuracy and completeness of the accounts receivable - outstanding imprests balance totalling Kshs.43,141,833 reflected in the statement of assets and liabilities as at 30 June, 2019 could not be confirmed.

### 3.2 Unaccounted for and Undisclosed Outstanding Imprests

Examination of expenditure records indicated that imprest payments totalling Kshs.235,503,125 issued to five officers, and which were outstanding at the closure of the financial year on 30 June, 2019, were not recorded in the imprests register. In addition, the imprests were omitted from the final list of outstanding imprests disclosed in the accounts receivables balance reflected in the statement of assets and liabilities as at 30 June, 2019. Although, Management indicated that the imprests were spent on operational activities, records on the actual expenditure items were not availed for audit.

In view of the omission, the financial statements do not present a true and fair view of the operations and financial position of the County Executive for the year then ended.

Further, contrary to the provisions of Regulation 93(4) of the Public Finance Management (County Governments) Regulations, 2015, the recipients were issued with multiple imprests, some on the same day, even though they had not accounted for previous ones.

## 4. Incorrect Classification of Expenditure and Other Transactions

A review of the IFMIS ledger revealed that several transactions totalling Kshs.5,542,353,694.75 were charged or classified under incorrect account codes. The account codes were also not in the approved budget for the year as shown below:

| Item's Account Code | Item Description | Amount (Kshs.) |
|---|---|---|
| 6780101 | General Suspense A/C | 4,920,309,082.50 |
| 6760103 | Temporary Imprests | 532,925,608.60 |
| 6740102 | R/D Cheques | 36,789,203.65 |
| 6530101 | Ministry HQ Recurrent Bank A/C | 34,500,000.00 |
| 6740101 | Prepayment | 9,951,300.00 |
| 6760101 | Standing Imprests | 7,878,500.00 |
| **Total** | | **5,542,353,694.75** |

The journal entries passed to correct the anomalies were not availed for audit and as a result, the presentation and validity of the transactions was not confirmed.

### 5. County Own-Generated Receipts - Variance Between the Financial Statements and Revenue Records

The statement of receipts and payments reflects county-own generated revenue receipts totalling Kshs.2,737,467,842. However, the balance differs with the sum of Kshs.2,769,191,931 recorded in the county revenue bank statements. The difference of Kshs.31,724,089 between the two balances was not explained.

Further, comparison of revenue balances in the financial statements and in manual and computerized records disclosed collections totalling Kshs.2,837,467,787 and Kshs.1,793,979,141 respectively resulting in an unexplained difference of Kshs.1,043,488,646.

In the circumstance, the accuracy and completeness of the county own-generated receipts totalling Kshs.2,737,467,842 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

### 6. Unaccounted for Medical Equipment Leasing Funds

The County Allocation of Revenue Act, 2018 appropriated the County Executive of Kiambu, Kshs.200,000,000 as a conditional grant for leasing of medical equipment. Although the grant was included in the County Executive's approved budget for the year under review, its receipt and use was not accounted for in the financial statements for the year.

Consequently, the accuracy and completeness of the total receipts and payments reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

### 7. Unsupported Expenditure

The statement of receipts and payments reflects aggregate payments amounting to Kshs.14,848,476. However, payment vouchers for expenditure totalling Kshs.380,813,493 spent on various items were not availed for verification. Management did not provide any explanation for the failure to present the records for audit.

Further, procurement records and payment vouchers for expenditure totalling Kshs.171,005,765 were not availed for audit as they were reported to have been taken by the Ethics and Anti-corruption Commission (EACC).

Consequently, the accuracy, completeness and validity of expenditures totalling Kshs.551,819,258 could not be confirmed.

## 8. Domestic Travel and Subsistence – Unaccounted for Imprests

Disclosed in Note 12 to the financial statements under use of goods and services are payments totalling Kshs.202,349,546 spent on domestic travel and subsistence during the year under review. However, examination of sampled records on the expenses revealed the following irregularities:

### 8.1 Imprests for Kiandutu Resettlement Programme Activities

Disclosed in Note 12 to the financial statements are use of goods and services payments totalling Kshs.202,349,546 made in respect to domestic travel and subsistence. Included in the balance are expenses incurred through imprests issued to various officers. Among these was an imprest amounting to Kshs.1,273,600 issued to facilitate resettlement of Kiandutu residents in March and April, 2019. However, the following anomalies were noted in respect to the expenditure:

(i) Payments reported to have been made to the residents were not supported by a signed payees list or a report from the officers that carried out the programme. Further, the sum included payments totalling Kshs.125,000 paid at a flat rate of Kshs.5,000 to twenty-five(25) persons identified as local security but whose roles and duties were not explained.

(ii) Approvals for the imprests indicated that only twenty-four (24) cluster members were to be paid at Kshs.500 each, or Kshs.240,000 in total. However, sixty-two (62) members were paid Kshs.496,000 without valid approval resulting in an irregular overpayment of Kshs.256,000.

(iii) The signatures appended by some payees on the two lists availed for audit were inconsistent, which cast doubt on the propriety of the payments.

(iv) A sum of Kshs.480,000 was spent on purchase of a digital serial machine at a cost of Kshs.48,000. However, the machine was not recorded in the stores ledger or captured in the assets register and its ownership and custody could therefore not be confirmed.

(v) The approved budget for printing papers amounted to Kshs.50,000 but actual payments totalled Kshs.318,500, resulting in unapproved over-expenditure of Kshs.268,500.

In view of the foregoing, the occurrence, validity and propriety of the payments totalling Kshs.1,273,600 reported to have been spent on the resettlement programme could not be confirmed.

### 8.2 Imprest for Retreat on Affordable Housing Project

Payment records examined indicated that an imprest amounting to Kshs.905,200 was issued to an Officer to facilitate a six-day retreat in Naivasha to develop the County Governments' policy on affordable housing. The retreat was reported to have taken place between 12 and 17 February, 2019 at Masada Hotel in Naivasha. However, the records reflected the following anomalies:

(i) The policy document developed at the retreat was not presented for audit verification.

(ii) The payments were not supported with travel documents such as work tickets and the program of activities.

(iii) Eight officers from the County were paid per-diem totalling to Kshs.369,100. However, they did not sign the attendance register to confirm their presence at the retreat.

As a result of these anomalies, the occurrence, validity and propriety of the expenditure amounting to Kshs.905,200 reported to have been incurred at the retreat could not be confirmed.

### 8.3 Imprest for Governor's Meeting at Kiandutu

An imprest amounting to Kshs.990,000 was issued to an officer to facilitate a meeting hosted by the Governor at Kiandutu on 3 March, 2019. However, examination of records on the imprest revealed the following anomalies:

(i) The surrender voucher included documents for purchase of 200 t-shirts at a cost of Kshs.241,000 equivalent to Kshs.1,205 each, as well as hire of tents, chairs and decoration services paid for at a cost of Kshs.417,000. However, contrary to regulations , the items were procured directly from vendors who were not among those prequalified for such supplies. Besides, the t-shirts were not recorded in the stores ledgers, and as a result, it was not possible to confirm that they were supplied and issued out to residents as intended.

(ii) Several persons with undisclosed responsibilities were paid allowances totaling Kshs.245,000 at various rates ranging from Kshs.500 to Kshs.5,000. However, the criteria used to pay the allowances was not disclosed. Further, the payees did confirm receipt of the allowances by signing the respective payment schedules.

(iii) The records further indicated that allowances totalling Kshs.77,000 were paid to twenty-five (25) persons listed as Kiandutu local security, and to sixty-two (62) cluster members. However, the signatures appended by the payees on various payment sheets were dissimilar, which anomaly suggested that the payments were not valid.

(iv) Records availed for audit indicated that allowances totalling Kshs.245,000 were paid to members of the local community. However, the allowances were not among the items listed or approved in the imprest request form.

In view of these anomalies, the occurrence, validity and propriety of the payments totalling Kshs.990,000 reported to have been incurred through the imprests issued to the officer have not been confirmed.

### 8.4 Imprests for Land Verification at Nachu and Ndeiya

Imprests totalling Kshs.2,449,800 were issued to three officers assigned to help verify lands to be acquired for construction of the Standard Gauge Railway (SGR) and regularize Kiambu Western Grazing Lands at Nachu and Ndeiya respectively.

However, examination of the imprest surrender vouchers revealed the following anomalies:

(i) Reports and minutes of the public participation forum were not presented for audit review.

(ii) Tents, chairs and the public address system used at the three events were procured through the Direct Procurement Method at a cost of Kshs.684,000. Management did not explain why the items were not hired through Requests for Quotation to ensure a competitive procurement process and prudent use of public funds.

(iii) The records further indicated that allowances were paid out to various officers at daily rates of Kshs.500, Kshs.1,000, Kshs.2,000, Kshs.3,000 and Kshs.5,000. However, the payment schedules presented to support the payments did not indicate the personal numbers and designations of the officers. In addition, the officers did not sign the schedules to confirm the payments. Instead, all the payments were made to one of the officers even though there were no records to indicate that the listed payees had authorized the officer to receive the money on their behalf.

(iv) Reports on the two activities and signed attendance lists were not presented for audit review.

(v) Out of the imprests totalling Kshs.1,700,000 issued to one of the officers, Kshs.709,600 was not accounted for with receipts, invoices or signed lists of the payees.

(vi) Officers from the National Land Commission were reportedly paid allowances totalling Kshs.52,000 but no records were availed to confirm the payment.

In view of these anomalies, the occurrence validity and propriety of the expenditure totalling Kshs.2,449,800 shown to have been incurred by the officers during the lands verification exercise could not be confirmed.

### 8.5 Imprests Issued to a Taskforce on Audit Report

An imprest totalling Kshs.1,120,000 was issued to an officer to facilitate a taskforce appointed to prepare responses on the 2016/2017 financial year audit report. However, examination of the expenditure records revealed the following anomalies:

(i) Fourteen officers were paid daily allowances amounting to Kshs.4,000 each for seven days while holding meetings and collating information on the audit report at the County Headquarters Boardroom. The reasons and authority, if any, for payment of allowances totalling Kshs.392,000 to officers in their normal course of work were not disclosed.

(ii) Further, twelve officers were each paid per diem for four-days allowances totalling Kshs.728,000 while reportedly holding a retreat at a hotel in the County. However, travel records were not attached to the payment vouchers to validate the per diem. Further, payment of night-out allowances may have been irregular as the venue was located in the County.

In view of the foregoing, the occurrence, propriety and validity of expenditure totalling Kshs.1,120,000 paid to the officers could not be confirmed.

### 8.6 KICOSCA Games Expenditure Imprests

Included in the domestic travel and subsistence expenditure totalling Kshs.202,349,546 reflected in the statement of receipts and payments are imprests totalling Kshs.19,362,000 paid on 10 August, 2018 to officers to attend the Kenya Inter-County Sports Association (KICOSA) Games held in Kisii County from in August, 2018. However, the payments were not supported with relevant approvals, imprest warrants, payment vouchers and travel documents such as work or bus fare tickets and signed participants' attendance lists.

Further, twenty-eight officers, whose names were not disclosed, were paid an allowance of Kshs.20,000 each, or Kshs.560,000 in total, by the Department of Youth Affairs for managing the preparation of County teams' for the games. The authority granted for the payment was, similarly, not availed for audit.

In view of the missing information, the occurrence, validity and propriety of the expenditures totalling Kshs.19,922,000 incurred by the County Executive on KICOSCA Games could not be confirmed.

### 8.7 Imprests for Meetings and Workshops

Included in domestic travel and subsistence expenditure totalling Kshs.202,349,546 reflected in the statement of receipts and payments are payments totalling Kshs.7,063,900. The payments were incurred on various meetings and workshops held during the year. However, supporting documents for the payments were not availed for audit.

Consequently, the occurrence, accuracy, and propriety of the expenditure totalling Kshs.7,063,900 could not be confirmed.

## 9. Unsupported Foreign Travel and Subsistence Expenditure

Included in the use of goods and services expenditure totalling Kshs.1,813,717,265 reflected in the statement of receipts and payments, and as further disclosed in Note 12 to the financial statements, are foreign travel and subsistence costs totalling Kshs.91,883,869. However, examination of sampled payment records revealed unsupported expenses as follows:

### 9.1 Foreign Travel to the United States of America (USA)

Records availed for audit indicated that the Governor travelled to the USA with three officers to attend the National Governors Association 2018 Summer Meeting held in Santa Fe, New Mexico between 18-22 July, 2018. Travel and accommodation costs totalling Kshs.2,637,758 were incurred during the trip. However, records on travel allowances paid to the delegation were not presented for audit. The records indicated that the duration of the trip was extended to 6 August, 2018 in order to, reportedly, accommodate several meetings with potential investors. However, the following audit observations were made in regard to the trip:

(i) Records, including air tickets, indicated that the delegation travelled to various states and cities, including Detroit, but not Santa Fe, the cited venue of the Governors' Association meeting. No explanation was provided for the anomaly.

(ii) No evidence was availed to confirm whether the delegation held meetings with investors.

(iii) A travel services provider was paid Kshs.1,192,124 for air ticketing services. However, the services were procured through single-sourcing and without a Purchase Requisition and a Local Service Order as procurement regulations require. As a result, value for money may not have been attained on the transaction.

(iv) A sum of Kshs.435,284 was paid to the travel agent in additional charges incurred on flight cancellations and change of travel dates by the delegation. The charges would not have been incurred had the delegation adhered to the original travel schedules.

In the circumstances, the occurrence, validity and value for money for the expenditures incurred on the trip to the USA could not be confirmed.

### 9.2 Foreign Travel to Beijing, China

Records availed for audit indicated that a sum of Kshs.1,526,282 was paid to a travel services provider to cater for air tickets for the Governor and County staff to travel to Beijing, China, to attend a two-day Forum on China Africa Cooperation (FOCAC) meeting held in September, 2018. However, the firm was procured through single-sourcing contrary to Procurement Regulations.

In addition, expenditure records for foreign travel allowances paid, copies of passports, visas, boarding passes and invitation letters for the meeting were not presented for audit review. Further, a sum of Kshs.72,888 paid in additional air travel charges was incurred on account of six flight changes on the return journey from Beijing.

In the circumstances, the accuracy, validity and value for money on the expenditure incurred on the foreign trip to China could not be confirmed.

### 9.3 Foreign Travel to Slovakia

Records availed for audit indicated that the County Executive spent Kshs.2,800,526 on air tickets for the Governor and several County officials in respect to a ten-day trip to Slovakia made in January, 2019, for an unspecified purpose. However, documents relating to the allowances paid to members of the delegation were not presented for audit review. Similarly, invitation letters, authority granted for the journey, boarding passes and copies of passports were not availed for audit examination.

In the absence of sufficient evidence, the occurrence, validity and value for money on the expenditure incurred on air-tickets totalling Kshs.2,800,526, and the undisclosed expenditures on travel and accommodation and other expenses could not be confirmed.

## 10. Use of Goods and Services

### 10.1 Unsupported Training Expenses

Note 12 to the financial statements reflects, training expenses totalling Kshs.93,137,050 under use of goods and services which include various payments totaling Kshs.7,037,204. The payments were, however, not supported with invitation letters, training programs, approval letters, attendance registers, work and bus tickets and attendance certificates. Further, Management did not avail a staff training and

development policy or training needs assessment document to show how the expenditures fitted into the County Executive's training programs.

In the absence of sufficient and relevant evidence, the occurrence and validity of the expenditure totalling Kshs.7,037,204 could not be confirmed. In addition, it was not possible to confirm whether the training activities were relevant to the needs of the County Executive and whether the costs incurred were fair and reasonable.

### 10.2 Misallocation of Expenditure

Included in the training expenditure totalling Kshs.93,137,050 is Kshs.11,038,070 spent on items not related to training, including extraneous allowances, meal allowances, tender committee allowances, casual wages and other allowances. The expenditures were therefore irregular.

No plausible explanation was provided by Management for the irregularity which has, in addition, misrepresented the balance for training expenses reflected in the financial statements.

### 10.3 Unaccounted for and Unsupported Fuel Expenses

Included in the use of goods and services expenditure totalling Kshs.1,813,717,265, disclosed in Note 12 to the financial statements is Kshs.102,094,338 spent on purchase of fuel, oil and lubricants. Records examined indicated that during the year under review, Management made payments for fuel totaling Kshs.166,119,962 to the National Oil Corporation. However, the payments were classified under other expenses. Further, work tickets, fuel registers and detailed orders were not presented for audit review to confirm receipt and use of the fuel supplies.

Consequently, the occurrence, propriety and regularity of the expenditure totalling Kshs.166,119,962 incurred on fuel purchases during the year under review could not be confirmed.

### 10.4 Purchase of Artificial Insemination Equipment and Inputs

Expenses totalling Kshs.346,700,760 spent on specialized materials and services during the year under review include Kshs.12,122,000 spent on purchase of artificial insemination equipment and inputs from the Kenya Animal Genetic Resource Centre. However, the purchases were not entered in stock control cards and as a result, it was not possible to confirm that the items were received, taken on charge and issued for use as intended. In addition, procurement records indicated that the supplies were to be delivered in phases and consequently, some deliveries had not been made as at 30 June, 2019.

In the absence of sufficient records, the supply and proper use of the veterinary items worth Kshs.12,122,000 could not be confirmed.

### 10.5 Unsupported Purchase of Sports Equipment

The other operating expenses include expenditure totalling Kshs.1,715,000 and Kshs.1,800,000 spent on purchase of volleyballs and mountain bikes, respectively. However, examination of records revealed the following anomalies:

(i) The distribution list for 350 volleyballs bought on 4 February, 2019, was not availed for audit review.

(ii) Out of sixty mountain bikes purchased at a cost of Kshs.1,800,000, only twenty-nine were issued to various youth. Even then, the names of the beneficiaries and confirmation of their having received the bikes were not availed for audit.

In the absence of relevant documents, the occurrence, validity and propriety of the payments totalling Kshs.3,515,000 spent on purchase of volleyballs and mountain bikes could not be confirmed.

### 10.6 Failure to Disclose Unpaid Insurance Premiums

The expenditure records further indicated that the Management signed a contract with an insurance service provider to insure the County Executive's motor vehicles and motor cycles. However, the respective premiums worth Kshs.19,080,698 were not paid and as a result, the covers taken may not have been recoverable.

Further, the unpaid premiums were not disclosed and included in the list of pending bills as at 30 June, 2019. No explanation was provided by Management for the failure to pay or disclose the pending bills.

Failure to include the unpaid premiums undervalued the pending bills balance totalling Kshs.2,316,638,468 as at 30 June, 2019 by Kshs.19,080,698.

## 11. Transfers to Other Government Units

The statement of receipts and payments reflects transfers to other government units totalling Kshs.5,181,417,617. Examination of sampled payments revealed the following anomalies:

### 11.1 Shortfall in Conditional Grants Received at Thika and Kiambu Level 5 Hospitals

Disclosed under Note 1B to the financial statements are Exchequer releases for budgetary allocations to Thika and Kiambu Level 5 Hospitals totalling Kshs.538,716,762. A schedule of disbursements from The National Treasury indicated that conditional grants totalling Kshs.538,716,762 were disbursed to the County for transmission to Level 5 Hospitals during the year under review. The grants were meant to cater for curative and preventive health care services at the two hospitals. However, a review of records and bank statements at the hospitals revealed irregular transfers of Kshs.268,611,700 of the conditional grants to other health sector programmes without statutory approvals.

Management did not provide any explanation, for the irregular transfers which resulted in misappropriation of budgeted funds.

### 11.2 Unsupported Use of Project Funds

A sum Kshs.238,000,000 was disbursed under the Kenya Devolution Support Programme (KDSP) to finance completion of a stalled four-storey building for medical wards at Wangige Sub-County Hospital. The works had initially been awarded to a contractor at a sum of Kshs.220,283,842 in 2014.

However, out of the total receipts amounting to Kshs.238,000,000, the County paid Kshs.143,972,629.65 to various suppliers for items and purposes not related to the funding agreement. Further, documents to support the expenditure were not presented for audit review.

Consequently, the occurrence, regularity, validity and propriety of the KDSP expenditure on construction of the buildings at Wangige Sub-County Hospital could not be confirmed.

### 12. Unconfirmed Donations

Disclosed under Note 14 to the financial statements, are payments totalling Kshs.642,835,119 made in respect of other current transfers, grants and subsidies. The sum includes donations totalling Kshs.5,980,538 made without policy guidelines and regulations.

Among these was a sum of Kshs.800,000 incurred on two religious functions. Management identified the donations as Corporate Social Responsibility (CSR) activities. Similarly, donations totalling Kshs.1,500,000 were made to three coffee factories in the County.

However, documents acknowledging receipt of the donations by the beneficiaries were not presented for audit review. In the absence of policy guidelines and relevant documentation, the occurrence, regularity, validity and propriety of the donations could not be confirmed.

### 13. Incorrect Fund Balance

The statement of assets and liabilities as at 30 June, 2017 reflects a nil brought forward fund balance, whereas the closing balance for the account as at 30 June, 2017 was Kshs.107,985,507. No plausible explanation has been provided by Management for the anomaly and as a result, the accuracy of the statement of assets and liabilities as at 30 June, 2019 could not be confirmed.

### 14. Unidentified Classification of Expenditure as Refer to Drawer (R/D) Cheques Account

Examination of payments made by several departments revealed that various expenditure items totalling Kshs.6,254,513 were charged to a Refer to Drawer (R/D) Cheques Account. However, the respective payment vouchers and supporting documents were not availed for audit examination. As a result, the occurrence and propriety of the expenditure totalling Kshs.6,254,513 could not be confirmed.

### 15. Transfers to Other Government Entities

#### 15.1 Unconfirmed Transfers to Thika Level 5 Hospital

The IFMIS register indicated that during the year ended 30 June, 2018, Kshs.147,524,479 was transferred to Thika Level 5 Hospital under other current transfers and grants. However, the cash book and Authority to Incur Expenditure (AIE) records maintained at the Hospital indicated that Kshs.106,143,926 was received as current transfers and grants during the year under review. No plausible explanation was provided by Management for the shortfall of Kshs.41,380,553 in the transfers received at the Hospital.

In view of the anomaly, the accuracy and occurrence of transfers to other government entities balance totalling Kshs.2,651,978,665 reflected in the statement of receipts and payments for the year ended 30 June, 2018 has not been confirmed.

## 16. Acquisition of Assets

### 16.1 Missing Motor Cycles

Three motorcycles reflected in records under the Department of Lands, Housing and Physical Planning were not presented for physical verification. Their particulars were as follows:

| Registration No. | Make | Department |
|---|---|---|
| 22 CG 102A | Yamaha Motor Cycle | Lands, Housing and Physical Planning |
| 22 CG 113A | Yamaha Motor Cycle | Lands, Housing and Physical Planning |
| 23 CG 114A | Yamaha Motor Cycle | Lands, Housing and Physical Planning |

Further, reports, if any, filed with the Police on the motorcycles, the circumstances and the persons in whose custody they were at the time of their disappearance, were not provided for audit review.

In the absence of sufficient information, safe custody of the motor cycles could not be confirmed.

### 16.2 Incomplete Acquisition of Land

Disclosed in Note 17 to the financial statements under acquisition of assets is nil expenditure incurred in respect of purchase of land in 2018/2019 financial year. However, records presented for audit indicated that the County Government paid Kshs.12,900,000 in relation to acquisition of 55.2 acres of Waruhiu Agricultural Training Centre (ATC) land. An identical amount was also reflected in the financial statements for 2017/2018 financial year. Management did not provide any explanation for the anomaly.

Other records indicated that a legal suit relating to the acquisition of the land was settled out of court through a consent order that provided as follows:

(i) The Waruhiu Agricultural Training Centre was to be paid a sum of Kshs.85,524,000 as compensation in respect of the compulsory acquisition of the land.

(ii) A sum of Kshs.55,905,135 deposited with the High Court in October, 2010 by the Ministry of Agriculture was to be immediately released to the advocates for Waruhiu Agricultural Training Centre.

(iii) The balance totalling Kshs.29,618,865 was to be paid by the County Government to the Waruhiu Agricultural Training Centre through their advocates, in installments, as agreed. The last installment was to be paid on 31 August, 2017.

(iv) The title and all other documents in respect to the transfer of the property was to be released to the custody and control of the County Government's advocates within seven days of the transfer of Kshs.55,905,135.

(v) The County Government was to bear the cost of transfer of the property including stamp duty, transfer, legal and other attendant costs.

(vi) The County Government was to bear costs of the suit amounting to Kshs.15,000,000 payable within 45 days of the initial cash transfer amounting to Kshs.55,905,135.

As at 30 June, 2019, the County Government had paid a total of Kshs.27,900,000 to the advocates. However, at the time of audit in October, 2019, the following anomalies were noted:

(i) The title for the land had not been released to the County Government and, therefore, ownership of the land was yet to be vested in the County Government as ordered by the Court.

(ii) The County Government had not settled the compensation sum of Kshs.16,718,865 and cost of the suit.

(iii) The County Government had included the 55.2-acre farm in its assets register at a value of Kshs.27,900,000 whereas the compensation for acquisition of the land including related costs totaled Kshs.85,524,000.

Management did not provide adequate explanations for these anomalies. Further, Management has not disclosed the additional actions it has taken to finalize the matter and have the land registered in the name of the County Government of Kiambu.

In view of failure to complete the transfer process, and the other irregularities anomalies noted, the ownership of the 55.2-acre farm by the County Government and its valuation in the books of account, have not been confirmed.

## 17. Pending Bills

The financial statements reflect under other important disclosures - pending bills totalling Kshs.2,316,638,468 summarized as follows:

| Description of Pending Bills | Amount (Kshs.) |
|---|---|
| Pending Accounts Payables | 1,992,019,387 |
| Pending Staff Payables | 25,465,315 |
| Other Pending Payables | 299,153,766 |
| **Grand Total** | **2,316,638,468** |

The supporting schedule, however, reflects pending bills totalling Kshs.2,191,211,102, resulting in an unexplained difference of Kshs.125,427,366.

Further, tender and contract documents; local purchase and service orders; invoices and certificates of works; and schedules detailing the names of the contractors and suppliers as well as purchase and service order numbers, and invoice and certificate numbers and descriptions of goods supplied, services provided or works, done were not provided for audit review.

In addition, insurance premiums totalling Kshs.19,080,698 were not included in the list of pending bills as raised in paragraph 10.6 of this report.

As a result, the validity, completeness and accuracy of the pending bills totalling Kshs.2,316,635,468 as at 30 June, 2018, could not be confirmed.

Further, the existence of the large balance of pending bills indicated that Management entered into financial commitments for which no resources were available contrary to Regulation 50 of the Public Finance Management (County Government) Regulations, 2015. The Regulation provides that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer based on allocations and allotments from approved budgets.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Kiambu Management in accordance with ISSAI 130 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there were no key audit matters to report in the year under review.

**Other Matter**

**1.0 Budget Performance**

During the year under review, the final approved expenditure budget for Kiambu County Executive amounted to Kshs.18,210,499,347 comprised of Kshs.12,300,381,570 for recurrent vote and Kshs.5,910,117,773 for development vote. However, the County Executive incurred expenditures totalling Kshs.11,322,876,450 and Kshs.4,434,229,069 on recurrent and development votes respectively resulting in an aggregate under-expenditure of Kshs.2,453,393,827.

Management did not provide adequate explanation for the failure to utilize the whole of the approved budget. The under-expenditures may have constrained delivery of services and execution of development programmes promised to the residents of Kiambu County.

**2.0 Unresolved Prior Year Issues**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or explained its failure to report on the progress made in resolving them as required in the reporting format set by the Public Sector Accounting Standards Board.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that public resources have been applied lawfully and in an effective way.

### Basis for Conclusion

### 1.0 Irregular Over-Expenditure

The summary statement of appropriation-recurrent and development combined for the year ended 30 June, 2019 reflects actual expenditure totalling Kshs.5,222,636,114 incurred on transfers to other government entities and units against an approved budget of Kshs.4,836,237,996 resulting in over-expenditure of Kshs.386,398,118 equivalent to 8% of the budget.

However, Management has neither explained the reasons for the over-expenditure nor provided evidence of its approval by the County Assembly. Therefore, the payments totalling Kshs.386,398,118 were irregular.

### 2.0 Capital Transfers Charged to Recurrent Vote

Examination of recurrent expenditure vote book status report for the year under review revealed that expenditure on capital transfers and grants totalling Kshs.64,624,048 was charged to the recurrent vote instead of the development vote. No satisfactory explanation was provided for misallocation of the expenditure between the two votes.

### 3.0 Revenue Budget on County-Owned Generated Receipts

The County Government had budgeted to raise own-generated receipts totalling Kshs.2,991,249,071 from local sources during the year under review. However, the actual amount collected was Kshs.2,737,467,842 or 91% of the projected amount, resulting in a revenue shortfall of Kshs.253,781,229.

Management has not provided adequate explanation for the under-performance.

Under collection of revenue results in shortfall of funds for delivery of services and implementation of development projects.

### 4.0 Arrears of Revenue

A review of rates and rental revenue records in the electronic County Pro System indicated that the County had arrears of revenue totalling Kshs.2,149,479,892 in property rates and Kshs.174,458,294 in house rent as at 30 June, 2019. However, there was no indication of Management having taken effective action to recover the arrears. As a result, recoverability of the arrears of revenue is doubtful.

## 5.0 Compensation of Employees

### 5.1 High Wage Bill

The statement of receipts and payments for the year ended 30 June, 2019 reflects compensation of employees' expenditure totalling Kshs.7,423,797,191 equivalent to 46% of the revenue receipts totalling Kshs.16,223,679,069 received during the year.

The expenditure therefore, exceeds the threshold of 35% set in Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation prescribes that expenditure on wages and benefits for public officers in County Governments should not exceed 35% of total revenue.

Because of the high wage bill, a disproportionate ratio of budgeted funds were spent on staff salaries and emoluments. This may have constrained implementation of development projects and hindered delivery of public services in the County.

### 5.2 Payment of Salaries Using Manual Payrolls

Records availed for audit indicated that during the year under review, the County Executive had a total of 7,450 employees. Salaries for 6,111 of the employees were processed through the Government approved Integrated Payroll and Personnel Database (IPPD) while those for 1,294 were paid through manual payrolls. Payments made through manual payrolls are prone to error due to frequent adjustments to the payroll.

The audit further indicated that employment contracts for several staff expired during the year but the staff continued in office without new contracts. Therefore, retention of the employees in the payroll was irregular.

No explanation was provided by Management for these irregularities.

## 6.0 Communication Supplies and Services

### Procurement of Goods From Unqualified Suppliers

Disclosed under Note 12 to the financial statements are payments totalling Kshs.38,320,663 spent on purchase of communication supplies and services. The expenditure includes Kshs.7,040,661 spent on purchases from suppliers who had not been pre-qualified, contrary to Section 93(3) of Public Procurement and Asset Disposal Act, 2015. As a result, the award of the contracts to the three suppliers, and the expenditure totalling Kshs.7,040,661 incurred on the supplies was irregular.

## 7.0 Insurance Costs

### 7.1 Irregular Extension of Motor Vehicles Insurance Contract

Disclosed under Note 12 to the financial statements is the sum of Kshs.181,327,100 incurred on purchase of insurance policies during the year under review. The respective expenditure records indicated that the motor vehicles insurance contract was to cover the period ended 27 September, 2018.

However, Management extended the contract for a total of three months from 28 September to 27 October, 2018 and again from 27 October to 26 December, 2018. No explanation was provided on why the procurement process for a new contract was not started before the contract expired.

The extensions of the insurance contract were, therefore, irregular.

### 7.2 Failure to Procure General and Motor Vehicle Insurance Covers

Examination of motor vehicle records indicated that Management did not insure one hundred and forty of its motor vehicles and motor cycles. Besides, fifty-five motor vehicles and motor cycles had third party cover only and were therefore faced the risk of unrecoverable loss in the event of theft, fire or accidents.

Further, Management did not procure general insurance cover against fire, burglary, theft of cash, public liability and fidelity guarantee for the period 10 May, 2018 to 30 June, 2019. No explanation was provided for the failure to obtain the insurance covers. The omission exposed public assets and the general public to severe risk of loss.

## 8.0 Specialized Materials and Services

### 8.1 Over-Expenditure in Procurement of Uniforms for Drivers

Disclosed in Note 12 to the financial statements are payments totalling Kshs.346,700,760 incurred on purchase of specialized materials and services. The expenditure includes Kshs.564,000 paid to a vendor for supply and delivery of uniforms for drivers.

However, a report by the Internal Audit Unit indicated that the uniforms were procured at significantly higher prices than the recommended market prices resulting to an estimated over-expenditure of Kshs.235,810.

Management has not provided an explanation for the over-expenditure which may have resulted in uneconomic use of public funds.

### 8.2 Procurement of Medical Supplies from KEMSA

Records availed for audit indicated that specialized materials and services expenses totalling Kshs.346,700,760 incurred during the year under review included Kshs.55,636,626 spent on purchase of medical supplies from the Kenya Medical Supplies Agency (KEMSA). Although the respective goods received notes indicated that the Agency delivered the supplies to health facilities, the supplies were not inspected by a Verification Committee as public procurement regulations require.

As a result, the audit could not confirm whether the deliveries were made as contracted and whether value for money was obtained from the supplies.

## 9.0 Other Operating Expenses

### 9.1 Irregular Contract for Supply of Sports Uniforms

Disclosed under Note 12 to the financial statements are payments amounting to Kshs.240,538,131 spent on other operating expenses, out of which a sum of Kshs.51,074,880 was spent on purchase of sports uniforms for football, basketball and volleyball teams in the County. The procurement was done by open tender and two firms that placed bids amounting to Kshs.51,074,880 and Kshs.16,334,400 were adjudged as responsive.

After evaluation, the higher of the two bidders at Kshs.51,074,880 was awarded the contract after the lower bid at Kshs.16,334,400 was disqualified for 'bidding below the prevailing market price'. However, no market survey report was availed for audit to indicate how the assessment was arrived at.

The award of the tender to the higher bidder resulted in additional expenditure totalling Kshs.34,740,480.

In addition, stores records indicated that 120 pairs of uniforms received on 8 June, 2018 had not been distributed to the intended users at the time of the audit in December, 2019. No explanation was provided by Management for the anomaly.

As a result, the validity, propriety and value for money on the expenditure totalling Kshs.51,074,880 incurred on purchase of sports uniforms could not be confirmed.

### 9.2 Unsupported Kiambu Super Cup Expenditure

Included in the other operating expenses totalling to Kshs.240,538,131 spent during the year under review is Kshs.1,915,500 paid to an events management services company to manage the launch of Kiambu Super Cup, a football tournament sponsored by the County Government.

The firm was contracted to supply 100 executive caps, 100 branded t-shirts, 700 badges as well as tea and snacks, lunch and water for 700 people. However, records to support the payment, including the list of attendees, were not presented for audit review.

Consequently, the occurrence, validity and propriety of the expenditure totalling Kshs.1,915,500 could not be confirmed.

### 9.3 Irregular Contribution to Council of Governors

During the year under review, the County Government contributed Kshs.3,378,000 to defray expenses incurred by the Council of Governors. However, Section 37 of the Intergovernmental Relations Act provides that the expenses of the Council and other organs established by the Act shall be provided for in the budget of the National Government.

As a result, the contribution amounting to Kshs.3,378,000 made to the Council was irregular.

## 10.0 Routine Maintenance – Vehicles and Other Transport Equipment

### 10.1 Irregular Use of Standing Imprests

Disclosed under Note 12 to the financial statements are payments totalling Kshs.57,037,482 relating to routine maintenance – vehicles and other transport equipment. The expenditure includes payments totalling Kshs.2,779,939 made through imprests issued to three Officers for routine maintenance of vehicles.

However, the records availed for audit indicated that the Officers photocopied and used one warrant to account for several imprest payments. Further, the payments exceeded the low value procurement by cash threshold of Kshs.30,000 allowed under Section 107 of the Public Procurement and Asset Disposal Act, 2015.

As a result, the expenditure totalling to Kshs.2,779,939 was invalid and its propriety doubtful.

### 10.2 Award of Contracts to Related Companies

Examination of records on various goods and services procured by the County Executive during the year under review disclosed instances of related companies that bid for the same contracts. The companies had the same directors but were cast as distinct entities and allowed by Management to compete amongst themselves. For instance, confidential business questionnaires completed by company directors suggested that several companies awarded contracts totalling Kshs.4,004,973 were owned by the same directors and had the same employees:

In the circumstances, award of the contracts to the companies was against the principles of fair and open competition. As a result, the regularity, propriety and value for money on the expenditure totalling Kshs.14,342,583 incurred on the contracts awarded to the companies could not be confirmed.

### 10.3 Irregular Procurement of Motor Vehicle Maintenance Services and Spare Parts

In addition, routine maintenance – vehicles and other transport payments, totalling Kshs.57,037,482 incurred during the year included payments totaling Kshs.2,762,897 and Kshs.3,895,671 spent on purchase of spare parts and tyres and services respectively. However, the suppliers were appointed without competitive bidding contrary to Section 91 of the Public Procurement and Asset Disposal Act, 2015. Further, mechanical reports from the transport department on the defects identified on the vehicles were not presented for audit review.

Management, therefore breached the law and, in addition, tax payers may not have obtained value for money on the expenditures incurred on the items and services supplied.

### 11.0 High Commission Fees on Revenue Collection and Management Software System

Disclosed in Note 12 of the financial statements are payments totalling Kshs.117,917,226 spent on routine maintenance – other assets. The expenditure includes Kshs.52,422,921 paid to a software development company for provision of an electronic revenue collection and accounting system.

Available records indicated that the County Government signed a two-year contract with the company on 7 November, 2014. However, at the time of the audit in October, 2019 the company was still running the revenue collection system for the County Executive even though there was no evidence of the contract having been extended after expiry.

Further, included in the pending bills totalling Kshs.2,060,132,797 as at 30 June, 2019 was Kshs.86,962,560 owed to two software development companies, including the developer of the revenue collection and accounting system, and a local bank.

The fee rate of 7% appeared high in comparison to the rates commonly charged for such services which in most cases does not exceed 3%. In addition, records on the performance of the system during the year under review, if any, were not availed for audit.

In view of the foregoing, the validity, value for money and effectiveness of the revenue collection software could not be confirmed.

## 12.0 Irregularities in Use of Donor Project Funds

Disclosed in Note 1C to the financial statements are receipts totaling Kshs.2,358,112,475 received from several development partners for use in various programmes. However, examination of records on expenditure incurred from the funds revealed several improprieties and other anomalies including irregular procurement including absence of competitive bidding, improper accounting for expenditures and moveable assets as described in appendix 1. In view of the anomalies, it was not possible to confirm that the contracts awarded were lawful and that value for money was obtained from the respective works.

## 13.0 Construction of Buildings

The County Executive undertook several building projects including construction of offices, markets as well as medical and educational facilities during the year under review. Examination of records on the projects indicated that there were protracted delays in their completion and unapproved variation of works, among other anomalies described in appendix II to this report.

In view of the delays and other issues, the residents did not obtain services that the projects were expected to provide.

## 14.0 Refurbishment of Buildings

Examination of records on funds spent on refurbishment of buildings revealed numerous anomalies including unauthorized variation of works, stalled and delayed in works and failure to execute works as provided for in the Bills of Quantities (BQs) as highlighted in the Appendix III.

In view of the unsatisfactory execution of the works, it was not possible to confirm that value for money was obtained from the funds spent on the projects.

## 15.0 Construction of Roads

Records on road projects implemented during the year under review indicated several unsatisfactory issues including irregular award of contracts, execution of projects for which no funds had been provided for in the budget, or which are mandated to National Government, among other issues highlighted in Appendix IV.

In addition to the irregular actions, value for money may not have been obtained on the road construction works that were not procured fairly and competitively.

## 16.0 Requests for Quotations Given to Related Companies

Disclosed in Note 17 to the financial statements under acquisition of assets are payments totalling Kshs.358,639,384 for construction of civil works.

Among these are expenditures totalling Kshs.31,946,915 spent on street lighting projects awarded to various contractors. However, out of the three Requests for Quotations received from three companies, two of the companies appeared to be related since they shared directors and addresses. Therefore, contrary to Section 70 of the Public Procurement and Asset Disposal Act, 2015, the contracts were not processed and awarded in a fair and competitive way.

As a result, the validity and propriety of the contracts and value for money on the expenditures totalling Kshs.31,946,915 incurred on the projects during the year under review could not be confirmed.

### 17.0 Unutilized Boreholes

The expenditure records further indicated that payments totalling Kshs.15,047,336 were made for five boreholes built during the year under review. However, physical inspection carried out in November, 2019 indicated that none of the boreholes was put to use since water pumps, or electric power to run the pumps, were not installed.

As a result, the boreholes did not provide any utility to their intended beneficiaries and no value was obtained on public funds totalling Kshs.15,047,336 spent on their construction.

### 18.0 Purchase of ICT Equipment

#### 18.1 Unconfirmed Grant of Oil Press and Oil Filter Press Machines to a Non-Public Institution

A sum of Kshs.26,172,994 was spent on purchase of various equipment out which Kshs.1,824,000 was paid to a contractor for supply of two (2) oil press machines and two (2) oil filter presses. The equipment was intended for use in value addition to promote the sunflower value chain. However, the equipment purchased for Juja Sub-County was reportedly put under the custody of a local organization involved in sunflower seed production, milling, sourcing of sunflower seeds and marketing. No records were availed to confirm that valid authority was granted for issue of the machine to the private entity. Consequently, the validity of the grant and ownership of the equipment by the County Executive could not be confirmed.

Similarly, records on the equipment purchased for Kikuyu Sub-County were not availed for audit review and as result, it was not possible to confirm whether they were put to the intended use.

#### 18.2 Unrecorded and Unused Electric Generator Procured for Kikuyu Sub-County Office

Expenditure records indicated that a sum of Kshs.1,998,000 was spent on purchase of a Three-Phase 50HZKVA electric generator for Kikuyu and Kabete Sub-Counties. However, there were anomalies in the purchase including doubtful validity of tender documents completed by bidders, uncertified tender opening records and missing tender evaluation minutes.

Further, although the generator was delivered and inspected on 30 June, 2018, it was thereafter placed outside the Sub-County offices but not put to use.

As it were, no value was received by the residents of Kikuyu Sub-County from the expenditure totalling Kshs.1,998,000 spent on purchase of the generator.

### 19.0 Verification of Pending Bills

Audit verification of the pending bills balance totalling Kshs.2,316,638,468 reflected under other disclosures to the financial statements indicated that some of the balances included therein were irregular expenditures as explained below:

### 19.1 Award of Contract for Supply of Milk Coolers to Highest Bidder

The pending bills include Kshs.3,229,600 due to a supplier contracted in June, 2016 to supply, install, test and commission three milk coolers with a capacities of 10,000 litres, 5,000 litres and 2,000 litres for Gathaithi, Kanjai and Bibirioni Centres, respectively.

However, the contract was awarded to the highest bidder at a price of Kshs.16,148,000 instead of the lowest whose bid amounted to Kshs.10,389,350. No explanation was provided by Management for the anomaly. As a result, the opportunity to save public funds totalling Kshs.5,757,650, being the difference between the highest and lowest bid prices, was lost.

### 19.2 Anomalies in Pending Bills

Examination of records on the pending accounts payables balance totalling Kshs.1,920,964 as at 30 June, 2019 disclosed in Note 1- other important disclosures - indicated several anomalies that raised doubt on the regularity of the respective bills:

#### (i) Irregular Appointment of an Unqualified Borehole Contractor

The pending accounts payables include Kshs.3,579,422 due to a contractor for drilling a 350-metre-deep borehole at Gitaru in Kabete Ward. However, it was not explained how the company was identified given that it was not among the prequalified contractors for the service. The appointment therefore contravened Section 95(3) of the Public Procurement and Asset Disposal Act, 2015.

#### (ii) Appointment of an Unqualified Borehole Contractor

The pending bills balance includes a sum of Kshs.3,276,176 shown as payable to a contractor for drilling a 350-metre-deep borehole at Ondiri, in Kikuyu Sub-County.
The contract was awarded to the lowest bidder at a contract price of Kshs.3,276,176. The bill was supported by Delivery Note No. 265 dated 28 June, 2018, Invoice No. 317 also dated 28 June, 2018 and an Inspection Report dated 21 June, 2018. It is not clear how the works were inspected before they were delivered, as indicated in the dates of the Delivery Note and Inspection Report.

In addition, two of the contractors who participated in the tender were not among the contractors for borehole drilling services pre-qualified by Management. Their inclusion in the tender was therefore contrary to Section 95(3) of the Public Procurement and Asset Disposal Act, 2015.

As a result of these anomalies, the validity and value for money on the pending bills amounting to Kshs.3,276,176 reportedly incurred on drilling a borehole at Ondiri, Kikuyu Sub-county, could not be confirmed.

#### (iii) Failure to Award Tender for construction of Lari Level 4 Hospital to the Lowest Bidder

The pending bills balance includes Kshs.16,632,855 payable to a contractor in respect hired to build a patients' Ward at Lari Level 4 Hospital. Ten bids were received and opened on 17 April, 2015.

However, the tender was awarded to the fifth lowest bidder at a contract sum of Kshs.192,598,773, instead of the lowest bidder who quoted Kshs.178,049,485. No reason was provided by Management for the decision which may have resulted in wasteful expenditure totalling Kshs.14,549,288.

### (iv) Undisclosed Procurement Process for Legal Services

The pending bills balance includes a sum of Kshs.15,000,000 payable to a legal firm being part of the legal fees totalling Kshs.55,905,135 for legal services provided in respect of acquisition of Waruhiu Farm by the County Government.

However, documents indicating how the firm was identified and contracted were not availed for audit review. Consequently, the regularity and value for money on the legal fees payments totalling Kshs.15,000,000 and by extension, the total legal fees bill amounting to Kshs.55,905,135, could not be confirmed.

### (v) Irregular Use of Restricted Procurement Method

The pending bills balance includes Kshs.10,762,488 due to a contractor, being the fourth and final payment in respect of a contract for construction of a perimeter fence and landscaping at the County Executive's offices at Red Nova. The contract price was valued at Kshs.19,759,470 and arose from a restricted tender advertised in March, 2017 and won by the lowest bidder.

However, no explanation was provided for the use of restricted tendering contrary to Section 91(3) of the Public Procurement and Asset Disposal Act, 2015. The law provides that open tendering, that allows participation of all interested persons or entities, should be the preferred method of procurement. An alternative method should only be used when certain conditions are met as provided for in Section 102 of the Act.

Consequently, the regularity and value for money on the pending bills amounting of Kshs.10,762,488 incurred on the contract, could not be confirmed.

### (vi) Irregular Allowances Under Kenya Urban Support Programme (KUSP)

In addition, the pending bills balance includes a sum of Kshs.8,264,400 in respect of per diem and other allowances for Members of the County Assembly (MCAs) and some County Government officers during trips made to Naivasha and Mombasa.
However, the following anomalies were noted in regard to the payments:

a) Management did not explain why the expenditure was charged to the Kenya Urban Support Programme (KUSP), a donor funded programme, resulting in the donor rejecting it as ineligible for the project.

b) Payments totalling Kshs.2,373,800 for the retreat in Mombasa were not supported with an attendance register. As a result, the payees' attendance at the event could not be confirmed.

c) Management did not explain why the County Government would organize trips for a large contingent of more than 200 delegates to far places such as Naivasha

and Mombasa instead of holding the meetings in venues located in the County which was more cost effective.

d) Expenditure totalling Kshs.2,266,400 was supported with six attendance registers for various dates and venues. Five of the registers were for meetings held at two hotels in Naivasha with 191 persons in attendance while the sixth register was for a meeting attended by 16 people at the Governor's Boardroom. No explanation was provided by Management on why the 16 persons meeting in the Governor's Boardroom at the County Executive's offices in Kiambu Town were also paid per diem and other allowances

In view of the foregoing, the validity of the outstanding bills totalling Kshs.8,264,400 could not be confirmed.

**(vii) Pending Bills on Other Irregular Contracts**

During the year under review, the County Government awarded several contracts. The award winners in all the instances were the lowest bidders and their bids just fell short of Kshs.4,000,000 in every instance. The contracts were awarded to twenty three (23) companies and were in aggregate valued at Kshs.91,790,884.

According to the threshold matrix under Legal Notice 106 of the Public Procurement and Disposal (Amendment) Regulations, 2013:

(i) Any bid for amounts below Kshs.4,000,000 should be subjected to Request for Quotations.

(ii) Any bid for amounts between Kshs.4,000,000 up to Kshs.6,000,000 should be subjected to restricted method of procurement.

(iii) Any bid for amounts ranging from Kshs.6,000,000 and above should be subjected to national open tender.

For each item, three quotations were issued and the same number of bidders responded which suggested that the procurement was designed in a manner to avoid use of open tender.

However, in all the instances, bids made by two bidders were adjudged not responsive because they exceeded the legal threshold of Kshs.4,000,000 for Request for Quotations Method of procurement. The lowest bidder having quoted slightly below the threshold was therefore awarded the respective contract.

Consequently, since the lowest bidder would not compete against itself, the procurement process was not competitive as envisaged by the law. Further, the propriety of the contracts was doubtful.

**20.0 Irregular Imprests**

The statement of assets and liabilities reflects accounts receivables - outstanding imprests balance amounting to Kshs.43,141,833 that ought to have been surrendered by 30 June, 2019. No explanation has been provided for failure to have the imprests surrendered or accounted for as required by Section 152(3) of the Public Finance Management Act, 2012.

Further, a review of imprest records revealed that, contrary to the provisions of Regulation 93(4) of the Public Finance Management (County Governments) Regulations, 2015, in several instances, officers were issued with additional imprests before they surrendered or accounted for previous amounts.

### 21.0 Undisclosed Allowances and Irregular Procurement of Travel Services

Other records indicated that a sum of Kshs.3,403,678 was spent on air tickets for the Governor and three Officers who travelled to the Republic of China from 21 to 30 December, 2018. The trip was designated as a benchmarking mission on water, environment and natural resources management.

The travel expenditure records further indicted that an air travel services provider was paid a sum of Kshs.1,098,985 to buy air tickets for various officers for travel to Dubai, Johannesburg and Abuja during the year under review.

In both instances the firms, appointed to provide air-tickets were not among those that Management had prequalified to provide the services during the year under review. In addition, allowances paid to the Officers as well as other supporting documents including invitation letters, approvals for the journeys, copies of passports and boarding passes were not provided for audit review. Further, reports and programmes of action emanating from the trips were not availed for audit.

Consequently, the validity and value for money on the expenditure incurred on purchase of air-tickets and travel allowances during the trips could not be confirmed.

### 22.0 Failure to Collect Revenue

Examination for revenue collection activities revealed several flaws that had resulted in failure to collect various revenues due:

#### (i) Failure to Apply Approved Rates

Data extracted from the electronic revenue management system revealed a total of eight hundred and twenty-six entries with nil revenue collection, even though the respective revenue rates were prescribed in the County Finance Act, 2018. Had the revenue collectors applied the approved rates, the County would have collected Kshs.415,000 instead of the nil receipts recorded.

Details on the transactions and the respective approved rates and charges as provided for in the Kiambu County Finance Act, 2018 are shown in the table below:

| Category/Item | Number of Entries | Amount Due as per Kiambu County Finance Act (Kshs.) |
|---|---|---|
| Periodic Services | 2 | 1,900 |
| Licensing | 1 | 500 |
| Medical Certificate | 62 | 500 |
| Public Health Certificate | 759 | 500 |
| Tuk-tuk Per Month | 2 | 200 |

In addition, the records indicated that no revenue was collected during the year in Kiambaa, Gatundu South, Githunguri and Kikuyu Sub-Counties whereas only Kshs.100 was collected in Gatundu North. Similarly, no revenue was collected on the betting control item.

The failure to apply the applicable rates may have caused loss of uncollected revenues.

**(ii) Ratable Properties with no Ground Rent or Land Rates**

Analysis of data maintained in the County Pro System revealed that the County had 2,577 ratable properties that were charged ground rent or land rates during the year under review. No explanation was provided by Management for the omission.

In view of insufficient records, it was not possible to confirm the amount of uncollected revenue due from the properties.

**(iii) Insufficient Records on Properties**

Examination of property records maintained under the County Pro System, revealed that 96,983 properties lacked information on their respective sizes (acreage), 5,573 properties had no plot numbers, and reference block numbers for 4,941 properties were missing.

In the absence of relevant parameters, the County Government lacked objective criteria to apply in charging annual ground rent and land rates. The omission may have resulted in under-collection of revenue. `

## 23.0 Irregular Use of Imprest

Examination of imprest records indicated that imprests were not always expended or accounted for with due regard to regulations, as explained in the following instances:

### 23.1 Imprest Issued to Pay for Data Collection

An imprest totalling Kshs.1,302,000 was issued to an officer to pay for Kiandutu Resettlement Cluster Programme data collection activities carried out in March and April 2019. However, a detailed program and schedule for the data collection activities was not availed for audit review. Payments totalling Kshs.505,500 were made to persons not included in the approved activity budget, and a sum Kshs.589,000 was paid to Custer Committee members without explanation.

In view of these anomalies, the validity and propriety of the expenditure totalling Kshs.1,522,000 reported to have been incurred on the resettlement program has not been confirmed.

### 23.2 Failure to Keep Proper Records on Imprests Used at for Nachu Settlement Scheme

A sum of Kshs.1,700,000 was issued to an officer to fund public participation activities for Nachu Settlement Scheme and verify land owners affected by the Standard Gauge Railway (SGR) line at Nachu, Ndeiya and Karai areas. However, the following anomalies were noted in respect to the expenditure:

(i) Reports on the two activities and signed attendance lists were not presented for audit review.

(ii) Out of the imprests totalling Kshs.1,700,000 issued, Kshs.709,600 was not accounted for with receipts, invoices or signed lists of the payees.

(iii) The tents and the public address system used during the activities were hired through direct procurement at a cost of Kshs.380,000.No explanation was provided by Management for failure to issue Requests for Quotations to ensure competitive pricing for the supplies.

(iv) Officers from the National Land Commission were reportedly paid allowances totalling Kshs.52,000 but no records were made available to confirm the payment.

In view of these anomalies, the validity and propriety of the expenditure could not be confirmed.

### 23.3 Irregular Imprests

Records availed for audit indicated that an imprest amounting to Kshs.1,152,000 was issued to an Officer to facilitate Land Rates Open Days in various sub-counties in February, 2018. However, review of the respective expenditure records revealed the following anomalies:

(i) The Officers who carried out the exercise were each paid allowances ranging between Kshs.2,000 or Kshs.5,000 per day which amounted to Kshs.312,000 in aggregate. However, the rates applied were arbitrary and were not based on recommendations issued by the Salaries and Remuneration Commission.

(ii) Three officers from the Department of Lands who were paid allowances for attending the Open Days held from 4 to 19 February, 2019 were, in addition, paid night out allowances for six days from 12 to 17 February, 2019 for attending a concurrent retreat on the Affordable Housing Project. The anomaly resulted in unexplained payments totalling Kshs.350,600 .

(iii) A sum of Kshs.661,200 was spent on purchase of tents and chairs supplied by a vendor who was not prequalified to supply the items. Further, an over-payment of Kshs.59,500 was incurred on hire of tents and chairs.

In view of these anomalies, the propriety and validity of payments totalling Kshs.1,152,000 incurred through imprests issued to the Officers could not be confirmed.

## 24.0 Rentals of Produced Assets

Included in the expenditure for use of goods and services totalling Kshs.1,813,717,265 and as disclosed in Note 12 to the financial statements, is a sum of Kshs.9,359,023 incurred on rentals of produced assets, which include rent paid in relation to leased offices in Kikuyu Town. However, a review of expenditure records revealed the following anomalies:

### 24.1 Unconfirmed Validity of Rental Expenditure at Kikuyu

A sum of Kshs.1,052,000 was spent during the year under review on a tenancy contract for lease of offices for Kikuyu Sub-County Deputy Commissioner pending construction of a new office. However, procurement records for the lease were not provided for audit review. As a result, the validity and propriety of the expenditure totalling Kshs.1,052,000 spent on the rental contract could not be confirmed.

### 24.2 Over-Expenditure on Rental Space at Jooi Centre

During the year under review, Management entered into an agreement with a landlord for lease of office space at Jooi Centre in Kikuyu Town for a period of one year from 5 March, 2018. The monthly rent payable was Kshs.65,000. The records indicated that the lease was extended for a further one year up to 6 March, 2020. However, the expenditure in respect of the lease included payment of an additional Kshs.10,000 to the landlord each month. No explanation was provided in the contract for the additional expenditure. The overpayment resulted in loss of public funds totalling to Kshs.240,000 over the two-year contract period.

### 25.0 Grounded Motor Vehicles

Records availed for audit indicated that a total of 101 vehicles owned by the County Government had been grounded for periods ranging from three months to over one year at various garages. One of the grounded motorcycles was an ambulance, registration number 22CG 304A, allocated to Gachororo Health Centre, in Juja Sub-County. It was grounded in June, 2019 after its ignition keys were repossessed by the Company that supplied it. No explanation was provided by Management for the seizure of the keys by the Company.

The grounded vehicles did not provide any service to the residents of the County for the periods they were not in use. Further, there was risk that their values would reduce steeply due to the adverse storage conditions they were kept under.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and governance were not effective.

### Basis for Conclusion

### 1.0 Lack of Risk Management Policy

The County Government did not have a documented risk management policy and strategy during the year under review. Therefore, the risks faced by the County Executive were not identified or addressed in an objective and sustainable way. As a result, Management was not well prepared to mitigate against events that could have unfavorable impacts on the County Executive.

## 2.0 Poor Filing and Unsafe Custody of Payment Vouchers

Control and custody of payment vouchers at the County Treasury was inadequate as some of the vouchers were kept by respective departments and were not filed in an orderly way.

As a result, the risk of loss of important financial information was high.

## 3.0 Internal Control Weaknesses in County Revenue Management System

### 3.1 Inadequate Segregation of Duties and Responsibilities

Audit review of internal controls for the County ZIZI and County Pro revenue management systems revealed the following weaknesses and exceptions:

(i) Void transactions totalling Kshs.431,018 were requested and approved by one user in the ZIZI system.

(ii) Similarly, records in respect of the County Pro system contained credit and debit in database adjustment transactions totalling Kshs.42,504,849 and Kshs.7,179,722, respectively which were updated and approved by the same user.

Without proper allocation of use-rights, transactions in the system may be edited or new ones entered which could result in irregular transactions and loss of revenue.

In view of these anomalies, the integrity of the data and information in the revenue management system may have been compromised.

### 3.2 Abuse of User Rights - Unauthorized Changes in the Payroll

A review of data extracted from the County Payroll revealed that eighty-three officers made changes in the electronic payroll even though they were not authorized to edit the system.

Further, forty-five accounts were edited outside of office hours without approval of the Head of the ICT department. In view of these anomalies, the system's security and data integrity may have been compromised and may therefore, not be reliable.

Management was yet to implement sufficient internal controls to ensure the integrity of system information, among other standards required in Chapter 15, Section (4) of the National Information and Communications Technology (ICT) Policy.

No explanation was provided by Management for these irregular acts that put the County Executive's data and resources at risk of corruption and loss.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## 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, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of the County Executive to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Executive or cease operations.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed 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.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems 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. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the County Executive to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

**Nancy Gathungu**
**AUDITOR-GENERAL**

**Nairobi**

**10 May, 2021**

## APPENDICES

## Appendix I - Kenya Urban Support Programme

| | Audit Finding | Description |
|---|---|---|
| 1. | **Irregular Accounting for Movable Idle Assets** | Disclosed in Note 17 to the financial statements under acquisition of assets are payments totalling Kshs.358,639,384 spent on construction and civil works. The balance includes Kshs.51,900,000 spent on purchase of six backhoe tractors for use in Karuri, Kiambu, Kikuyu, Thika, Ruiru and Limuru Municipalities. The tender was awarded to a vendor at a contract sum of Kshs.51,900,000.<br><br>However, the tender documents indicated that the firm was awarded all marks due at the technical evaluation stage of the tendering process despite not having submitted bank statements required in the terms and conditions of the tender. In addition, some of the firm's documents required for the bid, such as certificate of incorporation, tax compliance certificate and Pin Certificate were not certified and as a result, their validity could not be confirmed.<br><br>In addition, the expenditure totalling Kshs.51,900,000 was erroneously charged to construction and civil works instead of purchase of specialized plant, equipment and machinery. Further, the backhoes were not registered with the authorities as the property of the County Government of Kiambu.<br><br>Management, therefore, breached the law in procuring and accounting for the moveable assets. In addition, the true and fair view of the financial statements is distorted as the purchases were charged to an incorrect account. Further, ownership and custody of the machinery could not be confirmed as the assets were not registered as the property of the County Government upon delivery |
| 2. | **Anomalies in Procurement of Kiambaa Road Contract** | Included in the expenditure totalling Kshs.358,639,384 spent on construction and civil works during the year under review is Kshs.5,178,905 paid to a firm to upgrade one (1) kilometer of Kiambaa Road in Limuru Municipality to bitumen standards. The records availed for audit indicated that the contract was valued at Kshs.51,789,044. One of the mandatory requirements for award of the tender was submission of certified and stamped documents during the tendering process. However, documents serialized from Nos.585 to 603 in the Bills of Quantities (BQs) submitted by the winning bidder were not stamped.<br><br>In the absence of certified tender documents, it was not possible to confirm that the tender was awarded fairly and competitively as required under Section 70 (3) of the Public Procurement and Asset Disposal Act, 2015. |

| | Audit Finding | Description |
|---|---|---|
| 3. | **Upgrading of Kanjiku – King'othua Road to Bitumen Standards** | Other records indicated that Kshs.11,322,799 was paid to a firm for the proposed upgrading of the three(3km) Kanjiku – King'othua Road (Karuri Municipality) to bitumen standards. The tender was awarded at a contact sum of Kshs.113,227,999.<br><br>Among the conditions set for the tender was that all bidding documents be certified by a Commissioner of Oaths. However, some of the documents (Serial Nos.260 – 580) attached to the winning bid were not certified as required under the contract terms. No explanation was provided for failure to adhere to the contract terms.<br><br>In view of the omission, the validity of the winning bid could not be confirmed. |
| 4. | **Proposed Construction of Two-Storey Fire Station in Karuri Municipality** | A sum Kshs.12,600,431 was paid to a contractor as a first payment for the proposed construction of a fire station in Karuri under a tender awarded at a contract sum of Kshs.63,430,800.<br><br>However, examination of the tender documents revealed that the bid documents submitted by the firm were not serialized and paginated as required. In addition, although the conditions of the tender required all documents to be certified by a commissioner of oaths, the winning bidder's documents were not certified. These included the tender form from pages 1 to 30 and the motor vehicle log book. As a result, the validity of the bid placed by the tender winner could not be confirmed. |
| 5. | **Proposed Upgrading of Mugo Kibiru Road-Thika Municipality** | Records examined indicated that Kshs.13,810,005 was paid to a firm for the proposed upgrading of the two-kilometer Mugo Kibiru Road in Thika Municipality to bitumen standard. The firm was awarded the contract having bid the lowest price at Kshs.79,508,333.<br><br>However, the bid bond submitted by the bidder was issued by a local bank in favor of a different firm. No explanation was provided by Management for the anomaly.<br><br>Further, contrary to the requirements set for the bid, the certificate (CR 12) on ownership of the company was issued by the Registrar of Companies was more than six months old therefore out of date at the time of the bid. In addition, although there was a requirement that all documents be certified by a Commissioner of Oaths, only professional and other certificates on the firm's owners and employees were certified. Therefore, Management should have disqualified the bid.<br><br>In view of these anomalies, the regularity of the expenditures could not be confirmed. |
| 6. | **Proposed Ruiru Town Street Improvement Project** | Other records examined indicated that a sum of Kshs.10,085,197 was paid to a firm for landscaping, beautification and provision of street furniture at selected sites in Ruiru Municipality. The firm was awarded the tender at a contract sum of Kshs.25,952,230. However, review of the tender documents revealed that only one officer processed and evaluated the bids contrary to Section 78(1) of the Public Procurement and Assets Disposal Act, 2015 that requires Accounting Officers to appoint a Tender Committee with at least three members.<br><br>Management therefore breached the law in processing the bids and the award was therefore irregular. |

| | Audit Finding | Description |
|---|---|---|
| 7. | **Proposed Upgrading of Wambaa-Wamakima Road to Bitumen Standards** | Included in the expenditure totalling Kshs.358,639,384 spent on construction and civil works was a sum of Kshs.14,080,832 paid to a contractor for upgrading of Wambaa-Wamakima Road to bitumen standards. The contract was awarded at a sum of Kshs.140,808,323 whereas the approved budget for the works amounted to Kshs.120,000,000 resulting in a funding deficit of Kshs.20,808,323. As a result, the award contravened Regulation 50(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires expenditure commitments for goods and services to be limited to allocations and allotments from approved budgets.<br><br>As result of these shortcomings, the regularity and value for money for the cited expenditures incurred under the Kenya Devolution Support Program could not be confirmed. |

## Appendix II - Construction of Buildings

| | Audit Finding | Description |
|---|---|---|
| 1. | **Delayed Completion of Juja Sub-County Offices** | Expenditure records indicated that payments totalling Kshs.250,511,251 were made during the year for construction of buildings, out of which Kshs.25,355,888 was spent on Juja Sub-County offices. The tender was awarded to a contractor on 16 June, 2015 at Kshs.49,459,500 and the works set for completion in forty calendar weeks to March, 2015.<br><br>However, an audit inspection carried out on 1 October, 2019 confirmed that the works had not been completed. This was 220 weeks, or four years and three months, after the contract was signed. In addition, the contractor was not on site and the works appeared to have stalled.<br><br>In addition, the audit revealed following unsatisfactory matters:<br><br>(i) The scope of the works was varied to include construction of one additional floor and as a result, the costs rose by 34% of the original contract amount. The variation was irregular since Section 139(6) of the Public Procurement and Asset Disposal Act, 2015, limits such contract variations to 25% of the original cost, unless tendered for separately.<br><br>(ii) The approval and the Bills of Quantities(BQs) for the additional works were not availed for audit review.<br><br>(iii) Only the ground floor had been completed and occupied at the time of the audit. Several works, including, ramps and staircases for the first and second floors were still pending.<br><br>No adequate explanation was provided by Management for the delay in completion of the project and the change in the scope of the works. As a result of the delay, the residents of Juja Sub-County have not received the services the building was intended to provide. |
| 2. | **Delayed Completion of a Three-Storey Medical Ward Block at Tigoni Sub-County Hospital** | Expenditure records also indicated that payments totalling Kshs.18,729,694 were made to a contractor hired to build a three-storey Medical Ward Block at Tigoni Sub-County Hospital. The tender was awarded to the contractor on 15 May, 2015 at Kshs.160,740,400.<br><br>The contract agreement dated 15 June, 2015 had provided that the works were to start immediately and be completed in one hundred and four (104) calendar weeks to 15 June, 2017. However, audit verification of the project in October, 2019, indicated that the building was 85% complete. This was way behind schedule since 224 weeks, or 215% of the contract period, had lapsed.<br><br>Further, the following unsatisfactory matters were noted in relation to execution of the works:<br><br>(i) The ward built had four instead of the three floors contracted for. However, no evidence was availed for audit to confirm whether a competent authority had approved variations in the scope of works. Further, the Bills of Quantities(BQs) for the additional works were not availed for audit.<br><br>(ii) Fittings, finishes, staircases, ramps and lifts were yet to be done. |

| | Audit Finding | Description |
|---|---|---|
| | | (iii) No evidence was availed for audit to confirm whether a competent authority had approved variations in the scope of works. Further, the Bills of Quantities for the additional works were not availed for audit.<br><br>(iv) The nature of works paid and outstanding was not disclosed by Management.<br><br>(v) At the time of the audit inspection, the contractor had abandoned the project site reportedly due to unpaid works certificates totalling Kshs.22,191,880.<br><br>Management did not provide adequate reasons for the failure to complete the project in due time. As a result of the delay, no value for money has been obtained from public funds totalling Kshs.18,729,694 spent on the project. |
| 3. | **Delayed Completion of a Four-Storey Medical Ward Block at Lari Sub-County Hospital** | Expenditure records examined indicated that a sum of Kshs.5,155,137 was, paid to a contractor hired to build a four-storey Medical Ward Block at Lari Sub-County Hospital during the year under review.The payment was in addition to Kshs.44,480,635 paid in 2017/2018 and prior years and therefore aggregate expenditure on the contract as at 30 June, 2019 amounted to Kshs.49,635,772.<br><br>The firm was awarded the contract on 15 May, 2015 at a sum of Kshs.192,598,773 and the works were due for completion after 104 calendar weeks from 15 June, 2015. However, as at 3 October , 2019, more than two years after the lapse of the contract period, the project had not been completed and further, the contractor had abandoned the site. No evidence was provided by Management to confirm that the contract period had been extended.<br><br>Further, audit verification of the works confirmed that the contractor had erected a three-storey building instead of the four-storey one contracted for. Roofing, ramps, staircases railing works, windows, doors, electrical works, floor finishes and mechanical works such as fitting of lifts and several other works were incomplete. In addition, some of the column beams appeared to be sagging, which suggested that the works were not executed well.<br><br>No plausible explanation was provided by Management for the delay in completing the project and the unsatisfactory quality of the work done. Consequently, the residents of Lari Sub-County have not obtained any value from the sum of Kshs.9,635,772 spent on the project. |
| 4. | **Construction of Two-Wing Block at Bibirioni Level- 4 Hospital** | Records availed for audit indicated that Management paid Kshs.68,831,788 in respect to construction of a building at Bibirioni Level - 4 Hospital. The contract was awarded on March 22, 2018 at a contract sum of Kshs.285,999,964 for a contract period of 102 weeks to March 2020.<br><br>Audit verification of the works in October, 2019 indicated that the construction of the two-wing hospital building was in progress. The main structure had been done up to the second floor on one wing and up to the first floor on the other. The original works were varied after an additional basement floor, which was not in the original plan was built. In addition, relevant approvals, including tender documents, bills of quantities and cost estimates for the basement were not availed for audit review.<br><br>Further, the variation was executed in the first twelve months from the date the contract was signed contrary to Section 139(4) of the Public Procurement and Asset Disposal Act, 2015, which provides that any variation of a contract shall only be considered after twelve months from the date the original contract was signed. |

| | Audit Finding | Description |
|---|---|---|
| | | Records examined indicated that 40% of the works had been done. However, no explanation was provided for the additional scope of works. Further, the contractor had, on August 02, 2019, issued a 28-day notice of suspension of the works and thereafter slowed down the pace of work citing unpaid certified works valued at Kshs.42,328,249.26. In view of this situation, it is likely that the completion of the project will be delayed further.<br><br>As a result, of the foregoing, the regularity and value for money on the expenditure totalling Kshs.68,831,788.40 incurred on the project as at 30 June, 2019 has not been confirmed. |
| **5.** | **Proposed Construction of a Hospital Block at Githunguri Level-4 Hospital** | A sum of Kshs.71,429,027 was spent on an ongoing construction of a building at Githunguri Level 4 Hospital. The contract was awarded to the contractor on 22 March, 2018 at Kshs.676,000,000 for execution in 102 weeks to March, 2020.<br><br>Audit inspection of the project in October, 2019 indicated that the works were in progress and the main building had been put up to five floors. However, the contractor had scaled down the pace of work citing delayed payment of work certificates. Out of nine (9) works certificates valued at Kshs.185,873,270.55 raised by the contractor, Kshs.177,120,734 had been settled, including Kshs.71,429,027 paid during the year under review. Therefore, only Kshs.8,752,536 remained unpaid.<br><br>The contractor had charged Kshs.1,716,139 being interest on delayed payments for Certificate No. 9. The interest charges could have been avoided had the certificates been paid when it fell due. |
| **6.** | **Delayed Completion of Twin ECDE Classroom at Kimangu** | Included in the expenditure totalling Kshs.250,511,251 incurred on construction of buildings is a sum of Kshs.1,534,150 paid to a contractor to build an Early Childhood Development Education (ECDE) classroom at Kamangu. The contract was valued at Kshs.3,844,550 and was awarded on 25 April, 2018.<br><br>Records availed for audit indicated that the contract period lapsed in April, 2019. However, an audit inspection carried out in October, 2019 noted that the framework of the twin classroom building had been built up to lintel level while roofing and finishing works were yet to start. The contractor had abandoned the site despite having been paid Kshs.1,534,150 for the first works certificate.<br><br>Consequently, no value for money was obtained on the sum of Kshs.1,534,150 spent on the project. |
| **7.** | **Delayed Completion of Two ECDE Classrooms and Ablution Block at Utugi ECDE Centre** | Records availed for audit indicated that a sum of Kshs.2,630,630 was paid for construction of two ECDE classrooms and an ablution block at Utugi ECDE Centre. The tender was awarded to the contractor on 10 June, 2016 at a contract sum of Kshs.3,670,845.<br><br>The works were scheduled for completion in eight weeks. However, an audit inspection carried out on in October, 2019, about three years after the lapse of the contract period revealed that the two classrooms and an ablution block were done up to roofing level only. Painting works, fitting of window panes, ceiling finishes, floor finishes, electrical works and gutters for the buildings were not done and the contractor was not on site.<br><br>Consequently, value for money on the expenditure amounting to Kshs.2,630,630 spent on the project during the year could not be confirmed. |

| | Audit Finding | Description |
|---|---|---|
| 8. | **Additional Project Costs** | The County Government entered into various contracts for construction of markets and buildings as indicated in the schedule below. However, examination of the respective expenditure records revealed that the costs of the contracts' increased significantly after the construction work began. The increase in costs resulted from changes in scope of works, delayed processing and approval of certificates and penalties charged by contractors. |

| Contract Details | Original Contract Sum (Kshs.) | Total Payments (Kshs.) | Additional Costs (Kshs. | Percentage Increase % |
|---|---|---|---|---|
| Construction of Kamwangi Market Phase 1 | 28,157,525 | 33,696,745 | 5,539,220 | 20 |
| Construction of Limuru Hawkers Market | 14,328,296 | 17,893,735 | 3,565,439 | 25 |
| Construction of Investor Enabling Centre | 6,926,600 | 8,657,503 | 1,730,903 | 25 |
| **Total** | 49,412,421 | 60,247,983 | **10,835,562** | |

However, contrary to Section 139 (1) of the Public Procurement and Disposal Act 2015, approvals for the changes were not obtained from the Tender Award Committee. Further, there were no records indicating that the Accounting Officer prepared and submitted the quarterly reports of the amended or varied contracts to the Public Procurement Oversight Authority as required by Section 139(5) of the Public Procurement and Asset Disposal Act, 2015.

From the foregoing, it has not been possible to confirm that the County Government obtained value for money on the expenditure totalling Kshs.10,835,562 incurred on the projects.

| | | |
|---|---|---|
| 9. | **Delayed Construction of Limuru Market** | Other records indicated that Kshs.3,680,077 was paid to a contractor for construction of Limuru Market during the year under review. The contractor was awarded the contract on 24 August, 2016 at Kshs.45,168,350 and the works were to be completed in 18 weeks to January 2017.<br><br>Further, project records indicated that during the financial year 2017/2018, the contractor submitted a claim for an additional payment of Kshs.15,215,919 being Kshs.8,437,770 for interest on delayed payments, penalties for under-utilized equipment and labour and a further Kshs.6,778,149 for completed works and retention money. The reasons for the claim amounting to Kshs.15,165,919 and for the delay in completion of the works, were not clear.<br><br>Further, since the contract was terminated and all outstanding dues paid, a new tender for completion of the market ought to have been floated as provided for in the Public Procurement and Asset Disposal Act, 2015. However, on 14 September, 2018, the contractor was instructed to execute the project as originally contracted, although no date was set for its completion. An audit inspection of the works in October, 2019 confirmed that construction work was ongoing.<br><br>Records availed for audit indicated that the cost of the project, as deduced from amounts paid and due to the contractor, exceeded the original contract sum by Kshs.11,981,361. |

| | Audit Finding | Description |
|---|---|---|
| | | No adequate explanation was provided by Management for the the delay in completion of the project and rise in its costs. Consequently, tax payers may not have obtained value for money on the expenditure totalling Kshs.57,149,711 incurred on the project. |

## Appendix III – Refurbishment of Buildings

| | Audit Finding | Description |
|---|---|---|
| 1. | **Anomalies in Execution of Works at Kiambu Level 5 Hospital** | Expenditure records indicated that payments amounting to Kshs.4,238,356 and Kshs.3,700,020 were incurred on refurbishment of Nyayo Wards Male Wing Phase I and Phase II at Kiambu Level 5 Hospital, respectively. The respective tenders were awarded to two construction companies on 28 January, 2016 with the works set to be completed in four months.<br><br>Phase I of the project covered the Male Ward whereas Phase II was for the Ward's Ablution Block. However, the works were not completed within the contract period, and the project delayed up to March 21, 2018, when certificates for practical completion were issued. No explanation was provided for the delays.<br><br>Further, an audit inspection noted that although the ablution block was located within the Male Ward, the bills of quantities for both Phase I and II included costs on roofing of the ablution block and repair of washrooms. Besides, a water tank provided for in the bills of quantities at a cost of Kshs.200,000 was not installed. Further, the lockers fitted in the Ward were smaller than the 1x1.5 Metre size specified in the Bills of Quantities. Similarly, the changing rooms were not fitted with lockable shelves.<br><br>In view of these anomalies, value for money and validity and propriety of the expenditure totalling Kshs.7,938,376.20 spent on refurbishment of Nyayo Wards at Kiambu Level-5 Hospital could not be confirmed. |
| 2. | **Stalled Construction of Office Space** | Other records indicated that Kshs.24,225,662 was paid for construction of a new office block at the offices of the County Government at Red Nova Building. The contract was awarded on May, 8 2018 at a contract sum of Kshs.80,999,910 with the works expected to be completed in six months.<br><br>Audit verification carried out in October, 2019 indicated that the works were behind schedule and the contractor had abandoned the site due to delay in payment for certified works.<br><br>In the circumstance, no value has been obtained on the expenditure totalling Kshs.24,225,662.65 incurred on the refurbishment of the office block. |
| 3. | **Delay and Anomalies in Refurbishment of Council Depot Flats** | Other records indicated that a tender for refurbishment of Council Depots Flats was awarded to a contractor on November 7, 2017 at a total cost of Kshs.52,763,236 comprised of Kshs.26,946,456 for Block A and Kshs.25,816,780 for Block B. Each Block comprised of 40 units. During the year under review, payments to the contractor totaled Kshs.15,138,537.<br><br>An audit inspection carried out in November, 2019 indicated that the works were incomplete as fitting of doors, windows, tiles and several other items, as well as painting, were yet to be done. However, several works that were not in the original BQs, including installation of a water storage tank and fire-fighting system, were executed, even as a provision to connect the building to a sewer line was ignored. |

| | | |
|---|---|---|
| | | Information on the basis and costs of the additional works, including their costs, were not presented for audit review.<br><br>No explanation was provided for these anomalies. Consequently, the project has not been executed as contracted and there is no assurance that value for money will be attained on the expenditure totalling Kshs.52,763, 236 expected to be incurred on the Project. |
| **4.** | **Anomalies in Refurbishment of Bahati Early Childhood Development Centre (ECDE)** | A sum of Kshs.3,266,802.70 was paid to a contractor for refurbishment works and construction of a boundary wall at Bahati ECDE under a contract valued at Kshs.3,992,300.<br><br>However, an audit inspection carried out in October, 2019 indicated that a protective grill fitted at the front of the classrooms had been vandalized. Further, the Bills of Quantities (BQs) for the project had provided for refurbishment, complete removal and disposal of the asbestos roof and its replacement with iron sheets. However, part of the asbestos was salvaged and used to cover a wall on one side of the classrooms. It has not been explained why the asbestos, which is considered hazardous to human health, was not disposed-off as prescribed in the contract. Low quality workmanship was also evident on the ceiling of the ablution block and veranda floor of the classrooms. In addition, a water tank estimated to cost Kshs.70,000 was not supplied.<br><br>In view of the foregoing, value for money on the sum of Kshs.3,266,802 spent on the refurbishment works could not be confirmed. |
| | | **14.5 Stalled Construction of Kabathi ECDE**<br><br>A sum of Kshs.1,214,440 was in April, 2018, paid to a contractor for construction of twin ECDE classrooms at Kabathi under a contract valued at Kshs.3,844,550. The contract was to be executed in six months to September, 2018. However, a review of the project in October, 2019 revealed that the works were incomplete having stalled at lintel level. The contractor reportedly abandoned the site after receiving the first payment amounting to Kshs.1,214,440.<br><br>In view of the delay in completing the project, the expenditure amounting to Kshs.1,214,440 has not yielded any value and further, the services that the ECDE Centre was intended to provide to the residents of Kabathi have not been realized. |

## Appendix IV - Construction of Roads

| | Audit Finding | Description |
|---|---|---|
| 1. | **Anomalies in Contracts for Construction of Five (5) Major Roads in Kiambu County** | A review of records on acquisition of assets expenditure indicated that the Management separately entered into contracts with five companies for construction of five roads at contract sums totalling Kshs.860,121,178 following a public advertisement made on 29 October, 2018. The bids were opened on 26 November, 2018 and the tender evaluation report issued in December, 2018. Although the construction work had not started at the time of audit in December, 2019, the following anomalies were noted in respect to the contracts:<br><br>(i) Contrary to Regulation 50(2) of the Public Finance Management (County Governments) Regulations, 2015, no funds were provided for the project in the County Executive's budget for the year under review.<br><br>(ii) Letters of appointment for the members of the Tender Opening and Evaluation Committee were not availed for audit. Further, no evidence was availed to indicate whether letters of regret were issued to the losing bidders, as required by public procurement regulations.<br><br>(iii) The Tender Evaluation Report indicated that one of the bidders did not provide sufficient financial guarantees; did not have experience in such works; lacked adequate equipment to execute the project; and did not qualify for financial evaluation. In spite of these shortcomings, the contractor was awarded one of the contracts valued at Kshs.209,015,500.<br><br>From the foregoing, Management breached the public procurement law and regulations by appointing unqualified contractors for the road works. There is therefore risk that the works will not be executed at the cost, quality and time expected. |
| 2. | **Irregularities in Award of Tenders for County Roads** | Records availed for audit indicated that tenders for road works totalling Kshs.224,406,907 were processed, opened and evaluated by officers who were not appointed in writing by the Accounting Officer as required by Section 46 of the Public Procurement and Asset Disposal Act, 2015.<br><br>Further, a review of Request for Quotations processed during the year revealed various inconsistencies. For example, although the Quotation and Evaluation Committee minutes indicated that the quotations were opened and evaluated by three members as required by the public procurement law and regulations, an audit review of the underlying records revealed that Quotations for road works contracts valued at Kshs.66,945,692 were opened by one or two persons only, contrary to Section 46 (4) of the Public Procurement and Asset Disposal Act, 2015 which, requires between three and five members to advise on the evaluation of the tender documents.<br><br>Further, examination of procurement documents revealed that all the Request for Quotations (RFQ) for construction of roads attracted only three bidders. However, the criteria used to select the bidders from among the prequalified list of contractors was not disclosed.<br><br>Further, the following irregularities were noted in respect to the procurement: |

| | Audit Finding | Description |
|---|---|---|
| | | (i) Records made available for audit indicated that at least two of the three companies issued with quotations were related as they shared directors, postal addresses, official stamps, or all three.<br><br>(ii) In several instances, Confidential Business Questionnaires (CBQ) required to be completed by the bidder companies were either partially filled or not filled at all. Further, the handwriting and ink color used in all the questionnaires were similar, which suggested that the questionnaires may have been completed by the same person.<br><br>(iii) In addition, the signatures appended by some members of the Evaluation Committees were not consistent with their specimen signatures in their personal files. In several instances, the signatories were casual employees in the County Executive.<br><br>(iv) Evidence gathered revealed possible manipulation of records as two officers whose names and signatures were appended in tender evaluation minutes denied any knowledge and participation in processing the tender.<br><br>(v) The bid documents indicated that in several instances, two out of the three companies that submitted bids, quoted prices slightly above Kshs.4,000,000 while the one awarded the contract quoted between Kshs.3,000,000 and Kshs.3,999,999 and was therefore considered the lowest bidder. The anomaly suggested that the bidders colluded in submitting their bids, and reinforced suspicion that the firms were related. The Tender Evaluation Committee should have disqualified the two bidders who quoted Kshs.4,000,000 or more as being non-responsive since their bids exceeded the threshold of Kshs.4,000,000 set in law for Requests for Quotation method of procurement. Management should thereafter have called for a new bidding process.<br><br>In view of the foregoing, the regularity and value for money on expenditure incurred on roads contracts totalling Kshs.182,381,803 could not be confirmed. |
| **3.** | **Irregular Award of Tender for Construction of a Kenya Rural Roads Authority (KeRRA) Road** | Procurement records examined indicated that in October, 2018, the County Executive advertised for the construction of Juja Farm Road (Mathito-ini) to bitumen standard following which three bidders responded.<br><br>Evaluation minutes indicated that the contract was awarded to the second-lowest bidder at a contract sum of Kshs.277,100,294. No explanation was provided for the decision to appoint the second-lowest bidder instead of the lowest bidder whose bid amounted to Kshs.253,741,705. As a result, the County Government overspent on the contract by Kshs.23,358,589 being the difference between the two bids. Further, in spite of the contract, no funds had been budgeted for construction of the road during the year under review. Therefore, it was not clear how the project would be funded.<br><br>Soon after the tender was awarded, one of the bidding companies filed a complaint with Management and claimed they were unfairly disqualified from the tender by the Tender Evaluation Committee. Consequently, the County Government, cancelled the award on February 14, 2019. The appointed contractor however, contested the cancellation on grounds that he had signed an Acceptance Letter on 28 January, 2019. |

| | Audit Finding | Description |
|---|---|---|
| | | On March 13, 2019, Management notified the Public Procurement Regulatory Authority of the termination of the contract. The reason provided for the cancellation was that besides the complaint from one of the bidders, the County Executive had since been made aware that the road was classified under Class C and was , therefore, under the jurisdiction of Kenya Rural Roads Authority (KeRRA).<br><br>Subsequently, the Public Procurement Regulatory Authority notified the County Government that in the view of the issues raised by contractor with the Authority, cancellation of the award was irregular as the process did not comply with Section 63(1) of the Public Procurement and Asset Disposal Act, 2015 on termination of procurement proceedings and cancellation of contracts.<br><br>The Authority directed the County Government to comply with Section 135(2) of the Act and sign a contract with the contractor. However, at the time of the audit in October 2019, no evidence was availed to confirm that the contract had been signed.<br><br>Available information indicated that on 28 February, 2019, the County Executive advertised for construction of nine roads to bitumen standard, including Juja Farm (Mathito-ini) Road. The tender was awarded at a contract sum of Kshs.278,011,487.<br><br>The records further indicated that the Kenya Rural Roads Authority (KeRRA) similarly advertised the impending construction of the same road by requesting for public participation and environmental and social impact assessment study on the impending works.<br><br>No explanation was provided by Management why the County Executive advertised for construction of a road that was by law assigned to KeRRA. Other records indicated that the County Executive launched the construction of the road on 10 May, 2019.<br><br>By undertaking works on a road that the National Government was responsible for, the County Executive breached the Constitution. Further, in view of the irregular manner in which the procurement process was managed, the County Executive may incur losses on the project. |
| **4.** | **Award of Tenders for Construction of Roads Without Budgetary Allocation** | Records availed for audit indicated that the County Executive on 29 October, 2018 advertised for construction of nine major roads in the County. The tenders were duly processed and an evaluation report issued on 21 December, 2018. However, none of the bidders was awarded any of the tenders.<br><br>On February 28, 2019, the County Government re-advertised the tenders for the nine roads and an additional two others. The two roads were to be constructed to bitumen standard. After evaluation, the tenders were awarded to various contractors at contract sums totalling Kshs.2,507,475,249 (Kshs.1,981,592,637) for the first nine roads and Kshs.525,882,612 for the additional two, as shown below: |

| Project | Amount (Kshs.) |
|---|---|
| Proposed Construction of Rioki - Karia - Ikinu Access Road | 297,211,691.00 |
| Juja Farm Road ( Mathito-ini) | 278,011,487.00 |
| Toll Station Road | 118,324,969.44 |
| Gwa Kairu - Matangini Road | 181,054,210.56 |

| | Audit Finding | Description |
|---|---|---|

| | |
|---|---|
| Gachie - Karura- Gacharage Road | 134,063,433.00 |
| Edenville- Ngegu Access Road | 37,852,200.00 |
| Githunguri - Kamburu Road | 308,616,569.85 |
| Gatuanyaga Primary School - Komo-Munyu Road | 525,899,920.00 |
| Kimuri - Full Gospel Road | 100,558,156.56 |
| **Sub-total** | **1,981,592,637.41** |
| Makutano - Ndeiya SGR Link Road | 426,922,611.98 |
| Kiamumbi Police Station - Kiukenda Road | 98,960,000.00 |
| **Sub-total** | **525,882,611.98** |
| **Total** | **2,507,475,249.39** |

The following unsatisfactory issues were noted in regard to the tender awards:

(i) No explanation was provided by Management on why the works were re-advertised.

(ii) Although the tenders were duly processed and awarded to various contractors, no evidence was provided to indicate that contract agreements were signed between the County Executive and the respective winning bidders.

(iii) No allocations of funds had been made in the approved budget for these projects and their execution was therefore, irregular.

In view of these anomalies the validity and propriety of the works totalling Kshs.2,507,475,249.39 awarded to various contractors has not been confirmed.

**5. Procurement of Road Construction Works Without Requisitions**

Records presented for audit indicated that contrary Section 162 (4) of the Public Procurement and Asset Disposal Act (PPDA), 2015, the County Executive incurred expenditure totalling Kshs.42,259,423 on construction of thirteen roads for which no requisitions from the Roads Department were obtained before commitment of public funds. The contracts are highlighted in the table below:

| Description | Amount (Kshs.) |
|---|---|
| Rehabilitation of Karia Health Centre- Dam Ha Kanda Road | 1,081,500.00 |
| Rehabilitation of Matuguta-Mumias Road | 3,979,350.00 |
| Construction of Githioroni Road in Kirenga Ward | 3,839,500.00 |
| Rehabilitation of Access Road in Kijabe | 3,999,657.00 |
| Payment for Graveling and Drainage Works in Kamenu Ward | 3,613,400.00 |
| Payment for Emergency Works in Sigona Ward | 1,010,024.00 |
| Construction of Moonlight Road | 3,979,350.00 |
| Rehabilitation of Green Gates Access Road | 3,984,900.00 |

| | Audit Finding | Description |
|---|---|---|
| | | Rehabilitation of Mubea Water Project: 3,748,366.00<br>Payment for Installation of Flood Mask at Ruiru Stadium: 3,978,380.00<br>Payment for Repair of Street Lights in Juja Sub-County: 1,258,020.00<br>Supply and Install Commission of 25 Streets 150 Watts LED at Kamburu Ward: 3,999,976.00<br>Being Payment for Maintenance Works at Kinale Ward Amigo Road: 3,787,000.00<br>**Total: 42,259,423.00**<br><br>In view of the foregoing, the regularity and validity of the expenditure totalling Kshs.42,259,423 has not been confirmed. |
| 6. | **Unsupported Expenditure on Casual Wages** | **Unsupported Expenditure on Casual Wages**<br><br>Expenditure records examined indicated that a sum of Kshs.23,999,491 was spent on wages for laborers hired for roads rehabilitation and repair projects done during the year under review. However, there were no records to show that, as required by the law, the laborers were hired through the County Public Service Board and signed work contracts before taking up the jobs.<br><br>Further, there were no records to clarify the tasks performed by the labourers since the road works in the County were done by contractors who hired their own staff. As a result, the validity and propriety of the expenditure totalling Kshs.23,999,491 incurred on casual wages during the year could not be confirmed. |
| 7. | **Stalled Upgrading of Roads to Bituminous Standard** | Records availed for audit indicated that on diverse dates between 2013/2014 and 2017/2018 financial years, the County Executive awarded contracts to various companies for upgrading of gravel surface roads to bitumen standard at contract sums totalling Kshs.1,891,195,489.<br><br>An audit review of the execution of the projects in September 2019, revealed that rehabilitation and improvement of C64-C65 Road, construction of Thogoto-Ndaire-Dagoreti Road, improvement of Thika Town entrance-Garissa Road at Gatitu and Kenyatta Road, upgrading of gravel roads to bituminous standard in Thika, Limuru, Gatundu North, Juja and Ruiru towns, construction of Kimende town roads and Improvement of JCT A2 (Kimbo) Matangini Road had stalled. Further, Management did not explain why the amounts paid on two projects namely spot improvement and maintenance of Ndumberi-Githunguri Road, and repair and rehabilitation of Githunguri Town roads exceeded the respective contract sums.<br><br>Consequently, value for money on the public funds spent on the roads could not be confirmed. |

## 5. FINANCIAL STATEMENTS

### 5.1. STATEMENT OF RECEIPTS AND PAYMENTS

| | Notes | 2018-2019 KShs | 2017-2018 KShs |
|---|---|---|---|
| **RECEIPTS** | | | |
| Exchequer releases | 1 | 9,357,200,000 | 9,664,000,002 |
| Proceeds from Domestic and Foreign Grants | 2 | 2,358,112,475 | 328,551,775 |
| Transfers from Other Government Entities | 3 | 996,843,386 | 836,590,620 |
| Proceeds from Domestic Borrowings | 4 | 0 | 0 |
| Proceeds from Foreign Borrowings | 5 | 0 | 0 |
| Proceeds from Sale of Assets | 6 | 0 | 0 |
| Reimbursements and Refunds | 7 | 0 | 0 |
| Returns of Equity Holdings | 8 | 0 | 0 |
| County Own Generated Receipts | 9 | 2,737,467,842 | 1,685,421,352 |
| Returned CRF issues | 10 | 774,055,367 | 92,820,702 |
| **TOTAL RECEIPTS** | | **16,223,679,070** | **12,607,384,451** |
| | | | |
| **PAYMENTS** | | | |
| Compensation of Employees | 11 | 7,423,797,191 | 5,886,281,182 |
| Use of goods and services | 12 | 1,813,717,264 | 1,449,020,312 |
| Subsidies | 13 | 0 | 0 |
| Transfers to Other Government Units | 14 | 5,222,636,114 | 2,651,978,665 |
| Other grants and transfers | 15 | 102,550,150 | 298,037,903 |
| Social Security Benefits | 16 | 31,706,668 | 249,050 |
| Acquisition of Assets | 17 | 1,162,698,123 | 1,513,236,269 |
| Finance Costs, including Loan Interest | 18 | 0 | 0 |
| Repayment of principal on Domestic and Foreign borrowing | 19 | 0 | 0 |
| Other Payments | 20 | 0 | 29,371,898 |
| **TOTAL PAYMENTS** | | **15,757,105,510** | **11,828,175,279** |
| | | | |
| **SURPLUS/DEFICIT** | | **466,573,563** | **779,209,172** |

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 13/07/2020 and signed by:

Chief Officer – Finance
Name: William Kimani
ICPAK NO. 6066

Head of Treasury - Accounting
Name: Ann Muchai
ICPAK NO. 9704

## 5.2. STATEMENT OF ASSETS AND LIABILITIES

| | Notes | 2018-2019 K Shs | 2017-2018 K Shs |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| | | | |
| **Cash and Cash Equivalents** | | | |
| Bank Balances | 21A | 1,332,355,038 | 857,098,009 |
| Cash Balances | 21B | - | 20,470 |
| | | | |
| | | | |
| **Total Cash** | | **1,332,355,038** | **857,118,479** |
| | | | |
| | | | |
| Accounts receivables – Outstanding Imprests | 22 | 43,141,833 | 5,153,806 |
| **Total Cash and cash equivalent** | | **1,375,496,871** | **862,272,285** |
| | | | |
| **TOTAL FINANCIAL ASSETS** | | **1,375,496,871** | **862,272,285** |
| | | | |
| **FINANCIAL LIABILITIES** | | | |
| Accounts Payables – Deposits and retentions | 23 | 129,714,136 | 83,063,113 |
| | | | |
| **NET FINANCIAL ASSETS** | | **1,245,782,735** | **779,209,172** |
| | | | |
| **REPRESENTED BY** | | | |
| | | | |
| **Fund balance b/fwd** | 24 | 779,209,172 | - |
| **Prior year adjustments** | 25 | | |
| **Surplus/Deficit for the year** | | 466,573,562 | 779,209,172 |
| | | | |
| **NET FINANCIAL POSITION** | | **1,245,782,734** | **779,209,172** |
| | | | |

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 13/07/ 2020 and signed by:

Chief Officer – Finance
Name: William Kimani
ICPAK NO. 6066

Head of Treasury - Accounting
Name: Ann Muchai
ICPAK NO. 9704

## 5.3. STATEMENT OF CASH FLOWS

| | Notes | 2018-2019 | 2017-2018 |
|---|---|---|---|
| **Receipts from operating income** | | | |
| Exchequer Releases | 1 | 9,357,200,000 | 9,664,000,002 |
| Proceeds from Domestic and Foreign Grants | 2 | 2,358,112,475 | 328,551,775 |
| Transfers from Other Government Entities | 3 | 996,843,388 | 836,590,620 |
| Reimbursements and Refunds | 7 | 0 | 0 |
| Returns of Equity Holdings | 8 | 0 | 0 |
| County Own Generated Receipts | 9 | 2,737,467,842 | 1,685,421,352 |
| Returned CRF issues | 10 | 774,055,367 | 0 |
| **Payments for operating expenses** | | | |
| Compensation of Employees | 11 | 7,423,797,190.60 | 5,886,281,182 |
| Use of goods and services | 12 | 1,813,717,264 | 1,449,020,312 |
| Subsidies | 13 | 0 | 0 |
| Transfers to Other Government Units | 14 | 5,222,636,114 | 2,651,978,665 |
| Other grants and transfers | 15 | 102,550,150 | 298,037,903 |
| Social Security Benefits | 16 | 31,706,668 | 249,050 |
| Finance Costs, including Loan Interest | 18 | 0 | 0 |
| Other Payments | 20 | 0 | 29,371,898 |
| **Adjusted for:** | | | |
| Adjustments during the year | | | |
| Changes in Receivables | | -37,988,027 | 0 |
| Changes in Payables | | 84,639,050 | 83,063,113 |
| **Net cash flow from operating activities** | | **1,675,922,709** | **2,282,687,852** |
| | | | |
| **CASHFLOW FROM INVESTING ACTIVITIES** | | | |
| Proceeds from Sale of Assets | 6 | 0 | |
| Acquisition of Assets | 17 | 1,162,698,123 | 1,513,236,269 |
| **Net cash flows from Investing Activities** | | **1,162,698,123** | **1,513,236,269** |
| | | | |
| **CASHFLOW FROM BORROWING ACTIVITIES** | | | |
| Proceeds from Domestic Borrowings | 4 | 0 | 0 |
| Proceeds from Foreign Borrowings | 5 | 0 | 0 |
| Repayment of principal on Domestic and Foreign borrowing | 19 | 0 | 0 |
| **Net cash flow from financing activities** | | **0** | **0** |
| | | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **513,224,586** | **764,451,583** |
| **Cash and cash equivalents at BEGINNING of the year** | 21 | **862,272,285** | **92,820,702** |
| **Cash and cash equivalents at END of the year** | | **1,375,496,871** | **862,272,285** |

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 13/07/ 2020 and signed by:

Chief Officer – Finance
Name: William Kimani
ICPAK NO. 6066

Head of Treasury - Accounting
Name: Ann Muchai
ICPAK NO. 9704

## 5.4. 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** | | | | | | |
| Exchequer releases | 9,357,200,000 | | 9,357,200,000 | 9,357,200,000 | 0 | |
| Proceeds from Domestic and Foreign Grants | 2,436,522,667 | | 2,436,522,667 | 2,358,112,475 | 78,410,192 | |
| Transfers from Other Government Entities | 973,028,262 | | 973,028,262 | 996,843,388 | -23,781,229 | |
| Proceeds from Domestic Borrowings | 0 | | 0 | | 0 | |
| Proceeds from Foreign Borrowings | 0 | | 0 | | 0 | |
| Proceeds from Sale of Assets | 0 | | 0 | | 0 | |
| Reimbursements and Refunds | 0 | | 0 | | 0 | |
| Returns of Equity Holdings | 0 | | 0 | | 0 | |
| County Own Generated receipts | 2,991,249,071 | | 2,991,249,071 | 2,737,467,842 | 253,781,229 | |
| Return issues to CRF | 774,055,367 | | 774,055,367 | 774,055,367 | 0 | |
| **TOTAL** | **16,532,055,367** | | **16,532,055,367** | **16,223,679,072** | **308,376,295** | |
| **PAYMENTS** | | | | | | |
| Compensation of Employees | 7,656,034,743 | 1,355,782,625 | 9,011,817,368 | 7,423,797,191 | 1,588,020,176 | |
| Use of goods and services | 2,246,938,922 | -243,448,957 | 2,003,489,965 | 1,813,717,268 | 189,772,696 | |
| Subsidies | 0 | 0 | 0 | 0 | 0 | |
| Transfers to Other Government Units | 3,800,824,122 | 1,035,413,874 | 4,836,237,996 | 5,222,636,114 | -386,398,118 | |
| Other grants and transfers | 210,000,000 | -9,000,000 | 201,000,000 | 102,550,150 | 98,449,850 | |
| Social Security Benefits | 38,955,575 | 23,044,425 | 62,000,000 | 31,706,668 | 30,293,331 | |
| Acquisition of Assets | 2,931,476,792 | -870,522,774 | 2,060,954,018 | 1,162,698,125 | 898,255,892 | |
| Finance Costs, including Loan | 0 | 0 | 0 | 0 | 0 | |

| 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 % |
|---|---|---|---|---|---|---|
| Interest | | | | | | |
| Repayment of principal on borrowings | 0 | 0 | 0 | 0 | 0 | |
| Other Payments | 35,000,000 | 0 | 35,000,000 | 0 | 35,000,000 | |
| **TOTAL** | **16,919,230,154** | **1,291,269,193** | **18,210,499,347** | **15,757,105,519** | **2,453,393,827** | |
| **SURPLUS/(DEFICIT)** | | | | | | |

The entity financial statements were approved on 13/07/ 2020 and signed by:

Chief Officer – Finance
Name: William Kimani
ICPAK NO. 6066

Head of Treasury - Accounting
Name: Ann Muchai
ICPAK NO. 9704

## 5.5. 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** | | | | | | |
| Exchequer releases | | | | | | |
| Proceeds from Domestic and Foreign Grants | | | | | | |
| Transfers from Other Government Entities | | | | | | |
| Proceeds from Domestic Borrowings | | | | | | |
| Proceeds from Foreign Borrowings | | | | | | |
| Proceeds from Sale of Assets | | | | | | |
| Reimbursements and Refunds | | | | | | |
| Returns of Equity Holdings | | | | | | |
| County Own Generated receipts | | | | | | |
| Return CRF issues | | | | | | |
| **TOTAL** | | | | | | |
| **PAYMENTS** | | | | | | |
| Compensation of Employees | 7,656,034,743 | 1,355,782,625 | 9,011,817,368 | 7,423,797,191 | 1,588,020,176 | 82.38% |
| Use of goods and services | 1,910,969,332 | -19,962,449 | 1,891,006,883 | 1,779,940,183 | 111,066,699 | 94.13% |
| Subsidies | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers to Other Government Units | 1,031,671,542 | -87,944,844 | 943,726,698 | 1,939,678,956 | -995,952,258 | 205.53% |
| Other grants and transfers | 200,000,000 | 0 | 200,000,000 | 102,500,000 | 97,500,000 | 51.25% |
| Social Security Benefits | 38,955,575 | 23,044,425 | 62,000,000 | 31,706,668 | 30,293,331 | 51.14% |
| Acquisition of Assets | 109,168,722 | 82,661,903 | 191,830,625 | 45,253,450 | 146,577,175 | 23.59% |
| Finance Costs, including Loan | 0 | 0 | 0 | 0 | 0 | 0 |

| 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,% |
| Interest, | | | | | | |
| Repayment of principal on borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Payments | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **10,946,799,914** | **1,353,581,660** | **12,300,381,570** | **11,322,876,450** | **977,505,124** | **92.05%** |
| **SURPLUS/(DEFICIT)** | | | | | | |

The entity financial statements were approved on 13/07/ 2020 and signed by:

Chief Officer – Finance
Name: William Kimani
ICPAK NO. 6066

Head of Treasury - Accounting
Name: Ann Muchai
ICPAK NO. 9704

## 5.6. 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 | | | | | | |
| Proceeds from Domestic and Foreign Grants | | | | | | |
| Transfers from Other Government Entities | | | | | | |
| Proceeds from Domestic Borrowings | | | | | | |
| Proceeds from Foreign Borrowings | | | | | | |
| Proceeds from Sale of Assets | | | | | | |
| Reimbursements and Refunds | | | | | | |
| Returns of Equity Holdings | | | | | | |
| County Own Generated receipts | | | | | | |
| **TOTAL** | | | | | | |
| **PAYMENTS** | | | | | | |
| Compensation of Employees | 0 | 0 | 0 | 0 | 0 | 0 |
| Use of goods and services | 335,969,590 | (223,486,508) | 112,483,082 | 33,777,085 | 78,705,997 | 30.02% |
| Subsidies | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers to Other Government Units | 2,769,152,580 | 1,123,358,718 | 3,892,511,298 | 3,282,957,158 | 609,554,139 | 84.34% |
| Other grants and transfers | 10,000,000 | (9,000,000) | 1,000,000 | 50,150 | 949,850 | 5.01% |
| Social Security Benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of Assets | 2,822,308,070 | (953,184,677) | 1,869,123,393 | 1,117,444,675 | 751,678,717 | 59.78% |
| Finance Costs, including Loan Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayment of principal on borrowings | 0 | 0 | 0 | 0 | 0 | 0 |

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|---|---|---|---|---|---|---|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| Other Payments | 35,000,000 | 0 | 35,000,000 | 0 | 35,000,000 | 0 |
| **TOTALS** | **5,972,430,240** | **(62,312,467)** | **5,910,117,773** | **4,434,229,069** | **1,475,888,703** | |
| **SURPLUS/(DEFICIT)** | | | | | | |

The entity financial statements were approved on 13/07/2020 and signed by:

Chief Officer – Finance
Name: William Kimani
ICPAK NO. 6066

Head of Treasury - Accounting
Name: Ann Muchai
ICPAK NO. 9704

## 5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|
| | 2018/19 | | 2018/19 | 30TH JUNE, 2019 | |
| | KShs | KShs | KShs | KShs | KShs |
| **0000004060** | | | | | |
| Default –Non Programmatic | 0 | 0 | 0 | 5,753,153 | -5,753,153 |
| | | | | | |
| **0101004060-Crop livestock and Fisheries development and management** | | | | | |
| Compensation to Employees | 0 | 0 | 0 | 0 | 0 |
| General administration and Support services | 564,408,740 | 0 | 564,408,740 | 467,799,345 | 96,609,395 |
| Livestock resources management and development | 116,471,566 | 0 | 116,471,566 | 29,219,600 | 87,251,966 |
| Fisheries Development | 8,030,000 | 0 | 8,030,000 | 0 | 8,030,000 |
| Crop production and management | 289,162,914 | 0 | 289,162,914 | 227,805,011 | 61,357,903 |
| | | | | | |
| **0102004060- Land management and Physical planning Housing and development** | | | | | |
| General administration and support services | 295,409,119 | 0 | 295,409,119 | 220,190,304 | 75,218,814 |
| Land management and physical planning | 1,949,825,053 | 0 | 1,949,825,053 | 1,887,244,822 | 62,580,231 |
| Housing | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| **0201004060--Maintenance of roads bridges land transport construction** | | | | | |

| Programme/Sub-programme | Original Budget 2018/19 | Adjustments | Final Budget 2018/19 | Actual on comparable basis 30TH JUNE - 2019 | Budget utilization difference |
|---|---|---|---|---|---|
| **maintenance** | | | | | |
| General administration and Support services | 1,228,771,640 | 0 | 1,228,771,640 | 1,207,433,166 | 21,338,473 |
| Construction and civil works | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| **0301004060-Industrial investment tourism trade and cooperative development** | | | | | |
| General administration and Support services | 199,693,836 | 0 | 199,693,836 | 152,870,001 | 46,823,835 |
| Trade, Industrial Development and investment | 138,413,538 | 0 | 138,413,538 | 30,582,864 | 107,830,674 |
| Tourism development and Promotion | 2,386,912 | 0 | 2,386,912 | 263,000 | 2,123,912 |
| Cooperative development and promotion | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| **0401004060-Curative and preventive health care services** | | | | | |
| General administration and Support services | 4,238,276,968 | 0 | 4,238,276,968 | 4,120,677,456 | 117,599,511 |
| Health curative services | 1,757,586,842 | 0 | 1,757,586,842 | 1,676,343,326 | 81,243,515 |
| Preventive and Promotive health services | 125,605,000 | 0 | 125,605,000 | 125,329,984 | 275,016 |
| | | | | | |
| **0501004060-Pre-primary edu, promotion of culture ICT and social services** | | | | | |
| General administration and Support | 800,060,000 | 0 | 800,060,000 | 736,258,573 | 63,801,427 |

| Programme/Sub-programme | Original Budget 2018/19 | Adjustments | Final Budget 2018/19 | Actual on comparable basis 30TH JUNE, 2019 | Budget utilization difference |
|---|---|---|---|---|---|
| services | | | | | |
| Pre primary education and youth polytechnics services | 364,396,220 | 0 | 364,396,220 | 269,295,964 | 95,100,255 |
| ICT services | 6,749,021 | 0 | 6,749,021 | 2,628,621 | 4,120,399 |
| Culture and social services | 7,252,000 | 0 | 7,252,000 | 7,252,000 | 0 |
| | | | | | |
| **0701004060-Legislation and oversight of county government** | | | | | |
| General administration and Support services | 1,200,864,621 | 0 | 1,200,864,621 | 1,101,890,160 | 98,974,460 |
| Legislation and oversight services | 55,000,000 | 0 | 55,000,000 | 8,891,477 | 46,108,522 |
| | | | | | |
| **0702004060-Leadreship and co-ord of county administration and department** | | | | | |
| General administration and Support services | 464,512,308 | 0 | 464,512,308 | 331,033,037 | 133,479,271 |
| Coordination of county policy formulation | 8,558,889 | 0 | 8,558,889 | 5,980,538 | 2,578,351 |
| | | | | | |
| **0703004060-Leadership and admin of Hr management dev in county public service** | | | | | |
| General administration and Support services | 1,403,875,932 | 0 | 1,403,875,932 | 1,175,948,656 | 227,927,276 |
| Human resources development and management services | 88,362,847 | 0 | 88,362,847 | 70,803,984 | 17,558,863 |
| | | | | | |

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|
| | 2018/19 | | 2018/19 | 30TH JUNE 2019 | |
| **0704004060- Public finance management and Economic policy and strategy** | | | | | |
| General administration and Support services | 1,735,373,841 | 0 | 1,735,373,841 | 1,088,305,331 | 647,068,509 |
| Financial management services | 181,836,522 | 0 | 181,836,522 | 150,602,752 | 31,233,769 |
| Economic planning services | 27,291,152 | 0 | 27,291,152 | 22,245,008 | 5,046,143 |
| | | | | | |
| **0705004060-Admin and co-ord of county affairs Hr Dev mgt Capacity Building** | | | | | |
| General administration and Support services | 0 | 0 | 0 | 0 | 0 |
| Public sector advisory services | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| **0901004060-Promotion and development of sports: youth affairs** | | | | | |
| General administration and Support services | 124,542,797 | 0 | 124,542,797 | 105,649,856 | 18,892,940 |
| Sporting activities | 88,953,909 | 0 | 88,953,909 | 35,753,266 | 53,200,643 |
| Youth affairs | 142,407,259 | 0 | 142,407,259 | 27,610,361 | 114,796,897 |
| | | | | | |
| | | | | | |
| **1001004060-Water resources management Environment protection and conservation** | | | | | |
| General administration and Support | 383,191,966 | 0 | 383,191,966 | 288,782,972 | 94,408,994 |

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|
| | 2018/19 | | 2018/19 | 30TH JUNE 2019 | |
| services | | | | | |
| Environmental management | 72,609,544 | 0 | 72,609,544 | 60,808,631 | 11,800,913 |
| Water provision and management | 140,618,391 | 0 | 140,618,391 | 121,605,455 | 19,012,936 |
| **Grand total** | **18,210,499,347** | **0** | **18,210,499,347** | **15,757,105,521** | **2,453,393,826** |

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

## 5.8. 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 Kiambu 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 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

### County Own Generated Receipts

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

### Returns to CRF Issues

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

### b) Recognition of payments

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

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Compensation of employees

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

### Use of goods and services

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

### Interest on borrowing

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

### Repayment of borrowing (principal amount)

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

### Acquisition of fixed assets

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

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

### 4. In-kind contributions

In-kind contributions are donations that are made to the Kiambu county Government 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, Kiambu county Government 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 2019, this amounted to KShs 129,714,136 compared to KShs 83,955,112 in prior period as indicated on note 23

There were no other restrictions on cash during the year

### 6. Accounts Receivable

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

### 7. Accounts Payable

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

### 8. Non-current assets

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

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Kiambu County Government 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. Kiambu County'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 13th June,2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was one supplementary budget passed in the year. A high-level assessment of the Kiambu County 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.

## 5.9. NOTES TO THE FINANCIAL STATEMENTS

### 1. EXCHQUER RELEASES

| | 2018 – 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Total Exchequer Releases for quarter 1 | 1,991,947,838 | 2,222,720,101 |
| Total Exchequer Releases for quarter 2 | 2,620,016,000 | 2,657,600,002 |
| Total Exchequer Releases for quarter 3 | 2,479,658,000 | 2,416,000,002 |
| Total Exchequer Releases for quarter 4 | 2,265,578,162 | 2,367,679,897 |
| **Total** | **9,357,200,000** | **9,664,000,002** |

The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer. Exchequer releases are as follows: (The totals of A,B and C below should equal the total exchequer releases).

### 1A. Equitable Share

| Description | 2018/2019 | 2017/2018 |
|---|---|---|
| | KShs | KShs |
| Total Equitable Share for quarter 1 | 1,991,947,838 | 2,222,720,101 |
| Total Equitable Share for quarter 2 | 2,620,016,000 | 2,657,600,002 |
| Total Equitable Share for quarter 3 | 2,479,658,000 | 2,416,000,002 |
| Total Equitable Share for quarter 4 | 2,265,578,162 | 2,367,679,897 |
| **Total** | **9,357,200,000** | **9,664,000,002** |

## 2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

| Description | 2018/2019 | 2017/2018 |
|---|---|---|
| | KShs | KShs |
| DANIDA - Universal Healthcare in Devolved Units Programme | 32,400,000 | 33,400,684 |
| World Bank – THUSCP | 0 | |
| National Agricultural & Rural Inclusive Growth Project (NARIGP) | 50,078,476 | |
| Kenya Devolution Support Programme | 289,565,839 | 295,151,091 |
| Youth Polytechnic support grant | 51,423,050 | |
| Abolishment of user fees in health centres and dispensaries | 0 | |
| Kenya Urban Support Programme | 1,927,193,000 | |
| Agriculture Sector Development Support Project (ASDSP) | 7,452,110 | |
| Kenya Climate Smart Agriculture Project (KCSAP) | 0 | |
| **Total** | **2,358,112,475** | **328,551,775** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Description | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| **Transfers from Central government entities** | | |
| Ministry of Health Level 5 Hospitals | 538,716,763 | 412,716,763 |
| Fuel Levy | 302,930,786 | 261,434,700 |
| Users Fees Foregone | 34,671,541 | 35,773,082 |
| NAGRIP | 0 | 50,609,855 |
| Polytechnics | 0 | 60,096,855 |
| Special Health | 120,524,297 | 10,000,000 |
| **Transfers from Counties** | | |
| Liquor Fund | 0 | 5,960,000 |
| Grants to other Govt units | 0 | 0 |
| **TOTAL** | **996,843,386** | **836,590,620** |

### 4. PROCEEDS FROM DOMESTIC BORROWINGS

| | 2018 – 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Borrowing within General Government | | |
| Borrowing from Monetary Authorities (Central Bank) | | |
| Other Domestic Depository Corporations (Commercial Banks) | | |
| Borrowing from Other Domestic Financial Institutions | | |
| Borrowing from Other Domestic Creditors | | |
| Domestic Currency and Domestic Deposits | | |
| **Total** | **0** | **0** |

### 5. PROCEEDS FROM FOREIGN BORROWINGS

| | 2018- 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Foreign Borrowing – Draw-downs Through Exchequer | | |
| Foreign Borrowing - Direct Payments | | |
| Foreign Currency and Foreign Deposits | | |

| | | |
|---|---|---|
| **Total** | **0** | **0** |

**6.**

## PROCEEDS FROM SALE OF ASSETS

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Receipts from the Sale of Buildings | | |
| Receipts from Sale of Vehicles and Transport Equipment | | |
| Receipts from Sale of Plant Machinery and Equipment | | |
| Receipts from Sale of Certified Seeds and Breeding Stock | | |
| Receipts from Sale of Strategic Reserves Stocks | | |
| Receipts from Sale of Inventories, Stocks and Commodities | | |
| Disposal and Sales of Non-Produced Assets | | |
| **Total** | **0** | **0** |

## 7. REIMBURSEMENTS AND REFUNDS

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | 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& Private Organisations | | |
| Reimbursement from Local Government Authorities | | |
| Reimbursement from Statutory Organisations | | |
| Reimbursement within Central Government | | |
| Reimbursement Using Bonds | . | |
| **Total** | **0** | **0** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. RETURNS OF EQUITY HOLDINGS

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Returns of Equity Holdings in Domestic Organisations | | |
| Returns of Equity Holdings in International Organisations | | |
| **Total** | **0** | **0** |

### 9. COUNTY OWN GENERATED RECEIPTS

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Interest received | | |
| Profits and Dividends | | |
| Rent | | |
| Plan approvals | | |
| Property Income | | |
| Sales of Market Establishments | | |
| Receipts from Administrative Fees and Charges | | |
| Receipts from Administrative Fees and Charges - Collected as AIA | | |
| Receipts from Sales by Non-Market Establishments | 2,832,869 | 0 |
| Receipts from Sale of Incidental Goods | | |
| Fines, Penalties and Forfeitures | | |
| Receipts from Voluntary transfers other than grants | | |
| Business permits | 320,989,646 | 181,948,848 |
| Cess | 115,085,406 | 87,258,687 |
| Property rates | 333,830,728 | 180,988,383 |
| Plot rents | 25,480,144 | 0 |
| Other Local levies | 0 | 136,897,001 |
| Administrative services fees | 71,674,908 | 0 |
| Agriculture livestock and fisheries management | | |
| Trade tourism industry and cooperative unit | | |
| Other miscellaneous receipts | | |
| Insurance claims recovery | | |
| Medium term loans (1-3 yr repayment) | | |
| Long term loans (over 3 yr repayment) | | |
| Transfers from reserve funds | | |
| Donations | | |
| Roads transport public works management unit | | |

| | | |
|---|---|---|
| Market/trade Centre fee | 31,143,950 | 13,220,337 |
| Vehicle parking fees | 221,824,347 | 225,748,920 |
| Housing | 0 | 1,966,400 |
| Social premises use charges | | |
| Education related fees | 224,234 | 105,000 |
| Other education-related receipts | | 0 |
| Health services management unit | | 0 |
| Public health facilities operations | 962,654,502 | 493,885,752 |
| Environment & conservancy Administration | 57,411,897 | 41,686,380 |
| Slaughter houses administration | 110,404,322 | 38,394,715 |
| Water supply administration | | 0 |
| Sewerage administration | | |
| Liquor licenses management unit | | 0 |
| Technical services fees (physical planning) | 483,910,889 | 283,320,929 |
| External services fees | | |
| Other miscellaneous receipts | | |
| **Total** | **2,737,467,842** | **1,685,421,352** |

## 10. RETURNED CRF ISSUES

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Recurrent account 1000170409 | 774,055,367 | 92,820,702 |
| Development account 1000170457 | | 0 |
| Development account 1000170457 | | 0 |
| Road Maintenance Levy Fund | | 0 |
| Revenue Account 100017046 | | 0 |
| **Total** | **774,055,367** | **92,820,702** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 11. COMPENSATION OF EMPLOYEES

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Basic salaries of permanent employees | 6,818,509,945 | 5,138,233,144 |
| Basic wages of temporary employees | 356,063,820 | 503,119,105 |
| Personal allowances paid as part of salary | 139,569,831 | 134,851,384 |
| Personal allowances paid as reimbursements | 0 | |
| Personal allowances provided in kind | 0 | |
| Pension and other social security contributions | 0 | |
| Compulsory national social security schemes | 109,653591 | 110,077,549 |
| Compulsory national health insurance schemes | 0 | |
| Social benefit schemes outside government | 0 | |
| Other personnel payments | 0 | |
| **Total** | **7,423,797,187** | **5,886,281,182** |

### 12. USE OF GOODS AND SERVICES

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Utilities, supplies and services | 85,742,448 | 61,563,801 |
| Communication, supplies and services | 38,320,663 | 27,790,558 |
| Domestic travel and subsistence | 202,349,549 | 145,937,837 |
| Foreign travel and subsistence | 91,883,869 | 28,899,099 |
| Printing, advertising and information supplies & services | 89,638,303 | 67,473,623 |
| Rentals of produced assets | 9,359,023 | 5,934,100 |
| Training expenses | 93,137,050 | 50,498,087 |
| Hospitality supplies and services | 86,936,634 | 60,886,064 |
| Insurance costs | 181,327,100 | 68,398,100 |
| Specialized materials and services | 346,700,760 | 218,840,724 |
| Office and general supplies and services | 70,734,689 | 55,922,354 |
| Other operating expenses | 240,538,131 | 318,204,966 |
| Fuel oil and lubricants | 102,094,338 | 62,992,376 |
| Routine maintenance – vehicles and other transport equipment | 57,037,482 | 143,772,700 |
| Routine maintenance – other assets | 117,917,226 | 131,905,923 |
| **Total** | **1,813,717,265** | **1,449,020,312** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. SUBSIDIES

| Description | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Subsidies to Public Corporations | | |
| *See list attached* | | |
| (insert name) | | |
| Subsidies to Private Enterprises | | |
| *See list attached* | | |
| (insert name) | 0 | 0 |

### 14. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| **Transfers to County Government entities** | | |
| Assembly Recurrent | 1,102,824,375 | 1,264,539,825 |
| Assembly Development | 8,891,477 | 2,118,690 |
| | | |
| Other current transfer, Grants and subsidies | 642,835,119 | 920,353,512 |
| Other capital grants and Transfers | 3,468,085,143 | 464,966,638 |
| | | |
| **Transfers to National Government entities** | | |
| Transfer to the Council of Governors | | |
| | | |
| **TOTAL** | **5,222,636,114** | **2,651,978,665** |

### 15. OTHER GRANTS AND PAYMENTS

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Scholarships and other educational benefits | 102,500,00 | 200,000,000 |
| Emergency relief and refugee assistance | 50,150 | 98,037,903 |
| Subsidies to small businesses, cooperatives, and self employed | 0 | 0 |
| **Total** | **102,550,150** | **298,037,903** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. SOCIAL SECURITY BENEFITS

| | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Government pension and retirement benefits | 31,706,668 | 249,050 |
| Social security benefits in cash and in kind | | |
| Employer Social Benefits in cash and in kind | | |
| **Total** | **31,706,668** | **249,050** |

### 17. ACQUISITION OF ASSETS

| Non- Financial Assets | 2018 - 2019 | 2017 - 2018 |
|---|---|---|
| | KShs | KShs |
| Purchase of Buildings | | |
| Construction of Buildings | 250,511,251 | 328,231,208 |
| Refurbishment of Buildings | 29,972,681 | 47,387,915 |
| Construction of Roads | 384,448,743 | 572,193,385 |
| Construction and Civil Works | 358,639,384 | 220,231,442 |
| Overhaul and Refurbishment of Construction and Civil Works | 7,700,000 | 0 |
| Purchase of Vehicles and Other Transport Equipment | 32,211,724 | 106,123,052 |
| Overhaul of Vehicles and Other Transport Equipment | 0 | 0 |
| Purchase of Household Furniture and Institutional Equipment | 4,876,744 | 300,000 |
| Purchase of Office Furniture and General Equipment | 18,360,494 | 29,394,657 |
| Purchase of ICT Equipment | 26,172,994 | 0 |
| Purchase of Specialized Plant, Equipment and Machinery | 0 | 76,047,265 |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | 0 | 0 |
| Purchase of Certified Seeds, Breeding Stock and Live Animals | 40,446,380 | 18,556,885 |
| Research, Studies, Project Preparation, Design & Supervision | 2,918,476 | 37,098,444 |
| Rehabilitation of Civil Works | 6,439,252 | 1,694,016 |
| Acquisition of Strategic Stocks and commodities | 0 | 0 |
| Acquisition of Land | 0 | 12,900,000 |
| Acquisition of Intangible Assets | 0 | 3,078,000 |
| **Total acquisition of non- financial assets** | | |
| | | |
| **Financial Assets** | | |
| Domestic Public Non-Financial Enterprises | 0 | 60,000,000 |
| Domestic Public Financial Institutions | | |
| **Total acquisition of financial assets** | | |
| **Total acquisition of assets** | **1,162,698,123** | **1,513,236,268** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. FINANCE COSTS, INCLUDING LOAN INTEREST

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Exchange Rate Losses | 0 | 0 |
| Interest Payments on Foreign Borrowings | 0 | 0 |
| Interest Payments on Guaranteed Debt Taken over by Govt | 0 | 0 |
| Interest on Domestic Borrowings (Non-Govt) | 0 | 0 |
| Interest on Borrowings from Other Government Units | 0 | 0 |
| **Total** | **0** | **0** |

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

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Repayments on Borrowings from Domestic | 0 | 0 |
| Principal Repayments on Guaranteed Debt Taken over by Government | 0 | 0 |
| Repayments on Borrowings from Other Domestic Creditors | 0 | 0 |
| Repayment of Principal from Foreign Lending & On – Lending | 0 | 0 |
| **Total** | **0** | **0** |

### 20. OTHER PAYMENTS

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Budget Reserves | 0 | 0 |
| Civil Contingency Reserves | 0 | 19,627,736 |
| Other payments | 0 | 9,744,162 |
| | **0** | **29,371,898** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 21. CASH AND BANK BALANCES

### 21A. BANK BALANCES

| Name of Bank, Account No. & currency | Amount in bank account currency* | Indicate whether recurrent, Development, deposit receipts e.t.c | Ex. rate (if in foreign currency) | 2018 – 2019 | 2017 – 2018 |
|---|---|---|---|---|---|
| | | | | KShs | KShs |
| | | | | | |
| CBK 10000170409 | Kshs | Recurrent | | 338.75 | 75,762 |
| CBK 10000170457 | Kshs | Development | | 3,271,798 | 144,948 |
| CBK 10000170646 | Kshs | Revenue | | 1,194,751,803 | 690,276,851 |
| CBK 10000299142 | Kshs | Deposit | | 129,714,136 | 83,063,113 |
| Fuel levy 10000250836 | Kshs | Development | | 4,311,478 | 42,287 |
| Operations Family Bank 001000044058 | Kshs | Recurrent | | 3,397 | 0 |
| Ruiru Sub county | Kshs | Recurrent | | | 0 |
| Thika Sub county 011415583688 00 | Kshs | Recurrent | | | 0 |
| Juja Sub County 005000048212 | Kshs | Recurrent | | | 0 |
| Kiambu Sub County 001000030774 | Kshs | Recurrent | | | 0 |
| Kabete Sub County 102000016634 | Kshs | Recurrent | | | 0 |
| Kikuyu Sub County 102000016536 | Kshs | Recurrent | | | 0 |
| Lari Sub County 047000027126 | Kshs | Recurrent | | | 0 |
| Kiambaa Sub County 051000011625 | Kshs | Recurrent | | | 0 |
| Limuru Sub County 047000027118 | Kshs | Recurrent | | | 0 |
| Githunguri Sub County 002000028063 | Kshs | Recurrent | | | 0 |
| Gatundu North Sub County 004000028892 | Kshs | Recurrent | | | 0 |
| Gatundu South Sub County 005000048221 | Kshs | Recurrent | | | 0 |

| | | | | | |
|---|---|---|---|---|---|
| Special Purpose Health 1000336358 | Kshs | Receipt | | | 1,763,574 |
| Special Purpose Agriculture 10000365919 | Kshs | Receipt | | | 55,609,855 |
| Special Purpose Education 10000368648 | Kshs | Receipt | | | 25,662,165 |
| Cooperative Revenue collection 114137154502 | Kshs | Receipt | | 133,549 | 417,910 |
| KCB Revenue collection 1164796372 | Kshs | Receipt | | 168,538 | 0.051 |
| Cooperative Operations 1141371543500 | Kshs | Recurrent | | 0 | 41,544 |
| **TOTAL** | | | | **1,332,355,037** | **857,098,009** |

## 21B. CASH IN HAND

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Cash in Hand – Held in domestic currency | 0 | 20,470 |
| Cash in Hand – Held in foreign currency | 0 | 0 |
| **Total** | **0** | **20,470** |

Cash in hand should also be analysed as follows:

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Thika Cash Office | 0 | 20,470 |
| Location 2 | 0 | 0 |
| Location 3 | 0 | 0 |
| **Total** | **0** | **20,470** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

| Description | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Government Imprests | 43,141,833 | 5,153,806 |
| Clearance accounts | 0 | 0 |
| ***Total*** | **43,141,833** | **5,153,806** |

| Name of Officer or Institution | Date Imprest Taken | Amount Taken | Amount Surrendered | Balance |
|---|---|---|---|---|
| | | | KShs | KShs |
| Executive department | Various dates | 21,569,989 | 0 | 21,569,989 |
| County Public Service Board | Various dates | 90,300 | 0 | 90,300 |
| Finance Department | Various dates | 2,040,600 | 0 | 2,040,600 |
| Administration department | Various dates | 129,400 | 0 | 129,400 |
| Agriculture department | Various dates | 1,771,240 | 0 | 1,771,240 |
| Water department | Various dates | 1,880,490 | 0 | 1,880,490 |
| Health department | Various dates | 5,668,350 | 0 | 5,668,350 |
| Education department | Various dates | 0 | 0 | 0 |
| Youth Department | Various dates | 0 | 0 | 0 |
| Planning Department | Various dates | 7,295,200 | 0 | 7,295,200 |
| Trade Department | Various dates | 95,300 | 0 | 95,300 |
| Roads Department | Various dates | 1,511,884 | 0 | 1,511,884 |
| Livestock Department | Various dates | 1,089,080 | 0 | 1,089,080 |
| | | | 0 | |
| ***Total*** | | **43,141,833** | **0** | **43,141,833** |

## 23. ACCOUNTS PAYABLE

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| | | |
| Deposits | 129,714,136 | 83,063,113 |
| Retention monies | | |
| **Total** | **129,714,136** | **83,063,113** |

## 23. FUND BALANCE BROUGHT FORWARD

| | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Bank accounts | 857,990,008 | 0 |
| Cash in hand | 20,470 | 0 |
| Accounts Receivables | 5,153,806 | 0 |
| Accounts Payables | -83,955,112 | 0 |
| **Total** | **779,209,172** | 0 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 24. PRIOR YEAR ADJUSTMENTS

| Description of the error | 2018 – 2019 | 2017 – 2018 |
|---|---|---|
| | KShs | KShs |
| Adjustments on bank account balances | 0 | 0 |
| Adjustments on cash in hand | 0 | 0 |
| Adjustments on payables | 0 | 0 |
| Adjustments on receivables | 0 | 0 |
| Others (*specify*) | 0 | 0 |
| | **0** | **0** |

## 5.10. OTHER IMPORTANT DISCLOSURES

### 1. PENDING ACCOUNTS PAYABLE

| Description | Balance b/f FY 2017/2018 Kshs | Additions for the period Kshs | Paid during the year Kshs | Balance c/f FY 2018/2019 Kshs |
|---|---|---|---|---|
| Construction of buildings | | | | |
| Construction of civil works | | | | |
| Supply of goods | | | | |
| Supply of services | | | | |
| **Total** | **2,645,936,076** | **438,304,850** | **958,106,259** | **2,126,134,667** |

### 2. PENDING STAFF PAYABLES

| Description | Balance b/f FY 2017/2018 Kshs | Additions for the period Kshs | Paid during the year Kshs | Balance c/f FY 2018/2019 Kshs |
|---|---|---|---|---|
| Senior management | 0 | | 0 | 0 |
| Middle management | 0 | | 0 | 0 |
| Unionisable employees | 0 | | 0 | 0 |
| Others | 0 | | 0 | 0 |
| **Total** | **0** | | **0** | **0** |

### 3. OTHER PENDING PAYABLES

| Description | Balance b/f FY 2017/2018 Kshs | Additions for the period Kshs | Paid during the year Kshs | Balance c/f FY 2018/2019 Kshs |
|---|---|---|---|---|
| Amounts due to National Government entities | 0 | | 0 | 0 |
| Amounts due to County Government entities | 0 | | 0 | 0 |
| Amounts due to third parties | 0 | | 0 | 0 |
| **Total** | **0** | | **0** | **0** |

## 4. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Government:

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

**Related party transactions**

| | 2018-2019 Kshs | 2017-2018 Kshs |
|---|---|---|
| Key Management Compensation(Governors, CEC Members and C.Os) | | |
| | | |
| **Transfers to related parties** | | |
| Transfer to the County Assembly | 1,111,715,852 | |
| Transfers to other County Government Entities | 0 | |
| Transfers to Development Projects | 2,123,093,000 | |
| Transfers to non reporting entities e.g schools and welfare | 0 | |
| Transfers to County Water Service Providers | 0 | |
| Expenses paid on behalf of County Water Service Providers | 0 | |
| **Total Transfers to related parties** | **3,234,808,852** | |
| | | |
| **Transfers from related parties** | | |
| Transfers from the Exchequer | 9,357,200,000 | |
| Transfers from MDAs | 2,358,112,475 | |
| Transfers from SCs and SAGAs- National Government | 358,126,679 | |
| Local revenue | 2,737,467,842 | |
| **Total Transfers from related parties** | **16,223,679,072** | |

## 5. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve 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/Date Taken over | Location | Accounting Officer resp |
|---|---|---|---|
| | | | |
| Kiambu Bursary Fund | | | C.O Education ,Culture Gende Social Services |
| Kiambu Alcoholics Drinks Control Fund | | | C.O Administration & Public Service |
| Kiambu County Executive staff Mortgage Scheme Fund | | | Deputy Director Accounting Services |
| Kiambu County Jijenge Fund | | | C.O Youth Affairs ,Sports ,Ict Communication |
| Kiambu County Emergency Fund | | | C.E.C.M Finance & Economic Planning |

## 6. 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) | Time (Period) within which it is expected to be resolved |
|---|---|---|---|---|---|
| 1.0 | Variance between financial statement and ifmis report. | Reconciliation has been done and the documents are available for audit verifications. | Audit queries response committee | Not resolved | |
| 2.0 | **CASH AND CASH EQUIVALENT**<br><br>**2.1 under statement of cash and bank balances**<br><br>The statement of assets and liabilities as at 30th June 2018 reflects cash and bank balances of Kshs.774,056,367. An analysis of the cash book, however revealed that payments totalling Kshs.753,197,759 for the month of July 2018 were irregularly posted in the month of June,2018. As result, the cash and bank balances reflected in the statement of assets and liabilities as at 30 june,2018 have been understated by Kshs.753,197,729 | *The reconciliation of the above said figures has been done including cashbook adjustments and documents available for verification.* | Audit queries response committee | Not resolved | |
| | **Unreconciled cash book balance**<br>No Bank reconciliations were prepared as at 30 June, 2018 contrary to regulation 90 of the Public Financial Management | *The difference in the cashbook balances has been reconciled and the bank reconciliation statement is* | Audit queries response committee | Not 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) | Ti... |
|---|---|---|---|---|---|
| | (county Government) regaulations,2015. An examination of the cash book revealed a balance of Kshs.690,276,851 in the County Revenue Fund (CRF) as at 30 June,2018 while the bank statement as at the same date reflects a balance of Kshs.399,980,928. The difference of Kshs.290,295,923 was not reconciled or explained. | *available.* | | | |
| | **2.1 Undisclosed Bank Balance**<br>No bank balances of Kshs.774,034,897 shown in the financial statement did not include a balance of Kshs.254,903 as at 30 june,2018 in respect of twelve bank accounts for the sub Counties. No reason was given for failure to include the balance in the financial statements.<br><br>In view of the above circumstances, the completeness and accuracy of cash and cash equivalents balance of Kshs.774,055,367 reflected in the financial statements as at 30 June,2018 could not be confirmed. | *The omitted banks accounts shall be included in the revised financial statement* | Audit queries response committee | Not resolved | |
| 3 | **3 Payments through General suspense Account**<br>IFMIS payment register show expenditure totalling 929,105,190 charged to general suspense | *The supporting documents for the incurred expenditure are available for audit verification and the respective* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Person responsible for the issue (Name and Designation) | Status (Resolved / Not Resolved) | Timeline to resolve issue (Date) |
|---|---|---|---|---|---|
| | | *charge accounts have been charged.* | | | |
| 4 | **4 Unidentified Classification of Expenditure as Refer to Drawer (R/D) cheque Account.**<br><br>Examination of payments details revealed expenditure of ksh 6,254,513 was charged under refer to drawer cheque account however, payment vouchers and supporting document were not provided for audit examination, | *In regard to the documents and the payment vouchers supporting the said expenditure are available for audit verification including the evidence of charge to expense account.* | Audit queries response committee | Not resolved | |
| 5 | **5 Compensation of Employees**<br>The statement of receipts and payments reflects an expenditure of is Kshs.5,886,281,182 on compensation of employees which include an amount of Kshs.637,970,489.this amount is however not supported with relevant documentations, | *The documents supporting the said expenditure are available for audit verification.* | Audit queries response committee | Not resolved | |
| | **6. Transfers of Other Government Entities**<br>Un-receipted Transfers to Thika Level 5 Hospital ifmis register at county shows ksh 147,524,479 was transferred to thika level 5 ,however cash book and AIES records maintained at thika level 5 has amount of 106,143,926 was received as current transfers | *The figures has been reconciled and necessary adjustments made.* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not Resolved) | Timeline date when issue will be resolved |
|---|---|---|---|---|---|
| | .41,380,553 as the difference is not recorded in cash book maintained. | | | | |
| | Other Capital Transfers Charged to Recurrent Vote<br>Examination of recurrent expenditure vote book status for the year under review revealed ksh64,624,048 relating to other capital transfers was charged to recurrent vote instead of development vote.no explanation for misallocation | *The Department budget operated under the ceilings given by Cara and thus it was not possible for the Department to absorb more funds under the development vote* | Audit queries response committee | Not resolved | |
| 7 | **7.1 Tuition Fees Allowances**<br><br>Department of Administration, Public Service and Communication paid tuition fees allowances amounting to Kshs.4,351,142. However, no supporting documents were provided for the expenditure, which was charged to Other Grants and Payments. Consequently, the validity and propriety of the expenditure of Kshs.4,351,142 could not be confirmed. | *The documents supporting the expenditure are available for audit verification.* | Audit queries response committee | Not resolved | |
| 8 | **8.Outstanding Imprests**<br>Statement of assets and liabilities for the year under review has outstanding imprest balance ksh5,153,806 while imprest register balance has outstanding of ksh 49,011,727 the difference of 43,857,921 not reconciled hence financial statement cant be ascertained | *Reconciliations of the manual impress register and the cleared IFMIS system register has been done and the documents and reports are available for audit verification.* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue/Observation from Auditor | Management comments | Focal Point person to resolve the issue/observation | Status (Resolved / Not resolved) | Timeline for resolution |
|---|---|---|---|---|---|
| | .the imprest in question has not be surrendered or recovered from the defaulting officers salary as required under regulation 96(6) of the public finance management (county government )regulation 2015 | *The ifmis figure represents the only uncleared imprests since clearing in the manual register is the final step.* | | | |
| 9 | **9.Pending Bills** Financial statement under review has pending bills amounting 2,316,638,468 which includes legal fees ksh.190,560,506.however supporting schedule reflects total pending bills ksh.2,191,211,102 resulting to a difference of unexplained balance ksh.125,427,366.in addition tender documents were not provided for audit review hence accuracy of pending bills totalling 2,316,635,468 could not be ascertained hence that shows county executive entered into financial commitments without adequate resources contrary regulation 50 of public finance management (county government )regulation 2015. | *The County ensures that it only pays for work / service rendered and measures to curb even reduce pending bills to align with cash flow are in place.* | Audit queries response committee | Not resolved | |
| 10 | **10.Fund Balance** Statement of assets and liabilities for the year under review reflects nil fund balance brought forward whereas closing balance of 30 june ,2017 was ksh.107,985,507 which ordinarily ought to have been opening balance on 1 july 2017.no explanation for | *The management has done necessary adjustments as regards the opening balance figure.* | Audit queries response committee | Not resolved | |

| Reference No. on the External Audit Report | Issue / Observation from Auditor | Management comments | Focal Point Person to resolve the issue | Status (Resolved / Not Resolved) | Timeline (Put a date when you expect the issue to be resolved) |
|---|---|---|---|---|---|
| | anomaly. | | | | |
| 1 | **1.Budget Performance**<br><br>**1.1 Overall budget Performance** | *The County had some budget items with variances of more than 10% and are explained as follows:*<br><br>***1.Proceeds from Domestic and Foreign Grants***<br>*The County budgeted for Ksh 78,008,687 in this item while the actual amount realised was Ksh 328,551,775 resulting to a variance of Ksh 250,543,088. This was occasioned by a receipt of Ksh 238,000,000 which is a grant from the World Bank on for Kenya Devolution Support Programme (KDSP) level 11 grant which was realized after fulfilling the conditions which were set out in the programme. This had not been* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Discrepancy noted by Auditor | Management comments | Recommendations | Timeline to address the issue | Status |
|---|---|---|---|---|---|
| | | *budgeted for as it was only received after the KDSP assessment. The amount has now been factored in the current budget.*<br><br>***2.Own Generated Revenue***<br>*The County budgeted for Ksh 1,924,216,292 but realized ksh 1,685,421,352 which resulted to a shortfall of ksh 238,794,940. This was occasioned by the prolonged electioneering Period and also failure in enforcement. The problem has already been addressed with the County putting in place measures that include enhancing enforcement, automation of Revenue collection, review and enactment of the Finance Act 2018* | | | |

| Reference No. on the external audit Report | Issue/Observation from Auditor | Management comments | Focal Person to deal with the issue/matter | Status (Resolved / Not Resolved) | Timeline to address the issue/matter |
|---|---|---|---|---|---|
| | | *and many other measures to enhance Own Source Revenue.*<br><br>***3.Other Grants and Transfers***<br>*The budget figure for this item was Ksh 326,313,964 while the realised amount was ksh 233,037,903 resulting to a difference of Ksh 93,276,061. This was occasioned by failure of remittance by the National Treasury or Fuel Levy Fund.*<br><br>***4.Social Security Benefits***<br>*The budgeted amount was Ksh 500,000 while the amount spent was Ksh 249,050 resulting to a difference of Ksh 250,950 which is 50% of the budget. This was occasioned by over budgeting on this item.* | | | |

| Reference No. on the External Audit Report | Issues Observed by the Auditor | Management Comments | Focal Point person to resolve the issue (Name and Designation) | Status (Resolved or Not Resolved) | Timeline within which issue should be resolved |
|---|---|---|---|---|---|
| | | ***5.Acquisition of Assets***<br>*The expenditure under this item was Kshs.1,512,217,686 as compared to the budget of Kshs.1,944,345,806 resulting to a difference of Kshs.432,128,120. This was as a result of the department's failure to acquire assets during the year mainly because of underperformance in Own Source Revenue and also delay in disbursement of funds from the National Treasury.*<br><br>***6.Other Payments***<br>*A total of Kshs.35,000,000 was budgeted under this item but the actual expenditure was Kshs.94,371,898 resulting to a difference of* | | | |

| Reference No. on the External Audit Report | Issue (Qualification Matter) | Management Comments | Focal Person to resolve the issue | Status (Resolved / Not Resolved) | Timeframe (Date when the issue is to be resolved) |
|---|---|---|---|---|---|
| | | *Kshs.59,371,898. This item contains those items which may not have been budgeted for hence the over expenditure.* | | | |
| | **County Own Generated Revenue**<br><br>Shortfall in the County's Own Generated Revenue from a budgeted amount of Kshs.1,924,216,292 to an actual collected of Kshs.1,685,421,352 during the year under review | *This was occasioned by the prolonged electioneering Period and also failure in enforcement. The problem has already been addressed with the county putting in place measures that include enhancing enforcement, automation of Revenue collection, review and enactment of the Finance Act 2018 and many other measures to enhance Own Source Revenue.* | Audit queries response committee | Not resolved | |
| | **Expenditure**<br><br>County spent less than 30% on development expenditure | *The underutilization of development vote was as a result of missed revenue targets and delayed exchequer releases.* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue/ Observation from Auditor | Management comments | Focal Point person responsible (title/ name and designation) | Status (Resolved/ Not Resolved) | Timeframe (Date when issue is to be resolved) |
|---|---|---|---|---|---|
| | **Construction of Building**<br><br>1.Proposed Construction of perimeter Fence at Ting'ang'a Dispensary<br><br>Tender evaluation committee minutes were not provided for audit reveiew | *The documents supporting the expenditure are available for audit verification.* | Audit queries response committee | Not resolved | |
| | **Proposed construction of Wangige level 4 Hospital**<br><br>Breach of contract and lack of realisation of value for money | *Documents supporting adherence of procurement procedures are available for audit verification.* | Audit queries response committee | Not resolved | |
| | **2.2 Construction of Roads**<br><br>**2.2..1Githunguri CBD Roads**<br>The letter of award wasnot, however, provided for audit review. The contract documents containing Bill of Quantities were also not provided for audit review and as result, the scope of work could not be ascertained. | *The original works commenced on 18th March 2015 and the project was due on 8th April 2017. However, the original scope was extended to 8th October 2017 by which date the contractor had substantially completed the works. The extended works were to take 6 months and they are* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to the issue (Name and designation) | Status (Resolved / Not Resolved) | Timelines (Date by which the issue will be resolved) |
|---|---|---|---|---|---|
| | | *due in January 2019. The County is determined to finish the works by then. The original scope of the works are substantially completed and the raised payment certificated fully paid.*<br><br>*Samples of minutes, instructions, material test reports & Supervision staff appointment has been attached.* | | | |
| | **Thika Gatitu Junction Roads Project**<br><br>An audit inspection of the project undertaken on 22 October 2018 revealed that a stretch adjustment of Thika Prison had not been done due to what was explained to be delay in relocation of senior prison staff houses. The progress of work completed at that time was 62% as reported in the previous certificate. | *The overall works progress for the whole project has been good until we faced resistance from Prisons (Thika) concerning their accommodations encroaching on our road corridor. The Prison authority has been demanding for compensation before we demolish the building which is not an easy task since its* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not Resolved) | Timeline (Put a date when you expect issue to be resolved) |
|---|---|---|---|---|---|
| | | *not budgeted for. However, His Excellency the Governor is negotiating for an amicable solution to solve the stalemate and hence avert any loss of public resources. Otherwise the project is 90% complete.*<br><br>*Samples of minutes, instructions, material test reports & Supervision staff appointment has been attached.* | | | |
| | **Kimende Town Roads Project**<br>The contract document signed on 20 December 2017 and provide for audit review was incomplete. Management did not provide Bills of Quantities for audit verification. Perusal of the project file revealed scantly information on the scope of work which includes site clearance, construction of 200mm thick sub-base, asphaltic wearing course and drainage works. | *A copy of IPC 01 summary page has been attached and detailed certificate is available for viewing*<br><br>*Lack of evidence that county engineers were inspecting and supervising the construction work;*<br><br>*Response:*<br>*The project is normally supervised* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and Designation) | Status (Resolved / Not Resolved) | Expected Date of Resolution |
|---|---|---|---|---|---|
| | | *on a day to day basis by a team appointed by the accounting officer. Meetings (Site & Technical) are regularly held and minutes kept. Works are normally authorized through instructions. Even though payments delayed, there has been another challenge of excessive rainfall in the area which falls throughout the year hence making earthworks a bit slow.*<br><br>*Samples of minutes, instructions, material test reports & Supervision staff appointment has been attached to demonstrate how actively the county staff participate in the projects* | | | |
| | **2.3 Purchase of Certified Seeds, Breeding Stocks and Live Animals** | *The Department received requests to procure Hass* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not resolved) | Timeline (Put a date when the issue will be resolved) |
|---|---|---|---|---|---|
| | **2.3.1 Procurement of Hass Avocado Seedlings**<br>Sharing of contract to supply the seedlings between two firms | *avocados seedlings from various sub-counties on different months. The department issued quotations to prequalified suppliers from our list of prequalified suppliers under special category for supply and delivery of the seedlings and only three companies were prequalified by then.*<br>*The above said tenders had competition since various prequalified suppliers competed during tendering process. The standard of the seedlings were ascertained by inspection committee.* | | | |
| | **3. Stalled Projects** | *The Accounting Officer takes all necessary financial and other precautions before any procurement* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not resolved) | Timeline to resolve issue |
|---|---|---|---|---|---|
| | | *process begins and even commits funds for the said project. The challenge is when revenue targets are nor achieved due to various reasons.* | | | |
| | **3.1 Proposed Construction of Kikuyu Level IV**<br><br>Tender evaluation minutes and reports were not provided for audit and hence it's not clear how Seremala Construction and Engineering Ltd was picked.<br><br>Completion of the project not yet attained | *The management is making every effort to ensure that funds are available to enable the completion of the said project.* | Audit queries response committee | Not resolved | |
| | **3.2 Proposed Construction of No. 1 Toilet Block at Lussinget Sub County Hospital**<br><br>The project has stalled | *The management is making every effort to avail funds even to the completion of the project.* | Audit queries response committee | Not resolved | |
| | **3.3 Thogoto Ndaire Dagoretti Road (CKG/RTW&U/38/2016-2017)**<br>Delayed completion | *The project progress is generally ok. Though the initial contract period has expired, it has been extended by further three months to allow the contractor* | Audit queries response committee | Not 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) | Timeline (Date within which the issue will be resolved) |
|---|---|---|---|---|---|
| | | *to finish the remaining works by March 2019. It is worth noting that apart from late payments, the area is very wet and this has acted as some of the factor which delayed the works. One payment certificate amounting to Ksh.25 million is pending. The contractor is ready to resume works immediately he is paid. The County is committed to finish the project to enable its citizens realize full benefits. Samples of minutes, instructions, material test reports & Supervision staff appointment has been attached.* | | | |
| | **3.4 A2 Junction Kimbo – Matangini Road (CKG/RTPW&U/44/2016-2017)**<br>Bills of quantities not provided. Project not completed | *Error correction:*<br>*The total length from your report reads "5.1km" instead of "4.1km"*<br>*Risk:*<br>*Stalled project may* | Audit queries response committee | Not resolved | |

| Reference No. on the External audit Report | Issue / Observation from Auditor | Management comments | Focal Person responsible for the case (Name and designation) | Status (Resolved / Not resolved) | Timeline date when the issue will be resolved |
|---|---|---|---|---|---|
| | | *have no benefit to the local community. Delays may escalate the cost*<br><br>*Response:*<br><br>*The original contract period was extended by six months to early March 2019. Two payment certificates are pending totaling to kshs.23million. The contractor is ready to resume immediately the payments are honoured by the County. The only items which can escalate the project cost are in bill No.1 of the Bill of Quantities e.g. the project vehicle. However, this was well taken care of by recalling the project vehicle immediately after the initial contract period elapsed. Samples of minutes, instructions,* | | | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not Resolved) | Timeframe (Put a timeline date to resolve issue) |
|---|---|---|---|---|---|
| | | *material test reports & Supervision staff appointment has been attached.* | | | |
| | **3.5 Proposed Construction of Limuru Hawkers Market**<br>Project not completed within time. Work poorly done | *The contract was awarded to Pekema construction limited for construction of Limuru market phase 1 at a sum of ksh.14,328,296. The contractor completed the project as per the contract terms and was paid as indicated.*<br>*Toilets were different projects being done Department of Water and Environment. Drainage, water harvesting, cabros and other works are part of the proposed future phase of construction of the market* | Audit queries response committee | Not resolved | |
| | **3.6 Proposed Extensions and Renovations at Red Nova**<br>The project has stalled | *The level of completion for this project is 35%.*<br>*The Department of Public Works has already issued a* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | How Board intends to resolve the issue (Name and designation) | Status (Resolved / Not Resolved) | Time Frame within which the issue will be resolved |
|---|---|---|---|---|---|
| | | *default/cautionary letter to the contractor. The trade department with the consultation of public works department are in the process of terminating the contract as per the terms and conditions of the contract.* | | | |
| | **3.7 Proposed Construction of Limuru Market**<br>Project is incomplete and poor workmanship | *African Resource ltd was awarded the contact at a sum of ksh.45,168,350.00. There was a proposal to change the design of the market to a storey building necessitating the termination of the initial contract with the African Resource ltd. Unfortunately funds to undertake this new initiative never materialized .the initial contact with African Resource ltd was reinstated with* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not Resolved) | Timel (Da, mon year) issue resol |
|---|---|---|---|---|---|
| | | *the contractor agreeing to go back to site on the same terms and conditions initially agreed. The indicated third and final payments certificate of ksh.15,165,918.60 will be subjected to normal valuation of works as per terms and conditions of contract and converted into an interim payment certificate* | | | |
| | **3.8 Community Hall in Kiambu Township**<br>Project has stalled | *In regard to the stalled Community hall in Kiambu Township, the department has terminated the contract since the contractor don't want to go back to the site. The project manager has done measurement of the hall again for the works remaining and is in the doing final account for the contractor to exit* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue/Observation from Auditor | Management comments | Focal Point person to resolve the issue/ name and designation | Status (Resolved / Not Resolved) | Timeframe within which the issue will be resolved |
|---|---|---|---|---|---|
| | | *officially. The project will be tendered afresh.* | | | |
| | **3.9 Mangu ECDE Centre The Project has stalled** | *In regard to the stalled project at Mang'u ECDE, the department has contacted the contractor who has promised to go back to site in two weeks' time since 70% of the works has already been paid.* | Audit queries response committee | Not resolved | |
| | **3. 10 Rehabilitation of Kanjai C64-C65 Road** The project is behind schedule | *Although the projects are well programmed and budgeted for, the cash flow has been a challenge. The development funds from the national Government have not been flowing in a timely manner a fact that has really disoriented the contractors. The result has been slow implementation of the projects and the above project has been a victim of the* | Audit queries response committee | Not resolved | |

| Reference No. on the external audit Report | Issue / Observation from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status (Resolved / Not Resolved) | Timeframe within which the issue will be resolved |
|---|---|---|---|---|---|
| | | *latter. However, the County government has steadily held on and even though the progress has been slow, none has stalled.* | | | |
| | **3.11 Refurbishment of Stadia – Gikambura and Ruiru Football Grounds – Astra Tuf Finish** | *The County is following up even to the completion and handing over of the projects. The Department with advice of the project manager has written to the contractors with the intention of terminating the contract and utilizing the retention amounts to complete the remaining works.* | Audit queries response committee | Not 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.....13/07/2020.....

ANNEXES

## ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

| Period | Equitable Share | DANIDA | Level 5 hospitals allocation | Other Transfers- Donor funds transferred through exchequer | Total Transfers from the National Treasury/ Exchequer |
|---|---|---|---|---|---|
| Exchequer Releases for quarter 1 | 1,991,947,838 | 32,400,000 | 538,716,762 | 2,683,839,154 | |
| Exchequer Releases for quarter 2 | 2,620,016,000 | | | | |
| Exchequer Releases for quarter 3 | 2,479,658,000 | | | | |
| Exchequer Releases for quarter 4 | 2,265,578,162 | | | | |
| **Total** | **9,357,200,000** | **32,400,000** | **538,716,762** | **2,683,839,154** | |

## ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2018/2019 | Outstanding Balance 2017/2018 | Comments |
|---|---|---|---|---|---|---|
| | A | B | c | d=a-c | | |
| **Construction of buildings** | | | | | | |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| **Sub-Total** | | | | | | |
| **Construction of civil works** | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |
| 6. | | | | | | |
| **Sub-Total** | | | | | | |
| **Supply of goods** | | | | | | |
| 7. | | | | | | |
| 8. | | | | | | |
| 9. | | | | | | |
| **Sub-Total** | | | | | | |
| **Supply of services** | | | | | | |
| 10. | | | | | | |
| 11. | | | | | | |
| 12. | | | | | | |
| **Sub-Total** | | | | | | |
| **Grand Total** | | | | | | |

## ANNEX 3– ANALYSIS OF PENDING STAFF PAYABLES

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2018/2019 | Outstanding Balance 2017/2018 | 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 4 – ANALYSIS OF OTHER PENDING PAYABLES

| Name | Brief Transaction Description | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2018/2019 | Outstanding Balance 2017/2018 | 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 5 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f (KShs) 2017/2018 | Additions during the year (KShs) | Disposals during the year (KShs) | Transfers in/(out) during the year (KShs)0 | Historical Cost c/f (KShs) 2018/2019 |
|---|---|---|---|---|---|
| Land | 27,900,000 | 0 | 0 | 0 | 27,900,000 |
| Buildings and structures | 1,296,666,558 | 280,483,932 | 0 | 0 | 1,577,150,490 |
| Transport equipment | 176,147,719 | 32,211,724 | 0 | 0 | 208,359,443 |
| Office equipment, furniture and fittings | 296,096,523 | 23,237,238 | 0 | 0 | 319,333,761 |
| ICT Equipment | 405,232,320 | 26,172,994 | 0 | 0 | 431,405,314 |
| Machinery and Equipment | 1,056,030,646 | 0 | 0 | 0 | 1,056,030,646 |
| Heritage and cultural assets | 0 | 0 | 0 | 0 | 0 |
| Biological assets | 18,556,885 | 40,446,380 | 0 | 0 | 59,003,265 |
| Intangible assets | 0 | 2,918,476 | 0 | 0 | 2,918,476 |
| Infrastructure assets- Roads, Rails | 0 | 757,227,379 | 0 | 0 | 757,227,379 |
| Work in progress | 831,217,287 | 0 | 0 | 0 | 831,217,287 |
| Projects | | 0 | 0 | 0 | 0 |
| Investments | 60,000,000 | 0 | 0 | 0 | 60,000,000 |
| **Total** | 4,625,334,129 | 1,162,698,123 | 0 | 0 | 5,788,032,252 |

*(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.)*

## 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 | | | | | 1,111,715,852 | | | |
| 2 | NAGRIP | | | | | 50,078,476 | | | |
| 3 | KDSP | | | | | 289,565,839 | | | |
| 4 | YOUTH POLYTECHNIC GRANTS | | | | | 51,423,050 | | | |
| 5 | KUSP | | | | | 1,927,193,000 | | | |
| 6 | ASDSP | | | | | 7,452,110 | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | **Total** | | | | | 3,437,428,327 | | | |

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)

## ANNEX 7– BANK RECONCILIATION/FO 30 REPORT

*(Attach FO 30 Reports from IFMIS)*

REPUBLIC OF KENYA
BANK RECONCILIATION

AS AT 05-Feb-2019

MARSABIT COUNTY HEAD QUARTERS

| | Shs | Shs | Shs |
|---|---|---|---|
| Balance as per bank reconciliation as | | | 22,477,550.00 |
| 1. Payments in cash book not yet recorded in Bank statement (unpresented cheques) | | | |
| 2. Receipts in bank statement not yet recorded in Cash Book and | | | |
| 3. Payments in bank statement not yet recorded in Cash book | 3,575,927.40 | | |
| 4. Receipts in cash book not yet recorded in Bank Statement | | | |
| | | 3,575,927.40 | 3,575,927.40 |
| | Bank Balance as Per Cash Book | | 24,053,478.00 |

I certify that I have verified the bank balance in the Cash book with the bank statement and that the above reconciliation is correct.

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | DATE | PAYEE | AMOUNT SHS | CHEQUE NO. | PAYEE | AMOUNT SHS |
|---|---|---|---|---|---|---|
| | | | | | | |
| TOTAL | | | | TOTAL | | |

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | DATE | PAYEE | AMOUNT SHS |
|---|---|---|---|
| | | | |
| TOTAL | | | |

2. RECEIPT IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK.

| DETAILS | AMOUNT SHS |
|---|---|
| | |
| TOTAL | |

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK

| DETAILS | AMOUNT |
|---|---|
| Vehicle Costs | 45,835.00 |
| | 65,035.00 |
| | 66,107.20 |
| | 69,770.00 |
| | 73,301.00 |
| | 73,075.00 |
| | 74,210.00 |
| | 97,493.40 |
| | 112,591.40 |
| | 113,250.00 |
| | 114,040.00 |
| | 119,042.75 |
| | 126,034.70 |
| | 135,012.05 |
| | 136,860.00 |
| | 147,250.00 |
| TOTAL | 3,575,927.40 |

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT.

| DETAILS | AMOUNT SHS |
|---|---|
| | |
| TOTAL | |

COUNTY
A/C NO
BANK

KEMBO
0010000340058
FAMILY BANK

F.O 30

REPUBLIC OF KENYA
BANK RECONCILIATION

AS AT 30TH JUNE 2010

Station

KIAMBU COUNTY HEAD QUARTERS

| | Shs | Shs | Shs |
|---|---|---|---|
| Balance as per Bank certificate | | | 3,397.70 |
| Less | | | |
| 1. Payments in cashbook not yet recorded in Bank statement | | | |
| Unpresented cheques | | | |
| 2. Receipts in bank statement not yet recorded in Cash Book | | | |
| Add | | | |
| 3. Payments in bank statement not yet recorded in Cash Book | | | |
| 4. Receipts in cash book not yet recorded in Bank Statement | | | |
| Bank Balance as Per Cash Book | | | 3,397.70 |

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct.

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO | DATE | PAYEE | AMOUNT SHS | CHEQUE NO. | PAYEE | AMOUNT SHS |
|---|---|---|---|---|---|---|
| | | PAYMENTS | | | | |
| TOTAL | | | | | TOTAL | |

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | DATE | PAYEE | AMOUNT SHS |
|---|---|---|---|
| TOTAL | | | |

2. RECEIPT IN BANK STATEMENT NOT YET RECORDED IN

| DETAILS | AMOUNT SHS |
|---|---|
| TOTAL | |

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK

| DETAILS | AMOUNT SHS |
|---|---|
| TOTAL | |

RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATE

| DETAILS | AMOUNT SHS |
|---|---|
| TOTAL | |

GPK(L)

COUNTY KIAMBU
A/C NO 1030170457
BANK DEVELOPMENT CBK

P.O 30

REPUBLIC OF KENYA
BANK RECONCILIATION

AS AT 30th JUNE 2019

Station KIAMBU COUNTY HEAD QUARTERS

| | Shs | Shs | Shs |
|---|---|---|---|
| Balance as per Bank certificate | | | 29,647,947.00 |
| Less | | | |
| 1. Payments in cashbook not yet recorded in Bank statement | 644,170,366.40 | | |
| Unrecorded cheques | | 644,170,366.40 | |
| 2. Receipts in bank statement not yet recorded in Cash Book | | | |
| Add | | | |
| 3. Payments in bank statement not yet recorded in Cash Book | | | |
| 4. Receipts in cash Book not yet recorded in Bank Statement | 617,795,317.00 | 617,795,317.00 | |
| Bank Balances as Per Cash Book | | | 26,375,249.40 |
| | | | 3,371,796.55 |

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct.

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | DATE | PAYEE | AMOUNT SHS |
|---|---|---|---|
| | | PAYMENTS | 644,170,366.40 |
| TOTAL | | | 644,170,366.40 |

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | DATE | PAYEE | AMOUNT SHS |
|---|---|---|---|
| | | | |
| TOTAL | | | |

2. RECEIPT IN BANK STATEMENT NOT YET RECORDED IN

| DETAILS | AMOUNT SHS |
|---|---|
| | |
| TOTAL | |

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK

| DETAILS | AMOUNT SHS |
|---|---|
| | |
| TOTAL | |

RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATE

| DETAILS | AMOUNT SHS |
|---|---|
| A/C TRANSFER 8/07/2017 | 379,795,317.00 |
| AC/ TRANSFER 9/07/2019 | 238,000,000.00 |
| TOTAL | 617,795,317.00 |

OPK(E)

A/C NO KIAMBU
BANK 1000017405
CBK RECURRENT

F.O 30

# REPUBLIC OF KENYA

AS AT 29TH JUNE 2016

KIAMBU COUNTY HEAD QUARTERS

| | Shs | Shs | Shs |
|---|---|---|---|
| Balance as per bank certificate | | | 4,510,491.00 |
| Less | | | |
| 1. Payments in cashbook not yet recorded in Bank Statement (unpresented cheques) | 4,510,152.25 | | |
| 2. Receipts in bank statement not yet recorded in Cash Book | - | 4,510,152.25 | |
| Add | | | |
| 3. Payments in bank statement not yet recorded in Cash Book | - | | |
| 4. Receipts in cash Book not yet recorded in Bank Statement | - | | |
| 0 Bank Balance as Per Cash Book | | | (4,510,152.25) 338.75 |

I certify that I have verified the Bank Balance in the Cash book with the Bank Statement and that the above Reconciliation is correct.

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | DATE | PAYEE | AMOUNT SHS | CHEQUE NO. | PAYEE | AMOUNT SHS |
|---|---|---|---|---|---|---|
| | | | 4,510,152.25 | | | |
| TOTAL | | | 4,510,152.25 | TOTAL | | |

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO | DATE | PAYEE | AMOUNT SHS |
|---|---|---|---|
| TOTAL | | | |

2. RECEIPT IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

| DETAILS | AMOUNT SHS |
|---|---|
| TOTAL | |

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK

| DETAILS | AMOUNT |
|---|---|
| TRFS 16-5-015 | |

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT.

| DETAILS | AMOUNT SHS |
|---|---|
| TOTAL | |

F.O 30

# REPUBLIC OF KENYA
# BANK RECONCILIATION

ACCOUNT NO.1000299142
CENTRAL BANK OF KENYA
AS AT 30TH JUNE 2019

| KIAMBU COUNTY DEPOSIT ACCOUNT | | | |
|---|---|---|---|
| | Shs | Shs | Shs |
| Balance as per Bank certificate | - | | 129,714,136.00 |
| Less | | | |
| 1. Payments in cashbook not yet recorded in Bank | - | | |
| 2. Receipts in bank-- statement not yet recorded | - | - | |
| Add | | | |
| 3. Payments in bank | - | | |
| 4. Receipts in cash Book not yet recorded in Bank | - | - | 0.00 |
| Bank Balance as Per Cash Book | | | 129,714,136.00 |

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct.

P. Accot...

SIGNATURE

DESIGNATION

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

| CHEQUE NO. | PAYEE | AMOUNT SHS |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| TOTALS | | |

| CHEQUE NO. | PAYEE | AMOUNT SHS |
|---|---|---|
| | | |
| TOTAL | | - |

2. RECEIPT IN BANK STATEMENT

| DETAILS | AMOUNT SHS |
|---|---|
| | |
| TOTAL | - |

3. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK

| DETAILS | AMOUNT |
|---|---|
| | |
| | |
| | |
| | - |

4. RECEIPTS IN CASH BOOK NOT

| DETAILS | AMOUNT SHS |
|---|---|
| | |
| | |
| | |
| TOTAL | - |

## ANNEX 8 – SUB COUNTY BANK BALANCES

| S/No | SUB COUNTY | ACCOUNT NUMBER | BALANCE AS AT 30TH |
|---|---|---|---|
| 1 | Ruiru Sub County | 02400021700 | 368.00 |
| 2 | Thika Sub County | 01141558368800 | 244.05 |
| 3 | Juja Sub County | 005000048212 | 29.35 |
| 4 | Kiambu Sub County | 001000030774 | 373.10 |
| 5 | Kabete Sub County | 102000016634 | 10.80 |
| 6 | Kikuyu Sub County | 1020000016536 | 311.53 |
| 7 | Lari Sub County | 047000027126 | 1,044.52 |
| 8 | Kiambaa Sub County | 051000011625 | 379.83 |
| 9 | Limuru Sub County | 047000027118 | 1,803.52 |
| 10 | Githunguri Sub County | 002000028063 | 3,012.40 |
| 11 | Gatundu North Sub County | 004000028892 | 103.62 |
| 12 | Gatundu South Sub County | 005000048221 | 339.77 |