BCA/PAC/PIC/06/2019/12

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF BOMET

FOR THE YEAR ENDED 30 JUNE 2017

Tabled on 16/7/2019 at 2.30pm

Given 60 calendar days

BOMET COUNTY GOVERNMENT

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

29 SEP 2017

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

The County Government of Bomet day-to-day management is under the following key organs:
- The County Executive Committees;
- The Ministries/Departments;
- The County Treasury; and
- The County Assembly.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

Designation	Name
1. Governor	Hon. Isaac Ruto
2. Deputy Governor	Hon. Stephen Mutai
3. County Secretary	Mr. Jonathan Soi
4. CECM – Agribusiness	Hon. Beatrice Kirui
5. CECM – Finance, ICT & Economic Planning	Hon. Dr. Peter Koros
6. CECM – Education & Vocational Training	Hon. Samson Barchok
7. CECM – Roads, Public Works & Transport	Hon. Eddah Biegon
8. CECM – Culture, Gender, Sports, Youth & Social Services	Hon. Rachel Ngeno
9. CECM – Medical Services	Hon. Dr. Stanley Cheruiyot
10. CECM – Water & Irrigation	Hon. Dr. Joseph Langat
11. CECM – Energy, Tourism, Trade & Industry	Hon. David Cheruiyot
12. CECM – Environment, Land, Housing & Urban Development	Hon. Alex Kirui

Fiduciary Oversight Arrangements

The County Government of Bomet has the following bodies for fiduciary oversight arrangements:

i) Audit and finance committees
ii) County Assembly committees
iii) Other oversight arrangements including internal audit examination teams

(d) County Government of Bomet Headquarters

P.O. Box 19 – 20400
Bomet, KENYA
Off Narok Sotik Highway

(e) County Government of Bomet Contacts

Telephone: (+254) 0202084070
E-mail: info@bomet.go.ke
Website: www.bomet.go.ke

(f) County Government of Bomet Bankers

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

2. Other Bank Accounts – refer to Annex 4

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. FORWARD BY THE CEC

This is the forth annual report for Financial year 2016/17 under the GOK, County Govt Act and PFMA,2012. It provides for annual performance for the county under the PFMA section 163 that requires county treasury to consolidate the annual financial statements in respect of county government entities in format prescribed by Accounting Standard Board. The report includes appropriation accounts and statements prepared by accounting officers and receivers of revenue. The financial statements are being presented in line with PFMA section 164(4) which states this must be presented not later than three months after the end of the financial year.

The county budget allocation for the financial year 2016/2017 was Kshs. 5,554,951,295 comprising Kshs. 5,078,798,925 being funds released from the exchequer, Danida, fuel levy, free maternity, user fee and other local sources of revenue. The expenditure captured as at end of 30th June 2017 was Kshs. 5,311,118,236. However we did not exhaust the total commitments due to IFMIS challenges that did not allow for all expenditures to go through. This came as a result of delays in releasing the allocation for the month of June.

Bomet County's performance was good given the top rating in terms of absorption as well as amount spent on development. This has led to improved welfare and living standards for most of the Counties citizens. Further, due to the county putting in place implementation monitoring and social audit units, value for money has been greatly achieved. The County has remained commited to working with all stakeholders to further develop the county.

Though the county is progressing well in implementation of the County Development Intergrated Plan; challenges did not miss since most of the activities are new. Some of this included; the allocation/transfers being inadequate compared with the needs, the National Treasury releasing funds monthly resulting in delays of activities that need large amount of money; and challenges in passing payments through IFMIS due to poor network connectivity.

To ensure that this challenges are overcome, we recomend that: transfers should be made quarterly to improve management of funds and also enable settlement of bigger requirements; the National Treasury should put in place mechanisms to ensure that activities should not stop because of delay of funds; the intergovernmental meetings should be held frequently to iron out some of the problems facing counties; and the IFMIS networking should be extended to sub counties.
We note that even with the above challenges, Bomet County still achieved a 95% absorption rate at the end of the year.

Thank you.

COUNTY EXECUTIVE COMMITTEE MEMBER
HON. DAVID CHERUIYOT
FINANCE, ICT & ECONOMIC PLANNING
BOMET COUNTY GOVERNMENT

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of 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, 2017. 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, 2017, 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 ____________ 2017.

____
County Executive Committee member – Finance

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HARAMBEE

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF BOMET FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Bomet County Executive set out on pages 7 to 43, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows, summary statements of appropriation: recurrent and development combined and budget execution by programmes and sub-programmes for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Trial Balance and General Ledger

The County Executive did not provide a general ledger and a trial balance and therefore the sources of the financial statement balances could not be verified. In the circumstance, it has not been possible to confirm whether the balances reported in the financial statements have been accurately derived from the records of the County financial transactions.

1.2 Inaccuracies in the Statement of Receipts and Payments

The statement of receipts and payments for the year reflects different comparative figures from those certified in the financial year ended 30 June 2016 for the items detailed below.

Item	2016/2017 financial statements comparative figure (Kshs)	2015/2016 financial statements certified figure (Kshs)	Variance (Kshs)
Exchequer releases	4,241,393,250	4,706,893,250	-465,500,000
Proceeds from domestic and foreign grants	60,073,250	17,620,000	42,453,250
Transfers from other government entities	17,620,000	60,073,250	-42,453,250
Compensation of employees	1,803,097,789	2,029,072,192	-225,974,403
Use of goods and services	635,761,380	852,563,751	-216,802,371

Further, the comparative figures for proceeds from domestic and foreign grants and that of transfers from Other Government Entities have been interchanged while cross referencing notes are not correctly matched with figures.
Although these anomalies were discussed with the management, no adjustment or corrections have been done.

The statement of receipts and payments, therefore, is not fairly stated.

2.0 Cash and Bank Balances

2.1 Lack of Cash Book

During the period under review, cash transfers amounting to Kshs.650,974,214 and Kshs.25,830,033 were transferred from Central Bank of Kenya recurrent account number 1000171049 and development account number 1000170964 respectively using payee name Bomet County Government and Office of the Governor and Administration. However, no cash book was presented for audit review to identify the beneficiaries and to show how the cash transfers were accounted for. In the circumstance, it has not been possible to confirm the propriety of the cash expenditure.

2.2 Undisclosed Bank Account

Audit examination of Bomet County Imprest Account number 172413/500UCA00/1/0 maintained at Transnational Bank Limited, Bomet Branch revealed a closing bank balance of Kshs.5,963,707.17 as at 30 June 2017. However, the transactions via this account, the details of the bank account and the closing balance of Kshs.5,963,707.17 were not captured or disclosed in the financial statements for 2016/2017 financial year..

3.0 Outstanding Imprest

A sum of Kshs.134,871,104 issued as imprest had not been accounted for as at 30 June 2017 and the figure has not been disclosed in the financial statements. The break down in terms of departments is shown below:

Department		Amount (Kshs)
Office of the Governor		73,973,051
Finance and Economic Planning		23,118,900

Education	1,870,100
Water and Irrigation	1,905,252
Trade and Industry	7,736,861
Social Services	10,321,288
Roads	2,906,350
Lands	4,237,800
Health	2,443,050
Agribusiness	6,358,852
Total	**134,871,104**

4.0 County Own Generated Receipts

4.1 Budgeted Receipts

The budget for county own generated receipts was Kshs.274,724,577. During the year under review, county own generated receipts stood at Kshs.234,230,199 against the previous year's receipts of Kshs.165,717,831 indicating a growth of Kshs.68,512,368.

4.2 Loss of Revenue from Land rates

During the year under review, the County Executive had budgeted to collect land rates amounting to Kshs.25,489,586 from tea companies within the County but only collected Kshs 28,506,619 or 112% of the budget. A review of the budget revealed that the County Executive did not budget land rates from Sotik Tea Company although an amount of Kshs.3,846,410 was collected from the company. However, the amount collected was less than the amount charged to the company of Kshs.4,442,035 resulting to an explained variance of Kshs.595,625.

Further, it was noted that the tea companies were undercharged land rates at 1.3% of site value instead of 2.5%. Had the companies been charged the rate of 2.5%, the County Executive would have collected Kshs.55,965,998 resulting to loss of revenue from land rates of Kshs.27,863,680 as detailed below:

Tea Company	Budgeted Amount (Kshs)	Acreage in hectares	Site value (Kshs)	Expected charge at 2.5% (Kshs)	Actual charge at 1.3% (Kshs)	Undercharge (Kshs)	Actual Collection (Kshs)
Unilevr Tea Kenya	12,679,973	12,007.52 ha	960,601,760	24,015,044	12,487,822	12,527,222	12,487,822
Williamson Kenya Tea Ltd	3,302,206	2,701 ha	216,080,480	5,402,012	2,809,046	2,592,966	2,809,046
James Finlay	9,507,407	9,003 ha	720,262,664	18,006,567	9,363,341	8,643,152	9,363,341
Sotik Tea	0	3,694 ha	341,695,000	8,542,375	4,442,035	4,100,340	3,846,410
Total	**25,489,586**			**55,965,998**	**29,102,244**	**27,863,680**	**28,506,619**

In the circumstances, the revenue collected has been understated resulting to loss of revenue amounting to Kshs.27,863,680.

4.3 Lack of Valuation Roll and Registers for Plot Rents and Town Rates

The statement of receipts and payments reflects county own generated receipts of Kshs.5,915,334 under various fees for plot rates and town rates. However, arrears of Kshs.142,833,500 with an accrued interest of Kshs.27,014,783 have not been collected. In addition, there is no valuation report for the parcels of land which attract rates and therefore it was not possible to confirm whether the amount paid was calculated on the correct site values and acreage. In the circumstance, revenue amounting to Kshs.169,848,283 is outstanding.

4.4 Unrealized Revenue on Fund Raising Events

The revenue budget for fund raising events which was hire of stadium was Kshs.16,118,831 but the actual collection totaled Kshs.10,233,000 thereby resulting to under collection of revenue of Kshs.5,885,831. Its therefore appears that revenue from this category can be realized in full were proper controls to be put in place as the collection rate attained was 63.4 % of the amount budgeted.

5.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2017 reflects compensation of employee's expenditure of Kshs.2,181,569,537 against a budget of Kshs.2,181,853,562. The expenditure represents forty-one (41%) percent total expenditure of Kshs.5,312,514,971. The rate of forty-one (41%) of total expenditure may not be sustainable in the future unless strict controls are instituted.

In addition, examination of payroll records established that eight hundred and thirty-nine employees (839) with a monthly gross salary of Kshs.27,289,156 were employed during the financial year under review without approval of the County Public Service Board and confirmation of availability of budgetary provisions from the County Treasury. Further, Kshs.8,366,290 was paid as acting allowances in excess of the six months' period required by the Public Service Commission, Human Resource Policies and Procedures Manual.

6.0 Use of Goods and Services

6.1 Misclassification of expenditure in Foreign Travel

The statement of receipts and payments for the year ended 30 June 2017 reflects use of goods and services expenditure of Kshs.677,613,985. Included in this expenditure figure is foreign travel of Kshs.20,555,072. However, the schedule presented for audit shows expenditure totaling Kshs.28,427,832 and includes payments made to Jambostar properties amounting to Kshs.15,216,188. This expenditure relates to a contract for construction of modern kiosks at Sotik town through the Department of Lands and Urban Planning. The inclusion of this expenditure under foreign travel is a clear misclassification.

6.2 Printing Advertising and Information Supplies

The County Executive Supplementary budget for 2016-2017 had a provision of Kshs.45,339,159 for printing advertising and information supplies but actual expenditure reflected in the statement of receipts and payments amounts to Kshs.55,467,610 thereby resulting to an over expenditure of Kshs.10,128,451. The schedule presented for audit reflects an amount of Kshs.19,271,607 resulting to unsupported and unexplained difference of Kshs.36,196,003. In the circumstance, the whole expenditure of Kshs.55,467,610 on printing, advertising and information was not fully accounted for.

6.3 Unsupported Expenditure – Rentals of Produced Assets

Audit examination on rentals of produced assets schedule as at 30 June 2017, established that payments for rents and rates, account code number 2210603 amounting to Kshs.19,597,170.20 were included in the schedule. However, no payment vouchers and lease agreements in support of these expenditures were presented for audit review.

In the circumstance, the expenditure of Kshs.19,597,170.20 on rent was not accounted for.

6.4 Training Expenses

The statement of receipts and payments for the year ended 30 June 2017 reflects use of goods and services expenditure of Kshs.677,613,985. Included under use of goods and services expenditure is training expenditure of Kshs.47.434,085. The supporting schedule presented for audit had a figure of Kshs.43,544,400 resulting to an unexplained difference of Kshs.3,889,685. In addition, the County Executive did not provide the general ledger in support of transactions and therefore the details of payments totaling Kshs.43,544,400 could not be verified. In the circumstance, expenditure on training expenses amounting Kshs.47,434,085 could not be confirmed as fairly stated.

6.5 Specialized Materials and Services

Note 11 to the financial statements reflects Kshs.54,100,784 as expenditure incurred on specialized materials and services. However, the specific account codes making the expenditure classification showed a figure of Kshs.92,397,527 thereby understating the statement of receipts and payments by Kshs.38,296,743. failure of the balances totalling has not been explained.

6.6 Maintenance of Vehicles and Other Transport Equipment

During the year 2016-2017 financial year, the County Executive had an approved budget of Kshs.43,284,597 for maintenance of vehicles while the actual expenditure reported in the financial statement is Kshs.67,850,845 resulting to an over expenditure of Kshs.24,566,248 which has not been explained. In addition, there were no inspection reports provided for confirmation of the repairs. The expenditure could therefore not be authenticated.

6.7 Fuel and Lubricants

During the financial year under review, the County Executive had a budget of Kshs.34,000,000 for refined fuel and lubricants against actual expenditure of Kshs.34,000,000 reported in Note 11 to the financial statements. However, no work tickets were produced to confirm how the fuel was consumed. In the circumstance, the expenditure of presented Kshs.34,000,000 on fuel, oil and lubricants could not be confirmed as fairly stated.

7.0 Transfers to Other Government Entities

7.1 Bomet Integrated Development Program

Note 13 to the financial statements reflects transfers to Bomet Integrated Development Program of Kshs.57,600,000. The budget for the year was Kshs.53,591,284 and therefore the reported transfer was exceeded by Kshs.4,008,716. Verification of the transfers against the bank statement for account number 01020067433800 maintained at National Bank Bomet branch revealed that only an amount of Kshs.42,000,000 was received and credited. However, records maintained at the County Treasury revealed that Kshs.73,000,000 was transferred to this program resulting to unreconciled difference of Kshs.31,000,000. In the circumstance, the reported amount of Kshs.57,600,000 could not be confirmed as fairly stated.

7.2 Transfers to Bomet Water Company

The budget provision for Bomet Water Company support was Kshs.42,000,000, however records maintained and verified at the water company reflect actual transfers of Kshs.100,599,890 resulting to excess transfers of Kshs.58,599,890. In addition, Note 13 to the financial statements reflects Kshs.41,999,960 as having been transferred and therefore the difference of Kshs.58,599,930 could not be confirmed as having been received by the water company. In the circumstance, the excess transfers of Kshs.58,599,890 cannot be authenticated as duly approved.

7.3 Transfers to Cooperative Societies

Note 13 reflects transfers to Cooperative Societies of Kshs.193,144,879 for capacity building against a budget of Kshs.180,716,490 resulting to an over expenditure of Kshs.12,428,389. It was however observed that the county executive has not enacted a legal framework to ensure accountability for these transfers as once the transfers a been made there is no feedback on the use. In addition, out of Kshs.193,144,879, only Kshs.21,713,289 was supported by payment vouchers leaving an amount of Kshs.171,431,590 unsupported.

7.4 Cash Transfer to Health Facilities

The budget for cash transfers to health facilities was Kshs.173,246,286 against an actual transfers of Kshs.173,246,286 reported in Note 13 to the financial statements. Examination of Central Bank of Kenya bank statement number 100017104 revealed that out of the reported amount of Kshs.173,246,286, only Kshs.95,235,835 was confirmed as having been transferred. The balance of Kshs.78,010,451 could not be explained or reconciled. In the circumstance, it has not been possible to confirm whether all the approved transfers to health facilities were received.

8.0 Social Security Benefits

The statement of receipts and payments as at 30th June 2017, reflects Kshs.62,978,459 under social security benefits and as disclosed in Note 15 to the financial statements. However, payment vouchers subjected to audit review amount to Kshs.83,269,963 thereby resulting in understatement of social security benefits expenditure by Kshs.20,291,504 during the period under review.

9.0 Acquisition of Assets

9.1 Construction of Roads

Note 16 reports construction of roads expenditure of Kshs.324,777,408 against a budget of Kshs.227,501,474 resulting to over expenditure of Kshs.97,275,934. In the circumstance, the over expenditure could not be confirmed as having been duly approved.

9.2 Construction and Civil Works

During the period under review, the reported construction and civil works was Kshs.185,841,855. However, the status of these construction and civil works could not be confirmed as no completion reports were presented for audit review. In addition, procurement records to show identification, selection and award of contractors were not presented for audit and therefore verification was not possible.

9.3 Construction of Buildings

The reported expenditure for construction of buildings under Note 16 to the financial statements was Kshs.122,855,806 against a budget of Kshs.123,047,950. The supporting schedule provided for audit review had a figure of Kshs.70,572,267 resulting to unsupported and unexplained expenditure of Kshs.52,283,539. In the circumstance, expenditure on construction of buildings amounting Kshs.122,855,806 could not be confirmed as fairly stated.

9.4 Overhaul and Refurbishment of Construction and Civil Works

The budget for overhaul and refurbishment of construction and civil works was Kshs.258,559,887 against reported actual expenditure of Kshs.249,427,814. The schedule in support of this expenditure had a total of Kshs.151,552,777 resulting to unsupported and accounted for expenditure of Kshs.97,875,037. In addition, comparison of the account codes to which the actual expenditure was charged with the budget revealed that payments totaling for which there was no budgetary provision Kshs.18,127,034 were made. Further, the schedule revealed that payments totaling Kshs.52,690,735 were paid in the name of various water projects. Site visits made indicate that the projects were not undertaken yet the schedule provided by the County Treasury includes these amount. It is therefore not clear how payments could be made in the name of non-existent projects. In the circumstance the expenditure of Kshs.249,427,814 on overhaul and refurbishment of construction and civil works could not be confirmed as having been properly incurred and fairly stated.

9.5 Purchase of ICT Equipment

Note 16 to the financial statements reflects Kshs.25,820,150 as amount incurred on the purchase of ICT equipment, software and other equipment. However, the payment vouchers presented for audit on the purchased ICT equipment amounts to Kshs.8,162,230 leading to a misstatement of the financial statement by Kshs.17,657,920 during the period under review.

9.6 Purchase of Specialized Equipment and Machinery

According to the supplementary budget for the year 2016/2017, the County Executive allocated Kshs.109,982,000 on purchase of specialized plant, equipment and machinery. The statement of receipt and payments for the year ended 30 June 2017 reflects an amount of Kshs.92,397,527 in respect of purchase of specialized plant and equipment and machinery. No supporting schedules were provided for audit review. In the circumstance, the expenditure could not be confirmed as having been properly incurred.

9.7 Acquisition of Land

The budget for acquisition of land was Kshs.16,000,000 against actual expenditure of Kshs.15,999,400. The lands purchased could not be confirmed as no documentary evidence was provided and no titles were produced for audit review. In the circumstance, it was not possible to confirm if any land was purchased.

9.8 Summary of Fixed Assets Register

Annex 4 to the financial statements reflects summary of fixed assets register with a historical cost carried forward of Kshs.1,076,780,936. The historical cost brought forward was Kshs.905,827,079 indicating that additions during the year were Kshs.170,953,857. Although the register does not reflect additions made during the year, the statement of receipts and payments reflects acquisition of assets expenditure of Kshs.1,114,980,225. The acquisition of assets has not been included and therefore the summary of fixed assets register is understated. Further, no asset register was presented for audit verification.

10.0 Other Payments

The statement of receipts and payments for the year ended 30 June 2017 reflects other payments of Kshs.136,875,391. However, no supporting schedule has been presented for audit review to confirm what comprises the other payments figure of Kshs.136,875,391. In the circumstances, the expenditure of Kshs.136,875,391 cannot be confirmed as a proper charge to public funds.

11.0 Pending Bills

Annex 1 analysis of pending accounts payables reported a figure of Kshs.286,261,927.00 which has not been supported by invoices, fee notes, interim certificates, delivery notes and any other relevant documentation. In addition, the reported figure of Kshs.286,261,927.00 has not been reconciled to the vote book figure of Kshs.600,512,838 for outstanding commitments. In the circumstance, the accuracy of the reported figure of Kshs.286,261,927,.00 cannot be confirmed.

12.0 Reported Expenditure not Matching Budget Codes

Expenditure totaling Kshs.889,589,345 was reported as incurred under various votes in IFMIS payment details and charged to account codes 2990105,6580101 and 6740101 as tabulated below:

Department/Vote	Account Code Charged			Total Amount (Kshs)
	2990105-Expenses (Kshs)	6580101-Cash (Kshs)	6740101-Prepayment (Kshs)	
Office of the Governor and Administration	10,034,295	508,544,067	78,384,855	**596,963,2**
Department of Education and Vocational Training	7,163,595	140,011,289	31,531,802	**178,706,686**
Department of Social Services	15,697,375	25,016,931	11,046,235	**51,760,541**
Department of Agribusiness, Cooperatives and Marketing	19,435,798	21,394,902	21,328,201	**62,158,901**
Total	**52,331,063**	**694,967,189**	**142,291,093**	**889,589,345**

However, the expenditure codes charged could not be matched with the budget codes and it therefore appears the expenditure was incurred and charged where there was no budgetary provision. The double entries to confirm how the payments were expensed has not been disclosed and therefore could not be confirmed. Further, payment vouchers have not supported the expenditure. In the circumstance, the expenditure could not be confirmed to have been properly charged and accounted for.

13.0 Unsupported Cash Clearings/ Withdrawals

Cash clearing payments totaling Kshs.997,976,562 as detailed below, were made during the year under review in various Departments as reported in IFMIS payment details report.

Department/Vote	Payee	Total Amount (Kshs.)
Office of the Governor and Administration		56,469,514
Department of Education and Vocational Training	Bomet County Government	153,327,515

Department of Water and Irrigation	Bomet County Government, Red Cross and Bomet Water Company	243,084,646
Department of Social Services	Bomet County Government	67,130,317
Department of ICT, Training and Industry	Bomet County Government	21,328,201.50
Department of Medical Services	Bomet County Government	312,803,298
Department of Lands, Urban Planning and Environment	Bomet County Government	143,833,070
Total		**997,976,562**

However, the cash clearing payments have not been supported by verifiable documentation such as payment vouchers and other supporting documents. In the absence of details, it is difficult to ascertain whether the transactions actually occurred and whether the payments were a proper charge to public funds.

14.0 Office of the Governor and Administration

14.1 Budget Performance

The office of the Governor was allocated a total of Kshs.1,094,124,767 (Kshs.99,800,000 development vote and Kshs.994,324,767). The actual expenditure incurred as recorded in the payment details report are analyzed as follows:

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	994,324,767	1,202,960,700	121
Development	99,800,000	107,754,551	108
Total	**1,094,124,767**	**1,310,715,251**	**120**

There was over expenditure in the recurrent vote of Kshs.208,635,933 and Kshs.7,954,551 in the development vote. The overall over expenditure was Kshs.216,590,484. The Office of the Governor exceeded the overall budget by twenty (20%) percent. Apparently financial control and budgetary discipline was not exercised well in this department.

14.2 Construction of Nyangores Ward Office

Construction of Nyangores ward office was awarded at a contract sum of Kshs.7,042,921. Verification of the works at Nyangores site revealed that there was no contractor on site and only five (5) courses of brick wall laying had been done and floor slab done. The project has been abandoned and it appears that no work will continue in the foreseeable future. There was no title deed presented to confirm ownership of the land and its acreage.

14.3 Construction of Kongasis Ward Office

Construction of Kongasis ward office was awarded and a payment of Kshs.2,196,350 was made. Verification of the site on 7 December 2017 revealed that no works were ongoing as the contractor was not on site, the project is abandoned and exhibits poor workmanship. There is no information to indicate the start and completion dates and no title deed to the land was produced to confirm ownership. The land is not fenced and guarded and therefore the works are prone to vandalism and deterioration due to adverse weather conditions especially rain. There are no procurement records to confirm identification, selection and award of the contract.

14.4 Domestic Travel

During the period under review, amounts totaling Kshs.8,702,777 were paid to Northwood Agencies Ltd and Chaka Ventures for hire of helicopters. However, no procurement records and local service orders were provided for review to confirm how the suppliers of the services were identified, selected and awarded. The journeys and eventual payments could not be presented for audit review.

14.5 Foreign Travel

The budget for foreign travel was Kshs.23,460,000 against an actual of Kshs.20,555,072. The schedule provided for audit revealed a total of Kshs.28,427,830 resulting to a difference of Kshs.7,872,758. Included in the schedule are payments to Northwood Agencies Ltd, Jambostar Properties and Chaka Ventures Ltd totaling Kshs.7,307,777, Kshs.15,216,188 and Kshs.1,395,000 respectively whose payment vouchers have not been presented for audit verification. In addition, no records of procurement were provided to confirm how these firms were identified, selected and awarded services by the County Executive in relation to foreign travel. In the circumstance, the reported foreign travel expenditure of Kshs.20,555,072 could not be confirmed as fairly stated.

14.6 Public Participation Expenditure

The budget for public participation under code 2211399 was Kshs.36,700,000 against reported expenditure of Kshs.74,451,930 in the payment details reported as per schedule attached. However, the public participation was not supported by participatory structures as defined in the regulations. The venues and invitations of persons did not adhere to any defined criteria and expenditure on hire of public address systems and tents were done through cash purchases without any adherence to the procurement law. The Kshs.74,451,930 was not supported as only payment vouchers totaling Kshs.15,652,350 were produced for audit review leaving Kshs.58,799,580. In the circumstance, the expenditure of Kshs.74,451,930 could not be confirmed as a proper charge to public funds.

15.0 Ministry of Finance and Economic Planning

15.1 Budget Performance

The Department of Finance and Economic Planning was allocated Kshs.319,744,242 in the recurrent vote and Kshs.64,014,737 in the development vote resulting to a budgetary allocation of Kshs.383,758,979. The actual expenditure incurred as recorded in the payment details report is as analyzed in the table below.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	319,744,242	483,539,238	151
Development	64,014,737	54,200,163	85
Total	**383,758,979**	**537,739,401**	**140**

There was over expenditure in the recurrent vote of Kshs.163,794,996 and Kshs.9,814,574 in the development vote. The Department of Finance and Economic Planning overspent its budget by forty (40%) percent which demonstrates lack of financial control as the custodian of financial resources in the County. No explanation has been given for the excess expenditure.

15.2 Unsupported Expenditure

Verification of recurrent appropriation vote against actual payment vouchers produced revealed that the Department incurred an expenditure of Kshs.101,838,796 against verified payment vouchers of Kshs.38,467,263 resulting to unsupported expenditure of Kshs.63,371,533 as tabulated below:

Item	Incurred	Verified Payment Vouchers
	Kshs	Kshs
Electricity	15,255,353	5,829,486
Domestic Travel	3,758,180	777,800
Subsistence Allowance	1,829,500	483,200
Domestic Travel	7,280,325	1,423,250
Catering Services	3,466,160	527,400
Board and Committees	2,077,330	727,320
Insurance Vehicles	22,113,138	14,706,221
Fuel and Lubricants	34,444,110	11,028,436
Other Operating Expenses	4,996,800	913,750
Management of Disaster	6,617,900	2,050,400
Total	**101,838,796**	**38,467,263**

16.0 Ministry of Roads, Public Works and Transport

16.1 Budget Performance

The Department of Roads, Public Works and Transport had a budgetary allocation of Kshs.460,662,571 comprised of Kshs.132,050,763 in the recurrent vote and Kshs.328,611,808 in the development vote. The actual expenditure as recorded in the payment details reports are as indicated in the table below:

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	132,050,763	131,618,726	99
Development	328,611,808	501,892,756	153
Total	**460,662,571**	**633,511,482**	**138**

The overall over expenditure is Kshs.172,848,911 and therefore the Roads Department exceeded its budget by thirty-eight (38%) percent. No explanation has been made by management on the over expenditure and it is therefore apparent that no financial control and discipline was exercised.

16.2 Recurrent Appropriation Vote

Audit examination of the recurrent appropriation vote for Ministry of Roads and Public Works as at 30 June 2017, established that the total expenditure for the vote was Kshs.116,680,322. However, the payment details reflect a total expenditure of Kshs.131,618,725.70 thereby resulting in unauthorized expenditure of Kshs.14, 938,403.70 during the period under review.

16.3 Development Appropriation Vote

Audit examination of the development appropriation vote the for Ministry of Roads and Public Works established that the vote reflected total expenditure of Kshs.392,734,186 as at 30 June 2017. However, the payment details for the Department reflects total expenditure of Kshs.501,892,756.40 thereby resulting in unauthorized expenditure of Kshs.109,158,570.40 for the period under review.

16.4 Development Appropriation Reallocations

Audit examination of the Ministry of Roads and Public Works development appropriation vote established that budgetary reallocations of Kshs.101,165,600 were made during the period under review, thereby reducing the department's development vote from Kshs.429,777,408 to Kshs.328,611,408. However, the necessary approvals for these reallocations and the journal vouchers used to make the changes were not availed for audit verification.

16.5 Construction of Roads

Audit examination of the Ministry of Roads and Public Works vote book established that expenditure amounting to Kshs.250,740,738 was incurred on roads construction as at 30 June 2017. However, payment vouchers availed for audit in support of the expenditure, reflect an amount of Kshs.164,892,020 thereby resulting in unsupported expenditure of Kshs.85,848,718. In addition, no information was produced to confirm budget as per road and actuals. In the circumstance, the expenditure could not be confirmed as properly incurred.

16.6 Overhaul of Roads and Bridges

Audit examination of Ministry of Roads and Public Works vote book established that expenditure of Kshs.83,830,347 was incurred on overhaul of roads and bridges as at 30 June 2017. However, payment vouchers supporting the expenditure reflect an amount of Kshs.59,191,950 thereby resulting in unsupported expenditure of Kshs.24,638,397 as at 30 June 2017. In addition, no information was produced to confirm budget as per bridge and actuals. In the circumstance, the expenditure could not be confirmed as properly incurred.

16.7 Excess Vote on Construction of Bridges

Audit examination for the Ministry of Roads and Public Works development appropriation vote revealed that a negative budget estimate of Kshs.(40,139,076) was made for construction of bridges during the financial year 2016-2017. Further, additional payments and commitments amounting to Kshs.57,342,898 were incurred on construction of bridges thereby resulting in an excess vote of Kshs.(97,481,973) as at 30 June 2017. However, no supporting documentation for these expenditures or a listing of the bridges constructed were availed for audit confirmation. In the circumstance, the expenditure could not be confirmed as properly incurred.

16.8 Motor Vehicle Maintenance

Audit examination of recurrent appropriation vote for Ministry of Roads and Public Works established that maintenance expenses in respect of motor vehicles amounted to Kshs.42,374,254 as at 30 June 2017. However, payment vouchers availed for audit confirmation reflects an amount of Kshs.20,211,746.04 in respect of motor vehicle maintenance expenses as at 30 June 2017, thereby resulting in unsupported expenditure of Kshs.22,162,507.96.

16.9 Quarry Payments without Certificate of Goods Received

Examination of the payment vouchers established that contractors were engaged to excavate murram or gravel on quarry sites and deliver to specific roads on behalf of the County Government of Bomet. The contractors were paid Kshs.48,147,520 in respect of five thousand sixty-eight hours (5,068.16) applied in the exercise. However, supporting documentation approved by the inspection and acceptance committee were not presented for audit review to indicate the tonnage of murram or gravel produced at the various quarry sites and specific roads where it was applied.

16.10 Delay in Construction of Kirimose Embomos Bridge

Records presented for audit review revealed that tender for construction of Kirimose Embomos bridge was awarded at a cost of Kshs.5,989,920. However, although a payment of Kshs.3,524, 474.40 was made during the year, no status report was provided to indicate the current position of the project and how long it shall take before completion. In the circumstance, the date of completion of the bridge remains unknown and value for money may not be achieved.

17.0 Education and Vocational Training

17.1 Budget Performance

The Department was allocated Kshs.432,029,409 against an actual expenditure of Kshs.552,816,320 resulting to over expenditure of Kshs.120,786,911or twenty-eight (28%) percent. The over expenditure has not been explained by management and it is therefore apparent that financial control was not exercised.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	202,926,272	319,053,160	157
Development	229,103,137	233,763,160	102
Total	**432,029,409**	**552,816,320**	**128**

17.2 Construction of Classrooms and Other Educational Facilities

During the year, the Department of Education and Vocational Training incurred Kshs.76,888,000 on construction of classrooms and other educational facilities in primary and secondary schools which is a function of the National Government in accordance with the Fourth Schedule to the Constitution of Kenya. The construction was not planned for in the annual development plan and the Department's annual activities for the year and therefore it is not clear on what basis and authority the construction was carried out. Verification at the respective schools revealed that no requests for funding were raised from the schools and the amounts allocated to the schools were not sufficient to complete the projects leading to stalled projects. No expenditure returns were made and provided for audit review and no monitoring and evaluation was done by the Department and therefore the current status of these projects remains unknown.

17.3 Sigor High School

Examination of expenditure records revealed that the Department of Education spent Kshs.36,807,929 on purchase of materials and hire of casuals. The funds used were reallocated from ECD funds without authority and therefore there was no budgetary provision. Audit verification on 22 December 2017 revealed that materials amounting to Kshs.14,520,975 that included tiles, paints, plumbing items and doors were lying unused in the store and it is not clear when they will be utilized. Although the materials were recorded in the stores cards, the cards were poorly maintained and it was difficult to confirm actual balances. There were no records to confirm hire of casuals and the duties they were assigned. It was therefore difficult to confirm the expenditure of Kshs.22,286,954 spent on payments on casual wages. In the circumstance, the propriety of the expenditure could not be confirmed.

17.4 Incomplete ECD Projects

During the period under review the Department also incurred Kshs.10,600,000 on construction of ECD schools in the County. As at the time of audit, it was confirmed that most of the schools were not completed and in some cases work had not commenced while the status report indicated stalled projects. In the circumstance, the propriety of the expenditure could not be confirmed.

17.5 Non-implementation of Bursary Fund Account

The Department of Education did not operationalize the Bursary Fund despite the existence of a legal framework. During the period under review, Kshs 30,476,433 was paid as bursary without any criterion being followed. It is, therefore, not clear how the need students were identified, selected and whether the funds were actually received in the intended institutions in the absence of acknowledgements.

18.0 Water and Irrigation

18.1 Budget Performance

During the year under review, the Water and Irrigation Department had a budgetary allocation of Kshs.364,423,961 with the recurrent vote having Kshs.149,263,077 and the development vote Kshs.215,160,884. The overall actual expenditure was Kshs.221,304,341 for recurrent and Kshs.234,741,584 for development. The overall over expenditure was therefore Kshs.91,621,964.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	149,263,077	221,304,341	148
Development	215,160,884	234,741,584	109
Total	**364,423,961**	**456,045,925**	**125**

The Department exceeded its budget by twenty-five (25%) percent which management has been unable to explain.

18.2 Expenditure Incurred Without Budgetary Provision

The budget for development of water supply was Kshs.118,500,000 for account code 2640399. Records presented for audit review revealed that expenditure totaling Kshs.100,646,776 was incurred with an amount of Kshs.87,734,221 being charged to account code 2640399 and the balance of Kshs.12,912,555 charged to account codes 3110602 and 311502 for Kshs.9,007,037 and Kshs.3,905,518 respectively. However, the expenditure of Kshs.12,912,555 under account codes 3110602 and 3110502 had no budgetary provision. The inclusion of the expenditure of Kshs.12,912,555 is unauthorized reallocation.

18.3 Unsupported Expenditure on Development of Water Supplies

The budget for development of water supply was Kshs.118,500,000 against actual expenditure of Kshs.100,646,776. The budget of Kshs.118,500,000 did not specify which activities were to be undertaken. Payment vouchers provided in support of this expenditure totaled Kshs.29,292,521 resulting to unsupported expenditure of Kshs.71,354,255. In the circumstance, the expenditure of Kshs.100,646,776 on development of water supplies could not be confirmed as a proper charge to public funds.

18.4 Incomplete Projects Included in the List of Pending Bills

In the financial year 2016-2017, Bomet Executive had a budget of Kshs. 215,160,884. Included in the pending bills as at 30 June 2017 is an amount of Kshs.6,774,739 pertaining to National Water Conservation and Pipeline for drilling, testing and installing eight bore holes. The pending bills belong to the financial 2015-2016. Field inspection on 18 December 2017 revealed that these projects have remained incomplete until now and therefore the public is not getting value for money. Moreover, no reports were made available to confirm certificate of payment.

19.0 Social Services

19.1 Budget Performance

The Social Services Department had a budgetary allocation of Kshs. 235,674,176 against actual expenditure of Kshs.269,884,296. The excess expenditure represented fifteen (15%) percent.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	154,731,029	128,764,390	**83**
Development	80,943,147	141,119,906	**174**
Total	**235,674,176**	**269,884,296**	**115**

19.2 Bomet IAAF Stadium

Records produced revealed Kshs.24,224,618 was used for purchase of materials and Kshs.26,763,718 on payment of casual wages for Bomet IAAF stadium during the year under review. An amount of Kshs.332,018,410 has been spent on this stadium since the year 2013/2014 as tabulated below.

Financial Year	Amount (Kshs)
2013/2014	30,454,799
2014/2015	166,075,277
2015/2016	84,499,998
2016/2017	50,988,336
Total	**332,018,410**

Verification done revealed that the mortar mixing was poorly done as the walls exhibit cracks and poor workmanship. The structural works were not smoothened by applying mortar to beautify the surfaces for painting. The metal bars used in the beams and columns were not concreted and are therefore exposed to rain, sunshine, wind, theft, deterioration, vandalism and any adverse weather condition and will weaken in due time. The timber used has been exposed to adverse weather conditions and will not be reused leading to escalation of costs. Arising from poor workmanship, a section of the Bomet East stand of the wall is completely bent and may collapse anytime. The Department of Social Services did not avail specifications of the work carried out, site reports from the technical department for audit inspection and confirmation. Stores records were poorly maintained and therefore it was not possible to confirm receipt, storage and issue of materials which could be matched with work done as metal bars were observed to be lying unused.

As previously stated, the construction works were to commence on 4 March 2014 and the expected completion date was 22 October 2014, however, as at the time of audit in December, 2017 construction works were still ongoing at the IAAF Bomet Stadium. It's not possible to state the percentage of completion and the duration required to complete because on the physical appearance the project is not near completion. In the circumstance, the project is likely to exceed the initial estimated cost.

19.3 Doubtful Payments

The Social Protection Programme for Bomet County is managed through the Bomet County Support Fund for the Needy Act, 2014.The Act created a fund to be administered by an administrator and opened a bank account at Cooperative Bank of Kenya account number 01141358136900. Although, the program was stopped by the National Government through a letter from the Controller of Budget, payment vouchers amounting to Kshs.83,269,963 were paid during the year. However, only Kshs.4,206,900 was credited to the account leaving a balance of Kshs.79,063,963 which could not be confirmed whether it was paid and received by the intended beneficiaries in the absence of verifiable documentation.

19.4 Reallocation of Funds

During the year under review, the budgeted amount for other current transfers under item 2640499 was Kshs.88,000,000 as per the budget analysis. Examination of payments vouchers produced for audit review during the year revealed that actual expenditure was Kshs.93,188,182 on the budget line item. It was confirmed that Kshs.5,188,182 was reallocated from other votes and utilized in purchase of materials for Bomet IAAF stadium without approval.

19.5 Double Payments

The Department of Social Services made payments of similar nature totaling Kshs.8,392,800 that appear to be double payments as the same documents were used to process the transactions in the month of August 2016 as tabulated below.

P.V No	Date	Payee	Details	Amount (Kshs)
10004623	6/12/16	Bomet County Safety net	Old Persons Health Programme-August 2016	4,196,400
476	9/2/16	Bomet County Safety net	Old Persons Health Programme-August 2016	4,196,400

20.0 Agribusiness, Cooperatives and Marketing

20.1 Budget Performance

The Department of Agribusiness, Cooperatives and Marketing had a budgetary allocation of Kshs.485,688,256 with the actual expenditure of Kshs.357,772,338. This resulted to under spending of Kshs.127,915,918. The overall absorption of funds was seventy-four (74%) percent. The under absorption has not been explained:

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	185,586,400	206,005,163	111
Development	300,101,856	151,767,175	51
Total	**485,688,256**	**357,772,338**	**74**

20.2 Irregular Payment to a Sacco

Kshs.30,000,000 was paid to a Sacco being financial support to assist in payment of bonuses to its members on 1 November 2016. However, no expenditure returns were submitted to the County Treasury to indicate the details or amounts paid to the society members. In the circumstance, the payment could not be confirmed a proper charge to public funds.

20.3 Procurement of Idle Generators

Audit examination of payment vouchers for Department found that two (2) generators were procured in respect to Merigi Farmers Society and Longisa Farmers Society at a cost of Kshs.1,700,000 and Kshs.1, 649,984 respectively. However, an audit inspection carried out at the two sites established that generators were not in use due to lack of a generator house and low horse power and as such the procurements amounted to wasteful expenditure as the generators are idle.

20.4 Overpriced Procurements of Heavy Duty Wire Mesh

Examination of payment vouchers revealed that the department purchased one hundred heavy duty wire mesh at a unit cost of Kshs.16,495 amounting to Kshs.1,649,500. Market survey conducted revealed a cost of Kshs.5,000 per unit resulting to total cost of Kshs.500,000. It therefore appears that the heavy duty wire mesh was overpriced by Kshs.1,149,500. In the circumstance, the expenditure could not be confirmed a proper charge to public funds.

20.5 Unauthorized Expenditure

Examination revealed that payment vouchers totaling Kshs.89,906,195 failed to comply with the basic accounting requirement as the expenditure vouchers were authorized by the accounting officer. The details of the vote, head, subhead, item account number and cash book details were not indicated on the vouchers. In the absence of the above the County Executive failed to comply with Section 149 (1) of the Public Finance Management Act, 2012.

20.6 Under Expenditure in Recurrent Appropriation

Audit examination of the Ministry of Agriculture and Cooperatives recurrent appropriation vote reflects an expenditure of Kshs.225,228,367 as at 30 June 2017. However, the actual expenditure as per Integrated Financial Management Information Systems (IFMIS) cash book is Kshs.206,005,163.05 thereby resulting in an under expenditure of Kshs.19,223,203.95.

21.0 ICT, Training and Industry

21.0 Budget Performance

The Department under absorbed its allocated funds with the overall absorption being fifty-two (52%) percent. The budget was Kshs.170,321,297 against an actual of Kshs.88,243,415. Low budget utilization meant the requisite services were not rendered to county citizens.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	110,735,585	64,138,839	58
Development	59,585,712	24,104,576	40
Total	**170,321,297**	**88,243,415**	**52**

22.0 Unauthorized Voted Expenditure Trade

Audit examination of payment vouchers for Ministry of Trade and Tourism reflected Kshs.4,313,202 was paid out without the authority of the AIE holder. The payment vouchers were not examined and had no vote book certificate. The vote book certificate had no commitment dates, entry numbers and date of transaction. The expenditure of Kshs.4,313,202 could therefore not be confirmed as a proper charge to public funds.

22.0 Medical Services

22.1 Budget Performance

The Medical Services Department had a budgetary allocation of Kshs.978,146,447 with actual expenditure of Kshs.1,121,538,641. The resulting over expenditure of Kshs.143,392,194 represents fifteen (15%) percent. Apparently financial control was not exercised during the period under review leading to the over expenditure.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	898,164,447	1,044,932,532	116
Development	79,982,000	76,606,109	96
Total	**978,146,447**	**1,121,538,641**	**115**

22.2 Demurrage on Medical Equipment

The budget for demurrage on medical equipment was Kshs.30,000,000 against an actual of Kshs.50,636,000 resulting to an over expenditure of Kshs.20,636,000. The payment of demurrage costs was not supported by the necessary import documents from the country of origin and reasons for delay in clearing at the port of Mombasa. In the circumstance, it is not possible to confirm that the value for money was achieved.

22.3 Hire of Ambulances

The budget for hire of transport under item code 2210604 was Kshs.55,000,000. Examination of records revealed that Kshs.70,521,735 was paid to Red Cross for hire of ambulances. Out of the Kshs.70,521,735.45, only expenditure totaling Kshs.33,048,558 was supported by payment vouchers leaving a balance of Kshs.37,473,177 unsupported. Evidently a sum of Kshs.37,473,177 could not be accounted for. In the circumstance, the expenditure could not be confirmed as properly incurred.

22.4 Incomplete Projects

The budget for non-residential buildings (hospitals) was Kshs.41,000,000 under item code 3110202. During the year a sum of Kshs.20,180,000 was paid out for construction of dispensaries which are not incomplete and the percent of completion has not been determined. No documents were presented for audit examination to confirm how the contractors were identified, selected, awarded and notified of the works. Physical verification of the projects on 19 December 2017 revealed that the projects were not complete. Its therefore evident the Bomet County did not get value for money.

22.5 Transfers to KEMSA

The budget for transfers to KEMSA for purchase of medical drugs under item code number 2211001 was Kshs.134,683,955. Examination of payment vouchers and payments schedules provided for audit revealed that a total of Kshs.134,683,955 was transferred to KEMSA. Out of the allocation of Kshs.134,683,955 only expenditure totaling Kshs,100,000,000 was supported by payment vouchers and bank statements while a balance of Kshs.34,683,955 was not supported. It is therefore evident that Kshs.34,683,955 could not be accounted for. In the circumstance, the expenditure could not be confirmed as properly incurred.

22.6 Recurrent Appropriation Vote Ministry of Health and Sanitation

Examination of recurrent appropriation vote book for Ministry of Health and Sanitation established that total expenditure for the vote was Kshs.812,462,412,70 as at 30 June 2017. However, payments details reflect a total expenditure of Kshs.1,044,932,531 thereby resulting in unauthorized expenditure of Kshs.232,470,029.70 during the year under review.

22.7 Development Appropriation Vote Ministry of Health and Sanitation

Examination of development appropriation vote book for Ministry of Health and Sanitation established that total expenditure for the vote was Kshs.12,860,156 as at 30 June 2017. However, payments details reflect a total expenditure of Kshs.76,605,109.45 thereby resulting in unauthorized expenditure of Kshs.63,744,963.45 during the year under review.

23.0 Lands, Urban Planning and Environment

23.1 Budget Performance

The Department was allocated Kshs.324,399,021 with the recurrent vote having Kshs.231,158,101 and development vote Kshs.93,240,920. There was over expenditure of Kshs.63,060,052. The over expenditure was nineteen (19%) percent.

Vote	Approved Budget	Actual Expenditure	Absorption Rate
	Kshs	Kshs	%
Recurrent	231,158,101	338,127,943	146
Development	93,240,920	49,331,130	53
Total	**324,399,021**	**387,459,073**	**119**

23.2 Payments of Wages for Casuals

The budget for the year reflects Kshs14,000,000 as the budgetary provision for item code number 2110202 casual's wages with an actual of Kshs11,050,040. However, the authority to hire casuals, the muster rolls and contract documents were not presented for audit review. In the circumstance the expenditure could not be confirmed as a proper charge to public funds.

23.3 Pending Bills

Audit examination of the development appropriation vote for the Ministry of Lands revealed that the Ministry had commitments amounting to Kshs 21,301,555.04 as at 30 June 2017. However, the list of pending bills and supporting documentation were not provided for audit. The authenticity of these bills could therefore not be confirmed.

23.4 Recurrent Appropriation Vote

The examination of recurrent appropriation vote book for Ministry of Lands and Urban Planning established that total expenditure for the vote was Kshs184,983,430 as at 30 June 2017. However, payments details reflect total expenditure of Kshs332,181,563.95 thereby resulting in unauthorized expenditure of Kshs147,198,127 during the year under review. The expenditure could not be confirmed as properly chargeable to public funds.

Responsibilities of Management and Those Changed with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the County Executive's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting.

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.

Those charged with governance are responsible for overseeing the County Executive's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

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

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

Nairobi

16 July 2018

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Exchequer releases	1	5,078,797,925	4,241,393,250
Proceeds from Domestic and Foreign Grants	2	146,444,266	60,073,250
Transfers from Other Government Entities	3	8,810,000	17,620,000
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	78,035,696	59,793,199
Returned CRF issues	10	234,230,199	165,717,831
		1,525,502	42,497,607
TOTAL RECEIPTS		5,547,843,588	4,587,095,137
PAYMENTS			
Compensation of Employees	11	2,181,569,537	1,803,097,789
Use of goods and services	12	677,613,985	635,761,380
Subsidies	13	-	-
Transfers to Other Government Units	14	-	-
Other grants and transfers	15	1,101,483,091	412,962,351
Social Security Benefits	16	34,297,382	41,002,466
Acquisition of Assets	17	62,978,459	262,823,659
Finance Costs, including Loan Interest	18	1,114,980,225	1,024,166,529
Repayment of principal on Domestic and Foreign borrowing	19	2,716,900	-
Other Payments	20	-	-
		136,875,391	366,990,313
TOTAL PAYMENTS		5,312,514,971	4,546,804,487
SURPLUS/DEFICIT		235,328,617	40,290,650

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 ___________ 2017 and signed by

COUNTY GOVERNMENT OF BOMET
CHIEF FINANCE OFFICER
28 SEP 2017

Chief Officer
Name:

Head of Treasury
Name:

GOVERNMENT OF BOMET
COUNTY TREASURY
28 SEP 2017
HEAD OF ACCOUNTS

ICPAK Member Number:

II. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	21A	1,284,214,736	40,051,441
Cash Balances	21B	-	110,443
Total Cash and cash equivalent		1,284,214,736	40,161,884
Accounts receivables – Outstanding Imprests	22	-	128,766
TOTAL FINANCIAL ASSETS		1,284,214,736	40,290,650
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	23	-	-
NET FINANCIAL ASSETS		1,284,214,736	40,290,650
REPRESENTED BY			
Fund balance b/fwd	24	1,046,253,568	-
Prior year adjustments	25	237,795,456	40,290,650
Surplus/Deficit for the year		-	
		1,284,049,023	40,290,650
NET FINANCIAL POSITION		1,284,214,736	40,051,441

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 __________ 2017 and signed by:

Chief Officer
Name:

COUNTY GOVERNMENT OF BOMET
CHIEF FINANCE OFFICER
28 SEP 2017
P. O. Box 19-20400
BOMET, KENYA

Head of Treasury
Name:
ICPAK Member Number:

COUNTY GOVERNMENT OF BOMET
COUNTY TREASURY
28 SEP 2017
HEAD OF ACCOUNTS

III. STATEMENT OF CASH FLOWS

		2016-2017 Kshs	2015 - 2016 Kshs
Receipts from operating income			
Exchequer Releases	1	5,078,797,926	4,241,393,250
Proceeds from Domestic and Foreign Grants	2	146,444,268	60,073,250
Transfers from Other Government Entities	3	8,810,003	17,620,000
Reimbursements and Refunds	7	0	0
Returns of Equity Holdings	8	0	0
County Own Generated Receipts	9	78,035,705	0
Returned CRF issues	10	236,697,048	165,717,831
Payments for operating expenses			
Compensation of Employees	11	(2,181,569,525)	(1,803,097,789)
Use of goods and services	12	(677,613,972)	(635,761,380)
Subsidies	13	0	0
Transfers to Other Government Units	14	0	0
Other grants and transfers	15	(1,101,483,075)	(412,962,351)
Social Security Benefits	16	(34,297,365)	(41,002,466)
Finance Costs, including Loan Interest	18	(62,978,441)	(262,823,659)
Other Payments	20	(2,716,880)	0
Adjusted for:			
Adjustments during the year	25	0	0
Net cash flow from operating activities		1,352,775,681	1,004,663,980
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	0	-
Acquisition of Assets	17	(1,114,980,206)	-1,024,166,529
Net cash flows from Investing Activities		(1,114,980,225)	-1,024,166,529
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4	0	-
Proceeds from Foreign Borrowings	5	0	-
Repayment of principal on Domestic and Foreign borrowing	19	0	-
Net cash flow from financing activities		237,795,456	-19,502,549
		1,046,256,368	-
NET INCREASE IN CASH AND CASH EQUIVALENT		1,284,214,736	40,161,884
Cash and cash equivalent at BEGINNING of the year	21	1,284,214,736	40,161,884
Cash and cash equivalent at END of the year	24	237,795,456	-19,502,549

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 ____________ 2017 and signed by:

Chief Officer
Name:

COUNTY GOVERNMENT OF BOMET
CHIEF FINANCE OFFICER
28 SEP 2017
P. O. Box 19-20400
BOMET, KENYA

Head of Treasury
Name:
ICPAK Member Number

COUNTY GOVERNMENT OF BOMET
COUNTY TREASURY
28 SEP 2017
HEAD OF ACCOUNTS

IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Budget utilization difference	Budget cumulative to date	Actual cumulative to date	**% of Utilisation**
	Kshs	Kshs	Kshs	Kshs	Kshs	f=d/c %
RECEIPTS						
Equitable Share (Exchequer releases)	5,170,521,981	(91,723,056)	-	5,078,798,925	5,078,798,925	
Transfers from National Government Entities	171,105,431	(95,655,570)	-	75,449,861	146,443,266	
Proceeds from Foreign Grants/Development Partners	17,620,000	(8,810,000)	-	8,810,000	8,810,000	
Proceeds from Domestic Borrowings	-	-	-	-	-	
Proceeds from Foreign Borrowings	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
Conditional Additional Allocations to County Governments	-	-	-	-	-	
Conditional Allocation to Level 5 Hospitals	-	-	-	-	-	
Fuel Levy Allocation	78,035,696	-	-	78,035,696	78,035,696	
County Own Generated Revenues	207,709,568	67,015,009	-	274,724,577	234,230,199	
Unspent Funds	-	39,132,236	-	39,132,236	1,525,502	
TOTAL	**5,644,992,676**	**(90,041,381)**	-	**5,554,951,295**	**5,547,843,588**	
PAYMENTS		-	-	-	-	
Compensation of Employees	1,863,727,998	318,125,245	-	2,181,853,243	2,181,569,537	
Use of goods and services	819,604,981	(108,194,942)	-	711,410,039	682,137,636	
Interest payments	-	-	-	-	-	
Subsidies	-	-	-	-	-	

Receipt/Expense Item	Original Budget	Adjustments	Budget utilization difference	Budget cumulative to date	Actual cumulative to date	% of Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	f=d/c %
Transfers to Other Government Entities	916,005,532	201,476,558	-	1,117,482,090	1,101,483,091	
Other grants and transfers	55,000,000	(702,097)	-	54,297,903	54,297,102	
Social Security Benefits	480,000,000	(385,000,000)	-	95,000,000	62,978,459	
Acquisition of Assets	1,247,941,735	(80,494,170)	-	1,167,447,565	1,103,926,775	
Finance Costs	5,909,742	(3,032,000)	-	2,877,742	2,716,900	
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	
Other Payments	141,835,000	(16,519,319)	-	125,315,681	123,845,116	
TOTAL	**5,530,024,988**	**(74,340,725)**	-	**5,455,684,262**	**5,312,954,617**	

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(Explain *whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23 The total of actual on comparable basis should tie with the totals under receipts and payments where this is not the case, a reconciliation should between the two statements should be prepared and disclosed.)*

The entity financial statements were approved on __________ 2017 and signed by:

Chief Officer
Name:

Head of Treasury Accounts
Name:
ICPAK Member Number

V. 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						
Use of goods and services						
Subsidies						
Transfers to Other Government Units						
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets						
Finance Costs, including Loan Interest						

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTAL						
SURPLUS/(DEFICIT)						

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(Explain *whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The total figures on the recurrent budget execution statement and development budget execution should add up to the totals of the combined statement.*)

The entity financial statements were approved on ___________ 2017 and signed by:

Chief Officer
Name:

Head of Treasury Accounts
Name:
ICPAK Member Number:

VI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
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						
Use of goods and services						
Subsidies						
Transfers to Other Government Units						
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets						
Finance Costs, including Loan Interest						

Receipt/Expense Item	**Original Budget**	**Adjustments**	**Final Budget**	**Actual on Comparable Basis**	**Budget Utilisation Difference**	**% of Utilisation**
	a	b	c=a+b	d	e=c-d	f=d/c %
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTALS						
SURPLUS/(DEFICIT)						

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(Explain whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23. The total figures on the recurrent budget execution statement and development budget execution should add up to the totals of the combined statement.)

The entity financial statements were approved on __________ 2017 and signed by:

Chief Officer
Name:

Head of Treasury Accounts
Name:
ICPAK Member Number

VII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	20xx		20xx	Date, 20xx	
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

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

VIII. 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.

Reporting entity

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

ognition of receipts and payments

d a ce **ognition of receipts**

ıty Government recognises all receipts from the various sources when the event occurs ıted cash has actually been received by the Government.

been ceij recognized in the books of accounts when cash is received. Cash is considered notification of tax remittance is received.

d in the **Exchequer**

ıer is recognized in the books of accounts when cash is received. Cash is when payment instruction is issued to the bank and notified to the

ervices are
services are

d through grants and loans from multilateral and bilateral

in which they

ınized in the books of accounts when cash is received. payment advice is received by the recipient entity or by ı in kind, such grants are recorded upon receipt of the

t in the period in
ure to the County

grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2017, 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 en of the year which are returned to the County Revenue Fund (CRF) and appropriated through supplementary budget to enable the County to spend funds. These funds are recognised on 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 paid out by the entity.

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

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

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as paymen which the repayment is made. The stock of debt is disclosed as an annex consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued

Acquisition of fixed assets

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

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

4. In-kind contributions

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

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 2016, this amounted to Kshs xxx compared to Kshs xxx in prior period as indicated on note xxxx.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued

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.

9. Pending bills

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

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on xxx for the period 1st July 2016 to 30 June 2017 as required by law. There was xxx number of supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

	2016 – 2017	2015 - 2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	1,269,699,481	800,171,861
Total Exchequer Releases for quarter 2	1,295,093,471	1,576,809,207
Total Exchequer Releases for quarter 3	1,269,699,481	800,171,861
Total Exchequer Releases for quarter 4	1,244,305,492	1,529,740,321
Total	**5,078,797,925**	**4,706,893,250**

(State the amount received vis a vie amount included in the CARA)

2. TRANSFERS FROM NATIONAL GOVERNMENT ENTITIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Transfers from Central government entities		
Transfer from Ministry of Health		
Leasing of medical equipment	-	
Free maternity healthcare	84,677,500	43,192,500
Financing for level 5 hospitals	-	
Salary increment for nursers and medical officers	47,575,000	
Transfer from Ministry of Transport and Infrastructure		
User fee	14,191,766	16,880,750
TOTALS	**146,444,266**	**60,073,250**

(Include a brief explanation on grants received, from whom and for what purpose)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

transfers relate to and from whom they were received)

3. PROCEEDS FROM DOMESTIC BORROWINGS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)	-	
DANIDA	-	-
Health Sector Programme Support (HSPS)	8,810,000	17,620,000
Health Sector Support Project (HSSP)	-	
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	
Total	**8,810,000**	**17,620,000**

(Give a brief description of the nature and sources of borrowings including any assets pledged as security)

4. PROCEEDS FROM FOREIGN BORROWINGS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	xxx	Xxx
Foreign Borrowing - Direct Payments	xxx	Xxx
Foreign Currency and Foreign Deposits	xxx	Xxx
Total	**xxx**	**Xxx**

(Give a brief explanation relating to sources of funds, interest charged and terms of repayment)

5. **PROCEEDS FROM SALE OF ASSETS**

	2016 - 2017 Kshs	2015 – 2016 Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	xxx	Xxx
Receipts from the Sale Plant Machinery and Equipment	xxx	Xxx
Receipts from Sale of Certified Seeds and Breeding Stock	xxx	Xxx
Receipts from the Sale of Strategic Reserves Stocks	xxx	Xxx
Receipts from the Sale of Inventories, Stocks and Commodities	xxx	Xxx
Disposal and Sales of Non-Produced Assets	xxx	Xxx
Receipts from the Sale of Strategic Reserves Stocks	xxx	Xxx
Total	**xxx**	**Xxx**

6. **REIMBURSEMENTS AND REFUNDS**

	2016 - 2017 Kshs	2015 – 2016 Kshs
Refund from World Food Programme (WFP)	xx x	Xxx
Reimbursement of Audit Fees	xx x	Xxx
Reimbursement on Messing Charges (UNICEF)	xx x	Xxx
Reimbursement from World Bank – ECD	xx x	Xxx
Reimbursement from Individuals and Private Organisations	xx x	Xxx
Reimbursement from Local Government Authorities	xx x	Xxx
Reimbursement from Statutory Organisations	xx x	Xxx
Reimbursement within Central Government	xx x	Xxx
Reimbursement Using Bonds	xx x	Xxx
Total	**xxx**	**Xxx**

(Give a brief description on what the refunds relate to)

10. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Basic salaries of permanent employees	2,181,569,537	1,579,158,869
Basic wages of temporary employees	-	30,671,121
Personal allowances paid as part of salary	-	147,749,174
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	20,468,225
Compulsory national social security schemes	-	15,260,167
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	9,790,233
Total	**2,181,569,537**	**1,803,097,789**

(Give brief explanation including the comparative number of employees)

11. USE OF GOODS AND SERVICES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Utilities, supplies and services	21,314,055	3,342,819
Communication, supplies and services	11,175,648	6,140,036
Domestic travel and subsistence	83,765,849	40,731,651
Foreign travel and subsistence	20,555,072	22,000,740
Printing, advertising and information supplies & services	55,467,610	38,245,294
Rentals of produced assets	80,973,020	37,564,804
Training expenses	47,434,085	9,831,489
Hospitality supplies and services	38,037,559	33,600,416
Insurance costs	31,034,112	25,783,185
Specialized materials and services	54,100,784	216,689,106
Office and general supplies and services	7,627,087	11,274,808
Other operating expenses	110,487,036	89,398,535
Routine maintenance – vehicles and other transport equipment	67,850,845	50,276,733
Fuel Oil and Lubricants	34,000,000	34,730,265
Routine maintenance – other assets	13,791,224	16,151,499
Total	**677,613,985**	**635,761,380**

(Give a brief explanation of this category of expenses)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. SUBSIDIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Subsidies to Public Corporations		
See list attached	xxx	Xxx
(insert name)	xxx	Xxx
Subsidies to Private Enterprises		
See list attached	xxx	Xxx
(insert name)	xxx	Xxx
TOTAL	**xxx**	**Xxx**

(Give explanation of the nature of subsidies and the kind of services that have been subsidised)

13. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Transfers to Central government entities		
Transffer to Counry Assembly	483,817,000	
BIDP	57,600,000	81,917,000
Transfer to bomet water company	41,999,960	119,400,000
Cooperative Societies (Wards)	193,144,879	25,499,538
Cash transfer for health facilities	173,246,286	148,747,313
Transfers to Tea farm (Embomos)	-	7,400,000
Transfers to hospital and medical funds(KEMSA)	134,683,955	29,998,500
Other Current Transfers-OVCs,Vulnerable groups	16,991,011	
TOTAL	**1,101,483,091**	**412,962,351**

(Provide the nature and purpose of transfers and are these transfers to be recovered)

14. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Scholarships and other educational benefits	34,297,382	41,002,466
Emergency relief and refugee assistance	-	
Subsidies to small businesses, cooperatives, and self employed	-	

	-	-
Total	**34,297,382**	**41,002,466**

(Provide explanation as to what other grants and payments relate to and who is the beneficiary)

15. SOCIAL SECURITY BENEFITS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Government pension and retirement benefits	62,978,459	262,823,659
Social security benefits in cash and in kind	-	
Employer Social Benefits in cash and in kind		
Total	**62,978,459**	**262,823,659**

(Explain where the benefits are remitted and who the beneficiaries are)

16. ACQUISITION OF ASSETS

Non Financial Assets	2016 – 2017	2015 – 2016
	Kshs	Kshs
Purchase of Buildings	-	
Construction of Buildings	122,855,806	87,586,002
Refurbishment of Buildings	-	8,493,100
Construction of Roads	324,777,408	348,616,262
Construction and Civil Works	185,841,855	34,999,290
Overhaul and Refurbishment of Construction and Civil Works	249,427,814	248,490,028
Purchase of Vehicles and Other Transport Equipment	19,392,241	11,278,802
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	10,310,000	31,321,254
Purchase of Office Furniture and General Equipment	59,813,124	6,700,652
Purchase of ICT Equipment, Software and Other ICT Assets	25,820,150	59,533,713
Purchase of Specialised Plant, Equipment and Machinery	92,397,527	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	31,203,560
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	4,326,000
Research, Studies, Project Preparation, Design & Supervision	8,344,900	20,901,080
Rehabilitation of Civil Works	-	34,991,548
Acquisition of Strategic Stocks and commodities	-	18,154,173
Acquisition of Land	15,999,400	66,234,810
Acquisition of Intangible Assets	-	11,336,255
Financial Assets		
Domestic Public Non-Financial Enterprises	-	
Total	**1,114,980,225**	**1,024,166,529**

17. FINANCE COSTS, INCLUDING LOAN INTEREST

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Exchange Rate Losses	2,716,900	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)		
Interest on Borrowings from Other Government Units	0	-
Total	2,716,900	-

18. REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Repayments on Borrowings from Domestic	xxx	xxx
Principal Repayments on Guaranteed Debt Taken over by Government	xxx	xxx
Repayments on Borrowings from Other Domestic Creditors	xxx	xxx
Repayment of Principal from Foreign Lending & On – Lending	xxx	xxx
Total	**xxx**	**xxx**

19. OTHER PAYMENTS

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Budget Reserves	-	
Other payments	136,875,391	366,990,313
	136,875,391	**366,990,313**

(Provide explanation as to what each component of other expenses relate to)

21A: Bank Accounts

Name of Bank, Account No. & currency	2016 – 2017	2015 – 2016
	Kshs	Kshs
Central Bank of Kenya,Recurrent Account no.1000171049	75,288.00	0
Central Bank of Kenya,Development Account no.1000170964	-	1,396,985
Central Bank of Kenya,Revenue Account no.1000171545	276,777,185	28,419,293
Central Bank of Kenya,Fuel levy Account no.1000268379		128,518
Co-operative Bank Imprest Account no. 01141356757900		13,307
Kenya Commercial Bank Account no. 1173490019		1,034,759
sigor Hospital-1117679012		317,741
Longisa Hospital	669,741	225,592
LONGISA COUNTY HOSPITAL DEVELOPMENT ACCOUNT -1001090484700	315,507	
social services standing imprest account-1157999689		660
MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT-0117298000		3,700
Trade,Energy,Tourism And Industry		2,600
Bomet county safety net		323,453
BOMET WATER AND IRRIGATION DEPARTMENT-1220262711083		39,495
ENVIRONMENT department-01141357941400		175
agribusiness & marketing-171614-001		16,620
office of the governor AND ADMNISTRATION-01141357823700	59,000	2,425
Health and sanitation Standing imprest		2,601
Bomet County Assembly-Equity ac no 1220261153628		
Cheptalal sub-county Hospital		356,340
KCB Bank Bomet County Revenue Collection Account- 1143078756	53,530	7,767,178
Trans National Bank Bomet County Imprest Account ac no 172413001	170,000	
Total	**278,120,252**	**40,051,441**

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

21B: CASH IN HAND

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency		110,443
Cash in Hand – Held in foreign currency	-	-
Total	-	110,443

Cash in hand should also be analysed as follows:

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Location 1	xxx	xxx
Location 2	xxx	xxx
Location 3	xxx	xxx
Other Locations *(specify)*	xxx	xxx
Total	**xxx**	**xxx**

[Provide cash count certificates for each]

22: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Government Imprests		128,766
Clearance accounts		
Total		**128,766**

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

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Total				**Xxx**

24. FUND BALANCE BROUGHT FORWARD

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	xxx	xxx
Cash in hand	xxx	xxx
Accounts Receivables	xxx	xxx
Accounts Payables	xxx	xxx
Total	xxx	xxx

[Provide short appropriate explanations as necessary]

25: PRIOR YEAR ADJUSTMENTS

Description of the error	2016 – 2017	2015 – 2016
	Kshs	Kshs
Adjustments on bank account balances	Xxx	xxx
Adjustments on cash in hand	Xxx	xxx
Adjustments on payables	Xxx	xxx
Adjustments on receivables		
Others *(specify)*	Xxx	xxx
	Xxx	**xxx**

OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016 – 2017	2015 – 2016
	Kshs	**Kshs**
Construction of buildings	xxx	Xxx
Construction of civil works	xxx	Xxx
Supply of goods	xxx	Xxx
Supply of services	xxx	Xxx
	xxx	**Xxx**

26.2: PENDING STAFF PAYABLES (See Annex 2)

	2016 – 2017	2015 – 2016
	Kshs	**Kshs**
Senior management	Xxx	xxx
Middle management	Xxx	xxx
Unionisable employees	Xxx	xxx
Others (*specify*)	Xxx	xxx
	Xxx	**xxx**

26.3: OTHER PENDING PAYABLES (See Annex 3)

	2016 – 2017	2015 – 2016
	Kshs	**Kshs**
Amounts due to National Government entities	Xxx	xxx
Amounts due to County Government entities	Xxx	xxx
Amounts due to third parties	Xxx	xxx
Others (*specify*)	Xxx	xxx
	Xxx	**xxx**

(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)

27 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:

	2016/2017 Kshs	2015/2016 Kshs
Key Management compensation	xxx	xxx
Transfers to the County Assembly	xxx	xxx
Transfers to other County Government entities	xxx	xxx
Transfers to County Ministries and Departments	xxx	xxx
Transfers from other County Government Entities	xxx	xxx

28 ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

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

Entity	Date Established	Location	Accounting Officer responsible
Xxx Corporation	xxx	xxx	xxx
Xxx fund	xxx	xxx	xxx
Xxx Board	xxx	xxx	xxx
Xxx project	xxx	xxx	xxx
XXX Scheme	xxx	xxx	xxx

X. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

CEC, County Treasury

Sign.................................

Date.......................................

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	A	d=a-c		
County Assembly			4,060,000.00	
Office of the Governor		21,172,694.00	16,099,974.00	
Administration			-	
County Public Service Board		-	-	
Treasury Services		13,224,187.00	1,175,000.00	
Health		101,022,398.53	24,494,308.00	
Agriculture, Livestock, Fisheries & Marketing		15,503,459.61	21,261,262.00	
Education & ICT		10,151,782.00	10,388,108.00	
Transport and Infrastructure		20,841,657.00	25,703,666.48	
Lands, Housing & Urban Development		21,301,555.04	19,380,253.32	
Water & Irrigation		30,243,412.40	14,647,949.00	
Public Health Environment & Natural Resources			2,222,065.00	
Tourism, Co-operatives, Enterprise Development and Trade		9,385,832.00	9,416,312.00	
Roads and Public Works		15,406,500.00		
Youth, Gender & Social Security Services		10,833,490.00	16,141,449.00	
RECURRENT			-	
COMPENSATION TO EMPLOYEES-HR Statutory Dues			-	
USE OF GOODS & SERVICES(Service Provision & Utilities			23,504,114.00	
Grand Total		**269,086,967.58**	**188,494,460.80**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others *(specify)*							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others *(specify)*							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	34,991,548			15,999,400
Buildings and structures	379,568,420			87,586,002
Transport equipment	11,278,802			11,278,802
Office equipment, furniture and fittings	38,021,906			59,813,124
ICT Equipment, Software and Other ICT Assets	11,336,255			25,820,150
Other Machinery and Equipment	59,533,713			
Construction and Civil Works				185,841,855
Overhaul and Refurbishment of Construction and Civil Works				249,427,814
Roads construction	348,616,262			348,616,262
Intangible assets	22,480,173			
Purchase of Specialised Plant, Equipment and Machinery				92,397,527
Total	**905,827,079**			**1,076,780,936**

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 18 on acquisition of assets during the year.

ANNEX 5: 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								
2	Xxx fund								
3	Xxx project								
4	Xxx board								
5	Xxx corporation								
6	Xxx								
7	Xxx								
8	Xxx								
9	**Total**								

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 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Report from IFMIS)