

COUNTY ASSEMBLY OF EMBU

Approved for  
Tabling  
SCA  
20/11/18



5  
DPLCS  
TINA  
14/11/18  
20/11/18

FIRST SESSION – SECOND ASSEMBLY

REPORT OF THE COMMITTEE ON FINANCE AND ECONOMIC PLANNING  
ON THE COUNTY GOVERNMENT OF EMBU QUARTERLY FINANCIAL  
REPORT FOR THE THIRD QUARTER OF THE FINANCIAL YEAR 2017/2018

SUBMITTED FOR ADOPTION BY THE COUNTY ASSEMBLY

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③  
Hon. Speaker  
Please consider authorizing  
for tabling  
13/11/18



OCTOBER, 2018

1  
C.C.A.  
For further directions  
DPLCS  
7/11/2018

2  
Tabled  
28/11/2018  
DPLCS  
Please advise  
DPLCS

## TABLE OF CONTENTS

LIST OF TABLES.....	3
LIST OF ABBREVIATIONS AND ACRONYMS .....	4
EXECUTIVE SUMMARY .....	5
1.1 MEMBERSHIP OF THE COMMITTEE .....	6
1.2 MANDATE OF THE COMMITTEE.....	6
1.3 PROBLEM STATEMENT .....	7
1.4 OBJECTIVES/ TERMS OF REFERENCE.....	7
1.5 METHODOLOGY .....	7
1.6 TOOLS OF REFERENCE .....	7
1.7 ACKNOWLEDGEMENTS.....	8
2.0 ANALYSIS OF THE THIRD QUARTERLY FINANCIAL REPORT FOR 2017/2018. ....	9
2.1 SUMMARY OF INCOME AND EXPENDITURE .....	9
2.1.2 LOCAL REVENUE PERFORMANCE ANALYSIS FOR THE THREE QUARTERS ENDING 31 MARCH 2018.....	10
2.3 OVERALL EXPENDITURE BREAKDOWN .....	12
2.3.1 RECURRENT EXPENDITURE ANALYSIS FOR EACH PORTFOLIO AS AT 31 <sup>ST</sup> MARCH 2018. ....	12
3.0 RESPONSES FROM THE CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING .....	14
4.0 COMMITTEE FINDINGS AND OBSERVATIONS.....	15
5.0 COMMITTEE RECOMMENDATIONS.....	19
6.0 CONCLUSION .....	21

## List of Tables

Table I: <i>Breakdown of Income for the Embu County as at 31 March 2018</i> -----	9
Table II: <i>Analysis of local revenue per source and per Sub-County as at 31<sup>st</sup> March 2018</i> -----	10
Table III: <i>Local Revenue (Devolved Ministries) – Appropriation in Aid</i> -----	11
Table IV: <i>The overall expenditure for the three quarters as at 31<sup>st</sup> March 2018</i> -----	12
Table V: <i>Total Recurrent Expenditure for each portfolio as at 31<sup>st</sup> March 2018</i> -----	12
Table VI: <i>The Development Expenditure per Portfolio/ Department as at 31 March 2018</i> -----	13



## List of Abbreviations and Acronyms

A.i.A	-	Appropriation in Aid
CECM	-	County Executive Committee Member
ECRA	-	Embu County Revenue Authority
FY	-	Financial Year
HON.	-	Honourable
IFMIS	-	Integrated Financial Management Information System
Ksh	-	Kenya shilling
MCA	-	Member of County Assembly
P.H.O	-	Public Health Office
PFM Act	-	Public Finance Management Act, 2012
PSASB	-	Public Sector Accounting Standards Board

## EXECUTIVE SUMMARY

The Finance and Economic Planning committee is a sectoral committee of the assembly that was formed pursuant to provisions of the Embu County Assembly standing orders. The Committee's Report on the County Government of Embu Quarterly Financial Report for Third Quarter ending 31 March 2018 is pursuant to provisions of Section 166 (4) (a) of the Public Finance Management Act, 2012. The report was submitted to the county assembly on Tuesday 10th April 2018 and consequently committed to the committee.

The committee noted that the 1<sup>st</sup> and 2<sup>nd</sup> quarter financial reports had not been discussed by the committee. The committee found an opportunity to discuss consolidated report for the three quarters ending 31<sup>st</sup> March 2018.

The committee retreated on 10<sup>th</sup> to 12<sup>th</sup> August 2018 where it made analysis of the aspects of the report as submitted by the CECM for Finance. Several findings and observations were made during the discussion and consequently recommendations were drawn.

The committee noted that the reporting requirements for the quarterly financial reports were expressly provided for under Section 166 of the PFM Act, 2012 and further the Treasury had given guidelines on the reporting and further developed reporting templates. Members noted that the CECM had not fully complied with some reporting requirements.

It was noted that the CECM for Finance and Economic Planning did not disclose the receipts from the exchequer for the three quarters but it was observed that that local revenues was reported at Ksh 161,092,376 and Appropriation in Aid amounted to Ksh 109,045,960 giving a total local revenue of Ksh 270,138,336.

The total county expenditure amounted to Ksh 4,646,753,355, comprises of Ksh 3,353,279,456 being Recurrent Expenditure and Ksh 1,293,473,898 for development Expenditure.

The CECM for Finance informed the committee that his portfolio has put measures in place in place to ensure that revenue targets in the 2018/2019 would be achieved.

The committee observed that with proper intervention measures being undertaken, the revenue streams in each of the sub-counties could be enhanced. Members also opined that the County Government could be relying much on the exchequer releases hence are reluctant to improve on the local revenue collection.

The committee recommended that the county government should enact revenue laws which could help in revenue collection for example the trade licensing legislation, Market Administration regulations, and Cess collection laws among others.



The committee also recommended that the CECM for Finance adhere to the quarterly reporting requirements as provided under Section 166 of PFM Act, 2012 and as amplified through Treasury Circular no.6/2016 which guides on the conformity of the Reports to the style and format approved by the Public Sector Standards Board (PSASB) and the attendant reporting Templates.

## 1.1 MEMBERSHIP OF THE COMMITTEE

The Committee on Finance and Economic Planning was formed pursuant to Standing Order No. 204 of the standing orders of the County Assembly of Embu in a resolution adopted on 19th September 2017.

The committee membership comprises of the following:

- |                                   |   |            |
|-----------------------------------|---|------------|
| 1. Hon. Morris Muchiri Nyaga      | - | Chairman   |
| 2. Hon. Peter Muriithi Nyaga      | - | V/Chairman |
| 3. Hon. Nathan Mwari Kariuki      | - | Member     |
| 4. Hon. Jane Ann Muthoni Muriithi |   | Member     |
| 5. Hon. Murithi Njagi Kiura       | - | Member     |
| 6. Hon. Salesio Njeru Kimaru      | - | Member     |
| 7. Hon. Sisily Ruguru Njiru       | - | Member     |

## 1.2 MANDATE OF THE COMMITTEE

*a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;*

*(b) study the programme and policy objectives of departments and the effectiveness of the implementation;*

*(c) study and review all County legislation referred to it;*

*(d) study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;*

*(e) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;*

*(f) to vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 198( Committee on Appointments) ; and*

*(g) make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation*

### 1.3 PROBLEM STATEMENT

Pursuant to provisions of Section 166 of the Public Finance Management Act, 2012, the CECM for Finance submitted to the county assembly of Embu, the 3rd Quarter Financial Report of FY 2017/2018 as at 31 March 2018 on 9<sup>th</sup> April 2018. The Report was subsequently committed to the relevant committee on Finance and economic planning for interrogation and examination and finally to cause a report with recommendations for tabling and adoption by the Assembly.

### 1.4 OBJECTIVES/ TERMS OF REFERENCE

1. To consider 3rd Quarter Financial Report 2017/2018 together with the 1<sup>st</sup> and 2<sup>nd</sup> quarter Financial reports for the county Government. And make recommendations therefrom.
2. To consider local revenue collection performances per sub county and make recommendations.
3. To note the reported County Expenditure on recurrent and Development and make observations and recommendations to the Assembly

### 1.5 METHODOLOGY

In making this report the Committee used the following methodology;

1. Comparison of local revenue collections as realized from the four sub counties in Embu County as submitted by the CEC Member Finance and Economic Planning.
2. Consideration of submissions of the CEC Member Finance and Economic Planning
3. Invitation of the CECM Finance and economic Planning
4. Committee meetings

### 1.6 TOOLS OF REFERENCE

In making the report the committee made reference to the following documents:-

- i. Constitution of Kenya
- ii. Public Finance Management Act, 2012
- iii. Public Finance Management (County government) regulation, 2015
- iv. County Government Act, 2012
- v. Embu County Assembly Standing Orders (*2<sup>nd</sup> Edition*)
- vi. Treasury Circular No. 06/2016 on Quarterly Financial Statements for National Government Entities and County Governments.

## 1.7 ACKNOWLEDGEMENTS

The Committee extends its gratitude to all representatives from the County government Executive arm for availing the 3rd Quarter Financial Report 2017/2018 in time for consideration by the committee. The Committee also takes cognizant of the members of this committee on Finance and Economic Planning for their devotion before and during consideration of this report.

Lastly, the Committee wishes to thank the Office of the Speaker, the Clerk of the County Assembly as well as the committee secretariat for the support received in discharge of its mandate inter alia consideration of the 3rd Quarter Financial Report 2017/2018 as submitted by the CEC Member in charge of Finance and Economic Planning.

It is therefore my pleasant duty and privilege, on behalf of the Committee on Finance and Economic Planning, to table this report and the recommendations therein for adoption by the Assembly

Signed-----



Date-----

23/10/2018

**HON. MORRIS MUCHIRI NYAGA, MCA**

**CHAIRMAN**

**COMMITTEE ON FINANCE AND ECONOMIC PLANNING**



## 2.0 ANALYSIS OF THE THIRD QUARTERLY FINANCIAL REPORT FOR 2017/2018.

### 2.1 SUMMARY OF INCOME AND EXPENDITURE

The committee went through the 3<sup>rd</sup> Quarter Financial Report for the FY 2017/2018, and noted that local revenues was reported at Ksh 161,092,376 for the three quarters and including Appropriation in Aid for the three quarters amounted to 109,045,960 giving a total local revenue of Ksh 270,138,336.

The exchequer issues (releases) for the 3<sup>rd</sup> quarter was not reported.

The Recurrent Expenditure was reported at Ksh 3,353,279,456 while the Development Expenditure was reported at Ksh 1,293,473,898 giving a total of Ksh 4,646,753,355

#### 2.1.1 Revenue Breakdown

The committee noted that from the report submitted by the CECM for Finance there was no submission of exchequer issues (releases) to the county. However the following analysis shows the amount of revenue for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters as at 31<sup>st</sup> March 2018.

**Table I:** *Breakdown of Income for the Embu County as at 31 March 2018*

Receipts	Ksh
Equitable share (Exchequer releases)	Not indicated /disclosed
Conditional Allocations	Not disclosed
Fuel levy allocation	Not disclosed
County own generated revenues	
Local sources	161,092,376
Appropriation in Aid	109,045,960
<b>Total for local revenue</b>	<b>Ksh 270,138,336</b>

### 2.1.2 Local Revenue Performance Analysis for the three Quarters ending 31 March 2018

The committee analysed the local revenues and compared how each sub-county performed per revenue source/stream as shown in the table below.

**Table II:** *Analysis of local revenue per source and per Sub-County as at 31<sup>st</sup> March 2018*

SUB-COUNTY	MANYATTA (KSH)	MBEERE NORTH (KSH)	RUNYENJES (KSH)	MBEERE SOUTH	Total for three quarters
SOURCE					
• Single Business	33,073,569	3,327,870	9,660,721	7,391,109	53,453,269
• House Stall	6,438,682	-	194,700	-	6,633,382
• Market Fees	7,509,005	2,272,849	1,353,515	3,904,940	15,040,309
• Bus Park	8,982,030	1,120,740	641,580	1,656,220	12,400,570
• Building Approval	3,413,470	215,200	-	-	3,628,670
• Cess	1,391,910	8,890,979	1,406,600	23,253,960	34,943,449
• Land Rates And Plot Rents	7,141,004	1,211,425	629,112	741,750	9,723,291
• Enforcement	498,360	17,500	101,900	15,850	633,610
• Street Parking	9,684,413	-	-	-	9,684,413
• Administration. Fees	-	-	1000	-	1,000
• Advert Fees	9,386,546	91,420	6000	135,300	9,619,266
• Slaughter House Fees	1,544,885	-	0	-	1,544,885
• Miscellaneous Revenue	2,765,357	101,385	100,600	267,200	3,234,542
• Stock Fees	-	508,111	3,800	-	511,911
• Water Charges	-	-	40,800	-	40,800
<b>Total</b>	<b>91,828,231</b>	<b>17,757,478</b>	<b>14,140,338</b>	<b>37,366,329</b>	<b>161,092,376</b>

**Table III: Local Revenue (Devolved Ministries) – Appropriation in Aid**

MINISTRY/ PORTFOLIO	DEPARTMENT	TOTAL FOR THE THREE QUARTERS (KSH)
Trade	Weights and Measures	132,080
	Alcoholic	2,484,708
Gender and Culture	Users fees for social Halls	7,000
Lands	Survey fees	669,920
	Physical Planning	122,600
	EWASCO	-
Health	Embu Level 5	78,734,936
	Runyenjes Hospital	4,710,495
	Siakago Hospital	5,393,660
	Ishiara Hospital	6,555,525
	Kianjokoma Hospital	2,386,730
	Karurumo RHTC	947,040
	Kiritiri Health Centre	324,440
	P.H.O Embu West (Manyatta)	1,674,850
	P.H.O Mbeere North (Ishiara)	267,700
	P.H.O Mbeere South (Kiritiri)	1,258,050
	P.H.O Embu East (Runyejes)	1,093,990
Youth and Sports	Stadium Users fees	-
Agriculture	Veterinary	923,730
	Agriculture Mechanization Service Machang'a	1,357,956
	Fisheries	550
<b>TOTAL</b>		<b>109,045,960</b>



## 2.3 OVERALL EXPENDITURE BREAKDOWN

The County Government of Embu incurred a total expenditure of Ksh 4,646,753,355 for the three quarters of the financial year 2017/2018, with recurrent expenditure consuming Ksh 3,353,279,457 accounting for 72.2% and Development Expenditure consuming Ksh 1,293,473,898 which is 27.8% of the total expenditure.

**Table IV:** *The overall expenditure for the three quarters as at 31<sup>st</sup> March 2018*

EXPENDITURE	AMOUNT (KSH)	Percentage of the total expenditure
1. Recurrent	3,353,279,457	72.2%
2. Development	1,293,473,898	27.8%
<b>TOTAL</b>	<b>4,646,753,355</b>	<b>100%</b>

### 2.3.1 Recurrent Expenditure Analysis for each Portfolio as at 31<sup>st</sup> March 2018.

**Table V:** *Total Recurrent Expenditure for each portfolio as at 31<sup>st</sup> March 2018*

PORTFOLIO/ OFFICE/DEPARTMENT/BODY	RECURRENT EXPENDITURE (KES)
• Office of the Governor and Deputy Governor	223,814,539
• Public Service & Administration	317,876,380
• County Public Service Board and KES	19,727,874
• County Assembly	325,344,420
• Gender, Children and Cultural Service	10,703,517
• Youth and Sports	10,385,217
• Finance and Economic Planning and ECRA	82,861,279
• Lands, Physical Planning and Urban Development	76,724,230
• Trade, Tourism, Investments	17,961,342
• Agriculture	166,153,915
• Water and Environment	46,352,589
• Health Services and Embu level 5	1,803,556,455
• Infrastructure	42,480,198
• Education	209,337,501
<b>TOTAL</b>	<b>3,353,279,456</b>

## 2.4 Sectoral Development Expenditure Analysis

The committee analysed the development expenditure for the entire county Offices/portfolios and departments and noted levels of expenditure as shown in the table below.

**Table VI:** *The Development Expenditure per Portfolio/ Department as at 31 March 2018*

SECTOR/PORTFOLIO/MINISTRY	KSH	
• Office of the Governor	-	
• Public Service and Admin	104,500	
• County Assembly	-	
• Gender Culture and Social Services	43,127,870	
• Youth and Sports	17,929,051	
• Finance and Economic Planning	3,399,800	
• Lands, Survey & Housing	19,761,907	
• Trade and Tourism	33,239,684	
• Agriculture	34,490,701	
• Water, Environment and Natural Resources	66,885,830	
• Health	90,942,700	
• Level 5 Hospital	214,409,602	
• Infrastructure	572,160,787	
• Education	109,288,912	
<b>TOTAL (KSH)</b>	<b>1,293,473,898</b>	



### 3.0 RESPONSES FROM THE CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING

The committee invited the CEC Member to a meeting on 31<sup>st</sup> July, 2018 to respond to matters concerning the 3rd Quarter Financial Report as at 31 March 2018. The CECM was accompanied by the Director, Embu Revenue Authority.

It was reported by the CECM for Finance and Economic Planning that the department has had problems in raising the targeted revenue.

The CEC Member informed the committee that, effective from July 2018, the department of Finance would deploy the cashless system to be used in collecting revenue. The system would reduce revenue leakages significantly in the identified streams

The CEC Member further informed the committee:

1. THAT, the Embu Revenue Authority will be fully operational once the budget estimates are uploaded to the IFMIS systems.
2. THAT, there was minimal collections during the first and second quarter in respect to bill boards and advert fees than in the third Quarter because payments for the same mostly done annually at the beginning of the year in the 3rd Quarter.
3. THAT, failure to indicate stock fee in the Third Quarter report was erroneous and that it would be corrected.
4. THAT, all the revenue streams which had reported very low amount of collection would be addressed once the Embu County Revenue Authority becomes fully operational
5. The committee was assured by, the CEC Member that the annual target of KES 950M for Embu County will be realized in 2018/2019
6. THAT, the Finance Department was planning to use the following mechanisms as a way of enhancing collection of revenue in all revenue streams in the Embu County.
  - ❖ Operationalization of Embu County Revenue Authority
  - ❖ Regular reshuffle of staff involved in revenue collection
  - ❖ Deployment of Cashless method for revenue collection
  - ❖ Improved supervision of the revenue collectors
  - ❖ Increase enforcement operations and surveillance in all revenue collection centres
  - ❖ That as a way of increasing the revenue in the street parking stream, the county government would pave and mark the street parking slots/areas in town.



#### 4.0 COMMITTEE FINDINGS AND OBSERVATIONS

The Committee after considering the analysis on reporting requirements, local revenues , expenditure and after listening to CECM for Finance made the following findings and Observations

##### Statutory Reporting Requirement

1. **THAT** the CECM Finance and Economic Planning did not submit the third Quarter report as per the PFM Act 2012 in respect to the following provisions;
  - a) The CECM Finance did not include information on non- financial performance of the county government as per Section 166 (2) (a) of the Act which provides that the quarterly report ,*“contains information on the financial and non-financial performance of the entity:*
  - b) The CECM Finance did not include evidence that he had published and publicised the quarterly financial report as required in law. This is in contravention to Section 166 (4) (c) of the PFM Act, 2012 which states that, *“not later than one month after the end of each quarter, the County Treasury shall publish and publicize a report for each quarter of the Financial Year in respect of the county.”*
  - c) **THAT** the CECM Finance did not make a declaration of the Accounting Standard or principle used in preparation of the third quarterly Financial report. This is in contravention to Section 166 (2) (b) of the Public Finance Management Act, 2012 which states that the quarterly Financial report *“is in a form determined by the Accounting Standards Board”*.
  - d) **THAT** in preparing the third quarterly Financial report the CECM for Finance did not follow the guidelines of the Treasury Circular No: 06/2016 dated 10<sup>th</sup> May 2016 whose purpose *“is to provide reporting templates for the quarterly financial statements as approved by the Public Sector Standards Board (PSSB) to enable the entities comply with the statutory requirements for in-year reporting”*( SEE ANNEX 1).

The committee noted that the following templates had been developed to help entities in reporting (*TEMP C2- Illustrative County executive quarterly reporting financial statements*);

- Receipts and payments, Financial assets template, Cash flow statement, Preparation of notes to the quarterly reports ,Statement of comparison of Budget and Recurrent, Development and combined ( both recurrent and Development) and template on How to prepare various annexes to the quarterly reports.

2. The Third quarterly report as submitted by the CECM for Finance and Economic Planning was an IFMIS extract containing information on budgetary allocation, cumulative expenditure, outstanding commitments, total payments and balances and with no explanatory notes.

#### **Income for the county Government**

3. That it was not possible to determine the income of the county government since the CECM for Finance and Economic Planning did not disclose or report the amount the county received by way of exchequer issues (releases) from the national Government for the period under review. However the committee observed that Local revenues for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Quarter amounted to Ksh 270,138,336 comprising of Ksh 161,092,376 from Local sources and Ksh 109,045,960 from appropriation in Aid.
4. That the leading revenue streams were; Single business permits (KSH 53,453,269), Cess (Ksh 34, 943,449), land rates and plot Management (Ksh 15,040,309) and Bus Park fees (Ksh 12,400,570).
5. Out of the total collection of the A.I.A of Ksh 109,045,960, the following institutions were outstanding in their contribution :Embu Level 5 (Ksh 78,734,936), Ishiara Hospital (Ksh 6,555,525) and Siakago Hospital ( Ksh 5, 393,660)
6. That the report contained an extract showing monthly revenue collection analysis which enabled the Committee to analyze the total local revenue sources and contribution from each sub-county headquarter as follows;

- Manyatta - Ksh 91,828,231
- Mbeere North - Ksh 17,757,478
- Runyenjes - Ksh 14,140,338
- Mbere South - Ksh 37, 366,329

7. That with proper revenue collection management, each of the sub-county revenue strengths could be enhanced for optimal collection as well as address the weak capacity for revenue forecasting and analysis in the sub-counties.
8. The County Government could be relying much on the exchequer releases hence it was reluctant to improve on the local revenue collection.
9. That there were no regulations which could help in revenue collection for example the county does not have trade licensing legislation, Market Administration regulations/by-laws, Cess collection regulations among others.
10. The county lacks a comprehensive register for all eligible businesses to be charged SBP hence it was unable to determine compliance level of SBP and therefore it could not set realistic revenue targets.
11. The county had not fully operationalized the valuation roll and there was a lot of noncompliance on property rates and rent.
12. **THAT** nothing was reported as having been collected as Stadium User fees yet there were so many activities that were hosted at the stadium.



13. **THAT** if the revenue Collection trends and patterns continue as shown in Table II above the county , may in future not be able to meet the revenue targets set for the year 2018/2019

#### **Overall expenditure**

14. **THAT** County Government of Embu incurred a total expenditure of Ksh 4,646,753,355 for the three quarters of the financial year 2017/2018, with recurrent expenditure consuming Ksh 3,353,279,457 which is 72.2% and Development Expenditure consuming Ksh 1,293,473,898 which is 27.8% of the total expenditure.
15. **THAT** from the vote book extracts of the recurrent expenditure submitted by the CECM for Finance, Basic salaries for Finance and Economic Planning and Lands and Urban Planning departments were not expressly shown.
16. **THAT** from the total Development expenditure of Ksh Ksh 1,293,473,898, Infrastructure department had used Ksh 572,160,787, Embu level 5 Hospital Ksh 214,409,602 and Education portfolio Ksh 109,288,912. Expenditure by other Portfolios is as shown in Table VI above.
17. **THAT** the trend shown on Development expenditure of 27.2% of the total expenditure, if allowed to continue may compromise on the requirements that 30% of county budget should go towards Development expenditure.

## 5.0 COMMITTEE RECOMMENDATIONS

The committee after considering the findings and observations and after studying the responses by the CECM for Finance and Economic Planning came up with the following recommendations;

1. **THAT** in future, the CECM Finance and Economic Planning should adhere to the quarterly reporting requirements as provided under Section 166 of PFM Act, 2012
2. **THAT** the CECM for Finance, in making quarterly reports should ensure that it conforms to the style and format approved by the Public Sector Standards Board (PSASB) and the attendant reporting Templates as developed by the standards board as per the guidelines of the Treasury Circular no.6/2016 (*See Annex 1*)
3. **THAT** the CECM for Finance and Economic Planning should in future provide comparative figures for different quarters to enable the committee understand and analyse the revenue trends and patterns in each of the revenue streams and hence give informed and well thought recommendations.
4. **THAT** the CECM for Finance and Economic Planning should put in place effective internal controls and audit mechanisms to arrest any cases of loss of revenues.
5. **THAT** the CECM for Finance and Economic Planning should impose user fees and charges by anchoring them to policy and legislation and further linking with service provision for compliance by residents and businesses.
6. **THAT** the CECM for Finance and Economic Planning should ensure that a comprehensive register is developed for all eligible businesses to be charged Single Business Permit to enable the county government to determine compliance level and facilitate setting of realistic targets for SBP.
7. **THAT** the CECM for Finance and Economic Planning should ensure full operationalization of the valuation roll and ensure that all cases of noncompliance on property rates and rents are dealt with as per the Embu County Valuation for Rating and the Embu County Rating Acts, 2015.

8. **THAT** the CECM for Finance and Economic Planning should ensure that Embu County Revenue Authority is fully operationalized to fully undertake the revenue collection mandate and help in identification of new sources of revenue in the county.
9. **THAT** the CECM for Finance and Economic Planning should employ intervention measures to arrest the current revenue trends and patterns to ensure that the county meets its Local revenue target for 2018/2018.
10. **THAT** the CECM for Finance and Economic Planning should carry out a proper analysis with the aim of determining the administration cost of some user fees and charges so that such costs do not surpass revenues or exceed service provision costs.
11. **THAT** the CECM for Finance and Economic Planning should ensure full compliance with provisions of Section 120 of the County Government Act, 2012 which requires that county governments adopt and implement a tariff and pricing policy for the provision of public services.
12. **THAT** the CECM for Finance and Economic Planning puts measures in place to ensure that development expenditure trend increases from 27.8% of total expenditure so that the county remains compliant with the principle that 30% of county budget should be voted to Development expenditure.



## 6.0 CONCLUSION

The Committee on Finance and Economic Planning therefore requests this Assembly to adopt this report and further resolve that the proposed recommendations as contained in this report on the County Government of Embu Quarterly Financial Report for Third Quarter ending 31 March 2018 be adopted.

1. Hon. Peter Muriithi Nyaga ..... V/Chairman



2. Hon. Nathan Mwari Kariuki Member



3. Hon. Jane Ann Muriithi Member

4. Hon. Murithi Njagi Kiura Member



5. Hon. Salesio Njeru Kimaru Member



6. Hon. Sisily Ruguru Njiru Member



SIGNED



DATE

23/10/2017

**HON. MORRIS MUCHIRI NYAGA, MCA**

**CHAIRMAN**

**COMMITTEE ON FINANCE AND ECONOMIC PLANNING**





Annex I



**REPUBLIC OF KENYA  
THE NATIONAL TREASURY**

Telegraphic Address: 22921  
Finance – Nairobi  
FAX NO. 310833  
Telephone: 2252299  
When Replying Please Quote  
REF Ref: MOF/TE35/01/"C"/ (1)

THE NATIONAL TREASURY  
P O BOX 30007 - 00100  
NAIROBI

Date: 10<sup>th</sup> MAY, 2016

**TREASURY CIRCULAR NO: 06/2016**

All Principal Secretaries/ Accounting Officers

All Chief Executive Officers State Corporations and SAGAs

All County Executive Committee Members-Finance, County Governments

**CIRCULAR ON QUARTERLY FINANCIAL STATEMENTS FOR NATIONAL  
GOVERNMENT ENTITIES AND COUNTY GOVERNMENTS**

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**1.0 INTRODUCTION**

The Public Sector Accounting standards Board (PSASB) was established by the Public Finance Management Act (PFM) No.18 of 24<sup>th</sup> July 2012. The Board was gazetted by the Cabinet Secretary, National Treasury on 28<sup>th</sup> February 2014.

The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and public entities.

**1.1 Purpose**

The purpose of this circular is to provide reporting templates for the quarterly financial statements as approved by the Public Sector Accounting Standards Board (PSASB) to enable entities comply with the statutory requirements for in-year reporting.

This circular provides guidelines on quarterly reporting for Ministries, Departments and Agencies (MDAs), County Governments (CGs), State Corporations (SCs) and Semi-Autonomous Government Agencies (SAGAs).



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## **1.2 Reporting Requirements**

### **1.2.1 National Government Entities**

In accordance with Section 83 of the PFM Act, 2012, an Accounting Officer for a National Government entity, shall prepare a report for each quarter of the financial year in respect of the entity.

Further, the section requires the Accounting Officer of a National Government entity, to ensure that the quarterly report:-

- contains information on the financial and non-financial performance of the entity; and
- is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

The Section also requires that not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury and a copy to the Controller of Budget.

### **1.2.2 County Governments**

According to Section 166 of the PFM Act, 2012, an Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity.

Further, the section requires the Accounting Officer of County Government entity, to ensure that the quarterly report:-

- contains information on the financial and non-financial performance of the entity; and
- is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board from time to time.

The Section also requires that not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury. It also requires the County Treasury to consolidate the financial statements within one month following the end of the quarter and to submit to County Assembly with a copy to National Treasury and Controller of Budget and the Commission of Revenue Allocation.

## **2.0 GENERAL GUIDELINES**

### **2.1 Approval of quarterly reporting templates by the PSASB**

The Public Sector Accounting Standards Board, in a Special Board meeting held on 25<sup>th</sup> February 2016, approved the quarterly reporting templates for the Ministries, Departments and Agencies (MDAs), State Corporations (SCs) and Semi-Autonomous Government Agencies (SAGAs) in accordance with Section 83 of the PFM Act, 2012 and County Governments in accordance with Section 166 of the PFM Act, 2012.



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## **2.2 Effective date**

Entities are required to apply the templates for quarterly reporting in accordance to the PFM Act, 2012 with effect from 1<sup>st</sup> July 2016. Earlier adoption is however encouraged by the PSASB.

## **2.3 Access to the quarterly reporting templates**

The quarterly reporting templates and corresponding illustrative reports can be downloaded from the National Treasury website ([www.treasury.go.ke](http://www.treasury.go.ke)). These templates are labeled as follows:-

### **NATIONAL GOVERNMENT MINISTRIES/DEPARTMENTS/AGENCIES (MDAs) AND PROJECTS**

Temp A1: IPSAS Cash MDAs Quarterly Reporting Template

Temp A2: Illustrative Quarterly Financial Statements for the MDAs

Temp A3: IPSAS Cash Projects Quarterly Reporting Template

Temp A4: Illustrative Quarterly Financial Statements for Projects

### **STATE CORPORATIONS, SEMI AUTONOMOUS GOVERNMENT AGENCIES (SAGAs) AND FUNDS**

Temp B1: IPSAS Accrual Quarterly Reporting Template for SCs and SAGAs

Temp B2: Illustrative Quarterly Financial Statements- IPSAS Accrual

Temp B3: IFRS Quarterly Reporting Template for SCs

Temp B4: Illustrative Quarterly Financial Statements- IFRS

### **COUNTY GOVERNMENTS**

Temp C1: IPSAS Cash County Executive Reporting Template

Temp C2: Illustrative Quarterly Financial Statements for County Executive

Temp C3: IPSAS Cash County Assembly Reporting Template

Temp C4: Illustrative Quarterly Financial Statements for County Assembly

For any clarification, please contact the Head of Public Sector Accounting Standards Board Secretariat or office of the Director General Accounting Services & Quality Assurance, at the National Treasury.

Your cooperation will be highly appreciated.

  
**HENRY ROTICH, EGH**  
**CABINET SECRETARY NATIONAL TREASURY**



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C.C

All Cabinet Secretaries

All Governors, County Governments

All Chief Executive Officers of State Corporations and SAGAs;

The Auditor General  
Kenya National Audit Office  
P.O Box 30084 00100

**NAIROBI**

The Controller of Budget  
Office of the Controller of Budget  
P.O Box 35616 00100

**NAIROBI**

Commission on Revenue Allocation  
Grosvenor suite, 14 Riverside Drive  
P.O Box 1310-00200

**NAIROBI**



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COUNTY ASSEMBLY OF EMBU



FIRST SESSION – SECOND ASSEMBLY

REPORT OF THE COMMITTEE ON FINANCE AND ECONOMIC PLANNING  
ON THE COUNTY GOVERNMENT OF EMBU QUARTERLY FINANCIAL  
REPORT FOR THE THIRD QUARTER OF THE FINANCIAL YEAR 2017/2018

SUBMITTED FOR ADOPTION BY THE COUNTY ASSEMBLY

Clerk's Office  
County Assembly of Embu  
P.O BOX 140-60100  
EMBU  
Email: countyassemblyofembu@gmail.com.

②  
Hon. Speaker  
Please consider and  
approve  
14/10/18

OCTOBER, 2018

Page 1 | 21

C.C.A.  
For further discussion  
14/10/2018

2  
DPLCS  
Please advise  
14/10/18

