REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF HOMABAY

FOR THE YEAR ENDED 30 JUNE 2016

COUNTY ASSEMBLY OF HOMA BAY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

The County Assembly of Homa Bay's day-to-day management is under the following key organs:

- County Assembly Service Board

  And

- Office of the Clerk of the County Assembly

(c) Fiduciary Management

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

No.	Designation		Name
1.	Accounting Officer	-	**Otieno Bob Kephas**
2.	Director of Finance	-	**Caroline C. Sang**
3.	Senior accounts controller	-	**Maurice Amek**

(d) Fiduciary Oversight Arrangements

Audit Committee

- The Audit Committee was set up during the financial year 2015/2016e to help the Assembly in the effective discharge of their responsibilities by measuring, evaluating and reporting on the effectiveness of the internal control systems.

(e) Headquarters

Homa Bay County Assembly
P.O. Box 20-40300
County Assembly Building
Homa Bay, Kenya

(f) Contacts

Telephone: (254)
E-mail: info@assembly.homabay.go.ke
Website: www.assembly.homabay.go.ke

(g) Bankers

1. Co-operative Bank of Kenya
   Homa Bay Branch
   P. O. Box 406-40300
   Homa Bay.

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance
The county Assembly of Homa Bay was able to utilize over 80% of the budgeted amount. However funds were not received in time hence led to delays in implementing the objectives.
Performance of key development projects
The county assembly of Homa Bay was able to complete and operationalize a modern assembly chambers with modern Hansard Equipment.
Comment on value-for-money achievements
The modern Assembly chambers has made it comfortable and efficient for the legislative work to take place
Challenges and Recommended Way Forward
Minimal disbursement of funds that caused delays in paying for the suppliers hence weakening supplier's confidence.

In general the Assembly performed above average based on the budget allocation for the financial year.

Clerk
County Assembly of Homa Bay

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on June 30, 2016. 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 Assembly; (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 Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly'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 Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of County Assembly's transactions for the year ended June 30, 2016, and of the entity's financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly, which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly'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 Clerk confirms that the County Assembly'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 Assembly of Homa Bay's financial statements were approved and signed by the Clerk of the County Assembly on 18th July 2016.

Clerk of the County Assembly

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF HOMABAY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Homa Bay set out on pages 8 to 31, which comprise statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the Assembly's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1. Inaccurate Financial Statements

1.1. Trial Balance

The Assembly did not provide for audit review the trial balance for the year ended 30 June 2016 and therefore, it was not clear how the financial statements submitted for audit were prepared without the trial balance.

1.2. Failure to Analyse Outstanding Imprest

Included in the statement of financial assets is an outstanding imprest of Kshs.1,222,700. However, there is no explanatory note showing the imprest analysis. This contravenes the Public Finance Management Act, 2012.

Consequently, it has not been possible to confirm the accuracy of the imprest balance.

2. Unexplained Variance of Cash and Cash Equivalents' Balance

The cash and cash equivalents' balance of Kshs.26,534,114 as at 30 June 2016 is at variance with the cash book balance of Kshs.13,835,251 reflected in the bank reconciliation statement for account No.01141456870100 thus leading to an unexplained difference of Kshs.12,698,863. Further, the Assembly does not maintain bank account register for its accounts with various banks as required.

Consequently, it has not been possible to confirm that cash and cash equivalents balance of Kshs.26,534,114 as at 30 June 2016 is fairly stated.

3. Un-Supported Payments

The bank statements for the month of June 2016 in respect of Cooperative Bank account No.01141456870100 reflect payments amounting to Kshs.68,406,410 made vide cheque numbers 4116 and 4126 at Kshs.3,406,410 and Kshs.65,000,000 respectively. However, the related expenditure was not supported by relevant payment documents such as local purchase orders, invoices, payment vouchers and delivery notes. It was not possible to establish the nature of the expenditure.

Consequently, the propriety of the payments totalling Kshs.68,406,410 could not be established.

4. Variance Between Payroll and Master Roll

The statement of receipts and payments reflects compensation of employees expenditure of Kshs.388,406,557 while the payroll provided for audit review supports a total of Kshs.259,623,554 leading to an unexplained a variance of Kshs.128,783,003. Further, net payments of salaries to ward staff amounting to Kshs.3,954,816 for the months of October 2015 and April 2016 were neither supported by master roll nor evidence indicating who the beneficiaries were.

Consequently, the accuracy and completeness of the compensation of employees figure of Kshs.388,406,557 could not be ascertained.

5. Failure to Maintain Fixed Assets Register and Disclose Assets Required

During the year under review, the Assembly did not maintain an accurate and updated assets register for its non-current assets. There is however a summary of fixed assets at Annex 4 to the financial statements that reflects a figure of Kshs.28,319,174. However, the analysis does not have values and dates the assets were purchased, description of items, nature and location of the assets. Further, no disclosures were made regarding the fixed assets inherited from the defunct County Council of Homa Bay and those acquired since the Assembly came into being.

Consequently, the correctness of the fixed assets balance of Kshs.28,319,174 could not be confirmed.

6. Failure to Pay Pending Bills

The Assembly's financial statements under Note 9.1 include pending bills totalling Kshs.48,837,376 as per the Annex 1 to the financial statements. However, failure to pay bills in the respective year, distorts the financial statements for the year and adversely affects budgetary provisions for subsequent years. Had these bills been paid, the statement of receipts and payments would have shown a deficit of Kshs.22,509,382 instead of surplus of Kshs.26,327,994 now shown.

7. Unsecured Car & Mortgage Loans

During the year under review, the Assembly issued car and mortgage loans totalling Kshs.180,324,323 to Members of the County Assembly and staff through Homa Bay Car Loans & Mortgage Scheme Fund. However, separate financial statements for the Fund were not prepared and submitted to the Auditor-General as required by Section 167(3) of the Public Finance Management Act, 2012 on annual reporting by administrators of County public funds. Further, the management failed to provide evidence that County Government owned the motor vehicles and properties jointly with the borrowers to secure the interests of the Assembly.

Consequently, it was not possible to confirm recoverability of the outstanding loan balances of Kshs.180,324,323 before the end of the Assembly's term.

8. Prior Year Matters

8.1. Members of County Assembly (MCAs) Committee Meetings

As reported in the previous year, the County Assembly in 2015 paid Kshs.5,540,800 for various committee meetings held outside the Assembly's jurisdiction. However, the Minutes of the select committee's, sessions attended and, attendance registers were not availed for audit review.

Consequently, the management breached of the regulations and the propriety of Kshs.5,540,800 expenditure could not be confirmed.

8.2. Temporary Imprests to MCA's for Accommodation and Transport

As reported in the previous year, the County Assembly issued MCA's with temporary imprests during the year totalling Kshs.12,168,800 to attend budget discussions and liaison meetings in Kisumu and Nairobi on various dates. However, no attendance register was provided for audit review to confirm that both activities took place.

Consequently, the propriety of the expenditure of Kshs.12,168,000 could not be confirmed.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of County Assembly of Homa Bay as at 30 June 2016, and of its receipts and payments and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with Public Finance Management Act, 2012.

Other Matter

1. Budget Analysis and Performance

1.1. Development Budget

During the year under review, the Assembly allocated Kshs.70,000,000 for development expenditure but spent Kshs.18,000,000 resulting in an under-expenditure of Kshs.52,000,000 or 74% of the budget as analysed below:

Program	Final Budget (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	% Under utilization
Renovation of Committee Rooms and Stair Cases	41,000,000	10,000,000	31,000,000	76
Construction of Parking area and Sewerage System	20,000,000	8,000,000	12,000,000	60
Purchase of Land	9,000,000	-	9,000,000	100
Total	**70,000,000**	**18,000,000**	**52,000,000**	**74**

The management has not provided satisfactory explanation for the under utilization of the budget by Kshs.52,000,000 or 74% of the approved budget estimates.

1.2. Recurrent Budget

During the year under review, the Assembly allocated Kshs.880,609,019 for recurrent expenditure but spent Kshs.805,475,091 resulting in an overall under-expenditure of Kshs.75,133,928 or 8.5% as detailed below:

Program	Final Budget (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	% Under utilization
Compensation of Employees	393,075,530	388,406,557	4,668,973	1
Use of Goods and Services	321,123,652	314,718,601	6,405,051	2
Acquisition of Assets	13,600,593	10,319,174	3,281,419	24
Other Payments	152,809,244	92,030,759	60,778,485	40
Total	**880,609,019**	**805,475,091**	**75,133,928**	**9**

The management has not provided satisfactory explanation for the under-utilization of the budget by Kshs.75,133,928 or 8.5% of the approved budget estimates and therefore there is need of the management to re-look at its budgetary mechanism to focus on areas where full impact on the planned expenditures will be realized in order to improve the standards of living for Homa Bay residents.

2. Ethnic Composition of Staff Establishment

An analysis of the employees' composition indicated that 98.5% of the Assembly staff are from the dominant ethnic tribe in the County.

Consequently, the Assembly did not comply with the County Government Act, 2012 Section 65(1e) that provides that at least 30% of employees should be from ethnic communities that are not dominant in the County.

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

NAIROBI

15 August 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from county treasury/Exchequer releases	1	849,803,085	0
Proceeds from Sales of Assets		0	0
Other Receipts		0	0
TOTAL RECEIPTS		**849,803,085**	**0**
PAYMENTS			
Compensation of Employees	2	388,406,557	0
Use of goods and services	3	314,718,601	0
Acquisition of Assets	4	28,319,174	0
Other Payments	5	92,030,759	0
TOTAL PAYMENTS		**823,475,091**	**0**
SURPLUS/DEFICIT		**26,327,994**	**0**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18 July 2016 and signed by:

Clerk of the Assembly

Director Finance & Accounts-County Assembly

VI. STATEMENT OF FINANCIAL ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6	26,534,114	206,120
Cash Balances	7	0	0
Accounts Receivable- Outstanding Imprests		1,222,700	0
NET FINANCIAL ASSETS		**27,756,814**	**206,120**
REPRESENTED BY			
Fund balance b/fwd	8	206,120	0
Outstanding Imprests		1,222,700	0
Surplus/Deficit for the year		26,327,994	206,120
NET FINANCIAL POSITION		**27,756,814**	**206,120**

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 18th July 2016 and signed by:

Clerk of the Assembly

Director Finance & Accounts-County Assembly

VII. STATEMENT OF CASHFLOW

	Note	2015-2016 Kshs.	2014-2015 Kshs.
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Exchequer Releases	1	849,803,085	0
Payments for operating expenses			
Compensation of Employees	2	388,406,557	0
Use of goods and services	3	314,718,601	0
Other Payment	5	92,030,759	0
Adjusted for:			
Adjustments during the year		0	0
Net cash flow from operating activities		**795,155,917**	**0**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	28,319,174	0
Net cash flows from Investing Activities		**28,319,174**	**0**
NET INCREASE IN CASH AND CASH EQUIVALENT		**26,327,994**	**0**
Cash and cash equivalent at BEGINNING of the year	8	**206,120**	**0**
Cash and cash equivalent at END of the year		**26,534,114**	**0**
As per statement of assets		**26,534,114**	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18th 2016 and signed by:

Clerk of the Assembly

Director Finance & Accounts-County Assembly

VIII. SUMMARY OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
Exchequer releases	950,609,019	-	950,609,019	849,803,085	100,805,934	89%
Proceeds from Sales of Assets	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
TOTAL	**950,609,019**	**-**	**950,609,019**	**849,803,085**	**100,805,934**	**89%**
PAYMENTS						
Compensation of Employees	403,825,530	(10,750,000)	393,075,530	388,406,557	4,668,973	99%
Use of goods and services	226,933,972	94,189,680	321,123,652	314,718,601	6,405,051	98%
Acquisition of Assets	91,500,593	(7,900,000)	83,600,593	28,319,174	55,281,419	34%
Other Payments	228,348,924	(75,539,680)	152,809,244	92,030,759	60,778,485	60%
TOTAL	**950,609,019**	**-**	**950,609,019**	**823,475,091**	**127,133,928**	**87%**

Commentary on significant underutilization (below 50% of utilization) and any over utilization;

a) Acquisition of assets is at 34% utilization because funds for development was not released by the end of the financial year

The entity financial statements were approved on 18 July 2016 and signed by:

Clerk of the Assembly

Director Finance & Accounts-County Assembly

IX. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
Exchequer releases	880,609,019	(1,700,000)	878,909,019	831,803,085	47,105,934	95%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
TOTAL	**880,609,019**	**(1,700,000)**	**878,909,019**	**831,803,085**	**47,105,934**	**95%**
PAYMENTS						
Compensation of Employees	403,825,530	(10,750,000)	393,075,530	388,406,557	4,668,973	99%
Use of goods and services	226,933,972	94,189,680	321,123,652	314,718,601	6,405,051	98%
Acquisition of Assets	21,500,593	(7,900,000)	13,600,593	10,319,174	3,281,419	76%
Other Payments	228,348,924	(75,539,680)	152,809,244	92,030,759	60,778,485	60%
TOTAL	**880,609,019**		**880,609,019**	**805,475,091**	**75,133,928**	**91%**

The entity financial statements were approved on 18th July 2016 and signed by:

Clerk of the Assembly

Director Finance & Accounts-County Assembly

X. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: 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	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
Transfers from the County Treasury/Exchequer Releases	70,000,000	1,700,000	71,700,000	18,000,000	53,700,000	25.10%
Proceeds from Sale of Assets	-	-	-	-	-	0.00%
Other Receipts	-	-	-	-	-	0.00%
TOTAL	**70,000,000**	**1,700,000**	**71,700,000**	**18,000,000**	**53,700,000**	99.94%
PAYMENTS						
Renovation of committee rooms and stair cases	31,000,000	10,000,000	41,000,000	10,000,000	31,000,000	24.39%
Construction of Parking area and sewerage system installation	20,000,000	-	20,000,000	8,000,000	12,000,000	40.00%
Purchase of land	19,000,000	(10,000,000)	9,000,000	-	9,000,000	0.00%
TOTAL	**70,000,000**	-	**70,000,000**	**18,000,000**	**52,000,000**	25.71%

Commentary on significant underutilization (below 50% of utilization) and any over utilization;

a) Renovations and Construction Budget utilizations are at 24.39% and 40.00% respectively because funds for development were not released in time.

The entity financial statements were approved on 18th July 2016 and signed by:

Clerk of the Assembly

Director Finance & Accounts-County Assembly

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

The *County Assembly* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *County Assembly*. In addition, the *County Assembly* recognises all payments when the event occurs and the related cash has actually been paid out by the *County Assembly.*

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Pending bills

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

9. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *County Assembly's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *County Assembly's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

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

11. Subsequent events

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

XII. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHEQUER RELEASES

	2015 - 2016	2014- 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	70,908,214	0
Total Exchequer Releases for quarter 2	318,894,871	0
Total Exchequer Releases for quarter 3	220,000,000	0
Total Exchequer Releases for quarter 4	240,000,000	0
Total	**849,803,085**	**0**

2 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic salaries of permanent employees(staff/MCAs)	168,868,104	0
Basic wages of temporary employees	4,012,803	0
Personal allowances paid as part of salary	69,756,756	0
Personal allowances paid as reimbursements	116,313,600	0
Pension and other social security contributions	29,455,294	0
Total	**388,406,557**	**0**

3 USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	38,489,672	0
Communication, supplies and services	2,002,000	0
Domestic travel and subsistence	72,940,703	0
Foreign travel and subsistence	0	0
Training expenses	68,527,493	0
Hospitality supplies and services	15,307,971	0
Specialized materials and supplies	5,979,545	0
Insurance costs	8,476,266	0
Public participation/Report writing	49,297,705	0
Other operating expenses	6,232,442	0
Medical scheme	36,363,684	0
Contracted professional services	11,101,120	0
Total	**314,718,601**	**0**

4. ACQUISITION OF ASSETS

Non Financial Assets	2015 - 2016 Kshs	2014 - 2015 Kshs
Renovation of committee rooms and stair cases	10,000,000	0
Construction of Parking area and Sewerage system installation	8,000,000	
Purchase of Vehicles and Other Transport Equipment	0	0
Purchase of Office Furniture and General Equipment	3,190,262	0
Purchase of ICT Equipment	7,128,912	0
Total	**28,319,174**	**0**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Staff Car Loan/Mortgage	45,004,929	0
Mortgage for MCAs	0	0
CASB Expenses	3,812,000	0
Ward offices operation expenses	39,373,488	0
Extra claim on mileage	3,840,342	0
	92,030,759	**0**

6: BANK ACCOUNTS

Name of Bank, Account No. & currency	Type of Bank Account	2015 - 2016	2014 - 2015
		Kshs	Kshs
Cooperative Bank of Kenya Account No. 01141456870100 Currency: Kshs	Commercial	26,534,114	0
Central Bank of Kenya Account No. 1000239379 Currency: Kshs	Recurrent	0	0
Total		**26,534,114**	**0**

7: CASH IN HAND

	2015 - 2016 Kshs	2014 - 2015 Kshs
Location 1. Homa Bay County Assembly Office	0	0
Total	**0**	**0**

8. FUND BALANCE BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	206,120	0
Cash in hand	0	0
Total	**206,120**	**0**

9. OTHER IMPORTANT DISCLOSURES

9.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015-2016 Kshs	2014-2015 Kshs
Construction of buildings	4,222,153	0
Supply of goods	9,399,741	0
Supply of services	34,674,693	0
Construction of civil works	540,789	0
	48,837,376	**0**

9.2: PENDING STAFF PAYABLES

	2015-2016 Kshs	2014-2015 Kshs
Members of County Assembly (See Annex 3)	2,890,022	0
Staff Other than MCAs (See Annex 2)	4,873,758	0
	7,763,780	**0**

9.3: OTHER PENDING PAYABLES

	2015/2016 Kshs	2014/2015 Kshs
Lapfund/Gratuity	28,807,495	0
	28,807,495	**0**

XIII. ANNEXES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

SUPPLIER OF GOODS OR SERVICES	ORIGINAL AMOUNT	DATE CONTRACTED	AMOUNT PAID TO-DATE	OUTSTANDING BALANCE 2015/2016	COMMENTS
CIVIL WORKS					
GORDON OSANO	45,000			45,000	LAND SCAPING
FOCUS BUILDING COMPANY	795,789		400,000	395,789	ASSEMLY PARKING AND DRIVE WAYS
DAMILA ENTERPRISES	562,805		462,805	100,000	LAND SCAPING AND VEGETATION
Sub-Total				**540,789**	
Construction of buildings					
OXYGEN TRANSPORTERS	1,495,143		1,000,000	495,143	CONSTRUCTION OF WING 2 BUILDINGS
ODURU ENTERPRISES	1,627,943		1,000,000	627,943	CONSTRUCTION OF WING 1
GUMBA	1,314,800			1,314,800	CONSTRUCTION
KEVO RENOVATORS	1,733,585		600,000	1,133,585	EXTENSION OF ASSEMBLY
RICO INTERIOR DECORATION	850,682		200,000	650,682	INTERIOR DESIGN OF ASSEMBLY
Sub-Total				**4,222,153**	
Supply of goods					
KPLC	40,000			40,000	ELECTRICITY BILL
HARD SOFT SYSTEM	650,000			650,000	SUPPLY OF CHAIRS
ROIKA ENTERPRISES	1,468,800		800,000	668,800	SUPPLY OF WATER MARCH 2016
DOMI ENTERPRISES	514,000		250,000	264,000	SUPPLY OF BRANDED MATERIALS

SUPPLIER OF GOODS OR SERVICES	ORIGINAL AMOUNT	DATE CONTRACTED	AMOUNT PAID TO-DATE	OUTSTANDING BALANCE 2015/2016	COMMENTS
MAMI ENTERPRISES	312,350		68,100	244,250	SUPPLY OF 78A TONNERS AND HEAVY DUTY STEPPLER
OYUGIS COMPUTERS	1,696,111		800,000	896,111	SUPPLY OF TOUGHED GLASS DOORS
DIGITAL VILLAGES	3,122,332		800,000	2,323,332	SUPPLY OF BIOMETRIC KITS AND ACCESSS CONTROL SYST
MFT SOLUTIONS	1,279,640		500,000	779,640	SUPPLY OF PHOTOCOPIER/3 SMALL PRINTERS
DANI NYAKODERA	108,450		54,300	54,150	SUPPLY OF NEWSPAPERS MAY AND JUNE 2016
KINGS AND QUEENS	257,500		58,375	199,125	SUPPLY OF STATIONERY
KELIX TRADERS	470,000		150,000	320,000	SUPPLY OF ANTI VIRUS
WILLIAMS TAILORY	974,300		500,000	474,300	SUPPLY OF CURTAINS
AKULO PUBLISHERS	230,000		150,000	80,000	HOUNOUR BOARDS AND PORTRAITS
PERFECT PRINTS	161,000		61,000	100,000	SUPPLY OF BANNERS
ZAODON FURNITURE	67,000			67,000	SUPPLY OF CABINETS
PAUSIA GENERAL MERCHANTS	15,000			15,000	SUPPLY OF CLAIM FORMS
LOR SQUEEZE ENTERPRISES	1,083,000			1,083,000	SUPPLY OF DIARIES
NAGENSOFT CONSULTANTS	255,600		150,000	105,600	SUPPLY OF TONNERS
IVORY PRESS	315,680		200,000	115,680	SUPPLY OF ENVELOPES
BROOKLYN VIRTUAL NETWORKS	839,753		200,000	639,753	SUPPLY OF COMPUTERS AND LAPTOPS
WEENSLLYN VENTURES	380,000		100,000	280,000	SUPPLY OF CALENDERS AND XMAS CARDS
Sub-Total				**9,399,741**	
Supply of services					
ELLY OTIENO OGANGA	270,000			270,000	HR MANUAL
COMSOL NETWORKS	1,298,950		200,000	1,098,950	INSTALLATION OF CCTV
ACK GUEST HOUSE	744,809		300,000	444,809	HOSPITALITY
HOMABAY COUNTY RESORT	28,750			28,750	HOSPITALITY
SUNSET HOTEL	414,770			414,770	HOSPITALITY
BAY BREEZE	25,810			25,810	HOSPITALITY

SUPPLIER OF GOODS OR SERVICES	ORIGINAL AMOUNT	DATE CONTRACTED	AMOUNT PAID TO-DATE	OUTSTANDING BALANCE 2015/2016	COMMENTS
DATATRIL TECHNOLOGY	300,400			300,400	WAP SUPPLY INSTALLATION AND CONFIGURATION
DAPRI CONSULTANTS	1,708,611			1,708,611	SERVICE CHATTER
APA INSURANCE	515,174		400,000	115,175	INSURANCE OF ASSEMBLY VEHICLES
KREMLIN INSURANCE	24,306,329		11,000,000	13,306,029	MEDICAL COVER
KISUMU LINK TOURS	778,847		500,000	278,847	AIR TRAVELS
NATION MEDIA GROUP	160,769			160,769	ADVERTISING
DIT	227,634			227,634	LEVY
MAJ INSURANCE BROKERS	5,889,456			5,889,456	ASSET INSURANCE
JUNERA TOURS	440,000		310,000	130,000	CAR HIRE
RENTOKIL	24,360			24,360	CLEANING SERVICES
SILVER LINE SERVICES LTD	115,590			115,590	SERVICE OF VEHICLES
KIPKEMOI ARAP KIRUI	1,600,000			1,600,000	PRINTING OF COMMITTEE OPERATION MANUAL
AUDIT FIRM	450,000			450,000	CONSULTANCY
BLESSED ENGINEERING WORKS & MACHINERY	46,000			46,000	GENERATOR SERVICE
OTIENO RAGOT	2,552,056		100,000	2,452,056	LEGAL FEES
DAPRI CONSULTING LTD	798,490		200,000	598,490	DEVELOPMENT OF ICT POLICY
STANDARD GROUP	452,288		200,000	252,288	ADVERTISEMENT
TAKAFUL INSURANCE	2,037,896		1,300,000	737,896	GPA AND WIBA
VARIOUS STALE CHEQUES BY 30/6/2016	3,998,003			3,998,003	STALE CHEQUES BY 30/6/2016
Sub-Total				**34,674,693**	
Grand Total				**48,837,376**	

ANNEX 2-ANALYSIS OF PENDING STAFF PAYABLES

STAFF NAME	COMMENT	ORIGINAL AMOUNT	AMOUNT PAID TO DATE	OUTSTANDING BALANCE 2015/2016
MAURICE OGWENO	TRAVEL CLAIMS	144,400	54,800	56,000
ANNE AGER	TRAVEL CLAIMS	77,200	32,400	44,800
DEBORAH ANGIRO	TRAVEL COST TO NRB TO UPDATE IPPD	86,000	43,000	43,000
DEBORAH ANGIRO	DELIVERIES OF BY PRODUCTS	48,000	24,000	24,000
PAYROLL DEPARTMENT	PAYROLL TRAINING16-18TH MARCH	216,400	98,800	117,600
GABRIEL AWITI	TRAVEL CLAIMS	52,000	24,000	28,000
CLERKS DEPARTMENT	BENCHMARKING IN SENATE/N.ASSEMBLY	976,600	461,400	515,200
TITUS OKORE	TRAVEL CLAIMS	57,000	29,000	28,000
STAFF ATTACHED TO BUDGET COMMITTEE	HBA BUDGET REVIEW OUTLOOK PAPER MEETING	411,600	181,800	229,800
STAFF ATTACHED TO BUDGET COMMITTEE	HBA ANNUAL DEVELOPMENT PLAN MEETING	497,000	205,800	291,200
SALOME ATIENO	REGIONAL SIGN INTERPRETERS MEETING KISUMU	42,400	16,200	26,200
TENDER OPENNING CTEE	SITTING ALLOWANCES	39,000	19,500	19,500
DISPOSAL COMMITTEE	SITTING ALLOWANCES	21,000	10,500	10,500
MICHAEL MIRERI	TRAVEL CLAIMS	31,100	7,100	24,000
CLERKS DEPARTMENT	PUBLIC PARTICIPATION ON EMERGENCY BILL	55,000	27,500	22,000
BUDGET PUBLIC PARTICIPATION	BUDGET PUBLIC PARTICIPATION	259,200	129,600	129,600
STAFF ATTACHED TO BUDGET COMMITTEE	HBC AND HBCA BUDGET COMPILATION	604,400	369,200	235,200
KAUDO DANIEL	IFMIS TRAINING	85,000	43,000	42,000
LINA AKOTH	PAYMENT FOR GOVERNMENT PRINTERS	248,820	53,940	194,880
JOHN WERA OYOKO	REMOVAL OF SHRUBS AROUND ASSEMBLY FENCE	80,000	40,000	40,000
STAFF BUDGET PREPARATION AT ACK	TRAVEL CLAIMS	120,400	54,928	65,472
BOB KEPHAS	TRAVEL CLAIMS DURING SOCAAT MEETING ON 19TH TO 21 MAY	82,200	43,600	38,600

STEPHEN OLAGO	TRAVEL CLAIMS	52,000	26,000	26,000
DEBORAH ANGIRO	TRAVEL CLAIMS	52,000	26,000	26,000
BOB KEPHAS	TRAVEL CLAIMS	117,600	58,800	58,800
HENRY KOJA	TRAVEL CLAIMS	33,600	11,200	22,400
STEPHENE OLAGO	TRAVEL CLAIMS	30,000	15,000	15,000
GEORGE OMBEWA	TRAVEL CLAIMS	35,200	17,500	17,700
LEAH LIETA	TRAVEL CLAIMS	32,400	22,400	10,000
BUDGET STAFF	REPORT WRITING ON BUDGET IN KISUMU	395,200	-	395,200
HUMAN RESOURCE DEPARTMENT	WESTERN REGIONAL EMPLOYERS' FORUM	76,000	-	76,000
ACCOUNTS DEPARTMENT	ICPAK MEETING IN MOMASA	239,600		239,600
MAURICE OGWENO	TRAVEL CLAIMS	44,800		44,800
JOSIAH AMENYA	EXTRA DUTY ALLOWANCE	30,000		30,000
CHARLES OLELA	CLAIMS FOR PHOTOCOPYING SERVICES	10,350		10,350
LYDIA OMONDI	FINANCE/ACCOUNTS OFFICE CONSUMABLES	10,650		10,650
JACOB OSAWA	TRAVELCLAIMS	67,200		67,200
NICHOLAS ONYANGO	TRAVEL CLAIMS	63,700		63,700
NET BALL TEAM	SPORTS ITEMS	61,600		61,600
ICT DEPARTMENT	TRAVEL CLAIMS	99,000		99,000
HANSARD TEAM	TRAVEL COST DURING TRAINING	72,000		72,000
SENATE HANSARD TEAM	TRAVEL CLAIMS	253,000		253,000
WYCLIFFE MONYE	TRAVEL CLAIMS	87,200		87,200
CLERK/SPEAKER/LEADERS/WHIPS OFFICES	CONSUMABLES	134,490		134,490
SERGENT AT ARMS DEPARTMENT	WORKSHOP IN KISUMU ON DISASTER MNGT	42,400		42,400
WYCLIFFE MONYE	ICPAK MEETING IN MOMBASA	87,200		87,200
KOJA/OSAWA	SALARIES FOR FEB/MARCH AND APRIL	86,516		86,516
TOBIAS MANYALA	EXTRA DUTY ALLOWANCE	10,000		10,000
CAROLINE SANG	CLAIMS DURING BUDGET REPORT WRITING	40,000		40,000
AUDIT DEPARTMENT	TRAVEL CLAIMS DURING AUDIT MEETING	334,000		334,000
AUDIT DEPARTMENT	AUDIT PROCESS HONORARIA	52,500		52,500

AUDIT DEPARTMENT	TRAVEL CLAIMS DURING AUDIT MEETING	132,000		
STAFF ATTACHED TO BUDGET COMMITTEE	TRAVEL CLAIMS	394,300		
INTERNS	UP KEEP ALLOWANCE	30,000		30,000
DRIVERS	CLAIMS DURING BUDGET REPORT WRITING	144,900		144,900
	TOTAL			**4,873,758**

ANNEX 3- ANALYSIS OF STAFF PAYABLES

NO.	PAYEE	COMMENT	ACTUAL AMOUNT
1	HONS. KAJAMO/BEATRICE/POLO/ONDIEK	TRAVEL CLAIM	160,000
2	MILEAGE	EXTRA MILEAGE CLAIMS MAY AND JUNE 2016	855,142
3	EDUCATION CTEE	ECD SUMMIT IN KSM	280,000
4	SPEAKER	CAF MEETING IN NRB ON 16TH MAY 2016	39,600
5	SPEAKER	CONSULTATIVE MEETING AT UTALI COLLEGE	44,600
6	SPEAKER	TRAVEL TO ETHIOPIA IN MAY	427,680
7	CASB	ALLOWANCES FOR APRIL,MAY AND JUNE 2016	736,000
8	HON. GODFREY OSOO	CLAIMS	71,000
9	HON. GODFREY OSOO	MEETING IN KERICHO	52,000
10	HON. ELSA MIRAMBO	CLAIM DURING EDUCATION CTEE MEETING	38,000
11	HONs. RUTH/ABONGO/PATRICIA	MENTORSHIP FORUM IN NRB ON 30TH MARCH	129,000
12	HON. RAEL POLO	MEETING IN NRB	57,000
		TOTAL	**2,890,022**

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	**0**	**0**
Buildings and structures	18,000,000	61,591,691
Transport equipment	0	21,083,727
Office equipment, furniture and fittings	3,190,262	3,483,344
ICT Equipment, Software and Other ICT Assets	7,128,912	5,383.591
Other Machinery and Equipment	0	1,700,595
Heritage and cultural assets		
Intangible assets		
Total	**28,319,174**	**93,242,948**

ANNEX 5 – BANK RECONCILIATION REPORT

COUNTY ASSEMBLY OF HOMA BAY
P.O. BOX 20-40300, HOMA-BAY
BANK RECONCILIATION STATEMENT
AS AT 30TH JUNE 2016
BANK ACCOUNT NAME: HOMABAY COUNTY ASSEMBLY
BANK ACCOUNT NUMBER: 01141456870100

	Kshs.
Balance as per Bank Certificate	26,534,114.97
Less: 1. Payment in CashBook not yet recorded in Bank Statement (unpresented Cheques)	12,698,863.00
Less: 2. Receipts in Bank Statement not yet recorded in CashBook	
Add: 3. Payment in Bank Statement not yet recorded in Cash Book	
Add: 4. Receipts in Cash Book not yet recorded in Bank Statement	-
Balance as per Cash Book	**13,835,251.97**

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

	PAYEE	DATE	CHEQUE NO.	AMOUNT
1	KENYA ALLIANCE INSURANCE	26/01/2016	03560	19,724.00
2	AMEDO S. PRODUCTS	26/01/2016	03562	9,260.00
3	WDM	26/01/2016	03569	6,000.00
4	UDM	26/01/2016	03570	3,000.00
5	LPK	26/01/2016	03571	9,000.00
6	MISSAM ENTERPRISES	18/2/2016	03691	5,353.00
7	ATWECH CLASSIC SERVICE	04/05/2016	03857	14,224.00
8	KENYA ICT AND COMP. ENG.	04/05/2016	03861	108,769.00
9	DAMILA ENTERPRISES	27/4/2016	03943	276,724.00
10	NATION MEDIA	27/4/2016	03959	83,153.00
11	APA INSURANCE	27/4/2016	03969	400,000.00

12	JANOH GUEST HOUSE	04/02/2016	04014	150,000.00
13	JUBILEE INSURANCE	06/02/2016	04019	1,000,000.00
14	THE KINGS AND QUEENS INVESTMENT	06/02/2016	04023	94,827.00
15	BROOKLYN VIRTUAL NETWORK	06/02/2016	04024	189,655.00
16	NITA	06/02/2016	04030	227,634.00
17	RICO INTERIOR DESIGN	06/02/2016	04040	184,482.00
18	DAMILA ENTERPRISES	06/02/2016	04041	150,168.00
19	FOCUS BUILDING CO.	06/06/2016	04058	92,240.00
20	SMARTPRESS AGENCIES	06/06/2016	04059	76,808.00
21	TAKAFUL INSURANCE	29/6/2016	04109	737,896.00
22	EQUITY	30/6/2016	04118	914,747.00
23	EQUITY	30/6/2016	04119	914,747.00
24	EQUITY	30/6/2016	04120	914,747.00
25	EQUITY BANK	30/6/2016	04121	914,746.00
26	FAMILY BANK	30/6/2016	04122	252,625.00
27	KCB	30/6/2016	04123	176,131.00
28	BARCLAYS BANK	30/6/2016	04124	30,309.00
29	BARCLAYS BANK	30/6/2016	04125	2,475.00
30	STANDARD CHATERED	30/6/2016	04127	10,206.00
31	STANDARD CHATERED	30/6/2016	04128	202,266.00
32	MADISON INSURANCE	30/6/2016	04129	134,345.00
33	STIMA SACCO	30/6/2016	04130	40,435.00
34	LIBERTY LIFE ASSURANCE	30/6/2016	04131	39,551.00
35	AMEDO S. PRODUCTS	30/6/2016	04132	9,260.00
36	AFRICAN CAPITAL LTD	30/6/2016	04133	3,235.00
37	BARCLAYS BANK	30/6/2016	04134	20,610.00
38	LAPFUND	30/6/2017	04135	4,279,511.00
	TOTAL			**12,698,863.00**

	Designation	Signature	Date
Prepared by:	Accounts Clerk		16/5/17
Reviewed by:	Accountant		16/05/17
Approved by:	Director F&A		16/5/17