REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF KISII

FOR THE YEAR ENDED 30 JUNE 2016

COUNTY EXECUTIVE OF KISII

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 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 Kisii's 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Governor	Hon. James Ongwae
2.	Deputy Governor	Hon. Joash Maangi
3.	County secretary	Mr Johnstone Ndege
4.	CEC Finance and Economic Planning	Dr. Kodek Omwancha

(d) Fiduciary Oversight Arrangements

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

- Audit and finance committees
- County Assembly committees
- Other oversight arrangements including internal audit and examination teams

(e) Entity Headquarters

P.O. Box 4550- 40200
Municipal Building
Kisii-Keroka Road
Kisii, KENYA

(f) Entity Contacts

Telephone: (254) 582030005
E-mail: info@kisii.go.ke
Website: www.kisii.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
   Kisii Branch
   P.O BOX 48400
   Kisii.

(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 CEC

These financial statements were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in compliance with section 107 and 149 of the Public Financial Management Act, 2012. They are the second to be prepared by Kisii County Government since promulgation of the new constitution. It presents actual financial performance of the FY 2015/2016 and makes comparisons to the approved budget for the same year. It further provides the details of the assets and liabilities as required by the IPSAS.

The financial performance in 2015/2016 was generally satisfactory, despite the challenges of not realizing the projected revenues and mounting expenditure pressures. As a result, the County Government was not able to implement all the planned projects and programs.

On the expenditure side, the County Government had to incur higher expenditure on personnel emoluments. This is because the county government inherited staff from the defunct local authorities and those from the National Government whose functions were devolved besides employing its own staff.

Delay in release of funds from the National Government to County Government was another challenge in the implementation of the planned projects and programmes in all sectors. This led to incomplete projects and at the same resulting to pending bills of over Ksh. 800 Million. The lengthy public procurement procedures also delayed the implementation of projects and programmes within stipulated time frames.

However the County Government was able to implement a number of projects which are making a huge impact to the people of Kisii County. This include improved infrastructures, establishment of county offices, funding of the public hospitals, improving youth polytechnics, boosting youth activities through sports and events sponsoring as well as giving bursaries to needy students.

The County Government is also investing heavily in building classrooms and improving Agriculture and in the next financial year the impact of the County Government as the face of devolution will be felt by the residents of Kisii County Government.

Sign

Dr Kodek Omwancha
County Executive Committee member Finance
Kisii County Executive

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance of the Kisii County Government is responsible for the preparation and presentation of the Kisii County Government's financial statements, which give a true and fair view of the state of affairs of the Kisii County Government for and as at the end of the financial year ended on June 30, 2015. 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, 2015, 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 28th September, 2016.

County Executive Committee member Finance

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Executive of Kisii set out on pages 5 to 38, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: 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.

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 County Executive's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Receipts

1.1 Free Maternity Funds

Included in the other revenue balance of Kshs.553,499,274 is Kshs.134,452,500 in respect of free maternity disbursements. However, during the year under review, the Executive was allocated Kshs.194,699,400 under the free maternity fund but only Kshs.134,452,500 was received leaving a balance of Kshs.60,246,900 at the National Treasury as at 30 June 2016. No explanation has been provided by management for the under-release of balances by the National Treasury.

1.2 Outstanding Property Rates

The property rates register indicates that outstanding property rates in the County increased by Kshs.24,790,007 from Kshs.179,166,653 in the previous year to Kshs.203,956,660 in the year under review. However, the County Treasury has not put in place stringent measures to recover these outstanding revenues contrary to Section 6(7) of the County Finance Act, 2015. Further, the outstanding balance of Kshs.203,956,660 as at 30 June 2016 has not been disclosed under the Notes to the financial statements as required under International Public Sector Accounting Standards (IPSAS).

In view of the foregoing, it has not been possible to confirm that the revenue for the year ended 30 June 2016 is fairly stated.

2. Compensation of Employees

Compensation to employees expenditure increased by Kshs.125,962,386 from Kshs.3,107,952,104 in 2014/2015 to Kshs.3,233,914,490 during the year under review. The wages and benefits constituted 37% of the total revenue of Kshs.8,824,677,699 for the year contrary to Section 25 (c) of Public Finance Management Act, and County Government Regulations 2015 that recommend maximum ratio of 35%.

3. Use of Goods and Services

3.1 Consultancy Services for Digital Topographic Mapping

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.685,416,189 under other operating expenses which in turn includes Kshs.5,000,000 paid to a local consultancy company to provide consultancy services for digital topographic mapping and preparation of integrated strategic urban development plan for Ogembo Town at a cost of Kshs 58,391,500 and contract period of 12 months with effect from 8 October 2014.

Examination of the agreement indicated that the consultant was to be paid 25% of the contract sum upon submission of the inception report, 25% on submission of preliminary maps and designs, 30% on submission of plan development proposals and strategies and the final 20% on submission of the final integrated urban development plan. However, the consultant, on submitting an inception report, was paid the entire Kshs.5,000,000. The contract period expired on 8 October 2015 and although, the Executive on the same date renegotiated for extension of the contract, the work had not re-started as at 30 June 2016. It was not clear when the work would be finalized.

Consequently, the propriety and value-for-money on the expenditure of Kshs.5,000,000 incurred on the consultancy during the year cannot be confirmed.

3.2 Procurement of Security Services

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.685,416,189 under other operating expenses which additionally includes Kshs.960,000 paid to a local security company on 13 October 2015 for security services rendered at Kisii Agricultural Training College between February 2015 and August 2015. However, the contract between the college and the company expired in December 2014 yet the Executive continued to make unauthorized payments for services received after the expiry of the contract period.

Consequently, the propriety and validity of the expenditure of Kshs.960,000 incurred on the security Company during the year under review cannot be confirmed.

3.3 Procurement of Assorted Items

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.50,569,777 under office and general supplies and services which in turn includes Ksh.756,000 on purchase of assorted items from various local firms.

However, the following anomalies were noted:

i. There were no quotations issued to the suppliers.

ii. Requisitions from the user department were not attached to payment vouchers.

iii. There was no Inspection and Acceptance Committee report and receipt of goods was not certified by the user department.

Consequently, the propriety and validity of the expenditure of Kshs.756,000 incurred on purchase of assorted items during the year under review cannot be confirmed.

3.4 Facilitation of Training for Kisii Budget Committee

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.65,558,814 in respect of training expenses which in turn includes Kshs.2,290,000 paid to a local firm in form of imprest for the facilitation of training for Kisii budget committee in Nairobi. However, the training was not properly supported.

Consequently, the propriety and validity of the expenditure of Kshs.2,290,000 incurred on the training cannot be confirmed.

3.5 Foreign Travel

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.53,023,974 being foreign travel and subsistence which additionally includes Kshs.514,080 being imprest issued to a Member of the County Assembly (MCA) to facilitate his travel to Germany. However, it was not clear how the funds were re-allocated from health department to facilitate the MCA on trip to Germany. Further, it's not clear who the payee was since the imprest warrant bears two different names but does not indicate the respective personal numbers. In all, proper documentation was not provided to support the travels and further it has not been established why the County Assembly could not finance the MCA's trip.

Consequently, the propriety and validity of Kshs.514,080 incurred on the transaction could not be ascertained.

3.6 Unaccounted for Stores

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.50,569,777 under office and general supplies and services which in turn includes Kshs.156,600 paid to a local company for the supply of stationery in July 2015. However, the stores ledgers in which the items were recorded were not availed for audit review and therefore it was not possible to confirm whether or not the items were supplied by the vendors.

Consequently, the propriety and validity of the expenditure of Kshs.156,600 incurred on the supplies cannot be confirmed.

4. Car and Mortgage Scheme

Included in the statement of receipts and payments under transfers to other Government units balance of Kshs.519,986,180 is Kshs.30,000,000 deposited with Chase Bank Limited in account No.252322396001 as seed capital for the car and mortgage scheme. However, the bank was put under receivership in April 2016 and therefore the Executive has been unable to access these funds. Further, the management has not provided a signed contract agreement between itself and the bank regarding the management of this scheme as well as guidelines it has developed to be used in the management and disbursement of funds to the intended beneficiaries. The Executive faces the risk of non-recovery of the funds held in Chase Bank

Consequently, the propriety and security of the bank deposit of Kshs.30,000,000 cannot be confirmed.

5. Other Grants and Transfers

5.1 Proposed Construction of Sombogo Tea Factory

Included in the other grant and other transfers of Kshs.321,081,087 is Kshs.30,066,212 under current grants to government agencies, which in turn includes Kshs.30,000,000 paid to Tombe Tea Factory based in Nyamira County being 50% contribution as a conditional grant while the farmers were to contribute 50% of the total cost and the rest met by Tombe Tea Factory through loan financing of Kshs.560,085,591. However, no clear timelines were set for commencement and completion of Sombogo Tea Factory

based in Kisii County which is a subsidiary of Tombe Tea Factory. Construction of the factory had not started as at 31 January 2017.

In the circumstance, the propriety and validity of the Kshs.30,000,000 grant paid to Tombe Tea Factory cannot be confirmed.

6. Acquisition of Assets

6.1 Procurement of Five Ambulances

Included in the acquisition of assets balance of Kshs.2,056,224,377 under purchase of vehicles and other transport equipment is Kshs.176,387,606 which in turn includes Kshs.25,200,000 paid to a local company for supply of five (5) ambulances costing Kshs.41,645,000. However, the following anomalies were noted:

i. Physical verification of the ambulances revealed that they still bear private number plates although they are branded in the County Executive's logo.

ii. Examination of payments records revealed that the County paid Kshs.25,200,000 leaving a balance of Kshs.16,445,000. Further, ownership documents are still held by the supplier for non-payment of the balance.

iii. One of the ambulances (registration number KCG 478R) was involved in an accident on 29 January 2016 and lay unrepaid at the Kisii Teaching and Referral Hospital parking lot at the time of the audit.

In the circumstances, the propriety of Kshs.25,200,000 expenditure incurred on purchase of ambulances during the year under review cannot be confirmed.

6.2 Purchase of Motor Vehicles

Included in the acquisition of assets balance of Kshs.2,056,224,377 is Kshs.176,387,607 under purchase of vehicles and other transport equipment which in turn includes Kshs.64,923,100 paid to local vehicle dealers for the supply of ten (10) double cabin 4x4 motor vehicles at Kshs.2,909,500 each and eleven (11) Haval H5 Station Wagons at Kshs.3,257,099 each. The County Executive negotiated the purchase prices in 2015 based on the price list determined by the Supplies Branch of the State Department for Public Works vide circular Ref.SB/P/4/5/XXVIII(161). The negotiated prices were within the range of those recommended by Supplies Branch. However, as at 30 June 2016, the Executive had not obtained the logbook for one (1) motor vehicle (registration number KCD 249G Great Wall Haval H5 Station Wagon) purchased at Kshs.3,257,099.

Consequently, the propriety of the expenditure of Kshs.3,257,099 for the year under review cannot be confirmed.

6.3 Stalled Avocado Processing Plant

i. Included in the acquisition of assets balance of Kshs.2,056,224,377 is Kshs.293,404,310 under construction and civil works which in turn includes Kshs.4,790,000 paid to a construction company for construction of an avocado processing plant at Kisii Agricultural Training College at a contract sum of Kshs.7,972,790. Minutes of the Tender Evaluation Committee meeting, revealed

that another construction company was the second lowest bidder after a third company that had quoted Kshs.5,302,011 but was disqualified because its quotation was only 39.76% of the engineer's cost estimates while the allowable range was between -10% and +10% of engineer's estimate.

ii. It was not explained why the company with the lowest evaluated price was not awarded the contract in line with the provisions of Section 86 (1) (a) of the Public Procurement and Assets Disposal Act, 2015.

iii. Physical verification in November 2016 revealed that the contractor was not on site and the project appeared to have stalled despite the Executive having settled three interim certificates amounting to Kshs.4,790,000.

Consequently, the Executive may have lost Kshs.2,670,778 for not awarding the tender to the lowest evaluated bidder and value-for-money may not have been obtained.

6.4 Construction of Male Patients Ward at Kisii Level 5 Hospital

Included in the acquisition of assets figure of Kshs.2,056,224,377 is Kshs.392,668,431 under construction of buildings which further includes Kshs.106,654,296 being award to a construction company for construction of a male patients ward at Kisii Level 5 Hospital. As at 30 June 2016 Kshs.73,607,469 had been paid to the contractor in nine instalments.

However, examination of payment vouchers revealed that the Hospital management issued three new Local Purchase/Service Orders (LPOs/LSOs) to the contractor while making payments instead of photocopies of the original LPOs/LSO.

Consequently, the propriety of the expenditure totaling Kshs.73,607,469 incurred on construction of the wards during the year under review cannot be confirmed.

6.5 Construction of Offices and Latrines at Ward Offices

Included in the acquisition of assets balance of Kshs.2,056,224,377 is Kshs.392,668,431 under construction of buildings which in turn includes Kshs.43,286,735 for construction and completion of Ward offices and Kshs.40,000,000 for construction of latrines at Ward offices. There was no work plan or list of projects attached to the budget estimates indicating that the ward offices and latrines had been earmarked for construction during the year under review. IFMIS records indicated that Kshs.38,407,391 was spent on completion of the Ward offices and Kshs.4,879,344 on construction of latrines in wards. However, the department did not avail the progress report showing the actual number of Ward offices and latrines constructed during the year under review.

In the circumstances, the propriety and validity of the expenditure Kshs.43,286,735 incurred on construction of Ward offices and latrines during the year under review cannot be confirmed. Further, the residents of Kisii County may not have obtained value for money on these projects.

6.6 Construction of Parking Lot at Huduma Centre

Included in the acquisition of assets balance of Kshs.2,056,224,377 is Kshs.293,404,310 under construction of civil works which additionally includes

Kshs.2,759,396 paid to a local company as first payment towards construction of a parking lot at Huduma Centre in Kisii Town. The evaluation report and the bills of quantities for the works were however not availed for audit review to confirm whether or not the procurement process was carried out in accordance with the prescribed laws and regulations.

Consequently, the propriety of the expenditure of Kshs.2,759,396 incurred on construction of the parking lot during the year under review cannot be confirmed.

6.7 Supply of Two Reffuse Trucks

Included in the acquisition of assets balance of Kshs.2,056,224,377 is Kshs.176,387,607 under purchase of vehicles and other transport equipment which additionally includes Kshs.7,00,000 paid to a supplier as outstanding dues for the supply of two reffuse trucks. As at the time of audit, the supplier had been paid a total value of Kshs.75,836,000 for the supplies dating back to 2013/2014. However, a creditor's register had not been opened to track partial payments to the supplier. An analysis data extracted from the IFMIS system indicated that the supplier had been paid a total of Kshs.46,320,000 between January 2015 and 11 November 2016. Although management explained that the supplier had also won other contracts in addition to supply of reffuse trucks, the contract documents were not availed for audit review.

In the absence of creditors' reconciliations, it has not been possible to confirm that the supplier was not overpaid, or paid for goods that were not delivered.

7. Road Construction and Procurement

7.1 Road Opening and Maintenance in Nine (9) Wards

Included in the acquisition of assets balance of Kshs.2,056,224,377 is Kshs.831,637,361 under construction of roads analyzed as shown below:

Description	Amount Kshs.
Road works for 2014/15 paid in 2015/2016	39,806,798
Major Roads for 2015/16	590,942,615
Village Roads for 2015/16	155,616,748
Fuel Levy	45,271,200
Total	**831,637,361**

Included in the above figure of Kshs.831,637,361 are expenditures incurred on contracted 344.7 kilometers in nine (9) sub-county wards through opening, grading and compaction, gravelling as well as drainage structures in all the wards as listed below:

Ward	Length (Km)
Bonchari	31.5
South Mugirango	47.5
Bobasi	75.2
Bomachoge Chache	26.2
Bomachoge Borabu	37.6
Nyaribari Masaba	33.3

Nyaribari Chache	34.4
Kitutu Chache South	37.7
Kitutu Chache North	21.3
Total	**344.7**

The works have been done through an in-house programme during the year under review. The Executive hired equipment and mechanical services from the Ministry of Transport and Infrastructure and paid Kshs.58,047,404. However, the Executive did not provide detailed information of the procurement methods as well as the costs involved in purchase of murram and labour although the road works were verified and found to have been done.

Consequently, it has not been possible to ascertain whether the residents of Kisii County obtained value for their money incurred on the road projects.

8. Cash-and-Cash Equivalents

8.1 Bank Reconciliation Statements

Bank reconciliation statements for thirty-nine (39) Kisii County Executive bank accounts whose closing balances are incorporated in the financial statements were not presented for audit review as analysed below:

Bank	Number of Account
Kenya Commercial Bank-Kisii	25
Barclays Bank-Kisii	1
Equity Bank-Kisii	2
Chase Bank-Kisii	6
Diamond Trust-Kisii	5
Total	**39**

In addition, the Executive did not adhere to a Circular from the National Treasury (Circular Ref: AG.3/088/ Vol 6/(73) of 2014) directing the Counties to close all accounts except those authorized by the National Treasury.

8.2 Bank Reconciliation at Kisii Teaching and Referral Hospital

The bank reconciliation statement for account No.1101996315 operated at Kenya Commercial Bank by the Kisii Teaching and Referral Hospital (KTRH) includes stale cheques amounting to Kshs.3,073,726 related to payment of statutory deductions, some which date back to the financial year 2013/2014 and which ought to have been reversed in the cash book.

8.3 Overdrawn Cash Books

Review of bank reconciliation statements revealed that eight (8) health facilities had issued, without authority of the County Treasury cheques to suppliers in excess of funds available in their respective cash books resulting in overdrawn cash book balances amounting to Kshs.6,638,634 as at 30 June 2016, as shown below:

Health Facility	Bank	Account No.	Overdrawn Balance Kshs.
Ibeno Hospital	KCB	1117448010	524,417
Iyabe Hospital	CO-OP	01141017379300	83,423
Etago Hospital	KCB	1124844163	535,307
Keumbu Hospital	KCB	1106481070	611,988
Masimba Hospital	KCB	1102022888	1,104,494
Nyacheki Hospital	KCB	1102026204	1,203,343
Kenyenya Hospital	KCB	1102026093	1,280,378
Ibacho Hospital	KCB	1109472706	1,295,284
Total			**6,638,634**

This situation indicates poor financial management as the banks could dishonor cheques that exceed the value of balances maintained in the respective accounts.

Consequently, the management breached financial regulations and further, it has not been possible to confirm that the cash-and-cash equivalents balance of Kshs.944,359,988 as at 30 June 2016 is fairly stated.

9. Imprest Surrenders

The statement of assets reflects nil outstanding imprest balance. However, analysis of the imprest register and related records revealed the following position:

i. Imprests amounting to Kshs.6,542,725 in respect of subsistence allowances were paid to County Executive staff without requisite supporting documentation.

ii. Imprests amounting to Kshs.7,742,000 were issued as per-diem and other incidental expenses. However, the imprests were expensed without supporting documents such as travel documents, attendance registers and quotations for conference expenses to indicate that the officers indeed attended such seminars/trainings.

iii. Imprests amounting to Kshs.3,860,000 were issued to an officer of the Executive for verification of Boda Boda sites. However, the accounting documents did not have important information such as approved requisitions from the user department.

Consequently, in spite of having nil imprest balance, the records available reflects imprests of Kshs.18,144,725 whose propriety cannot be confirmed.

10. Retention and Deposits

Included in the statement of assets are deposits and a retention balance of Kshs.31,021,249 held in Retention Bank Account No.1000276681 maintained at the Central Bank of Kenya. However, the balance is not analysed. Further, the figure should be reflected as a Note to the financial statements and not under the statement of assets as prescribed by the Public Sector Accounting Standards Board.

Consequently, the validity of the retention balance of Kshs.31,021,249 could not be ascertained and further the Executive has breached applicable accounting standards.

11. Pending Bills

11.1 Long Outstanding Pending Bills

Included in the pending bills balance of Kshs.818,726,121 were pending bills totalling Kshs.71,614,120 that were more than nine months old as at 30 June 2016:

Department	Amount Kshs.	Over 90 Days Kshs.
Administration	70,351,990	1,811,269
Agriculture	34,931,213	886,514
Culture	91,871,714	0
Education	47,076,676	10,579,750
Environment	183,749,726	9,908,274
Finance	36,078,139	3,867,313
Health	108,895,936	8,040,004
Kisii Town	601,283	0
Lands	40,203,657	6,811,350
Roads	177,725,300	12,868,586
Trade	45,393,675	16,840,997
Total	**818,726,121**	**71,614,120**

Long overdue bills may have adverse effects on the Executive's ability to obtain goods and services on credit from suppliers.

11.2 Delayed Payments to the Contractors

Included in the pending bills amount of Kshs.818,726,121 are bills of Kshs.12,564,132 on road works which the Executive has not paid to seven (7) contractors despite their having completed the contracted works:

Name of Road	Amount Due Kshs.
Omosoch -Nyansiaka	1,387,383
Nyakeyo Dispensary	1,032,817
Rianyubu-Riamira-Bonyaoro Girls	3,450,188
Charachani-Owaro Road	1,021,500
Riamoiro -Nyagacho-Oroboti Road	1,624,278
Tambacha-Masak Nyagesenda	2,532,310
Masakwe Bridge	1,515,656
Total	**12,564,132**

Failure to pay contractors in time may cost the Executive its good reputation among service providers as well increase the likelihood of litigation against it.

11.3 Pending Bills for the Defunct Local Authorities

Reflected under Annex 2 to the financial statements are other pending payables of Kshs.963,512,000 being debts inherited from defunct local authorities at the inception of the County Government. A verification exercise on these liabilities initiated by the then Transition Authority and since taken over by the Intergovernment Relations and Technical Committee (IGRC) has not been concluded and therefore the balance has not been adequately supported or confirmed.

Consequently, the propriety of other pending payables totalling Kshs.963,512,000 as at 30 June 2016 cannot be confirmed.

12. Assets and Liabilities Inherited from Defunct Local Authorities

Annex 3 to the financial statements reflects assets of Kshs.12,235,269,382 as at 30 June 2016 under summary of fixed assets. However, the figure does not include the assets and liabilities inherited from various defunct local authorities in Kisii County although the Executive has since taken possession of assets. In addition, the Inter-governmental Relations Technical Committee (IGRTC) is yet to formally hand over the assets and liabilities of the defunct local authorities to the Executive.

In view of the foregoing, the financial statements presented by the County Executive of Kisii for the year ended 30 June 2016 may not be fairly stated.

13. Budget and Performance Analysis

13.1 Under/ Over Expenditure

During the year under review, the Executive budgeted for an aggregate expenditure of Kshs.8,431,430,019 being Kshs.4,865,275,211 and Kshs.3,566,154,808 under recurrent and development votes respectively.

The actual expenditures on recurrent vote amounted to Kshs.4,685,609,230 while Kshs.2,650,923,618 was incurred under development vote thus representing 96% and 74% absorption rates respectively as shown below:

Item	Budget 2015/2016 Kshs.	Actual 2015/2016 Kshs.	Absorption rate %	% of Total Expenditure
Development	3,566,154,808	2,650,923,618	74	35
Recurrent and pending bills	4,865,275,211	4,685,609,230	96	65
Total	**8,431,430,019**	**7,336,532,848**		

An analysis of the absorption rates by department is shown in the following table.

Department	Budget Allocation (Kshs.)		Actual Expenditure (Kshs.)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	379,285,884	0	345,642,289	-	91	-
County Administration	475,829,404	142,800,000	448,002,735	65,052,817	94	40
Public Service	534,545,000	0	48,462,120		89	0
Finance and Planning	726,158,904	142,500,000	679,668,957	126,463,631	94	92
Agriculture	267,372,760	138,500,000	260,611,137	136,214,385	97	70
Health Services	862,902,100	968,392,150	1,843,181,660	745,354,863	99	71
Environment	136,090,592	358,500,000	130,805,592	135,377,278	96	48
Education and Youth	551,930,804	218,750,000	549,037,164	149,475,556	99	66
Lands	84,540,088	201,000,000	75,200,072	103,869.010	89	55
Trade Development	60,551,862	165,000,000	57,491,325	124,990,497	95	65
Public Works	138,578,036	1,012,212,658	132,027,964	1,082,147,785	96	107
Culture	64,908,840.	208,500,000	52,947,278	85,742,937	82	29
Kisii Town	62,580,937	10,000,000	62,530,937	-	100	0
Total	**4,865,275,211**	**3,566,154,808**	**4,685,609,230**	**2,650,923,618**	**96**	**74**

In addition, the following anomalies were noted in relation to expenditure records:

i. The vote book reflected total expenditure of Kshs.7,336,532,848 which however differs from the total expenditure of Kshs.8,348,036,630 reflected in the financial statements resulting in an unexplained variance of Kshs.1,011,503,782.

ii. The annual report of the Controller of Budget reflects total recurrent and development expenditure of Kshs.4,714,280,000 and Kshs.2,540,700,000 respectively which differs from the above analysis of Kshs.5,399,739,431 and Kshs.2,540,709,617 by Kshs.28,670,770 and Kshs.110,223,618 respectively.

iii. Analysis of the budget performance by departments shows that the department of roads, public works and transport attained the highest absorption rate for recurrent expenditure at 107% while Kisii Town did not implement any projects despite having a total budget of Kshs.10,000,000. No explanation was provided for the anomaly.

iv. Delayed implementation of projects denies services due to the public. Further, the project costs may escalate due to inflationary factors and the Executive may have to incur additional expenditure on the projects.

13.2 Development Expenditure for 2015/2016

The total approved development expenditure of Kshs.3,566,154,808 was allocated to twelve (12) departments during 2015/2016 to finance 1566 projects. Implementation of these projects was however behind schedule and by 30 June 2016, and only Kshs.2,650,923,618 had been spent on 1196 projects, which represented 71% of the funds allocated:

Department	No of Budgeted Projects	Budget Kshs.	Actual Kshs.	No of Projects implemented	% Level of Implementation
County Administration	48	142,800,000	65,052,817	32	40
Finance and Planning	7	142,500,000	126,463,631	4	92
Agriculture	16	138,500,000	136,214,385	5	70
Health Services	592	968,392,150	745,354,863	489	71
Environment	163	358,500,000	135,377,278	80	48
Education and Youth	181	218,750,000	149,475,556	108	66
Lands	140	201,000,000	103,869.010	87	55
Trade Development	28	165,000,000	124,990,497	24	65
Public Works	381	1,012,212,658	1,082,147,785	360	95
Culture	9	208,500,000	85,742,937	7	29
Kisii Town	1	10,000,000	-	0	0
Total	**1566**	**3,566,154,808**	**2,650,923,618**	**1196**	**71**

Delay in implementing projects in the years they are planned affects the implementation of subsequent years' projects adversely. Out of the budgetary allocation of Kshs.3,566,154,808 only Kshs.2,650,923,618 was spent on projects but only Kshs.24,425,599 remained in the development bank account as at 30 June 2016 hence leading to an unexplained difference of Kshs.890,805,591 between the two records although in Kisii County Revenue Fund (CRF) acount No100170565 at Central Bank reflected Kshs.653,860,532 as at 30 June 2016.

By failing to complete projects on time, residents of the County were denied important public services.

14. Revenue Analysis

14.1 Local Source Revenue

The County Executive budgeted to collect Kshs.700,000,000 during the financial year under review. However, only Kshs.311,623,638 was collected in the year translating to 45% of the revenue expected as shown below:

Items	Budgets Kshs.	Actuals Kshs.	Variance Kshs.	Performance
Motor vehicles Stickers	23,000,000	16,508,820	6,491,180	72
Street Parking Fee	11,000,000	19,977,000	8,977,000	182
Clamping Fine	2,500,000	1,213,330	1,286,670	49
Towing Fine	600,000	479,426	120,574	80
Storage Fee	2,300,000	86,940	2,213,060	4
Clamping Tampering Fee	2,500,000	0	0	0
Social Hall Hire	2,000,000	50,500	1,949,500	3
Stadium Hire	6,000,000			0
Refuse Collection Fee	1,500,000			0
Slaughtering Fee	7,000,000	720,700	6,279,300	10
Hides & Skins Fee	600,000			0
Beacon Search Pointing Fee	200,000			0
Survey Fee	1,000,000			0
Buildings Plan Approval Fee	30,000,000	14,487,267	15,512,733	48
Buildings Inspection Fee	2,000,000			0
Sign Boards & Advertisement Fee	25,000,000	22,020,944	2,979,056	88
Fire-Compliance Fee	8,500,000	8,091,750	408,250	95
Agricultural Training Centre	20,000,000	2,053,399	17,946,601	10
Hire of Plant and Machinery	30,000,000	2,295,200	27,704,800	8
Devolved function Revenues	112,400,000	4,165,445	108,234,555	4
Total	**700,000,000**	**311,623,638**	**388,376,362**	**45**

No plausible reason has been given for this poor revenue collection which suggests there were revenue leakages in the system or unrealistic targets.

14.2 Revenue not transferred to County Revenue Fund Account

During the year under review, Kisii Level 5 Teaching and Referral Hospital collected Kshs.208,772,652 under the facility improvement fund scheme which was spent at source and was thus not banked in the County Revenue Fund Account as required by Section 109 of the Public Financial Management Act, 2012. However, no explanation was provided for the anomaly.

15. Governance Framework

15.1 Staff Recruitment

During the year under review, the County hired one hundred and nineteen (119) staff on permanent terms ranging from job group E to Q. However ninety seven (97) per cent were from the dominant ethnic community (Kisii) in the county which contravenes Section 7 of the National Cohesion and Integration Commission Act ,2008 which states that no public establishment shall have more than one-third of its staff from the same ethnic community.

15.2 Failure to Establish an Audit Committee

The Executive has not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Government) Regulations, 2015 which requires each county government entity to establish an audit committee. The Assembly has therefore breached the law.

16. County Information Technology Environment

16.1 Lack of Information Technology (IT) Strategic Committee

The Executive does not to have an IT Strategic Committee to take charge of IT governance issues and steer delivery and implementation of the IT strategy.

16.2 Documented Patch Management Process

The Executive relies on various applications and associated data to support different business processes. These applications require regular security updates (patches) to fix potential vulnerabilities and protect against active security threats. It was established that there is no formal and documented patch management process for rolling out and managing security updates to these applications.

In absence of a documented patch management process for managing security updates to critical applications, the IT environment could become insecure and thus vulnerable to malware and hacker attacks. As a result, the data (information) held in the system may become prone to loss, theft or damage.

16.3 Documented and Tested Emergency Procedures

There are no formally documented and tested procedures to secure data systems in case of an emergency. The relevant stakeholders may not be able to respond properly to an emergency situation when it arises as they may not be aware of the proper steps to follow in dealing with the emergency.

17. Third-party Related Transactions - Payments made on behalf of Water Company

Included in the use of goods and services balance of Kshs.2,206,961,106 is Kshs.41,080,103 under utilities, supplies and services which in turn includes Kshs.18,198,774 incurred to settle electricity bills on behalf of Gusii Water and Sanitation Company. The Water Company is technically insolvent and its continued operation is dependent on the support of the Kisii County Executive.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the County Executive of Kisii as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

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

Nairobi

30 August 2017

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

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	22,950,000	20,570,000
Exchequer releases	4	7,996,803,612	5,708,324,099
Transfers from Other Government Entities	5	251,424,813	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	553,499,274	5,32196,676
TOTAL RECEIPTS		**8,824,677,699**	**6,261,090,775**
PAYMENTS			
Compensation of Employees	12	3,233,914,490	3,107,952,104
Use of goods and services	13	2,206,961,106	890,050,060
Subsidies	14	-	-
Transfers to Other Government Units	15	519,986,180	100,782,250
Other grants and transfers	16	321,081,088	135,000,000
Social Security Benefits	17	9,869,389	-
Acquisition of Assets	18	2,056,224,377	1,490,022,850
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	723,066,768
TOTAL PAYMENTS		**8,348,036,630**	**6,446,874,032**
SURPLUS/DEFICIT		**476,641,069**	**-185,783,257**

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 28th September,2016 and signed by:

Chief Officer Finance

Head of Treasury Accounts

IV. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	974,908,060	457,223,850
Cash Balances	22B	-	-
Total Cash and cash equivalent		**974,908,060**	**457,223,850**
Accounts receivables – Outstanding Imprests	23	-	10,021,892
TOTAL FINANCIAL ASSETS		**974,908,060**	**467,245,742**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	31,021,249	25,222,451
NET FINANCIAL ASSETS		**943,886,811**	**442,023,291**
REPRESENTED BY			
Fund balance b/fwd	25	467,245,742	653,029,000
Surplus/Deficit for the year		476,641,069	-185,783,257
NET FINANCIAL POSITION		**943,886,811**	**467,245,743**

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 28th September, 2016 and signed by:

Chief Officer Finance

Head of Treasury Accounts

V. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2016

		2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	22,950,000	20,570,000
Exchequer Releases	4	7,996,803,612	5,708,324,099
Transfers from Other Government Entities	5	251,424,813	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	553,499,274	532,196,676
Payments for operating expenses			
Compensation of Employees	12	3,233,914,490	3,107,952,104
Use of goods and services	13	2,206,961,106	890,050,060
Subsidies	14	-	-
Transfers to Other Government Units	15	519,986,180	100,782,250
Other grants and transfers	16	321,081,088	135,000,000
Social Security Benefits	17	9,869,389	-
Finance Costs, including Loan Interest	19	-	-
Other Expenses	21	-	723,066,768
Adjusted for:			
Changes in payables		5,798,798	25,222,451
Adjustments during the year		-	-
Net cash flow from operating activities		**2,532,865,446**	**1,304,239,593**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	2,056,224,377	1,490,022,850
Net cash flows from Investing Activities		**2,056,224,377**	**1,490,022,850**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**476,641,069**	**-185,783.257**
Cash and cash equivalent at BEGINNING of the year	24	**467,245,742**	**653,029,000**
Cash and cash equivalent at END of the year	25	**974,908,060**	**467,245,742**

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 28th September, 2016 and signed by:

Chief Officer Finance

Head of Treasury Accounts

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 JUNE,2016.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	22,950,000	-	22,950,000	22,950,000	-	100%
Exchequer releases	7,301,390,971	-327,344	7,301,063,627	7,248,154,319	-52,909,308	99%
Transfers from Other Government Entities-Free Maternal	137,819,863	56,879,537	194,699,400	134,452,500	-60,246,900	69%
Leasing of Medical Equipments	54,067,595	41,677,086	95,744,681	-	-95,744,681	0%
Road Maintenance Fuel Levy	-	90,112,658	90,112,658	90,112,660	2	100%
User Fee Forgone	-	26,859,653	26,859,653	26,859,653	-	100%
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts	700,000,000	-	700,000,000	553,499,274	-146,500,726	79%
TOTAL	**8,216,228,429**	**215,201,590**	**8,431,430,019**	**8,076,028,406**	**-355,401,613**	**96%**
PAYMENTS						
Compensation of Employees	3,015,585,564	99,500,000	3,115,085,564	3,233,914,490	118,828,926	104%
Use of goods and services	1,572,062,133	178,127,514	1,750,189,647	2,206,961,106	456,771,459	126%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	41,000,000	-6,000,000	35,000,000	519,986,180	484,986,180	1486%
Other grants and transfers	245,500,000	-	245,500,000	321,081,088	75,581,088	131%
Social Security Benefits	48,707,907	9,500,000	58,207,907	9,869,389	-48,338,519	17%
Acquisition of Assets	3,233,372,825	-100,925,924	3,132,446,901	2,056,224,377	-1,076,222,524	66%

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 %
Finance Costs, including Loan Interest	-	-	-	-	-	
Repayment of principal on Domestic and Foreign borrowing	45,000,000	-	45,000,000	-	45,000,000	0%
Other Payments	50,000,000	-	50,000,000	-	50,000,000	0%
TOTAL	**8,251,228,429**	**180,201,590**	**8,431,430,019**	**8,348,036,630**	**-83,393,389**	**99%**

The budget for the County Assembly of ksh 713,649,293 under recurrent budget and 35,000,000 under development have been excluded from Executive because it is reported separately by the Assembly as shown below:

Total budget.....Kshs 9,180,079,312
Less: Assembly-
Recurrent.....Kshs 713,649,293
Development.....Kshs 35,000,000 Kshs 748,649,293
County Executive.....Kshs **8,431,430,019**

The analysis of Kshs 215,201,590, relate to revenue adjustments as a result of additional funding from National Treasury.

The analysis of Kshs 180,201,590 was as a result of re allocation of the budget by the Assembly.

The entity financial statements were approved on 30th September, 2016 and signed by:

Chief Officer Finance

Head of Treasury Accounts

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FOR YEAR ENDED 30 JUNE, 2016.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	22,950,000	-	22,950,000	22,950,000	-	100%
Exchequer releases	3,672,810,239	-327,344	3,672,482,895	3,681,999,511	9,516,616	100%
Transfers from Other Government Entities-Free Maternal	137,819,863	56,879,537	194,699,400	134,452,500	-60,246,900	69%
Leasing of Medical Equipment	54,067,595	41,677,086	95,744,681	-	-95,744,681	0%
Road Maintenance Fuel Levy	-	90,112,658	90,112,658	90,112,660	2	100%
User Fee Forgone	-	26,859,653	26,859,653	26,859,653	-	100%
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts	700,000,000	-	700,000,000	553,499,274	-146,500,726	79%
TOTAL	**4,587,647,697**	**215,201,590**	**4,802,849,287**	**4,509,873,598**	**-292,975,869**	**94%**
PAYMENTS						
Compensation of Employees	3,015,585,564	99,500,000	3,115,085,564	3,233,914,490	118,828,926	104%
Use of goods and services	1,572,062,133	178,127,514	1,750,189,647	2,206,961,106	456,771,459	126%
Subsidies						
Transfers to Other Government Units						
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets						

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 %
Finance Costs, including Loan Interest						
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTAL	**4,587,647,697**	**277,627,514**	**4,865,275,211**	**5,440,875,596**	**575,600,385**	**112%**

The entity financial statements were approved on 28th September, 2016 and signed by:

Chief Officer Finance

Head of Treasury Accounts

VIII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FOR THE YEAR ENDED 30 JUNE,2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants						
Exchequer releases	3,663,580,732	-97,425,924	3,566,154,808	3,566,154,808	-	100%
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						
Other Receipts						
TOTAL	**3,663,580,732**	**-97,425,924**	**3,566,154,808**	**3,566,154,808**	**-**	**100%**
PAYMENTS						
Compensation of Employees	-					
Use of goods and services						
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	41,000,000	-6,000,000	35,000,000	519,986,180	484,986,180	1486%
Other grants and transfers	245,500,000	-	245,500,000	321,081,088	75,581,088	131%
Social Security Benefits	48,707,907	9,500,000	58,207,907	9,869,389	-48,338,519	17%
Acquisition of Assets	3,233,372,825	-100,925,924	3,123,446,901	2,056,224,377	-1,076,222,524	66%
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	45,000,000	-	45,000,000	-	-45,000,000	0%
Other Payments	50,000,000	-	50,000,000	-	-50,000,000	0%
TOTALS	**3,663,580,732**	**-97,425,924**	**3,566,154,808**	**2,907,161,039**	**-658,993,774**	**82%**

The entity financial statements were approved on 28th September, 2016 and signed by:

Chief Officer Finance

Head of Treasury Accounts

IX. SIGNIFICANT ACCOUNTING POLICIES

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

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

   The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Kisii County Executive. 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 Kisii County Executive recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Kisii County Executive In addition, the Kisii County Executive recognises all expenses when the event occurs and the related cash has actually been paid out by the Kisii County Executive.

3. **In-kind contributions**
   In-kind contributions are donations that are made to the Kisii County Executive 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 Kisii County Executive 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 Kisii County Executive 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 Kisii County Executive budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Kisii County Executive 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.

X. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

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

2 SOCIAL SECURITY CONTRIBUTIONS

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

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
Grants Received from Multilateral Donors (International Organisations)				
HSSF- DANIDA	-	-	22,950,000	20,570,000
Grants Received from other levels of government				
Total			**22,950,000**	**20,570,000**

4 EXCHQUER RELEASES

	2015 - 2016	2014 – 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	1,828,041,022	1,347,419,605
Total Exchequer Releases for quarter 2	1,895,222,243	1,538,106,862
Total Exchequer Releases for quarter 3	1,856,367,939	1,160,900,262
Total Exchequer Releases for quarter 4	2,417,172,408	1,661,897,370
Total	**7,996,803,612**	**5,708,324,099**

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers from Central government entities		
Free maternity	134,452,500	-
Fuel Levy	90,112,660	-
User fees	26,859,653	
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	**251,424,813**	-

6 PROCEEDS FROM DOMESTIC BORROWINGS

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

7 PROCEEDS FROM FOREIGN BORROWINGS

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

8 PROCEEDS FROM SALE OF ASSETS

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

9 REIMBURSEMENTS AND REFUNDS

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

10 RETURNS OF EQUITY HOLDINGS

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

11 OTHER REVENUES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Cultural and social services	50,500	-
Sale of Tenders	23,000	-
Rents	-	4,354,500
Other Property Income	-	-
Sales of Market Establishments	-	3,574,683
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	1,938,915	688,515
Receipts from Voluntary transfers other than grants	-	-
Business permits	66,688,755	60,595,288
Cesses	11,487,365	6,633,427
Poll rates	-	-
Plot rents	23,855,078	18,152,338
Other local levies	-	-
Administrative services fees	-	151,242,533
Fire compliance	8,091,840	-
Council's natural resources	-	-
Exploitation	-	-
Sales of council assets	-	-
Lease / rental of council's	-	8,629,350
Infrastructure assets	-	-
Other miscellaneous revenues	122,648	11,871,516
Other miscellaneous revenues	-	-
Insurance claims recovery	-	-
Medium term loans (1-3 yr repayment)	-	-
Long term loans (over 3 yr repayment)	-	-

Transfers from reserve funds	-	-
Plan approvals	14,456,768	-
Public works and roads	2,295,200	-
Other revenues from financial assets loan	-	-
Market/trade centre fee	61,382,953	22,172,068
Vehicle parking fees	85,064,970	17,569,150
Housing	-	-
Social premises use charges	-	-
School fees	-	-
Other education-related	-	-
Other education revenues	-	-
Public health services	-	-
Public health facilities operations	248,105,503	226,643,128
Environment & conservancy	81,600	-
Agriculture	6,261,781	-
Slaughter houses administration	720,700	-
Water supply administration	48,735	38,750
Sewerage administration	-	31,430
Other health & sanitation	-	-
Trade and industry	804,020	-
Advertisement	22,018,944	-
	553,499,274	**532,196,676**

12 COMPENSATION OF EMPLOYEES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic salaries of permanent employees	3,193,562,601	3,107,952,104
Basic wages of temporary employees	9,367,550	-
Personal allowances paid as part of salary	30,984,339	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**3,233,914,490**	**3,107,952,104**

13 USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Utilities, supplies and services	41,080,104	34,855,185
Communication, supplies and services	20,164,925	15,457,600
Domestic travel and subsistence	377,806,765	152,258,817
Foreign travel and subsistence	53,023,975	48,001,448
Printing, advertising and information supplies & services	51,672,265	56,484,859
Rentals of produced assets	39,864,485	62,677,533
Training expenses	65,558,814	35,242,083
Hospitality supplies and services	152,089,910	45,184,157
Insurance costs	106,556,862	37,832,965
Specialised materials and services	269,649,757	6,117,058
Office and general supplies and services	50,569,778	36,641,441
Other operating expenses	685,416,189	247,703,611
Routine maintenance – vehicles and other transport equipment	47,009,856	72,182,105
Routine maintenance – other assets	166,238,050	39,411,198
Fuel, oil& lubricant	80,259,373	-
Total	**2,206,961,106**	**890,050,060**

14 SUBSIDIES

Description	**2015 – 2016 Kshs**	**2014 – 2015 Kshs**
Subsidies to Public Corporations	-	-
Subsidies to Private Enterprises	-	-
TOTAL	-	-

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 – 2016 Kshs	2014 – 2015 Kshs
Transfers to Central government entities		
See attached list	-	-
Transfers to Other Counties		
Micro finance youth program	4,676,570	100,782,250
Transfer to County Assembly	476,581,610	-
Mortgage and car loans	38,728,000	-
TOTAL	**519,986,180**	**100,782,250**

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 – 2016 Kshs	2014 – 2015 Kshs
Scholarships and other educational benefits	235,000,000	135,000,000
Emergency relief and refugee assistance	53,164,876	-
Membership Fees, Dues and subscription	2,850,000	-
Current Grants to Government Agencies	30,066,212	
Total	**321,081,088**	**135,000,000**

17 SOCIAL SECURITY BENEFITS

	2015 – 2016 Kshs	2014 – 2015 Kshs
Government pension and retirement benefits	9,869,389	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**9,869,389**	**-**

18 ACQUISITION OF ASSETS

Non-Financial Assets	**2015 – 2016 Kshs**	**2014 - 2015 Kshs**
Purchase of Buildings	-	-
Construction of Buildings	392,668,431	271,476,548
Refurbishment of Buildings	28,560,614	-
Construction of Roads	831,637,361	693,746,650
Construction and Civil Works	293,404,310	243,803,686
Overhaul and Refurbishment of Construction and Civil Works	52,710,377	-
Purchase of Vehicles and Other Transport Equipment	176,387,607	4,404,164
Overhaul of Vehicles and Other Transport Equipment	-	72,611,262
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	82,031,872	57,405,998
Purchase of ICT Equipment	-	44,976,251
Purchase of Specialised Plant, Equipment and Machinery	91,822,130	60,355,478
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	45,517,432	25,831,923
Research, Studies, Project Preparation, Design & Supervision	58,238,243	9,841,370
Rehabilitation of Civil Works	1,700,000	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	1,546,000	5,569,520
Acquisition of Intangible Assets	-	-
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions- domestic lending & on-lending	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**2,056,244,377**	**1,490,022,850**

19 FINANCE COSTS, INCLUDING LOAN INTEREST

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

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

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

21 OTHER EXPENSES

	2015 – 2016 Kshs	2014 – 2015 Kshs
Budget Reserves	-	613,066,768
Contractors retention money	-	-
Other expenses-FIF		110,000,000
		723,066,768

22A: Bank Accounts

Name of Bank, Account No. & currency		Indicate whether recurrent, Development, deposit, revenue, CRF e.t.c	2015 - 2016	2014 - 2015	
			Kshs	Kshs	
KISII COUNTY HEALTH IMPREST ACCOUNT	1145715052	KCB	-277,790	2,697,731	Active
KISII COUNTY EDUCATION IMPREST ACCOUNT	1141477237100	CO-OP	36,089	1,305,902	Active
KISII COUNTY REVENUE FUND ACCOUNT	1000170565	CBK	653,860,532	8,820,887	Active
KISII COUNTY RECCURENT ACCOUNT	1000170395	CBK	13,303,474	29,358,395	Active
KISII COUNTY DEVELOPMENT ACCOUNT	1000170425	CBK	24,425,560	10,926,944	Active
KISII COUNTY RETENTION ACCOUNT	1000276681	CBK	31,021,249	-	Active
KISII ROAD MAINTENANCE LEVY	1000276697	CBK	26,123,315	-	Active

KISII COUNTY MATERNITY FUND	1000276703	CBK	92,219,007	-	Active
KISII COUNTY REVENUE COLLECTION ACCOUNT(KCB)	1140758519	KCB	4,204,094	9,702,314	Active
IRANDA HOSPITAL-FIF	1157486959	KCB	173,402	231,080	Active
NYACHEKI HOSPITAL	1102026204	KCB	-1,203,343	1,261,951	Active
MASIMBA HOSPITAL	1102022888	KCB	-1,104,494	2,306,080	Active
IBACHO HOSPITAL	1109472706	KCB	-1,295,284	515,084.00	Active
IBENO HOSPITAL	1117448010	KCB	-524,417	314,506	Active
GESUSU HOSPITAL	1102016942	KCB	280,011	1,733,970	Active
IYABE HOSPITAL	01141017379300	CO-OP	-83,421	1,989,958	Active
MARANI HOSPITAL	01141017903100	CO-OP	934,551	3,085,360	Active
GUCHA SOUTH HOSPITAL	1102030139	KCB	1,529,020	2,863,372	Active
ETAGO HOSPITAL	1124844163	KCB	-535,307	1,284,723	Active
KEUMBU HOSPITAL	1106481070	KCB	-611,988	2,854,600	Active
KENYENYA HOSPITAL	1102026093	KCB	-1,280,378	3,359,592	Active
KISII REFERRAL HOSPITAL	1101996315	KCB	52,812,016	81,430,915	Active
NYAMACHE HOSPITAL	1102024392	KCB	2,452,922	2,872,341	Active
GUCHA DISTRICT HOSPITAL	1102228249	KCB	3,515,966	-	Active
KISII COUNTY ATC OPERATIONALACCOUNT	1179312589	KCB	8,273,398	-	Active
KISII COUNTY BURSARY FUND	1180225465	KCB	-	-	Active
KISII COUNTY LOANS AND MORTGAGE FUND	252322396001	CHASE	30,000,000	-	Active
KISII ENTREPRENEURSHIP SUMMIT ACCOUNT	1141477931200	CO-OP	13,308	-	Active
KISII COUNTY LIQUOR LICENCE ACCOUNT	01001090952900	NATIONAL	6,093,500	-	Active

KISII COUNTY ASSEMBLY MORTGAGE AND CAR LOAN FUND	0253096101002	CHASE	-	100,000,000	Assembly
KISII COUNTY ASSEMBLY MORTGAGE AND CAR LOAN FUND	0253096101003	CHASE	-	130,000,000	Assembly
KISII COUNTY ASSEMBLY MORTGAGE AND CAR LOAN FUND	0252096101001	CHASE	-	20,000,000	Assembly
KISII COUNTY STANDING IMPREST ACCOUNT	1141476963600	CO-OP	-	18,369	closed
KISII COUNTY TREASURY IMPREST ACCOUNT	1145715451	KCB	-	5,675	closed
KISII COUNTY REVENUE COLLECTION ACCOUNT(DTB)	25787001	DTB	-	12,983,994	closed
KISII COUNTY ASSEMBLY STANDING IMPREST ACCOUNT	1001090955200	NATIONAL	-	1,702	Assembly
KISII COUNTY ADMINISTRATION IMPREST ACCOUNT	114147584000		-	1,272	closed
KISII COUNTY RETENTION FUND	1167930835	KCB	-	25,222,451	closed
KISII COUNTY STANDING IMPREST ACCOUNT	1141477583900		-	4,841	closed
KISII COUNTY ROADS AND PUBLIC WORKS IMPREST ACCOUNT	1001035919400	NATIONAL	-	550	closed
KISII COUNTY TRADE IMPREST ACCOUNT	1001090979000	NATIONAL	-	-	closed
KISII COUNTY PHYSICAL PLANNING IMPREST ACCOUNT	510261800374	EQUITY	-	3,213	closed
KISII COUNTY AGRICULTURE IMPREST ACCOUNT	510261799544	EQUITY	-	56,653	closed
KISII TOWN STANDING IMPREST ACCOUNT	1001090977300	NATIONAL	-	709	closed
KISII COUNTY ENVIRONMENT IMPREST ACCOUNT	11414477237200	CO-OP	-	3,150	closed
KISII COUNTY CULTURE IMPREST ACCOUNT	1145682049	KCB	-	5,567	closed
KISII COUNTY EMERGENCY FUND ACCOUNT	2034991483	BARCLAYS	4,999	-	

NYARIBARI CHACHE SUB COUNTY HEALTH ACCOUNT	252092856001	CHASE	-	-	closed
BOMACHOGE BORABU SUB-COUNTY HEALTH ACCOUNT	17864001	DTB	-	-	closed
KITUTU CHACHE SOUTH SUB-COUNTY ENVIRONMENT AND WATER ACCOUNT	17864002	DTB	-	-	closed
BOMACHOGE CHACHE SUB-COUNTY AGRICULTURE ACCOUNT	17864003	DTB	-	-	closed
NYARIBARI CHACHE SUB COUNTY ENVIRONMENT AND WATER ACCOUNT	17864004	DTB	-	-	closed
				-	
KISII COUNTY TREASURY IMPREST ACCOUNT	1145673511	KCB	200	-	Dormant
KISII COUNTY HEALTH MANAGEMENT SUBGRANT	1146719590	KCB	27,128,865	-	Active
KISII COUNTY HEALTH SECTOR SERVICE FUND	1146871988	KCB	2,930	-	Active
KISII COUNTY ICHUNI WARD	1149112735	KCB	-	-	Assembly
KISII COUNTY NYAMASIBI WARD	1149245220	KCB	-	-	Assembly
KISII COUNTY GESUSU WARD	1149353775	KCB	-	-	Assembly
KISII COUNTY KIAMOKAMA WARD	1149417412	KCB	-	-	Assembly
KISII COUNTY NYARIBARI MASABA SUB-COUNTY AGRICULTURE	1149833580	KCB	2	-	Dormant
KISII COUNTY MASIMBA WARD	1149857242	KCB	-	-	Assembly
KISII COUNTY VET SERVICES DEVELOPMENT FUND	1154294579	KCB	3,055,455	-	Active
KISII COUNTY NYAMAGUNDO HEALTH CENTRE DANIDA	1160358109	KCB	22,140	-	Dormant
KISII COUNTY RIANA HEALTH CENTRE DANIDA	1160358257	KCB	3,380	-	Dormant
KISII COUNTY RIOTANCHI HEALTH CENTRE DANIDA	1160358508	KCB	520	-	Dormant

KISII COUNTY BITARE DISPENSARY DANIDA	1160358737	KCB	3,260	-	Dormant
KISII COUNTY EKERUBO DISPENSARY DANIDA	1160358923	KCB	1,700	-	Dormant
KISII COUNTY GESUGURI DISPENSARY DANIDA	1160359121	KCB	300	-	Dormant
KISII COUNTY OROCHE DISPENSARY DANIDA	1160359415	KCB	1,060	-	Dormant
KISII COUNTY NYABIOTO DISPENSARY DANIDA	1160359733	KCB	500	-	Dormant
KISII COUNTY KIARUTA DISPENSARY DANIDA	1160359903	KCB	590	-	Dormant
KISII COUNTY NYAMAGIRI DISPENSARY	1160360146	KCB	1,090	-	Dormant
KISII COUNTY ENTANGE DISPENSARY DANIDA	1160360340	KCB	1,690	-	Dormant
KISII COUNTY ISAMWERA DISPENSARY DANIDA	1160360456	KCB	400	-	Dormant
KISII COUNTY HEALTH MANAGEMENT	1160360642	KCB	6,617	-	Active
NYARIBARI CHACHE SUB-COUNTY HEALTH ACCOUNT	252092856001	CHASE BANK	317,374	-	Dormant
KITUTU CHACHE NORTH SUB-COUNTY HEALTH ACCOUNT	252093308001	CHASE BANK	-	-	closed
KISII COUNTY GOVERNMENT BOMACHOGE BORABU SUB-COUNTY HEALTH	17864001	DIAMOND TRUST BANK	-	-	closed
KISII COUNTY GOVERNMENT KITUTU CHACHE SOUTH ENVIRONMENT AND WATER	17864002	DIAMOND TRUST BANK	-	-	Dormant
KISII COUNTY GOVERNMENT BOMACHOGE CHACHE SUB COUNTY AGRICULTURE ACCOUNT	17864003	DIAMOND TRUST BANK	-	-	Dormant
KISII COUNTY GOVERNMENT NYARIBARI CHACHE SUB COUNTY ENVIRONMENT AND WATER ACCOUNT	17864004	DIAMOND TRUST BANK	-	-	Dormant
KISII COUNTY BURSARY FUND	252329336001	CHASE BANK	-	-	Dormant
Total			974,908,060	457,223,850	

22B: CASH IN HAND

	2015 - 2016 Kshs	2014 – 2015 Kshs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

Cash in hand should also be analysed as follows:

	2015 - 2016 Kshs	2014 – 2015 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations *(specify)*	-	-
Total	-	-

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	**2015 - 2016**	**2014 – 2015**
	Kshs	**Kshs**
Government Imprests	-	10,021,892
Clearance accounts	-	-
Total	-	**10,021,892**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. ACCOUNTS PAYABLE

	2015 – 2016 Kshs	2014 - 2015 Kshs
Deposits	31,021,248.95	25,222,451
Total	**31,021,249**	**25,222,451**

25. FUND BALANCE BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	457,223,850	649,964,000
Cash in hand	-	-
Accounts Receivables	10,021,892	3,065,000
Accounts Payables	-	-
Total	**467,245,742**	**653,029,000**

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)	2015 – 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	140,941,070	367,130,416
Construction of civil works	416,591,219	203,199,547
Supply of goods	71,571,437	148,375,230
Supply of services	189,622,395	385,467,566
	818,726,121	**1,104,172,759**

26.2: PENDING STAFF PAYABLES (See Annex 2)	2015 – 2016	2014 - 2015
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others	-	-
	-	-

26.3: OTHER PENDING PAYABLES (See Annex 3)	2015 – 2016	2014 - 2015
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	963,512,000	963,512,000
Others	-	-
	963,512,000	**963,512,000**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE FOR THE YEAR ENDED 30 June, 2016

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	C	d=a-c		
Construction of buildings						
1. Various suppliers				140,941,070	367,130,416	
2.						
3.						
Sub-Total				**140,941,070**	**367,130,416**	
Construction of civil works						
4. Various contractors				416,591,220	203,199,547	
5.						
6.						
Sub-Total				**416,591,220**	**203,199,547**	
Supply of goods						
7. Various suppliers				71,571,437	148,375,230	
8.						
9.						
Sub-Total				**71,571,437**	**148,375,230**	
Supply of services						
10. Various suppliers				189,622,395	385,467,566	
11.						
12.						
Sub-Total				**189,622,395**	**385,467,566**	
Grand Total				**818,726,121**	**1,104,172,759**	

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES FOR THE YEAR ENDED 30 June, 2016

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1. KENAO					13,438,000	13,438,000	
2. NHC					23,804,000	23,804,000	
3. KRA					40,351,000	40,351,000	
Sub-Total					**77,593,000**	**77,593,000**	
Amounts due to County Govt Entities							
4. ALGAE					202,000	202,000	
5. ALGAK					1,679,000	1,679,000	
6. KLGWU					4,365,000	4,365,000	
7. LGLA					6,794,000	6,794,000	
Sub-Total					**13,040,000**	**13,040,000**	
Amounts due to Third Parties							
8. SALARIES					180,445,000	180,445,000	
9. LAP FUND					550,324,000	550,324,000	
10. LAP TRUST					12,765,000	12,765,000	
11. NSSF					58,580,000	58,580,000	
12. CONSULTANTS					5,858,000	5,858,000	
13. LOAN					37,184,000	37,184,000	
Sub-Total					**845,246,000**	**845,246,000**	
Others (*specify*)							
14. SUPPLIERS					16,363,000	16,363,000	
15. INSURANCE					2,090,000	2,090,000	
16. SACCOS					8,426,000	8,426,000	
17. UNION DUES					314,000	314,000	
18. PENALTIES					400,000	400,000	
Sub-Total					**27,593,000**	**27,593,000**	
Grand Total					**963,512,000**	**963,512,000**	

ANNEX 3– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/2016	Additions during the year (kshs)	Historical Cost (Kshs) 2014/2015
Land	6,837,418,520	1,546,000	6,835,872,520
Buildings and structures	2,901,339,979	392,668,431	2,508,671,548
Transport equipment	417,703,771	176,387,607	241,316,164
Office equipment, furniture and fittings	267,755,870	82,031,872	185,723,998
ICT Equipment, Software and Other ICT Assets	211,785,251	-	211,785,251
Other Machinery and Equipment	287,497,608	91,822,130	195,675,478
Heritage and cultural assets	-	-	-
Intangible assets	-	-	-
Total	**10,923,500,999**	**744,456,040**	**10,179,044,959**

OTHER ASSETS IN FORM OF SERVICES

NO.	ASSET DESCRIPTION	AMOUNT(KSHS)
1	Construction of Roads	831,637,361
2	Refurbishment of buildings	28,560,614
3	Constructions and Civil works	293,404,310
4	Overhaul and refurbishment of construction of civil works	52,710,377
5	Rehabilitation of civil works	1,700,000
6	Purchase of certified seeds, breeding stock and live animals	45,417,432
7	Research, studies, project preparations design and supervision	58,238,243
	TOTAL	**1,311,768,338**
	GRAND TOTAL	**2,056,224,377**

THE TOTAL COUNTY ASSETS

Assets of physical nature	Kshs. 10,923,500,999
Assets of Service nature	Kshs. 1,311,768,383
Total	**Kshs. 12,235,269,382**

ANNEX 4-PRIOR YEAR ISSUES

The issues raised by the office of the auditor general in the audit for the financial Statements for the year 2014-2015 were addressed on 4th of April, 2017, 3rd May, 2017 and 5th May, 2017 and cleared in the Senate.