REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF KISII

FOR THE YEAR ENDED 30 JUNE 2017

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 – 00100 NAIROBI
29 MAR 2018
RECEIVED

KISII COUNTY GOVERNMENT

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Kisii, Kenya.

KISII COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

Table of Contents

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT iii
II. FORWARD BY THE CLERK OF THE ASSEMBLY v
III. STATEMENT OF MANAGEMENT RESPONSIBILITIES viii
IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2017 1
V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES 2
VI. STATEMENT OF CASH FLOWS 3
VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED 4
VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT 6
IX. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT 8
X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES 10
XI. SIGNIFICANT ACCOUNTING POLICIES 11
XII. NOTES TO THE FINANCIAL STATEMENTS 15
XIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 25
XIV. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE 30
XV. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES 32
XVI. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES 33
XVII. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER 34
XVIII. ANNEX 5 – ANALYSIS OF IMPRESTS TO THE WARD OFFICES 35
XIX. ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT 38
XX. TRIAL BALANCE 39

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 45 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

The Assembly day-to-day management is under the following key organs:

- County Assembly Service Board;
- Office of the Speaker; and
- Office of the Clerk

(c) Fiduciary Management

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

No.	Designation	Name
1.	Clerk	-Mr James O. Nyaoga
2.	Director Finance and Budget	-Mr Joseph M. Amenya
3.	Senior Accountant	-Mr Moses Ratemo
4.	Senior Accountant	-Ms Seline Onchagu

(d) Fiduciary Oversight Arrangements

The County Assembly of Kisii has an Internal Audit Department and the Public Accounts and Investment Committees, which serve the County Assembly and the County Executive. The County Assembly of Kisii has ten Sectorial Committees which oversight all the ten departments of the County Executive.

The County Assembly Service Board (CASB) as per section 13 of the County Government Act and County Assemblies services Act 2017 supervises all the County Assembly activities.

(e) Entity Headquarters

P.O. Box 4552-40200
Old Municipal Building
Kisii-Kilgoris Road/Highway
Kisii, KENYA

(f) Entity Contacts

Telephone: (254) 0208029160
E-mail: countyassembly@kisii.go.ke
Website: www.go.ke

(g) Entity Bankers

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

2. National Bank of Kenya Ltd
   Kisii Branch
   P.O Box 2435-40200
   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

Operational Performance

In the FY 2016/17, 11 laws were passed by members of County Assembly. The laws will be used by the County Executive to take services closer to the County residents.
The Budget for the FY 2016/17 was passed on 30th June 2016.There was a supplementary budget in the year.
The county assembly has a total of 20 committees 10 of which are select and 10 sectorial. The committees and their mandates are as follows;
Budget and appropriations committee-It investigates, inquire and examine reports on all matters related to the budget.
Powers and privileges committee-It disciplines members of the house and checks on the powers and privileges members enjoy.
County public investment and accounts committee-Examines, reports and workings of the county public investments. Also examines whether the affairs of county public investments are managed with sound financial principles.
Appointment committee-Considers appointments of county executive committee members.
Labour and social services committee-Considers all matters related to labour, trade union relations, manpower or human resource planning.
Procedure and rules committee-Considers and reports all matters relating to standing orders and also proposes amendments to standing orders.
Labour and social services committee- Considers all matters related to labour, trade union relations, manpower and human resource planning.
Land, planning, housing and urban development committee-It deals with matters land, and urban housing by handling issues arising in the lands sector.
Liason committee-Guides and coordinates the operations, policies and mandates of all committees in the assembly.Consits of all chairpersons of committees.
House business committee- Deals with matters that are discussed in the house.
Early childhood and vocational training committee-Handles matters related to pre-primary education, village polytechnics and childcare facilities.
Transport and public works committee-Considers all matters related to county transport.
Justice and legal affairs committee-Considers constitutional affairs and administration of law and justice.
Implementation committee-Examines resolutions of the county assembly, petitions and undertakings of executive committee.
Selection committee-It considers with the business of the house.
Delegated county legislation committee-Deals and approves bills before they are passed or taken to the house for discussion.
Agriculture committee-Handles all matters related to agriculture.
Environment and natural resources committee-Deals with soil, water conservation and forestry matters. Also deals with the control of air pollution, noise pollution and other public nuisances.
Health services committee-Deal with all matters related to health.
Trade and Industry committee-Deals with all matters related to county planning and development and trade.

The county assembly has oversight responsibilities on the county's operations. The Assembly exercises oversight over the County Executive Committee and other county executive organs.

Performance of key development projects

The County Assembly had budgeted a total of Kshs.195, 000,000 for development projects but only received Kshs.113, 000,000 that is 58% of the budget.
There was Construction of car park(kshs.21,857,681),Refurbishment of Building(kshs.28,963,600) and Construction of Civil Works(kshs.12,499,999).
The County Assembly of Kisii was able to complete a car park, install a fire assembly and complete extension of two office blocks, which have provided enough office space for both members of staff and county assembly.
However, there were challenges due to delays in procurement of goods and services by 30th June 2017.

Comment on value-for-money achievements

The main mandate of the Kisii County Assembly include the following;

i. Representation
ii. Legislation
iii. Oversight

During the FY 2016/17, the County Assembly managed to fund its many committees to carry out the above functions. The County Assembly of Kisii oversights the County Executive through twenty sectorial committees with a view to ensure that service delivery is achieved.

Challenges and Recommended Way Forward

The main challenges that were faced during the FY 2016/17 include the following;

i. **Delay in disbursement of funds.**

The County Assembly could not utilize all the appropriated funds like that for development due to delay of funds from the National Treasury. The National Treasury should release money on time so that it could be used for the intended purposes.

ii. **Breakdown of the IFMIS system.**

During the FY 2016/17 the County Assembly of Kisii was not able to utilize its resources due to the breakdown of IFMIS system and which also affected the procurement of goods and services and as a result the county assembly was forced to return funds to the county revenue fund.

Sign

Clerk of the County Assembly

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board

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 30th June 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County 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 the County Assembly's transactions for the year ended 30th June 2017, and of its 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 the 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 quarter 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 Government's financial statements were approved and signed by the Clerk of the County Assembly on 25 September 2017.

Clerk of the County Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KISII FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Kisii set out on pages 1 to 40, which comprise the statement of receipts and payments, statement of financial assets and liabilities as at 30 June 2017, statement of cash flows and the statement of comparison of budget and actual amounts 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, 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.

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of County Assembly of Kisii as at 30 June 2017 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis).

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Compensation of Employees - Sitting Allowances

Note 4 to the financial statements reflect compensation of employees figure of Kshs.431,272,419 which includes sitting allowances of Kshs.97,102,300 for the year under review. The following anomalies were however noted in respect to sitting allowances.

i) In the period between 15 December 2016 and January 2017 members of the County Assembly received a total of Kshs.7,304,700 being maximum payments for sixteen (16) committee sittings and seven (7) plenary sittings. However, they were only entitled to Kshs.5,491,200 for sixteen (16) committee sittings and Kshs.1,102,400 for four (4) plenary sittings hence leading to ineligible payment of Kshs.699,400.

ii) In the month of November 2016, the Assembly made payments totaling Kshs.1,782,000 to its seventy two (72) members for trainings in Naivasha town. However, scrutiny of the plenary and committee attendance registers revealed that in the same period thirty eight (38) MCAs received sitting allowances totaling Kshs.503,100 purported to have been for meetings in Kisumu and at the Assembly precincts in Kisii at the time they ought to have been in Naivasha.

iii) The Assembly paid Kshs.982,800 to its sixty three (63) members for four different meetings in August, 2016. However, internal memos revealed that said meetings did not take place in August 2016.

iv) In the month of March and April 2017, the Assembly paid Kshs.429,000 for sitting allowances for committee and plenary sittings for 36 members and at the same time it made payments for daily subsistence allowance when members had travelled out of Kisii town. The members had convened for other trainings such as terrorism, benchmarking at National parliament which did not qualify as sittings of the Assembly as per the standing orders.

Consequently, the management was in breach of the applicable laws by paying ineligible sitting allowances totaling Kshs.2,626,000.

2. Car Loan and Mortgage Fund Statements

The County Assembly Members Loan and Mortgage scheme which provides guidelines on the administration of the fund became operational on 23 April 2014 and for which seed capital of Kshs.250 million was deposited with Chase Bank in the year 2014/2015. However, the management submitted the Fund's financial statements for the year ending 30 June 2017 without submitting three prior years' financial statements.

Consequently, it has not been possible to audit the Fund's accounts for the year ended 30 June 2017 without establishing the opening statements for the prior years.

3. Failure to Operate a Retention Fund Account

The County Assembly has not opened a retention fund account as required by the County Government financial reporting manual which requires county treasuries to reserve retention fees in a deposit account at the Central Bank of Kenya. However, retention funds were being retained in the development projects account. The Assembly's development account held Kshs.3,896,330 retention funds for extension and refurbishment of the office for the year ended 30 June 2017.

Consequently, the management was in breach of Section 6.11 of the County financial accounting reporting manual.

4. Purchase of Vehicle

Included in the acquisition of assets figure of Kshs.98,790,626 is Kshs.5,140,000 on purchase of a vehicle through direct procurement from a local dealer. A contract for the

purchase was signed between the National Government Ministry of Transport, Infrastructure, Housing and Urban Development and the local dealer which is not binding on the Assembly. In addition, at the time of the audit in January 2018, the vehicle had not been delivered although full payment was made by the Assembly in April 2017.

Consequently, the propriety and validity of the expenditure totaling Kshs.5,140,000 could not be confirmed.

5. Use of Goods and Services

5.1. Purchase of Generator

Included in the use of goods and services figure of Kshs.299,187,386 is Kshs.2,195,901 for the purchase of a generator disclosed as specialized materials and services. However, the amount was charged under code 3111110 (purchase of standby generator) and exceeded the budgetary allocation of Kshs.1,500,000 and was wrongly classified under use of goods and services instead of acquisition of assets.

Consequently, the management was in breach of Section 154 (2) of the Public Finance Management Act, 2012 as funds for other programmes were used for the purchase of the generator without re-allocation authority.

5.2. Routine Maintenance of Vehicles

Included in the use of goods and services figure of Kshs.299,187,386 is Kshs.1,193,320 spent on routine maintenance of vehicles and other transport equipment which was only supported to the tune of Kshs.488,476.

Consequently, the propriety of Kshs.704,844 for routine maintenance of vehicle was not fairly stated.

6. Pending Bills

Annex -1 to the financial statement reflects pending bills totaling Kshs.62,828,547 as at 30 June 2017. Out of this figure, bills totaling Kshs.10,464,604 were verified to have been committed in the year 2014/2015 and ought to have been paid in 2015/2016.

Consequently, the management was in breach of Section 41(2) of the Public Finance Management (County Government) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund.

7. Accounts Receivables (Outstanding Imprests)

The statement of financial assets as disclosed under note 14 to the accounts reflects outstanding imprests balance of Kshs.2,365,500 as at 30 June 2017. The imprests mostly issued at the closure of the financial year were not supported by warrants as required by Public Finance Management Act, 2012 and Regulations 2015.

Management consequently contravened the existing regulations on issue and surrender of imprests.

8. Inaccuracies in the Financial Statements Balances

8.1 Statement of Comparison of Budget and Actual Amounts: Development and Recurrent

The statement of comparison of budget and actual amounts under recurrent and development at Note VII excludes Kshs.1,957,628 in respect transfer to other government entities.

8.2. Statement of Comparison of Budget and Actual Amounts: Recurrent

The statement of comparison of budget and actual amounts at Note VIII under recurrent reflects Kshs.791,067,391 which includes Kshs.28,675,229 in respect of acquisition of assets which should have been reflected in the development statement under Note VIII to the financial statements.

8.3. Statement of Comparison of Budget and Actual Amounts: Development

The statement of comparison of budget and actual amounts at Note IX under development reflects Kshs.113,000,000 which includes Kshs.70,115,397 in respect of acquisition of assets which differs with Kshs.98,790,626 reported in the statement of receipts and payments.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Institutions (ISSAIs). I am independent of the County Assembly of Kisii in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements, except for the matter described in the Basis for Adverse Opinion section of my report, I have determined that there are no key Audit Matters to communicate in my report.

Other Matter

1. Governance Frame Work

The Assembly has not established an audit committee contrary to Section 155 of the Public Finance Management Act, 2012 and Section 167(1) of the Public Finance Management

(County Government) Regulations, 2015 which require each County Government entity to establish an audit committee to oversee governance and promote transparency in the management of the Assembly's resources.

The management is therefore in breach of the law.

2. Integrated Financial Management Information System (IFMIS)

The County Assembly has not fully implemented IFMIS during the period under review contrary to Public Finance Management Act, 2012 which requires County government entities to process all its transactions through the system. The County Assembly operated an imprest system whereby they received funds from the main Central Bank accounts and made frequent cash payments through the imprest account.
In the circumstances, the propriety of the payments made outside the IFMIS system could not be confirmed.

3. Ethnic Composition

The Assembly has two hundred and fifty one employees (251). However, ninety-eight percent (98%) are from the dominant ethnic community (Kisii) which contravenes Section 65(1) of the County Governments Act, 2012 which requires that the Assembly Public Service Board in recruiting employees must ensure that at least thirty percent (30%) of the vacant positions at entry level are filled by candidates who are not from the dominant ethnic communities.

Consequently, the Assembly is in breach of the County Governments Act, 2012.

4. Budget Absorption

During the year under review, the approved budget of the Assembly was Kshs.1,078,788,862 out of which Kshs.195,000,000 was for development expenditure while Kshs.883,788,862 was for recurrent expenditure as shown below;

Vote	Approved Budget-2016/2017 Kshs.	Actual Expenditure 2016/2017 Kshs.	Absorption Rate %
Recurrent Expenditure	883,788,862	791,634,196	89
Development Expenditure	195,000,000	98,790,626	50.6
Total	**1,078,788,862**	**890,424,822**	

A review of the budget performance shows that the Assembly underspent on both recurrent and development votes as shown above.

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

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

In preparing the financial statements, management is responsible for assessing the Assembly's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Assembly's internal control.

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

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

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

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

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

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

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

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

Nairobi

16 July 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2016/17 Kshs	2015/16 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	904,067,391	476,581,610
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	0	1,703
TOTAL RECEIPTS		**904,067,391**	**476,583,313**
PAYMENTS			
Compensation of Employees	4	431,272,419	309,192,762
Use of goods and services	5	299,187,386	146,527,523
Subsidies	6	-	-
Transfers to Other Government Entities	7	1,957,628	10,000,000
Other grants and transfers	8	-	-
Social Security Benefits	9	32,499,162	-
Acquisition of Assets	10	98,790,626	1,406,500
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**863,707,220**	**467,126,785**
SURPLUS/DEFICIT		**40,360,171**	**9,456,528**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25 September 2017 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name:
ICPAK Member Number:

V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016/2017 Kshs	2015/16 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	47,451,199	9,456,528
Cash Balance	13B		-
Total Cash and cash equivalents		**47,451,199**	**9,456,528**
Accounts receivables – Outstanding Imprests	14	2,365,500	-
TOTAL FINANCIAL ASSETS		**49,816,699**	**9,456,528**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**49,816,699**	**9,456,528**
REPRESENTED BY			
Fund balance b/fwd	16	9,456,528	-
Surplus/Deficit for the year		40,360,171	9,456,528
NET FINANCIAL POSITION		**49,816,699**	**9,456,528**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25 September 2017 and signed by:

Clerk of the Assembly
Name:

Chief Finance Officer – County Assembly
Name:
ICPAK Member Number:

STATEMENT OF CASH FLOWS

	Note	2016/17 Kshs	2015/16 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	904,067,391	476,581,610
Other Receipts	3	0	1,703
Payments for operating expenses			
Compensation of Employees	4	431,272,419	309,192,762
Use of goods and services	5	299,187,386	146,527,523
Subsidies	6		
Transfers to Other Government Entities	7	1,957,628	10,000,000
Other grants and transfers	8	-	-
Social Security Benefits	9	32,499,162	-
Finance Costs	11	-	-
Other Payments	12	-	-
Adjusted for:			
Increase in Accounts Receivables		2,365,500	-
Net cash flows from operating activities		**136,785,297**	**10,863,028**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	98,790,626	1,406,500
Net cash flows from investing activities		**98,790,626**	**1,406,500**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**37,994,671**	**9,456,528**
Cash and cash equivalent at BEGINNING of the year	13	**9,456,528**	**9,456,528**
Cash and cash equivalent at END of the year		**47,451,199**	**9,456,528**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25 September 2017 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name:
ICPAK Member Number

VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,078,788,862	-	1,078,788,862	904,067,391	84%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**1,078,788,862**	-	**1,078,788,862**	**904,067,391**	**84%**
PAYMENTS					
Compensation of Employees	477,385,550	-	477,385,550	431,272,419	90%
Use of goods and services	326,868,247	-	326,868,247	299,187,386	92%

Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	36,535,065	-	36,535,065	32,499,162	89.%
Acquisition of Assets	238,000,000	-	238,000,000	98,790,626	42.%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**1,078,788,862**	-	**1,078,788,862**	**861,749,593**	**80.%**
SURPLUS/ DEFICIT					

(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the tow statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder)

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

(a) N/A
(b) N/A
(c) N/A
(d) N/A
(e) N/A

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23*) *.Where the result of the statement of receipts and payments is a deficit, the Assembly should explain how the deficit was funded.*

NONE.
The entity financial statements were approved on 25 September 2017 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name:
ICPAK Member Number:

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	883,788,862	-	883,788,862	791,067,391	90%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**883,788,862**	-	**883,788,862**	**791,067,391**	**90%**
PAYMENTS					
Compensation of Employees	477,385,550	-	477,385,550	431,272,419	90%
Use of goods and services	326,868,247	-	326,868,247	299,187,386	92%
Subsidies	-	-		-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	36,535,065	-	36,535,065	32,499,162	89%
Acquisition of Assets	43,000,000	-	43,000,000	28,675,229	67%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**883,788,862**	-	**883,788,862**	**791,634,196**	**90%**
Surplus/ Deficit					

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

(a) N/A
(b) N/A
(c) N/A
(d) N/A
(e) N/A

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23*)
NONE.
The entity financial statements were approved on 25 September 2017 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name:
ICPAK Member Number:

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	195,000,000	-	195,000,000	113,000,000	58%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**195,000,000**	-	**195,000,000**	**113,000,000**	**58%**
PAYMENTS					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	195,000,000	-	195,000,000	70,115,397	36%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**195,000,000**	-	**195,000,000**	**70,115,397**	**36%**
SURPLUS/ DEFICIT					

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

(a) N/A
(b) N/A
(c) N/A
(d) N/A
(e) N/A

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS - 1.9.23*)
NONE.

The entity financial statements were approved on 25 September 2017 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name:
ICPAK Member Number:

X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

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

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

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 Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. **Reporting entity**
The financial statements are for the Kisii County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. **Recognition of receipts and payments**
a) Recognition of receipts
The County Assembly t recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Assembly.

Tax receipts
Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer/ County Treasury
Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

Other Receipts
Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the Kisii 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 Kisii County Assembly includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

There were no other restrictions on cash during the year

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non current assets

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

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Kisii 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.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Kisii CountyAssemblybudget was approved as required by Law .The original budget was approved by the County Assembly on 30th June for the period 1st July 2016 to 30 June 2017 as required by law.There was one supplementary budget passed in the year. A high-level assessment of the KisiiCounty Assembly actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

XII. NOTES TO THE FINANCIAL STATEMENTS

Transfers from the County Treasury/Exchequer Releases

	2016/17	2015/16
	Kshs	Kshs
Transfers from the County Treasury for Q1	216,000,000	
Transfers from the County Treasury for Q2	232,000,000	151,716,256
Transfers from the County Treasury for Q3	308,788,566	174,287,380
Transfers from the County Treasury for Q4	147,067,391	150,577,974
Cumulative Amount	**904,067,391**	**476,581,610**

(Where money is transferred to the County Assembly on a monthly basis, include the months instead of quarters. A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in this report.)

PROCEEDS FROM SALE OF ASSETS

	2016/17	2015/16
	Kshs	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	-	-

OTHER RECEIPTS

	2016/17	2015/16
	Kshs	Kshs
Other Receipts- Bal BF	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

(Provide a detailed explanation of what other receipts relate to, who they were received from and whether they had been budgeted for)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Kshs	Kshs
Basic salaries of permanent employees	226,503,217	139,404,227
Basic wages of temporary employees	31,590,000	21,060,000
Personal allowances paid as part of salary	166,799,202	127,190,533
Personal allowances paid as reimbursements	6,380,000	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	21,538,002
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**431,272,419**	**309,192,762**

(Provide detailed explanation with regard to the number of employees recruited by the Assembly, new employees and resignations. Explain what other personnel costs relate to)

USE OF GOODS AND SERVICES

	2016/17	2015/16
	Kshs	Kshs
Utilities, supplies and services	579,390	929,847.00
Communication, supplies and services	556,939	120,918.00
Domestic travel and subsistence	93,196,580	61,211,179.00
Foreign travel and subsistence	8,800,395	6,226,600.00
Printing, advertising and information supplies & services	27,030,969	2,949,618.00
Rentals of produced assets	1,400,000	17,536,800.00
Training expenses	8,244,574	8,725,880.00
Hospitality supplies and services	36,775,025	11,521,810.00
Insurance costs	25,137,221	20,801,009.00
Specialized materials and services	1,500,000	540,000.00
Office and general supplies and services	31,520,467	1,965,776.00
Other operating expenses	51,762,491	7,193,414.00
Routine maintenance – vehicles and other transport equipment	1,457,698	895,572.00
Routine maintenance – other assets	6,707,636	3,868,500.00
Fuel oil and lubricants	4,500,000	2,000,000.00
Total	**299,187,386**	**146,527,523.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUBSIDIES

Description	**2016/17**	**2015/16**
	Kshs	**Kshs**
Subsidies to County Corporations	-	-
See list attached	-	-
(insert name)	-	-
	-	-
Subsidies to Private Enterprises	-	-
See list attached	-	-
(insert name)	-	-
	-	-
	-	-
TOTAL	-	-

(Provide explanations as to what subsidies relate to)

TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	**2016/17**	**2015/16**
	Kshs	**Kshs**
Transfers to National Government entities	1,957,628	-
See attached list	-	-
	-	-
Transfers to Counties	-	-
County Assembly Car Loan and Mortgage Fund Account	-	10,000,000
	-	-
	-	-
TOTAL	**1,957,628**	**10,000,000**

(Explain what the transfers relate to and whether they are to be refunded by the institution referred to)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

OTHER GRANTS AND TRANSFERS

	2016/17	2015/16
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	-	-
Other capital grants and transfers	-	-
	-	-
Total	-	-

(Give explanations on what other grants and transfers relate to and who the beneficiaries are)

SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Kshs	Kshs
Government pension and retirement benefits	32,499,162	14,705,444
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**32,499,162**	**14,705,444**

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ACQUISITION OF ASSETS

Non Financial Assets	**2016/17**	**2015/16**
	Kshs	**Kshs**
Purchase of Buildings		
Construction of Buildings	21,857,681	
Refurbishment of Buildings	28,963,600	250,000
Construction of Roads	-	-
Construction and Civil Works	12,499,999	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	5,140,000	6,925,885
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	16,763,474	4,413,500
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	13,565,872	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Domestic lending and on-lending	-	10,000,000
Financial Assets	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**98,790,626**	**21,589,385**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCE COSTS

	2016/17	2015/16
	Kshs	Kshs
Bank Charges		
Exchange Rate Losses		-
Other Finance costs		
Interest on borrowings		
Total		

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft)

OTHER PAYMENTS

	2016/17	2015/16
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	-	-
Total	-	-

(Provide detailed explanations for other payments)

A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2016/17	2015/16
		Kshs	Kshs
Central Bank of Kenya Acc no. 1000241373 (ksh)	Recurrent	969,168	1,957,628
Central Bank of Kenya Acc no.1000291168 (ksh)	Development Acc	42,884,603	
National Bank of Kenya, Acc no.01001090955200	Recurrent Acc	3,597,427	7,498,900
Total		**47,451,199**	**9,456,527**

(NB: all bank accounts operated by the County Assembly should be included in this note.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

B CASH IN HAND

	2016/17	2015/16
	Kshs	Kshs
Cash in Hand – Held in domestic currency		-
Cash in Hand – Held in foreign currency	-	-
Total		-

Cash in hand should be analysed as follows:

	2016/17	2015/16
	Kshs	Kshs
Ward Offices (annex 5)		-
Location 2	-	-
Location 3	-	-
Total		-

(Provide locations where cash in hand is held e.g head office, cashier's office, cash office etc)

ACCOUNTS RECEIVABLE

	2016/17	2016/17
	Kshs	Kshs
Government Imprests	2,365,500	-
Clearance Accounts	-	-
Staff Advances	-	-
Other Advances	-	-
Total	2,365,500	-

See Annex 5 for a detailed analysis of the outstanding imprests.

ACCOUNTS PAYABLE

	2016/17	2015/16
	Kshs	Kshs
Deposits and Retentions	-	-
Total	-	-

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts B/Fwd	9,456,528	1,702.60
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	**9,456,528**	**1,702.60**

PRIOR YEAR ADJUSTMENT

Description of the adjustment	2016/17	2015/16
Adjustments on bank account balances	Kshs	Kshs
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others	-	-
Total	-	-

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

DISCLOSURE NOTES

18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016/17	2015/16
	Kshs	Kshs
Construction of buildings	14,000,000	
Construction of civil works	23,144,600	
Supply of goods	21,414,184	25,694,857
Supply of services	2,869,763	
Total	**61,428,547**	**25,694,857**

18.2: PENDING STAFF PAYABLES (See Annex 2)

	2016/17	2015/16
Name of Staff	Kshs	Kshs
Xxx	-	-
Xxx	-	-
Total	-	-

18.3: OTHER PENDING PAYABLES (See Annex 3)

	2016/17	2015/16
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Total	-	-

19 RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Assembly.

- Members of County Assembly;
- Key management personnel that include the Clerk of the Assembly and heads of departments;
- The County Executive;
- County Ministries and Departments;
- Other County Government entities including corporations, funds and boards;
- The National Government;
- Other County Governments; and

- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2016/2017	2015/2016
	Kshs	Kshs
Compensation to the MCAs	-	-
Key Management compensation	-	-
	=======	=======
Transfers from the County Treasury	-	-
Transfers to/ from other County Government entities	-	
Transfers to/ from County Ministries and Departments	-	
Payments made in favour of other related parties	-	-
Payments made by related parties on behalf of Assembly	-	-
	=======	=======

XIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.0	**Inaccuracies of Financial Statement**				
1.1	Understatement of Receipts and Un-vouched Expenditure	Out of a total budget of Ksh. 748,649,293, the County Assembly received Ksh.476,581,610 and the balance of Ksh. 272,067,683 was spent by the County Executive. The management shall liaise with CEC Finance for a reconciliation.	Joseph Amenya – Director Finance and Budget	Not Resolved	July 2017
1.2	Statement of Comparison of Budget	Ksh. 1,406,500 spent on Acquisition of Assets has been included in the Development Vote	Moses Ratemo-Snr. Accountant	Resolved	
2.0	**Compensation of Employees**				
2.1	Car Loan and Mortgage	i.The Car and Mortgage Board has been constituted ii.The Financial Statements for FY 2013/14, 2014/15 and 2015/16 have been prepared.	James O. Nyaoga-Clerk Joseph M. Amenya-Director Finance and Budget	Resolved Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		iii.The management shall ensure that the future beneficiaries shall avail securities before loan disbursements.	James O. Nyaoga-Clerk	Resolved	
		iv.The management has made arrangements to clear the outstanding Fringe benefit tax arrears.	Joseph M. Amenya-Dirctor Finance and Budget	Resolved	
		v.All loan recoveries shall be completed by May	Joseph M. Amenya-Dirctor Finance and Budget	Resolved	
2.2	Over Expenditure on sitting Allowance	Supplementary budget provided to support the expenditure	Moses Ratemo-Senior Accountant	Resolved	
2.3	**Irregular Sitting Allowances**				
2.3.1	Interim County Assembly Service Board- Kshs.220,000	Recoveries have been made	James O. Nyaoga-Clerk	Resolved	
2.3.2	Health Committee-Kshs.62,800	Minutes supporting the sittings availed	OmwoyoMbaka- Deputy Clerk	Resolved	
3.0	**Use of Goods and**				

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Services				
3.1	Foreign Travel	i.Travel documents for Hon. Mengo to London availed	Selina Onchangu-Senior Accountant	Resolved	
3.2	Transport Allowance to MCAs and Staff	Travel Allowances have been supported by receipts	Selina Onchangu - Senior Accountant	Resolved	
3.3	Unsupported Conference Facilities	Paymnet of Kshs.178,750 paid to Sentrim (k) Ltd is fully supported	Selina Onchangu-Senior Accountant	Resolved	
3.4	Ward Administration Expenses Kshs.8,964,000	Ward office expenditure has been supported	Abel Nyamwaya-Liaison Oficer	Resolved	
3.5	Purchase of Stationary for Ward Offices-Kshs.3,481,705	Expenditure supported and Procurement Procedures to be followed in future.	Joseph M. Amenya-Director-Finance and Budget	Resolved	
4.0	Acquisition of Assets and Fixed Assets Register-Kshs.1,406,500	Ledgers supporting the expenditure opened and Assets Register updated.	Moses Ratemo-Senior Accountant	Resolved	
5.0	Cash and Cash Equivalent	Bank Certificate and Statements to support the balance of Kshs.260 Million for Car and Mortgage Fund held with Chase Bank (IR) availed	Joseph M. Amenya-Director-Finance and Budget	Resolved	
6.0	Pending Bills-Kshs.25,694,857	Creditors Ledger and Supporting documents availed and committee	Joseph M. Amenya-Director-	Unresolved	Decembe

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		formed to oversee settlement	Finance and Budget		r ,2017
	Other Matters				
1.0	**Budget Analysis and Performance**				
1.1	Under/Over Expenditure	Part of the Recurrent Budget was spent by the County Executive and the Assembly did not have Development Budget. These issues to be reviewed together with the CEC Finance.	Joseph M. Amenya-Director-Finance and Budget	Unresolved	July, 2017
2.2	Failure to establish an Audit Committee	The Management has advertised twice for applications without success. However, another re-advertisement to be done.	James O. Nyaoga-Clerk	Unresolved	July, 2017

Guidance Notes:

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

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

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

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

Clerk of the County Assembly

Sign.....

Date.....19/03/2018.....

XIV. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
	A	b	c	d=a-c		
Construction of buildings						
1. Perican	14,000,000				14,000,000	
2.						
3.						
Sub-Total	**14,000,000**				**14,000,000**	
Construction of civil works						
4. Jetta Builders	12,144,600				12,144,600	
5. Scooby	11,000,000				11,000,000	
6.						
Sub-Total	**23,144,600**				**23,144,600**	
Supply of goods						
7. Isemoa Enterprises	497,900				497,900	
8. My Choice General Suppliers	1,832,800				1,832,800	
9. MasbElectronix	55,500				55,500	
10 My Choice General Supplies	336,400				336,400	
11. Mic Sales and Services	249,585				249,585	
12. Mic sales and Services	650,760				650,760	
13. Gilmog General Services	88,000				88,000	
14. Gilmog General Services	155,614				155,614	
15.Mic Sales and Services	1,959,240				1,959,240	
16.Mic Sales and Services	1,620,000				1,620,000	
17.Gilmog General Services	2,430,000				2,430,000	
18.Lintos Auto Agency	783,000				783,000	
19.Ilaboke Enterprise	849,800				849,800	
20.Omagos General Service and Suppliers	750,225				750,225	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
21.Foward Business Ltd	1,079,000				1,079,000	
22.Jennies Enterprises	1,392,000				1,392,000	
23.Simmers Suppliers	1,450,000				1,450,000	
24.Ispal Enterprises	265,000				265,000	
25.Reagan Solution Ltd	573,360				573,360	
26.Confiance Group Limited	1,276,000				1,276,000	
27.Mercury Enterprises	3,000,000				3,000,000	
28.Rozi Limited	120,000				120,000	
Sub-Total	**20,631,184**				**21,414,184**	
Supply of services						
10. Sentrim Kenya Limited	493,950				493,950	
11. African Touch Safaris	1,565,373				1,565,373	
12. Itibo Resort	156,200				156,200	
13.Mercy Highridge	654,240				654,240	
Sub-Total	**2,869,763**				**2,869,763**	
Grand Total	**61,428,547**				**61,428,547**	

XV. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
1.					-	-	
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total						-	
Grand Total					-	-	

XVI. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

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

XVII. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	-	-	-	-
Buildings and structures	-	63,321,280	-	63,321,280
Transport equipment	20,411,190	5,140,000	-	25,551,190
Office equipment, furniture and fittings	791,500	16,763,473	-	16,834,973
ICT Equipment, Software and Other ICT Assets	11,898,000	-	-	11,898,000
Other Machinery and Equipment	-	13,565,872	-	13,565,872
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	33,100,690	98,790,625	-	131,891,315

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments

XVIII. ANNEX 5 – ANALYSIS OF IMPRESTS TO THE WARD OFFICES

Name of Officer or Institution	*Date Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
KIOGORO WARD	30/06/2017	41,500	0	41,500
KIAMOKAMA WARD	30/06/2017	41,500	0	41,500
NYATIEKO WARD	30/06/2017	41,500	0	41,500
SAMETA MOKWERERO WARD	30/06/2017	41,500	0	41,500
GETENGA WARD	30/06/2017	41,500	0	41,500
ICHUNI WARD	30/06/2017	41,500	0	41,500
BOGUSERO WARD	30/06/2017	41,500	0	41,500
BOSOTI SENGERA WARD	30/06/2017	41,500	0	41,500
KEUMBU WARD	30/06/2017	41,500	0	41,500
MOTICHO WARD	30/06/2017	41,500	0	41,500
MASIGE EAST WARD	30/06/2017	41,500	0	41,500
BASI CENTRAL WARD	30/06/2017	41,500	0	41,500
BIRONGO WARD	30/06/2017	41,500	0	41,500
MASIMBA WARD	30/06/2017	41,500	0	41,500
BASSI CHACHE WARD	30/06/2017	41,500	0	41,500
GESUSU WARD	30/06/2017	41,500	0	41,500
BOMBABA WARD	30/06/2017	41,500	0	41,500
KITUTU CENTRAL WARD	30/06/2017	41,500	0	41,500
RIANA WARD	30/06/2017	41,500	0	41,500
BOBASI BOITANGARE WARD	30/06/2017	41,500	0	41,500
KEGOGI WARD	30/06/2017	41,500	0	41,500
MASIGE WEST WARD	30/06/2017	41,500	0	41,500
BOBARACHO WARD	30/06/2017	41,500	0	41,500

SENSI WARD	30/06/2017	41,500	0	41,500
BOGIAKUMU WARD	30/06/2017	41,500	0	41,500
IBENO WARD	30/06/2017	41,500	0	41,500
MAGENCHE WARD	30/06/2017	41,500	0	41,500
BOGETENGA WARD	30/06/2017	41,500	0	41,500
MAJOGE BASI WARD	30/06/2017	41,500	0	41,500
BOMARIBA WARD	30/06/2017	41,500	0	41,500
BOIKANGA WARD	30/06/2017	41,500	0	41,500
KISII CENTRAL WARD	30/06/2017	41,500	0	41,500
BOGEKA WARD	30/06/2017	41,500	0	41,500
TABAKA WARD	30/06/2017	41,500	0	41,500
BOMORENDA WARD	30/06/2017	41,500	0	41,500
NYAKOE WARD	30/06/2017	41,500	0	41,500
MARANI WARD	30/06/2017	41,500	0	41,500
NYAMASIBI WARD	30/06/2017	41,500	0	41,500
BOOCHI BORABU WARD	30/06/2017	41,500	0	41,500
CHITAGO BORABU WARD	30/06/2017	41,500	0	41,500
MONYERERO WARD	30/06/2017	41,500	0	41,500
NYACHEKI WARD	30/06/2017	41,500	0	41,500
BASSI BOGETAORIO WARD	30/06/2017	41,500	0	41,500
BOOCHI TENDERE WARD	30/06/2017	41,500	0	41,500
IBENO WARD	28/03/2017	41,500	0	41,500
NYACHEKI WARD	28//03/2017	41,500	0	41,500
MAJOGE BASI WARD	18/04/2017	41,500	0	41,500
NYACHEKI WARD	18/04/2017	41,500	0	41,500
NYAMASIBI WARD	18/04/2017	41,500	0	41,500
MAGENCHE WARD	18/04/2017	41,500	0	41,500
BOMBABA WARD	22/05/2017	41,500	0	41,500
TABAKA WARD	05/06/2017	41,500	0	41,500

NYACHEKI WARD	05/06/2017	41,500	0	41,500
RIANA WARD	18/04/2017	41,500	0	41,500
BOBARACHO WARD	18/04/2017	41,500	0	41,500
NYAKOE WARD	18/04/2017	41,500	0	41,500
BOKIMONGE WARD	30/06/2017	41,500	0	41,500
Total		**2,365,500**	**0**	**2,365,500**

XIX. ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Report from IFMIS)

XX. TRIAL BALANCE

TRIAL BALANCE AS AT 30 JUNE 2017		
ITEMS	DEBIT	CREDIT
	KSHS.	KSHS.
Exchequer Releases		904,067,391
Bal.B/fwd		9,456,528
Compensation of Employees	431,272,419	
USE OF GOODS AND SERVICES		
Utilities, supplies and services	579,390	
Communication, supplies and services	556,940	
Domestic travel and subsistence	93,196,580	
Foreign travel and subsistence	8,800,395	
Printing, advertising and information supplies & services	27,030,969	
Rentals of produced assets	1,400,000	
Training expenses	8,244,574	
Hospitality supplies and services	36,775,025	
Insurance costs	25,137,221	
Specialized materials and services	1,500,000	
Office and general supplies and services	31,520,467	
Other operating expenses	51,762,491	
Routine maintenance – vehicles and other transport equipment	1,475,698	

Routine maintenance – other assets	6,707,636	
fuel oil & lubricants	4,500,000	
Government pension and retirement benefits	32,499,162	
Construction of Buildings	21,857,681	
Refurbishment of Buildings	28,963,600	
Construction and Civil Works	12,499,999	
Purchase of Vehicles and Other Transport Equipment	5,140,000	
Purchase of Office Furniture and General Equipment	16,763,473	
Purchase of Specialised Plant, Equipment and Machinery	13,565,872	
Bank Balance	47,451,199	
Imprest	2,365,500	
Transfer to other Government Entities (CBK)	1,957,628	
TOTAL	**913,523,919**	**913,523,919**
Clerk of the Assembly	**Chief Finance Office – County Assembly**	
Name: James Omanbe Nyaoga	Joseph M. Amenya	
	ICPAK Member Number	
	Name:	