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 2017

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
10 APR 2018
RECEIVED

COUNTY EXECUTIVE OF KISII

REPORT AND FINANCIALSTATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2017

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

COUNTY EXECUTIVE OF KISII
Report and Financial Statements
For the year ended 30th June 2017

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kisii County is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct Municipal Council and the ones that have been transferred from the national government. The county is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CEC – Finance is financial reporting at the County level.

Vision

A prosperous County with high quality of life for its citizens

Mission

To create wealth for our citizens, enhance value addition, entrepreneurship, public participation and decision making.

Core Values

Kisii County upholds the values of accountability, integrity, equity, hardworking, innovation, professionalism, citizen focused and efficiency.

b) Key management

The County's day-to-day management is under the following key organs:

	Name	Designation	Date of holding office
1.	H.E. James E.O Ongwae EGH	Governor	3 March 2013
2.	H.E. Joash Maangi	Deputy Governor	3 March 2013
3.	Dr. Kodek Migiro Omwancha	CEC, Finance and Economic	5 April 2013
4.	Mrs. Sarah Angima Omache	CEC, Health	5 April 2013
5.	Mr. Samwel Kebati Osoro	CEC, Trade, Tourism and Industry	5 April 2013 (transferred to Education, Youth Affairs, Sports and Culture on 10 October 2015)
6.	Mrs. Peris Bitutu Onsarigo	CEC, Administration, Corporate	10 October 2015

	Name	Designation	Date of holding office
7.	Mr. John F. Moerwa Omwoyo	CEC, Roads, Public Works &Transport.	5 April 2013
8.	Mr. Moses O. Onderi	CEC, Lands, Housing and Physical Planning	5 April 2013
9.	Mr. Vincent RiobaSagwe	CEC, Agriculture and Water	5 April 2013
10.	Dr. Skitter Wangeci Ocharo	CEC, Education, labour and man power development.	5 April 2013 (transferred to Trade, Tourism and Industry on 10 October 2015)
11.	Mrs. Marcellah Otuke	CEC, Culture and Social services	5 April 2013
12	Dr. Ibrahim Moiro Omari	CEC, Energy, Environment & natural resources	5 April 2013

c) Fiduciary management

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

No.	Name	Designation
1.	Dr. Kodek Omwancha (PhD)	CEC, Finance and Economic Planning
2.	Mr. Wilfred Auma BCOM	Chief Officer, Finance and Economic Planning
3.	John Nyandanyi CPA (K)	Head of County Treasury Accounts
4.	Daniel Njuguna CPA (K)	Head of Finance
5.	Lukio Obwoge ACCA	Deputy Head of Accounts

d) Fiduciary oversight arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2017 were:

1. County Assembly of Kisii County;
2. Audit Committee;
3. Public Accounts Committee; and
4. Budget and Appropriations Committee.

e) Entity headquarters

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

f) Entity contact:

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

g) Entity bankers

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

2) Kenya Commercial Bank
Kisii Branch
P.O. Box 48400
Nairobi,Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

KEY MANAGEMENT

The County Executive team during the financial year consisted of:

H.E. James E.O. Ongwae EGH - Governor

H.E. James E.O. Ongwae CBS.EBS.OGW was elected the first Governor of Kisii County on 3 March 2013. The governor was elected on an agenda of uplifting the living standards of the people of Kisii County, improving the county's roads, boosting agriculture output, improving the health sector and uplifting the people of Kisii County from poverty. It is on these key pillars that the government of H.E. James Ongwae has been working on since coming into power.

Governor Ongwae holds a Bachelor of Arts Degree (Economics, Government and Sociology) from the University of Nairobi. He also has a Masters in Public Policy and Administration from the Institute of Social Studies-The Hague Holland. Before his election as the governor, he served as PS in the Ministry of Agriculture.

H.E. Joash Maangi – Deputy Governor

H.E. Joash Maangi was elected as the first Deputy Governor of Kisii County. Before his election as the Deputy Governor, he served as a Vice President/Business Development with the Lemna International Kenya ltd. He has also held various top management positions in different institutions.

Joash holds a Bachelor Degree in Law (LLB) from the University of Nairobi. He also has a Doctor of Juris (JDs) from William Mitchell College of Law, St. Paul Minnesota and Graduate Diploma from Kenya School of Law.

Dr. Kodek Migiro Omwancha- CEC, Finance and Economic Planning

Dr. Kodek Omwancha was appointed as the CEC, Education on 5th April 2013. He was later transferred to Finance and Economic Planning in October 2014 and he has since been driving the financial management agenda in the county.

Before his appointment, he served as a district quality assurance and standards officer in the Ministry of Education. He has also Served as a teacher in various secondary schools. Dr. Kodek holds a Doctor of Philosophy in Education (PhD) from Victoria University of Wellington, New Zealand.

Mrs. Peris Onsarigo- CEC, Administration, Corporate Services and Stakeholder Management

Mrs. Onsarigo was appointed as the CEC, administration on 5th April 2013. A position she has held up to 30th June 2017. She has extensive experience in public sector administration having served in the Ministry of Immigration and Registration of Persons for more than 20 years.

Mrs. Onsarigo holds Bachelor of Arts from Kenyatta University and Master's degree in organizational development.

Dr. Ibrahim Moiro Omari- CEC, Energy, Water, Environment and Natural resources

Mrs. Onsarigo was appointed as the CEC, Education on 5th April 2013. He was later transferred to department of Culture in October 2014. He was again transferred to department of Energy, water, Environment and Natural resources in February 2016 where he served up to 30th June 2017.

Dr. Omari holds Doctor of philosophy in Business Administration from Jomo Kenyatta University of Science and Technology.

Mrs. Marcella Otuke- CEC, Culture, Sports, Youth and Social Services

Mrs. Otuke was appointed as the CEC, Culture, Sports, Youth and Social Services on 5th April 2013. He was later transferred to department of Energy, Water, Environment and natural resources in October 2014. She was again transferred to department of, Culture, Sports, Youth and Social Services February 2016 where he served up to 30th June 2017.

Mrs. Otuke holds Bachelor of Arts degree from the University of Nairobi and a post-graduate Diploma in Human Resource Management.

Mrs. Sarah Angima Omache - CEC, Health Services

Mrs. Omache was appointed as the CEC, Health services on 5th April 2013 a position she held up to 30th June 2017.

Mrs. Omache holds a master of Arts degree in Education (Guidance and Counseling) from Walla University. Before his appointment, she was Director Bosongo Medical centre.

Mr. Samuel Kebati Osoro - CEC, Trade, Tourism and Industry

Mr. Osoro was appointed as the CEC, Finance and Economic Planning on 5th April 2013. He was later transferred to Trade in October 2014, a position he has held up to 30th June 2017.

Before his appointment, he worked with Kenya revenue Authority in Revenue and expenditure departments. Mr. Osoro holds a Masters of degree in strategic management from JKUAT.

Mr. John Moerwa Omwoyo - CEC, Transport and Infrastructure

Mr. Omwoyo was appointed as the CEC, Transport and Infrastructure on 5th April 2013. Omwoyo is an advocate of High Court of Kenya. He holds two bachelor degrees in law and commerce from University of Nairobi and Delhi respectively.

He has also a Master of Arts (MA) from University of Nairobi. Before his appointment, he served as Managing Director at Kenya Industrial Estate limited.

Mr. Moses O. Onderi - CEC, Lands, Housing and Physical Planning

Mr.Onderi heads the Department of Lands, Housing and Physical Planning. He was appointed into this position on 5th April 2013. Mr. Onderi holds a master of Education from University of Baroda, Bachelor of Education from Karnatak University, professional certificate in participatory monitoring, Evaluation and Impact Assessment from University of Wales Swansea and Higher Diploma in Human Resource Management.

Until his appointment, he was working with CARE international in Kenya as Human Resource Coordinator.

Mr. Vincent Rioba Sagwe- CEC, Agriculture, Livestock, Fisheries and Cooperative Development

Mr. was appointed as the CEC, Transport and Infrastructure on 5th April 2013. Mr. Sagwe has a wide knowledge in Tea industry having worked with KTDA in various capacities the latest being a regional operations manager in Kisii and Nyamira Counties. Sagwe holds a BSc in food science and post-harvest technology and Master's Degree in Business administration.

Dr. Skitter Wangeci Ocharo - CEC, Education, Labour and Manpower Development

Dr. Ocharo was appointed to head the Department of Environment, Energy,water and natural resources until October 2014 when she was transferred to Department of Roads, Public works and transport. In February 2016, she was transferred to current docket of Education, Labour and manpower development where she served until 30th June 2017. She holds a Doctor of philosophy (PhD) in Physics.

Until her appointment, she was a lecturer at Masinde Muliro University of Science and Technology in the faculty of Science Department of Physics

2. COMMENTARY BY THE CEC, FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Executive of Kisii financial statements for the year ended 30th June 2017. The financial statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. They key local revenue sources for Kisii County included business permits, land rates, business plan approval, advertising fees, Cess and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

1) Automation of revenue collection system – the County has put in place an automated system and it has been implemented for at least 30% of the areas to be covered.
2) The County is in the process of preparing the finance Act which will be in force soon.

Financial Performance

a) Revenue

In the year ended 30th June 2017, the County had projected revenues of KShs 8,991,743,052 consisting of KShs 725,000,000 from own sources and KShs 8,266,743,052 from other sources.

A graphical representation of the revenue budget is as shown below:

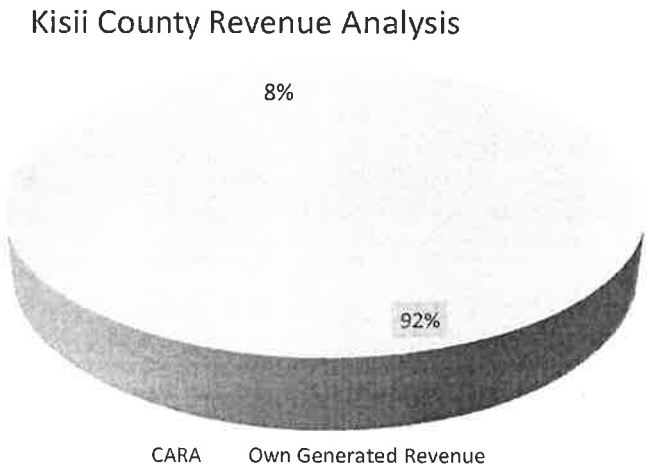


Figure 1: Kisii County Executive revenue sources in FY2016/2017

CARA revenues continue to form the largest part of our revenue budget, contributing 932towards our budget. Our own generated revenues formed 8% of our budget.

Out of the projected revenue, the County was able to realizeKshs553,383,047 in actual revenues, representing 76% performance. This low performance was as a result of low realization of the own generated revenues whose performance was at 76%. In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realization (%)
CARA	8,991,743,052	7,979,990,913	89%
Borrowings	0	0	0
Own generated revenues	725,000,000	553,383,047	76%
Total	**8,991,743,052**	**8,533,373,960**	**94%**

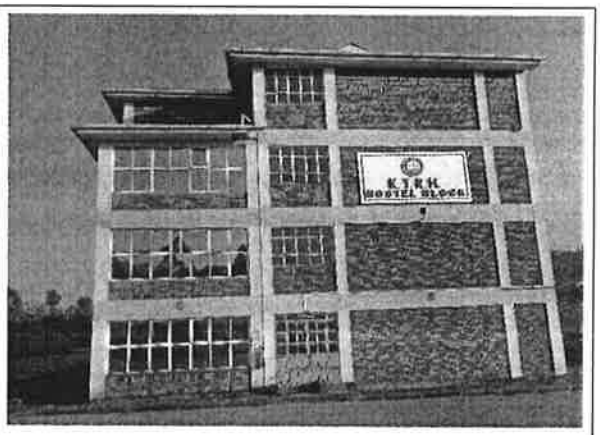
Table 1: Revenue performance in FY 2016/2017

b) Payments

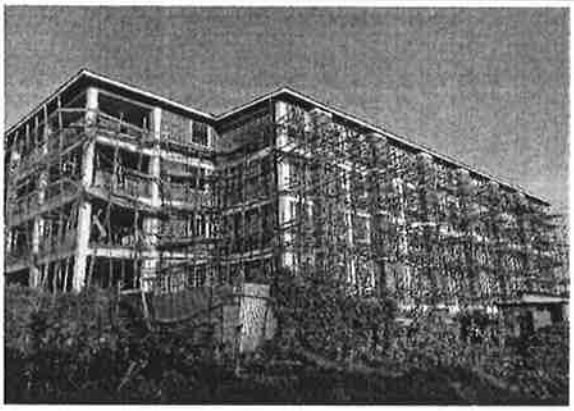
Our total expenditure for the year amounted to KShs 7,446,605,990 KShs 1,662,857,915 was spent on development expenditure while KShs 5,783,748,075 was spent on recurrent expenditure representing a ratio of 22:78 respectively.

Some of the development projects in FY 2016/2017 included the following:

Kisii County – MRI Centre



KTRH– Hostel Block



KTRH – Male Ward

Kisii County – Funeral Parlour

Figure 2: County Government Flagship projects completed in FY 2016/2017

The Kisii County Government has upgraded over 100 km of access roads over the past one year. Additionally, the County has hired more ECD teachers to bridge the gaps. Besides, the County has been able to build an MRI Centre, a Male Ward, Hostel Block and Funeral Parlour.

Much of the recurrent budget was spent on compensation for employees. This was as a result of salary increments awarded to Doctors and Nurses over the past year. However, we appreciate that a well remunerated workforce is necessary for service delivery. As such, we are committed to improving the welfare of our staff.

c) Cash flows

In the FY 2016/2017, we had few liquidity disruptions. This was as a result of delayed disbursements by the National Treasury. As a result, the cash and cash equivalents increased from KShs 974,908,060as at 30th June 2016 to KShs 2,124,935,871 as at 30th June2017.

d) Accounts receivables

Imprest management is a critical area of focus in Kisii County. Our aim is to adhere to the PFM regulations on imprest management. We appreciate that there is still room for improvement in this area. The main challenge has been to get staff to account for their imprests on time. Going into FY 2017/2018, we will place more emphasis on complying with the PFM regulations with regards to imprests.

e) Pending bills

We intend to reduce the pending bills significantly in the next Financial Year. Our focus as a County is to settle the bills as soon as possible. In every budget cycle, we ensure that part of the allocations is towards settlement of old outstanding pending bills.

f) Fixed assets

Kisii County has made significant investments in fixed assets since coming into office in 2013. Additionally, we inherited some assets from the defunct municipal council. We are in the process of developing a comprehensive asset management policy, which we hope to finalize in FY 2017/2018. The policy will among other things incorporate physical verification of all assets, valuation of assets, tagging of assets and maintenance of an asset register.

Operational performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee member. For seamless service delivery, all departments have to work in unison and in a synergized manner. In the table below, we summarize the key activities carried out by each department during the year:

Department	Key activities
Health Services	✓ Construction of mortuary car park at Kisii Referral Hospital ✓ Renovation of Block B at Kisii Referral Hospital ✓ Renovation of eye ward at Kisii Referral Hospital ✓ construction of an OPD at Rionsoti dispensary in Ichuni Ward ✓ proposed construction of a laboratory at Nyakeboreire dispensary in Boikanga Ward ✓ Construction of a maternity wing at Nyachenge dispensary in Tabaka ward South Mugirango
Roads, Public Works & Transport	✓ Nyabigena -Nyandiwa Road in Bogetenga ward in South Mugirango Sub-County ✓ Nyabikondo - Bogecho Road in Nyatieko ward.
Lands, Housing and Physical Planning	✓ Rehabilitation of backstreet behind Gusii Deluxe in Kisii Town
Environment, Energy and Water	✓ Construction of Gravity at Suguta /Gesieka in Bobasi and Kitutu Chache Sub-Counties. ✓ Construction of Mochengo borehole in Nyacheki ward ✓ Construction of Amasago borehole & Reticulation system at Keumbu in Nyaribari Chache Sub- County
Agriculture, Fisheries and Livestock	✓ Construction of Fish multiplication Centre at Ogembo ✓
Education, Youth Affairs, Sports and Culture	✓ Construction of Ogembo Library in Boochi Tendere ward ✓ Construction of ECDE Classes at Bogiakumu Bomariba and Bomorenda wards
Administration, Corporate Services and Stake holders Management	✓ Construction of Bomariba ward headquarter in Bonchari Sub-County ✓ Construction of Kiogoro ward headquarter in Nyaribari Chache ✓

Table 2: Departmental performance in FY 2016/2017

Despite the notable achievements, we have experienced some challenges during the year. These include:

1) Own revenue collection – the actual revenue collected during the year was 76% of the projected revenues. We are exploring ways of boosting revenue collection as mentioned earlier;

2) We have also experienced challenges with IFMIS as a result of down times and poor internet connectivity. This has in some instance delayed payments to suppliers.

Conclusion

FY 2016/2017 was a good year in general. Good progress was made and the momentum has been created to enable Kisii County continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Kisii County achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Kisii County.

County Executive Committee Member for Finance and Economic Planning
County Government of Kisii

3. STATEMENT OF CORPORATEGOVERNANCE

Kisii County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County is made up of a County Assembly and County Executive. The County Assembly (CA) consists of the Members of County Assembly (MCAs) who are elected by the people to represent them in the Assembly. The CA is headed by the Speaker.

The County Executive is structured in terms of departments, headed by a County Executive Committee (CEC) Member. The CECs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution.

The County Assembly

The County Assembly is made of the MCAs. It is headed by the Speaker who is elected by the MCAs. The CA is the legislative authority in the county. It also plays an oversight role in ensuring that the county resources are well allocated and well spent. The CA is especially critical in the budgeting process. The MCAs meet every week in accordance with the Standing Orders of the County Assembly.

In executing its mandate, the CA has the following oversight committees:

1. Public Accounts Committee

2. Budget and Appropriations Committee

Public Accounts Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held three extra sittings to deal with arising matters. The members who served in the committee during the year were:

No	Name	Position	Period served
1	Hon. Ronald Onduso	Chairperson	5th April 2013 to 30th June 2017
2	Hon. Shem Ondara	Vice chairperson	5th April 2013 to 30th June 2017
3	Hon. Evans Z. Obwogi	Member	5th April 2013 to 30th June 2017
4	Hon. Henry Moracha	Member	5th April 2013 to 30th June 2017
5	Hon. Timothy Ogugu	Member	5th April 2013 to 30th June 2017

Table 3: Public accounts committee members

Budget and Appropriations Committee

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

No	Name	Position	Period served
1	Hon Dennis Ombachi	Chairperson	5th April 2013 to 30th June 2017
2	Hon Obwogi Evans	Vice chairperson	5th April 2013 to 30th June 2017
3	Hon Timothy Ogugu	Member	5th April 2013 to 30th June 2017
4	Hon Isaiah Mosota	Member	4th January 2016 to 30th June 2017
5	Hon Kennedy Mainya	Member	5th April 2013 to 30th June 2017
6	Hon Ombati John	Member	5th April 2013 to 30th June 2017
7	Hon Sabina Kennedy	Member	4th January 2016 to 30th June 2017
8	Hon Evans Mokoro	Member	5th April 2013 to 30th June 2017
9	Hon Nancy Nyanchoka	Member	4th January 2016 to 30th June 2017
10	Hon Joash Orora	Member	4th January 2016 to 30th June 2017
11	Hon Lucy Bosire	Member	5th April 2013 to 30th June 2017
12	Hon Lydia Okwoyo	Member	4th January 2016 to 30th June 2017
13	Hon Reuben Moreka	Member	4th January 2016 to 30th June 2017
14	Hon Alfred Ong'uti	Member	5th April 2013 to 30th June 2017
15	Hon Ochwang'i Mengo	Member	5th April 2013 to 30th June 2017
16	Hon Peter Omari	Member	5th April 2013 to 30th June 2017
17	Hon Esther Nyamwamu	Member	4th January 2016 to 30th June 2017
18	Hon Samson Nyagaka	Member	5th April 2013 to 30th June 2017
19	Hon Edward Otuke	Member	5th April 2013 to 30th June 2017
20	Hon Kefah Manyura	Member	4th January 2016 to 30th June 2017

Table 4: Budget and appropriations committee members

In addition to the above two committees of the County Assembly, the County Government has an independent Audit Committee which was constituted in 2016 to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties.

Audit Committee

The audit committee was constituted in 2016. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held four meetings in FY

2016/2017. The committee members during FY 2016/2017 were:

No	Name	Position	Period served
1	Mr. John Omwoyo	Chairman	23rd February 2016 to 30th June 2017
2	Mr. Johnstone Ndege	Alternate chairman	23rd February 2016 to 30th June 2017
3	Mr. Kennedy Onsembe	Member	23rd February 2016 to 30th June 2017
4	Mr. Samuel Osoro	Member	23rd February 2016 to 30th June 2017
5	Dr. Geoffrey Otomu	Member	23rd February 2016 to 30th June 2017
6	Linda Nyageng'o	Secretary	23rd February 2016 to 30th June 2017

*Table 5: **Audit Committee members***

Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in February 2017 where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

4. STATEMENT OFCOMPLIANCE

The County Government is regulated by various laws and regulations. As a County Government, we are committed to ensuring that we have complied with all the laws and regulations governing County Governments.

a) Financial reporting – Section 166 of the PFM Act (2012) requires the County Treasury to submit quarterly reports to the County Assembly and deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation (CRA), no later than one month after the end of each quarter. Kisii County complied with these requirements and submitted the quarterly reports within the stipulated timelines.

b) Fiscal responsibilities – Section 107 of the PFM Act (2012) stipulates the requirements of the County Treasury in enforcing fiscal responsibility.

- "The county government's recurrent expenditure shall not exceed the county government's total revenue" – in FY 2016/2017, Kisii County did not comply with this requirement owing to unbudgeted salary increment for medical personnel.
-
- "A minimum of thirty percent of the county government's budget shall be allocated to the development expenditure" – in FY 2016/2017, KShs 3,709,209,444 (37%) was allocated to development expenditure against a total budget of KShs 10,070,531,914

5. 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 County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and(vi)making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2017, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for Finance on 30TH SEPT 2017.

County Executive Committee member – Finance and Economic Planning

REPUBLIC OF KENYA

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Website: www.kenao.go.ke

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Executive of Kisii set out on pages 1 to 43 , which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and 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, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters described in the Basis of Qualified Opinion section of my report, the financial statements present fairly, in all material respect, the financial position of County Executive 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) and comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Failure to Bank All Revenue to County Revenue Fund

1.1 Facility Improvement Funds (FIF)

Included in the Executives own generated receipts balance of Kshs.553,383,047 is Kshs.116,249,981 collected at Kisii Level 5 Teaching and Referral Hospital as 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 Finance Management Act, 2012. However, no explanation was provided for the omission.

1.2 Other Revenue not Banked in the Revenue Fund

Included in the Executives own generated receipts balance of Kshs.553,383,047 is trade and industry revenue of Kshs.7,704,000, meat inspection fees Kshs.2,228,730 and revenue from Agricultural Training College Kshs.14,161,575 which were not banked in the County Revenue Fund as required by Section 109 of the Public Finance Management Act, 2012.

Consequently, the management was in breach of the law.

2.0 Revenue Analysis

2.1 Local Source Revenue

The Executive budgeted to collect Kshs.725,000,000 during the year under review. However, only Kshs.553,383,047 was collected in the year translating to 72.5% of the budgeted revenue as shown below;

Revenue Item	Budget Kshs.	Actual Collection Kshs.	Under Collection Kshs.
Rents	46,000,000	5,930,469	40,069,531
Other property income	21,000,000	9,664,176	11,335,824
Receipts from administration	-	116,750	116,750
Fines, penalties & Forfeitures	5,950,000	1,223,811	4,726,181
Business Permits	140,000,000	48,253,533	91,746,467
Cess	22,000,000	7,642,073	14,357,927
Plot rents	7,000,000	1,815,752	5,184,248
Other local levies	23,050,000	19,814,847	3,235,153
Fire compliance	8.500,000	6,475,265	2,024,735
Market trade fees	106,000,000	59,065,218	46,934,782
Vehicle parking fees	67,000,000	76,569,405	(9,569,666)
Plan approvals	25,000,000	11,990,666	13,009,334
Public health facilities operations	162,500,000	255,972,669	(93,472,669)
Slaughter House	11,000,000	646,750	10,353,250
Meat Inspection Fees	-	2,228,730	2,228,730
Trade & Industry	-	7,704,000	7,704,000
Agricultural/ATC	22,000,000	14,161,575	7,838,425
Advertisement	35,000,000	24,107,360	10,892,640
Total	**725,000,000**	**553,383,047**	**191,482,411**

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

2.2 Outstanding Property Rates

The property rates register indicates that outstanding property rates in the County increased by Kshs.74,734,838 from Kshs.203,956,660 in the previous year to Kshs.278,691,498 in the year under review. Further, the Executive has not put in place

recovery measures to recover these outstanding revenues as required by the County Finance Act, 2016.

In view of the foregoing, it has not been possible to confirm that the revenue for the year ended 30 June 2017 is fairly stated.

3.0 Accounts Receivables (Outstanding Imprests)

The statement of financial assets as disclosed under note 15 to the accounts reflects an outstanding imprest balance of Kshs.19,014,076 as at 30 June 2017. The imprests issued during the year remained un-surrendered at the closure of the financial year. Further, two officers had more than one imprest at the same time, contrary to Section 93(4) of the Public Finance Management (County Government) Regulations, 2015 governing issuance of imprests. Consequently, the management was in breach of the law.

4.0 Pending Bills

The County Government disclosed accumulated pending bills totalling Kshs.894,977,152 as at 30 June 2017 relating to supply of goods and services. However, the ledger balance reflected total pending bills of Kshs.940,338,827 as at 30 June 2017. Further, a pending commitment under arbitration of Kshs.24,893,469 was not disclosed in the financial statements. Pending bills records revealed that a total of Kshs.65,383,707 represented bills committed after 31 May 2017 contrary to the provisions of Regulation 50(1) of the Public Finance Management (County Government) Regulations, 2015 which states that all commitments for supply of goods or services shall be done not later than 31 May each year except with the express approval of the Accounting Officer in writing. No approval from the Accounting Officer was obtained to justify the late commitments.
Consequently, the propriety of the pending payables totalling Kshs.894,977,152 as at 30 June 2017 could not be confirmed.

5.0 Acquisition of Assets

The statement of receipts and payments and as indicated in note 11 of the financial statements reflects expenditure totalling Kshs.1,299,533,511 relating to acquisition of assets. Included in this amount are expenditure totalling Kshs.10,572,008 whose procurements revealed inconsistencies as detailed below;

Upgrading of Executive Office Block Power Supply

Included in the acquisition of assets figure of Kshs.1,299,533,511 is Kshs.219,616,328 under construction and civil works which in turn includes Kshs.14,771,890 paid to a local company for upgrading power supply system at the executive office block.

The scope of works involved relocating power switches, supply of 3 phase generator, battery power back up system, supply and installation of lightning arrestors, construction of power control room finishes and erection of two generator houses at a cost of Kshs.450,450. The supplier's bill of quantities had several corrections contrary to Section 82 of the Public Procurement and Asset Disposal Act, 2015.

Site verification done in the month of January 2018 revealed that only one generator house had been done yet payment was made for the two houses totalling Kshs.450,500.

Consequently, the management may have lost Kshs.225,250 from the contractor for works not done and which should be recovered.

6.0 Use of Goods and Services

6.1 Procurement of Goods and Services

The statement of receipts and payments reflects use of goods and services figure of Kshs.2,081,416,486 which include Kshs.6,428,135 for air travel services which were procured without following the due procurement process for direct procurements as provided in the law. Consequently, the propriety of the expenditure of Kshs.6,428,135 could not be confirmed.

6.2 Direct Procurement of the Governor's Residence

Included in the use of goods and services balance of Kshs.2,081,416,486 is Kshs.3,600,000 paid as rental charge to a landlord being rent for the Governor's residence without following due procurement process. It is not clear how the supplier of the service was identified. The payment terms may not have promoted efficiency, economy and effectiveness in public expenditure due to lack of competitiveness.

6.3 Inadequate Policy Guidelines

Included in the use of goods and services balance of Kshs.2,081,416,486 is an amount of Kshs.432,167,676 relating to domestic travel and subsistence which in turn includes Kshs.3,500,000 issued as an imprest for funding public participation in revenue collection automation. Payments totalling to Kshs.1,826,500 were made at the rate of Kshs.500 to various participants in the sub-counties. However, there was no policy on public participation in county planning and it is not clear how the rate of Kshs.500 was determined and approved.

Consequently, the propriety and value for money on the expenditure of Kshs.16,876,800 incurred on domestic travel and subsistence allowance during the year cannot be confirmed.

7.0 Payments for Liaison Office

Included in the of use of goods and services figure of Kshs.2,081,416,486 is other operating expenses of Kshs.601,356,457 out of which Kshs.10,000,000 was paid to the Council of Governors (COG) for rental space for liaison office at Delta House, LR No. 1870/X/126 in Nairobi. The contract agreement on which the payment was based was between the COG and the landlord, therefore the County Executive was not obliged to pay for the services yet the COG is funded from the Exchequer.

Consequently, the propriety of the expenditure of Kshs.10,000,000 incurred in the year under review could not be confirmed.

8.0 Irregular Borrowings

Included in the use of goods and services of Kshs.2,081,416,486 is an amount 0f Kshs.432,167,676 for domestic travel and subsistence. It was noted that a total of Kshs.28,000,000 appropriated to bursary account in education sector was used for domestic and subsistence account under the Executive. In addition, evidence availed revealed that only Kshs.20,350,000 was refunded, leaving a balance of Kshs.7,650,000 as not approved by the County Treasury as required by Section 154 2(b) of the Public Finance Management Act, 2012.

9.0 Miss-Classification of Expenditures

A sampled review of the Integrated Financial Management System (IFMIS) ledger revealed that expenditure totalling Kshs.34,184,380 were posted to incorrect ledger accounts as detailed below;

Item	Account charged in Financial Statements	Correct Account to be charged	Amount Kshs.	Remarks
Supply of Hospital Beds	Construction of Buildings	Supply of Specialized Equipment	3,782,500	No evidence of re-allocation
Tourism Event Management	Construction of Buildings	Trade Shows	2,500,000	No evidence of re-allocation
Supply of Playground Swings	Construction of Buildings	Supply of specialized equipment's	4,487,880	No evidence of re-allocation
Supply of new Ambulance	Other operating expenses	Acquisition of Assets	10,000,000	No evidence of re-allocation
Supply of Refuse Skips	Purchase of Motor Vehicles	Specialized equipment's	5,220,000	No evidence of re-allocation
Purchase of waste disposal site	Purchase of Motor Vehicles	Acquisition of Land	544,000	No evidence of re-allocation
Bursary Disbursement	Domestic travel and Subsistence	Bursary Grants	7,650,000	No evidence of re-allocation
Total			**34,184,380**	

10.0 Duplicate Posting in the Ledger

Surrender of imprest issued to one officer vide warrant Nos.2479821 and 2569472 of Kshs.5,069,800 and Kshs.5,000,000 respectively were posted in both the acquisition of land and other operating expenses. Consequently, the duplication of the payment charged in two different votes heads at the same time overstates the payments rendering

the account of acquisition of land and other operating expenses inaccurate. In addition, it is not clear why acquisition of land would be done using imprest.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Kisii in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 Qualified Opinion and Other Matter sections of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budget and Performance Analysis

Under/Over Expenditure

During the year under review, the County Executive budgeted for an aggregate expenditure of Kshs.10,070,531,914 being Kshs.6,361,322,470 and Kshs.3,709,209,444 under recurrent and development votes respectively.

However, the actual expenditures on recurrent vote amounted to Kshs.5,775,848,075 while Kshs.2,574,825,306 was incurred on development thus representing 57 % and 25% respectively as shown below;

Item	Budget Kshs.	Actual Kshs.	Absorption Rate %	% of total Expenditure
Recurrent *	6,361,322,470	5,775,848,075	90.79	69
Development *	3,709,209,444	2,574,825,306	69.42	31
Total	**10,070,531,914**	**8,350,673,381**		

* *Assembly's budget included.*

Development projects have not been properly implemented thus denying residents needed services.

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

i. The Controller of Budget report reflects Kshs.1,819,890,000 for development (executive) which is different from Kshs.1,662,857,915 in the summary statement of appropriation development. The difference of Kshs.157,032,085 has not been explained or reconciled.

ii. The Controller of Budget report reflects Kshs.5,180,630,000 for recurrent expenditure (executive) which is different from Kshs.5,783,748,000 from the

analysis of expenditure for the County departments. The difference of Kshs.603,118,000 has not been explained or reconciled.

2.0 Delayed Water Projects

Contracts awarded to various firms in respect of water projects faced challenges in implementation resulting in delays and increased costs as shown below;

Project Details	Location/ Ward	Name of Contractor	% Work done	Contract Sum Kshs.	Remarks
Various project sites	Various wards	Vajira Drill		24,619,400	2 No. Sites at Mochengo drilled but dried up due to low water yield.
Various project sites	Various wards	Sparr Drilling Limited	50%	22,558,400	Slow Progress on 3 No. Borehole Drilled and equipped with hand pump. Irondi drilled but dry- Thus sunk cost.
Sameta Borehole	Sameta/ Mokwerero	Rosama Building Contractors	30%	2,000,000	Slow Progress
Nyamagwa Water Supply	Bogetaorio	Binsaris Lighthouse	20%	1,692,500	Dispute between Nyamagwa Schools and Community hindering progress of the project.
Nyamesocho Water Supply	Borabu	Anekos Ltd.	50%	3,269,500	Contractor left site before completing the project
Kionduso Borehole	Bogetaorio	Gesure Building Construction Co. Ltd.	10%	2,030,250	Work not started
Kegochi Borehole	Boitangare	Hevero Contractors	20%	655,400	Slow Progress
Nyakerato Water Supply	Bosoti/ Sengera	Bassecom International Ltd.	0%	2,803,000	Contractor yet to take up site

Mokenene Water Supply Project	Magenche	M/s Endo Enterprises Ltd.	60%	3,574,700	Slow progress
Riongata Borehole Project	Kiamokama/ Gesusu	Platinum Axe	-	3,728,200	Construction of the project yet to begin and has been re-advertised.
Nyamondo Borehole Water Project	Bogusero	Emmanuel Agencies Ltd.	-	3,426,650	Work yet to begin
Nyasasa Gravity Water Project	Moticho/ Chitago	Joskaby Agencies Ltd.	10%	2,793,760	Slow Progress
Nyabinyinyi Water Project	Sensi/Marani	Menetonka Construction Ltd.	-	10,366,040	Construction of the project yet to begin and has been re-advertised.
i.) Nyosia **ii.)**Entanda/ Mwakiba-gendi **iii.)** Entanda PAG. **iv.)** Nyakeyo	Bogeka Marani Monyerero Kegogi	DKO Investment Company Ltd.	-	19,843,700	Construction of the project yet to begin and has been re-advertised.
Various sites	Various wards	Pass Africa Ltd.	-	17,167,200	Contractor yet to take up site. Tender has been re-advertised.
Various sites	Various wards	Jara Construction Ltd.	-	15,050,200	Contractor yet to take up site. Tender has been re-advertised.
Nyabinyinyi Water Project	Sensi/Marani	Menetonka Construction Ltd.	-	10,366,040	Construction of the project yet to begin and has been re-advertised.
Various sites	Various wards	DKO Investment Company Ltd.	-	19,843,700	Construction of the project yet to begin and has been re-advertised.
Various sites	Various wards	Pass Africa Ltd.	-	17,167,200	Contractor Yet to take up site.

					Tender has been re-advertised.
Various sites	Various wards	Jara Construction Ltd.	-	15,050,200	Contractor yet to take up site. Tender has been re-advertised.

The delays in commissioning water projects and slow works at some sites has affected provision of services to the residents of the County.

3.0 Unexplained Year End Adjustments

Several journal adjustments were made at the close of the financial year that were not supported by authorisations as required. The adjustments debit adjustments were not approved as required.

Items	Year End Adjustments Kshs.
Rehabilitation of civil works	1,000,000
Other Transfers-User forgone fees	14,457,329
Purchase of specialized Equipment	2,438,885
Purchase of Certified Seeds	3,796,854
Office Operations	1,003,300
Total	**22,696,368**

Consequently, the validity and accuracy of the adjustments could not be confirmed.

4.0 Compensation of Employees

4.1 Excess of Employment Expenditure beyond Set Limits

The compensation of employees reflects a figure of Kshs.3,702,331,589 which is an increase by Kshs.468,417,099 (14%) from the previous year figure of Kshs.3,233,914,490. Further, the compensation of employees cost of Kshs.3,702,331,589 accounted for 38% of the total county revenue budget. This is above the 35% limit set out by Section 25(1) (b) of the Public Finance Management (County Governments) Regulations, 2015. In addition, the County executive committee member for finance with the approval of the Assembly has not set a limit on the county government expenditure on wages and benefits for its public officers pursuant to Section 107(2) of the Act. The increase in wages may affect implementation of development projects. Consequently, the management was in breach of the law.

4.2 Engagement of Casual Workers

Included in the compensation of employees' balance of Kshs.3,702,331,589 is basic wages of temporary employees of Kshs.30,054,871 out of which basic wages of temporary employees, totalling Kshs.14,064,193 was paid to individual casuals at different rates of Kshs.4,500; Kshs.5,000; Kshs.10,000 and Kshs.12,000 per month. The

engagement of casuals contravened the Ministry of Labour minimum wages circular of 20 May 2015.

In addition, payment records for the month of March 2017 revealed that 115 casual workers were under paid by Kshs.491,316 which translates to Kshs.5,893,227 for 12 months during the year under review. Consequently, the management was in breach of labour laws.

4.3 Differences between Ledger and Financial Statements

Included in the compensation of employees figure of Kshs.3,702,331,589 is Kshs.1,663,292,963 paid as basic salaries, Kshs.30,054,871 paid as temporary wages and Kshs.2,008,983,755 paid as pension and security benefits. However, analysis of supporting schedules for payments revealed a net variance of Kshs.60,161,388 as shown below:

Item	Amount as per payment schedules - 30 June 2017 Kshs.	Amount as per financial statements-30 June 2017 Kshs.	Variance Kshs.
Basic salaries (Permanent employees)	3,480,151,334	1,663,292,968	1,816,858,366
Basic wages (Temporary employees)	44,804,193	30,054,871	14,749,322
Pension and other security benefits	117,214,679	2,008,983,755	(1,891,769,076)
Total	**3,642,170,206**	**3,702,331,594**	**60,161,388**

Consequently, the accuracy and validity of compensation of employees' figure of Kshs.3,702,331,589 could not be confirmed besides the management being in contravention of the County Government regulations.

4.4 Penalties on Statutory Deductions

Included in the compensation of employees' balance of Kshs.3,702,331,589 is Kshs.26,926,196 being penalty paid to the National Hospital Insurance Fund Act (NHIF) due to late remittance of employees' monthly deductions.

The management may have thus lost an estimated amount of Kshs.26,926,196 on wasteful expenditure as a result of the penalty due to delays in payment of monthly statutory deductions.

5.0 Ethnic Composition

The Executive has three thousand six hundred and eleven employees (3611). However, ninety-one percent (91%) are from the dominant ethnic community (Kisii) which contravenes Section 65(1) of the County Governments Act, 2012 which requires that the 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 Executive is in breach of the County Governments Act, 2012.

6.0 Previous Year Matters

The County Executive did not indicate the status and follow up of audit issues reported in the previous year in the financial statements as required by Public Sector Accounting Standards Board Reporting Template.

7.0 Failure to spend at least 30% on Development

The statement of receipts and payments for the year ended 30 June 2017 reflects a figure of Kshs.1,299,533,511 on acquisition of assets which is 15.5% of the total expenditure of Kshs.8,350,673,381. The development expenditure was below the permitted limit of 30% as set in the Public Finance Management Act. Although the management has attributed low development spending on late exchequer disbursements, the Controller of Budget had approved a total of Kshs.1,585,385,331 for development vote. Consequently, the management was in breach of the law.

8.0 Lack of Audit Committee

Section 155 (5) of the Public Finance Management Act, 2012 requires County Government entities to establish internal audit committees that oversee management of internal controls and address issues as reported to by Internal audit department.

The County Executive has not constituted an audit committee from the time of its inception in 2013. With the absence of an audit committee, the internal audit department has therefore not been able to carry out its functions independently since internal audit reports administratively to the accounting officer and functionally to the audit committee. Consequently, the management was in breach of the law.

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 County Executive's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations.

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

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

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

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 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 judgment 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 County Executives 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 Executive ability to continue offering 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 Executive to cease to continue offering 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 of the entities or business activities to express an opinion on the financial statements.

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

31 July 2018

6. FINANCIALSTATEMENTS

7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

	Note	FY2016/2017	FY2015/2016
RECEIPTS		**Kshs**	**Kshs**
Proceeds from Domestic and Foreign Grants	1	11,475,000	22,950,000
Exchequer releases	2	7,147,735,068	7,996,803,612
Transfers from Other Government Entities	3	468,979,089	251,424,813
Proceeds from Domestic Borrowings	4	-	-
County Own Generated Receipts	5	553,383,047	553,499,274
TOTAL RECEIPTS		**8,181,572,204**	**8,824,677,699**
PAYMENTS			
Compensation of Employees	6	3,702,331,589	3,233,914,490
Use of goods and services	7	2,081,416,486	2,206,961,106
Transfers to Other Government Units	8	-	519,986,180
Other grants and transfers	9	160,957,829	321,081,088
Social Security Benefits	10	21,921,406	9,869,389
Acquisition of Assets	11	1,299,533,511	2,056,224,377
Finance Costs, including Loan Interest	12	-	-
Other Payments/ Expenses	13	180,445,169	-
TOTAL PAYMENTS		**7,446,605,990**	**8,348,036,630**
SURPLUS/DEFICIT		**734,966,215**	**476,641,069**

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 30TH SEPT 2017 and signed by:

Chief Officer

Head of Treasury

7.2. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE, 2017

	Note	FY2016/2017	FY2015/2016
FINANCIAL ASSETS		**KShs**	**KShs**
Cash and Cash Equivalents			
Bank Balances	14A	2,124,935,871	974,908,060
Cash Balances	14B	-	-
Total Cash and cash equivalent		**2,124,935,871**	**974,908,060**
Accounts receivables – Outstanding imprests	15	19,014,076	-
TOTAL FINANCIAL ASSETS		**2,143,949,947**	**974,908,060**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	16	-	31,021,249
NET FINANCIAL ASSETS		**2,143,949,947**	**943,886,811**
REPRESENTED BY			
Fund balance b/fwd.	17	974,908,060	467,245,742
Surplus/Deficit for the year		734,966,215	476,641,069
Adjustment for Transactions in transit		434,075,672	
NET FINANCIAL POSITION		**2,143,949,947**	**943,886,811**

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 30TH SEP 2017 and signed by:

Chief Officer

Head of Treasury

7.3. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2017

		FY2016/2017 Kshs	FY2015/2016 Kshs
Receipts for operating income			
Proceeds from Domestic and Foreign Grants	1	11,475,000	22,950,000
Exchequer Releases	2	7,147,735,068	7,996,803,612
Transfers from Other Government Entities	3	468,979,089	251,424,813
Other Revenues	5	553,383,047	553,499,274
Payments for operating expenses			
Compensation of Employees	6	(3,702,331,589)	(3,233,914,490)
Use of goods and services	7	(2,081,416,486)	(2,206,961,106)
Transfers to Other Government Units	8	-	(519,986,180)
Other grants and transfers	9	(160,957,829)	(321,081,088)
Social Security Benefits	10	(21,921,406)	(9,869,389)
Finance Costs, including Loan Interest	12	-	-
Other Expenses	13	(180,445,169)	-
Adjusted for:			
Changes in receivables		(19,014,076)	-
Transaction cleared after 30th June, 2017		434,075,672	-
Increase/(Decrease) in Accounts Payable		5,696,713	31,029,249
Net cash flow from operating activities		**2,449,561,321**	**2,532,865,446**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	11	(1,299,533,511)	(2,056,224,377)
Net cash flows from Investing Activities		**(1,299,533,511)**	**(2,056,224,377)**
CASHFLOW FROM BORROWINGACTIVITIES			
Proceeds from Domestic Borrowings	4	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**1,150,027,811**	**476,641,069**
Cash and cash equivalent at BEGINNING of the year	17	**974,908,060**	**467,245,742**
Cash and cash equivalent at END of the year	14A	**2,124,935,871**	**974,908,060**

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 30TH SEPT 2017 and signed by:

Chief Officer

Head of Treasury

7.4 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Foreign Grants -DANIDA	11,475,000	-	11,475,000	11,475,000	-	100%
Kenya Devolution Support Program(KDSP) 'Starter Pack'	34,251,811	-	34,251,811	-	34,251,811	0%
EU instruments for Devolution advice and support	110,000,000	-	110,000,000	-	110,000,000	0%
Exchequer releases	6,575,325,734	-	6,575,325,734	6,575,325,734	-	100%
Conditional share for Kisii Level 5	397,687,861	-	397,687,861	397,687,861	-	100%
Road maintenance fuel levy fund	117,605,419	-	117,605,419	117,605,419	-	100%
Leasing of Medical Equipment	95,744,681	-	95,744,681	-	95,744,681	0%
Conditional Allocation Free Maternal	168,133,301	-	168,133,301	144,552,500	23,580,801	86%
Conditional Allocation-user fee forgone	26,947,170	-	26,947,170	26,947,170	-	100%
Health System for Universal care	-	23,174,846	23,174,846	-	23,174,846	0%
Tea Cess (KTDA)	-	16,349,403	16,349,403	16,349,403	-	100%
Unspent balance for June 2016	690,047,826	-	690,047,826	690,047,826	-	100%
Receipts from local Sources	750,000,000	(25,000,000)	725,000,000	553,383,047	171,616,953	76%
TOTAL	**8,977,218,803**	**14,524,249**	**8,991,743,052**	**8,533,373,960**	**458,369,092**	**95%**
PAYMENTS						
Compensation of Employees	3,402,987,066	80,000,000	3,482,987,066	3,702,331,589	219,344,523	106%
Use of goods and services	1,817,191,497	177,355,046	1,994,546,543	2,081,416,486	86,869,943	104%
Transfers to Other Government Units	350,000,000	-	350,000,000	-	350,000,000	0%
Other grants and transfers	155,000,000	-	155,000,000	160,957,829	(5,957,829)	104%
Social Security Benefits	50,000,000	-	50,000,000	21,921,406	(28,078,594)	44%
Acquisition of Assets	2,609,209,443	-	2,609,209,443	1,299,533,511	(1,309,675,932)	50%

Finance Costs, including Loan Interest	-	-	-	-	-	-
Other Payments	350,000,000	-	350,000,000	180,445,169	(169,554,831)	52%
TOTAL	**8,734,388,006**	**257,355,046**	**8,991,743,052**	**7,446,605,990**	**(1,545,137,062)**	**83%**

(a) The Local revenues includes FIF, meat inspection fees and Liquor licence and ATC collections

(b) The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams such as land rates, business permits and Cesses.

(c) The budget on other payments, particularly on settling pending bills, was also underutilized as a result of slow progress by the suppliers to complete the contracted works. As such, not all the pending bills were fully settled.

(d) The low utilization of the development budget was as a result of delays in approving the budget. As a result, commencement of some projects delayed.

The entity financial statements were approved on 30TH SEPT 2017 and signed by:

Chief Officer

Head of Treasury

7.5 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budge	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization difference(Kshs)	% overutilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Foreign Grants – DANIDA	11,475,000	-	11,475,000	11,475,000	-	100%
Kenya Devolution Support Program(KDSP) 'Starter Pack'	34,251,811	-	34,251,811	-	34,251,811	0%
EU instruments for Devolution advice and support	110,000,000	-	110,000,000	-	110,000,000	0%
Exchequer releases	3,585,714,966	-	3,585,714,966	3,585,714,966	-	100%
Conditional share for Kisii Level 5	397,687,861	-	397,687,861	397,687,861	-	100%
Road maintenance fuel levy fund	117,605,419	-	117,605,419	117,605,419	-	100%
Leasing of Medical Equipment	-	-	-	-	-	0%
Conditional Allocation Free Maternal	168,133,301	-	168,133,301	144,552,500	23,580,801	86%
Conditional Allocation-user fee forgone	26,947,170	-	26,947,170	26,947,170	-	100%
Health System for Universal care	-	23,174,846	23,174,846	-	23,174,846	0%
Tea Cess (KTDA)	-	16,349,403	16,349,403	16,349,403	-	100%
Unspent balance for June 2016	261,193,832	-	261,193,832	261,193,832	-	100%
Receipts from local Sources	750,000,000	(25,000,000)	725,000,000	553,383,047	171,616,953	76%
TOTAL	**5,463,009,360**	**14,524,249**	**5,477,533,609**	**5,114,909,198**	**362,624,411**	**93%**
PAYMENTS						
Compensation of Employees	3,402,987,066	80,000,000	3,482,987,066	3,702,331,589	219,344,523	106%
Use of goods and services	1,817,191,497	177,355,046	1,994,546,543	2,081,416,486	86,869,943	104%
Transfers to Other Government Units	-	-	-	-	-	%

Other grants and transfers	-	-	-	-	-	-
Social Security Benefits	-	-	-	-	-	%
Finance Costs, including Loan Interest	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTAL	**5,220,178,563**	**257,355,046**	**5,477,533,609**	**5,783,748,075**	**306,214,466**	**106%**

(a) The difference in exchequer releases is as a result of unspent funds from the previous year which were swept back to CRF.

(b) The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams such as land rates, business permits and cesses.

(c) The budget on other payments, particularly on settling pending bills, was also underutilized as a result of slow progress by the suppliers to complete the contracted works. As such, not all the pending bills were fully settled.

(d) The low utilization of the development budget was as a result of delays in approving the budget. As a result, commencement of some projects delayed.

The entity financial statements were approved on 30TH SEPT 2017 and signed by:

Chief Officer

Head of Treasury

7.6 SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization Difference(Kshs)	% overutilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Foreign Grants -DANIDA						
Kenya Devolution Support Program(KDSP) 'Starter Pack'						
EU instruments for Devolution advice and support						
Exchequer releases	2,989,610,768	-	2,989,610,768	2,989,610,768	-	100%
Conditional share for Kisii Level 5						
Road maintenance fuel levy fund						
Leasing of Medical Equipment	95,744,681	-	95,744,681	-	95,744,681	0%
Conditional Allocation Free Maternal						
Conditional Allocation-user fee forgone						
Health System for Universal care						
Tea Cess (KTDA)						
Unspent balance for June 2016	428,853,994	-	428,853,994	428,853,994	-	100%
Receipts from local Sources						
TOTAL	**3,514,209,443**	-	**3,514,209,443**	**3,418,464,762**	**95,744,681**	**97%**
PAYMENTS						
Acquisition of Assets	2,609,209,443	-	2,609,209,443	1,299,533,511	1,309,675,932	50%
Other Grants and transfers	155,000,000	-	155,000,000	160,957,828	(5,957,829)	104%

Transfers to other Government Unit	350,000,000	-	350,000,000	-	(350,000,000)	0%
Social Security Benefit	50,000,000	-	50,000,000	21,921,406	28,078,594	44%
Other Expenses	350,000,000	-	350,000,000	180,445,169	(169,554,831)	52%
TOTALS	**3,514,209,443**	-	**3,514,209,443**	**1,662,857,915**	**1,851,351,529**	**47%**

a) *The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams such as land rates, business permits and cesses.*

b) *The low utilization of the development budget was as a result of delays in the disbursement of funds from the National Treasury. As a result, commencement of some projects delayed.*

The entity financial statements were approved on 30TH SEPT 2017 and signed by:

Chief Officer

Head of Treasury

7.7 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 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 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 Government. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 and comprises of (County Executive of Kisii, and the Car loan and mortgage fund)

   The consolidated financial statements include all budgetary entities controlled by the County Government. A detailed schedule of consolidated entities in included under appendix 4.

3. **Basis of consolidation**

   This consolidation is based on unaudited financial statements submitted by the individual entities to the Office of the Auditor General as at 30th September 2017 with a copy to the Controller of Budget, the County Treasury and the Commission on Receipts Allocation.

   The financial statements are aggregated on a line by line basis with the inter-entity transactions of receipts and payment being eliminated at consolidation level to avoid overstatement of receipts or payments.

   The entities' accounting policies have been adjusted to form a consistent basis, where their effect is deemed material to this consolidated financial statement.

4. Elimination

Material balances between entities included in this consolidation have been eliminated. This has been informed by the inter-entity elimination template that is completed by the entities and submitted to the County Treasury.

5. Recognition of receipts and payments

a) Recognition of receipts

The County Government recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

b) 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.

c) Transfers from the Exchequer

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.

d) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

This includes Appropriation-in-Aid and relates to receipts such as trade Licenses, Cess, fees, property income among others generated by the County Government from its citizenry. These are recognized in the financial statements the time associated cash is received.

Recognition of payments

The entity recognizes all expenses when the event occurs and the related cash has actually been paid out by Kisii County Executive.

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.

Interest on borrowing

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

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which there payment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

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.

1. **In-kind contributions**

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or Personnel services. Where the financial value received for in-kind contributions can be reliably determined, Kisii County Executive 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.

2. **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.

3. **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

4. **Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorized 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.

5. **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 fulfillment 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.

6. **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.

7. 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 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.

8. 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. Kisii County Executive budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on xxx for the period 1st July 2016 to 30th June 2017 as required by law. There was one of supplementary budgets passed in the year. A high-level assessment of 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.

9. Comparative figures

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

10. 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.

11. 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.

12. 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 tolerated party transactions is included in the disclosure notes.

13. Disclosure of entities included in consolidation

The County Government consolidated financial statements consist of a total of three entities consolidated for the financial year ended 30th June 2017 that are considered as budgetary entities. These entities, together with their results for the year are disclosed under appendix 4.

14. Disclosure of entities excluded from consolidation

None of the entities eligible for consolidation under the County Government budgetary cluster for the year ended 30th June 2017 has been excluded from consolidation.

7.8 NOTES TO THE FINANCIALSTATEMENTS

1. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

These refer to grants received from domestic and foreign donors. The funds include grants received directly by the County Government and those that are received by the National Government first and disbursed to the County.

	FY2016/2017	FY2015/2016
	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)		
Government of Denmark	11,475,000	22,950,000
Grants Received from Multilateral Donors (International Organizations)		
World Bank Health Funds	-	-
United Nations Population Fund	-	-
World Health Organization (WHO)	-	-
Clinton Health Initiative (CHAI)	-	-
AIDS Health Foundation	-	-
Médecins Sans Frontières (MSF)	-	-
Grants Received from other levels of government		
National Government – Special purpose grant	-	-
Total	**11,475,000**	**22,950,000**

2. EXCHEQUER RELEASES

Exchequer releases refer to funds disbursed by the National Treasury to the County Government from the Exchequer. These funds are part of the allocations stipulated in County Allocation of Revenue Act (CARA) 2016. The exchequer releases include Equitable Share, DANIDA health funds and Level 5 hospital allocation.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	1,152,806,418	1,828,041,022
Total Exchequer Releases for quarter 2	1,831,209,627	1,895,222,243
Total Exchequer Releases for quarter 3	1,081,584,550	1,856,367,939
Total Exchequer Releases for quarter 4	3,082,134,473	2,417,172,408
Total	**7,147,735,068**	**7,996,803,612**

The split between equitable share allocation, Level 5 hospital funds, and DANIDA Health Funds is as shown below:

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Equitable Share	6,750,047,205	7,635,237,041
Level 5 Hospital Funds	397,687,861	338,616,571
DANIDA Health Funds	11,475,000	22,950,000
Total	**7,159,210,066**	**7,404,467,228**

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

These refer to funds disbursed to the County Government from other government entities. These transfers are part of the conditional allocations stipulated in CARA 2016. In FY 2016/2017, Kisii County Executive received funds from the National Government's Ministry of Health and the State Department of Infrastructure as shown below:

	FY2016/2017	FY2015/2016
	KShs	KShs
Ministry of Health – Free maternal healthcare	144,552,500	134,452,500
Ministry of Health – Compensation for user fees forgone	26,947,170	26,859,653
Transfers from ministry of Health for Doctors and Nurses	179,874,000	-
State Department of Infrastructure – Roads Maintenance Fuel Levy Fund	117,605,419	90,112,660
Total	**468,979,089**	**251,424,813**

4. PROCEEDS FROM DOMESTIC BORROWINGS

These relate to proceeds realized from domestic borrowings in FY 2016/2017. Kisii County Executive borrowed from the National Government, the Central Bank and local commercial banks. The proceeds were to finance development expenditure.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Total	-	-

5. COUNTY OWN GENERATED RECEIPTS

The balance relates to funds generated from the County's local sources.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Cultural social services	-	50,500
Sale of tenders	-	23,000
Rents	5,930,469	-
Other Property Income	9,664,176	-
Receipts from Administrative Fees and Charges	116,750	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	1,223,811	1,938,915
Business Permits	48,253,533	66,688,755
Cess	7,642,073	11,478,365
Poll Rates	-	-
Plot Rents	1,815,752	23,855,078
Other Local Levies	19,814,847	122,648
Fire Compliance	6,475,265	8,091,840
Council's Natural Resources Exploitation	-	-
Lease / Rental of Council's Infrastructure Assets	-	-

	FY2016/2017	FY2015/2016
	KShs	KShs
Market/Trade Centre Fee	59,065,218	61,382,953
Vehicle Parking Fees	76,569,405	85,064,970
Plan Approvals	11,990,666	14,456,767
Public Works &Roads	-	2,295,200
Public Health Services	-	-
Public Health Facilities Operations	255,972,669	248,105,503
Environment & Conservancy Administration	-	81,600
Slaughter Houses Administration	646,750	720,700
Water Supply Administration	-	48,735
Meat Inspection fee	2,228,730	-
Trade and Industry revenues	7,704,000	804,020
Agriculture/ATC	14,161,575	6,261,781
Advertisement	24,107,360	22,018,944
Total	**553,383,047**	**553,499,274**

6. COMPENSATION OF EMPLOYEES

This relates to the compensation paid to employees. The balance comprises of staff salaries, allowances, social security contributions and other personnel related payments.

	FY2016/2017	FY2015/2016
	KShs	KShs
Basic salaries of permanent employees	1,663,292,963	3,193,562,601
Basic wages of temporary employees	30,054,871	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	2,008,983,755	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**3,702,331,589**	**3,233,914,490**

7. USE OF GOODS AND SERVICES

The balance relates to the cost incurred on general office supplies, air tickets, subsistence allowances, and cost of services, routine maintenance of assets and other expenditure incurred on a recurring basis.

	FY2016/2017 KShs	FY2015/2016 KShs
Utilities, supplies and services	68,203,696	41,080,104
Communication, supplies and services	19,071,013	20,164,925
Domestic travel and subsistence	432,167,676	377,806,765
Foreign travel and subsistence	45,145,896	53,023,975
Printing, advertising and information supplies &services	71,906,086	51,672,265
Rentals of produced assets	18,460,350	39,864,485
Training expenses	75,997,793	65,558,814
Hospitality supplies and services	132,969,555	152,089,910
Insurance costs	61,772,512	106,556,862
Specialized materials and services	244,574,075	269,649,757
Office and general supplies and services	40,599,544	50,569,778
Other operating expenses	601,356,457	685,416,189
Routine maintenance – vehicles and other transport equipment	20,971,873	47,009,856
Fuel Oil and Lubricants	45,319,351	80,259,373
Routine maintenance – other assets	202,900,610	166,238,050
Total	**2,081,416,486**	**2,206,961,106**

8. TRANSFER TO OTHER GOVERNMENT ENTITIES

This refers to transfers made by the County Government to other County Government Entities, which have not been consolidated in this set of financial statements. The transfers were made to Kisii County Assembly Company and Kisii County Car and Mortgage Fund.

	FY2016/2017 KShs	FY2015/2016 KShs
Transfer to county assembly	-	476,581,610
Transfers to Car and Mortgage Fund	-	38,728,000
Total	**-**	**519,986,180**

Note- ksh 7,900,000 initially captured under transfers to car and mortgage related to items of other operating expenses and as such, it was transferred there.

9. OTHER GRANTS AND OTHER PAYMENTS

This refers to grants and other transfers made by the County Government. These grants and transfers are made for a specific purpose. They include scholarship and bursary grants, payments from the emergency fund and subsidies to youths, women and persons with disabilities.

	FY2016/2017	FY2015/2016
	KShs	KShs
Scholarships and other educational benefits	-	235,000,000
Emergency relief and refugee assistance	998,000	53,164,876
Current Grants to Government agencies	159,959,829	30,066,212
Membership fees, dues and subscription	-	2,850,000
Total	**160,957,829**	**321,081,088**

10. SOCIAL SECURITY BENEFITS

This balance relates to social security benefits contributed by the County Government on behalf of its employees. The benefits include employer contribution to National Social Security Fund (NSSF).

	FY2016/2017	FY2015/2016
	KShs	KShs
Government pension and retirement benefits	21,921,406	9,869,389
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**21,921,406**	**9,869,389**

11. ACQUISITION OFASSETS

This refers to the development expenditure incurred by the County Government. This has been classified in terms of the assets acquired by the County government in the year.

	FY2016/2017 KShs	FY2015/2016 KShs
Purchase of Buildings	-	-
Construction of Buildings	108,440,737	392,668,431
Refurbishment of Buildings	8,226,247	28,560,614
Construction of Roads	570,323,767	831,637,361
Construction and Civil Works	219,616,328	293,404,310
Overhaul and Refurbishment of Construction and Civil Works	103,275,216	52,710,377
Purchase of Vehicles and Other Transport Equipment	10,000,000	176,387,607
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	25,963,756	82,031,872
Purchase of specialized Plant, Equipment and Machinery	126,794,338	91,822,130
Rehabilitation and Renovation of Plant, Machinery and Equip.	12,947,311	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	49,276,379	45,517,432
Research, Studies, Project Preparation, Design & Supervision	33,731,094	58,238,243
Rehabilitation of Civil Works	15,849,538	1,700,000
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	11,473,800	1,546,000
Acquisition of Intangible Assets	-	-
Purchase of ICT Equipment	3,615,000	-
Total	**1,299,533,511**	**2,056,224,377**

12. FINANCE COSTS, INCLUDING LOAN INTEREST

Finance costs refer to bank charges incurred on the County's bank accounts and interest charged on borrowings.

	FY2016/2017 KShs	FY2015/2016 KShs
Interest on domestic borrowings(Non-Govt)	-	-
Interest on borrowings from Other Government Units	-	-
Bank charges	-	-
Total	-	-

13. OTHEREXPENSES

The balance relates to cost incurred in settling pending bills from prior periods.

	FY2016/2017 KShs	FY2015/2016 KShs
Budget contingency Reserves	13,849,782	-
Contractors Retention Money	166,595,387	-
Total	**180,445,169**	-

14. CASH AND CASHEQUIVALENTS

A. BANKACCOUNTS

The balances refer to cash and cash equivalent balances held as at 30th June in all the County's bank accounts.

Bank name, Branch and Account Number	Account currency	Account description	FY2016/2017 KShs	FY2015/2016 KShs
CBK Revenue Fund A/c No 1000170565	KShs	CRF	1,474,012,214	653,860,532
CBK Development A/c No 1000170425	KShs	Development	81,800,843	24,425,560
CBK Recurrent/c No 1000170395	KShs	Recurrent	363,935,699	13,303,474
CBK Retention, A/c No 1000276681	KShs	Deposits	-	31,021,249
CBK Road M. Levy A/c No 1000276697	KShs	Fuel Levy	55,664,044	26,123,315
CBK Maternity Fund A/c No 1000276703	KShs	Maternity	1,362,948	92,219,007
KCB Revenue collection, Kisii Branch, A/c No1140758519	KShs	Revenue	3,188,146	4,204,094
KCB Kisii County Health, Kisii Branch A/c No. 1145715052	KShs	Imprest	23,093	(277,790)
CO-OP Kisii County Education, Kisii Branch A/c No. 1141477237100	KShs	Imprest	23,989	36,089
KCB Iranda Hospital, Kisii Branch A/c No. 1157486959	KShs	FIF	831,695	173,402
KCB Nyacheki Hospital, Kisii Branch A/c No. 1102026204	KShs	FIF	348,662	(1,203,343)

KCB Masimba Hospital, Kisii Branch A/c No.1102022888	FIF	489,801	(1,104,494)
KCB Ibacho, Hospital, Kisii Branch A/c No.1109472706	FIF	331,537	(1,295,284)
KCB Ibeno Hospital, Kisii Branch A/c No. 1117448010	FIF	269,783	(524,417)
KCB Gesusu Hospital, Kisii Branch A/c No. 1102016942	FIF	2,012,097	280,011
CO-OP Iyabe Hospital, Kisii branch A/c No. 01141017379300	FIF	4,731,611	(83,423)
CO-OP Marani Hospital, Kisii Branch A/c No. 01141017903100	FIF	833,656	934,551
KCB Gucha South Hospital, Kisii Branch A/c No. 1102030139	FIF	932,172	1,529,020
KCB Etago Hospital, Kisii Branch A/c No.1124844163	FIF	1,420,320	(535,307)
KCB Keumbu Hospital, Kisii branch A/c No. 1106481070	FIF	3,604,650	(611,988)
KCB Kenyenya hospital, Kisii Branch A/c No.1102026093	FIF	3,240,657	(1,280,378)
KCB Kisii referral Hospital, Kisii Branch A/c No. 1101996315	FIF	81,496,999	52,812,016
KCB Nyamache Hospital, Kisii Branch A/c No.1102024392	FIF	1,520,770	2,452,922
KCB Gucha District Hospital, Kisii Branch A/c No. 1102228249	FIF	1,965,492	3,515,966
KCB Kisii County ATC Operational A/c, Kisii Branch A/c No.1179312589	Fund	6,763,409	8,273,398
KCB Kisii County Bursary Fund, Kisii Branch A/c No. 1180225465	Recurrent	-	-
CHASE Kisii county Loans and Mortgage Fund, Kisii Branch A/c No.252322396001	Fund	-	30,000,000
CO-OP Kisii Entrepreneurship Summit, Kisii Branch A/c No. 1141477931200	Recurrent	2,758	13,308
NBK Kisii County Liquor licence, Kisii Branch No.01001090952900	Recurrent	3,092,000	6,093,500
BARCLAYS Kisii County Emergency Fund, Kisii Branch A/c No.2034991483	Fund	-	4,999
KCB Kisii County Treasury Imprest, Kisii Branch A/c No.1145673511	Imprest	200	200
KCB Kisii County Health management sub grant, Kisii Branch A/c No.1146719590	Recurrent	-	27,128,865
KCB Kisii County Health Sector Service Fund,Kisii Branch A/c No. 1146871988	Fund	2,948	2,930
KCB Nyaribari Masaba Agriculture Kisii Branch A/c No. 1149833580	Imprest	-	2
KCB Kisii County Vet. Services, Kisii Branch A/c No.1154294579	Fund	-	3,055,455

KCB Nyamagundo health Centre, Kisii Branch A/c No. 1160358109	DANIDA	1,140	22,140
KCB Riana Health Centre, Kisii Branch A/c No. 1160358257	DANIDA	3,380	3,380
KCB Riotanchi Health Centre, Kisii Branch A/c No. 1160358508	DANIDA	520	520
KCB Bitare Dispensary, Kisii Branch A/c No. 1160358737	DANIDA	2,925	3,260
KCB Ekerubo Dispensary, Kisii Branch A/c No. 1160358932	DANIDA	1,700	1,700
KCB Gesuguri Dispensary, Kisii Branch A/c No. 1160359121	DANIDA	300	300
KCB Oroche Dispensary, Kisii Branch A/c No. 1160359415	DANIDA	1,060	1,060
KCB Nyabioto Dispensary, Kisii Branch A/c No. 1160359733	DANIDA	500	500
KCB Kiaruta Dispensary, Kisii Branch A/c No. 11603599030	DANIDA	480	590
KCB Nyamagiri Dispensary, Kisii Branch A/c No. 1160360146	DANIDA	1,090	1,090
KCB Entange Dispensary, Kisii Branch A/c No. 1160360340	DANIDA	1,690	1,690
KCB Isamwera Dispensary, Kisii Branch A/c No. 1160360456	DANIDA	290	400
KCB Kisii County Health Management, Kisii Branch A/c No. 1160360642	DANIDA	1,357	6,617
Chase Nyaribari Chache Sub-County Health Kisii Branch A/c No. 252092856001	Imprest	317,374	317,374
Chase Kitutu Chache North Sub-County Health Kisii Branch A/c No. 252093308001	Imprest	-	-
DTB Bomachoge Borabu sub county Health Kisii Branch A/c No.17864001	Imprest	-	-
DTB Kitutu Chache South Environment Kisii Branch A/c No.17864002	Imprest	-	-
DTB Bomachoge Chache sub county Agriculture Kisii Branch A/c No.17864003	Imprest	-	-
DTB Nyaribari Chache Environment Kisii Branch A/c No.17864004	Imprest	-	-
Chase Kisii County Bursary Fund Kisii Branch A/c No. 252329336001	Fund	-	-
Co-op Gesabakwa HC Kisii Branch A/c No. 01141019345200	Recurrent	450,484	-
Co-op Nyansakia HC Kisii Branch A/c No. 01100019335400	Recurrent	667,238	-
Co-op Kegogi HC Kisii Branch A/c No. 01141297204500	Recurrent	817,664	-

Co-op Kionyo HC Kisii Branch A/c No. 01141019343300	Recurrent	727,425	-
Co-op Moticho HC Kisii Branch A/c No. 01141017634000	Recurrent	950,140	-
Co-op Kenyambi HC Kisii Branch A/c No. 01120019933400	Recurrent	531,072	-
Co-op Borangi HC Kisii Branch A/c No. 01141017188900	Recurrent	453,332	-
Co-op Kenyoro HC Kisii Branch A/c No. 01141424342300	Recurrent	421,009	-
Co-op Misesi Disp Kisii Branch A/c No. 01141019304300	Recurrent	949,663	-
Co-op Matongo Disp Kisii Branch A/c No. 01141016916200	Recurrent	718,277	-
Co-op Rusinga Disp Kisii Branch A/c No. 01141297257100	Recurrent	286,822	-
Co-op Sieka Disp Kisii Branch A/c No. 01141017718800	Recurrent	437,865	-
Co-op Matonto Disp Kisii Branch A/c No. 011400019341500	Recurrent	398,736	-
Co-op Nyansira HC Kisii Branch A/c No. 01141018926600	Recurrent	340,299	-
Co-op Nyaguta Disp Kisii Branch A/c No. 01141296346000	Recurrent	362,616	-
Co-op Nyachogochogo Disp Kisii Branch A/c No. 01141297813500	Recurrent	221,790	-
Co-op Rikendo Disp Kisii Branch A/c No. 01141297575100	Recurrent	230,272	-
Co-op Giatunda Disp Kisii Branch A/c No. 01141017597100	Recurrent	190,606	-
Co-op Taracha Disp Kisii Branch A/c No. 01141018482600	Recurrent	306,037	-
Co-op OmosariaDisp Kisii Branch A/c No. 01141019086400	Recurrent	222,672	-
Co-op Nyamasege Disp Kisii Branch A/c No. 01141297542000	Recurrent	388,430	-
Co-op Nyamagundo HC Kisii Branch A/c No. 01141018388800	Recurrent	1,138,612	-
Co-op Riotanchi HC Kisii Branch A/c No. 01141017025800	Recurrent	407,954	-
Co-op Riana HC Kisii Branch A/c No. 01141018962000	Recurrent	827,507	-
Co-op Magena Disp Kisii Branch A/c No. 01141422616500	Recurrent	1,254,424	-
Co-op Magenche Disp Kisii Branch A/c No. 01141019288700	Recurrent	888,525	-

Co-op Eberege Disp Kisii Branch A/c No. 01141019619800	Recurrent	803,511	-
Co-op Bitare Disp Kisii Branch A/c No. 01141019338000	Recurrent	376,852	-
Co-op Nyachenge Disp Kisii Branch A/c No. 01141017781000	Recurrent	165,049	-
Co-op Kiaruta Disp Kisii Branch A/c No. 01141018490000	Recurrent	280,066	-
Co-op St.Cayuse Nyakegogi Disp Kisii Branch A/c No. 01141019418700	Recurrent	231,980	-
Co-op Nyansancha Disp Kisii Branch A/c No. 01141297800500	Recurrent	214,465	-
Co-op Nyakwama Disp Kisii Branch A/c No. 01141297572400	Recurrent	166,431	-
Co-op Masongo Disp Kisii Branch A/c No. 01141297577700	Recurrent	414,337	-
Co-op Moogi Disp Kisii Branch A/c No. 01141297561000	Recurrent	267,755	-
Co-op Nyanko Disp Kisii Branch A/c No. 01141297353600	Recurrent	334,711	-
Co-op Eburi Disp Kisii Branch A/c No. 01141297341800	Recurrent	238,000	-
Co-op Nyagiki Disp Kisii Branch A/c No. 01141017785500	Recurrent	246,212	-
Co-op Gesuguri Disp Kisii Branch A/c No. 01141018269200	Recurrent	216,153	-
Co-op Nyabioto Disp Kisii Branch A/c No. 01141422777700	Recurrent	220,661	-
Co-op Ekerubo Disp Kisii Branch A/c No. 01141018515400	Recurrent	192,548	-
Co-op Entanke Disp Kisii Branch A/c No. 01141019004500	Recurrent	229,951	-
Co-op Isamwera Disp Kisii Branch A/c No. 01141422720300	Recurrent	174,930	-
Co-op Omobera Disp Kisii Branch A/c No. 0114142385400	Recurrent	1,603	-
Co-op Itibo Eramani Disp Kisii Branch A/c No. 01141017062600	Recurrent	281,817	-
Co-op Kiogoro HC Kisii Branch A/c No. 01141477489300	Recurrent	1,528	-
Co-op Taracha HC Kisii Branch A/c No. 01141477489600	Recurrent	702	-
Co-op Nyamemiso Disp Kisii Branch A/c No. 01141477489200	Recurrent	1,280	-
Co-op Irondi Disp Kisii Branch A/c No. 01141477489700	Recurrent	528	-

Co-op Masongo Disp Kisii Branch A/c No. 01141477490000	Recurrent	11,428	-
Co-op Nyaguta Disp Kisii Branch A/c No. 01141477489400	Recurrent	2,428	-
Co-op Nyakwama Disp Kisii Branch A/c No. 01141477490200	Recurrent	418	-
Co-op Nyanko Disp Kisii Branch A/c No. 01141477489500	Recurrent	1,428	-
Co-op Nyansancha Disp Kisii Branch A/c No. 01141477490100	Recurrent	68	-
Co-op Nyansira Disp Kisii Branch A/c No. 01141477490300	Recurrent	768	-
Co-op Rikendo Disp Kisii Branch A/c No. 01141477490400	Recurrent	258	-
Chase Borangi HC Kisii Branch A/c No. 2521402290001	Recurrent	1,320	-
Chase Gesabakwa HC Kisii Branch A/c No. 252140201001	Recurrent	255	-
Chase Kenyambi HC Kisii Branch A/c No. 2521402080001	Recurrent	615	-
Chase Kionyo HC Kisii Branch A/c No. 252140230001	Recurrent	400	-
Chase Suguta HC Kisii Branch A/c No. 252140146001	Recurrent	780	-
Chase Boige HC Kisii Branch A/c No. 252140138001	Recurrent	3,396	-
Chase Nyatike HC Kisii Branch A/c No. 252140155001	Recurrent	3,395	-
Chase Nyansankia HC Kisii Branch A/c No. 252140320001	Recurrent	660	-
Chase Kenyoro HC Kisii Branch A/c No. 252140232001	Recurrent	121,752	-
Chase Nyamokenye HC Kisii Branch A/c No. 252140323001	Recurrent	1,820	-
Chase GesureDisp Kisii Branch A/c No. 252140346001	Recurrent	2,915	-
Chase Moticho HC Kisii Branch A/c No. 252140133002	Recurrent	-	-
Chase Ebiosi Disp Kisii Branch A/c No. 252140325001	Recurrent	615	-
Chase Itumbe Disp Kisii Branch A/c No. 252183969001	Recurrent	1,275	-
Chase Kiagwa Disp Kisii Branch A/c No. 252140151001	Recurrent	340	-
Chase Gotichaki Disp Kisii Branch A/c No. 252140141001	Recurrent	1,335	-
Chase Omogonchoro Disp Kisii Branch A/c No. 252140177001	Recurrent	1,735	-

Chase Omogwa Disp Kisii Branch A/c No. 252140115002	Recurrent	1,675	-
Chase Eburi Disp Kisii Branch A/c No. 252140131001	Recurrent	335	-
Chase Itobo Eramani Disp Kisii Branch A/c No. 252183963001	Recurrent	610	-
Chase Nyachenge Disp Kisii Branch A/c No. 252140332001	Recurrent	115	-
Chase Nyachogochogo Disp Kisii Branch A/c No. 252140339001	Recurrent	780	-
Chase Omosaria Disp Kisii Branch A/c No. 252140335001	Recurrent	1,060	-
Chase Gionsaria Disp Kisii Branch A/c No. 252140231001	Recurrent	1,005	-
Chase Kiobegi Disp Kisii Branch A/c No. 252140343001	Recurrent	5,710	-
Chase Kenyerere Disp Kisii Branch A/c No. 252140305001	Recurrent	3,035	-
Chase Motonto Disp Kisii Branch A/c No. 25213976001	Recurrent	3,785	-
Chase Nyagiki Disp Kisii Branch A/c No. 252183979001	Recurrent	500	-
Chase Nyakegogi Disp Kisii Branch A/c No. 252183988001	Recurrent	815	-
Chase Rusinga Disp Kisii Branch A/c No. 252140348001	Recurrent	835	-
Chase Giatunda Disp Kisii Branch A/c No. 252140172001	Recurrent	495	-
Chase Openda Disp Kisii Branch A/c No. 252140161001	Recurrent	2,335	-
Chase Bokimai Disp Kisii Branch A/c No. 252140159001	Recurrent	1,335	-
Chase Nyabiosi Disp Kisii Branch A/c No. 252140193002	Recurrent	75	-
Equity Egetonto Disp Kisii Branch A/c No. 0510262891243	Recurrent	950	-
Equity Nyaore Disp Kisii Branch A/c No. 0510262885638	Recurrent	120	-
Equity Etanda Disp Kisii Branch A/c No. 0510262883438	Recurrent	60	-
Equity Eramba Disp Kisii Branch A/c No. 0510262885740	Recurrent	630	-
Equity Nyagoto Disp Kisii Branch A/c No. 0510262885615	Recurrent	290	-
Equity Misesi Disp SHG Kisii Branch A/c No. 0510262891236	Recurrent	180	-
Equity Nyamasege Disp Kisii Branch A/c No. 0510262890579	Recurrent	900	-

Equity Sieka Disp Kisii Branch A/c No. 0510262885716	Recurrent	1,945	-
Equity Moogi Disp Kisii Branch A/c No. 0510262891255	Recurrent	1,220	-
Equity Kegogi HC Kisii Branch A/c No. 0510262885756	Recurrent	2,910	-
Equity Matongo HC Kisii Branch A/c No. 0510262883995	Recurrent	31,350	-
Equity Iranda HC Kisii Branch A/c No. 0510262885660	Recurrent	1,220	-
Equity Isecha HC Kisii Branch A/c No. 0510262885686	Recurrent	190	-
Equity Oresi HC Kisii Branch A/c No. 0510262883407	Recurrent	1,583	-
Equity Rasanga HC Kisii Branch A/c No. 0510262885595	Recurrent	1,350	-
KCB Oroche Disp Kisii Branch A/c No. 1111348499	Recurrent	359,518	-
KCB Oresi HC Kisii Branch A/c No. 1113168633	Recurrent	3,719,992	-
KCB Etanda Disp Kisii Branch A/c No. 1125437553	Recurrent	612,240	-
KCB Eramba Disp Kisii Branch A/c No. 1123841098	Recurrent	652,542	-
KCB Nyabiosi Disp Kisii Branch A/c No. 1120762197	Recurrent	915,009	-
KCB Itumbe Disp Kisii Branch A/c No. 1114457590	Recurrent	106,944	-
KCB Nyagoto Disp Kisii Branch A/c No. 1126447455	Recurrent	341,457	-
KCB Nyahore Disp Kisii Branch A/c No. 1126409189	Recurrent	189,867	-
KCB Gotichaki Disp Kisii Branch A/c No. 1115933523	Recurrent	389,154	-
KCB KenyerereDisp Kisii Branch A/c No. 1106814584	Recurrent	363,044	-
KCB Sosera Disp Kisii Branch A/c No. 1126321761	Recurrent	279,744	-
KCB Ebiosi Disp Kisii Branch A/c No. 1114353847	Recurrent	259,046	-
KCB Itembu Disp Kisii Branch A/c No. 1134560613	Recurrent	240,677	-
KCB Suguta HC Kisii Branch A/c No. 1116974224	Recurrent	1,174,984	-
	Recurrent	461,539	-
KCB Emeroka HC Kisii Branch A/c No. 1124971203	Recurrent	109,827	-

KCB Nyamogochoro Disp Kisii Branch A/c No. 1117361446	Recurrent	310,820	-
KCB Ramasha Disp Kisii Branch A/c No. 1125064285	Recurrent	-	-
DTB Kisii County revenue collection account A/c No.000025787	Recurrent	4,533	-
Total		**2,124,935,871**	**974,908,060**

B. CASH INHAND

Cash in hand refers to cash balances held by the cash offices within the County Government as at 30th June, 2017.

	FY2016/2017 KShs	FY2015/2016 KShs
Cash in Hand – Held in domestic currency	-	-
Total	-	-

Cash in hand per location

	FY2016/2017 KShs	FY2015/2016 KShs
Location 1	-	-
Location 2	-	-
Total	-	-

15. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

This refers to the unaccounted for imprests as at 30th June.

	FY2016/2017 KShs	FY2015/2016 KShs
Government Imprests	19,014,076	-
TOTAL	**19,014,076**	-

The outstanding imprest as at 30th June 2017 is broken down as follows:

Name of Officer or Institution	Date imprest taken	Amount taken KShs	Amount surrendered KShs	Balance KShs
Shem Ondara	12-Jan-17	357,868	-	357,868
Onchari Kenani	05-Jan-17	1,735,360	-	1,735,360
Josephine Ombati	12-Jan-17	357,868	-	357,868
Douglas Bogoko	26-Feb-17	2,500,000	-	2,500,000
Billy Mauti	17-Oct-16	20,000	-	20,000
Benson Mulei	10-Oct-16	33,600	-	33,600
Reuben Koech	30-June-17	3,650,780	-	3,650,780

Alphanus Mokaya	30-une-17	2,720,780	-	2,720,780
Samuel Mutai	10-Jan-16	230,000	-	230,000
Samson Nyamoko	1-Sept-16	180,000	-	180,000
Daniel Ondonga	12-Dec-16	2,529,000	-	2,529,000
Daniel Ondonga	5-Jan-17	200,000	-	200,000
Naftal Oweru	11-Nov-16	15,000	-	15,000
Rose Nyaundi	16-Nov-16	22,400	-	22,400
Eric Moseti	17-Nov-16	2,900,000	-	2,900,000
Wilfred Rianga	14-Dec-16	10,000	-	10,000
Samuel Kebati	1-Apr-17	735,360	-	735,360
Samuel Kebati	29-May-17	816,060	-	816,060
Total				**19,014,076**

16. ACCOUNTSPAYABLE

The balance refers to deposits received from suppliers as at 30th June. These deposits are refundable upon completion of the contracts.

	FY2016/2017 KShs	FY2015/2016 KShs
Deposits	-	31,021,249
Total		**31,021,249**

17. FUND BALANCE BROUGHTFORWARD

Fund balance brought forward comprise refer to the closing fund balance as at end of the previous year which is carried forward to the following year.

	FY2016/2017 KShs	FY2015/2016 KShs
Bank accounts	974,908,060	457,223,850
Cash in hand	-	-
Accounts Receivables	-	10,021,892
Accounts Payables	(31,021,249)	(25,222,451)
Total	**943,886,811**	**442,023,291**

18. OTHER IMPORTANT DISCLOSURES

18.1 PENDING ACCOUNTS PAYABLE (See Annex1)

These refer to the pending bills as at 30th June. These are commitments made to suppliers which had not been settled as at the end of the year.

	FY2016/2017 KShs	FY2015/2016 KShs
Construction of buildings	218,948,554	140,941,070
Construction of civil works	422,312,089	416,591,219
Supply of goods	167,080,646	71,571,437
Supply of services	86,635,863	189,622,395
	894,977,152	**818,726,121**

18.2 PENDING STAFF PAYABLES (See Annex2)

The balance relates to pending payments to staff. These included amounts due to staff as at the end of the year.

	FY2016/2017	FY2015/2016
	KShs	KShs
Senior management	-	-
Middle management	-	-
Union sable employees	-	-
	-	-

18.2 PROPERTY ARREARS

The balance relates to Property arrears. These included amounts due from third parties at the end of the year.

	FY2016/2017	FY2015/2016
	KShs	KShs
Plot rent arrears	278,691,498	-
	278,691,498	-

18.3 Deposits and Retentions

The balance relates to amounts due to third parties at the end of the year.

	FY2016/2017	FY2015/2016
	KShs	KShs
	5,696,713	31,021, 249
	5,696,713	31,021, 249

DISCLOSURE NOTES

Investments

Investments represent the County Government's investment in local and foreign entities. These investments are recognized at nominal value and where denominated in foreign currency, these are translated at closing exchange rate as at 30th June.

	FY 2016/17	FY 2015/16
	KShs	KShs
Investment in Government bonds	-	-
Investment in Treasury bills	-	-
Investment in companies equity	-	-
Total	-	-

Related party disclosures

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

The following comprise of related parties to the County Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	FY 2016/17	FY 2015/16
	KShs	KShs
Transfers to the County Assembly	904,067,391	476,581,610
Transfers to Micro Finance Youth Programmes	-	4,676,570
Transfers to County Ministries and Departments	-	-
Total	**904,067,391**	**481,258,180**

Where applicable, related party transactions have been eliminated upon consolidation

Detailed breakdown of performance of County Government Entities is provided under the Annex 4.

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount (Kshs)	Date Contracted	Amount Paid To-Date (Kshs)	Outstandin g balance 2017 (Kshs)	Outstanding Balance 2016 (Kshs)	Comments
	a	B	C	d=a-c		
Construction of buildings						
1. Various				218,948,554	140,941,070	
2.						
3.						
Sub-Total				**218,948,554**	**140,941,070**	
Construction of civil works						
4. Various				422,312,089	416,591,220	
5.						
6.						
Sub-Total				**422,312,089**	**416,591,220**	
Supply of goods						
7. Various				167,080,646	71,571,437	
8.						
Sub-Total				**167,080,646**	**71,571,437**	
Supply of services						
9. Various				86,635,863	189,622,395	
10.						

Supplier of Goods or Services	Original Amount (Kshs)	Date Contracted	Amount Paid To-Date (Kshs)	Outstanding balance 2017 (Kshs)	Outstanding Balance 2016 (Kshs)	Comments
Sub-Total				**86,635,863**	**189,622,395**	
Grand Total				**894,977,152**	**818,726,121**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2015/2016
Land	6,848,892,320	11,473,800	-	6,837,418,520
Buildings and structures	3,009,780,716	108,440,737	-	2,901,339,979
Transport equipment	427,703,771	10,000,000	-	417,703,771
Office equipment, furniture and fittings	293,719,626	25,963,756	-	267,755,870
ICT Equipment, Software and Other ICT Assets	215,400,251	3,615,000	-	211,785,251
Other Machinery and Equipment	414,291,946	126,794,338	-	287,497,608
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	**11,209,788,629**	**286,287,630**	-	**10,923,500,999**

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government.

OTHER ASSETS IN FORM OF SERVICES

NO.	ASSET DESCRIPTION	AMOUNT (KSHS)
1	Construction of Roads	570,323,767
2	Refurbishment of Buildings	8,226,247
3	Construction and Civil works	219,616,328
4	Overhaul and refurbishment of construction & Civil works	103,275,216
5	Rehabilitation of Civil works	15,849,538
6	Purchase of Certified seeds, Breeding Stock and live Animals	49,276,379
7	Research, Studies, Project preparation Design and supervision	33,731,094
8	Rehabilitation and renovation of Plant, Machinery & Equipment	12,947,311
	SUB-TOTAL	**1,013,245,880**
	GRAND TOTAL	**1,299,533,511**

ANNEX 4: SUMMARY OF FINANCIAL PERFORMANCE AND STATEMENT OF ASSETS AND LIABILITIES FOR COUNTY GOVERNMENT ENTITIES

Ref	Entity	Percentage of shareholder	Total receipts KShs	Total payments KShs	Surplus/ Deficit KShs	Total Assets KShs	Total Liabilities KShs	Fund balance KShs
1	County Assembly	100%	904,067,391	-	-	-	-	-
2	Car loan and mortgage scheme fund	100%	-	-	-	-	-	-
3	Gusii Water Company	100%	21,121,765	21,121,765	-	-	-	-
	Total		**925,189,156**	**21,121,765**	-	-	-	-