REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF MIGORI

FOR THE YEAR ENDED 30 JUNE 2017

REPUBLIC OF KENYA

COUNTY EXECUTIVE OF MIGORI

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

- H.E Zachary Okoth Obado - Governor
- H.E Nelson Mahanga Mwita - Deputy Governor
- Mr. Moses Chamwada - Ag. CEC, Finance & Economic Planning
- Rtd Maj. Joseph Nyamita - CEC, Health Services
- Ms Elizabeth Ochaye Alila - Ag. CEC,Trade, Tourism & Industry
- Ms Sheila Gati Mwita - CEC, Public Service Management
- Ms Iscah Aluoch - CEC, Agriculture and Water, Livestock & Vet.
- Mr. Elijah Odhiambo -Ag. CEC, Educ. Youth Affairs, Sports & Culture
- Mr. Moses Chamwada - CEC, Transport and Infrustructure
- Mr. Elijah Odhiambo - CEC, Environment and Disaster Management &
- Ms Elizabeth Ochaye Alila - CEC, Lands and Physical Planning.

(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.	Designation	Name
1.	Accounting Officer	**-Moses Chamwada**
2.	C.O, Finance & Econ Planning	**-Samuel Omuga**
3.	Accountant	**-Hannington Ochieng**

(d) Fiduciary Oversight Arrangements

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

- *County Assembly of Migori County*
- *Audit Committee*
- *Public Accounts Committee;and*
- *Budget and Appropriations Committee.*

(e) County Headquarters

P.O. Box 195 - 40400
Migori, KENYA

(f) Entity Contacts

Telephone: (254) 726319450/736860086/770304976
E-mail: info@migori.go.ke.
Website: www.migori.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
Migori Branch
P.O.Box 54 40400
Migori

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CEC FINANCE AND ECONOMIC PLANNING

1.COMMENTARY BY THE CEC,FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Migori 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 centralised system with a devolved system of governance. The devolved system of governance consists of the National Governance 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. The key local revenue sources for Migori County included business permits, land rates, business plan approvals, advertising fees, cesses 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 is currently testing, as a pilot, the viability of using e-citizen as the revenue collection system;
2. Consultancy on revenue potential – the county has hired a reputable international consultant to study the county revenue potential and advise the county on new streams of revenue and always of enhancing the current streams to achieve their full potential.

Financial Performance

a) Revenue

In the year ended 30th June 2017, the county had projected revenues of 7,284,063,756 together with opening balance of Kshs 446,627,440.consisting of ksh. 420,000,000 from own sources and ksh. 6,864,063,756 from other sources.

CARA revenues continue to form the largest part of our revenue budget, contributing 86.5% towards our budget. Our own generated revenues formed 5% of our total budget.

Out of the projected revenue, the county was able to realize kshs 6,982,837,621 in actual revenues, representing 89.5% performance. Own generated revenues performance was at only 5%. In the table below, we present an analysis of revenue performance during the year.

Revenue Classification	Revenue Budget (Ksh)	Actual (Kshs)	Realisation (%)
Opening Balance	446,627,440		
CARA	7,284,063,756	6,632,503,274	90.7%
Own generated revenue	420,000,000	350,334,347	83.3%
TOTAL	**7,730,691,196**	**6,982,837,621**	**90.3%**

b) Payments

Our total expenditure for the year amounted to Kshs. 6,663,396,112. Out of these, Kshs. 1,874,352,561 was spent on development expenditure while kshs 4,787,799,051 was spent on recurrent expenditure representing a ratio of 28:72 respectively

c) Cash flows

In the year ending June, 2017, we have not had many liquidity disruptions. This was as a result of proper planning by the county and timely disbursements by the National Treasury. The cash and cash equivalents increased from 485,385,203 to kshs 839,843,349 as at 30th June 2017.

d) Accounts receivables

Imprest management is a critical area of focus in Migori County. Our aim is to adhere to the PFM regulations on imprest management. In the year under review, there was no any unsurrendered imprest carried forward. Going into FY 2017/2018, we will place more emphasis on complying with PFM regulations with regards to imprest management.

e) Accounts Payables

We have reduced the pending bills from Kshs 937,856,390 million to Kshs 896,706,261 million. The pending bill comprises of Staff payables and Contractors or suppliers amounts (292,178,568 & 604,527,694 respectively).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

Migori county has made significant investments in fixed assets since the advent of devolution. Additionally, we inherited some assets from the defunct municipal councils. We are in the process of developing a comprehensive asset management policy, which we hope to finalize in the 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 synergize.

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

1. **Domestic revenue collection** – the actual revenue collected during the year was 83% of the projected revenues. We are exploring ways of boosting revenue collection as mentioned earlier including revenue automation and preparation of valuation roll.
2. **IFMIS challenges-** 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 and lead to payments being made outside IFMIS.
3. **Political processes-** there were a lot of political activities that resulted in low collection of domestic revenue.

Conclusion

FY 2016/2017 was a good year in general. Good progress was made and the momentum has been created to enable Migori 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 H.E 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 Migori 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 Migori County.

MOSES CHAMWADA
Ag CEC- Finance & Economic Planning
Migori County Government

III STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts 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 26th September, 2017.

County Executive Committee member – Finance

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of the County Executive of Migori set out on pages 8 to 38, 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 summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

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

Basis for Disclaimer of Opinion

1. Limitation of Scope-Burnt Documents

Migori County executive headquarter experienced a fire outbreak on Sunday 24 September 2017 which razed down main procurement store and which contained financial documents, tender documents, assortments of procured materials, equipment, furniture and stationery as detailed below:

Items	Number	Approximated Unit Cost Kshs.	Amount Kshs.
Printers	28	63,000	1,764,000
Photocopiers	2	150,000	300,000
UPS 1.5 Va	60	28,000	1,680,000
Executive Chairs	37	35,000	1,295,000
Tonners	10	12,000	120,000
Executive Tables	39	70,0000	2,730,000
Computers, Monitor and Desk top	2	50,000	100,000
White Boards	100	50,000	5,000,000

Stationaries	Assorted	-	23,000,000
Office cleaning materials	Assorted	-	2,000,000
Tourist furniture's		-	264,000
Used Tyres	200	-	5,000,000
Tender Documents		-	N/A
Work tickets		-	N/A
Banners		-	3,000,000
Payment Vouchers/Cheques Counter foils		-	N/A
Payments Cashbook		-	N/A
Bank statements and reconciliation files		-	N/A -
Total			**46,253,000**

The following additional information was noted:

i. The procurement store was a temporary structure made of timber and iron sheets.

ii. The Governor formed an inquiry and a report was issued on 18 October 2017 with various deliberations and recommendations such as constructing a permanent building procurement store fully equipped with fire proof cabinets and purchase a fire engine together with developing a fire policy.

iii. The director of criminal investigations carried out the investigation and the report was issued on 1 November,2017 vide letter Ref:CID/ORG/1/9/VOL.IV/120 which did not specifically point the particular person responsible for the fire.

Consequently, the accuracy and completeness of the figures in the financial statements could not be confirmed in the absence of records destroyed by fire.

2. Unprepared Financial statements

From our review of the current and previous years' financial statements, we noted the County operates the following funds/entities:

i. Scholarships and other educational benefits
ii. Bursary fund
iii. Car and Mortgage Loan Scheme
iv. Wards Development Fund

Sections 164 and 167 of the PFM Act, 2012, requires Accounting officers of County Government entities, including public funds, to prepare individual financial statements for each entity and submit to the Office of the Auditor General within three months after the end of the financial year. However, separate financial

statements were not prepared for the funds. Consequently, the fund administrators did not comply with the requirements of the law.

3. Receipts

3.1. Local source Revenue

During the financial year 2016/17, the County had budgeted to collect a total revenue of Ksh.420,000,000 from the local source. However, it managed to collect Ksh.350,334,347 which is 83% of budget. There were no proper reasons provided for the under-performance.

3.2. Land Rates

Included in the county own generated receipts figure of Kshs.350,334,347 is land rates totaling to Kshs.28,170,598 which was not supported with the relevant ledgers. In addition, the valuation rolls for the land rates had not been developed. Consequently, the accuracy of the land rates figure could not be confirmed.

3.3. Irregular Waivers

A total of Kshs.907,046 was waived at the Migori County Referral Hospital between the month of July 2016 and June 2017. The waivers were done without authority from the CEC Member for Finance as shown below:

Month	Amount Kshs.
July 2016	85,330
August 2016	90,250
September 2016	64,980
October 2016	59,815
November 2016	110,146
December 2016	31,390
January 2017	45,750
February 2017	28,550
March 2017	69,375
April 2017	96,430
May 2017	74,310
June 2017	150,720
Amount	**907,046**

Waiver of charges without authority from the CEC member for finance lead to loss of revenue amounting to Kshs.907,046.

3.4. Under-Banking

A total of Kshs.2,046, 735 was collected as part of local service revenue between the month of August 2016 and December 2017 but was not banked intact in accordance with the Public Finance Management Act, 2012 section 109(2) which

states that the county treasury shall ensure that all money raised or received by or on behalf of the County Government is paid into County Revenue Fund. The detailed of under banking are listed below;

Month	Amount Kshs.
August 2016	401,544
September 2016	383,866.50
October 2016	333,579
November 2016	538,804
December 2016	388,941
Total	**2,046,734.50**

Failure to deposit revenue on revenue account could be an indication that revenue is being misappropriated.

3.5. ICARE Automated System at County Referral Hospital

The County Executive acquired automated ICARE system for Migori County Referral Hospital whose main function is to capture/records patient data from the point of admission to the point of discharge. However, all modules were not being utilized and some doctors and clinical officers prefer using manual cards. It was therefore not possible to trace a patient from the point of admission to the point of discharge due to use of cards which are done outside the system. The rest of revenue is being done with manual receipt books.

Underutilization of ICARE system may lead to loss of revenue through undercharging and Migori residence may not derive the benefits of the automated system which is supposed to enhance efficient and effective service delivery.

3.6. Automation of Revenue Collection

The County Government of Migori began the process of procurement of automation of revenue services in 2013/14 through tender number MC/49/2013-2014. However, on 15 January 2016 customization, installation and implementation of revenue collection cash flow and funds requisition system was cancelled due to procurement irregularities. The supplier, felt aggrieved and appealed to the Public Procurement Administrative Review Board which ruled in its favor on 15 January, 2016. This matter was still pending in the Court of Appeal as at the time of audit review.

Consequently, the outcome of the court case is unknown and the delayed automation of revenue collection puts the process of revenue collection vulnerable to abuse.

3.7. NHIF Rebates

The Executive has county hospitals with in-patient facilities but for which there are no records to indicate that the county sought NHIF rebates for bed

occupants. There is risk that revenue from NHIF may not be received by the County Executive due to lack of records and lodging of claims.

3.8. Missing Single Business Permits (SBP) Receipt Books

During the year under review, the revenue collectors in charge of single business permits receipt books collected the books for revenue collection within migori county jurisdiction. However, some receipts with unspecified amount collected listed below were collected and returned to the store. The same receipt books were again collected at a later date and revenue realized could not be accounted for as the books were not captured in collection control sheets as shown below:

Serial Numbers	Dated Issued	Date Completed	Date reissued
851-890	06.05.2016	16.08.2016	09.02.2017
1101-1150	23..06.2016	17.08.2016	09.02.2017
1151-1200	23.06.2016	27.09.2016	09.02.2017
1201-1250	16.08.2916	12.10.2016	09.02.2017
1251-1300	22.08.2016	29.12.2016	09.02.2017
1301-1350	31.10.2016	31.03.2017	09.02.2017
1351-1400	29.12.2016	27.03.2017	09.02.2017
1401-1450	29.12.2016	27.03.2017	09.02.2017
1451-1500	29.12.2016	03.05.2017	09.02.2017
1501-1550	29.12.2016	31.03.2017	
1551-1600	not indicated	08.03.2017	
1601-1650	not indicated	08.03.2017	
1651-1700	not indicated	08.03.2017	
1701-1750	21.12.2016	08.03.2017	
1751-1800	05.02.2017	04.04.2017	
1801-1850	not indicated	12.05.2017	
1851-1900	not indicated	19.06.2017	

Consequently, due to rotating receipt books, there is a risk that revenue collected could have been lost or misappropriated.

4. Compensation of Employees

4.1. Basic Salaries of Permanent Employees

The compensation of employees figures of Kshs.1,935,158,353 for the year ended 30 June 2017 includes an amount of Kshs.1,874,556,009 being basic salaries to permanent employee captured in the integrated personnel and payroll database (IPPD) which is core payroll processing system. However, the figure was not supported by payments made to the bank since the payments vouchers and related documents were not made available for audit verification.

Consequently, the accuracy and completeness of the compensation of employees figure of Kshs.1,874,556,009 could not be confirmed.

4.2. Wages for Temporary Employees

Included in compensation of employees' figure of Kshs.1,935,158,353 is an amount of Kshs.60,602,344 reflected under note 5 being wages to temporary employees. However, supporting documents such as time sheets, attendance registers and acknowledgement of slips by the payees were not availed for audit review.

Consequently, the propriety of compensation of employees figure of Kshs.1,935,158,353 could not be confirmed.

5. Use of Goods and Services

5.1. Utilities, Supplies and Services

Included in the use of goods and services figure of Kshs.1,775,525,669 under note 6 is an amount of Kshs.38,740,330 in respect of utilities, supplies and services whose supporting documentation could not be availed as they were said to have been destroyed in a fire that razed the store where they were kept. However, the expenditure on this vote exceeded the budget by Kshs.20,683,845, and no explanation was given for this over expenditure.

In the absence of the supporting documentation, the propriety of the entire amount of Kshs.38,740,330 could not be ascertained.

5.2. Communication, Supplies and Services

Included in use of goods and services figure of Kshs.1,775,525,669 under note 6 to the financial statements is communication, supplies and services figure of Kshs.12,293,630. However, the figure was not supported with relevant, invoices, delivery notes, local purchase order/ local service order. Further, it was noted that there was under absorption of the budget figure of Kshs.15,653,000 by Kshs.3,359,370 representing 79% absorption.

The expenditure of Kshs.12,293,630 has not been accounted for in the absence of support documents.

5.3. Domestic Travel and Subsistence Allowances

Included in the payments for use of goods and services of Kshs.1,775,525,669 is Kshs.354,034,987 being imprests issued to various officers captured as domestic travel and subsistence against a budget of Kshs.428,065,145.However, management have not availed for audit review accounting documents such as payment vouchers, imrpest requisitions, approval of journeys, surrender warrants and back to office reports to account for the allowance. Without this documentation, the expenditure for domestic travel and subsistence could not be confirmed.

Consequently, the propriety of the expenditure of Kshs.354,034,987 could not be confirmed.

5.4. Printing, Advertising and Information Supplies

Included in the payments for use of good and services of Kshs.1,775,525,669 is an amount of Kshs.264,457,138 in respect of printing, advertising and information supplies and services However, the expenditure exceeded the budget of Kshs.50,092,705 by Kshs.174,030,158. The management has however not availed for audit review payment vouchers, procurement documents, in support of the expenditure.

Consequently, the propriety of the expenditure of Kshs.264,457,138 for the year ended 30 June 2017 could not be ascertained.

5.5. Rental of Produced Assets

Included in the figure of rental of produced assets of Kshs.10,168,885 at note 46 to the financial statements is an amount of Kshs.4,950,000 paid to the Council of Governors on 4 April, 2017. Payment to the Council of Government was not in the annual budget and thus is not qualifying expenditure for the year under review.
Consequently, the propriety of the expenditure of Kshs.4,950,000 could not be confirmed.

5.6. Training Expenses

Included in the use of goods and services of Kshs.1,775,525,669 is training expenses amounting to Kshs.15,905,357 against a budget of Kshs.76,416,602 leading to under expenditure of Kshs.60,511,245. The management did not avail payment requisite supporting documents in regard to training expenditure.
The propriety of the expenditure of Kshs.15,905,307 thus could not be confirmed.

5.7. Hospitality Supplies and Services

Included in the figure of goods and services of Kshs.1,775,525,669 is an amount of Kshs.286,732,824 in respect of hospitality supplies and services against a budget of Kshs.96,209,829 thus exceeding the budget by 298% for which there was no evidence of approval. However, management did not avail for audit review, support documents including vouchers, tender documents to account for the figures for hospitality supplies and services.

In view of the foregoing, the propriety of the expenditure of Kshs.286,732,824 could not be confirmed.

5.8. Insurance Costs

Note 6 to the financial statements indicates payments relating to insurance figure of Kshs.6,374,600 which was not supported with the relevant documents such tender documents, insurance policies and payment vouchers. Further, the

Executive had budgeted to spend Kshs.57,400,000 on insurance leading to under absorption of Kshs.51,025,400 which represents 89%. Consequently, the propriety of the expenditure could not be confirmed.

5.9. Purchase of Specialized Materials and Services

Included in use of goods and services figure of Kshs.1,775,525,669 is specialized materials and services figure of Kshs.335,911,334. However, the figure was not supported with relevant documents such as invoices, delivery notes, local purchase order/ local service order. Further, it was noted that there was under absorption on the budget of Kshs.598,817,114 by Kshs.262,905,780 representing 44% under absorption.

The expenditure of Kshs.335,911,334 has not been accounted for in the absence of support documents.

5.10. Office and General Supplies and Services

The statements of receipts and payments reflects office and general supplies and services figure of Kshs.67,128,635. Although the schedules were provided for audit review, the payment vouchers were not made available. Further, the Executive had budgeted to spend Kshs.56,276,934 and thus leading to over expenditure of Kshs.10,851,701.

The propriety of the expenditure could not be confirmed.

5.11. Other Operating Expenses

Included in the use of goods and services figure of Kshs.1,775,525,669 is an amount of Kshs.205,976,583 as other operating expenses against a budget of Ksh.488,533,078 thus an under expenditure by 42 %.In addition, the county management did not avail for audit tender documents, payment vouchers, inspection reports to support the figures hence the figure for other operating expenses has not been vouched.

The propriety of the expenditure of Kshs.205,976,583 could not be confirmed.

5.12. Routine Maintenance-Vehicles

i. Included in the use of goods and services figure of Kshs.1,775,525,669 are payments amounting to Kshs.64,094,523 being routine maintenance of motor vehicles and other transport against a budget of Kshs.38,880,000 thus exceeding the budget by Kshs.25,241,523 for which no authority for expenditure was availed for audit verification.

ii. The management did not also avail for audit tender documents, payment vouchers, inspection reports to support the figure hence the figure for maintenance has not been verified.

iii. It was also noted that a large of number of vehicles in the garages remained grounded

Consequently, the propriety of the expenditure of Kshs.64,094,523 could not be confirmed and the county is not receiving value for money on the grounded vehicles and therefore service delivery is affected.

5.13. Routine Maintenance Other Assets

Included in the use of goods and services of Kshs.1,775,525,669 is an amount of Kshs.54,882,206 being payments for routine maintenance of other assets against a budget of Kshs.30,780,800 leading to over expenditure of Kshs..24,101,406 representing 78% above the budget. The management did not also avail for audit review tender documents, payment vouchers and support schedules to account for the figure as well as authority to exceed the budget..
Consequently, the propriety of the routine maintenance of other assets figure could not be confirmed.

5.14. Fuel Oil and Lubricants

Included in the payments for use of goods and services are payments for fuel oil and lubricants amounting to Kshs.58,824,637. However, the management did not avail for audit verification fuel registers, work tickets, tender documents and payment vouchers.

The propriety of the expenditure of Kshs.58,824,637 in respect of fuel oil and lubricants could not therefore be confirmed.

6. Transfer to Other Government Entities

6.1. Transfers to Migori County Assembly

Note 7 to the financial statement reflects transfers to other government entities of Kshs.780,280,474. The transfers to the County Assembly of Kshs.698,570,000 is not in agreement with records obtained from the Assembly which indicates transfers of Kshs.692,000,000 and hence leading to an unexplained difference of Kshs.6,570,000 between the two entities. Further, the annual County Governments budget implementation report for the year 2016/2017 issued by the Office of the Controller of Budget indicates that exchequer issues meant for the County Assembly of Migori totaled Kshs.750,000,000 for the year which varies with the figure reported in the financial statements of the Assembly by Kshs.692,000,000 and hence leading to an unexplained difference of Kshs.58,000,000.

6.2. Transfers to Migori Water and Sanitation Company (MIWASCO)

Note 7 to the financial statement indicates that transfers to MIWASCO during the year ended 30 June 2017 of Kshs.18,656,746. However, payments of electricity

to the water Company was not supported with payments vouchers and electricity bills. However, the Water Company is technically insolvent and its continued operation dependents on the support of the Migori County Executive.

6.3. Other Transfers

Note 7 to the financial statement reflects others transfers of Kshs.63,053,728 which however, were not supported with relevant supporting documents.

In consequence, the accuracy and validity of the transfers to other government entities of Kshs. 763,083,728 could not be confirmed.

7. Other Grant and Transfers

Note 8 to the financial statement reflects other grant and transfers of Kshs.213,890,738 which however, were not supported with relevant supporting documents.

In consequence, the accuracy and validity of the transfers to other grant and transfers of Kshs. 213,890,738 could not be confirmed.

8. Acquisition of Assets

8.1. Construction of Buildings

The statement of receipts and payments reflects acquisition of assets figure of Kshs.1,874,352,561 which include Kshs.112,317,731 in respect of construction of buildings. However, the respective payment vouchers, project files, tender documents and bill of quantities were not availed for audit verification.

Consequently, the propriety of the expenditure of Kshs.112,317,731 could not be confirmed

8.2. Construction of Civil Works

Included in acquisition of assets figure of Kshs.1,874,352,561 is Kshs.159,671,145 in respect of construction of civil works. However, the respective payment vouchers, project files, tender documents and bill of quantities were not availed for audit verification.

Consequently, the propriety of the expenditure of Kshs.159,671,145 could not be confirmed.

8.3. Stalled Projects at Migori Kenya Medical Training College (KMTC) - Phase II

The construction of KMTC Phase II was awarded to local Company at a contract price of Kshs 21,999,810. During the year under review, Kshs 3,900,000 was paid to the contractor according to the IFMIS payment register. Physical verification conducted on 19 December 2017 revealed that the contractor abandoned the site and carried away the materials on site claiming that he had not been paid. The information obtained through oral interviews indicated that the

contractor left the site in July 2016. Besides, the transaction was not supported by procurement documents, interim payment certificate, bills of quantities and payment vouchers. The documents were said to be part of those in the store that was burnt down.

Further, the county executive continued with the construction of stalled KMTC projects yet the institution is a national Government entity. No explanation was provided for the anomaly.

The value for money paid may not have been realized and residence of Migori may not benefit from the stalled projects.

8.4. Supply of Incinerators at Macalder Hospital

The contract for supply two (2) incinerators was awarded to local Company at a total cost of Kshs.16,043,124 and who had been paid fully by end of financial year.. The contract was categorized under purchase of specialized plant, equipment and machinery. Physical verification conducted on 20 December 2017, revealed that the incinerator allegedly supplied to Macalder Sub-County Hospital had not been handed over to the facility even though full payment has been made. Further, the existence of the incinerator could not be verified because the door was locked at the time of the site visit.

Consequently, the value for money on installation of incinerator may not have been realized.

8.5. Supply of Power Back Up and Installation at Migori Level IV Hospital

The contract for supply of power back up and installation was awarded to a local contractor at a contract price of Kshs.15,000,000 who had been fully paid within the financial year under review. However, Voltage stabilizer had not been connected to the power back up by the time of physical inspection exercise carried out on 19 December 2017. The inability to connect the voltage stabilizer to the power back up has posed a great danger to the electronic equipment in the hospital resulting from power surge. Further, documentation pertaining the project were not availed for audit review and there was no proper explanation as to why the stabilizer has not been connected to date.

In view of the foregoing value for money on this transaction may not have been achieved.

8.6. Supply of Power Backup Battery and Inverters and Related Electrical Works for Migori Level IV Hospital

The contract for supply of power backup battery and inverters and related electrical works for Migori Level IV Hospital was awarded to a local contractor at a contract sum of Kshs.29,058,600 and the IFMIS payment register indicated that the entire amount had been paid to the contractor during the year under review. However, upon physical inspection on 19 December, 2017 in company of the

Hospital engineer revealed that five (5) sets of power inverters and batteries were installed in the Migori Level IV Hospital. However, two sets were not available but only empty racks were found. The supplier collected them and yet the payment had been made to them in full. Only one was found to be functioning normally in the laboratory.

The value for money may not have been realized.

8.7. Construction of Roads

Included in the acquisition of assets figure of Kshs.1,874,352,561 is an amount of Kshs.680,989,561 under construction of roads which additionally includes Kshs.320,113,532 of total payments under these item which was used on ten road projects as shown below:

No	Roads Projects	Contract Amount Kshs.	Amount paid Kshs.
1	Construction of Kiringi Bridge	246,290,425	93,366,827
2	Upgrading to Bitumen standard of Uriri – Oria road	797,392,630	128,000,000
3	Construction of Marurwani box culvert	14,900,606	14,900,606
4	Improvement of Supernova -Odendo Road	10,162,992	10,162,992
5	Improvement of Oruba-Oruba Got Road	12,866,952	12,866,952
6	Maintenance of Pom goglo-Nyatuoro-Lwanda Road	14,284,704	14,284,704
7	Maintenance of Nyamitha-God Ongeche-Rabuor-Sagenya Road	10,063,116	10,063,116
8	Installation of street lighting in Migori county	38,436,095	6,567,213
9	Solar street lighting in various centres in Migori County	20,000,000	20,000,000
10	Maintenance of Calabash-Kowwuonda-Witharaga Road	9,901,122	9,901,122
	Total	**1,174,298,642**	**320,113,532**

The following anomalies were noted;

i. Upgrading of Uriri-Oria road and Kiringi Bridge had not been completed.

ii. The budget for roads and bridges development was Kshs.751,103,692. However, by the end of the financial year only Kshs.680,989,561 had been spent on roads resulting to under absorption of Kshs.70,114,131 .

iii. The management did not avail for audit tender documents, payment vouchers, inspection reports and certificates of completion to support the figures hence the figure for construction of roads of Kshs680,989,951 could not be vouched.

Consequently, the propriety of the expenditure of Kshs.680,989,561 could not be confirmed

8.8. Purchase of Vehicles and Other Transport Equipment

Included in the acquisition of assets figure of Kshs.1,874,352,561 under note 10 is Kshs.7,000,000 in respect of purchase of vehicles and other transport equipment, whose details such as tender documents and logbooks were not made available for audit review.

Consequently, it has not been possible to confirm ownership of the vehicles as well as the transaction.

8.9. Drilling and Equipping of Bore Holes

i. Included in the construction and civil works figure Kshs.159,671.145 under note 10 to financial statement is Kshs.78,502,098 for equipping 16 boreholes and which had been fully paid to a local contractor awarded the works.

ii. Department of water sunk 38 boreholes of which 25 borehole remain capped and yet to be equipped hence the boreholes are not providing the essential water services to the intended public.

iii. It was also noted that 3 of the sunk boreholes did not generate any water.

iv. It was also noted during the year 2016/2017 the department of water planned to equip 16 boreholes. However, management have not availed for audit, procurement documents, certificate of work done and payment vouchers to account for the payments.

Consequently, the propriety and value for money already spent could not be ascertained.

8.10. Purchase of ICT Equipment

Included in acquisition of assets figure of Kshs.1,874,352,561 is an amount of Kshs.221,792,532 paid to various contractors for the purchase of ICT equipment. However, the respective payment vouchers, project files, tender documents and Bill of Quantities were not availed for audit verification.
The residents of Migori may not have obtained value for money from this expenditure.

8.11. Purchase of Specialized Plant, Equipment and Machinery

Included in acquisition of assets figure of Kshs.1,874,352,561 is an amount of Kshs.181,967,113 paid to various suppliers and contractors for the purchase of Specialized Plant, Equipment and Machinery. However, the respective payment

vouchers, project files, tender documents and contract agreement were not availed for audit verification.
The residents of Migori may not have obtained value for money from this expenditure.

8.12. Research, Studies, Project Preparations Design and Supervision

Included in payments for acquisition of assets figure of Kshs.1,874,354,561 is an amount of Ksh. 406,856,435 being payments for various consultancies services undertaken in various departments in the County Government. The county government has not availed for audit review budget provisions for the consultancies, tender documents, payment vouchers and consultancy reports. Further, the impact of research, studies, project preparations design and supervision to the resident of Migoti could not be confirmed.

The propriety of the expenditure could not be confirmed and the residence of Migori may not have attained value for money from the consultancies.

9. Cash and Cash Equivalent

9.1. Bank Reconciliation Statements

The statement of financial assets indicates that the bank balances figure as at 30 June 2017 was Kshs.829,190,573.However, the bank reconciliation statements prepared were done manually outside the cash module of the Integrated Financial Management Information System (IFMIS) Further, bank accounts balances were not supported with bank confirmation certificates and bank statements. In addition, cash books were not provided for audit review for the year ended 30 June 2017.

It has not been possible therefore to confirm that bank balances of Kshs.829,190,573 as at 30 June 2017 are fairly stated.

9.2. Cash Balances

The statement of financial assets indicates that the cash balances figure of Kshs.10,652,776 as at 30 June 2017. However, the cash board of survey certificates were also not provided to support the cash balances. Consequently, it has not been possible to confirm that cash balances of Kshs. 10,652,776 as at 30 June 2017 as fairly stated.

9.3. Cash Flow

The statement of cash flow indicates deposits figure of Kshs. 35,016,636 as at 30 June 2017. However, the movement of accounts receivables and payables were not incorporated in the cash flow statements. Consequently, it has not been possible to confirm that cash flow balances of Kshs. 839,843,349 as at 30 June 2017 as fairly stated.

10. Deposits and Retentions

The statement of financial assets indicates that deposits and retentions figure as at 30 June 2017 was Kshs.35,016,636. Information and documentation available indicates that this amount is held in the Kenya Commercial Bank Ltd, Migori branch in contravention of the County Financial Accounting and Reporting Regulations section 6.11 and the Public Finance Management Act, 2012 which clearly states that the county treasuries are to reserve these retained fees in a deposit account specifically opened at the Central Bank. Further, the County did not maintain a ledger for deposits and retention.

Consequently, the accuracy, completeness and validity of the amount as reflected in the financial statements could not be confirmed.

11. Pending Bills

Note 15.1 and 15.2 to the financial statements indicates that as at 30 June 2017, the Executive had pending bills amounting to Kshs. 604,527,694 in respect of accounts payables and Kshs.292,178,568 for staff payables respectively. The pending bills had not paid in the year they were budgeted. In addition, the management did not avail tender documents, procurement reports, inspection reports, contract documents, LSO, LPO and bills of quantities to verify the expenditure besides aging analysis to explain the long outstanding bills. Physical verification could not be done because necessary records were destroyed by fire on 24 September 2017. Failure to pay bills in the year they relate distorts the financial statements for the year and adversely affects the provisions for subsequent years they have to be charged.

Consequently, the validity and accuracy of the pending bills and payables for the year ended 30 June 2017 could not be ascertained.

12. Fixed Asset Register

Annex III to the financial statements reflects the assets acquired by County Executive of Kshs.1,874,352,561 together with the brought forward balance of Kshs.1,553,706,719 totaling Kshs.3,428,059,280. However, the county did not maintain ledgers. In addition, the Inter-governmental Relations Technical Committee which took over from the Transition Authority is yet to formally hand over the assets and liabilities of the defunct local authorities to the County Government.

Consequently, the validity and accuracy of fixed assets register total balance of Kshs.3,428,059,280 for the year ended 30 June 2017 could not be confirmed.

13. Budget Performance Analysis

13.1. Summary of Performance

During the year under review, the approved budget for County Government of Migori was Kshs.7,730,691,196 out of which Kshs.2,981,625,317 (39%) was for

development, while Kshs.4,749,065,878 (61%) was for recurrent as shown below:

Item	Approved Budget 2016/2017 Kshs.	Actual Amount 2016/2017 Kshs	Absorption %	% of Total Expenditure
Development	2,981,625,317	1,874,352,561	62	72
Recurrent	4,749,065,879	4,789,043,552	24	28
Total	**7,730,691,196**	**6,663,396,113**	**86**	

13.2. Projects Implementation Status

According to the approved budget for 2016/2017, a total of Kshs.2,981,625,317 was allocated to eleven (11) departments to finance eight ninety five (895) projects during the year. As at 30 June 2017, an amount of Kshs.1,874,352,561 or approximately 63% of the budgeted amount had been spent on 278 projects shown below:

Department	No of Budgeted Projects	Budget Amount Kshs.	Actual Expenditure Kshs	No of Projects implemented	% Level of Implementation
County Executive	5	94,000,000	85,616,873	4	91%
Public Service Management	43	327,000,000	276,712,769	31	85%
Finance & Economic Planning	44	367,239,983	304,464,732	38	83%
Agriculture, Livestock, Fisheries and Water	37	455,848,500	194,761,568	27	43%
Health	104	365,299,806	228,834,105	32	63%
Tourism, Trade and Cooperative Development	28	26,439,025	19,146,172	20	72%
Roads, Transport, Public Works and Energy	109	948,023,003	692,326,958	79	73%
Lands, Physical Planning & Housing	5	47,900,000	14,022,804	3	29%
Management Environment & Natural Resources &Disaster Management	215	83,375,000	4,166,650	16	5%

Education, Youth, Sports, Culture, Gender and Social Services	285	221,500,000	13,338,932	12	6%
County Assembly	20	45,000,000	40,960,998	16	91%
Total	**895**	**2,981,625,317**	**1,874,352,561**	**278**	**63%**

13.3. Recurrent Expenditure Analysis

The approved final budget for Migori County Government was Kshs.4,749,065,879 for recurrent which include Kshs.722,192,640 for County Assembly of Migori while the actual expenditure was Kshs.4,789,043,552(101%) as shown below:

Expenditure Component	Budgeted Amount Kshs.	Actual Expenditure Kshs.	Over expenditure Kshs.	Under Expenditure Kshs.	Level of Absor-ption %
Utilities Supplies and Services	27,060,752	38,740,330	11,679,579		141
Communication, Supplies and Services	15,653,000	12,293,630		3,359,370	79
Domestic Travel, Supplies and Services	428,065,145	354,034,987		74,030,158	83
Printing, Advertising and Info and Services	50,092,705	264,457,138	214,364,433		528
Rentals of Produced Assets	8,680,000	10,168,885	1,488,885		117
Training Expenses	76,416,602	15,905,357		60,511,245	21
Hospitality Supplies and Services	96,209,829	286,732,824	190,522,995		298
Insurance Costs	57,400,000	6,374,600		51,025,400	11
Specialized Materials Supplies and Services	598,817,114	335,911,334		262,905,780	56
Office and General Supplies and Services	56,276,934	67,128,635	10,851,701		119
Other Operating Expenses	488,533,078	205,976,583		282,556,495	42
Routine Maintenance - Motor Vehicles	38,880,000	64,094,523	25,214,523		165
Routine	30,780,800	54,882,206	24,101,406		178

Maintenance - Other Assets					
Fuel and Lubricants for Transport etc	93,132,812	58,824,637		34,308,175	
Payroll Costs& Social Security	1,850,868,403	2,019,346,671	58,472,2014		103
Transfers to other Government entities	722,192,641	780,280,474	58,087,833		108
Other Transfers	0	213,890,738	213,890,738		100
Total	**4,749,065,879**	**4,789,043,552**	**808,674,296**	**768,696,623**	**101**

The following issues were noted:

i. The County Executive under spent on seven (7) items with a total expenditure of Kshs.768,696,623 and overspent Kshs.808,674,296 on ten (10) items.

ii. Review of the budget performance by expenditure component shows that the printing, advertising and info and services, hospitality supplies and services and payroll costs had the highest absorption rate of its recurrent budgets at 528%,298% and 103% respectively. On the other hand, insurance costs and training expenses attained the lowest recurrent absorption rates at 11% and 21% respectively of the budgeted allocation for the year 2016/17.

iii. No explanation was provided for the material variations neither were reallocations regularized through supplementary budget.

Consequently, the Executive did not implement all the budgeted projects as approved by the Assembly, hence affecting service delivery to citizens of Migori County.

14. Governance Framework

14.1. Internal Audit and Audit Committee

Review of internal audit unit indicated that the County Government of Migori has established and operationalized the audit committee as required by law but the Committee had only met once during the year under review. Further, it was noted that the internal audit had operated with audit plan and which was not fully implemented.

The management was not able to manage the risks effectively.

14.2. Staff Ethnic Composition

During the year under review,71% of the newly employed staff were from one dominant ethnic community contrary to the requirement of the Section 7(2) of the National Cohesion and Integration Act, 2008 and section 65(e) of the County Government Act,2012 which require at least 30% of the employees are from other ethnic communities. Consequently, the County was 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 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 liquidate the Executive or to cease operations, or have no realistic alternative but to do so.

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

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

My responsibility is to conduct an audit of the County Executive's financial statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that include 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. However, because of the matters described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the County Executive of Migori in accordance with ISSAI 30 on Code of Conduct and Ethics. I have fulfilled other ethical requirements in accordance with the ISSAIs and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

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

Nairobi

16 July 2018

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

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Exchequer releases	1	6,298,037,918	5,836,852,127
Proceeds from Domestic and Foreign Grants	2	20,440,000	173,936,012
Transfers from Other Government Entities	3	314,025,356	267,103,792
County Own Generated Receipts	4	350,334,347	339,368,968
TOTAL RECEIPTS		**6,982,837,621**	**6,617,260,899**
PAYMENTS			
Compensation of Employees	5	1,935,158,353	1,879,470,411
Use of goods and services	6	1,775,525,669	2,529,194,748
Transfers to Other Government Units	7	780,280,474	621,547,395
Other grants and transfers	8	213,890,738	66,966,296
Social Security Benefits	9	84,188,318	35,499,014
Acquisition of Assets	10	1,874,352,561	1,553,706,719
TOTAL PAYMENTS		**6,663,396,113**	**6,686,384,,583**
SURPLUS/DEFICIT		**319,441,508**	**(69,123,684)**

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 26th September, 2017 and signed by:

Samuel Omuga
Chief Officer- Finance & Economic Planning

Hanington Ochieng
Ag Head of Treasury-Accounting
ICPAK Member Number: 18684

II STATEMENT OF ASSETS AS AT 30 JUNE 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11A	829,190,573	501,986,106
Cash Balances	11B	10,652,776	4,140,037
Total Cash and cash equivalent		**839,843,349**	**506,126,143**
Accounts receivables – Outstanding Imprests	12	-	1,244,500
TOTAL FINANCIAL ASSETS		**839,843,349**	**507,370,643**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	13	35,016,636	21,985,440
NET FINANCIAL ASSETS		**804,826,713**	**485,385,203**
REPRESENTED BY			
Fund balance b/fwd	14	485,385,203	554,508,887
Prior year adjustments	15	-	-
Surplus/Deficit for the year		319,441,508	(69,123,684)
NET FINANCIAL POSITION		**804,826,713**	**485,385,203**

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 26th September, 2017 and signed by:

Samuel Omuga
Chief Officer- Finance & Economic Planning

Hannington Ochieng
Ag Head of Treasury-Accounting
ICPAK No: 18684

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

		2016-2017 Kshs	2015 – 2016 Kshs
Receipts from operating income			
Exchequer Releases	1	6,298,037,918	5,836,852,127
Proceeds from Domestic and Foreign Grants	2	20,440,000	173,936,012
Transfers from Other Government Entities	3	314,025,356	267,103,792
County Own Generated Receipts	4	350,334,347	339,368,968
Total Operating Receipts		**6,982,837,621**	**6,617,260,900**
Payments for operating expenses			
Compensation of Employees	5	1,935,158,353	1,879,470,411
Use of goods and services	6	1,775,525,669	2,529,194,748
Transfers to Other Government Units	7	780,280,474	621,547,395
Other grants and transfers	8	213,890,738	66,966,296
Social Security Benefits	9	84,188,318	35,499,014
Total Operating Payments		**(4,789,043,551)**	**(5,132,677,864)**
Deposits		35,016,636	
Total Adjustments			
Net Cash flow from operating activities		**2,228,810,706**	**1,484,583,035**
Net cash flow from operating activities		**2,228,810,706**	**1,484,583,035**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10	(1,874,352,561)	(1,553,706,719)
Net cash flows from Investing Activities		**(1,874,352,561)**	**(1,553,706,719)**
NET INCREASE IN CASH AND CASH EQUIVALENT		**354,458,146**	**(69,123,685)**
Cash and cash equivalent at BEGINNING of the year	21	**485,385,203**	**554,508,887**
Cash and cash equivalent at END of the year	14	**839,843,349**	**485,385,203**

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 26th September, 2017 and signed by:

Samuel Omuga
Chief Officer- Finance & Economic Planning

Hanington Ochieng
Ag Head of Treasury-Accounting
ICPAK No:18684

II. SUMMARY STATEMENT OF APPROPRIATION: COMBINED RECURRENT AND DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2017

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Exchequer releases	6,298,037,918	-	6,298,037,918	6,298,037,918	-	100%
Proceeds from Domestic and Foreign Grants	10,220,000	-	10,220,000	20,440,000	-	200%
Transfers from Other Government Entities	172,348,147	-	172,348,147	-	85,792,553	150%
Allocation for leasing of Medical Equipment	95,744,681	-	95,744,681	-	-95,744,681	-
Road Maintenance Fuel Levy Fund	96,769,311	-	96,769,311	72,576,984	-24,192,327	75%
Compensation of User Fees Foregone	21,882,372	-	21,882,372	21,882,372	-	-
Capacity and Performance Grant (IDA)	30,840,602	-	30,840,602	-	-30,840,602	-
World Bank Funds for County Health Facilities	138,220,725	-	138,220,725	76,975,344	-61,245,381	55%
Doctors, Nurses etc Min. Of Health	-	-	-	86,706,000	86,706,000	-
Local Revenues	420,000,000	-	420,000,000	350,334,347	-69,665,653	-
Other Receipts- Opening Balance	-	446,627,440	446,627,440	-	-	-
TOTAL	**7,284,063,756**	**446,627,440**	**7,730,691,196**	**6,926,952,965**	**-109,190,091**	-
PAYMENTS						
Compensation of Employees	1,859,166,516	-	1,859,166,516	1,935,158,353	75,991,837	104%
Use of goods and services	1,990,998,772	-	1,990,998,772	1,775,525,669	-226,937,603	89%
Transfers to Other Government Units	491,065,200	-	491,065,200	780,280,474	289,215,274	159%

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=d-c	f=d/c %
Social Security Benefits	101,707,951	-	101,707,951	213,890,738	112,182,787	211%
Acquisition of Assets	2,841,125,317	446,627,440	2,981,625,317	1,874,352,561	-39,823,377	61%
TOTAL	**7,284,063,756**	**446,627,440**	**7,730,691,196**	**6,653,176,113**	**210,628,918**	**88%**
SURPLUS/(DEFICIT)	-	-	-	**319,441,508**	**101,438,827**	

1.The budget for the County Assembly of Ksh 722,192,640 and the rest belongs to the Executive as shown below:

Total budget.....Kshs 7,730,691,196
Less: Assembly-
Budget.....---..... Kshs 722,192,640

County Executive..... Kshs **7,008,498,556**

1. The analysis of Kshs 446,627,440, relate to revenue adjustments as a result of re - allocation of the CRF account opening balances included in the Supplementary Budget in the ratio of 3:7 for Development and Recurrent respectively.

306,127,440	- Recurrent
140,500,000	-Development
446,627,440	

Kshs 306,127,440 relates to funds in the financial statements held at the commercial banks as at 30th June 2016 which was re-budgeted in 2016/2017 recurrent expenditure.

Kshs 140,500,000 relates to the balances in financial statements development accounts held on the commercial banks that was re-budgeted in 2016/2017 development expenditure

The county executive of Migori financial statements were approved on 26th September, 2017 and signed by:

Samuel Omuga
Chief Officer- Finance & Economic Planning

Hannington Ochieng
Ag Head of Treasury-Accounting
ICPAK No: 18684

III. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FOR THE YEAR ENDED 30 JUNE 2017

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	3,583,937,231	-	3,583,937,231	3,987,000,000	403,062,769	106%
Proceeds from Domestic and Foreign Grants	10,220,000	-	10,220,000	20,440,000	-	200%
Transfers from Other Government Entities	172,348,147	-	172,348,147	308,234,901	135,886,754	139%
Allocation for leasing of Medical Equipment	95,744,681	-	95,744,681	-	-95,744,681	-
Compensation of User Fees Foregone	21,882,372	-	21,882,372	21,882,372	-	100%
Free Maternity Fund	172,348,147	-	172,348,147	132,860,000	39,488,147	77%
Capacity and Performance Grant (IDA)	30,840,602	-	30,840,602	-	-30,840,602	-
World Bank Funds for County Health Facilitys	169,061,327	-	169,061,327	-	-149,057,327	12%
Local Revenues	294,000,000	-	294,000,000	245,234,347	-48,765,653	83%
Other Receipts- Opening Balance	-	306,127,440	306,127,440	306,127,440	-	-
Doctors, Nurses etc Allowances	-	-	-	86,706,000	86,706,000	-
TOTAL	**4,442,938,439**	**306,127,440**	**4,749,065,879**	**5,108,485,060**	**145,144,927**	-
PAYMENTS						
Compensation of Employees	1,859,166,516	-	1,859,166,516	1,935,158,353	75,991,837	104%
Use of goods and services	1,990,998,772	-	1,990,998,772	1,775,525,669	-226,937,603	89%
Transfers to Other Government Units	491,065,200	306,127,440	797,192,640	784,324,678	16,912,166	98%

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Other Grants and Transfers	-	-	-	213,890,738	129,030,910	-
Social Security Benefits	101,707,951	-	101,707,951	84,188,318	-17,519,633	61%
TOTAL	**4,442,938,439**	**306,127,440**	**4,749,065,879**	**4,789,023,552**	**22,522,323**	**101%**
SURPLUS/(DEFICIT)	-	-	-	**319,441,508**	**122,622,604**	

The county financial statements were approved on 26th September, 2017 and signed by:

Samuel Omuga
Chief Officer- Finance & Economic Planning

Hanington Ochieng
Ag Head of Treasury-Accounting
ICPAK No: 18684

IV. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2017

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
KRBFLF	96,769,311	-	96,769,311	72,576,984	-25,192,327	75%
Local Revenues	126,000,000	-	126,000,000	105,100,304	-19,599,696	83%
Exchequer Releases	2,618,356,006	-	2,618,356,006	2,618,356,006	85,792,553	150%
Other Receipts (Balance b/f)	-	140,500,000	140,500,000	140,500,000	-	-
TOTAL	**2,841,125,317**	**140,500,000**	**2,981,625,317**	**2,948,816,138**	**41,000,530**	**-**
PAYMENTS						
Acquisition of Assets	2,841,125,317	140,500,000	2,981,625,317	1,874,352,561	-1,107,272,756	63%
TOTAL	**2,841,125,317**	**140,500,000**	**2,981,625,317**	**1,874,352,561**	**-1,107,272,756**	**63%**
SURPLUS/(DEFICIT)	-	-	-	**1,074,463,577**	**-1,066,272,226**	

The entity financial statements were approved on 26th September, 2017 and signed by:

Samuel Omuga
Chief Officer- Finance & Economic Planning

Hannington Ochieng
Ag Head of Treasury-Accounting
ICPAK No: 18684

V. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities.

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 county

The financial statements are for the County Executive of Migori. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer

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.

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
These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues
These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

b) Recognition of payments
The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

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

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

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 the repayment 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.

4. **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, the *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. **Cash and cash equivalents**

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

Restriction on cash

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

There were no restrictions on cash during the year.

6. **Accounts Receivable**

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

7. **Accounts Payable**

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

8. **Non current assets**

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

9. Pending bills

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

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive of Migori*'s* 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 the month of May 2016 for the period 1st July 2016 to 30 June 2017 as required by law. There was one in number of supplementary budgets passed in the year. A high-level assessment of the *county's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

VI. NOTES TO THE FINANCIAL STATEMENTS

1 EXCHQUER RELEASES

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	1,574,509,479	466,948,170
Total Exchequer Releases for quarter 2	1,605,999,669	2,013,713,983
Total Exchequer Releases for quarter 3	1,070,666,446	1,459,213,031
Total Exchequer Releases for quarter 4	2,046,862,324	1,896,987,943
Total	**6,298,037,918**	**5,836,852,128**

2 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2016 – 2017	2015 – 2016
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
DANIDA			20,440,000	10,220,000
Grants Received from Multilateral Donors (International Organisations)				
UNICEF				52,185,070
UNFPA				52,134,950
WHO				59,253,422
EVIDENCE ACTION				142,570
Grants Received from other levels of government				
Total			**20,440,000**	**173,936,012**

3 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Transfers from Central government entities		
Kenya Roads Board Fuel Levy Board	72,576,984	74,147,436
Ministry of Health Maternity Fees	132,860,000	104,565,000
Ministry of Health Result Based Financing	-	67,012,156
Ministry of Health User Fees Foregone	21,882,372	21,379,200
Doctors, Nurses, Clinical officers Allowances	86,706,000	
TOTAL	**314,025,356**	**267,103,792**

4 COUNTY OWN GENERATED RECEIPTS

Type of Receipt	2016 – 2017	2015 – 2016
	Kshs	Kshs
Kiosk Operations Fees	4,540,240	-
Rents	-	22,035,419
Fines Penalties and Forfeitures	253,600	1,246,170
Business permits	56,589,930	49,912,080
Cesses	92,528,337	53,559,783
Land rates	30,002,097	-
Kiosk Ground and Plot rents	2,647,850	2,264,990
Transport on Land	1,907,390	-
Administrative services fees	-	3,809,538
Various fees – Bill boards	15,046,754	-
Council's natural resources	-	9,304,778
Physical Planning activities	1,186,107	-
Weights and Measures	152,800	-
Parking Fees for Entry /Exit at Isebania	2,774,670	-
Department of Agriculture	1,737,585	
Other Miscellaneous Receipts		9,523,912
Sale of Tender documents	-	328,000
Public Works(Buildings)	1,964,100	-
Market/trade centre fee	34,415,410	50,179,002
Vehicle parking fees	61,420,820	82,482,110
Liquor Licences	2,075,820	-
Survey Fees	1,098,254	1,216,390
Public health services	21,385,773	38,736,926
Environment & conservancy Administration	1,575,600	-
Slaughter houses administration	16,945,710	14,769,870
Fuel Levy	85,500	-
TOTAL	**350,334,347**	**339,368,968**

5 COMPENSATION OF EMPLOYEES

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Basic salaries of permanent employees	1,874,556,009	1,821,541,901
Basic wages of temporary employees	60,602,344	49,419,810
Pension and other social security contributions	-	2,508,700
Social benefit schemes outside government	-	6,000,000
Total	**1,935,158,353**	**1,879,470,411**

6 USE OF GOODS AND SERVICES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Utilities, supplies and services	38,740,330	26,576,264
Communication, supplies and services	12,293,630	12,580,583
Domestic travel and subsistence	354,034,987	742,868,272
Printing, advertising and information supplies & services	264,457,138	175,892,672
Rentals of produced assets	10,168,885	20,663,768
Training expenses	15,905,357	15,877,678
Hospitality supplies and services	286,732,824	422,370,941
Insurance costs	6,374,600	24,286,285
Specialized materials and services	335,911,334	410,271,155
Office and general supplies and services	67,128,635	87,377,843
Other operating expenses	205,976,583	444,351,599
Routine maintenance – vehicles and other transport equip.	64,094,523	71,186,872
Routine maintenance – other assets	54,882,206	74,890,816
Fuel Oil and Lubricants	58,824,637	-
Total	**1,775,525,669**	**2,529,194,748**

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 – 2016
	Kshs	Kshs
Transfers to Central government entities		
Migori County Assembly	698,570,000	600,061,449
Mikutra Water and Sanitation Services Electricity	18,656,746	21,485,946
Other Transfers	63,053,728	-
TOTAL	**780,280,474**	**621,547,395**

8. OTHER GRANTS AND OTHER PAYMENTS

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Scholarships and other educational benefits	36,645,580	23,873,796
Emergency relief and refugee assistance	-	-
Other Current Transfers, Grants-ECDE Classes, Dispensaries.	13,300,000	18,545,000
County Bursary	163,945,158	24,547,500
Total	**213,890,738**	**66,966,296**

9. SOCIAL SECURITY BENEFITS

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Government pension and retirement benefits-Employer	84,188,318	-
Car and Mortgage	-	35,499,014
Total	**84,188,318**	**35,499,014**

10.ACQUISITION OF ASSETS

Non Financial Assets	2016 – 2017	2015 – 2016
	Kshs	Kshs
Purchase of Buildings		233,358,881
Construction of Buildings	112,317,731	18,539,574
Refurbishment of Buildings	5,816,167	669,711,053
Construction of Roads	680,989,561	479,076,974
Construction and Civil Works	159,671,145	-
Over of Migori Slaughter House	2,000,000	-
Purchase of Vehicles and Other Transport Equipment	7,000,000	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	420,430	-
Purchase of Office Furniture and General Equipment	18,261,600	20,829,969
Purchase of ICT Equipment	221,792,532	-
Purchase of Specialized Plant, Equipment and Machinery	181,967,113	125,815,171
Purchase of Specialized Supplies & Services	60,687,500	
Rehabilitation and Renovation of Plant, Machinery and Equip.		-
Purchase of Certified Seeds, Breeding Stock and Live Animals	15,253,000	-
Research,Studies,Project Preparation, Design & Supervision	406,856,435	
Rehabilitation of Civil Works		4,375,097
Acquisition of Land	250,000	2,000,000
Maintenance and Support of LAN	1,069,346	-
Total	**1,874,352,561**	**1,553,706,719**

11. BANK ACCOUNTS

A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account Currency *	Indicate whether recurrent, Development, deposit, receipts e.t.c	2016 – 2017	2015 – 2016
			Kshs	Kshs
CBK, 1000170948	Kshs.	Development	1,477,192	101,771,885
CBK, 1000171022	Kshs.	Recurrent	107,474,772	19,433,774
CBK,1000171537	Kshs.	Revenue	531,097,557	13,798,917
CBK, 1000292482	Kshs.	KRBFL Fund	16,192,328	-
CBK, 1000315048	Kshs.	Health Special A/C	38,054,394	-
CBK Totals			**694,296,243**	**135,004,577**
KCB, 1140793454	Kshs.	Operations	4,463,695	120,677,753
KCB, 1149215860	Kshs.	Development	43,478,437	99,568,535
KCB, 1153149869	Kshs.	Salaries	142,426	453,617
KCB, 1140763881	Kshs.	Revenue	569,779	12,813,091
KCB, 115470062	Kshs.	WDF	455,681	9,699,463
KCB, 1145481647	Kshs.	PSB	375	3,980,064
KCB, 1170448143	Kshs.	Retentions	35,016,636	21,985,440
KCB, 1179977904	Kshs.	I. Audit	105	284,735
KCB, 1105499693	Kshs.	Fish Cess A/C	-	89,254
KCB, 1146721641	Kshs.	MC Water Supp.	73,602	73,062
KCB, 1154819167	Kshs.	N. Kadem WDF	615	650
KCB, 1157662722	Kshs.	WaswetaII WDF	1,340	660
KCB, 1157668267	Kshs.	Masaba WDF	780	600
KCB, 1157721699	Kshs.	Wiga WDF	424	344
KCB, 1157877443	Kshs.	Kachieng WDF	270	240
KCB, 1158318677	Kshs.	Gokeharaka Wdf	489	609
KCB, 1158858078	Kshs.	Nyamekongoroto Hc	-	1,293
KCB, 1158858221	Kshs.	MC Referal	24,012	1,035,039
KCB, 1158858299	Kshs.	Rongo SCH (FIF)	33,352	312,885
KCB, 1158858310	Kshs.	Macalder SCH (FIF)	121,138	92,702
KCB, 1158858353	Kshs.	Kuria SCH (FIF)	157,543	875,452
KCB, 1158858418	Kshs.	Karungu SCH (FIF)	16,602	144,864
KCB, 1158858434	Kshs.	Isebania SCH (FIF)	82,484	80,599
KCB, 1158858469	Kshs.	Kegonga SCH (FIF)	-	170,142
KCB, 1158858485	Kshs.	Ntimaru SCH (FIF)	7,757	14,617
KCB, 1159210446	Kshs.	N. Sakwa WDF	650	2,970
KCB, 1165309890	Kshs.	ICT Account	310	481,175
KCB, 1170814166	Kshs.	Rongo SCH (FIF)	-	872
KCB, 1171424299	Kshs.	MC Health RBF	-	500
KCB, 1180336461	Kshs.	Modern Toilet	504,990	60,051,330

KCB, 1203729731	Kshs.	MC Econ Planning	2,482,950	-
KCB, 1157360548	Kshs.	Awendo D Hospital	12,081	-
KCB,1157694837	Kshs.	Karungu SDH	1,434	-
KCB,1157367941	Kshs.	Isibania FIF	469,833	-
KCB,1158858469	Kshs.	Kegonga SCH	108,618	-
KCB,1157477380	Kshs.	Ntimaru SDH	6,719	-
KCB,1157323995	Kshs.	Kuria DH	155,181	-
KCB,1157801641	Kshs.	Kegonga DH	66,013	-
KCB,1157360073	Kshs.	Rongo FIF	1,169	-
KCB,1119187435	Kshs.	Migori C Refe.Hosp	1,688	-
KCB,1181402786	Kshs.	Kanga Disp	1,535	-
KCB,1202660266	Kshs.	Oruba Dip Disp	75,604	-
KCB,1202800130	Kshs.	Magacha Disp	119	-
KCB, 1157889565	Kshs.	Ragana Oruba WDF	1,944	1,764
KCB, 1157897894	Kshs.	N. Kadem WDF	590	410
KCB, 1159130841	Kshs.	Makerero WDF	1,099	919
KCB, 1159276315	Kshs.	Muhuru WDF	9,380	9,380
KCB, 1159276439	Kshs.	Got Kachola WDF	720	40
KCB, 1159276730	Kshs.	Kaler WDF	380	380
KCB, 1159279136	Kshs.	Macalder WDF	380	380
KCB, 1159280339	Kshs.	Kanyasa WDF	1,380	1,380
KCB, 1159281653	Kshs.	S. Kanyamkago Wdf	775	1,660
KCB, 1159287031	Kshs.	Kakrao WDF	-	5,940
KCB, 1159287163	Kshs.	Suna Central WDF	-	580
KCB, 1159287376	Kshs.	Got Jope WDF	610	530
KCB, 1159287465	Kshs.	Central Sakwa Wdf	430	250
KCB, 1159708819	Kshs.	Wasimbete WDF	380	380
KCB, 1118658418	Kshs.	Kwoyo Kodalo Disp	1,480	16,916
KCB, 1117602699	Kshs.	Makararangwe Disp	1,323	1,021
KCB, 1126730106	Kshs.	Nyaitara Disp	5,531	16,473
KCB, 1125370440	Kshs.	Siabai Makonge D	1,351	500
KCB, 1124655476	Kshs.	Gairoro Disp	582	438
KCB, 1136271317	Kshs.	Taragai Disp	9,260	8,866
KCB, 1135748837	Kshs.	Nyametembe Disp	1,105	1,876
KCB, 1119114381	Kshs.	Kugitimo Disp	34,420	2,637
KCB, 1118960173	Kshs.	Tisinye H Centre	1,319	1,290
KCB, 1139815547	Kshs.	Nyamaranya Disp	1,431	488
KCB, 1136947515	Kshs.	Iraha Disp	7,083	2,324
KCB, 1120847028	Kshs.	Muchebe Disp	1,995	2,206
KCB, 1125497637	Kshs.	Motemorabu Disp	3,813	211
KCB, 1126066362	Kshs.	Ngisiru Disp	17,000	1,611
KCB, 1125711779	Kshs.	Komosoko Disp	1,470	748
KCB, 1106376692	Kshs.	Komomange Disp	1,962	(50)
KCB, 1135742588	Kshs.	Kombe Disp	12,938	60,238
KCB, 1119187435	Kshs.	Taranganya Disp	1,688	3,068

KCB, 1136923578	Kshs.	Getambwega Disp	320	(1,276)
KCB, 1136266658	Kshs.	Nyasese Disp	1,556	1,383
KCB, 1134406568	Kshs.	Kohanga Disp	7,583	6,695
KCB, 1171502761	Kshs.	Robarisia Disp	1,173	470
KCB, 1138038611	Kshs.	Nyankore HC	1,729	1,230
KCB, 1124782745	Kshs.	Mogori Kamasincha	28,186	1,769
KCB, 1119639751	Kshs.	Nyabokarange HC	2,276	219,659
KCB, 1119586828	Kshs.	Nyametaburo HC	10,954	27,165
KCB, 1119164206	Kshs.	Nyangoge HC	1,469	(699)
KCB, 1137233079	Kshs.	Agenga Disp	16,808	2,560
KCB, 1113514973	Kshs.	Aneko Disp	4,819	71,147
KCB, 1126535761	Kshs.	Kipingi Disp	1,513	6
KCB, 1126504815	Kshs.	Nyamanga Disp	279	776
KCB, 1126421480	Kshs.	Olasi Disp	22,450	22,127
KCB, 1105896668	Kshs.	Othoch Rakuom D	219	(258)
KCB, 1105652580	Kshs.	Riat Disp	406	202
KCB, 1126534988	Kshs.	Thim Lich Disp	238,608	1,006
KCB, 1144594790	Kshs.	Wath Onger Disp	447	417
KCB, 1126535133	Kshs.	Yago Disp	-	13,730
KCB, 1126535265	Kshs.	Winjo Disp	1,469	723
KCB, 1181402786	Kshs.	Kanga Onditi Disp	(1,535)	145
KCB, 1123988838	Kshs.	Kitere Disp	8,866	7,991
KCB, 1117165639	Kshs.	Minyenya Disp	1,411	21,961
KCB, 1130827623	Kshs.	Ogwedhi HC	83,047	6,455
KCB, 1130227758	Kshs.	Nyamaraga HC	90,585	1,002
KCB, 1176959328	Kshs.	Bondo Disp	199	790
KCB, 1176975978	Kshs.	Masaria Disp	3,454	(170)
KCB, 1142280861	Kshs.	Girigiri Disp	499	18
KCB, 1156901340	Kshs.	Kemakoba Disp	499	755
KCB, 1119688485	Kshs.	Gwitembe HC	19,297	45,006
KCB, 1119634393	Kshs.	Chinato HC	41,240	1,378
KCB, 1152407287	Kshs.	Kochola Disp	28,594	7,760
KCB, 1148963383	Kshs.	Ndege Oriedo Disp	10,833	2,464
KCB, 1158161220	Kshs.	Nyasoko Disp	1,168	670
KCB, 1152319108	Kshs.	Thim Jope Disp	75,904	790
KCB, 1157583156	Kshs.	Lela Dispensary	2,799	1,350
KCB, 1172812888	Kshs.	Kamsaki Disp	75,833	50
Coop,01141482308000	Kshs.	C. Secretary	-	-
Coop, 01141481907800	Kshs.	Lands	1,040	3,671
Coop, 01141481907700	Kshs.	Water & Energy	201,152.50	22,519
Coop, 01141482308000	Kshs.	GVN Operations	827.00	-
Coop, 01141482317700	Kshs.	D/GVN Operations	63.00	33,493
Coop, 01141481937700	Kshs.	PSM Operations	720.00	2,000
Coop, 01141481763500	Kshs.	Health Sector	167,683	-
Coop, 01141482083700	Kshs.	Youth Affairs, Mig.	(20)	-

Coop, 01141482129000	Kshs.	MC Gvnor's Office	112	-
Coop,01141077325000	Kshs.	Getongoroma Disp	1,332	383
Coop, 01141048603400	Kshs.	Bande Disp	1,870	484
Coop, 01141077152500	Kshs.	Kabuto Disp	1,240	1,884
Coop, 01141202221300	Kshs.	Kituka Disp	158	2,549
Coop, 01141204249100	Kshs.	Kombato Disp	1,708	(97)
Coop, 01100202040000	Kshs.	Lwanda Disp	280	991
Coop, 01141204290300	Kshs.	Namba Kodero Disp	321	38,491
Coop,01141202276200	Kshs.	Ndiwa Disp	1,238	1,009
Coop, 01141202040300	Kshs.	Otati Disp	1,215	354
Coop, 01141202279000	Kshs.	Nyandago Disp	1,141	23,828
Coop, 01141481137200	Kshs.	Obware Disp	176,455	1,420
Coop, 01141481016701	Kshs.	Got Kachola Disp	1,812	2,827
Coop, 01141482965000	Kshs.	Diruma Disp	74,367	2,327
Coop, 01141482809100	Kshs.	Nyamilu Disp	76,167	-
Coop, 01141482916700	Kshs.	Ogongo Disp	503	-
Coop,01141482965000	Kshs.	Nyakiringoto Disp	95,387	527
Coop, 01141482962100	Kshs.	Mugabo Disp	75,177	77
Coop, 01148203091000	Kshs.	Anjego Disp	-	4,562
Coop, 01141077147000	Kshs.	God jope Disp	-	23,500
Coop, 01141077313500	Kshs.	Midoti Disp	313	533
Coop, 01141202278400	Kshs.	Nyarongi Disp	2,118	3,208
Coop, 01141077450500	Kshs.	Ondong Disp	31,508	60,330
Coop, 01141203000000	Kshs.	Osingo Disp	230	361
Coop, 01141481117701	Kshs.	Saro Disp	867	715
Coop, 01141202876400	Kshs.	Suna Rabuor	1,054	188
Coop, 01141048713000	Kshs.	Arombe Disp	218	23
Coop, 01141056242200	Kshs.	Giribe Disp	1,818	1,122
Coop,01141202033000	Kshs.	God Kwer Disp	1,790	53,315
Coop, 01141077178400	Kshs.	Suna Ragana Disp	1,315	508
Coop, 01141202676300	Kshs.	Bugumbe HC	159,160	7,814
Coop, 01141048766300	Kshs.	Masaba HC	1,610	4,063
Coop, 01141202912700	Kshs.	Nyamekongoroto Hc	67,755	1,762
Coop, 01141202834300	Kshs.	Muhuru HC	197,512	1,883
NBK ,01248046484500	Kshs.	Mariwa HC	1,111	33,157
NBK, 01242045431400	Kshs.	Ongo HC	1,959	1,016
NBK, 01248046576600	Kshs.	Oyani HC	4,349	2,462
NBK, 01248045067700	Kshs.	Uriri HC	358,190	125,431
NBK, 01001084043300	Kshs.	Angaga Disp	7,239	123,019
NBK, 01001046609400	Kshs.	Dede Disp	262	3,655
NBK, 01248046510700	Kshs.	Kuja Disp	348	1,560
NBK, 01001095766300	Kshs.	Nyakuru Disp	4,570	4,787
NBK, 01001079718600	Kshs.	Ombo Mbita Disp	1,445	342,500
NBK, 01248046433000	Kshs.	Otacho Disp	1,283	36,556
NBK, 01001046734200	Kshs.	Rabondo Disp	1,004	40,049

NBK, 01248084039200	Kshs.	Siruti Disp	6,643	102,716
NBK, 01001084454800	Kshs.	Ng'onga Disp	1,255	35
NBK, 01001045638500	Kshs.	Ngere Disp	2,571	2,825
NBK, 01001070016400	Kshs.	Ngothe Disp	567	1,192
NBK, 01001046526600	Kshs.	Bware Disp	395	911
NBK, 01001084032800	Kshs.	Koloo Disp	37,140	5,943
NBK, 01248080349900	Kshs.	Kolwal Disp	290,102	202
NBK, 01001084011400	Kshs.	Midida Disp	894	158
NBK, 01001046434100	Kshs.	Nyamasare Disp	3,092	2,667
NBK, 01001084042600	Kshs.	Ombo Kowiti Disp	2,239	13,074
NBK, 01001046632600	Kshs.	Ongito Kisp	106	44,678
NBK, 01001017542800	Kshs.	Osogo Disp	1,413	1,325
NBK, 01001084058400	Kshs.	Piny Owacho Disp	2,697	4,083
NBK, 01001046487600	Kshs.	Sibuoche Disp	324	324
NBK, 01001017567300	Kshs.	Lwala Disp	190	253
NBK, 01001070063300	Kshs.	Wangiya Chief Disp	(109)	150
Equity, 1160261978741	Kshs.	Agric , Livestock	286,417	405,434
Equity, 1160272236744	Kshs.	Persons with Disab.	191,065	-
Equity, 1160260262020813	Kshs.	Education	134	206
Equity, 1160266311281	Kshs.	School Feeding Tr.	20,336	20,335
Equity, 1160270175485	Kshs.	Monitoring & Eval.	1,120	-
DTB, 60218001	Kshs.	MCE, Car & Mortg.	42,869,550	51,502,991
Sub Total	Kshs.		**134,894,330**	**386,636,012**
Total			**829,190,573**	**501,986,106**

11B: CASH IN HAND

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	10,652,776	4,140,037
Total	**10,652,776**	**4,140,037**

Cash in hand should also be analysed as follows:

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Main Cash Office	850,152	2,605,343
Deputy Governor's Office	83	183
Public Service Board	4,261	39,711
Department of Health	1,790,466	1,494,800
Ward Development Fund	55,681	-
Department of Trade	461,439	-
Water and Sanitation Department	1	-
Public Works, Roads and Transport	321	-
Department of Agriculture	7,490,439	-

Total	**10,652,777**	**4,140,037**

12: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2016 – 2017	2015 – 2016
	Kshs	Kshs
Imprests	-	1,244,500
Total	-	**1,244,500**

13. ACCOUNTS PAYABLE

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Deposits	35,016,636	21,985,440
Total	**35,016,636**	**21,985,440**

14. FUND BALANCE BROUGHT FORWARD

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	501,986,106	538,738,279
Cash in hand	4,140,037	6,900,718
Accounts Receivables	1,244,500	8,869,890
Total	**507,370,643**	**554,508,887**

OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	71,558,164	21,985,440.45
Construction of civil works	357,772,219	-
Supply of goods	64,697,710	-
Supply of services	110,499,601	-
	604,527,694	**21,985,440.45**

15.2: PENDING STAFF PAYABLES

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	157,122,051	-
Others (Laptrust,Lapfund and Others)	135,056,517	-
	292,178,568	-

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017
	A	B	c	d=a-c
Construction of buildings				
1. All Suppliers – List attached	171,217,416.20	-	-	71,558,164.00
Sub-Total	**171,217,416.20**	-	-	**71,558,164.00**
Construction of civil works				
2. All Suppliers – List Attached	426,041,327.47	-	-	357,772,219.00
Sub-Total	**426,041,327.47**	-	-	**355,772,219.00**
Supply of goods				
3. All Suppliers – List attached	64,697,710.00	-	-	64,697,710.00
Sub-Total	**64,697,710.00**	-	-	**64,697,710.00**
Supply of services				
4. All Suppliers – List attached	111,802,601.00	-	-	110,499,601.00
Sub-Total	**111,802,601.00**	-	-	**110,499,601.00**
Grand Total	**773,759,054.67**	-	-	**604,527,694**

ANNEX II - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017
		A	B	C	d=a-c
Senior Management					
1.					
2.					
3.					
Sub-Total					
Middle Management					
4.					
5.					
6.					
Sub-Total					
Unionisable Employees					
7. June Salary 2016	157,122,051				157,122,051
8. Statutory Deductions	135,056,517				135,056,517
9.					
Sub-Total	**292,178,568**				**292,178,568**
Others (*specify*)					
10.					
11.					
12.					
Sub-Total					
Grand Total	**292,178,568**				**292,178,568**

ANNEX III – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	2,000,000	250,000	2,250,000
Buildings and structures	1,205,890,084	279,805,043	1,485,695,127
Transport equipment	199,171,495	680,989,561	880,161,056
Office equipment, furniture and fittings	20,829,969	18,682,030	39,511,999
ICT Equipment, Software and Other ICT Assets	-	222,861,878	222,861,878
Other Machinery and Equipment	125,815,171	188,967,113	314,782,284
Heritage and cultural assets			-
Intangible assets		482,796,936	482,796,936
Total	1,553,706,719	1,874,352,561	3,428,059,280

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government. Additions during the year agreed to note 18 on acquisition of assets during the year.

17 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:

	2016/2017	2015/2016
	Kshs	Kshs
Key Management compensation	-	-
	======	======
Transfers to the County Assembly	698,570,000	600,061,449
Transfers to MIKUTRA/MIWASCO	18,656,746	21,485,946
	======	======

18 ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and resolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

Entity	Date Established	Location	Accounting Officer responsible
MC Car and Mortgage fund	-	DTB Bank- Migori	-

VI. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR RECOMMENDATIONS

Most of the issues have been resolved except a few as shown below.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.2	(iii) Failure to collect land rates from property owners due to the fact that valuation register has not yet been developed	Valuation has been the impediment to this exercise plans are underway to correct this.	County Secretary	Yet to be Resolved	30.05.2018
	Non gazzetment of the members				
2.3	of the county policing Authority, paid salaries by the county: They ought to be paid an allowance and not salaries as it was done		County Secretary	Not yet resolved	30.5.2018
3.1	Differences between IFMIS figures and financial statements	The county executive is working in close collaboration with NT staffs to solve the anomaly noted between the county financial statements and the IFMIS records	Head of Accounting Treasury	Not yet Resolved	30.05.2018
4.2	Difference between transfers from Migori CE to Migori Water and Sanitation	The county executives are working closely with Migori water and Sanitation company	Director, Finance & Economic Planning	Not yet Resolved	30.05.2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		Staff. A working formula has been agreed upon to have reconciliations done semi annually to correct any variances going forth.			
5.8	Uncompleted construction work of Maendeleo youth polytechnic	The executive is aware of the Mandeleo polytechnic and has made follow up to ensure all works are completed in due course	Director, Works and Infrastructure	Not yet resolved	30.5.2018
5.10	Failure to support payment for fencing Kehancha Stadium	The weakness was noted and documentation to support expenses will be adhered to going forward	Head of accounting Treasury	Not yet Resolved	30.5.2018
5.11	Weakness in payment to 5 consultancy firms for town planning- Isebania, Migori, Sori, Rongo and Awendo town	The weakness was noted and documentation to support expenses will be adhered to going forward	Head of accounting Treasury	Not yet Resolved	30.5.2018
5.12	Procurement records for supply of disaster preparedness	The procurement unit has since then updated their records on procurement process and this will adhered to going forth	Head of Supply chain management	Not yet resolved	30.5.2018
5.13	Tender/Procurement documents for Nyamunde Early Childhood Development Education Centre	The procurement unit has since then updated their records on procurement process and this will adhered to going forth	Head of Supply chain management	Not yet resolved	30.5.2018
5.14	Procurement / documents records for public training on environmental issues	The procurement unit has since then updated their records on procurement process and this will adhered to going forth	Head of Supply chain management	Not yet resolved	30.5.2018
6.0	Failure to prepare separate financial	The information has been	Fund	Not yet	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	statements for the Car loan and Mortgage fund	communicated to the fund administrator and separate financial statements will be prepared going forth	Administrator	Resolved	30.5.2018
7.1	Failure to prepare bank reconciliation statements (by IFMIS)	The County Executive team is working closely with NT and IFMIS team to ensure all AR records are well updated and all payments captured in IFMIS this will in turn ensure the Cash management which facilitate automatic preparation of bank reconciliation from IFMIS	Head of accounting Treasury	Not yet Resolved	30.5.2018
9.0	Failure to maintain deposits and retentions at the Central bank of Kenya, instead done in KCB	The recommendation was noted and the Central bank retention account will be opened to address the noted	Head of accounting Treasury	Not yet Resolved	30.5.2018
11	Difference between financial statements and IFMIS	The County Executive team is working closely with NT and IFMIS team to ensure all AR records are well updated and all payments captured in IFMIS this will in turn ensure the Cash management which facilitate automatic preparation of bank reconciliation from IFMIS	Head of accounting Treasury	Not yet Resolved	30.5.2018
12.0	Failure to maintain an	An FAR will be updated subsequently once the	Head of accounting	Not yet Resolved	30.5.2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	updated FAR	challenge on assets from the defunct unit have been addressed	Treasury		
12.1	Report on transfer of assets and liabilities from the Inter-Governmental Relation Technical Team Committee which took over from the Transition Authority	The county is working with technical team to resolve this challenge. This will eventually feed in updating the FAR as required	County Secretary	Not yet Resolved	30.5.2018
15.3	Non-compliance with a third basic pay rule	The finding was noted and recommendation to be fully considered going forward	County Secretary	Not yet Resolved	30.5.2018

Moses Chamwada

CEC, Migori County Treasury

Sign.....

Date.....