REPUBLIC OF KENYA

# OFFICE OF THE AUDITOR-GENERAL

# REPORT

# OF

# THE AUDITOR-GENERAL

# ON

# THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF SIAYA

# FOR THE YEAR ENDED 30 JUNE 2017

OFFICE OF THE AUDITOR GENERAL
RECEIVED
05 APR 2018
P.O BOX 1188, KISUMU

HARAMBEE

# COUNTY ASSEMBLY OF SIAYA

# 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 Assembly is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 30 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

### (b) Key Management

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

- The Full house of the Assembly
- The County Assembly Service Board
- The Assembly Committees
- The Executive arm of the Assembly

### (c) Fiduciary Management

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

| No. | Designation | Name |
|---|---|---|
| 1. | Accounting Officer | **Isaack Felix Olwero** |
| 2. | Principal Finance Officer | **Danish Okuthe Christopher** |

### (d) Fiduciary Oversight Arrangements

**Public accounts and investment committee activities**
The Public Accounts and Investment Committee is the one that is mandated to look at the financial statements together with the audit report from the Kenya National Audit Office. And in so doing, they come up with recommendations which they forward to the Assembly for implementation.
**Senate committee activities**
The Senate Committee is the one that is mandated by the constitution to look at financial reports/statements together with the final audit report from the Kenya National Audit Office with a view to making recommendations on the actions which should be taken against the County Assembly and officers on financial improprieties.
**Internal Audit Department**
**Is an independent department task with responsibility of undertaking Post Audit activity on the Assembly's systems and Reports.**

**(e) Entity Headquarters**

P.O. Box 7-40600
County Assembly Building/House/Plaza
SIAYA, KENYA
Telephone: +254708745148 / 0575321021
E-mail: .clerk@siayaassembly.go.ke / siayacountyassembly.go.ke
Website: www.siayaassembly.go.ke

**(f) Entity Contacts**

Telephone: +254708745148 / 0575321021
E-mail: .clerk@siayaassembly.go.ke / siayacountyassembly.go.ke
Website: www.siayaassembly.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, Siaya
   P.O. 52 – 40600
   Siaya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

## II. FORWARD BY THE CLERK OF THE ASSEMBLY

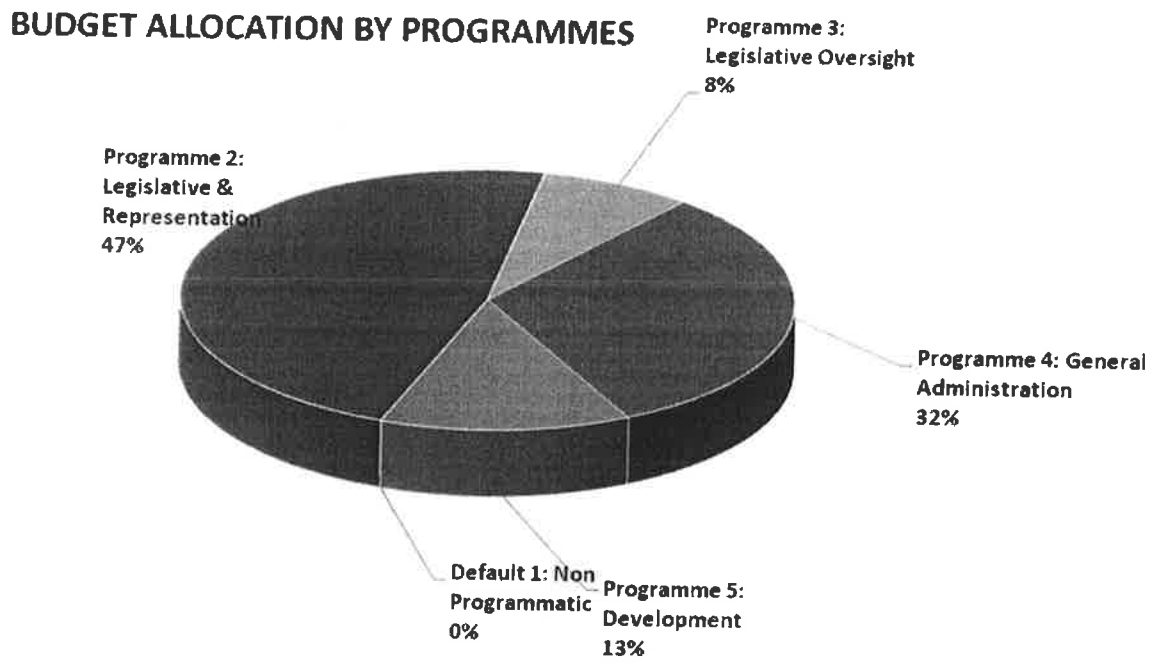
I have the pleasure of forwarding the Reports and Financial Statements for the year ended June 30TH, 2017.Its marks the second year that the Assembly is reporting independent from the County Executive Arm of the County Government. The report highlights the operations of the Assembly as indicated below;

**Budget performance**

| Sub Program | Description | Approved Budget | Actual Payments | Variance | % OF UTILIZATION |
|---|---|---|---|---|---|
| | | KSHS | KSHS | KSHS | |
| 0 | Default - Non Programmatic | - | 0.00 | 0.00 | 0% |
| | | | | | |
| 701020000 | Programme 1: Legislative & Representation | 326,992,436.00 | 323,395,650.20 | 3,596,785.80 | 98.9 |
| 701030000 | Programme 2: Legislative Oversight | 55,255,200.00 | 60,766,972.00 | -4,020,802.00 | 109.98 |
| 701040000 | Programme 3: General Administration | 217,666,836.00 | 213,586,016.80 | 4,080,819.20 | 98.13 |
| 701040000 | Programme 4: Development | 91,426,324.00 | 12,446,685.00 | 78,979,639.00 | 13.61 |
| | **Grand Total** | **691,340,796.00** | **610,195,324** | **81,145,472.00** | 88.26 |

**BUDGET ALLOCATION BY PROGRAMMES**

| Programmes | Approved Budget Allocation KSHS | Actual Payments KSHS | Variance KSHS |
|---|---|---|---|
| Default 1: Non Programmatic | - | - | - |
| Programme 2: Legislative & Representation | 326,992,436.00 | 323,395,650.20 | 3,596,785.80 |
| Programme 3: Legislative Oversight | 55,255,200.00 | 60,766,972.00 | - 5,511,772.00 |
| Programme 4: General Administration | 217,666,836.00 | 213,586,016.80 | 4,080,819.20 |
| Programme 5: Development | 91,426,324.00 | 12,446,685.00 | 78,979,639.00 |
| **Grand Total** | **691,340,796.00** | **610,195,324.00** | 81,145,472.00 |




The County Assembly budgeted for four (4) programs at a cost of Kshs.691,340,796 as tabulated here under;

Programme 1 – Legislative and Representation – Kshs.326,992,436
Programme 2 – Legislative Oversight – Kshs.55,255,200
Programme 3 – General Administration – Kshs.217,666836
Programme 4- Development-Kshs. 91,426,324

During the year under review, the County Assembly spent a total of Kshs.610,195,324 on the above programs as indicated below;

Programme 1 – Legislative and Representation – Kshs.323,395,650.20
Programme 2 – Legislative Oversight – Kshs.60,766,972
Programme 3 – General Administration – Kshs.213,586,016.80
Programme 4- Development-Kshs. 12,446,685

Analyzed hereunder, is the summary of the budget execution by programs.

The overall consumption rates for all the programmes was 88.26%

**Consumption rates by Programmes**

From the above table, it shows that:

1. Legislative Oversight had the highest consumption rate at 109.98%
2. Legislative and Representation was 2nd with a consumption rate of 98.90%

3. General Administration was 3rd with a consumption rate of 98.13%
4. Development was 4th with a consumption rate of 13.61%

## Performance of key development projects

**PHYSICAL PROGRESS SINCE ESTABLISHMENT OF COUNTY ASSEMBLY**

The County Assembly of Siaya was created by Article 176 (1) of the Constitution of Kenya 2010. From the time of her birth the Assembly has been in pursuit of specific objectives with a vision of achieving various expectations.

The planned activities and their progress in the perspectives of outputs, outcomes and impacts are outlined as follows;

| SNO. | ACTIVITIES | OUTPUT | IMPACT & OUTCOME |
|---|---|---|---|
| 1. | Construction of Committee rooms and offices | -Committee rooms and offices completed and handed over | - adequate and modern committee rooms have been provided |
| 2. | Development of County Assembly Strategic Plan | Work In Progress | Upon completion, both the physical and financial plan shall have been aligned with the mission and vision of the Assembly |
| 3. | Construction of Sentry House, walking path, landscaping | Work in progress | It will improve working conditions and security in the Assembly. |
| 4 | Construction of steel water tank | Steel water tank completed and handed over | Improved hygienically condition of the Assembly duet to adequate clean water supply |

## Comment on value-for-money achievements

The projects that have been undertaken as listed above were very basic for the operation of the County Assembly.

**Construction of Committee Rooms and Offices**
The construction of committee rooms were completed and handed over. This has resulted to adequate provision of committee rooms and offices

**Construction of Steel water tank**
**The construction of steel water tank was completed during the year and it is fully operational.This has improved the supply of water within the Assembly building and offices and has therefore improved the hygienically condition of the entire Assembly.**

## Challenges and Recommended Way Forward

**Implementation Challenges**

The following challenges were encounters during the execution of the budget for the year 2016/2017;

1. Due to budget ceiling, some votes heads were not adequately budgeted for.
2. Frequent fluctuation of IFMIS resulted to very slow processing of payments there by leading to back log. On the same vein, some modules and Asset management are not fully operational.
3. The funds for development projects were not disbursed 100% thus resulting to non implementation of some project.

**Way Forward**

- The budget ceiling should be enhanced upward so that the Assembly should have adequate funds to offer efficient and effective to the public.
- The Ifmis should work effectively without any fluctuations. This therefore, calls for the upgrading of the entire IFMIS with a view to avoiding congestion during the peak periods.
- Development fund should be disbursed fully so that the assembly can implement all its projects as contained in the approved budget.

**Isaac Felix Olwero**

**Clerk of the County Assembly**

## STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

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

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

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

**Approval of the financial statements**

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 29th September, 2017.

Clerk of the County Assembly

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

# OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

### Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Siaya set out on pages 11 to 38, which comprise the statement of receipts and payments, statement of financial assets and liabilities as at 30 June 2017, and the statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

### Basis for Adverse Opinion

#### 1. Inaccuracies of the Financial Statements

Audit review of the financial statements indicated the following inaccuracies which resulted to non-compliance with Public Sector Accounting Standard (IPSAS) No 1. The note 11 to financial statements reflects fund balance brought forward figure of Kshs.63,666,663 as comparative balance instead of nil balance. The Fund balance is therefore not accurate.

Consequently, the management were in breach of the financial regulations and the accuracy of the financial statements as at 30 June 2017 could not be confirmed.

## 2. Cash and Cash Equivalents

The financial statements reflects cash and cash equivalents balance of Kshs.250,008. However, the following anomalies were noted;

i) Bank statements from Central Bank A/c No.1000197471 disclosed a balance of Kshs.71,316,966 with unpresented cheques amounting to Kshs.72,685,375. It was also not clear as to why the amount was overdrawn by an amount totalling Kshs.1,368,409.

ii) The availed cash book for KCB A/C No.1143428927 was not up to date and therefore the provided bank reconciliation statements authenticity could not be verified as presenting a true position of bank closing balance.

iii) The availed bank statements revealed that the Assembly runs two bank accounts, the KCB A/C No.1143428927 and Central bank of Kenya A/C No.1000197463 against the requirements of Article 28 of the Public Financial Management Act, 2012 which requires County Treasuries to establish and operate the Treasury Single Account (TSA) for proper accountability of public funds unless there is an express authority from the director of accounting services or a letter from Central Bank confirming in writing that it is unable to offer banking services.

Consequently, the accuracy and validity of cash and cash equivalents of Kshs.250,008 could not be confirmed.

## 3. Unsupported Imprest Balance

The statement of financial assets as at 30 June 2017 disclose accounts receivable-outstanding imprests balance of Kshs.1,915,825. However, no imprest register was availed for audit confirmations contrary to Section 91(2) and Section 93(4) of the Public Finance Management Act (County Government) Regulations 2015 which requires that the imprests issued is recorded in the imprest register and that the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.

## 4. Use of Goods and Services

### 4.1 Understatement of Domestic and Foreign Travel

Included in the statement of receipts and payments under use of goods and services figure of Kshs.234,583,200 is Kshs.922,047 and Kshs.85,136,183 on foreign travel and subsistence and domestic travel and subsistence respectively. However, the schedules provided for audit review reflected Kshs.1,651,287 and Kshs.85,188,123 on foreign travel and subsistence and domestic travel and subsistence respectively leading an unsupported understatement of Kshs.781,180.

### 4.2 Misstatement of Various Expenditure Items

Included in the statement of receipts and payments under use of goods and services figure of Kshs.234,583,200 is Kshs.3,265,145, Kshs.5,844,392, Kshs.2,450,188 and Kshs.1,401,051 for fuel, oil and lubricants, communication supplies and services, routine maintenance and utilities supplies and services respectively. However the schedules provided for audit review reflected Kshs.2,265,145, Kshs.2,848,131, Kshs.1,003,151 and Kshs.835,051 for fuel, oil and lubricants, communication supplies and services, routine maintenance and utilities supplies and services respectively leading to an unexplained overall misstatement of Kshs.5,222,118 as analyzed in the table below.

| Items | IFMIS Payments Kshs. | Cheque Payments Outside IFMIS Kshs. | Total Actual Payments (IFMIS +Cheque Payments) Kshs. | Financial Statement Figures Kshs. | Over/ (Understatement ) Kshs. |
|---|---|---|---|---|---|
| Fuel, oil and lubricants | 2,265,145 | | 2,265,145 | 3,265,145 | 1,000,000 |
| Communication supplies and services | 1,812,746 | 1,035,385 | 2,848,131 | 5,844,392 | 2,996,261 |
| Routine maintenance-other assets | 1,003,151 | | 1,003,151 | 2,450,188 | 1,447,037 |
| Utilities, supplies and services | 835,051 | | 835,051 | 1,401,051 | 556,000 |
| Foreign travel and subsistence | 1,651,287 | | 1,651,287 | 922,047 | (729,240) |
| Domestic travel and subsistence | 83,298,616 | 1,889,507 | 85,188,123 | 85,136,183 | (51,940) |
| **Total** | **90,865,996** | **2,924,892** | **93,790,888** | **99,019,006** | **5,222,118** |

### 4.3. Unsupported Domestic Travel and Subsistence Allowances

Included in use of goods and services figure of Kshs.234,583,200 is domestic travel and subsistence figure of Kshs.85,136,183 which further includes payment to 48 Members of County Assembly as 5 days per diem totalling Kshs.3,360,000 for attending East Africa Legislative Assembly Sports and Culture Association (EALASCA). However, as per the invitation letter only two officers were invited to represent the County in the festival hence eligible for payment totalling Kshs.134,000 out of a figure of Kshs.3,360,000. The resultant difference of Kshs.3,226,000 was not eligible for payment.

### 5. Fixed Assets

The fixed assets inherited from the defunct County Council of Siaya were not disclosed in the financial statements. Similarly, fixed assets that were procured during year under review worth Kshs.9,220,793 out of a total of Kshs.21,667,478 did not have name tags or serial numbers for ease of identification and thus it was not possible to ascertain their existence and location

### 6. Compensation of Employees

Included in the statement of receipts and payments is compensation of employees figure of Kshs.326,582,006. However, the wage bill constitutes 52% of the cost total receipts during the year. This is contrary to Public Finance Management Regulation 2015, section 107(2) that recommends a maximum of 35%. Consequently, the management was in breach of the law.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter discussed in the Basis for Adverse Opinion and Other Matter sections of my report, I have determined that there are no key audit matters to communicate in my report.

### Other Matter

### 1.0 Budgetary Control and Performance

### 1.1 Undisclosed Balance of the Development Account

The Assembly had an approved budget Kshs.91,426,324 on development expenditure. However, records of exchequer releases revealed that the Assembly received Kshs.27,122,324 through the Siaya County Executive Development account thereby resulting to undisbursed amount of Kshs.64,304,000. Out of the Kshs.27,122,324 received, the Assembly spent Kshs.12,446,685 resulting into an unspent balance of Kshs.14,675,639. No bank statements were made available to confirm that the unspent balance is still intact. Further, no valid reasons were availed as to why the Assembly did not receive the whole budgeted amount under the

development account. This therefore means that the development account was under absorbed by 86.4% denying the Assembly from rendering the residents of the County necessary services.

### 1.2 Budget Absorption

During the financial year under review, the Assembly spent Kshs.610,195,323 on recurrent and development projects against the budget figure of Kshs.691,340,796 leading to an under expenditure of Kshs.81,145,473 as analyzed in the table below.

| Component | Final Budget | Actual on comparable Basis | Utilization Difference | Under Absorption | Over Absorption |
|---|---|---|---|---|---|
| | Kshs. | Kshs. | Kshs. | % | % |
| Compensation of Employees | 330,835,582 | 326,582,006 | 4,253,576 | 1 | |
| Use of goods and services | 222,764,549 | 234,583,200 | (11,818,651) | | 5 |
| Social security benefits | 33,329,941 | 27,362,639 | 5,967,302 | 18 | |
| Acquisition of Assets | 104,410,724 | 21,667,478 | 82,743,246 | 79 | |
| Finance costs | 0 | 0 | 0 | | |
| **Total** | **691,340,796** | **610,195,323** | **81,145,473** | **12** | |

From the above summary, it is clear that the management failed to utilize Kshs.81,145,473 representing 12% of its budget allocation and over spent on use of goods and services by 5%. Failure to utilize all the funds as budgeted is an indication that programs or activities are not being implemented as planned thus not achieving the intended objective of improving delivery of goods and services to the intended beneficiaries.

**Responsibility of Management and Those Charged with Governance for the Financial Statements**

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Assembly's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

- Perform and offer procedures as I consider necessary in the circumstances.

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

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

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

**Nairobi**

**16 July 2018**

## III. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2016-2017 | 2015-2016 |
|---|---|---|---|
| | | Kshs | Kshs |
| **RECEIPTS** | | | |
| Transfers from National Treasury | 1 | **612,361,157** | 655,904,195 |
| **TOTAL REVENUES** | | **612,361,157** | 655,904,195 |
| | | | |
| **PAYMENTS** | | | |
| | | | |
| Compensation of Employees | 2 | **326,582,006** | 295,656,787 |
| Use of goods and services | 3 | **234,583,200** | 228,202,055 |
| Social Security Benefits | 4 | **27,362,639** | |
| Acquisition of Assets | 5 | **21,667,478** | 68,373,040 |
| Finance Costs, including Loan Interest | 6 | - | 5,650 |
| Other Payments | 7 | - | |
| **TOTAL PAYMENTS** | | **610,195,324** | 592,237,532 |
| | | | |
| **SURPLUS/DEFICIT** | | **2,165,833** | 63,666,663 |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2017 and signed by:

Clerk of the Assembly
Name: Isaac Felix Olwero

Principal Finance Officer
Name: Danish Okuthe

## IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

| | Note | 2016-2017 | 2015-2016 |
|---|---|---|---|
| | | Kshs | Kshs |
| **FINANCIAL ASSETS** | | | |
| | | | |
| **Cash and Cash Equivalents** | | | |
| Bank Balances | 8A | 7,798 | 63,660,088 |
| Cash Balances | 8B | 242,210 | 6,575 |
| **Total Cash And Cash Equivalents** | | **250,008** | **63,666,663** |
| | | | |
| Accounts Receivables - Outstanding Imprest and Clearence Accounts | 9 | 1,915,825 | - |
| | | | |
| **TOTAL FINANCIAL ASSETS** | | **2,165,833** | **63,666,663** |
| | | | |
| **LESS: FINANCIAL LIABILITIES** | | | |
| | | | |
| Accounts Payables - Deposits | 10 | - | - |
| | | | |
| **NET FINANCIAL ASSETS** | | **2,165,833** | **63,666,663** |
| | | | |
| **REPRESENTED BY** | | | |
| | | | |
| **Fund balance b/fwd** | 11 | - | - |
| **Prior year adjustments** | 12 | - | - |
| **Surplus/Defict for the year** | | **2,165,833** | **63,666,663** |
| **NET FINANCIAL POSSITION** | | **2,165,833** | **63,666,663** |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2017 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

## V. STATEMENT OF CASH FLOWS

| | Note | 2016-2017 Kshs | 2015-2016 Kshs |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Receipts for operating income** | | | |
| Transfers from National Treasury | 1 | 612,361,157 | 655,904,195 |
| | | **612,361,157** | **655,904,195** |
| **Payments for operating expenses** | | | |
| Compensation of Employees | 2 | 326,582,006 | 295,656,787 |
| Use of goods and services | 3 | 234,583,200 | 228,202,055 |
| Social Security Benefits | 4 | 27,362,639 | - |
| Finance Costs, including Loan Interest | 5 | - | 5,650 |
| Other Payments | 6 | - | - |
| | | **588,527,845** | **523,864,492** |
| **Adjusted for:** | | | |
| Changes in receivables | | | - |
| Changes in payables | | - | - |
| Adjustments during the year | 12 | - | - |
| **Net cashflow from operating activities** | | **23,833,312** | **132,039,703** |
| **CASHFLOW FROM INVESTING ACTIVITIES** | | | |
| Acquisition of Assets | 5 | (21,667,478) | (68,373,040) |
| **Net cash flows from Investing Activities** | | | |

For the year ended June 30, 2017

| | | | |
|---|---|---|---|
| | | (21,667,478) | (68,373,040) |
| | | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENT** | | - | - |
| **Cash and cash equivalent at BEGINNING of the year** | | - | 63,666,663 |
| **Cash and cash equivalent at END of the year** | | 2,165,833 | 63,666,663 |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2017 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

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

| Code | Revenue/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation Difference to Final Budget |
|---|---|---|---|---|---|---|---|
| | | a | b | c=a+b | d | e=c-d | f=d/c % |
| | **RECEIPTS** | | | | | | |
| 1 | Exchequer releases | 688,791,779 | 2,549,017 | 691,340,796 | 612,361,157 | 78,979,639 | 89% |
| | **Total Receipts** | **688,791,779** | **2,549,017** | **691,340,796** | **612,361,157** | **78,979,639** | **89%** |
| | **Payments** | | | | | | |
| 2 | Compensation of Employees | 346,512,485 | (15,676,903) | 330,835,582 | 326,582,006 | 4,253,576 | 99% |
| 3 | Use of goods and services | 209,169,549 | 13,595,000 | 222,764,549 | 234,583,200 | (11,818,651) | 105% |
| 4 | Social Security Benefits | 17,653,038 | 15,676,903 | 33,329,941 | 27,362,639 | 5,967,302 | 82% |
| 5 | Acquisition of Assets | 115,456,707 | (11,045,983) | 104,410,724 | 21,667,478 | 82,743,246 | 21% |
| 6 | Finance Costs, including Loan Interest | 0 | 0 | 0 | 0 | 0 | 0% |
| 7 | Other Expenses | 0 | 0 | 0 | 0 | 0 | 0% |
| | **Grand Total** | **688,791,779** | **2,549,017** | **691,340,796** | **610,195,323** | **81,145,473** | **88%** |
| | **Surplus/Deficit** | **0** | **0** | **0** | **2,165,834** | **(2,165,834)** | |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2017 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

## VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

| Code | Revenue/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation Difference to Final Budget |
|---|---|---|---|---|---|---|---|
| | | a | b | c=a+b | d | e=d-c | f=d/c % |
| | **RECEIPTS** | | | | | | |
| 1 | Exchequer releases | 599,914,472 | 0 | 599,914,472 | 599,914,472 | 0 | 100% |
| | **Total Receipts** | **599,914,472** | **0** | **599,914,472** | **599,914,472** | **0** | 100% |
| | | | | | | | |
| | **PAYMENTS** | | | | | | |
| 2 | Compensation of Employees | 346,512,485 | (15,676,903) | 330,835,582 | 326,582,006 | 4,253,576 | 99% |
| 3 | Use of goods and services | 209,169,549 | 13,595,000 | 222,764,549 | 234,583,200 | (11,818,651) | 105% |
| 4 | Social Security Benefits | 17,653,038 | 15,676,903 | 33,329,941 | 27,362,639 | 5,967,302 | 82% |
| 5 | Acquisition of Assets | 26,579,400 | (13,595,000) | 12,984,400 | 9,220,793 | 3,763,607 | 71% |
| 6 | Finance Costs, including Loan Interest | 0 | 0 | 0 | 0 | 0 | 0% |
| 7 | Other Expenses | 0 | 0 | 0 | 0 | 0 | 0% |
| | **Grand Total** | **599,914,472** | **0** | **599,914,472** | **597,748,638** | **2,165,834** | **100%** |
| | **Surplus/Deficit** | **0** | **0** | **0** | **2,165,834** | **(2,165,834)** | |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2017 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

## VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

| Code | Revenue/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** | | | | | | |
| 1 | Exchequer releases | 88,877,307 | 2,549,017 | 91,426,324 | 12,446,685 | 78,979,639 | 14% |
| | **Total Receipts** | **88,877,307** | **2,549,017** | **91,426,324** | **12,446,685** | **78,979,639** | 14% |
| | | | | | | | |
| | **Payments** | | | | | | |
| 2 | Compensation of Employees | 0 | 0 | 0 | 0 | 0 | 0% |
| 3 | Use of goods and services | 0 | 0 | 0 | 0 | 0 | 0% |
| 4 | Social Security Benefits | 0 | 0 | 0 | 0 | 0 | 0% |
| 5 | Acquisition of Assets | 88,877,307 | 2,549,017 | 91,426,324 | 12,446,685 | 78,979,639 | 14% |
| 6 | Finance Costs, including Loan Interest | 0 | 0 | 0 | 0 | 0 | 0% |
| 7 | Other Expenses | 0 | 0 | 0 | 0 | 0 | 0% |
| | **Grand Total** | **88,877,307** | **2,549,017** | **91,426,324** | **12,446,685** | **78,979,639** | **14%** |
| | **Surplus/Deficit** | **0** | **0** | **0** | **0** | **0** | |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2017 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

## IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

| Program | Sub Program | Description | Approved Budget -KSHS | Actual Payments KSHS | Variance KSHS | % OF UTILIZATION |
|---|---|---|---|---|---|---|
| 0 | | Default - Non Programmatic | - | - | - | 0% |
| 701000000 | | | | | | |
| | 701020000 | Programme 1: Legislative & Representation | 326,992,436.00 | 323,395,650.20 | 3,596,785.80 | 98.90 |
| | 701030000 | Programme 2: Legislative Oversight | 55,255,200.00 | 60,766,972.00 | - 4,020,802.00 | 109.98 |
| | 701040000 | Programme 3: General Administration | 217,666,836.00 | 213,586,016.80 | 4,080,819.20 | 98.13 |
| | 701040000 | Programme 4: Development | 91,426,324.00 | 12,446,685.00 | 78,979,639.00 | 13.61 |
| | | **Grand Total** | **691,340,796.00** | **610,195,324.00** | **81,145,472.00** | 88.26 |

## X. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

**b) Recognition of payments**

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

**Compensation of employees**

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

**Use of goods and services**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

In-kind contributions are donations that are made to the County Assembly in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Assembly includes such value in the statement of receipts and payments both as 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.

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

**6. Accounts Receivable**

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

**7. Accounts Payable**

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

**8. Non current assets**

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

**9. Pending bills**

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

**10. Budget**

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

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

**11. Comparative figures**

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

**12. Subsequent events**

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

**13. Errors**

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

**14. Related party transactions**

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

## XI. NOTES TO THE FINANCIAL STATEMENTS

### 1 EXCHEQUER RELEASES/TRANSFERS FROM COUNTY TREASURY

| Description | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| Total Exchequer Releases for quarter 1 | 171,446,685 | 229,750,000 |
| Total Exchequer Releases for quarter 2 | 163,000,000 | 134,561,435 |
| Total Exchequer Releases for quarter 3 | 150,000,000 | 200,583,291 |
| Total Exchequer Releases for quarter 4 | 127,914,472 | 91,009,469 |
| **TOTAL** | **612,361,157** | **655,904,195** |

*The Assembly received 100% of reccurrent budget as approved.The County Assembly had an approved budget of Kes. 91,426,324 on development of which 27,122,324 was disbursed to the Siaya County development account thereby resulting to undisbursed amount of Kes. 64,304,000 . Out of the Kes 27,122,324, the county assembly spent Kes. 12,446,685 on development of which we recognized as income in the financial statement and fully expensed*

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

## 1 COMPENSATION OF EMPLOYEES

| | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| Basic salaries of permanent employees | 144,840,042.20 | 121,760,693 |
| Basic wages of temporary employees | 33,304,821.95 | 27,445,259 |
| Personal allowances paid as part of salary | 133,692,441.15 | 124,330,546 |
| Personal allowances paid as reimbursements | 4,224,932.00 | - |
| Personal allowances provided in kind | - | - |
| Pension and other social security contributions | - | 21,765,889 |
| Employer Contributions Compulsory national social security schemes | 10,519,769.00 | 354,400 |
| Employer Contributions Compulsory national health insurance schemes | - | - |
| | | |
| **TOTAL** | **326,582,006** | **295,656,787** |

## 2 USE OF GOODS AND SERVICES

| | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| Utilities, supplies and services | 1,401,050.95 | 911,924.00 |
| Communication, supplies and services | 5,844,392.10 | 2,641,205.00 |
| Domestic travel and subsistence | 85,136,183.00 | 34,934,613.00 |
| Foreign travel and subsistence | 922,047.40 | 2,999,997.00 |
| Printing, advertising and information supplies & services | 12,931,248.00 | 18,904,865.00 |
| Rentals of produced assets | 1,081,054.00 | 6,053,700.00 |
| Training expenses | 21,756,869.00 | 49,004,687.00 |
| Hospitality supplies and services | 29,902,743.00 | 35,051,949.00 |
| Insurance costs | 27,354,190.00 | 21,318,096.00 |
| Specialised materials and services | 957,482.00 | 725,146.00 |

| | | |
|---|---|---|
| Purchase of Household Furniture and Institutional Equipment | - | 1,471,073 |
| Purchase of Office Furniture and General Equipment | - | 3,618,120 |
| Purchase of ICT Equipment, Software and Other ICT Assets | - | - |
| Purchase of Specialised Plant, Equipment and Machinery | - | 3,947,788 |
| Office and general supplies and services | 7,290,496.45 | 4,558,500.00 |
| Other operating expenses | 31,823,993.35 | 19,584,607.00 |
| Routine maintenance – vehicles and other transport equipment | 2,466,117.99 | 2,276,084.00 |
| Routine maintenance – other assets | 2,450,187.70 | 3,145,779.00 |
| Fuel Oil and Lubricants | 3,265,145.50 | 4,628,350.00 |
| Exchange Rate Losses | | - |
| Other operating creditors | | 12,425,572.00 |
| **TOTAL** | **234,583,200** | **228,202,055** |

4 **SOCIAL SECURITY BENEFITS**

| | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| Government pension and retirement benefits | 27,362,639 | - |
| Social security benefits in cash and in kind | - | - |
| Employer Social Benefits in cash and in kind | - | - |
| | | |
| **TOTAL** | **27,362,639** | - |

This entails the Gratuity payments to contractual employees at the ward offices which was transferred to operation account and paid directly to ward staffs in their respective accounts
and the rest attributed to Honorable Members of County assembly payable to Lapfund upon deduction from their monthly salary.

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

## 5 ACQUISITION OF ASSETS

| | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| **Non Financial Assets** | | |
| Purchase of Buildings | - | - |
| Construction of Buildings | 12,446,685 | 4,842,628 |
| Refurbishment of Buildings | - | 2,580,780 |
| Construction of Roads | - | - |
| Construction and Civil Works | - | 3,353,808 |
| Overhaul and Refurbishment of Construction and Civil Works | - | - |
| Purchase of Vehicles and Other Transport Equipment | - | 6,929,150 |
| Overhaul of Vehicles and Other Transport Equipment | - | - |
| Purchase of Household Furniture and Institutional Equipment | 763,260 | - |
| Purchase of Office Furniture and General Equipment | 6,347,868 | - |
| Purchase of ICT Equipment, Software and Other ICT Assets | 36,000 | - |
| Purchase of Specialised Plant, Equipment and Machinery | 2,073,665 | |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | - | - |
| Purchase of Certified Seeds, Breeding Stock and Live Animals | - | - |
| Research, Studies, Project Preparation, Design & Supervision | - | 50,666,674 |
| Rehabilitation of Civil Works | - | - |
| Acquisition of Strategic Stocks and commodities | - | - |
| Acquisition of Land | - | - |
| Acquisition of Intangible Assets | - | - |
| **Sub Total** | **21,667,478** | **68,373,040** |
| **Financial Assets** | | |
| Domestic Public Non-Financial Enterprises | - | - |
| Domestic Public Financial Institutions | - | - |
| Foreign financial Institutions operating Abroad | - | - |
| Other Foreign Enterprises | - | - |
| Foreign Payables - From Previous Years | - | - |
| **Sub Total** | - | - |
| **TOTAL** | **21,667,478** | **68,373,040** |

**6 FINANCE COSTS, INCLUDING LOAN INTEREST**

| | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| Interest Payments on Foreign Borrowings | - | - |
| Interest Payments on Guaranteed Debt Taken over by Govt | - | - |
| Interest on Domestic Borrowings (Non-Govt) | - | - |
| Interest on Borrowings from Other Government Units | - | - |
| bank charges | | 5,650 |
| **TOTAL** | - | **5,650** |

**7 OTHER PAYMENTS**

| | 2016-2017 | 2015-2016 |
|---|---|---|
| | Kshs | Kshs |
| Budget Reserves | - | - |
| Civil Contingency Reserves | - | - |
| Other expenses | - | - |
| **TOTAL** | - | - |

**8A Bank Accounts**

| Name of Bank, Account No. & currency | Amount in bank account currency | Indicate whether recurrent, Development, deposit e.t.c | Exc rate (if in foreign currency) | 2016-2017 | 2015-2016 |
|---|---|---|---|---|---|
| | | | | Kshs | Kshs |
| *Central Bank of Kenya – A/C No.100197463* | 7,578 | Recurrent | 1 | 7,578 | 51,206,487 |
| *Kenya Commercial Bank – A/C No.1143428927* | 220 | Recurrent | 1 | 220 | - 68,084.55 |
| *Central Bank of Kenya- A/C No. 1000197471* | - | Development | 1 | - | 12,521,686 |
| **Total** | **7,798** | | | **7,798** | **63,660,088** |

**8B Cash in hand**

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Cash in Hand – Held in domestic currency | | | 242,210 | 6,575 |
| Cash in Hand – Held in foreign currency | | | - | - |
| **TOTAL** | | | **242,210** | **6,575** |

**Cash in hand should also be analysed as follows:**

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| County Assembly of Siaya Headquarter | | | 242,210 | 6,575 |
| **TOTAL** | | | **242,210** | **6,575** |

## 9 ACCOUNTS RECEIVABLE

| *Description* | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Other Debtors, prepayments-provision for Imprest | | | 1,915,825 | - |
| Salary advances | | | - | - |
| District suspense | | | - | - |
| Clearance accounts | | | - | - |
| **TOTAL** | | | **1,915,825** | - |

## 10 ACCOUNTS PAYABLE

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Deposits | | | - | - |
| | | | - | - |
| | | | | |
| **TOTAL** | | | - | - |

## 11 FUND BALANCES BROUGHT FORWARD

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Bank accounts | | | 0 | 63,660,088 |
| Cash in hand | | | 0 | 6,575 |
| Receivables - Outstanding Imprests | | | 0 | - |
| Payables – Deposits | | | 0 | 0 |
| | | | | |
| **TOTAL** | | | **0** | **63,666,663** |

## 12 PRIOR YEAR ADJUSTMENTS

| **Description of the error** | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Adjustments on bank account balances | | | 0 | 0 |
| Adjustments on cash in hand | | | 0 | 0 |
| Adjustments on payables | | | 0 | 0 |
| Adjustments on receivables | | | 0 | 0 |
| Others (*specify*) | | | 0 | 0 |
| **TOTAL** | | | **0** | **0** |

## 13.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 Assembly.

- Members of County Assembly;
- Key management personnel that include the Clerk of the Assembly and heads of departments;

- The County Executive;
- County Ministries and Departments;
- Other County Government entities including corporations, funds and boards;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Key Management compensation | | | | |
| County Assembly Clerk | | | | |
| Principal Finance Officer | | | | |

## 14 OTHER IMPORTANT DISCLOSURES

## 14 PENDING ACCOUNTS PAYABLE (See Annex 1)

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| Construction of buildings | | | 5,356,605 | 31,028,559 |
| Construction of civil works | | | 13,388,464 | 1,339,893 |
| Supply of goods | | | - | 604,581 |
| Supply of services | | | 135,000 | 4,191,667 |
| **TOTAL** | | | **18,880,069** | **37,164,700** |

## 14 PENDING STAFF PAYABLES

| | | | 2016-2017 | 2015-2016 |
|---|---|---|---|---|
| | | | Kshs | Kshs |
| 1. HON .Mathew Onduru | | | - | 106,600 |
| 2.Mr. Daniel Omondi Otieno | | | - | 5,600 |
| **TOTAL** | | | - | **112,200** |

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

## XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| **Reference No. on the external audit Report** | **Issue / Observations from Auditor** | **Management comments** | **Focal Point person to resolve the issue *(Name and designation)*** | **Status: *(Resolved / Not Resolved)*** | **Timeframe: *(Put a date when you expect the issue to be resolved)*** |
|---|---|---|---|---|---|
| | | | | | |
| | | The Assembly is yet to receive Audited accounts | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Sub-Total** | - | | - | - | - | |
| **Supply of services** | | | | | | |
| ADMINISTRATION POLICE SERVICE | 135,000 | 5.7.2017 | - | 135,000.00 | 270,000 | Late Invoice Delivery |
| OCEANAIR TOURS & TRAVEL | | | | - | | |
| **Sub-Total** | 135,000 | | - | 135,000 | 270,000 | |
| **Grand Total** | 36,346,385 | - | 14,436,748 | 21,909,637 | 11,776,061 | |

## XIII. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance | Outstanding Balance | Comments |
|---|---|---|---|---|---|---|
| | | | | 2,017 | 2,016 | |
| | A | B | c | d=a-c | | |
| **Construction of buildings** | | | | | | |
| EXODUS COMPANY LIMITED | 736,629.00 | 29.5.2017 | - | 736,629.00 | | Late Invoice Delivery |
| SHIFA ENTERPRISES | 19,056,723.60 | 29.5.2017 | 14,436,748 | 4,619,976 | 11,506,060.88 | |
| | | | | - | | |
| **Sub-Total** | 19,793,353 | | 14,436,748 | 5,356,605 | 11,506,061 | |
| **Construction of civil works** | | | | | | |
| LENANCHA CONSTRUCTION & SONS CO. LTD | 13,388,464.00 | 27.3.2017 | - | 13,388,464 | - | Late Invoice Delivery |
| BERROW CONSTRUCTION | 3,029,568 | 19.6.2017 | - | 3,029,568 | - | |
| | | | | - | | |
| **Sub-Total** | 16,418,032 | | - | 16,418,032 | - | |
| **Supply of goods** | | | | | | |
| | - | | - | - | - | |
| | | | | - | | |
| | | | | - | | |

## XIV. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2,017.00 | Outstanding Balance 2,016.00 | Comments |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d=a-c | | |
| **Senior Management** | | | | | | | |
| Hon. Mathews Onduru | P | 106,600.00 | 3/1/2013 | 106,600.00 | - | 106,600.00 | Sitting Allowances |
| **Sub-Total** | | **106,600.00** | | **106,600.00** | **-** | **106,600.00** | |
| **Unionisable Employees** | | | | | | | |
| MR. DANIEL OMONDI | K | 5,600.00 | | 5,600.00 | - | 5,600.00 | Per diem not paid while on Training |
| | | | | | - | | |
| | | | | | - | | |
| **Sub-Total** | | **5,600.00** | | **5,600.00** | **-** | **5,600.00** | |
| **Grand Total** | | **112,200.00** | | **112,200.00** | **-** | **112,200.00** | |

## XV. ANNEX 3– SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f (Kshs) | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost c/f (Kshs) |
|---|---|---|---|---|
| Buildings and structures | 61,443,890 | 12,446,685 | 0 | 73,890,575 |
| Transport equipment | 31,439,150 | 0 | 0 | 31,439,150 |
| Office equipment, furniture and fittings | 0 | 7,111,128 | 0 | 7,111,128 |
| ICT Equipment, Software and Other ICT Assets | 0 | 36,000 | 0 | 36,000 |
| Other Machinery and Equipment | 0 | 2,073,665 | 0 | 2,073,665 |
| Heritage and cultural assets | 0 | 0 | 0 | 0 |
| Intangible assets | 0 | 0 | 0 | 0 |
| **Total** | **92,883,040** | **21,667,478** | **0** | **114,550,518** |

## ANNEX 4 – LIST OF PROJECTS IMPLEMENTED BY THE SIAYA COUNTY ASSEMBLY

| Ref | Project Name | Principal activity of the project | Accounting Officer | Project consolidated in these financial statements(yes/no) |
|---|---|---|---|---|
| 1 | COMMITTEE BOARD ROOMS AND OFFICES | ENOUGH SPACE FOR COMMITTEE MEMBERS | COUNTY ASSEMBLY CLERK | Yes |
| 2 | CONSTRUCTION OF SENTRY AND WALK PATH,GROUND LEVELLING | ENHANCE SECURITY AND HON. MCAS AND STAFF WELFARE | COUNTY ASSEMBLY CLERK | WORK IN PROGRESS |

## XVI. ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

***Government Imprest Holders***

| *Name of Officer or Institution* | *Date Imprest Taken* | *Amount Taken* | *Amount Surrendered* | *Balance* |
|---|---|---|---|---|
| | | *Kshs* | *Kshs* | *Kshs* |
| *MR. SILAS OKEYO* | 29.6.2017 | 4,992,408 | 3,152,800 | 1,839,608 |
| ***Total*** | | | | **1,839,608** |