REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF HOMA BAY

FOR THE YEAR ENDED 30 JUNE, 2019

COUNTY EXECUTIVE OF HOMA BAY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

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1. 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 Executive of Homa Bay* day-to-day management is under the following key organs:

- H.E CYPRIAN OTIENO AWITI - GOVERNOR;
- H.E HAMILTON ORATA - DEPUTY GOVERNOR;
- HON.ISAIAH OGWE - COUNTY SECRETARY

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	**-Hon. Nicholas Koriko**
2.	Chief Officer - Finance	**-Mr. Noah Otieno**
3.	Head of Accounts	**-Mr. Daniel Owuor**
4.	Deputy Head of Accounts	**-Mr. Samuel Mainda**

d) Fiduciary Oversight Arrangements

- ***Audit and finance committee activities***
  -Strengthening systems and Internal Controls

- ***County Assembly Committee Activities***
  -Approval of Budgets
  -Oversight of Development Projects
  -Other Checks and Balances

e) Entity Headquarters

P.O. Box 469-40300
Homa Bay
Homa Bay, KENYA

f) Entity Contacts

Tel. +254 (2038617565/55)
E-mail: governorsofficehomabaycounty.go.ke
Website: www.homabay.go.keWebsite: www.go.ke

g) Entity Bankers

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

2. Co-operative Bank Kenya Ltd
   Co-operative House
   Moi Avenue,
   P.O. BOX 30084-00100,
   Nairobi, Kenya

3. Equity Bank Kenya Ltd
   P.O Box 75104-00200,
   Equity Centre,
   Nairobi, Kenya

4. Kenya Commercial Bank Ltd
   Kencom House,
   Moi Avenue,
   P.O Box, 48400-00100,
   Nairobi, Kenya.

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

2. FORWARD BY THE CEC

It is my pleasure to present the County Executive of Homa Bay financial statements for the year ended 30th June 2019.The financial statements present the financial performance of the County Government over the past year.

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

Financing of the County Governments

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

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Homa Bay County included business permits, land rates, business plan approval, 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) REVENUE COLLECTION

The County Government Revenue is now on Unstructured Automation System where by all daily revenue collections are done online. We have distributed computers to all the Sub Counties in preparation for the Structured System whereby the revenues which normally fall due in quarterly, half yearly and yearly will be collected online. Our Ultimate programme is to synchronize payments of revenue in one portal and introduce a cash less system through Mpesa pay bill

CEC-M FINANCE, ECONOMIC PLANNING AND SERVICE DELIVERY
COUNTY EXECUTIVE OF HOMA BAY.

3. 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, 2019. 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, 2019, 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 30/9 2019.

County Executive Committee Member – Finance

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF HOMA BAY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the County Executive of Homa Bay set out on pages 6 to 38, which comprise of the statement of assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the 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 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 matter described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the County Executive of Homa Bay as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and do not comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Irregular Use of Unbanked Receipts

As disclosed under Note 4 to the financial statements, the statement of receipts and payments reflects County own generated receipts of Kshs.215,039,531. Included in the figure is health sector revenue of Kshs.125,654,378. However, the hospitals did not bank the money into the County Revenue Fund account contrary to section 109(2) of the Public Finance Management Act, 2012. The money was instead directly spent at source after collection using the Authority to Incur Expenditure without undergoing the relevant approval process.

In the circumstances, the completeness and accuracy of county own generated receipts of Kshs.215,039,531 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

2. Payments Made Outside Integrated Financial Management Information System (IFMIS)

A review of the bank statements revealed transfer of funds to departmental operations accounts amounting to Kshs.452,463,000. The funds were utilized in the payments at the various departmental level. However, the transactions were made outside IFMIS and vouchers were used to support those payments.

In the circumstances, the accuracy, completeness and validity of the payments made outside the IFMIS of Kshs.452,463,000 for the year ending 30 June, 2019 could not be confirmed.

3. Unsupported Expenditure

Examination of the statement of receipts and payments revealed the following unsatisfactory matters: -

3.1. Unsupported Construction of Finance Office

As disclosed under Note 11 to the financial statements, the statement of receipts and payments reflects an expenditure amounting to Kshs.1,048,074,713 in respect of acquisition of assets which includes Kshs.44,257,616 for construction of a finance office block. However, Management did not provide the tender documents including the advertisement, opening minutes, technical evaluation report, letter of acceptance, bill of quantities and contract agreement for audit review.

3.2. Unsupported Expenditure - Routine Maintenance of Motor Vehicles and Other Transport Equipment

As disclosed under Note 7 to the financial statements, the statement of receipts and payments reflects an expenditure amounting to Kshs.871,221,489 in respect of use of goods and services. The figure includes routine maintenance of motor vehicles and other transport equipment of Kshs.27,873,625 and Kenya Devolution Conference of Kshs.12,000,000. However, the Management did not provide for relevant documents including the payment vouchers, for audit review.

3.3. Unsupported Social Security and Benefits

As disclosed under Note 10 to the financial statements, the statement of receipts and payments reflects social security benefits expenditure of Kshs.13,031,720. However, the Management did not provide for audit review the general ledger and other relevant documents to support the expenditure.
Consequently, the occurrence, completeness and accuracy of the statement of receipts and payments for the year ending 30 June, 2019 could not be confirmed.

4. Unsupported Prior Year Adjustments

As disclosed under Note 16 to the financial statements, the statement of assets and liabilities reflects a prior year adjustment of Kshs.16,451,778. Although the Management

explained that the prior year adjustments were in respect of administrative expenses that were omitted in 2017/2018 financial year, journal entry vouchers and schedules in support of the adjustments thereof were not provided for audit review.

Consequently, the validity and accuracy of adjustment of Kshs.9,600,138 and subsequent effect in the financial statements could not be confirmed.

5. Incomplete Upgrading of Nyakwere Market

As disclosed under Note 11 to the financial statements, the statement of receipts and payments reflects acquisition of assets of Kshs.1,048,074,713 which includes Kshs.24,343,271 paid for upgrading of Nyakwere Market. The contact was awarded to a contractor at Kshs.50,544,192 for a period of eight (8) months commencing in July, 2017. The project is co-funded by the County Executive and UN-Habitat. The UN-Habitat was to contribute US$250,000 equivalent to Kshs.25,000,000 while the County Executive was to contribute Kshs.25,544,192.

Examination of the records and implementation agreement revealed that the Management made payments directly through the operations account outside the Integrated Financial Management Information System (IFMIS). The project was incomplete at the time of the audit and the total contribution received from the Donor had not been disclosed.

Consequently, the validity, accuracy and completeness of the Kshs.24,343,271 paid for the year ending 30 June, 2019 could not be confirmed.

6. Pending Accounts Payables (Bills)

Annex 2 to the financial statements reflects pending accounts payables (bills) of Kshs.314,867,512 which were not settled during the year under review but were carried forward to the 2019/2020 financial year. However, included in the pending bills is Kshs.297,903,741 which constitutes bills that were not supported by authentic and verifiable source documents and schedules clearly indicating type of supply, contracted amount, amount paid during the year and the outstanding balances at the year end.

Whereas pending bills constitute a first charge during the subsequent budget, the validity, completeness and accuracy of the pending accounts payables(bills) of Kshs.314,867,512 under Annex 2 could not be ascertained.

7. Non-Accounting of Liquor Fees

The Management had budgeted liquor licensing fees of Kshs.2,689,383. However, the Management did not prepare and submit for audit the financial statements of the Alcoholic Drinks Control Fund. Further, supporting documents by way of total revenue collected, bank statements, liquor outlets and licensing books were not provided for audit review. This is contrary to the requirements of Homa Bay County Alcoholic Drinks Control Act, 2015.

Under the circumstances, the accuracy, completeness and validity of the liquor licensing fees could not be ascertained.

8. Irregular Termination and Re-award of Contract

Included in the acquisition of assets expenditure of Kshs.1,048,074,713 is an amount of Kshs.7,989,989 paid for construction of the proposed animal feeds factory and a Godown at Arujo Area. The contract was awarded to a contractor at a sum of Kshs.45,160,064 and the commencement date was 28 April, 2015 for a period of eight (8) months. The tender was however terminated on 11 April, 2018.

During the year under review, the contractor was paid Kshs.7,989,989 bringing the total payments to date to Kshs.37,701,989 as at 30 June, 2019. It was however, not explained how the tender was re-awarded to the same contractor. A physical verification of the project on 19 September, 2019 revealed that the project was incomplete.

Further, minutes of the meeting held on 2 November, 2018 indicated that the cost of the project had been varied from Kshs.45,160,064 to Kshs.66,715,364 leading to a cost variation of Kshs.21,555,300 or 48%. The total contract price was, therefore, varied by more than 25% contrary to section 139(4)(e) of the Public Procurement and Assets Disposal Act, 2015.

In addition, the Management had also entered into a contract with an engineering services firm to supply, install and commission a 9 ton-per-hour animal feeds equipment at the animal feeds factory at a cost of Kshs.42,245,280 on 12 June, 2014. The Management made an advance payment of Kshs.38,730,861 to the supplier. According to the contract, manufacturing was to start by August, 2014 but the equipment had not been delivered by the time of audit.

Consequently, the regularity and value for money of the expenditure of Kshs.38,730,861 incurred so far on the project could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Homa Bay Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budget Control and Performance

The summary statement of appropriation - recurrent and development combined reflects approved receipts budget and actual on comparable basis of Kshs.8,467,339,450 and Kshs.7,007,495,034 respectively resulting to a shortfall of Kshs.1,459,844,416 or 1.7% of the approved budget. Similarly, the statement reflects an approved expenditure budget and actual on comparative basis of Kshs.8,467,339,450 and Kshs.6,062,300,218 respectively resulting to an overall under expenditure of Kshs.2,405,039,232 or 2.8% of the budget.

Although the under collection and under expenditure are minimal, a review of the individual vote and components revealed that the County Executive utilized Kshs.3,136,349,023 on Compensation of employees against the approved budget of Kshs.2,972,262,653 thereby occasioning an unauthorized expenditure amounting to Kshs.164,086,370. Further, under acquisition of assets, the County Executive expended an amount of Kshs.1,048,074,713 against the approved budget of Kshs.3,010,026,009 resulting to significant under-expenditure of Kshs.1,961,951,296 or 65%. The under expenditure is indicative that some planned activities and programs for the year may not have been undertaken.

Consequently, under expenditure on development budget may impact negatively on service delivery to the residents of Homa Bay County.

2. Outstanding Imprests

The statement of assets and liabilities reflects accounts receivables - outstanding imprests of Kshs.11,117,900 which were not surrendered within seven (7) days after the imprest holders had returned to their duty station. This represent a substantial amount of cash in the hands of the county employees which could lead to liquidity shortage.

The Management has not put in place mechanism to ensure that imprests are surrendered within 7 days after end of the assignment including recovery with interest at the Central Bank of Kenya exchange rate.

3. Prior Year Unresolved Issues

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although the Management has indicated that some issues have been responded to while others are awaiting feedback, the matters have remained unresolved as the Senate has yet to deliberate on the same.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Stalled and Incomplete Projects

As disclosed under Note 11 to the financial statements, the statement of receipts and payments reflects acquisition of assets of Kshs.1,048,074,713. A review of records indicated that the Management entered into contract to undertake several projects across the County. However, physical verification in September, 2019 revealed the following unsatisfactory observations: -

Projects Verification

Project Name	Contract Duration	Contract price (Kshs.)	Amounts Paid (Kshs.)	Project status
Miyuga-Mawego Road	Four (4) Months from 27 March, 2018	4,263,572	3,932,795	Not implemented
Kogwe-Randung-Sinema Road	Twenty-seven (27) Weeks from 23 March, 2018	5,860,000	5,860,000	Not implemented
Nyangwethe – Sindo Road	Fifteen (15) weeks, from 4 April, 2018	4,287,360	4,287,360	Not constructed.
Rapedhi – Riat Road	Twenty-Seven weeks (27) from 23 March, 2018	5,860,000	5,860,000.	Not implemented
Kadongo-Gendia Road	Twelve (12) months from October, 2015	687,270,373	481,403,416	Road furniture works worth Kshs.23,900,000 was outstanding
Construction of Kobondo Water Pan Spillway		2,508,620	2,508,620	Spillway was washed away by water
Construction of A Perimeter Wall	One (1) year from 10 June, 2016	28,228,308	18,548,551	Project was less than 60%

Project Name	Contract Duration	Contract price (Kshs.)	Amounts Paid (Kshs.)	Project status
				complete & with NEMA Caveat
Construction of Outpatient and Casualty Block at Rachuonyo District Hospital	Five (5) months from 24 April, 2012	19,816,800	5,078,915	Work was not complete and the contractor was not on site.
Construction of Apuoche ECDE Classrooms	Twelve (12) Weeks from 13 October, 2018	0	650,000	Stalled and the contractor was not on site
Sixteen (16) Water Projects		99,917,204.	51,373,856	Projects were not complete and not in use and had not received WARMA approval.
Construction of Maize Processing Plant at Kigoto-Suba	Six (6) months July, 2015	0	12,940,392	Construction had stopped at window level and the contractor was not on site.
Construction of Post – Harvest Grain Handling Facility at Kigoto	Forty-two (42) weeks from June, 2016	23,139,180	9,860,396	Construction was at substructure level and the contractor was not on site
	Total	**881,151,417**	**602,304,301**	

Management paid for works that were not complete or had not been started. In the circumstances, it is not possible to confirm whether the citizens of Homa Bay County have received value for money on projects.

2. Compliance with the Public Finance Management Regulations, 2015 – Fiscal Discipline

The statements of receipts and payments reflects compensation of employees' of Kshs.3,136,349,023 which accounted for fifty percent (50%) of the total receipts of Kshs.6,273,065,867. The expenditure is above the thirty-five percent (35%) limit provided for under regulation 25(b) of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, the Management is in breach of the regulations.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Summary of Assets Register

Disclosed in Annex 7 to the financial statements is a summary of assets register indicating additions in 2018/2019 of Kshs.56,165,738 and the balance brought forward from 2017/218 of Kshs.1,347,545,717 all totalling Kshs.1,403,711,455 as at 30 June, 2019. However, a review of the assets' register and other records revealed that various assets inherited from the defunct local authorities and County Councils have not been disclosed or valued.

In the circumstances, the valuation and completeness of the assets recorded in the assets register cannot be confirmed.

2. Lack of Risk Management Policy Framework

The Management did not avail supporting evidence of the existence of a Risk Management Policy Framework that ensured all operations were performed within the approved risk tolerance levels for audit review. There was no documented Disaster Recovery Plan to deal with loss of data or information in case of systems failures or to protect the IT infrastructure in the event of disaster.

In the circumstances, I am unable to confirm existence of effective risk management measures.

3. Lack of Approved Staff Establishment

The Management did not avail supporting evidence, for audit review, of existence of a Human Resource Management Policy Framework or an approved staff establishment to

guide in determining optimal staffing levels, filling of vacancies, recruitment and placement of staff. As a result, the available and filled positions were not properly identified and defined in the organizational structure.

In the circumstances, effective management of human resources could not be confirmed.

4. Integrated Payroll and Personnel Database

Data analysis of the Integrated Personnel Payroll Database (IPPD) system revealed that two (2) staff members did not have Personal Identification Numbers (PIN) in the payroll, three (3) staff members had unusual PIN and a member of staff was removed from the payroll system in December, 2018 without any explanation in the personnel file yet the member was an employee during the year.

In the circumstances, the adequacy of the controls which are built to ensure the integrity of the data in the payroll system could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to dissolve the County Executive or cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Executive monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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.

- 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 application 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 County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.

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

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

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 December, 2020

FINANCIAL STATEMENTS

3.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2019.

	Note	2018/2019 Kshs	2017/2018 Kshs
RECEIPTS			
Exchequer releases	1	5,618,088,000	6,523,200,000
Conditional Grants from National Government	2	189,495,832	315,664,060
Conditional Grants from Development Partners	3	250,442,504	148,875,353
County Own Generated Receipts	4	215,039,531	101,919,410
TOTAL RECEIPTS		**6,273,065,867**	**7,089,658,823**
PAYMENTS			
Compensation of Employees	6	3,136,349,023	2,437,524,927
Use of goods and services	7	871,221,489	1,405,813,058
Transfers to Other Government Units(County Assembly)	8	890,623,273	1,080,000,000
Other grants and transfers-Bursary Fund	9	103,000,000	165,546,000
Social Security Benefits	10	13,031,720	64,480,491
Acquisition of Assets	11	1,048,074,713	*1,420,848,134
TOTAL PAYMENTS		**6,062,300,218**	**6,574,212,610**
SURPLUS/DEFICIT		**210,765,649**	***515,446,213**

NOTE:
*The figures from 2017/2018 have been re-stated to reflect a true and fair view of the Net Financial Asset position.

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 30/9 2019 and signed by:

Chief Officer
Name: Mr. Noah Otieno
ICPAK Member Number: 16596

Head of Treasury Accounts
Name: Mr. Daniel Owuor

HOMA-BAY COUNTY
P.O.BOX 469-40300,HOMABAY
★ 30 DEC 2019 ★
CHIEF OFFICER
DEPARTMENT OF FINANCE
& ECONOMIC PLANNING

3.2. STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED 30 JUNE 2019

		2018/2019	2017/2018
FINANCIAL ASSETS	**Note**	**Kshs**	**Kshs**
Cash and Cash Equivalents			
Bank Balances	12A	*945,839,821	734,407,255
Cash Balances	12B	-	21,912
Total Cash and cash equivalents		**945,839,821**	**734,429,167**
Accounts receivables – Outstanding Imprests	13	11,117,900	2,892,011
TOTAL FINANCIAL ASSETS		**956,957,721**	**737,321,178**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	14	5,417,762	12,998,646
NET FINANCIAL ASSETS		**951,539,959**	***724,322,532**
REPRESENTED BY			
Fund balance b/fwd	15	*724,322,532	*241,022,881
Prior year adjustments	16	*16,451,778	*(32,146,562)
Surplus/Deficit for the year		210,765,647	* 515,446,213
NET FINANCIAL POSITION		**951,539,959**	**724,322,532**

NOTE:
*The figures from 2017/2018 have been re-stated to reflect a true and fair view of the Net Financial Asset Position.

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 30/12 2019 and signed by:

Chief Officer
Name: Mr. Noah Otieno
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Head of Treasury Accounts
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HOMA-BAY COUNTY
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30 DEC 2019
CHIEF OFFICER
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& ECONOMIC PLANNING

3.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF CASH FLOWS			
		2018/2019	2017/2018
	Note	Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Exchequer releases	1	5,618,088,000	6,523,200,000
Proceeds from Domestic and Foreign Grants	2	189,495,832	315,664,060
Transfers from Other Government Entities	3	250,442,504	148,875,353
County Own Generated Receipts	4	215,039,531	101,919,41
		6,273,065,867	**7,089,658,823**
Payments for operating expenses			
Compensation of Employees	5	3,136,349,023	2,437,524,927
Use of goods and services	6	871,221,489	1,405,813,058
Transfers to Other Government Units	7	890,623,273	1,080,000,000
Other grants and transfers	8	103,000,000	165,546,000
Social Security Benefits	9	13,031,720	64,480,491
Total Payments		**5,014,225,505**	***5,153,364,476**
Adjusted for:			
Changes in receivables	14	*8,225,889	(4,251,000)
Changes in payables	15	*(7,580,884)	(12,998,646)
Total Adjustments		**645,005**	**(17,249,646)**
Net cash flows from operating activities		**1,259,485,,367**	**1,919,044,701**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	11	1,048,074,713	*1,420,848,134
Net cash flows from investing activities		**1,048,074,713**	**1,420,848,134**
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Domestic Borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		***211,410,654**	***498,196,567**
Cash and cash equivalent at BEGINNING of the year	12	***734,429,167**	***236,242,600**
Cash and cash equivalent at the END of the year		**945,839,821**	**734,429,167**

NOTE:
*The figures from 2017/2018 have been re-stated to reflect a true and fair view of the Net Financial Asset Position.

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 30/9 2019 and signed by:

Chief Officer
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DEPARTMENT OF FINANCE
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3.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	6,688,200,000	-	6,688,200,000	5,618,088,000	1,070,112,000	84%
Conditional Grants from National Government	444,854,827	100,000	444,954,827	189,495,832	255,458,995	43%
Loans and Grants from Development Partners	425,935,827	(8,948,296)	416,987,531	250,442,504	166,545,027	60%
County Own Generated Receipts	172,996,417	-	172,996,417	215,039,531	(42,043,114)	124%
Returned to CRF issues-Balances from Previous Year	-	744,200,675	744,200,675	734,429,167	9,771,508	99%
TOTAL	**7,732,086,904**	**735,252,546**	**8,467,339,450**	**7,007,495,034**	**1,459,844,416**	
PAYMENTS						
Compensation of Employees	2,648,965,504	323,297,149	2,972,262,653	3,136,349,023	(164,086,370)	106%
Use of goods and services	1,304,629,470	103,619,337	1,408,248,807	871,221,489	537,022,318	62%
Transfers to Other Government Units-County Assembly	966,582,266	(5,812,005)	960,770,261	890,623,273	70,146,988	93%
Other grants and transfers-Bursary	103,000,000	-	103,000,000	103,000,000	-	100%
Acquisition of Assets	2,695,877,944	314,148,065	3,010,026,009	1,048,074,713	1,961,951,296	35%
Social Securities Benefits	13,031,720	-	13,031,720	13,031,720	-	100%
TOTAL	**7,732,086,904**	**735,252,546**	**8,467,339,450**	**6,062,300,218**	**2,405,039,232**	

The entity financial statements were approved on 30/12 2019 and signed by:

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HOMA-BAY COUNTY
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CHIEF OFFICER
DEPARTMENT OF FINANCE
& ECONOMIC PLANNING

3.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	4,681,740,000	-	4,681,740,000	3,932,661,600	749,078,400	84%
Conditional Grants from National Government	311,398,379	70,000	311,468,379	132,647,082	178,821,297	43%
Loans and Grants from Development Partners	298,155,079	(6,263,807)	291,891,272	175,309,753	116,581,519	60%
County Own Generated Receipts	121,097,492	-	121,097,492	150,527,672	(29,430,180)	124%
Returned to CRF issues-Balances from Previous Year	-	520,940,473	520,940,473	514,100,417	6,840,056	99%
TOTAL	**5,412,460,833**	**514,676,782**	**5,927,137,615**	**4,905,246,524**	**1,021,891,091**	
PAYMENTS				-		
Compensation of Employees	1,854,275,853	226,308,004	2,080,583,857	2,195,444,316	(114,860,459)	106%
Use of goods and services	913,240,629	72,533,536	985,774,165	609,855,042	375,915,623	62%
Transfers to Other Government Units-County Assembly	676,607,586	(4,068,404)	672,539,183	623,436,291	49,102,892	93%
Other grants and transfers-Bursary	72,100,000	-	72,100,000	72,100,000	-	100%
Acquisition of Assets	1,887,114,561	219,903,646	2,107,018,206	733,652,299	1,373,365,907	35%
Social Securities Benefits	9,122,204	-	9,122,204	9,122,204	-	100%
TOTAL	**5,412,460,833**	**514,676,782**	**5,927,137,615**	**4,243,610,153**	**1,683,523,962**	

The entity financial statements were approved on 30/9 2019 and signed by:

Chief Officer
Name: Mr. Noah Otieno
ICPAK Member Number: 16596

HOMA-BAY COUNTY
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30 DEC 2019
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DEPARTMENT OF FINANCE
& ECONOMIC PLANNING

Head of Treasury Accounts
Name: Mr. Daniel Owuor

3.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,006,460,000	-	2,006,460,000	1,685,426,400	321,033,600	84%
Conditional Grants from National Government	133,456,448	30,000	133,486,448	56,848,750	76,637,699	43%
Loans and Grants from Development Partners	127,780,748	(2,684,489)	125,096,259	75,132,751	49,963,508	60%
County Own Generated Receipts	51,898,925	-	51,898,925	64,511,859	(12,612,934)	124%
Returned to CRF issues-Balances from Previous Year	-	223,260,203	223,260,203	220,328,750	2,931,452	99%
TOTAL	**2,319,596,121**	**220,605,714**	**2,540,201,835**	**2,102,248,510**	**437,953,325**	
PAYMENTS				-		
Compensation of Employees	794,689,651	96,989,145	891,678,796	940,904,707	(49,225,911)	106%
Use of goods and services	391,388,841	31,085,801	422,474,642	261,366,447	161,106,695	62%
Transfers to Other Government Units-County Assembly	289,974,680	(1,743,602)	288,231,078	267,186,982	21,044,096	93%
Other grants and transfers-Bursary	30,900,000	-	30,900,000	30,900,000	-	100%
Acquisition of Assets	808,763,383	94,244,420	903,007,803	733,652,299	1,373,365,907	35%
Social Securities Benefits	3,909,516	-	3,909,516	9,122,204	-	100%
TOTAL	**2,319,596,121**	**220,605,714**	**2,540,201,835**	**1,818,690,065**	**721,510,270**	

The entity financial statements were approved on 30/9 2019 and signed by:

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& ECONOMIC PLANNING

Head of Treasury Accounts
Name: Mr. Daniel Owuor

3.7 BUDGET EXECUTION BY PROGRAMMES AND SUB PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019	2018/2019	2018/2019	2018/2019	
	Kshs	Kshs	Kshs	Kshs	Kshs
DEP OF AGRICULTURE,LIVESTOCK AND FISGERIES					
Policy , Planning, General Administration and Support services	193,177,789	1,947,822	195,125,611	195,125,500	111
Crop, Land and Agri Business and Development Services	158,435,271	172,454,110	330,889,381	14,350,210	316,539,171
Food Security enhancement services	7,379,955	8,999,997	16,379,952	5,230,100	11,149,852
Fisheries , resources development Services	17,800,000	(14,000,000)	3,800,000	1,600,000	2,200,000
Livestock Development Programme	18,928,325	1,577,683	20,506,008	18,718,099	1,787,909
SUB-TOTAL	**395,721,340**	**170,979,612**	**566,700,952**	**235,023,909**	**331,677,043**
DEP OF TOURISM SPORT GENDER, CULTURE AND SOCIAL SERVICES					
Policy , Planning General Administration and Support services	67,416,450	1,879,027	69,295,477	69,291,200	4,277
Social Development and Empowerment services	21,080,316	(14,499,252)	6,581,064	2,575,200	4,005,864
Management and Development of Sports and Sports Facilities	87,705,000	127,762,062	215,467,062	6,795,881	208,671,181
SUB-TOTAL	**176,201,766**	**115,141,837**	**291,343,603**	**78,662,281**	**212,681,322**
DEP OF TRANSPORT AND INFRASTRUCTURE					
General Administration, Planning and Support Services	66,536,698	-	66,536,698	66,530,000	6,698

Public Works and Maintenance Services	6,200,000	853,718	7,053,718	3,295,005	3,758,713
Roads Development and Maintenance Services	480,075,902	28,005,703	508,081,605	347,391,495	160,690,110
Transport Services	21,720,004	50,846,185	72,566,189	20,000,021	52,566,168
SUB-TOTAL	**574,532,604**	**79,705,606**	**654,238,210**	**437,216,521**	**217,021,689**
DEPARTMENT OF ENERGY AND MINING					
Energy Services	72,458,987	-	72,458,987	12,743,465	59,715,522
Mineral Resource Development and Marketing Services	3,000,000	(3,000,000)	-	-	-
General Administration, Planning and Support Services	34,740,345	-	34,740,345	34,440,070	300,275
SUB-TOTAL	**110,199,332**	**(3,000,000)**	**107,199,332**	**47,183,535**	**60,015,797**
DEPARTMENT OF EDUCATION AND ICT					
General Administration and quality Assurance Services	531,903,483	(531,903,483)	517,709,183	516,140,783	1,568,400
ECDE and Vocational Training Services	108,128,942	(108,128,942)	159,817,884	15,859,200	143,958,684
ICT Services	13,772,092	(13,772,092)	12,741,392	10,000,603	2,740,789
SUB-TOTAL	**653,804,517**	**(653,804,517)**	**690,268,459**	**542,000,586**	**148,267,873**
DEPARTMENT OF HEALTH SERVICES					
Policy , Planning, General Administration and Support services	1,642,989,084	21,254,871	1,664,243,955	1,664,043,425	200,530
Community Health Services	126,500,000	10,000,000	136,500,000	120,270,300	16,229,700
Curative and Rehabilitative Health Services	738,385,996	36,714,004	775,100,000	172,998,917	602,101,083
Research and Development Services	6,203,000	(4,303,000)	1,900,000	-	1,900,000
SUB-TOTAL	**2,514,078,080**	**63,665,875**	**2,577,743,955**	**1,957,312,642**	**620,431,313**

DEP OF LANDS,HOUSING, URBAN DEVELOPMENT AND PHYSICAL PLANNING					
Lands and Physical Planning	74,754,467	(11,928,878)	62,825,589	62,825,029	560
Housing and Urban Development	130,104,802	33,199,240	163,304,042	70,580,267	92,723,775
General Administrative Services	68,119,793	9,555,162	77,674,955	70,537,063	7,137,892
SUB-TOTAL	**272,979,062**	**30,825,524**	**303,804,586**	**203,942,359**	**99,862,227**
DEP. OF TRADE , INDUTSRIALIZATION, COOPERATIVES AND ENTERPRISE DEVELOPMENT					
Trade,Co-Operatives and Entrepreneurship Development Services	78,000,000	77,000,000	155,000,000	80,236,478	74,763,522
Industrial Development and Investments Services	72,414,670	(5,264,670)	67,150,000	43,049,988	24,100,012
Planning and Administrative Services	192,183,688	(8,075,200)	184,108,488	183,478,388	630,100
SUB-TOTAL	**342,598,358**	**63,660,130**	**406,258,488**	**306,764,854**	**99,493,634**
DEP OF WATER AND ENVIRONMENT					
Water supply and Management services	267,390,879	12,500,000	279,890,879	53,412,900	226,477,979
Environmental protection and Management services	44,600,000	2,500,000	47,100,000	28,379,853	18,720,147
General Administrative Services	152,774,859	11,000,002	163,774,861	163,774,621	240
SUB-TOTAL	**464,765,738**	**26,000,002**	**490,765,740**	**245,567,374**	**245,198,366**
DEP OF FINANCE AND ECONOMIC PLANNING					
Establishment of Regional Bank	150,000,000	(40,000,000)	110,000,000	85,000,275	24,999,725
Planning , Budgeting and Development Coordination Services	135,323,669	(70,259,203)	65,064,466	24,200,135	40,864,331
Strategy and Service Delivery Improvement Services	38,851,954	(29,500,754)	9,351,200	4,230,600	5,120,600

Resource Mobilization Services	70,880,864	16,997,016	87,877,880	60,439,800	27,438,080
Financial Management Services	73,066,868	26,106,400	99,173,268	39,864,565	59,308,703
General Administration and Devolution Support Services	146,150,252	89,739,720	235,889,972	235,789,472	100,500
SUB-TOTAL	**614,273,607**	**(6,916,821)**	**607,356,786**	**449,524,847**	**157,831,939**
EXECUTIVE SERVICES					
Governance and coordination Services	218,613,410	25,760,000	244,373,410	198,418,542	45,954,868
Strategy and Service Delivery Improvement Services	66,053,240	86,538,844	152,592,084	100,650,284	51,941,800
Public Service administration support Services	327,251,379	(5,760,000)	321,491,379	321,490,319	1,060
SUB-TOTAL	**611,918,029**	**106,538,844**	**718,456,873**	**620,559,145**	**97,897,728**
COUNTY PUBLIC SERVICE BOARD					
Policy , Planning General Administration and Support services	17,215,105	52,270,000	69,485,105	40,795,983	28,689,122
Personnel Sourcing and Management Services	16,300,000	5,730,000	22,030,000	7,122,909	14,907,091
Performance Management Services	917,100	-	917,100		917,100
SUB-TOTAL	**34,432,205**	**58,000,000**	**92,432,205**	**47,918,892**	**44,513,313**
COUNTY ASSEMBLY SERVICE BOARD					
Legislative Services	380,068,561	4,557,996	384,626,557	384,626,557	0
Oversight and Control Services	47,481,120	-	47,481,120	47,481,120	0
Ward Representation Services	83,707,296	12,558,649	96,265,945	96,265,945	0
Policy , Planning General Administration and Support services	455,325,289	(22,928,650)	432,396,639	362,249,651	70,146,988
SUB-TOTAL	**966,582,266**	**(5,812,005)**	**960,770,261**	**890,623,273**	**70,146,988**
GRAND TOTAL	**7,732,086,904**	**44,984,087**	**8,467,339,450**	**6,062,300,218**	**2,405,039,232**

3.8 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 entity

The financial statements are for the County Executive of Homa bay. 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019, 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 County Executive of Homa Bay recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and cash equivalents

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

Restriction on cash

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

There were no other restrictions on cash during the year

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Executive of Homa bay* 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 Executive of Homa *Bay* 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 30th June 2018 for the period 1st July 2019 to 30 June 2019 as required by law. There was one supplementary budgets passed in the year. A high-level assessment of the *County Executive of Homa bay* 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.

3.9 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. EXCHQUER RELEASES

Description	2018/2019	2017/2018
	Kshs	Kshs
Total Equitable Share for quarter 1	334,410,000	913,248,000
Total Equitable Share for quarter 2	1,738,932,000	1,206,792,000
Total Equitable Share for quarter 3	1,839,255,000	2,283,120,000
Total Equitable Share for quarter 4	1,705,491,000	2,120,040,000
Total	**5,618,088,000**	**6,523,200,000**

i)The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Conditional grants and donor funds released through the exchequer.

ii) The Equitable Share detailed below was received on 05.07.2019 (FY 2019/2020) and has not been included in this report.

DATE	DESCRIPTION	AMOUNT (Kshs.)
05.07.2019	EQUITABLE SHARE FOR MAY 2019	535,056,000
05.07..2019	EQUITABLE SHARE FOR JUNE 2019	535,056,000
	TOTAL	**1,070,112,000**

2. Donor Funds released through Exchequer Releases as per CARA

Description	2018/2019	2017/2018
	Kshs	Kshs
Rehabilitation of Village Polytechnics	35,239,625	52,958,942
Compensation for USER FEES Forgone	22,185,346	22,616,803
Leasing of Medical Equipment	-	-
KRB -Road Maintenance Levy Fund	132,070,861	240,088,315
Agriculture Sector Development Support Project (ASDSP)	-	-
Kenya Climate Smart Agriculture Project (KCSAP)	-	-
Total	**189,495,832**	**315,664,060**

3. LOANS AND GRANTS FROM DEVELOPMENT PARTNERS

Name of Donor	2018/2019	2017/2018
	Kshs	Kshs
DANIDA - Universal Healthcare in Devolved Units Programme	21,870,000	25,217,454
Transforming health Systems for UNIVERSAL CARE PROJECT-(THS-UCP)	49,023,004	26,818,857
National Agricultural & Rural Inclusive Growth Project (NARIGP)	50,000,000	50,609,855
Kenya Devolution Support Programme	-	46,229,187
Kenya Urban Support Programme(UDG)	119,361,500	-
UN-HABITAT-Upgrading of Markets	10,188,000	-
TOTAL	**250,442,504**	**148,875,353**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COUNTY OWN GENERATED RECEIPTS

RECEIPTS	2018/2019	2017/2018
	Kshs	Kshs
Land Rates	1,619,211	-
Lease Transfers/Extension/Change of Use	147,925	9,000
Lease Charges (Consent/Transfers)	10,000	1,594,348
Stall/Plot/Ground Rents	365,899	637,656
Business Permits	20,825,411	13,128,503
Market /trade centre fees	22,053,227	20,121,227
Approval of plans/transfers/certificates	737,675	-
Housing Fees	140,000	-
Fish Cess	4,071,105	13,031,141
Other Cess Income	5,863,688	-
Motorbike Fees	1,005,545	-
Site Value Rates	14,106	-
Kiosk Rent	3,511,665	3,220,010
Slaughter House Fees	1,040,860	953,260
Stock Auction Fees(Cattle/Goat/Sheep)	3,708,785	-
Stock Movement Fees	291,950	-
Vetenary Charges	248,000	-
Advertising/Bill Boards	196,000	-
Landing Fees (Boats, Planes, etc)	27,500	-
Bus Park Fees/Parking Fees	17,691,410	13,378,905
Administration Fees(Search/Beaconing)	40,350	1,235,140
Sanitation Fees	303,240	217,020
Fire Inspection Fees	27,000	-
Sewerage bill	-	326,580
Hire of Machinery & Equipment	16,610	-
Sale of Tender Documents	2,000	-
Conservancy Fees/Wildlife Grants	3,300	348,000
Nursery School Fees	-	15,200
Water Charges (Application/Survey)	50,770	-
Registration of Groups/Schools/Renewal	6,400	-
Fines and Penalties	36,575	800,465
Weights and Measures Fee	-	1,210,050
Bricks/Sand/Murram/Stones	2,555,115	-
Miscellaneous Incomes	2,773,829	400,120
Other Receipts Not Classified Elsewhere	-	1,650,000
Other Miscellaneous Receipts	-	2,358,235
Health Sector Charges (A-I-A)	125,654,378	27,284,550
TOTAL	**215,039,531**	**101,919,410**

5. RETURNED CRF ISSUES

ACCOUNT NAME	2018/2019	2017/2018
	Kshs	Kshs
Returned to CRF	-	244,218,293
		-
Total	**-**	**244,218,293**

6. COMPENSATION OF EMPLOYEES

Description	2018/2019	2017/2018
	Kshs	Kshs
Basic salaries of permanent employees	2,964,219,471	2,181,138,408
Personal allowances paid as part of salary	135,618,156	150,772,006
Personal allowances paid as reimbursements	-	2,363,267
Compulsory National Social Security Schemes	2,997,886	30,459,770
Compulsory National Health Insurance Schemes	33,513,510	57,529,698
Other personnel payments	-	15,261,778
Total	**3,136,349,023**	**2,437,524,927**

7. USE OF GOODS AND SERVICES

Description	2018/2019	2017/2018
	Kshs	Kshs
Utilities, Supplies and Services	38,813,887	33,099,606
Communication, Supplies and Services	15,681,601	36,434,280
Domestic Travel and Subsistence	64,068,960	82,615,462
Foreign Travel and Subsistence	3,744,500	43,349,720
Printing, Advertising and Information Supplies & Services	41,101,616	76,956,422
Rents and Rates –Non- Residential	4,670,000	138,231,586
Training expenses	45,958,785	42,147,621
Hospitality Supplies and Services(Food Ratios for Inpatients)	47,070,458	114,117,221
Insurance Costs	28,234,680	81,585,312
Specialized Materials and services	237,570,050	131,403,607
Office and General Supplies and Services	91,541,290	103,194,307
Other operating expenses(Other Grants and Transfers)	83,322,852	269,143,084
Contracted Professional Services	74,732,258	-
Routine Maintenance –Vehicle and Other Transport Equipment	27,873,625	26,528,565
Refined Fuel, Oil and Lubricants	51,417,601	188,795,880
Routine Maintenance-Other Assets	15,419,326	38,210,385
Total	**871,221,489**	**1,405,813,058**

8. TRANSFER TO OTHER GOVERNMENT UNITS

Description	2018/2019	2017/2018
	Kshs	Kshs
Transfer to County Assembly of Homa Bay	890,623,273	1,080,000,000
TOTAL	**890,623,273**	1,080,000,000

For Analysis See Annex 5

9. OTHER GRANTS AND TRANSFERS

Description	2018/2019	2017/2018
	Kshs	Kshs
Scholarships and other educational benefits-Bursary	103,000,000	63,000,000
Emergency relief and refugee assistance	-	102,546,000
TOTAL	**103,000,000**	**165,546,000**

10. SOCIAL SECURITY BENEFITS

Description	2018/2019	2017/2018
	Kshs	Kshs
National Social Security Fund (Employers contribution)	2,997,886	64,480,491
Government pension and retirement benefits/Lap Trust	1,605,092	
Government pension and retirement benefits/Lap Fund	8,428,742	
Total	**13,031,720**	**64,480,491**

NOTES TO THE FINANCIAL STATEMENTS(CONTINUE)

11. ACQUISITION OF ASSETS*

Non-Financial Assets	2018/2019	2017/2018
	Kshs	Kshs
Construction of Buildings	44,257,616	-
Construction of Major Roads, Access Roads and Bridges	355,668,035	*435,206,953
Other Infrastructure and Civil Works	543,072,254	449,452,391
Overhaul and Refurbishment of Construction and Civil Works	-	*318,143,537
Overhaul of Vehicles and Other Transport Equipment	-	9,721,561
Purchase of Office Furniture and General Equipment	11,908,122	*20,116,157
Purchase of Specialized Plant, Equipment and Machinery	7 7,464,305	*140,067,709
Purchase of Certified Seeds, Breeding Stock and Live Animals	5,999,000	2,029,520
Project Preparation, Engineering & Design	9,705,381	*6,801,070
Rehabilitation of Civil Works	-	39,309,236
Total	**1,048,074,713**	***1,420,848,134**

12. CASH AND BANK BALANCES

12 A BANK BALANCES

Name of Bank, Account No. & Currency	2018/2019	2017/2018
	Kshs	Kshs
Homa Bay County CBK-CRF A/C No.1000171065	437,751,984	500,804,129
Homa Bay County CBK-Development A/C NO.1000170611	18,696	29,890
Homa Bay County CBK-Recurrent A/C NO.1000170627	51,331,617	92,702,107
Homa Bay County CBK-NARIG A/C NO.10000369148	50,000,000	55,000,000
Homa Bay County Government CBK Deposit A/C No.1000260343	3,900,000	-
Homa Bay County KCB-Revenue A/c NO.1140763555	2,439,064	373,759
Homa Bay County CBK-ASDSP A/C NO	5,500,000	-
Homa Bay County CBK-UNIVERSAL Health Care Project A/C NO 1000347031	22,582,366	-
Co-operative Bank Standing Imprest A/C No.01141590600100	92,322,784	4,273,801
Homa Bay County CO-OP Bank-Road Maintenance Levy Fund A/C NO.01141590003700	112,943,340	13,713,625
Homa Bay County CBK-Kenya Urban Support Programme A/C NO.	116,361,500	-
Department of Finance and Economic Planning –Equity Bank A/C No. 0980262854542	13,075,783	9,005
Department of Education and ICT -Equity Bank A/C No.9802086811721	932,846	5,810
Department of Transport And Infrastructure- Equity Bank A/C No.980263681703	344,908	231,388
Department of Trade, Industrialization and Cooperatives- Equity Bank A/C No.980203681992	148	15,271
Department of Lands and Physical Planning - Equity Bank A/C No.980263681992	3,296	4,349
Department of Energy and Natural Resources - Equity Bank A/C No.980263681592	542	7,722
Department of Agriculture Livestock and Fisheries - Equity Bank A/C No.980263682688	10,896	10,959
County Public Service Board - Equity Bank A/C No.98026718929	45,385	11,748
Department of Health Services - Equity Bank A/C No.9802353681654	10,455,211	2,339,222

Department of Tourism Sports and Culture - Equity Bank A/C No.980235681654	3,786	31
Department of Water Services and Environment - Equity Bank A/C No. 980263681691	- 3,205	1,577
Department of Executive Services - Equity Bank A/C No. 980268738509	1,008	82,849
Executive Loan Account -A/C No.0980265695534	-	-
Education Bursary Fund -Equity Bank A/C No.0980263410113	-	-
Emergency Fund Account-Equity Bank A/C No.		-
Homa Bay County Village Polytechnic CBK A/C No.1000369857	-	52,958,942
Nyakwere Market Project –Equity Bank A/c No.0980268924175	709,718	2,112,098
Homa Bay County -Deposit and Retention A/C No.01141589952400	1,517,762	-
SUB COUNTY HOSPITALS		
Homa Bay County Referral Hospital -Coop Bank A/C No.01141589382900	4,659,335	4,731,055
Homa Bay County Referral Hospital -KCB Bank Collection A/C No.1252185146	1,511,353	
Ogongo Sub county Hospital -Coop Bank A/C No.1141331281300	475,510	172,590
RangweSubcounty Hospital -Coop Bank A/C No.11415893800	777,796	222,641
Kuge Health Centre-COOP Bank A/C No.01141331765800	97,161	
Kendu Bay Subcounty Hospital -Coop Bank A/C No.1141589338400	1,022,983	-
Rachuonyo District Hospital -Coop Bank A/C No.1141589338400	2,414,361	1,436,868
Kisegi Level 4 Hospital -KCB Bank A/C No.1164813048	514,834	142,785
Mbita District Hospital-COOP Bank A/C No.	751,642	1,012,457
Mbita Sub-District Hospital- KCB Bank A/C No.1163186821	861,865	
Kabondo Sub County Hospital		201,800
Ndhiwa Sub District Hospital-COOP Bank A/C No.01141636116300	789,235	
Kandiege 4 Hospital -KCB Bank A/C No.1164813048	819,124	-
Nyagoro Health Centre-COOP Bank A/C No.1141048044200	151,798	-
Oridi Community Health Centre-COOP Bank A/C No.1109076500500	1,416	11,442
Got Oyaro Health Centre-KCB Bank A/C No.11422554171		-

	152,409	
Harambee Health Centre -KCB Bank A/C	63,587	
Kadhola Community Health Centre-COOP Bank A/C No.11000047804900	17,886	-
Nyatoto Health Centre-COOP Bank A/C No.1141330077300		-
Magina Health Centre – COOP Bank A/C No.1121842089	2,087	897
Seka Health Centre-COOP Bank A/C No.11410763372500		-
Odino Health Centre – COOP Bank A/C No. 1216915385		- 2,820
God Bura Health Centre-COOP Bank A/C No.1141076437300		-
Magunga Health Centre-COOP Bank A/C No.1141076455000		-
Ndiru Health Centre-COOP Bank A/C No.1141076464600		-
Usao Health Centre-COOP Bank A/C No.1141330271000		-
Tom Mboya Health Centre-COOP Bank A/C No.1141076983500	31,757	1,001
Sena Health Centre-COOP Bank A/C No.1141076847900	707,810	-
OkikiAmayoMemmorial Health Centre-KCB Bank A/C No.1105031985	745	-
Got Kojowi Health Centre-COOP Bank A/C No.1141047961001	197,181	-
Wagwe Health Centre-KCB Bank A/C No.11354498822		-
KogwenoOriang Health Centre-KCB Bank A/C No.1135720134	19,897	8,833
Kitare Health Centre-COOP Bank A/C No.1141293509000		16,974
Tom Mboya Health Centre-KCB Bank A/C No.1164404172		52,567
Othoro Health Centre-KCB Bank A/C No.117926311		56,361
Kokwanyo Health Centre-KCB Bank A/C No.1135297665	327,762	107,199
Marindi Health Centre-COOP Bank A/C No.1141076050000	236,530	-
Makongeni Health Centre-COOP Bank A/C No.1141456943000	214,677	-
Homa Lime Health Centre-COOP Bank A/C No.1134076370600	98,787	-
God Ber Health Centre-KCB Bank A/C No.1125322063	4,551	816
Pala Masogo Health Centre-COOP Bank A/C No.1141456915700		-
Obanga Health Centre-COOP Bank A/C No.1141076442400		-
Pala Health Centre – KCB Bank A/C No. 1121528406	197,658	1,307
Nyabola Health Centre-COOP Bank A/C No.1142303187		2,497
Nyangiela Health Centre-KCB Bank A/C No.1135164363		-

Suba District Hospital-KCB Bank A/C No.1163886289	2,560,568	-
LwandaGwasi Community Health Centre-COOP Bank A/C No.1141292209600		-
Nyarut Health Centre-COOP Bank A/C No.1141456958100	34,576	68,784
Kauma Ramba Health Centre-KCB Bank A/C No.1118240472	132,871	26,205
Kokech Mirondo Health Centre-COOP Bank A/C No.1141455701300		32,973
Ngere Health Centre-Equity Bank A/C No.760199725773		-
Oredho Health Centre – COOP Bank A/C No.01141796099900	78,599	325
Nyaoga Community Dispensary-COOP Bank A/C No.01141590482000	79,184	
Oriwo Health Centre -KCB Bank A/C No.1178082385	3,889	
Misare Health Centre-COOP Bank A/C No.1141076462200	101	-
Amoyo Health Centre – COOP Bank A/C No. 01100076486000	24,841	279,468
Orego Health Centre-COOP Bank A/C No.1141589806500	9,899	-
Wikomino Health Centre-COOP Bank A/C No.01141292909100	2,433	
St. Elizabeth Ndisi Health Centre – COOP Bank A/C No.01141636726300	5,590	14,473
Awach Health Centre – KCB Bank A/C No. 1184125694	93,288	42,497
Tonga Mission Health Centre-Co-OP Bank A/C No.01100048331600	23,565	
Ugina Health Centre-COOP Bank A/C No. 01141076649300	138,014	
Miriu Health Centre-KCB Bank A/C No.1109937040		-
Ober Health Centre-K CB Bank A/C No.1105527441		192,959
DISPENSARIES		
Ngeta Dispensary -Coop Bank A/C No.1141455147800	68,664	-
Oyuma Dispensary -KCb Bank A/C No.1135663493	107,027	-
Ober Kabuoch Dispensary- Co-Op Bank A/C No.01141047517500	2,218	
Mukende Dispensary Coop Bank A/c No 01141293534301	2,512	
Kasewe Dispensary -KCb Bank A/C No.1150482435	1,659	6,852
Atela Dispensary – KCB Bank A/C No. 1137863021	26,965	1,670

Kiasa Dispensary -COOP Bank A/C No.1141047305400	83,465	18,520
Wikoteng Dispensary -C OOPv Bank A/C No.1141456962100	31,832	-
Ongako Dispensary-COOP Bank A/C No.01141636450700	7,497	
Rayudhi Community Dispensary-COOP-Bank A/C 01141047116000	32,633	
Andiwo Health Centre -COOP Bank A/C No.01141636205400	1,307	
Pala Dispensary KCB -Bank A/C No.1210289091	1,388	
Kosele Dispensary -KCB Bank A/C No.1149786728	1,575	-
Lela Dispensary -KCB Bank A/C No.1138855383	18,132	-
Olando Dispensary -KCB Bank A/C No.1141944987		-
Kisaku Dispensary -COOP Bank A/C No.1141330081700		-
Okok Dispensary -COOP Bank A/C No.1141047986500	30,480	2,714
Ombo Kach Eng' Dispensary – COOP Bank A/C No. 01100047460000	4,414	2,788
Omboga Dispensary -COOP Bank A/C No.1141017265700		-
Kwamo Community Dispensary -COOP Bank A/C No.1141076487800	22,823	889
Kijebi Dispensary- KCB Bank A/C No.1197703829	1,016	
Nguku Dispensary -COOP Bank A/C No.1141047412700	4,213	-
Kobodo Dispensary -COOP Bank A/C No.1141434893500	62,841	6,306
Kome Dispensary -COOP Bank A/C No.1100047430100	817	491
Ndere Dispensary -KCB Bank A/C No.1176945742		-
Kigua Dispensary -COOP Bank A/C No.01141047336800	1,172	
LwandKobita Dispensary -COOP Bank A/C No.1100047432600		-
Adiedo Dispensary -KCB Bank A/C No.11355740984	104,215	-
Unga Dispensary -KCB Bank A/C No.1101511818	1,025	-
Ndhuru Dispensary -COOP Bank A/C No.1141047938100		619
Alum Beach Dispensary -KCB Bank A/C No.1135908486		13,030
Okok Dispensary -COOP Bank A/C No.1141047986500		-
Chuoye Dispensary -KCB Bank A/C No.1113917709		-
ChuthBer Dispensary -COOP Bank A/C No.1141456703000		-
OmboKachieng Dispensary -COOP Bank A/C No.1100047460000		-

Maram Dispensary -COOP Bank A/C No.1141292824200	82,894	466
Lwanda Awiti Dispensary -COOP Bank A/C No.1141433196200	4,483	1,049
Kodulla Community Dispensary -KCB Bank A/C No.1177332183	70,865	-
Nyalgosi Dispensary -KCB Bank A/C No.1119816920		1,706
Koduogo Dispensary COOP Bank A/C No.01141456911400	25,069	
Ponge Dispensary -National Bank A/C No.101248046522200	96,317	-
Ponge Community Dispensary -National Bank A/C No.1248046522200		857
Wikondiek Dispensary -COOP Bank A/C No.1141454777900	152,096	-
Chuh Ber Dispensary-COOP Bank A/C No.01141456703000	78,800	
Kachuth Dispensary -COOP Bank A/C No.1141434476800		538
Rangwe Dispensary -KCB Bank A/C No.1134787510	5,908	-
Otange Dispensary -COOP Bank A/C No.1141433929000	7,796	708
Randhore Dispensary -COOP Bank A/C 01109433994900	53,257	
Nyawango Dispensary -COOP Bank A/C No.1141454182600	179,762	16,877
Randung Dispensary -COOP Bank A/C No.1141047451300		-
Kimonge Dispensary -KCB Bank A/C No.1119674980		376,844
Masogo Dispensary -KCB Bank A/C No.1119612144		-
Kangire Community Dispensary -COOP Bank A/C No.1141589149300	70,377	295
Malela Dispensary -KCB Bank A/C No.1143762061	2,396	- 31,174
Obuya Dispensary-COOP Bank A/C No.01141456894200	68,962	
Kobuya Community -KCB Bank A/C No.1119685103		-
Ngei Community Health Centre Project -Equity Bank A/C No.0760199725773	723	
Roo Dispensary-COOP Bank A/C No.01141331157400	55,746	
Lambwe Dispensary -COOP Bank A/C No.1141076920800	5,656	-
Nyamrisra Dispensary -Equity Bank A/C No.076029545280	917	-
Rariew Dispensary -COOP Bank A/C No.1141047963500	100,727	-
Agawo Dispensary – KCB Bank A/C No.1135766940		162,538

Kigwa Dispensary -COOP Bank A/C No.1141047336800		-
Nyawita Dispensary-COOP Bank A/C No.01141456905300	160,793	
Ongamo Dispensary – KCB Bank A/C No.1136686991	21,064	1,595
Got Kamondi Dispensary -KCB Bank A/C No.114268509		-
Yala Dispensary -COOP Bank A/C No.1141266172400	581	794
Angiya Dispensary -COOP Bank A/C No.1141330090300		-
Waware Dispensary -COOP Bank A/C No.1141076827400		5,248
Ngodhe Dispensary -COOP Bank A/C No.1141076982600	21,383	-
Nyawawa Dispensary -COOP Bank A/C No.11414569800		-
Yokiya Self Help Dispensary -Equity Bank A/C No.760193043171		-
Obalwanda Dispensary -Equity Bank A/C No.760293733003	96,106	1,867
Lwanda Obita Dispensary -CO-OP BankA/C No.01100047432600	1,811	
Nduga Dispensary -COOP Bank A/C No.1141456912500	44,930	-
Ragwe Dispensary -KCB Bank A/C No.1134787510		2,307
Ringiti Dispensary –COOP Bank A/C No 01141331762900		25
Miniambo Community -COOP Bank A/C No.114292373900		-
Kijawa Dispensary -COOP Bank A/C No.1141076526800	200,185	-
Nyalkinyi Dispensary -COOP Bank A/C No.1141293642900	80,404	-
Nyawango Dispensary -COOP Bank A/C No.1141454182600	179,762	-
Ojwando Dispensary -KCB Bank A/C No.1149802065	76,967	99
Nyamasi Dispensary -COOP Bank A/C No.1141047485101	70,598	1,188
Wiga Dispensary -COOP Bank A/C No.11411048182000	126,175	-
GK Prison Dispensary -COOP Bank A/C No.1141293996600	1,292	-
Omiro Dispensary -KCB Bank A/C No.1118846257		7,445
On'gamo Dispensary -KCB Bank A/C No.11366686991		-
Lambwe Forest Dispensary -COOP Bank A/C No.1141292949900		-
Tala Dispensary -KCB Bank A/C No.1136084053	642	28,776
Ndegu Dispensary – COOP Bank A/C No. 01141048163300		13,236
Gongo Dispensary -COOP Bank A/C No.1141047541500	34,294	-

Ombek Dispensary -KCB Bank A/C No.1136985387	6,188	967
Malongo Community Dispensary -COOP Bank A/C No.1141293502200		-
NYS Lambwe Dispensary Project -COOP Bank A/C No.1100048228500	3,309	-
Kiwa Island Dispensary -KCB Bank A/C No.1113031379		-
Ngegu Dispensary -COOP Bank A/C No.1141848163300	63	-
Nyadenda Dispensary -Equity Bank A/C No.760295131198		-
Obunga Dispensary -COOp Bank A/C No.11000472212200		-
Sino Dispensary -KCB Bank A/C No.1119724015		6,103
Oneno Dispensary -COOP Bank A/C No.1141456109600	17,420	-
Atella Dispensary -KCB Bank A/C No.1137863021		-
Randu Dispensary -COOP Bank A/C No.1100047451300		-
Adiedo Dispensary -KCB Bank A/C No.1135740984		-
Remba Dispensary -COOP Bank A/C No.1141331134300		84,983
Nyangajo Dispensary -KCB Bank A/C No.2345261161		-
Kajiei Dispensary -KCB Bank A/C No.11388330453	290,910	-
Nyakweri Dispensary -COOP Bank A/C No.1141330561600		24,141
Wakula Dispensary – COOP Bank A/c No 01141076826000	29,917	1,788
Soklo Dispensary –Coop Bank A/c No 01141330126900		934
Takawiri Dispensary- Coop Bank A/C No 01141047027200	18	8,003
SimbiKogembo Dispensary -KCB Bank A/C No.1137002360	2,481	-
Koywech Dispensary -KCB Bank A/C No.1135095639	23,174	586
Rakwaro Dispensary -KCB Bank A/C No.1225537657	12,489	
Agao Dispensary -KCB Bank A/C No.1135766940		-
Aimo Dispensary – COOP Bank No.01141796064100		-
Nyambare Dispensary -COOP Bank A/C No.1141456964600		106,444
Obwanda Dispensary – COOP Bank A/C No 01141076503900	95,644	2,914
Obwanda Dispensary -Equity Bank A/C No.760993733003		-
Total	**945,839,821**	**734,407,255**

12. B CASH BALANCE

DEPARTMENT	2018/2019	2017/2018
	Kshs	Kshs
Department of Finance	-	5,119
Department of Agriculture	-	10,654
Department of Water		3,450
Department of Lands		2,689
Total	**-**	**21,912**

13. ACCOUNTS RECEIVABLE -OUTSTANDING IMPREST

DESCRIPTION	2018/2019	2017/2018
	Kshs	Kshs
Government Imprest	-	-
Debtors and Staff Imprests	11,117,900	2,892,011
Total	**11,117,900**	**2,892,011**

14. ACCOUNTS PAYABLE

	2018-2019	2017-2018
	Kshs	Kshs
Deposits and Retention	5,417,762	12,998,646
Total	**5,417,762**	**12,998,646**

15. FUND BALANCE BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	734,322,532	0
Total	**734,322,532**	**0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PRIOR YEAR ADJUSTMENTS

Description	2018/2019	2017/2018
	Kshs	Kshs
Adjustments on Accounts Balances	16,451,778	(32,146,562)
Total	**16,451,778**	**(32,146,562)**

4. OTHER DISCLOSURES

4.1.RETURNED CRF ISSUES

ACCOUNT NAME	2018/2019	2017/2018
	Kshs	Kshs
CRF Account	500,804,129.00	244,218,293
Recurrent Account	92,702,107.00	-
Development Account	29,890.00	-
NARIG Account	55,000,000.00	-
Youth Polytechnic Account	52,958,942.00	
Road Maintenance Levy Fund Account	42,705,607.00	
Total	**744,200,675.00**	**244,218,293**

4.2 .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.

Audit Query	Management Response	Current Status
2.0 The figure of total net financial assets indicated as Kshs.734,322,532 while casting of the figure in statement of assets reflects a balance of Kshs.724,322,532 hence it is overstated by an unexplained difference of Kshs. 10,000,000. Further, the representation section of the statement of assets on casting of the totals is understated by Kshs. 245,736,826. In consequence, the statement of assets and liabilities correctness is in doubt.	*The Management concurred with the auditor's observations on the casting errors as indicated in the financial statements. However, the management has done a prior year adjustment in the current financial year 2018/2019 to correct the anomaly.*	*The Prior year adjustment has been effected.*
3.0 The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs. 734,429,167 as at 30 June 2018 which could not be confirmed as correct due to the following: Included in cash and cash equivalents balance of Kshs. 734,429,167 is Kshs. 648,676,161 which was held in the Central Bank Revenue Account. However, the total closing bank statements balance of the same accounts was Kshs 500,804,129 resulting in an understatement of Kshs. 147,872,032 which has not been explained nor reconciled	*Management concurred with the auditors observation on the non-disclosure. However, prior year adjustments has been made in the current financial year report to correct the anomaly.*	*The prior year adjustment has been effected .*
35.0 Audit review of Cash management revealed that the main cash books for the sectors were not balanced	*The management has taken note of the auditors observation and currently controls have been put in*	*Bank reconciliations and balancing of cash books are done on a monthly basis.*

regularly as required. Other weaknesses involved huge cash withdrawals from the main accounts which were used to pay suppliers through cash payments. Further several entries in the departments cash books were not dated and the books were not balanced at the close of the year. Consequently, these worsened the strength of the internal control system in place.	*place: Monthly bank reconciliations are carried out, cash books are updated and balanced on a monthly basis*	

ANNEXURE 1. ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Level 5 hospitals allocation	Other transfers- Donor funds transferred through exchequer	Total Transfers from the National Treasury/ Exchequer
Exchequer Releases for quarter 1	334,410,000	-	-	-	350,365,798
Exchequer Releases for quarter 2	1,738,932,000	10,935,000	-	145,505,298	1,879,416,500
Exchequer Releases for quarter 3	1,839,255,000	-	-	104,593,618	1,927,302,241
Exchequer Releases for quarter 4	1,705,491,000	10,935,000	-	167,969,419	1,884,395,419
Total	**5,618,088,000**	**21,870,000**	-	**418,068,335**	**6,058,026,335**

NOTE:The Exchequer Balance of Kshs 1,070,112,000 was received on 05.07.2019 and has not been included in this report.

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
	A	B	c	d=a-c		
Construction of buildings						
1. Various				0	0	
2.						
3.						
Sub-Total				**0**	**0**	
Construction of civil works						
4. Various				201,269,377	159,866,197	
5.						
6.						
Sub-Total				**201,269,377**	**159,866,197**	
Supply of goods						
7. Various				105,144,301	20,549,270	
8.						
9.						
Sub-Total				**105,144,301**	**20,549,270**	
Supply of services						
10. Various				8,453,834	8,638,669	
11.						
12.						
Sub-Total				**8,453,834**	**8,638,669**	
Grand Total				**314,867,512**	**189,054,136**	

ANNEX 3 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Amount transferred Kshs	Amount Confirmed as received Kshs	difference
1	County Assembly	93,500,000	308,929,800	178,200,000	234,902,147	890,623,273	890,623,273	70,146,988
2	Bursary Fund			51,500,000	51,500,000	103,000,000	103,000,000	0
3	NARIGP				50,000,000	50,000,000	50,000,000	0
4	Village Youth Polytechnic				35,239,625	35,239,625	35,239,625	
5	ASDP				6,700,000	6,700,000	6,700,000	0
6	KUSP				119,361,500	119,361,500	119,361,500	0
7	Road Levy Fund				132,070,861	132,070,861	132,070,861	0
8	USER FEES				22,185,346	22,185,346	22,185,346	0
9	DANIDA				21,870,000	21,870,000	21,870,000	0
10	HOMA WASCO				40,000,000	40,000,000	40,000,000	0
	Total	**93,500,000**	**308,929,800**	**229,700,000**	**713,829,479**	**1,421,050,605**	**1,421,050,605**	**70,146,988**

ANNEX 4 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)

NOTE:

The Auto Reconciliation module has not been activated on IFMIS. However, Bank Reconciliations report have been done on excel format.

ANNEX 5 – TRANSFER TO COUNTY ASSEMBLY

TRANSFER TO COUNTY ASSEMBY FY 2018/2019				
DATE	DESCRIPTION	RECURRENT	DEVELOPMENT	TOTAL
19.07.2019	COUNTY ASSEMBLY	15,500,000.00	0	15,500,000.00
11.09.2018	COUNTY ASSEMBLY	38,000,000.00	0	38,000,000.00
27.09.2018	COUNTY ASSEMBLY	40,000,000.00	0	40,000,000.00
17.10.2018	COUNTY ASSEMBLY	40,000,000.00	0	40,000,000.00
23.10.2018	COUNTY ASSEMBLY	3,929,800.00	0	3,929,800.00
22.11.2018	COUNTY ASSEMBLY	90,000,000.00	0	90,000,000.00
07.12.2018	COUNTY ASSEMBLY	10,000,000.00	0	10,000,000.00
18.012.2018	COUNTY ASSEMBLY	80,000,000.00	0	80,000,000.00
21.12.2018	COUNTY ASSEMBLY	15,000,000.00	0	15,000,000.00
21.12.2018	COUNTY ASSEMBLY	70,000,000.00	0	70,000,000.00
30.01.2019	COUNTY ASSEMBLY	10,000,000.00	0	10,000,000.00
30.01.2019	COUNTY ASSEMBLY	70,000,000.00	0	70,000,000.00
20.02.2019	COUNTY ASSEMBLY	2,400,000.00	0	2,400,000.00
26.02.2019	COUNTY ASSEMBLY	10,000,000.00	0	10,000,000.00
04.03.2019	COUNTY ASSEMBLY	10,800,000.00	0	10,800,000.00
04.03.2019	COUNTY ASSEMBLY	75,000,000.00	0	75,000,000.00
04.04.2019	COUNTY ASSEMBLY	20,000,000.00	0	20,000,000.00
04.04.2019	COUNTY ASSEMBLY	80,000,000.00	0	80,000,000.00
24.04.23019	COUNTY ASSEMBLY	2,200,000.00	0	2,200,000.00
23.05.2019	COUNTY ASSEMBLY	100,000,000.00	0	100,000,000.00
28.06.2019	COUNTY ASSEMBLY	75,091,326.00	32,702,147.00	107,793,473.00
TOTAL		**857,921,126.00**	**32,702,147.00**	**890,623,273.00**

ANNEX 6- OUTSTANDING STAFF IMPREST AS AT 30TH JUNE,2019

A. DEPARTMENT OF EXECUTIVE SERVICES

NO	NAME	DATE	IMPREST NO	AMOUNT KSH
1	FRANCKLINE ODHIAMBO	04.03.2019	36166652	57,500.00
2	CHRISTOPHER GABBY	04.03.2019	3616655	57,500.00
3	JOSEPH AMBATA ORWA	04.03.2019	3616656	29,500.00
4	GEORGE OUKO ILLA	04.03.2019	3616658	52,500.00
5	JOSEPHINE AMONDI	04.03.2019	3616659	47,000.00
6	ALLICE AKOTH ODHIMABO	04.03.2019	3616605	57,500.00
7	WILLYS OMONDI BOLO	04.03.2019	3616607	47,500.00
8	BENSON NJIRI	04.03.2019	3616608	42,000.00
9	BEN OBADO	04.03.2019	36216651	57,500.00
10	ADINDA JOSEPH ONYANGO	04.03.2019	3616653	57,500.00
11	BENJAMIN OMUNE	04.03.2019	3616654	57,500.00
12	CHRISTOPHER LESSO	04.03.2019	3616628	57,500.00
13	PAUL ODHIAMBO OJWANG	04.03.2019	3616675	71,000.00
14	DANCAN O. ODEMBA	04.03.2019	3616676	24,500.00
15	MOSES OMONDI	04.03.2019	3616678	47,000.00
16	CHARLES MODI	04.03.2019	3616679	57,500.00
17	CARREN OTIENO	04.03.2019	3616680	79,800.00
18	MARY AKUMU	04.03.2019	3616681	29,500.00
19	RAPHAEL OUMA OBEGO	04.03.2019	3616682	47,000.00
20	LANJULIANS ONASO	04.03.2019	3616684	24,500.00
21	ERICK AKOTH OGADA	04.03.2019	3616685	24,500.00
22	DICKSON ORUKO	04.03.2019	3616686	63,000.00
23	BEN ODHIAMBO	04.03.2019	3616689	57,500.00
24	TABITHA AKINYI	04.03.2019	3616630	52,500.00
25	TOBIAS ODUNDO	04.03.2019	3616692	57,500.00
26	ZILPER OPAPO	04.03.2019	3195691	57,500.00
27	AGUKO UMA	04.03.2019	3616695	63,000.00
28	JAOKO NAHMAN OCHIENG	04.03.2019	3616698	42,000.00
29	STEVE BIKO ODIDI	04.03.2019	3616699	57,000.00
30	CHARLES ODUOR	04.03.2019	3616631	42,000.00
31	MICHAEL OKUMU	04.03.2019	3616636	29,500.00
32	OMUTAMA MARTIN	04.03.2019	3616637	52,500.00
33	PAUL NDAR NYAORO	04.03.2019	3616643	24,500.00
34	GRACE OTIENO	05.03.2019	3616701	16,800.00
35	KENNEDY OYIER	05.03.2019	3616702	21,800.00
36	DANIEL OGADA	05.03.2019	3616709	68,000.00

37	GERALD AKETCHE CELES	05.03.2019	3616713	192,500.00
38	BENARD OPANDE OKUMU	05.03.2019	3616719	57,500.00
39	FRANSCIS SHIKUKU GUMA	05.03.2019	3616723	227,500.00
40	KODIKA VINCENT OMONDI	06.03.2019	3616729	47,000.00
41	FLORENCE OUMA	06.03.2019	3616732	57,500.00
42	VICTOR OMONDI OWUOR	13.03.2019	3616738	50,000.00
43	ROY OTIENO ODONGO	06.03.2019	3616748	104,500.00
	TOTAL			**2,467,900.00**

B. DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

NO.	Name	Warrant No.	Date	Amount (Kshs.)
44	Alice Odhiambo	Cheque No.941	3/12/2018	200,000
45	Ben H. Obado	3269130	7/9/2019	260,000
46	Bernard Opande	Cheque No.945	3/12/2018	170,000
47	Benard Ouma	3269144	12/9/2018	80,000
48	Charles Modi Auma	3245865	23/10/2018	350,000
49	Christopher Gabby	3269733	30/11/2018	260,000
50	Dan Omondi Opande	3245854	19/10/2018	20,000
51	Eliud Onyango	3245871	24/09/2018	20,000
52	Eveline Obara	3269648	19/10/2018	100,000
53	Frankline Odhiambo	Cheque No.940	3/12/2018	740,000
54	George Otieno Ouma	3245886	26/10/2018	100,000
55	Henry Onyango Okidi	3245860	22/10/2018	80,000
56	James Mokaya	3269703	26/11/2018	120,000
57	John Okinyi Ndege	3269739	3/12/2018	190,000
58	Oloo John Apolo	3245885	26/10/2018	480,000
59	Joseph Adinda Onyango	3269727	30/11/2018	290,000
60	Josephine Amondi	Cheque No.938	3/12/2018	130,000
61	Kennedy Ongeko	3269740	3/12/2018	200,000
62	Maren Agar	3269649	19/10/2018	20,000
63	Maurice Juma Aluoch	3269647	19/10/2018	50,000
64	Paul Adhiambo Aketch	3269642	18/10/2018	100,000
65	Samson Collins Owiyo	3269242	25/09/2018	500,000
66	Thomas Odipo	3269132	7/9/2018	90,000
67	Vivian Akeyo Tom	3245870	3/10/2018	100,000
68	Eliud Otieno	3269080	22/10/2018	4,000,000
	TOTAL			**8,650,000**
	GRAND TOTAL(A+B)			**11,117,900.00**

ANNEX 7 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2018/2019
Land	-	-	-	-	-
Buildings and structures	-	44,257,616	-	-	44,257,616
Transport equipment	119,337,272	-	-	-	-
Office equipment, furniture and fittings	81,035,132	11,908,122	-	-	11,908,122
ICT Equipment	9,721,561	-	-	-	-
Machinery and Equipment	194,713,608	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Biological assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Infrastructure assets- Roads, Rails	942,738,144	-	-	-	-
Work in progress	-	-	-	-	-
Total	**1,347,545,717**	**56,165,738**	-	-	**56,165,738**

(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 should tie to note 17 on acquisition of assets during the year.)

Other Assets in form of Services

Asset Description	Amount
Construction of Roads	355,668,035
Other Infrastructure and Civil Works	543,072,254
Purchase of Specialised Plant, Equipment and Machinery	77,464,305
Purchase of Certified Seeds, Breeding Stock and Live Animals	5,999,000
Project preparation ,Engineering and Design	9,705,381
Sob-total	**991,908,975**
Grand total	**1,048,074,713**