REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF SIAYA

FOR THE YEAR ENDED 30 JUNE 2018

COUNTY ASSEMBLY OF SIAYA

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the year ended June 30th 2018 and who had direct fiduciary responsibility were:

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

(d) Fiduciary Oversight Arrangements

Public accounts and investment committee activities

The Public Accounts and Investment Committee is the one that is mandated to look at the financial statements together with the audit report from the Kenya National Audit Office. And in so doing, they come up with recommendations which they forward to the Assembly for implementation.

Senate committee activities

The Senate Committee is the one that is mandated by the constitution to look at financial reports/statements together with the final audit report from the Kenya National Audit Office with a view to making recommendations on the actions which should be taken against the County Assembly and officers on financial improprieties.

Internal Audit Department

Is an independent department task with responsibility of undertaking Post Audit activity on the Assembly's systems and Reports.

+

(e) Entity Headquarters

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

(f) Entity Contacts

Telephone: +254708745148 / 0575321021
E-mail: .clerk@siayaassembly.go.ke / siayacountyassembly.go.ke
Website: www.siayaassembly.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank, Siaya
   P.O. 52 – 40600
   Siaya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

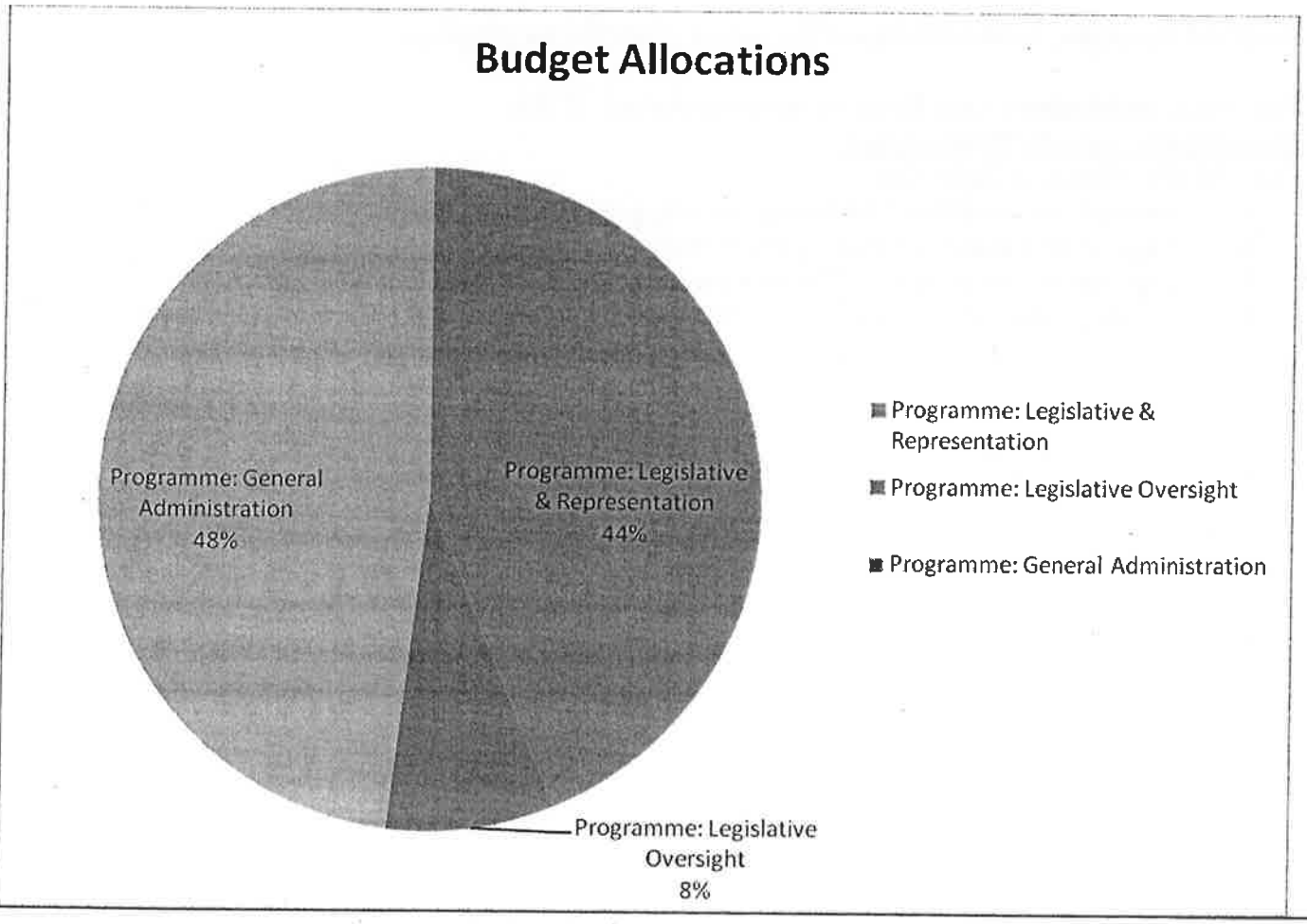
II. FOREWORD BY THE CLERK OF THE ASSEMBLY

I have the pleasure of forwarding the Reports and Financial Statements for the year ended June 30TH, 2018.Its marks the third year that the Assembly is reporting independent from the County Executive Arm of the County Government. The report highlights the operations of the Assembly as indicated below;

Budget performance

Sub Program	Description	Approved Budget	Actual Payments	Variance	% OF UTILIZATION
		KSHS	KSHS	KSHS	
0	Default - Non Programmatic	-	-	-	0%
701020000	Programme 1: Legislative & Representation	259,400,110.00	254,199,193.00	5,200,917.00	97.9
701030000	Programme 2: Legislative Oversight	53,586,760.00	48,087,133.25	5,499,626.75	90
701040000	Programme 3: General Administration	279,677,689.00	279,597,801.00	79,889.00	99.9
701040000	Programme 4: Development	300,679,659.00	56,708,428.55 -	243,751,662.20	18.9
	Grand Total	**893,344,218.00**	**638,592,555.80**	**254,751,662.20**	71.5

	BUDGET ALLOCATION BY PROGRAMMES		
Programmes	**Approved Budget Allocation**	**Actual Payments**	**Variance**
	KSHS	KSHS	KSHS
Default 1: Non Programmatic	-	-	-
Programme 2: Legislative & Representation	259,400,110.00	254,199,193.00	5,200,917.00
Programme 3: Legislative Oversight	53,586,760.00	48,087,133.25	5,499,626.75
Programme 4: General Administration	279,677,689.00	279,597,801.00	79,888.00
Programme 5: Development	300,679,659.00	56,708,428.55	243,971,230.45
Grand Total	**893,344,218.00**	**638,592,555.80**	**254,751,662.20**



The County Assembly of Siaya had a budget of Kshs.893,344,166 which was distributed to the four programs as tabulated here under;

Programme 1 – Legislative and Representation – Kshs.259,400,110
Programme 2 – Legislative Oversight – Kshs.53,586,760
Programme 3 – General Administration – Kshs.279,677,689
Programme 4- Development-Kshs. 300,679,659

During the year under review, the County Assembly spent a total of Kshs.638,592,555.80 on the above programs as indicated below;

Programme 1 – Legislative and Representation – Kshs.254,199,193.00
Programme 2 – Legislative Oversight – Kshs.48,087,133.25
Programme 3 – General Administration – Kshs.279,597,801.00
Programme 4- Development -Kshs. 56,708,428.55

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

The overall consumption rates for all the programmes was 71.5%

Consumption rates by Programmes

From the above table, it shows that:

1. General administration had the highest consumption rate at 99.9%
2. Legislative and Representation was 2nd with a consumption rate of 97.9%
3. Legislative Oversight was 3rd with a consumption rate of 90%
4. Development had the lowest at 18.9%

Operational performance

1. Siaya County Finance Act, 2017	Legislative framework on Revenue
2. Siaya County Appropriation Bill, 2017	Blueprint on Revenue to finance expenditure
3. Siaya County Fisheries and Aquaculture Act, 2017.	Provide a framework on management of fisheries and aquaculture.

Performance of key development projects

PHYSICAL PROGRESS SINCE ESTABLISHMENT OF COUNTY ASSEMBLY

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

The following are the projects which the Assembly has undertaken since its inception with their progress in terms of outputs, outcomes and impacts are outlined as follows;

SNO.	ACTIVITIES	OUTPUT	IMPACT & OUTCOME
1.	Construction of Committee rooms	Committee rooms and	Adequate and modern committee

	and offices	offices completed and handed over	rooms have been provided
2.	Construction of 1000m3 suspended water tank	- 1 Water tank constructed	-Adequate Water supply in the Assembly
3.	Architectural and structural designs for the Assembly Complex	Architectural drawings completed	-The scope of work has been fully catered for in the drawings
4.	Architectural and structural design for the Speaker's residence	Architectural drawings completed	-The scope of work has been fully catered for in the drawings
5.	Construction of Ramp for PWDs	1 Ramp constructed	The PWDs are accessing the assembly with ease.
6.	Supply and installation of CCTV Equipment	Full set of CCTV installed	The level of security has been enhanced.
7.	Development of County Assembly Strategic Plan	1 Strategic Plan developed	All the physical and financial plans of the Assembly have been fully integrated with the objectives, the mission and the vision of the Assembly
8.	Construction of County Assembly Parking lot	Parking bays completed	Adequate parking lots have been provided for MCAs, Staffs and Members of Public.
9.	Construction of Waiting bay	Waiting bay constructed	Adequate space for the visitors of the Assembly has been provided
10.	Construction of disability friendly toilets	2 Disability friendly toilet constructed	All the disabled people are nowadays accessing the toilets with a lot of ease
11.	Refurbishments of the Speaker's Office and County Assembly Chambers	Refurbishment of the Speaker's Office and the Assembly Chambers completed	Improved offices of the Assembly and the Chambers.
12.	Construction of office block for committee clerks	1 office block constructed	Adequate office space for the Clerks department
13.	Construction of perimeter wall and security offices	Perimeter wall and security offices Constructed	Enhanced security and controlled movement of visitors and staff
14.	Construction of modern walkway path, sentry box and landscaping	Walkway path, Sentry box and landscaping done.	Improved working condition and enhanced security.
15.	Construction of Sewer Line	Sewer line constructed	Hygienic condition of the Assembly has been enhanced

Challenges and Recommended Way Forward

Implementation Challenges

The following challenges were encounters during the execution of the budget for the year 2017/2018;

1. Budget constraints, some vote heads were not adequately budgeted for.
2. Frequent lapses in IFMIS resulted to very slow processing of payments there by leading to back log. On the other hand, some modules like Account receivable and Asset management and are not fully operational thus Ifmis reconciliation is not possible.
3. The funds for development projects were not disbursed 100% thus resulting to non implementation of some project.
4. The stringent conditions imposed by the controller of budget when accessing funds is inhibiting the effective delivery of services by the Assembly.
5. The Last disbursement of exchequer was received up to July 2018, which made it practically impossible to meet the deadlines of 30th June 2018.

Way Forward

- The budget allocations of funds on votes which are having high consumption rate should be enhanced so that adequate funds are available during budget implementation.
- The Ifmis should work effectively without any fluctuations. This therefore, calls for the upgrading of the entire IFMIS with a view to avoiding congestion during the peak periods.
- Development fund should be disbursed fully so that the assembly can implement all its projects as contained in the approved budget.
- The funds should be disbursed in accordance with the relevant Statutes i.e the PFM Act 2012

Mr. Isaac Felix Olwero

Clerk of the County Assembly

STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30th June 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended 30th June 2018, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 29th September, 2018.

Clerk of the County Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF SIAYA FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Siaya set out on pages 13 to 48, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Siaya as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Differences Between the Integrated Financial Management System (IFMIS) Balances and the Financial Statements

1.1 Total Payments

The statement of receipts and payments reflect total payments of Kshs.638,592,555 while the Integrated Financial Management System reflects total payments of Kshs.648,820,288 resulting in unreconciled difference of Kshs.10,227,733

1.2 Misstatement of the Surplus

The statement of receipts and payments reflects a surplus figure of Kshs.115,873 which however differs with the IFMIS report figure of Kshs.(66,820,288.10). Under normal circumstances the two balances should always tally. No explanation or reconciliation was provided for the difference.

2. Understatement of Fund Opening Balance

Included in the comparative figures in the statement of assets and Liabilities for the year ended 30 June 2017 is Kshs.2,165,833 which includes bank balance of Kshs.7,798, cash

balance of Kshs.242,210 and outstanding imprest of Kshs.1,915,825 which has not been included in the statement of assets and liabilities as fund balances brought forward. Further, Note 11 to financial statement reflect cancellation of fund balance brought forward of Kshs.2,158,035. Howerver, this cancellation is not explained nor supported by jounal entries .

As a result, the accuracy and completeness of cash and cash equivalents could not be confirmed.

3. Summary of Fixed Asset Register

Annexure 3(1) of the summary of the fixed asset register reflects assets totalling Kshs.192,555,772 as 30 June 2018.However available records indicates that the County Assembly does not maintain an updated asset register and it was therefore not possible to ascertain the nature, number, physical location and fair value of the Assembly's assets contrary to Regulation 136(1) of the Public Finance Management Regulations ,2015 which requires that the accounting officer shall be responsible for maintaining of an asset register of assets under his/her control or possession. Further, management does not tag their assets with unique codes as required by the County Assembly of Siaya Financial Policy and Procedures Manual page 40 paragraph 12.3 (d)

Under the circumstances, the accuracy and completeness of the total assets figure of Kshs.192,555,772 as at 30 June 2018 could not be confirmed.

4. Unsupported Pending Bills

Pending bills of Kshs.12,934,525 disclosed in the financial statements and under Annex 1 and 2 includes bills amounting to Kshs.8,739,613 which were not supported with any documentary evidence such as contract, local purchase orders, local service orders, invoices, delivery notes and payment vouchers. Further, it was established that the County Assembly failed to requisition for Kshs.10,664,559 from the County Revenue Fund for its recurrent expenditure which could have taken care of the pending bills.

Consequently, the propriety and validity of Kshs.8,739,613 pending bills could not be confirmed.

5. Failure to Include Development Vote in the Statement of Appropriation

Included in the County Assembly development budget is Kshs.300,679,659 set aside for the construction of Assembly building, speaker's residence, and purchase of hansard equipment among other items. Out of the budgeted amount, only Kshs.56,708,429 was received leaving a balance of Kshs.243,971,230. No evidence has been provided to confirm whether the unspent balance of Kshs.244,219,332 was re-voted for the project in the financial year 2018/2019 as required by Section 116(1) of the Public Finance Management Regulations 2015 (County Government .

Consequently, the accuracy and completeness of the statement of receipts and payments as regards expenditure could not be confirmed as at 30 June 2018.

6. Un-Accounted for Fuel

The County Assembly of Siaya engaged the services of a local entrepreneur for the supply and delivery of fuel, oil and lubricants. However, at the time of audit it was noted that fuel worth Kshs.500,000 ordered vide LPO No.2917056 dated 20 March 2018 and invoice No.1370 dated 09 March 2018 respectively was paid for, yet there was no proof of detail orders and suppliers statement indicating how the fuel was consumed by the Assembly although the Assembly's bank statement shows that the money was disbursed to the supplier.

Consequently, the propriety of the fuel expenditure of Kshs.500,000 on fuel could not be confirmed .

7. Failure to Remit the Withheld VAT

Pending bills figure of Kshs.12,934,525 as reflected in the annex 1 and 2 to the financial statements does not include an amount of Kshs.2,197,778 in respect to withholding tax deducted from taxable supplies in the year but not yet remitted to Kenya Revenue Authority as at 30 June 2018.

8. Un-Authorized Payment for Compensation of Employees

The payment vouchers for the compensation of employees in the months of September, 2017 and in April, June 2018 amounting to Kshs.73,752,970 were not duely authorised that is, signed and stamped by the relevant officers to indicate approval for payments contrary to Public Finance Management County Government Regulations 2015 Section 105(1). In circumstance, the accuracy of the compensation of employess cannot be ascertained and the management is in breach of the law.

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

Key Audit Matters

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

Other Matter

1. Fuel, Oil and Lubricants Expenditure

Included under use of goods and services, is the expenditure on fuel, oil and lubricants of Kshs.5,337,075 which increased by Kshs.2,071,929 from Kshs.3,265,146 in the year

2017. However, this material increase in fuel oil and lubricants expenses by 40% has not been explained or justified. Further, M/S The Kings and Queens Investments was paid Kshs.308,060 vide voucher No. 30012978 dated 25 June, 2018 being in respect for the supply and delivery of paper shredders, and desktop computers HP pavilion. However, the payment voucher was not authorized by the accounting officer as required.

2. Budgetary Performance and Control

The Assembly revenue was budgeted at Kshs.893,344,218 against the actual receipts of Kshs.638,708,429 representing an overall under collection of Kshs.254,635,789 or 29% this was mainly due to non-receipts of the exchequer from the development vote by 81%. Further, the Assembly spent Kshs.638,592,555 against a budget of Kshs.893,344,218 representing under expenditure of Kshs.254,751,663 or 71% this was due to development expenditure where the Assembly only utilised Kshs. 56,708,429 out of the budgeted Kshs.300,679,659.

3. Project Implementation Status

The County Assembly did not provide the status of all the projects implemented during the year as a result it was not possible to ascertain that all the projects were implemented within the specified period vis a vis approved budget and as per the terms specified in the contractual agreements

REPORT ON COMPLIANCE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, 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

Payment of Legal and Consultancy Services

The County Assembly engaged the services of a legal firm vide letter dated 16th May 2018 instructing the law firm to seek interpretation of Section 35 of the County Government Act, 2012 from the High Court. According to the instructions, payments were to be made upon submission of the evidence of filing the petition, status report on the matter, itemized fee note as per the provisions of the Advocates Remuneration Act. The advocate submitted a fee note of Kshs.1,830,000 out which Kshs.1,643,844 was paid during the year. However, by the month of November 2018, the advocate had not yet obtained an interpretation from the High Court.

Further, a consulting firm was hired by the Assembly on 4th December 2017 to draft the proposed Siaya County Alcoholic Drinks Control Regulations (2017) and Siaya County

Bursary Regulations (2017) to comply with the Constitution of Kenya 2010 and the County Government Act, 2012 at a cost of Kshs.2,000,000.The consultant was required to carry out public participation meetings, harmonize and submit the final draft regulations for consideration by the County Assembly. However, although the draft regulations were submitted to the County Assembly, they are yet to be enacted in laws by the Assembly.

Consequently, the regularity and propriety of the legal fee expenditure totalling Kshs.3,643,844 could not be confirmed.

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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 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. Internal Control system

The County Assembly Service Board vide minute No CASB /5/07/05/18 resolved that the Deputy Clerk be nominated as an alternate bank signatory with no limits on Account No.1143428927 held at the Kenya Commercial Bank. This decision by the Board contravenes Section 23 of the Public Finance Management County Government Regulations 2015 which requires that the accounting officer to delegate authority to incur expenditure in accordance with any limits prescribed by the accounting officer and as prescribed in paragraph 8.1.4 of the County Assembly's Finance Policy and Procedures Manual.

2. Failure to Establish an ICT Steering and Strategic Committees

The management of the County Assembly has not established an IT steering committee, an IT strategic plan and hence has not come up with an IT strategic plan.
Consequently, the management is in breach of the regulations.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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.

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

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

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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the County Assembly of Siaya financial reporting process, reviewing the effectiveness of how the entity 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 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 County Assembly of Siaya policies and procedures may deteriorate.

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

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

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

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly of Siaya ability to continue as a going concern or 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 Assembly of Siaya to cease to continue as a going concern or 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 Assembly of Siaya to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

Nairobi

18 February 2019

SIAYA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Transfers from National Treasury	1	638,708,428.55	612,361,157.00
TOTAL REVENUES		638,708,428.55	612,361,157.00
PAYMENTS			
Compensation of Employees	2	267,581,563.11	326,582,006.00
Use of goods and services	3	268,446,471.80	234,583,200.00
Social Security Benefits	4	24,559,267.04	27,362,639.00
Acquisition of Assets	5	78,005,253.50	21,667,478.00
Finance Costs, including Loan Interest	6	-	-
Other Payments	7	-	-
TOTAL PAYMENTS		638,592,555.45	610,195,324.00
SURPLUS/DEFICIT		115,873.10	2,165,833.00

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2018 and signed by:

Clerk of the Assembly
Name: Isaac Felix Olwero

Principal Finance Officer
Name: Danish Okuthe

IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8A	28,873.60	7,798
Cash Balances	8B	87,000.00	242,210
Total Cash And Cash Equivalents		**115,873.60**	**250,008**
Accounts Receivables - Outstanding Imprest and Clearance Accounts	9	-	1,915,825
TOTAL FINANCIAL ASSETS		**115,873.60**	**2,165,833**
LESS: FINANCIAL LIABILITIES			
Accounts Payables – Deposits	10	-	-
NET FINANCIAL ASSETS		**115,873.60**	**2,165,833**
REPRESENTED BY			
Fund balance b/fwd(Restated)	11	-	-
Prior year adjustments	12	-	-
Surplus/Defict for the year		115,873.60	2,165,833
NET FINANCIAL POSSITION		**115,873.60**	**2,165,833**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2018 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name: Dr Olcoike Christopher

V. STATEMENT OF CASH FLOWS

	Note	2017-2018	2016-2017
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Transfers from National Treasury	1	638,708,429	612,361,157
		638,708,429	**612,361,157**
Payments for operating expenses			
Compensation of Employees	2	267,581,563	326,582,006
Use of goods and services	3	268,446,472	234,583,200
Social Security Benefits	4	24,559,267	27,362,639
Finance Costs, including Loan Interest	5	-	-
Other Payments	6	-	-
		560,587,302	**588,527,845**
Adjusted for:			
Changes in receivables			
Changes in payables		-	-
Adjustments during the year	12	-	-
Net cashflow from operating activities		**78,121,127**	**23,833,312**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	78,005,254	-21,667,478
Net cash flows from Investing Activities		**78,005,254**	**-21,667,478**
NET INCREASE IN CASH AND CASH EQUIVALENT		-	-

Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		**115,873**	**2,165,833**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2018and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

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

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisati
	a	b	c=a+b	d	e=c-d	f=d/c
RECEIPTS	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
Exchequer releases	868,619,878.00	24,724,340.00	893,344,218.00	638,708,428.55	254,635,789.45	71.50%
Total Receipts	**868,619,878.00**	**24,724,340.00**	**893,344,218.00**	**638,708,428.55**	**254,635,789.45**	**71.5**
Payments						
Compensation of Employees	403,106,355.00	(127,628,455.00)	275,477,900.00	267,581,563.00	7,896,337.00	97%
Use of goods and services	244,002,618.00	24,248,867.00	268,251,485.00	268,446,471.80	(194,986.80)	100
Social Security Benefits	23,367,938.00	1,429,536.00	24,797,474.00	24,559,267.00	238,207.00	99
Acquisition of Assets	198,143,019.00	126,674,340.00	324,817,359.00	78,005,253.50	246,812,105.50	24%
Finance Costs, including Loan Interest	-	-	-	-	-	0%
Other Expenses	-	-	-	-	-	0
Grand Total	**868,619,930.00**	**24,724,288.00**	**893,344,218.00**	**638,592,555.30**	**254,751,662.70**	71.5%

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2018 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

SIAYA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

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

	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% Utilis Differe Final B
		a	b	c=a+b	d	e=c-d	f=d/
	RECEIPTS	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
1	Exchequer releases	692,664,559.00	(100,000,000.00)	592,664,559.00	582,000,000.00	10,664,559.00	98
	Total Receipts	**692,664,559.00**	**(100,000,000.00)**	**592,664,559.00**	**582,000,000.00**	**10,664,559.00**	**98**
	Payments						
2	Compensation of Employees	403,106,355.00	(127,628,455.00)	275,477,900.00	267,581,563.00	7,890,337.00	97
3	Use of goods and services	244,002,618.00	24,248,867.00	268,251,537.00	268,815,093.00	(563,556.00)	100
4	Social Security Benefits	23,367,938.00	1,429,536.00	24,797,474.00	24,559,267.00	238,207.00	99
5	Acquisition of Assets	22,187,700.00	1,950,000.00	24,137,700.00	20,928,204.00	3,209,496.00	87
6	Finance Costs, including Loan Interest	-	-	-	-	-	0%
7	Other Expenses	-	-	-	-	-	0%
	Grand Total	**692,664,559.00**	**(100,000,000.00)**	**592,664,559.00**	**581,884,127.00**	**10,780,432.00**	98%

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2018 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name: Dr Olecthe C

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

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisatio
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
1	Exchequer releases	175,955,319.00	124,724,340	300,679,659	56,708,428.55	243,971,230.45	18.90%
	Total Receipts	**175,955,319.00**	**124,724,340**	**300,679,659**	**56,708,428.55**	243,971,230.45	0%
	Payments						
2	Compensation of Employees	-	0	0	0	0	0%
3	Use of goods and services	-	0	0	0	0	0%
4	Social Security Benefits	-	0	0	0	0	0%
5	Acquisition of Assets	175,955,319.00	124,724,340	300,679,659	56,708,428.55	243,971,230.45	18.9%
6	Finance Costs, including Loan Interest	-	0	0	0	0	0%
7	Other Expenses	-	0	0	0	0	0%
	Grand Total	**175,955,319.00**	**124,724,340**	**300,679,659**	**56,708,428.55**	**243,971,230.45**	**18.90%**

County Assembly of Siaya did recognise only Assets budgeted under recurrent budget excluding those paid for by the County Treasury on behalf of the Assembly from the development account of which when we report, it will results to double accounting. On the other context, we have only disclosed the budget for the development because we had an approved budget on the same. Since the Exchequer release was channelled to the County Treasury Development account we have therefore not disclosed the Actual receipts and expenditure in the Statement of Comparison: Development.

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2018 and signed by:

Clerk of the Assembly
Name:

Principal Finance Officer
Name:

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

dget performance

gram	Description	Approved Budget	Actual Payments	Variance	% OF UTILIZATION
		KSHS	KSHS	KSHS	
0	Default - Non Programmatic	-	-	-	(
				-	(
020000	Programme 1: Legislative & Representation	259,400,162.00	254,199,193.00	5,200,969.00	9
03 000	Programme 2: Legislative Oversight	53,586,760.00	48,087,133.25	5,499,626.75	9(
040000	Programme 3: General Administration	279,677,637.00	279,597,801.00	79,836.00	10(
04 000	Programme 4: Development	300,679,659.00	56,708,428.55	243,971,230.45	18.9
	Grand Total	**893,344,218.00**	**638,592,555.80**	**254,751,662.20**	71.5

X. SIGNIFICANT ACCOUNTING POLICIES

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

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

include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer/ County Treasury

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

Other Receipts

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the County Assembly in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Assembly includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. Cash and cash equivalents

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

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Accounts Receivable

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

7. Accounts Payable

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

8. Noncurrent assets

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

9. Pending bills

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

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Siaya County Assembly budget was approved as required by Law .The original budget was approved by the County Assembly on July 12th, 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There was one supplementary budgets passed in the year. A high-level assessment of the County Assembly actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

XI. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES/TRANSFERS FROM COUNTY TREASURY		
Description	**2017-2018**	**2016-20**
	Kshs	**K**
Total Exchequer Releases for quarter 1	41,000,000.00	171,446,685
Total Exchequer Releases for quarter 2	170,000,000.00	163,000,000
Total Exchequer Releases for quarter 3	86,000,000.00	150,000,000.0
Total Exchequer Releases for quarter 4	285,000,000.00	127,914,472.0
Total Exchequer Releases for Development	56,708,428.55	
TOTAL	**638,708,428.55**	**612,361,157**
The Assembly had a budget of Kshs.592, 664,559 for recurrent and Kshs. 300,679,569 for development totaling to Kshs.893, 344,166. On recurrent, the Assembly received a total of Kshs. 582,000,000, representing 98% of the recurrent budget with a shortfall of Kshs.10, 664,559. The shortfall formed 2% of the recurrent budget. The Assembly recognized Kshs. 56,708,428.55 paid for by the County executive as receipts on development budget forming 18.9% of the total development budget with the balance of Kshs 243,971,230.45 representing 81.1% to be accounted for by the County executive as the County had one development account which is being managed and operated by the County executive during the year under review.		

Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Office and general supplies and services	6,396,572.35	7,290,496.45
Other operating expenses	41,209331.60	31,823,993.35
Routine maintenance – vehicles and other transport equipment	1,218,647.10	2,466,117.99
Routine maintenance – other assets	6,048,338.45	2,450,187.70
Fuel Oil and Lubricants	5,337,074.80	3,265,145.50
Exchange Rate Losses	-	-
Other operating creditors	6,953,640.00	-
TOTAL	**268,446,471.80**	**234,583,200.00**

4 SOCIAL SECURITY BENEFITS

4. SOCIAL SECURITY BENEFITS			2016-2017	2015-2016
			Kshs	Kshs
Government pension and retirement benefits			24,559,267	27,362,639.00
Social security benefits in cash and in kind			-	-
Employer Social Benefits in cash and in kind			-	-
TOTAL			**24,559,267.00**	**27,362,639.00**

This entails the Gratuity payments to Honorable Members of County Assembly and contractual staff.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 COMPENSATION OF EMPLOYEES

2 . COMPENSATION OF EMPLOYEES		
	2017-2018	**2016-20**
	Kshs	**K**
Basic salaries of permanent employees	131,332,129.40	144,840,042.20
Basic wages of temporary employees	29,923,708.80	33,304,821.95
Personal allowances paid as part of salary	96,261,723.90	133,692,441.15
Personal allowances paid as reimbursements	605,421.55	4,224,932.00
Personal allowances provided in kind	-	
Pension and other social security contributions	-	
Employer Contributions Compulsory national social security schemes	9,458,579.46	10,519,769.00
Employer Contributions Compulsory national health insurance schemes	-	
TOTAL	**267,581,563.11**	**326,582,006.**

County Assembly of Siaya had a total number of 43 Hon MCAs , 105 ward staff and 82 staff during the year under review.

3 USE OF GOODS AND SERVICES

3. USE OF GOODS AND SERVICES	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	760,452.30	1,401,050.95
Communication, supplies and services	3,709,602.45	5,844,392.10
Domestic travel and subsistence	97,864,520.40	85,136,183.00
Foreign travel and subsistence	2,486,455.00	922,047.40
Printing, advertising and information supplies & services	10,025,620.55	12,931,248.00
Rentals of produced assets	784,675.85	1,081,054.00
Training expenses	37,486,622.25	21,756,869.00
Hospitality supplies and services	17,224,081.00	29,902,743.00
Insurance costs	28,709,460.80	27,354,190.00
Specialised materials and services	2,231,376.90	957,482.00
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. ACQUISITION OF ASSETS		
	2017-2018	**2016-2017**
	Kshs	**Kshs**
Non Financial Assets		
Purchase of Buildings	-	-
Construction of Buildings	4,838,679.00	12,446,685.00
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	12,107,129.55	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	26,389,300.00	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	7,248,621.00	763,260.00
Purchase of Office Furniture and General Equipment	9,011,537.40	6,347,868.00
Purchase of ICT Equipment, Software and Other ICT Assets	9,364,950.00	36,000.00
Purchase of Specialised Plant, Equipment and Machinery	4,736,666.55	2,073,665.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	4,308,370.00	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Sub Total	**78,005,253.50**	**21,667,478.00**
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Sub Total	-	-

TOTAL	**78,005,253.50**	**21,667,478.00**

County Assembly of Siaya did recognise both Assets under recurrent budget and those paid for by the County Treasury on behalf of the Assembly from the development account of which Kshs. 20,928,204 was spent from the recurrent budget and Kshs. 56,708,428.55 paid for by the County executive from the Assembly development budget.

6 FINANCE COSTS, INCLUDING LOAN INTEREST

	2017-2018	2016-2017
	Kshs	Kshs
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
bank charges	-	-
TOTAL	-	-

7 OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other expenses	-	-
TOTAL	-	-

8A Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2017-2018	2016-2017
				Kshs	Kshs

Central Bank of Kenya – A/C No.100197463	10,355.95	Recurrent	1	10,355.95	7,578
Kenya Commercial Bank – A/C No.1143428927	18,517.65	Recurrent	1	18,517.65	220
Central Bank of Kenya- A/C No. 1000197471	-	Development	1	-	-
Total	**28,873.60**			**28,873.60**	**7,798.00**

8B Cash in hand

			2017-2018	2016-2017
			Kshs	**Kshs**
Cash in Hand – Held in domestic currency			87,000	242,210
Cash in Hand – Held in foreign currency			-	-
TOTAL			**87,000**	**242,210**

Cash in hand should also be analysed as follows:

			2017-2018	2016-2017
			Kshs	**Kshs**
County Assembly of Siaya Headquarter			87,000	242,210
TOTAL			**87,000**	**242,210**

9 ACCOUNTS RECEIVABLE

Description			2017-2018	2016-2017
			Kshs	**Kshs**
Other Debtors, prepayments-provision for Imprest			-	1,915,825
Salary advances			-	-
District suspense			-	-
Clearance accounts			-	-
TOTAL			-	**1,915,825**

10 ACCOUNTS PAYABLE

			2017-2018	2016-2017
			Kshs	Kshs
Deposits			-	-
			-	-
TOTAL			-	-

11 FUND BALANCES BROUGHT FORWARD

			2017-2018	2016-2017
			Kshs	Kshs
BALANCE B/F FROM 2016/2017			2,165,833	63,660,088
ADJUSTEMENT ON THE B/F AMOUNT			(2,158,035)	(63,666,663)
AMOUNT SWIPPED TO CRF ACCOUNT			(7,7,98)	
RESTATED BALANCE			-	-

12 PRIOR YEAR ADJUSTMENTS

Description of the error			2017-2018	2016-2017
			Kshs	Kshs
Adjustments on bank account balances			0	0
Adjustments on cash in hand			0	0
Adjustments on payables			0	0
Adjustments on receivables			0	0
Others (*specify*)			0	0
TOTAL			**0**	0

13. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the

County Assembly.

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

			2017-2018	2016-2017
			Kshs	Kshs
Key Management compensation				
County Assembly Clerk			**3,262,560**	
Principal Finance Officer			**1,949,500**	

14 OTHER IMPORTANT DISCLOSURES

14 PENDING ACCOUNTS PAYABLE (See Annex 1)

			2017-2018	2016-2017
			Kshs	Kshs
Construction of buildings			-	5,356,605
Construction of civil works			-	13,388,464
Supply of goods			5,081,218 .00	-
Supply of services			2,362,798.40	135,000
TOTAL			**7,444,016.40**	**18,880,069**

14 PENDING STAFF PAYABLES

			2017-2018	2016-2017
			Kshs	Kshs
1. HON .MCAs and STAFF			5,490,508.75	-
			-	-

TOTAL			**5,490,508.75**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		The Assembly is yet to receive Audited accounts for financial year 2016-2017.			

XIII. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

SRNO.	Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		A	B	c	d=a-c		
	Supply of goods	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**		
1	ULAFUCO ENTERPRISES	211,000.00	211,000.00	-	211,000.00	-	
2	JOLLY CONTRACTORS & GENERAL WORKS LTD	53,640.00	53,640.00	-	53,640.00	-	
3	CAJO INVESTMENTS COMPANY LTD	500,000.00	500,000.00	-	500,000.00	-	
4	AMORTECH COMMUNICATION LTD	845,800.00	845,800.00	-	845,800.00	-	
5	JOSMER SERVICES	274,500.00	274,500.00	-	274,500.00	-	
6	ULAFUCO ENTERPRISES	487,100.00	487,100.00	-	487,100.00	-	
7	CARYNET LIMITED	287,000.00	287,000.00	-	287,000.00	-	
8	KENYA REVENUE AUTHORITY	2,197,778.00	2,197,778.00	-	2,197,778.00	-	
9	OMLA AGENCIES	204,000.00	204,000.00	-	204,000.00	-	
10	OMLA AGENCIES	20,400.00	20,400.00	-	20,400.00	-	

	Sub-Total	**5,081,218.00**	**5,081,218.00**	**-**	**5,081,218.00**	**-**	
	Supply of services						
1	ADMINISTRATION POLICE SERVICE	135,000.00	135,000.00	-	135,000.00	135,000	
2	NATION MEDIA GROUP LTD	183,280.00	183,280.00	-	183,280.00		
3	CMC MOTORS GROUP LTD	91,934.00	91,934.00	-	91,934.00		
4	KENYA SCHOOL OF GOVERNMENT	121,800.00	121,800.00	-	121,800.00		
5	SAFARICOM LTD	248,955.00	248,955.00	-	248,955.00		
6	DT DOBIE	11,648.00	11,648.00	-	11,648.00		
7	KENYA SCHOOL OF GOVERNMENT	596,240.00	596,240.00	-	596,240.00		
8	KINYA INSTITUTE OF SUPPLIES MANAGEMENT	12,000.00	12,000.00	-	12,000.00		
9	TRIPPY GO TOURS AND TRAVEL LTD	1,274,132.00	254,827.00	1,019,305.00	254,827.00		
10	PINECONE HOTEL	225,000.00	225,000.00	-	225,000.00		
11	PINECONE HOTEL	215,000.00	215,000.00	-	215,000.00		
12	CMC MOTORS GROUP LTD	124,664.40	124,664.40	-	124,664.40		
13	ROYAL CITY HOTEL	74,250.00	74,250.00	-	74,250.00		

14	ROYAL CITY HOTEL	68,200.00	68,200.00	-	68,200.00		
	Sub-Total	**3,382,103**	**2,362,798.40**	**1,019,305.00**	**2,362,798.40**	135,000	
	Grand Total	**8,463,321**	**7,444,016**	**1,019,305**	**7,444,016**	**135,000**	

XIV. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		a	b	c	d=a-c		
		Kshs		Kshs	Kshs	Kshs	
COUNTY ASSEMBLY OF SIAYA		1,163,110.00	-	-	1,163,110.00	-	
LAP FUND		1,628,054.00	-	-	1,628,054.00	-	
TOBIAS OWENJE		42,000.00	-	-	42,000.00	-	
LAP FUND - EMPLOYER CONTRIBUTION		568,918.00	-	-	568,918.00	-	
MARTHA AKINYI OKUNDI		37,400.00	-	-	37,400.00	-	
COUNTY ASSEMBLY OF SIAYA		94,500.00	-	-	94,500.00	-	
COUNTY ASSEMBLY OF SIAYA		48,000.00	-	-	48,000.00	-	
COUNTY ASSEMBLY OF SIAYA		40,000.00	-	-	40,000.00	-	
HON ANDREW OMWENDE		56,000.00	-	-	56,000.00	-	
SIAYA TEACHERS SACCO		5,268.00	-	-	5,268.00	-	
KNUT			-	-		-	

		500.00			500.00		
KNUT - UNION DUES		1,200.00	-	-	1,200.00	-	
COUNTY ASSEMBLY OF SIAYA		187,300.00	-	-	187,300.00	-	
MARTHA AKINYI OKUNDI		35,600.00	-	-	35,600.00	-	
Nssf		200	-	-	200.00	-	
Nssf		200	-	-	200.00	-	
Nssf		200	-	-	200.00	-	
Nssf		200	-	-	200.00	-	
NATIONAL HOSPITAL INSURANCE FUND		1,700.00	-	-	1,700.00	-	
NATIONAL HOSPITAL INSURANCE FUND		1,700.00	-	-	1,700.00	-	
SIAYA COUNTY GOVERNMENT		4,050.00	-	-	4,050.00	-	
SIAYA COUNTY GOVERNMENT		4,050.00	-	-	4,050.00	-	
AFRICAN CAPITAL LIMITED		5,009.00	-	-	5,009.00	-	
COUNTY ASSEMBLY OF SIAYA		5,092.75	-	-	5,092.75	-	
COUNTY ASSEMBLY OF SIAYA		5,312.75	-	-	5,312.75	-	
Nssf		10,600.00	-	-	10,600.00	-	
SIAYA COUNTY ASSEMBLY S.B. MORTGAGE		29,594.40	-	-		-	

					29,594.40		
SIAYA COUNTY ASSEMBLY STAFF		156,422.25	-	-	156,422.25	-	
MILLICENT AUMA ONDIEK		2,950.00	-	-	2,950.00	-	
CHARLES ONYANGO OCHIENG		3,000.00	-	-	3,000.00	-	
JULIUS ODUOR OKWARO		3,000.00	-	-	3,000.00	-	
ERICK OWITI OMONDI		3,150.00	-	-	3,150.00	-	
FRANCIS ONYANGO OTAYA		3,150.00	-	-	3,150.00	-	
BENJAMIN OCHIENG OMONDI		3,200.00	-	-	3,200.00	-	
COUNTY ASSEMBLY OF SIAYA		3,380.00	-	-	3,380.00	-	
BEVERLYNE LILIAN OMUSULA OSIEMA		3,500.00	-	-	3,500.00	-	
DEVOTTA GEORGINAH AWUOR		6,500.00	-	-	6,500.00	-	
COUNTY ASSEMBLY OF SIAYA		7,320.00	-	-	7,320.00	-	
STEPHEN OTIENO ODONGO		8,000.00	-	-	8,000.00	-	
COUNTY ASSEMBLY OF SIAYA		10,000.00	-	-	10,000.00	-	
COUNTY ASSEMBLY OF SIAYA		12,000.00	-	-	12,000.00	-	
OGENGA ERIC ODHIAMBO		12,000.00	-	-	12,000.00	-	
ANTONY ODIWUOR OMOLLO		14,000.00	-	-		-	

					14,000.00		
DAVID ONYANGO OWINO		15,000.00	-	-	15,000.00	-	
EDWIN OTIENO CHIAWO		15,000.00	-	-	15,000.00	-	
NEHEMIAH OTIENO OMONDI		15,000.00	-	-	15,000.00	-	
SAMUEL OTIENO WIRE		15,000.00	-	-	15,000.00	-	
DOROTHY OMONDI		16,800.00	-	-	16,800.00	-	
ELIJAH ABONYO MISOLOH		16,800.00	-	-	16,800.00	-	
MAUREEN AKINYI LOLWE		16,800.00	-	-	16,800.00	-	
MILLICENT CAREN ASOL		16,800.00	-	-	16,800.00	-	
ROSE ENID AWUOR OMEDO		22,400.00	-	-	22,400.00	-	
STEPHEN OTIENO ODONGO		22,400.00	-	-	22,400.00	-	
COUNTY ASSEMBLY OF SIAYA		23,710.00	-	-	23,710.00	-	
COUNTY ASSEMBLY OF SIAYA		25,200.00	-	-	25,200.00	-	
ISAAC FELIX OLWERO		25,200.00	-	-	25,200.00	-	
COUNTY ASSEMBLY OF SIAYA		26,000.00	-	-	26,000.00	-	
OGENGA ERIC ODHIAMBO		28,000.00	-	-	28,000.00	-	
COUNTY ASSEMBLY OF SIAYA		30,000.00	-	-		-	

					30,000.00		
DAVID OUMA OKUMU		30,467.60	-	-	30,467.60	-	
COUNTY ASSEMBLY OF SIAYA		33,600.00	-	-	33,600.00	-	
JULIUS ODUOR OKWARO		33,600.00	-	-	33,600.00	-	
MARY A. SADIA		33,600.00	-	-	33,600.00	-	
ROSE ENID AWUOR OMEDO		42,000.00	-	-	42,000.00	-	
GLORIA AMONDI MIGANDA		44,800.00	-	-	44,800.00	-	
RAPHAEL JUMA AKEYO		44,800.00	-	-	44,800.00	-	
ISAAC FELIX OLWERO		45,000.00	-	-	45,000.00	-	
COUTNY ASSEMBLY OF SIAYA		45,600.00	-	-	45,600.00	-	
COUNTY ASSEMBLY OF SIAYA		47,600.00	-	-	47,600.00	-	
ERICK OWITI OMONDI		56,000.00	-	-	56,000.00	-	
JENNIFER JUDITH AMBUNYA		56,000.00	-	-	56,000.00	-	
REGINA AKOTH AWINO		56,000.00	-	-	56,000.00	-	
TOM BRIAN ODUOR		56,000.00	-	-	56,000.00	-	
WILLIAM ODHIAMBO OMWOMBO		56,000.00	-	-	56,000.00	-	
HON.ELIUD OWINO ONYANGO		84,000.00	-	-	84,000.00	-	

HON.MARGARET AOKO OLALE		84,000.00	-	-	84,000.00	-	
HON.MAURICE OSEWE ARINGO		84,000.00	-	-	84,000.00	-	
Grand Total		5,490,508.75			5,490,508.75		

XV. ANNEX 3(1)– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost c/f (Kshs) 2016-2017	Additions during the year (Kshs) 2017-2018	Disposals during the year (Kshs) 2017-2018	Historical Cost b/f (Kshs) 2017-2018
Buildings and structures	73,890,575.00	21,254,178.55	-	95,144,753.55
Transport equipment	31,439,150.00	26,389,300.00	-	57,828,450.00
Office equipment, furniture and fittings	7,111,128.00	16,260,158.40	-	23,371,286.40
ICT Equipment, Software and Other ICT Assets	36,000.00	9,364,950.00	-	9,400,950.00
Other Machinery and Equipment	2,073,665.00	4,736,666.55	-	6,810,331.55
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	**114,550,518.00**	**78,005,253.50**	-	**192,555,771.50**

ANNEX 3(11) SUMMARY OF DEVELOPMENT PAYMENTS

	COUNTY ASSEMBLY OF SIAYA	
	DEVELOPMENT PROJECT	
SRNO.	**PROJECT**	**AMOUNT PAID**
1	CONSTRUCTION OF MODERN WALKWAY PATH, SENTRY BOX AND LANDSCAPING	**10,416,335.80**

2	SUPPLYING AND INSTALLATION OF AIR CONDITIONERS AND MILD STEEL BURGLAR PROOF GRILLS FOR BOARD ROOMS	736,629.00
3	COMPLETION OF COMMITTEE BOARD ROOMS AND OFFFICES	4,102,050.00
4	SUPPLY AND DELIVERY OF 3 MOTOR VEHICLES	26,089,300.00
5	CONSULTANCY SERVICES FOR DESIGN AND SUPERVISION OF SPEAKERS RESIDENTS	4,308,370.00
6	REHABILITATION OF THE ASSEMBLY	248,101.75
7	SUPPLY AND DELIVERY INSTALLATION AND COMMISSIONING OF MULTIMEDIA SYSTEMS(HANSARD EQUIPMENT)	9,364,950.00
8	CONSTRUCTION OF SEWER LINE	1,442,692.00
	TOTAL	56,708,428.55

These are the projects which were paid from our development budget by the County Government of Siaya on behalf of the Assembly for the year under review.

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

SNO.	ACTIVITIES	OUTPUT	IMPACT & OUTCOME
1.	Construction of Committee rooms and offices	Committee rooms and offices completed and handed over	Adequate and modern committee rooms have been provided
2.	Construction of 1000m3 suspended water tank	- 1 Water tank constructed	-Adequate Water supply in the Assembly
3.	Architectural and structural designs for the Assembly Complex	Architectural drawings completed	-The scope of work has been fully catered for in the drawings

4.	Architectural and structural design for the Speaker's residence	Architectural drawings completed	-The scope of work has been fully catered for in the drawings
5.	Construction of Ramp for PWDs	1 Ramp constructed	The PWDs are accessing the assembly with ease.
6.	Supply and installation of CCTV Equipment	Full set of CCTV installed	The level of security has been enhanced.
7.	Development of County Assembly Strategic Plan	1 Strategic Plan developed	All the physical and financial plans of the Assembly have been fully integrated with the objectives, the mission and the vision of the Assembly
8.	Construction of County Assembly Parking lot	Parking bays completed	Adequate parking lots have been provided for MCAs, Staffs and Members of Public.
9.	Construction of Waiting bay	Waiting bay constructed	Adequate space for the visitors of the Assembly has been provided
10.	Construction of disability friendly toilets	2 Disability friendly toilet constructed	All the disabled people are nowadays accessing the toilets with a lot of ease
11.	Refurbishments of the Speaker's Office and County Assembly Chambers	Refurbishment of the Speaker's Office and the Assembly Chambers completed	Improved offices of the Assembly and the Chambers.
12.	Construction of office block for committee clerks	1 office block constructed	Adequate office space for the Clerks department
13.	Construction of perimeter wall and security offices	Perimeter wall and security offices Constructed	Enhanced security and controlled movement of visitors and staff
14.	Construction of modern walkway path, sentry box and landscaping	Walkway path, Sentry box and landscaping done.	Improved working condition and enhanced security.
15.	Construction of Sewer Line	Sewer line constructed	Hygienic condition of the Assembly has been enhanced

XVI.ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Total				