

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
KISII**

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	19/03/2024
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COMMITTEE	-
CLERK AT THE TABLE	Cawlyne Chemp



KISII COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARENDED

30TH JUNE 2023

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

County Government of Kisii
Kisii County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OCCB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

b) Glossary of Terms

Comparative FY Means the financial year preceding the current financial year.

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2. Key Entity Information and Management

(a) Background information

The County 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 45 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management Team

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

No.	Designation	Name
1.	Speaker of the County Assembly	Dr. Philip Nyanumba
2.	Clerk of the County Assembly	Mr. Jacob Onkeo
3.	Head of Finance and Accounting Department	Mr. Moses Ratemo
4.	Head of Human Resource Department	Mrs. Fransiscah Bhoke
5.	Head of Legislative Services Department	Mr. Cyprian Masanga
6.	Head of Research and ICT Department	Mr. George Ochoti
7.	Head of Legal Services Department	Mr. Andrew Onserio
8.	Head of Administrative Services Department	Mr. Godfrey Mang'esa
9.	Senior Finance Officer	Mrs. Emma Ntabo

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	Mr. Jacob Onkeo
2.	Director Finance and Accounting Services	Mr. Moses Ratemo
3.	Senior Finance Officer	Mrs. Emma Ntabo
4.	Head Procurement Department	Mr. Edward Ondieki

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Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

The County Assembly of Kisii has an Internal Audit Department and an Audit Committee which provides oversight over the financial management and operations of the County Assembly.

The Public Accounts and Investment Committee examines the Auditors Reports for both the County Executive and County Assembly as per Article 229 (8) of the Constitution.

Section 36 of the County Assembly Service act 2017 also mandates The County Assembly Service Board to prepare and table an annual report on its operations and performance before the Whole House for deliberations.

(e) Entity Headquarters

P.O. Box 4552-40200
Old Municipal Building
Kisii-Kilgoris Road/Highway
Kisii, KENYA

(f) Entity Contacts

Telephone: (254) 0208029160
E-mail: countyassembly@kisii.go.ke
Website: www.kisiiassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. National Bank of Kenya Ltd
Kisii Branch
P.O Box 2435-40200
Kisii

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(h) Independent Auditor

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

(i) Principal Legal Adviser

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

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3. Governance Statement

The County Assembly

The County Assembly is constituted by the MCAs of Kisii county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary.

Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- a) Vet and approve nominees for appointment to county public offices may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly executes its mandate, through committees which are broadly classified into two.

a) Select Committees

Select committees are generally responsible for overseeing the work of government departments and agencies.

b) Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee

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a) Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held twenty (20) meetings in FY 2022/2023. The committee members during FY 2022/2023 were:

Member	Designation	Ward
Hon. Philip Nyanumba	Chairperson	N/A
Claire Obino	Vice Chairperson	Nominated
Hon. MalackMainye	Member	Kiamokama
Hon. Peter Mokuu	Member	Bosoti/Sengera
Hon. Victor Ombasa	Member	Riana
Hon. BethshebaSanaya	Member	Nominated
Hon. Dennis Ombachi	Member	Marani
Hon. DismasOnsombi	Member	Bomariba
Hon. Amos Omweri	Member	Nyatieko
Hon. Steve Arika	Member	Ibeno
Hon. Henry Moracha	Member	Basi Central
Hon. John Ombati	Member	Bomorenda
Hon. Ibrahim Machuki	Member	BasiBogetaorio
Hon. James Ondari	Member	Boochi/Tendere

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b) Audit Committee

The audit committee was constituted in December 2018. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held four (4) meetings in FY 2022/2023. The committee members during FY 2022/2023 were:

Member	Designation
Rose BosiboriOsoro	Chairperson
Bosco Peter Onsembe	Member
EnockOmbuiNyasende	Member
Elias Ngere	Member

c) Public Accounts/Investment Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 5 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon. Ogugu Timothy	Chairperson	Magenche
Hon. Anthony Kerage	Vice Chairperson	Gesusu
Hon. John Sambo	Member	BasiChache
Hon. Ruth Nyagechanga	Member	Nominated
Hon. Peter Moindi	Member	Keumbu
Hon. VaniceMoraa	Member	Nominated
Hon. Felix Ombati	Member	ChitagoBorabu
Hon. SaisiNyagaka	Member	Sensi
Hon. Samuel Mauti	Member	Bogetenga
Hon. Celestine Bonanreri	Member	Nominated
Hon. Jeremiah Ongeri	Member	MajogeBasi

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d) Budget and Appropriations Committee

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

Member	Designation	Ward
Hon. Peter Gichana	Chairperson	Monyerero
Hon. Jim Kenyanya	Vice Chairperson	Tabaka
Hon. Henry Moracha	Member	Basi Central
Hon. Dennis Ombachi	Member	Marani
Hon. John Ombati	Member	Bomorenda
Hon. Gaudencia Moraa	Member	Nominated
Hon. Hellen Nyamoita	Member	Nominated
Hon. Amos Onderi	Member	Bokimonge
Hon. Christopher Ogoti	Member	Nyamasibi
Hon. Duke Nyarang'o	Member	Kitutu Central
Hon. Stephen Arika	Member	Ibeno
Hon. Thomas Obare	Member	BasiBoitangare
Hon. Amos Omweri	Member	Nyatieko
Hon. IsabellahOigara	Member	Nominated
Hon. Nicodemus Omwamba	Member	BoochiBorabu
Hon. Ibrahim Ongubo	Member	Bobaracho
Hon. Karen Magara	Member	Nominated
Hon. BouseMairura	Member	Masimba

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Hon. Tirisa Onsombi	Member	Bomariba
Hon. Ronald Achira	Member	Moticho
Hon. Naftali Onkoba	Member	Nyacheki
Hon. Peter Mokua	Member	Bosoti/Sengera

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

Communication with all Stakeholders

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

The County Assembly also subjected 10 bills through public participation

Risk management

The County Assembly has an internal audit department which performs audit risk on the internal controls put in place and directly reports to the Audit committee for processing and implementation.

The County Assembly Management Committee has developed a risk policy(draft) that awaits approval by the County Assembly Service Board. This will help to identify and assess how risks should be managed. The draft risk policy also includes the formal processes to assess changes in the internal and external environment which could give rise to risks.

In the FY 2022/23, the County Assembly of Kisii did not experience any risks.

Compliance

The Financial Reports and Statements for the financial year 2022/2023 were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in compliance with section 125 and 149 of Public Finance Management Act, 2012.

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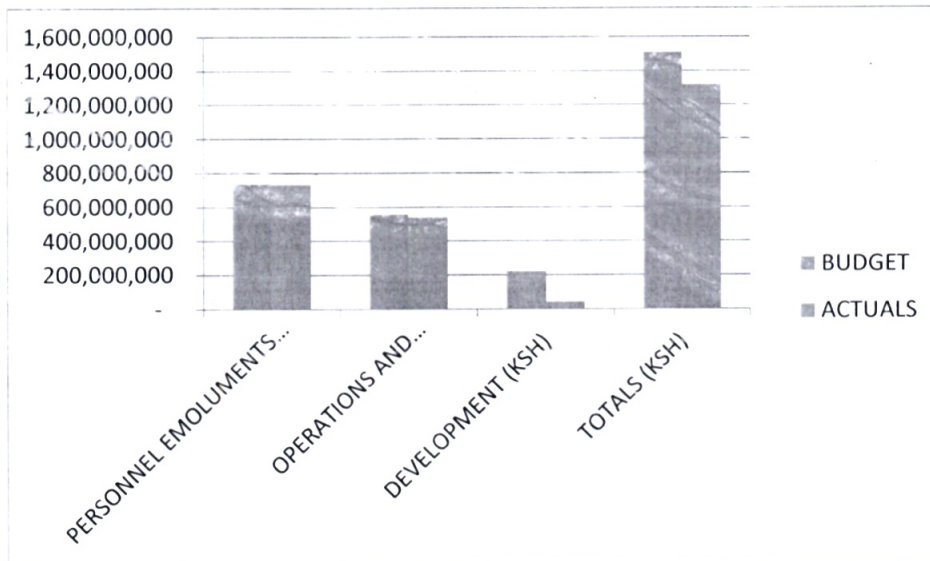
4. Foreword By the Clerk of The Assembly

The County Assembly of Kisii appropriated Kshs. **1,517,251,927** for the management of its programmes for FY 2022/2023, out of which Kshs. **1,316,794,471** was received from the National Treasury translating to **87%** of the budget.

The Assembly spent Kshs. **731,572,764 (56%)** towards personnel emoluments, Kshs. **535,386,661 (41%)** on Operations and maintenance, and Kshs. **45,629,148 (3%)** on development.

(i) Budget performance

	PERSONNEL EMOLUMENTS (KSH)	OPERATIONS AND MAINTENANCE (KSH)	DEVELOPMENT (KSH)	TOTALS (KSH)
BUDGET	733,793,653	556,836,329	219,350,465	1,509,980,447
ACTUALS	731,572,764	535,386,661	45,629,148	1,316,794,471
	99%	97%	21%	87%



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(ii) Operational Performance

The ultimate mission of the County Assembly is to improve the livelihoods of the people of Kisii County through effective Legislation, Oversight and Representation. Towards this aim, the County Assembly under its Standing Orders has established a total of 23 committees. Ten (10) are Sectorial Committees which oversight Ten departments of the County Executive and Thirteen (13) select committees which have various legislative and oversight mandates. These Committees include:

Agriculture, Livestock, Fisheries & Co-operative Committee whose mandate, is to, among others interrogate, investigate and examine all matters related to Agriculture including Crop and Animal husbandry, livestock development, fisheries and cooperative societies.

Lands, Physical Planning & Urban Development Committee-It deals with matters related to county planning and development, including statistics, land survey & mapping, boundaries and urban development.

Trade, Tourism & Industry Committee-Deals with all matters related to trade development and regulation, including markets, trade licences, fair trading practices and development of local tourism.

Labour, Manpower & Social Welfare Committee- Considers all matters related to labour, trade union relations, manpower and human resource planning.

Health Services Committee-Deals with all matters related to County health services, including County Health facilities and pharmacies, Ambulance services, primary health care licences and control of undertakings that sell food to the public, veterinary services, cemeteries, refuse removal and solid waste disposal.

Energy, Water, Environment & Natural Resources Committee- Deals with all matters related to energy regulation, electricity and gas reticulation, natural resources and environmental conservation including water, forestry and soil.

Transport, Roads, Housing & Public Works Committee-Considers all matters related to county transport including County roads, street lighting traffic and parking, County Public works and services and housing.

Culture, Youth, sports & Social Services Committee- Considers all matters related to cultural activities, public entertainment, public amenities, including betting, liquor licensing, libraries, museums, sport and cultural activities and facilities, county parks; Fire fighting services and disaster management, Control of drugs and Pornography; coordinating participation of communities and locations in governance at the local level; animal control and welfare.

Justice & Legal Affairs Committee-Considers constitutional affairs and administration of law and justice.

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ECDE & Vocational Training Committee- Deals with all matters related to Early Childhood Development And Education including Vocational training, in particular development of ECDE centres and youth polytechnics.

Budget & Appropriations Committee- Whose primary mandate is to Oversight the budgeting process and other financial matters.

Public Accounts & Investment Committee-Oversight the expenditure of public finances by departments, to ensure value for money and adherence to government financial regulations and procedures. The Committee reviews reports by Kenya National Audit Office (KENAO) and Office Of the Controller Of Budget (COB).

Liaison Committee-Guides and coordinates the operations, policies and mandates of all committees in the assembly. Consist of all chairpersons of committees.

House Business Committee- Deals with matters that are discussed in the house. The committee manages the assembly calendar, monitors and oversees the implementation of the county assembly business and programs.

Implementation Committee-Examines resolutions of the county assembly, petitions and undertakings of executive committees.

Appointment Committee-Considers for approval by the County Assembly all appointments under Article 179 (2) (Members of County Executive Committees).

Devolution Committee- Deals with matters that involve devolved units.

Welfare Committee -Deals with matters related to the welfare of the members.

Selection Committee-Mandated to nominate members to serve in committees, save for the membership of the County Assembly Business Committee and Committee on Appointments.

Delegated Legislation Committee- Deals with and approves statutory instruments (bills) submitted to the Assembly before they are passed or taken to the house for discussion.

Powers & Privileges Committee-Inquires into the conduct and discipline of members of the house and checks on the powers and privileges they enjoy.

ICT, Broadcasting & Library Services Committee- Deals with all matters relating to ICT development in the County including, automation of county functions, broadcasting, hansard, online business and library services.

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Procedure & Rules Committee-Considers and reports all matters relating to standing orders and also proposes amendments to standing orders.

In FY 2022/23, the County Assembly passed two (2) laws, (Appropriation bill) and the (County finance bill) which will enhance service delivery to the population of Kisii County and Oversight on the spending by the County Government of Kisii.

The budget for the FY 2022/2023 was passed by the County Assembly on 22th June 2022. There were two supplementary budgets adopted on 9th January 2023 and 23rd March 2023 respectively.

(iii) Performance of key development projects

The County Assembly has so far successfully accomplished the task of provision of office space for staff in the main assembly block and is in the process of renovating two blocks (A and B) to provide office space for members of county assembly at the headquarters. The perimeter wall has been improved, though some more extensions need to be initiated in future. ICT infrastructure in the Assembly has been developed and is continuously being improved to enhance efficiency in Communication, networking and ease of legislative and public service transactions.

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(iv) Comment on value-for-money achievements

Give specific examples of how some of the projects undertaken as listed above have positively improved the lives of the citizens of the County.

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community engagement [cause related marketing etc

(v) Challenges and Recommended Way Forward

The main challenges that were faced during the FY 2022/2023 included the following;

Delay in disbursement of funds.

There was delay of disbursement of the June allocation from the national treasury which led to the county assembly not meeting its financial obligations as at the end of the financial year



.....
Name:Mr Jacob M. Onkeo
Clerk of the County Assembly

County Government of Kisii**Kisii County Assembly****Annual Report and Financial Statements For the year ended 30th June 2023****5. Statement Of Performance Against County Assembly Predetermined Objectives****Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the County Assembly of Kisii is legislation, oversight, and representation. To achieve this, the assembly's program was documented in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in FY 2022/2023

Program 1	Objective	Outcome	Indicator	Performance
Legislative, oversight and representation services.	Strengthen Oversight, budget scrutiny and expenditure review	Accountability, Equitable distribution, efficient utilization and transparency in allocation of resources	No. of Mca's/staff trained, No. of committee reports, No. of site visits, and No. of bills passed	Mca's and staff attended 20 sectoral trainings; All 23 committees submitted annual reports; 1 site visits was conducted; ADP, CIPROP, CFSP reports were adopted. 2 bills were also passed.
	Effective representation and Outreach	Effective public and stakeholders participation in the assembly processes	No. of public participation fora, No. of public participation reports	6 public participations exercises and reports were concluded.
		Improved image and perception of residence; informed public	No. of Reports, Responses (website, facebook page, twitter handle).	No petition was received.
	Enhance effective legislation	Quality and progressive legislations	No of bills passed in the County Assembly,	2 bills were passed
Program 2	Objective	Outcome	Indicator	Performance

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County Assembly Services	Strengthen the County Assembly Service	Productive and professional staff	Training Policy, No. of training reports, training needs assessment report and skills inventory	Human resource manual developed, 9 staff trainings conducted.
Program3	Objective	Outcome	Indicator	Performance
County Assembly Service Board (Office of the Speaker).	Enhance physical and ICT infrastructure	New modern administrative block, Furniture and equipment, improved Security, Operational IT infrastructure, Ward offices for MCA's	New administration office block, No of furniture items acquired, number of security installations, No. of IT infrastructure installed, No. of ward offices constructed.	Completion of modern administrative block, one ward office under construction.
	Adequate resource mobilization and proper management	Sufficient budgetary provision, improved financial management,	Approved budget, Additional resources obtained, Accurate and timely financial reports	FY 2022/23 Budget was approved;
	Improved stakeholder engagement and management	Improved systems, Increased Compliance levels, reduced instances of penalties, reduced litigation	% increase in stakeholder engagement, % Reduction in penalties and litigation.	100% engagement with suppliers through E- procurement system, 60% reduction in number of litigations.

6. Corporate Social Responsibility Statement/Sustainability Reporting

The County Assembly of Kisii aims to improve the livelihoods of the people of Kisii County through effective Legislation, Oversight and Representation. We are guided by Our Core Values which include; Inclusivity, the rule of law, Democracy, Equity, good Governance, Integrity, Transparency and Accountability. Below is a brief highlight of our achievements in each pillar;

a) Sustainability strategy and profile

The County Assembly has developed a five year strategic plan (2018-2023) that outlines the Objectives and activities that will guide us in deepening our parliamentary culture and improving the administrative mechanisms of our institution to better serve the public. The plan provides a framework for resource planning to enhance the performance of the Assembly's Core mandate of Legislation, Oversight and Representation.

b) Environmental performance

The County Assembly through standing order 191 has established a standing Committee on Energy, Water, Environment & Natural Resources which is mandated to consider all matters relating to Implementation of specific government policies on Natural Resources and environmental conservation including Soil, Water, Forestry, Energy and Control of Air & water pollution and other public Nuisances.

c) Employee welfare

The County Assembly has developed a Human Resource Manual that outlines best human resource management practices and employee welfare. The assembly also has in place a training policy manual that guides in managing the training needs of the assembly. All the members of the County Assembly are covered under medical insurance scheme.

d) Market place practices-

a) Responsible competition practice.

All our engagements with suppliers, business partners and other stakeholders is done competitively through open platforms and in line with relevant laws and regulations. The Assembly emphasises Zero tolerance to corrupt practices.

b) Responsible Supply chain and supplier relations.

The Assembly has fully embraced the Electronic Procurement System through the Government recommended Integrated Financial Management Information System (IFMIS). All our procurement is done as per the Public Procurement and Disposal Act 2015. The management ensures Suppliers are promptly paid and discourages instances of accumulated pending bills.

c) Responsible marketing and advertisement. The County Assembly disseminates its marketing and advertising information through open media with a wider coverage. The assembly follows ethical marketing practices and favourably responds to feedback.

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d) Product stewardship

The Assembly ensures that product Quality and Safety meets the acceptable standards. The inspection and acceptance committees take responsibility of making sure that products and services are of good and standard quality and meet user expectations.

e) Community Engagements-

The Assembly promotes public participation in its legislative processes. It educates the public on the law making process and incorporates the public views. The Assembly is also open to Research and Educational institutions which are allowed access to information and visitations including internships.

7. 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 Government 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 June 30, 2023. 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.

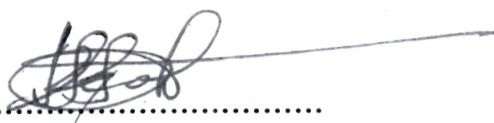
The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that 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 June 30, 2023, 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 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 year 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.

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Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 18th September 2023.



.....
Name: Mr. Jacob M. Onkeo
Clerk of the County Assembly

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY ASSEMBLY OF KISII FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kisii set out on pages 1 to 45, which comprise of the statement of financial assets and liabilities as at 30 June, 2023 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kisii as at 30 June, 2023 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

Unsupported Car Reimbursement to the Members of the County Assembly

The statement of receipts and payments reflects compensation of employees amount of Kshs.731,572,764 which, as disclosed in Note 4 to the financial statements, includes personal allowances paid as part of salary amount of Kshs.319,990,156 out of which, Kshs.154,840,000 was paid as car reimbursements to the Members of the County Assembly (MCs). However, review of the approved budget revealed that the allocation did not indicate the item code while in the vote book, the expenditure was accounted for under compensation of employees. Further, the latter amount includes Kshs.145,992,000 for which, Management did not provide supporting documents, including separate Forms A, schedule of the intended beneficiaries, valuation and inspection reports, sale agreements, invoices, receipts and log books to support the latter amount. Similarly, an amount of Kshs.8,848,000 reimbursed to four (4) MCAs was not supported with Forms A and ETR receipts.

In addition, review of records revealed that the Assembly through a special sitting requested for additional funds of Kshs.157,052,000 towards car purchase allowances in the supplementary budget, against the Controller of Budget's advice through a circular that the expense be charged in the ensuing years.

In the circumstances, the accuracy, completeness and regularity of the car reimbursement amount of Kshs.154,840,000 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kisii County Assembly Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts: recurrent and development reflects final budgeted receipts and actual on comparable basis amounts of Kshs.1,509,980,447 and Kshs.1,316,794,471 respectively, resulting to underfunding of Kshs.193,185,976 (or 13% of the budget). Similarly, the County Assembly spent Kshs.1,312,588,623 against an approved expenditure budget of Kshs.1,509,980,447, resulting in an under-expenditure of Kshs.197,391,824 (or 13% of the budget).

The under-expenditure represents budgeted services that were not delivered to residents of Kisii County.

2. Pending Bills

Note 1 to the financial statements on pending accounts payable, under other disclosures, reflects balance brought forward as at 1 July, 2022 of Kshs.28,136,619, addition for the year of Kshs.32,524,182, paid during the year of Kshs.42,554,501 and balance carried forward as at 20 June, 2023 of Kshs.18,106,300. However, examination of the supporting payment documents revealed that out of the opening balance of Kshs.28,136,619, bill totaling Kshs.25,812,149 were paid during the year, while the remaining balance of Kshs.2,324,470 was carried forward to 2023-2024 financial year, contrary to the provision of Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015.

In addition, records from the Kenya Revenue Authority indicate that the County Assembly of Kisii owed the Authority Kshs.358,338,085. However, annexure 1 on pending bills does not disclose the unpaid debts to KRA. No satisfactory explanation was provided on the debt exposure and management plan to clear the debt could not be confirmed.

My opinion is not modified in respect of these matters

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.

Prior Year Unresolved Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

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. Irregular Employment of Ward Staff

Review of records revealed that the County Assembly paid salaries and allowances amounting to Kshs.5,175,324 to two hundred and five (205) ward staff recruited during the year under review. However, no evidence was provided to show that the recruitments were approval and confirmed by the County Assembly Service Board. Further, employment contracts were executed between the ward staff and the Members of the County Assembly and not with the County Assembly Service Board. This was contrary to Section 25(1) (a) of the County Assembly Service Act, 2017, which provides that the County Assembly Service Board is responsible for the appointment and confirmation in appointment of officers and other staff.

In the circumstances, Management was in breach of the law.

2. Irregular Payments of Benefits to the Suspended County Assembly Clerk

Review of records revealed that the County Assembly paid salaries and allowances amounting to Kshs.3,535,960 to the County Assembly Clerk who had been suspended from his duties on 24 August, 2022 pending investigations. This was contrary to Paragraph K.7 (2) of the Government of Kenya Human Resource Policy and Procedure Manual which stipulates that where an officer is suspended from the exercise of the functions of his public office, he/she shall be entitled to full house allowance, medical benefits and no basic salary.

In the circumstances, Management was in breach of the guidelines of the Human Resource Policy.

3. Non-Compliance with Law on Ethnic Composition

Review of records revealed that the County Assembly had four twenty-five (425) employees, out of which four hundred and fourteen (414) or 97% were from the dominant ethnic community, contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which requires that a public establishment shall seek to represent the diversity of the people of Kenya in employment of staff.

In the circumstances, Management was in breach of the law.

4. Delayed Construction of Ward Office at Bogiakumu

Review of documents revealed that the contract for the construction of Bogiakumu Ward Office was awarded to a local contractor on 24 January, 2019 at a contract sum of Kshs.7,350,465. The site handing over was done on 2 September, 2021 with expected completion date of 2 February, 2022. During the year the contractor was paid an amount of Kshs.1,766,963 while the previous year Kshs.4,237,326 had been paid to the contractor, bringing the total payments on the contract to Kshs.6,004,289.

However, physical inspection on 3 August, 2023 revealed that the project was incomplete as external works and paintings had not been done. Further, Management did not provide for audit the revised work plan and there was no evidence of contract extension as the previous contract had lapsed.

In the circumstances, value for money on the expenditure of Kshs.6,004,289 incurred on the project could not be confirmed.

5. Construction of Official Residence of the Speaker

The Management awarded the contract for the construction of Kisii County Assembly Speaker's residence at a contract sum of Kshs.32,970,110 to a local contractor. Although, the Management has not paid the contractor during the year under review, the progress report dated 1 October, 2023 overall actual progress of 18%, against time elapsed of 28%, an indication that the contractor was behind schedule. Further, the Management did not provide evidence that it owns the land on which the residence was being constructed as ownership documents were not provided for audit.

In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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 governance were not effective.

Basis for Conclusion

1. Lack of Approved Risk Management Policy

During the year under review, the County Assembly did not have an approved Risk Management Policy and Framework. It was, further, noted that Management did not carry out a risk assessment during the year under review, come up with a risk register and develop risk management strategies, a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management in the Assembly could not be confirmed.

2. Lack of ICT Policies, Plans and Procedures

Review of the Information Communication Technology (ICT) environment revealed the County Assembly did not have an ICT Policy, ICT Security Policy and disaster recovery plans had not been developed or spelt out in an ICT policy. Further, the County Assembly lacked an ICT Steering Committee and an ICT Strategic Plan to formulate policies and advice on ICT investment priorities.

In addition, the County Assembly did not have a business continuity plan or disaster recovery plan in place for its information systems.

In the circumstances, the County Assembly did not have tools which it could use to minimize risk of errors, fraud and the loss of data confidentiality and integrity.

3. Failure to Tag Assets

Audit review of the asset register presented for audit for financial year 2022/2023 revealed that Management did not tag its assets to ensure that proper control systems exist for assets and that movement and conditions of assets can be tracked.

In the circumstances, the effectiveness of the internal controls on the assets management could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the County Assembly'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 the intention to terminate the County Assembly or to cease operations.

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

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 County Assembly's financial reporting process, reviewing the effectiveness of how the Management 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 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- 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 applicable 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'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 Assembly to cease 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 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2024

County Government of Kisii
Kisii County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

9. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023.

		2022-2023	2021-2022
	Note	KShs	KShs
Receipts			
Transfers from the CRF	1	1,316,794,471	960,962,827
Proceeds from sale of assets	2		
Miscellaneous receipts	3		
Total receipts		1,316,794,471	960,962,827
Payments			
Compensation of employees	4	731,572,764	607,932,017
Use of goods and services	5	391,372,888	285,763,173
Subsidies	6		
Transfers to other government entities	7	100,000,050	6,051
Other grants and transfers	8		
Social security benefits	9		
Acquisition of assets	10	89,642,921	67,267,587
Finance costs	11		
Other payments	12		
Total payments		1,312,588,623	960,968,828
Surplus/deficit		4,205,848	(6,001)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18th September 2023 and signed by:



Name: Mr. Jacob M. Onkeo
Clerk of the Assembly



Name: Mrs. Emma K. Ntabo
Chief Finance Officer – County Assembly
ICPAK Member Number: 23586

County Government of Kisii
 Kisii County Assembly
 Annual Report and Financial Statements For the year ended 30th June 2023

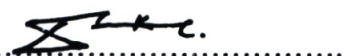
10. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2023.

		2022-2023	2021-2022
Financial assets	Note	KShs	KShs
Cash and cash equivalents			
Bank balances	13A	9,192,546	19,923,783
Cash balances	13B		
Total cash and cash equivalents		9,192,546	19,923,783
Imprests and Advances	14		
Total financial assets		9,192,546	19,923,783
Financial liabilities			
Third party deposits and retention	15	4,986,647	19,923,733
Net financial assets		4,205,898	50
Represented by			
Fund balance b/fwd	16	50	6,051
Prior year adjustment	17		
Surplus/(deficit) for the year		4,205,848	(6,001)
Net Financial Position		4,205,898	50

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18th September 2023 and signed by:



Name: Mr. Jacob M. Onkeo
 Clerk of the Assembly



Name: Mrs. Emma K. Ntabo
 Chief Finance Officer – County Assembly
 ICPAK Member Number: 23586

County Government of Kisii
Kisii County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

11. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023.

		2022-2023	2021-2022
	Note	KShs	KShs
Cash flows from operating activities			
Receipts from operating income			
Transfers from the CRF	1	1,316,794,471	960,962,827
Miscellaneous receipts	3		
Total receipts from operating income		1,316,794,471	960,962,827
Payments for operating expenses			
Compensation of employees	4	(731,572,764)	(607,932,017)
Use of goods and services	5	(391,372,888)	(285,763,173)
Subsidies	6		
Transfers to other government entities	7	(100,000,050)	(6,051)
Other grants and transfers	8		
Social security benefits	9		
Finance costs	11		
Other payments	12		
Total payments for operating expenses			
Net receipts/(payments) from operating activities		(1,222,945,702)	(893,701,241)
Adjusted for:			
Prior year adjustment	17		
Decrease/(increase) in accounts receivable:	18		
Increase/(decrease) in accounts payable:	19	(4,986,647)	1,450,790
Net cash flows from operating activities		88,862,122	68,712,376
Cashflow from investing activities			
Proceeds from sale of assets	2		
Acquisition of assets	10	(89,642,921)	(67,267,587)
Net cash flows from investing activities		(89,642,921)	(67,267,587)


County Government of Kisii

Kisii County Assembly

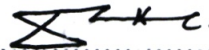
Annual Report and Financial Statements For the year ended 30th June 2023

		2022-2023	2021-2022
	Note	KShs	KShs
Cashflow From Financing Activities			
Repayment of principal on domestic and foreign borrowing			
Net cash flow from financing activities			
Net increase in cash and cash equivalents		(10,731,237)	1,444,789
Cash & cash equivalent at Start of the year		19,923,783	18,478,994
Cash & cash equivalent at end of the year		9,192,546	19,923,783

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18th September 2023 and signed by:



Name: Mr. Jacob M. Onkeo
Clerk of the Assembly



Name: Mrs. Emma K. Ntabo
Chief Finance Officer – County Assembly
ICPAK Member Number: 23586

**12. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT FOR
THE YEAR ENDED 30TH JUNE, 2023.**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	1,517,251,927	(7,271,480)	1,509,980,447	1,316,794,471	193,185,976	87%
Proceeds from sale of assets						
Other receipts						
Total	1,517,251,927	(7,271,480)	1,509,980,447	1,316,794,471	193,185,976	87%
Payments						
Compensation of employees	612,407,999	121,385,654	733,793,653	731,572,764	2,217,812	99%
Use of goods and services	189,918,071	218,502,245	408,420,316	391,372,888	17,047,428	96%
Subsidies						
Transfers to other government entities	311,071,064	(211,071,064)	100,000,000	100,000,050	(50)	
Other grants and transfers						
Social security benefits						
Acquisition of assets	403,854,793	(136,088,315)	267,766,478	89,642,921	178,123,557	33%
Finance costs						
Other payments						
Total	1,517,251,927	(7,271,480)	1,509,980,447	1,312,588,623	197,391,824	87%
Surplus/ deficit				4,205,848		

- a) The underutilization difference on transfer from the CRF of 87% was due to delay of exchequer releases.
- b) The underutilization difference in Acquisition of Assets of 79% was due to delay of procurement process (acquisition of land for building of speaker's residence).

County Government of Kisii
Kisii County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

The changes between the original and final budget were as a result of reallocations within the budget.

The entity financial statements were approved on 18th September 2023 and signed by:



.....
Name: Mr. Jacob M. Onkeo
Clerk of the Assembly



.....
Name: Mrs. Emma K. Ntabo
Chief Finance Officer – County Assembly
ICPAK Member Number: 23586

County Government of Kisii
 Kisii County Assembly
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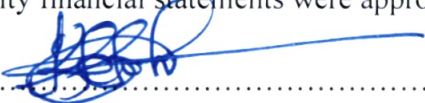
**12A STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED
 30TH JUNE, 2023.**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	1,177,901,462	112,728,520	1,290,629,982	1,271,165,323	19,464,659	98%
Proceeds from sale of assets						
Other receipts						
Total	1,177,901,462	112,728,520	1,290,629,982	1,271,165,323	19,464,659	98%
Payments						
Compensation of employees	612,407,999	121,385,654	733,793,653	731,572,764	2,217,812	99%
Use of goods and services	189,918,071	218,502,245	408,420,316	391,372,888	17,047,428	96%
Subsidies						
Transfers to other government entities	311,071,064	(211,071,064)	100,000,000	100,000,050	(50)	
Other grants and transfers						
Social security benefits						
Acquisition of assets	64,504,328	(16,088,315)	48,416,013	44,013,773	4,436,723	91%
Finance costs						
Other payments						
Total	1,177,901,462		1,290,629,982	1,266,959,476	23,670,506	98%
Surplus/ deficit				4,205,848		

County Government of Kisii
Kisii County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

The changes between the original and final budget were as a result of reallocations within the budget.

The entity financial statements were approved on 18th September 2023 and signed by:


.....

Name: Mr. Jacob M. Onkeo
Clerk of the Assembly


.....

Name: Mrs. Emma K. Ntabo
Chief Finance Office – County Assembly
ICPAK Member Number: 23586

County Government of Kisii
 Kisii County Assembly
 Annual Report and Financial Statements For the year ended 30th June 2023

12B STATEMENT OF COMPARISON OF BUDGET & ACTUAL: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE, 2023.

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	339,350,465	(120,000,000)	219,350,465	45,629,148	173,721,317	21%
Proceeds from sale of assets						
Other receipts						
Total	339,350,465	(120,000,000)	219,350,465	45,629,148	173,721,317	21%
Payments						
Compensation of employees						
Use of goods and services						
Subsidies						
Transfers to other government entities						
Other grants and transfers						
Social security benefits						
Acquisition of assets	339,629,465	(120,000,000)	219,350,465	45,629,148	173,721,317	21%
Finance costs						
Other payments						
Total	339,629,465	(120,000,000)	219,350,465	45,629,148	173,721,317	21s%
Surplus/ deficit	-					

- (a) The underutilization difference in Acquisition of Assets of 21% was due to Delay in allocation of land for the speakers residence and delay of Bill of Quantities from county physical planning office.

The changes between the original and final budget were as a result of reallocations within the budget.

The entity financial statements were approved on 18th September 2023 and signed by:



.....
Name:Mr. Jacob M. Onkeo
Clerk of the Assembly



.....
Name:Mrs. Emma K. Ntabo
Chief Finance Office – County Assembly
ICPAK Member Number:23586

13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30TH JUNE, 2023.

Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	% Budget utilization
	2023	2023	2023	2023	2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Management of County Assembly Affairs.	1,177,901,462	(7,271,480)	1,170,629,982	992,506,425	85%
Programme 2					
County Assembly Service Board (Office of the Speaker) and Representation, Legislative and Oversight services.	339,350,465	-	339,350,465	320,082,198	94%
			0		
Total	1,517,251,927	(7,271,480)	1,509,980,447	1,312,588,623	87%

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14. Significant Accounting Policies

The Significant 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 third party 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 some classes of receivables and payables as outlined above.

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

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

2. Reporting entity

The financial statements are for the Kisii County 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 been received by the Assembly.

Significant Accounting Policies (Continued)

i) 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.

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) 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.

iii) 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.

Significant Accounting Policies (Continued)

4. In-kind contributions

In-kind contributions are donations that are made to the County Assembly of Kisii 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 of Kisii 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. Third Party Payments

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government is detailed in the notes to this financial statement.

6. 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.

7. 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2023, this amounted to KShs 4,986,647 compared to KShs 19,923,733 in prior period as indicated on note 15. There were no other restrictions on cash during the year.

Significant Accounting Policies (Continued)

8. Imprests and Advances

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.

9. Third party deposits and retention

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.

10. 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.

11. 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 of Kisii 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.

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities, Letters of comfort/ support, insurance, Public Private Partnerships. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

13. Contingent Assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

14. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 22nd June 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There were 2 (two) supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

15. Comparative figures

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

16. Subsequent events

Events after 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.

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

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15. Notes to the Financial Statements

1. Transfer From CRF

	2022-2023	2021-2022
	Kshs	Kshs
Transfers from the county treasury for Q1	111,440,410	147,193,056
Transfers from the county treasury for Q2	239,493,908	328,232,681
Transfers from the county treasury for Q3	199,823,969	165,947,037
Transfers from the county treasury for Q4	766,036,184	319,590,053
Cumulative amount	1,316,794,471	960,962,827

2. Proceeds From Sale of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from the Sale Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from the Sale of Strategic Reserves Stocks		
Receipts from the Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
Total		

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Notes to the Financial Statements

3. Miscellaneous receipts

	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries		
Other receipts (specify)*		
Total		

4. Compensation Of Employees

	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	232,374,542	244,966,190
Basic wages of temporary employees	64,017,909	77,254,582
Personal allowances paid as part of salary	319,990,156	218,310,606
Personal allowances paid as reimbursements	10,442,100	9,958,358
Personal allowances provided in kind		1,447,096
Employer contribution to compulsory national social schemes	104,748,057	55,995,185
Employer contribution to compulsory national health insurance schemes		
Pension and other social security contributions		
Social benefit schemes outside government		
Other personnel payments		
Total	731,572,764	607,932,017

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Notes To The Financial Statements (Continued)

5. Use Of Goods And Services

	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	746,276	462,681
Communication, supplies and services	1,890,510	
Domestic travel and subsistence	140,830,675	146,246,400
Foreign travel and subsistence	23,598,990	20,568,508
Printing, advertising and information supplies & services	2,174,382	866,820
Rentals of produced assets	892,420	
Training expenses	12,084,164	1,497,000
Hospitality supplies and services	55,471,813	22,232,904
Insurance costs	48,981,978	26,576,361
Specialized materials and services	4,823,700	5,049,500
Office and general supplies and services	36,917,453	29,065,376
Fuel, oil and lubricants	3,998,774	2,494,893
Other operating expenses	51,927,098	27,331,024
Routine maintenance – vehicles and other transport equipment	2,004,770	1,422,237
Routine maintenance – other assets	5,029,885	1,949,469
Total	391,372,888	285,763,173

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Notes To The Financial Statements (Continued)

6. Subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Subsidies To County Corporations		
<i>See List Attached</i>		
(Insert Name)		
Subsidies To Private Enterprises		
<i>See List Attached</i>		
(Insert Name)		
Total		

7. Transfers To Other Government Entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to national government entities	100,000,050	6,051
Transfers to other county assembly entities		
Car loan scheme fund		
Mortgage scheme/fund		
Others (insert name of budget agency)		
Total	100,000,050	6,051

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Notes To The Financial Statements (Continued)

8. Other Grants And Transfers

	2022-2023	2021-2022
	Kshs	Kshs
Scholarships and other educational benefits		
Membership fees and dues and subscriptions to organizations		
Emergency relief and refugee assistance		
Subsidies to small businesses, cooperatives, and self employed		
Total		

9. Social Security Benefits

	2022-2023	2021-2022
	Kshs	Kshs
Government Pension and Retirement Benefits		
Social Security Benefits		
Employer Social Benefits		
Total		

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Notes To The Financial Statements (Continued)

10. Acquisition Of Assets

<u>Non- financial assets</u>	2022-2023	2021-2022
	Kshs	Kshs
Purchase of buildings		
Construction of buildings	45,629,148	63,640,018
Refurbishment of buildings		
Construction of roads		
Construction and civil works		
Overhaul and refurbishment of construction and civil works		
Purchase of vehicles and other transport equipment	16,270,000	
Overhaul of vehicles and other transport equipment		
Purchase of household furniture and institutional equipment		
Purchase of office furniture and general equipment	9,712,312	841,500
Purchase of specialized plant, equipment and machinery	18,031,461	2,786,069
Rehabilitation and renovation of plant, machinery and equip.		
Purchase of certified seeds, breeding stock and live animals		
Research, studies, project preparation, design & supervision		
Rehabilitation of civil works		
Acquisition of strategic stocks and commodities		
Acquisition of land		
Acquisition of intangible assets		
Total acquisition of non- financial assets	89,642,921	67,267,587
<u>Financial assets</u>		
Domestic public non-financial enterprises		
Domestic Lending and On-Lending		
Domestic public financial institutions		
Other Domestic Accounts Receivable		
Total acquisition of financial assets		
Total acquisition of assets	89,642,921	67,267,587

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Notes To The Financial Statements (Continued)

11. Finance Costs

	2022-2023	2021-2022
	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		
Total		

12. Other Payments

	2022-2023	2021-2022
	Kshs	Kshs
Budget Reserves		
Civil Contingency Reserves		
Other Payments		
Total		

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Notes To The Financial Statements (Continued)

13. Cash And Bank Balances

13A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Depe.t.c	2022-2023	2021-2022
			Kshs	Kshs
Central Bank of Kenya (Kshs.)	1000291168	Development	0	2
Central Bank of Kenya (Kshs.)	1000241373	Recurrent	4,205,898	48
Central Bank of Kenya (Kshs.)	1000387505	Deposit	4,986,647	19,923,733
Total			9,192,546	19,923,783

13B. Cash In Hand

	2022-2023	2021-2022
	Kshs	Kshs
Cash In Hand – Held In Domestic Currency		
Cash In Hand – Held In Foreign Currency		
Total		

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Notes To The Financial Statements (Continued)

Cash in hand should be analysed as follows:

Description	2022-2023	2021-2022
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Total		

14. Imprests and Advances

<i>Description</i>	2022-2023	2021-2022
	Kshs	Kshs
Government Imprests		
Salary Advance		
Clearance accounts		
Total		

<i>Breakdown Of Imprest And Salary Advance Per Department</i>	2022-2023	2021-2022
	Kshs	Kshs
Imprests		
Department		
Department		
Department		
Sub-Total		
Salary Advance		
Department		
Department		
Sub-Total		
Grand Total		

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Notes To The Financial Statements (Continued)

15. Third Party Deposits and Advances

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Deposits	4,986,647		19,923,733	
Retentions				
Total	4,986,647		19,923,733	
Ageing analysis (third party deposits and advances)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year				
1-2 years				
2-3 years				
Over 3 years				
Total (tie to above total)				

16. Fund Balance Brought Forward

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Bank Accounts	19,923,783		18,478,994	
Cash In Hand				
Imprests and advances				
Third party deposits and retentions				
Total	19,923,783		18,478,994	

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17. Prior Year Adjustments

	Balance b/f from Comparative FY as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted Balance b/f For Comparative FY
Description Of The Error	Kshs	Kshs	Kshs
Bank Account Balances			
Cash In Hand			
Imprests and advances			
Third party deposits and retention			
Others (<i>Specify</i>)			

18. Changes In Imprests and Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Imprests and Advances As At 1 st July 2022		
Closing Imprests and Advances As At 30 th June 2023		
Change In Imprests and Advances		

19. Changes In Third Party Deposits and Retentions

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Third Party Deposits and Retention As At 1 st July 2022	19,923,733	18,472,943
Closing Third Party Deposits and Retention As At 30 th June 2023	4,986,647	19,923,733
Change In Third Party Deposits and Retention	14,937,086	1,450,790

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Notes To The Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f 2021-2022	Additions for the year	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Construction Of Buildings	0	0	0	0
Construction Of Civil Works	5,384,751	16,742,352	22,127,103	0
Supply Of Goods	10,961,508	5,984,500	10,561,508	6,384,500
Supply Of Services	11,790,360	9,787,330	9,865,890	11,721,800
Total	28,136,619	32,524,182	42,554,501	18,106,300

2. Pending Staff Payables (See Annex 2)

	Balance b/f 2021-2022	Additions for the year	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Senior Management				
Middle Management				
Unionisable Employees				
Others				
Total				

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Notes To The Financial Statements (Continued)

3. Other Pending Payables (See Annex 3)

	Balance b/f Insert 2021- 2022	Additions for the year	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total				

4. External Assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received in cash		
External assistance received as loans and grants		
External assistance received in kind- as payment by third parties		
Total		

a) External assistance relating loans and grants

	2022-2023	2021-2022
Description	Kshs	Kshs
External assistance received as loans		
External assistance received as grants		
Total		

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 Notes To The Financial Statements (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2022-2023	2021-2022
Description		Kshs	Kshs
Undrawn External Assistance - Loans			
Undrawn External Assistance - Grants			
Total			

c) Classes of providers of external assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
Multilateral Donors		
Bilateral Donors		
International Assistance Organization		
NGOs		
National Assistance Organization		
Total		

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 Notes To The Financial Statements (Continued)

d. Non-Monetary External Assistance

	2022-2023	2021-2022
Description	Kshs	Kshs
Goods		
Services		
Total		

e. Purpose and use of external assistance.

Payments Made By Third Parties	2022-2023	2021-2022
Description	Kshs	Kshs
Compensation Of Employees		
Use Of Goods and Services		
Subsidies		
Transfers To Other Government Units		
Other Grants and Transfers		
Social Security Benefits		
Acquisition Of Assets		
Finance Costs, Including Loan Interest		
Repayment Of Principal On Domestic & Foreign Borrowing		
Other Payments		
Total		

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Notes To The Financial Statements (Continued)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

	2022-2023	2021-2022
Description	Kshs	Kshs
National Government		
Multilateral Donors		
Bilateral Donors		
International Assistance Organization		
NGOs		
National Assistance Organization		
Total		

5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY ASSEMBLY

5.1 Classification by Source

	2022-2023	2021-2022
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total		

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Notes To The Financial Statements (Continued)

5.2 Classification of payments made by Third Parties by Nature of expenses.

Payments made by third parties	2022-2023	2021-2022
Description	Kshs	Kshs
Compensation of employees		
Use of goods and services		
Subsidies		
Transfers to other government units		
Other grants and transfers		
Social security benefits		
Acquisition of assets		
Finance costs, including loan interest		
Other payments		
Total		

6. 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:

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

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Related party transactions:

	2022-2023	2021-2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	223,468,467	276,939,204
Key Management Compensation (Clerk and Heads of departments)	61,871,858	41,498,700
Total Compensation to Key Management	293,340,325	318,437,904
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes		
Transfers to other entities under the Assembly		
Total Transfers to related parties		
<u>Transfers from related parties</u>		
Transfers from the CRF		
Payments made on behalf of the County Assembly by other Government Agencies		
(Insert any other transfers received)		
Total Transfers from related parties		

7. Contingent Liabilities

Contingent liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court case against the entity		
Bank guarantees in favour of subsidiary		
contingent liabilities arising from PPPs		
Total		

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16. Progress on Follow on Prior Year Auditor's 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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>REPORT ON FINANCIAL STATEMENTS</p> <p>Unexplained Voided Transactions</p>	<p>An analysis of the system payments indicated that transactions totalling Kshs. 179,292,886 were voided during financial year 2021/2022. This was due to the following three major reasons:</p> <p><u>I. Variations of Monthly Exchequer Requisitions.</u></p> <p>There were exchequer requisition variations in development expenditure applications. The County Assembly made exchequer requisitions based on approved certificate of payments from the works officers. However, approvals by the Executive committee member for finance were based on available funds. This led to voiding of a number of transactions amounting to Kshs. 90,966,354.65.</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><u>2.Error in payment request batch.</u> Transactions in the Integrated Financial Management system (IFMIS) are normally processed and transferred in batches to the internet banking (IB) interface. In this case, if any single transaction in a given batch has an error it affects the whole batch and the user is forced to void (cancel) all transactions in the batch to rectify the error. In the financial year 2021/2022 a payment request number “Kisii Assembly 30/08/2021/001” created on 30th August 2021 had an error which led to voiding of transactions of a total of Kshs. 19,675,052. This error was rectified and the transactions reprocessed and paid in the same financial year 2021/2022.</p> <p><u>3.End of Financial year.</u> It is a requirement that transactions that remain unpaid at the closure of a financial year are voided if funds are not available to settle the payments. Transactions of Kshs. 68,651,480 were voided at</p>		

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Annual Report and Financial Statements For the year ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		the end of the financial year 2021/2022.		
1.	OTHER MATTERS Budgetary Control and Performance	The underfunding under -- expenditure of 13% of the budget during the year under review was as a result of delayed exchequer releases from the National Treasury to the County Assembly. This was more evident towards the end of the financial year whereby the Assembly did not receive its allocation for the month of June 2022.	Unresolved	
2.	Unresolved Prior Year Matters	The seven (7) prior year matters that remained unresolved as at 30 th June 2022 have since been acted upon by the management as indicated in the amended Note 16 on other disclosures to the financial statements awaiting the auditors' review.	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>REPORT ON LAWFULNESS & EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Irregular Recruitment of Ward Employees</p>	<p>Members of the County Assembly are allowed to be assisted by three (3) partisan staff at their ward offices. The employees are mainly recruited to serve the members and therefore, they are given an opportunity to participate in their selection. It is true that employment contracts were executed between the ward staff and members of the County Assembly. However, the board resolved to ratify the contracts signed between ward employees and their respective MCAs.</p>	Unresolved	
2.	<p>Irregular Paymentsto Interdicted Employees</p>	<p>During the period of audit review the salaries for two officers; Rages Kerubo - P/NO. 20140030762 and Arnold Onkoba were released after they obtained a court order reinstating them to work. Geoffrey Ontere P/NO. 20140030799 was placed on interdiction w.e.f. 1/4/2022 and was earning ½ basic salary. The other three officers namely;</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Thomas Mogendi – P/NO. 20140132949, Andrew Onserio P/NO.20140066324 and OmwoyoMbaka’s salaries were on half basic during time of their interdiction.		
3.	Failure to Observe One-Third Rule in Employment	The Management acknowledges that the Kisii County Assembly staff composition is made up of members of the dominant ethnic community in the County. However, out of the 427 employees, 71 are Members of the County Assembly and the speaker while 210 are ward office staff on contract and are usually recruited from their wards of origin by the Members of the County Assembly. The remaining 146 employees were recruited by the County Assembly service Board. Some of the staff members were inherited from the defunct Municipal Council while nearly all applicants for jobs when devolved governance was established were from the local community. However, the Management has taken note of the auditor’s recommendation and shall	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		endeavour to correct the situation in future appointments.		
4.	Non-Compliance with One Third Basic Salary Rule	The 15 employees who appeared to be earning less than a third of their basic salary thus violating the third salary rule was as a result of six officers namely; OmwoyoMbaka, Rages Kerubo, GeoffreyOntere, Andrew O. Ondimu, Thomas T. Mogendi, and Arnold N. Onkoba who are on interdiction which caused their net salary to be less than a third. The amounts indicated as their basic salary are ½ of their basic salaries. The other nine (9) officers' salaries was affected by the review of PAYE after the relief granted during the Covid-19 period was removed w.e.f. 1/1/2021. The officers had committed their pay slips during the grace period and the margin of PAYE went up. This will hopefully be resolved if the officers who are on interdiction are reinstated into full salary and for the rest after they gain annual increments or when they clear their current commitments to third parties.	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.	Irregular Payment of Subscription Fees	Society of Clerks At-The-Table is registered under the Societies Act Cap 108 of the Laws of Kenya. Its main objective is to harmonize the County Assemblies operations, capacity development of both Members and Staff of the County Assemblies. Attached herewith is the registration Certificate for SOCATT and a copy of a receipt of payment of Kshs 1,500,000.		
6.	Unutilized Buildings	In the year under review the County Assembly incurred a development expenditure of Kshs.63,640,018 for extension of the library, ICT Centre, Procurement Offices and Members of the County Assembly Offices.. The contract period was three years; commencing 8 th January, 2019. At the time of audit inspection on 12/10/2022, the project was complete and the building was in use. The final completion and occupancy certificates are hereby attached for verification. Further, it is also true that	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the Assembly contracted a company named Worldmax Holdings (K) Ltd of P.O. BOX 41068-00100 Nairobi for proposed renovation, furnishing and alteration of Kisii County Assembly Chambers at a contract sum of Kshs.39,997,968. This contract was to be completed by 30/6/2022. By the time of audit inspection on 8/7/2022 the project was incomplete and refurbishment and furnishing works valued at Kshs.15,729,752 were pending. Purchase and installation of video and audio equipment worthy Kshs.12, 236,000 were also pending. Further inspection conducted on 12/10/2022 revealed that the refurbishment and furnishing works valued at Kshs.15,729,752 were complete. On 25/5/2022, citing logistical challenges in importation of audio-visual system and auditorium seats, the contractor requested for extension of time from the client. The project manager granted the request in his letter dated 9/6/2022. Attached, find copies of letters requesting for the extension of period</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		of completing the project.		
	<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS,RISK MANAGEMENT AND GOVERNANCE Non-Functional Audit Committee</p>	<p>It is true that the term of the Audit Committee of the County Assembly of Kisii expired in December 2021 and had not been renewed as at the time of audit in July 2022. Instability of the County Assembly Service Board through attempts made by Members of the County Assembly, at removing some Members of the Board, and twice impeaching the Speaker caused disruption of operations in the Assembly. The disturbances occurred towards the end of the year 2021 and through most of the beginning of 2022 to date. This resulted into very few productive Board meetings to discuss among other issues a request for training from the Audit Committee and planning for recruitment of new members. Failure to secure a training opportunity might have conversely affected the functionality of the Audit Committee. However, the new Board is in the process of recruiting new members of the Audit Committee to serve in the</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		term of the current Assembly.		



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 Clerk of the County Assembly

Date 18th September 2023

County Government of Kisii
 Kisii County Assembly
 Annual Report and Financial Statements For the year ended 30th June 2023

17. Annexes

Annex 1–Analysis Of Pending Accounts Payable

Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
				a	b	c	d=a+b-c
Construction Of Buildings							
1. WORLDMAX(K) LIMITED		PROPOSED RENOVATION,FURNISHING AND ALTERATION TO KISII COUNTY ASSEMBLY	39,997,139	5,384,751	16,742,352	22,127,103	NIL
Sub-Total			39,997,139	5,384,751	16,742,352	22,127,103	NIL
Construction Of Civil Works							
Sub-Total							
Supply Of Goods							
1. SHEMAX SOLUTIONS		SUPPLY OF DRINKING WATER	720,000	720,000		720,000	
2. VOCHY GENERAL		SUPPLY OF PFFICE TONNERS					

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Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
SUPPLIERS			881,250	881,250		881,250	
3. PRICECOM LIMITED		SUPPLY OF INTERNAL AND EXTERNAL HARD DISKS	616,000	616,000		616,000	
4. BONDIE EAST AFRICA ENTERPRISES		SUPPLY OF OFFICE STATIONERY	1,006,000	1,006,000		1,006,000	
5. SPUTTER INTERNATIONAL LIMITED		SUPPLY OF ICT EQUIPMENT	1,900,000	1,900,000		1,500,000	400,000
6. KEJIAS SCHOOL SUPPLIES		SUPPLY OF SPORTS UNIFORMS AND EQUIPMENTS	2,903,700	2,903,700		2,903,700	
7. MACBLESS INVESTMENTS		SUPPLY OF DRINKING WATER	196,500	196,500		196,500	
8. DANCING ELEPHANTS		PROVISION OF CATERING SERVICES	420,000	420,000		420,000	
9. FRINSTONE ENTERPRISES		SUPPLY OF DRINKING WATER	720,000	720,000		720,000	
10. SPECTER LIMITED		SUPPLY OF OFFICE TONNERS	1,598,058	1,598,058		1,598,058	
11. KEDEO SERVICES LIMITED		SUPPLY OF OFFICE STATIONERY	864,750		864,750	NIL	864,750
12. VERACRUZ LIMITED		SUPPLY OF DRINKING WATER	760,000		760,000	NIL	760,000
13. KEBE SUPPLIERS		SUPPLY OF CATRIDGE TONNERS	754,000		754,000	NIL	754,000
14. KEGOCHI		SUPPLY OF					

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Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
COMPANY LIMITED		AUTOMATIC VOLTAGE STABILIZER	2,600,000		2,000,000	NIL	2,000,000
15. MONLI SOLUTIONS LIMITED		SUPPLY OF MINERAL WATER	720,000		720,000	NIL	720,000
16. THOSAR (K) LIMITED		PROVISION OF WATER TANKS	885,750		885,750	NIL	885,750
Sub-Total			16,946,008	10,961,508	5,984,500	10,561,508	6,384,500
Supply Of Services							
1. KENINDIA ASSURANCE COMPANY		PROVISION OF INSURANCE COVER	954,435	954,435		954,435	
2. NATION MEDIA GROUP LIMITED		PROVISION OF ADVERTISEMNT SPACE	172,840	172,840		172,840	
3. THE STAR PUBLICATION		PROVISION OF ADVERTISEMNT SPACE	169,360	169,360		169,360	
4. NATION MEDIA GROUP LIMITED		PROVISION OF ADVERTISEMNT SPACE	142,680	142,680		142,680	
5. THE STANDARD GROUP LIMITED		PROVISION OF ADVERTISEMNT SPACE	99,970	99,970		NIL	99,970
6. THE STANDARD		PROVISION OF ADVERTISEMNT					

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Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
GROUP LIMITED		SPACE	133,400	133,400		NIL	133,400
7. NATION MEDIA GROUP		PROVISION OF ADVERTISEMNT SPACE	142,680	142,680		142,680	
8. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	320,000	320,000		320,000	
9. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	328,000	328,000		328,000	
10. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	96,000	96,000		96,000	
11. LE SAVANNAH COUNTRY LODGE		PROVISION OF HOTEL AND CONFERENCE FACILITY	297,000	297,000		297,000	
12. DIVINE HOME (DH ENTERPRISE)		PROVISION OF HOTEL AND CONFERENCE FACILITY	487,600	487,600		487,600	
13. MFI DOCUMENT SOLUTION		PROVISION OF MAINTENACE OF PRINTER SERVICES	409,320	409,320		409,320	
14. ROYAL CITY HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	352,000	352,000		352,000	
15. CLARION HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	780,000	780,000		780,000	

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Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
16. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	580,000	580,000		NIL	580,000
17. DAVKENN INVESTMENT LIMITED		PROVISION OF PLUMBING SERVICES	461,075	461,075		461,075	
18. AFRICAN TOUCH SAFARIS		PROVISION OF AIR TICKETING SERVICES	5,864,000	5,864,000		4,752,900	1,111,100
19. OUTDAYS TOURS AND TRAVEL LTD		PROVISION OF AIR TICKETING SERVICES	350,000		350,000	NIL	350,000
20. 21. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	320,000		320,000	NIL	320,000
22. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	376,000		376,000	NIL	376,000
23. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	328,000		328,000	NIL	328,000
24. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	184,000		184,000	NIL	184,000
25. KIKA HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	240,000		240,000	NIL	240,000
26. OUTDAYS TOURS AND TRAVEL LTD		PROVISION OF AIR TICKETING SERVICES	612,000		612,000	NIL	612,000

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Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
27. AFRICAN TOUCH SAFARIS		PROVISION OF AIR TICKETING SERVICES	1,405,500		1,405,500	NIL	1,405,500
28. ICPAK		PROVISION OF TRAINING SERVICES	369,000		369,000	NIL	369,000
29. ICPAK		PROVISION OF TRAINING SERVICES	487,000		487,000	NIL	487,000
30. DIVINE HOMES LTD		PROVISION OF HOTEL AND CONFERENCE FACILITY	460,000		460,000	NIL	460,000
31. DIVINE HOMES LTD		PROVISION OF HOTEL AND CONFERENCE FACILITY	300,000		300,000	NIL	300,000
32. LE-SAVANNA COUNTRY LODGE		PROVISION OF HOTEL AND CONFERENCE FACILITY	800,000		800,000	NIL	800,000
33. LE-SAVANNA COUNTRY LODGE		PROVISION OF HOTEL AND CONFERENCE FACILITY	800,000		800,000	NIL	800,000
34. LE-SAVANNA COUNTRY LODGE		PROVISION OF HOTEL AND CONFERENCE FACILITY	225,000		225,000	NIL	225,000
35. VICMARK HOTEL AND LODGES		PROVISION OF HOTEL AND CONFERENCE FACILITY	480,000		480,000	NIL	480,000
36. BESTWESTERN HOTEL		PROVISION OF HOTEL AND CONFERENCE FACILITY	1,320,000		1,320,000	NIL	1,320,000
37. NATION MEDIA GROUP		PROVISION OF ADVERTISEMENT SPACE	142,680		142,680	NIL	142,680

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Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
38. NATION MEDIA GROUP		PROVISION OF HOTEL AND CONFERENCE FACILITY	142,680		142,680	NIL	142,680
39. NATION MEDIA GROUP		PROVISION OF ADVERTISEMENT SPACE	212,820		212,820	NIL	212,820
40. NATION MEDIA GROUP		PROVISION OF ADVERTISEMENT SPACE	142,680		142,680	NIL	142,680
41. NATION MEDIA GROUP		PROVISION OF ADVERTISEMENT SPACE	99,970		99,970	NIL	99,970
Sub-Total			21,587,690	11,790,360	9,797,330	9,865,890	11,721,800
Grand Total			78,530,837	28,136,619	32,524,182	42,554,501	18,106,300

Note: Pending bills comprise goods and services rendered and invoiced but not yet settled as at the end of the year.

Annex 2 – Analysis Of Pending Staff Payables

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
			a	b	c=a-b		
Senior Management							
1.							
Sub-Total							
Middle Management							
2.							
Sub-Total							
Unionisable Employees							
3.							
Sub-Total							
Others (<i>specify</i>)							
4.							
Sub-Total							
Grand Total							

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Annex 3 – Analysis Of Other Pending Payables

Name	Brief Transaction Description	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
			a	b	c=a-b		
Amounts Due To National Govt Entities							
1.							
Sub-Total							
Amounts Due To County Govt Entities							
2.							
Sub-Total							
Amounts Due To Third Parties							
3.							
Sub-Total							
Others (Specify)							
4.							
5.							
6.							
Sub-Total							
Grand Total							

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 Annex 4 – Summary Of Non-Current Asset Register

Asset class	Historical Cost b/f (Kshs) 2021-2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2022-2023
Land					
Buildings and structures	381,986,524	45,629,148			427,615,672
Transport equipment	50,250,190	16,270,000			66,520,190
Office equipment, furniture and fittings	61,535,988	9,712,312			71,248,300
ICT equipment	28,169,107				28,169,107
Machinery and equipment	28,138,325	18,031,461			46,169,786
Biological assets					
Infrastructure assets					
Heritage and cultural assets					
Intangible assets					
Work in progress					
Total	550,080,134	89,642,921			639,723,055

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Annex 5 – Analysis OfAccounts Receivables
 (a) *Government Imprest*

Name Of Officer Or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
Name Of Officer Or Institution	dd/mm/yy			
Name Of Officer Or Institution	dd/mm/yy			
Name Of Officer Or Institution	dd/mm/yy			
Name Of Officer Or Institution	dd/mm/yy			
Total				

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(b) Salary Advance

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i>	<i>Amount Recovered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Name Of Officer	dd/mm/yy			
Name Of Officer	dd/mm/yy			
Name Of Officer	dd/mm/yy			
Name Of Officer	dd/mm/yy			
Total				

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Annex: 6 Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



Annex 7 Reporting on Disaster Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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Annex 8: Contingent Liabilities Register

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						