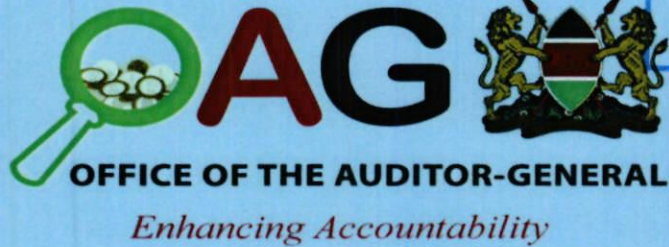


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REPORT

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OF

THE AUDITOR-GENERAL

ON

**COUNTY EXECUTIVE OF
KISII**

**FOR THE YEAR ENDED
30 JUNE, 2021**





COUNTY EXECUTIVE OF KISII

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

COUNTY EXECUTIVE OF KISII
Annual Report and Financial Statements
For the year ended June 30, 2021.

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1. KEY COUNTY EXECUTIVE OF KISII INFORMATION AND MANAGEMENT

a) Background information

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

b) Key Management

The County Executive of Kisii's day-to-day management is under the following key ministries/departments:

- Office of the Governor and Deputy Governor
- County Public Service
- Administration, Enforcement and Devolved Units
- Stakeholder Management, Public Participation and Disaster Services
- Finance & Accounting Services
- Economic Planning and Development
- Agriculture and Cooperatives Development
- Fisheries, Livestock and Veterinary Services
- Energy, Environment and Natural Resources
- Water and Sanitation Services
- Education, Labour and Manpower Development
- Medical Services
- Public Health and Preventive Services
- Lands, Physical Planning and Development
- Roads Development
- Public Works and Housing
- Trade, Industry and Tourism Development
- Culture, Sports, Youth and Social Services
- Kisii Municipality

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Moses Onderi
2.	Chief Officer Finance & Accounting Services	Wilfred Auma
3.	Chief Officer Economic planning	Zablon Ongori
4.	Chief Officer Executive	Alex Nyamweya
5.	Chief Officer Administration	CPA Timothy Kambuni
6.	Chief Officer Stakeholder Management	Charles Nyakweba
7.	Chief Officer Trade & Tourism	Biliah Mogaka
8.	Chief Officer Health	Alice Abuki

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No.	Designation	Name
9.	Chief Officer Water	Beatrice Ochoki
10.	Chief Officer Environment & Energy	Naomi Mogaka
11.	Chief Officer Livestock	Dr. Alphanus Mokaya
12.	Chief Officer Agriculture	Geoffrey Mogire
13.	Chief Officer Culture	Wilfred Rianga
14.	Chief Officer Roads & Infrastructure	Nicodemus Okondo
15.	Chief Officer Public works	Crispus Njoga
16.	Chief officer lands, Physical planning & Urban development	Caroline Nyasetia

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d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2021 were:

i. County Assembly of Kisii County

The responsibilities of the County Assembly of Kisii were as follows:

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To 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;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;
- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation

ii. Audit Committee

The functions and responsibilities of the audit committee were as follows:

- To obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of the County Executive's reporting functions to ensure the integrity of financial reports.
- To monitor the effectiveness of the County Executive's performance management and performance information.
- To provide strong and effective oversight of County Executive's internal audit function.
- To provide effective liaison and facilitate communication between management and external audit.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

iii. Public Accounts and Investment Committee of the Senate

The main function of the Senate Public Accounts and Investment Committee is to invite the Governor to appear before it to adduce evidence on the reports of the Auditor-General.

iv. Budget and Appropriations Committee

Budget and Appropriations Committee approves expenditure budget of the County Executive for the execution of governance.

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v. Development Partners

Development partners monitor implementation of development projects funded by them to ensure that they achieve the intended objectives.

e) County Executive Headquarters

P.O. Box 4550-40200
Kisii Building/House/Plaza
Kisii-Keroka Road/Highway
KISII, KENYA

f) County Executive Contacts

Telephone: (254) 58203005
E-mail: info@kisii.go.ke
Website: www.kisii.go.ke

g) County Executive Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank
Kisii Branch
P.O. Box 48400
Nairobi, Kenya

h) Independent Auditors

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

COUNTY EXECUTIVE OF KISII
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2. FORWARD BY THE CECM FINANCE AND ECONOMIC PLANNING

A. Functions of the County Government as per the County Government Act.

The Kisii County Government shall ensure adherence to the functions of the County governments as set out in Section 5 of the County Governments Act which states;

- 1) A county government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament.
- 2) Without prejudice to the generality of subsection (1), a county government shall be responsible for—
 - a) county legislation in accordance with Article 185 of the Constitution;
 - b) exercising executive functions in accordance with Article 183 of the Constitution;
 - c) functions provided for in Article 186 and assigned in the Fourth Schedule of the Constitution;
 - d) any other function that may be transferred to county governments from the national government under Article 187 of the Constitution;
 - e) any functions agreed upon with other county governments under Article 189(2) of the Constitution; and
 - f) establishment and staffing of its public service as contemplated under Article 235 of the Constitution.
- 3) A county government may seek assistance from the Kenya Law Reform Commission in the development or reform of county legislation under subsection (2)(a).

The Kisii County Government shall ensure adherence to the principles of public finance set out in Chapter Twelve of the Constitution and the fiscal responsibility principles provided in Section 107 of the PFM Act.

B. Budget performance against actual amounts for current year and for cumulative to-date based on programmes,

a) Revenue

In the year ended 30 June 2021, the County had projected revenues of Kshs.12,671,280,940 consisting of Kshs.650,000 from own sources and Kshs.12,021,280,940 from CARA. A Graphical Representation of the Revenue Budget is as shown below:

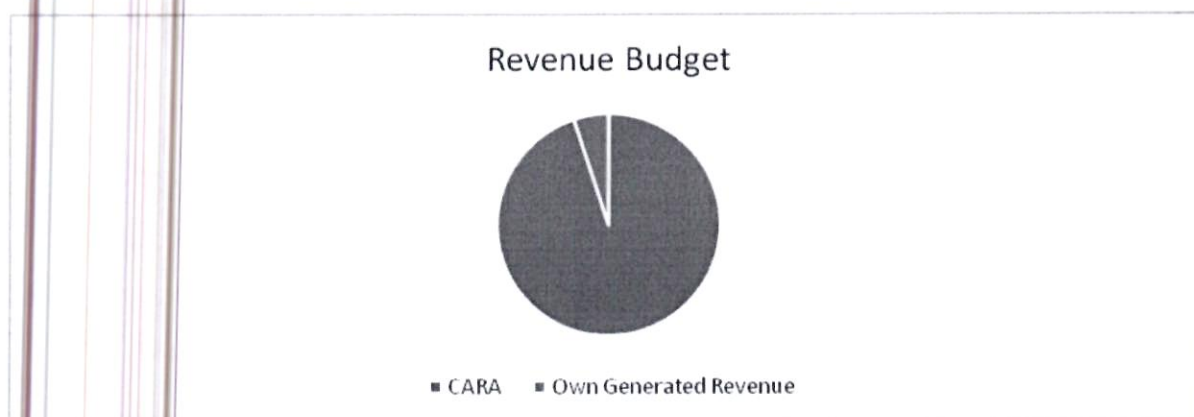


Figure 1: Kisii County revenue sources in FY 2020/2021.

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- CARA revenues continue to form the largest part of our revenue budget, contributing 95% towards our budget. Our own generated revenues formed 5% of our budget.
- Out of the projected revenue, the County was able to realize Kshs.10,436,551,856 in actual revenues, representing 82% performance. In the table below, we present an analysis of revenue performance during the year.

Table 1: Revenue Performance from Different Sources in FY 2020/2021

Revenue Classification	Revenue Budget(Kshs)	Actual (Kshs)	Realization (%)
CARA	12,021,280,940	10,030,354,625	83%
Own Generated Revenues	650,000,000	399,505,292	61%
Total	12,671,280,940	10,436,551,856	82%

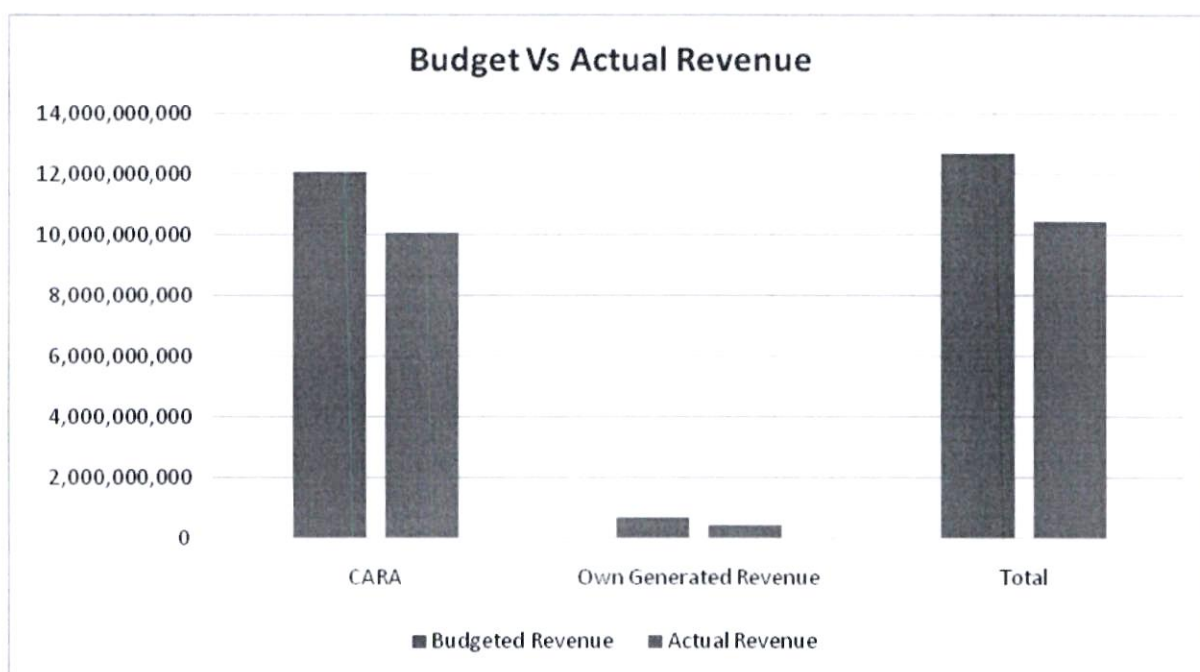


Figure 2: Depicts Kisii County revenue performance vs budget from different sources for year 2020/2021

b) Payments

The total expenditure budget for the financial year was Kshs.12,671,280,940 and total actual expenditure amounted to Kshs.9,853,858,083, representing 78% budget absorption. Out of the total actual expenditure, Kshs.2,579,945,787 was development expenditure while

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Kshs.7,273,912,296 was recurrent expenditure as analyzed and depicted in the table and chart below:

Table 2: Expenditure Performance Based on Votes in FY 2020/2021

Expenditure Classification	Expenditure budget (Kshs)	Actual (Kshs)	Absorption (%)
Recurrent	8,564,557,577	7,273,912,296	85%
Development	4,106,723,363	2,579,945,787	63%
Total	12,671,280,940	9,853,858,083	78%

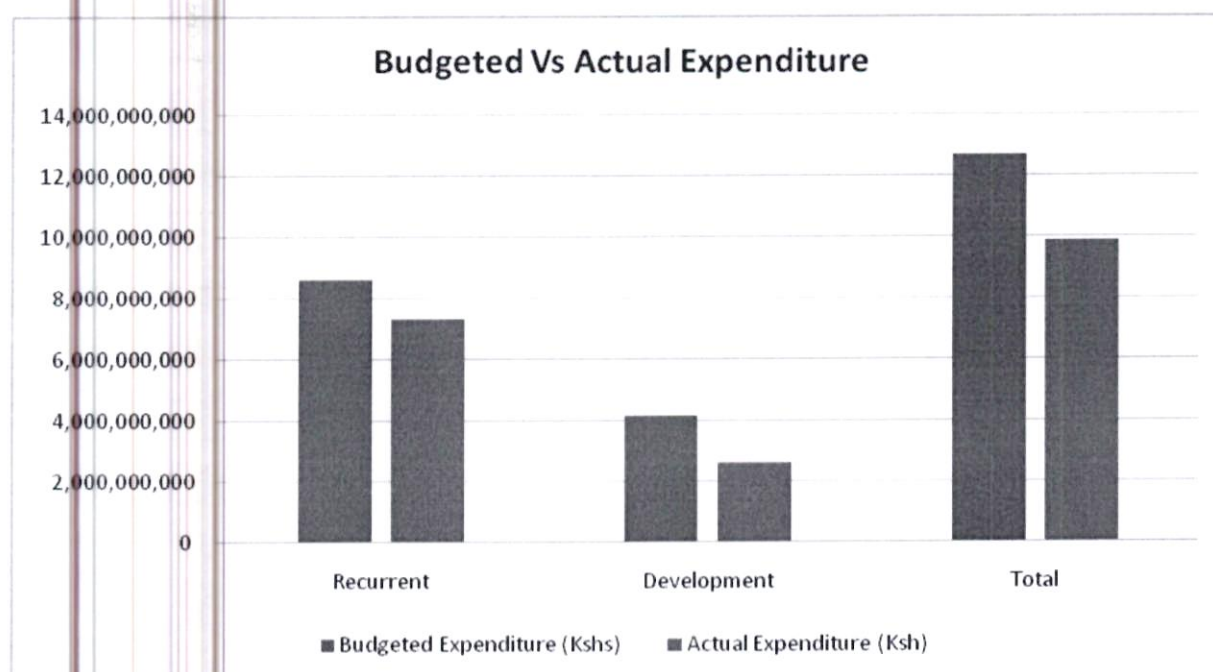


Figure 3: Depicts Kisii County expenditure performance vs budget based on votes for year 2020/2021

The total expenditure budget of Kshs.12,671,280,940 and total actual expenditure of Kshs.9,853,858,083, were distributed among the following programmes:

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Table 3: Expenditure Performance Based on programmes in FY 2020/2021

Programme	Final Budget	Actual on comparable
	Kshs	Kshs
County Administration	711,565,455	561,689,454
Finance and Economic Planning	1,255,583,241	1,045,987,412
County executive & public service board	514,812,621	377,170,442
Roads public works and transport	1,497,400,371	1,003,825,108
County Health	4,357,733,802	3,602,932,292
Education, & Manpower Development	777,120,747	527,186,026
Agriculture, Livestock, Fisheries & co-operate Development	1,086,285,420	975,473,170
Energy, Water, Environment & Natural resources	422,936,015	289,417,046
Culture & Social services	279,281,962	149,282,645
Sub-total	279,281,962	149,282,645
Land Physical Planning & Urban Development	188,541,155	108,491,686
Trade, Development & Regulations	189,485,479	82,388,909
Kisii Town	365,473,204	167,761,205
County Assembly	1,021,250,968	962,252,688
Total	12,671,280,940	9,853,858,083

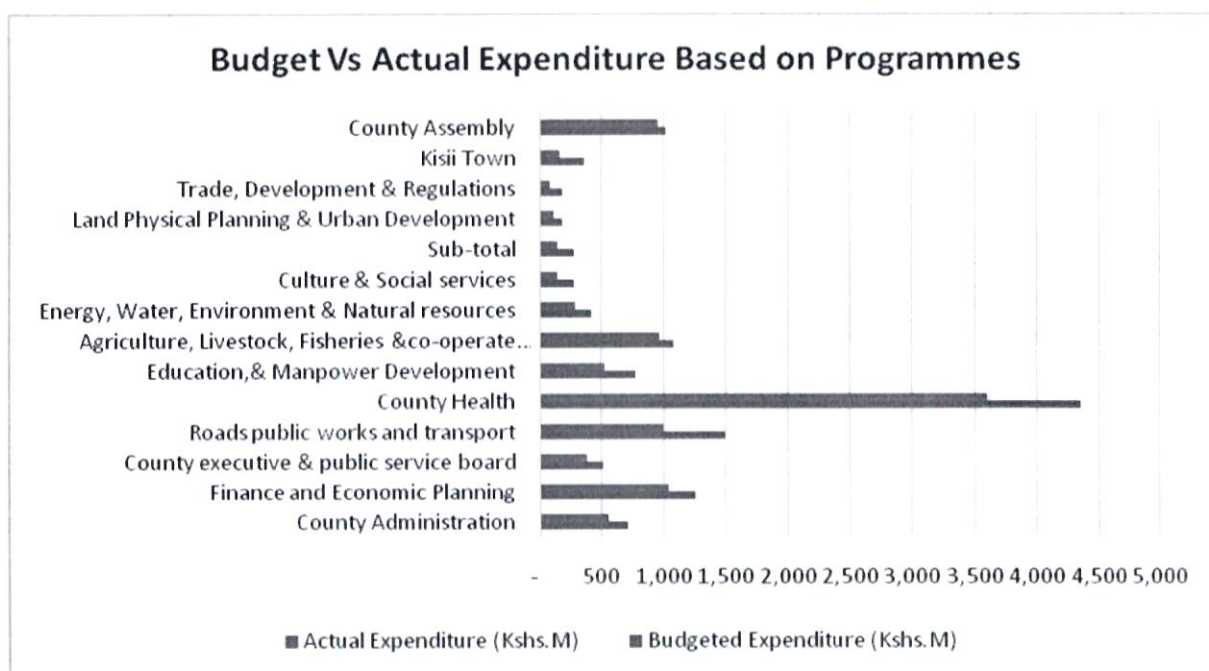


Figure 4: Depicts Kisii County expenditure performance vs budget for year 2020/2021 based on programmes

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C. Physical progress based on outputs and impacts since establishment of County Government using actual figures and percentages

- i. Constructed a bitumen standard link road between Nyanchwa and Kisii town which has eased the traffic and opened the area for development
- ii. Maintenance of over 450km of road across the county which has eased transportation of people and commodities
- iii. Constructed a Banana factory in Kisii town and a banana collection market at Nyamache in order for farmers to receive maximum returns from farm produce
- iv. Constructed canopy sheds at Daraja Mbili Market and market sheds at various market across the county to serve fish mongers, fruit vendors and general household good traders commonly known as Mali-Mali
- v. Purchased a drug distribution truck which has improved delivery of drugs and reduced stock outs.
- vi. Constructed and equipped various health facilities across the county which has helped ease congestion of KTRH
- vii. Constructed and equipped the fire station which has helped in easing fire incidences and rescue services
- viii. Construction of mother to child hospital which is nearing completion
- ix. Construction of Doctor's Plaza
- x. Establishment of MRI unit in Kisii Teaching & Referral Hospital
- xi. Completed a 250-bed capacity male ward at KTRH.
- xii. Establishment of a microwave medical waste burning chamber.
- xiii. Completed 50-bed doctors' hostel block.
- xiv. Constructed and Equipped Marani and Nduru Level four hospital
- xv. Equipped level four hospital facilities thus, has reduced referrals to KTRH hence decongesting it.

D. Comment on each of the County flagship projects and how they have been achieved.

The development Agenda for Kisii County has revolved around Infrastructure Development. One of key objectives under the Big Four Agenda is to guarantee Kenyans access to high quality and affordable healthcare. And this rhymes perfectly with the County's transformational dream, on delivery of an affordable and reliable healthcare for the people of Kisii County and beyond

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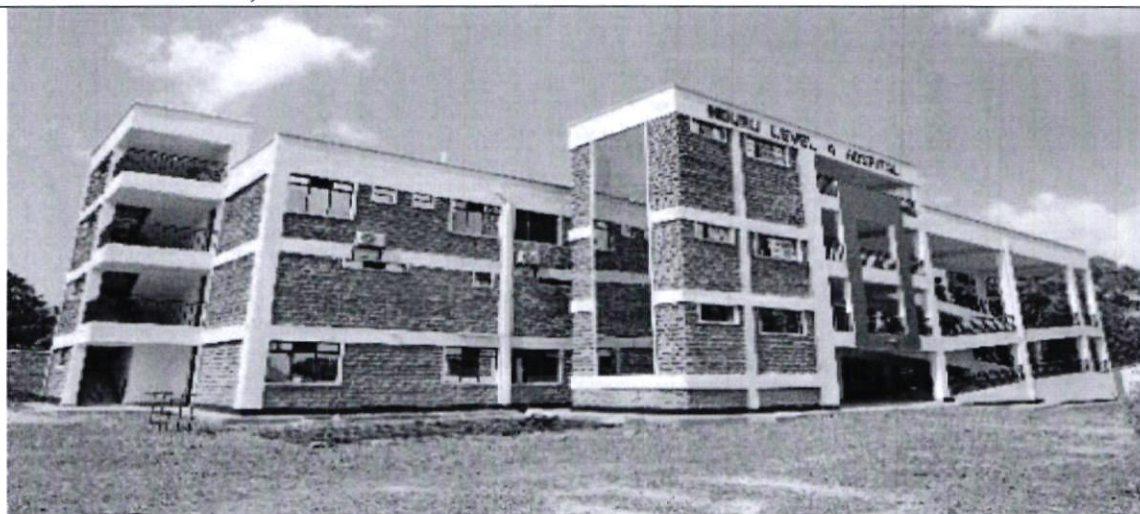


Figure 5: Nduru level four Hospital in South Mugirango Sub-County



Figure 6: Marani Level 4 hospital in Kitutu Chache North Sub-County

Further, Food security is also key to a healthy population and thus the county has since put sufficient resources into the improvement of the same.

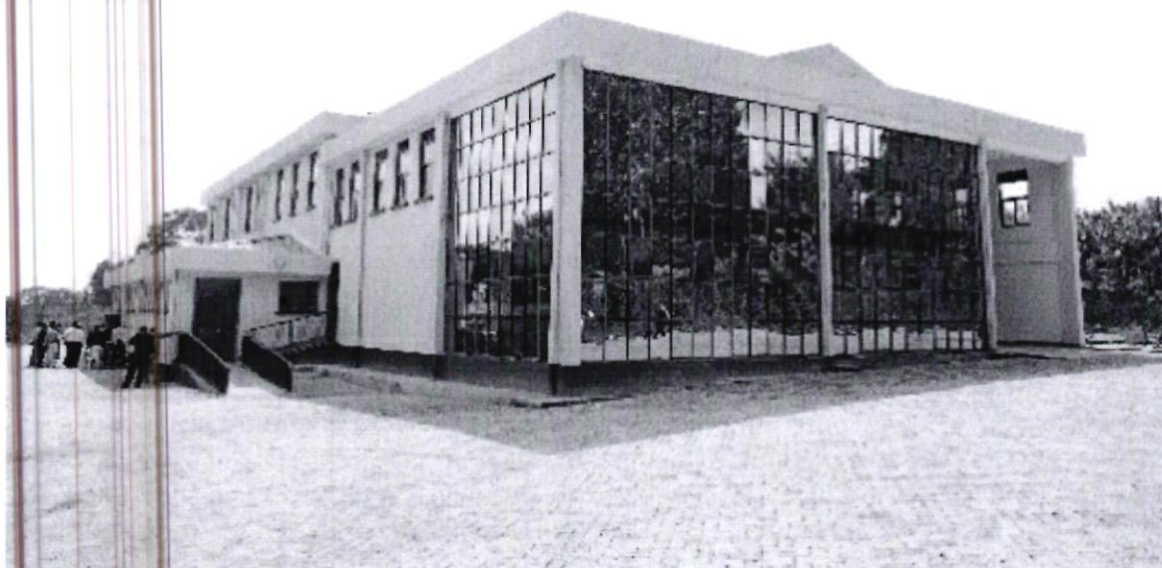


Figure 7: Farmer resource Centre in NyaribariChache Sub-County



Figure 8: Banana Factory in NyaribariChache Sub-County

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E. The County's future outlook

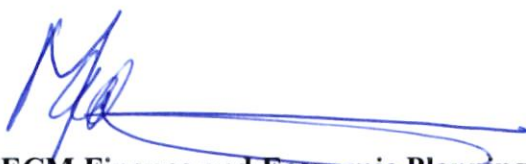
Kisii County, being an unrivalled investment destination, dream is to be a key commercial hub for the region as it continues to live the dream of devolution. The county has entered into various partnerships with development agencies like USAID will assist the County realize most of the planned programmes and projects.

vii. Key risk management strategies applied by the County

Kisii County key risk management strategies include:

- Establishment of an internal audit committee and enhanced its capacity through trainings and internal control frameworks,
- Establishment of procurement and asset disposal committee to address issues of oversight, governance, accountability and transparency in the public procurement.
- Automation of revenue collection to reduce direct handling of cash and issuance of manual receipts which raises both the risk of security of cash and integrity of data leaving significant leakages.
- Construction and equipping of modern fire station to mitigate incidents of fire outbreaks.

Sign



CECM Finance and Economic Planning

Kisii County Government

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3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES

The County's 2018-2022 CIDP has identified eight key strategic development objectives. Broadly, these objectives have been identified through participatory process that reviewed the development priorities of the Governor's Manifesto, The National Government's 'Big Four' NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesized product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Kisii County's 2018-2022 CIDP are to;

- a) To coordinate provision of responsive and effective services to the public
- b) Ensure healthy lives and promote well-being for all at all ages.
- c) To ensure that the County is food secure and residents are economically empowered
- d) To reverse the declining trend of water availability, increase access to clean water and sanitation
- e) To promote access to quality education and relevant training through provision of educational infrastructure and strengthened strategic partnerships and linkages.
- f) To promote sustainable urban development
- g) To improve trading environment
- h) To develop and maintain infrastructure within the County for sustainable economic growth and development.

Progress on attainment of Strategic development objectives adopted from Kisii County

For purposes of implementing and cascading the above development objectives to specific sectors, all development objectives were specific, measurable, achievable, realistic, and time-bound SMART and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement; Below we provide the progress on attaining the stated objectives.

Ref	Objective as per CIDP	Performance/Progress made up since 2018 up to date	Remarks (Explain the reasons underperformance/ Over performance)
1.	To improve access to quality and affordable health services	-New 250-bed capacity male ward at KTRH, 100 bed capacity at Marani and Nduru -100 body capacity mortuary at KTRH, new and modern mortuaries at Marani, Ogembo and Nduru.	KTRH has been receiving conditional allocations from the national government for Level 5 hospital while Marani and Nduru benefitted from the world Bank funding of Kenya Devolution Support. This has made implementation to be

COUNTY EXECUTIVE OF KISII
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			fast.
2.	To promote sustainable urban development	Urban centres and markets installed with street lights 26 urban roads constructed One waste management site purchased	The Kenya Devolution Support Programme KDSP has supported the construction of most urban roads in the municipality hence the reason positive progress.
3.	To develop and maintain efficient and effective road networks to spur economic growth	Earth roads increased from 1,359 km to 1450 km Tarmack roads increased from 130 km to 145 km Gravelled roads from 1,155km to 1420 km	Fuel levy fund has been assisting in the maintenance of roads as a conditional share from national government and roads being a strategic priority area has been receiving big share of the budget in the construction and maintenance of roads
4.	To provide accessible, clean, portable and affordable water	23 water schemes constructed and rehabilitated, 40 boreholes drilled and springs protected across the wards	Water being one of the priorities in the county has received adequate budgetary allocations and the availability of the County rig has made it cheaper to drill more boreholes hence the reason for positive progress.

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4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

a) Sustainability strategy and profile

The County has also engaged in capacity building of its human resource to ensure that they remain competitive and relevant in a competitive market

Socially the county has built the people's park to ensure that the people enjoy improved and quality life by experiencing nature and engaging in physical activities enabling them to relax.

b) Environmental performance

The county government passed legislation in the County Assembly for the cutting of eucalyptus trees which have adversely affected the water table. The county has also encouraged the replacement of eucalyptus trees which have no effect to water table.

Through the ministry of environment water and natural resources, the county has initiated spring protection works and rehabilitation of water schemes.

It has also embarked on recovery of riparian land by partnering with other government agencies such as NEMA

c) Employee welfare

The County Government of Kisii provides equal employment opportunities to the citizen through advertisement of vacancies on its website and local media for easy access of the applicants. It also strives to attain the gender balance in the recruitment process.

The County Government of Kisii has consistently increased capacity building of its employees in equipping them on their career development. This involves necessary skills to enable them discharge their duties and responsibilities in an ever changing working environment.

It also takes care of employee's welfare through provision of comprehensive medical insurance scheme.

d) Market place practices-

The county has installed high mast solar streetlights in all major markets to enable a 24 hour economy. In empowering its citizens, the County through the department of trade, tourism and industrialization has constructed market stalls and shades to make business possible.

The county has also constructed a banana and avocado processing plant to enable the locals' access easy market of their locally grown produce

e) Community Engagements

The county has engaged in the construction of peoples' recreational park whose objective is to offers an opportunity for social groups as well as individuals of all ages to meet and interact.

The park also offers an opportunity for reduction of crime and juvenile delinquency. It has also provided an opportunity for people to experience nature and engage in physical activities and relax.

f) Others

(The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives).

COUNTY EXECUTIVE OF KISII
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5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163, 164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year ended on June 30, 2021. 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 Executive; (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 Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Executive's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2021, and of its financial position as at that date.

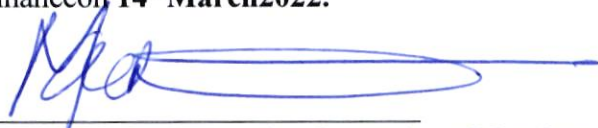
The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Further the CEC member for finance confirms that the County Executive's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

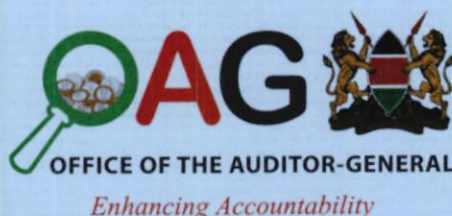
The County Executive's financial statements were approved and signed by the CEC member for finance on 14th March 2022.



Kisii County Executive Committee Member
Finance and Economic Planning

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KISII FOR THE YEAR ENDED 30 JUNE, 2021

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 Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on 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, the risk management environment, and the 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

Opinion

I have audited the accompanying financial statements of the County Executive of Kisii set out on pages 1 to 48, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory

Report of the Auditor-General on County Executive of Kisii for the year ended 30 June, 2021

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, the financial statements present fairly, in all material respects, the financial position of the County Executive of Kisii as at 30 June, 2021, 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 and the County Governments Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Under-Collection of County Own Generated Revenue

The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2021 reflects final approved budgeted county own generated receipts of Kshs.650,000,000 against the actual receipts of Kshs.399,505,292, resulting in an under-collection of Kshs.250,494,708 or 39% of the budgeted amount.

Further, disclosed in Note 4 to the financial statements under county own generated receipts is an amount of Kshs.492,420 realized from the weights and measures stream. The amount was collected in the months of July, August and September, 2020 and June, 2021. However, in the months of October, 2020 to May, 2021, no revenue was collected from this stream because the Weights and Measures Unit offices, together with equipment at Gusii Sacco Building were locked up by the landlord indefinitely for non-payment of rent. No reason/explanation was provided for non-payment of rent resulting in revenue loss during the closure period.

The significant shortfall between the county own generated receipts budgeted revenue and the actual amounts is an indication of inefficiency and ineffectiveness in the revenue collection and management system.

2. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.12,671,280,940 and Kshs.10,436,551,856 respectively, resulting in an under receipts of Kshs.2,234,729,084 or 18% of the budget. Similarly, the County Executive spent Kshs.9,853,858,083 out of the approved expenditure budget of Kshs.12,671,280,940 resulting in under expenditure of Kshs.2,817,422,857 or 22% of the budget.

The under receipt of the budgeted funds and under-expenditure constrained execution of planned activities and delivery of services to the residents of Kisii County.

3. Late Exchequer Releases

The statement of receipts and payments for the year ended 30 June, 2021 reflects Exchequer releases of Kshs.8,972,275,529 as disclosed in Note 1 to the financial statements. The balance include an amount of Kshs.1,610,505,962 that was received by the County Government from The National Treasury towards the end of the month of June, 2021, as detailed below:

Received Date	Reference Number	Details	Amount (Kshs.)
23/06/2021	FT21174DBYZ5	Exchequer Issue	26,138,997
23/06/2021	FT21174MYLYM	Exchequer Issue	35,274,947
23/06/2021	FT211746NFFZ	Exchequer Issue	225,489,018
23/06/2021	FT21174NLM2V	Exchequer Issue	700,731,000
30/06/2021	FT21181G2H86	Exchequer Issue	622,872,000
Total			1,610,505,962

Further, other Exchequer releases of Kshs.761,017,375 received in the month of July, 2021 were related to the budgeted funds for 2020/2021.

The late Exchequer releases could have had adverse effects on the implementation of the planned activities and projects by the County Executive of Kisii for the year ended 30 June, 2021.

4. Pending Bills

Annex 2 to the financial statements reflects total pending accounts payables of Kshs.725,084,292 as at 30 June, 2021. However, examination of the supporting schedule provided indicates that the pending bills balance exclude bills totalling to Kshs.76,074,509 in respect of legal cases. Further, the County Government has continued to accumulate pending bills contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments should be a first charge on the County Revenue Fund and the Accounting Officer should ensure this

is done to the extent possible that the County Government does not default on debt obligations.

In the circumstances, the accuracy of the reported pending bills balance of Kshs.725,084,292 could not be confirmed.

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. Compensation of Employees

As disclosed also in Note 6 to the financial statements, the statement of receipts and payments reflects an expenditure of Kshs.4,821,422,299 in respect of compensation of employees. However, the following anomalies were noted in relation to the expenditure:

1.1. Non-Compliance with the Law on Wage Bill

The compensation of employees' expenditure of Kshs.4,821,422,299 accounted for 46% of the actual total revenue of Kshs.10,436,551,856 for the year ended June, 2021 and was above the maximum limit of 35% set in Regulations 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulation 2015.

The Management was in breach of the law.

1.2. Delayed Confirmations in Employment

Examination of the Integrated Personnel and Payroll Database (IPPD) payroll for the month of June, 2021 revealed that one hundred and sixty five (165) officers had been on probation for periods ranging from 6.4 months to 85.6 months contrary to Section B.16(1) of Kisii County Human Resource Policy and Procedures Manual which states that newly recruited staff shall serve for six months under probation.

The Management therefore is in contravention of the County Human Resource Policy.

1.3. Non-Compliance with One Third of Basic Salary Rule

Review of the Integrated Personnel and Payroll Database (IPPD) for the month of June, 2021 revealed that a total of three hundred and ten (310) officers were earning less than a third of their basic pay. This is contrary to the Section C.1 (3) of the Kisii County Public

Service Human Resource Policy and Procedures Manual that requires public officers not to over-commit their salaries beyond two thirds (2/3) of their basic salaries.

Consequently, the affected officers may find it difficult to meet their daily financial needs and may suffer pecuniary embarrassment, which may adversely affect the performance in their duties.

1.4. Non-Compliance with Law on Ethnic Composition

During the year under review, the County Executive recruited 155 members of staff. However, examination of personnel records indicated that 98% of the recruits were from the dominant community in Kisii County, contrary to Section 65(1) (E) of County Government Act, 2012 that requires that, in selecting candidates for appointment, the County Public Service Board should consider the need to ensure that at least thirty percent (30%) of the vacant positions at the entry level are filled by candidates who are not from the dominant ethnic community in the County.

Consequently, the Management was in breach of the law.

1.5. Failure to Remit Retirement Contributions

The National Treasury Circular No: 14/2021, Ref No: IGFR/PB/01/J/ (69) dated 28 October, 2021, disclosed that Kisii County Government had unremitted retirement contributions to Local Authorities Provident Fund (LAPFUND), Local Authorities Pensions Trust (LAPTRUST) and County Pensions Fund (CPF) amounting to Kshs.2,405,907,247 as at 31 December, 2020 as tabulated below:

	Principal/Contribution Arrears (Kshs.)	Interest Accrued (Kshs.)	Actuarial Deficit (Kshs.)	Total (Kshs.)
LAPFUND	605,671,329	1,186,262,996	-	1,791,934,325
LAPTRUST	42,439,296	531,202,686	-	573,641,982
CPF	11,343,693	22,716,925	6,270,322	40,330,940
Total	659,454,318	1,740,182,607	6,270,322	2,405,907,247

The debt status as at 30 June, 2021 was not provided for audit review and, as a result, it was not possible to confirm the unremitted retirement contributions as at that date.

Failure by the County Executive to remit retirement contributions to pension schemes adversely affects the ability of the schemes to service retirement benefits, as and when such benefits fall due, to the existing employees.

The Management is in breach of the law and will subject the County Government to nugatory expenditure in the form of penalties and interests that could otherwise be avoided.

2. Failure to Prepare Training Needs Assessment

Disclosed in Note 7 to the Financial statements under use of goods and services is an expenditure of Kshs.45,844,180 relating to training expenses. However, information provided for audit review on training revealed that the County Executive organized trainings without training needs assessment projections to assist in identifying training needs for each staff as required by Kisii County Government Human Resource Policies and Procedure Manual, 2016. No explanation was given to justify non-adherence to the Manual.

Lack of an approved training projection may lead to an ineffective use of the available scarce resources.

3. Acquisition of Assets

As disclosed in Note 10 to the financial statements, the statement of receipts and payments reflects an expenditure of Kshs.1,582,494,457 in respect of acquisition of assets which includes among others; construction of buildings, construction and civil works and overhaul and refurbishment of construction and civil works. The following observations were made:

4.1. Construction of Buildings

4.1.1. Construction of Treatment and Rehabilitation Centre at Kiamwasi

The expenditure of Kshs.1,582,494,457 under acquisition of assets includes an amount of Kshs.98,129,152 incurred on construction of buildings. The latter includes an amount of Kshs.8,197,792 spent during the year under review on Construction of Treatment and Rehabilitation Centre at Kiamwasi in Kitutu Central.

The centre was to be constructed at a contract sum of Kshs.22,330,210 for a contract period of 36 weeks starting from 15 July, 2019 and ending on 4 March, 2020. The National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) was to pay an amount of Kshs.9,132,418 of the contract sum, while the County Government to pay the balance of Kshs.13,197,792 which was fully paid as at 30 June, 2021.

Physical verification of the project on 16 November, 2021 revealed that the project was not complete despite the contract period having lapsed. Although the Centre's building was fully constructed, external works, including fencing and construction of gabions to protect the building from being destroyed by soil erosion (the building sits next to a steep slope) had not commenced.

Further, the building was not ready for occupation as it was yet to be equipped with beds and bedding, cooking utensils and laundry machines and water had not been connected, although piping was in place.

Consequently, the value for money of Kshs.13,197,792 expenditure could not be ascertained.

4.1.2. Refurbishment of Suneka Market – Phase II

The expenditure of Kshs.98,129,152 on construction of buildings further includes an amount of Kshs.6,500,000 paid to a contractor for the refurbishment of Suneka Market. The market was to be refurbished at a contract sum of Kshs.20,461,390 for a contract period of 6 months starting from 20 February, 2020 and ending on 30 July, 2020.

Physical verification of the project on 16 November, 2021 revealed that the project was not complete, one year and a quarter after the completion due date, and the contractor was not on site.

Consequently, the value for money on the expenditure of Kshs.6,500,000 could not be ascertained.

4.1.3. Construction of Nyamache Market Shade

Included in the expenditure of Kshs.98,129,152 on construction of buildings is an amount of Kshs.1,300,000 paid to a contractor for the construction of Nyamache Market Shade. The contract was awarded at a sum of Kshs.3,201,975 for a contract period of three (3) months, with starting date of 30 April, 2018 and completion date of 30 July, 2018.

Physical verification of the project during the month of 6 November, 2021 revealed that the project did not exist on the ground and the site where the shed was allegedly built was occupied by Nyamache Banana Market which was under construction.

Consequently, the propriety and value for money of the expenditure of Kshs.1,300,000 on the shed could not be ascertained.

4.2. Construction and Civil Works

4.2.1. Installation of Culvert works for Keroka Drain

The expenditure of Kshs.1,582,494,457 under acquisition of assets includes an amount of Kshs.349,980,643 in respect of construction and civil works. The amount further includes Kshs.3,845,286 paid to a contractor for installation of culvert works for Keroka Drain. The contract was awarded at a sum of Kshs.3,845,286.

Physical verification of the project during the month of November, 2021 revealed that the road was still impassable despite the full amount having been paid. Management explained that the poor state of the road was because the gravels had worn out due to the steep slope downstream and lack of programme to rehabilitate the road.

In the circumstances, the value for money on the expenditure of Kshs.3,845,286 could not be confirmed.

4.2.2. Construction of Perimeter Wall at Nyatieko Waste Management Site

The expenditure of Kshs.349,980,643 on construction and civil works further includes an amount of Kshs.10,000,000 incurred on construction of a perimeter wall at Nyatieko Waste Management Site at a contract sum of Kshs.22,573,196.

Physical verification of the project during the month of November, 2021 revealed that the waste management site borders a residential area and a water stream. An unsigned copy of Environmental Impact Assessment Report provided for audit recommended that the proponents of the project be allowed to proceed with the development on condition that the proposed Environmental Management Plan was implemented in compliance with all the relevant principal laws, by-laws, and regulations impacted on by the project were met. However, no evidence was provided to show that the project was approved by the Ministry of Public Health and Water Services Regulatory Board (WASREB). Further, ownership documents of the waste management site were not provided for audit review.

In the circumstances, the safety of the citizens and water stream near the waste management site could not be guaranteed and the ownership and acreage of the site could not be confirmed.

4.2.3. Drilling of Borehole in Kiabigori in Botenga Ward

Included in the expenditure of Kshs.349,980,643 on construction and civil works is an amount of Kshs.1,995,016 expended on drilling of a borehole in Kiabigori in Bogetenga Ward in South Mugirango Sub-County. However, the criteria for evaluation were not communicated to the firms since the request for quotations lacked such information. Further, although the drilling was carried out and water certified as fit for human consumption, the borehole has remained unutilized since it has not been equipped.

In the circumstances, the value for money on the expenditure of Kshs.1,995,016 could not be confirmed.

4.2.4. Construction of Culture Centre at Nyanturago - Ibeno Ward

Further, the expenditure of Kshs.349,980,643 on construction and civil works includes an amount of Kshs.4,929,221 incurred on construction of culture centre at Nyanturago - Ibeno Ward at a contract sum of Kshs.9,911,010.

Physical verification of the project in November, 2021 revealed that the project had stalled and was four years past completion due date. Management explained, without providing evidence, that the delay was caused by a land dispute.

Consequently, the propriety and value for money on the expenditure of Kshs.4,929,221 could not be ascertained.

4.2.5. Landscaping Abagusii Culture and Development Centre

The expenditure of Kshs.349,980,643 on construction and civil works includes an amount of Kshs.1,482,752 spent on landscaping Abagusii Culture and Development Centre at a contract sum of Kshs.1,637,920. Although the bills of quantities (BQ) included leveling the ground adjacent to the centre before planting grass, physical verification of the project in November, 2021 revealed that the activity was not carried out as the surface remained uneven. Further, the ceiling board had collapsed and fallen off.

Consequently, the value for money on the expenditure of Kshs.1,482,725 could not be ascertained.

4.2.6. Construction of Marani Town Hall

The expenditure of Kshs.349,980,643 for construction and civil works includes an amount of Kshs.7,597,473 paid during the year under review to a contractor for construction of Marani Town Hall. The contract was awarded at a sum of Kshs.26,245,960 through a contract agreement of 22 November, 2016 which stated the completion date as 30 December, 2018.

Physical verification in November, 2021 revealed that the project had stalled, with the last certificate for payment reflecting 69% work done and the contractor had abandoned the site.

Consequently, value for money has not been achieved on the project.

4.3. Overhaul and Refurbishment of Construction and Civil Works

4.3.1. Supply and Delivery of Kenya Library Equipment

The expenditure of Kshs.1,582,494,457 under acquisition of assets includes an amount of Kshs.349,909,718 in respect of overhaul and refurbishment of construction and civil works. The latter further includes an amount of Kshs.1,500,000 spent on supply and delivery of Kenya Library equipment at a contract sum of Kshs.1,999,390. Bills of quantities for library equipment included books and computers (laptops/desktops), shelves and furniture.

Physical verification in November, 2021 revealed that the books delivered were actually donations from European Union Countries, and were branded as such and the alleged computers did not exist. Management explained, without providing evidence, that the computers were delivered to the office of the County Administrator for Bomachoge Borabu since the library had not been installed with electricity and there was no officer deployed at the time of delivery.

In the circumstances, value for money for the expenditure of Kshs.1,500,000 could not be confirmed.

4.3.2. Construction of Nyangoge Stadium

The expenditure of Kshs.349,909,718 on overhaul and refurbishment of construction and civil works also includes an amount of Kshs.1,055,020 spent on construction of Nyangoge Stadium at a contract sum of Kshs.1,894,300.

Physical verification of the project in November, 2021 revealed that there was no structure at Nangonge pitch and ground levelling had not been carried out.

In the circumstances, value for money for the expenditure of Kshs.1,055,020 could not be confirmed.

4.3.3. Construction of Nyamache Banana Market

During the financial year 2019/2020, the County Executive awarded a contract for the construction of Nyamache Banana Market at a sum of Kshs.92,704,499 to a firm

according to the notification letter provided for review. However, a copy of the contract agreement provided for audit did not reflect contract period and contract sum. Further, procurement documents including tender advertisement, tender evaluation report, professional opinion and complete original contract agreement and evidence of any payments on the contract were not provided for audit review.

Physical verification on 16 November, 2021 revealed that the project was still under construction, and was approximately 95% complete.

In the absence of supporting documents, the regularity and value for money of the contract could not be confirmed.

4.3.4. Construction of Mosoch Town Hall

As reported in the previous years, the County Executive awarded a contract for the construction of Mosoch Town Hall to a firm at contract sum of Kshs.24,346,979. The project was to be completed on 30 December, 2014.

Physical verification in November, 2021 revealed the project was incomplete and the project had stalled and the contractor had abandoned the site despite having been paid Kshs.20,709,435 to date.

Consequently, the residents of Kisii County have not received value for money on the expenditure of Kshs.20,709,435 incurred so far on the project.

5. Project Implementation Status

A review of the County Executive's development budget for the year ended 30 June, 2021 revealed that the County Executive had planned to implement 943 development projects with the total budget of Kshs.4,049,169,920. However, the project implementation status report as at 30 June, 2021 indicated that only 638 projects with the total budget of Kshs.2,699,090,466 were implemented during the year, leaving 305 projects with budgeted amount of Kshs.1,350,079,454 not implemented.

5.1. Specific Key Ongoing Projects

Review of the project's implementation status report as at 30 June, 2021 revealed that, a total of 170 projects with a budget of Kshs.1,325,377,106 and actual expenditure of Kshs.637,056,450 were on-going as at 30 June, 2021. The projects were expected to be completed by 30 June, 2021. However, as of November, 2021, the projects had not been completed as detailed in **Appendix "I"**.

The delayed completion of the projects has denied the Kisii residents of goods and service that would have accrued. The Kisii County Executive has also not received any value for money for the expenditure of Kshs.637,056,450 already incurred on these projects.

Failure to implement all the planned projects may be an indication of lack of efficiency and effectiveness in the use of public resources.

6. Legal Cases

As reported in the previous year, review of legal documents revealed that various court cases were pending against the Kisii County Government some of which were inherited from the defunct local authority. Out of these cases, twelve (12) were ruled against the County Government and the plaintiffs/claimants awarded a total of Kshs.76,074,509. However, the County Government has not settled the court awards and no evidence was provided on any appeals on the matters.

Failure to abide to the court rulings may results to the County Government incurring costs in form of penalties and interests in which could be avoided.

6. Kisii County Municipality Status

6.1. Delay in Development of Integrated Development Plan

Kisii town acquired municipality status on 4 September, 2018. However, the Municipality had not developed an Integrated Development Plan, contrary to the requirement of Section 5(1)(b) of the Urban Areas and Cities Act, 2011. Further, documents provided indicate that on 10 November, 2021, the Municipality awarded a Contract No. 893169 - 2021/2022 for Provision of Consultancy Services for Preparation of an Integrated Strategic Urban Development Plan for Kisii Municipality. No explanation was provided for the delay.

Consequently, the Municipality may be lacking adequate infrastructure and services, safe housing, adequate and good health services, due to lack of an Integrated Development Plan.

6.2. Conferment of Municipality Status to Ogembo Urban Centre

Section 9(3)(a) of the Urban Areas and Cities Act, 2011 provides that a town is eligible for conferment of municipality status if it has a population of at least two hundred and fifty thousand (250,000) residents according to the final gazetted results of the last population census carried out. However, information available indicates that on 29 July, 2021, the Governor, Kisii County conferred the status of a municipality to Ogembo Urban Area through Gazette Notice No.8634, despite it having a population of only 3,901, according to the 2019 Kenya Population and Housing Census. Therefore, Ogembo Urban Area did not satisfy the criteria for conferment to a municipality. No explanation was given for the anomaly.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Cash Management Systems

During the year under review, the County Executive of Kisii maintained fifteen (15) bank accounts at the Central Bank of Kenya and two hundred and eighty-six (286) bank accounts in various commercial banks. Most of the accounts maintained in the commercial banks were for health facilities which received funds from DANIDA and Health Sector Service Fund (HSSF). However, there were no effective internal checks including monthly reconciliations with regard to operations of these accounts. Further, the County Executive did not provide IFMIS auto generated bank reconciliations for the period under review.

2. Weak Internal Controls over Cashbooks

The cash books maintained by the County Executive were not checked for accuracy by an independent or senior officer in the Finance Department. Further, although reports of the Board of Survey Committees were written and submitted for audit review, the Committees' members did not sign the cash books to confirm accuracy of closing cashbook balances. In addition, several carried forward balances in the cash books of a number of Vocational Training Colleges were altered, a sign of errors in recording of transactions.

In the absence of supervision/checking of the work done by junior officers, errors in the cash books may go undetected, leading to inaccuracies in the financial statements.

3. Unauthorized IPPD System Users

Analysis and review of the Integrated Personnel and Payroll Database (IPPD) payroll system for the year ended June, 2021 revealed that two officers with payroll numbers 1969030622 and 201500665660 were able to access the system and make changes on 16 December, 2020 and 12 November, 2020 respectively, without authorization. The two officers were not in the payroll system for the year under review.

Management has explained that the payroll number 1969030622 belongs to the System Administrator in the Ministry of Public Service and Gender (IPPD Headquarters-Nairobi) and on the said month, they had requested for inclusion of leave allowance in the December, 2020 payroll. However, the other payroll number 201500665660 in question

does not exist in the service since the Ministry in-charge of generating personal numbers does not issue 12 digit payroll numbers.

Consequently, unauthorized access to the system casts doubt on reliability, confidentiality and integrity of data generated from IPPD system.

4. IT Internal Controls

An audit of the County Executive's IT controls revealed that the County Executive uses the following systems and applications to manage its operations; IFMIS, Internet Banking, Laiforms, ZIZI platform, IPPD and Hospital Management Information systems. However, the System /applications do not fully interface with the financial system and with each other. Further, an IT training program has not been put in place.

In the circumstances, development and implementation of applications, integrity of program and data files and computers operations may be compromised.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to sustain 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 dissolve the County Executive or cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the County Government financial reporting process, reviewing the effectiveness of how 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 May, 2022

**APPENDIX I - COUNTY EXECUTIVE OF KISII SPECIFIC KEY ONGOING PROJECTS
AS AT 30 JUNE, 2021**

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Amariba-Gotinyango	Amariba	3,500,000	1,000,000
Buyonge Deb-Egetugi-Riamongarora-Rionyanha – Rianyang’Au	Buyonge	3,500,000	1,000,000
Chiriba-Metobo Rd.	Chiriba	3,500,000	1,000,000
Churuchuru-Maroba-Moma-Gitono	Churuchuru	3,000,000	2,689,274
Completion of Nyageke Dispensary	Nyageke	1,500,000	1,093,296
Completion of Nyamatwoni Dispensary	Nyamatwoni	623,582	120,320
Completion of Nyosia Dispensary	Nyosia	1,500,000	836,450
Coner House - Gechengi	Corner House	3,000,000	2,732,216
Constructin of Marani Town Hall	Marani	8,500,000	7,597,473
Construction and Completion of Fire Station (Variation Works)	Kisii Town	5,000,000	3,450,000
Construction of Ekenyuru	Ekenyuru	1,700,000	696,300
Construction of Gakero, Nyamiobo and Nyagenke	Gakero	1,200,000	528,824
Construction of Ayora and Sare Ecde Classrooms	Ayora	1,698,666	1,000,000
Construction of Casualty/Theatre Block	Marani	11,830,915	3,464,673
Construction of Cooling Plant at Ogembo	Ogembo	3,797,410	2,212,250
Construction of Ecde Pit Latrine at Moogi Ecde Centre In Bosoti Sengera Ward	Sengera	498,620	448,620
Construction of Ecde Pitlatrines at Iyenga In Bombaba Ward	Iyenga	499,992	449,992
Construction of Egetuki, Nyamonyo, Mangere Ecde	Egetuki	1,178,050	500,000
Construction of Ekerore and Omosege Boreholes		3,000,000	1,872,000
Construction of Getenga Water Gravity Phase II	Getenga	1,867,260	930,963
Construction of Igare Market Shed	Igare	2,095,000	200,000
Construction of Igemo Water Scheme	Igemo	2,804,500	2,095,314
Construction of Iyabe Level 4	Iyabe	2,500,000	1,698,000
Construction of Kiobegi Stadium	Kiobegi	813,970	500,000

Report of the Auditor-General on County Executive of Kisii for the year ended 30 June, 2021

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Construction of Kiogoro Market Shed	Kiogoro	1,049,520	498,873
Construction of Metengero and Nyamagwa	Metengero	1,366,413	400,000
Construction of Nyabinyiyi Gravity Scheme	Sensi	2,695,970	2,518,782
Construction of Nyagoto Dispensary	Nyagoto	3,200,000	2,514,500
Construction of Nyakeiri Water Supply	Nyakeiri	2,061,400	875,000
Construction of Nyamache Market	Bassi Central	3,201,975	1,919,231
Construction of Nyamache Market Sheds	Nyamache	1,500,000	1,300,000
Construction of Nyankongo Ecde	Nyankongo	900,000	790,178
Construction of Nyansaga Bridge	Nyansaga	4,455,723	2,899,554
Construction of Nyasega Ecde	Nyasega	900,000	391,015
Construction of office At Headquarters	Headquarters	1,502,300	750,000
Construction of office At Headquarters	Headquarters	1,500,000	1,475,780
Construction of Otamba and Masongo Ecde	Otamba	810,000	404,954
Construction of Perimeter Fence at Nyatieko Waste Management Site	Nyatieko	22,573,195	10,000,000
Construction of Perimeter Fence-Kisii Main Slaughter House	Hdqs	1,994,980	1,000,000
Construction of Pit Latrine at Tabaka Ecde Centre	Tabaka	594,990	165,960
Construction of Pit Latrine in Ecde Centres At Mwechobori	Nyatieko	1,104,320	200,000
Construction of Pit Latrines In Ecde Centres At Mwechobori, Nyatieko Ward and Bogisero	Nyatieko	1,102,320	286,210
Construction of Riakambi Water Project	Riakambi	3,000,000	1,962,500
Construction of Staff House to Bomorenda Fish Multiplication Centr	Bomorenda	3,719,999	2,201,543
Construction of Suneka Market	Suneka	13,568,690	6,500,000
Construction of Tambacha Stadium	Tambacha	897,170	600,000
Construction of The Tartan Track Phase 1 In Gusii Stadium	Gusii stadium	76,071,870	18,000,000

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Construction of Two No. Fish Ponds to Bomorenda Fish Multiplication Centre	Bomorenda	3,487,800	2,000,000
Construction of Typical Hostel at Kirwanda Hostel	Bonchari	1,383,850	1,083,850
Construction of Typical Hostel at Nyamagesa Hostel	Nyaribari Masaba	1,375,250	1,000,000
Construction of Walkways and Drainage Works Aga-Khan-Mosque Kisii Town	KISII	3,998,800	1,000,000
Construction of Workshop at Nyansembe Vocational Training Centre	Moticho	2,200,000	1,000,000
Construction of Workshop at Rianchore Youth Polytechnic	Mokwerero	966,285	726,749
Culvert Installation and Drainage Works In Sameta Mokwerero Ward	Sameta	1,392,478	1,380,562
Daraja Mbili Sec.-Full Gospel-Ruoti-Egetii,Daraja Mbili Sda-Machoni	Daraja Mbili	3,500,000	1,000,000
Drainage Works at Etono Market - Etono Tarmac Junction Road	Etono	1,349,982	785,697
Drainage Works at Riamarube-Ekemuche - Moogi- Nyakoiba Enchogu Road	Riamarube	1,447,228	746,230
Drainage Works Etono Market-Etono	Etono	1,447,228	1,200,000
Drainage Works for Getare -Tbc Muma - Nyakembene Junction Road	Kisii central	3,998,389	3,400,000
Drilling of Borehole at Kiabigori	Bogetenga	4,500,000	1,995,016
Ebate-Riorambui	Ebate	3,500,000	2,500,000
Ekerorano-Pag-Suneka Sec	Ekerorano	3,000,000	1,000,000
Ekerubo-Bomatete	Ekerubo	1,458,360	1,228,440
Ekiendege-Itibo Resort-Catholic-Mosereta-Kioge-Samaria Road	Ekiendege	4,135,000.00	3,454,576
Enamba - Omosocho - Kemboa - Enamba Road	Enamba	4,154,725	3,045,928
Enchoro Sda-Riogachi Tbc-	Enchoro	3,500,000	1,000,000
Enyancha-Riapius	Enyancha	2,824,420	684,199
Equipping and Reticultaion Works At Gionseri Water Project		1,283,120	795,579

Report of the Auditor-General on County Executive of Kisii for the year ended 30 June, 2021

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Erection of 18 Mtrs High Jumbo Flag Mast and Other 15 Steel Flags	Gusii stadium	3,600,000	3,000,000
Establishment of Treatment and Rehabilitation Centre At Kiamwasi	Kiamwasi	11,409,587	8,197,792
Gekarange - Riverbank	Gekarange	3,000,000	2,756,682
Getacho-Nyansaga,Nyabogotu-Cllr Nyandika-Mosasa Rd.	Getacho	3,500,000	1,000,000
Getenga Sda-Rioma Ritibo-Rianyambatird.	Getenga	3,500,000	3,193,422
Igonga-Matongo-Gesero-Ikoba Road	Igonga	3,973,960.00	2,014,572
Ikoba-Rianyamoronga-Nyamatutu Jxn	Ikoba	3,000,000	2,828,242
Inner Truck Drainage and Truck	Gusii stadium	36,000,000	33,381,628
Installation of Intergrated Water Storage and Supply System Updrade	KTRH	2,398,590	2,165,523
Isecha-Gamba-Border	Isecha	3,500,000	2,031,080
Kebacha Bridge-Bitare-Kiambiri Rd 2 Km.Riabikani-Bonyaoro Rd.3Km	Kebacha	3,500,000	2,643,198
Kenuchi Junction-Riamotanya Bridge-Richweri-Rikeire Rd	Kenuchi	3,264,052	2,358,233
Keumbu Lutheran – Egorofa – Amasago Junction	Keumbu	3,000,000	2,719,852
Kiamabundu, Nyanchwa, Kisii Pry and Nyansacha Ecde Classrooms	Kiamabundu	1,499,000	1,145,930
Kiambori-Riverside	Kiambori	3,000,000	2,836,988
Kiarení - Gesieka Road	Kiarení	3,100,000	2,909,512
Kiomiti Pry-St Mark Mokorogoinwa Road	Gesusu	2,914,674.00	1,816,400
Kionyo-Riasindiga-Omokonge-Nyamware Road	Kionyo	4,513,200.00	3,988,892
Kisii Main Stage - Getare Phase 2 (Drainage Works)	Kisii Main Stage	10,277,625.00	8,458,024
Landscaping at Mini State Lodge	Gusii Stadium	7,500,000	7,027,420
Mabondo Bochura, Moringate, Nyakoboria, Riamichael, Geterere, Riomwoyo, Riabokendu, Riokombe		1,958,250	1,858,250
Maintenance of Amabuko - Bogeche - Rianyoka Road	Ichuni	1,040,800	934,661

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Maintenance of Ichuni Tarmac - Riokari Tbc - Rianyanchabera Tbc, Riagetekwa - Iyenga Tarmac - Kiango Mkt Road	Bombaba	3,834,011	3,831,699
Maintenance of Masakwe-Nyanchogu Drainage Works	Masakwe	3,594,316	1,449,420
Mbanda - Rigoma Fact. Circuit Road	Mbanda	3,345,000	2,000,000
Mesabakwa - Moogi - Nyabioto - Sengera Rd	Mesabakwa	3,950,000	1,000,000
Monuri – Mareba – Ochoti – Ong'Ong'o	Monuri	3,000,000	1,000,000
Mosasa - Riotieno - Ebigogo - Riakirioba - Riagongera - Itumbe - Tbc Ikenye- Bonsansa - Emenwa - Matierio Rd	Mosasa	3,619,188	3,008,460
Mosobeti-Riamogaka-Riamotari	Mosobeti	3,500,000	2,000,000
Moticho Junction - Ebenezer Juntcioin Rd	Moticho	2,000,000	1,031,671
Motonto Pry-Bongeri-Kenyoro Road.	Motonto Pry	4,061,500	3,481,102
Nyabioto-Riangombe Nene Sda Rd	Nyabioto	1,798,642	1,000,000
Nyagoto Box Culvert	Nyagoto	7,550,000	3,821,264
Nyaguku-Matongo	Nyaguku	3,500,000	3,283,264
Nyagwengi-Gionsaria Rd.	Nyagwengi	3,500,000	2,000,000
Nyakamba-Maagonga-Rikenye	Nyakamba	3,500,000	2,000,000
Nyamagwa Boys Sec-Riobara Mkt-Riaranga-Igare Mkt Road	Nyamagwa Boys Sec	4,080,920	3,502,562
Nyamborotwa-Bumburia-Kenyoro	Nyamborotwa	3,000,000	2,870,257
Nyamiobo-Omosaria Market	Nyamisaro	3,500,000	1,000,000
Nyamue-Riobubo-Nyateke - Pumping Rd	Nyamue	3,500,000	3,175,848
Nyangicha Box Culvert	Nyangicha	3,034,540	2,525,500
Nyangweta Box Culvert	Nyangweta	7,685,546	4,495,070
Nyansongo Tbc-Nyambunde-Nyamokenye-Riamaguana Road	Nyansongo TBC	4,195,440	3,575,656
Nyoera-Ebigogo	Nyoera	3,000,000	2,664,056
Omogaroka-Botaranda	Omagaroka	3,000,000	2,646,366
Perimeter Wall Painting 3 Gates Installation and Other Civil Works	Gusii stadium	9,200,000	7,344,592
Proposed Completion of Fish Market - Kisii Town	All 45 wards	3,930,000	1,096,318

Report of the Auditor-General on County Executive of Kisii for the year ended 30 June, 2021

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Proposed Construction of Doctors Plaza Ktrh	KTRH	27,460,057	17,892,397
Proposed Construction of Kisii County Governors Residence Phase 1	HDQTRS	17,866,134	9,000,000
Proposed Construction of Reproductive Health Unit	KTRH	594,066,178	205,610,138
Proposed Construction of Walkway at Blood Bank - Egesa Stage - Ktrh Mortuary	KTRH	2,876,881	1,500,000
Proposed Screening At The Flankings , Steel Barrier At The Bleachers and Making Good of The Flankings	THE	2,395,700	2,000,000
Provision and Installation of Enterprises Computer Operating Platform for Kisii County Government	Hdqs	8,000,000	6,544,788
Ramoya-Getare-Nyaroa	Ramoya	3,000,000	2,748,573
Reapair,Maintenance and Reinstatementof Civil Works Within Kisii Municipality	Kisii Town	9,147,833	8,550,000
Reapair,Maintenance and Reinstatementof Civil Works Within Kisii Municipality	KISII	9,147,833	550,000
Rehabilitation of Chiefs Camp - Getembe Primary - Nubia Hall-Soko Mjinga - Mwanyagetinge Road	Mwanyagetinge	1,855,744	680,000
Rehabilitation of Gesonso-Nyamasebe-Nyangena Hospital Road	Gesonso	2,906,598	2,393,428
Rehabilitation of Maendeleo-Riachabera Road	Maendeleo	3,397,306	3,165,930
Rehabilitation of Mokenene Water Scheme	Mokenene	4,000,000	1,982,008
Rehabilitation of Ogembo Market (Levelling and Gravelling)	Ogembo	2,439,233	462,245
Rehabilitation of Prisons Road	PRISONS	2,540,960	1,000,000
Rehabilitation Works at Chitago-Mogenda Water Project	Chitago ward	2,500,000	2,238,452

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Repair and Maintenance of Cattle Dip - Nyachenge - Riomache - Nyakegara Kemo Road	Masige West	1,476,672	1,117,957
Repair and Maintenance of Kiomiti - Riorogo Rd	Kiomiti	1,400,000	943,080
Repair and Maintenance of Mobaroka - Nyaboribonge - Nyanderema - Nambanne Road	Kiogoro	2,174,120	1,717,380
Ria Juma-Riochoki Jxn	Riochoki	3,000,000	1,000,000
Riabwore-Irunya-Ria Mecha Rd	Riabwore	3,083,602	2,457,645
Riadima-Riangoso-Kenonka-Risimba	Riadima	3,500,000	1,401,700
Riakimonge-Nyamware Tbc-Nyamware Hc-Igoma- Getare-Omokubo-Riorembe Road	Riakimonge	4,297,140	1,800,482
Riamaria-Ikonge	Riamaria	3,500,000	1,000,000
Riamasese - Mwembe - Riatira Rd	Riamasese	2,000,000	1,000,000
Riamasese-Riosora Road	Riamasese	3,500,000	1,000,000
Rianchogu - Rianyakwara - Riobonyo - Nyabioto - Sengera Mission Road	Bosoti Sengera	3,564,030	3,564,030
Riangare - Jirongo Road	Riangare	2,466,700	2,240,080
Riaposta-Gesonso-Metembe	Riaposta	2,768,358	2,480,040
Riasena-Nyamuya Tbc	Riasena	2,942,659	2,483,440
Rieteba-Nyanguru Rd	Rieteba	2,922,788	2,770,657
Riobaga, Rianyakundi, Rianyambariga, Rianyansimera/Misabisabi, Riatrimba/Matibo, Riorogo, Riongeri, Getare		1,939,500	939,500
Riokindo Masabo Rd.	Riokinda	3,500,000	1,000,000
Riokong'O-Getare Sda Church-Ritembu Mkt	Riokong'o	3,000,000	2,834,344
Riongwacho-Ebate Rd.	Riongwacho	3,500,000	1,000,000
Riongwae-Riamiregwa-Nyataro	Riongwae	3,000,000	1,941,412
Riorori – Gesusu Hospital – Gesusu Dispensary - Rianyambeche	Riorori	3,000,000	2,795,600
Riosoro-Ebuti-Nyansira	Riosoro	3,500,000	2,000,000
Routine Maintenance of Moticho Rd	Moticho	2,700,000	1,499,192

Report of the Auditor-General on County Executive of Kisii for the year ended 30 June, 2021

Project Name	Project Location	Annual Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)
Sasati – Moreremi Mkt	Sasati	3,000,000	2,739,746
Sewerline Connection at The Main State Lodge		3,274,000	2,274,249
Sister Michael Sec.-Cllr. Omayo Rd.	Sister Michaelaella	3,500,000	1,000,000
Soko-Kanyimbo-Isambo-Obwari-Itumbe-Tonga- Ngokoro	Soko	4,997,300	4,106,632
Sugubo Junction-Naikuru Sec.- Riamoroga-Keera Rd.	Sugubo	3,500,000	1,000,000
Suguta-Nyagemi	Suguta	3,500,000	2,546,363
Supply and Delivery of Tea Seedlings Clone 430/89	All 45 wards	2,406,250	1,794,000
Supply and Delivery of Tissue Culture Banana Seedlings	Hdqs	2,301,750	1,653,850
Supply and Delivery of Tree Seedlings		1,078,000	799,600
Supply and Delivery of Veterinarian Supplies	All 45 wards	4,995,500	1,756,310
Supply and Delivery of VTC Learning Equipments	Hqs	10,000,000	3,034,500
Supply and Delivery of Assorted Equipment for Marani Level 4 Hospital		15,098,716	5,000,000
Supply and Installation of Solar Power Back Up System	Hdqs	2,100,000	1,956,549
Supply, Installation and Configuration of Structured Local Area Network Infrastructure at Sub County Health Facilities	Hdqs	6,723,876	6,723,876
Tabaka Culture Hall	Kenyenyia	4,303,332	1,000,000
Wood Joinery and Fittings to The Main Pavillion Changing Rooms, Doctors Room and Referee Rooms	Gusii stadium	2,151,800	500,000
Total		1,325,377,106	637,056,450

COUNTY EXECUTIVE OF KISII
Annual Report and Financial Statements
For the year ended June 30, 2021.

7. FINANCIAL STATEMENTS

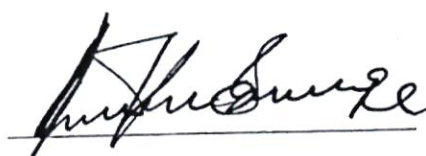
7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

		2020-2021	2019-2020
	Notes	Kshs	Kshs
RECEIPTS			
Exchequer releases	1	8,972,275,529	7,533,884,854
Proceeds from Domestic and Foreign Grants	2	685,660,452	401,068,449
Transfers from Other Government Entities	3	372,418,644	322,627,955
County Own Generated Receipts	4	399,505,292	478,209,672
Returned CRF issues	5	6,691,939	8,096,020
TOTAL RECEIPTS		10,436,551,856	8,743,886,950
PAYMENTS			
Compensation of Employees	6	4,821,422,299	4,454,073,166
Use of goods and services	7	1,164,572,560	1,609,492,141
Transfers to Other Government Units	8	962,258,658	889,281,590
Other grants and transfers	9	1,323,110,110	476,993,225
Acquisition of Assets	10	1,582,494,457	1,968,476,289
Other Payments	11	-	146,990,942
TOTAL PAYMENTS		9,853,858,083	9,545,307,352
SURPLUS/DEFICIT		582,693,773	(801,420,403)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on **14th March 2022** and signed by:



Chief Officer
Name: Wilfred O. Auma



Head of Accounting Services
Name: CPA Obwoye O. Lukio
ICPAK Member Number: 21363

COUNTY EXECUTIVE OF KISII
Annual Report and Financial Statements
For the year ended June 30, 2021.

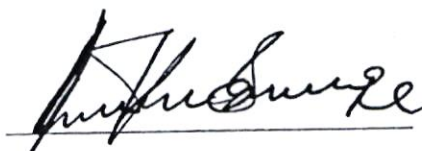
7.2. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

		2020-2021	2019-2020
	Notes	Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12	1,364,918,380	720,455,476
Total Cash and cash equivalent		1,364,918,380	720,455,476
TOTAL FINANCIAL ASSETS		1,364,918,380	720,455,476
FINANCIAL LIABILITIES			
Accounts Payables	13	162,720,325	94,259,255
NET FINANCIAL ASSETS		1,202,198,055	626,196,220
REPRESENTED BY			
Fund balance b/fwd	14	626,196,221	1,435,712,644
Prior year adjustments	15	(6,691,939)	(8,096,020)
Surplus/Deficit for the year		582,693,773	(801,420,403)
NET FINANCIAL POSITION		1,202,198,055	626,196,220

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on **14th March 2022** and signed by:



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COUNTY EXECUTIVE OF KISHII
Annual Report and Financial Statements
For the year ended June 30, 2021.

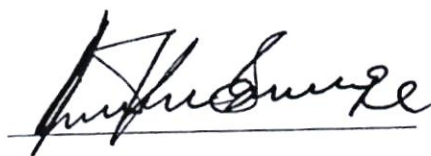
7.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021.

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Receipts from operating income			
Exchequer Releases	1	8,972,275,529	7,533,884,854
Proceeds from Domestic and Foreign Grants	2	685,660,452	401,068,449
Transfers from Other Government Entities	3	372,418,644	322,627,955
County Own Generated Receipts	4	399,505,292	478,209,672
Returned CRF issues	5	6,691,939	8,096,020
Payments for operating expenses			
Compensation of Employees	6	(4,821,422,299)	(4,454,073,166)
Use of goods and services	7	(1,164,572,560)	(1,609,492,141)
Transfers to Other Government Units	8	(962,258,658)	(889,281,590)
Other grants and transfers	9	(1,323,110,110)	(476,993,225)
Other Payments	11	-	(146,990,942)
Adjusted for:			
Increase/(Decrease) in Accounts Payables	16	68,461,070	64,974,387
Return to CRF issues	17	(6,691,939)	(8,096,020)
Net cash flow from operating activities		2,226,957,361	1,223,934,252
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10	(1,582,494,457)	(1,968,476,289)
Net cash flows from Investing Activities		(1,582,494,457)	(1,968,476,289)
NET INCREASE IN CASH AND CASH EQUIVALENTS		644,462,904	(744,542,036)
Cash and cash equivalents at BEGINNING of the year Ended 30 th June,2020	12	720,455,476	1,464,997,512
Cash and cash equivalents at END of the year 30th June,2021	12	1,364,918,380	720,455,476

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on **14th March 2022** and signed by:



Chief Officer
Name: Wilfred O. Auma



Head of Accounting Services
Name: CPA Obwoye O. Lukio
ICPAK Member Number: 21363

COUNTY EXECUTIVE OF KISII
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7.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS						
Exchequer releases	10,474,614,839	-31,650,000	10,442,964,839	8,972,275,529	1,470,689,310	86%
Proceeds from Domestic and Foreign Grants	1,099,397,411	46,716,158	1,146,113,569	685,660,452	460,453,117	60%
Transfers from Other Government Entities	425,510,593	-	425,510,593	372,418,644	53,091,949	88%
County Own Generated receipts	650,000,000	-	650,000,000	399,505,292	250,494,708	61%
Return issues to CRF	6,691,939	-	6,691,939	6,691,939	-	100%
TOTAL RECEIPTS	12,656,214,782	-31,650,000	12,671,280,940	10,436,551,856	2,234,729,084	82%
PAYMENTS						
Compensation of Employees	5,302,896,630	(185,182,279)	5,117,714,351	4,821,422,299	296,292,052	94%
Use of goods and services	1,705,686,908	45,204,619	1,750,891,527	1,164,572,560	586,318,967	67%
Transfers to Other Government Units	1,173,082,040	(151,831,072)	1,021,250,968	962,258,658	58,992,310	94%
Other grants and transfers	2,048,762,838	(10,230,119)	2,038,532,719	1,323,110,110	715,422,609	65%
Acquisition of Assets	2,425,786,366	317,105,009	2,742,891,375	1,582,494,457	1,160,396,918	58%
TOTAL PAYMENTS	12,656,214,782	15,066,158	12,671,280,940	9,853,858,083	2,817,422,857	78%
SURPLUS/(DEFICIT)				582,693,773	(582,693,773)	

Budget Notes

- a) Exchequer releases underutilization by 14% was as a result of delay in disbursement of funds.
b) Proceed from domestic and foreign grants was underutilized by 40% due to non-disbursement of KDSP Level II

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- c) Transfers from Other Government Entities was underutilized by 12% due to delayed disbursement of road maintenance fuel levy funds
- d) County Own Generated Receipts underutilization by 39% was as a result of the waivers given to the businesses due to the Covid-19 pandemic.
- e) Use of goods and services underutilization by 33% was as a result of delay in disbursement of funds.
- f) Other Grants and Transfers underutilization by 35% was as a result of delay in disbursement of funds.
- g) Acquisition of assets underutilization by 42% was as a result of delay in disbursement of funds.

The County Executive's financial statements were approved **14th March 2022** and signed by:



Chief Officer
Name: Wilfred O. Auma



Head of Accounting Services
Name: CPA Obwoye O. Lukio
ICPAK Member Number: 21363

COUNTY EXECUTIVE OF KISII
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7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FOR THE YEAR ENDED 30TH JUNE, 2021

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS						
Exchequer releases	7,741,937,121	(115,566,190)	7,626,370,931	7,086,275,301	540,095,630	93%
Proceeds from Domestic and Foreign Grants	203,975,220	-	203,975,220	165,805,723	38,169,497	81%
Transfers from Other Government Entities	84,165,000	-	84,165,000	84,165,000	-	100%
County Own Generated receipts	650,000,000	-	650,000,000	399,505,292	250,494,708	61%
Return CRF issues	46,426	-	46,426	46,426	-	100%
TOTAL RECEIPTS	8,680,123,767	(115,566,190)	8,564,557,577	7,735,797,742	828,759,835	90%
PAYMENTS						
Compensation of Employees	5,302,896,630	(185,182,279)	5,117,714,351	4,821,422,299	296,292,052	94%
Use of goods and services	1,646,686,908	45,204,619	1,691,891,527	1,111,708,960	580,182,567	66%
Transfers to Other Government Units	992,528,597	(28,831,072)	963,697,525	915,313,248	48,384,277	95%
Other grants and transfers	555,851,632	63,575,000	619,426,632	307,146,559	312,280,073	50%
Acquisition of Assets	182,160,000	(10,332,458)	171,827,542	118,321,231	53,506,311	69%
TOTAL PAYMENTS	8,680,123,767	(115,566,190)	8,564,557,577	7,273,912,296	1,290,645,281	85%
SURPLUS/(DEFICIT)	-	-		461,885,446	461,885,446	

Budget Notes

- Proceed from domestic and foreign grants was underutilized by 19% due to non-disbursement of KDSP Level II and Urban development Grant
- County Own Generated Receipts underutilization by 39% was as a result of the waivers given to the businesses due to the Covid-19 pandemic.
- Use of goods and services underutilization by 34% was as a result of delay in disbursement of funds.

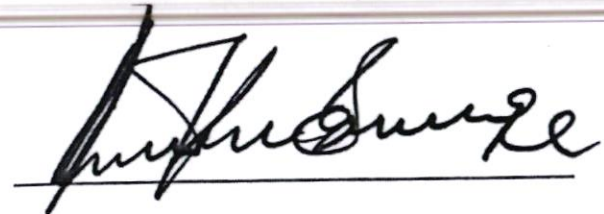
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- d) Other Grants and Transfers underutilization by 50% was as a result of delay in disbursement of funds.
- e) Acquisition of assets underutilization by 31% was as a result of delay in disbursement of funds.

The County Executive's financial statements were approved **14th March 2022** and signed by:



Chief Officer
Name: Wilfred O. Auma



Head of Accounting Services
Name: CPA Obwoye O. Lukio
ICPAK Member Number: 21363

COUNTY EXECUTIVE OF KISII
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7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE, 2021

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	2,733,684,264	83,916,190	2,817,600,454	1,886,000,228	931,600,226	67%
Proceeds from Domestic and Foreign Grants	894,415,645	46,716,158	941,131,803	519,854,729	421,277,074	55%
Transfers from Other Government Entities	341,345,593	-	341,345,593	288,253,644	53,091,949	84%
Return CRF issues	6,645,513	-	6,645,513	6,645,513	-	100%
TOTAL RECEIPTS	3,976,091,015	130,632,348	4,106,723,363	2,700,754,114	1,405,969,249	66%
PAYMENTS						
Use of goods and services	59,000,000	-	59,000,000	52,863,600	6,136,400	90%
Transfers to Other Government Units	180,553,443	(123,000,000)	57,553,443	46,945,410	10,608,033	82%
Other grants and transfers	1,492,911,206	(73,805,119)	1,419,106,087	1,015,963,551	403,142,536	72%
Acquisition of Assets	2,243,626,366	327,437,467	2,571,063,833	1,464,173,226	1,106,890,607	57%
TOTALS PAYMENTS	3,976,091,015	130,632,348	4,106,723,363	2,579,945,787	1,526,777,576	63%
SURPLUS/(DEFICIT)	-	-	-	120,808,327	(120,808,327)	

Budget Notes

- Exchequer releases underutilization by 33% was as a result of delay in disbursement of funds.
- Proceed from domestic and foreign grants was underutilized by 45% due to non-disbursement of KDSP Level II
- Transfers from Other Government Entities was underutilized by 16% due to delayed disbursement of road maintenance fuel levy funds
- Other Grants and Transfers underutilization by 28% was as a result of delay in disbursement of funds.

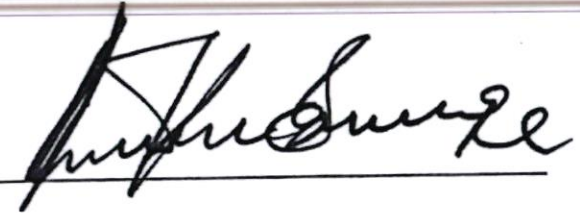
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e) Acquisition of assets underutilization by 43% was as a result of delay in disbursement of funds.

The County Executive's financial statements were approved on **14th March 2022** and signed by:



Chief Officer
Name: Wilfred O. Auma



Head of Accounting Services
Name: CPA Obwoye O. Lukio
ICPAK Member Number: 21363

COUNTY EXECUTIVE OF KISII
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7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30TH JUNE, 2021

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
County Administration					
Administration, planning and support services	579,211,277	450,000	579,661,277	493,677,557	85,983,720
devolved units services	45,144,044	197,000	45,341,044	15,628,363	29,712,681
Human Resource development	8,000,000	3,831,072	11,831,072	5,519,360	6,311,712
Enforcement services	12,800,000	(608,690)	12,191,310	8,370,115	3,821,195
Stakeholder management	14,925,000	(950,000)	13,975,000	9,864,245	4,110,755
public participation and civic Education	15,075,000	(500,000)	14,575,000	7,515,600	7,059,400
disaster management	14,804,282	2,186,470	16,990,752	4,994,620	11,996,132
Fleet management	22,000,000	(5,000,000)	17,000,000	16,119,594	880,406
Sub-total	711,959,603	(394,148)	711,565,455	561,689,454	149,876,001
Finance and Economic Planning					
Administration, coordination and support services	924,750,533	43,100,000	967,850,533	835,437,553	132,412,980
public financial management services	77,075,000	3,000,000	80,075,000	56,222,470	23,852,530
county planning services	192,656,938	15,000,770	207,657,708	154,327,389	53,330,319
Sub-total	1,194,482,471	61,100,770	1,255,583,241	1,045,987,412	209,595,829
County executive & public service board					
administration, planning and support services	388,699,172	95,523	388,794,695	313,113,264	75,681,431
office of the county secretary	29,520,000	1,200,000	30,720,000	16,900,939	13,819,061

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Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
legal services	14,500,000	6,000,000	20,500,000	8,493,498	12,006,502
communication services	9,250,000	16,500,000	25,750,000	7,911,799	17,838,201
special programmes	6,950,000	(500,000)	6,450,000	3,899,460	2,550,540
public private partnership	3,400,000	-	3,400,000	3,280,000	120,000
Advisory services	3,250,000	-	3,250,000	2,544,600	705,400
Chief of staff		3,000,000	3,000,000	1,752,000	1,248,000
County public service Board	30,120,200	2,827,726	32,947,926	19,274,882	13,673,044
Sub-total	485,689,372	29,123,249	514,812,621	377,170,442	137,642,179
Roads public works and transport					
general administration and planning services	125,540,000	8,850,000	134,390,000	105,943,560	28,446,440
roads development	1,052,778,254	198,136,534	1,250,914,788	847,189,503	403,725,285
public works	102,305,555	2,790,028	105,095,583	50,692,045	54,403,538
housing services	5,500,000	1,500,000	7,000,000	-	7,000,000
Sub-total	1,286,123,809	211,276,562	1,497,400,371	1,003,825,108	493,575,263
County Health					
medical services	4,567,670,274	(296,586,472)	4,271,083,802	3,557,119,975	791,048,995
public health	91,450,000	(4,800,000)	86,650,000	45,812,317	40,837,683
Sub-total	4,659,120,274	(301,386,472)	4,357,733,802	3,602,932,292	831,886,678
Education,& Manpower Development					
general administration and planning services	619,277,713	1,500,000	620,777,713	435,313,510	185,464,203
early childhood development education	60,793,940	4,000,000	64,793,940	16,761,992	48,031,948
vocational training	81,549,094	10,000,000	91,549,094	75,110,524	16,438,570

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Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Sub-total	761,620,747	15,500,000	777,120,747	527,186,026	249,934,721
Agriculture, Livestock, Fisheries & co-operate Development					
administrative and support services	315,066,818	43,236,031	358,302,849	371,113,378	(12,810,529)
crop development and value addition	423,255,789	(24,986,031)	398,269,758	338,652,744	59,617,014
livestock development	46,300,000	6,612,813	52,912,813	49,098,280	3,814,533
veterinary services	175,500,000	21,000,000	196,500,000	187,428,846	9,071,154
co-operative development and management	3,350,000	-	3,350,000	1,574,000	1,776,000
fisheries development	48,050,000	12,000,000	60,050,000	18,954,487	41,095,513
Kisii agricultural training center	9,900,000	7,000,000	16,900,000	8,651,435	8,248,565
Sub-total	1,021,422,607	64,862,813	1,086,285,420	975,473,170	110,812,250
Energy, Water, Environment & Natural resources					
administration and planning services	115,394,842	(4,550,000)	110,844,842	96,205,195	14,639,647
water and sanitation services	270,312,875	24,778,298	295,091,173	186,516,751	108,574,422
environment management	17,000,000	-	17,000,000	6,695,100	10,304,900
energy services	3,810,500	-	3,810,500	-	3,810,500
Sub-total	406,518,217	20,228,298	426,746,515	289,417,046	137,329,469
Culture & Social services					
administration and planning services	59,206,460	250,000	59,456,460	41,469,230	17,987,230
sports development	127,595,581	68,370,000	195,965,581	99,746,693	96,218,888

COUNTY EXECUTIVE OF KISHI**Annual Report and Financial Statements****For the year ended June 30, 2021.**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
cultural services	20,559,921	-	20,559,921	6,365,390	14,194,531
social development	3,300,000	-	3,300,000	1,701,332	1,598,668
Sub-total	210,661,962	68,620,000	279,281,962	149,282,645	129,999,317
Land Physical Planning & Urban Development					
administration, planning and support services	70,507,240	4,850,000	75,357,240	58,716,143	16,641,097
land use services	54,800,000	(4,172,085)	50,627,915	25,787,386	24,840,529
urban development	56,583,915	5,972,085	62,556,000	23,988,157	38,567,843
Sub-total	181,891,155	6,650,000	188,541,155	108,491,686	80,049,469
Trade, Development & Regulations					
administration and planning services	186,085,479	(11,100,000)	174,985,479	75,270,297	99,715,182
tourism development	8,750,000	(1,000,000)	7,750,000	2,383,192	5,366,808
weights and measures	1,700,000	-	1,700,000	1,417,200	282,800
liquor licensing	1,200,000	-	1,200,000	703,600	496,400
betting and gaming	4,000,000	(150,000)	3,850,000	2,614,620	1,235,380
Sub-total	201,735,479	(12,250,000)	189,485,479	82,388,909	107,096,570
Kisii Town					
general administration, planning and support services	127,905,459	(11,150,000)	116,755,459	66,006,767	50,748,692
infrastructure development	234,001,587	14,716,158	248,717,745	101,754,438	146,963,307
Sub-total	361,907,046	3,566,158	365,473,204	167,761,205	197,711,999
County Assembly					
Office of the speaker	18,090,000	(4,600,000)	13,490,000	6,557,182	6,932,818
Representation, legislative and	185,071,420	7,329,647	192,401,067	185,785,657	6,615,410

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For the year ended June 30, 2021.

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
oversight services					
county assembly service board	969,920,620	(154,560,719)	815,359,901	769,909,849	45,450,052
Sub-total	1,173,082,040	(151,831,072)	1,021,250,968	962,252,688	58,998,280
GRAND TOTAL	12,656,214,782	15,066,158	12,671,280,940	9,853,858,083	2,894,508,025



7.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Executive 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 Executive. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

i) Tax receipts

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

ii) Transfers from the Exchequer

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

COUNTY EXECUTIVE OF KISII
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iii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the Executive or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the County Executive or any other debt the County Executive may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans. The amount of undrawn external assistance for the year is detailed in the notes to the financial statements.

iv) County Own Generated Receipts

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

v) Returns to CRF Issues

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

b) Recognition of payments

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

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the County Executive 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 Executive 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.

a) Third Party Payments

This relates to payments done directly to supplier on behalf of the county Executives 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 Executive is detailed in the notes to this financial statement.

COUNTY EXECUTIVE OF KISII
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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and cash equivalents

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

a) 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 2020, this amounted to KShs 94,259,255 compared to KShs29, 284,868 in prior period as indicated on note 27.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of

COUNTY EXECUTIVE OF KISII
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SIGNIFICANT ACCOUNTING POLICIES (Continued)

cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the County Executive at the end of the year.

Pending bills form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Contingent Liabilities

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

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, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The County Executive 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.

COUNTY EXECUTIVE OF KISII
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SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Contingent Assets

The County Executive 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 County Executive 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.

12. 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 30th June, 2020 for the period 1st July 2020 to 30 June 2021 as required by law. There was one supplementary budget passed in the year approved on 18th February, 2021. 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.

13. Comparative figures

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

14. Subsequent events

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

15. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by:

- i. restating the comparative amounts for prior period(s) presented in which the error occurred; or
- ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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16. Related party transactions

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

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7.9. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES

	2020-2021	2019-2020
	Kshs	Kshs
Total Exchequer Releases for quarter 1	669,587,400	-
Total Exchequer Releases for quarter 2	2,569,347,000	-
Total Exchequer Releases for quarter 3	2,138,558,236	-
Total Exchequer Releases for quarter 4	3,594,782,893	-
Total	8,972,275,529	7,533,884,853

1A: Equitable share

Description	2020-2021	2019-2020
	Kshs	Kshs
Total Equitable Share for quarter 1	669,587,400	1,354,746,600
Total Equitable Share for quarter 2	2,569,347,000	1,401,462,000
Total Equitable Share for quarter 3	1,946,475,000	2,218,981,500
Total Equitable Share for quarter 4	3,369,293,875	2,141,122,500
Total	8,554,703,275	7,116,312,600

The Quarter 4 figures of Kshs. 3,369,293,875 include 33,464,154, Kshs. 661,801,500 and Kshs. 65,751,721 being Cash in Transit.

1B: Level 5 Hospitals Allocation

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers for level 5 hospitals	417,572,254	417,572,254
Total	417,572,254	417,572,254

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Proceeds from Domestic and foreign grants received through exchequer		
DANIDA - Universal Healthcare in Devolved Units Programme	22,140,000	31,543,750
World Bank – THUSCP	33,726,726	44,696,901
National Agricultural & Rural Inclusive Growth Project (NARIGP)	248,356,456	206,279,125
Agriculture Sector Development Support Project (ASDSP)	13,686,008	17,856,378
Kenya Devolution Support Programme-Level I	45,000,000	-
Kenya Devolution Support Programme-Level II	30,000,000	-
Kenya Urban Support Programme/UDG	141,565,437	-
EU- IDEAS	45,696,934	-
Urban Institutional Grant	8,800,000	-
User Fee Foregone	26,138,997	26,138,997
Youth Polytechnic support grant	70,549,894	74,553,298
Total	685,660,452	401,068,449

Note:

- An amount of Kshs 45,000,000 and Kshs 30,000,000 related to KDSP for the current and previous year but received in the year under review.
- An amount of Kshs 141,565,437 related to Urban Development Grant (UDG) of Kshs 117,337,642 and Kshs 24,227,795 for FY2019/2020 and FY2020/2021 received in the current year
- An amount of Kshs 45,696,934 relates to EU-IDEAS budgeted in FY2019/2020 but received current year under review
- An amount of Kshs 8,800,000 relates to Urban Institutional Grant (UIG) budgeted in the FY2019/2020 but received in the current year under review.
- In the prior year, the figure of Kshs.401,068,449 was accounted for under exchequer releases together with Equitable Share and Level 5 Hospitals Allocation. However, in the year under review, Proceeds from Domestic and Foreign Grants item is reported separately and therefore the prior year's Exchequer Releases balance of Kshs.7,533,884,853 has been split accordingly into Exchequer Releases and Proceeds from Domestic and Foreign Grants for comparison purposes.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers from Central Government entities		
Road maintenance levy fund	288,253,644	165,755,955
Frontline workers allowance-GOK	84,165,000	-
MOH Funding	-	156,872,000
TOTAL	372,418,644	322,627,955

Note:

An amount of Kshs 372, 418,644 comprise of Kshs 288,253,644 and Kshs 84,165,000 from Kenya roads board for maintenance of roads and Ministry of health for frontline workers allowance during COVID-19. Further Kshs 288,253,644 comprises of Kshs 55,251,983 and Kshs 233,001,661 for FY2019/2020 and 2020/2021 received in the year under review.

4. COUNTY OWN GENERATED RECEIPTS

	2020 – 2021	2019 – 2020
	Kshs	Kshs
Property rates	14,986,188	6,662,089
Property rates arrears		3,515,267
Business Permits Current Year	117,313,987	65,516,667
Fruits & Vegetables / Produce Cess	8,581,459	-
Plot Transfer Fee		22,500
Miscellaneous income	9,000	5,518,963
Impounding Charges		3,196,206
Sand, Gravel, and Ballast Extraction Fees		184,320
Quarry Extraction Fees		32,000
County Premises Monthly Rent (Offices, etc.)	6,234,170	80,000
Market Entrance / Gate Fee	39,329,780	62,362,603
Market Plots Rent	7,139,186	2,476,514
Market Stalls Rent		5,207,338
Enclosed Bus Park Fee	35,629,100	53,802,520
Motorcycle parking stickers	8,497,827	19,440,120
Street Parking Fee	42,193,500	33,935,860
Clamping Fine		18,000
Social Hall Hire	45,000	246,000
Stadium Hire	15,000	416,000

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	2020 – 2021	2019 – 2020
	Kshs	Kshs
Slaughtering Fee	467,000	-
Buildings Plan Approval Fee	44,463,797	24,452,100
Sign Boards & Advertisement Fee	44,516,715	31,629,751
Fire-Compliance Fee	22,040,284	10,321,300
Administration Service fee	3,619,690	-
Environmental fees and charges	1,933,000	
Weight and Measures	492,420	
Sales of fingerlings	817,508	
Public Health facility Operation (FIF)		145,058,497
Revenue from Agricultural Training Centre	1,180,681	1,919,282
Devolved function revenues		2,195,775
TOTAL	399,505,292	478,209,672

Note: Significant decrease of County own generated revenues from Kshs 478,209,672 in the previous year to Kshs 399,505,292 in the financial year under audit was occasioned by exclusion of Facility Improvement Fund collection since it prepares separate set of accounts following the enactment of The Kisii County Health Facilities Improvement Fund Act 2020 .

5. RETURNED CRF ISSUES

Details	2020-2021	2019-2020
	Kshs	Kshs
Recurrent account A/C 1000170395	1,268	480,578
Development account A/C 1000170425	6,645,513	7,615,442
Assembly recurrent A/C 1000241373	45,159	-
Total	6,691,939	8,096,020

Note: Return to CRF figure Kshs6,691,939 relates to unspent balances as at 30/6/2020. This amount comprises of Kshs 1,268 and Kshs 6,645,513 for Recurrent and Development accounts for County Executive, Kshs 45,159 and Kshs 0.2for County Assemble recurrent and Development Accounts. The amounts were re-budgeted in the Financial Year 2020/2021 as unspent balances.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. COMPENSATION OF EMPLOYEES

	2020– 2021	2019– 2020
	Kshs	Kshs
Basic salaries of permanent employees	3,046,132,414	2,686,308,160
Basic wages of temporary employees	-	19,998,290
Personal allowances paid as part of salary	1,599,654,377	1,561,836,345
Personal allowances paid as reimbursements	117,343	9,087,021
Employer Contribution to compulsory National Social Schemes	175,518,164	176,843,350
Total	4,821,422,299	4,454,073,166

Note:

- The significant decrease of basic wages for temporary employee from previous year figure of Kshs.19,998,290 to Kshs 0 in the financial year under review was occasioned by exclusion of Facility Improvement Fund expenditure which prepares its set of accounts and separately audited following the enactment of The Kisii County Health Facilities Improvement Fund Act 2020.
- The decrease in personal allowance paid as reimbursement figure of Kshs. 9,087,021 was for yearly reimbursement of telephone and nurses uniform allowances. However, in the year under review, nurses' uniform was not paid. Only Kshs.117,343 for telephone allowances was paid.
- The number of staff increased from 5713 in the FY 2019/2020 to 5917 employees in the FY 2020/2021.

7. USE OF GOODS AND SERVICES

	2020 – 2021	2019 – 2020
	Kshs	Kshs
Utilities, supplies and services	54,303,834	41,710,435
Communication, supplies and services	10,705,338	13,489,202
Domestic travel and subsistence	275,039,370	336,087,973
Foreign travel and subsistence	11,960,112	43,154,384
Printing, advertising and information supplies & services	30,153,159	59,433,523
Rentals of produced assets	2,340,300	6,599,310
Training expenses	45,844,180	40,647,924
Hospitality supplies and services	50,230,969	98,371,302
Insurance costs	179,042,540	137,521,780
Specialized materials and services	224,224,061	409,924,172
Office and general supplies and services	28,966,816	46,293,472
Other operating expenses	129,713,620	207,516,295
Routine maintenance – vehicles and other transport	21,634,300	21,735,512

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	2020 – 2021	2019 – 2020
	Kshs	Kshs
equipment		
Fuel, oil and lubricants	39,446,842	44,231,464
Routine maintenance – other assets	60,967,118	102,775,393
Total	1,164,572,560	1,609,492,141

8. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020 - 2021	2019 – 2020
	Kshs	Kshs
Transfers to County Government entities		
County Assembly	962,258,658	889,281,590
Total	962,258,658	889,281,590

Note. An amount of Kshs 962,258,658 was a transfer to the County Assembly being part of their equitable share to fund county assembly operation as required by Law.

9. OTHER GRANTS AND PAYMENTS

	2020 – 2021	2019 – 2020
	Kshs	Kshs
Emergency relief and refugee assistance	14,000,000	12,000,000
KUSP	117,337,642	41,200,000
SIDA/ASDSP	21,053,765	9,953,917
Village Youth Polytechnic	96,511,173	60,979,423
EU IDEAS	27,102,579	27,137,826
UHC	11,070,000	49,988,786
DANIDA	19,645,000	25,068,750
NARIGP	278,666,987	224,525,526
User Fee/HSSF	26,138,997	26,138,997
Conditional grants to Level 5	322,041,669	-
KDSP	129,817,735	-
COVID- 19	146,283,314	-
Health system for universal care	25,367,915	-
Support to farmers	23,432,000	-
Other transfers	50,000	-
KUSP/UIG	8,800,000	-
Payables from previous periods KRA	55,791,333	-
Total	1,323,110,110	476,993,225

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note:

- i) Kenya Urban Support Program (KUSP) is a Grant to Kisii Municipality meant to support infrastructure development around the municipality.
- ii) SIDA/ASDSP is a Grant to the department of Agriculture, Livestock, Fisheries and Cooperative Development meant to support agriculture extension through trainings.
- iii) Village Youth polytechnic Grant is a Grant to the department of Education and Manpower Development and is a transfer to VTC's as capitation fees.
- iv) UHC Grant is a Grant to the department of Health Services and meant to support Level 2 and 3 hospitals operations.
- v) Conditional grant to Level 5 is a Grant to the department of Health Services meant to support infrastructure development of Kisii Level 5 hospital.
- vi) KDSP is a Grant to the department of Health Services meant to support Infrastructure development of various hospitals across the County.
- vii) COVID-19 Grant is a Grant to the department of Health Services meant to support the fight against COVID-19 pandemic.
- viii) Health system for universal care is a conditional grant to the department of Health Services meant to support primary health care
- ix) Support to farmers is a subsidies program under the department of Agriculture, Livestock, Fisheries and Cooperative Development.
- x) Donations were under department of Education and manpower development to support ECDE learning program.
- xi) Payables from previous periods relate to payments of arrears to KRA.

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10. ACQUISITION OF ASSETS

Non- Financial Assets	2020 - 2021	2019 - 2020
	Kshs	Kshs
Construction of Buildings	98,129,152	187,392,664
Refurbishment of Buildings	10,957,400	16,366,514
Construction of Roads	510,860,009	396,132,817
Construction and Civil Works	349,980,643	784,167,460
Overhaul and Refurbishment of Construction and Civil Works	349,909,718	246,449,083
Purchase of Vehicles and Other Transport Equipment	1,950,000	8,498,000
Purchase of Household Furniture and Institutional Equipment	3,000,000	-
Purchase of Office Furniture and General Equipment	49,792,884	47,448,282
Purchase of Specialized Plant, Equipment and Machinery	63,380,958	90,148,041
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	4,322,680
Purchase of Certified Seeds, Breeding Stock and Live Animals	140,163,065	125,756,988
Research, Studies, Project Preparation, Design & Supervision	1,500,000	34,197,750
Rehabilitation of Civil Works	2,870,629	20,596,010
Acquisition of Land	-	7,000,000
Total acquisition of assets	1,582,494,457	1,968,476,289

11. OTHER PAYMENTS

	2020 - 2021	2019 - 2020
	Kshs	Kshs
Kenya Revenue Authority	-	146,990,942
Total	-	146,990,942

Other payments of Kshs 55,791,333 related to payments of tax arrears for the previous year paid to KRA during the year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CASH AND BANK BALANCES

12A. BANK BALANCES

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2020 – 2021	2019 – 2020
		Kshs	Kshs
CBK Revenue Fund A/c No 1000170565	CRF	929,801,754	225,205,386
CBK Development A/c No 1000170425	Development	2,173,801	6,645,513
CBK Recurrent A/c No 1000170395	Recurrent	1,451	1,268
CBK Retention, A/c No 1000276681	Deposits	162,720,325	94,259,255
CBK Road M. Levy A/c No 1000276697	Fuel Levy	48,848,236	48,742,842
CBK Maternity Fund A/c No 1000276703	Maternity	172,489	172,489
CBK Universal Health Care A/C No. 1000368567	Universal Health Care	3,824,875	4,832,356
CBK Village Youth Polytechnic A/C No. 1000368578	Village Youth Polytechnic	749,077	561,112
CBK EU Grant A/C No. 1000394013	Grant	696	1,200
CBK Kisii county Agric& Rural Growth A/C No.1000365544	Development	1	-
KCB Revenue collection, Kisii Branch, A/c No1140758519	Revenue	33,781,135	17,083,491
KCB Masimba Hospital, Kisii Branch A/c No.1102022888	FIF		1
KCB Ibacho, Hospital, Kisii Branch A/c No.1109472706	FIF		110,949
KCB Ibeno Hospital, Kisii Branch A/c No. 1117448010	FIF		1
KCB Gesusu Hospital, Kisii Branch A/c No. 1102016942	FIF		1
KCB Gucha South Hospital, Kisii Branch A/c No. 1102030139	FIF		1
KCB Etago Hospital, Kisii Branch A/c No.1124844163	FIF		1
KCB Keumbu Hospital, Kisii branch	FIF		1

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Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2020 – 2021	2019 – 2020
A/c No. 1106481070			
KCB Kenyena hospital, Kisii Branch A/c No.1102026093	FIF		1
Chase NyaribariChabosansache Sub-County Health Kisii Branch A/c No. 252092856001	Imprest	317,374	317,374
KCB Oresi HC Kisii Branch A/c No. 1113168633	Recurrent		1
KCB Kisii County Imprest A/C Kisii Branch A/C No. 1235544745	Recurrent		13
Manyansi Vocational Training Centre A/C no. 1233603272	Recurrent	1,224,773	1,499,267
Entanke Vocational Training Centre A/C No.1233624873	Recurrent	818,956	1,606,135
Gotichaki Vocational Training Centre A/C No.1233625721	Recurrent	1,159,950	1,185,496
Kirwanda Vocational Training Centre A/C No.1233624695	Recurrent	1,145,595	2,484,006
Nyansembe Youth Polytechnic A/C No.510277307167	Recurrent	1,239,431	1,568,991
Masakwe Vocational TTTC A/C NO.1233605992	Recurrent	1,305,799	1,054,923
Nyachenge Vocational Training Centre A/C No.1233499041	Recurrent	772,415	986,929
Bosansa Vocational Training Centre A/C No.01139808194300	Recurrent	675,814	944,719
Ekioga Vocational Training Centre A/C No.1233499491	Recurrent	707,352	989,157
St. NgeriPolytechnic A/C No. 01139296807300	Recurrent	842,470	3,359,180
Itongo Vocational Training Centre A/C No.1233625217	Recurrent	676,179	813,822
KCB Nyagonyi Vocational Training Centre A/C No.1233598430	Recurrent	1,090,019	1,465,555
KCB Nyamondo Vocational Training Centre A/C No.1233625063	Recurrent	908,750	1,106,929
KCB Kenyena Vocational Training Centre A/C NO.1233496786	Recurrent	2,357,453	2,097,439

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Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2020 – 2021	2019 – 2020
Nyarenda Vocational Training Centre A/C No.1238170587	Recurrent	532,710	641,903
Nyachogochogo Vocational Training Centre A/C No.1233622285	Recurrent	771,986	998,443
Nyakoora Vocational Training Centre A/C No.1238158234	Recurrent	644,538	1,225,156
KCB Nyaore Vocational Training Centre A/C No. 1233624628	Recurrent	3,462,794	6,033,953
KCB Nyamagesa Vocational Training Centre A/C No. 1233506226	Recurrent	1,350,120	3,332,641
KCB Nyambogo Vocational Training Centre A/C No. 1233506773	Recurrent	700,484	1,325,013
KCB Moreremi Vocational Training Centre A/C No. 1233507494	Recurrent	1,042,695	1,458,275
KCB Riatirimba Vocational Training Centre A/C No. 1233505645	Recurrent	857,065	2,441,297
KCB Nyabiosi Vocational Training Centre A/C No. 1238227732	Recurrent	531,048	597,545
KCB Nyanguru Vocational Training Centre A/C No. 1233625411	Recurrent	744,182	992,423
KCB Irungu Vocational Training Centre A/C No. 1233599933	Recurrent	687,824	2,015,140
KCB Keumbu Vocational Training Centre A/C No. 1233927892	Recurrent	1,302,161	4,016,446
KCB Kiobegi Vocational Training Centre A/C No. 1233545590	Recurrent	593,720	1,005,689
KCB Mobamba Vocational Training Centre A/C No. 1233625268	Recurrent	620,886	485,074
KCB Gionseri Vocational Training Centre A/C No. 1233624059	Recurrent	858,794	994,377
KCB St. KizitoNyamagwa Youth Polytechnic A/C No. 1233443658	Recurrent	1,107,287	1,518,976
KCB Nyaburumbasi Vocational Training Centre A/C No. 1233624989	Recurrent	691,581	1,458,021

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Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2020 – 2021	2019 – 2020
KCB Enchori Youth Polytechnic A/C No. 1233396838	Recurrent	1,468,113	1,148,636
KCB Bombaba Vocational Training Centre A/C No. 1233625608	Recurrent	599,376	284,026
KCB Gesonso Vocational Training Centre A/C No. 1233625519	Recurrent	738,343	1,799,374
KCB ST. Joseph Etono DOK VTC A/C No. 1233608169	Recurrent	750,286	767,679
KCB ST. Joseph's Nyamesocho VCT A/C No. 1233608363	Recurrent	538,640	454,127
KCB Nyabinyinyi Vocational Training Centre A/C No. 1233624288	Recurrent	638,516	423,786
KCB Nyamiobo Vocational Training Centre A/C No. 1233624784	Recurrent	493,672	489,031
KCB Nyandusi Vocational Training Centre A/C No. 1233506439	Recurrent	430,282	905,258
KCB Getacho Vocational Training Centre A/C No. 1238101445	Recurrent	723,138	1,492,679
KCB Masongo Vocational Training Centre A/C No. 1233404008	Recurrent	653,778	1,076,908
KCB Ikorongo Vocational Training Centre A/C No. 1233507117	Recurrent	624,890	1,206,194
KCB Rianyoka Vocational Training Centre A/C No. 1233601644	Recurrent	596,852	2,161,157
KCB Riagabi Vocational Training Centre A/C No. 1233485318	Recurrent	661,279	1,524,975
KCB Genga Youth Vocational Training Centre A/C No. 1233401831	Recurrent	672,792	1,117,902
KCB Omosobwa Vocational Training Centre A/C No. 1233926985	Recurrent	526,306	614,392
KCB Raganga Vocational Training Centre A/C No. 1257034073	Recurrent	611,514	1,112,579
KCB Kimwasi Vocational Training Centre A/C No.1238100937	Recurrent	611,938	984,568
KCB Birongo PAG VTC A/C No.1233541455	Recurrent	419,075	410,640

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Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	2020 – 2021	2019 – 2020
KCB Kioge Vocational Training A/C No. 1238099750	Recurrent	742,832	849,361
KCB Nyatwoni Vocational Training A/C No.1275622542	Recurrent	450,191	-
NBK Agricultural Sector Development Support Programme A/C No. 01560209412700	Recurrent	17,623,882	21,490,730
NBK EU Ideas Led Banana Project A/C No. 01560206754600	Development	45,575,742	26,986,993
SBM Kisii County Imprest A/C No.0252376833001	Recurrent	1,307,241	-
NBK NARIGP Kisii County Operations A/C No.01560211819500	Development	31,918,954	45,473,928
KCB Kiogoro Sub County Hospital A/C No.1225471176	FIF	-	56
CBK Kisii County Devolution Support Programme A/C 1000433647	Recurrent	36,318,332	158,044,311
CBK Kisii County COVID-19 Emergency Fund A/C 1000459654	Recurrent	5,406,372	-
Total		1,364,918,380	720,455,476

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13. ACCOUNTS PAYABLE

	2020 - 2021	2019 - 2020
	Kshs	Kshs
Deposits	162,720,325	94,259,255
Total	162,720,325	94,259,255

14. FUND BALANCE BROUGHT FORWARD

	2020 - 2021	2019 - 2020
	Kshs	Kshs
Bank accounts	720,455,476	1,461,393,062
Cash in hand	-	3,604,450
Accounts Payables	(94,259,255)	(29,284,868)
Total	626,196,221	1,435,712,644

15. PRIOR YEAR ADJUSTMENTS

A prior period adjustment really applies to the correction of an error in the financial statements of a prior period.

	Balance b/f FY 2020/2021 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Return to CRF issues	6,691,939	-	6,691,939
Total	6,691,939	-	6,691,939

16. INCREASE/ (DECREASE) IN ACCOUNTS PAYABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Payables as at 1 st July (a)	94,259,255	29,284,868
Payables as at 30 th June (b)	162,720,325	94,259,255
Increase/ (Decrease) in payables c= b-a	68,461,070	64,974,387

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7.10. OTHER IMPORTANT DISCLOSURES

1. Pending Accounts Payable (See Annex 2)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	110,484,261	68,373,537	97,278,644	81,579,154
Construction of civil works	422,670,253	385,280,157	517,213,450	290,736,960
Supply of goods	193,146,294	166,029,072	180,618,181	178,557,185
Supply of services	197,656,173	277,262,026	300,707,206	174,210,993
Total	923,956,981	896,944,792	1,095,817,481	725,084,292

2. 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 Executive:

- i) Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments.
- ii) County Ministries and Departments.
- iii) The National Government.
- iv) Other County Governments Entities and
- v) State Corporations and Semi-Autonomous Government Agencies.

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OTHER IMPORTANT DISCLOSURES (Continued)

Related party transactions

	2020- 2021	2019- 2020
	Kshs	Kshs
Key Management Compensation (Governors, CEC Members and COs)	-	-
Transfers to related parties		
Transfer to the County Assembly	962,258,658	889,281,590
EU IDEAS	45,697,438	18,000,000
SIDA/ASDSP	19,186,008	23,356,378
NARIGP	271,856,456	213,467,456
Village Youth Polytechnic	69,800,023	127,471,245
Transfers to Kenya Urban Support Program-Development Grant	117,337,642	41,200,000
Transfers to Kenya Urban Support Program-Institutional Grant	8,800,000	
DANIDA	19,645,000	25,068,750
Emergency Fund	14,000,000	12,000,000
Universal Health Care	11,070,000	49,988,786
User Fee	26,138,997	26,138,997
Expenses paid on behalf of County Water Service Providers	-	13,200,000
Urban Institutional Grant		
Gusii Water and Sewerage Company (GWASCO)	25,943,150	
Total Transfers to related parties	1,591,733,372	1,439,173,202
Transfers from related parties		
Transfers from the Exchequer	9,657,935,981	7,934,953,303
Transfers from MDAs	372,418,644	322,627,955
Total Transfers from related parties	10,030,354,625	8,257,581,258

3. Establishment of other County Government Entities

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

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OTHER IMPORTANT DISCLOSURES (Continued)

Entity	Date Established/Date taken over	Location	Accounting Officer responsible
Gusii Water and Sewerage Company (GWASCO)	2006	Department of Water	Beatrice Moraa Ochoki
Kisii County Bursary Fund	2014	Department of Education	Dr. Doris Nyokangi
Alcoholic Drug Control	2015	Department of Trade	Biliah Mogaka
Demonstration Farm Fund	2013	Department of Agriculture	Naum Mokaya
Kisii Vet Development Fund	2013	Department of Veterinary	Dr. Alphanus Mokaya
Kisii Car and Mortgage Fund	2016	Department of Finance	Mr. Wilfred O. Auma
Kisii Emergency Fund	2016	Department of Stakeholder Mgt	Mr. Alex Nyamweya
Kisii Teaching and Referral Hospital Fund	2014	Department of Health	Alice Abuki
DANIDA Fund	2014	Department of Health	Alice Abuki
Kisii Municipal Board	2019	Kisii Urban Development	Mr. Nahason Onger

4. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances need to be disclosed at the end of the reporting period as below. Revenue collection accounts should be swept to CRF on reporting dates.

		2020 - 2021	2019 - 2020
Name of Bank, Account No. & currency	Amount in bank account currency*		
		Kshs	Kshs
CBK Kisii County Revenue Fund Account A/C 1000170565		929,801,754	225,205,386
KCB Kisii County Revenue Collection A/C 1140758519		33,781,135	17,083,491
Total		963,582,889	242,288,877

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5. Leasing of Medical Equipment

Amounts relating to leased medical equipment is included in the County Allocation Revenue Act and is budgeted for by the Counties. This amount is deducted at source and therefore not included in the exchequer. Since this is not a cash item, it is not included in the statement of receipts and payments. In the year 2020/2021 there were no amounts relating to leased medical equipment.

6. Covid- 19 Funds

Covid -19 Funds	2020-2021	2019-2020
	Kshs	Kshs
Receipts		
Receipts from the National Government to fight (Note 3)	-	156,872,000
Other donations for Covid-19 received directly (Note 2)	-	-
Others-Covid-19 allowances	84,165,000	-
Total Receipts	84,165,000	156,872,000
Payments		
Purchase of Covid 19 materials- masks, sanitizers etc	-	-
Purchase of beds and ICU units		
Subsidies to the community	-	-
Payment of hospital bills	-	-
Donations to schools and other institutions	-	-
Other expenses (specify)	-	-
Total payments	-	-
Balance in the covid- 19 Fund	5,406,372	

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8. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the Auditor-General in the prior year, and management comments that were provided to the auditor.

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)
REPORT ON THE FINANCIAL STATEMENTS				
Basis for Qualified Opinion				
1.0	Unsupported Pending Bills	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
2.0	Presentation and Disclosure of Prior Year Adjustments	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.0	Summary of Fixed Assets	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
Other Matter				
1.0	Budgetary Control and Performance	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
2.0	Late Exchequer Releases	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.0	Project Implementation Status	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.1	Budgeted Projects	The issue is being addressed since we received the Report	Not resolved	30-Jun-22

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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 the Auditor-General late		
3.2	Key Ongoing Projects	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
Basis for Conclusion				
1.0	Compensation of Employees	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
1.1	Non-Compliance with the Law on Wage Bill	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
1.2	Staff Recruitments	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
1.3	Employees Earning Below the Statutory Minimum	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
1.4	Shared Bank Accounts	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
1.5	Staff Ethnic Composition	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
2.0	Supply of Liquid Nitrogen Artificial Insemination Equipment, Veterinary Supplies Materials and Drugs	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.0	Acquisition of Assets	The issue is being addressed	Not resolved	30-Jun-22

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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)
		since we received the Report of the Auditor-General late		
3.1	Construction of Roads	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.1.1	Maintenance of Gianchere Secondary – Nyanturubo – Obichanga Road	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.1.2	Masakwe - Nyanchogu Road Drainage Works and Slope Protection	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.1.3	Rehabilitation of Kisii Main Stage – Gitare Road	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.2	Incomplete Construction of Ward Offices	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.3	Construction and Civil Works	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.3.1	Repair and Maintenance Isanta Box Culvert	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.3.2	Incomplete Construction of Ablution Block and Cabro Paving	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.3.3	Irregular award of Construction of Reproductive Health Unit	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22

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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)
3.3.4	Construction of Pavilion at Gusii Stadium	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.3.5	Stalled Construction of Marani Town Hall	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.3.6	Stalled Construction of Mosochi Town Hall	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.4	Overhaul and Refurbishment of Construction and Civil Works	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.4.1	Market Sheds not Operational	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
4.0	Procurement Plan	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
5.0	Non-Submission of Reports on General Procurement Transactions	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
6.0	Legal Cases	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
7.0	Own Generated Receipts	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
8.0	Implemented Projects Without an Approved Budget	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22

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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)
9.0	Unresolved Prior Year Matters	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
Basis for Conclusion				
1.0	Lack of Human Resource Plans	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
2.0	Lack of Documented Risk Management Policy	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22
3.0	Internal Auditing Arrangement	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22

CEC, County Treasury

CEC, County Treasury



Sign.....

Date 14th March 2022



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9. ANNEXES

ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period (2020/21)	Quarter 1 (Kshs)	Quarter 2 (Kshs)	Quarter 3 (Kshs)	Quarter 4 (Kshs)	Total (Kshs)
Equitable Share	669,587,400	2,569,347,000	1,946,475,000	3,369,293,875	8,554,703,275
Level 5 Hospitals	-	-	192,083,236	225,489,018	417,572,254
DANIDA - Universal Healthcare in Devolved Units Programme	-	11,070,000	-	11,070,000	22,140,000
World Bank – THUSCP	-	-	33,726,726	-	33,726,726
National Agricultural & Rural Inclusive Growth Project (NARIGP)		195,245,299	-	53,111,157	248,356,456
Kenya Devolution Support Programme	30,000,000	-	45,000,000	-	75,000,000
Youth Polytechnic support grant			35,274,947	35,274,947	70,549,894
Abolishment of user fees in health centres and dispensaries	-	-	-	26,138,997	26,138,997
Kenya Urban Support Programme	126,137,642	-	-	24,227,795	150,365,437
Agriculture Sector Development Support Project (ASDSP)	-	-	11,488,424	2,197,584	13,686,008
EU-IDEAS	-	-	-	46,696,934	46,696,934
Total	825,725,042	2,775,662,299	2,264,048,333	3,746,803,373	9,657,935,981

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ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			A	b	c	d=a+b-c	
Construction of buildings							
1. Various			110,484,261	68,373,537	97,278,644	81,579,154	
Sub-Total			110,484,261	68,373,537	97,278,644	81,579,154	
Construction of civil works							
2. Various			422,670,253	385,280,157	517,213,450	290,736,960	
Sub-Total			422,670,253	385,280,157	517,213,450	290,736,960	
Supply of goods							
3. Various			193,146,294	166,029,072	180,618,181	178,557,185	
Sub-Total			193,146,294	166,029,072	180,618,181	178,557,185	
Supply of services							
4. Various			197,656,173	277,262,026	300,707,206	174,210,993	
Sub-Total			197,656,173	277,262,026	300,707,206	174,210,993	
Grand Total			923,956,981	896,944,792	1,095,817,481	725,084,292	

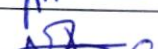
Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments

ANNEX 3 – SUMMARY OF NON-CURRENT ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2019/2020
Land	6,871,418,520	-	-	(4,580,203,720)	2,291,214,800
Buildings and structures	3,608,677,695	109,086,552	-	4,580,203,720	8,297,967,967
Transport equipment	682,279,271	1,950,000	-	21,093,270	705,322,541
Office equipment, furniture and fittings	443,728,465	52,792,884	-	(116,497,207)	380,024,142
ICT Equipment	229,624,901	-	-	(180,704,550)	48,920,351
Machinery and Equipment	955,770,703	63,380,958	-	(815,673,850)	203,477,811
Biological assets	125,756,988	140,163,065	(265,920,053)	-	-
Intangible assets		1,500,000	(1,500,000)	-	-
Infrastructure assets- Roads, Rails	1,447,345,370	1,213,620,999		-	2,660,966,369
Total	14,364,601,913	1,582,494,458	(267,420,053)	(1,091,782,337)	14,587,893,981

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ANNEX 4 – INTER-ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative amount transferred Kshs	Amount Confirmed as received Kshs	Signature of the recipient
1	County Assembly	94,558,518	281,835,233	212,861,707	373,003,200	962,258,658	962,258,658	
2	NARIGP	-	195,245,299	17,000,000	59,611,157	271,856,456	271,856,456	
3	SIDA	-	-	5,500,000	13,686,008	19,186,008	19,186,008	
4	EU IDEAS	-	-	-	45,697,438	45,697,438	45,697,438	
5	Emergency Fund	-	-	-	14,000,000	14,000,000	14,000,000	
6	Youth Polytechnic	-	-	-	69,800,023	69,800,023	69,800,023	
7	KUSP	-	-	-	126,137,642	126,137,642	126,137,642	
8	DANIDA	-	-	-	19,645,000	19,645,000	19,645,000	
9	User Fee	-	-	-	26,138,997	26,138,997	26,138,997	
10	UHC	-	11,070,000	-	-	11,070,000	11,070,000	
	Total	94,558,518	488,150,532	235,361,707	747,719,465	1,565,790,222	1,565,790,222	

Director of Finance
County Executive

