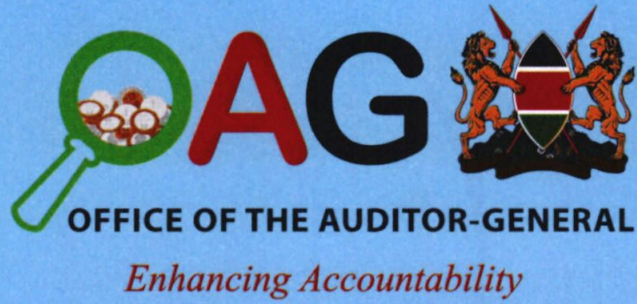


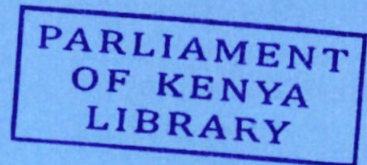
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF KISII

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/31/2025
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COUNTY EXECUTIVE OF KISII

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

County Executive of Kisii
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Fiduciary Management	The key management personnel who had financial responsibility
Financial performance	Statement of revenues and expenses
Surplus	A situation in which revenues are more than expenses
Deficit	A situation in which expenses are more than revenues
Financial position	Statement of assets and liabilities as at a particular time
Asset	A resource with economic value and future benefits to an entity
Liability	An obligation that an entity owes to others, such as debt or taxes
Statement of Cash flow	The movement of cash into and out of an entity over a period of time.
Net assets	The residual interest in the assets of an entity after deducting liabilities

2. Key Entity Information And Management

a) Background information

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

No.	Department	Major Responsibility
1.	Finance and Economic Planning	Management of County Treasury and Planning
2.	Agriculture and Livestock and Fisheries	Overseeing County Agriculture, animal husbandry and Fish farming
3.	Medical Services and Public Health	Deals with Preventive, curative and overall wellness of human health in the County
4.	Youth, Sports, Culture, Arts and Social Services	Deals with development of sports infrastructure, event programs, talent identification and development, training and overall sports healthy and safety in the County
5.	Trade, Tourism, Industry and Marketing	Formulation, implementation of County trade development policy and promotion of retail and wholesale markets.
6.	Public Service, Administration, Participation and office of the Governor	Responsible for developing County Staffing norms, grading and determining optimal staff levels and other stakeholder engagement
7.	Lands, Physical planning, Housing and urban development	Promote and facilitate development of decent housing in sustainable environment in the County.
8.	Education, technical training, innovation & manpower development	Develops and monitors training programs for TVET and ECDE
9.	Water, Energy, Environment, Natural Resources and Climate change	Promote County enforcement of environmental, natural resources management, water, sanitation and energy supply services, legislation, rules and regulations.
10.	Infrastructure, roads and public works	Design, develop and maintain infrastructure through quality public works services to all County Government entities and the general public

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b) Key Management team

The *County Executive's* day-to-day management is under the following key organs:

No.	Designation	Name
1.	Office of the Governor	HE Hon Paul Simba Arati
2.	Head of Departments	Mr. Robert Ombasa
3.	County Attorney	Mrs Anne Githinji

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance, Economic Planning and ICT Services	Mr. Kennedy Okemwa Abincha
2.	Accounting Officer- Finance, Accounting Services & Revenue Management	Mr. Vincent Nyangwara Okioma
3.	Accounting Officer-Economic Planning and ICT Services	CPA Edwin Orina Atege
4.	Accounting Officers-Public Service, County Administration and Participatory Development, Office of the Governor	Davins Onuso Ngoge Mr. Wilfred Okari Kenya
5.	Accounting Officer-Lands, Accounting Officer-Physical Planning, Housing and Urban Development	Dr. Kennedy Ben Mwengei Ombaba
6.	Accounting Officer-Water, Environment, Natural Resources and Climate change	Mr. Cleophas Odira Okioi
7.	Accounting Officer-Infrastructure, Energy and Public Works	Mr. Vincent Nyangwara Okioma
8.	Youth, Sports, Culture, Arts and Special Services	CPA Emmanuel Masese Prof. Justus Nyamweya Nyagwencha
9.	Accounting Officer-Education, Technical Training, Innovation and Social Sciences	Mr. Erick Kiage Mobegi
10.	Accounting Officers-Agriculture, Fisheries, Livestock Development and Irrigation	Mrs Agnes Kemunto Choti
11.	Accounting Officer-Trade, Tourism, Industry and Marketing	Dr. Isaiah Onsarigo Miencha Mr. James Marochi
12.	Accounting Officer-Medical Services, Public Health and Sanitation	Mrs. Caren Orori

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2024 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.

v. Development Partners

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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 4555-40200
Kisii Building/House/Plaza
Kisii-Keroka Road/Highway
KISII, KENYA

f) County Executive Contacts

Telephone: (254) 58203005
E-mail: info@kisii.go.ke
Website: ww.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. Other Commercial Banks
Kenya Commercial Bank
Kisii branch
P.o Box 48400
Kisii-kenya

...

...

h) Independent Auditor

Auditor-General
Office of The Auditor General
Anniversary Towers, University Way

County Executive of Kisii
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P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

j) County Attorney

P.o Box 4550-40200

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3. Governance Statement

Kisii County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.







The County is made up of a County Assembly, County Executive and 12 Government Entities. The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.

The County Executive




a) The County Executive of Kisii comprise of the following members:

	<p>H.E Hon. Paul S. Arati The Governor Kisii County</p>
	<p>H.E Elijah Obebo Deputy Governor Kisii County</p>
	<p>Mr. Robert Midusi Ombasa Ag. County Secretary and Head of Public Service</p>
	<p>Mr. Kennedy o. Abincha CECM Finance Economic Planning & ICT(E-Government) Services</p>

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	<p>Mr. Ronald G. Nyakweba</p> <p>CECM Medical Services, Public Health And Sanitation</p>
	<p>Mr. Elijah O. Obwori</p> <p>CECM Agriculture, Fisheries, Livestock, Cooperatives Development & Irrigation</p>
	<p>Mr. Eric O. Miyianda</p> <p>CECM Education, Technical Training, Innovation & Manpower Development</p>
	<p>Mr. Cyrus m. Nyabicha</p> <p>CECM Trade, Tourism, Industry & Marketing</p>
	<p>Dr. Alfred O. Ndemo</p> <p>CECM Youth, Sports, Culture, Arts & Social Services</p>
	<p>Mrs. Grace K. Nyarango</p> <p>CECM Lands, Physical Planning, Housing & Urban Development</p>

**County Executive of Kisii
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	<p>Mr. Daniel O. Nyakundi CECM Public Service, County Administration, Public Participation & Office Of The Governor</p>
	<p>Mrs. Leah B. Ogega CECM - Water,Energy,Environment,Natural Resources & Climate Change</p>
	<p>Dr. Margaret Kemunto CECM Infrastructure, Roads & Public Works</p>

- b) The County advertises in a news paper of county wide circulation and also informs the Public through radios and TV stations and personal communication through the Sub-county administrators about its intention to gather information from the public on their priority projects that they wish undertaken with a specific timeliness. The county has policy on communication, stakeholder engagement and whistle blowing
- c) The county has impressed the use of open door policy arrangements through use of suggestion box, sharing of offices by use of workstations and from time to time they invite Ethics and anti-corruption department to share insights about corruption levels in the county
- d) The county executives prepare responses on any matter that is not been cleared by the Auditor-General and appears before the Public Accounts and Investment Committee of the County Assembly and Senate for deliberations
- e) Risk management The County has both the internal audit and Audit committee which are operational. Further, the management has risk management policy which specifies :
 - o The necessary arrangements in place for risk management and internal control?
 - o The formal processes to identify and assess risks

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- Basis to analyse risks and how they should be managed.
 - Mechanisms to analyze the period and how they were managed
- f) The Management advertised for the appointment of the audit committee in the dailies and website to reach as many interested applicants as possible. Shortlisted applicants were invited to fill the posts competitively. The committee is operational.

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4. Foreword 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;

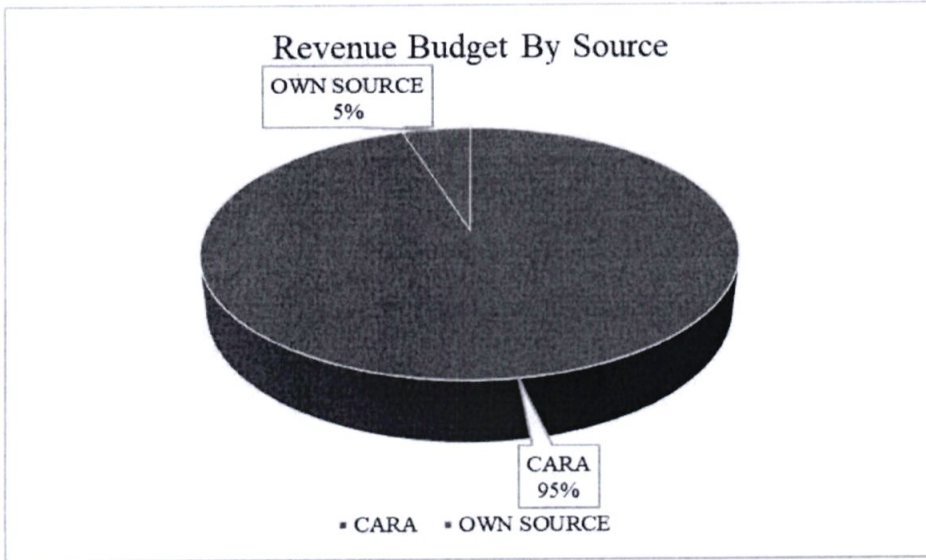
- 1) A county government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament.
- 2) Without prejudice to the generality of subsection (1), a county government shall be responsible for—
 - a) county legislation in accordance with Article 185 of the Constitution;
 - 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.

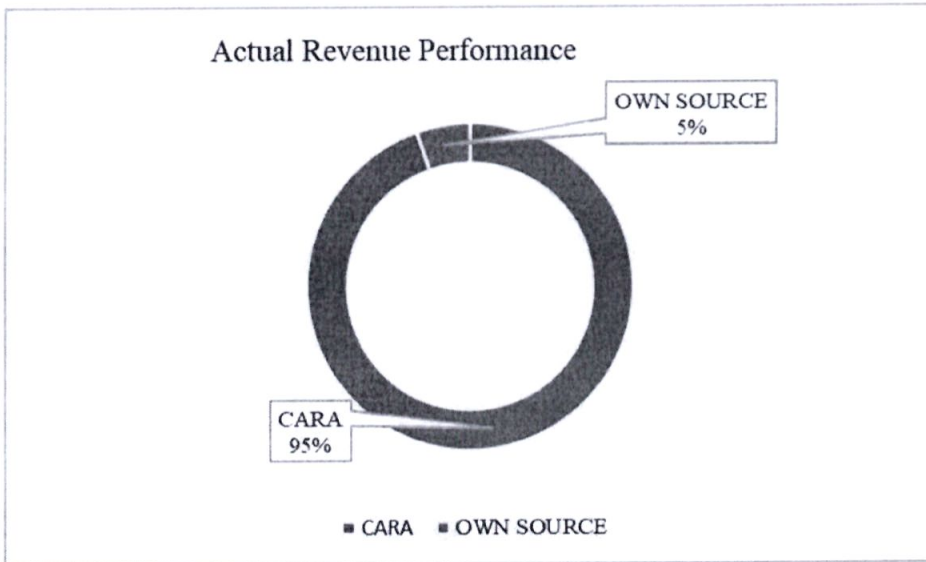
B. Budget performance against actual amounts for current year and for cumulative to-date based on programmes

a) Revenue

In the year ended 30 June 2024, the County had projected revenues of Kshs. 13,260,121,884 consisting of Kshs.650,000,000 from own sources and Kshs 12,610,121,884. from CARA. A Graphical Representation of the Revenue Transfer is as shown below:



Out of the revenue budget of Kshs 13,260,121,884, Kshs 9,417,797,549 was realized comprising of Kshs 8,915,960,276 and 501,837,273 being CARA and own source revenue respectively as analyzed in the chart below.



The County Government transferred into the County Executive Kshs 8,284,558,775 of revenue comprising of equitable share, own source revenue and grants as analyzed below.

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Revenue stream	Amount (Kshs)
EQUITABLE SHARE	7,691,269,858
NAVCDP	210,000,001
CLIMATE CHANGE	334,613,486
ASDSP	1,668,601
DANIDA	40,543,875
NARGIP	6,462,954
Total	8,284,558,775

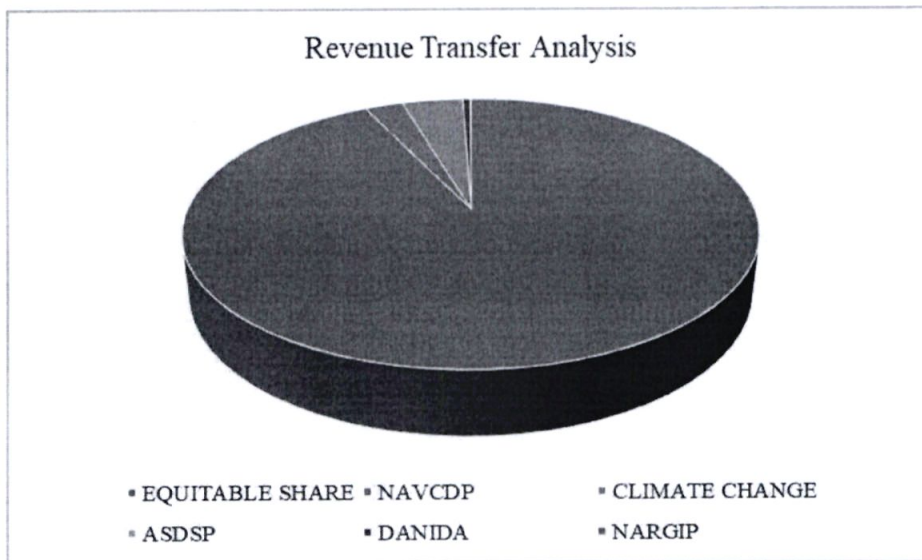


Figure 1: Kisii County revenue sources in FY 2023/2024.

b) Payments

The total county executive expenditure budget for the financial year was Kshs. 11,872,739,910 and total actual expenditure amounted to Kshs.8,439,680,442 representing 74% budget absorption. Out of the total actual expenditure, Kshs1,598,955,980 was development expenditure while Kshs.6,840,724,462 was recurrent expenditure as analyzed and depicted in the table and chart below:

Table 2: Expenditure Performance Based on Votes in FY 2023/2024

Expenditure Classification	Expenditure budget (Kshs)	Actual (Kshs)	Absorption (%)
Recurrent	7,690,335,913	6,840,724,462	89%
Development	4,182,403,997	1,598,955,980	38%
Total	11,872,739,910	8,439,680,442	71%

C. Physical progress based on outputs, outcomes and impacts since establishment of County Government

- 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

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County's transformational dream, on delivery of an affordable and reliable healthcare for the people of Kisii County and beyond

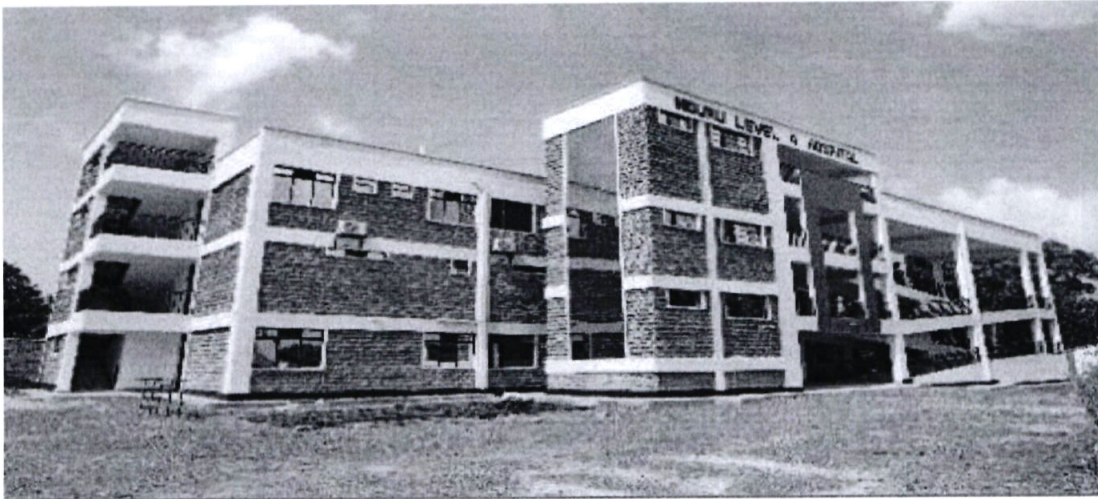


Figure 5: Nduru level four Hospital in South Mugirango Sub-County



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.

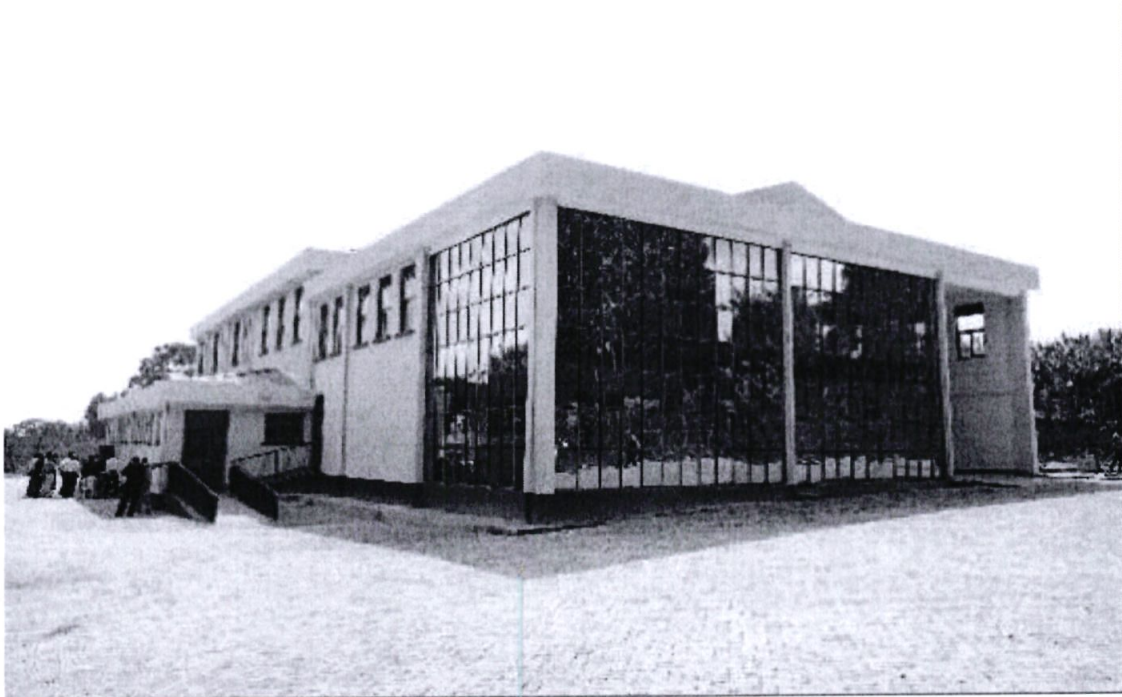


Figure 7: Farmer resource Centre in Nyaribari Chache Sub-County

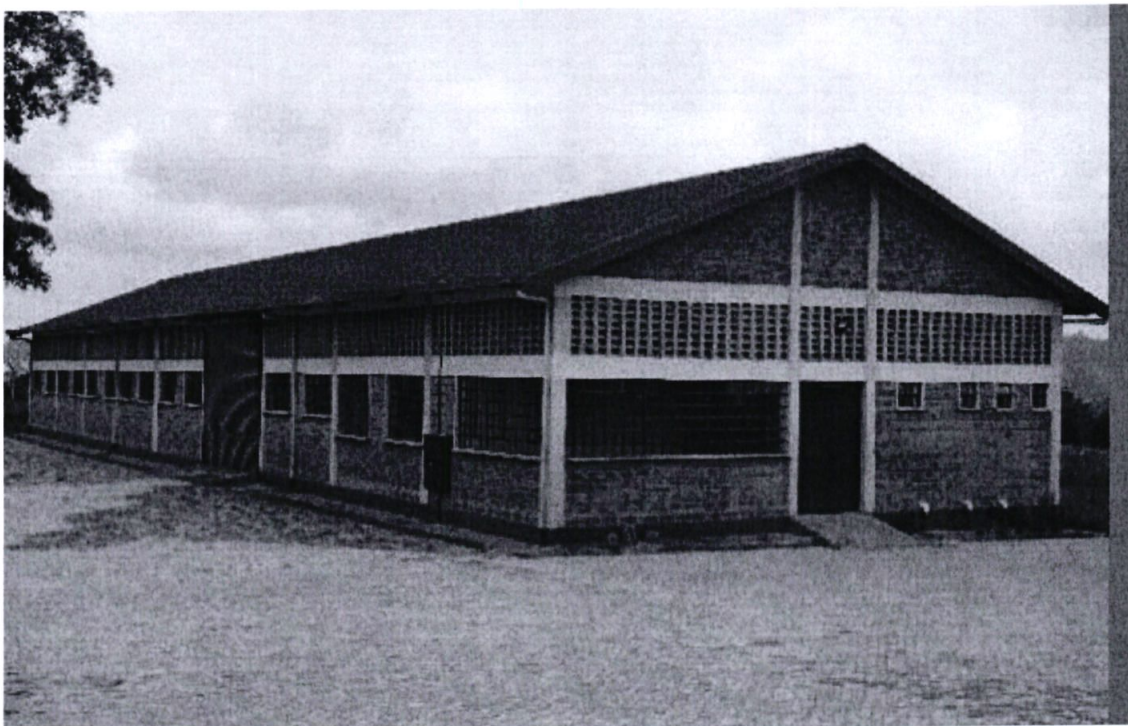


Figure 8: Banana Factory in Nyaribari Chache Sub-County

E. Comment on value-for-money achievements

The County Government has largely allocated its resources in the construction of health facilities to the sub-Counties hence bringing services to the citizen in line with the spirit of devolution. Additionally, the County has also done and operationalized banana and avocado factories to assist the citizen of Kisii County in value addition of its farm produce hence realize more from their agricultural activities.

F. Implementation challenges of strategic objectives for the County and the County's future outlook

The county government of Kisii is dealing with a number of challenges that may slow down the achievement and realization of its vision. They include:

- Limited financial resources -The county government of is grappling with low revenue generation and budget constraints making it difficult to fund ambitious project.
- Infrastructure Deficiencies-The county Government is dealing with poor infrastructure such as inadequate roads, communication and utilities can impede service delivery and project execution. Additionally, maintenance issues of existing infrastructure if not well maintained.
- Monitoring and Evaluation-Lack of effective m&E systems to monitors progress and evaluate outcome led to ineffective interventions. Further poor data collection practices can hinder informed decision making.
- Public Participation and Trust. Limited community engagement in decision making can result to projects that do not meet community needs.
- Regulatory and Bureaucratic Hurdles-Navigating through legal and bureaucratic processes can delay project implementation.
- Planning- inadequate planning or lack of coherent long-term plans can lead to Misallocation of resources and ineffective programs
- Political interference- political agendas can overshadow developmental goals affecting decision making and resource allocation. Additionally frequent change in leadership can disrupt continuity in projects and policies.
- Capacity Gaps-Lack of trained personnel in key areas such as finance, planning and administration affects implementation. Insufficient technological infrastructure can hinder service delivery

G. 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



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CECM Finance and Economic Planning
County Government of Kisii

5. Statement of Performance against County Predetermined Objectives

Strategic development objectives

The County's 2023-2027 CIDP has identified five (5) key strategic development objectives/priorities. Broadly, these objectives/priorities have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Vision 2030, SDGs and the MTP II

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 priorities of the Kisii County's CIDP are to:

1. Wealth Creation
2. Social Development
3. Sustainable Environmental Conservation
4. Roads and ICT Infrastructure Development as Enablers to development
5. Devolution and Governance

Below we present the progress made in attaining the objectives of the 2023-2027 CIDP for Kisii County.

The County's 2023-2027 CIDP has identified five (5) key strategic development objectives/priorities. Broadly, these objectives/priorities have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Vision 2030, SDGs and the MTP III.

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

The key priorities of the Kisii County's CIDP are to:

6. Wealth Creation
7. Social Development
8. Sustainable Environmental Conservation
9. Roads and ICT Infrastructure Development as Enablers to development
10. Devolution and Governance

Below we present the progress made in attaining the objectives of the 2023-2027 CIDP for Kisii County.

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S/No	Strategic Objective/Priority as per CIDP (present the objectives on a high and strategic level)	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks (Explain the reasons underperformance/ Overperformance)
1	<p>Governance and Devolution:</p> <p>Goal: - <i>Strengthening governance frameworks and increasing efficiency in public service delivery and enhancing citizen participation in decision-making processes.</i></p>	<ul style="list-style-type: none"> Improved transparency, accountability, and responsiveness in governance by increasing public participation from 50% to 75% by 2027. Greater citizen satisfaction with public services partly through establishment of additional service delivery units at the sub-county level and up to village level to improve accessibility and improved service delivery. 	<p>-The last ADP (2023-24) focused on capacity-building programs (trainings) and expanding service delivery points.</p> <p>-The ADP allocated resources for public participation forums and staff training programs to enhance governance.</p> <p>-Over 5 public participation foras were undertaken during the FY.</p> <p>-Grassroot structures to village level are yet to be established.</p>	<ul style="list-style-type: none"> There is progress with gaps identified on policy and institutional frameworks that need to be addressed. The County has embarked on developing a Public Participation policy and framework for grassroots engagement to meet the aspirations of this priority/objective. Best practices on establishing village councils and ward committees shall be adopted. The KDSP institutional support program will also provide additional resources in FY 2024/25 for capacity building.
2	<p>Wealth Creation and Economic Empowerment:</p> <p>Goal:- <i>Increasing investment in agriculture, commerce, and tourism as well as promoting value addition in agriculture and enhancing small and medium enterprises (SMEs).</i></p>	<ul style="list-style-type: none"> Raise agricultural productivity by 30% through value addition and adoption of modern technologies. Establish five agro-processing industries to boost local economic activities. 	<p>-The ADP 2023/24 proposed projects aimed at the modernization of agricultural practices; improving production; distribution of inputs like day old chicks, fingerlings, aqua feeds seeds and fertilizers as a way of creating jobs and wealth to the farmers and other people along the production value chain.</p>	<ul style="list-style-type: none"> Resources have been limited for supporting incubation of ideas and providing seed capital for SMEs and youth initiatives for entrepreneurship The County is actively working on establishing sources of additional support to train and support

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			<p>- Specific projects in the ADP included establishment of a certified avocado tree nursery at KATC with 179,000 seedlings; reviving 8 dormant cooperative societies; Completing the County Fish Multiplication and Training Centre;</p> <p>-It also promoted investment in agro-processing industries to foster value addition in key agricultural sectors like avocado, pyrethrum, tea and bananas.</p> <p>- Over 1,000 youth have benefited from the digital literacy program from Ajiry to build their IT skills and engage in online jobs.</p> <p>-In Trade, the County Industrial Park (Multi-year) has been financed to support value addition and produce aggregation while the Trade Credit Scheme was also financed.</p>	<p>SMEs-Banks, donors and other like-minded groups have been approached like Ajiry.</p>
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3	<p>Social Development (Health, Education, and Social Protection) Goal:- Expanding access to healthcare and educational services and enhancing social protection programs for vulnerable populations</p>	<ul style="list-style-type: none"> •Improved health outcomes, particularly in maternal and child health. •Enhanced access to education and early childhood development services. 	<p>-Some achievements included: -Over 50 new ECDE classrooms constructed across the county; disbursed bursaries totaling Kshs. 245 million to 71,239 beneficiaries;</p> <p>-Rehabilitated over 4 water schemes; drilling over 20 boreholes; distributing/planting over 9,720 fruit trees across over 50 learning institutions; suppling 10,000-litre tanks to 40 schools;</p> <p>-2,841 community health workers equipped with smartphones for household registration; upgraded Riana and Mosoch Health Centres; improved family planning coverage reaching 41.4%.</p>	<ul style="list-style-type: none"> •Resource constraints and delays in starting projects resulted in some of the projects not being completed on time.
4	<p>Sustainable Environmental Conservation Goal: - Promoting environmental sustainability, conservation and resilience to climate change through tree planting and waste management.</p>	<ul style="list-style-type: none"> •A greener, more sustainable environment with better air and water quality. •Enhanced climate resilience, particularly for rural communities dependent on agriculture. 	<p>-Allocated over Kshs.100 million to address climate change impacts under FLoCCA; developed a Climate Change Action Plan and conducted baseline survey for climate action and initiatives</p> <p>-Rehabilitated Emborogo and Keboye forests; training climate change</p> <p>-Developed an Energy Plan</p>	
5	<p>Infrastructure and ICT: Goals: Expanding infrastructure in key areas such as transport, energy, and ICT and improving access to</p>	<ul style="list-style-type: none"> •Pave 500 km of roads by 2027 to improve connectivity. •Provide internet access to 70% of public institutions 	<p>-Opening, repair and maintenance of various roads in the County. Approved several domestic and commercial development plans; constructed Keroka and Suneka Backstreets;</p>	<p>-Delayed start of projects. This has been addressed in the FY 2024/25 with procurement plans and BoQs prepared on time to allow procurement to proceed on time.</p>

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internet services, especially in rural areas.	(schools, hospitals) by 2027	finished cabro-works at Tabaka Market, and established a material recovery facility to improve waste management processes -In ICT, extended internet access to health facilities; installed CCTV systems at Gusii Stadium and Gesusu Level IV Hospital; installed structured LAN infrastructure at Ogembo municipality.	
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Progress on Attainment of Development Objectives from Annual Development Plan for FY 2024- Customize as per specific county.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made 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:

Objective	Outcome	Indicator	Performance
1. Executive, Public Service, County Administration, Public Participation, and Participatory Development			
To ensure efficient service delivery through operational support to departments	Improved public service delivery and governance	<ul style="list-style-type: none"> • Number of public participation forums held • Level of customer satisfaction • Number of fleet vehicles operational 	<ul style="list-style-type: none"> • Coordinated county operations across departments. • Provided tools and equipment for enforcement and disaster management staff. • Successfully managed public events and stakeholder engagements. • Supported revenue collection through compliance and enforcement.
2. Finance, Economic Planning, and ICT			
To increase transparency and improve public financial management	Enhanced revenue collection and transparency	<ul style="list-style-type: none"> • Percentage increase in Own Source Revenue. • Number of IT systems implemented 	<ul style="list-style-type: none"> • Generated Kshs 494.39 million in Own Source Revenue (19% increase). • Prepared key strategic and policy documents, including CIDP,

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			<p>C-ADP, CFSP, and CBROP.</p> <ul style="list-style-type: none"> Implemented revenue automation and installed a structured LAN at Ogembo Municipality and CCTV systems at Gesusu Level IV Facility.
3. Agriculture			
To increase food security and agricultural productivity.	Improved agricultural productivity	<p>Number of seedlings distributed to farmers.</p> <p>Number of cooperative societies revived</p>	<ul style="list-style-type: none"> Supplied tissue culture banana suckers and avocado seedlings across the 45 wards. Established a certified avocado nursery with 179,000 seedlings. Revived eight dormant cooperative societies and improved livestock production. Completed infrastructure projects at the County Fish Multiplication and Training Centre.
4. Water, Energy, Environment and Climate Change			
To provide safe drinking water and improve environmental conservation	Increased access to clean water and improved environmental conservation	<p>Number of boreholes drilled and water schemes operationalized.</p> <p>Number of trees planted</p>	<ul style="list-style-type: none"> Drilled over 30 boreholes and operationalized over 5 water schemes. Distributed almost 9,720 fruit trees across over 50 schools.
5. Health Sector			
To enhance access to quality healthcare services	Improved health outcomes for all segments of the population	<ul style="list-style-type: none"> Neonatal death rate Progress toward HIV 95:95:95 targets Facility service spectrum Medical supply stock out rates 	<ul style="list-style-type: none"> Supplied medical supplies to all 161 health facilities. Improved family planning coverage to 41.4% and reduced neonatal death rates to 5 per 1,000 live births. Achieved progress towards the HIV 95:95:95 goals (96%, 94%, 89%).
6. Education Sector			
To enhance access to education and improve learning outcomes.	Increased access to education resources	<ul style="list-style-type: none"> Number of bursaries disbursed Number of ECDE teachers Number of classes built and equipped 	<ul style="list-style-type: none"> Disbursed Kshs 245 million in bursaries, benefiting 71,239 students. Confirmed 721 ECDE teachers on permanent and pensionable terms.
7. Trade, Industry, Tourism, and Marketing			
To promote conducive trading environments and organized markets, boost	Increased trading activities and better infrastructure	<ul style="list-style-type: none"> Number of market sheds, retail markets, and industrial zones developed 	<ul style="list-style-type: none"> Constructed market infrastructure projects, such as Ochodororo market shed and toilets at Kionyo and Nyamaiya.

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tourism, and encourage local industrial growth		<ul style="list-style-type: none"> • 9 market sheds • 9 toilets 	<ul style="list-style-type: none"> • Generated revenue through Weights and Measures, achieving 94.37% of the target.
8. Lands, Physical Planning, and Urban Development			
To promote effective land management, secure land tenure, and develop urban areas for sustainable growth.	Improved urban infrastructure and waste management	<ul style="list-style-type: none"> • Number of urban roads constructed, percentage completion of waste management projects • 142 million Kshs allocated to urban development, with several infrastructure improvements 	<ul style="list-style-type: none"> • Constructed Keroka and Suneka backstreets. • Cabro works at Tabaka Market. • Established a material recovery and segregation facility to improve waste management processes at KATC.
9. Roads, Public Works, and Housing			
To improve road connectivity and maintain essential infrastructure to support transport and public works	Improved road infrastructure and accessibility	<ul style="list-style-type: none"> • Kilometres of roads constructed, rehabilitated, and maintained. • Planned Target: 20 km of urban roads, 20 pedestrian walkways, 10 km of cycle lanes 	<ul style="list-style-type: none"> • Opened and constructed various roads across different sub-counties. • Conducted various civil works, including drainage and stone pitching.
10. Culture, Youth, Sport, Arts, and Social Protection			
To promote and preserve the culture of the Omogusii people and provide facilities for youth sports and social events.	Enhanced sports and cultural facilities and youth empowerment	<ul style="list-style-type: none"> • Percentage completion of sports stadiums • number of youth centers constructed • Percentage completion 	<ul style="list-style-type: none"> • Installed a generator and solar power at Gusii Stadium. • Initiated the construction of a retainer wall (almost 60% complete) at Gusii Stadium • Completed leveling and chain link installation at Marani Stadium. • Constructed Moticho Social Hall, now over 50% complete.

6. Environmental and Sustainability Reporting

1. 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.

2. 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

3. 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.

4. 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.

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

5. 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.

7. Statement of Management Responsibilities

Section 164 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 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, 20xx. 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, 20xx, 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.


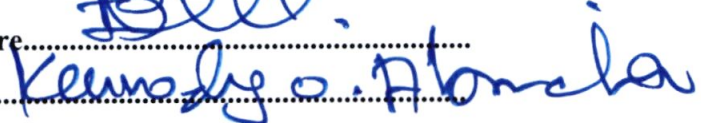
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The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's funds received during the year 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

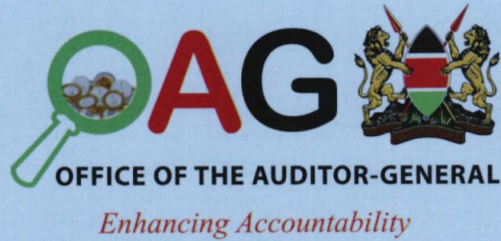
The County Executive's financial statements were approved and signed by the County Executive Committee Member for Finance on **30/09/ 2024**

Signature.....
Name.....

County Executive Committee Member – Finance and Economic Planning

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KISII FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Kisii set out on pages 1 to 50, which comprise the statement of assets and liabilities as at

30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Kisii as at 30 June, 2024, 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 Qualified Opinion

1. Expenditure Payments

The statement of receipts and payments reflects total payments of Kshs.8,439,680,442. However, the following unsatisfactory matters were noted:-

1.1. Unexplained Voided Transactions

Review of the Integrated Financial Management Information System (IFMIS) system payments indicated that six hundred and four (604) transactions amounting to Kshs.232,358,841 were voided during the year 2023/2024. Information provided indicate that the Controller of Budget (CoB) had approved payment of the voided transactions. Management did not provide explanations as to why the payments were voided after approval.

1.2. Non-Adherence to Year End Cut-Off Procedures

Included in the total payments is an amount of Kshs.574,699,9545 recorded in the Integrated Financial Management Information System (IFMIS) as having been made between 1 July, 2024 and 15 July, 2024. Although Management explained that the payments were made to clear commitments made prior to 30 June, 2024 and were authorized by the National Treasury, the financial statements have been prepared on cash basis of accounting under which, as disclosed in significant accounting policy (d), expenses are recognized when the event occurs and the related cash has been paid out.

In the circumstances, the accuracy and fair presentation of total payments amounting to Kshs.8,439,680,442 could not be confirmed.

2. Use of Goods and Services

The statement of receipts and payments for the year under review reflects use of goods and services amount of Kshs.726,415,634 as disclosed in Note 3 to the financial statements. Audit of this expenditure revealed the following issues:

2.1. Unsupported Expenditure on Printing, Advertisement, Information Supplies and Services

The amount includes Kshs.19,265,187 relating to printing, advertisement, information supplies and services. However, included in this amount are payments totalling Kshs.4,595,248 whose payment vouchers and relevant supporting documents were not provided for audit.

2.2. Unsupported Expenditure Utilities, Supplies and Services

The amount includes utilities, supplies and services expenditure of Kshs.66,907,001. Included in this amount is Kshs.6,000,000 whose payment vouchers and other relevant supporting documents were not provided for audit.

2.3. Unsupported Expenditure Communication, Supplies and Services

The amount includes Kshs.5,105,118 spent on communication, supplies and services. Included in this amount is an expenditure of Kshs.607,284 whose payment vouchers and other relevant supporting documents were not provided for audit.

2.4. Unsupported Legal Expenses

Included in the cost of goods and services are other operating expenses amount of Kshs.100,054,122 out of which, Kshs.29,135,024 was spent on legal fees for various court cases filed against the County Executive. Included in the latter amount two payments amounting to Kshs.15,000,000 made to a construction company. Review of the supporting documents revealed that the payment was as result of a case filed against Kisii Municipal Council in 2007 for non-payment of contract of principal amount of Kshs.7,173,473 which was appealed up to the Supreme Court and the final judgment was made on 16 July, 2021 against the County Executive. The contractor was awarded the principal amount of Kshs.7,173,473 plus the interest accrued over the years amounting Kshs. 31,007,434. The documents supporting all the payments to external law firms that were defending the defunct Municipal Council of Kisii and subsequently the County Executive, including the case file pertaining to the case, County Attorney advisory before the cases were appealed to the supreme court and the original contract between the company and defunct Kisii Municipal Council were not provided for audit.

In the circumstances, the accuracy, completeness and propriety of the above expenditures under use of goods and services could not be confirmed.

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 the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1.0. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis amounts of Kshs.11,872,739,910 and Kshs.8,284,558,775 respectively, resulting in an underfunding of Kshs.3,588,181,135, or 30% of the budget.

The underfunding constrained the execution of planned activities and may have negatively impacted on delivery of service to the public.

2.0. Pending Accounts Payable

Note 1 to the financial statements on pending accounts payable, under other important disclosures, reflects balance brought forward as at 1 July, 2023 of Kshs.1,190,913,975, addition for the year of Kshs.1,030,891,518, paid during the year of Kshs.43,638,305 and balance carried forward as at 30 June, 2024 of Kshs.2,178,167,188. However, schedule supporting these balances were not provided for audit. Further, Management failed to settle the pending bills of Kshs.2,178,167,188. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which provides that debt service payments shall be a first charge on the County Revenue Fund and the accounting officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

Failure to settle pending bills during the year to which they relate to adversely affects the provisions for the subsequent year to which they have to be charged.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report for the previous year, several issues were raised under the Report on Financial Statements, report on Lawfulness and Effectiveness in Use of Public Resources and report of Effectiveness of Internal Controls, Risk Management and Governance. However, management had not resolved the issues as at 30 June, 2024, and did not provide satisfactory reasons for failure to resolve the prior year audit matters.

Other Information

The Management is responsible for the Other Information set out on page iii to xxx which comprise Key Entity Information and Management, Governance Statement, Foreword by

the CECM Finance and Economic Planning, Statement of Performance Against County Predetermined Objectives, Environmental and Sustainability Reporting and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Executive's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

1.0. Irregular expenditure on Emergency Items for COVID-19 Pandemic

During the financial year under review, the County Executive through the Finance and Accounting Services department incurred an expenditure of Kshs.2,171,180 in relation to a pending bill for emergency Covid-19 items for the Kisii County Emergency Fund. This was despite the County Executive having an Emergency Fund created to cover such expenditure. No explanation was given by Management for the non-compliance.

In the circumstances, Management was in breach of law and value for money realized from the expenditure of Kshs.2,171,180 could not be confirmed.

2.0. Non-Compliance with Fiscal Responsibility Principles

2.1. Development Expenditure

The statement of comparison of budget and actual amounts (recurrent and development combined) reflects total actual expenditure of Kshs.8,439,680,442, while the statement of comparison of budget and actual amounts: development indicates total actual expenditure of Kshs.1,598,955,980 representing 19% of the total expenditure. This is contrary to Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the county government actual expenditure on development shall be at least thirty percent in conformity with the requirement under section 107(2)(a) of the Act.

2.2. Wage Bill

The statements of receipts and payments reflects compensation of employees amount of Kshs.5,647,519,423, representing 60% of the County Executive total revenue for the year of Kshs.8,284,558,775. This was contrary to Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015, which provide that the county government's expenditure on wages and benefits shall not exceed 35% of the county government's total revenue.

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

3.0. Regularity of Human Resource Management Practices

The statement of receipts and payments and as disclosed in Note 2 to the financial statements reflects compensation of employees' amount of Kshs.5,647,519,423. The following anomalies were noted:

3.1. Under-Payment of Staff

Review of the Executive's payroll for the month of July, 2023 revealed that nine hundred and one (904) employees were earning a monthly pay of less than Kshs.14,025 which was the minimum monthly wage set in the Regulation of Wages General Amendment Order of May, 2022 for employees working in the County Government of Kisii.

In the circumstances, Management was in breach of law.

3.2. Non-Compliance with the Law on Ethnicity Diversity in Staffing

Review of the personnel records provided for audit revealed that as at 30 June, 2024, the County Executive had a total of 5,570 employees in its payroll from various ethnic communities. Out of these, 94% were from one dominant community, while the remaining 6% were from other ethnic communities. This was contrary to the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008.

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

3.3. Non-Compliance with One-Third Basic Salary Rule

An analysis of the Executive's monthly payrolls revealed that twenty-eight (28) employees had net pays that were below a third of their respective basic salaries, contrary to Section 19(3) of the Employment Act, 2007 which states that the total amount of deductions from the wages of an employee shall not exceed two thirds (2/3) of such wages.

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

3.4. Irregular Earnings of Salary by the County Attorney

Review of the records of the County Executive revealed that the Governor appointed an officer as the County Attorney vide a Gazette Notice No. 14717 on 30 November, 2022 and a letter of appointment issued on 1 December, 2022. However, a private citizen proceeded to the Employment and Labour Relations Court at Kisumu to contest the

employment of the County Attorney and filed a petition under Petition. On 24 January, 2024, the Employment and Labour Relations Court at Kisumu quashed the appointment of the officer through a judgement delivered virtually. However, as at the time of audit, in September, 2024, the officer continued being in the payroll and had received salary of Kshs.3,384,632 from January, 2024 to August, 2024.

In the circumstances, the regularity of the expenditure of Kshs.3,384,632 could not be confirmed.

3.5. Irregular Recruitment of Staff

Review of personnel records revealed that in February, 2024, the Public Service Board advertised various vacant positions and among them was the position of a Quantity Surveyor which had four (4) vacancies. The advert attracted twenty-four (24) applicants out of which, fourteen (14) applicants were shortlisted for the interview. During the audit, it was noted that only two applicants out of the 14 shortlisted were absorbed for the position, the second best performing with 88.98% and the seventh best at 68.97%. Explanations on why the best performing candidate with 89.3% and the third applicant were not offered the position and why the board preferred the seventh candidate were not provided. Further, there is no evidence that the candidates were offered employment and declined. In addition, no explanation on why the Public Service Board absorbed only two people while it advertised for four was provided for audit. This was contrary to Section 25 (1) and (2) of the County Service Act, 2017, which stipulates that the Board shall formulate and disseminate to officers of the Service, schemes of service setting out the terms and conditions for the appointment of the officers and other staff of the Service which shall provide for the appointment and confirmation in appointment of officers and other staff and The Secretary shall be responsible for the administration of the schemes of service for the staff of the Service.

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

3.6. Long Outstanding Disciplinary Cases

Perusal of staff files revealed that five (5) staff had pending disciplinary cases for more than the stipulated period of six months. This is contrary to the Kisii Human Resource Manual. The staff were either on suspension and on half pay or had salary stoppages during this period. No explanation for this anomaly was provided.

In the circumstances, Management was in breach of the Kisii Human Resources Manual.

4.0. Advance Payment for Fuel

The statement of receipts and payments reflects use of goods and services balance of Kshs.726,415,634 which, as disclosed in Note 3 to the financial statements, which includes an amount of Kshs.55,539,905 in respect of fuel, oil and lubricants. Included in this amount is Kshs.30,000,000 used to purchase fuel which was paid to three suppliers, with each receiving Kshs.10,000,000. The fuel had not been drawn by the vehicle, plant and machinery. In addition, the prepaid fuel to the third supplier of Kshs.10,000,000 was yet to be consumed as at the date of audit on 23 October, 2024, four months after the

prepayment was made. A prepayment of the goods is contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2015, which provides that, contracts for works, goods or services may only be paid for after they are executed and approved by the Accounting Officer.

In the circumstances, Management was in breach of law.

5.0. Regularity of Procurement and Award of Contracts

5.1. Unutilized Market Facilities

Review of the records in the Department of Trade Development and Regulations revealed that payments amounting to Kshs.6,202,806 were made to various contractors for the completion of pit latrine at Kionyo market, ventilated toilet at Nyamaiya Market, Ochodororo markets shed and Mama Mboga shed. However, physical inspection of these projects revealed that despite all having been completed, they were not being utilized by the community, the pit latrines at Kinonyo and Nyamaiya markets had poor ventilation and lacked water for usage and the market shed at Ochodororo was inaccessible from three sides out of the four sides due to height, with no stairs to facilitate the access.

In the circumstances, value for money realized from the expenditure of Kshs.6,202,806 incurred on the projects could not be confirmed.

5.2. Irregular Payment of Retention Money

Review of payment details from the Department of Trade Development and Regulations revealed that a contractor was paid retention money of Kshs.5,771,846 in respect of the construction of Suneka Market. However, the followings anomalies were observed:

- i. The original contract agreement between the County Executive and the contractor in which the retention clause is stated was not provided for audit review. The contract was entered into in the year 2014.
- ii. The Kshs.5,771,846 retention money was based on the total amount certified to date of Kshs.57,718,453 as outlined in certificates No.1, 2, 3, 4 and 5, which were, however, not provided for audit.
- iii. A letter dated 5 June, 2023 from the County Attorney to the County Executive Committee Member of Finance and Economic Planning states that after a court case, the arbitrator awarded the Company Kshs.23,770,660 and that the executive had agreed to settle this claim at Kshs.12,573,735, thereby instructing the County Executive Committee Member to pay the company an initial part settlement amount of Kshs.5,000,000. However, the arbitrary proceedings and legal files of this case were not provided for audit.
- iv. Inspection and acceptance certificate and certificate of completion to warrant payment of the retention money were not provided for audit.

Audit inspection conducted on 1 August, 2024 revealed that the project was incomplete and the contract for its completion had been re-awarded to other contractor as construction of Suneka Markets Phase III.

In the circumstances, the value for money realized from the expenditure of Kshs.5,771,846 could not be confirmed.

5.3. Over-payment for Printing and Supply of Assorted Materials

Review of the records in the Department of Trade Development and Regulations revealed that the Department awarded contract for printing and supply of assorted materials at a contract sum of Kshs.2,298,500. The contractor was paid Kshs.2,997,000 which was more than the contract sum by Kshs.698,000. No explanation was given for the over payment. Further, the counter receipt voucher (S13) and the issue and requisition voucher (S11) were not provided for audit.

In the circumstances, the value for money realized from the expenditure of Kshs.698,000 could not be confirmed.

5.4. Incomplete Projects - Department of Roads and Public Works

Review of the records in the Department of Trade Development and Regulations revealed the following unsatisfactory matters:

- i. The County Executive awarded a contract valued at Kshs.26,641,662 to a Company for construction, repair and maintenance of Lot 2 roads in Bonchari Sub- County, on 7 December, 2023. The contract was to run for 24 weeks. The projects were verified and observation made as summarized below:

Road	Road Name	Contract Sum (Kshs.)	Road Length (Kms)	Length Covered (Kms)	Status
Road 1	Repair and Maintenance of Ebate-Bwongoro-Omogeta Road	6,647,728	1.8	1.6	The road was opened, not graded or graveled, no installation of culverts, no signage for proper identification
Road 2	Repair and Maintenance of Onyangongo Obore-Mesigi Road	2,387,744	2.4	2.4	The road was opened, not graded or graveled, no installation of culverts, no signage for proper identification
Road 3	Construction of Omatundura-Riombaso-Nyameroka-Moseni Road	2,130,050	1.5	1.5	The road was opened, not graded or graveled, no installation of culverts, no signage for proper identification
Road 4	Repair and Maintenance of Riotanchi-Tumaini Road	1,038,664	2	2	Only 0.4km was graveled. 1.6Km was opened, graded but not graveled

Road	Road Name	Contract Sum (Kshs.)	Road Length (Kms)	Length Covered (Kms)	Status
Road 5	Construction of Rianyagera-Riomambia Road	1,424,828	1.9	1.7	Culverts not installed
Road 6	Repair and Maintenance of Riakiriago-Rioneno-Kiebeneni-Mosasa-Etanke Road	3,349,500	4.1	4.1	The road was opened. Only 0.9 km was graveled. Culverts not installed, cutting of one section of the road.
Road 7	Construction of Riomanche Box Culvert	1,999,840			Incomplete and poor workmanship. Part of the culvert is already broken.
Road 8	Repair and Maintenance of Nyancho- Riokerio-Riamasagege-Bomachoge road	2,807,780	2.5	2.4	The road was opened but not graded or graveled. Culvert was not installed cutting off the Bomachoge section of the road. No signage for proper identification.
Road 9	Construction of Riamachuka Box Culvert Bridge	711,428			Works not started
Road 10	Repair and Maintenance of Matongo-Riamagige-Nyamagundo-Bomariba Primary School-Nyabieyo Road	3,005,502	3.9	3.7	Culverts not installed.
Road 11	Repair and Maintenance of Misisita-Nyamegukuna Road	1,138,598	0.9	0.7	Completed.
	Total	26,641,662			

- ii. The Department awarded a contract at a sum of Kshs.62,415,692 for construction, repair and maintenance of Lot 2 roads in Bobasi Sub-County. Audit inspection revealed that a of Kshs.1,149,003.20 was paid for repair and maintenance of Riamiyungo-Nyakegara-Nyachenge Junction Road before proper completion of the Project. A section of the road covering a distance of 1.7km was graded but not gravelled. In addition, a number of projects were not completed within the project

period and the contractors did not request for approval of variation of contract period as per the table below:

No.	Road	Contract Sum
1	Borangi Police-Nyationg'ong'o Rd	2,574,388
2	Amariba-Rianyamong'o-Rionsase Rd	4,490,940
3	Riondara-Iyabe-Rianyakangi Rd	3,533,348
4	Nyagesa-Nyamaboriri-Gekongo-Matangamano Rd	2,989,575
5	Rigena-Nyabigongoru-Riakombo	3,699,472
6	Zion-Riamogire Rd	2,107,627
7	Egetacho-Nyamagwa Mission-Nyagwa Primary-Riamoranga	1,625,926
8	Mosaraba-Nyabunde Rd	2,377,536
9	Edira-Kiamision-Eatangi-Oteyo Rd	2,479,338
10	Riong'wono-Riochoki-Etora Rd	1,777,097
11	Omisoka-Lenmek Rd	1,445,592
12	Ri mosa-Roche-Riosoro/Rioreri-Nyamokenye Rd	2,079,300
13	Ebiosi-Rusinga Rd	1,008,852
14	Ri anyaanga-Keera TBC-Mochengo Junction Rd	3,136,918
15	Riombati-Nyanguru-Tombe-Siocho Rd	2,517,432
	Total	37,843,341

In the circumstances, the value for money realized from the expenditure incurred on the projects could not be confirmed.

5.5. Irregular Procurement of Cleaning Services

Kisii Town Municipality signed a framework agreement with several organizations for cleaning services and paid a total of Kshs.14,100,000 in the period under review. Audit verification of documents revealed the following: (i) the framework agreement as a method of procurement was not specified in the approved annual procurement plan, (ii) the services being procured do not qualify under framework agreement since the quantity are determinable at the time of entering the agreement, (iii) there was no evidence to confirm that the firms were identified competitively through an open tender prior to signing framework agreements, (iv) there were no quarterly reports made to the Accounting Officer or Internal Auditor and (v) there was no annual value for money assessment to determine whether the terms designed in the Framework Agreement remain competitive.

In the circumstances, the value for money on the expenditure of Kshs.14,100,000 incurred on the projects could not be confirmed.

5.6. Irregular Procurement of Insurance Services

The County Executive entered into a contract for Provision of Medical Insurance Services to the Staff and their Qualified Dependents for the FY 2023-2024, at a contract sum of

Kshs.202,421,473. An amount of Kshs.150,000,000 was paid to the contractor on 13 December, 2023. A debit note for the balance of Kshs.52,421,473 was raised on 6 February, 2024 but evidence of payment of this amount was not provided for audit. However, the following anomalies were noted:

- i. Review of the Insurance Regulatory Authority's Insurance Industry Report for the period January to September, 2023 revealed that the company that won and the other company that was dismissed at the financial evaluation stage did not submit financial statements to the Authority during the quarter ended 30 September, 2023 and previous three quarters. The due diligence done by the evaluation committee did not flag the above anomaly as the committee did not seek to find out whether the winning bidder was in good standing with the regulator before award of the tender;
- ii. The company that was dismissed during the technical stage appeal on 22 November, 2023 through regret letter dated 14 November, 2023 articulated the classes of insurance the company was licensed to operate in but the County never sought clarification from the regulator;
- iii. Correspondences between various hospitals and the Company that won the tender revealed that the Service Provider was not settling insurance claims to the hospitals as required and as a result, some of the contracted hospitals suspended offering medical services to clients insured by the Service Provider.

In the circumstances, the value for money from the expenditure of Kshs.202,421,473 could not be confirmed.

5.7. Upgrading of Mosochi Market Health Centre

The County Executive made totalling Kshs.36,439,523 for the proposed upgrading of Mosochi Market Health Centre Kitutu Chache South Sub County. However, project file was not provided for audit review. Procurement documents such as tender opening minutes, tender evaluation minutes and evaluation report, bill of quantity were not provided for audit review.

In the circumstances, the value for money from the expenditure of Kshs.36,439,523 could not be confirmed.

5.8. Installation of Generator at Gusii Stadium Office

The County Executive entered into a contract for the installation of 65KVA generating set and solar system at Gusii stadium offices following the award of contract to a company at a contract sum of Kshs.9,375,400 were not provided for audit. Procurement documents from tender advertisement to award of contract were not therefore provided for audit review.

In the circumstances, the value for money from the expenditure of Kshs.9,375,400 could not be confirmed.

5.9. Funding of Idle Projects - Department of Medical Services, Public Health and Sanitation

Review of the documentation provided under Department of Medical Services, Public Health and Sanitation revealed that, Management spent of Kshs.3,283,440 which includes expenditure on proposed completion of Nyandiba dispensary of Kshs.1,283,700 and expenditure on proposed completion of OPD to Kiabusura dispensary of Kshs.1,999,740. However, the following was noted:

- (i) Physical inspection of the projects in September, 2024, revealed that the projects were completed as per Bill of Quantities but they were not in use.
- (ii) Access road to Nyandiba dispensary passes through a private land.
- (iii) Ownership of parcels of land for the two dispensary projects implemented, could not be verified since title deeds were not provided for audit.
- (iv) Management spent Kshs.1,873,950 towards proposed completion of Nyabworoba Health Centre. It was noted that the project was for the financial year 2022/2023 that was paid in the year under review as pending bill. However, the year under review budget revealed no budget allocation for the project. The project is incomplete with substantial works which are still pending such as interior and exterior works, flooring, windows pains, verandah, painting and electrical works.

In the circumstances, the value for money realized from the expenditure of Kshs.5,157,390 incurred on the projects could not be confirmed.

5.10. Payment for Works not Done

The Department of Medical Services, Public Health and Sanitation awarded a contract for the proposed continuation of Riotachi Dispensary at a contract sum of Kshs.998,050 which was paid in full on 25 June, 2024. Physical verification of the project on 4 September, 2024 revealed that the works on proposed continuation of Riotachi Dispensary was done. However, electrical works worth Kshs.370,000 were not done despite minutes for site meeting on 18 October, 2021 stating the contractor had completed the project as per the specification given and that the project was complete and ready for handing over

In the circumstances, value for money from the expenditure of Kshs.370,000 not be confirmed.

5.11. Proposed Levelling of Marani Stadium

The County Executive entered into a contract for the levelling works to Marani Stadium Phase I at a contract sum of Kshs.2,837,795 on 31 May, 2023. Physical verification conducted on 3 September, 2024 revealed that the contractor deviated from the specifications in the bill of quantities as follows:

Requirement in the Bill of Quantities	Amount (Kshs.)	Status
Fill in carefully selected murram and compact to 95% MDD (AASHTO T99)	1,272,900	Carting was not done properly thus backfilling was done using red soil which can be muddy when it rains.
Grade existing backfilled area including slopes and compacting as instructed by engineer.	21,215	Curvature and the negotiation corners are not done to standards.
50mm thick quarry dust blinding soil to murram surfaces	1,060,800	The quarry dust layer spread was too thin and the use of quarry chippings which is too rough and not recommended.
Plant approved grass to stadium general areas to architect satisfaction and allow of application of fertilizer and watering	142,880	30% of the field was not covered by grass

In addition, no variation orders were provided to support the deviation from the required specifications.

In the circumstances, the value for money realized from the expenditure of Kshs.2,837,795 could not be confirmed.

5.12. Irregular Appointment of Private Investor to Run the Banana Processing Plant

The EU-IDEAS Programme - Local Economic Development Grants in collaboration with the County Government of Kisii put up a banana processing plant on a three-acre plot of land within the Kisii Agricultural Training Centre for Kshs.151,000,000. The plant was supposed to be leased to a private entrepreneur with the objective of 'Strengthening the Kisii County Banana Value Chain for Local Economic Development.' The following were noted regarding the plant:

5.12.1. Procurement

The County Executive invited potential investors through an open international tender, to inspect the Banana Processing Plant for expression of interest on March, 2021. The eligibility criteria set out in the EOI was that the investor is undertaking or has undertaken a similar assignment for at least 5 years, and is already in the business of marketing processed food products, demonstrate access to market, has access to adequate capital and demonstrate ability to work with farmer organizations in production, aggregation, value addition and marketing. According to staff interviewed during the audit, the advertisement on the expression of interest was not responded.

However, on 1 March, 2022, a private investor, did a due diligence report to the County with elaborate terms of reference. It was not clear how this investor came in as they were

not subjected to the terms of the EOI. The investor company was incorporated on 30 November, 2021 and did not meet the eligibility criteria. There was no evidence of the private investor demonstrating market access or capital adequacy nor ability to work with farmers for this particular value chain. On 3, June, 2022, the County Executive signed a Memorandum of Understanding with the Investor to run the operate the banana processing plant.

In view of the above Private Investor was irregularly procured and assigned to operate the banana processing plant.

5.12.2. Operations

On 27, May 2022, the County coordinator EU-IDEAS project gave instructions to the County Property Valuer to access the plant and equipment and come up with a market appropriate rental rate. On 1 June, 2022 a valuation report was conducted by the County Valuer who recommended a rental rate of Kshs.150,000. i.e. Kshs.120,000 for rent of premises and Kshs.30,000 for land rate for the three acres. From the unregistered lease agreement, the lease was set out for a period of thirty (30) years but after the 6-month grace period, the rent payable was un-procedurally reduced to Kshs.90,000.

The private investor, has never paid any rent to date. It is not clear how the 30-year period of the lease was arrived at as there is no public participation or justification of the same. The County Government did not provide for audit monitoring and evaluation reports to confirm that the private investor is supporting local farmers and why the investor is unable to meet his rental obligation.

In the circumstances, the value for money from the expenditure incurred on banana processing plant could not be confirmed and the process of outsourcing the Investor is in doubt.

5.13. Unutilized but Completed ECDE Classrooms

Review of records and IFMIS payment details revealed that the County Executive through the Department of Education paid Kshs.596,448 and Kshs.212,760 towards completion of classrooms at Otamba and Masongo ECDE primary schools respectively. However, field verification conducted during the audit on August 30, 2024, revealed that the projects were complete but yet to be utilized.

In the circumstances, the value for money on the expenditure of Kshs.809,208 could not be confirmed.

5.14. Project Implementation Status - Department of Education

Review of records and IFMIS payment details revealed that the Department of Education, Technical Training, Innovations, and Manpower Development engaged various contractors to undertake development projects at a total contract amount of Kshs.5,678,445. However, physical verification during the audit on August 30, 2024, revealed poor workmanship and several anomalies in the implementation of the projects, as outlined below:-

Project Description	Contract Sum (Kshs)	Amount Paid (Kshs)	Current Status of the projects/Observation
1. Completion of ECDE classroom (Phase II) at Otendo Primary School in Moticho Ward	676,400	676,400	Complete and in use. Both the interior and veranda floors are worn out, with cracks and pothole.
2. Construction of ECDE Pit Latrine at Bosansa Primary School	479,650	479,650	Complete but not in use. Vent pipe not installed. Urinal drainage poorly done and likely to clog.
3. Construction of ECDE classroom at Makorogoinwa primary school (Phase I) in Masimba Ward	886,820	886,820	Phase I is complete. Constructed to roofing level. Brick courses around the window have fallen away.
4. Construction of ECDE classrooms at Kisii, Otamba and Masongo Primary Schools in Kisii Central Ward	2,249,775	596,448	<p>Otamba Primary. Complete but not in use. Eaves (roof space) filling has not been done. CHS columns at the veranda have not been fixed. Glazing of windows and door has not been done. Cracked floor.</p> <p>Masongo Primary. Complete and not in use. CHS columns at the veranda have not been fixed. Wide roof space without ventilation covers.</p>
5. Completion of ECDE classrooms At Sengera and Bendera Primary Schools (Phase II) in Magenche Ward	1,385,800	1,385,800	Sengera Primary. Complete and in use. Deep cracks on floor edges and wall. Appears to be a renovation than a new construction. A section of the classroom has wooden window frames instead of steel frames and panes.

Project Description	Contract Sum (Kshs)	Amount Paid (Kshs)	Current Status of the projects/Observation
			Painting works poorly done. Bendera Primary. Complete and use. Complete and use. Appears to be a renovation than a new construction. Cracked floor. Old and leaking iron sheets were used on a section of the roof.
Total	5,678,445	4,025,118	

In the circumstances, the value for money realized from the expenditure of Kshs.4,025,118 on the implementation of education department projects.

5.15. Project Implementation Status

Review of records and IFMIS payment details revealed that the Department of Lands, Physical Planning, and Urban Development engaged various contractors to undertake road rehabilitation and maintenance projects, with a total contract amount of Kshs.7,795,328. However, physical verification conducted during the audit on August 30, 2024, revealed poor workmanship and several anomalies in the implementation of the projects, as outlined below;

Project Description	Contract Sum	Total Amount Paid	Contract Start date	Completion date as per Contract	Status
Gravelling of Mogonga Town Ring Roads	2,750,099	2,750,099	6/1/2022	26/04/22	Completed. Approx.0.4Km No signage. Appears not properly graded, compacted and graveled. Culverts have been poorly constructed and openly exposed, thus compromising use the road. Overall, unsatisfactory work done.

Project Description	Contract Sum	Total Amount Paid	Contract Start date	Completion date as per Contract	Status
Rehabilitation of Keroka backstreet Roads	2,942,253	2,942,253	18/01/24	90 days from the date of contract	Completed. Approx. 2.7Km. A section of the road has been cut off by waste water due blocked drainage.
Routine Maintenance of Nyangusu Roads (Grading, Gravelling and Drainage works)	2,102,976	2,102,976	24/12/21		Completed. Approx. 2.5Km. No signage. A section of the road cut off by waste water due blocked drainage thus, comprising its use. Some sections of the road have not been graveled.
Total	7,795,328	7,795,328			

In the circumstances, value for money realized from the expenditure of Kshs.7,795,328 could not be confirmed.

5.16. Project Implementation Status - Culture, Sports and Social Services

Review of records and IFMIS payment details revealed that the Department of Culture, Sports and Social Services engaged various contractors to undertake development projects at a total contract amount of Kshs.19,133,627. However, physical verification during the audit on 1 September, 2024, revealed poor workmanship and several anomalies in the implementation of the projects, as outlined in the table below;

Project Description	Contract Sum (Kshs)	Amount Paid (Kshs)	Current Status of the Projects
Construction of a retaining wall phase II @Gusii stadium	18,431,220	6,369,852	Construction of wall 70% Complete. Drainage works not done.
Proposed Pavillion construction to marani stadium phase I	2,920,030	2,920,030	Phase I is complete. Constructed to roofing level and flooring done and in use. Poor workmanship on the floor.
Proposed levelling works at marani stadium	2,837,795	2,597,795	Complete and in use. 30% of the field not covered by grass.

Project Description	Contract Sum (Kshs)	Amount Paid (Kshs)	Current Status of the Projects
			Carefully selected murram not used as most area of the field covered by red soil. Curvature and the negotiation corners are not done to standards
Proposed installation of 65KVA Set and solar system Generating		5,403,800	65KVA generator installed and working Solar system installed and working Project file not availed for audit review
Total		17,291,477	

In the circumstances, the value for money on the expenditure of Kshs.17,291,477 incurred on the department could not be confirmed.

5.17. Construction of County Aggregation and Industrial Park

Examination of Trade Department and Regulations projects records revealed that the Kisii County Government awarded a contract for construction of County Aggregation and Industrial Park at a contract sum of Ksh.477,941,470. However, the following issues were noted:

- i. An advance payment of Kshs.95,588,294 was made to the contractor upon winning the tender. However, Management did not provide evidence of exceptional circumstances that warranted the advance payment immediately after signing contract with a contractor that was evaluated as financially sound.
- ii. The Memorandum of Understanding between the National Government and the County Government on co-sharing of the project was not provided for audit.
- iii. No evidence was provided that land on which construction was going on belonged to the County Government
- iv. Feasibility study for the project, National Environment Management Authority (NEMA) approvals, signed programme of works were not provided for audit review.

In addition, physical inspection done on 3 September, 2024 revealed that the sign post (publicity board) was not erected at the site of construction, poor access road to the projects site and the project site is located in a swampy area possibly a wet land.

In the circumstances, the value for money realized from the expenditure of Kshs.95,588,294 could not be confirmed.

5.18. Failure to Perform Project Handover and Acceptance after Completion

Review of records and IFMIS payment details revealed that the Department of Education, Technical Training, Innovations, and Manpower Development engaged various contractors to undertake development projects with a total contract amount of Kshs.6,172,615. However, management did not provide handover and acceptance minutes, as well as completion reports from the contractors for audit verification as detailed below;

Project Description	Contract Sum (Kshs)	Amount (Kshs)	Current Status of The Projects/Observation
1. Completion of ECDE Classroom (Phase II) At Otendo Primary School in Moticho Ward	676,400	676,400	No Evidence of Handover of Project by The Contractor
2. Construction of ECDE Classrooms at Kenyoro And Gesicho Primary Schools (Phase I) In Kiamokama Ward	1,860,640	1,860,640	Kenyoro Primary. No Evidence of Hand Over of Project by The Contractor. Gesicho Primary. No Evidence of Handover of Project by The Contractor.
3. Completion of ECDE Classrooms at Sengera and Bendera Primary Schools (Phase Ii) In Magenche Ward	1,385,800	1,385,800	Sengera Primary. No Evidence of Handover of Project by The Contractor. Bendera Primary. No Evidence of Handover of Project by The Contractor.
4. Construction of ECDE Classrooms at Kisii, Otamba and Masongo Primary Schools in Kisii Central Ward	2,249,775	596,448	Otamba Primary. No Evidence of Handover of Project by The Contractor. Masongo Primary. No Evidence of Handover of Project by The Contractor.
Total	6,172,615		

In the circumstance, the regularity and effectiveness of contract management practices could not be ascertained.

5.19. House Renovation at Lower Milimani Estate

Review of records and IFMIS payment details revealed that the Department of Land, Physical Planning and Urban Development paid an amount of Kshs.1,931,878 towards renovation of a house at Lower Milimani Kisii. The contract was scheduled to commence on 1 April, 2024, with an expected completion date of 1 June, 2024. However, field verification conducted during the audit on 3 September, 2024, revealed that the

renovation works were complete but the house remained unused. Management did not provide handover and acceptance minutes and reports of the project by contractor after completion of the renovation work for audit verification.

In the circumstances, the value for money from the expenditure of Kshs.1,931,878 could not be confirmed

5.20. Irregular Implementation of a Project - Construction of New County Headquarters

Review of the documents provided for audit revealed that the County Executive Office of the Governor and a contractor entered into a contract for construction of Kisii County Headquarters at a contract sum of Kshs.499,995,565. However, an advance payment of Kshs.99,999,113 was made to the company upon winning the tender. Management did not provide evidence of exceptional circumstances that warranted the advance payment immediately after signing contract with a Company that was evaluated as financially sound. Further, approvals from NEMA, NCA giving clearance for the construction were not provided for audit.

In the circumstances, the value for money realized from the expenditure of Kshs.99,999,113 could not be confirmed.

5.21. Delayed Alteration and Renovations to Governor's Office at Old Municipal Building

Review of the documents provided for audit indicated that a contract was signed for alteration and renovations to County Executive offices old Municipal Building was at a cost of Kshs.24,921,817. The contract was for 24 weeks ending 20 December, 2023. At the time of audit in September, 2024, works were still in progress. No explanation was provided for delayed works. Further, explanation as why this Office was being renovated to the standards of housing a Governor and at the same time the County Headquarters building which included Offices for the Governor too was in progress were not provided.

In the circumstances, the value for money realized the expenditure of Kshs.24,921,817 could not be confirmed.

5.22. Delayed Installation of Metro Optical Cable at Governor's Office

Review of the records provided for audit revealed that a contract for Installation of Metro optical cable to Governor's Office at the Kisii Municipality Premises and SD-WAN Connectivity to Sub Counties at a contract sum of Kshs.8,998,713. The contract was to start on 26 July, 2022 for a period of 4 months. However, as at the time of audit in September, 2024, work was yet to commence. The Municipality building on which the installation was to be done was under renovations. No explanation was provided for scheduling works on a building that was to be ready two years later. During the year under audit, Kshs.4,126,029 of the contract sum was paid.

In the circumstances, the value for money was not realized from the expenditure of Kshs.4,126,029.

5.23. Unsupported Procurement of Fuel

Review of records provided for audit and IFMIS payment details revealed that the Department of Lands, Physical Planning, and Urban Development directly procured the supply and delivery of fuel from a services station at a cost of Kshs.1,749,804. However, management did not provide justification for using the direct procurement method, given that the procurement did not meet the conditions set in Section 103(2) of the Public Procurement and Asset Disposal Act, 2015. Additionally, a duly signed contract agreement, acceptance, evidence of appointment of an adhoc evaluation committee, and other related procurement documents in support of the procurement were not provided for audit review.

In the circumstances, the regularity of the procurement could not be confirmed.

5.24. Acquiring Software without Proper Service Level agreement

Review of records and IFMIS payment details revealed that the County Government through the Department of Lands, Physical Planning, and Urban Development, contracted for the supply, delivery, setup, and operationalization of GIS lab equipment and software, at a contract sum of Kshs.14,970,808.74. Among the software system acquired was Carlson and ArcGIS at Kshs.831,000 and Kshs.868,000 respectively. The two software have been installed in the GIS Laboratory computers. However, it was observed that the two proprietary software products did not come with a perpetual license and will require the County Government to pay similar amounts for annual subscription. Further, the County Government relies on the supplier of the software for technical support without a valid service level agreement for support and maintenance.

In the circumstances, the value for money from the expenditure of Kshs.1,699,000 incurred on the department could not be confirmed.

5.25. Funding of Idle Road

Review of documents provided for audit revealed that a contract for the rehabilitation of Posta-County Offices Road was awarded at a contract sum of Kshs.977,524 for a period of 6 months. Physical verification carried out on 5 September, 2024 revealed that work on placement of gabion boxes and mattresses as specified in BQ item 002 was not done, the length of the road done was approximately 100 meters and not 450 meters as indicated in the BQ and inspection certificate, the road was bushy and completely covered by grass, the side ditches and culverts were completely blocked impeding drainage and the road was not in use and it appeared the entire road was not done.

In the circumstances, the value for money from the expenditure of Kshs.977,524 could not be confirmed.

5.26. Lack of Public Participation and Title Deeds for Land Parcels Occupied by Projects

The department of Water, Energy, Environment and Natural Resources initiated a number of water projects in collaboration with communities and institutions across the County at

a total cost of Kshs.22,699,014. However, there was no evidence that the intended beneficiaries were involved through the public participation to enhance leadership, ownership, social accountability and sustainability of the projects to avoid rejection of the projects by the local residents. Further, no documents transferring these parcels of lands to the projects was provided. The water projects may, therefore, be faced with uncertain situations of ownership and operations of such projects.

In the circumstances, Management was in breach of law.

6.0. Failure to Remit Retirement Contributions

Review of the documents provided for audit revealed that the County Executive owes Local Authorities Provident Fund (LAPFUND) a total of Kshs.1,605,562,651. This amount includes an outstanding principal of Kshs.23,852,200 and accrued interest of Kshs.1,581,710,452. Further, there is a debt of Kshs.1,791,934,325 owed by the defunct local authorities, which has not been disclosed as a pending bill, despite the County Governments taking over assets and liabilities of defunct Local Authorities. In addition, demand letter from CPF Financial Services, dated 18 June, 2024, indicated that the County Executive owed the body Kshs.137,530,132. This includes outstanding principal contribution arrears of Kshs.3,172,635, accrued interest of Kshs.128,087,175, and an actuarial deficit of Kshs.6,270,322. However, the County Executive has neither provided an explanation or a budget for the unremitted funds nor offered a payment plan to settle the outstanding staff pension contributions.

In the circumstances, chances of employees receiving retirement benefits from pension funds, as and when such benefits fall due to the existing employees, may have been adversely affected.

7.0. Adjustments in Supplementary Budget

Review of the original approved estimates against the first and final supplementary budget for the year 2023/2024 revealed that some funds which were originally appropriated for capital development projects were reallocated during the supplementary budgeting process, where 700 projects whose total budget amounted to Kshs.1,879,905,409, were completely reallocated, hence no funding or implementation was carried out. This was contrary to Section 43(1)(b) of the Public Finance Management Act, 2012.

In the circumstances, the effectiveness of the management budget process is weak and Management was also in breach of the law.

8.0. Regularity of Legal Expenses

Review of the records provided for audit revealed that during the year under review the County Executive spent Kshs.29,135,024 in respect to legal fees for various court cases filed against the County Executive. However, the schedule of the litigation cases against the County Government and their status provided for audit revealed that the county had 354 pending cases in various courts some dating as far back as 2002. Further, the case

files, court records to show that the County Executive have been taken to court to defend itself in cases levelled against it such as summon to enter appearance, initial fee note, evidence of court attendance were not provided for audit review. In addition, contract agreement for engagements amounting to Kshs.25,240,000 entered between the County Executive and the various law firms, negotiation minutes if any, were not provided for audit.

In the circumstances, the value for money from the expenditure of Kshs.25,240,000 incurred on legal fees could not be confirmed.

9.0. Unsupported Bank Loan

Review of the documents provided for audit revealed that total of Kshs.751,850,064 was obtained by the County Executive as a loan from a bank to pay staff salaries. This included Kshs.77,696,792 borrowed on behalf of County Assembly of Kisii for payment of salaries. However, there was no evidence this loan was approved by the County Assembly and were guaranteed by the National Treasury. Further, it was not explained why County Assembly of Kisii had to obtain its loan through the County Executive. In addition, terms and conditions of the loan, including interest and other charges payable and the terms of repayment were not provided and there was no evidence that the loans were wholly spent on salaries.

In the circumstances, the regularity of the loan of Kshs.751,850,064 could not be confirmed.

10.0. Sustainability of Climate Change Initiatives

Review of documents reveals that County Executive was awarded a contract for rehabilitation of Keboye and Emborogo forests through tree planting at a contract sum of Kshs.1,854,000 for the projects of Climate Change under Department of Water, Energy, Environment and Natural Resources. Records scrutiny show that 10,000 and 8,000 trees were planted in Keboye and Emborogo forest respectively. However, physical verification done on 4 September, 2024 to Keboye forest revealed that there were no proper measures taken to ensure the trees planted are well taken care of as a number of trees were destroyed by animals, the already grown trees are being cut down by the surrounding community, while some have dried up. It was also not possible to authenticate whether 10,000 trees were planted.

In the circumstances, the value for money from the expenditure of Kshs.1,854,000 could not be confirmed.

11.0. Irregularities in Imprest Management

The statement of receipts and payments reflects use of goods and services amount of Kshs.726,415,634 as disclosed in Note 3 to the financial statements. Included in the amount is domestic travel and subsistence expenditure of Kshs.96,872,664. Further, the statement of assets and liabilities reflects Nil balance in respect of outstanding imprests. Management indicated that the payments of 96,872,664 were made through reimbursement system whereby, officers travelling on duty outside the duty station, using

their own funding and claimed for reimbursement upon return to duty station. However, the claim was unsupported as, analysis of the IFMIS payment details for of the County Executive confirmed that payments for domestic travel and subsistence were directly expensed. This was contrary to Regulation 91(2) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.

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

12.0. Non-Preparation of Financial Statements for Municipalities

Information provided for audit review revealed that the County Government has never prepared and submitted for audit financial statements for Ogembo Municipality. This was contrary to Section 180 of the Public Finance Management Act, 2012 which requires that, at the end of each financial year, the accounting officer of the City or municipality established by Urban Areas and Cities Act, No.13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board and the provisions of the Urban Areas and Cities Act, 2011.

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

13.0. Non-Submission of Financial Statements for Sub-County Hospitals

The financial statements of Kenya Sub-County Referral Hospital, Etago Sub-County Hospital, Gesusu Sub- County Referral Hospital, Gucha Sub County Referral Hospital, Ibacho Sub-County Hospital, Ibeno Sub-County Hospital, Iranda Sub-County Referral Hospital, Kenyerere Sub-County Hospital, Keumbu Sub-County Hospital for the year ended 30 June, 2024 were not submitted to the Office of the Auditor-General for audit. This was contrary to the requirement by the Public Sector Accounting Standards Board (PSASB) by 30 September each year.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0. Weaknesses in Revenue Collection System

Review of the County Government Revenue Collection System revealed the following weaknesses:

1.1. Manual Invoicing

Audit review of the revenue collection revealed that invoicing in revenue collection was done manually and electronic record was kept on revenue stream for property rates and county premises monthly rents. Invoices raised could not be matched with the amount paid into the bank account, leading to unaccounted revenue. This was a result of lack of an audit trail from invoicing to payment of revenue into the bank and final reporting.

1.2. Uncollected Revenue of Property Rates

Review of the revenue collection revealed that the County Executive had budgeted to collect Kshs.25,000,000 from land rates during the year under review, but managed to collect only Kshs.18,617,268, resulting in a shortfall of Kshs.6,82,732 of the budgeted revenue. Further, review of the County Executive's electronic (LAIFOMS) records revealed that the Management had not collected long outstanding property rates, inclusive of interest and penalties, totalling Kshs.546,132,152 which was owed by plot owners within Kisii Municipality and other areas in the County. In addition, there were no records or other evidence indicating that Management had initiated additional measures to collect the outstanding amounts. It was further noted that the County Executive was using the valuation rolls that had not been revised.

1.3. Ineffective Revenue Collection Systems

Review of the revenue collection revealed that the during the year under review, the County Executive automated part of its revenue collection streams through the Zizi Revenue Collection System. The County Government did not have any back-up of transactions that went through this system, and upon termination of contract, those information records could not be accessed. It was not possible to confirm accuracy of revenue collected during the year under review, since the management claimed that the service provider locked it out of system.

1.4. Uncollected Revenue from Land Lease

Review of the Memorandum of Understanding and lease agreement between County Government and a processing company, revealed that County Government leased two acres of land to a com at Kisii Agricultural Training Centre on 21 July, 2022 for a period of a period of fifteen years, at monthly rental sum of Kshs.70,000 for the first two years of the lease, commencing on the first date of July, 2022 payable in quarterly or annually in advance. The Lessee was given one-year grace period which commenced on the date of execution of the lease agreement then starts a paying for rent. However, at the time of

audit in August 2024, it was noted that first and second years rent totalling to Kshs.1,680,000 has not been paid by lessee as per the agreement signed by the above two parties. No explanations were given for the failure to collect rent from the lessee.

1.5. Anomalies in Jambo Pay Revenue Collection System

The County Government procured the services of a company to provide automated revenue collection and management system at the contract sum of Kshs.24,902,063 on 26 January, 2024. The County Government has started using the system. However, the following concerns were noted during audit review:

- i. The vendor had been granted excess control of the system through the contract agreement and implementation of the project; The Vendor was the one hosting the system and still working on it while it was in use, was the one in control of the paybill to which all M-Pesa payments go to before transferring the collection to the County Government revenue account. Under the circumstances, the vendor acted like the receiver of revenue for the County Government which is against the regulations.
- ii. The contract, allowed a transaction fee of 5.4% of the total revenue collected through the system recoverable at the point of funds settlement. It was not clear how fee was to be settled by the management to service provider. The consultant was therefore collecting and receiving county revenue without due appointment as required by law.
- iii. The consultant's opened and operated accounts with Safaricom for receiving county revenue. This was contrary to Section 119 of the Public Finance Management Act, 2012 on opening, operating and closing of the account.
- iv. There was no evidence of testing of the system before commissioning for use, no evidence of a recommendation from the system's project implementation committee of readiness to use the system. As a result, the system could have been operationalized with a lot of development flaws leading to lack of integrity and loss of funds.
- v. At the time of the audit in August 2024, it was noted that office of the Chief Officer Revenue management, economic planning and ICT services vide a letter wrote to the vendor on 24 June 2024 detailing emerging issues from system implementation minutes highlighted that out of one hundred and forty (140) Point of Sale (POS) machines, 50 were delivered, USSD of Kisiipay *414# was unreliable because of instability network and Mpesa holding account registered under Web Tribe Ltd and the county government staff has right to view only.

From the foregoing, the effectiveness and integrity of the internal controls over revenue collection systems and management could not be confirmed.

2.0. Weak IT Internal Controls

Review of Information Technology (IT) internal control environment revealed that the County Executive utilizes various automated systems such as the Electronic Revenue Collection and Management System, the Project Monitoring and Evaluation System, the

Integrated Financial Management Information System, and the Integrated Payroll and Personnel Data system, among others, to manage its operations. However, the County Executive lacks Business and IT Continuity Plans, a Disaster Recovery and Offsite Backup Plan, an ICT Capacity Building Training Program, Environmental Controls policies and procedures, an IT Security/Risk Management Policy, and an approved IT Steering Committee to ensure the proper functionality and security of ICT systems and resources. In addition, the server rooms do not have humidity and temperature control systems.

In the circumstances, the effectiveness and assurance of the IT controls could not be confirmed.

3.0. Weaknesses in Internal Audit Function and Audit Committee

Management of the Kisii County Executive did not provide any evidence in form of reports on actions on recommendations of the internal auditor's recommendations nor explanations in writing on why the internal audit report has not been acted upon. This was contrary to Regulation 155(2) of the Public Finance Management (County Governments) Regulations 2015. Further, the Internal audit function was not adequately facilitated to perform its functions such as trainings and field visits. Funds for in daily subsistence allowances, vehicle and fuel were unavailable despite the unit having a budget and work plan of activities to carry out during the year. It was also noted that the internal audit function did not exist in the staff establishment. Therefore, the administrative and functional reporting lines for the Internal Auditor could not be established. The County Executive also did not have audit committee in place since July, 2023 when the previous one's tenure expired. The Head of Internal Audit had on three occasions written to the CECM, Finance and economic planning on the above anomaly with no reaction from the accounting officer to constitute an Audit Committee.

In the circumstances, the effectiveness and assurance of the internal audit function and the audit committee functions could not be confirmed.

4.0. Lack of an Approved Staff Establishment and Organogram

The Kisii County Public Service Board had not consolidated an organizational wide staff establishment showing the current compliment data and staffing needs throughout the organization. Similarly, the County Executive lacks an updated organogram showing the organizational structure to illustrate the relationships between departments, superiors, and subordinates clearly.

In the circumstances, there is ineffectiveness in the Management of the Executive affairs.

5.0. Staff Acting Without Formal Appointment

Review of the County Executive's operations revealed that most positions in middle to high levels of management were not substantively filled and various members of staff performed duties in acting capacity without formal appointments. Absence of an approved staff establishment made it hard to identify the gaps in staffing, especially in the capacity

of Deputy Director and Directors. Similarly, there were four departments without substantive Chief Officers, namely Departments of Agriculture and Co-operative Development, Medical Services, Economic planning and ICT, Infrastructure and Roads.

In the circumstances, there is ineffectiveness in the Management of the Executive affairs.

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 effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, the Management is responsible for assessing the County Executive's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

**County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024**


9. Statement of Receipts and Payments for the year ended 30th June 2024

		2023/2024	2022/2023
	Notes	Kshs	Kshs
Receipts			
Transfers from the CRF	1	8,284,558,775	8,095,867,128
Total receipts		8,284,558,775	8,095,867,128
Payments			
Compensation of employees	2	5,647,519,423	5,053,599,742
Use of goods and services	3	726,415,634	925,015,903
Transfers to other government entities	4	40,000,000	1,316,794,471
Other grants and transfers	5	934,682,743	625,446,987
Acquisition of assets	6	1,017,475,358	271,486,383
Other payments	7	73,587,284	29,896,052
Total payments		8,439,680,442	8,222,239,538
Surplus/deficit*		(155,121,667)	(126,372,410)

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 30/09/2024 and signed by:


.....

**Name: Vincent Okioma Nyang'wara
Chief Officer -Finance**


.....

**Head of Accounting Unit
ICPAK M/No. 13733**

County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024

10. Statement of Assets and Liabilities as at 30th June 2024

		2023/2024	2022/2023
	Notes	Kshs	Kshs
Financial assets			
Cash and cash equivalents			
Bank balances	8A	222,278,747	321,431,790
Cash balances	8B	-	-
Total cash and cash equivalents		<u>222,278,747</u>	<u>321,431,790</u>
Outstanding imprests and advances	9	-	27,815,980
Total financial assets		<u>222,278,747</u>	349,247,770
Financial liabilities			
Deposits and retentions	10	82,972,114	54,819,470
Net financial assets		139,306,633	294,428,300
Represented by			
Fund balance b/fwd.	11	294,428,300	420,800,710
Surplus/deficit for the year		(155,121,667)	(126,372,410)
Net financial position		139,306,633	294,428,300

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 30/09/2024 and signed by:

.....
Name: Vincent Okioma Nyang'wara
Chief Officer - Finance

.....
Name: CPA John Nyandanyi
Head of Accounting Services
ICPAK M/No. 13733

**County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024**

11. Statement of Cash Flows for the period ended 30th June 2024

		2023-2024	2022-2023
	Notes	Kshs	Kshs
Receipts from operating income			
Transfers from the CRF	1	8,284,558,775	8,095,867,128
Total receipts from operating income		8,284,558,775	8,095,867,128
Payments for operating expenses			
Compensation of employees	2	5,647,519,423	5,053,599,742
Use of goods and services	3	726,415,634	925,015,903
Transfers to other government entities	4	40,000,000	1,316,794,471
Other grants and transfers	5	934,682,743	625,446,987
Other payments	7	73,587,284	29,896,052
Total payments for operating expenses		7,422,205,084	7,950,753,155
Net receipts/ (payments) from operations		862,353,691	145,113,973
Adjusted for:			
Decrease/(increase) in outstanding imprests & advances	12	27,815,980	(27,815,980)
Increase/(decrease) in deposits and retentions	13	28,152,644	(50,147,697)
Net cash flow from operating activities		918,322,316	67,150,296
Cash flow from investing activities			
Acquisition of assets	6	1,017,475,358	271,486,383
Net cash flows from investing activities		1,017,475,358	271,486,383
Net increase in cash and cash equivalents		(99,153,042)	(204,336,087)
Cash and cash equivalents at beginning of the year		321,431,790	525,767,877
Cash and cash equivalents at end of the year		222,278,748	321,431,790

County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024

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 **30/09/2024** and signed by:



.....

Name: Vincent Okioma Nyang'wara
Chief Officer Finance



.....

Name: CPA John Nyandanyi
Head of Accounting Services
ICPAK Member Number: 13733

County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024

12. Statement of Comparison of Budget & Actual Amounts (Recurrent and Development Combined) for the year ended 30th
June 2024

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	a	b	c=a+b	d	e=c-d	f=d/e %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	12,352,330,440	-479,590,530	11,872,739,910	8,284,558,775	3,588,181,135	70
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g., DANIDA		-	-		-	-
Total	12,352,330,440	-479,590,530	11,872,739,910	8,284,558,775	3,588,181,135	70
Payments						
Compensation of employees	5,453,004,081	250,000,000	5,703,004,081	5,647,519,423	55,484,658	99
Use of goods and services	1,300,346,599	100,740,756	1,401,087,355	726,415,634	674,671,721	52
Subsidies	-	-	-	-	-	-
Transfers to other government units	90,000,000	(50,000,000)	40,000,000	40,000,000	-	100
Other grants and transfers	1,897,184,004	(493,298,620)	1,403,885,384	934,682,743	469,202,641	67
Social security benefits	-	-	-	-	-	-
Acquisition of assets	3,468,431,876	(258,405,358)	3,210,026,518	1,017,475,358	2,192,551,160	32
Finance costs, including loan interest	24,776,596	-	24,776,596	-	24,776,596	-
Repayment of principal on	-	-	-	-	-	-

**County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024**

borrowings						
Other payments	118,587,284	-28,627,308	89,959,976	73,587,284	16,372,692	82
Total	12,352,330,440	-479,590,530	11,872,739,910	8,439,680,442	3,433,059,468	71
Surplus/(Deficit)	-	-	-	(155,121,667)	155,121,667	-

Notes:

- (a) The under utilization of revenue was occasioned by the delayed disbursement from the exchequer.
- (b) By the closure of the financial year the county had not received the June disbursement thus impacting the utilization of funds for use of goods and services..
- (c) The county absorbed all the funds for transfers that it had received during the year. The under utilization represents funds that the county had not received
- (d) There were delays in the completion of projects. Payments was only based on certified works for the acquisition of assets.

The County Executive's financial statements were approved on **30/09/2024** and signed by:

.....
Name: Vincent Okioma Nyang'wara
Chief Officer Finance

.....
Name: CPA John Nyandanyi
Head of Accounting Services
ICPAK Member Number: 13733

County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024

A: Statement of Comparison of Budget & Actual Amounts – Recurrent for the year ended 30th June 2024

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	7,426,599,053	263,736,860	7,690,335,913	6,747,140,242	943,195,671	88
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g. DANIDA		-	-	-	-	-
Total	7,426,599,053	263,736,860	7,690,335,913	6,747,140,242	943,195,671	88
Payments						
Compensation of employees	5,453,004,081	250,000,000	5,703,004,081	5,647,519,423	55,484,658	99
Use of goods and services	1,298,346,599	100,740,756	1,399,087,355	726,415,634	672,671,721	52
Subsidies	-	-	-	-	-	-
Transfers to other government units	90,000,000	(50,000,000)	40,000,000	40,000,000	-	100
Other grants and transfers	272,478,977	32,587,375	305,066,352	300,559,233	4,507,119	99
Social security benefits	-	-	-	-	-	-
Acquisition of assets	189,405,516	(54,591,271)	134,814,245	52,642,888	82,171,357	39
Finance costs, including loan interest	24,776,596	-	24,776,596	-	24,776,596	-
Repayment of principal on borrowings	-	-	-	-	-	-
Other payments	98,587,284	-15,000,000	83,587,284	73,587,284	10,000,000	88
Total	7,426,599,053	263,736,860	7,690,335,913	6,840,724,462	849,611,451	89
Surplus/(deficit)	-	-	-	(93,584,220)	93,584,220	-

**County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024**

Notes:

- (a) The underutilization of revenue was accessioned by delayed disbursement from the exchequer
- (b) By the closure of the financial year the county had not received the June disbursement thus impacting the utilization of funds
- (c) The county absorbed all the funds for grants and transfers that it had received during the year. The under utilization represents funds that the county had not received.
- (d) There were delays in the completion of projects. Payments was only based on certified works for the acquisition of assets.

(The County Executive's financial statements were approved on **30/09/2024** and signed by



.....
**Name: Vincent Okioma Nyang'wara
Chief Officer Finance**



.....
**Name: CPA John Nyandanyi
Head of Accounting Services
ICPAK Member Number: 13733**

County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024

B. Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2024

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						
Transfers from the CRF	4,925,731,387	-743,327,390	4,182,403,997	1,537,418,533	2,644,985,464	37
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g. DANIDA		0	-		-	-
Total	4,925,731,387	-743,327,390	4,182,403,997	1,537,418,533	2,644,985,464	37
Payments						
Compensation of employees	-	-	-	-	-	-
Use of goods and services	2,000,000	-	2,000,000	-	2,000,000	-
Subsidies	-	-	-	-	-	-
Transfers to other government units		-	-	-	-	-
Other grants and transfers	1,624,705,027	(525,885,995)	1,098,819,032	634,123,510	464,695,522	58
Social security benefits	-	-	-	-	-	-
Acquisition of assets	3,279,026,360	(203,814,087)	3,075,212,273	964,832,470	2,110,379,803	31
Finance costs, including loan interest	-	-	-	-	-	-
Repayment of principal on borrowings	-	-	-	-	-	-

County Executive of Kisii
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Other payments	20,000,000	(13,627,308)	6,372,692	-	6,372,692	-
Totals	4,925,731,387	(743,327,390)	4,182,403,997	1,598,955,980	2,583,448,017	38
Surplus/(deficit)	-	-	-	(61,537,447)	61,537,447	

Notes:

- (a) The underutilization of revenue was occasioned by the delayed disbursement from exchequer and underperformance in our own revenue .
- (b) The county have not received the June disbursement by the closure of the financial year.
- (c) By the closure of the financial year the county had swiped all the funds received meant for transfers to other Government entities. The underutilization represent funds that the county had not received.
- (d) There was delays in the completion of projects. The county managed to pay only certified works.

The County Executive's financial statements were approved on **30/09/ 2024** and signed by:

.....
Name: Vincent Okioma Nyang'wara
Chief Officer Finance

.....
Name: CPA John Nyandanyi
Head of Accounting Services
ICPAK Member Number: 13733

County Executive of Kisii
Annual Report and Financial Statements
For the year ended June 30 2024

C. Budget Execution by Programmes and Sub-Programmes for the year ended 30th June 2024

Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Kisii - County Executive and Public Service Board					
Office of the Governor and Deputy Governor	484,396,720	8,700,000	493,096,720	403,855,808	82
County Secretary	9,820,000	8,100,000	17,920,000	1,402,400	8
County Attorney	34,670,000		34,670,000	29,332,824	85
Communication Services	3,630,000	(1,400,000)	2,230,000	712,800	32
County Liaison Office	2,620,000		2,620,000	0	0
Governor's Advisors, service Delivery Unit and Efficiency Monitoring	2,960,000	(1,000,000)	1,960,000	1017800	52
Chief of Staff	650,000	-	650,000	492,800	76
Public Service board	7,460,000	10,869,000	18,329,000	3,652,774	20
Sub-Total	546,206,720	25,269,000	571,475,720	440,467,206	70
Kisii - County Administration, Corporate Services and Stakeholder Management					
County administration	548,681,436	(33,213,481)	515,467,955	446,684,850	87
Devolved Units	15,091,532	(3,500,000)	11,591,532	1,195,000	10
Human Resource Services	9,500,000	(5,500,000)	4,000,000	900,700	23
Enforcement Services	14,908,000	-	14,908,000	1,202,800	8

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
Devolution Conference	5,000,000	-	5,000,000	4,297,300	86
Fleet management	5,766,014	(500,000)	5,266,014	4,612,600	88
Strategy Delivery and Project Management	2,700,000	(1,000,000)	1,700,000	993,600	58
Stakeholder Management	43,203,018	(2,100,000)	41,103,018	40,331,117	98
Public Participation	6,700,000	(4,000,000)	2,700,000	670,500	25
Disaster Management and Rescue Services	54,050,000	(18,000,000)	36,050,000	4,612,600	13
Special Programmes	72,400,000	(72,400,000)	-	-	0
Sub-Total	778,000,000	(140,213,481)	637,786,519	505,501,067	79
Kisii - Ministry of Finance and Economic Planning					
Finance and Accounting Services	874,018,722	(25,550,000)	848,468,722	745,659,448	88
Accounting Services	13,000,000	(500,000)	12,500,000	7324,400	59
Procurement Services	9,500,000	(2,800,000)	6,700,000	3,781,480	56
Internal Audit	11,300,000	(5,000,000)	6,300,000	3,097,480	49
Revenue Mobilization and Management	54,370,448	10,000,000	64,370,448	24,449,668	38
Fiscal Planning Headquarters	15,817,640	11000000	26,817,640	7,446,420	28
Budget Formulation, Coordination and Management	109,363,712	(3,700,000)	105,663,712	102,085,912	97
ICT Services	220,801,626	(47,419,150)	173,382,476	19,636,412	11
Monitoring and Evaluation	5,250,000	(15,50,000)	3,700,000	1,801,600	49

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
Sub-Total	1,313,422,148	(65,519,150)	1,247,902,998	915,282,820	73
Kisii - Ministry of Roads, Public Works and Transport					
Roads	1,134,687,932	(32,131,773)	1,102,556,159	570,634,340	52
Public works	93,640,474	96,774,926	190,415,400	1,340,32,916	70
Sub-Total	1,228,328,406	64,643,153	1,292,971,559	570,634,340	54
Kisii - Ministry of Health					
Medical Services	4,099,938,453	(209,203,268)	3,890,735,185	3,227,500,095	82
Ambulance Services	11,970,000		11,970,000	3,360,550	28
Kisii Cancer Centre	195,000		195,000	-	0
Public Health and Preventive Services	24,530,000	30,000,000	54,530,000	49,500	0
Sub-Total	4,136,633,453	(179,203,268)	3,957,430,185	3,230,910,145	80
Kisii - Ministry of Education, Labour, Manpower Development and ICT					
Education	944,550,000	(2,000,000)	942,550,000	878,648,405	93
Pre-Primary Education	221,457,511	(81,115,920)	140,341,591	15,773,078	11
Village Polytechnics	105,099,150	(34,073,471)	71,025,679	10,871,858	15
Sub-Total	1,271,106,661	(117,189,391)	1,153,917,270	905,293,733	78
Kisii - Ministry of Agriculture, Livestock, Fisheries and Cooperative Development					

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
Agriculture	191,845,432	(7,717,150)	184,128,282	177,507,093	96
Agriculture Sector Development Programme	3,168,601		3,168,601	3,168,601	53
National Agriculture and Rural Growth Inclusive Programme	152,000,000	(145,000,000)	7,000,000	105,017,092	92
National Agriculture Value Chain Development Programme(NAVCDP)	255,000,000	72,192,656	327,192,656	154,944,528	64
Livestock Value chain Development Project	35,809,200	-	35,809,200	-	0
Irrigation Services	2,190,000	(1000)	2,189,000	109801	9
Veterinary Services	55,725,099	(1,500,000)	54,225,099	1,572,826	3
Livestock Services	146,774,568	(24,750,000)	122,024,568	106,081,927	87
Fisheries services	23,975,270	(2,300,000)	216,75,270	1,323,600	6
Livestock Extension Services	4,080,000	(20,000)	4,060,000	1,166,021	29
Aquaculture Business Development Project	23,165,743		23,165,743		0
Crop Development	219,396,662	(20,150,000)	199,246,662	7,242,720	4
Cooperatives Development	11,000,000	(2,300,000)	8700000	900,000	10
Kisii Agricultural Training Centre (KATC)	47,480,000	2,460,000	49,940,000	18,326,770	37
Agri -Business and Value Addition	4,550,000	(4,000,000)	550,000	100,000	18
Sub-Total	1,176,160,575	(133,085,494)	1,043,075,081	577,460,979	51

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
Kisii - Ministry of Energy, Water, Environment and Natural Resources Sector					
Energy	2,700,000	8,500,000	11,200,000	0	0
Environment	40,692,137	282,921,349	323,613,486	323,613,486	34
Finance for Locally Led Climate Action programme(FLLoCA)	11,000,000	11,000,000	22,000,000	11,000,000	3
Water and Sanitation Services	493,232,650	(157,660,253)	335,572,397	170,080,117	31
Sub-Total	547,624,787	144,761,096	692,385,883	504,693,603	
Kisii - Ministry of Culture and Social Services					
Culture & Social Services	195,971,884	(23,287,680)	172,684,204	102,321,213	59
Social Development Services (Youth, Women, and PWDs)	1,550,000	-	1,550,000	235,600	15
Liquor Licensing	1,050,000	-	1,050,000	-	
Art, Libraries and Cultural Services	1,650,000	-	1,650,000	729,700	44
Sports Development	27,403,116	4,150,000	31,553,116	8,367,600	27
Betting, Lotteries and Gaming	230,000	-	230,000	0	0
Sub-Total	227,855,000	(19,137,680)	208,717,320	111,654,113	55
Kisii - Ministry of Lands, Physical Planning and Urban Development					
Physical Planning & Development	379,700,000	(23,904,664)	355,795,336	195,846,318	55

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024
Sub-Total	379,700,000	(23,904,664)	355,795,336	195,846,318	55
Kisii - Ministry of Trade Development and Regulations					
Trade	232,000,000	47,500,000	279,500,000	171,913,762	62
Tourism	3,148,800	(1,000,000)	2,148,800	1,006,000	47
Weights and Measures	4,500,000	(1,000,000)	3,500,000	-	0
Markets	159,280,450	(69,244,543)	90,035,907	25,451,969	28
Tourism	9,363,440	(6,000,000)	3,363,440	1,475,810	44
Sub-Total	408,292,690	(29,744,543)	378,548,147	199,847,541	53
Kisii – Town					
Kisii Town	110,200,000	29,534,906	139,734,906	121,564,962	87
Urban Development Grant (World Bank)	150,000,000	(22,173,706)	127,826,294	-	0
Kisii Municipal Board	4,800,000	-	4,800,000	1,036,500	22
Sub-Total	265,000,000	7,361,200	272,361,200	122,601,462	45
Kisii - Ogembo Municipality					
Ogembo Municipality HQs	64,300,000	(13,627,308)	50,672,692	18,404,798	36
Ogembo Municipal Board	9,700,000	-	9,700,000	7,049,400	73
Sub-Total	74,000,000	(13,627,308)	60,372,692	25,454,198	42
Grand Total	12,352,330,440	(479,590,530)	11,872,739,910	8,439,680,442	71

13. Significant Accounting Policies

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

a) 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.

b) 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.

c) Recognition of receipts and payments

i) Recognition of receipts

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

ii) Transfers from the County Revenue Fund (CRF)

Transfer from CRF 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 a notification received by the entity.

iii) Proceeds from sale of assets

Proceeds from the sale of assets are recognized in the statement of receipts and payments when the related monies from the sale are received by the entity.

Significant Accounting Policies (Continued)

d) Recognition of payments

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

i) Compensation of employees

Salaries and Wages, Allowances, and statutory contributions 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.

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.

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Significant Accounting Policies (Continued)

e) 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.

f) Third Party Payments

This relates to payments done directly to supplier on behalf of the county Executive 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 these financial statements.

g) Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2024, this amounted to Kshs 82,972,114 compared to Kshs 54,819,470 in prior period as indicated on note 10.

Significant Accounting Policies (Continued)

h) Imprests and Advances

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

i) Third Party Deposits and Retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfillment 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.

j) 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.

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the County Executive 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.

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Significant Accounting Policies (Continued)

l) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships.

The 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.

m) 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.

Significant Accounting Policies (Continued)

n) 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 23rd June 2023 for the period 1st July 2023 to 30 June 2024 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

o) Comparative figures

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

p) 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.

q) Prior Period Adjustment

During the year, there were no errors that have been noted for correction.

r) Related Party Transactions

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

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

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

**County Executive of Kisii
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14. Notes to the Financial Statements

1. Transfer from the CRF

	2023/2024	2022/2023
Description	Kshs	Kshs
Total exchequer releases for quarter 1	1,462,399,780	1,460,749,625
Total exchequer releases for quarter 2	2,137,940,286	2,027,741,906
Total exchequer releases for quarter 3	559,443,398	1,305,995,368
Total exchequer releases for quarter 4	4,124,775,311	3,301,380,229
Total	8,284,558,775	8,095,867,128

2. Compensation of Employees

	2023/2024	2022/2023
Description	Kshs	Kshs
Basic salaries of permanent employees	3,587,098,976	3,034,035,475
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	1,805,180,534	1,786,786,878
Personal allowances paid as reimbursements	14,822,863	15,122,863
Personal allowances provided in kind	600,000	3,358,500
Employer contribution to compulsory national social schemes	239,817,051	214,296,026
Employer contribution to compulsory national health insurance schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	5,647,519,423	5,053,599,742

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Notes to the Financial Statements (Continued)

3. Use of Goods and Services

	2023-2024	2022-2023
Description	Kshs	Kshs
Utilities, supplies and services	66,907,001	31,385,220
Communication, supplies and services	5,105,118	7,600,675
Domestic travel and subsistence	96,872,664	160,176,216
Foreign travel and subsistence	-	4,963,838
Printing, advertising and information supplies & services	19,265,187	13,101,070
Rental of produced assets	1,624,000	1,412,220
Training expenses	6,406,600	11,146,475
Hospitality supplies and services	22,630,630	32,407,696
Insurance costs	204,058,297	279,214,737
Specialized materials and services	100,132,697	165,266,164
Office and general supplies and services	11,261,068	14,773,930
Fuel, oil and lubricants	55,539,905	31,170,468
Other operating expenses (including bank charges)	100,054,122	128,311,986
Routine maintenance – vehicles and other transport equipment	13,512,895	19,123,104
Routine maintenance – other assets	23,045,450	24,962,104
Total	726,415,634	925,015,903

4. Transfer to other Government entities

	2023/2024	2022/2023
Description	Kshs	Kshs
Transfers to county government entities		
County Assembly		1,316,794,471
Mortgage	40,000,000	
Transfers to other counties		
(Insert name of budget agency)		
Transfers to national government entities		
Transfer to the council of governors		
Total	40,000,000	1,316,794,471

**County Executive of Kisii
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Notes to the Financial Statements (Continued)

5. Other Grants and Transfers

	2023-2024	2022-2023
Description	Kshs	Kshs
Emergency relief and refugee assistance	-	
KUSP/UDG	-	
SIDA/ASDSP	7,124,355	26,503,728
Village Youth Polytechnic	10,871,858	1,280,156
EU IDEAS	18,092,331	9,004,696
UHC		62,692,134
DANIDA	26,337,375	18,634,500
NARIGP	105,017,092	247,015,155
User Fee/ HSSF		-
Conditional Grants to Level 5		-
KDSP	47,379,803	65,976,703
COVID-19		-
KUSP/UIG		2,339,915
Payments to Kenya Revenue Authority		-
Bursary	252,350,000	151,000,000
FFLOCA	334,613,486	41,000,000
NAVCDP	132,896,443	
Total	934,682,743	625,446,987

**County Executive of Kisii
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Notes to the Financial Statements (Continued)

6. Acquisition of Assets

Non- financial assets	2023/2024	2022/2023
	Kshs	Kshs
Purchase of buildings	-	-
Construction of buildings	227,099,905	27,262,225
Refurbishment of buildings	0	0
Construction of roads	422,961,964	109,951,675
Construction and civil works	121,903,388	21,854,857
Overhaul and refurbishment of construction & civil works	49,765,929	12,749,747
Purchase of vehicles and other transport equipment	80,000,000	27,232,000
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	-	450,000
Purchase of office furniture and general equipment	15,634,026	26,899,684
Purchase of specialized plant, equipment and machinery	27,933,365	22,432,534
Rehabilitation and renovation of plant, machinery and equip.	1,449,965	4,361,750
Purchase of certified seeds, breeding stock and live animals	10,642,685	15,025,000
Research, studies, project preparation, design & supervision	52,642,888	0
Rehabilitation of civil works	7,441,244	3,266,911
Total acquisition of non- financial assets	1,017,475,358	271,486,383
Financial assets		
Domestic public non-financial enterprises	-	-
Domestic public financial institutions	-	-
Total acquisition of financial assets	-	-
Total acquisition of assets	1,017,475,358	271,486,383

7. Other Payments

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	2023/2024	2022/2023
Description	Kshs	Kshs
System Required Expense	-	0
Budget Reserves	-	0
Civil Contingency Reserves	-	0
KRA payments in arrears	73,587,284	29,896,052
Total	73,587,284	29,896,052

**County Executive of Kisii
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Notes to the Financial Statements (Continued)

8. Cash and Bank Balances

8A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2023/2024	2022-2023
			Kshs	Kshs
CBK Kisii County Development	1000170565	Development	8,047,876	12,676,871
CBK Kisii County Recurrent	1000170395	Recurrent	38,129.3	4,935,665
CBK Kisii County Deposit	1000276681	Deposit	82,972,114	54,819,470
SBM Kisii County Imprest	025237683300	Imprest	1,067,948	12,155,521
CBK Kisii County Road Maintenance Fuel Levy	1000276697	Fuel Levy	4,781,941	4,781,941
CBK Kisii County Maternal Health WB & Denmark	1000276703	Maternity	-	-
CBK Kisii County Universal Health	1000368567	Universal Health Care	-	-
CBK Kisii County Village Youth Polytechnic	1000368578	Village Youth Polytechnic	578,732	578,732
CBK Kisii County EU Grant Ideas	1000394013	Grant	696	696

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CBK Kisii county Agric& Rural Growth	1000365544	Development	-	40,678,715
NBK NARIGP Kisii County Operations	1560211819500	Development	-	57,875,424
CBK Kisii County Agric Sector Development Support Programme	1000365498	Development	-	-
NBK Agricultural Sector Development Support Programme	1560209412700	Recurrent	257	5,456,011
CBK Kisii County Urban Development Grant	1000386778	Grant	-	-
CBK Kisii County Urban Institutional Grant	1000392436	Grant	-	-
CBK Kisii County Primary Healthcare	1000568372	Fund	14,206,500	-
CBK Kisii County Climate change	1000522275	Fund	-	30,000,000
KCB Manyansi Vocational Training Centre	1233603272	Recurrent	25,102	155,301
KCB Entanke Vocational Training Centre	1233624873	Recurrent	3,347	171,071

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KCB Gotichaki Vocational Trining Centre	1233625721	Recurrent	25,230	329,624
KCB Kirwanda Vocational Training Centre	1233624695	Recurrent	17,888	213,436
Equity Nyansembe Youth Polythechnic	510277307167	Recurrent	47,404	220,960
KCB Masakwe Vocational VTC	1233605992	Recurrent	51,405	200,568
KCB Nyachenge Vocational Training Centre	1233499041	Recurrent	41,442	217,980
COOP Bosansa Vocational Training Centre	1139808194300	Recurrent	5,258	169,548
KCB Ekioga Vocational Training Centre	1233499491	Recurrent	42,686	308,659
COOP St. Don Bosco Ngeri Polythechnic	1139296807300	Recurrent	40,374	246,316
KCB Itongo Vocational Training Centre	1233625217	Recurrent	30,266	170,161
KCB Nyagonyi Vocational Training Centre	1233598430	Recurrent	48,802	187,786
KCB Nyamondo Vocational Training Centre	1233625063	Recurrent	54,146	195,332
KCB Kenya Vocational	1233496786	Recurrent	96,158.51	460,133

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Training Centre				
KCB Nyarenda Vocational Training Centre	1238170587	Recurrent	19,884	222,178
KCB Nyachogocho Vocational Training Centre	1233622285	Recurrent	1,568	129,398
KCB Nyakoora Vocational Training Centre	1238158234	Recurrent	14,930	211,042
KCB Nyaore Vocational Training Centre	1233624628	Recurrent	143,913	663,930
KCB Nyamagesa Vocational Training Centre	1233506226		4,844	349,221
KCB Nyambogo Vocational Training Centre	1233506773	Recurrent	52,836	329,235
KCB Moreremi Vocational Training Centre	1233507494	Recurrent	30,612	128,208
KCB Riatirimba Vocational Training Centre	1233505645	Recurrent	22,434	263,178
KCB Nyabiosi Vocational Training Centre	1238227732	Recurrent	17,090	104,049
KCB Nyanguru Vocational Training Centre	1233625411	Recurrent	52,224	205,812
KCB Irungu Vocational	1233599933	Recurrent	20,835	168,535

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Training Centre				
KCB Keumbu Vocational Training Centre	1233927892	Recurrent	25,095	440,054
KCB Kiobegi Vocational Training Centre	1233545590	Recurrent	4,327	209,153
KCB Mobamba Vocational Training Centre	1233625268	Recurrent	7,307	158,447
KCB Gionseri Vocational Training Centre	1233624059	Recurrent	7,597	160,902
KCB St. KizitoNyamagwa Youth Polytechnic KCB Nyaburumbasi Vocational Training Centre	1233443658	Recurrent	12,909	193,069
KCB Nyaburumbasi Vocational Training Centre	1233624989	Recurrent	228,605	1,280,171
KCB Enchoro Youth Polytechnic	1233396838	Recurrent	38,330	148,517
KCB Bombaba Vocational Training Centre	1233625608	Recurrent	3,346	175,865
KCB Gesonso Vocational Training Centre	1233625519	Recurrent	461	86,973
KCB ST. Joseph Etono DOK	1233608169	Recurrent	54,267	198,528

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VTC				
KCB ST. Joseph's Nyamesocho VCT	1233608363	Recurrent	29,346	122,748
KCB Nyabinyinyi Vocational Training Centre	1233624288	Recurrent	3,613	216,157
KCB Nyamiobo Vocational Training Centre	1233624784	Recurrent	10,872	183,279
KCB Nyandusi Vocational Training Centre	1233624784	Recurrent	12,573	208,184
KCB Getacho Vocational Training Centre	1238101445	Recurrent	28,708	190,799
KCB Masongo Vocational Training Centre	1233404008	Recurrent	45,177	192,606
KCB Ikorongo Vocational Training Centre	1233507117	Recurrent	42,488	226,400
KCB Rianyoka Vocational Training Centre	1233601644	Recurrent	37,734	239,094
KCB Riangabi Vocational Training Centre	1233485318	Recurrent	65,534	198,678
KCB Genga Youth Vocational Training Centre	1233401831	Recurrent	15,025	391,798
KCB Omosobwa Vocational	1233926985	Recurrent	26,046	122,328

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Training Centre				
KCB Raganga Vocational Training Centre	1257034073	Recurrent	8,050	206,255
KCB Kiamwasi Vocational Training Centre	1238100937	Recurrent	66,824	173,624
KCB Birongo PAG VTC	1233541455	Recurrent	10,627	89,507
KCB Kioge Vocational Training	1238099750	Recurrent	27,479	170,756
COOP Gesabakwa Vocational Training Centre	1141809197900	Recurrent	18,157	157,707
COOP Nyangusu Vocational Training Centre	1141809435700	Recurrent	11,850	143,000
COOP Iringa Vocational Training Centre	1141808839900	Recurrent	15,279	82,281
KCB Nyatwoni Vocational Training Centre	1275622542	Recurrent	9,140	161,519
KCB Matunwa Vocational Training Centre	1,238,133,878	Recurrent	70,654	169,899
NBK EU IDEAS Led Banana Project	1560206754600	Development	687	5,740,772
CBK Kisii County Devolution Support Programme	1000433647	Recurrent	29,594,247	76,974,049
CBK Kisii County COVID-19	1000459654	Recurrent	2,037,964	2,037,964

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Emergency Fund				
Family Kisii County NAVCDP	027000057086	Special Purpose Ac	77,103,557	
Total			222,278,747	321,431,790

8 B Cash in Hand

	2023/2024	2022/223
	Kshs	Kshs
Cash in hand – Held in Domestic Currency	-	-
Cash in hand – Held in Foreign Currency	-	-
Total	-	-

9. Outstanding imprests and advances

<i>Description</i>	2023/204	2022/223
	Kshs	Kshs
Government Imprests	-	27,815,980
Total	-	27,815,98

**County Executive of Kisii
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Notes to the Financial Statements (Continued)

10. Deposits and Retention

	2023/2024		2022/2023	
	Kshs		Kshs	
Deposits	82,972,114		54,819,470	
Retention Monies	-		-	
Total	82,972,114		54,819,470	
Ageing analysis for	2023/2024		2022/2023	
Ageing analysis: (deposits and retentions)	2023/2024	% of the Total	Comparative FY	% of the Total
Under one year	80,472,668	97%	12,665,805	23%
1-2 years	2,499,466	3%	42,153,665	23%
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	82,972,114	100%	54,819,470	100%

11. Fund Balance Brought Forward

	2023/2024		2022/2023	
	Kshs		Kshs	
Bank Accounts	321,431,790		525,767,877	
Cash in Hand	-		-	
Outstanding Imprests and Advances	27,815,980		-	
Third party deposits and retention	(54,819,470)		(104,967,167)	
Total	294,428,300		420,800,710	

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Notes to the Financial Statements (Continued)

12. Increase/ (Decrease) in Outstanding Imprests and Advances

	2023/2024	2022/2023
Description	Kshs	Kshs
Imprest and Advances as at 1 st July (A)	27,815,980	-
Imprest and Advances as at 30 th June (B)	-	27,815,980
Increase)/ Decrease in Imprest and Advances (C=(B-A))	(27,815,980)	27,815,980

13. Increase/ (Decrease) in Deposits and Retention

	2023/2024	2022/2023
Description	Kshs	Kshs
Deposits and Retention s as at 1 st July (A)	54,819,470	104,967,167
Deposits and Retention as at 30 th June (B)	82,972,114	54,819,470
Increase/ (Decrease) in Deposits and Retentions C= B-A	28,152,644	-50,147,697

14. Other Important Disclosures

1. Pending Accounts Payable (See Annex 2)

	Balance b/f Comparative 2022/2023	Additions for the year	Paid during the year	Balance c/f 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	77,834,345	44,588,358	0	122,422,703
Construction of Civil Works	748,371,283	633,345,552	25,531,121	1,356,185,714
Supply of Goods	203,337,897	150,389,884	5,117,467	348,610,314
Supply of Services	161,370,450	202,567,724	12,989,717	350,948,457
Total	1,190,913,975	1,030,891,518	43,638,305	2,178,167,188

Other Important Disclosures

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.

Related party transactions

	2022/2023	2023/2024
	Kshs	Kshs
Key Management Compensation (Governor, CEC Members And Cos)	-	-
<u>Transfers To Related Parties</u>		-
Transfer to the County Assembly	-	
EU IDEAS	18,092,331	9,004,696
SIDA/ASDSP	7,124,612	26,503,728
NARIGP	105,017,092	247,015,155
Village Youth Polytechnic	10,871,858	1,280,156
Kenya Devolution Support Programme "starter pack"-level II	47,379,803	-
Urban Institution Grant	-	-
Emergency Fund	-	-
Universal Healthcare	-	-
UHC	-	62,692,134
Conditional Grant Level 5	-	-
Transfers to Development Projects- KU	-	2,339,915

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Transfers to Non-Reporting Entities E.G Schools And Welfare		
DANIDA	26,337,375	18,634,500
User Fee		
Expenses paid on Behalf Of County Water Service Providers		
FFLOCA	334,613,486	41,000,000
Bursary	245,000,000	151,000,000
NAVCDP	132,896,443	-
Total Transfers To Related Parties	937,348,287	1,749,184,559
<u>Transfers From Related Parties</u>		
Transfers From the CRF	8,284,558,775	8,095,867,128
Transfers From National Government MDAs	-	-
Transfers From SCs And SAGAs - National Government	-	-
(Insert Any Other Transfers Received)	-	-
Total Transfers From Related Parties	8,284,558,775	8,095,867,128

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Other Important Disclosures

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.

Entity	Date Established/Date taken over	Location	Accounting Officer responsible
Gusii Water and Sewerage Company (GWASCO)	2006	Department of Education	Lucy Wahito
Kisii County Bursary Fund	2014	Department of Education	Dr. Erick Mobegi
Alcoholic Drug Control	2015	Department of Trade	Dr. Isaiah Miencha
Demonstration Farm fund	2013	Department of Agriculture	Mrs.Agnes Choti
Kisii Vet Development Fund	2013	Kisii Vet Development	Mrs.Agnes Choti
Kisii Car and Mortgage Fund	2016	Department of Finance	Mr. Vincent Okioma
Kisii Emergency Fund	2016	Department of Stakeholder Management	Mr. Vincent Okioma
Kisii Teaching and Referral Hospital Fund	2014	Department of Health	Dr. Oimeke Mariita
DANIDA Fund	2014	Department of Health	Mrs. Caren Orori
Kisii Municipality	2019	Kisii Urban Development	Mr. Albert Oisebe

4. 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 current financial year, amounts relating to leased medical equipment was **Kshs 124,723,404** and **Kshs 110,638,298** for the comparative Financial year

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5. Progress On Follow-Up On Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unsupported expenditure on salaries and allowances	The documents were requested by EACC	Not Resolved	30 th December, 2024
2.0	Unsupported expenditure on domestic travel and subsistence	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
3.0	Unsupported Insurance costs	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
4.0	Payment to lake Region Economic Bloc	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
5.0	Unsupported Expenditure on Construction of Roads	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
6.0	Unsupported 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 th December, 2024

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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)
7.0	Inaccuracies in KRA Payments in Arrears	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
8.0	Unexplained Voided Transactions	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
9.0	Misallocations in Transfers/Grants to Other Government Agencies	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
10.0	Irregular Use of Funds from Kisii County Alcoholic Drink Control Fund	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
1.0	Budgetary Control and Performance	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
2.0	Non-Payment of Pension Contributions	addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
3.0	Pending Accounts Payable	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
	Unresolved Prior Year Matters	The issue is being addressed since	Not Resolved	30 th December,

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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)
		we received the report of the Auditor General late		2024
1.	Non-Compliance with the Public Finance Management Fiscal Responsibility on development expenditure	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
2.	Non-Adherence to the Public Finance Management Fiscal Responsibility on Wage Bill	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
3.	Recruitment of Staff Outside the Approved Staff Establishment	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
4.	Over-Employment of Members Staff	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
5.	Non-Implementation of Approved Promotions	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
6.	Non-Compliance with Law on Ethnic Composition in Staffing	The issue is being addressed since we received the report of the	Not Resolved	30 th December, 2024

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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)
		Auditor General late		
7.	Failure to Observe One Third of Basic Salary Payment Rule	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
8.	Delayed Confirmation in Employment	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
9.	Under- payment of Staff	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
10.	Anomalies in Recruitment of County Officers	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
11.	Failure to Align the Schemes of Service to Suit the County Executive	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
12.	Irregular Payment to the Council of Governors	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
13.	Procurement of Consultancy Services	The issue is being addressed since we received the report of the	Not Resolved	30 th December, 2024

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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)
		Auditor General late		
14.	Anomalies in Procurement of Goods and Services	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
15.	Late Commitment for Supply of Services	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
16.	Anomalies in Procurement of Printing of Bursary Forms	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
17.	Irregular Use of Public Funds on Domestic Travel	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
18.	Avoidable Legal Fees and Interest Expenses on Legal Fees	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
19.	Unutilized Nyamache Banana Market	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
20.	Unutilized Daily Equipment	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024

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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)
21.	Delay in Completion of Magena Vegetable Aggregation and Marketing Centre	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
22.	Delay in Completion of Marani Vegetable Aggregation and Marketing Centre	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
23.	Unutilized Banana Bakery Equipment	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
24.	Delayed Completion of Ogembo Cooling Plant	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
25.	Stalled Construction of Sameta Library	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
26.	Unutilized Market Facilities	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
27.	Repairs and Maintenance of Nyaboterere School -	The issue is being addressed since we received the report of the	Not Resolved	30 th December, 2024

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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)
	Riosugo – Nyaboterere TBC – Bworoba – Nyangusu Roads.	Auditor General late		
28.	Anomalies in Procurement of Construction and Civil Works	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
29.	Procurement Using Un-Prequalified Suppliers	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
30.	Payment for Work Not Done – Rehabilitation of Upper Nyanchwa Line	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
31.	Unjustified Procurement of Smart Phones	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
32.	Unsupported Procurement of ICT Equipment	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
33.	Upgrading of Riana Health Centre – Unsupported Contract Variation	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
34.	Stalled Construction of the Governor’s Residence	The issue is being addressed since	Not Resolved	30 th December,

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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)
		we received the report of the Auditor General late		2024
35.	Stalled Ward Offices	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
36.	Un-operational Kisii Teaching and Referral Hospital	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
37.	Supply, Delivery and Commissioning of Medical Equipment to Kiamwasi Dispensary	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
38.	Outstanding Imprests and Advances	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
39.	Non-Publication of Procurement and Contracts	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
1.	Weakness in the Procurement Process	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024

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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)
2.	Grounded Motor Vehicles and Machineries	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
3.	Lack of Database for Legal Cases	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024
4.	Prolonged Vacancy and the County Public Service Board	The issue is being addressed since we received the report of the Auditor General late	Not Resolved	30 th December, 2024

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the time-frame with the appointed Focal Point persons within your County Executive responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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County Executive Committee Member – Finance and Economic Planning

Date

County Executive of Kisii
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15. Annexes

Annex 1 – Analysis Of Transfers From the CRF

Period 2023/2024	Quarter 1 (Kshs)	Quarter 2 (Kshs)	Quarter 3 (Kshs)	Quarter 4 (Kshs)	Total (Kshs)
Equitable Share	1,390,207,123	2,137,940,286	533,434,970	3,629,687,479	7,691,269,858
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	40,543,875.	40,543,875.
World Bank – THUSCP					
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-		6,462,954.00	6,462,954.00
Kenya Devolution Support Programme					
Youth Polytechnic support grant					
Abolishment of user fees in health centres and dispensaries					
Kenya Urban Support Programme					
Agriculture Sector Development Support Project (ASDSP)	-	-	-	1,668,601	1,668,601
FLOCA				334,613,486.00	334,613,486.00
NAVCDP	72,192,657	-	137,807,344		210,000,001
Construction of County Headquarters					
Total	1,462,399,780	2,137,940,286	533,434,970	4,150,783,739	8,284,558,775

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Annex 2 – Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
				A	b	c	d=a+b-c	
Construction Of Buildings								
1. Various				77,834,345	44,588,358	0	122,422,703	
Sub-Total				77,834,345	44,588,358	0	122,422,703	
Construction Of Civil Works							0	
2. Various				748,371,283	633,345,552	25,531,121	1,356,185,714	
Sub-Total				748,371,283	633,345,552	25,531,121	1,356,185,714	
Supply Of Goods							0	
3. Various				203,337,897	150,389,884	5,117,467	348,610,314	
Sub-Total				203,337,897	150,389,884	5,117,467	348,610,314	
Supply Of Services							0	
4. Various				161,370,450	202,567,724	12,989,717	350,948,457	
Sub-Total				161,370,450	202,567,724	12,989,717	350,948,457	
Grand Total				1,190,913,975	1,030,891,518	43,638,305	2,178,167,188	
<i>Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments</i>								

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Annex 6 – Summary of Non-Current Asset Register

Asset Class	Historical Cost b/f (Kshs) 2022/2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2023/2024
Land	2,291,214,800	-	-	-	2,291,214,800
Buildings And Structures	8,456,729,210	227,099,905	-	-	8,683,829,115
Transport Equipment	743,149,441	80,000,000	-	-	823,149,441
Office Equipment, Furniture And Fittings	478,257,320	15,634,026	-	-	493,891,346
ICT Equipment	48,920,351	-	-	-	48,920,351
Machinery And Equipment	326,227,112	29,383,330	-	-	355,610,442
Heritage And Cultural Assets	0	-	-	-	-
Biological Assets	165,824,450	10,642,685	-	-	176,467,135
Intangible Assets	14,470,000	52,642,888	-	-	67,112,888
Infrastructure Assets- Roads, Rails	3,719,576,425	602,072,525	-	-	4,321,648,950
Work In Progress	-	-	-	-	-
Total	16,244,369,109	1,017,475,358	-	-	17,261,844,467

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Annex 7 – Inter-Entity Transfers

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative amount transferred. KShs	Amount Confirmed as received. KShs	difference	explanation
1	Mortgage	40,000,000	-	-	-	40,000,000	40,000,000	-	
2	DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	40,543,875.00	40,543,875	40,543,875	-	
3	National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	6,462,954.00	6,462,954	6,462,954	-	
4	Agriculture Sector Development Support Project (ASDSP)	-	-	-	1,668,601	1,668,601	1,668,601	-	
5	FLOCA	-	-	-	334,613,486.00	334,613,486	334,613,486	-	
6	NAVCDP	72,192,657	-	137,807,344		210,000,001	210,000,001	-	

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	Total	112,192,657	0	137,807,344	383,288,916	633,288,917	633,288,917	-	
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Director of Finance
County Executive

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Director of Finance
Fund/project/board/water company/hospital

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Annex: 9 Reporting of Climate Relevant Expenditures

Project name	Project description	Project objective	Project activities					Source of funds	Implementing partners
				Q1	Q2	Q3	Q4		
Development of Kisii County Action Plan	Consultancy service to develop Kisii County Action plan (CCAP)	To develop a 5 year CCAP to guide in adaptation & mitigation actions to be implemented in the county	<ul style="list-style-type: none"> ● To review relevant documents ● Conduct climate risk analysis ● Develop climate change action plan ● Conduct stakeholder consultations 	1,382,430				CCISG(County Climate Institutional Support Grant)	county government key departments and National Government
Developing Finance Policy	Consultancy service to develop finance policy	To guide on climate finance resource mobilization	<ul style="list-style-type: none"> ● To review relevant documents 	1,980,120				CCIS	county government key departments and National

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		on	<ul style="list-style-type: none"> ● To guide on climate finance resource mobilization ● Develop climate change finance policy Conduct stakeholder consultations						Government
Supply and branding of 10,000L water tanks	To supply water tanks to public primary schools	To promote roof catchment water harvesting and storage for climate resilience.	Purchase, supply and distribute water tanks to public institutions across the county	5,771,600				County contribution	county government key departments and National Government
Consultancy services for PCRA(Participatory climate risk assessment)	Consultancy service to develop PCRA	To develop a 5 year PCRA to guide in climate risk assessment	<ul style="list-style-type: none"> ● To review relevant documents ● Conduct climate 		2,770,989.65			CCIS	county government key departments and National Government

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		to be implemented in the county	<ul style="list-style-type: none"> ● risk analysis ● Develop PCRA ● Conduct stakeholder consultations 						
Forests rehabilitation	To supply indigenous trees to forests in Kisii county	<ul style="list-style-type: none"> ● To increase tree and forest cover for climate change mitigation. 	Purchase, supply and plant indigenous trees to county forests		1,854,000			County contribution	county government key departments and National Government
Consultancy for adaptation plan	To develop adaptation plan	<ul style="list-style-type: none"> ● To develop a 5 year adaptation plan to guide in 	<ul style="list-style-type: none"> ● To review relevant documents ● Conduct climate adaptation analysis 		1,794,114			CCIS	county government key departments and National Government

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		adapta tion & mitiga tion action s to be imple mente d in the county	<ul style="list-style-type: none"> ● Develop climate change adaptation plan ● Conduct stakeholder consultations 					
Consultancy for land use	To conduct consultancy for land use	To conduct land use assessment be implemented in the county	<ul style="list-style-type: none"> ● To review relevant documents ● Conduct climate risk analysis ● Develop climate change action plan ● Conduct stakeholder consultations 			1,100,350	CCIS	county government key departments and National Government
Supply of Fruit trees to public	To supply fruit trees to	To promote	To purchase, supply and			2,999,820	County contribution	county government

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institutions	public institutions across the county	agroforestry for improved nutrition, increased tree cover and sustainable land use.	plant fruit trees in public institutions across the county					key departments and National Government
Consultancy for monitoring and communication strategy	To develop a county monitoring and communication strategy	To put in place a framework for enhanced monitoring and evaluation of climate change programs	<ul style="list-style-type: none"> ● To review relevant documents ● Conduct climate change communication analysis ● Develop climate change monitoring and communication strategy ● Conduct stakeholder consultations 			1,872,822	CCIS	county government key departments and National Government

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