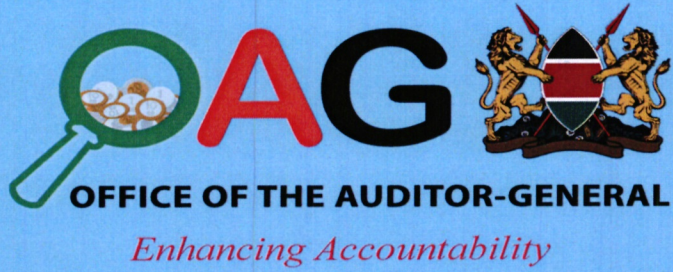


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KISII

**FOR THE YEAR ENDED
30 JUNE, 2022**



KISII COUNTY ASSEMBLY.

Telephone: +254-020-8029160
Email: Kisiicountyassembly@kisii.go.ke
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Kisii Town Hall Building
P.O. Box 4552 – 40200
Kisii, Kenya.

KISII COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

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



TABLE OF CONTENTS

| | | |
|-----|---|-----|
| 1. | Key Entity Information and Management..... | ii |
| 2. | Foreword by the Clerk of the County Assembly..... | vi |
| 3. | Statement of Performance against County Assembly Predetermined Objectives | x |
| 4. | Corporate Social Responsibility Statement/Sustainability Reporting | xii |
| 5. | Statement of Management Responsibilities | xiv |
| 6. | Report of the Independent Auditor on Kisii County Assembly..... | xvi |
| 7. | STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE, 2022..... | 1 |
| 8. | STATEMENT OF ASSETS AND LIABILITIES AS AT 30 TH JUNE, 2022..... | 2 |
| 9. | STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 TH JUNE, 2022..... | 3 |
| 10. | STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT FOR THE YEAR ENDED 30 TH JUNE, 2022..... | 5 |
| 11. | STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECCURENT FOR THE YEAR ENDED 30 TH JUNE, 2022..... | 7 |
| 12. | STATEMENT OF COMPARISONN OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED 30 TH JUNE, 2022..... | 9 |
| 13. | BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30 TH JUNE, 2022..... | 11 |
| 14. | Significant Accounting Policies | 12 |
| 15. | Notes to the Financial Statements | 19 |
| 16. | Progress on Follow up on Prior Year Auditor's Recommendations..... | 37 |
| 17. | Annexes | 41 |

1. Key Entity Information and Management

(a) Background information

The County Assembly of Kisi is established as per article 176(1) of the constitution of Kenya 2010 and is headed by the Speaker who is responsible for the general policy and strategic direction of the Assembly. The County Assembly consists of the Speaker, 45 elected and 24 nominated Members (MCAs). Besides the representation role, the MCA's are charged with the responsibility of making laws for good governance and effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive as per article 185(1,2,3 &4) of the constitution.

(b) Key Management

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

COUNTY ASSEMBLY SERVICE BOARD.

| No. | Designation | Name |
|------------|--------------------------------------|--------------------------|
| 1. | Speaker of the County Assembly | Hon. David Kombo |
| 2. | Clerk of the County Assembly | Mr. James Nyaoga |
| 3. | Member County Assembly Service Board | Hon. Charles Nyagoto |
| 4. | Member County Assembly Service Board | Hon. Daniel Apepo |
| 5. | Member County Assembly Service Board | Dr. Caren Nyangweso |
| 6. | Member County Assembly Service Board | Dr. Joash Morara Kerongo |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2022 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|---------------------------|--------------------|
| 1. | Accounting Officer- Clerk | Mr. James Nyaoga |
| 2. | Senior Accountant | Mr. Moses Ratemo |
| 3. | Senior SCMO | Mr. Edward Ondieki |
| 4. | Finance Officer | Ms. Emma Ntabo |

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

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

The Public Accounts and Investment Committee examine the Auditor's Reports for both the County Executive and County Assembly as per Article 229 (8) of the Constitution.

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

(e) Entity Headquarters

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

(f) Entity Contacts

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

(g) Entity Bankers

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

2. National Bank of Kenya Ltd
Kisii Branch
P.O Box 2435-40200
Kisii

(h) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. Forward by the Clerk of the County Assembly

The Financial Reports and Statements for the financial year 2021/2022 were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in compliance with section 125 and 149 of Public Finance Management Act, 2012.

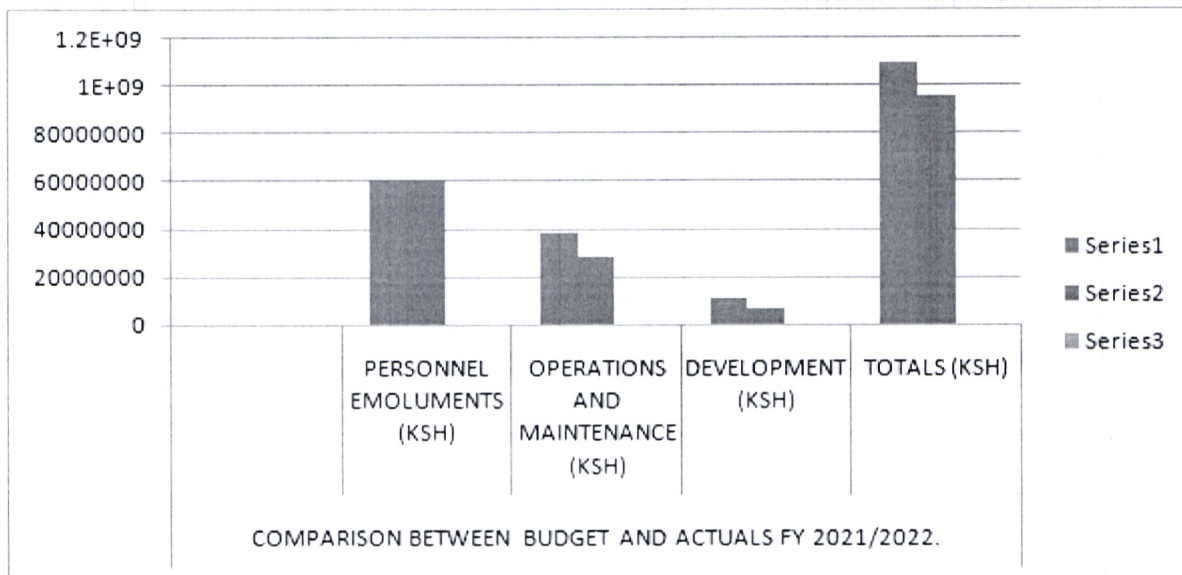
The County Assembly of Kisii appropriated Kshs. **1,101,585,582** for the management of its programmes for FY 2021/2022, out of which Kshs. **960,962,827** was received from the National Treasury translating to **87%** of the budget.

The Assembly spent Kshs. 607,932,017(**63%**) towards personnel emoluments, Kshs. 285,763,173(**30%**) on Operations and maintenance, and Kshs. 63,640,019(**7%**) on development.

2.1 Budget performance

COMPARISON BETWEEN BUDGET AND ACTUALS FY 2021/2022.

| | PERSONNEL EMOLUMENTS (KSH) | OPERATIONS AND MAINTENANCE (KSH) | DEVELOPMENT (KSH) | TOTALS (KSH) |
|----------------|----------------------------|----------------------------------|-------------------|---------------|
| BUDGET | 612,256,260 | 382,576,164 | 106,753,158 | 1,101,585,582 |
| ACTUALS | 607,932,017 | 285,763,173 | 63,640,019 | 957,335,209 |
| | 99% | 74% | 59% | 87% |



2.2 Operational Performance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Devolution Committee- Deals with matters that involve devolved units.

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

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

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

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

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

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

The budget for the FY 2021/2022 was passed by the County Assembly on 30th June 2021. There was one (1) supplementary budget adopted on 22nd November 2021.

2.3 Performance of key development projects

The County Assembly has so far successfully accomplished the task of provision of office space for both staff and members of the County Assembly at the headquarters. The Assembly has built three office blocks, one being a modern one. The perimeter walls and parking spaces have been improved, though some more extensions need to be initiated in future. ICT infrastructure in the Assembly has been developed from scratch and is continuously being improved to enhance efficiency in Communication, networking and ease of legislative and public service transactions. The Assembly has also completed the construction of 4 ward offices for the Members of County Assembly.

2.4 Comment on value-for-money achievements

Taking legislative, oversight and representation services closer to people at the grassroots has been an objective meant to be achieved by the construction of ward offices at the Ward headquarters. Civic awareness can also be enriched by providing relevant information and communication to the public to bolster robust public participation.

2.5 Challenges and Recommended Way Forward

The outbreak of Covid-19 pandemic affected the performance of the Assembly for the last two years resulting in stagnation of the implementation of Assembly programs. The Assembly also experienced a strained working environment characterised by heightened political temperatures, two impeachment attempts of the speaker and agitation of a section of staff. However, this situation is anticipated to be arrested by the election of new members of the county in the third assembly.



.....
Name: **ONKEO M. JAROB**

Clerk of the County Assembly



3. Statement of Performance against County Assembly Predetermined Objectives**Introduction**

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

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

Below were the expected outputs of the assembly in FY 2021/2022

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

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

| | | | | |
|---|--|--|---|--|
| County Assembly Services | Strengthen the County Assembly Service | Productive and professional staff | Training Policy, No. of training reports, training needs assessment report and skills inventory | Human resource manual developed, 9 staff trainings conducted. |
| Program3 | Objective | Outcome | Indicator | Performance |
| County Assembly Service Board (Office of the Speaker). | Enhance physical and ICT infrastructure | New modern administrative block, Furniture and equipment, improved Security, Operational IT infrastructure, Ward offices for MCA's | New administration office block, No of furniture items acquired, number of security installations, No. of IT infrastructure installed, No. of ward offices constructed. | Completion of modern administrative block, one ward office under construction. |
| | Adequate resource mobilization and proper management | Sufficient budgetary provision, improved financial management, | Approved budget, Additional resources obtained, Accurate and timely financial reports | FY 2021/22 Budget was approved; Decrease in resources utilized was due to the effect of covid-19 pandemic, FY 2020/21 Audited Financial Reports. |
| | Improved stakeholder engagement and management | Improved systems, Increased Compliance levels, reduced instances of penalties, reduced litigation | % increase in stakeholder engagement, % Reduction in penalties and litigation. | 100% engagement with suppliers through E- procurement system, 60% reduction in number of litigations. |

4. Corporate Social Responsibility Statement/Sustainability Reporting

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

a) Sustainability strategy and profile

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

b) Environmental performance

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

c) Employee welfare

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

d) Market place practices-

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations.

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

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

d) Product stewardship

The Assembly ensures that product Quality and Safety meets the acceptable standards. The inspection and acceptance committees take responsibility of

making sure that products and services are of good and standard quality and meet user expectations.

e) Community Engagements-

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

In the Financial Year 2021/22 the Assembly through a Supplementary Budget released some of its budgeted funds to the County Executive to assist in the enhancing mitigation measures for the contained of Covid-19 pandemic.

5. Statement of Management Responsibilities

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year, ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2022, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 19th September 2022.



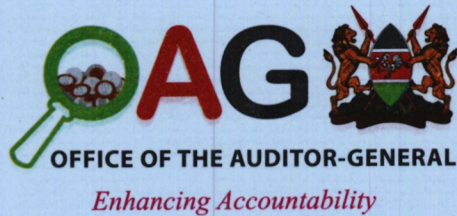
.....
Name: **DANKEO M. JACOB**

Clerk of the County Assembly



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KISII FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Kisii set out on pages 1 to 52, which comprise of the statement of financial assets and liabilities

as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kisii as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unexplained Voided Transactions

Review of the Integrated Financial Management Information System (IFMIS) payments indicated that nine hundred and ninety-nine (999) transactions amounting Kshs.179,292,886 which had been approved by the Controller of Budget, were voided during the year under review. Management has attributed voiding of these transactions to lack of funds to pay and an error in one of the payments request batches. However, no evidence was provided to show that the voidable transactions were paid in the financial 2022/2023.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The summary statement of appropriation: recurrent and development reflects budgeted receipts of Kshs.1,101,585,582 and actual receipts of Kshs.960,962,827, resulting to a

budget shortfall of Kshs.140,622,755 (or 13%) of the budget. Similarly, the Assembly spent Kshs.960,968,829 against an approved budget of Kshs.1,101,585,582, resulting to an under-expenditure of Kshs.140,616,753 (or 13%) of the budget.

In circumstances, the underfunding and under-expenditure could have adversely affected provision of services.

2.0 Unresolved Prior Year Matters

The Public Sector Accounting Standard Board (PSASB) financial reporting template issued in June, 2021 stipulates that the Management should reflect a progress on follow up on auditor's recommendations indicating issues raised by the auditor, status and timeframe when the issues are expected to be resolved. However, Note 16 on other disclosures to the financial statements shows that seven (7) issues raised by the Auditor General in the report for 2020/2021 had been resolved. However, Management did not provide supporting documents to prove the status. No reason was given for the omission.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Irregular Recruitment of Ward Employees

Review of the Assembly's personnel records revealed that during the year under review, Members of the County Assembly(MCAs)had directly employed sixteen (16) Ward staff without involving Management, contrary to Section 25(1)(a) of the County Assembly Service Act, 2017 which provides that Management is responsible for the appointment and confirmation in appointment of officers and other staff.

In the circumstances, Members of the County Assembly were in breach of the law.

2.0 Irregular Payments to Interdicted Employees

Review of personnel and payment records revealed that the Assembly had six (6) employees who were interdicted between 4 August, 2021 and 25 April, 2022, pending investigations but continued to draw full basic salaries up to the time of audit, contrary to the Paragraph D33 of the Terms and Conditions of Service of the County Assembly of Kisii Human Resource Manual, 2021, which requires an interdicted officer to receive half basic salary, full house allowance and medical benefits, while other benefits be withheld.

In the circumstance, Management was in breach of the Terms and Conditions of Service of the Assembly.

3.0 Failure to Observe One-Third Rule in Employment

Review of the Assembly's staff establishment and employment records for the year under review revealed that the Assembly had four hundred and twenty-seven (427) employees. However, out of this number, four hundred and nineteen (419) employees or 98% were from the dominant ethnic community in the County, while only six (6) employees or 2% were from the other ethnic communities, contrary to the provisions of Section 65(1)(e) of the County Government Act, 2012 which state that there is need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county;

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

4.0 Non-Compliance with One Third Basic Salary Rule

Review of the payroll for the month June 2022 revealed that the Assembly made deductions on the basic salaries of fifteen (15) employees in excess of two-thirds of their basic salaries, contrary to Section 19(3) of the Employment Act, 2007, which requires that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed

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

5.0 Irregular Payment of Subscription Fees

The statement of receipts and payments reflects expenditure on use of goods and services totalling Kshs.285,763,173 which includes an amount of Kshs.27,331,024 in respect of other operating expenses. Included in this balance is an amount of Kshs1,500,000 paid as subscription fees to the Society of Clerks-At-The-Table in Kenyan Legislatures ((SOCATT (K)). However, acknowledgement receipt of the subscription fees was not provided for audit review. Further, the subscription was not based on any law.

In the circumstances, the regularity of the expenditure of Kshs.1,500,000 could not be confirmed.

6.0 Unutilized Buildings

The statement of receipts and payments and Note 10 to the financial statements reflects acquisition of assets balance of Kshs.67,267,587. Included in the balance is an amount of Kshs.63,640,018 incurred on extension of the library, ICT Centre, Procurement Offices and Members of the County Assembly Offices. According to the tender documents , the contract was awarded to a construction company at a contract sum of Kshs.195,000,000 for a contract period of about thirty (30) days from 08 January, 2019 to 30 June, 2021.

Audit inspection of the works on 12 October, 2022 revealed that the project was complete. However, the final completion certificate and hand over minutes were not provided for audit review.

Further, review of records revealed that the contract for proposed renovation, furnishing and alteration to County Assembly of Kisii Chambers including installation of video and audio equipment was awarded to a company at a contract sum of Kshs.39,997,968 . The contract was to be completed by 30 June, 2022 and the contractor had been cumulatively paid an amount of Kshs.34,613,217. However, physical verification of the works on 12 October, 2022 revealed that the works had been completed but the final certificate of completion and hand over minutes were not provided for audit review.

In the circumstances, value for money on the expenditure of Kshs.98,253,235 on the two (2) projects could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Non-Functional Audit Committee

Information provided indicated that the term of the Assembly Committee expired in December, 2021 and had not been renewed as at the time of audit in June, 2022. Further, before the expiry of its term, the Audit Committee had been non-functional as it failed to approve Internal Audit charter, audit plans and programs and to discuss the audit reports of both internal and external auditors as required by Regulation 168 of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the County Assembly had weak internal controls with respect to oversight of its activities.

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 Management and those Charged with Governance

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

In preparing the financial statements, the Management is responsible for assessing the Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Assembly or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assembly's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Assembly to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


06 April, 2023


KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

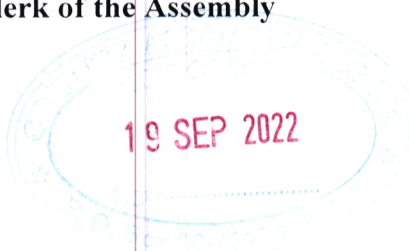
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE, 2022.

| | | 2021-2022 | 2020-2021 |
|--|------|--------------------|--------------------|
| | Note | KShs | KShs |
| Receipts | | | |
| Exchequer releases | 1 | 960,962,827 | 962,258,658 |
| Proceeds from sale of assets | 2 | | |
| Other receipts | 3 | | |
| Total receipts | | 960,962,827 | 962,258,658 |
| Payments | | | |
| Compensation of employees | 4 | 607,932,017 | 604,885,796 |
| Use of goods and services | 5 | 285,763,173 | 301,913,481 |
| Subsidies | 6 | | |
| Transfers to other government entities | 7 | 6,051 | 45,159 |
| Other grants and transfers | 8 | | |
| Social security benefits | 9 | | |
| Acquisition of assets | 10 | 67,267,587 | 55,453,330 |
| Finance costs | 11 | | |
| Other payments | 12 | | |
| Total payments | | 960,968,828 | 962,297,766 |
| Surplus/(deficit) | | (6,001) | (39,108) |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19th September 2022 and signed by:

.....

Name: DANIEL M. JARO
Clerk of the Assembly

.....

Name: EMMA HTIBO
Chief Finance Officer – County Assembly
ICPAK Member Number: 23586



8. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE, 2022.

| | | 2021-2022 | 2020-2021 |
|---|------|-------------------|-------------------|
| Financial assets | Note | Kshs | Kshs |
| Cash and cash equivalents | | | |
| Bank balances | 13A | 19,923,783 | 18,478,994 |
| Cash balances | 13B | | |
| Total cash and cash equivalents | | 19,923,783 | 18,478,994 |
| Imprests and Advances | 14 | | |
| Total financial assets | | 19,923,783 | 18,478,994 |
| Financial liabilities | | | |
| Accounts Payables-Deposits and retentions | 15 | 19,923,733 | 18,472,943 |
| Net financial assets | | 50 | 6,501 |
| Represented by | | | |
| Fund balance b/fwd | 16 | 6,051 | 45,159 |
| Prior year adjustment | 17 | | |
| Surplus/(deficit) for the year | | (6,001) | (39,108) |
| Total Net Financial Assets and Liabilities | | 50 | 6,051 |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19th September 2022 and signed by:

.....
 Name: **ONKEO M. JACOB**
 Clerk of the Assembly

.....
 Name: **EMMA NTABO**
 Chief Finance Officer – County Assembly
 ICPAK Member Number: 23586



KISII COUNTY ASSEMBLY

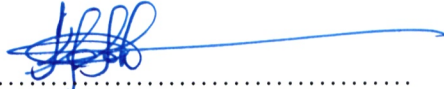
Annual Report and Financial Statements For the year ended 30th June 2022


9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2022.

| | | 2021-2022 | 2020-2021 |
|--|------|---------------------|---------------------|
| | Note | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts from operating income | | | |
| Exchequer releases | 1 | 960,962,827 | 962,258,658 |
| Other receipts | 3 | | |
| Payments for operating expenses | | | |
| Compensation of employees | 4 | (607,932,017) | (604,885,796) |
| Use of goods and services | 5 | (285,763,173) | (301,913,481) |
| Subsidies | 6 | | |
| Transfers to other government entities | 7 | (6,051) | (45,159) |
| Other grants and transfers | 8 | | |
| Social security benefits | 9 | | |
| Finance costs | 11 | | |
| Other payments | 12 | | |
| Adjusted for: | | | |
| Prior year adjustment | 17 | | |
| Decrease/(increase) in accounts receivable: | 18 | | |
| Increase/(decrease) in accounts payable: | 19 | 1,450,790 | 18,472,943 |
| Net cash flows from operating activities | | 68,712,376 | 73,887,165 |
| Cash flow from investing activities | | | |
| Proceeds from sale of assets | 2 | | |
| Acquisition of assets | 10 | (67,267,587) | (55,453,330) |
| Net cash flows from investing activities | | (67,287,587) | (55,453,330) |
| Net increase in cash and cash equivalents | | | |
| | | 1,444,789 | 18,433,835 |
| Cash & cash equivalent at Start of the year 30th June 2021 | 13 | 18,478,994 | 45,159 |
| Cash & cash equivalent at end of the year 30th June 2022 | 13 | 19,923,783 | 18,478,994 |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19th September 2022 and signed by:


.....
Name: **ONKEO M. JARO**
Clerk of the Assembly


.....
Name: **EMMA MTAMBO**
Chief Finance Officer – County Assembly
ICPAK Member Number:23586



KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

**10. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT FOR
THE YEAR ENDED 30TH JUNE, 2022.**

| Receipt/expense item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | %Utilization difference |
|--|------------------------|--------------------|----------------------|-----------------------------------|--------------------------------|
| | Kshs | Kshs | c=a+b | e=d-c | Kshs |
| Receipts | | | | | |
| Exchequer releases | 1,055,741,608 | 45,843,974 | 1,101,585,582 | 960,962,827 | 13% |
| Proceeds from sale of assets | | | | | |
| Other receipts | | | | | |
| Total | 1,055,741,608 | 45,843,974 | 1,101,585,582 | 960,962,827 | 13% |
| Payments | | | | | |
| Compensation of employees | 605,204,622 | 7,051,638 | 612,256,260 | 607,932,017 | 1% |
| Use of goods and services | 344,320,075 | 33,701,056 | 378,021,131 | 285,763,173 | 25% |
| Subsidies | | | | | |
| Transfers to other government entities | | | | 6,051 | |
| Other grants and transfers | | | | | |
| Social security benefits | | | | | |
| Acquisition of assets | 106,216,911 | 5,091,280 | 111,308,191 | 67,267,587 | 40% |
| Finance costs | | | | | |
| Other payments | | | | | |
| Total | 1,055,741,608 | 45,843,974 | 1,101,585,582 | 960,968,829 | 13% |
| Surplus/ (deficit) | | | | (6,001) | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

- (a) The underutilization difference in exchequer releases of 13% was due to delays in disbursements from the National Treasury. The County Assembly could not utilize all its budget.
- (b) The underutilization difference in use of goods and services of 25% was due to delays in disbursement of funds from the National Treasury.
- (c) The underutilization difference in Acquisition of Assets of 40% was due to lack of sufficient funding from the National Treasury hence the County Assembly could not use all its development budget for the FY 2021/2022.

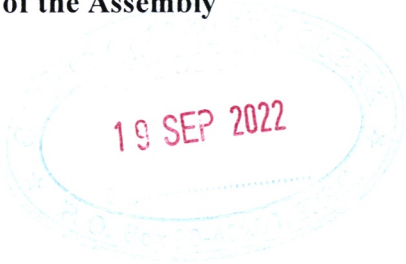
The changes between the original and final budget are as a result of reallocations through a supplementary budget.

The entity financial statements were approved on 19th September 2022 and signed by:



Name: **ONKED M. JACOB**

Clerk of the Assembly



Name: **EMMA HTABO**

Chief Finance Officer – County Assembly

ICPAK Member Number: 23586

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

**11. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECCURENT FOR THE YEAR ENDED
30TH JUNE, 2022.**

| Receipt/expense item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | % Utilization difference |
|--|------------------------|--------------------|---------------------|-----------------------------------|---------------------------------|
| | A | B | c=a+b | e=d-c | |
| Receipts | | | | | |
| Exchequer releases | 949,524,697 | 45,307,727 | 994,832,424 | 897,322,808 | 10% |
| Proceeds from sale of assets | | | | | |
| Other receipts | | | | | |
| Total | 949,524,697 | 45,307,727 | 994,832,424 | 897,322,808 | 10% |
| Payments | | | | | |
| Compensation of employees | 605,204,622 | ,7051,638 | 612,256,260 | 607,932,017 | 3% |
| Use of goods and services | 344,320,075 | 33,701,056 | 378,021,131 | 285,763,173 | 25% |
| Subsidies | | | | | |
| Transfers to other government entities | | | | 6,051 | |
| Other grants and transfers | | | | | |
| Social security benefits | | | | | |
| Acquisition of assets | | 4,555,033 | 4,555,033 | 3,627,567 | 20% |
| Finance costs | | | | | |
| Other payments | | | | | |
| Total | 949,524,697 | | 994,832,424 | 897,328,809 | 10% |
| Surplus/(deficit) | | | | (6,001) | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

- (a) The underutilization difference in use of goods and services of 25% was due to delays in disbursement of funds from the National Treasury. Hence, the County Assembly could not utilize all its budget.
- (b) The underutilization difference in Acquisition of Assets of 20% was due to lack of sufficient funding from the National Treasury. The County Assembly could not use all its development budget for the FY 2021/2022.

The changes between the original and final budget are as a result of reallocations through a supplementary budget.

The entity financial statements were approved on 19th September 2022 and signed by:



.....
Name: **ONKWO M. JACOB**

Clerk of the Assembly



.....
Name: **EMMA NTARO**

Chief Finance Officer – County Assembly

ICPAK Member Number: 23586

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

12. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE, 2022.

| Receipt/expense item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | % Utilization difference |
|--|--------------------|----------------|--------------------|----------------------------|--------------------------|
| | Kshs | Kshs | c=a+b | e=d-c | Kshs |
| Receipts | | | | | |
| Treasury/ exchequer releases | 106,216,911 | 536,247 | 106,753,158 | 63,640,019 | 40% |
| Proceeds from sale of assets | | | | | |
| Other receipts | | | | | |
| Total | 106,216,911 | 536,247 | 106,753,158 | 63,640,019 | 40% |
| Payments | | | | | |
| Compensation of employees | | | | | |
| Use of goods and services | | | | | |
| Subsidies | | | | | |
| Transfers to other government entities | | | | | |
| Other grants and transfers | | | | | |
| Social security benefits | | | | | |
| Acquisition of assets | 106,216,911 | 536,247 | 106,753,158 | 63,640,019 | 40% |
| Finance costs | | | | | |
| Other payments | | | | | |
| Total | 106,216,911 | 536,247 | 106,753,158 | 63,640,019 | 40% |
| Surplus/ deficit | | | | | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

(a) The underutilization difference in Acquisition of Assets of 40% was due to lack of sufficient funding from the National Treasury. Therefore, the County Assembly could not use all its development budget for the FY 2021/2022.

The changes between the original and final budget are as a result of reallocations through a supplementary budget. The entity financial statements were approved on 19th September 2022 and signed by:

.....
Name: **ONKEO M. JACOB**
Clerk of the Assembly

.....
Name: **EMMA NTABO**
Chief Finance Office – County Assembly
ICPAK Member Number: 23586



KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30TH JUNE, 2022.**

| Programme/Sub-Programme | Final Budget | Indicators | Outcomes | Actual on comparable basis | Budget utilization difference |
|---|---------------------|-------------------|------------------|-----------------------------------|--------------------------------------|
| | Kshs | %/ number | %/ number | Kshs | Kshs |
| Programme 1 | | | | | |
| Management of County Assembly Affairs. | 862,822,468 | 100% | 89% | 764,911,618 | 97,910,850 |
| | | | | | |
| Programme 2 | | | | | |
| Representation, Legislative and Oversight Services. | 232,407,914 | 100% | 84% | 194,319,643 | 38,088,271 |
| | | | | | |
| Sub-Programme 3 | | | | | |
| County Assembly Service Board (Office of the speaker) | 6,355,200 | 100% | 27% | 1,737,568 | 4,617,632 |
| | | | | | |
| Total | 1,101,585,582 | 100% | 87% | 960,968,829 | 89,689,972 |

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Acquisition of fixed assets

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

Significant Accounting Policies (Continued)

4. In-kind contributions

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

5. Third Party Payments

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

6. Cash and cash equivalents

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

7. Restriction on cash

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

There were no other restrictions on cash during the year.

Significant Accounting Policies (Continued)

8. Imprests and Advances

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

9. Third party deposits and retention

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

10. Non-current assets

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

11. Pending bills

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

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

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

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

13. Contingent Assets

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

Significant Accounting Policies (Continued)

14. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Kisii County Assembly budget was approved as required by Law. The original budget was approved by the County Assembly on 30th June, 2021 for the period 1st July 2021 to 30th June 2022 as required by law. There was 1 (one) supplementary budget passed in the year. The supplementary budget was approved on 22nd November, 2021. A high-level assessment of the Kisii County Assembly actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

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

18. Related Party Transactions

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

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

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

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

15. Notes to the Financial Statements

1. Exchequer Releases

| | 2021-2022 | 2020-2021 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Transfers from the county treasury for q1 | 147,193,056 | 94,558,518 |
| Transfers from the county treasury for q2 | 328,232,681 | 281,835,233 |
| Transfers from the county treasury for q3 | 165,947,037 | 212,861,707 |
| Transfers from the county treasury for q4 | 319,590,053 | 373,003,200 |
| Cumulative amount | 960,962,827 | 962,258,658 |

2. Proceeds From Sale of Assets

| | 2021-2022 | 2020-2021 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Receipts from the Sale of Buildings | | |
| Receipts from the Sale of Vehicles and Transport Equipment | | |
| Receipts from the Sale Plant Machinery and Equipment | | |
| Receipts from Sale of Certified Seeds and Breeding Stock | | |
| Receipts from the Sale of Strategic Reserves Stocks | | |
| Receipts from the Sale of Inventories, Stocks and Commodities | | |
| Disposal and Sales of Non-Produced Assets | | |
| Total | | |

Notes to the Financial Statements

3. Other Receipts

| | 2021-2022 | 2020-2021 |
|----------------------|------------------|------------------|
| | Kshs | Kshs |
| Tender Fees Received | | |
| Other Receipts II | | |
| Other Receipts III | | |
| Other Receipts IV | | |
| Total | | |

4. Compensation of Employees

| | 2021- 2022 | 2020- 2021 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Basic salaries of permanent employees | 244,966,190 | 262,190,243 |
| Basic wages of temporary employees | 77,254,582 | 61,639,568 |
| Personal allowances paid as part of salary | 218,310,606 | 218,980,324 |
| Personal allowances paid as reimbursements | 9,958,358 | 14,480,196 |
| Personal allowances provided in kind | 1,447,096 | |
| Employer contribution to compulsory national social schemes | 55,995,185 | 47,595,466 |
| Employer contribution to compulsory national health insurance schemes | | |
| Pension and other social security contributions | | |
| Social benefit schemes outside government | | |
| Other personnel payments | | |
| Total | 607,932,017 | 604,885,796 |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

5. Use of Goods and Services

| | 2021 - 2022 | 2020 - 2021 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 462,681 | 1,040,255 |
| Communication, supplies and services | | 1,480,720 |
| Domestic travel and subsistence | 146,246,400 | 137,306,830 |
| Foreign travel and subsistence | 20,568,508 | 2,454,662 |
| Printing, advertising and information supplies & services | 866,820 | 2,254,908 |
| Rentals of produced assets | | 73,100 |
| Training expenses | 1,497,000 | 3,717,828 |
| Hospitality supplies and services | 22,232,904 | 23,171,098 |
| Insurance costs | 26,576,361 | 49,069,338 |
| Specialized materials and services | 5,049,500 | 7,861,020 |
| Office and general supplies and services | 29,065,376 | 22,710,510 |
| Fuel, oil and lubricants | 2,494,893 | 3,972,943 |
| Other operating expenses | 27,331,024 | 39,386,374 |
| Routine maintenance – vehicles and other transport equipment | 1,422,237 | 1,658,539 |
| Routine maintenance – other assets | 1,949,469 | 5,755,356 |
| Total | 285,763,173 | 301,913,481 |

Notes to the Financial Statements (Continued)

6. Subsidies

| Description | 2021-2022 | 2020-2021 |
|----------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Subsidies To County Corporations | | |
| <i>See List Attached</i> | | |
| (Insert Name) | | |
| | | |
| Subsidies To Private Enterprises | | |
| <i>See List Attached</i> | | |
| (Insert Name) | | |
| | | |
| Total | | |

7. Transfers to Other Government Entities

| Description | 2021-2022 | 2020-2021 |
|--|--------------|---------------|
| | Kshs | Kshs |
| Transfers to national government entities | 6,051 | 45,159 |
| | | |
| Transfers to other county assembly entities | | |
| Car loan scheme fund | | |
| Mortgage | | |
| Others (insert name of budget agency) | | |
| | | |
| Total | 6,051 | 45,159 |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

8. Other Grants and Transfers

| | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Scholarships and other educational benefits | | |
| Membership fees and dues and subscriptions to organizations | | |
| Emergency relief and refugee assistance | | |
| Subsidies to small businesses, cooperatives, and self employed | | |
| Total | | |

9. Social Security Benefits

| | 2021 - 2022 | 2020-2021 |
|--|-------------|-----------|
| | Kshs | Kshs |
| Government Pension and Retirement Benefits | | |
| Social Security Benefits | | |
| Employer Social Benefits | | |
| Total | | |

Notes to the Financial Statements (Continued)

10. Acquisition of Assets

| <u>Non- financial assets</u> | 2021 - 2022 | 2020-2021 |
|--|--------------------|-------------------|
| | Kshs | Kshs |
| Purchase of buildings | | |
| Construction of buildings | 63,640,018 | 46,945,330 |
| Refurbishment of buildings | | |
| Construction of roads | | |
| Construction and civil works | | |
| Overhaul and refurbishment of construction and civil works | | |
| Purchase of vehicles and other transport equipment | | |
| Overhaul of vehicles and other transport equipment | | |
| Purchase of household furniture and institutional equipment | | |
| Purchase of office furniture and general equipment | 841,500 | 8,508,000 |
| Purchase of specialized plant, equipment and machinery | 2,786,069 | |
| Rehabilitation and renovation of plant, machinery and equip. | | |
| Purchase of certified seeds, breeding stock and live animals | | |
| Research, studies, project preparation, design & supervision | | |
| Rehabilitation of civil works | | |
| Acquisition of strategic stocks and commodities | | |
| Acquisition of land | | |
| Acquisition of intangible assets | | |
| Total acquisition of non- financial assets | 67,267,587 | 55,453,330 |
| | | |
| <u>Financial assets</u> | | |
| Domestic public non-financial enterprises | | |
| Domestic public financial institutions | | |
| Total acquisition of financial assets | | |
| Total acquisition of assets | 67,267,587 | 55,453,330 |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

11. Finance Costs

| | 2021- 2022 | 2020 - 2021 |
|---|-------------------|--------------------|
| | Kshs | Kshs |
| Bank charges | | |
| Interest payments on foreign borrowings | | |
| Interest payments on guaranteed debt taken over by govt | | |
| Interest on domestic borrowings (non-govt) | | |
| Interest on borrowings from other government units | | |
| Total | | |

12. Other Payments

| | 2021 - 2022 | 2020 - 2021 |
|----------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Budget Reserves | | |
| Civil Contingency Reserves | | |
| Other Payments | | |
| | | |

Notes to the Financial Statements (Continued)

13. Cash and Bank Balances

13A. Bank Balances

| Name Of Bank, Account Name & Currency | Account Number | Indicate whether Rec, Dev, Dep. e.t.c | 2021 - 2022 | 2020 - 2021 |
|---------------------------------------|----------------|---------------------------------------|-------------------|-------------------|
| | | | Kshs | Kshs |
| Central Bank of Kenya (Kshs.) | 1000291168 | Development | 2 | |
| Central Bank of Kenya (Kshs.) | 1000241373 | Recurrent | 48 | 6,051 |
| Central Bank of Kenya (Kshs.) | 1000387505 | Deposit | 19,923,733 | 18,472,943 |
| National Bank of Kenya (Kshs.) | 01001090955200 | Recurrent | | |
| Total | | | 19,923,783 | 18,478,994 |

13B. Cash in Hand

| | 2021 - 2022 | 2020 - 2021 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Cash In Hand – Held In Domestic Currency | | |
| Cash In Hand – Held In Foreign Currency | | |
| Total | | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

Cash in hand should be analysed as follows:

| Description | 2021 - 2022 | 2020 - 2021 |
|--------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Location 1 | | |
| Location 2 | | |
| Location 3 | | |
| Total | | |

14. Imprests and Advances

| <i>Description</i> | 2021 - 2022 | 2020 - 2021 |
|---------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Government Imprests | | |
| Salary Advance | | |
| Clearance accounts | | |
| Total | | |

| <i>Breakdown Of Imprest And Salary Advance Per Department</i> | 2021 - 2022 | 2020 - 2021 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Imprests | | |
| Department | | |
| Department | | |
| Department | | |
| Sub-Total | | |
| Salary Advance | | |
| Department | | |
| Department | | |
| Sub-Total | | |
| Grand Total | | |

*See Annex 5 for a detailed analysis of the outstanding imprests.

Notes to the Financial Statements (Continued)

15. Third Party Deposits and Advances

| Description | 2021- 2022 | 2020 - 2021 |
|--------------|-------------------|-------------------|
| | Kshs | Kshs |
| Deposits | 19,923,733 | 18,472,943 |
| Retentions | | |
| Total | 19,923,733 | 18,472,943 |

16. Fund Balance Brought Forward

| Description | 2021 - 2022 | 2020 - 2021 |
|----------------------|--------------|---------------|
| | Kshs | Kshs |
| Bank Accounts | 6,051 | 45,159 |
| Cash In Hand | | |
| Accounts Receivables | | |
| Accounts Payables | | |
| Total | 6,051 | 45,159 |

17. Prior Year Adjustments

| | Balance b/f FY 2020-2021 as per audited financial statements | Adjustments during the year relating to prior periods | Adjusted ** Balance b/f FY 2020-2021 |
|---------------------------|--|--|--|
| Description Of The Error | Kshs | Kshs | Kshs |
| Bank Account Balances | | | |
| Cash In Hand | | | |
| Accounts Payables | | | |
| Receivables | | | |
| Others (<i>Specify</i>) | | | |
| | | | |

18. Changes in Imprests and Advances

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Opening Account Receivables As At 1 st July 2021 | | |
| Closing Account Receivables As At 30 th June 2022 | | |
| Change In Account Receivables | | |

19. Changes in Third Party Deposits and Retention

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Opening Accounts Payables As At 1 st July 2021 | 18,472,943 | 13,778,410 |
| Closing Accounts Payables As At 30 th June 2022 | 19,923,733 | 18,478,994 |
| Change In Accounts Payables | 1,450,790 | 4,700,584 |

KISHI COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****Notes to the Financial Statements (Continued)****Other Disclosures****1. Pending Accounts Payable (See Annex 1)**

| | Balance b/f FY 2020-2021 | Additions for the period | Paid during the year | Balance c/f FY 2021-2022 |
|-----------------------------|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Construction Of Buildings | 59,402,692 | | 59,402,692 | |
| Construction Of Civil Works | | 5,384,751 | NIL | 5,384,751 |
| Supply Of Goods | 538,337 | 10,961,508 | 538,337 | 10,961,508 |
| Supply Of Services | 4,999,080 | 11,790,360 | 4,999,080 | 11,790,360 |
| Total | 64,940,109 | 28,136,619 | 64,940,109 | 28,136,619 |

2. Pending Staff Payables (See Annex 2)

| | Balance b/f FY 2020-2021 | Additions for the period | Paid during the year | Balance c/f FY 2021-2022 |
|-----------------------|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Senior Management | | | | |
| Middle Management | | | | |
| Unionisable Employees | | | | |
| Others | | | | |
| Total | | | | |

KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****Notes to the Financial Statements (Continued)****3. Other Pending Payables (See Annex 3)**

| | Balance b/f FY 2020-2021 | Additions for the period | Paid during the year | Balance c/f FY 2021-2022 |
|---|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Amounts due to National Government entities | | | | |
| Amounts due to County Government entities | | | | |
| Amounts due to third parties | | | | |
| Total | | | | |

4. External Assistance

| | FY 2021-2022 | FY 2020-2021 |
|---|---------------------|---------------------|
| Description | Kshs | Kshs |
| External assistance received in cash | | |
| External assistance received as loans and grants | | |
| External assistance received in kind- as payment by third parties | | |
| Total | | |

a) External assistance relating loans and grants

| | FY 2021-2022 | FY 2020-2021 |
|--|---------------------|---------------------|
| Description | Kshs | Kshs |
| External assistance received as loans | | |
| External assistance received as grants | | |
| Total | | |

KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****Notes to the Financial Statements (Continued)***b) Undrawn external assistance*

| | Purpose for which the undrawn external assistance may be used | FY 2021-2022 | FY 2020-2021 |
|---|--|---------------------|---------------------|
| Description | | Kshs | Kshs |
| Undrawn External Assistance - Loans | | | |
| Undrawn External Assistance - Grants | | | |
| Total | | | |

c) Classes of providers of external assistance

| | FY 2021-2022 | FY 2020-2021 |
|---------------------------------------|---------------------|---------------------|
| Description | Kshs | Kshs |
| Multilateral Donors | | |
| Bilateral Donors | | |
| International Assistance Organization | | |
| Ngos | | |
| National Assistance Organization | | |
| Total | | |

KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****Notes to the Financial Statements (Continued)*****d. Non-Monetary External Assistance***

| | FY 2021-2022 | FY 2020-2021 |
|--------------------|---------------------|---------------------|
| Description | Kshs | Kshs |
| Goods | | |
| Services | | |
| Total | | |

e. Purpose and use of external assistance.

| Payments Made By Third Parties | FY 2021-2022 | FY 2020-2021 |
|--|---------------------|---------------------|
| Description | Kshs | Kshs |
| Compensation Of Employees | | |
| Use Of Goods And Services | | |
| Subsidies | | |
| Transfers To Other Government Units | | |
| Other Grants And Transfers | | |
| Social Security Benefits | | |
| Acquisition Of Assets | | |
| Finance Costs, Including Loan Interest | | |
| Repayment Of Principal On Domestic & Foreign Borrowing | | |
| Other Payments | | |
| Total | | |

KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****Notes to the Financial Statements (Continued)*****f. External Assistance paid by Third Parties on behalf of the Entity by Source***

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

| | FY 2021-2022 | FY 2020-2021 |
|---------------------------------------|---------------------|---------------------|
| Description | Kshs | Kshs |
| National Government | | |
| Multilateral Donors | | |
| Bilateral Donors | | |
| International Assistance Organization | | |
| NGOs | | |
| National Assistance Organization | | |
| Total | | |

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

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

Classification by Source

| | FY 2021-2022 | FY 2020-2021 |
|---------------------------------------|---------------------|---------------------|
| Description | Kshs | Kshs |
| National government | | |
| Multilateral donors | | |
| Bilateral donors | | |
| International assistance organization | | |
| NGOs | | |
| National Assistance Organization | | |
| Total | | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Classification of payments made by Third Parties by Nature of expenses

| Payments made by third parties | FY 2021-2022 | FY 2020-2021 |
|--|---------------------|---------------------|
| Description | Kshs | Kshs |
| Compensation of employees | | |
| Use of goods and services | | |
| Subsidies | | |
| Transfers to other government units | | |
| Other grants and transfers | | |
| Social security benefits | | |
| Acquisition of assets | | |
| Finance costs, including loan interest | | |
| Other payments | | |
| Total | | |

6. Related Party Disclosures

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

The following comprise of related parties to the County Assembly:

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

KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****Related party transactions:**

| | 2021- 2022 | 2020- 2021 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Compensation to Key Management | | |
| Compensation to the Speaker, Deputy Speaker and the MCAs | 276,939,204 | 270,856,374 |
| Key Management Compensation (Clerk and Heads of departments) | 41,498,700 | 33,359,440 |
| Total Compensation to Key Management | 318,437,904 | 304,215,814 |
| <u>Transfers to related parties</u> | | |
| Transfers to other County Government Entities such as car and mortgage schemes | | |
| Transfers to County Corporations | | |
| Transfers to non-reporting entities e.g ECD centres, welfare centres etc | | |
| Total Transfers to related parties | | |
| <u>Transfers from related parties</u> | | |
| Transfers from the County Executive- Exchequer | | |
| Payments made on behalf of the County Assembly by other Government Agencies | | |
| (Insert any other transfers received) | | |
| Total Transfers from related parties | | |

7. Contingent Liabilities

| Contingent liabilities | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Court case xxx against the entity | | |
| Bank guarantees in favour of subsidiary | | |
| contingent liabilities arising from PPPs | | |
| Total | | |

KISII COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****16. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|--|--|---|
| | REPORT ON FINANCIAL STATEMENTS Unsupported Expenditure on Foreign and Domestic Travel | The support documents for foreign and domestic travel expenditure that were not presented during the time of the audit are available for audit review. | Resolved | |
| 1. | OTHER MATTERS Budgetary Control and Performance | The under-absorption of the budget by 6% was majorly due to delays in exchequer releases for development budget. | Resolved | |
| 2. | Late Exchequer Releases | It is true that the County Assembly experienced late exchequer releases from the County Treasury in the year under review; however, the management is engaging the controller of Budget to resolve this issue. | Resolved | |
| 3. | Pending Bills | Delays in release of funds from the exchequer in the year under review contributed to the accumulation of most of the pending bills. However all pending bills have since been settled. | Resolved | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe. (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| 1. | <p>REPORT ON LAWFULNESS & EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Extension of Library, ICT Centre & Procurement of Offices</p> | <p>The contractor is on site working on finishes and he applied for extension of time citing Covid-19 disruptions and delayed payment as some of the challenges encountered. The extension will be up-to 30th December 2022 by which time the scope of works will be fully delivered.</p> | Resolved | |
| 2. | <p>Non-Compliance with the Law on Fiscal Responsibility- Wage Bill</p> | <p>The 64% wage bill for the FY in review included a pending bill of Kshs. 44,188,928 for payment of June 2020 salaries paid in July, 2020 and Kshs 106,311,908 paid as sitting allowances to MCAs.</p> <p>The actual wage bill is Kshs.454,384,960 which is 47% of the total receipts.</p> <p>The management shall endeavour to manage the wage bill by not engaging in new recruitment or filling of positions left vacant by staff attrition</p> | Resolved | |
| 3. | <p>Non Compliance with Law on Ethnic Composition</p> | <p>The management has taken note of the auditor’s recommendations and shall endeavour to correct the situation in future appointments.</p> | Not resolved | June 2027 |
| | | | | |
| | | | | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| 1. | <p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</p> <p>Ineffective Audit Committee Function</p> | <p>The audit committee did not hold regular meetings in the year under review due to the Covid -19 pandemic and containment measures issued by the Ministry of Health. However the management has re-drawn its programs for meetings including adopting online channels of communications / meetings.</p> | Resolved | |
| | Lack of an Approved ICT Policy | <p>The ICT policy is still in draft form and has not been approved by management. The Covid -19 hugely disrupted the performance of management but the management commits to review and adapt the draft ICT policy in the current FY</p> | Resolved | |

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 timeframe with the appointed Focal Point persons within your entity 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.

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022



.....
Clerk of the County Assembly

Date: 19th September 2022.



KISHI COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

17. Annexes

Annex 1–Analysis of Pending Accounts Payable

| Supplier of Goods or Services | Date Contracted | Original Amount | balance at the beginning of the year 1st July 2021 | Addition During the year | Amount paid During the year | Outstanding Balance as at 30th June 2022 | Comments |
|--------------------------------------|------------------------|------------------------|--|---------------------------------|------------------------------------|--|-----------------|
| | | | a | b | c | d=a+b-c | |
| Construction Of Buildings | | | | | | | |
| | 08/01/2019 | 195,000,000 | 59,402,692 | | 59,402,692 | Nil | Completed |
| Sub-Total | | | 59,402,692 | | 59,402,692 | | |
| Construction Of Civil Works | | | | | | | |
| Worldmax (K) limited | 31/11/2022 | 5,384,751 | | 5,384,751 | Nil | 5,384,751 | Ongoing |
| Sub-Total | | 5,384,751 | | 5,384,751 | | 5,384,751 | |
| Supply Of Goods | | | | | | | |
| Davkenn Investments Limited | 30/04/2021 | | 411,189 | | 411,189 | | |
| Davkenn Investments Limited | 05/05/2021 | 7 | 127,147 | | 127,148 | | |
| Shemax Solutions | 21/06/2022 | 720,000 | | 720,000 | Nil | 720,000 | |
| Vochy General Supplies | 06/06/2022 | 881,250 | | 881,250 | Nil | 881,250 | |
| Pricecom Limited | 20/04/2022 | 616,000 | | 616,000 | Nil | 616,000 | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

| Supplier of Goods or Services | Date Contracted | Original Amount | balance at the beginning of the year 1st July 2021 | Addition During the year | Amount paid During the year | Outstanding Balance as at 30th June 2022 | Comments |
|--------------------------------------|------------------------|------------------------|--|---------------------------------|------------------------------------|--|-----------------|
| Bondie East Africa Enterprise | 05/10/2021 | 1,006,000 | | 1,006,000 | Nil | 1,006,000 | |
| Sputter International Limited | 07/12/2021 | 1,900,000 | | 1,900,000 | Nil | 1,900,000 | |
| Kejias School Supplies | 20/10/2021 | 2,903,700 | | 2,903,700 | Nil | 2,903,700 | |
| Macbless Investments | 08/03/2022 | 196,500 | | 196,500 | Nil | 196,500 | |
| Dancing Elephants | 08/03/2022 | 420,000 | | 420,000 | Nil | 420,000 | |
| Fristone Enterprises | 10/08/2021 | 720,000 | | 720,000 | Nil | 720,000 | |
| Specter Limited | 17/01/2022 | 1,598,058 | | 1,598,058 | Nil | 1,598,058 | |
| Sub-Total | | 10,961,508 | 538,337 | 10,961,508 | 538,337 | 10,961,508 | |
| Supply Of Services | | | | | | | |
| The Clarion Hotel | 06/06/2021 | | 1,140,000 | | 1,140,000 | | |
| Kika Hotel | 07/04/2021 | | 344,000 | | 344,000 | | |
| DH Enterprises | 11/03/2021 | | 288,000 | | 288,000 | | |
| DH Enterprises | 25/03/2021 | | 480,000 | | 480,000 | | |
| DH Enterprises | 21/05/2021 | | 806,400 | | 806,400 | | |
| DH Enterprises | 26/05/2021 | | 806,400 | | 806,400 | | |
| Parkview Safari Lodge | 11/03/2021 | | 288,000 | | 288,000 | | |
| Incope Trading Limited | 04/05/2021 | | 750,000 | | 750,000 | | |
| Mary Angels Limited | 04/05/2021 | | 96,280 | | 96,280 | | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

| | | | balance at the beginning of the year 1 st July 2021 | | | | |
|--------------------------------------|----------------------------|----------------------------|---|---|--|--|-----------------|
| Supplier of Goods or Services | Date Contracted | Original Amount | | Addition During the year | Amount paid During the year | Outstanding Balance as at 30th June 2022 | Comments |
| Kenindia Assurance Company | 18/11/2021 | 954,435 | | 954,435 | Nil | 954,435 | |
| Nation Media Group Limited | 10/06/2021 | 172,840 | | 172,840 | Nil | 172,840 | |
| The Star Publication | 10/04/2022 | 169,360 | | 169,360 | Nil | 169,360 | |
| Nation Media Group Limited | 01/12//202 1 | 142,680 | | 142,680 | Nil | 142,680 | |
| The Standard Group Limited | 24/03/2021 | 99,969.99 | | 99,969.99 | Nil | 99,969.99 | |
| The Standard Group Limited | 14/09/2021 | 133,400 | | 133,400 | Nil | 133,400 | |
| Nation Media Group | 19/02/2021 | 142,680 | | 142,680 | Nil | 142,680 | |
| Kika Hotel | 26/04/2021 | 320,000 | | 320,000 | Nil | 320,000 | |
| Kika Hotel | 09/09/2021 | 328,000 | | 328,000 | Nil | 328,000 | |
| Kika Hotel | 02/09/2021 | 96,000 | | 96,000 | Nil | 96,000 | |
| Le-Savannah Country Lodge | 17/02/2022 | 297,000 | | 297,000 | Nil | 297,000 | |
| MFI Document Solutions | 17/02/2022 | 409,320 | | 409,320 | Nil | 409,320 | |
| Divine Home (DH Enterprise) | 24/04/2021 | 487,600 | | 487,600 | Nil | 487,600 | |
| Royal City Hotel | 30/09/2021 | 352,000 | | 352,000 | Nil | 352,000 | |
| Clarion Hotel | 22/09/2021 | 780,000 | | 780,000 | Nil | 780,000 | |
| Kika Hotel | 15/09/2021 | 580,000 | | 580,000 | Nil | 580,000 | |
| Davkenn Investments Limited | 30/03/2022 | 461,075 | | 461,075 | Nil | 461,075 | |
| African Touch Safaris | 20/07/2017 | 5,864,000 | | 5,864,000 | Nil | 5,864,000 | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

| Supplier of Goods or Services | Date Contracted | Original Amount | balance at the beginning of the year 1st July 2021 | Addition During the year | Amount paid During the year | Outstanding Balance as at 30th June 2022 | Comments |
|--|------------------------|------------------------|--|---------------------------------|------------------------------------|--|-----------------|
| | | | | | | | |
| Sub-Total | | 11,790,360 | 4,999,080 | 11,790,360 | 4,999,080 | 11,790,360 | |
| Grand Total | | 28,136,619 | 64,940,109 | 28,136,619 | 64,940,109 | 28,136,619 | |
| Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments | | | | | | | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 2 – Analysis of Pending Staff Payables

| Name of Staff | Job Group | Date Contracted | Original Amount | Amount Paid To-Date | Outstanding Balance 2021-2022 | Outstanding Balance 2020-2021 | Comments |
|---------------------------|------------------|------------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------|
| | | | a | b | c=a-b | | |
| Senior Management | | | | | | | |
| 1. | | | | | | | |
| Sub-Total | | | | | | | |
| Middle Management | | | | | | | |
| 2. | | | | | | | |
| Sub-Total | | | | | | | |
| Unionisable Employees | | | | | | | |
| 3. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (<i>specify</i>) | | | | | | | |
| 4. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | | | | | | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 3 – Analysis of Other Pending Payables

| Name | Brief Transaction Description | Date Contracted | Original Amount | Amount Paid To-Date | Outstanding Balance 2021-2022 | Outstanding Balance 2020-2021 | Comments |
|--|--------------------------------------|------------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------|
| | | | a | b | c=a-b | | |
| Amounts Due To National Govt Entities | | | | | | | |
| 1. | | | | | | | |
| Sub-Total | | | | | | | |
| Amounts Due To County Govt Entities | | | | | | | |
| 2. | | | | | | | |
| Sub-Total | | | | | | | |
| Amounts Due To Third Parties | | | | | | | |
| 3. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (Specify) | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | | | | | | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

Annex 4 – Summary of Non-Current Asset Register

| Asset class | Historical Cost b/f (KShs) 2020-2021 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Transfers in/(out) | Historical Cost c/f (KShs) 2021-2022 |
|--|---|---|---|---------------------------|---|
| Land | | | | | |
| Buildings and structures | 318,346,505 | 63,640,019 | | | 381,986,524 |
| Transport equipment | 50,250,190 | | | | 50,250,190 |
| Office equipment, furniture and fittings | 60,694,488 | 841,500 | | | 61,535,988 |
| Ict equipment | 28,169,107 | | | | 28,169,107 |
| Machinery and equipment | 25,343,825 | 2,794,500 | | | 28,138,325 |
| Biological assets | | | | | |
| Infrastructure assets | | | | | |
| Heritage and cultural assets | | | | | |
| Intangible assets | | | | | |
| Work in progress | | | | | |
| Total | 482,804,115 | 67,276,019 | | | 550,080,134 |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 5 – Analysis of Accounts Receivables
(a) Government Imprest

| Name Of Officer Or Institution | Date Imprest Taken | Amount Taken | Amount Surrendered | Balance |
|---------------------------------------|---------------------------|---------------------|---------------------------|----------------|
| | | KShs | KShs | KShs |
| Name Of Officer Or Institution | | | | |
| Name Of Officer Or Institution | | | | |
| Name Of Officer Or Institution | | | | |
| Name Of Officer Or Institution | | | | |
| Total | | | | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

(b) Salary Advance

| Name of Officer | Date Advanced | Amount Advanced | Amount Recovered | Balance |
|------------------------|----------------------|------------------------|-------------------------|----------------|
| | | Kshs | Kshs | Kshs |
| Name Of Officer | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total | | | | |

KISII COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

Annex: 6 Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

Annex 7 Disaster Expenditure Reporting Template

Date:

Entity

| | | | | | | |
|---|---------------|---------------|--|------------------|----------------|------------|
| Period to which this report refers (FY) | Year | | | Quarter | | |
| Name of Reporting Officer | | | | | | |
| Contact details of the reporting officer: | Email | | | Telephone | | |
| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

KISII COUNTY ASSEMBLY

Annual Report and Financial Statements For the year ended 30th June 2022

Annex 8: Contingent Liabilities Register

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

Annex 9 – Bank Reconciliation/FO 30 Report

(Attach FO 30 Reports from IFMIS)