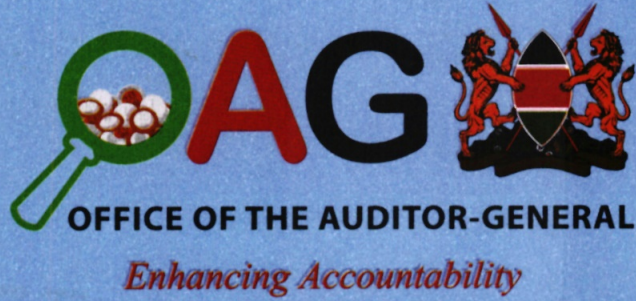
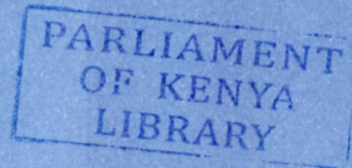


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY EXECUTIVE OF  
KISII**

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

PAPERS LAID	
DATE	2/13/2024
TABLED BY	Dep. Mas. Khat
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**COUNTY EXECUTIVE OF KISII**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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

**County Executive of Kisii  
Annual Report and Financial Statements  
For the year ended June 30 2023**

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**1. Acronyms and Glossary of Terms**

**a) Acronyms**

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

**b) Glossary of Terms**

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

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**2. Key Entity Information And Management**

**a) Background information**

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

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

**County Executive of Kisii  
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**b) Key Management team**

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

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

**c) Fiduciary Management**

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

No.	Designation	Name
1.	CECM Finance, Economic Planning and ICT Services	Mr. Kennedy Okemwa Abincha
2.	Accounting Officer- Finance, Accounting Services & Revenue Management	Dr. Isaiah Onsarigo Miencha
3.	Accounting Officer-Economic Planning and ICT Services	Dr. Kennedy Ben Mwengei Ombaba
4.	Accounting Officers-Public Service, County Administration and Participatory Development, Office of the Governor	CPA Edwin Orina Atege Mr. Vincent Okioma Nyang'wara Mr. Henry Monyancha
5.	Accounting Officer-Lands, Accounting Officer-Physical Planning, Housing and Urban Development	Mr. Cleophas Odira Okioi
6.	Accounting Officer-Water, Environment, Natural Resources and Climate change	Mr. Erick Kiage Mobegi

**County Executive of Kisii**  
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No.	Designation	Name
7.	Accounting Officer-Infrastructure, Energy and Public Works	Mr. Casper Ondoro
8.	Youth, Sports, Culture, Arts and Special Services	Mrs. Helina Kemunto Morangá
9.	Accounting Officer-Education, Technical Training, Innovation and Social Sciences	Mrs. Caren Orori
10.	Accounting Officers-Agriculture, Fisheries, Livestock Development and Irrigation	CPA Emmanuel Maseke Mrs Agnes Kemunto Choti
11.	Accounting Officer-Trade, Tourism, Industry and Marketing	Mr. Wilfred Okari Kenya
12.	Accounting Officer-Medical Services, Public Health and Sanitation	Ms. Gladys Gesaka Amingá

**d) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the year ended 30<sup>th</sup> June 2023 were:

**i. County Assembly of Kisii County**

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

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;
- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation

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**ii. Audit Committee**

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

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

**iii. Public Accounts and Investment Committee of the Senate**

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

**iv. Budget and Appropriations Committee**

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

**v. Development Partners**

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

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**e) County Executive Headquarters**

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

**f) County Executive Contacts**

Telephone: (254) 58203005  
E-mail: [info@kisii.goke](mailto:info@kisii.goke)  
Website: [www.kisii.go.ke](http://www.kisii.go.ke)

**g) County Executive Bankers**

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

2. Other Commercial Banks

Kenya Commercial Bank

Kisii Branch

P.O. Box 48400

Nairobi, Kenya...

**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 and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

**NAIROBI, KENYA**

**j) County Attorney**

P.O. Box 4550-40200 Kisii

**County Executive of Kisii  
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**3. Governance Statement**

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






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

**The County Executive**




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

	H.E Hon. Paul S. Arati The Governor Kisii County
	H.E Hon. Robert O. Monda Deputy Governor Kisii County
	James Ntabo County Secretary
	Kennedy o. Abincha CECM Finance Economic Planning & ICT(E-Government) Services

**County Executive of Kisii**  
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	<p>Ronald G. Nyakweba</p> <p>CECM Medical Services, Public Health And Sanitation</p>
	<p>Elijah O. Obwori</p> <p>CECM Agriculture, Fisheries, Livestock, Cooperatives Development &amp; Irrigation</p>
	<p>Eric O. Miyienda</p> <p>CECM Youth, Sports, Culture, Arts &amp; Social Services</p>
	<p>Cyrus m. Nyabicha</p> <p>CECM Trade, Tourism, Industry &amp; Marketing</p>
	<p>Dr. Alfred O. Ndemo</p> <p>CECM Public Service, County Administration, Public Participation &amp; Office Of The Governor</p>
	<p>Grace K. Nyarango</p> <p>CECM Lands, Physical Planning, Housing &amp; Urban Development</p>

**County Executive of Kisii  
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	<p>Daniel O. Nyakundi CECM Education, Technical Training, Innovation &amp; Manpower Development</p>
	<p>Leah B. Ogega CECM - Water, Energy, Environment, Natural Resources &amp; Climate Change</p>
	<p>Dr. Margaret Kemunto CECM Infrastructure, Roads &amp; Public Works</p>

- b) The County advertises in a news paper of county wide circulation and also informs the Public through radios and TV stations and personal communication through the Sub-county administrators about its intention to gather information from the public on their priority projects that they wish undertaken with a specific timeliness. The county has policy on communication, stakeholder engagement and whistle blowing.
- c) The county has impressed the use of open door policy arrangements through use of suggestion box, sharing of offices by use of workstations and from time to time they invite Ethics and anti-corruption department to share insights about corruption levels in the county
- d) The County executives prepare responses on any matter that is not been cleared by the Auditor-General and appears before the Public Accounts and Investment Committee of the County Assembly and Senate for deliberations

e) Risk management

The County has both the internal audit and Audit committee which are operational. Further, the management has risk management policy which specifies :

- The necessary arrangements in place for risk management and internal control?
  - The formal processes to identify and assess risks
  - Basis to analyse risks and how they should be managed.
  - Mechanisms to analyze the period and how they were managed
- f) The management advertised for the appointment of the audit committee in the dailies and website to reach as many interested applicants as possible. Shortlisted applicants were invited to fill the posts competitively. The committee is operational.

#### **4. Foreword by the CECM Finance and Economic Planning**

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

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

- 1) A county government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament.
- 2) Without prejudice to the generality of subsection (1), a county government shall be responsible for—
  - a) county legislation in accordance with Article 185 of the Constitution;
  - b) exercising executive functions in accordance with Article 183 of the Constitution;
  - c) functions provided for in Article 186 and assigned in the Fourth Schedule of the Constitution;
  - d) any other function that may be transferred to county governments from the national government under Article 187 of the Constitution;
  - e) any functions agreed upon with other county governments under Article 189(2) of the Constitution; and
  - f) Establishment and staffing of its public service as contemplated under Article 235 of the Constitution.
- 3) A county government may seek assistance from the Kenya Law Reform Commission in the development or reform of county legislation under subsection (2)(a).  
The Kisii County Government shall ensure adherence to the principles of public finance set out in Chapter Twelve of the Constitution and the fiscal responsibility principles provided in Section 107 of the PFM Act.

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

###### **a) Revenue**

In the year ended 30 June 2023, the County had projected revenues of Kshs. 11,113,855,495 consisting of Kshs.750,000,000 from own sources and Kshs 10,363,855,495 from CARA. A Graphical Representation of the Revenue Budget is as shown below:

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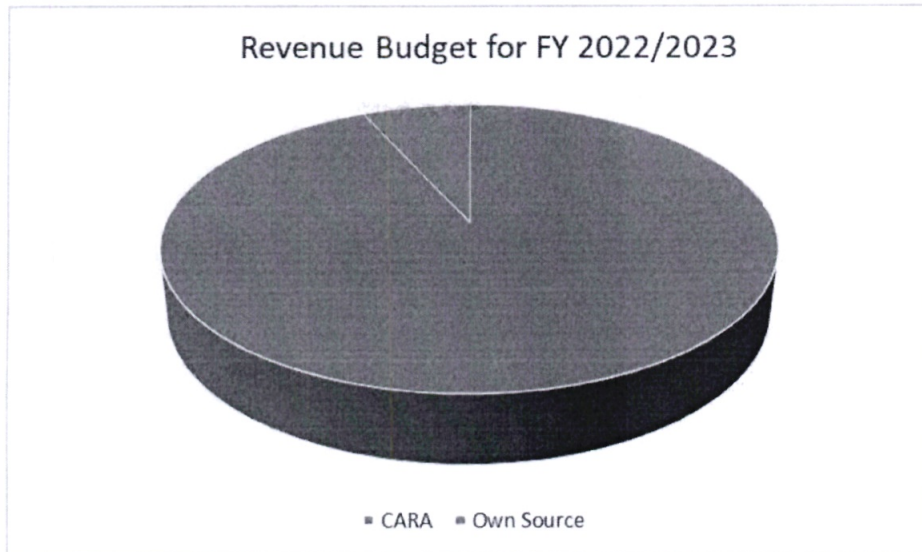


Figure 1: Kisii County revenue sources in FY 2022/2023.

- CARA revenues continue to form the largest part of our revenue budget, contributing 93.3% towards our budget. Our own generated revenues formed 6.7% of our budget.
- Out of the projected revenue, the County was able to realize Kshs. 10,331,361,472 in actual revenues, representing 93% performance. In the table below, we present an analysis of revenue performance during the year.

**Table 1: Revenue Performance from Different Sources in FY 2022/2023**

<b>Revenue Classification</b>	<b>Revenue Budget(Kshs)</b>	<b>Actual (Kshs)</b>	<b>Realization (%)</b>
CARA	10,363,855,495	9,917,372,876	96%
Own Generated Revenues	750,000,000	413,988,596	55%
<b>Total</b>	<b>11,113,855,495</b>	<b>10,331,361,472</b>	<b>93%</b>

**b) Payments**

The total expenditure budget for the financial year was Kshs.11,113,855,495 and total actual expenditure amounted to Kshs.8,181,619,467 representing 74% budget absorption. Out of the total actual expenditure, Kshs.688,203,789 was development expenditure while Kshs.7,574,749,312 was recurrent expenditure as analyzed and depicted in the table and chart below:

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**Table 2: Expenditure Performance Based on Votes in FY 2022/2023**

<b>Expenditure Classification</b>	<b>Expenditure budget (Kshs)</b>	<b>Actual (Kshs)</b>	<b>Absorption (%)</b>
Recurrent	7,810,096,457	7,501,495,749	96%
Development	3,303,759,037	720,743,789	22%
<b>Total</b>	<b>11,113,855,495</b>	<b>8,222,239,538</b>	<b>74%</b>

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

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

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

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

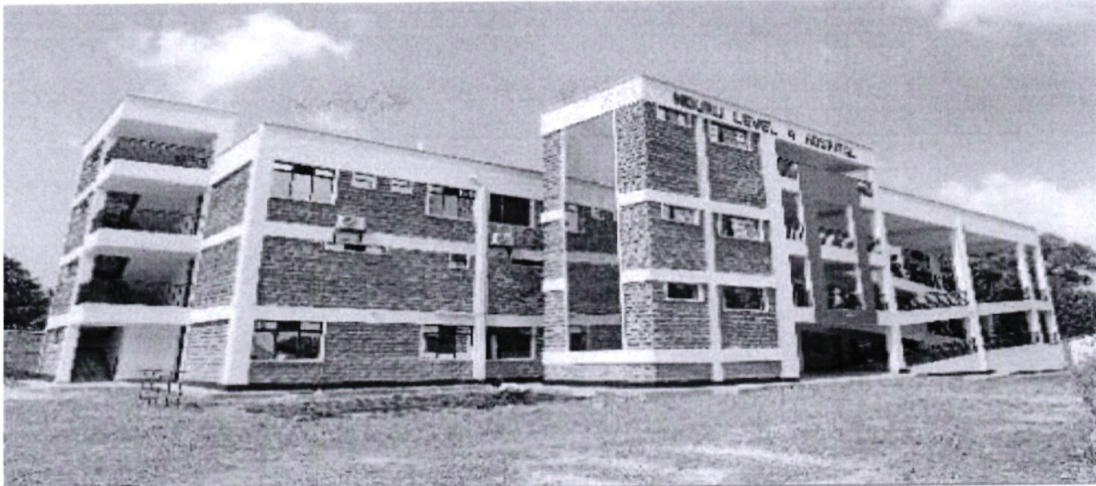


Figure 5: Nduru level four Hospital in South Mugirango Sub-County



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

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

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

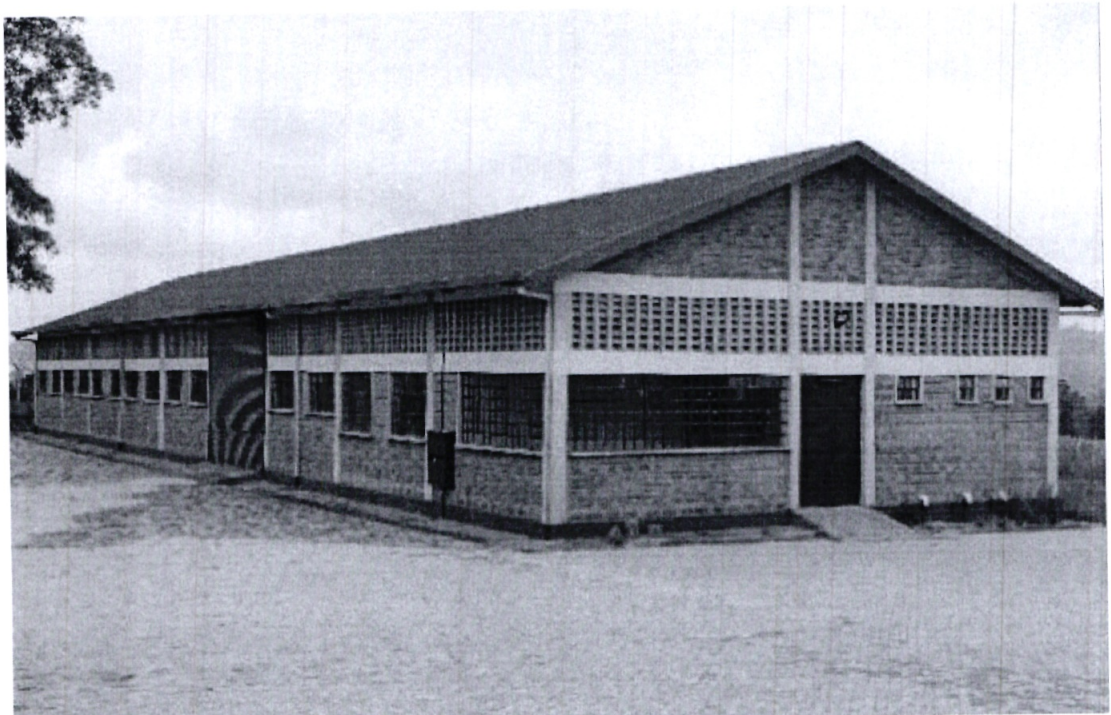


Figure 8: Banana Factory in Nyaribari Chache Sub-County

**E. The County's future outlook**

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

**vii. Key risk management strategies applied by the County**

Kisii County key risk management strategies include:

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



.....  
**CECM Finance and Economic Planning**

**Kisii County Government**

**County Executive of Kisii  
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**5. Statement of Performance against County Predetermined Objectives**

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

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

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

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

**SUMMARY OF PERFORMANCE OF THE CIDP (2018-2022)**

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

<b>Department</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Public Works, Roads & Transport	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	% of motorable and passable roads within the city	270 km of roads tarmacked, 2000 km gravelled and 15 footbridges.
	To develop	Increased	% reduction of	Street lighting was

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<b>Department</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
	and maintain street and security lighting infrastructure	public safety and security	crime	undertaken in 45 wards and there has been substantive reduction in crime rates
<b>Education</b>	To increase ECDE net enrolment ratio	Increased literacy levels	% increase in enrolment	ECDE net enrolment ratio increased from 100.8% in 2014 to 110.8% in 2020.
<b>Health Services</b>	To reduce incidences of preventable illnesses and mortality at the County level	Reduction of HIV related mortality and new infections	% reduction of HIV-related mortality	HIV infections reduced from 8.6% to 4.4% in 2022. -
	To improve health status of the individual, household and the community at the County	Increased access to specialised curative diagnostic interventions	% increase of access to specialised diagnostic services	- No. of beds per 1000 population increased to 45 which is higher than the WHO recommendation of 30 beds per 10,000 populations. - No. health facilities increased from 162 to 269

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<b>Department</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
				<p>facilities in 2021.</p> <ul style="list-style-type: none"> <li>- Fully immunized children rose from 66.9% to 78.8%.</li> <li>- % of malaria prevalence decreased from 15% to 5% in 2021.</li> <li>- KTRH is now offering specialized medical services including renal, CT scan, MRI, X-ray services, etc.</li> </ul>
<b>Agriculture and Livestock</b>	To reduce poverty levels	Reduced Poverty levels	<p>-% growth</p> <ul style="list-style-type: none"> <li>- Contribution of the sector to CGP</li> </ul>	<p>-Earnings from the sector at current prices increased form Kshs 68.7 billion in 2018 to Kshs 89.2% in 2021 registering 30% growth.</p> <p>-Contribution of the sector to CGP increased form 40% to 45% in 2020.</p>

**County Executive of Kisii**  
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<b>Department</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Water and Environment</b>	To increase no. of households with piped water	Increased no. of households with piped water	No. of households connected with piped water.	No. of households with piped water increased from 0.4% to 1.0% in 2021.
	To Increase no. of households connected with source of power	Increased no. of households with electricity	No. of households connected with electricity.	-Connection with electricity increased from 29.5% to 39.3% in 2021. - Use of solar increased form 12.3% to 20.5% in 2021.
				-

## **6. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile**

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

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

### **2. Environmental performance**

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

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

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

### **3. Employee welfare**

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

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

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

**4. Market place practices**

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

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

**5. Community Engagements**

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

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

**County Executive of Kisii**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2023**

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**7. Statement of Management Responsibilities**

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county Executive; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Executive's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2023, and of its financial position as at that date.

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

**County Executive of Kisii**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2023**

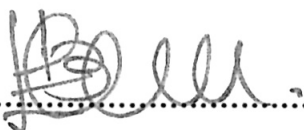
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The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's funds received during the year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

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

**Approval of the financial statements**

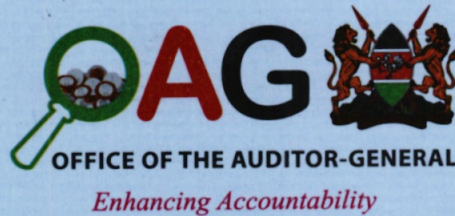
The County Executive's financial statements were approved and signed by the CEC member for finance on 10/11 2024.

  
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**Kisii County Executive Committee Member – Finance and Economic Planning**

# REPUBLIC OF KENYA

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

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### **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 Executive of Kisii set out on pages 1 to 42, which comprise of the statement of assets and liabilities as at

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*Report of the Auditor-General on County Executive of Kisii for the year ended 30 June, 2023*

30 June, 2023 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Kisii as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1.0. Unsupported Expenditure on Salaries and Allowances**

The statement of receipts and payments reflects compensation of employees amount of Kshs.5,053,599,742 which includes payments totaling to Kshs.381,310,505 paid in August, 2022, relating to salaries and allowances for the month of June, 2022. However, payment vouchers in support of the latter amount were not provided for audit review. Management has explained that the payment vouchers were submitted to the Ethics and Anti-Corruption Commission (EACC), which formally requested for them.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.381,310,505 could not be confirmed.

### **2.0 Unsupported Expenditure Domestic Travel and Subsistence**

The statement of receipts and payments reflects use of goods and services amount of Kshs.925,015,903 as disclosed in Note 4 to the financial statements which includes domestic travel and subsistence amount of Kshs.160,176,216 out of which, Kshs.1,498,470 was spent on air travel for eleven (11) senior officers of the County Executive. However, requisitions, approvals, air tickets, boarding passes and the purposes for which the officers travelled were not provided for audit. Further, procurement documents showing how the service provider was identified and selected were not provided for audit.

Further, the des domestic travel and subsistence amount of Kshs.160,176,216 includes Kshs.57,388,888 spent on eighteen (18) staff in form of imprest. Review of imprest analysis revealed the said staff were paid multiple imprest in form of domestic travel and subsistence. Management has explained that these were group imprests issued to officers on behalf of multiple other officers which has not been supported by duly documented evidence. In addition, the amount of Kshs.57,388,888 includes Kshs.33,300,130 whose supporting requisitions, approvals, work tickets, and the purposes for which the officers travelled were not provided for audit review.

In the circumstances, the accuracy, completeness and regularity of the expenditure under use of goods and services amounting to Kshs.58,887,358 could not be confirmed.

### **3.0 Unsupported Insurance Costs**

The statement of receipts and payments reflects use of goods and services amount of Kshs.925,015,903 as disclosed in Note 4 to the financial statements which includes insurance costs amount of Kshs.279,214,737 out of which, Kshs.1,904,205 was paid to a local insurance company for provision of insurance covers for County motor vehicles, plant and machinery. To support the expenditure, Management provided notification of award letter, contract agreement, standard purchase order, invoice and delivery note. However, procurement documents, showing how the company was identified and selected were not provided for audit.

In the circumstances, the accuracy, completeness and regularity of the expenditure of Kshs.1,904,205 could not be confirmed.

### **4.0 Payment to the Lake Region Economic Bloc**

The statement of receipts and payments reflects use of goods and services amount of Kshs.925,015,903 as disclosed in Note 4 to the financial statements which includes other operating expenses amount of Kshs.128,311,986 out of which, Kshs.450,000 was paid on 16 January, 2023 to support the annual summit of the Lake Region Economic Bloc. However, expenditure returns together with the related supporting documents were not provided for audit.

In the circumstances, the accuracy, completeness and regularity of the expenditure of Kshs.450,000 could not be confirmed.

### **5.0 Unsupported Expenditure on Construction of Roads**

The statement of receipts and payments reflects acquisition of assets amount of Kshs.271,486,383 as disclosed in Note 7 to the financial statements which includes construction of roads amount of Kshs.109,951,676 which further includes an amount of Kshs.8,350,659 whose payment vouchers and relevant supporting documents were not provided for audit.

Further, the construction of roads amount of Kshs.109,951,676 includes an amount of Kshs.6,512,786 whose procurement documents showing how the respective contractors were identified, such as invitation to tender advertisement, bids submitted, tender opening meeting minutes, tender evaluation reports and professional opinions, were not provided for audit.

In the circumstances, the accuracy, completeness and regularity of the expenditure of Kshs.14,863,445 could not be confirmed.

## **6.0 Unsupported Overhaul and Refurbishment of Construction and Civil Works**

The statement of receipts and payments reflects acquisition of assets amount of Kshs.271,486,383 as disclosed in Note 7 to the financial statements which includes overhaul and refurbishment of construction and civil works amount of Kshs.12,749,747 which further includes Kshs.5,876,935 whose procurement documents showing how the respective contractors were identifies, such as invitation to tender advertisement, bids submitted, tender opening meeting minutes, tender evaluation reports and professional opinions, were not provided for audit.

Further, the construction and civil works amount of Kshs.12,749,747 includes an amount of Kshs.499,000 whose payment voucher and relevant supporting documents were not provided for audit.

In the circumstances, the accuracy, completeness and regularity of the expenditure of Kshs.6,375,935 could not be confirmed.

## **7.0 Inaccuracies in KRA Payments in Arrears**

The statement of receipts and payments reflects other payments amount of Kshs.29,896,052 which, as disclosed in Note 8 to the financial statements, represents Kenya Revenue Authority (KRA) payments in arrears. However, IFMIS records and payment voucher indicate a tax arrears payment to KRA of Kshs.30,000,000 resulting in an unreconciled variance of Kshs.103,948.

Further, records provided indicated that the total outstanding tax as at 20 April, 2023 was Kshs.40,345,481 which included an amount of Kshs.5,102,660 in respect of penalties and interest as a result of non-payment of tax on time.

In circumstances, the accuracy and completeness of other payments amount of Kshs.29,896,052 could not be confirmed.

## **8.0 Unexplained Voided Transactions**

Review of the Integrated Financial Management Information System (IFMIS) system payments indicated that nine hundred and twenty-three (923) transactions amounting to Kshs.261,015,318 were voided. Available information also indicates that the Controller of Budget (COB) had approved payments of the voided transactions. Management did not satisfactorily explain why the payments were voided yet they had been approved.

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

## **9.0 Misallocations in Transfers/Grants to Other Government Agencies**

Further, analysis of the IFMIS payment details indicated that payments totaling to Kshs.48,479,698 were made to suppliers and the expenditure irregularly charged to transfers/grants to other Government agencies. Grants/transfers to other Government agencies accounts are supposed to transfer funds from one Government agency to

another, but not make payments to suppliers or individuals. No explanation has been provided for this anomaly.

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

#### **10.0 Irregular Use of Funds from Kisii County Alcoholic Drink Control Fund**

Review of records revealed that the County Executive established the Kisii Alcoholic Control Fund Act, 2015 to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on alcoholic drinks. Revenue derived from licensing of alcohol related activities is as per the Act intended to be utilized in attaining the funds objectives. However, records provided for audit indicated that the County Executive irregularly withdrew Kshs.6,850,000 from the Kisii County Alcoholic Drink Control Fund for use in its operations which was not as per the intentions of the Kisii Alcoholic Control Fund Act, 2015. In addition, payment vouchers and the relevant supporting documents were not provided for audit to account for the withdrawn funds. Further, the expenditure on these funds is not reflected in the County Executive's financial statements for the year under review. Management, has provided evidence showing that Kshs.6,500,000 of the amount withdrawn of Kshs.6,850,000 has been refunded during the year 2023/2024.

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 Executive of Kisii Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Emphasis of Matter**

##### **1.0. Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.11,113,855,495 and Kshs.8,534,420,528 respectively, resulting in an underfunding of Kshs.2,579,434,967 (or 23% of the budget). Similarly, the County Executive spent Kshs.8,222,239,538 out of the approved expenditure budget of Kshs.11,113,855,495, resulting in an under-expenditure of Kshs.2,891,615,957 (or 26% of the budget).

The underfunding and under-expenditure constrained execution of planned activities and delivery of services to the public.

## **2.0. Non-Payment of Pension Contributions**

Review of financial records revealed that the County Executive owed the Local Authorities Provident Fund (LAPFUND) an amount of Kshs.23,288,547 in unremitted deductions as at 30 June, 2023.

In the circumstances, the ability of LAPFUND to service retirement benefits, as and when such benefits fall due to the existing employees, may have been adversely affected.

## **3.0. Pending Accounts Payable**

Note 1 to the financial statements on pending accounts payable, under other disclosures, reflects balance brought forward as at 1 July, 2022 of Kshs.1,393,854,413, addition for the year of Kshs.30,724,339, paid during the year of Kshs.233,664,776 and balance carried forward as at 30 June, 2023 of Kshs.1,190,913,975. Further, review of records from the Kenya Revenue Authority indicate that the County Executive owed the Authority an amount of Kshs.1,566,035,619. However, Annex 2 on analysis of pending accounts payables does not disclose the unpaid debts to KRA. No satisfactory explanation was provided on the debt exposure and Management's plan to clear the debt could not be confirmed.

My opinion is not modified in respect of these matters.

## **Key Audit Matters**

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

## **Other Matter**

## **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Non-Adherence to the Public Finance Management Fiscal Responsibility on Development Expenditure**

The statement of comparison of budget and actual amounts: development reflects total actual expenditure of Kshs.660,743,789 which is 8% of the total expenditure of Kshs.8,222,239,538 reflected in the statement of receipts and payments. This is contrary to Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015, which requires development expenditure to be at least 30% of total expenditure.

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

#### **2. Non-Adherence to the Public Finance Management Fiscal Responsibility on Wage Bill**

The compensation of employees expenditure of Kshs.5,053,599,742 is 49% of the County Executive's total revenue amount of Kshs.10,331,361,445 reflected in the statement of receipts and payments of the County Revenue Fund. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which sets a maximum limit of 35%.

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

#### **3. Recruitment of Staff Outside the Approved Staff Establishment**

Review of records revealed that Management paid a total of Kshs.3,333,000, being five (5) months' salaries to five (5) officers under the Governor's Service Delivery Unit, appointed on 7 February, 2023. The officers comprise a chairperson, vice-chairperson and three members. However, it was noted that these positions did not exist in the County Executive's Approved Staff Establishment. In addition, the employees were not subjected to a competitive recruitment process as they were directly appointed to their positions, contrary to Section B.6(3) of the County Public Service Human Resource Manual of May, 2013 which requires the recruitment process to give due consideration to the: appropriate organizational structure in each Department; optimal staffing levels; and schemes of service and career progression guidelines.

In the circumstances, Management did not comply with the guidelines of the County Executive's Approved Staff Establishment.

#### **4. Overemployment to County Staff**

Review of records revealed that Management an amount of Kshs.1,625,768, being salaries of three (3) employees who were among the five (5) advisors appointed during

the year under review under the Executive Office of the Governor on 7 February, 2023. However, the positions of the three (3) advisers, namely: Advisor-Agriculture, Livestock, Fisheries and Extension Service; Advisor-Stakeholder, Public Participation and Special Programs; and Advisor-Youth, Gender and Sports, were not provided for in the Salaries and Remuneration Commission Circular Ref. No: SRC/TS/CGOVT/3/16 dated 29 July, 2013 on Remuneration and Benefits for staff serving in the County Government.

In the circumstances, Management was in breach of the Salaries and Remuneration Commission circular.

#### **5. Non-Implementation of Approved Promotions**

Review of records revealed that the County Government Public Service Board approved the promotion of one hundred and three (103) officers from various departments on 6 July, 2022 and the decision was communicated to the County on 7 July, 2022. The County Secretary on 28 July, 2022 instructed the Director Human Resource Management to effect the promotions. However, as at 31 October, 2023, these promotions had not been effected allegedly due to budgetary constraints.

In the circumstances, the affected officers may be demoralized resulting in low productivity.

#### **6. Non-Compliance with Law on Ethnic Composition in Staffing**

Review of the Integrated Personnel and Payroll Database (IPPD) records for the month of June, 2023 revealed that the County Executive had a workforce of 5757 out of which, 5422 (or 94% of the total workforce), were members of the dominant community in the County. This was contrary to the provisions of Sections 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **7. Failure to Observe One Third of Basic Salary Payment Rule**

Review of the payroll for the month of June, 2023 revealed that Nine (9) officers earned salaries which were less than a third of their respective basic salaries, contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding any written law, the total amount of all deductions which under the provisions of Section (1), may be made by an employer from the wages of his employee at any time shall not exceed two thirds of such wages or such additional or other amount as maybe prescribed by the Minister either generally or in relation to a specified employer or employee of class of employers or employees or any trade or industry.

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

## **8. Delayed Confirmation in Employment**

Review of the payroll for the month of June, 2023 revealed that one hundred and twenty-eight (128) officers had been on probation for more than six (6) months, contrary to Section B.13(1) of the County Public Service Human Resource Manual, which requires that an officer be put on probation for a period of six (6) months as provided for in the employment Act, 2007.

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

## **9. Under-Payment of Staff**

Review of the payroll for the month of June, 2023 revealed that nine hundred and one (901) employees were earning a monthly pay of less than Kshs.14,025 which is the minimum monthly wage set in the Regulation of Wages General Amendment Order of May, 2022 for employees working in Kisii County, resulting in total underpayment of Kshs.1,038,885 per month.

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

## **10. Anomalies in Recruitment of County Officers**

Review of records revealed that Management paid a total of Kshs.5,785,830 to one hundred and thirty (130) new officers. However, requisition of labour from user departments, advertisement for job vacancies, job application documents, shortlist and interview reports for interested candidates, minutes from the County Public Service Board authorizing the appointment of successful candidates were not provided for audit. Further, ten (10) County Executive Committee Members (CECMs) were appointed out of which, seven (7) were men representing 70% of the total, and three (3) were women representing 30% of the total. This was contrary to section 35(2)(a) of the County Governments Act, 2012, which prohibits the appointment of more than two thirds of the County Executive Committee Members from one gender. In addition, all the appointed CECMs were from the same ethnic community and none represented the minorities, marginalized groups and communities, contrary to the provisions of Section 35 (2)(b) and (c) of the County Governments Act, 2012.

In addition, the County Executive recruited fourteen (14) chief officers (Cos) to serve in various departments out of which, ten (10) were of the male gender representing 71% of the total, and four (4) were of the female gender representing 29% of the total. This was contrary to Section B.26(2) of the County Public Service Human Resource Manual of May, 2013, which prohibits the filling of vacant positions by more than 66.7% of persons from one gender. Furthermore, all the appointed chief officers were from the same ethnic community and none represented the minorities and marginalized groups.

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

### **11. Failure to Align the Schemes of Service to Suit the County Executive**

Audit review of the County Executive's schemes of service revealed that they were prepared by the National Government for use by its officers before County Governments were established. The schemes of service do not include all the cadres of staff employed by the County Executive nor incorporate the changes that have occurred within the County Executive's staff establishment over the years.

In the circumstances, the schemes of service do not provide an optimal basis of managing the County Executive's human resource.

### **12. Irregular Payment to The Council of Governors**

Review of records revealed that an amount of Kshs.5,000,000 was paid to the Council of Governors for the purpose of meeting its operation expenses, contrary to Section 37 of the Intergovernmental Relations Act, 2012, which provides that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

### **13. Procurement of Consultancy Services**

Review of records revealed that an amount of Kshs.4,571,950 was paid in respect of a contract for provision of consultancy services on county staff head count which were directly procured on 29 November, 2022 at a contract sum of Kshs.4,935,000. However, Management did not justify the use of direct procurement method, given that the procurement did not meet the conditions set in Section 103 (2) of the Public Procurement and Asset Disposal Act, 2015. In addition, the final report from the exercise and minutes of the ad hoc evaluation committee envisaged in Section 104 (b) of the Public Procurement and Asset Disposal Act, 2015 were not provided for audit.

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

### **14. Anomalies in Procurement of Goods and Services**

Review of records revealed that an amount of Kshs.8,854,648 spent on the various goods and services were not supported with tender evaluation reports, approved professional opinions and other related procurement documents in support of the latter expenditure were not provided for audit review.

In the circumstances, the value for money on the expenditure of Kshs.8,854,648 could not be confirmed.

### **15. Late Commitment for Supply of Services**

Review of records revealed that Management incurred an expenditure amounting to Kshs.2,290,000 in respect of two (2) contracts the County Executive entered into on 8

June, 2023 for the editing, designing and printing of County Government communication strategy at a contract sum of Kshs.1,300,000 and on 5 June, 2023 for developing a draft communication policy at a contract price of Kshs.990,000. This was contrary to Regulation 50(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires all commitments for supply of goods or services to be done not later than the 31 May each year except with the express approval of the accounting officer in writing.

In the circumstances Management was in breach of the law.

#### **16. Anomalies in the Procurement of Printing Bursary Forms**

Review of records revealed that an amount of Kshs.2,895,000 was incurred in respect of a contract entered into by the Department of Education, Labour and Manpower Development for printing 50,000 pieces of bursary forms, 100 reams of photocopying papers and 1000 pieces of envelopes (A3). However, the request for quotations lacked specifications in respect of the quality of paper for each of the three categories of stationery required.

In the circumstances, the value for money on the expenditure of Kshs.2,895,000 could not be confirmed.

#### **17. Irregular Use of Public Funds on Domestic Travel**

Review of records revealed that an amount of Kshs.8,277,600 was incurred by the County Executive's staff while carrying out various activities in Kisumu which could have been done in Kisii.

In the circumstances, the value for money on the expenditure of Kshs.8,277,600 could not be confirmed.

#### **18. Avoidable Legal Fees and Interest Expense on Legal Fees**

Review of records revealed that an amount of Kshs.9,776,751 was paid as legal fees to various law firms. Documents provided in support of the latter amount indicate that the legal fees arose after contractors sued the County Executive for delay in paying them. Had the County Executive paid the contractors as agreed, the legal fees of Kshs.9,776,751 would have been avoided.

In addition, review of court records in relation to Supreme Court Petition No. 5 of 2020, between the executive committee of Kisii County (first appellant), the Governor Kisii County (second appellant), and the County Government of Kisii, on one hand, and a law firm (first respondent) and the Transitional Authority (second respondent), on the other hand, revealed that the Supreme Court upheld the decision of the Court of Appeal. As at 5 August, 2022 the outstanding sums due and payable amounted to Kshs.32,809,419.

Although the County Attorney and Principal Legal Adviser to the County Executive Committee Member-Finance had issued an advisory that the appeal had no chance of

succeeding, external lawyers were engaged and an appeal entered in the Supreme Court. The final verdict ended up as per the County Attorney Advisory. As at the time of entering the appeal the claim was Kshs.8,464,699. The interest expense of Kshs.31,007,434 and taxed costs expense of Kshs.1,628,512 were avoidable charge to public funds which arose from contempt of court orders and not liability of the appellants.

In the circumstances, the value for money from the expenditure of Kshs.42,412,697 on legal fees, interest expenses and taxed costs could not be confirmed.

#### **19. Unutilized Nyamache Banana Market**

Review of records revealed that an amount of Kshs.5,592,886 was paid to a company as retention money for the construction of Nyamache Banana Market in the year under review. The contract was awarded on 15 July, 2020 at a contract sum of Kshs.92,704,499 which was later varied to Kshs.111,857,710. Records provided for audit indicated that a total of Kshs.106,264,825 had been paid as at 30 June, 2023. The certificate of completion was issued on 2 February, 2022. However, physical verification of the project on 7 August, 2023 revealed that the facility was idle and had never been used for the intended purpose.

In the circumstances, the value for money on the expenditure of Kshs.106,264,825 on the project could not be confirmed.

#### **20. Unutilized Dairy Equipment**

Review of records revealed that an amount of Kshs.4,923,500 was paid to a cooperative society as enterprise development matching grants. The funds were to be utilized in the purchase of dairy equipment such as batch pasteurizers, milk chillers and cans among others. However, physical inspection on 7 August, 2023 revealed that the equipment was not being utilized due to the society's premises lacking connection to the power grid. The society had been waiting for the electricity supply since May, 2023 without success.

In the circumstances, the value for money on the expenditure of Kshs.4,923,500 could not be confirmed.

#### **21. Delay in Completion of Magena Vegetable Aggregation and Marketing Centre**

Review of records revealed that an amount of Kshs.15,434,873 was paid to a local company for the construction of Magena vegetable aggregation and marketing centre under the Department of Agriculture, Livestock, Fisheries and Veterinary Services, and the National Agricultural and Rural Inclusive Growth (NARIGP) project. The contract was awarded on 13 December, 2022 at a contract sum of Kshs.42,460,075. The contract period was set at fourteen (14) weeks. However, physical verification on 7 August, 2023 revealed that the project was not complete. The percentage completion was 95%. Some of the outstanding works included installation of the cold room and table tops among others.

In the circumstances, the value for money on the expenditure of Kshs.15,434,873 could not be confirmed.

## **22. Delay in Completion of Marani Vegetable Aggregation and Marketing Centre**

Review of records revealed that an amount of Kshs.16,368,717 paid to a local company for the construction of Marani vegetable aggregation and marketing centre, under the Department of Agriculture, Livestock, Fisheries and Veterinary Services, and the National Agricultural and Rural Inclusive Growth Project (NARIGP). The contract was awarded on 13 December, 2022 at a contract sum of Kshs.42,304,745. The contract period was set at fourteen (14) weeks. However, physical verification of the project on 7 August, 2023 revealed that the project was not complete. The percentage completion was 95%. Some of the outstanding works include installation of the cold room and table tops among others.

In the circumstances, value for money on the expenditure of Kshs.16,368,717 could not be confirmed.

## **23. Unutilized Banana Bakery Equipment**

Review of records revealed that an amount of Kshs.1,260,000 was incurred on procurement and distribution of bakery equipment to a women group in Kitutu Chache South. However, physical verification of the group activities, on 10 August, 2023 revealed that the equipment was lying idle and not being utilized for the intended purpose.

In the circumstances, value for money on the expenditure of Kshs.1,260,000 could not be confirmed.

## **24. Delayed Completion of Ogembo Cooling Plant**

Review of records revealed that an amount of Kshs.597,410 was paid to a contractor for the construction of a cooling plant at Ogembo, under the Department of Agriculture, Livestock, Fisheries and Cooperative Development. The contract was awarded at a contract sum of Kshs.3,197,410 on 15 November, 2019 for a contract period of three months. However, physical verification on 9 August, 2023 revealed that the project was still incomplete with electrical wiring and fittings being among the works outstanding. Further, it was not possible to ascertain the current project status and total payments made since an updated project status report and payments reconciliation report were not provided for audit.

In the circumstances, the value for money on the expenditure of Kshs.597,410 incurred on the project could not be confirmed.

## **25. Stalled Construction of Sameta Library**

Review of records revealed that an amount of Kshs.443,250 was paid by the Department of Culture and Social Services in respect of a contract for the construction of Sameta Library, which was awarded to a company at a contract sum of Kshs.9,820,000 in the financial year 2015/2016. As at 30 June, 2023, a total of Kshs.4,517,690 had been paid

to the contractor. However, physical inspection of the project in August, 2023 revealed that the project had been abandoned and the contractor was not on site.

In the circumstances, the value for money on the expenditure of Kshs.4,517,690 incurred on the project could not be confirmed.

## 26. Unutilized Market Facilities

Review of records revealed that an amount of Kshs.4,719,565 was paid by the Department of Trade Development and Regulations to various contractors for the completion of various market facilities as shown below:

Activity	Amount (Kshs)
Construction of ventilated pit latrine at Sengera Market	1,099,970
Construction of Mama mMboga Shade at Nyakeyo Market	1,500,000
Construction of Ogembo Upper Market Shade	2,119,595
<b>Total</b>	<b>4,719,565</b>

However, physical verification of these projects revealed that they were not being utilized by the community despite being complete.

In the circumstances, the value for money on the expenditure of Kshs.4,719,565 could not be confirmed.

## 27. Repairs and Maintenance of Nyaboterere School - Riosugo - Nyaboterere TBC - Bworoba - Nyangusu Roads

Review of records revealed that an amount of Kshs.4,372,040 was paid to a company in respect of a contract for the repairs and maintenance of Nyaboterere School - Riosugo - Nyaboterere TBC - Bworoba - Nyangusu Roads, for a contract period of nine ((9) weeks from 20 June, 2023 to 22 August, 2023, at a contract sum of Kshs.4,372,040 which was paid in full on 30 June, 2023. The Company was identified through the Request for Quotations method of procurement. However, review of the procurement documents and the payment voucher revealed the following anomalies:

- i. This project was not in the original approved budget for the year 2022/2023 since, according to Management, it was an emergency, but was regularized in the supplementary budget. However, evidence of the emergency was not provided for audit.
- ii. Two (2) unreferenced letters of acceptances of award both dated differently were used as supporting documents for payment. One letter is dated 16 June, 2023 the same date that the tender evaluation was done, professional opinion issued, award and regret letters issued. The other letter of acceptance was dated the 17 June, 2023. No explanation was given as to why the contractor had to issue two (2) acceptance letters. This was contrary to Regulation 23 (a) of the Public Procurement and Asset Disposal Regulations, 2020 which requires an Accounting Officer to ensure that procurement and asset disposal contracts are entered into lawfully and implemented accordingly.

- iii. Site handing over was done on the 19 June, 2023 and therefore, the site was handed over to the Contractor before the contract agreement was entered into between the County Government and the contractor.
- iv. The certificate of substantial completion was dated 22 June, 2023 indicating that works were completed within two (2) days from the date of signing of the contract agreement and three (3) days from the date of the site handing over.
- v. The minutes of the monthly inspection report are dated 22 June, 2023 and indicate a contract period of three (3) months from the date of signing of the contract agreement, on the 20 June, 2023. However, the monthly inspection report indicated that the % of works physically done was 100% as at 22 June, 2023. This implies that the works were done in a record period of two (2) days.
- vi. Audit inspection of the road in the month of October, 2023 revealed that the road was done by the Kenya Rural Roads Authority (KeRRA) as per the signboards erected.

In the circumstances, the County may not have received value for money in the could not be confirmed.

In the circumstances, the value for money on the expenditure of Kshs.4,372,040 incurred on the project could not be confirmed.

## **28. Anomalies in Procurement of Construction and Civil Works**

Review of records revealed that Management procured works costing Kshs.3,445,764 whose procurement documents showing how the respective contractors were identifies, such as invitation to tender advertisement, bids submitted, tender opening meeting minutes, tender evaluation reports and professional opinions, were not provided for audit as detailed below:

<b>Activity</b>	<b>Amount (Kshs)</b>
Construction of Suguta Water Project	1,267,764
Supply of Plastic Water Tanks	1,178,500
Construction of Ikoru Phase II Water Project	999,500
<b>Total</b>	<b>3,445,764</b>

In the circumstances, the value for money on the expenditure of Kshs.3,445,764 could not be confirmed.

## **29. Procurement Using Un-Prequalified Suppliers**

Review of records revealed that an amount of Kshs.2,400,587 was paid to two (2) firms by the Department of Energy, Water, Environment and Natural Resources. Out of the amount, Kshs.1,402,235 was for the construction of Nyang'iti Borehole, while the amount of Kshs.998,352 was for the extension of Endereti Water Project. The companies were procured through the request for quotations method of procurement. However, the companies were not in the list of prequalified suppliers of the County Executive, contrary

to Section 106 (2) of the Public Procurement and Asset Disposal Act, 2015, which require the accounting officer to give the request for quotations to persons that are registered by the procuring entity.

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

### **30. Payment for Work Not Done - Rehabilitation of Upper Nyanchwa Line**

Review of records revealed that an amount of Kshs.3,975,000 was paid to a contractor in relation to a contract entered into between the Department of Energy, Water, Environment and Natural Resources and a local company for the rehabilitation of Upper Nyanchwa Line at a contract sum of Kshs.3,975,000. Physical verification of the project revealed that the works on rehabilitation of Upper Nyanchwa line of 1.7 Km was done to completion. However, works on the extension of the 2 Km long Nyamataro Line, costing Kshs.1,900,000 were not done despite the inspection certificate stating that works were done to completion. Management has explained, without providing evidence of contract variation, that the 2 Km Nyamataro Line was impossible to construct due to the ongoing construction of Migori Ahero Road. Instead the Upper Nyanchwa Line was extended.

In the circumstances, the value for money on the expenditure of Kshs.1,900,000 could not be confirmed.

### **31. Unjustified Procurement of Smartphones**

Review of records revealed that an amount of Kshs.1,125,000 was incurred on five (5) smart phones and one (1) tablet procured by the Department of County Executive and Public Service Board. The gadgets were issued to various officers. However, no need-assessment report for the gadgets, explanation or justification was provided to support the purchase of the expensive, high-end gadgets. In addition, the County Executive did not have a policy/circular on the purchase of smartphones for officers.

In the circumstances, the value for money on the expenditure of Kshs.1,125,000 could not be confirmed.

### **32. Unsupported Procurement of ICT Equipment**

The amount of Kshs.271,486,383 includes office furniture and general equipment amount of Kshs.26,899,684 out of which Kshs.1,744,600 was utilized on purchase of computers, printers and other IT equipment. However, tender evaluation reports, approved professional opinions and other related procurement documents in support of the latter expenditure were not provided for audit review.

In the circumstances, value for money of the expenditure of Kshs.1,744,600 could not be confirmed.

### 33. Upgrading of Riana Health Centre-Unsupported Contract Variation

Review of records revealed that the County Executive entered into a contract with a local company for the upgrading of Riana health center in Bonchari Sub-County at a contract sum of Kshs.58,977,363 on 7 June, 2022. The works included drilling and equipping of a borehole fabrication and installation of a 12 meters high steel tower, with a 50,000 liters stainless steel tank at a total cost of Kshs.2,799,253. Physical verification conducted on 8 August, 2023 revealed that the contractor deviated from the specifications in the bill of quantities with fabrication and installation of a 4.9 meters high steel tower, with a 10,000 liters plastic tank. No approvals for the revisions were provided for audit.

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

### 34. Stalled Construction of the Governor's Residence

Review of records revealed that the County Executive had spent a total of Kshs.14,000,000 in Phase I and II of the construction of the Kisii Governor's Residence. However, physical inspection of this project on 9 August, 2023 revealed that the project had stalled and no progress had been made from the last audit inspection done on 14 July, 2022. In addition, the updated project status report had not been provided for audit.

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

### 35. Stalled Ward Offices

Review of the projects under the Department of County Administration Corporate Services and Stakeholder Management revealed that the following four (4) projects, on which the County Executive had spent a total of Kshs.16,283,696, had stalled:

Project Name	Total Amount Spent (Kshs)
Completion of Bogeka ward office (Administration Block)	2,601,349
Completion of Masige West ward office	2,675,000
Completion of Machoge Bassi ward office (Administration Block)	4,507,347
Construction of Kenyeny town hall	6,500,000
<b>Total</b>	<b>16,283,696</b>

In the circumstances, the value for money on the expenditure of Kshs.16,283,696 could not be confirmed.

### 36. Un-Operational at Kisii Teaching and Referral Hospital

Audit inspection of projects at the Kisii Teaching and Referral Hospital revealed the Reproductive Health Unit (Mother/Child Hospital) had been constructed to completion as at 30 June, 2023 at a total cost of Kshs.541,120,498, but was not operational because it

was lacking beds and other equipment. Also, the Doctors Plaza was complete but had not been equipped to make it operational.

In the circumstances, the value for money on the expenditure incurred on the two (2) projects could not be confirmed.

### **37. Supply, Delivery and Commissioning of Medical Equipment to Kiamwasi Dispensary**

Review of records revealed that the Department of Health entered into a contract with a local company for the supply, delivery and commissioning of medical equipment at a contract price of Kshs.7,399,400 on 3 December, 2021. The deliverables included drilling and equipping of a borehole at a total cost of Kshs.2,628,400 and supply of medical equipment at a cost of Kshs.4,771,000. However, physical verification conducted on 8 August, 2023 revealed that the medical equipment were lying idle at the facility, forcing local residents to travel far distances in search of medical services. In addition, hydrogeological survey report, Water Resource Management Authority certificate and borehole completion report which were a requirement in the bill of quantities were not provided for audit.

In the circumstances, the value for money on the expenditure the expenditure of Kshs.7,399,400 incurred on the project could not be confirmed.

### **38. Outstanding Imprests and Advances**

The statement of financial assets reflects outstanding imprest and advances balance of Kshs.27,815,980 as at 30 June, 2023. However, analysis of the supporting schedule revealed that the balance includes long outstanding imprests amounting to Kshs.18,868,099 relating to the period from 29 September, 2022 to 31 May, 2023. This was contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015, which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. Further, the supporting schedule indicated that the imprests of Kshs.27,815,980 were held by one hundred and eighty (180) officers, each with between four (4) and nineteen (19) imprests, contrary to Regulation 93(4)(b) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that before issuing temporary imprests, the Accounting Officer shall ensure that the applicant has no outstanding imprests.

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

### **39. Non- Publication of Procurement Contracts**

Review of the procurement contracts of the County Executive revealed that procurement contracts totaling Kshs.63,746,221 were not published on County Executive's notice boards and websites as required. Further, no evidence was provided to indicate that the contracts were reported to the Public Procurement and Review Authority. This was contrary to Regulation 131 of the Public Procurement and Asset Disposal Regulations,

2020, which stipulates that an Accounting Officer of a procuring entity shall, in accordance with section 138 of the Act: (a) publish and publicize all procurement contracts at its notice boards and websites within fourteen days after signing the contract; and (b) report all signed contracts to the Authority within fourteen days after the end of every month in the format provided by the Authority.

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

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 procedures performed, except for the matters described in the Basis for Conclusion of Effectiveness of Internal controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### 1. Weakness in the Procurement Process

The County Executive spent Kshs.1,346,000 on portraits during the year under review. However, review of the procurement process revealed that tender opening, evaluation, and inspection and acceptance of delivered goods were done by committees comprising of the same officers without any segregation of duties.

In the circumstances, the internal controls over the procurement of the portraits were not effective.

#### 2. Grounded Motor Vehicles and Machineries

Annex 3- on summary of non-current assets register reflect transport equipment balance of Kshs.726,879,441. However, review of the status of the County Executive's fleet of motor vehicles and machineries revealed that sixty-three (63) motor vehicles and heavy machinery out of an inventory list of two hundred and seventy (270), representing 23% of the entire fleet, were grounded and unserviceable across the various departments. In addition, the Management had not prepared an annual disposal plan as required by Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, Management did not institute effective internal controls to ensure proper management of the fleet of motor-vehicles.

### **3. Lack of a Database for Legal Cases**

Review of the legal cases in the County Attorney Department revealed that there was no centralized database for monitoring of the pending and concluded legal cases, contrary to the requirements of Regulations 129(2) of Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the efficiency with which, the pending and concluded cases are monitored could not be confirmed.

### **4. Prolonged Vacancy at the County Public Service Board**

Audit review of the County Executive's personnel records revealed that the position of Secretary to the County Public Service Board remained without a substantive holder since 18 June, 2018. The position had been filled from that time, on an acting basis, until 5 October, 2022. The position is currently vacant.

In the circumstances, the effectiveness of governance in the County Public Service Board could not be confirmed.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Executive 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.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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 policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism 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.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the 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 County Executive'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 County Executive to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 February, 2024**

County Executive of Kisii  
Annual Report and Financial Statements  
For the year ended June 30 2023


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

		2022/2023	2021/2022
	Notes	Kshs	Kshs
<b>Receipts</b>			
Transfers from the CRF	1	8,095,867,128	8,182,732,547
Miscellaneous receipts	2	-	800,654,373
<b>Total receipts</b>		<b>8,095,867,128</b>	<b>8,983,386,920</b>
<b>Payments</b>			
Compensation of employees	3	5,053,599,742	5,129,147,123
Use of goods and services	4	925,015,903	1,630,997,716
Transfers to other government entities	5	1,316,794,471	960,962,827
Other grants and transfers	6	625,446,987	644,275,870
Acquisition of assets	7	271,486,383	1,384,988,744
Other payments	8	29,896,052	12,230,682
<b>Total payments</b>		<b>8,222,239,538</b>	<b>9,762,602,962</b>
<b>Deficit</b>		<b>(126,372,410)</b>	<b>(779,216,042)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 10/11 2024 and signed by:

  
.....

Name: Dr. Erick K. Mobegi  
Chief Officer -Finance

  
.....

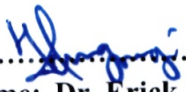
Name: John N. Nyandanyi  
Head of Accounting Unit  
ICPAK M/No. 13733


County Executive of Kisii  
Annual Report and Financial Statements  
For the year ended June 30 2023

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

		2022/2023	2021/2022
	Notes	Kshs	Kshs
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	9A	321,431,790	525,767,877
Cash balances	9B	-	-
<b>Total cash and cash equivalents</b>		<b><u>321,431,790</u></b>	<b><u>525,767,877</u></b>
Outstanding imprests and advances	10	27,815,980	-
<b>Total financial assets</b>		<b>349,247,770</b>	<b>525,767,877</b>
<b>Financial liabilities</b>			
Deposits and retentions	11	54,819,470	104,967,167
<b>Net financial assets</b>		<b>294,428,300</b>	<b>420,800,710</b>
<b>Represented by</b>			
Fund balance b/fwd.	12	420,800,710	1,202,198,055
Prior year adjustments	13		(2,181,303)
Deficit for the year		(126,372,410)	(779,216,042)
<b>Net financial position</b>		<b>294,428,300</b>	<b>420,800,710</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 10/11 2024 and signed by:

  
.....  
Name: Dr. Erick K. Mobegi  
Chief Officer - Finance

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


County Executive of Kisii  
Annual Report and Financial Statements  
For the year ended June 30 2023


11. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

		2022/2023	2021/2022
	Notes	Kshs	Kshs
<b>Receipts from operating income</b>			
Transfers from the Exchequer	1	8,095,867,128	8,182,732,547
Miscellaneous receipts	2	-	800,654,373
<b>Total receipts from operating income</b>		<b>8,095,867,128</b>	<b>8,983,386,920</b>
<b>Payments for operating expenses</b>			
Compensation of employees	3	5,053,599,742	5,129,147,123
Use of goods and services	4	925,015,903	1,630,997,716
Transfers to other government entities	5	1,316,794,471	960,962,827
Other grants and transfers	6	625,446,987	644,275,870
Other payments	8	29,896,052	12,230,682
<b>Total payments for operating expenses</b>		<b>7,950,753,155</b>	<b>8,377,614,218</b>
<b>Net receipts from operations</b>		<b>145,113,973</b>	<b>605,772,702</b>
<b>Adjusted for:</b>			
Increase in imprest	10	(27,815,980)	-
Prior year adjustments	13	-	(2,181,303)
Decrease in deposits and retentions	14	(50,147,697)	(57,753,158)
<b>Net cash flow from operating activities</b>		<b>67,150,296</b>	<b>545,838,241</b>
<b>Cash flow from investing activities</b>			
Acquisition of assets	7	271,486,383	1,384,988,744
<b>Net cash flows from investing activities</b>		<b>271,486,383</b>	<b>1,384,988,744</b>
<b>Cash flow from Financing activities</b>			
Repayment of principal on domestic and foreign Borrowing			
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(204,336,087)</b>	<b>(839,150,503)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>525,767,877</b>	<b>1,364,918,380</b>
<b>Cash and cash equivalents at end of the year</b>		<b>321,431,790</b>	<b>525,767,877</b>

**County Executive of Kisii**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2023**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 10/11 2024 and signed by:

  
.....  
Name: **Dr. Erick K. Mobegi**  
Chief Officer Finance

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

**COUNTY EXECUTIVE OF KISII**  
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**12. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS (RECURRENT AND DEVELOPMENT  
 COMBINED) FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from the CRF	11,476,115,291	-800,813,196	10,675,302,095	8,095,867,128	2,579,434,967	76
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g., DANIDA	438,553,400	-	438,553,400	438,553,400	-	100
<b>Total</b>	<b>11,914,668,691</b>	<b>-800,813,196</b>	<b>11,113,855,495</b>	<b>8,534,420,528</b>	<b>2,579,434,967</b>	<b>77</b>
<b>Payments</b>						-
Compensation of employees	5,219,619,645	-153,521,495	5,066,098,150	5,053,599,742	12,498,408	100
Use of goods and services	1,519,279,571	-378,361,912	1,140,917,659	925,015,903	215,901,757	81
Subsidies	-	-	-	-	-	-
Transfers to other government units	2,220,764,700	-324,873,097	1,895,891,603	1,316,794,471	579,097,132	69
Other grants and transfers	480,446,987	145,000,000	625,446,987	625,446,987	0	100
Social security benefits	-	-	-	-	-	-
Acquisition of assets	2,399,557,788	-82,056,692	2,317,501,096	271,486,383	2,046,014,713	12
Finance costs, including loan interest	60,000,000	-	60,000,000	-	60,000,000	-

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Repayment of principal on borrowings	-	-	-	-	-	-
Other payments	15,000,000	-7,000,000	8,000,000	29,896,052	-21,896,052	374
<b>Total</b>	<b>11,914,668,691</b>	<b>-800,813,196</b>	<b>11,113,855,495</b>	<b>8,222,239,538</b>	<b>2,891,615,957</b>	<b>74</b>
<b>Surplus/(Deficit)</b>	-	-	-	<b>312,180,990</b>	<b>-312,180,990</b>	-

- (a) Amounts in the CRF was not fully transferred due transition at the time and the need to verify some of the pending bills inherited.
- (b) Use of goods were under utilized because of transition at the time and they were verifying some of the projects.
- (c) Transfer to other government units were under utilized because of transition at the time and they were verifying some of the projects.
- (d) Acquisition of assets were under utilized because of transition at the time and they were verifying some of the projects.
- (e) Other payments were over-utilized due to payments of arrears of tax assessment by KRA.

The County Executive's financial statements were approved on 10/11 2024 and signed by:

  
.....

**Name: Dr. Erick K. Mobegi**  
**Chief Officer Finance**

  
.....

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

County Executive of Kisii  
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**12A STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS – RECURRENT FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from the CRF	8,253,838,437	-443,756,121	7,810,082,316	7,529,353,929	280,728,387	96
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g. DANIDA	14,142	-	14,142	14,142	-	100
<b>Total</b>	<b>8,253,852,579</b>	<b>-443,756,121</b>	<b>7,810,096,458</b>	<b>7,529,368,071</b>	<b>280,728,387</b>	96
<b>Payments</b>						
Compensation of employees	5,219,619,645	-153,521,495	5,066,098,150	5,053,599,742	12,498,408	100
Use of goods and services	1,410,419,716	-305,361,912	1,105,057,804	893,824,083	211,233,722	81
Subsidies	-	-	-	-	-	-
Transfers to other government units	1,359,086,584	-57,006,764	1,302,079,820	1,271,165,323	30,914,497	98
Other grants and transfers	87,326,634	145,000,000	232,326,634	232,326,634	-	100
Social security benefits	-	-	-	-	-	-
Acquisition of assets	162,400,000	-65,865,950	96,534,050	80,683,915	15,850,135	84
Finance costs, including loan interest	-	-	-	-	-	-

**County Executive of Kisii  
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Repayment of principal on borrowings	-	-	-	-	-	-
Other payments	15,000,000	-7,000,000	8,000,000	29,896,052	-21,896,052	374
<b>Total</b>	<b>8,253,852,579</b>	<b>-443,756,121</b>	<b>7,810,096,458</b>	<b>7,561,495,749</b>	<b>248,600,709</b>	<b>97</b>
<b>Surplus/(deficit)</b>	-	-	-	<b>-32,127,678</b>	<b>32,127,678</b>	-

- (a) Amounts in the CRF was not fully transferred due transition at the time and the need to verify some of the pending bills inherited
- (b) Use of goods were under utilized because of transition at the time and they were verifying some of the projects.
- (c) Acquisition of assets were under utilized because of transition at the time and they were verifying some of the projects.
- (d) Other payments were over- utilized due to payments of arrears of tax assessment by KRA.

The County Executive's financial statements were approved on 10/11/ 2024 and signed by:

  
.....

**Name: Dr. Erick K. Mobegi**  
**Chief Officer Finance**

  
.....

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

County Executive of Kisii  
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**12B STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from the CRF	3,222,276,854	-357,057,075	2,865,219,779	566,513,199	2,298,706,580	20
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g. DANIDA	438,539,258	-	438,539,258	438,539,258	-	100
<b>Total</b>	<b>3,660,816,112</b>	<b>-357,057,075</b>	<b>3,303,759,037</b>	<b>1,005,052,457</b>	<b>2,298,706,580</b>	<b>30</b>
<b>Payments</b>						
Compensation of employees	-	-	-	-	-	-
Use of goods and services	108,859,855	-73,000,000	35,859,855	31,191,820	4,668,035	87
Subsidies	-	-	-	-	-	-
Transfers to other government units	861,678,116	-267,866,333	593,811,783	45,629,148	548,182,635	8
Other grants and transfers	393,120,353	-	393,120,353	393,120,353	-	100
Social security benefits	-	-	-	-	-	-
Acquisition of assets	2,237,157,788	-16,190,742	2,220,967,046	190,802,468	2,030,164,578	9
Finance costs, including loan interest	60,000,000	-	60,000,000	-	60,000,000	-
Repayment of principal on	-	-	-	-	-	-

**County Executive of Kisii  
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borrowings						
Other payments	-	-	-	-	-	-
<b>Totals</b>	<b>3,660,816,112</b>	<b>-357,057,075</b>	<b>3,303,759,037</b>	<b>660,743,789</b>	<b>2,643,015,248</b>	<b>20</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,308,668</b>	<b>-344,308,668</b>	<b>-</b>

- (a) Amounts in the CRF was not fully transferred due transition at the time and the need to verify some of the pending bills inherited
- (b) Use of goods were under utilized because of transition at the time and they were verifying some of the projects.
- (c) Acquisition of assets were under utilized because of transition at the time and they were verifying some of the projects.
- (d) Transfers to other government units were over utilized due to revision of the budget in the financial year under review.

The County Executive's financial statements were approved on 10/11 2024 and signed by:



**Name: Dr. Erick K. Mobegi**  
**Chief Officer Finance**



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

**13. Budget Execution by Programmes and Sub-Programmes for the year ended 30<sup>th</sup> June 2023**

<b>Programme/Sub-Programme</b>	<b>Original budget</b>	<b>Adjusted budget</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>% Budget utilization</b>
	<b>2022-2023</b>	<b>2022-2023</b>	<b>2022-2023</b>	<b>2022-2023</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>COUNTY ASSEMBLY</b>					
Office of the speaker	5,936,560	-	5,936,560	3,597,700	61%
Representation, legislative and oversight services	160,811,024	32,094,055	192,905,079	191,634,340	99%
county assembly service board	1,517,251,927	(206,113,119)	1,311,138,808	1,121,562,431	86%
<b>Sub-Total</b>	<b>1,683,999,511</b>	<b>(174,019,064)</b>	<b>1,509,980,447</b>	<b>1,316,794,471</b>	<b>87%</b>
<b>COUNTY EXECUTIVE</b>					
administration, planning and support services	402,265,082	(35,633,800)	366,631,282	304,227,502	83%
office of the county secretary	11,820,000	(6,200,000)	5,620,000	3,991,292	71%
legal services	12,120,000	(1,000,000)	11,120,000	9,386,799	84%
communication services	8,570,000	(2,450,000)	6,120,000	2,000,218	33%
public private partnership	11,500,000	(991,200)	10,508,800	6,240,956	59%
County public service Board	35,950,000	(18,914,895)	17,035,105	11,935,315	70%
<b>Sub-Total</b>	<b>482,225,082</b>	<b>(65,189,895)</b>	<b>417,035,187</b>	<b>337,782,082</b>	<b>81%</b>
<b>COUNTY ADMINISTRATION</b>					
Administration, planning and support services	395,589,227	600,000	396,189,227	366,414,271	92%
devolved units services	48,333,140	1,874,430	50,207,570	3,150,900	6%
Human Resource development	6,550,000	2,600,000	9,150,000	8,698,700	95%
Enforcement services	5,000,000	(1,000,000)	4,000,000	1,802,350	45%

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Stakeholder management	39,224,764	(1,900,000)	37,324,764	36,182,244	97%
public participation and civic Education	4,000,000	(2,750,000)	1,250,000	1,059,750	85%
disaster management	45,250,000	(36,440,250)	8,809,750	2,790,900	32%
Fleet Management	3,000,000	-	3,000,000	2,474,054	82%
<b>Sub-Total</b>	<b>546,947,131</b>	<b>(37,015,820)</b>	<b>509,931,311</b>	<b>422,573,169</b>	<b>83%</b>
<b>FINANCE</b>					
Administration, coordination and support services	889,612,387	(13,541,000)	876,071,387	842,849,563	96%
Public financial management services	55,675,000	(269,500)	55,405,500	47,006,030	85%
county planning services	134,694,440	30,396,714	165,091,154	87,921,709	53%
<b>Sub-Total</b>	<b>1,079,981,827</b>	<b>16,586,214</b>	<b>1,096,568,041</b>	<b>977,777,302</b>	<b>89%</b>
<b>AGRICULTURE</b>					
administrative and support services	387,071,335	(205,749,167)	181,322,168	175,890,025	97%
crop development and value addition	331,802,603	(12,610,475)	319,192,128	278,494,868	87%
livestock development	54,200,000	(46,600,000)	7,600,000	2,537,460	33%
veterinary services	303,058,835	(146,920,000)	156,138,835	57,441,654	37%
co-operative development and management	1,700,000	74,350,000	76,050,000	915,000	1%
fisheries development	55,250,000	(37,350,000)	17,900,000	375,000	2%
kisii agricultural training center	8,669,000	37,000,000	45,669,000	1,707,315	4%
<b>Sub-Total</b>	<b>1,141,751,773</b>	<b>(337,879,642)</b>	<b>803,872,131</b>	<b>517,361,322</b>	<b>64%</b>

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
<b>WATER</b>					
administration and planning services	50,070,000	(8,420,000)	41,650,000	38,300,738	92%
water and sanitation services	200,686,466	(19,437,848)	181,248,618	88,555,436	44%
environment management	164,302,000	(105,000,000)	59,302,000	-	0%
energy services	5,403,759	3,000,000	8,403,759	500,000	6%
<b>Sub-Total</b>	<b>420,462,225</b>	<b>(129,857,848)</b>	<b>290,604,377</b>	<b>127,356,174</b>	<b>43%</b>
<b>EDUCATION</b>					
general administration and planning services	554,846,157	20,445,000	575,291,157	572,062,855	99%
early childhood development education	83,798,014	3,331,485	87,129,499	1,930,461	2%
vocational training	59,206,119	1,900,000	61,106,119	15,775,638	26%
<b>Sub-total</b>	<b>697,850,290</b>	<b>25,676,485</b>	<b>723,526,775</b>	<b>589,768,954</b>	<b>82%</b>
<b>HEALTH</b>					
medical services	3,872,682,577	(141,163,779)	3,731,518,798	3,187,150,482	85%
public health	29,500,000	250,000	29,750,000	27,068,900	91%
<b>Sub-total</b>	<b>3,902,182,577</b>	<b>(140,913,779)</b>	<b>3,761,268,798</b>	<b>3,214,219,382</b>	<b>85%</b>
<b>LANDS,PHYSICAL PLANNING AND URBAN DEVELOPMENT</b>					
administration,planning and support services	145,620,000	(14,964,500)	130,655,500	119,289,154	91%
land use services	3,545,569	-	3,545,569	-	0%
urban development	93,004,480	8,542,433	101,546,913	22,968,445	23%

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
<b>Sub-total</b>	<b>242,170,049</b>	<b>(6,422,067)</b>	<b>235,747,982</b>	<b>142,257,599</b>	<b>60%</b>
<b>ROADS AND PUBLIC WORKS</b>					
general administration and planning services	82,208,717	(6,785,000)	75,423,717	73,821,567	98%
roads development	767,967,952	(36,838,742)	731,129,210	103,624,038	14%
public works	162,855,312	(22,105,000)	140,750,312	83,366,227	59%
housing services	6,000,000	(2,250,000)	3,750,000	635,000	17%
<b>Sub-total</b>	<b>1,019,031,981</b>	<b>(67,978,742)</b>	<b>951,053,239</b>	<b>261,446,832</b>	<b>27%</b>
<b>TRADE</b>					
administration and planning services	169,918,372	33,804,074	203,722,446	73,306,625	36%
tourism development	4,120,000	(2,831,050)	1,288,950	750,000	58%
weights and measures	4,250,000	(3,000,000)	1,250,000	750,000	60%
liquor licensing	1,400,000	(1,354,200)	45,800	45,800	100%
betting and gaming	2,250,000	(1,250,000)	1,000,000	919,672	92%
<b>Sub- total</b>	<b>181,938,372</b>	<b>25,368,824</b>	<b>207,307,196</b>	<b>75,772,097</b>	<b>37%</b>
<b>CULTURE</b>					
administration and planning services	82,215,902	(16,519,218)	65,696,684	65,471,723	100%
sports development	62,472,368	29,961,896	92,434,264	8,997,600	10%
cultural services	21,552,655	(547,390)	21,005,265	3,488,360	17%
social development	2,200,000	(62,600)	2,137,400	1,900,000	89%
<b>Sub- total</b>	<b>168,440,925</b>	<b>12,832,688</b>	<b>181,273,613</b>	<b>79,857,683</b>	<b>44%</b>
<b>KISII MUNICIPALITY</b>					
general administration, planning and	112,996,000	45,774,271	158,770,271	159,272,472	100%

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Programme/Sub-Programme	Original budget	Adjusted budget	Final Budget	Actual on comparable basis	% Budget utilization
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
support services					
infrastructure development	186,190,948	35,225,179	221,416,127	-	0%
<b>Sub- total</b>	<b>299,186,948</b>	<b>80,999,450</b>	<b>380,186,398</b>	<b>159,272,472</b>	<b>42%</b>
<b>OGEMBO MUNICIPALITY</b>					
general administration,planning and support services	5,200,000	(3,000,000)	2,200,000	-	0%
infrastructure development	43,300,000	0	43,300,000	-	0%
<b>Sub - total</b>	<b>48,500,000</b>	<b>(3,000,000)</b>	<b>45,500,000</b>	<b>-</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>11,914,668,691</b>	<b>(800,813,196)</b>	<b>11,113,855,495</b>	<b>8,222,239,538</b>	<b>74%</b>

**COUNTY EXECUTIVE OF KISII**  
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**14. Significant Accounting Policies**

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

**a) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Executive all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

**b) Reporting entity**

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

**c) Recognition of receipts and payments**

**i) Recognition of receipts**

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

**ii) Transfers from the County Revenue Fund (CRF)**

Transfer from CRF is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and a notification received by the entity.

**iii) Proceeds from sale of assets**

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

**Significant Accounting Policies (Continued)**

**County Executive of Kisii  
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For the year ended June 30 2023**

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**d) Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**v) Acquisition of fixed assets**

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

**County Executive of Kisii  
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**Significant Accounting Policies (Continued)**

**e) In-kind contributions**

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

**f) Third Party Payments**

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

**g) Cash and cash equivalents**

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

**Restriction on cash**

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2023, this amounted to Kshs 54,819,470 compared to Kshs 104,967,167 in prior period as indicated on note 11

**Significant Accounting Policies (Continued)**

**h) Imprests and Advances**

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

**i) Third Party Deposits and Retention**

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

**j) Non-current assets**

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

**k) Pending bills**

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

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**Significant Accounting Policies (Continued)**

**l) Contingent Liabilities**

A contingent liability is:

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

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

**m) Contingent Assets**

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

**Significant Accounting Policies (Continued)**

**n) Budget**

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

**o) Comparative figures**

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

**p) Subsequent events**

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

**q) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed under note 13 explaining the nature and amounts.

**r) Related Party Transactions**

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

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

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

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**15. Notes to the Financial Statements**

**1. Transfer from the CRF**

	2022/2023	2021/2022
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Total CRF releases for quarter 1	1,460,749,625	1,467,555,293
Total CRF releases for quarter 2	2,027,741,906	2,223,568,627
Total CRF releases for quarter 3	1,305,995,368	2,223,568,627
Total CRF releases for quarter 4	3,301,380,229	2,268,040,000
<b>Total</b>	<b>8,095,867,128</b>	<b>8,182,732,547</b>

**2. Miscellaneous Receipts**

	2022/2023	2021/2022
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Proceeds From Domestic and Foreign Grants	-	393,918,451
Transfers from other government entities	-	-
County Own Generated Receipts	-	404,554,619
Return CRF issues	-	2,181,303
<b>Total</b>	<b>-</b>	<b>800,654,373</b>

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**3. Compensation of Employees**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	3,034,035,475	3,110,633,907
Basic wages of temporary employees		-
Personal allowances paid as part of salary	1,786,786,878	1,753,576,041
Personal allowances paid as reimbursements	15,122,863	15,122,863
Personal allowances provided in kind	3,358,500	-
Employer contribution to compulsory national social schemes	214,296,026	249,814,312
Employer contribution to compulsory national health insurance schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
<b>Total</b>	<b>5,053,599,742</b>	<b>5,129,147,123</b>

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

**4. Use of Goods and Services**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	31,385,220	32,199,732
Communication, supplies and services	7,600,675	12,643,044
Domestic travel and subsistence	160,176,216	325,240,442
Foreign travel and subsistence	4,963,838	31,768,528
Printing, advertising and information supplies & services	13,101,070	70,300,020
Rental of produced assets	1,412,220	10,963,699
Training expenses	11,146,475	57,595,912
Hospitality supplies and services	32,407,696	74,081,851
Insurance costs	279,214,737	201,196,632
Specialized materials and services	165,266,164	451,828,508
Office and general supplies and services	14,773,930	43,029,796
Fuel, oil and lubricants	31,170,468	37,605,872
Other operating expenses (including bank charges)	128,311,986	164,825,299
Routine maintenance – vehicles and other transport equipment	19,123,104	21,688,872
Routine maintenance – other assets	24,962,104	96,029,509
<b>Total</b>	<b>925,015,903</b>	<b>1,630,997,716</b>

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

**5. Transfer to other Government entities**

	2022/2023	2021/2022
Description	Kshs	Kshs
<b>Transfers to county government entities</b>		
County Assembly	1,316,794,471	960,962,827
<b>Transfers to other counties</b>		
(Insert name of budget agency)		
(Insert name of budget agency)		
<b>Transfers to national government entities</b>		
Transfer to the council of governors		
<b>Total</b>	<b>1,316,794,471</b>	<b>960,962,827</b>

**6. Other Grants and Transfers**

	2022/2023	2021/2022
Description	Kshs	Kshs
Emergency relief and refugee assistance	-	21,000,000
KUSP/UDG	-	89,979,516
SIDA/ASDSP	26,503,728	22,114,840
Village Youth Polytechnic	1,280,156	23,143,248
EU IDEAS	9,004,696	60,946,880
UHC	62,692,134	-
DANIDA	18,634,500	13,406,527
NARIGP	247,015,155	75,223,352
User Fee/ HSSF	-	-
Conditional Grants to Level 5	-	226,633,944
KDSP	65,976,703	-
COVID-19	-	-
KUSP/UIG	2,339,915	-
Payments to Kenya Revenue Authority	-	108,785,893
Bursary	151,000,000	3,041,670
FFLOCA	41,000,000	-
<b>Total</b>	<b>625,446,987</b>	<b>644,275,870</b>

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

**7. Acquisition of Assets**

<b><u>Non- financial assets</u></b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of buildings	-	-
Construction of buildings	27,262,225	115,873,218
Refurbishment of buildings	-	15,625,800
Construction of roads	109,951,675	584,188,344
Construction and civil works	21,854,857	238,824,683
Overhaul and refurbishment of construction & civil works	12,749,747	80,282,770
Purchase of vehicles and other transport equipment	27,232,000	10,594,900
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	450,000	2,500,000
Purchase of office furniture and general equipment	26,899,684	65,413,294
Purchase of specialized plant, equipment and machinery	22,432,534	59,596,892
Rehabilitation and renovation of plant, machinery and equip.	4,361,750	36,358,125
Purchase of certified seeds, breeding stock and live animals	15,025,000	150,799,450
Research, studies, project preparation, design & supervision	-	14,470,000
Rehabilitation of civil works	3,266,911	10,461,268
Acquisition of strategic stocks and commodities	-	-
Acquisition of ICT Equipment's	-	-
Acquisition of land	-	-
Acquisition of intangible assets	-	-
<b>Total acquisition of non- financial assets</b>	<b>271,486,383</b>	<b>1,384,988,744</b>
<b><u>Financial assets</u></b>	-	-
Domestic public non-financial enterprises	-	-
Other domestic accounts receivables	-	-
<b>Total acquisition of financial assets</b>	-	-
<b>Total acquisition of assets</b>	<b>271,486,383</b>	<b>1,384,988,744</b>

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Notes to the Financial Statements (Continued)

8. Other Payments

	2022/2023	2021/2022
Description	Kshs	Kshs
System Required Expense		12,230,682
Budget Reserves		-
Civil Contingency Reserves	-	-
KRA payments in arrears	29,896,052	-
<b>Total</b>	<b>29,896,052</b>	<b>12,230,682</b>

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**Notes to the Financial Statements (Continued)**

**9. Cash and Bank Balances**

**9 A. Bank Balances**

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2022/2023	2021/2022
			Kshs	Kshs
CBK Kisii County Revenue Fund	1000170565	CRF	-	68,418,940
CBK Kisii County Development	1000170425	Development	12,676,871	6,212
CBK Kisii County Recurrent	1000170395	Recurrent	4,935,665	10,877
CBK Kisii County Deposit	1000276681	Deposits	54,819,470	104,967,167
CBK Kisii County Road Maintenance Fuel Levy	1000276697	Fuel Levy	4,781,941	4,781,941
CBK Kisii County Maternal Health WB & Denmark	1000276703	Maternity	-	-
CBK Kisii County Universal Health	1000368567	Universal Health Care	-	-
CBK Kisii County Village Youth Polytechnic	1000368578	Village Youth Polytechnic	578,732	408,000
CBK Kisii County EU Grant Ideas	1000394013	Grant	696	696
CBK Kisii county Agric& Rural Growth	1000365544	Development	40,678,715	-
CBK Kisii County Agric Sector Development Support Programme	1000365498	Development	-	-
CBK Kisii County Urban Development Grant	1000386778	Grant	-	-
CBK Kisii County Urban Institutional Grant	1000392436	Grant	-	-
CBK Kisii County Primary Healthcare	1000568372	Fund	-	-
CBK Kisii County	1000522275	Fund	30,000,000	-

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Climate Change Fund				
KCB Revenue collection, Kisii Branch,	1140758519	Recurrent	-	18,778,448
Chase Nyaribari Chache Sub-County Health Kisii Branch	252092856001	FIF	-	317,374
KCB Manyansi Vocational Training Centre	1233603272	Recurrent	155,301	21,364
KCB Entanke Vocational Training Centre	1233624873	Recurrent	171,071	6,458
KCB Gotichaki Vocational Training Centre	1233625721	Recurrent	329,624	20,709
KCB Kirwanda Vocational Training Centre	1233624695	Recurrent	213,436	22,014
Equity Nyansembe Youth Polythechnic	510277307167	Recurrent	220,960	5,055
KCB Masakwe Vocational VTC	1233605992	Recurrent	200,568	46,494
KCB Nyachenge Vocational Training Centre	1233499041	Recurrent	217,980	23,226
COOP Bosansa Vocational Training Centre	1139808194300	Recurrent	169,548	16,406
KCB Ekioga Vocational Training Centre	1233499491	Recurrent	308,659	125,694
COOP St. Don Bosco Ngeri Polythechnic	1139296807300	Recurrent	246,316	23,839
KCB Itongo Vocational Training Centre	1233625217	Recurrent	170,161	30,717
KCB Nyagonyi Vocational Training Centre	1233598430	Recurrent	187,786	23,325
KCB Nyamondo Vocational Training Centre	1233625063	Recurrent	195,332	3,717
KCB Kenyenya Vocational Training Centre	1233496786	Recurrent	460,133	126,837
KCB Nyarenda Vocational Training	1238170587	Recurrent	222,178	16,294

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Centre				
KCB Nyachogocho Vocational Training Centre	1233622285	Recurrent	129,398	7,794
KCB Nyakoora Vocational Training Centre	1238158234	Recurrent	211,042	14,532
KCB Nyaore Vocational Training Centre	1233624628	Recurrent	663,930	190,774
KCB Nyamagesa Vocational Training Centre	1233506226	Recurrent	349,221	7,644
KCB Nyambogo Vocational Training Centre	1233506773	Recurrent	329,235	43,276
KCB Moreremi Vocational Training Centre	1233507494	Recurrent	128,208	5,897
KCB Riatirimba Vocational Training Centre	1233505645	Recurrent	263,178	36,366
KCB Nyabiosi Vocational Training Centre	1238227732	Recurrent	104,049	17,874
KCB Nyanguru Vocational Training Centre	1233625411	Recurrent	205,812	22,569
KCB Irungu Vocational Training Centre	1233599933	Recurrent	168,535	1,663
KCB Keumbu Vocational Training Centre	1233927892	Recurrent	440,054	98,176
KCB Kiobegi Vocational Training Centre	1233545590	Recurrent	209,153	8,966
KCB Mobamba Vocational Training Centre	1233625268	Recurrent	158,447	6,081
KCB Gionseri Vocational Training Centre	1233624059	Recurrent	160,902	48,610
KCB St. KizitoNyamagwa Youth Polytechnic	1233443658	Recurrent	193,069	10,649
KCB Nyaburumbasi	1233624989	Recurrent	1,280,171	32,448

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Vocational Training Centre				
KCB Enchoro Youth Polytechnic	1233396838	Recurrent	148,517	4,979
KCB Bombaba Vocational Training Centre	1233625608	Recurrent	175,865	30,042
KCB Gesonso Vocational Training Centre	1233625519	Recurrent	86,973	17,947
KCB ST. Joseph Etono DOK VTC	1233608169	Recurrent	198,528	11,748
KCB ST. Joseph's Nyamesocho VCT	1233608363	Recurrent	122,748	28,025
KCB Nyabinyinyi Vocational Training Centre	1233624288	Recurrent	216,157	1,672
KCB Nyamiobo Vocational Training Centre	1233624784	Recurrent	183,279	50
KCB Nyandusi Vocational Training Centre	1233624784	Recurrent	208,184	24,351
KCB Getacho Vocational Training Centre	1238101445	Recurrent	190,799	11,987
KCB Masongo Vocational Training Centre	1233404008	Recurrent	192,606	11,727
KCB Ikorongo Vocational Training Centre	1233507117	Recurrent	226,400	10,424
KCB Rianyoka Vocational Training Centre	1233601644	Recurrent	239,094	9,855
KCB Rianganbi Vocational Training Centre	1233485318	Recurrent	198,678	41,760
KCB Genga Youth Vocational Training Centre	1233401831	Recurrent	391,798	11,486
KCB Omosobwa Vocational Training Centre	1233926985	Recurrent	122,328	8,199
KCB Raganga Vocational Training Centre	1257034073	Recurrent	206,255	9,599

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KCB Kiamwasi Vocational Training Centre	1238100937	Recurrent	173,624	9,751
KCB Birongo PAG VTC	1233541455	Recurrent	89,507	51,271
KCB Kioge Vocational Training	1238099750	Recurrent	170,756	62,668
COOP Gesabakwa Vocational Training Centre	1141809197900	Recurrent	157,707	12,736
COOP Nyangusu Vocational Training Centre	1141809435700	Recurrent	143,000	7,882
COOP Iringa Vocational Training Centre	1141808839900	Recurrent	82,281	158,069
KCB Nyatwoni Vocational Training Centre	1275622542	Recurrent	161,519	38,667
KCB Matunwa Vocational Training Centre	1,238,133,878	Recurrent	169,899	-
NBK Agricultural Sector Development Support Programme	1560209412700	Recurrent	5,456,011	9,043
NBK EU Ideas Led Banana Project	1560206754600	Development	5,740,772	7,746,677
SBM Kisii County Imprest	252376833001	Recurrent	12,155,521	14,142
NBK NARIGP Kisii County Operations	1560211819500	Development	57,875,424	173,679,282
CBK Kisii County Devolution Support Programme	1000433647	Recurrent	76,974,049	142,950,751
CBK Kisii County COVID-19 Emergency Fund	1000459654	Recurrent	2,037,964	2,037,964
<b>Total</b>			<b>321,431,790</b>	<b>525,767,877</b>

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**Notes to the Financial Statements (Continued)**

**10. Outstanding imprests and advances**

Description	2022/2023	2021-2022
	Kshs	Kshs
Government Imprests	27,815,980	-
Salary Advance	-	-
Clearance accounts	-	-
<b>Total</b>	<b>27,815,980</b>	<b>-</b>

Breakdown of Imprest and Salary Advance per Department	2022-2023	2021-2022
	Kshs	Kshs
County Employees in several departments	27,815,980	-
<b>Sub-Total</b>	<b>27,815,980</b>	<b>-</b>

The outstanding imprest relates to employees who were issued with imprest and had not surrendered by the end of June 2023.

**11. Deposits and Retention**

	2022-2023	2021-2022		
	Kshs	Kshs		
Deposits	54,819,470	104,967,167		
Retention Monies	-	-		
<b>Total</b>	<b>54,819,470</b>	<b>104,967,167</b>		
<b>Ageing analysis for</b>	<b>2022-2023</b>	<b>2021-2022</b>		
<b>Ageing analysis: (deposits and retentions)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	12,665,805	23%	42,153,665	40
1-2 years	42,153,665	77%	62,813,502	60
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (tie to above total)</b>	<b>54,819,470</b>	<b>100%</b>	<b>104,967,167</b>	<b>100</b>

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**12. Fund Balance Brought Forward**

	2022/2023	2021/2022
	Kshs	Kshs
Bank Accounts	525,767,877	1,364,918,380
Cash in Hand		-
Outstanding Imprests and Advances		-
Accounts Payables	-104,967,167	-162,720,325
<b>Total</b>	<b>420,800,710</b>	<b>1,202,198,055</b>

**13. Prior Year Adjustments**

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

	Balance b/f from Previous FY2022/2023 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted Balance b/f For previous FY 2021/2022
Description Of the Error	Kshs	Kshs	Kshs
Return CRF issues	-		2,181,303
Bank Account Balances	-	-	-
Cash in Hand	-	-	-
Outstanding Imprests and Advances	-	-	-
Third party deposits and Retention	-	-	-
Others ( <i>Specify</i> )	-	-	-
<b>Total</b>	-	-	<b>2,181,303</b>

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**Notes to the Financial Statements (Continued)**

**14. Increase/ (Decrease) in Deposits and Retention**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Deposits and Retention s as at 1 <sup>st</sup> July (A)	104,967,167	162,720,325
Deposits and Retention as at 30 <sup>th</sup> June (B)	54,819,470	104,967,167
Increase/ (Decrease) in Deposits and Retentions C= B-A	<b>-50,147,697</b>	<b>-57,753,158</b>

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**15. Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 2)**

Description	Balance b/f	Additions for the year	Paid during the year	Balance c/f
	2021-2022			2022-2023
	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	82,992,382	-	5,720,831	77,834,345
Construction of Civil Works	811,187,647	30,724,339	93,143,128	748,371,283
Supply of Goods	291,385,834	-	91,788,733	203,337,897
Supply of Services	208,288,550	-	43,012,084	161,370,450
<b>Total</b>	<b>1,393,854,413</b>	<b>30,724,339</b>	<b>233,664,776</b>	<b>1,190,913,975</b>

**2. Related Party Disclosures**

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

The following comprise of related parties to the County Executive:

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

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**Related party transactions**

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Key Management Compensation (Governor, CEC Members And Cos)	-	-
<b><u>Transfers To Related Parties</u></b>		
Transfer to the County Assembly	1,316,794,471	960,962,827
Transfers to Other County Government Entities		-
EU IDEAS	19,352,246	28,639,545
SIDA/ASDSP	16,017,417	43,557,788
NARIGP	171,890,010	178,410,506
Village Youth Polytechnic	12,156,000	16,185,077
Kenya Devolution Support Programme "starter pack"-level II		128,507,146
Urban Institutional Grant		-
Emergency Fund		21,000,000
Universal Healthcare		-
Conditional Grant Level 5		226,633,944
Transfers to Development Projects-KUSP	2,339,915	89,979,516
Transfers to Non-Reporting Entities E.G Schools And Welfare		-
DANIDA	18,634,500	13,406,527
User Fee		-
Transfers to County Water Service Providers		-
Expenses paid on Behalf Of County Water Service Providers		-
FFLOCA	41,000,000	-
Bursary	151,000,000	-
<b>Total Transfers To Related Parties</b>	<b>1,749,184,559</b>	<b>1,707,282,876</b>
<b><u>Transfers From Related Parties</u></b>		
Transfers From the CRF	8,095,867,128	8,576,650,998
Transfers From National Government MDAs	-	-
Transfers From SCs And SAGAs - National Government	-	-
<b>Total Transfers From Related Parties</b>	<b>8,095,867,128</b>	<b>8,576,650,998</b>

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**Other Important Disclosures**

**3. Establishment of other County Government Entities**

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

<b>Entity</b>	<b>Date Established/Date taken over</b>	<b>Location</b>	<b>Accounting Officer responsible</b>
Gusii Water and Sewerage Company (GWASCO)	2006	Department of Education	Lucy Wahito
Kisii County Bursary Fund	2014	Department of Education	Caren Orori
Alcoholic Drug Control	2015	Department of Trade	Helina Kemunto
Demonstration Farm fund	2013	Department of Agriculture	Wilfred Nyamwega
Kisii Vet Development Fund	2013	Department of Veterinary	Agnes Choti
Kisii Car and Mortgage Fund	2016	Department of Finance	Dr. Isaiah Miencha
Kisii Emergency Fund	2016	Department of Stakeholder Mgt	Dr. Isaiah Miencha
Kisii Teaching and Referral Hospital Fund	2014	Department of Health	Gladys Aminga
DANIDA Fund	2014	Department of Health	Gladys Aminga
Kisii Municipal Board	2019	Kisii Urban Devt	Nahashon Onger

**4. Leasing of Medical Equipment**

Amounts relating to leased medical equipment is included in the County Allocation Revenue Act and is budgeted for by the Counties. This amount is deducted at source and therefore not included in the exchequer. Since this is not a cash item, it is not included in the statement of receipts and payments. In the current financial year, amounts relating to leased medical equipment was Kshs 110,638,298 and Kshs 153,297,872 for the previous Financial year.

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**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Unsupported expenditure	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
2	Unexplained voided transactions	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
1.0	Budgetary control and performance	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
2.0	Late exchequer releases	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
3.0	Non-Payment of pension contributions	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
4.0	Unresolved prior year matters	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
1.0	Non-adherence to the public finance management fiscal responsibilities	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
2.0	Pending Accounts payable	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
3.0	Unapproved salary and remuneration of the county attorney staff	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
4.0	Irregular engagement of officers	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
5.0	Expenditure on excess drivers	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
6.0	Non-compliance with law on ethnic composition in recruitment of staff	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
7.0	Delay in confirmation of officers	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
8.0	Failure to observe one third of basic salary payment rule	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
9.0	Irregular payments	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
10.0	Unexplained delay in remittance of taxes	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
11.0	Delay in completion of Rangi Mbili-Elimu-Umoja road and Augmentation of Huduma center-Kisii Hotel drainage and associated works	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
12.0	Failure by contractor to deliver	The issue is being addressed since we received the report	Not resolved	30 <sup>th</sup> December, 2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	physical development plans	of the Auditor General late		
13.0	Delay in completion of construction of buildings	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
14.0	Payment for non-existent project	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
15.0	Unutilized youth polytechnic	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
16.0	Incomplete construction works	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
17.0	Non- Publication of procurement contracts	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
18.0	Stalled and incomplete projects	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
19.0	Pending Legal cases	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
20.0	Irregular conferment of municipality status to Ogembo urban center	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
1.0	Grounded motor vehicles and machineries	The issue is being addressed since we received the report of the Auditor General late	Not resolved	30 <sup>th</sup> December, 2023
2.0	Uncollected revenue-Property	The issue is being addressed since we received the report	Not resolved	30 <sup>th</sup> December, 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	rates	of the Auditor General late		

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**County Executive Committee Member – Finance and Economic Planning**

**Date:** 10/1/2024

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**17. Annexes**

**Annex 1 – Analysis Of Transfers From the CRF**

<b>Period 2022-2023</b>	<b>Quarter 1 (Kshs)</b>	<b>Quarter 2 (Kshs)</b>	<b>Quarter 3 (Kshs)</b>	<b>Quarter 4 (Kshs)</b>	<b>Total (Kshs)</b>
Equitable Share	1,420,184,594	1,983,587,494	1,165,680,252	3,182,332,576	7,751,784,916
Level 5 Hospitals	62,692,134	-	-	-	62,692,134
Pri-Health	-	8,856,000	-	9,778,500	18,634,500
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	421,309	130,789,988	40,678,714	171,890,010
Youth Polytechnic support grant	-	-	-	12,156,000	12,156,000
Kenya Urban Support Programme	-	-	-	2,339,915	2,339,915
Agriculture Sector Development Support Project (ASDSP)	-	2,750,000	9,525,128	3,742,279	16,017,407
FFLOCA	-	10,000,000	-	31,000,000	41,000,000
EU -IDEAS	-	-	-	19,352,246	19,352,246
<b>Total</b>	<b>1,482,876,728</b>	<b>2,005,614,803</b>	<b>1,305,995,368</b>	<b>3,301,380,230</b>	<b>8,095,867,128</b>

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**Annex 2 – Analysis Of Pending Accounts Payable**

Supplier Of Goods Or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
				<b>a</b>	<b>b</b>	<b>c</b>	<b>d=a+b-c</b>	
<b>Construction Of Buildings</b>				82,992,382		5,720,831	77,834,345	
1.								
2.								
<b>Sub-Total</b>				<b>82,992,382</b>		<b>5,720,831</b>	<b>77,834,345</b>	
<b>Construction Of Civil Works</b>				811,187,647	30,724,339	93,143,128	748,371,283	
3.								
4.								
<b>Sub-Total</b>				<b>811,187,647</b>	<b>30,724,339</b>	<b>93,143,128</b>	<b>748,371,283</b>	
<b>Supply Of Goods</b>				291,385,834		91,788,733	203,337,897	
5.								
6.								
<b>Sub-Total</b>				<b>291,385,834</b>		<b>91,788,733</b>	<b>203,337,897</b>	
<b>Supply Of Services</b>				208,288,550		43,012,084	161,370,450	
7.								
<b>Sub-Total</b>				<b>208,288,550</b>		<b>43,012,084</b>	<b>161,370,450</b>	
<b>Grand Total</b>				<b>1,393,854,413</b>	<b>30,724,339</b>	<b>233,664,776</b>	<b>1,190,913,975</b>	

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**Annex 3 – Summary of Non-Current Asset Register**

<b>Asset Class</b>	<b>Historical Cost b/f (Kshs) 2022</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 2023</b>
Land	2,291,214,800	-	-	-	2,291,214,800
Buildings And Structures	8,429,466,985	27,262,225	-	-	8,456,729,210
Transport Equipment	715,917,441	27,232,000	-	-	743,149,441
Office Equipment, Furniture And Fittings	450,907,636	27,349,684	-	-	478,257,320
ICT Equipment	48,920,351	-	-	-	48,920,351
Machinery And Equipment	299,432,828	26,794,284	-	-	326,227,112
Heritage And Cultural Assets	-	-	-	-	-
Biological Assets	150,799,450	15,025,000	-	-	165,824,450
Intangible Assets	14,470,000	-	-	-	14,470,000
Infrastructure Assets- Roads, Rails	3,571,753,234	147,823,191	-	-	3,719,576,425
Work In Progress	-	-	-	-	-
<b>Total</b>	<b>15,972,882,725</b>	<b>271,486,383</b>	-	-	<b>16,244,369,108</b>

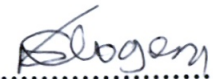
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Annex 7 – Inter-Entity Transfers

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative amount transferred. KShs	Amount Confirmed as received. KShs	differ ence	explan ation
1	Bursary Fund	-	-	-	151,000,000	151,000,000	151,000,000	-	
2	NARIGIP	-	421,309	130,789,988	40,678,714	171,890,011	171,890,011	-	
3	KUSP	-	-	-	2,339,915	2,339,915	2,339,915	-	
4	ASDSP	-	2,750,000	9,525,128	3,742,279	16,017,407	16,017,407	-	
5	FFLOCA	-	10,000,000	-	31,000,000	41,000,000	41,000,000	-	
6	Pri-Health	-	8,856,000	-	9,778,500	18,634,500	18,634,500	-	
7	UHC	62,692,134	-	-	-	62,692,134	62,692,134	-	
8	Village Polytechnic	-	-	-	12,156,000	12,156,000	12,156,000	-	
	<b>Total</b>	<b>62,692,134</b>	<b>22,027,309</b>	<b>140,315,116</b>	<b>250,695,408</b>	<b>475,729,967</b>	<b>475,729,967</b>	<b>-</b>	



Director of Finance  
County Executive



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