

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

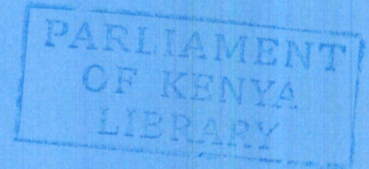
OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
NYAMIRA**

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





NYAMIRA COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

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

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1. Key Entity Information and Management

(a) Background information

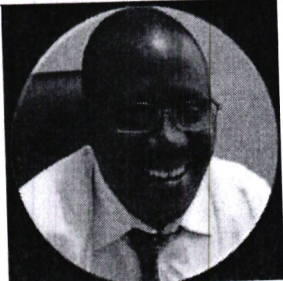


The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes thirty six (36) Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management



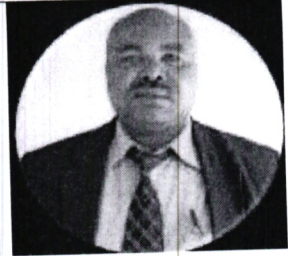
The entity's day-to-day management is under the following key organs:

	<p>Hon. Moffat Machogu Teya is the Chairman of the County Assembly Service Board (CASB). He was elected as the third Speaker of Nyamira County Assembly on 7th September 2017. Hon. Teya served as a branch manager of Heritage Insurance, Kisii Branch before his election as the Speaker of Nyamira County Assembly. He is the First Chairman of The Lake Region Economic Block Speakers' Caucus. He is the Coordinator of County Assembly Forum (CAF) Nyanza region.</p> <p>He holds a Bachelor of Commerce degree from the University of Nairobi and he is pursuing MBA at Kisii University. He is Certified Public Accountant (CPAK) and Advanced Chartered Insurance Institute (ACII).</p> <p>Hon. Teya is a Church Elder, loves singing gospel music, and enjoys playing soccer.</p>
	<p>Mr. Duke Simeon Onyari is the Acting Clerk of Nyamira County Assembly. He has served as the Secretary to the County Assembly Service Board (CASB) as from 4th April, 2018. He is an Advocate of the High Court.</p> <p>He also holds a certificate of Senior Management course from Kenya School of Government</p>

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	<p>Mr. Joshua Orangi is the Deputy Clerk of the County Assembly. Prior to the current position, Joshua served as the Director Legal services. He holds a Bachelors of Law (LLB) from University of Nairobi and a Diploma in Law from Kenya School of Law. He also has a Diploma in Insurance from The Chartered Insurance Institute. He is an Advocate of the High Court of Kenya.</p> <p>He holds a certificate of Senior Management course from Kenya School of Government</p>
	<p>CPA. Leonard Nyamasege was appointed the Director Finance & Accounts as from 1st January 2019. Prior to the appointment as the Director Finance & Accounts, he served as Principal Finance & Budget officer as from 1st December 2013.</p> <p>Mr. Nyamasege holds a Bachelor of Commerce Degree and Master of Business Administration in Finance from the University of Nairobi. He is a Certified Public Accountant (CPAK) and an active member of ICPAK.</p> <p>He also has a certificate in Senior Management Course and Strategic Leadership Development Program from the Kenya School of Government.</p>
	<p>Ms. Joyce Onyiego is the Director Internal Audit a position she was appointed to as from 1st June 2020. Prior to her appointment as the Director Internal audit, she was the Director Supply chain Management. She holds a Bachelor Degree and MSC. Procurement from Jomo Kenyatta University of Science and Technology. She is also member of KISM.</p>
	<p>Mr. Alloice King'ala is the Director Supply Chain Management. He holds a Master of Science Degree in Procurement and Logistics from Jomo Kenyatta University of Agricultural Technology and Bachelor's degree in Business Computing from Kampala University.</p> <p>He also holds a Diploma in Business Computing from Kampala University. He is a member of Kenya Institute of Supply Chain Management.</p>

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	<p>Mr. Michael Gisesa is the Director Human Resources Management and Administration. He holds a Bachelor Degree of Education (Arts) from Moi University and Certified Human Resource Professional (CHRP) from College of Human Resource.</p> <p>He holds a certificate of Senior Management course from Kenya School of Government and a Member of the Institute of Human Resource Management.</p>
<p>Mr. Michael Gisesa Director Human Resources Management & Administration</p>	<p>Ms. Sheillah Obare is the Director Legal Services. Prior to serving as a Director Legal Services, she served as the Director Legislative Procedures and Committee Services. She holds Bachelor of Business & Management Degree (Accounting) from Kisii University.</p> <p>She also has a certificate in Senior Management Course and Strategic Leadership Development Program from the Kenya School of Government.</p>
	<p>Mr. David Ombego is a Director Legislative and Committee Services. Prior to serving as a Director Legislative Procedures and Committee Services, he served as Director Legal Services. He holds a Bachelors of Law (LLB) from Mount Kenya University.</p> <p>He also has a certificate in Senior Management Course from the Kenya School of Government.</p>
<p>Ms. Sheillah Obare Director Legal Services</p> <p>Mr. David Ombego Director Legislative & Committee Services</p>	
<p>Mr. Justus Onkundi Director Library and Research Services</p>	<p>Mr. Justus Onkundi is a Director Library and Research Services. Prior to serving as the Director Library and Research Services, he served as a Director Human Resource and Administration.</p> <p>He holds a Bachelor of Science in Human Resource Management from Moi University and a Master of Arts in Project Planning from University of Nairobi. He has a Higher Diploma in Business Technical Education Program and Diploma in Business Administration from Kenya Polytechnic.</p> <p>He also has a certificate in Senior Management Course from the Kenya School of Government.</p>

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

Key Entity Information and Management (Continued)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer- Ag.Clerk	Mr. Duke Simeon Onyari
2.	Deputy Clerk	Mr. Joshua Orang'i
3.	Director Finance & Accounts	CPA. Leonard Nyamasege
4.	Director Supply Chain Management	Mr. Alloice King'ala
5.	Director Internal Audit	Ms. Joyce Onyiego

(d) Fiduciary Oversight Arrangements

The following Committees provided the key fiduciary oversight arrangements during the period;

- ***Audit committee activities***

The Audit Committee reviewed internal audit report during the year.

- ***Finance committee activities***

The Finance Committee examined the consolidated quarter 1, quarter 2, quarter 3 and quarter 4 expenditure reports for the Nyamira County Government.

- ***Public Accounts and Investment committee***

The Public Accounts and Investments Committee examined reports for the Education and Car Loan & Mortgage Scheme fund for the year ended 30th June, 2022.

- ***Budget and Appropriation committee***

The Budget & Appropriations Committee deliberated and approved the Annual Development Plan (ADP), the County Fiscal Strategy Paper (CFSP) and the County budget estimates during the year. The Committee also examined utilization of resources allocated to the County Departments.

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(e) Entity Headquarters

P.O. Box 590 - 40500

Nyamira County Assembly Building

Off Nyamira – Nyabite Road

NYAMIRA, KENYA

(f) Entity Contacts

Telephone: (254) 0701-967-200

E-mail: info@nyamiraassembly.go.ke

Website: www.nyamiraassembly.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
Nyamira Branch
P.O. Box 403 – 40500
NYAMIRA, KENYA

3. Family Bank of Kenya
Nyamira Branch
P.O. Box
NYAMIRA, KENYA

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(h) Independent Auditor

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

(i) Principal Legal Adviser

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

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2. Foreword by the Clerk of the Assembly

During the year, the County Assembly had an approved budget of Kshs.767,444,433 and was able to carry out its key roles of legislation, oversight and representation amid the challenges brought about by the Covid-19 pandemic. The Assembly undertook three core programmes namely; General Administration and Support programme, Oversight and Legislation & Representation.

2.1 Budget performance

The County Assembly had an original budget of Kshs.816,107,510 but due to resources constraints in the County, the budget was reduced during the Supplementary Budget to Kshs.767,444,433. Out of Kshs.767,444,433, allocation of Kshs.335,100,050 was for Compensation of employees, Kshs.261,349,673 for use of goods and services, Kshs.15,000,000 for Transfers to other Government entities (Car & Mortgage loan fund), Kshs.14,665,710 for social security benefits, Kshs.141,310,000 for Acquisition of Assets and Kshs.19,000 for finance costs. 44% of the total budgeted amounts was utilised on compensation of employees, 42% on use of goods and services and 15% on acquisition of assets as shown by the pie chart below;

2.2 Operational Performance

a) The following County laws were passed by the Members of the Assembly during the period;

▪ ***The Nyamira County Community Health Services Act, 2022***

- The object of this Act is to provide for delineation and establishment of community health units within the Nyamira County so as to provide for effective delivery of community health services.
- The Act will create the necessary institutional and coordination framework to encourage and facilitate voluntary provision of community health services.
- To protect the health and safety of all health workers in the county, Protecting the health and safety of Workers demonstrates that their

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commitment is valued and recognizes the vital role they play in the community.

- ***The Nyamira County Health Facility Improvement Fund Act, 2022***
 - The objects and purposes of the Facility Improvement Fund are to provide financial resources to complement medical supplies, rehabilitation and equipment of hospitals in the county.
 - To support capacity building in management of hospitals.
 - To support primary healthcare and give more powers to hospitals and medical facilities to plan and manage the resources under the facilities.

- ***The Nyamira County Appropriation Act, 2022***

An Act of Nyamira County to authorize the issue of a sum of money out of the County Revenue Fund and its application towards the services of the year ending on the 30th June, 2022 and to appropriate that sum for public services and purposes.

- ***The Nyamira County Supplementary Appropriation Act, 2022***

An Act of Nyamira County to authorize the issue of a sum of money out of the County Revenue Fund and its application towards the services of the year ending on the 30th June, 2022 and to appropriate that sum for public services and purposes.

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b) The County Budget Process

The County Budget Planning documents and the County Programme Based Budget were processed as follows;

S/No.	Document Name	Date Received at County Assembly	Date Approved by the County Assembly
i	Annual Development Plan FY2021/2022	14 th September, 2020	17 th December, 2020
ii	County Budget Review & Outlook Paper, 2020	16 th October, 2020	17 th March, 2021
iii	County Fiscal Strategy Paper, 2021	26 th February, 2021	22 nd April, 2021
iv	Annual Estimates of Review & Expenditure: FY2021/2022	30 th April, 2021	24 th June, 2021
v	The Nyamira County Appropriations Bill, 2021	27 th July, 2021	27 th July, 2021
vi	1st Supplementary Budget Estimates: FY2021/2022	2 nd December, 2021	24 th January, 2022
vii	The Nyamira County Supplementary Appropriation Bill (1) 2022	24 th January, 2022	24 th January, 2022

c) The Assembly committees, their mandates and highlight successes over the period.

i. The County Budget & Appropriation Committee

- Investigate, inquire into and report on all matters related to coordination control and monitoring of the County Budget estimates.
 - Discuss and review the estimates and make recommendations to the County Assembly.
 - Examine the County Budget Policy Statement presented to the County Assembly.
 - Examine the Bills related to the National Budget including the Appropriations Bill.
 - Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.
- The Committee passed key legislation such as The County Appropriations Bills that helped the County in utilization of the allocated County resources.

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ii. Committee on Health Services

- The Committee is responsible for all matters related to County Health services, including, in particular County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services services (excluding regulation of the profession), cemeteries, funeral parlours and crematoria and refuse removal, refuse dumps and solid waste disposal.
- The Committee has been concerned with the current situation of Covid-19 and its effects. The Committee has on frequent occasion checked on the County Government of Nyamira preparedness in handling the Covid-19 situation and its effects.
- The Committee processed and passed the following Acts; The Nyamira County Community Health Services Act, 2022 and The Nyamira County Health Facility Improvement Fund Act, 2022.

iii. County Assembly Roads Committee

- The Committee is responsible on all matters related to County Transport, including county roads, street lighting, traffic and parking, public road transport; county public works and services including monitoring of public facilities constructed using the county resources.
- The Committee has been able to monitor the opening and murraming of the County roads currently awarded to the Mechanical Transport Fund.

iv. County Assembly Public Accounts Committee

- The Committee is responsible for examination of the accounts showing appropriations of the sum voted by the County Assembly to meet public expenditure and of such other accounts laid before the County Assembly.

v. Committee on Education

- Committee on Education is responsible for all matters related to pre-primary education, village polytechnics, home craft centres and childcare facilities.

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- The Committee has been able to oversight the allocation of the bursary fund to the needy students in the County. The Committee has equally been monitoring the status of ECDE Classes and TVET Centres in the County.

vi. Committee on Health Services

- The Committee is responsible for all matters related to county health services, including, in particular county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services (excluding regulation of the profession), cemeteries, funeral parlours and crematoria and refuse removal, refuse dumps and solid waste disposal.
- The Committee has on frequent occasion checked on the County Government of Nyamira preparedness in handling the Covid-19 situation and its effects to the County residents.

d) Highlights on the oversight role of the County Assembly.

- The County Assembly has been able to discharge its role of oversight by ensuring that resources are allocated to the ward. Through its Committee, the County Assembly has been able to oversight projects such as County sporting facilities, County Health facilities, and educational centres such as those for early education and youth polytechnics, status of County roads among others.

2.3 Performance of key development projects

- a) Key development projects that the County Assembly planned to undertake.
 - i) **Construction of the County Assembly office** – The project commenced on 13th June, 2018 and was to be completed by June, 2022. The construction is at the 4th floor and the contractor has started final finishing from ground floor. The contractor sought extension to 17th July, 2023 to enable him complete the project.
 - ii) **Construction of ward offices** – On 5th May, 2021, the County Assembly commenced construction of twenty (20) County Assembly ward offices. As at 30th June, 2022 eleven (11) ward office had been completed while the other nine (9) were still in progress.

NYAMIRA COUNTY ASSEMBLY

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- iii) **Construction of car parking lots, Perimeter Fence, Gate and Access Road** – On 24th June, 2016 the County Assembly commenced construction of car parking lots and perimeter wall. The construction has since been completed and use.
- iv) **Automatic Changeover standby generator** – The generator was installed and in a working condition in the County Assembly.

b) Progress made and how if Projects are completed, will improve the effectiveness and efficiency of operations.

The listed projects are at various stages of completion. The County Assembly office block once completed will ensure that Speaker, Members of the County Assembly and employees have got a habitable environment to work from. The office Block will also have conference halls necessary for holding committee meetings within the County Assembly precincts. The perimeter wall has made the County Assembly compound to be secure while the standby generator ensures that there is steady supply of power in cases where there is power outage within Nyamira County.

c) Efforts to ensure responsible competition practices

The County Assembly has conducted its procurement processes in an open and transparent manner in order to promote fair competition. As exhibited in the Procurement Plan, the County Assembly has strictly followed and awarded reserved categories whenever awarding contracts. The County Assembly has equally honoured its financial obligations whenever they fall due.

2.4 Comment on value-for-money achievements

- The key projects undertaken once completed will ensure that the County Assembly undertakes its core functions of Legislation, Representation and oversight
- The generator will ensure there is standby power in cases where there is fluctuations of power in the County Assembly.
- The provision of the committee rooms will give the members of the public to participate on committee meeting where County matters are being held and have a participatory approach to County matters.

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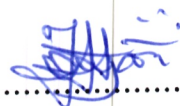
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- The ward offices will ensure that the Members of the County Assembly are easily accessible to the County citizens.

2.5 Challenges and Recommended Way Forward

The implementation challenges of strategic objectives for the County Assembly and recommended way forward.

- The suspension of construction of the County Assembly's office block due to the partial collapse of the front canopy. The suspension has since been lifted and the contractor in on course to complete the project within the project extension period of up to July, 2023.
- Covid-19 pandemic also affected the operations of Committees since it was not possible to hold physical meetings. The Committees embraced virtual meetings as a long term measure in order to meet its objectives.
- Highlight policies put in place to ensure employee welfare in the assembly ranging from hiring, gender ratio, and assembly's approach on improving employee skills, safety at work and employee turnover if it's a challenge.



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Name:

Clerk of the County Assembly

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

3. Statement Of Performance Against County Assembly Predetermined Objectives

Guidance

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

The key mandate of the County Assembly of Nyamira is legislation, oversight, and representation. To achieve this, the assembly's program was documented in terms of objective, key performance indicators, and output. Below were the expected outputs of the assembly in FY 2021/2022

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly	In FY 2021/2022 MCA were trained on Legislative drafting and budgeting process.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% Increase in efficient Assembly operation	The County Assembly's standing orders were reviewed and resulted to amended efficient management of resources
Program 2				
General Administration,	To provide effective and efficient to support	Infrastructural development	Construction of Ward	Both the ward offices and

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<p>Policy Planning & Support Services</p>	<p>services for effective execution of technical mandates of the County Assembly.</p>	<p>and improvement, Training of staff and payment of utility bills and salaries.</p>	<p>offices and office block to cater for both the Members of County Assembly and staff.</p>	<p>County Assembly office block are on-going.</p>
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4. Corporate Social Responsibility Statement/Sustainability Reporting

Nyamira County Assembly ensures that the lives of its citizens are transformed through passing legislation that support operations of the County Government. Below is a brief highlight of the achievements in each pillar

a) Sustainability strategy and profile

The Members of the County Assembly have been trained on their roles of representation, legislation and oversight. Emphasis has been put on constant capacity building of the Members of the County Assembly in order to promote good governance. The County Assembly has been able to allocate scarce resources to the marginalised communities. The County Assembly has have development a stakeholders engagement through public participation so that to ensure that the legislations passed by County Assembly supports the County residents.

b) Environmental performance

The County Assembly had challenges of conducting Committees physical meetings due to the Covid-19 pandemic, to mitigate this; the County Assembly Leadership in collaboration with the Ministry of information and communication introduced Ipads. The gadgets have been of importance to the County Assembly since they enhanced operations of the County Assembly Committees. The introduction of the Ipads in operations has since reduced the usage of papers in the County Assembly. The County Assembly is still exploring ways of disposing the electronic waste and other solid waste within the County Assembly.

c) Employee welfare

The County Assembly has ensured that it employs qualified personnel from all parts of the Republic of Kenya in line with the Constitution of Kenya and observing the third gender rule. The skills in employees are developed and improved through trainings and mentorship programmes. A number of staff have attended several government related trainings in the Kenya School of Government to improve their skills and add value to the organization. Appraisals have been done to aid promotions of deserving hardworking and competent employees.

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d) Market place practices-

The County Assembly ensures that its employees and the MCAs are not involved in the supply goods and services to the County Assembly.

The County Assembly ensures that procurement of goods and services is done independently and only the qualified suppliers are awarded contracts to supply for the County Assembly.

The County Assembly upon awarding contract to successful suppliers ensures that the suppliers are paid for what they have supplied.

All tenders that exceed 5 million for civil works and 3 million for goods and services are advertised in the nationwide circulation newspapers and through the Government supplier's portal. While tenders below 5 million for civil works and below 3 million for supply of goods or services, the suppliers are requested to give quotations for competitive awarding of the contracts.

e) Community Engagements-

The County Assembly has been in the forefront in engaging the County residents on matters relating to governance of the affairs of the County Government. During the year, the County Assembly undertook public participation on the key legislations including the budget estimates.

The County Assembly sensitised the community on the rapid spread of Covid-19 pandemic and the necessity to be vaccinated against the virus.

f) Others

The Corporate Social Responsibility Committee in the Assembly has been able to identify areas that needs cooperation between the citizens and the County Government. The CSR Committee carried out market visitations to ensure that they comply with Ministry of Health laid down Covid-19 Regulations. The Committee equally visited the County Health facilities.

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5.Statement Of Management Responsibilities

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

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

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

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


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

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 27th September, 2022.

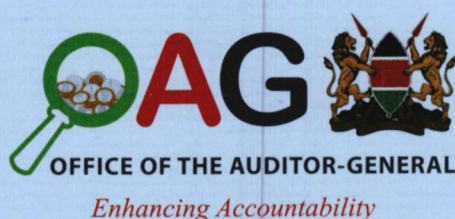


.....
Duke Simeon Onyari

Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Nyamira set out on pages 1 to 23, which comprise the statement of financial assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows

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

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

Basis for Qualified Opinion

Failure to Reconcile Exchequer Releases

The statement of receipts and payments and Note 1 to the financial statements reflects total Exchequer releases of Kshs.784,723,483. However, the County Executive of Nyamira statement of receipts and payments and Note 5 to the financial statements reflects transfers to the County Assembly balance of Kshs.701,140,292 resulting to an unreconciled variance of Kshs.83,583,191.

Consequently, the accuracy and completeness of the total receipts of Kshs.784,723,483 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Pending Bills

Other important Disclosures and Annexure 1 related to pending accounts payable balance of Kshs.22,523,319 which were not settled during the year under review but were carried forward to 2022/2023 financial year. Had these bills been paid and charged to the

accounts for 2021/2022 financial year, the statement of receipts and payments for the year under review would have reflected a deficit of Kshs.22,653,044 instead of the deficit of Kshs.129,725 now shown and will affect the next year's budget to which they will have to be charged.

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 and basis for qualified opinion sections 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. Delayed Construction of (MCAs) Offices

Included in the pending accounts payable of Kshs.22,523,319, and as disclosed in Annexure 1 to the financial statements, is a balance of Kshs.12,194,111 in respect to construction of buildings owed to a local contractor emanating from a Kshs.367,000,000 contract for the construction of offices for staff and Members of County Assembly (MCAs). Review of project documents revealed that the contract was to be carried out in one hundred and fifty-six (156) weeks with expected initial completion date of May, 2018 but has been severally revised with the latest completion date set on 17 July, 2023. However, physical verification of the project at the time of audit revealed that the reinforced superstructure was at third floor but the contractor was not on site. In addition, Management did not provide for audit review the revised work schedule as well as the extended performance bond.

As a result, value for money may not be realized from the delayed works.

2. Non-Compliance with One Third Rule

The statement of receipts and payments and Note 2 to the financial statements indicated that Kshs.335,098,676 was spent on compensation of employees. Review of staff establishment and employment records revealed that during the month of June, 2022 eleven (11) officers were earning a net salary less than a third of their basic salary contrary to provisions of Section 19(3) of the Employment Act, 2012 and Section C.1 (3) Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

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

3. Lack of Ethnic Diversity in Staff Composition

The Assembly had two hundred and sixty (260) employees during the year under review. Two hundred and fifty-nine (259) of all the employees or 99.6% were from one ethnic community while only one (1) or 0.4% was from other ethnic communities contrary to Section 7 (2) of the National Cohesion and Integration Act, 2008 which requires that the 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.

4. Irregular Employment of Ward Staff

As previously reported, review of personal records revealed that Members of the County Assembly directly employed eighty (80) ward members of staff without involving the County Assembly Service Board (CASB) in contravention of Section 12(7)(b) of the County Governments Act, 2012 which provides that the County Assembly Service Board is responsible for constituting offices in the County Assembly service, and appointing and supervising office holders. Further, review of records revealed that the Assembly engaged four (4) employees for each ward in all the twenty (20) wards resulting to overemployment of one (1) staff in each ward contrary to the directive from the Commission on Revenue Allocation through circular Ref CRA/CSO/CGM/18/Vol.8/(1) dated 11 May, 2015 on the County Governments' budget ceilings on recurrent expenditure, limiting the number of employees for each ward to three (3).

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 on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Ineffectiveness of Internal Audit and Audit Committee Function

Even though the Internal Audit Department and the Internal Audit Committee were in existence, Management did not provide for audit verification any quarterly or annual internal audit reports and no follow-up on the implementation of the recommendations of internal and external auditors.

In the circumstances, the internal audit and audit committee function on issues of risk, control and governance and associated assurance was not effectively discharged.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2023

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

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

		2021-2022	2020-2021
	Note	KShs	KShs
Receipts			
Exchequer releases	1	784,723,483	582,320,434
Total receipts		784,723,483	582,320,434
Payments			
Compensation of employees	2	335,098,676	336,324,918
Use of goods and services	3	319,631,474	184,448,412
Transfers to other government entities	4	-	10,000,395
Social security benefits	5	14,664,670	18,651,718
Acquisition of assets	6	115,439,535	34,308,167
Finance costs	7	18,853	13,838
Total payments		784,853,208	583,747,448
Deficit for the year		(129,725)	(1,427,014)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27th September, 2022 and signed by:

.....
Duke Simeon Onyari
Clerk of the Assembly

.....
CPA. Leonard Nyamasege
Director Finance – County Assembly
ICPAK Member No: 10008

NYAMIRA COUNTY ASSEMBLY

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

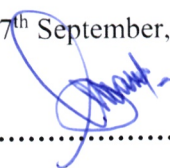
8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2022

		2021-2022	2020-2021
Financial assets	Note	Kshs	Kshs
Cash and cash equivalents			
Bank balances	8	25,965,515	18,667,583
Total cash and cash equivalents		25,965,515	18,667,583
Total financial assets		25,965,515	18,667,583
Financial liabilities			
Third party retention	9	25,863,211	18,435,554
Net financial assets		102,304	232,029
Represented by			
Fund balance b/fwd	10	232,029	1,659,043
Deficit for the year		(129,725)	(1,427,014)
Total Net Financial Assets and Liabilities		102,304	232,029

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27th September, 2022 and signed by:


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NYAMIRA COUNTY ASSEMBLY

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

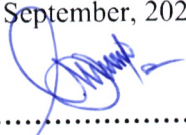
9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Cash flows from operating activities			
Receipts from operating income			
Exchequer releases	1	784,723,483	582,320,434
Payments for operating expenses			
Compensation of employees	2	(335,098,676)	(336,324,918)
Use of goods and services	3	(319,631,474)	(184,448,412)
Transfers to other government entities	4	-	(10,000,395)
Social security benefits	5	(14,664,670)	(18,651,718)
Finance costs	7	(18,853)	(13,838)
Adjusted for:			
Increase in accounts payable:	11	7,427,657	4,836,956
Net cash flows from operating activities		122,737,467	37,718,109
Cashflow from investing activities			
Acquisition of assets	6	(115,439,535)	(34,308,167)
Net cash flows from investing activities		(115,439,535)	(34,308,167)
Net increase in cash and cash equivalents		7,297,932	3,409,942
Cash & cash equivalent at Start of the year	8	18,667,583	15,257,641
Cash & cash equivalent at end of the year	8	25,965,515	18,667,583

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27th September, 2022 and signed by:


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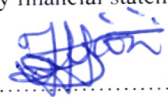
NYAMIRA COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

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


Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	%
Receipts					
Exchequer releases	806,122,639	(38,678,206)	767,444,433	784,723,483	(2%)
Total	806,122,639	(38,678,206)	767,444,433	784,723,483	(2%)
Payments					
Compensation of employees	335,100,050	-	335,100,050	335,098,676	-
Use of goods and services	261,308,673	41,000	261,349,673	319,631,474	(22%)
Transfers to other government entities	50,000,000	(35,000,000)	15,000,000	-	(100%)
Social security benefits	14,665,710	-	14,665,710	14,664,670	-
Acquisition of assets	144,988,206	(3,678,206)	141,310,000	115,439,535	(18%)
Finance costs	60,000	(41,000)	19,000	18,853	-
Total	806,122,639	(38,678,206)	767,444,433	784,853,208	-
Deficit	-	-	-	(129,725)	(2%)

- (a) Overutilization under Use of goods and services of 22% was due to late disbursement of funds during the financial year ending 30th June, 2021 that was received and utilized in the financial year ended 30th June, 2022.
- (b) Under Transfers to other Government entities, Kshs.15,000,000 was budgeted. However, the funds were not received as at 30th June, 2022.
- (c) There was underutilization of 18% under Acquisition of assets due to contractors payment certificates were raised towards the end of the financial year and hence payments not processed as at 30th June, 2022.

The entity financial statements were approved on 27th September, 2022 and signed by:



Duke Simeon Onyari
 Clerk of the Assembly



CPA. Leonard Nyamasege
 Director Finance – County Assembly
 ICPAK Member No: 10008


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

11. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED 30 JUNE 2022


Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance Kshs.	% Utilisation difference
	A	B	c=a+b	e=d-c		
Receipts						
Exchequer releases	612,444,433	-	612,444,433	612,444,433		100
Total	612,444,433	-	612,444,433	612,444,433		100
Payments						
Compensation of employees	335,100,050	-	335,100,050	335,098,676	(1,374)	99
Use of goods and services	261,308,673	41,000	261,349,673	319,631,474	58,281,801	122
Social security benefits	14,665,710	-	14,665,710	14,664,670	(1,040)	99
Acquisition of assets	1,310,000	-	1,310,000	1,309,500	(500)	99
Finance costs	60,000	(41,000)	19,000	18,853	(147)	99
Total	612,444,433	-	612,444,433	670,723,173	58,278,740	110
Deficit	-	-	-	(58,278,740)		

- Overutilization under Use of goods and services of 22% was due to late disbursement of funds during the financial year ending 30th June, 2021 that was received and utilized in the financial year ended 30th June, 2022.

The entity financial statements were approved on 27th September, 2022 and signed by:



Duke Simeon Onyari
 Clerk of the Assembly



CPA. Leonard Nyamasege
 Director Finance – County Assembly
 ICPAK Member No: 10008

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


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

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	%
Receipts					
Treasury/ exchequer releases	193,678,206	(38,678,206)	155,000,000	114,183,810	26%
Total	-	-	-	-	-
Payments					
Compensation of employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Transfers to other government entities	50,000,000	(35,000,000)	15,000,000	-	100%
Acquisition of assets	143,678,206	(3,678,206)	140,000,000	114,130,035	18%
Total	193,678,206	(38,678,206)	155,000,000	114,130,035	-
Surplus	-	-	-	53,775	-

(a) Under Transfers to other Government entities, Kshs.15,000,000 was budgeted. However, the funds were not received as at 30th June, 2022.

(b) There was underutilization of 18% under Acquisition of assets due to contractors payment certificates were raised towards the end of the financial year and hence payments not processed as at 30th June, 2022.

The entity financial statements were approved on 27th September, 2022 and signed by:



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Duke Simeon Onyari
 Clerk of the Assembly



.....
CPA. Leonard Nyamasege
 Director Finance – County Assembly
 ICPAK Member No: 10008

13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30 JUNE 2022

Programme/Sub-Programme	Final Budget	Indicators	Outcomes	Actual on comparable basis	Budget utilization difference
	Kshs	number	number	Kshs	Kshs
Programme 1: General Administration and Support Services	487,237,161	32	32	446,364,533	40,872,628
Sub-Programme 1: General Administration & support services	417,393,489	21	21	376,523,524	40,869,965
Sub-Programme 2: Policy and Planning	69,843,672	11	11	69,841,009	2,663
Programme 2: Committees Management Services	33,395,023	14	14	44,976,565	(11,581,542)
Sub-Programme 1: Committee Management Services	33,395,023	14	14	44,976,565	(11,581,542)
Sub-Programme 3: Legislation and Representation	246,812,249	5	5	293,512,110	(46,699,861)
Sub-Programme 1: Legislation & Representation	246,812,249	5	5	293,512,110	(46,699,861)
Total	767,444,433	-	-	784,853,208	(17,408,775)

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

NYAMIRA COUNTY ASSEMBLY

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

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Acquisition of fixed assets

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

NYAMIRA COUNTY ASSEMBLY

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

Significant Accounting Policies (Continued)

4. In-kind contributions

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

5. Third Party Payments

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

6. Cash and cash equivalents

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

7. Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2022, this amounted to KShs.25,863,211 compared to KShs.18,435,554 in prior period as indicated on note 9. There were no other restrictions on cash during the year.

NYAMIRA COUNTY ASSEMBLY

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

Significant Accounting Policies (Continued)

8. Imprests and Advances

Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. There were no imprests not surrendered as at 30th June, 2022 to be disclosed in the financial statements.

9. Third party deposits and retention

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

10. Non-current assets

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

11. Pending bills

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

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

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

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

13. Contingent Assets

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

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

Significant Accounting Policies (Continued)

14. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Nyamira County Assembly's budget was approved as required by Law. The original budget was approved by the County Assembly on 24th June, 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was one supplementary budget passed in the year. The supplementary budgets were approved on 24th January, 2022. A high-level assessment of the County Assembly's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

There were no prior period adjustments.

18. Related Party Transactions

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

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

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

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

15. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHEQUER RELEASES

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for Q1	186,933,573	56,239,910
Transfers from the county treasury for Q2	241,331,983	242,221,199
Transfers from the county treasury for Q3	136,282,972	101,961,035
Transfers from the county treasury for Q4	220,174,955	181,898,290
Cumulative amount	784,723,483	582,320,434

2. COMPENSATION OF EMPLOYEES

	2021- 2022	2020- 2021
	Kshs	Kshs
Basic salaries of permanent employees	117,647,670	111,372,388
Basic wages of temporary employees	76,072,910	74,978,210
Personal allowances paid as part of salary	119,491,571	125,257,837
Personal allowances paid as reimbursements	3,466,000	3,484,000
Employer contribution to compulsory national social schemes	18,420,525	21,232,483
Total	335,098,676	336,324,918

NYAMIRA COUNTY ASSEMBLY

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. USE OF GOODS AND SERVICES

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	522,459	303,915
Communication, supplies and services	726,067	506,490
Domestic travel and subsistence	213,673,610	117,284,049
Foreign travel and subsistence	10,756,965	-
Printing, advertising and information supplies & services	1,922,634	1,119,943
Rentals of produced assets	3,480,000	3,480,000
Training expenses	659,640	2,440,250
Hospitality supplies and services	9,368,650	4,849,120
Insurance costs	33,212,446	28,264,275
Specialized materials and services	-	187,200
Office and general supplies and services	3,508,801	5,337,393
Fuel, oil and lubricants	2,785,787	2,086,035
Other operating expenses	31,387,081	17,297,936
Routine maintenance – vehicles and other transport equipment	1,516,412	1,117,812
Routine maintenance – other assets	6,110,922	173,994
Total	319,631,474	184,448,412

4. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to other county assembly entities		
Car loan scheme fund	-	10,000,000
Transfer to County Revenue Fund – County Executive	-	395
Total	-	10,000,395

The transfer was for Mortgage and car loan scheme fund, a revolving fund held in Family Bank of Kenya.

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

Notes to the Financial Statements (Continued)

5. SOCIAL SECURITY BENEFITS

	2021 - 2022	2020-2021
	Kshs	Kshs
Government Pension and Retirement Benefits	14,664,670	18,651,718
Social Security Benefits	-	-
Total	14,664,670	18,651,718

6. ACQUISITION OF ASSETS

<u>Non- financial assets</u>	2021 - 2022	2020-2021
	Kshs	Kshs
Construction of buildings	114,130,035	29,490,519
Construction and civil works	-	4,837,648
Purchase of office furniture and general equipment	349,500	-
Purchase of specialized plant, equipment and machinery	960,000	-
Total acquisition of non- financial assets	115,439,535	34,328,167

7. FINANCE COSTS

	2021- 2022	2020 - 2021
	Kshs	Kshs
Bank charges	18,853	13,838
Total	18,853	13,838

Finance costs relates to the Bank Service Charges and Commission for the two Bank Accounts held at Kenya Commercial Bank.

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

Notes to the Financial Statements (Continued)

8. BANK BALANCES

Name of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2021 - 2022	2020 - 2021
			Kshs	Kshs
Central Bank, Nyamira County Assembly	1000239751	Recurrent	160	856
Central Bank, Nyamira County Assembly	1000326905	Development	93,775	1
Central Bank, Nyamira County Assembly	1000343559	Retention	25,863,211	18,435,554
KCB, Nyamira County Assembly	1145126987	Imprest	8,206	191,126
KCB, Nyamira County Assembly	1203826095	Salaries	163	40,046
Total			25,965,515	18,667,583

9. THIRD PARTY DEPOSITS AND ADVANCES

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Deposits	-	-
Retentions	25,863,211	18,435,554
Total	25,863,211	18,435,554

10. FUND BALANCE BROUGHT FORWARD

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Bank Accounts	232,029	1,659,043
Accounts Receivables	-	-
Accounts Payables	-	-
Total	232,029	1,659,043

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

Notes to the Financial Statements (Continued)

11. CHANGES IN THIRD PARTY DEPOSITS AND RETENTION

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Accounts Payables As At 1 st July	18,435,554	13,598,598
Closing Accounts Payables As At 30 th June	25,863,211	18,435,554
Change In Accounts Payables	7,427,657	4,836,956

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

Notes to the Financial Statements (Continued)

Other Disclosures

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	-	20,604,937	-	20,604,936
Construction of Civil Works	6,878,248	-	(6,878,248)	-
Supply Of Goods	2,726,439	-	(808,056)	1,918,383
Total	9,604,687	20,604,937	(808,056)	22,523,319

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 Assembly:

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

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

RELATED PARTY TRANSACTIONS:

	2021- 2022	2020- 2021
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	161,527,009	159,543,155
Key Management Compensation (Clerk and Heads of departments)	25,820,400	23,319,670
Total Compensation to Key Management	187,347,409	182,862,825
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	-	10,000,000
Total Transfers to related parties	-	10,000,000
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	784,723,483	582,320,434
Total Transfers from related parties	784,723,483	582,320,434

NYAMIRA COUNTY ASSEMBLY

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

16. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Budgetary Control and performance – The County Assembly expended Kshs.583,747,448 against an approved budget of Kshs.732,785,716 resulting to under-expenditure of Kshs.149,038,268 or 21% of the budget.	Under-expenditure of 21% of the total budget estimate was due to under-absorption of development expenditure.	Not Resolved	July, 2022
2.	Pending Bills – The financial statements reflects pending accounting payables amounting to Kshs.9,604,687 which were not settled during the year.	The amounts relates to work done for perimeter wall and Hansard System. Certificates were raised towards the end of financial year and hence not paid by 30 th June.	Not Resolved	July, 2022.
1.	Construction of offices for staff and Members of County Assembly (MCAs) – The contract was to be carried out in one hundred and fifty-six (156) weeks with expected completion	The contract for construction of office block has been extended to 2023.	Not Resolved	July, 2023.


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	date of May, 2018 but which was later revised to 13 th August, 2021.			
2.	Automation of Broadcasting and Hansard Recording Functions – The contract was to be carried out in twenty-four (24) weeks beginning 15 th May, 2016.	The contractor is on course and it should be completed by September, 2022.	Not Resolved	September, 2022.
3.	Irregular Payment of Transport Allowance – Kshs.7,155,500 paid as transport allowance to Members of County Assembly and staff of the Assembly for various journey at the rate specified in the transport policy approved by the County Assembly Service Board in the year 2017, and without approval from Salaries and Remuneration Commission.	The County Assembly will seek advise on the Transport Policy approved by the County Assembly Service Board	Not Resolved	December, 2022.
4.	Failure to Observe One-Third Rule in Employment – An analysis of ethnic composition revealed that staff establishment was two hundred and sixty (260) out of which two hundred and fifty-nine (259) employees were from one ethnic community while	The County Assembly Management is in the process of ensuring the one third Rule is observed.	Not Resolved	June, 2023

NYAMIRA COUNTY ASSEMBLY

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	only one (1) was from other ethnic communities.			
5.	<p>Employment of Ward Staff –</p> <p>The County Assembly engaged four employees per ward in all the twenty wards resulting in an overemployment of twenty (20) ward staff contrary to the provisions of the Commission on Revenue Allocation Circular Ref CRA/CSO/CGM/18/Vol.8/(1) dated 11 May, 2015 on the County Governments Budget ceilings on recurrent expenditure, limiting the number of employees per ward to three (3)</p>	The County Assembly had contracted four staffs per ward for a period of five years up to 8 th August 2022. The Assembly will employ three ward staffs per ward for the 3 rd County Assembly Session.	Not Resolved	December, 2022



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Clerk of the County Assembly

Date: 27th September, 2022

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

17. Annexes

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			a	b	c	d=a+b-c	
Construction of Buildings							
1. Jetta Builders Limited	13.06.2018	367,000,000	-	12,194,111	-	12,194,111	Office block
2. Boisabi Investments Ltd	05.05.2021	7,008,940	-	7,008,940	(5,415,598)	1,593,342	Ward Office
3. Monin Mak Enterprises	05.05.2021	7,008,970	-	7,008,970	(4,014,188)	2,994,782	Ward Office
4. Mbotonya Construction & General Services	05.05.2021	6,252,125	-	6,252,125	(5,228,118)	1,024,007	Ward Office
5. Kenya ICT & Computer Engineering Holding	17.06.2016	17,698,000	808,056	2,798,694	(808,056)	2,798,694	Hansard System
6. Tazama Builders Ltd	10.06.2016	27,625,516	6,878,248	-	(6,878,248)	-	Perimeter wall
Sub-Total		432,593,551	7,686,304	35,262,840	(22,344,208)	20,604,936	
Supply of Goods							
1. Electro watts	05.04.2019	4,989,912	1,918,383	-	-	1,918,383	Supply Generator
Sub-Total		4,989,912	1,918,383	-	-	1,918,383	
Grand-Total		437,583,463	9,604,687			22,523,319	
Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments							

NYAMIRA COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****ANNEX 2 – SUMMARY OF NON-CURRENT ASSET REGISTER**

Asset class	Historical Cost b/f (KShs) 2020-2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out)	Historical Cost c/f (KShs) 2021-2022
Buildings and structures	200,843,464	114,130,035	-	-	314,973,499
Transport equipment	9,541,350	-	-	-	9,541,350
Office equipment, furniture and fittings	51,640,723	349,500	-	-	51,990,223
ICT equipment	20,038,095	960,000	-	-	20,998,095
Machinery and equipment	227,575	-	-	-	227,575
Infrastructure assets	1,224,201	-	-	-	1,224,201
Total	283,515,408	115,439,535	-	-	398,954,943