

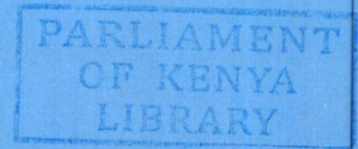
REPUBLIC OF KENYA



Enhancing Accountability

PAPERS LAID	
DATE	23/5/23
TABLED BY	Sen Joyce Koiri
COMMITTEE	—
CLERK AT THE TABLE	Marya

REPORT



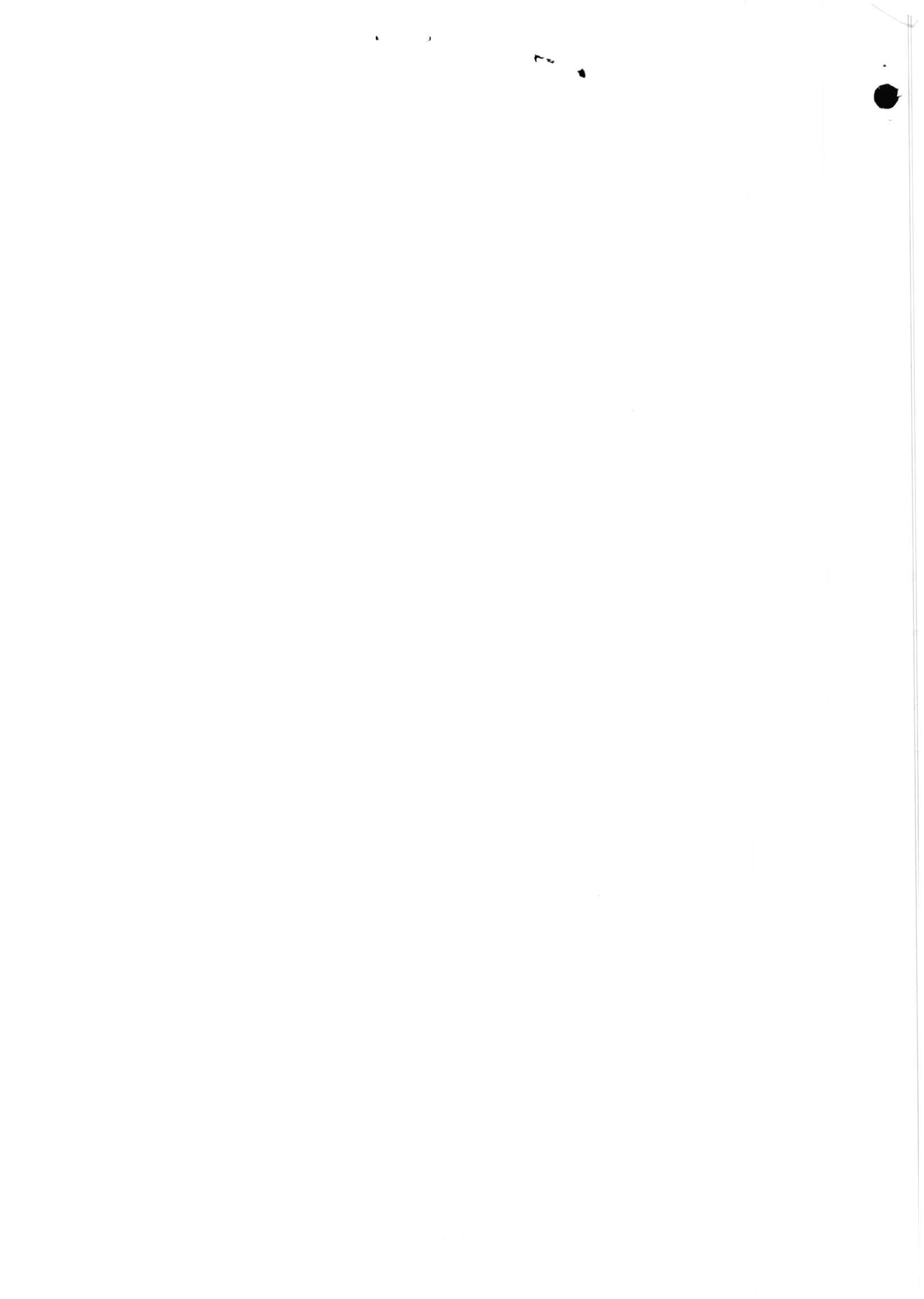
OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
HOMA BAY**

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





HOMA BAY 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)**

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

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

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 forty 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) Mission

To ensure that the Assembly exercises its legislative oversight, representation and outreach function effectively within the framework of the Kenyan Constitution and working with all those committed to building productive and prosperous Homa Bay County.

(c) Strategic Objectives


- To develop and sustain the Homa Bay County Assembly institutional capacity to better discharge its constitutional mandate
- To improve the legislative process at Homa Bay County Assembly
- To improve the capacity of Homa Bay County Assembly and to provide effective oversight to county government
- To fully develop the representation and outreach work of the members of county assembly.

HOMA BAY COUNTY ASSEMBLY


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

(d) Key Management

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

No.	Designation	Name
1.	SPEAKER OF THE COUNTY ASSEMBLY	<p data-bbox="596 387 1098 421">HON. JULIUS ODHIAMBO GAYA</p>  <p data-bbox="596 1111 807 1144"><u>Responsibilities:</u></p> <p data-bbox="596 1155 1442 1189">The role of the County Assembly Speaker includes the following:</p> <ul data-bbox="596 1200 1538 1886" style="list-style-type: none">• Presides over the debates of the County Assembly at every sitting of the Assembly,• Maintaining County Assembly attendance register, enforce the observance of the Constitution, the Standing Orders, relevant statute and Assembly traditions, procedures and practices,• Disciplining members of County Assembly for misconduct in the county assembly.• Issuing orders and making rules for the regulation of visitors to the County Assembly precincts, administer the oath of affirmation or allegiance to Members,• Issue writs for vacant County Assembly seats,• protect the rights of the minority while making sure that the majority have their way,• Organize the business of the House as he or she is the Chairman of the House Business Committee,• Spokesperson of the County Assembly and shall ensure that the

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

No.	Designation	Name
		<p>dignity of the County Assembly and by extension, the Assembly, is upheld and its rights and privileges are not abused,</p> <ul style="list-style-type: none"> • The Speaker is the final authority on all matters touching on the interpretation and application of the practice and procedure of Assembly at all times.
2.	<p>CLERK OF THE COUNTY ASSEMBLY</p>	<p>MISS. FAITH ADHIAMBO APUKO</p>  <p><u>Responsibilities:</u> The role of the County Assembly Clerk includes the following:</p> <ul style="list-style-type: none"> • Chief administrative officer of the county assembly • Responsible for the day-to-day management and functioning of the county assembly. <p><u>Procurement functions:</u></p> <ul style="list-style-type: none"> • Responsible for the day-to-day management and functioning of the county assembly • Carries out duties and exercises powers as the law may confer on her or by the Standing Orders and practices of the County Assembly <p><u>As the Secretary to the County Assembly Service Board, she has the following responsibilities:</u></p> <ul style="list-style-type: none"> • She is the chief executive officer of the Board; • She is the accounting officer of the Board; • She is the administrative head of the County Assembly Service; • She is the custodian of the Board's records. <p><u>She is responsible for:</u></p> <ul style="list-style-type: none"> • The execution of the decisions of the Board; and

HOMA BAY COUNTY ASSEMBLY
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No.	Designation	Name
		Assignment of duties and supervision of the staff of the Board. <ul style="list-style-type: none"> • Keeping records of the proceedings and minutes of the meetings of the Board and such other records as the Board may direct. • Ensures staff compliance with public service values, principles and ethics.
3.	HEAD OF DEPARTMENT	MR DAVID OUMA GOR

(e) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer- Clerk	- Miss. Faith Adhiambo Apuko
2.	Chief Finance Officer	- CPA Jecinter Adede ICPAK No. 13233
3.	Principal Accountant	- Mr Bosstone Nyang'or Ernest

HOMA BAY COUNTY ASSEMBLY

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

Key Entity Information and Management (Continued)

(f) Fiduciary Oversight Arrangements

Audit Committee

- The Audit Committee was set up during the financial year 2017/2018 to help the Assembly in the effective discharge of their responsibilities by measuring evaluating and reporting on the effectiveness of the internal control systems.

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

(g) Entity Headquarters

Homa Bay County Assembly

P.O. Box 20-40300

County Assembly Building

Homabay, KENYA

(h) Entity Contacts

Telephone: (254) 706511947

E-mail: info@homabayassembly.go.ke

Website: www.homabayassembly.go.ke

HOMA BAY COUNTY ASSEMBLY

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(i) Entity Bankers

1. Central Bank of Kenya,

Haile Selassie Avenue,

P.O. Box 60000,

City Square 00200,

Nairobi Kenya.

2. Equity Bank (Kenya) Limited,

P.O Box 75104-40300,

Homa Bay Branch

3. Co-operative Bank of Kenya,

P.O Box 406-40300,

Homa Bay Branch.

HOMA BAY COUNTY ASSEMBLY

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(j) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

(k) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

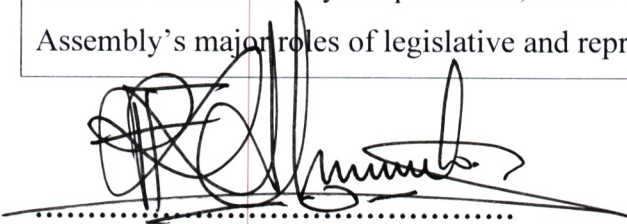
City Square 00200

Nairobi, Kenya

**HOMA BAY COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022**

2. FOREWORD BY THE CLERK OF THE ASSEMBLY

2.1 Budget performance
The county Assembly of Homa Bay was able to utilize over 100% of the budgeted amount. However, funds were not received in time hence led to delays in implementing the objectives.
2.2 Operational Performance
The County Assembly of Homa Bay was able to pass several bills into Acts. The Acts include the Supplementary Appropriation Act and the Finance Act.
The reorganization of the IFMIS system has improved the financial efficiency and timely processing of payments.
2.3 Challenges and Recommended Way Forward
Delayed disbursement of funds caused delays in paying for the suppliers hence weakening supplier's confidence. Interferences caused by the pandemic, Covid-19 virus made it difficult for realization of the Assembly's major roles of legislative and representation.



Name: Miss. Faith Adhiambo Apuko
Clerk of the County Assembly

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

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY
 PREDETERMINED OBJECTIVES**

Guidance

Introduction

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

The key mandate of the County Assembly of Homa Bay is legislation, oversight, and representation. To achieve this, the assembly's program was document 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, 2021/2022MCA were trained on number of fields dealing with oversight.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	50 % Increase in efficient Assembly operation	Many standing orders were reviewed and resulted to efficiency and utilisation

HOMA BAY COUNTY ASSEMBLY

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

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

County Assembly of Homa Bay exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on six pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

HOMA BAY COUNTY ASSEMBLY

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

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community)

6. Others

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

HOMA BAY COUNTY ASSEMBLY

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

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

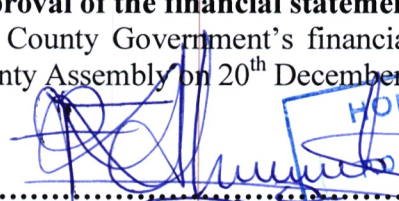
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial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

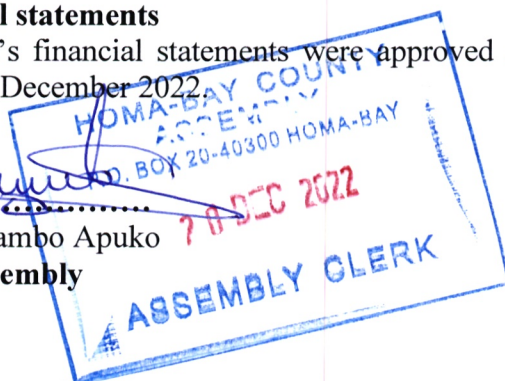
The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that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

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

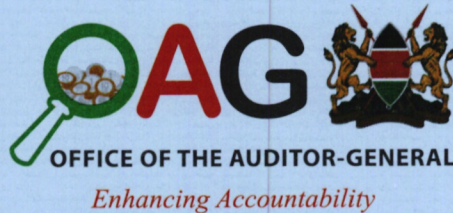
The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 20th December 2022.


Name: Miss. Faith Adhiambo Apuko
Clerk of the County Assembly



REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Homa Bay set out on pages 1 to 26, which comprise of the statement of financial assets and liabilities

as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the 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 County Assembly of Homa Bay 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

1. Exchequer Releases

The statement receipts and payments for the year under review reflects total exchequer releases of Kshs.1,122,267,322 which is at variance with the balance reflected under records of the County Government of Homa Bay of Kshs.1,177,145,243 resulting to an unreconciled or explained variance of Kshs.54,877,921.

In the circumstances, the accuracy and completeness of the total receipts of Kshs.1,122,267,322 for the year ended 30 June, 2022 could not be confirmed.

2. Compensation of Employees

2.1 Payment outside IPPD Payroll System

Included in the compensation of employees expenditure of Kshs.470,385,703 are payments totalling Kshs.385,991,053 made through the electronic Integrated Personnel Payments Database (IPPD) and Kshs.84,394,650 made through a manual system in respect of 258 Wards staff and two (2) MCAs. However, the payments through the manual system were not sufficiently analyzed.

In the circumstances, the accuracy and completeness of the reported compensation of employees and social security benefits amounts and the validity of the expenditure of Kshs.84,394,650 for the year ended 30 June, 2022 could not be confirmed.

3. Use of Goods and Services

3.1 Unsupported Domestic Travel and Subsistence Allowances

The statement of receipts and payments reflects use of goods and services balance of Kshs.442,747,110 which, as disclosed in Note 3 to the financial statements, includes domestic travel and subsistence amount of Kshs.278,255,565. Out of the balance, an amount of Kshs.13,599,600 was incurred in respect of staff and committee members in report writing exercise on the vetting of Chief Officer's nominees for County Executive of Homa Bay held at Mombasa Continental Resort between 8 September to

12 September, 2021. However, payment vouchers, invoice, local service order, attendance registers and back to office report were not provided for audit. As a result, it was not possible to establish whether Assembly's staff actually attended or participated in the report writing exercise.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.13,599,600 could not be confirmed.

4. Cash and Cash Equivalents

Statement of financial assets and liabilities, and as disclosed in Note 8 to the financial statements, reflects cash and cash equivalents balance of Kshs.41,851,461. However, the following unsatisfactory matters were noted:

The balance of Kshs.41,851,461 includes Kshs.15,150,216 relating to recurrent bank account held at the Central Bank of Kenya, which differs with cash book balance of Kshs.2,875,718, resulting to an unreconciled variance of Kshs.26,701,246. In addition, the cash books were in MS Excel spreadsheet with no evidence of having been checked by a senior officer who is independent of the preparer.

The balance of Kshs.41,851,461 also includes Kshs.18,150,326 relating to development bank account held at the Central Bank of Kenya, for which, no bank reconciliation statements were provided for audit review.

Further, the balance of Kshs.41,851,461 includes Kshs.61,254 relating to commercial bank account held at the Co-operative Bank of Kenya. However, this balance is as per bank certificate instead of a reconciled overdraft of Kshs.61,801 reflected in the cash book.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.41,851,461 as at 30 June, 2022 could not be confirmed.

5. Unconfirmed Accuracy of Non-Current Assets

Annex 3 to the financial statements reflects total historical cost of non-current assets of Kshs.96,514,938 which excludes value of land and transport equipment. However, audit of the Assembly's assets revealed that the Assembly had two (2) parcels of land and a fleet of five (5) motor vehicles whose details were not recorded in the assets register and the title deeds of the parcels of land were not provided for audit review.

Further, the statement of receipts and payments reflect acquisition of assets balance of Kshs.13,662,599 as disclosed under Note 7 to the financial statements which differs with additions in the historical non-current assets balance of Kshs.38,073,328 leading to unreconciled variance of Kshs.24,410,729.

In the circumstances, the accuracy and completeness of the reported non-current assets amount and the ownership of the parcels of land could not be confirmed.

6. Unexplained Voided Transactions

Analysis of the Integrated Financial Management Information System (IFMIS) payments indicated that 80 transactions amounting to Kshs.85,221,083 were voided during the financial year 2021/2022 despite having been approved by the Controller of Budget. Management has indicated that the voiding of these transactions was as a result of a Central Bank of Kenya directive to void all pending transactions in IFMIS and Internet Banking System due to non-release of exchequer disbursements. However, no evidence was provided to show that these voided transactions were paid or included as part of pending bills during the year ended 30 June, 2022.

In the circumstances, the accuracy and completeness of IFMIS records relating to the County Assembly for the year ended 30 June, 2022 could not be confirmed.

7. Charging Wrong Accounting Period

The statement of receipts and payments reflects acquisition of assets balance of Kshs.13,662,599 which, according to IFMIS payment details for the financial year under review, excludes payments amounting to Kshs.34,408,742 relating to the previous financial year, but paid during the year under review. This was contrary to Regulation 97(4) of the Public Finance Management (County Governments) Regulation, 2015, which stipulates that actual cash transaction taking place after the 30 June, shall not be treated as pertaining to the previous financial year. It was also contrary to the cash basis financial reporting framework.

In the circumstances, the accuracy and completeness of the reported acquisition of assets balance could not be confirmed and the Management was in breach of the law.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final receipts budget and actual on comparable basis amounts of Kshs.1,100,678,005 and Kshs.1,143,843,251 respectively, resulting in an over-funding of

Kshs.43,165,246. Similarly, the Assembly spent Kshs.1,110,480,729 out of the approved expenditure budget of Kshs.Kshs.1,100,678,005 resulting in over-expenditure of Kshs.9,802,724.

In the circumstances, the regularity of the excess funding and the over expenditure could not be confirmed for the year ended 30 June, 2022.

2. Unresolved Prior Year Matters

The Public Sector Accounting Standard Board (PSASB) financial reporting template issued in June, 2021 stipulates that the management should reflect a progress on follow up on auditor's recommendations indicating issues raised by the auditor, status and timeframe when the issues are expected to be resolved. However, Annex 4 on other disclosures to the financial statements shows that four (4) issues raised by the Auditor General in the report for 2020/2021 financial year had been resolved. However, Management did not provide supporting documents to prove the status.

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

1.0 Compensation of Employees

The statement of receipts and payments reflects compensation of employees balance of Kshs.470,385,703. However, the following unsatisfactory matters were noted:

1.1 Irregular Payment of Salaries to Staff on Secondment

The balance of Kshs.470,385,703 includes Kshs.2,266,840, being salaries of five (5) employees of the Assembly who were seconded to Homa Bay County Executive. This was contrary to the provisions of Paragraph B.33(6) of the Public Service Human Resource Policies of May, 2016, which stipulates that officers on secondment will be paid their salaries and other allowances by the organization to which they are deployed.

In the circumstances, Management was in breach of the law and the Assembly may have lost Kshs.2,266,840 raising doubt on the expected value for money.

1.2 Irregular Recruitment of Ward Employees

Review of personnel records revealed that the balance of Kshs.470,385,703 includes Kshs.73,076,803 in respect of one hundred and ninety-five (195) Ward staff, contrary to

Commission on Revenue Allocation Circular, Ref CRA/CSO/CMG/9/VOL.V(43) dated 3 August, 2020 to all County Assemblies, according to which, Homa Bay County Assembly was to employ one hundred and eighty (180) Ward employees at a maximum cost of Kshs.65,538,420. As a result, the Assembly incurred unauthorized over expenditure on Ward staff of Kshs.7,538,383.

Further, the 195 employees were directly employed by Members of the County Assembly (MCAs) without involving the County Assembly Service Board, contrary to 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.

In the circumstances, Management was in breach of the law and the CRA Circular. Further, funds allocated for other goods, services or development projects may have been used to pay staff.

1.3 Failure to Comply with the One-Third Law in Employment

Examination of staff establishment and employment records for the 2021/2022 financial year revealed that the Assembly had one hundred and fifty (150) employees out of which, 88% were from the dominant community, while only 12% were from other ethnic communities. This was contrary to the provisions of Section 65(1)(e) of the County Government Act, 2012 which states that there is need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

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

2.0 Use of Goods and Services

2.1 Irregular Procurement of Consultancy Services

The statement of receipts and payments reflects use of goods and services balance of Kshs.442,747,110 which, as disclosed in Note 3 to the financial statements, includes other operating expenses amount of Kshs.22,306,956 out of which, Kshs.14,780,000 was in respect of a contract for training and consultancy services relating to various departments like finance, procurement, ICT and human resources. However, the tender documents, which were to include the price schedule according to the signed agreement, were not provided for audit review. As a result, it was not possible to ascertain the basis of raising the various local purchase orders (LSOs) issued during the year under review.

In the circumstances, value for money of the expenditure of Kshs.14,780,000 could not be confirmed.

3.0 Other Payments

3.1 Payment of Subscription to County Assembly Forum

The statement of receipts and payments reflects other payment balance of Kshs.81,856,175 which includes Kshs.2,000,000 in respect of subscription fee for County

Assembly Forum (CAF). However, acknowledgement from CAF confirming receipt of funds was not provided for audit review. Further, the payment was not backed by any law.

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

3.2 Nugatory Expenditure on Tax Penalties

The statement of receipts and payments reflects other payment-recurrent amount of Kshs.81,856,175 which, as disclosed in Note 6 to the financial statements, includes Kshs.67,542,107 in respect of KRA Agency Notices. Information provided indicated that the KRA Agency Notices totalling to Kshs.67,542,107 were in respect of penalties paid to Kenya Revenue Authority for non-remittances of Pay-As-You-Earn (PAYE) and other taxes. However, Management did not provide a plausible explanation for the delayed deductions and remittances of statutory obligations resulting into avoidable costs of Kshs.67,542,107.

In the circumstances, the value for money and resources meant for budgeted services may have been wasted on unnecessary expenditures for the year ended 30 June, 2022.

4.0 Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets balance of Kshs.13,662,599. The following unsatisfactory matters were noted:

4.1 Construction of Automated Gate House at Homa Bay County Assembly

On 21 May, 2020, the County Service Board entered into a contract for the construction of automated gate house at Homa Bay County Assembly at a contract sum of Kshs.7,112,260 for a contract period of one (1) month ending on 21 June, 2020. The contractor had been paid Kshs.4,000,000 as at 30 June, 2022. However, review of the project implementation status report dated 1 April, 2021 and audit inspection of the project on 1 September, 2022 revealed that outstanding works included windows and glazing, doors, internal finishes, external finishes, electrical installations and joinery fittings. Also, the contractor was not on site. The delay in completion of the automated gate house may compromise security in the Assembly premises.

In the circumstances, value for money of the expenditure of Kshs.4,000,000 could not be confirmed.

4.2 Construction of Homa Bay County Assembly Office Block

Homa Bay County Assembly Service Board contracted a company on 10 July, 2019 to construct an office block at a contract sum of Kshs.348,927,840. According to the signed contract, the work was expected to be completed by 8 January, 2021. The Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works later extended the completion date to 8 April, 2022. Review of records revealed that the contractor had been paid total amount of Kshs.66,714,925.

However, audit inspection of the project conducted on 1 September, 2022 and examination of the records in respect of the project revealed that: the work on the project had been done up to the substructure; the contractor was not on site and there was no work going on at the site; and the contract completion date had not been extended after 8 April, 2022. Information provided indicates that the project was stopped because of a dispute with the Homa Bay County Commissioner who accused the Assembly Management for putting up the Building without informing key stakeholders and without public participation. The delay in completion of the office block may adversely affect the operations of the Service Board.

In the circumstance, value for money of the expenditure of Kshs.66,714,925 could not be confirmed.

5. Finance Cost

5.1 Penalty on Bank Overdraft

The statement of receipts and payments reflects finance costs recurrent amount of Kshs.4,952,549 which, as disclosed in Note 11 to the financial statements include Kshs.4,301,770 in respect of bank penalty incurred as a result of delay in repaying a bank overdraft of Kshs.12,652,265 which was obtained on 16 March, 2022 from Cooperative Bank of Kenya to pay salaries, and repaid late on 30 June, 2022. The delay happened despite the Assembly having received exchequer funds of Kshs.223,499,757 from County revenue fund account from 21 March to 15 June, 2022; Kshs.46,000,000 from recurrent account on 6 April, 2022; and Kshs.51,500,243 from development account from 22 April to 15 June, 2022 as disclosed in Annex 1 of the financial statements.

In the circumstances, the value for money from the expenditure of Kshs.4,301,770 could not be confirmed.

6. Delayed Construction of Speaker's Official Residence

As at the time of undertaking audit of the Assembly in November, 2022, the Assembly had not constructed the speaker's official residence, but instead continued to pay rent, contrary to the advice of the Salaries and Remuneration Commission, through Circular No. SRC/TS/29/(12) that County Assemblies should construct Speakers' official residences and that the option of renting the speakers' residences should cease by 30 June, 2022.

In the circumstances, value for money may not be realized from the continued payment of rent for the Assembly Speaker's residence.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Assembly'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 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 Assembly's 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.

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 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 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

I communicate with 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 the 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

04 April, 2023

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

6. FINANCIAL STATEMENTS

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

		2021-2022	2020-2021
	Note	KShs	KShs
Receipts			
Exchequer releases	1.1	1,122,267,322	1,072,516,376
Other receipts	1.2	-	51,621,424
Total receipts		1,122,267,322	1,124,137,800
Payments			
Compensation of employees	2	470,385,703	466,204,339
Use of goods and services	3	442,747,110	413,146,939
Social security benefits	4	21,876,593	23,453,713
Other grants and transfers	5	75,000,000	98,000,000
Other payments	6	81,856,175	62,200,507
Acquisition of assets	7	13,662,599	41,208,919
Finance costs	11	4,952,549	-
Total payments		1,110,480,729	1,104,214,416
Surplus/deficit		11,786,593	19,923,384

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th December 2022 and signed by:

Name: Miss. Faith Adhiambo Apuko
Clerk of the Assembly

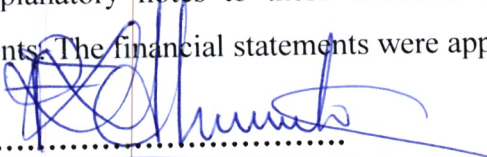
Name: CPA Jacinter Adede
Chief Finance Officer – County Assembly
ICPAK Member Number: 13233

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

6.2 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	41,851,461	29,685,182
Total cash and cash equivalents		41,851,461	29,685,182
Total financial assets		41,851,461	29,685,182
Financial liabilities			
Deposits and retention	10	8,488,940	8,109,255
Net financial assets		33,362,521	21,575,928
Represented by			
Fund balance b/fwd	9	21,575,928	1,652,544
Surplus/(deficit) for the year		11,786,593	19,923,384
Total Net Financial Assets and Liabilities		33,362,521	21,575,928

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th December 2022 and signed by:



Name: Miss. Faith Adhiambo Apuko

Clerk of the Assembly



Name: CPA Jacinter Adede

Chief Finance Officer – County Assembly

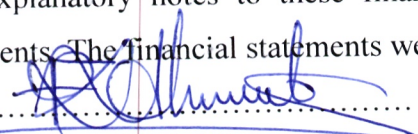
ICPAK Member Number: 13233

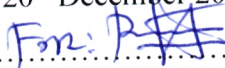
HOMA BAY COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022

6.3 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	1.1	1,122,267,322	1,072,516,376
Other receipts	1.2	-	51,621,424
Payments for operating expenses		1,122,267,322	1,124,137,800
Compensation of employees	2	470,385,703	466,204,339
Use of goods and services	3	442,747,110	413,146,939
Social security benefits	4	21,876,593	23,453,713
Other grants and transfers	5	75,000,000	98,000,000
Other payments	6	81,856,175	62,200,507
Finance costs	11	4,952,549	-
		1,096,818,130	(1,063,005,497)
Adjusted for:			
Changes in accounts payable:	10	379,685	8,109,255
Net cash flows from operating activities		25,828,877	69,241,558
Cashflow from investing activities			
Acquisition of assets	7	13,662,599	41,208,919
Net cash flows from investing activities		13,662,599	28,032,639
Net increase in cash and cash equivalents		12,166,278	28,032,639
Cash & cash equivalent at Start of the year	8	29,685,182	1,652,537
Cash & cash equivalent at end of the year 30 June 2022		41,851,461	29,685,182

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th December 2022 and signed by:


 Name: Miss. Faith Adhiambo Apuko
 Clerk of the Assembly

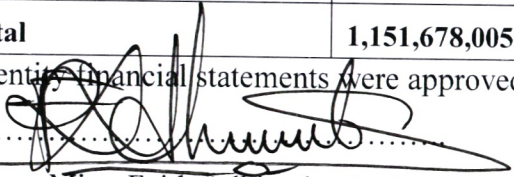

 Name: CPA Jacinter Adede
 Chief Finance Officer – County Assembly
 ICPAK Member Number 13233

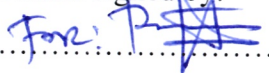
**HOMA BAY COUNTY ASSEMBLY -
Annual Report and Financial Statements For the year ended 30th June 2022**

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

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% Utilization difference
	Kshs	Kshs	c=a+b	d=d-c	e=c-d	Kshs
Receipts						
Exchequer releases	1,151,678,005	(51,000,000)	1,100,678,005	1,122,267,322	(21,589,317)	102%
Proceeds from sale of assets	-	-	-	-		-
Other receipts	-	-	-	21,575,929	(21,575,929)	0%
Total	1,151,678,005	(51,000,000)	1,100,678,005	1,143,843,251	(43,165,246)	
Payments						
Compensation of employees	478,626,751	(12,422,412)	466,204,339	470,385,703	-4,181,364	101%
Use of goods and services	436,880,037	9,186,318	446,066,355	442,747,110	3,319,245	100%
Other payments	14,902,966	6,741,773	21,644,739	81,856,175	-60,211,436	378%
Other grants and transfers	75,000,000	-	75,000,000	75,000,000	100	100%
Social security benefits	21,876,593	-	21,876,593	21,876,593	100	100%
Acquisition of assets non-financial	2,107,858	-	2,107,858	-	0	0%
Finance Cost	0	0	0	4,952,549	-4,952,549	
Acquisition of assets	122,283,800	(54,505,679)	67,778,121	13,662,599	54,115,522	20%
Total	1,151,678,005	(51,000,000)	1,100,678,005	1,110,480,729	-9,802,724	-

The entire financial statements were approved on 20th December 2022 and signed by:


Name: Miss. Faith Adhiambo Apuko
Clerk of the Assembly


Name: CPA Jacinter Adede
Chief Finance Officer – County Assembly
ICPAK Member Number: 13233

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

6.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED 30 JUNE 2022

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% Utilisation difference
	A	B	c=a+b	D	E=c-d	
Receipts						
Exchequer releases	1,029,394,205	-	1,029,394,205	1,050,983,522	(21,589,317)	102%
Other receipts - Balance B/f	-	-	-	21,575,929	(21,589,929)	0%
Total	1,029,394,205	-	1,029,394,205	1,072,559,451	(43,165,246)	-
Payments						
Compensation of employees	478,626,751	(12,422,412)	466,204,339	470,385,703	-4,181,364	101%
Use of goods and services	437,410,775	5,680,639	443,091,414	442,747,110	344,304	99%
Other grants and transfers	75,000,000	-	75,000,000	75,000,000	0	100%
Social security benefits	23,453,713	-	23,453,713	21,876,593	1,577,120	93%
Other payments Recurrent	14,902,966	6,741,773	21,644,739	81,856,175	-60,211,436	378%
Finance Cost	0	0	0	4,952,549	-4,952,549	
Total	1,029,394,205	-	1,029,394,205	1,072,407,402	-43,013,197	104

The entity financial statements were approved on 20th December 2022 and signed by:

Name: Miss. Faith Adhiambo Apuko
Clerk of the Assembly

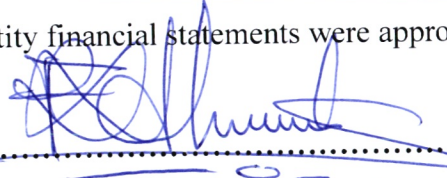
Name: CPA Jacinter Adede
Chief Finance Office – County Assembly
ICPAK Member Number: 13233


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

6.6 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2022

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	Kshs	Kshs	c=a+b	D	E=c-d	Kshs
Receipts						
Treasury/ exchequer releases	122,283,800	(51,000,000)	71,283,800	71,283,800	-	100%
Total	122,283,800	(51,000,000)	71,283,800	71,283,800	-	-
Payments						
Acquisition of assets Development	122,283,800	(51,000,000)	71,283,800	13,662,599	57,621,201	19%
Total	122,283,800	(51,000,000)	71,283,800	13,662,599	57,621,201	-

The entity financial statements were approved on 20th December 2022 and signed by:


 Name: Miss. Faith Adhiambo Apuko
 Clerk of the Assembly

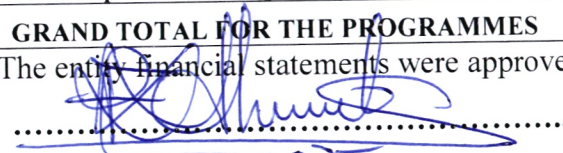

 Name: CPA Jacinter Adede
 Chief Finance Office – County Assembly
 ICPAK Member Number: 13233

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

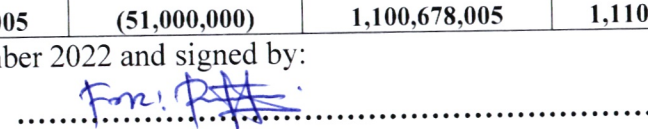
6.7 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30 JUNE 2022

Programme/Sub-Programme	Final Budget	Indicators	Outcomes	Actual on comparable basis	Budget utilization difference
	Kshs	%/ number	%/ number	Kshs	Kshs
	a	B	C=a+b	d	E=c-d
PROGRAMME 1: LEGISLATIVE SERVICES					
Members Welfare support services	291,765,464	-	291,765,464	324,425,878	(32,660,414)
Legislative development	79,570,958	61,077,381	140,648,339	155,043,518	(14,395,179)
Total Expenditure of programme 1	371,336,422	61,077,381	432,413,803	479,469,396	(47,055,593)
PROGRAMME 2: OVERSIGHT & CONTROL SERVICES					
Capacity Building Services	3,500,000	(2,917,200)	582,800	582,800	-
Report Writing Services	5,300,000	30,700,000	36,000,000	36,000,000	-
Public Participation and Education Services	6,533,554	17,466,446	24,000,000	24,000,000	-
Total Expenditure of Programme 2	15,333,554	45,249,246	60,582,800	60,582,600	-
Programme 3: WARD REPRESENTATION SERVICES					
Staff Welfare Support Services	53,168,048	2,671,488	55,839,536	55,839,536	-
Ward Operation and Maintenance	84,000,000	(13,500,000)	70,500,000	61,882,285	8,617,715
Total Expenditure Programme 3	137,168,048	(10,828,512)	126,339,536	117,721,821	8,617,715
Programme 4: POLICY PLANNING AND ADMINISTRATIVE SUPPORT SERVICES					
Administrative and Support Services	343,058,581	(72,843,900)	270,214,681	274,790,000	(4,575,319)
Financial Management Services	162,497,600	(22,654,215)	139,843,385	164,254,113	(24,410,728)
Assembly Infrastructure and Development Services	122,283,800	(51,000,000)	71,283,800	13,662,599	57,621,201
Total expenditure Programme 4	627,839,981	(146,498,115)	481,341,866	452,706,712	28,635,154
GRAND TOTAL FOR THE PROGRAMMES	1,151,678,005	(51,000,000)	1,100,678,005	1,110,480,729	(9,802,724)

The entire financial statements were approved on 20th December 2022 and signed by:



Name: Miss. Faith Adhiambo Apuko
Clerk of the Assembly



Name: CPA Jacinter Adede
Chief Finance Office – County Assembly
ICPAK Member Number: 13233

**HOMA BAY COUNTY ASSEMBLY -
Annual Report and Financial Statements For the year ended 30th June 2022**

7. 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 Homa bay 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.

HOMA BAY COUNTY ASSEMBLY

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

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.

HOMA BAY COUNTY ASSEMBLY

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

4. In-kind contributions

In-kind contributions are donations that are made to the *entity* 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 *entity* 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 8,109,255 compared to KShs 8,109,255 in prior period as indicated on note 10. There were no other restrictions on cash during the year.

HOMA BAY COUNTY ASSEMBLY

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

8. Imprests and Advances

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

9. Third party deposits and retention

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

10. Non-current assets

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

11. Pending bills

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

HOMA BAY COUNTY ASSEMBLY

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

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.

HOMA BAY COUNTY ASSEMBLY

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

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 *entity's* budget was approved as required by Law. The County Assembly approved the original budget on 28th June 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was 2 number of supplementary budgets passed in the year. The supplementary budgets were approved on 28th Feb 2022 and the Final Supplementary was done on 2nd May, 2022. A high-level assessment of the County Assembly of Homa Bay actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

During the year, there were no errors to be recorded as prior year.

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 of obligations between related parties regardless of whether a price is charged.

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

8. NOTES TO THE FINANCIAL STATEMENTS

1.1 Exchequer Releases

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for q1	122,000,000	100,000,000
Transfers from the county treasury for q2	436,900,200	327,500,000
Transfers from the county treasury for q3	215,000,000	179,400,000
Transfers from the county treasury for q4	348,367,122	465,616,376
Cumulative amount	1,122,267,322	1,072,516,376

1.2 Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Transfer from Treasury/Exchequer	0	42,161,745
Funding from HBCA Mortgage Fund	0	9,459,679
Total	0	51,621,424

2 Compensation of Employees

	2021- 2022	2020- 2021
	Kshs	Kshs
Basic salaries of permanent employees	115,443,421	111,215,274
Basic wages of temporary employees	87,974,533	86,919,188
Personal allowances paid as part of salary	188,068,625	237,601,735
Personal allowances paid as reimbursements	7,008,433	6,345,573
Employer contribution to compulsory national social schemes	327,401	00
Employer contribution to compulsory national health insurance schemes	5,691,100	182500
Pension and other social security contributions	65,872,190	23,940,069
Total	470,385,703	466,204,339

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

3 Use of Goods and Services

	2021 – 2022	2020 – 2021
	Kshs	Kshs
Utilities, supplies and services	453,867	436,583
Communication, supplies and services	3,576,677	574,590
Domestic travel and subsistence	278,255,565	239,142,813
Foreign travel and subsistence	3,930,800	0
Residential Rent and rates	0	3,300,000
Printing, advertising and information supplies & services	3,254,808	4,918,917
Rentals of produced assets	1,449,712	1,300,000
Training expenses	41,268,686	48,736,696
Hospitality supplies and services	42,415,846	44,705,547
Insurance costs	30,255,842	27,045,765
Specialized materials and services	3,297,550	8,237,715
Office and general supplies and services	5,988,516	5,834,892
Fuel, oil and lubricants	1,585,022	2,812,759
Other operating expenses	22,306,956	22,703,411
Routine maintenance – vehicles and other transport equipment	2,470,017	2,792,075
Routine maintenance – other assets	2,237,246	605,176
Total	442,747,110	413,146,939

4 Social Security Benefits

	2021 – 2022	2020-2021
	Kshs	Kshs
Government Pension and Retirement Benefits	21,876,593	23,453,713
Total	21,876,593	23,453,713

HOMA BAY COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****5 Other Grants and Transfers**

	2021-2022	2020-2021
	Kshs	Kshs
Mortgage and car loan	75,000,000	98,000,000
Total	75,000,000	98,000,000

6 Other Payments

	2021 – 2022	2020 - 2021
	Kshs	Kshs
Fringe Benefits/Withholding Tax	0	2,000,000
Ward Offices Operation Expenses	12,314,068	60,200,507
Subscriptions	2,000,000	
KRA Agency Notices	67,542,107	0
	81,856,175	62,200,507

7 Acquisition of Assets

<u>Non- financial assets</u>	2021 - 2022	2020-2021
	Kshs	Kshs
Refurbishment of buildings (canopy and drainage)	3,682,945	1,838,093
Construction of buildings (MCA's Offices)	-	32,040,758
Refurbishment of buildings	-	2,811,137
Construction and civil works	-	2,522,000
Construction of other infrastructure – Automated Security System	1,718,327	-
Purchase of office furniture and general equipment	8,261,327	1,996,931
Total acquisition of non- financial assets	13,662,599	41,208,919

HOMA BAY COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****8 Cash and Bank Balances**

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2021 – 2022	2020 - 2021
			Kshs	Kshs
Central Bank of Kenya Currency:Kshs	1000239379	Recurrent	15,150,216.25	-
Central Bank of Kenya Currency:Kshs	1000309482	Development	18,150,326.50	21,575,928
Cooperative Bank of Kenya Currency:Kshs	01141456870100	Commercial	61,254.16	-
Equity Bank of Kenya Currency:Kshs	0980263265106	Commercial	723.82	-
Equity Bank of Kenya Currency:Kshs	0980279894772	Retention	8,488,939.60	8,109,255
Total			41,851,461	29,685,182

9 Fund Balance Brought Forward

Description	2021 – 2022	2020 - 2021
	Kshs	Kshs
Bank Accounts	21,575,929	1,652,554
Total	21,575,929	1,652,554

10 Accounts Payables

Description	2021 – 2022	2020 - 2021
	Kshs	Kshs
Retentions	8,488,940	8,109,255
Total	8,488,940	8,109,255

11 Finance Costs

	2021- 2022	2020 - 2021
	Kshs	Kshs
Interest on Bank Overdraft	4,301,770	
Bank charges	650,779	-
Total	4,952,549	-

**Homa Bay County Assembly -
Annual Report and Financial Statements For the year ended 30th June 2022**

ANNEXTURES TO THE FINANCIAL STATEMENTS

ANNEX 1: ANALYSIS OF THE EXCHEQUER RECEIPTS

SUMMARY OF RECEIPTS FROM COUNTY TREASURY/EXCHEQUER RELEASES AS AT 30.06.2022 FOR FY 2021-2022		
	DETAILS OF TRANSFER	RECURRENT
	BUDGET FY 2020/2021	950,232,576.00
DATE	TRANSFERS FROM CRF ACC	KSHS
06-Sep-21	TRANSFER TO COUNTY ASSEMBLY	42,439,102.00
08-Sep-21	TRANSFER TO COUNTY ASSEMBLY	37,560,898.00
05-Oct-21	TRANSFER TO COUNTY ASSEMBLY	41,459,602.00
07-Oct-21	TRANSFER TO COUNTY ASSEMBLY	78,540,398.00
03-Nov-21	TRANSFER TO COUNTY ASSEMBLY	57,474,165.00
05-Nov-21	TRANSFER TO COUNTY ASSEMBLY	9,115,327.00
05-Nov-21	TRANSFER TO COUNTY ASSEMBLY	33,410,508.00
29-Nov-21	TRANSFER TO COUNTY ASSEMBLY	10,915,706.00
29-Nov-21	TRANSFER TO COUNTY ASSEMBLY	29,224,993.00
29-Nov-21	TRANSFER TO COUNTY ASSEMBLY	59,859,301.00
31-Dec-21	TRANSFER TO COUNTY ASSEMBLY	11,035,991.00
31-Dec-21	TRANSFER TO COUNTY ASSEMBLY	31,602,496.00
31-Dec-21	TRANSFER TO COUNTY ASSEMBLY	57,361,513.00
12-Jan-22	TRANSFER TO COUNTY ASSEMBLY	5,000,000.00
12-Jan-22	TRANSFER TO COUNTY ASSEMBLY	20,000,000.00
16-Feb-22	TRANSFER TO COUNTY ASSEMBLY	10,708,831.00
16-Feb-22	TRANSFER TO COUNTY ASSEMBLY	11,062,301.00
16-Feb-22	TRANSFER TO COUNTY ASSEMBLY	21,458,595.00
16-Feb-22	TRANSFER TO COUNTY ASSEMBLY	26,327,543.00
16-Feb-22	TRANSFER TO COUNTY ASSEMBLY	33,374,238.00
10-Mar-22	TRANSFER TO COUNTY ASSEMBLY	27,513,087.00
10-Mar-22	TRANSFER TO COUNTY ASSEMBLY	10,771,848.00
21-Mar-22	TRANSFER TO COUNTY ASSEMBLY	35,000,000.00
22-Apr-22	TRANSFER TO COUNTY ASSEMBLY	10,732,950.00
22-Apr-22	TRANSFER TO COUNTY ASSEMBLY	25,812,917.00
22-Apr-22	TRANSFER TO COUNTY ASSEMBLY	30,000,000.00
25-May-22	TRANSFER TO COUNTY ASSEMBLY	11,269,209.00
25-May-22	TRANSFER TO COUNTY ASSEMBLY	33,150,679.00
25-May-22	TRANSFER TO COUNTY ASSEMBLY	20,000,000.00
15-Jun-22	TRANSFER TO COUNTY ASSEMBLY	10,782,309.00
15-Jun-22	TRANSFER TO COUNTY ASSEMBLY	19,180,000.00
15-Jun-22	TRANSFER TO COUNTY ASSEMBLY	27,571,693.00

HOMA BAY COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022**

29-Jun-22	TRANSFER TO COUNTY ASSEMBLY	28,274,631.00
29-Jun-22	TRANSFER TO COUNTY ASSEMBLY	5,690,034.00
29-Jun-22	TRANSFER TO COUNTY ASSEMBLY	22,402,457.00
	TOTAL	946,083,322.00
	TRANSFER FROM RECURRENT ACC	
09.09.2021	TRANSFER TO COUNTY ASSEMBLY	27,500,000.00
21.09.2021	TRANSFER TO COUNTY ASSEMBLY	14,500,000.00
25.11.2021	TRANSFER TO COUNTY ASSEMBLY	10,900,200.00
07.12.2021	TRANSFER TO COUNTY ASSEMBLY	6,000,000.00
06.04.2026	TRANSFER TO COUNTY ASSEMBLY	46,000,000.00
	TOTAL	104,900,200.00
	TRANSFER TO DEVELOPMENT ACCOUNT	
17-Feb-22	TRANSFER TO COUNTY ASSEMBLY-DEV	7,068,492.00
10-Mar-22	TRANSFER TO COUNTY ASSEMBLY-DEV	6,715,065.00
22-Apr-22	TRANSFER TO COUNTY ASSEMBLY-DEV	13,454,133.00
23-May-22	TRANSFER TO COUNTY ASSEMBLY-DEV	15,580,112.00
15-Jun-22	TRANSFER TO COUNTY ASSEMBLY-DEV	22,465,998.00
01-Jul-22	TRANSFER TO COUNTY ASSEMBLY-DEV	6,000,000.00
	TOTAL	71,283,800.00
	GRAND TOTAL	1,017,367,122.00
	SUMMARY	
	EXCHEQUERE Q1	122,000,000.00
	EXCHEQUERE Q2	436,900,200.00
	EXCHEQUERE Q3	215,000,000.00
	EXCHEQUERE Q4	348,367,122.00
	TOTAL	1,122,267,322.00

HOMA BAY COUNTY ASSEMBLY

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

ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE-PENDING BILLS

	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
				a	b	c	d=a+b-c
1	KISUMU LINK TOURS		3,117,685	3,117,685	-	500,000	2,617,685
2	OTIENO,RAGOT & CO ADVOCATES		2,448,608	2,448,608	-	-	2,448,608
3	NATION MEDIA GROUP LIMITED		2,500,000	2,500,000	-	-	2,500,000
4	THE STANDARD GROUP LTD	07/10/2019	2,597,734	2,597,734	-	-	2,597,734
5	STAR NEWS PAPER	2016/2017	133,000	133,000	-	-	133,000
6	SIGANGA AND CO ADVOCATES		147,840	147,840	-	-	147,840
7	INFOLINK CONSULTING		1,935,800	1,935,800	1,935,800	-	1,935,800
8	AON KENYA	21/05/2020	744,213	744,213	744,213	-	744,213
9	PINECONE HOTEL	21/05/2020	1,200,000	1,200,000	1,200,000	-	1,200,000
10	IBDANO SYSTEMS		49,700	49,700	49,700	-	49,700
11	RATIDO ENTERPRISES		2,100,050	2,100,050	2,100,050	1,000,000	1,100,050
12	IBDANO SYSTEMS	06/05/2020	37,630	37,630	34,773	-	37,630
13	ICONET SOLUTIONS LTD		175,018	175,018	-	-	175,018
14	VAALIVA ENTERPRISES	3935800	950,000	950,000	-	-	950,000
15	FAST CHOICE	06/01/2017	4,227,180	4,227,180	4,227,180	-	4,227,180
16	SUNSET HOTEL	12/04/2020	100,000	100,000	-	-	100,000
17	VITTORIA SUITES	12/04/2020	1,200,000	1,200,000	1,200,000	-	1,200,000
18	CIALA RESORT	10/12/2020	2,700,000	2,700,000	2,700,000	-	2,700,000
19	LIQUID TELECOME	06/03/2021	530,480	530,480	530,480	-	530,480
20	SYSCORE SOLUTION SYSTEM	03/08/2021	785,862	785,862	785,862	-	785,862
21	BIENVENUE DELTA HOTEL	11/85/2021	4,597,700	4,597,700	4,597,700	-	4,597,700

HOMA BAY COUNTY ASSEMBLY

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

	Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
22	MWAMU AND COMPANY ADVOCATE	06/09/2021	1,500,000	1,500,000	1,500,000	-	1,500,000
23	FLAMETREE COMPUTERS SYSTEM	18/05/2021	498,000	498,000	498,000	-	498,000
24	AMACO INSURANCE	19/02/2021	46,000	46,000	46,000	-	46,000
25	JOYSTAR BUSINESS TRAINING	24/02/2021	132,500	132,500	132,500	-	132,500
26	PRIDE KINGS SECURITY SERVICES	24/06/2021	5,400,000	5,400,000	5,400,000	-	5,400,000
27	LIMUMBA AND AYIEKO	24/12/2020	6,682,000	6,682,000	6,682,000	-	6,682,000
28	NYAMTONGLO ENTERPRISES	25/03/2021	566,290	566,290	566,290	-	566,290
29	JOYSTAR BUSINESS TRAINING	25/05/2021	201,662	201,662	201,662	-	201,662
30	GLACIER EAST AFRICA	25/06/2021	280,086	280,086	280,086	-	280,086
31	JAPAT GENERAL SERVICES	08/08/2018	3,850,000	3,850,000	3,850,000	-	3,850,000
32	THE KENYAN ALLIANCE	2017/2018	355,746	355,746	355,746	-	355,746
33	KADEWELL RESPOURCE LIMITED		591,880	591,880	591,880	-	591,880
34	SAHAJANAND SPARES CORNER		566,560	566,560	566,560	-	566,560
35	HOTEL TWIN TOWERS		589,655	589,655	589,655	-	589,655
36	GREAT LAKES HOTEL		9,500,000	9,500,000	9,500,000	-	9,500,000
37	MARSDEN CONSTRUCTION LIMITED		344,750	344,750	344,750	-	344,750
38	TWINSTONE VENTURES LIMITED		2,100,064	2,100,064	2,100,064	-	2,100,064
39	BRITAM INSURANCE		15,958,891	15,958,891	15,958,891	15,958,891	-
40	FIRSTGEN AGENCIES		2,393,900	2,393,900	2,393,900	-	2,393,900
41	DONNA SERVE		147,500	147,500	147,500	-	147,500
42	JASCOM STATIONARIES		149,150	149,150	149,150	-	149,150
43	CLIMAC GALAXY					-	819,000

HOMA BAY COUNTY ASSEMBLY

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

	Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
			819,000	819,000	819,000		
44	ARIGEM LOGISTICS		604,733	604,733	604,733	-	604,733
45	ARIGEM LOGISTICS		882,458	882,458	882,458	-	882,458
46	LORSQUZ		2,220,070	2,220,070	2,220,070	-	2,220,070
47	HOPELEZE SYSTEMS	30/04/2020	2,461,800	2,461,800	2,461,800	-	2,461,800
48	MARKJOSH INVESTMENT		790,380	790,380		300,000	490,380
49	VITAROSE ENTERPRISES		1,973,720	1,973,720	-	-	1,973,720
50	ODURU ENTERPRISES	2020/2021	2,771,584	2,771,584	-	-	2,771,584
51	SCONAN CO LD		1,854,440	1,854,440	-	-	1,854,440
52	OXYGEN ENTERPRISES		3,098,130	3,098,130		-	3,098,130
53	RICO INTRIOR DESIGN		994,637	994,637		-	994,637
54	KEVO RENOVETORS LTD		500,000	500,000		-	500,000
55	OYUGIS COMPUTERS		246,152	246,152		-	246,152
56	DIGITAL VILLAGES COMPUTERS		1,323,322	1,323,322		-	1,323,322
57	DAPRI CONSULTING		1,508,611	1,508,611		-	1,508,611
58	BUILD HIGH		3,016,270	3,016,270.00		-	3,016,270
59	KOMBIRO CONSTRUCTION		2,392,260	2,392,260.00		-	2,392,260
	TOTAL		111,590,702	111,590,702	78,948,454	17,758,891	93,831,811

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

ANNEX 3 – SUMMARY OF NON-CURRENT ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2020-2021	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2021/2022
Land					
Buildings and structures	89,049,009	38,073,328	-	-	127,122,337
Transport equipment					
Office equipment, furniture and fittings	2,220,000	-	-	-	2,220,000
ICT Equipment, Software and Other ICT Assets	5,245,929	-	-	-	5,245,929
Total	96,514,938	38,073,328			134,588,266

HOMA BAY COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022****ANNEX 4: 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)
2.	Unsupported Exchequer releases.	<p>The Management agreed with your findings on the exchequer statement of receipts and payments of the Kshs 148,521,424, however, we responded as follows, that we had provided the requisition letters and bank statements indicating receipt of the transfers from the executive department being that the said requests were direct committee facilitations from the County Government to facilitate specific committee matters.</p> <p>Further, we had also attached all the required forms in regards to the exchequer receipts of Kshs 1,072,516,376 to confirm accuracy validity and completeness of the exchequer releases.</p>	Resolved	2020-2021
3.	Unsupported and irregular payment of Allowances.	<p>The Management agreed with your findings on the Honoraria payments and the top up allowances paid to the police officers. However, we responded as follows, that we have attached the highlighted copy of the</p>	Resolved	2020-2021

HOMA BAY 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)
		<p>vote book and a copy of the budget indicating Honoraria as budget item under sub program Number 2110302-00001001-0715035110-51100001 under the Office of the County Assembly Clerk.</p> <p>Further, we have also provided an extract of the court order directing that the responded is prohibited from interfering with the petitioners remuneration and privileges thus requiring adherence and a copy of the speaker's letter advising that the said payment be forwarded to the account of Owiti, Otieno & Ragot Advocates, the speakers legal firm to justify the accuracy, validity and completeness of the said payments.</p>		
4.	<p>Payments Outside IPPD Payroll System</p>	<p>The Management agreed with your findings on the manual ward office, contracted staff, members and staff with no payroll and ifmis Numbers payments outside the Integrated Payroll Personnel Database.</p> <p>However, we respond as follows, the affected Members of the County Assembly and P&P employees are in the process of transferring their already given payroll numbers from the other government departments where they were contracted before joining the County Assembly of Homa bay of which majority have</p>	Resolved	2021-2022



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

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		<p>Further, the County Assembly service board through the secretary has consistently reminded the affected members and staff as evidenced on the several reminders attached herein.</p> <p>For the ward employees we have witnessed a rampant employee turnover prompted by the individual Members of the County Assembly hence making it difficult and hindering as well requests placed for payroll numbers hence prompting manual processing of their salaries.</p> <p>Attached herein after also entails the details of the payments done outside the IPPD System for confirmation of the accuracy, validity and completeness of the same.</p>		

[Signature]
 Clerk of the County Assembly

Date: 20th December 2022



