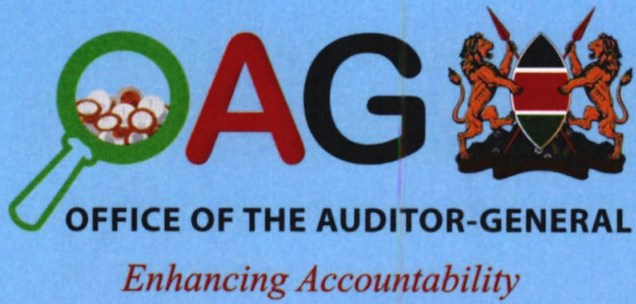


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF KISII**

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

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Macalim



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## KISII COUNTY ASSEMBLY

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2024

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

**County Government of Kisii**  
**Kisii County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.**

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**1. Acronyms and Glossary of Terms**

*a) Acronyms*

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

*b) Glossary of Terms*

Comparative FY	Means the financial year preceding the current financial year.
Fiduciary Management	Means officers directly involved in management of entity's finances and resources

## 2. 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 45 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

### (b) Key Management Team

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

No.	Designation	Name
1.	Speaker of the County Assembly	<b>Dr. Philip Nyunumba</b>
2.	Clerk of the County Assembly	<b>Mr. Jacob Onkeo</b>
3.	Head of Finance and Accounting Services Department	<b>Mr. Moses Ratemo</b>
4.	Head of Human Resource Management Department	<b>Mrs. Fransiscah Bhoke</b>
5.	Head of Legislative Services Department	<b>Mr. Cyprian Masanga</b>
6.	Head of Research and ICT Department	<b>Mr. George Ochoti</b>
7.	Head of Legal Services Department	<b>Mr. Andrew Onserio</b>
8.	Head of Administrative Services Department	<b>Mr. Godfrey Mang'esa</b>
9.	Deputy Director Finance Department	<b>Ms. Selina Anne Onchangu</b>

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**(c) Fiduciary Management**

The key management personnel who held office during the year ended 30<sup>th</sup> June, 2024 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer- Clerk	<b>Mr. Jacob Onkeo</b>
2.	Director Finance and Accounting Services	<b>Mr. Moses Ratemo</b>
3.	Head Procurement Department	<b>Mr. Edward Ondieki</b>
4.	Deputy Director Finance Department	<b>Ms. Selina Anne Onchangu</b>

**Key Entity Information and Management (Continued)**

**(d) Fiduciary Oversight Arrangements**

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

The Public Accounts and Investment Committee examines the Auditors Reports for both the County Executive and County Assembly as per Article 229 (8) of the Constitution.

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

**(e) Entity Headquarters**

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

**(f) Entity Contacts**

Telephone: (254) 0208029160  
E-mail: [countyassembly@kisii.go.ke](mailto:countyassembly@kisii.go.ke)  
Website: [www.kisiiassembly.go.ke](http://www.kisiiassembly.go.ke)

**(g) Entity Bankers**

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

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

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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

### 3. Governance Statement

#### The County Assembly

The County Assembly is constituted by the MCAs of Kisii county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary.

Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly Executes its mandate, through committees which are broadly classified into two.

#### a) Select Committees

Select committees are generally responsible for overseeing the work of government departments and agencies.

#### b) Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee

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**a) Committee of Powers and Privileges**

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held 2 meetings in FY 2024. The committee members during FY 2024 were:

<b>Member</b>	<b>Designation</b>	<b>Ward</b>
Hon. Philip Nyanumba	Chairperson	N/A
Claire Obino	Vice Chairperson	Nominated
Hon. MalackMainye	Member	Kiamokama
Hon. Peter Mokuu	Member	Bosoti/Sengera
Hon. Victor Ombasa	Member	Riana
Hon. BethshebaSanaya	Member	Nominated
Hon. Dennis Ombachi	Member	Marani
Hon. DismasOnsombi	Member	Bomariba
Hon. Amos Omweri	Member	Nyatieko
Hon. Steve Arika	Member	Ibeno
Hon. Henry Moracha	Member	Basi Central
Hon. John Ombati	Member	Bomorenda
Hon. Ibrahim Machuki	Member	BasiBogetaorio
Hon. James Ondari	Member	Boochi/Tendere

**County Government of Kisii**  
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**b) Audit Committee**

The audit committee was constituted on 10<sup>th</sup> August 2023. Its mandate is to advise the County Assembly on institutional risk management and compliance. The committee members during FY 2024 were:

<b>Member</b>	<b>Designation</b>
Rose Bosibori Osoro	Chairperson
Bosco Peter Onsembe	Member
Enock Ombui Nyasende	Member
Elias Ngere	Member

**c) Public Accounts/Investment Committee**

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 3 extra sittings to deal with arising matters. The members who served in the committee during the year were:

<b>Member</b>	<b>Designation</b>	<b>Ward</b>
Hon. Ogugu Timothy	Chairperson	Magenche
Hon. Anthony Kerage	Vice Chairperson	Gesusu
Hon. John Sambo	Member	Basi Chache
Hon. Ruth Nyagechanga	Member	Nominated
Hon. Peter Moindi	Member	Keumbu
Hon. Vanice Moraa	Member	Nominated
Hon. Felix Ombati	Member	Chitago Borabu
Hon. Saisi Nyagaka	Member	Sensi
Hon. Samuel Mauti	Member	Bogetenga
Hon. Celestine Bonanreri	Member	Nominated
Hon. Jeremiah Ongeri	Member	Majoge Basi

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**d) Budget and Appropriations Committee**

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

<b>Member</b>	<b>Designation</b>	<b>Ward</b>
Hon. Peter Gichana	Chairperson	Monyerero
Hon. Jim Kenyanya	Vice Chairperson	Tabaka
Hon. Henry Moracha	Member	Basi Central
Hon. Dennis Ombachi	Member	Marani
Hon. John Ombati	Member	Bomorenda
Hon. Gaudencia Moraa	Member	Nominated
Hon. Hellen Nyamoita	Member	Nominated
Hon. Amos Onderi	Member	Bokimonge
Hon. Christopher Ogoti	Member	Nyamasibi
Hon. Duke Nyarang'o	Member	Kitutu Central
Hon. Stephen Arika	Member	Ibeno
Hon. Thomas Obare	Member	Basi Boitangare
Hon. Amos Omweri	Member	Nyatieko
Hon. Isabellah Oigara	Member	Nominated
Hon. Nicodemus Omwamba	Member	Boochi Borabu
Hon. Ibrahim Ongubo	Member	Bobaracho
Hon. Karen Magara	Member	Nominated
Hon. Bouse Mairura	Member	Masimba
Hon. Tirisa Onsombi	Member	Bomariba
Hon. Ronald Achira	Member	Moticho
Hon. Naftali Onkoba	Member	Nyacheki
Hon. Peter Mokuu	Member	Bosoti/ Sengera

In addition to the above committees of the County Assembly, the County Assembly has an independent Audit Committee which was constituted on 10<sup>th</sup> August 2023 to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties.

### **Communication with all Stakeholders**

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in Kisii town where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

The County Assembly also subjected two (2) bills through public participation.

### **Risk management**

The County Assembly has an internal audit department which performs audit risk on the internal controls put in place and directly reports to the Audit committee for processing and implementation.

The County Assembly Management Committee has developed a risk policy(draft) that awaits approval by the County Assembly Service Board. This will help to identify and assess how risks should be managed. The draft risk policy also includes the formal processes to assess changes in the internal and external environment which could give rise to risks.

In the FY 2023/24, the County Assembly of Kisii did not experience any risks.

### **Compliance**

The Financial Reports and Statements for the financial year 2023/2024 were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in compliance with section 125 and 149 of Public Finance Management Act, 2012.

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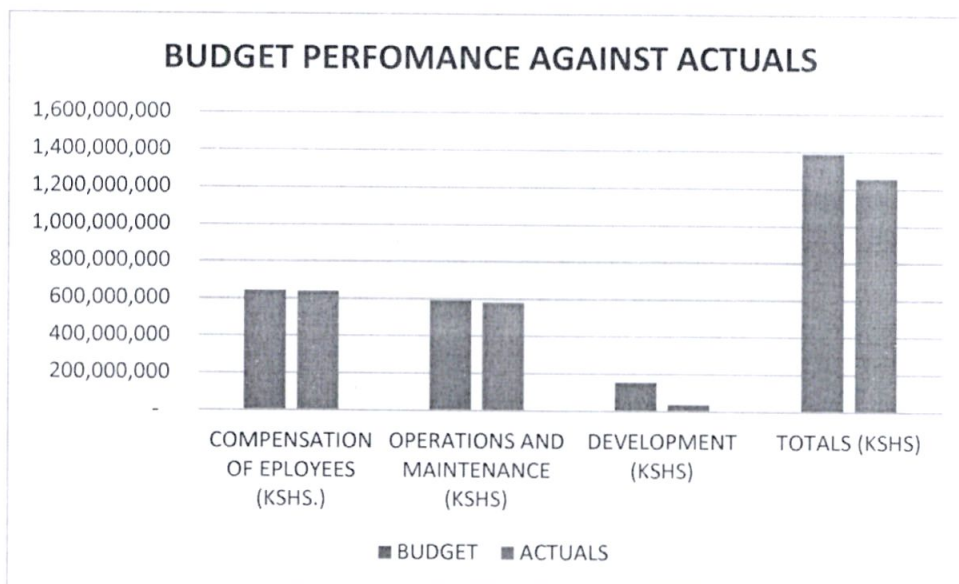
**4. Foreword By the Clerk of The Assembly**

The County Assembly of Kisii appropriated Kshs. **1,387,381,974** for the management of its programmes for FY 2023/2024, out of which Kshs. **1,257,630,064** was received from the National Treasury translating to **91%** of the budget.

The Assembly spent Kshs. **639,324,751(51%)** towards personnel emoluments, Kshs.**581,152,169(46%)** on Operations and maintenance, and Kshs.**37,153,144(3%)** on development.

**(i) Budget performance**

	COMPENSATION OF EMPLOYEES (KSHS.)	OPERATIONS AND MAINTENANCE (KSHS)	DEVELOPMENT (KSHS)	TOTALS (KSHS)
<b>BUDGET</b>	642,506,009	590,384,734	154,491,231	1,387,381,974
<b>ACTUALS</b>	639,324,751	581,152,169	37,153,144	1,257,630,064



**(ii) Operational Performance**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Devolution Committee-** Deals with matters that involve devolved units.

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

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

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

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

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

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

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In FY 2023/24, the County Assembly passed two (2) laws, (Appropriation bill) and the (County finance bill) which will enhance service delivery to the population of Kisii County and Oversight on the spending by the County Government of Kisii.

The budget for the FY 2023/2024 was passed by the County Assembly on 22<sup>nd</sup> June 2023. There were two supplementary budgets adopted on 1<sup>st</sup> December 2023 and 28<sup>th</sup> March 2024 respectively.

**(iii) Performance of key development projects**

The County Assembly has so far successfully accomplished the process of renovating two blocks (A and B) to provide office space for members of county assembly at the headquarters. The Speakers residence which to host the speaker of Kisii County Assembly is ongoing and also the construction of an underground water tank has been completed by the Assembly. All this will ease in legislative and public service transactions.

**(iv) Comment on value-for-money achievements**

The County Assembly has so far successfully accomplished the process of renovating two blocks (A and B) to provide office space for members of county assembly at the headquarters. The Speakers residence which to host the speaker of Kisii County Assembly is ongoing and also the construction of an underground water tank has been completed by the Assembly. All this will ease in legislative and public service transactions.

**(v) Challenges and Recommended Way Forward**

The main challenges that were faced during the FY 2023/2024 included the following;

**Delay in disbursement of funds.**

There was delay of disbursement of the June allocation from the national treasury which led to the county assembly not meeting its financial obligations as at the end of the financial year



.....  
**Name: Mr. Jacob M. Onkeo**

**Clerk of the County Assembly**

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**5. Statement of Performance against County Assembly Predetermined Objectives**

**Introduction**

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

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

Below were the expected outputs of the assembly in FY 2023/2024

<b>Program 1</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Legislative, oversight and representation services.</b>	Strengthen Oversight, budget scrutiny and expenditure review	Accountability, Equitable distribution, efficient utilization and transparency in allocation of resources	No. of Mca’s/staff trained, No. of committee reports, No. of site visits, and No. of bills passed	Mca’s and staff attended 20 sectoral trainings; All 23 committees submitted annual reports; 1 site visits was conducted; ADP, CIPROP, CFSP reports were adopted. 2 bills were also passed.
	Effective representation and Outreach	Effective public and stakeholders participation in the assembly processes	No. of public participation fora, No. of public participation reports	6 public participations exercises and reports were concluded.

		Improved image and perception of residence; informed public	No. of Reports, Responses (website, facebook page, twitter handle).	No petition was received.
	Enhance effective legislation	Quality and progressive legislations	No of bills passed in the County Assembly,	2 bills were passed
<b>Program 2</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>County Assembly Services</b>	Strengthen the County Assembly Service	Productive and professional staff	Training Policy, No. of training reports, training needs assessment report and skills inventory	10 staff trainings conducted.
<b>Program3</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>County Assembly Service Board (Office of the Speaker).</b>	Enhance physical and ICT infrastructure	New modern administrative block, Furniture and equipment, improved Security, Operational IT infrastructure,	New administration office block, No of furniture items acquired, number of security installations, No. of IT	Completion of refurbishing of Block A and B MCA;s offices, Completion of underground water tank and Speakers residence

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		Ward offices for MCA's	infrastructure installed, No. of ward offices constructed.	construction ongoing.
	Adequate resource mobilization and proper management	Sufficient budgetary provision, improved financial management,	Approved budget, Additional resources obtained, Accurate and timely financial reports	FY 2023/24 Budget was approved;
	Improved stakeholder engagement and management	Improved systems, Increased Compliance levels, reduced instances of penalties, reduced litigation	% increase in stakeholder engagement, % Reduction in penalties and litigation.	100% engagement with suppliers through E- procurement system, 60% reduction in number of litigations.

## 6. Corporate Social Responsibility Statement/Sustainability Reporting

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

### a) Sustainability strategy and profile –

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

### b) Environmental performance

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

### c) Employee welfare

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

### d) Market place practices-

#### a) *Responsible Supply chain and supplier relations-*

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

#### b) *Responsible ethical practices-*

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

#### c) *Stewardship of goods and services*

The Assembly ensures that product Quality and Safety meets the acceptable standards. The inspection and acceptance committees take responsibility of making sure that products and services are of good and standard quality and meet user expectations.

### e) Community Engagements

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

## 7. 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, 2024. 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, 2024, 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 year 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.

**County Government of Kisii**  
**Kisii County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.**

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**Approval of the financial statements**

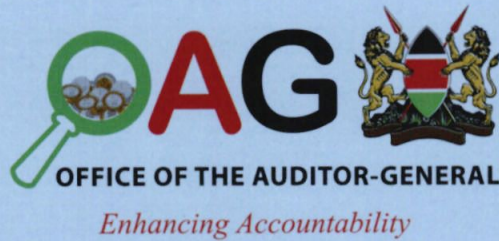
The County Assembly 's financial statements were approved and signed by the Clerk of the County Assembly on 23<sup>rd</sup> September 2024.



.....  
**Name: Mr. Jacob M. Onkeo**  
**Clerk of the County Assembly**

# REPUBLIC OF KENYA

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Email: 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 KISII FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kisii set out on pages 1 to 38, which comprise the statement of financial assets and liabilities as at

30 June, 2024 and the statement of receipts and payments, statement of cash flows and statements 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 Kisii as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1.0. Undisclosed Amounts in the Trial Balance**

The trial balance for the year ended 30 June, 2024 reflected amounts that have not been incorporated in the financial statements for the period under review as detailed below:

<b>Item Code and Description</b>	<b>Amount (Kshs.)</b>
4110000 Domestic Lending and On-lending	100,000,000
6580000 Cash in Hand	6,873,600,698
6710000 Domestic Debtors & Advances	426,666
6740000 Other Debtors & Pre-payments	2,079,056
6760000 Government Imprests	83,371,380
7320000 Other Liabilities	102,575,429
7390000 System Required Liabilities A/cs	2,500
9990000 Opening Balance Reserves	7,516,845,468

Management has explained that these balances represent below the line items that remained in the trial balance as a result of systemic challenges of automatic (auto) reconciliation in IFMIS that the management.

In the circumstances, the accuracy, completeness and fair presentation of the financial statements for the year ended 30 June, 2024, and the effectiveness of the IFMIS in processing financial reports could not be confirmed.

### **2.0. Unsupported Use of Goods and Services Expenditure**

The statement of receipts and payments reflects use of goods and services amount of Kshs.469,132,565 as disclosed in Note 5 to the financial statements. Included in the amount are training expenses of Kshs.11,992,142 out of which, Kshs.3,221,140 was not supported by payment vouchers and other relevant documents. Further, the use of goods amount includes office and general supplies and services expenditure of Kshs.28,678,650 out of which, Kshs.20,434,400 was paid in respect of supply of

stationery to the County Assembly. However, the items were not taken on charge in the stores.

In the circumstances, the accuracy, occurrence and completeness of the use of goods and services expenditure of Kshs.469,132,565 could not be confirmed.

### **3.0. Unsupported Basic Wages for Temporary Employees**

The statement of receipts and payments reflects compensation of employees amount of Kshs.639,324,751 as disclosed in Note 4 to the financial statements. Included in the amount is basic wages for temporary employees amounting to Kshs.78,576,274 whose supporting documents were not provided for audit review.

In the circumstances, the accuracy, occurrence and propriety of basic wages for temporary employees expenditure of Kshs.78,576,274 could not be confirmed.

### **4.0. Unsupported Voided IFMIS Transactions**

The statements of receipts and payments reflects total payments of Kshs.1,261,835,923. However, review of the financial transactions in the Integrated Financial Management Information System (IFMIS) revealed that three hundred and fifty-nine (359) transactions amounting to Kshs.51,812,112 were voided. However, the transactions were not supported by documents including voided payment vouchers, requests to void, The National Treasury approvals and exchequer requisitions from the Controller of Budget. Further, reconciliation of voided payments to pending accounts payables and canceled payments were not provided for audit.

In the circumstances, the accuracy, completeness and fair presentation of the total payments of Kshs.1,261,835,923 could not be confirmed.

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

## **Emphasis of Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts: Recurrent and Development reflects final budget and actual on comparable basis amounts of Kshs.1,387,381,974 and Kshs.1,257,630,064 respectively, resulting in an underfunding of Kshs.129,751,910, or 9% of the budget.

The underfunding affected the planned activities which may have impacted negatively on service delivery to the residents of Kisii County.

## **2. Failure to Settle Pending Bills as a First Charge**

Note 1, under other disclosures, and as detailed in Annex 1 to the financial statements, discloses that the County Assembly had a pending bills balance of Kshs.73,185,395 as at 30 June, 2023. However, review of the pending bills records and schedules provided for audit revealed that the balance of Kshs.73,185,395 included Kshs.54,674,587 out of which, bills amounting to Kshs.24,490,880 were paid during the year under review, leaving a balance of Kshs.30,183,707, which was not paid as a first charge in the year under audit as required by Regulation 41(2) of the Public Finance Management (County Government) Regulations, 2015.

Failure to settle pending bills in the period they relate distorts the subsequent year's budget as they form the first charge while Management was in breach of the law.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

#### **1.0. Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

#### **2.0. County Assembly Preparedness to Transition to Accrual Accounting**

Information provided indicated that the County Assembly had not implemented the prerequisites for transitioning into accrual accounting, except for the training two (2) members of staff in the finance department. Further, The National Treasury had not configured the Integrated Financial Management Information System (IFMIS) to support accrual accounting.

In the circumstances, Management may not be adequately prepared to transition the County Assembly's financial statements for the year ending on 30 June, 2025 into accrual basis of accounting.

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxii which comprises Key Entity Information and Management, Governance Statement, Foreword by the Clerk of The Assembly, Statement of Performance Against County Assembly Predetermined Objectives, Corporate Social Responsibility Statement/Sustainability

Reporting and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Regularity of Human Resource Management Practices

Review of human resource records revealed the following unsatisfactory matters:-

##### 1.1. Non-Adherence to Staff Ethnic Diversity

Review of employee records and details in the main payroll revealed that the Assembly had one hundred forty-one (141) employees out of which, ninety-seven (97) were from the dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which states that public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

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

##### 1.2. Staff Over Establishment

Review of personnel records revealed that the County Assembly had one hundred and forty-one (141) employees which exceeded a maximum limit of one hundred and fifteen (118) employees set in the Commission on Revenue Allocation Circular No. CRA/FA/01 VOL 11 (22) dated 28 June, 2018, resulting in unauthorized employment of twenty-six (26) members of staff.

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

## **2. Regularity of Procurements and Award of Contracts**

### **2.1. Irregular Procurement of Legal Services**

Note 5 to the financial statements discloses other operating expenses amount of Kshs.42,593,565. Included in the amount is legal fees of Kshs.1,800,000 paid to external advocates in respect of a court case. According to Management, the advocates were engaged through frame work contracting. However, review of the supporting documents revealed that the County Assembly used direct procurement method to source the external advocates, contrary to the provisions of Section 103 of Public Procurement and Asset Disposal Act, 2015.

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

### **2.2. Acquisition of Assets**

The statement of receipts and payments reflects acquisition of assets amount of Kshs.49,172,709 as disclosed in Note 10 to the financial statements. The following unsatisfactory matters were however noted:-

#### **2.2.1. Delayed Construction of the Speaker's Official Residence**

Included in the amount is Kshs.24,490,878 in respect of construction of buildings which relates to contract to build the Speakers official residence at a contract sum of Kshs.32,970,110. The contract commencement date is indicated as 6 August, 2023 with an expected completion date of 18 August, 2024. However, physical inspection on 29 August, 2024 revealed that the project was incomplete.

In the circumstances, value for money realized from the expenditure of Kshs.24,490,878 on the speaker's official residence could not be confirmed.

#### **2.2.2. Completed Project on Extension of Library, ICT Centre and Procurement Offices not put to Use**

Review of documents and records revealed that the Management contracted for the construction of a Library, an ICT Centre and procurement offices to host members of County Assembly Offices at a contract sum of Kshs.195,000,000 on 11 March, 2019, with expected completion date of 30 June, 2021. The certificate of practical completion was issued on 1 August, 2022 and the contract sum paid in full. However, physical verification in the month of August, 2024 revealed that the project was incomplete, one (1) year and three (3) months after the expiry of the contract period. The pending works included internal aluminum partitions, part office floor tiles, washrooms, entrance lobby and wall finish and civil works. Further, there was idle space on the first floor which was meant for cafeteria.

In the circumstances, value for money has not been realized from the expenditure of Kshs.195,000,000 extension of library, ICT centre and procurement offices.

### 2.2.3. Stalled Construction of Ward Office at Bogiakumu

As reported in the previous audits, the County Assembly paid Kshs.6,004,289 out of a contract sum of Kshs.7,350,465 towards the construction of Bogiakumu Ward Office. The contract completion date was agreed to be 2 February, 2022. However, audit inspection on 29 August, 2024 revealed that the project was incomplete as external works, flooring and paintings had not been done. Management did not provide for audit review, the revised work plan and there was no evidence of contract extension.

In the circumstances, value for money has not been realized from the expenditure of Kshs.6,004,289 on the ward office.

### 2.2.4. Incomplete Construction of Reinforced Concrete Underground Water Tank and Elevated Steel Tower

The acquisition of assets includes construction and civil works expenditure of Kshs.12,662,266 out of which, Kshs.10,883,849 was paid to the contractor in respect of a contract for the construction of reinforced concrete underground water tank and elevated steel tower, awarded at a sum of Kshs.10,578,848. The contractor was overpaid by Kshs.305,001. Management did not provide for audit review documents in support of expenditure on provisional sums on mechanical works and pump installation of Kshs.1,000,000, contingency provisional sums of Kshs.872,083 and provisional sums on implementation and documentation of Kshs.452,368. Further, physical verification conducted in August, 2024 revealed that the project was incomplete in terms of piping and was not in use.

In the circumstances, the value for money realized from the expenditure of Kshs.2,324,451 on mechanical works and pump installation, contingency and implementation and documentation could not be confirmed. Further, the regularity of the over payment of Kshs.305,001 could not be confirmed.

### 2.2.5. Lack of Monitoring and Evaluation Framework and Reports

The acquisition of assets amount of Kshs.49,172,709 includes Kshs.37,153,145 in respect of the following projects:

S/No.	Project	Amount (Kshs.)
1	Construction of the County Assembly speakers' official residence.	24,490,878
2	Construction of reinforced concrete underground water tank and elevated steel tower	10,883,849
3	Renovation of County Assembly of Kisii Block A and B	1,778,418
	<b>Total</b>	<b>37,153,145</b>

Management did not provide project status report for each of the above projects and the approved framework for monitoring and reporting on non-financial performance prescribed by the County Executive Committee Member responsible for matters relating to planning. This was contrary to the provision of Regulation 129(1) of the Public Finance

Management (County Governments) Regulations, 2015, which provides that that the County Executive Committee Member responsible for matters relating to planning shall prescribe a framework for monitoring and reporting on non-financial performance for use by accounting officers in evaluation of programmes and projects by measuring, responsibility for monitoring, evaluation and reporting, financial indicators which shall capture expenditures on the implementation of programmes and projects.

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

### **3. Non-Compliance with Public Participation in the Budgeting Process**

Review of public participation documents revealed that public participation was done on the finance bill in September, 2023 and on budget estimates in June, 2023. However, public participation meetings were only advertised in one Newspaper of County wide circulation. This was contrary to Regulation 7(2) of the Public Finance (County Governments) Regulations, 2015, which states that the County Executive Committee Member shall notify the general public through a notice in the gazette or at least two newspapers of county wide circulation on the venue or manner of submitting written submissions. Further, there was no evidence that the minutes presented were the actual views collected from the residents of the County. Documented views could not be linked to the approved budget and supplementary budgets.

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

### **4. Irregular Subscriptions to County Assembly Forum and Society of Clerks-at-the-Table**

The other operating expenses amount of Kshs.42,593,565 includes subscription fees of Kshs.3,000,000 paid to County Assemblies Forum (CAF) and Kshs.750,000 paid to the Society of Clerks-at-the-Table in Kenya (SOCATT(K), totalling Kshs.3,750,000. However, these bodies do not draw their mandates from the Constitution of Kenya or an Act of Parliament. Therefore, Management violated Section 149(1)(a) of the Public Finance Management Act, 2012, which requires an accounting officer of an entity to be accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful, authorised.

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

The audit was conducted in accordance with the ISSAI 3000 and ISSAI 4000. The Standards 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

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

## **Basis for Conclusion**

### **1.0. Incomplete Procurement Plan**

The procurement plan presented for audit review did not contain details of activities to be undertaken but were rather aggregated together making it difficult to identify the specific planned goods and services for procurement. Further, the procurement plan did not clearly capture the timelines within which the procurements were to be commenced and completed. In addition, although a supplementary budget was prepared and approved during the period under review, the procurement plan was not revised to accommodate the changes.

In the circumstances, the effectiveness of internal controls over the preparation of procurement plans could not be confirmed.

### **2.0. Ineffective Audit Committee**

Review of records, revealed that although the County Assembly had an Audit Committee in place, the Committee held only one meeting in the year under review. This was contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Audit Committee shall meet at least once in every three months. Further, the committee did not carry out any annual review of the independence, performance, and competency of the internal audit unit contrary to the provisions of Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of the Audit Committee in discharging its mandate and assurance under the effectiveness of internal controls, risk management and governance could not be confirmed.

### **3.0. Weak Internal Audit Function**

The County Assembly had an Internal Audit function with six (6) staff members for reviewing internal controls, risk management, governance mechanisms and overall operations of the County Assembly for transparency and accountability. However, there were no internal audit reports on the state of risk management, control and governance within the County Assembly. Further, there was no approved Internal Audit workplan and Internal Audit charter.

In the circumstances, the existence of effective internal control, risk management and governance systems could not be confirmed.

#### **4.0. Lack of Effective Assets Management and Controls**

Annex 2 to the financial statements on summary of non-current asset register reflects non-current assets balance of Kshs.688,895,764. However, review of the fixed asset register revealed that the relevant details relating to the parcels of land owned by the County Assembly, including land size, land values, date of acquisition, costs, accumulated depreciation, net book values, locations and codes, were not included in the asset register. Management did not provide title deeds for the parcels of land. It was therefore not possible to confirm the ownership status and security of the County Assembly's land. Further, Management did not provide evidence that the County Assembly's major assets were revalued, and records of assets' counts and verification carried out at regular intervals to confirm existence and condition of the recorded assets. Most of the assets were not tagged and asset movement registers were not properly maintained.

In the circumstances, the existence of a proper control system and preventive mechanisms for assets to eliminate theft, security threats, losses, wastage, misuse, and ensuring that movement and conditions of the assets are recorded could not be confirmed.

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

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

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

In preparing the financial statements, Management is responsible for assessing the Assembly's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

Management 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**

**27 December, 2024**

County Government of Kisii  
 Kisii County Assembly  
 Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

**9. Statement of Receipts and Payments for The Year Ended 30<sup>th</sup> June 2024.**

		2023-2024	2022-2023
	Note	KShs	KShs
<b>Receipts</b>			
Transfers from the CRF	1	1,257,630,064	1,316,794,471
Proceeds from sale of assets	2		
Miscellaneous receipts	3		
<b>Total receipts</b>		<b>1,257,630,064</b>	<b>1,316,794,471</b>
<b>Payments</b>			
Compensation of employees	4	639,324,751	731,572,764
Use of goods and services	5	469,132,565	391,372,888
Subsidies	6		
Transfers to other government entities	7	104,205,898	100,000,000
Other grants and transfers	8		
Social security benefits	9		
Acquisition of assets	10	49,172,709	89,642,921
Finance costs	11		
Other payments	12		
<b>Total payments</b>		<b>1,261,835,923</b>	<b>1,312,588,623</b>
<b>Surplus/deficit</b>		<b>(4,205,859)</b>	<b>4,205,848</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23<sup>rd</sup> September 2024 and signed by:



Name: Mr. Jacob M. Onkeo  
 Clerk of the Assembly



Name: Ms. Selina Anne Onchangu  
 Chief Finance Officer – County Assembly  
 ICPAK Member Number: 32198

County Government of Kisii  
 Kisii County Assembly  
 Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

10. Statement of Financial Assets and Liabilities As At 30th June 2024.

		2023-2024	2022-2023
Financial assets	Note	KShs	KShs
<b>Cash and cash equivalents</b>			
Bank balances	13A	8,702,001	9,192,546
Cash balances	13B		
<b>Total cash and cash equivalents</b>		<b>8,702,001</b>	<b>9,192,546</b>
Imprests and Advances	14		
<b>Total financial assets</b>		<b>8,702,001</b>	<b>9,192,546</b>
<b>Financial liabilities</b>			
Third party deposits and retention	15	8,701,962	4,986,647
<b>Net financial assets</b>		<b>39</b>	<b>4,205,898</b>
<b>Represented by</b>			
Fund balance b/fwd	16	4,205,898	50
Prior year adjustment	17		
Surplus/(deficit) for the year		(4,205,859)	4,205,848
<b>Net Financial Position</b>		<b>39</b>	<b>4,205,898</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23<sup>rd</sup> September and signed by:

.....  
 Name: Mr. Jacob M. Onkeo  
 Clerk of the Assembly

.....  
 Name: Ms. Selina Anne Onchangu  
 Chief Finance Officer – County Assembly  
 ICPAK Member Number: 32198

**County Government of Kisii**  
**Kisii County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.**

**11. Statement of Cash Flows for The Period Ended 30<sup>th</sup> June 2024.**

		2023-2024	2022-2023
	Note	KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts from operating income</b>			
Transfers from the CRF	1	1,257,630,064	1,316,794,471
Miscellaneous receipts	3		
<b>Total receipts from operating income</b>		<b>1,257,630,064</b>	<b>1,316,794,471</b>
<b>Payments for operating expenses</b>			
Compensation of employees	4	(639,324,751)	(731,572,764)
Use of goods and services	5	(469,132,565)	(391,372,888)
Subsidies	6		
Transfers to other government entities	7	(104,205,898)	(100,000,000)
Other grants and transfers	8		
Social security benefits	9		
Finance costs	11		
Other payments	12		
<b>Total payments for operating expenses</b>			
<b>Net receipts/(payments) from operating activities</b>		<b>(1,212,663,214)</b>	<b>(1,222,945,702)</b>
<b>Adjusted for:</b>			
Prior year adjustment	17		
Decrease/(increase) in accounts receivable:	18		
Increase/(decrease) in accounts payable:	19	3,715,315	(4,986,647)
<b>Net cash flows from operating activities</b>		<b>48,682,165</b>	<b>88,862,122</b>
<b>Cashflow from investing activities</b>			
Proceeds from sale of assets	2		
Acquisition of assets	10	(49,172,709)	(89,642,921)
<b>Net cash flows from investing activities</b>		<b>(49,172,709)</b>	<b>(89,642,921)</b>

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		2023-2024	2022-2023
	Note	KShs	KShs
<b>Cash flow From Financing Activities</b>			
Proceeds from borrowing			
Repayment of principal on domestic and foreign borrowing			
<b>Net cash flow from financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		<b>(490,544)</b>	<b>(10,731,237)</b>
<b>Cash &amp; cash equivalent at Start of the year</b>		<b>9,192,546</b>	<b>19,923,783</b>
<b>Cash &amp; cash equivalent at end of the year</b>		<b>8,702,001</b>	<b>9,192,546</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23<sup>rd</sup> September 2024 and signed by:

.....  
 Name: Mr. Jacob M. Onkeo  
 Clerk of the Assembly

.....  
 Name: Ms. Selina Anne Onchangu  
 Chief Finance Officer – County Assembly  
 ICPAK Member Number: 32198

County Government of Kisii  
Kisii County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

**12. Statement of Comparison of Budget & Actual Amounts: Recurrent and Development for year ended 30<sup>th</sup> June 2024**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from the CRF	1,457,381,974	(70,000,000)	1,387,381,974	1,257,630,064	129,751,910	91%
Proceeds from sale of assets						
Other receipts						
<b>Total</b>	<b>1,457,381,974</b>	<b>(70,000,000)</b>	<b>1,387,381,974</b>	<b>1,257,630,064</b>	<b>129,751,910</b>	<b>91%</b>
<b>Payments</b>						
Compensation of employees	622,071,233	20,434,776	642,506,009	639,324,751	3,181,258	99%
Use of goods and services	495,678,535	(20,434,776)	475,243,759	469,132,565	6,111,194	99%
Subsidies						
Transfers to other government entities	100,000,000	0	100,000,000	104,205,898	(4,205,898)	
Other grants and transfers						
Social security benefits						
Acquisition of assets	239,632,206	(70,000,000)	169,632,206	49,172,709	120,459,497	29%
Finance costs						
Other payments						
<b>Total</b>	<b>1,457,381,974</b>	<b>(70,000,000)</b>	<b>1,387,381,974</b>	<b>1,261,835,923</b>	<b>125,546,051</b>	<b>91%</b>
<b>Surplus/ deficit</b>				<b>(4,205,859)</b>		

The changes between the original and final budget were as a result of reallocations within the budget.

County Government of Kisii  
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Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

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The entity financial statements were approved on 23<sup>rd</sup> September 2024 and signed by:



.....  
**Name: Mr. Jacob M. Onkeo**  
**Clerk of the Assembly**



.....  
**Name: Ms. Selina Anne Onchangu**  
**Chief Finance Officer – County Assembly**  
**ICPAK Member Number: 32198**

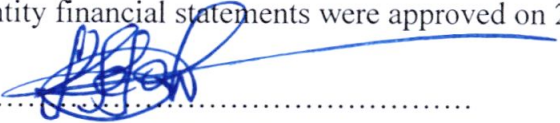
County Government of Kisii  
Kisii County Assembly  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

12A Statement of Comparison of Budget & Actual Amounts: Recurrent for the year ended 30<sup>th</sup> June 2024.

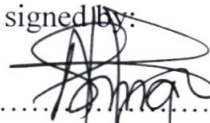
Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from the CRF	1,232,890,743	(2,700,000)	1,230,190,743	1,220,476,920	9,713,823	99%
Proceeds from sale of assets						
Other receipts						
<b>Total</b>	<b>1,232,890,743</b>	<b>(2,700,000)</b>	<b>1,230,190,743</b>	<b>1,220,476,920</b>	<b>9,713,823</b>	<b>99%</b>
<b>Payments</b>						
Compensation of employees	622,071,233	20,434,776	642,506,009	639,324,751	3,181,258	99%
Use of goods and services	495,678,535	(20,434,776)	475,243,759	469,132,565	6,111,194	99%
Subsidies						
Transfers to other government entities	100,000,000	0	100,000,000	104,205,898	(4,205,898)	
Other grants and transfers						
Social security benefits						
Acquisition of assets	15,140,975	(2,700,000)	12,440,975	12,019,565	421,410	97%
Finance costs						
Other payments						
<b>Total</b>	<b>1,232,890,743</b>	<b>(2,700,000)</b>	<b>1,230,190,743</b>	<b>1,224,682,779</b>	<b>5,507,964</b>	<b>99%</b>
<b>Surplus/ deficit</b>				<b>(4,205,859)</b>		

The changes between the original and final budget were as a result of reallocations within the budget.

The entity financial statements were approved on 23<sup>rd</sup> September 2024 and signed by:



.....  
**Name: Mr. Jacob M. Onkeo**  
**Clerk of the Assembly**



.....  
**Name: Ms. Selina Anne Onchangu**  
**Chief Finance Officer – County Assembly**  
**ICPAK Member Number: 32198**

County Government of Kisii  
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Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

**12B Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30<sup>th</sup> June 2024.**

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Receipts</b>						
Transfers from the CRF	224,491,231	(70,000,000)	154,491,231	37,153,144	117,338,087	24%
Proceeds from sale of assets						
Other receipts						
<b>Total</b>	<b>224,491,231</b>	<b>(70,000,000)</b>	<b>154,491,231</b>	<b>37,153,144</b>	<b>117,338,087</b>	<b>24%</b>
<b>Payments</b>						
Compensation of employees						
Use of goods and services						
Subsidies						
Transfers to other government entities						
Other grants and transfers						
Social security benefits						
Acquisition of assets	224,491,231	(70,000,000)	154,491,231	37,153,144	117,338,087	24%
Finance costs						
Other payments						
<b>Total</b>	<b>224,491,231</b>	<b>(70,000,000)</b>	<b>154,491,231</b>	<b>37,153,144</b>	<b>117,338,087</b>	<b>24%</b>
<b>Surplus/ deficit</b>						

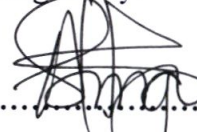
(a) The underutilization difference in Acquisition of Assets of 24% was due to Delay in disbursement of funds from National Treasury.

The changes between the original and final budget were as a result of reallocations within the budget.

The entity financial statements were approved on 23<sup>rd</sup> September 2024 and signed by:



.....  
**Name: Mr. Jacob M. Onkeo**  
**Clerk of the Assembly**



.....  
**Name: Ms. Selina Anne Onchangu**  
**Chief Finance Officer – County Assembly**  
**ICPAK Member Number: 32198**

Count Government of Kisii  
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13. Budget Execution By Programmes And Sub-Programmes

Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	% Budget utilization
	2024	2024	2024	2024	2024
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Programme 1</b>					
Management of County Assembly Affairs	912,866,779	1,600,000	914,466,779	907,346,963	99%
<b>Programme 2</b>					
County Assembly Service Board (Office of the Speaker) and Representation, Legislative and Oversight Services.	544,515,195	(71,600,000)	472,915,195	354,488,960	75%
<b>Total</b>	<b>1,457,381,974</b>	<b>(70,000,000)</b>	<b>1,387,381,974</b>	<b>1,261,835,923</b>	<b>91%</b>

#### **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 third party 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 some classes of receivables and payables as outlined above.

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

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

##### **2. Reporting entity**

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

##### **3. Recognition of receipts and payments**

###### **a) Recognition of receipts**

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

**Significant Accounting Policies (Continued)**

**i) Transfers from the Exchequer/ County Treasury**

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

**ii) Other Receipts**

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

**b) Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**iii) Acquisition of fixed assets**

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

**Significant Accounting Policies (Continued)**

**4. In-kind contributions**

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

**5. Third Party Payments**

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

**6. Cash and cash equivalents**

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

**7. Restriction on cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2024, this amounted to Kshs 7,182,910 compared to Kshs 9,192,546 in prior period as indicated on note 13A. There were no other restrictions on cash during the year.

**Significant Accounting Policies (Continued)**

**8. Imprests and Advances**

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

**9. Third party deposits and retention**

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

**10. Non-current assets**

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

**11. Pending bills**

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

## Significant Accounting Policies (Continued)

### 12. Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, 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.

**County Government of Kisii**  
**Kisii County Assembly**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.**

---

**Significant Accounting Policies (Continued)**

**14. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 22<sup>nd</sup> June 2023 for the period 1<sup>st</sup> July 2023 to 30 June 2024 as required by law. There was two(2) number of supplementary budgets passed in the year. A high-level assessment of the County Assemblies actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**15. Comparative figures**

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

**16. Subsequent events**

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

**17. Prior Period Adjustment**

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

**18. Related Party Transactions**

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

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

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

**15. Notes to the Financial Statements**

**1. Transfer From CRF**

	2023-2024	2022-2023
	Kshs	Kshs
Transfers from the county treasury for Q1	338,413,461	111,440,410
Transfers from the county treasury for Q2	360,897,883	239,493,908
Transfers from the county treasury for Q3	57,120,939	199,823,969
Transfers from the county treasury for Q4	501,197,781	766,036,184
<b>Cumulative amount</b>	<b>1,257,630,064</b>	<b>1,316,794,471</b>

**2. Proceeds From Sale of Assets**

	2023-2024	2022-2023
	Kshs	Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from the Sale Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from the Sale of Strategic Reserves Stocks		
Receipts from the Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
<b>Total</b>		

County Government of Kisii  
 Kisii County Assembly  
 Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

Notes to the Financial Statements

3. Miscellaneous receipts

	2023-2024	2022-2023
Insurance Recoveries		
Other receipts (specify)*		
<b>Total</b>		

4. Compensation Of Employees

	2023-2024	2022-2023
	Kshs	Kshs
Basic salaries of permanent employees	244,903,774	232,374,542
Basic wages of temporary employees	78,576,274	64,017,909
Personal allowances paid as part of salary	236,991,191	319,990,156
Personal allowances paid as reimbursements	9,423,990	10,442,100
Personal allowances provided in kind		
Employer contribution to compulsory national social schemes	69,429,552	104,748,057
Employer contribution to compulsory national health insurance schemes		
Pension and other social security contributions		
Social benefit schemes outside government		
Other personnel payments		
<b>Total</b>	<b>639,324,751</b>	<b>731,572,764</b>

Notes To The Financial Statements (Continued)

5. Use Of Goods And Services

	2023-2024	2022-2023
	Kshs	Kshs
Utilities, supplies and services	1,403,832	746,276
Communication, supplies and services	2,027,570	1,890,510
Domestic travel and subsistence	224,636,768	140,830,675
Foreign travel and subsistence	27,238,441	23,598,990
Printing, advertising and information supplies & services	2,343,900	2,174,382
Rentals of produced assets	1,522,080	892,420
Training expenses	11,992,142	12,084,164
Hospitality supplies and services	55,072,800	55,471,813
Insurance costs	51,748,501	48,981,978
Specialized materials and services	4,364,940	4,823,700
Office and general supplies and services	28,678,650	36,917,453
Fuel, oil and lubricants	6,896,240	3,998,774
Other operating expenses	42,593,566	51,927,098
Routine maintenance – vehicles and other transport equipment	2,617,475	2,004,770
Routine maintenance – other assets	5,995,660	5,029,885
<b>Total</b>	<b>469,132,565</b>	<b>391,372,888</b>

County Government of Kisii  
 Kisii County Assembly  
 Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

Notes To The Financial Statements (Continued)

6. Subsidies

Description	2023-2024	2022-2023
	Kshs	Kshs
Subsidies To County Corporations		
<i>See List Attached</i>		
(Insert Name)		
Subsidies To Private Enterprises		
<i>See List Attached</i>		
(Insert Name)		
<b>Total</b>		

7. Transfers To Other Government Entities

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Transfers to national government entities</b>	4,205,898	100,000,050
<b>Transfers to other county assembly entities</b>		
Car loan scheme fund	100,000,000	
Mortgage scheme/fund		
Others (insert name of budget agency)		
<b>Total</b>	<b>104,205,898</b>	<b>100,000,050</b>

Notes To The Financial Statements (Continued)

8. Acquisition Of Assets

<u>Non- financial assets</u>	2023-2024	2022-2023
	Kshs	Kshs
Purchase of buildings		
Construction of buildings	24,490,878	45,629,148
Refurbishment of buildings		
Construction of roads		
Construction and civil works	12,662,266	
Overhaul and refurbishment of construction and civil works		
Purchase of vehicles and other transport equipment		16,270,000
Overhaul of vehicles and other transport equipment		
Purchase of household furniture and institutional equipment		
Purchase of office furniture and general equipment	12,019,565	9,712,312
Purchase of specialized plant, equipment and machinery		18,031,461
Rehabilitation and renovation of plant, machinery and equip.		
Purchase of certified seeds, breeding stock and live animals		
Research, studies, project preparation, design & supervision		
Rehabilitation of civil works		
Acquisition of strategic stocks and commodities		
Acquisition of land		
Acquisition of intangible assets		
<b>Total acquisition of non- financial assets</b>	<b>49,172,709</b>	<b>89,642,921</b>
<u>Financial assets</u>		
Domestic public non-financial enterprises		
Domestic public financial institutions		
<b>Total acquisition of financial assets</b>		
<b>Total acquisition of assets</b>	<b>49,172,709</b>	<b>89,642,921</b>

County Government of Kisii  
 Kisii County Assembly  
 Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024.

Notes To The Financial Statements (Continued)

9. Cash And Bank Balances

13A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2023-2024	2022-2023
			Kshs	Kshs
Central Bank of Kenya (Kshs.)	1000291168	Development	3	0
Central Bank of Kenya (Kshs.)	1000241373	Recurrent	36	4,205,898
Central Bank of Kenya (Kshs.)	1000387505	Deposit	8,701,962	4,986,647
<b>Total</b>			<b>8,702,001</b>	<b>9,192,546</b>

13B. Cash In Hand

	2023-2024	2022-2023
	Kshs	Kshs
Cash In Hand – Held In Domestic Currency		
Cash In Hand – Held In Foreign Currency		
<b>Total</b>		

**10. Third Party Deposits and Advances**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Deposits	8,701,962		4,986,647	
Retentions				
<b>Total</b>	<b>8,701,962</b>		<b>4,986,647</b>	
Ageing analysis (third party deposits and advances)	2023-2024	% of the Total	Comparative FY	% of the Total
Under one year				
1-2 years				
2-3 years				
Over 3 years				
<b>Total (tie to above total)</b>				

**11. Fund Balance Brought Forward**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Bank Accounts	4,205,898		19,923,783	
Cash In Hand				
Imprests and advances				
Third party deposits and retentions	(4,986,647)		0	
<b>Total</b>	<b>(780,749)</b>		<b>19,923,783</b>	

County Government of Kisii  
 Kisii County Assembly  
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**12. Prior Year Adjustments**

	Balance b/f from Comparative 2022-2023 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f For Comparative 2023-2024
Description Of The Error	Kshs	Kshs	Kshs
Bank Account Balances			
Cash In Hand			
Imprests and advances			
Third party deposits and retention			
Others ( <i>Specify</i> )			

(prior period adjustment applies to the correction of an error in the financial statements of a prior period. *Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.*)

**13. Changes In Imprests and Advances**

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening Imprests and Advances As At 1 <sup>st</sup> July 20xx		
Closing Imprests and Advances As At 30 <sup>th</sup> June 20xx		
Change In Imprests and Advances		

**14. Changes in Third-Party Deposits and Retentions**

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening Third Party Deposits and Retention As At 1 <sup>st</sup> July 2023	4,986,647	19,923,733
Closing Third Party Deposits and Retention As At 30 <sup>th</sup> June 2024	8,701,962	4,986,647
Change In Third Party Deposits and Retention	<b>3,715,315</b>	<b>14,937,086</b>

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Notes To The Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f 2022-2023	Additions for the year	Paid during the year	2023-2024
Description	Kshs	Kshs	Kshs	Kshs
Construction Of Buildings	62,841,647	22,051,395	(35,089,728)	49,803,314
Construction Of Civil Works	1,778,418	5,608,600	(1,778,418)	5,608,600
Supply Of Goods	2,400,000	0	(2,000,000)	400,000
Supply Of Services	6,165,330	921,840	(5,931,950)	1,155,210
<b>Total</b>	<b>73,185,395</b>	<b>28,581,835</b>	<b>(44,780,106)</b>	<b>56,967,124</b>

2. Pending Staff Payables (See Annex 2)

	Balance b/f Insert Comparative FY	Additions for the year	Paid during the year	Balance c/f (insert current FY)
Description	Kshs	Kshs	Kshs	Kshs
Senior Management				
Middle Management				
Unionisable Employees				
Others				
<b>Total</b>				

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**3. 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.

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**Related party transactions:**

	2023-2024	2022-2023
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	282,872,628	223,468,467
Key Management Compensation (Clerk and Heads of departments)	98,678,170	61,871,858
<b>Total Compensation to Key Management</b>	<b>381,550,798</b>	<b>285,340,325</b>
<b><u>Transfers to related parties</u></b>		
Transfers to other County Government Entities such as car and mortgage schemes	100,000,000	0
Transfers to other entities under the Assembly		
<b>Total Transfers to related parties</b>	<b>100,000,000</b>	<b>0</b>
<b><u>Transfers from related parties</u></b>		
Transfers from the CRF	1,257,630,064	1,316,794,471
Payments made on behalf of the County Assembly by other Government Agencies		
(Insert any other transfers received)		
<b>Total Transfers from related parties</b>	<b>1,257,630,064</b>	<b>1,316,794,471</b>

**4. Contingent Liabilities**

<b>Contingent liabilities</b>	2023-2024	2022-2023
	Kshs	Kshs
Court case xxx against the entity		
Bank guarantees in favour of subsidiary		
contingent liabilities arising from PPPs		
<b>Total</b>		

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**5. 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.	<p><b>REPORT ON FINANCIAL STATEMENTS</b></p> <p>Unsupported Car Reimbursement to the Members of the County Assembly</p>	<p>The statement of receipt and payments reflects compensation of employees’ amount of <b>Kshs. 731,572,764</b> which, as disclosed in Note 4 to the financial statements, includes personal allowances paid as part of salary amount of <b>Kshs. 319,990,156</b> out of which, <b>Kshs. 154,840,000</b> was paid as Car reimbursement to the Members of County Assembly MCAs.</p> <p>The salaries and Remuneration Commission conferred a motor vehicle reimbursement benefit to members of County assemblies that was gazetted on 17<sup>th</sup> July 2022 and later clarified vide circular No. <b>SRC/T3/35(77)</b> of <b>December 2022</b></p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>The controller of budget issued guidelines for the withdrawal of funds for the MCAs motor vehicle reimbursement benefit vide circular <b>Ref. OCOB/CIR/002/VOL.II(21)</b> dated <b>25<sup>th</sup> May 2023</b>.</p> <p>The County Assembly was further guided by those requirements in applying for the <b>Ksh. 157,052,000</b> from the exchequer.</p>		
2.	Budgetary Control and Performance	<p>The under-funding and under-expenditure of the budget was due to underutilization of the development budget. The Assembly had planned to utilize <b>Kshs. 219,350,465</b> for development projects in the FY 2022/23 but only <b>Kshs. 45,629,148 (21%)</b> was absorbed.</p>	Unresolved	
3.	Pending Bills	<p><b>Note 1.</b> To the financial statements on pending accounts payable, under disclosures reflect</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>a balance brought forward of <b>Kshs. 28,136,619</b>. Out of the balance of <b>Kshs. 28,136,619</b> carried forward from the previous financial year, <b>Kshs. 25,812,149</b> was paid during the year under review. The balance of <b>Kshs. 2,324,470</b> was not paid due to budgetary constraints during the year under review.</p> <p>The County Assembly does not owe Kenya Revenue Authority <b>Kshs. 358,338,085</b> as indicated in the report. The amount stated was a subject of reconciliation between the Kisii County Assembly and Kenya Revenue Authority which is currently being done.</p>		
1.	<p><b>OTHER MATTERS</b></p> <p>Prior Year Unresolved Issues</p>	<p>The report of the Auditor General for the financial year 2021/22 raised 10 issues that needed to be addressed by management. As at the time of audit the outstanding</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		<p>issues had not been resolved. However, the county assembly appeared before the Senate Public Accounts Committee on Monday 20<sup>th</sup> November 2023 where the issues were discussed. The Senate is expected to release a report on its findings for further reference by the County Assembly.</p>		
1.	<p><b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b></p> <p>Irregular Employment of Ward Staff</p>	<p>The Salaries and Remuneration Commission allows members of the County Assembly to be established by three (3) partisan staff at their ward offices. Since this employees are majorly recruited to serve at the local (ward) levels, the members are given an opportunity to provide input in their selection. It is true that employment contracts were executed between the ward staff and members of the County Assembly. However the board later ratified the contracts signed</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		between ward employees and their respective MCAs.		
2.	Irregular Payments of Benefits to the Suspended County Assembly Clerk	On 24 <sup>th</sup> August 2022 the County Assembly Clerk was suspended from duty by the Speaker/ Chairman, Kisii County Assembly Service Board. The Clerk thereafter proceeded to the Employment and Labor relations court in Kisumu to challenge his suspension. The matter escalated to the court of Appeal. In its ruling, the Court of Appeal ordered that, the Clerk remained on suspension on the terms of the initial suspension pending hearing and determination of the intended appeal. This order made the County Assembly to adhere to the terms of the letter of suspension by the Speaker which includes payment of full salary to the suspended clerk.	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	Non-Compliance with Law on Ethnic Composition	<p>The Management acknowledges that the Kisii County Assembly staff composition is made up of members of the dominant ethnic community in the County.</p> <p>However, out of the <b>355</b> employees, <b>71</b> are MCAs while <b>213</b> are ward office staff on contract and are mainly recruited by Member of County Assembly from their ward of origin. The remaining <b>141</b> were recruited by the Kisii County Assembly Service Board and others inherited from the defunct Municipal Council.</p> <p>However, the Management has taken note of the auditors' recommendations and shall endeavour to correct the situation in future appointments.</p>	Unresolved	
4.	Delayed Construction of Ward Office at Bogiakumu	The contract agreement for the tender awarded to M/S Worldmax Holdings (k) limited towards the construction of Bogiakumu ward	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		office at a contract sum of <b>Kshs. 7,350,465</b> was executed on <b>24/01/2019</b> . The project had an expected completion date of <b>02/02/2022</b> . However, due to <b>Covid 19</b> , the contractor sought for extension of time to complete the project. By the time of audit, the external works and painting had not been done.		
5.	Construction of Official Residence of the Speaker	The County Assembly advertised, processed and awarded a tender to construct official Speakers residence to <b>M/S Dreamtech Enterprises Ltd</b> at a contract sum of <b>Kshs. 32,970,110</b> on <b>29/06/2023</b> . The County Assembly requested for land allocation from the County Executive Committee Member (CECM) Land, Physical Planning and Housing and Urban Development. The CECM allocated land for the purpose via a letter referenced	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><b>KSI/CECM/LPPH&amp;UD/VCL.1/16/23</b> dated <b>5<sup>th</sup> March, 2023</b>.</p> <p>This land was disputed by the locals.</p> <p>A new site was identified at the Kenya Research Institute (KARI) area and the Contractor was handed over the new site on <b>16/08/2023</b>. The construction work is progressing on well.</p>		
1.	<p><b>REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b></p> <p>Lack of Approved Risk Management Policy</p>	<p>The management has developed the Risk Management Policy, which is in its final draft form awaiting approval by the County Assembly Service Board.</p>	Unresolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	Lack of ICT Policies, Plans and Procedures	A draft ICT Policy has since been formulated by management awaiting approval by the County Assembly Service Board.	Unresolved	
3.	Failure to Tag Assets	<p>The management has always endeavoured to tag its assets as and when they are acquired and recorded in the Asset Register. However, during the time of audit review in July 2023, some of the assets had not been tagged and updated in the asset register because they were newly acquired and the process of tagging was ongoing. They have since been tagged.</p> <p>The County Assembly Service Board is committed to acquiring a digital Asset Management System to improve on entire process of asset management by providing funds in the forward budget.</p>	Unresolved	

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;

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- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....  
**Clerk of the County Assembly**

**Date: 23<sup>rd</sup> September 2024**

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**16. Annexes**

**Annex 1 – Analysis of Pending Accounts Payable**

<b>Supplier of Goods or Services</b>	<b>Date invoiced/contracted</b>	<b>Particulars</b>	<b>Original Amount</b>	<b>Balance at the beginning of the year</b>	<b>Addition During the year</b>	<b>Amount paid During the year</b>	<b>Outstanding Balance</b>
			a	b	c	d=a+b-c	
<b>Construction Of Buildings</b>							
1. Worldmax Holdings (k) Limited	20/12/2021	Proposed Renovations, Furnishing and Alteration to Kisii County Assembly Chambers		17,946,513	0	0	17,946,513
2. Worldmax Holdings (k) Limited	04/02/2023	Proposed Construction of Ward Offices in Bogiakumu		1,346,176	0	0	1,346,176
3. Dreamtech Enterprises Limited	29/02/2023	Kisii County Speakers Official Residence		32,970,110	0	24,490,880	8,479,230
4. Worldmax Holdings (k) Limited	29/02/2023	Proposed Construction of Ward Offices at Boikanga,Boochi and Ibeno (Multi Year Project)		0	22,051,395	0	22,051,395
5. Jebrive Investments	29/05/2023	Construction of Reinforced Underground Water Tank		10,578,848	0	10,578,848	0
<b>Sub-Total</b>				<b>62,841,647</b>	<b>22,051,395</b>	<b>35,069,728</b>	<b>49,823,314</b>
<b>Construction Of Civil Works</b>							
6. Ripple Tech Engineering Limited	14/06/2024	Installation of Solar Based Power Backup		0	5,608,600	0	5,608,600

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Supplier of Goods or Services	Date invoiced/ contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
7. JN Investments	28/03/2023	Renovation of Kisii County Assembly Block A and B		1,778,418	0	1,778,418	0
<b>Sub-Total</b>				<b>1,778,418</b>	<b>5,608,600</b>	<b>1,778,418</b>	<b>5,608,600</b>
<b>Supply Of Goods</b>							
8. Sputter International	07/12/2021	Supply of ICT Equipment		400,000	0	0	400,000
9. Kegochi Company LTD		Supply and Installation of Automatic Voltage Stabilizer		2,000,000	0	2,000,000	0
<b>Sub-Total</b>				<b>2,400,000</b>	<b>0</b>	<b>2,000,000</b>	<b>400,000</b>
<b>Supply Of Services</b>							
10. Kika Hotel	15/01/2021	Supply of Hotel and Conference Facility		580,000	0	580,000	0
11. Kika Hotel	03/05/2022	Supply of Hotel and Conference Facility		262,500	0	262,500	0
12. Best Western Hotel (Mweru Holdings)		Supply of Hotel and Conference Facility		1,320,000	0	1,320,000	0
13. West Wood Hotel	14/06/2024	Supply of Hotel and Conference Facility		0	720,000	0	720,000
14. The Standard Group Limited	24/03/2021	Provision of Advertisement Space		99,970	0	0	99,970
15. The Standard Group Limited	14/09/2021	Provision of Advertisement Space		133,400	0	0	133,400
16. The Standard Group Limited	22/04/2024	Provision of Advertisement Space		0	68,440	0	68,440

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<b>Supplier of Goods or Services</b>	<b>Date invoiced/contracted</b>	<b>Particulars</b>	<b>Original Amount</b>	<b>Balance at the beginning of the year</b>	<b>Addition During the year</b>	<b>Amount paid During the year</b>	<b>Outstanding Balance</b>
17. The Standard Group Limited	07/03/2024	Provision of Advertisement Space		0	133,400	0	133,400
18. African Touch Safaris	20/07/2017	Provision of Air Ticketing Services		1,111,100	0	1,111,100	0
19. African Touch Safaris		Provision of Air Ticketing Services		1,405,500	0	1,405,500	0
20. African Touch Safaris		Provision of Air Ticketing Services		612,000	0	612,000	0
21. Nation Media Group		Provision of Advertisement Space		142,680	0	142,680	0
22. Nation Media Group		Provision of Advertisement Space		142,680	0	142,680	0
23. Nation Media Group		Provision of Advertisement Space		142,680	0	142,680	0
24. Nation Media Group		Provision of Advertisement Space		212,820	0	212,820	0
<b>Sub-Total</b>				<b>6,165,330</b>	<b>921,840</b>	<b>5,931,960</b>	<b>1,155,210</b>
<b>Grand Total</b>				<b>73,185,395</b>	<b>28,581,835</b>	<b>44,780,106</b>	<b>56,987,124</b>
Note: Pending bills comprise goods and services rendered and invoiced but not yet settled as at the end of the year.							

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Annex 2 – Summary of Non-Current Asset Register

Asset class	Historical Cost b/f (Kshs) 2022-2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2024-2025
Land					
Buildings and structures	427,615,672	37,153,144			464,768,816
Transport equipment	66,520,190				66,520,190
Office equipment, furniture and fittings	71,248,300	12,019,565			83,267,865
ICT equipment	28,169,107				28,169,107
Machinery and equipment	46,169,786				46,169,786
Biological assets					
Infrastructure assets					
Heritage and cultural assets					
Intangible assets					
Work in progress					
<b>Total</b>	<b>639,723,055</b>	<b>49,172,709</b>			<b>688,895,764</b>