

REPUBLIC OF KENYA



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COMMITTEE	-
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**REPORT**

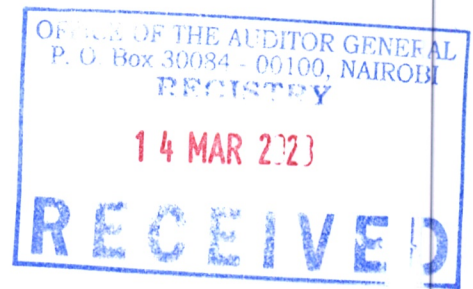
**OF**

**THE AUDITOR-GENERAL**

**ON**

**MIGORI COUNTY ASSEMBLY CAR LOAN  
AND MORTGAGE FUND**

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



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**MIGORI COUNTY ASSEMBLY  
CAR LOAN AND MORTGAGE FUND**

**AMMENDED REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

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**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Migori County Assembly Car Loan and Mortgage Board was established in the year 2014 by an act of Migori County Assembly.

The Car Loan and Mortgage board was to establish a fund for financing Car Loan and Mortgages to Honourable members of Migori County Assembly as well as staff of Migori County Assembly as per the SRC Circular.

**(b) Key Management**

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

No.	Designation	Name
1.	The Speaker;	- <b>Hon Boaz Owiti Okoth</b>
2.	The County Assembly Service Board;	- Hon Boaz Owiti Okoth-Chair CASB - Hon Nicholas Ngabia Rioba- Vice Chair CASB - Hon Brian Osodo- Member CASB - Hon Mereza Akell- Member CASB - Mr Clifford Jobando- Member CASB - Ag Clerk- Vincesia Awino – Secretary CASB
3.	The Clerk; and	- Ag Clerk- Vincesia Awino – Secretary CASB
4.	Heads of Departments	- Rayler Maeri Ochola – Ag. Finance Dept. - Beryl pendo Mauko – Audit Dept.

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer- Clerk	- <b>Ag Clerk- Vincesia Awino – Secretary CASB</b>
2.	Principal Finance Officer	<b>Ag. PFO – Rayler Maeri Ochola</b>

**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**(d) Fiduciary Oversight Arrangements**

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- Internal Auditor - **Beryl Pendo Mauko**
- Migori County Assembly Finance committee.
- Migori County Assembly CPIAC

**(e) Migori County Assembly Headquarters**

(f) P.O. Box 985-40400 Suna-Kenya

(g) ISOLATED BUILDING

(h) Migori Level 4 hospital-Highway

**NAIROBI, KENYA**

**(i) Migori County Assembly Contacts**

Telephone: (254) 0720801559

E-mail: [www.migorica.go.ke](http://www.migorica.go.ke)

Website: [www.migoricountyassembly.go.ke](http://www.migoricountyassembly.go.ke)

**(j) Migori County Assembly Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. KCB Bank(K) ltd  
Migori Branch

**(k) Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

**NAIROBI, KENYA**

**(l) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

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**2. FORWARD BY THE CLERK OF THE ASSEMBLY**

**2.1 Budget performance**

During the Financial Year ended 30<sup>th</sup> June 2022, Migori County Assembly's Car Loan & Mortgage Board did not have a budget estimate, all transfers to DTB bank loan & Mortgage account were check off loans recoveries for the financial year.

**2.2 Operational Performance**

Day to Day operations of the account was primarily check off recoveries from Migori County Assembly operations account.

**2.3 Performance of key development projects**

N/A

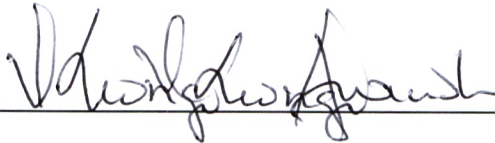
**2.4 Comment on value-for-money achievements**

The recurrent absorption process was procedural during the financial year as per the operational achievements hence value for money.

**2.5 Challenges and Recommended Way Forward**

The key challenges during the financial year were;  
Non-funding of the revolving fund at DTB to meet the fund requirements  
Bank Charges, penalties on revolving fund account

Sign: \_\_\_\_\_



Name: \_\_\_\_\_

Clerk of the County Assembly

### **3. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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

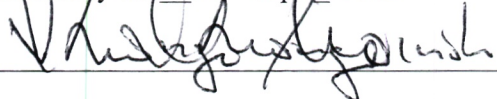
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial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

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

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### **Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 30<sup>th</sup> Sept 2022

  
\_\_\_\_\_

Name: \_\_\_\_\_

**Clerk of the County Assembly**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2022**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Adverse Opinion**

I have audited the accompanying financial statements of Migori County Assembly Car Loan and Mortgage Fund set out on pages 1 to 17, which comprise of the statement of financial assets and liabilities as 30 June, 2022 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

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*Report of the Auditor-General on Migori County Assembly Car Loan and Mortgage Fund for the year ended 30 June, 2022*

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Migori County Assembly Car Loan and Mortgage Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Migori County Assembly Car Loan and Mortgage Fund Act, 2014 and the Public Finance Management Act, 2012.

## **Basis for Adverse Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the financial statements of the Fund revealed the following inaccuracies:

- i. The statement of financial performance reflects a deficit of Kshs.180 whereas the statement of changes in net assets indicates a deficit of Kshs.68,825,504 leading to an unexplained and unreconciled variance of Kshs.68,825,324.
- ii. Notes 1 to 8 as reflected in the financial statements are not aligned to the corresponding Notes to the financial statements.
- iii. The proceeds from loan principal repayment of Kshs.8,080,335 have not been incorporated in the statement of financial performance

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

### **2. Cash and Cash Equivalents**

#### **2.1. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.40,255,156 as disclosed in Note 6(A) to the financial statements. However, Management did not provide the cash book, bank reconciliation statements and the bank confirmation certificates.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.40,255,156 as at 30 June, 2022 could not be confirmed.

#### **2.2. Undisclosed Funds Transfers**

Review of the bank statements for the Fund revealed that there were funds transfers amounting to Kshs.76,898,578 comprising of an amount of Kshs.53,646,893 described as Members of County Assembly (MCA) loans and the balance of Kshs.23,251,685 described as loan repayments.

However, the Fund's cash book was not provided and it was not possible to confirm if the transfers were recorded therein as required by regulations and they have not been explained or supported by any appropriate documentation. In addition, no borrowings

from external parties were disclosed in the financial statements to warrant loan repayments from the Fund's bank accounts.

In the circumstances, the propriety, accuracy and completeness of the funds transfer amounting to Kshs.76,898,578 for the year ended 30 June, 2022 could not be confirmed.

### **3.0 Unsupported Current Portion of Long-Term Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.76,905,840 as disclosed in Note 1 to the financial statements. However, Management did not provide the supporting amortization schedule on the reported balance.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange balance of Kshs.76,905,840 as at 30 June, 2022 could not be confirmed.

### **4.0 Unsupported Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.76,905,840. However, Management did not provide the supporting schedule for the balance.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.76,905,840 as at 30 June, 2022 could not be confirmed.

### **5.0 Unsupported Cash Flows from Investing Activities**

The statement of cash flows reflects proceeds from loan principal repayments of Kshs.8,080,335 and loan disbursements paid out amounting to Kshs.76,905,840 under cashflow from investing activities. However, the balances were not supported with schedules and other relevant documentation to show the source of the loan repayments and beneficiaries of the loan disbursements.

In the circumstances, the accuracy and completeness of the net cash flows from investing activities amounting to Kshs.68,825,504 for the year ended 30 June, 2022 could not be confirmed.

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

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year matters**

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

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

#### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matter discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

#### **Lack of an Approved Budget**

Review of the Migori County Assembly Car Loan and Mortgage Fund statement of comparison of budget and actual amount for the period ended 30 June, 2021 revealed that the Fund did not have an approved budget contrary to the provision of Regulation 31(a) of the Public Finance Management Regulations (County Governments), 2015 which requires that all revenue and expenditure to be entered in the budget estimates.

In the circumstances, the Fund Management was in breach of the regulations.

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as Management determines is necessary to enable

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*Report of the Auditor-General on the Migori County Assembly Car Loan and Mortgage Fund for the year ended 30 June, 2022*

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 overall governance.

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



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

**Nairobi**

**19 April, 2023**

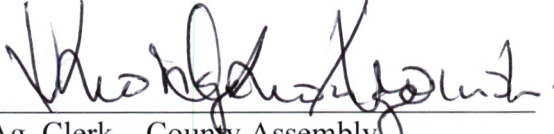
**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

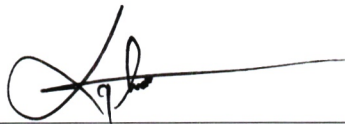
**5. FINANCIAL STATEMENTS**

**5.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>TH</sup>JUNE 2021**

		<b>2021/2022</b>	<b>2020/2021</b>
	<b>Note</b>	<b>KShs</b>	<b>KShs</b>
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1		
Transfers from the County Treasury/Exchequer Releases (Development)	2		
Other Receipts (Recurrent)	3		
<b>TOTAL RECEIPTS</b>			
<b>PAYMENTS</b>			
Fund Administration expenses	4		
General Expenses	5		
Finance Costs	7	180	5,676
Other Payments	8		29,844,317
<b>TOTAL PAYMENTS</b>			
		<b>180</b>	<b>29,849,993</b>
<b>SURPLUS/DEFICIT</b>			
		<b>(180)</b>	<b>(29,849,993)</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on \_\_30<sup>th</sup> Sept \_ 2022 and signed by:

  
\_\_\_\_\_  
Ag. Clerk – County Assembly  
Assembly  
Name: Vincensia Awino Kionge

  
\_\_\_\_\_  
Ag. Principal Finance Officer – County  
Name: Rayler Maeri Ochola

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

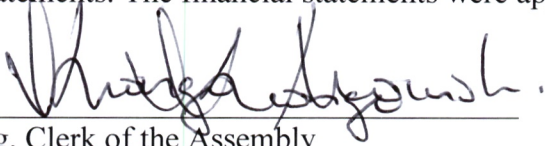
**5.1. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2022**

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	40,255,156	109,080,660
Current portion of long term Receivables from exchange transactions		76,905,840	
Prepayments			
Inventories			
<b>Non-current assets</b>			
Property, plant and equipment			
Intangible leases			
Long term receivables from exchange transactions			
<b>Total Assets</b>		<b>117,160,996</b>	<b>109,080,660</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions		76,905,840	
Provisions			
Current portion of borrowings			
Employee benefit obligations			
<b>Non-current liabilities</b>			
Non-current employee benefit obligation			
Long term portion of borrowings			
<b>Total liabilities</b>		76,905,840	
<b>Net assets</b>		<b>40,255,156</b>	<b>109,080,660</b>
Revolving Fund		109,080,993	138,930,653
Reserves			
Accumulated surplus		(68,825,504)	(29,849,993)
<b>Total Net Assets</b>		<b>40,255,156</b>	<b>109,080,660</b>

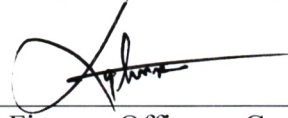
**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

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The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on \_\_30<sup>th</sup> Sept \_2022 and signed by:



Ag. Clerk of the Assembly  
Name: Vincensia Awino Kionge



Ag. Principal Finance Officer – County Assembly  
Name: Rayler Maeri Ochola

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
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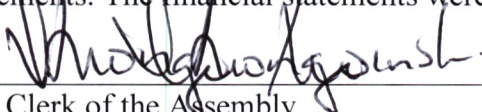
**5.2. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

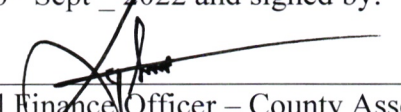
		<b>2021/2022</b>	<b>2020/2021</b>
	<b>No te</b>	<b>KShs</b>	<b>KShs</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases -Recurrent	1		
Transfers from the County Treasury/Exchequer - Development	2		
Other Receipts	3		
<b>Payments for operating expenses</b>			
Fund administration expenses	4		
General expenses	5		
Finance cost	7	180	5,676
Other Payments	8		29,844,317
<b>Adjusted for:</b>			
Adjustments during the year			7,533,576
<b>Net cash flows from operating activities</b>		<b>(180)</b>	<b>(22,310,417)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6		
Purchase of property, plant, equipment and intangible assets			
Proceeds from loan principal repayments		8,080,335	
Loan disbursements paid out		(76,905,840)	
<b>Net cash flows from investing activities</b>		<b>68,825,504</b>	
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
<b>Net cash flows used in financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(68,825,504)</b>	<b>(22,310,417)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>109,080,660</b>	<b>131,391,077</b>
<b>Cash and cash equivalent at END of the year</b>		<b>40,255,156</b>	<b>109,080,660</b>

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June, 2022**

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The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> Sept 2022 and signed by:

  
\_\_\_\_\_  
Ag. Clerk of the Assembly  
Name: Vincensia Awino Kionge

  
\_\_\_\_\_  
Ag. Principal Finance Officer – County Assembly  
Name: Rayler Maeri Ochola

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
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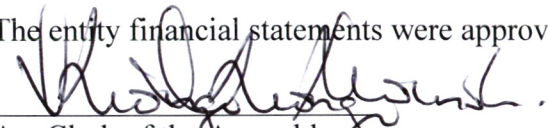
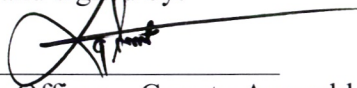
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**5.4 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30JUNE  
2022**

	<b>Revolving Fund</b>	<b>Revaluation Reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2020</b>	138,930,653			138,930,653
Surplus/(deficit) for the period	(29,849,993)			(29,849,993)
Funds received during the year				
Revaluation gain				
<b>Balance sat 30 June 2021</b>	<b>109,080,660</b>			<b>109,080,660</b>
<b>Balance as at 1 July 2021</b>	<b>109,080,660</b>			<b>109,080,660</b>
Surplus/(deficit) for the period	(68,825,504)			(68,825,504)
Funds received during the year				
Revaluation gain				
<b>Balances at 30 June 2022</b>	<b>40,255,156</b>			<b>40,255,156</b>

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND****Reports and Financial Statements****For the year ended 30<sup>th</sup> June, 2022****1.1. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% utilization</b>
	<b>2021/2022</b>	<b>2021/2022</b>	<b>2021/2022</b>	<b>2021/2022</b>	<b>2021/2022</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
<b>Revenue</b>						
Public contributions and donations	0	0	0	0	0	
Transfers from County Govt.	0	0	0	0	0	
Interest income	0	0	0	0	0	0
Other income						
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
Fund administration expenses		0				%
General expenses						
Finance cost				180		100
<b>Total expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>180</b>	<b>0</b>	<b>0</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(180)</b>	<b>0</b>	<b>0</b>

The entity financial statements were approved on 30<sup>th</sup> Sept 2022 and signed by:  
Ag. Clerk of the Assembly  
Name: Vincensia Awino Kionge  
Ag. Principal Finance Officer – County Assembly  
Name: Rayler Maeri Ochola

## **5.5 SIGNIFICANT ACCOUNTING POLICIES**

The principle 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 imperests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

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

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

### **2. Reporting entity**

The financial statements are for the Migori 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**4. In-kind contributions**

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

## **MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**

### **Reports and Financial Statements**

**For the year ended 30<sup>Th</sup> June, 2022**

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#### **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **5. Cash and cash equivalents**

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

##### **Restriction on cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits.

##### **6. Accounts Receivable**

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.

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**7. Accounts Payable**

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.

**8. 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.

**9. Pending bills**

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

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**10. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Migori County Assembly's budget was approved as required by Law.

**11. Comparative figures**

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

**12. 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.

**13. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**14. Related party transactions**

Related party transactions involve cash and in-kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
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**5.6 NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from the County Treasury/Exchequer Releases**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from the County Treasury for Q1		
Transfers from the County Treasury for Q2		
Transfers from the County Treasury for Q3		
Transfers from the County Treasury for Q4		
<b>Cumulative Amount</b>		

**2. COMPENSATION OF EMPLOYEES**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Payroll Expenses (Net salaries, statutory deductions, other allowances for permanent employees, Temporary employee wages, statutory deductions etc)		
Basic Salaries-civil service and MCAs		
Sitting Allowances MCAs		
House allowance Civil service		
Special Duty allowances		
Responsibility allowances MCAs		
Pension and other social security contributions		
Transport Allowances Civil service and MCAs		
Extraneous allowances		
Basic Salaries-temporary staff		
Telephone allowances		
<b>Total</b>		

**3. FUND ADMINISTRATION EXPENSES**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Shortfall recovery		
Communication, supplies and services		
Domestic travel and subsistence		

**MIGORI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND**  
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Foreign travel and subsistence		
Printing, advertising and information supplies & services, Newspapers and Periodicals		
Rentals of produced assets		
Travel Allowances/Training expenses		
Hospitality supplies and services		
Sanitary and cleaning expenses		
Insurance costs		
Membership Fees & Dues, Legal Fees & Contracted Professional Services		
Education and Library Activities		
Legal fees and dues		
Contracted Guard Allowances		
General Operating Expenses		
Fuels and Lubricants		
Other Operating Expenses		
Routine maintenance – vehicles and other transport equipment		
Non-residential buildings – General Office Supplies		
Non-residential buildings – Catering Services		
Gratuity		
Routine maintenance – Plant and Equipment		
Routine maintenance – Office Furniture		
Routine maintenance – Computers, Printers and Accessories		
<b>Total</b>		

**4. FINANCE COSTS**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank Charges		
Exchange Rate Losses		
Ledger Fees		5,676
Excise duty & other interest fees		29,844,317
<b>Total</b>		<b>29,849,993</b>

**5. OTHER PAYMENTS**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Car Loan & Mortgage Revolving Fund-car grant	-	

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Civil Contingency Reserves		
Capital Transfers to Non-Financial Public Enterprises		
Capital Transfer to Public Financial Institutions and Enterprises		
Capital Transfer to Private Non-Financial Enterprises		
Other expenses		
Pending Bills		
<b>Total</b>		-

**6. CASH AND BANK BALANCES**

**6A. BANK BALANCES**

<b>Name of Bank, Account No. &amp; Currency</b>	<b>Indicated whether recurrent or development</b>	<b>2021/2022</b>	<b>2020/2021</b>
		<b>KShs</b>	<b>KShs</b>
<i>Bank Balances B/F</i>			
<i>DTB – Car Loan &amp; Mortgage</i>	Deposits Acc	40,255,155	109,080,660
<i>CBK Migori County Assembly</i>	Recurrent Acc		
<i>Migori County Assembly Operation II</i>	Commercial Bank Accs.		
<b>Total</b>		<b>40,255,155</b>	<b>109,080,660</b>

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**OTHER DISCLOSURES**

**1. PENDING ACCOUNTS RECEIVABLE**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Loan Repayment Due	<b>76,905,840</b>	<b>7,539,576</b>
Clearance Accounts		
Staff advances		
<b>Total</b>		<b>7,539,576</b>

**2. BORROWINGS**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Bal. B/f		
Borrowings		
<b>Total</b>		