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*Enhancing Accountability*

# REPORT

OF

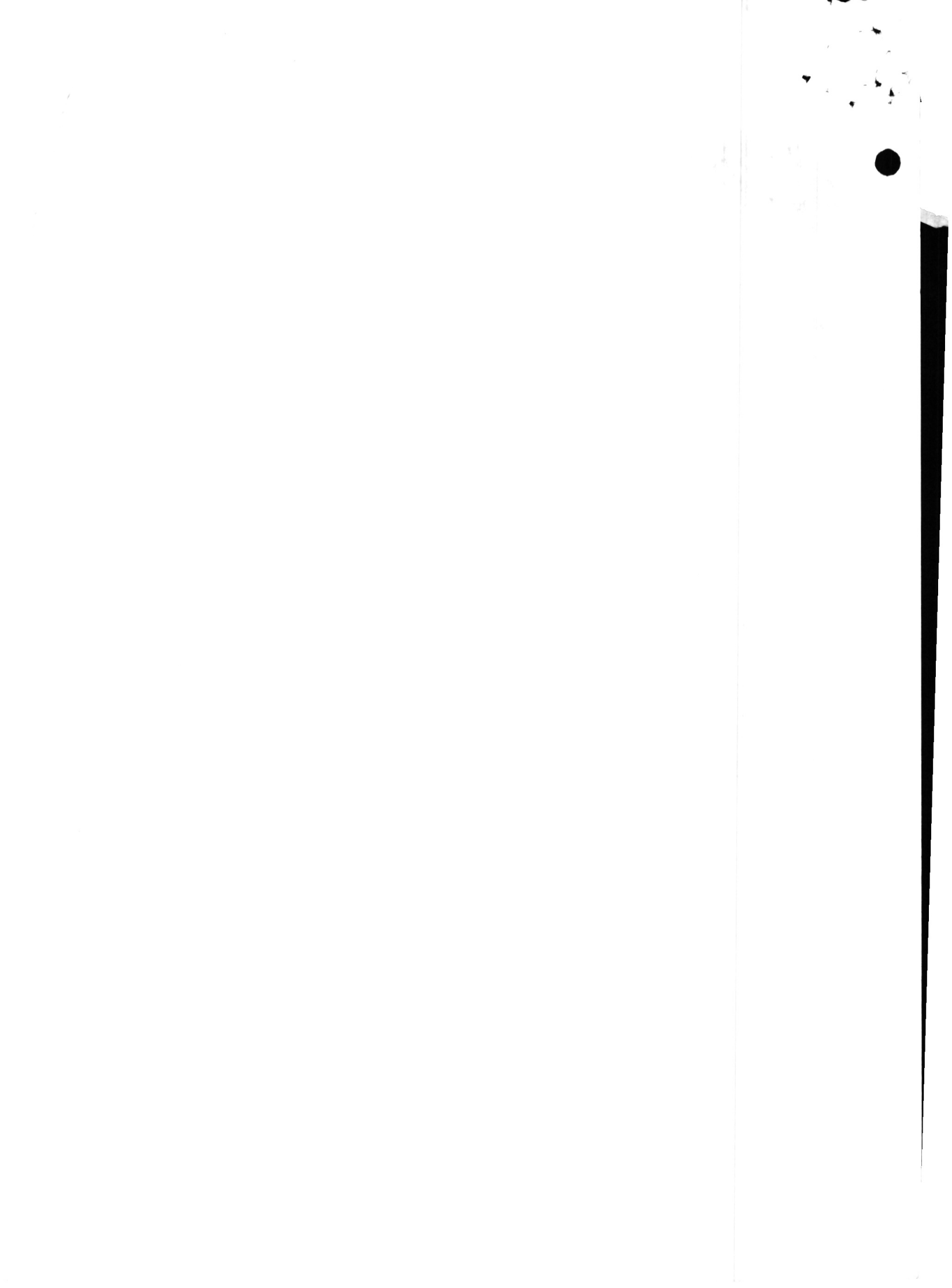
## THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	19/10/2022
TABLED BY	SEN. MAJORITY WHIP.
COMMITTEE	_____
CLERK AT THE TABLE	A. MACHARIA

## COUNTY EXECUTIVE OF KISUMU

### FOR THE YEAR ENDED 30 JUNE, 2021





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**COUNTY EXECUTIVE OF KISUMU**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2021**

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

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**TABLE OF CONTENTS**

TABLE OF CONTENTS .....	i
1. KEY ENTITY INFORMATION AND MANAGEMENT .....	iii
2. FORWARD BY THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND ECONOMIC PLANNING.....	vii
3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES .....	xii
4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY .....	xxix
REPORTING.....	xxix
5. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	xxxi
6. REPORT OF THE INDEPENDENT AUDITORS ON THE KISUMU COUNTY GOVT ..	xxxiii
7. FINANCIAL STATEMENTS .....	1
7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.	1
7.2. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 <sup>TH</sup> JUNE 2021 .....	3
7.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021. ....	4
7.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	7
7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT .....	9
7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT .....	11
7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES.....	13
7.8. SIGNIFICANT ACCOUNTING POLICIES .....	18
7.9. NOTES TO THE FINANCIAL STATEMENTS .....	27
7.10. OTHER IMPORTANT DISCLOSURES .....	44
7.11. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS ...	55
ANNEXES .....	57
ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER.....	57
ANNEX 2 – ANALYSIS OF PENDING ACCOUNTS PAYABLE.....	59
ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES .....	60
ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES .....	61

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

---

<b>ANNEX 5 – ANALYSIS OF ACCOUNTS RECEIVABLES.....</b>	<b>62</b>
<b>ANNEX 6 – SUMMARY OF NON-CURRENT ASSET REGISTER .....</b>	<b>63</b>
<b>ANNEX 7 – INTER-ENTITY TRANSFERS .....</b>	<b>64</b>
<b>ANNEX9 – BANK RECONCILIATION/FO 30 REPORT .....</b>	<b>66</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The County Government of Kisumu is constituted in accordance with articles 6(1) and 176(1) of the Constitution of Kenya, 2010 and the County Governments Act, 2012. It is headed by the Governor who is responsible for the general policy and strategic direction of the County.

**b) Key Management**

- (i) The County Public Service Board
- (ii) The County Secretary
- (iii) The County Chief Officers/Accounting Officers

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Name</b>	<b>Designation</b>
1.	Mr. Geoffrey Kigochi	County Secretary
2.	Mr. Wilson Abiero	Ag. Chief Officer-Finance and Economic Planning
3.	Dr. Paul Omanga	Chief Officer – Agriculture & Irrigation
4.	Mrs. Rosemary Raluoch	Chief Officer – Livestock & Fisheries
5.	Mrs. Maryline Y. Agwa	Chief Officer - Environment and Climate change
6.	Mr. Zacheus Okoth	Chief Officer Water & Sewerage Service
7.	Mr. Gerald Ochieng Ondiek	Chief Officer – Business, Enterprise and Development
8.	Mr. Alfonse Ouya	Chief Officer – General Administration & Public Partnership
9.	Mr. Joseph Kweso	Chief Officer – Health & Sanitation
10.	Mrs. Penina Onyango	Chief Officer – Education, IT and HRM
11.	Mr. H. H. Kadiri	Chief Officer – Youth, Culture and Social Services
12.	Mr. Geoffrey Ochieng	Chief Officer – Lands, Housing and Physical Planning
13.	Eng. Daniel Okia	Ag. Chief Officer – Transport and Infrastructure
14.	Eng. Daniel Okia	Ag. Chief Officer – Commerce, Tourism & Heritage
15.	Eng. Daniel Okia	Chief Officer – Energy and Industrialisation
16.	Mr. Joseph Oganga	Co-operative and Marketing
17.	Mr. Abala Wanga	Ag. City Manager

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

18.	Mr. Hesborn Hongo	Secretary CPSB
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During the period under review the Executive Committee Members were:-

1.	H.E The Governor	H.E. Prof Peter Anyang' Nyong'o
2.	H.E Deputy Governor	Dr. Mathew Owili
3.	CECM Education, ICT & HRD	Dr. John Awiti
4.	CECM Health and Sanitation	Prof. Boaz Nyunya
5.	CECM Commerce Tourism and Heritage	Ms. Achie Ojany Alai
6.	CECM Roads Transport and Public Works	Dr Joyce Atieno Osogo
7.	CECM Industrialization, Energy and Enterprise Development	Mr Dickson Obungu
8.	CECM Lands, Housing and physical planning	Mr.Dickson Obungu
9..	CECM Finance and Economic Planning	Mr. George Okongo
10.	CECM Agriculture, Livestock and Fisheries	Mr. Gilchrist Owuor Okuom
11.	CECM Water, Environment and Natural Resources	Mr. Salmon Orimba

**d) Fiduciary Oversight Arrangements**

The fiduciary oversight of the county is done by:

**(i) The County Assembly**

The County Assembly, Pursuant to the Constitution of Kenya, 2010 and the County Government Act, 2012, has fiduciary oversight role over the execution of the functions of the County Government; under Article 8(1) c) of the County Government Act, 2012, it approves the budget and expenditure of the county government in accordance with article 207 of the Constitution of Kenya; it approves the borrowings of the County Government in accordance with article 212 of the Constitution of Kenya, 2010;

**(ii) The Controller of Budget**

The Controller of Budget has fiduciary oversight role of the County Government under article 228(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public fund only when satisfied that the withdrawal is authorized by law.

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**(iii) County Executive Committee**

The County Executive Committee exercises executive authority in accordance with the constitution and county legislation.

**(iv) Internal Audit Department**

The Internal Audit Department of the County Government of Kisumu ensures that the internal controls exist and are adhered to. The Internal Audit reports directly to the County Audit Committee.

**e) Entity Headquarters**

The County Headquarters is situated at Prosperity House (Former Nyanza Provincial Headquarters Building) Along Awuor Otiende Road, Kisumu City, Kenya.

**f) Entity Contacts**

County Government of Kisumu  
P.O. Box 2738 – 40100,  
Kisumu.  
Email: [treasury@kisumu.go.ke](mailto:treasury@kisumu.go.ke)  
Website: [www.kisumu.go.ke](http://www.kisumu.go.ke)

**g) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Family Bank  
P. O. Box 74145 - 00200  
Nairobi, Kenya.
3. Kenya Commercial Bank  
P. O. Box 17 – 40100  
Kisumu, Kenya.
4. Diamond Trust Bank

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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P.O. Box 1070 – 40100  
Kisumu

5. Equity Bank  
P.O. Box 3621 – 40100  
Kisumu
6. Co-operative bank  
P.O. Box 1511-40100  
Kisumu

**h) Independent Auditors**

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

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**2. FORWARD BY THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND ECONOMIC PLANNING**

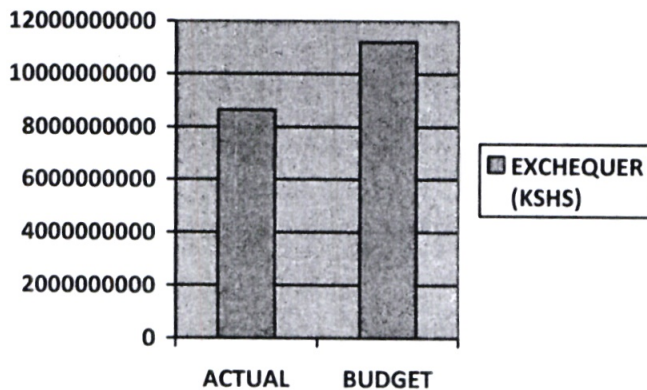
The County Treasury is mandated to prepare annual report on all the County Departments and submit the same to the County Assembly not later than three months after the end of each year in accordance with sec. 166(4) of the Public Finance Management Act, 2012. It is upon this backdrop that I forward the executive annual report for the year ended 30<sup>th</sup> June, 2021. The same report has been sent to the relevant statutory bodies as provided for in the PFM Act.

The report presents budget execution status covering the period 1<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2021, with comparative actual achievements and budgeted amounts for the previous year 2019/2020. It contains the revenue performance; both locally generated and an equitable share from the national revenue, grants to level 5 hospitals, User Fees, Maternity Fees, Road Maintenance Levy and donor funds and other development partners contributions for the year 2020/2021. Also included in the report are the annual budgeted revenues and expenditures for 2020/2021.

A detailed analysis of the revenue heads and their major classifications together with a detailed analysis of the payments has been included for better understanding of the figures contained herein.

**Chart 1. An analysis of Exchequer releases- Budgeted vs Actual Receipts excluding own source revenue**

During the year ended 30<sup>th</sup> June, 2021, the County received funding from the National government to the tune of Kshs. 8,641,655,246 against final revised budget of Ksh. 9,116,119,001.



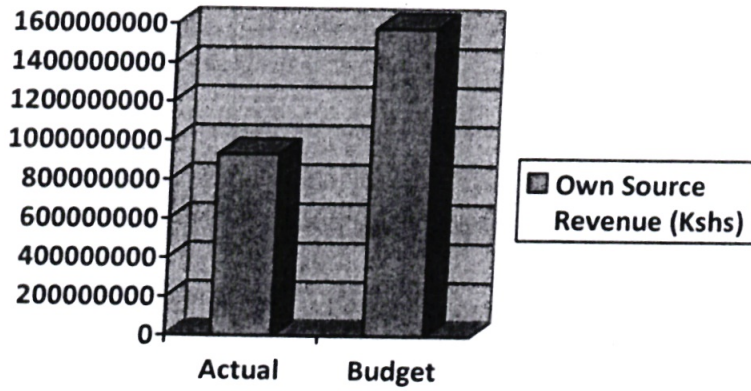
**Chart 2. An analysis of own source Revenue-actual Vs Budgeted**

In addition, Kisumu County managed to collect Kshs1,248,063,960. as own source revenue against a projection of Kshs. 1,579,172,106.

**COUNTY EXECUTIVE OF KISUMU**

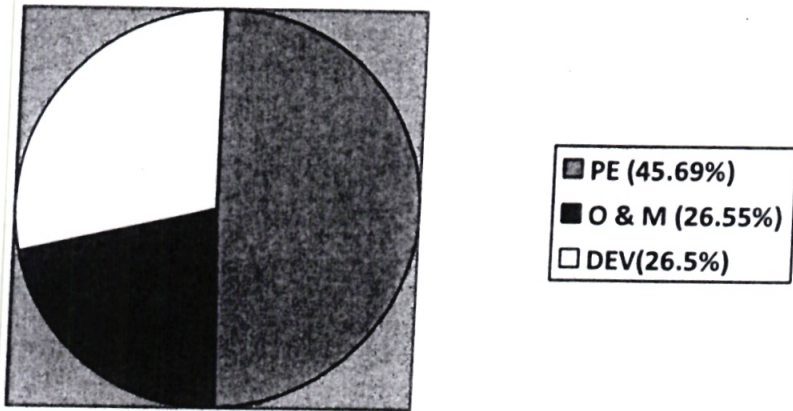
**Reports and Financial Statements**

**For the year ended June 30, 2021**



**Chart 3: An analysis of actual expenditure**

During the financial year the County Government of Kisumu spent a total of Kshs.9,768,370,824 broken down into Kshs.4,464,057,566 for Personnel Emoluments, Kshs.1,976,278,816 for Operations & Maintenance and Kshs.2,589,241,148 for Development with a balance of Kshs. 738,793,294 transferred to the County Assembly.



**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**Chart 4. Actual quarterly disbursements**

The disbursements refer to the total funds received through CRF account amounting to Kshs. 8,641,655,246. However, it should be noted that during the year under review, the County Assembly of Kisumu received Kshs. 738,793,294 against a budget of Kshs. 811,921,494 leaving a deficit of Kshs. 73,128,200.

**Exchequer Issues For The Fy 2020/2021(Actual)**

<b>Descriptions</b>	<b>CARA FY 2020/2021</b>	<b>QUARTER 1</b>	<b>QUARTER 2</b>	<b>QUARTER 3</b>	<b>QUARTER 4</b>	<b>TOTAL(ACTUAL)</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Equitable share	6,836,400,000.00	587,930,400.00	2,256,012,000.00	1,128,006,000.00	3,452,382,000.00	7,424,330,400.00
DANIDA	19,440,000.00	-	9,720,000.00	-	9,720,000.00	19,440,000.00
World Bank (Kenya Devolution Support Programme)	45,000,000.00	-	-	45,000,000.00	-	45,000,000.00
Conditional Allocations- Development of Youth Polytechnics	45,349,894.00	-	-	22,674,947.00	22,674,947.00	45,349,894.00
World Bank Grant for THS	57,625,645.00	-	-	28,220,230.00	27,957,658.00	56,177,888.00
Level 5 conditional Grant	369,017,341.00	-	-	169,747,976.00	199,269,364.00	369,017,340.00
Conditional allocations compensation for user fees foregone	21,299,489.00	-	-	-	21,299,489.00	21,299,489.00
Conditional allocations for leasing of medical equipment	132,021,277.00	-	-	-	-	-
EU Grant for instruments for devolution advice (IDEAS)	15,626,168.00	-	-	-	-	-
IDA (World Bank) Climate Smart Agri	240,035,100.00	-	100,455,119.00	-	129,171,162.00	229,626,281.00

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

Project						
IDA (World Bank) Kusp (UDG)		-	-	-	420,678,540.00	<b>420,678,540.00</b>
Sweden ASDSP	13,186,151.00	-	-	-	10,735,414.00	<b>10,735,414.00</b>
EU Water tower protection and Climate change mitigation	34,868,974.00	-	-	-	-	-
<b>Total share of National Revenue</b>	<b>8,033,628,577.00</b>	<b>587,930,400.00</b>	<b>2,366,187,119.00</b>	<b>1,495,528,421.00</b>	<b>4,478,450,687.00</b>	<b>8,641,655,246.00</b>
<b>TRANSFERS FROM OTHER GOVT, AGENCIES</b>						
RMLF	203,758,538		101,879,268		101,879,269	203,758,537
KDSP Level 2 Covid 19			82,682,844			82,682,844
<b>TOTAL)</b>	<b>203,758,538</b>		<b>184,562,112</b>		<b>101,879,269</b>	<b>286,441,381</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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*Please note that during the FY under review, the County Government of Kisumu received Kshs.420,678,540 in respect of IDA (World Bank) kusp UDG which was not in the CARA for FY 2020/2021 , Kshs. 82,682,544 in respect of World Bank Kenya Devolution Support Program (KDSP Level II Covid -19) and Kshs.587,930,400 which is the balance of equitable share for FY 2019/2020.*

With this summary, it is my sincere hope and belief that you will find this annual report very useful in your respective areas of interest besides guiding your decisions at the various sectors/levels.

Sign:   
George Omondi Okong'o  
**County Executive Committee Member for Finance & Economic Planning**

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

#### **Introduction**

#### **Strategic development objectives**

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

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of Kisumu County's 2018-2022 CIDP are to:

- a) Revitalising agriculture for food security and agribusiness,
- b) Ensuring a healthy population living in a clean and secure environment,
- c) Modernising infrastructure,
- d) Promotion of skills development and innovation,
- e) Conservation of environment while opening the Kisumu lake front for business,
- f) Promotion of decent housing
- g) Promotion of sports, culture and arts,
- h) Promotion of sustainable energy sources in industrialisation and service sector development,
- i) Promotion of tourism driven by culture and heritage and,
- j) Deepening the structures of devolved governance.

#### **Progress on attainment of Strategic development objectives**

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

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**REPORTS FOR THE YEAR ENDING 30<sup>TH</sup> JUNE 2021**

DEPARTMENT	OBJECTIVES	OUTCOMES	INDICATOR	PERFORMANCE
<b>OFFICE OF THE GOVERNOR AND COUNTY ADMINISTRATION</b>	To provide strategic leadership, policy direction and set the agenda for achieving socio-economic and political development of our people	<ul style="list-style-type: none"> <li>-Effective &amp; efficient service delivery to the citizens</li> <li>-communication of government policies &amp; legislations through periodic reports</li> <li>-quality program implementation &amp; coordination</li> <li>-effective leadership &amp; governance</li> <li>-enforcement of government policies in the field</li> <li>-ensure safety of people and property through rapid response to emergencies</li> <li>-efficient disaster management</li> </ul>	<ul style="list-style-type: none"> <li>-number of public awareness forums held</li> <li>-county policy documents developed and approved</li> <li>-number of quarterly/monthly meetings held and send to executive</li> <li>-circulars/cabinet memos sent out</li> <li>-monitoring and surveillance reports</li> <li>-number of field visits</li> <li>-policy statements issued</li> <li>-Number of press releases</li> <li>-Summit and CoG meetings attended</li> </ul>	<ul style="list-style-type: none"> <li>-7 public awareness and service delivery meetings held in 7 sub-counties.</li> <li>-1 PMC policy document developed, approved and circulated</li> <li>-4 quarterly progress reports produced</li> <li>-1 Monitoring control and surveillance operations per month done.</li> <li>-1 – press conference held per month on local media to the public on county affairs</li> <li>- Participation in all inter-governmental meeting</li> </ul>

**Reports and Financial Statements**  
**For the year ended June 30, 2021**

DEPARTMENT	OBJECTIVES	OUTCOMES	INDICATOR	PERFORMANCE
<b>FINANCE AND ECONOMIC PLANNING</b>	To ensure efficient and effective utilization of financial resources and assets management	-increased efficient and effectiveness of financial service delivery	-questionnaires forms and feedback available	
		-proper planning of county limited resources	-planning policy developed	1 planning policy document developed
		-quality project implementation	-project implementation status reports done	Reports prepared on weekly basis
		-enhanced public participation in decision making	-public participation per village meetings held	Public participation on CADP, Finance Bill, CBROP n CFSP done
		-promote urban infrastructure	-city blueprint developed	-
		-staff capacity building	-number of officers trained/ workshops held	40 Accountants trained – icpak, 20 Procurement officers trained KISM
		-upgraded assets, debtors and creditors ledgers -developing Risk Policy	-% of debt reduction - Risk Policy developed	
		-revenue collected and located to all depts. -ensure timely development review and submission of county budget estimate -timely procuring and distribution of goods and services for the county government  -risk based audit techniques	-% of own source revenues  -submission of budget to county assembly by 30 <sup>th</sup> April  -number of goods and services procured  -regular internal audit reports	-OSR grew by 14% i.e from kshs 804,387,972 to kshs 917,813,684  -CFSP submitted in time  - Quotations awarded 348 - Open Tender awarded 34 - Direct Procurement awarded 18 - Restricted awards 4  -Internal Audit reports available

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

		applied to audit of financial transaction		and are continuous
<b>HEALTH SERVICES</b>	To provide quality curative and preventive medical services that are affordable, equitable, accessible and responsive to the needs of the people of Kisumu County	<ul style="list-style-type: none"> <li>-Effective and efficient management of health facilities</li> <li>-reduce number incidences of HIV</li> <li>-control environmental factors leading to ill health</li> <li>-reduce maternal and child morbidity &amp; mortality</li> <li>-reduce incidence of malaria</li> <li>-reduce incidences of TB CASES</li> <li>-reduce cases of Non-communicable diseases</li> <li>-improved curative and rehabilitative health services</li> </ul>	<ul style="list-style-type: none"> <li>-number of staff recruited</li> <li>-number of staff trained etc</li> <li>-number of facilities with gazette HFMCs</li> <li>-number of people counseled and tested HIV</li> <li>-number of male circumcised</li> <li>-% of HIV positive pregnant mothers provided with HAART</li> <li>- number of villages that are ODF</li> <li>-No of food samples taken</li> <li>-% of food handlers medically examined</li> <li>-% of disinfection and fumigation on call.</li> <li>-% of infants under six months exclusive breastfeeding</li> <li>-No of water samples taken for analysis</li> <li>-No of international travelers vaccinated</li> <li>- modernization of JOOTRH</li> <li>-Construction of modern cancer treatmentcenter</li> <li>Construction of neurology and neurosurgery ward</li> </ul>	<ul style="list-style-type: none"> <li>-400 Health Care workers trained</li> <li>-56 HFMC's Gazzeted.</li> <li>-90% of People Cancelled</li> <li>- 90% Of pregnant Mothers provided with HAART</li> <li>-80% of the villages in the County are ODF free.</li> <li>-100% of food handlers medically examined</li> <li>-80% of Infants under six months on exclusive breast feeding.</li> <li>-280 water samples taken for analysis.</li> <li>-300 international travelers vaccinated</li> <li>- 80% complete</li> <li>- 70% complete</li> <li>-100% complete</li> </ul>

**Reports and Financial Statements**  
**For the year ended June 30, 2021**

<p><b>TOURISM,          CULTURE,          ARTS AND          SPORTS</b></p>	<p>To offer high quality tourism, culture, arts, and sports facilities, products and services capable of competing on the global stage.</p>	<ul style="list-style-type: none"> <li>-Institutional efficiency in service delivery</li> <li>-enhance the effectiveness of the county as a tourism destination</li> <li>-harness the potential of culture and arts for development</li> <li>-policy formulation and enactment of arts and culture Act</li> <li>-rehabilitation of Kisumu museum</li> <li>-equipping of cultural centers</li> <li>-county cultural festival</li> <li>-position of the County as a MICE destination</li> <li>-identification and mapping of MICE facilities</li> <li>-devolution conference</li> <li>-Africities conference</li> <li>-MICE strategic paper</li> <li>-MICE market and research</li> <li>Market sports talent for development</li> <li>-distribution of sports equipment's</li> <li>-inter-Dept games</li> <li>-KYISA games</li> <li>-KICOSCA</li> </ul>	<ul style="list-style-type: none"> <li>-No of policies developed</li> <li>-Goods and services procured</li> <li>-customer survey reports</li> <li>-strategic plan development</li> <li>-networking and marketing</li> <li>-increased number of tourists</li> <li>- construction of information center's</li> <li>-equipping of tourism information center's</li> <li>-improvement of tourism attraction sites</li> <li>-construction of cultural center</li> <li>-identification of hidden talents</li> <li>-partnership for youth support in arts</li> <li>-culture and arts policy formulation and enactment</li> <li>-refurbishment of Kisumu museum</li> <li>-equipping cultural centers</li> <li>-annual cultural events held</li> <li>- devolution conference held</li> <li>Sports events held</li> <li>-sports gears distributed</li> <li>-KYISA games held</li> <li>-PWDs sports held</li> <li>-Participation in KICOSCA</li> <li>Construction of std stadium</li> <li>Mapping of sports facilities</li> <li>-film training of film makers</li> </ul>	
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**COUNTY EXECUTIVE OF KISUMU**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

<p><b>ROADS , TRANSPORT AND PUBLIC WORKS</b></p>	<p>To develop, operate and sustain transport infrastructure, roads and public works activities that meet the demand and expectations of the citizens.</p>	<ul style="list-style-type: none"> <li>-Institutional efficiency in service delivery</li> <li>-construction and maintenance of roads</li> <li>-construction of foot bridges</li> <li>-renovation of offices</li> <li>-marking of roads</li> <li>-smooth and efficient management of fleet, plant and equipment's.</li> </ul>	<ul style="list-style-type: none"> <li>-No of policies formulated</li> <li>-No of transactions approved for processing</li> <li>-Annual, quarterly &amp; monthly reports</li> <li>-No of earth moving machines purchased</li> <li>-kilometres of roads constructed</li> <li>-Kilometres of roads maintained</li> <li>-No of footbridges constructed</li> <li>-No of public of public buildings renovated</li> <li>-No of roads marked</li> <li>-No of plants and equipment's repaired and service</li> <li>-No of vehicle's serviced and operational</li> </ul>	<ul style="list-style-type: none"> <li>-172 kms of roads maintained to motor able standard – 106 out of 149 roads</li> <li>-10 out of 16 Box culverts constructed</li> <li>-1 motor grader bought</li> <li>-4 tipper trucks bought</li> <li>-1 back hoe, 1 excavator and a drum roller yet to be paid for</li> <li>- 75% of vehicles were available for use</li> </ul>
<p><b>BUSINESS, COOPERATIVES AND MARKETS</b></p>	<p>To create an enabling environment for the growth of sustainable business, enterprise and cooperative</p>	<ul style="list-style-type: none"> <li>-institutional efficiency in service delivery</li> <li>-construction of modern market</li> <li>-construction of mkt sheds n stalls</li> <li>-Improved mkt infrastructure</li> <li>-construction of ablution blocks</li> <li>-Trade fund disbursement</li> </ul>	<ul style="list-style-type: none"> <li>-coop policy development</li> <li>-service delivery charter</li> <li>-quarterly &amp; annual reports</li> <li>-No of modern mkts developed</li> <li>-No of mkt sheds constructed</li> <li>-No of mkt roads constructed</li> </ul>	<ul style="list-style-type: none"> <li>-14 trainings conducted across the 7 sub counties</li> <li>- 1.7 Million Loan collection</li> <li>- 10 No. Market shades constructed</li> <li>- 2 No. Markets murramed</li> <li>- 2 No. markets fenced</li> <li>- 3 No. Pit latrine/abolition</li> </ul>

**Reports and Financial Statements  
For the year ended June 30, 2021**

	<p>sector through appropriate policy, legal and regulatory framework.</p>	<ul style="list-style-type: none"> <li>-verify weighing and measuring equipment's</li> <li>-Licensing of liquor outlets</li> <li>-public awareness</li> <li>-enforcement of liquor rules</li>   <li>-licensing of casinos, lotteries etc</li> <li>-arbitrations</li> <li>-rice value addition</li> <li>-stone crushers youths sacco</li> <li>-equipping of egg collection center</li> <li>-IDEAS project</li> <li>-setting up business clinic center's (BCCs)</li> </ul>	<ul style="list-style-type: none"> <li>-No of mkt ablution built</li> <li>-Amount of loans disbursed</li> <li>-No of weighing machines verified</li>   <li>-No of licensed liquor outlets</li> <li>-No. of public awareness done</li> <li>-No of noncompliance sued</li>   <li>-No. of casinos etc licensed</li> <li>- No of arbitrations done</li> <li>-operational milling, packaging</li>   <li>-one cooperative society</li> <li>-operational egg collection center</li> <li>-No of BCCs</li> </ul>	<p>blocks</p> <ul style="list-style-type: none"> <li>- Working market committees</li> <li>- 1 No. Stone crusher</li> <li>- 16 No. Hatcheries</li> <li>- 26 No. car washing machines</li> <li>- 130 No. solar lamps</li> <li>- 1 No. Hall constructed</li> <li>- 1 No. market office constructed</li> <li>- 2500 No. Packaging materials procured</li> <li>- 240 No. Pellets procured</li>   <li>- Total licensed alcoholic drinks outlets are 516</li> <li>- One public education was conducted per sub-county</li> <li>- One public education was conducted per sub-county</li> <li>- Bonds –22, Court summons-5</li> <li>Warrant of arrest issued-5</li> <li>Closed-3</li> <li>- There are 42 licensed pool table operators</li> </ul>
<p><b>ENERGY AND INDUSTRIALIZATION</b></p>	<p>To provide sustainable, accessible, efficient, effective and innovative services for the growth and development of</p>	<ul style="list-style-type: none"> <li>-institutional efficiency in service delivery</li> <li>-distribution of ethanol jikos/ conservation jikos county wide</li>   <li>-construction of bioenergy centre at masogo/nyangoma</li> <li>-development of sustainable</li> </ul>	<ul style="list-style-type: none"> <li>-No of policy developed</li> <li>-customer satisfaction survey</li> <li>- No of jikos distributed</li>   <li>-percentage completion</li> </ul>	<ul style="list-style-type: none"> <li>-Policy and legislation for SEZ developed awaiting adoption by cabinet</li> <li>- Solar mini grid – 20% complete</li> <li>- Phase II of the construction works completed i.e 40% complete</li> <li>-County Energy Master plan developed</li> </ul>

**COUNTY EXECUTIVE OF KISUMU**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

	<p>Energy and Industry within Kisumu County.</p>	<p>energy policy and legislation -Construction of biogas plant</p> <p>Electrification of markets n dispensaries -energy audit for public facilities -Preparation of an energy master plan -built an industrial innovation/incubation centre industrialization/investment policy -establishment of special economic zone (SEZ)</p>	<p>-policy and legislation in place</p> <p>-plant built</p> <p>-No of mkt, beaches, dispensaries electrified</p> <p>-No of facilities audited</p> <p>-master plan in place</p> <p>-Operational CIIC</p> <p>-No of cottages</p> <p>-1 SEZ</p>	<p>-Policy and draft bill complete -677 lamps distributed -25 high mast floodlight completed -street lights installed and commissioned in Ahero -100% completion electrical wiring and installation complete and installed at Nyangande market stalls -Energy audit report for Nyakach, Reru, water projects done -Energy Audit for Chulaimbo Sub County Hospital done. -Sigoti Bakery Machine delivered and installed and commissioned</p>
<p><b>LANDS, HOUSING PHYSICAL PLANNING AND URBAN DEVELOPMENT</b></p>	<p>To facilitate coordinated rural and urban development through efficient, fair, equitable and sustainable land use management and promote decent housing for the residents of</p>	<p>-institutional efficiency in service delivery</p> <p>-established town structures</p> <p>-integrated dev plan</p> <p>-development control</p> <p>-surveyed parcels</p> <p>-purchase parcels</p>	<p>-No of towns established</p> <p>-N o of integrated plans</p> <p>-No of titles for public lands</p> <p>-No of housing units constructed</p> <p>-land purchased</p> <p>-land secured in county name</p>	

**Reports and Financial Statements  
For the year ended June 30, 2021**

	Kisumu County.	<ul style="list-style-type: none"> <li>-affordable housing units</li> <li>-staff housing</li> <li>-housing policy Registered land</li> <li>-Boundary demarcation and beaconing</li> <li>-boundary conflicts resolution</li> </ul>	<ul style="list-style-type: none"> <li>-beacons erected</li> <li>-agreements between conflicting parties</li> </ul>	
<b>AGRICULTURE, IRRIGATION, LIVESTOCK AND FISHERIES.</b>	To promote innovative, commercially oriented and modern agriculture in Kisumu County.	<ul style="list-style-type: none"> <li>-institutional efficiency in service delivery</li> <li>-Adoption of climate smart technologies</li> <li>-adoption of urban and peri-urban farming technologies</li> <li>-Increase land under irrigation</li> <li>-soil and water conservation structures laid</li> <li>-conservation of soil slope 6-35% slopes</li> <li>-agroforestry trees planted</li> </ul>	<ul style="list-style-type: none"> <li>-No of policies developed</li> <li>-No machinery/equipment's purchased</li> <li>-Routine reports</li> <li>-No of professional meetings/workshop etc conducted</li> <li>-No of MOUs implemented</li> <li>-customer satisfaction survey</li> <li>-No. of performance report</li> <li>-No of personnel paid</li> <li>-No of personnel trained</li> <li>-No of crop and livestock climate smart technology promoted</li> <li>-No of urban and periurban farming technologies promoted</li> </ul>	

**COUNTY EXECUTIVE OF KISUMU**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

		<ul style="list-style-type: none"> <li>-development of crop, livestock, fisheries value chain</li> <li>-pest and disease control</li> <li>-promotion of modern crop, livestock and fisheries technologies</li> <li>-increased productivity and output</li> <li>-clean planting material established</li> <li>-increased access to credit</li> <li>-increase access to farm inputs</li> <li>-reproductive improvement</li> <li>-improved access of farm products</li> <li>-improved meat hygiene and safety of personnel</li> <li>-reduced post-harvest losses of fish</li> <li>-quality assurance of fish, meat</li> </ul>	<ul style="list-style-type: none"> <li>-No of irrigation scheme</li> <li>-Operationalized maintenance</li> <li>-Km of river bank protected</li> <li>-No farms conserved</li> <li>-No of seedlings</li> <li>-No of livestock value change</li> <li>-No of crop value change promoted</li> <li>-No of fisheries value change promoted</li> <li>-No of pest and diseases control measures in place</li> <li>-No of agriculture shows andeventd conducted and attended</li> <li>-No of farmers reached</li> <li>-M T clean planting material established</li> <li>-No of farmer training institution strengthened</li> <li>-Percentage increase in acreage under price production</li> <li>-Percentage increase in acreage under horticulture</li> <li>-No of dairy cow and goat purchased</li> <li>-No of ponds constructed rehabilitated</li> <li>-No of VCAscapacity built on resource</li> <li>-mobilization ,financial management</li> </ul>	
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**Reports and Financial Statements  
For the year ended June 30, 2021**

		-	kgs of satisfied pasture fodder maize seed procured tones of inorganic fertilizer procured -No of insemination done -No of products for value addition -No of market survey -No of slaughter house rehabilitated -No of ice plants established -No of beach bandas constructed -No of fish quality assurance -No of meat quality assurance -Inspection and reports -Inspections and repots -No of farmers dairy cooperative revitalized -No of farmers horticulture cooperatives formed and revitalized -	
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<b>EDUCATION,</b>	To provide and	-institutional efficiency in	-Strategic plan 2020-2023	- 40 classrooms completed and
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**COUNTY EXECUTIVE OF KISUMU**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

<p><b>HUMAN RESOURCE DEVELOPMENT AND ICT</b></p>	<p>promote social equity to the residents resident of Kisumu County through Education, Youth and Women Empowerment and Child Protection.</p>	<p>service delivery Department to develop strategic plan for the year 2020-2023</p> <ul style="list-style-type: none"> <li>-Monitoring and evaluation planning</li> </ul> <p>Annual performance review as Research and consultancy development</p> <p>Pre – primary infrastructure construction and improved capacity of communities to provide ECDE service enhance</p> <p>Increased awareness of ECDE activities of all stakeholders</p> <p>The nutrition status of children attending ECDE enhanced</p> <p>Performance of pre –primary children in co curriculum activities enhanced</p> <p>Pre- primary children equipped with school readiness skills</p> <p>Capacity of ECDE teachers and DICECE trained enhanced</p>	<ul style="list-style-type: none"> <li>-Number of M&amp;E reports</li> <li>-No of research proposal and reports</li> <li>-Percentage of of ECD management committee that can handle simple accounting of funds</li> <li>-The percentage of children that are retained in the school and new children joining ECDE</li> <li>-Percentage improved mortality and retention rate among ECDE children</li> <li>-No of children involve in co-curriculum activates</li> <li>-No of pre-primary schools involved in music and drama festival</li> <li>-The proportion of children graduating from ECDE as school ready</li> <li>-No of ECDE centres that have quality teaching and play materials for children</li> <li>-Percentage increase of enrolment in ECDE centres</li> <li>-No of trained teachers in ECDE centers</li> <li>-No of DICECE Trainers inducted</li> <li>-Amount of bursary allocated</li> <li>-No of children that benefits</li> </ul>	<p>occupied by children</p> <ul style="list-style-type: none"> <li>- FIVE completed and used Toilets</li> <li>- FIVE WARDS supplied with fixed outdoor equipment</li> <li>- Three wards supplied with tables</li> <li>- All schools in the county received stationery worth ksh 25m</li> <li>- all schools (673) were served with rice, cooking oil worth ksh 17m.</li> <li>- No teacher was recruited/replaced</li> <li>- No staff was promoted</li> <li>- 100 teachers and stakeholders trained</li> <li>- Two rounds of Assessments done</li> <li>- -4 projects were completed(Chwa VTC, Ahero VTC, Wachara VTC, Kochogo VTC) and certificates issued</li> <li>-Monitoring and valuation was done and is still continuing</li> <li>- 90 million disbursed to all the VTCs according to student enrolments (3023 trainees benefited)</li> <li>- Data compiled (4200 trainees)</li> <li>-Covid 19 disrupted industrial training program and graduation</li> <li>- 5 meetings held pracautionously due to Covid 19</li> <li>- A total 9 activities reported but this was attributed to Covid 19</li> </ul>
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**Reports and Financial Statements  
For the year ended June 30, 2021**

		<p>Bursary allocation</p> <p>retention of post primary student in school enhanced</p> <p>construction of workshop construction of classroom construction and equipping of library</p> <p>construction and equipping of youth empowerment centers</p> <p>training youth on necessary technical skills coordinate sports and cultural activities construction of workshop construction pf classroom construction and equipping of libraries construction and equipping of youth empowerment centers</p> <p>training youths on necessary technical skills co-ordinate sports</p>	<p>from bursaries</p> <p>-No of workshop constructed -No of classroom constructed -No of libraries constructed -No of youth empowerment centers constructed and equipped -No of youth trained on vocational courses -No of sports and cultural activities -No of resource centers constructed -No of classroom constructed -No of libraries constructed -No of youth empowerment centers constructed and equipped -No of youths trained on vocational courses -No of sports and cultural activities</p> <p>- No of offices networked and provided with internet access @ HQ</p> <p>- No of draft policy document</p> <p>- No of groups benefited</p> <p>- Erection of Gate and fencing at Chienda Nyodundo</p>	<p>-Inter VTC football games between Ahero-Katito, Ahero-Nyang'oma, Ahero-Akado.</p> <p>-Katito VTC participated in Kisumu Polytechnic exhibition and won in food production.</p> <p>-Ahero and Akado VTCs held their cultural days and trainees talents. - Ahero VTC held a beauty pageant and got Mr and Ms Ahero VTC</p> <p>- All county offices networked and provided with access to internet @ HQ.</p> <p>30 LAN cables terminated, 32 access points available, 16 switches configured, 126 CCTV cameras and NVR available.</p> <p>- Draft ICT Policy document formulated.</p> <p>-360 groups benefitted</p>
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**COUNTY EXECUTIVE OF KISUMU**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

			<ul style="list-style-type: none"> <li>- No of social halls equipped</li> <li>- Number of staff capacity built</li> </ul>	
<b>WATER, ENVIROMENT &amp; NATURAL RESOURCES</b>	To enhance access to safe and healthy environment, climate resilience and sustainable water supply through participatory and multi-sectorial approach	Effective planning, management and execution of service delivery.	County Water strategic Plan County Water Bill and Policy in place County Climate change bill and policy in place County climate action plan	100% 100% 100% 100%
		Shifting emphasis to pollution prevention	Noise and air pollution controlled	100%
		Customer satisfaction survey, facilitate the achievement of government and departmental priorities through results based planning.	Formulation of Noise and air policy	4% 100%
		Mineral policy	Number of trees planted Increased cover (acreage) Environment strategic plan	80% 50%
		Climate modeling for renewable energy application.	More natural resources mined	62%
		Improved water and sewerage service delivery increased number of consumers.	Improve and promote weather station	62%
		Reduced distance of water	Increased number of consumers using water from protected	40%

**Reports and Financial Statements**  
**For the year ended June 30, 2021**

		<p>fetching water.          -Sustained service delivery and coverage of potable, affordable quality water.</p> <p>Increased coverage of consumers</p>	<p>sources</p> <p>Reduced unaccounted for water (UFW)</p> <p>Uninterrupted supply of safe water delivered to consumers</p> <p>Increased number of functional water facilities</p>	<p>62%</p> <p>10 boreholes</p> <p>20km pipeline exit.</p>
<b>CITY OF KISUMU</b>	<p>To provide unequalled quality services matched by superior solutions that results into creation of an enabling environment for investment with an aim of improving the quality of life for the residents of Kisumu.</p>	<ul style="list-style-type: none"> <li>-Develop strategic plan for 2020- 2023</li> <li>-Customer satisfaction survey, gender and youth</li> <li>-improved clean, healthy socio economically viable and beautiful environment</li> <li>-orderly n controlled development</li> <li>- To improved security within the City</li> <li>- To improve socio economic status of the citizenry of Kisumu City</li> <li>- Improve drainage system within the city</li> </ul>	<ul style="list-style-type: none"> <li>-Strategic plan 2020- 2023 developed</li> <li>-Improved financial mgt</li> <li>-Customer satisfaction survey report</li> <li>-Tonnes of garbage collected daily</li> <li>-Number of trees planted per day</li> <li>-increased building plans approved</li> <li>-Number of street and flood lights erected</li> <li>Number of reported crimes</li> <li>-Number of social amenities constructed</li> <li>Number of modern markets constructed</li> <li>-Number of opened drainage systems and desilted rivers</li> </ul>	<ul style="list-style-type: none"> <li>-Inception report done by the consultant and 1<sup>st</sup> draft strategic plan developed</li> <li>-Quarterly financial reports given in a timely manner</li> <li>Budget compliance ensured</li> <li>-8.14km of footpaths and cycle lanes constructed within the CBD</li> <li>-Daily cleaning and evacuation of solid waste employing two 20ton refuse trucks and three firm tractors within the city and its environs</li> <li>-Implementation of monthly community clean-up program for the city and its neighbourhood</li> <li>-Twenty round abouts beautified through CSR</li> <li>-Five parks renovatod, improved</li> <li>-Community awareness meetings conducted and radio shows</li> <li>- Completion of mama Grace Onyango cultural centre</li> </ul>

**COUNTY EXECUTIVE OF KISUMU**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

		-		<p>Construction of Otonglo market  - Fifteen drainage systems opened and six rivers desilted and water canals opened.</p>
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<p><b>C O U N T Y  P U B L I C  S E R V I C E B O A R D</b></p>	<p>To attract, Retain and transform County Public Service for improved service delivery.</p>	<p>-Institutional capacity</p>	<p>-Functional Board operational manual.  -Induction reports  -No of committee members inducted/trained  -Study tour reports  -Board evaluation reports  -Baseline survey reports  -Approved guidelines  -No of programs implemented</p>	<p>- code of conduct and discipline procedure manual draft developed  -14 CPSB staff sensitized/inducted  - 7 board members trained  - study tours done  -baseline survey completed and submitted to the Board  -programs done but not implemented due to Covid 19 restrictions  -approved functional performance mgt tool done  -trainings reports done</p>
		<p>-Promote values and principles of public service</p> <p>-improving staff performance</p>	<p>-Approved functional performance mgt tool  -Training report  -M&amp;E report</p>	<p>-M&amp;E is continuous and reports available  available</p>
		<p>-Networking and partnerships</p>	<p>-partnership and networking reports  -No of MOU signed  -No of seminars/workshop attended by staff</p>	<p>-43 staff confirmed  -334 staff promoted  -partnership done with LAPFUND, LAPTRUST, URAIA Trust ICAP and Phases</p>

**Reports and Financial Statements  
For the year ended June 30, 2021**

				<p>-Board and staff members participated in 6 national and 1 international conferences</p>
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#### **4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

As a step towards realising its CSR obligation, the County Government through the Department of Livestock and Fisheries have created changes that enhances animal food and improves farm income for Kisumu County residents through commercialization of livestock value chains. Guided by the 3 pillars of putting the client first, delivering relevant goods and services and improving operational excellence, sustainability is critical for the success of the programs and projects.

In 2020/2021 financial year, the department prioritized set of actions to focus investment in diary, poultry and fish value chains specifically adoption of technologies that would enhance productivity, guarantee food security and nutrition and promote agribusiness. This was achieved against a backdrop of COVID 19 pandemic and floods that presented unprecedented challenges revealing the lack of resilience and buffers in our food systems and livelihoods.

The continuation and sustainability of quality dairy herd improvement program rolled out 3 years ago is anchored on the use of artificial insemination a complementary initiative in the department. The three value chains also continue to attract investment from non-state actors and private organizations to strengthen resilience and buffer our food systems from external shocks and spur commercialization.

Besides the investments in introduction of improved technologies such as better livestock breeds, strengthening the organizational internal capacities to continuously identify factors affecting the growth of the sector and respond to emerging trends has been given prominence.

##### **Environmental performance**

The focus is on promotion of inclusive climate smart innovations and technologies that would create long term value and impact among the counties of Kisumu. The department has mainstreamed environmental conservation measures in its programs, preservation of animal local gene pool and diversity through selection among others. Close monitoring and surveillance of water bodies is also a key function of the department in order to safeguard the aquatic life.

##### **Employee welfare**

The sub-department is an equal opportunity employer. Accordingly, staff are deployed and developed irrespective of gender. The sub-department actively plans and budgets for continuous development of its staff both in short term and long-term training opportunities as a way of improving their knowledge and skills.

**Market place practices**

Since, its services are offered without any monetary charge to the client, the sub-department actively discourages any form of corruption in their delivery. It employs fair competition in the management of its tendering processes by awarding and contracting the most competitive bid. On completion of supply of goods and services, the department expedites the processing of requisite documentation facilitate timely payment of contractors. The sub-department of Livestock and Fisheries has a vibrant tradition of continuous self-evaluation through use of feedback from its clients to improve its service delivery.

**Community Engagement**

The sub-department of Livestock and Fisheries offers free extension support services top all Kisumu County residents .Its frontline extension agents are embedded in the community thus accessible at all times to farmers in need of their services. Additionally, departmental development activities are aligned to community aspirations and needs that are captured during public participation.

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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**5. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Sections 163, 164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year ended on June 30, 2021. 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 Government; (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 Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2021, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government 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 CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government'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 CEC member for finance on 30/09/2021.

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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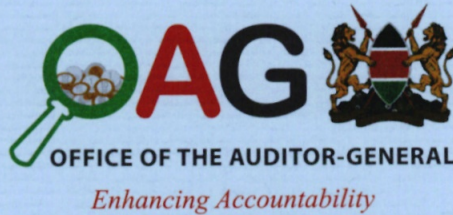


**George Omondi Okongo**

**County Executive Committee Member – Finance**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KISUMU FOR THE YEAR ENDED 30 JUNE, 2021

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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 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 County Executive of Kisumu set out on pages 1 to 56, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and

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

In my opinion, because of 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 County Executive of Kisumu as at 30 June, 2021, 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 do not comply with the Public Financial Management Act, 2012 and the County Government Act, 2012

### **Basis for Adverse Opinion**

#### **1. Unsupported Receipts**

- 1.1 The statement of financial performance for the year ended 30 June, 2021 reflects total receipts of Kshs.10,176,279,174 which has not been supported by ledgers from the Integrated Financial Management Information System (IFMIS).
- 1.2 Further, total receipts include County own generated receipts of Kshs.1,248,063,960 which includes unknown revenue generated using Safaricom platform \*825# through sixty-five (65) paybill accounts as detailed in Appendix 1. However, the revenue statements from Safaricom for each of the paybill were not provided for audit review.
- 1.3 The Finance Act, 2020 indicated that various departments were to collect revenue on behalf of the County Government. However, supporting documents for revenue collected by the Departments such as bank statements, official receipts and Control Collection Sheets (C.C.S) were not provided for audit verification except for Department of Health. The accountability by the collecting Departments was not evident and therefore receiving and banking in the County Revenue Fund Account as required by law could not be confirmed.

In the circumstance, the validity, completeness and accuracy of total receipts of Kshs.10,176,279,174 could not be confirmed.

#### **2. Unsupported Adjustments in the Financial Statements**

The Management submitted financial statements to the Auditor-General 30 September, 2021 in line with Public Finance Management Act, 2012. A revised set of financial statements was submitted on 21 March, 2022 but journal entries to support the changes in the previous balances were not provided for audit review. The changes are detailed below:

<b>Financial Statements Item</b>	<b>FS Submitted on 30 September, 2021 (Kshs.)</b>	<b>FS Submitted on 21 March, 2022 (Kshs.)</b>	<b>Difference (Kshs.)</b>
County Own Generated Receipts	931,267,782	1,248,063,960	316,796,178
Compensation of Employees	4,549,162,781	4,464,057,566	85,105,215
Use of Goods and Services	997,427,605	1,131,806,559	134,378,954
Other Grants and Transfers	308,528,723	291,194,619	17,334,104
Transfer to Other Government Entities	2,765,334,249	2,644,103,952	121,230,297
Social Security Benefits	32,445,061	21,305,587	11,139,474
Acquisition of Assets	1,187,362,816	1,215,902,542	28,539,726
Cash and Cash Equivalents	2,506,649,259	2,458,254,901	48,394,358
Prior Year Adjustment	593,847,752	156,437,320	437,410,432

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

### **3. Compensation of Employees**

#### **3.1 Unsupported Wages**

The statements of receipts and payments reflect Kshs.4,464,057,566 under Compensation of employees. However, the payroll provided to support the figure had a balance of Kshs.4,080,858,578 resulting a variance of Kshs.383,198,988. The variance was reconciled as below:

	<b>Kshs.</b>
Salaries deductions for 2019/2020	308,975,405
March, 2021 J00TR H	220,000
Casuals March, 2021	2,186,901
Contracted medics March, 2021	2,236,536
Unexplained	69,580,147
	<b>383,198,988</b>

No explanation for paying the 2019/2020 salaries amounting to Kshs.308,975,405 in the financial year under review yet the corresponding budget for 2019/2020 was received and utilised. Further, the reconciliation reflects unexplained variance of Kshs.69,580,147.

Consequently, the accuracy of the compensation of employees amounting to Kshs.4,464,057,566 could not be confirmed.

### **4. Use of Goods and Services**

#### **4.1 Misclassification of Expenditure Under Use of Goods and Services**

The statement of receipts and payments and Note 7 to the financial statements reflect use of goods and services expenditure amounting to Kshs.1,131,806,559. However, expenditures totalling Kshs.133,973,007 charged under various items had supporting documents indicating payments that did not relate to the expenditure charged as detailed below:

<b>Account Name</b>	<b>Amount (Kshs.)</b>	<b>Expense Description</b>
Utilities	11,015,576	Payment for various non-utility related supplies by Private Companies
Domestic Travel	18,374,981	Payment to various Hotels
	2,000,000	Payment to Council of Governors
	4,500,000	Payment to City of Kisumu
	1,000,000	Payment to County Investment Resource Mobilization
Foreign Travel	750,000	Payment to Council of Governors
	1,000,000	Kisumu County Investment Resource Mobilization
	2,234,400	Payment to Kisumu County Operation and Imprest Account
Training Expense	3,380,000	Payment to Kisumu County Operations and Imprest Account
	3,943,300	Payments to various Hotels
Hospitality Supplies and Services	20,018,804	Payment to Kisumu County Operations and Imprest Account
	3,363,458	Payment of Insurance
	2,500,000	Payment to City of Kisumu
Other Operating Expenses	57,012,488	Payment to Kisumu County Deposit Account
	1,830,000	Payment to Council of Governors
	600,000	Payment to County Public Service Board Forum
	450,000	Payment to Lake Region Economic Block
<b>Total</b>	<b>133,973,007</b>	

#### **4.2 Unsupported Expenditures**

Further, the expenditure under use of goods and services includes several payments made under various expenditure lines that have not been supported by documentation supporting the rendering of services or supply of goods to the County Government. Further, payments to County Government entities or transfer of funds between various accounts within the County Government have been expensed at the point of payment without any supporting documentation.

Account Name	Amount (Kshs.)	Payee
Domestic Travel	4,500,000	Kisumu City
	1,000,000	SMB Bank Transfer
	2,000,000	Council of Governors
Foreign Travel	750,000	Council of Governors
	1,000,000	Kisumu County Investment Resource Mobilization
	2,234,400	Kisumu County Operations and Imprest Account
Training Expenses	3,380,000	Kisumu County Operations and Imprest Account
Hospitality Supplies and Services	20,018,804	Kisumu County Operations and Imprest Account
	2,500,000	City of Kisumu
Other Operating Expenses	57,012,488	Kisumu County Deposit Account
	1,830,000	Council of Governors
	600,000	County Public Service Board Forum
	450,000	Lake Region Economic Block
<b>Total</b>	<b>97,275,692</b>	

Under the circumstances, the accuracy and validity for use of goods and services expenditure amounting to Kshs.1,131,806,559 for the year ended 30 June, 2021 could not be confirmed.

## 5. Other Operating Expenses

### 5.1 Legal Fees in Relation to Collection of Rates

The statement of receipts and payments for the year ended 30 June, 2021 reflects expenditure on use of goods and services of Kshs.1,131,806,559 as disclosed in Note 7 to the financial statements. Included in the balance is Kshs.181,319,305 in respect of other operating expenses which further includes Kshs.46,572,175 for legal fees in relation to cases between the County Government and a law firm engaged for debt (rates) collection by the defunct Municipal Council of Kisumu. However, the following issues were noted in respect of the legal fees paid so far.

- i) According to case in the High Court of Kisumu, the law firm was engaged by the defunct Municipal Council of Kisumu to collect and remit outstanding rates and the firm was to retain 15% of the rates collected as their fees for the service.
- ii) The firm collected over Kshs.40 Million as un paid rates but failed to remit the money to the defunct Municipal Council of Kisumu or their successor as per the Affidavit by the former Chief Officer Department of Finance dated 16 May, 2017.

- iii) The contracted law firm further sought from the court and had the certificate of costs pursuant to the taxation judgement entered in favour of the law firm against the County Government for Kshs.148,249,465.80 including interests at court rates from 07 December, 2015. The court allowed parties to agree on mode of settlement as per the court order.
- iv) The two parties entered into consent and from records arising from the consent, the court ordered that the outstanding decretal debt that stood at Kshs.115,000,000 in respect of the law firm be paid in three instalments.
- v) According to the report of Auditor General for the year 2017/2018, the County had so far paid a total of Kshs.141,702,730 towards the legal fees. During the period under review, an amount of Kshs.20,000,000 was paid by the County Government. However, the register, reconciliation and advocate fee note in respect to the legal fees charged was not provided for audit review.

In the circumstances, the validity of expenditure of Kshs.46,572,172 could not be confirmed.

## **5.2 Claim by Fabrication Company**

A law firm sent a demand letter on November, 2020 to the County Secretary in respect of Kisumu HC MISC. No.236 of 2012 Fabricating Company Ltd Vs County Government of Kisumu indicating that the County had an outstanding statement of account of Kshs.98,885,826.

However, the outstanding amount of Kshs.98,885,826 that formed the basis of payments was not supported by fee notes and the County Government did not maintain register to show the origin of the decretal amounts, interest accrued, amount paid and balances outstanding.

Further, information available indicates that a Special Executive Committee meeting held at the Governors boardroom on 22 June, 2021 under MIN.23/02/CGK/ECM/2021: Resubmission of Pending Bills (Claimed by fabrication company and rate collecting Law Firm), resolved that the agenda be shelved pending discussion between H.E. the Governor, County Attorney and County Executive Committee Member (CECM) Finance. The Attorney was also to seek an opinion from the Attorney General and pursue the matter further with CECM for Finance. However, there was no evidence that the consent entered into for law firm in respect of rate collection in the case dated 28 July, 2021 was sanctioned by the Cabinet and approved as required.

In addition, the Management did not maintain legal files containing professional opinions from the County Attorney for each case, on whether the fee notes presented by the advocates were properly payable.

Under the circumstances, the accuracy, validity and regularity of the expenditure on legal fees amounting to Kshs.56,572,175 could not be confirmed.

## 6. Unsupported Expenditure on Other Capital Grants and Transfers

The statement of receipts and payments reflects a balance of Kshs.2,644,103,952 under Transfers to other government entities which includes Kshs.935,315,351 in respect of other capital grants and transfers. The other capital grants and transfers includes payments amounting to Kshs.816,696,249 to County Projects which were expensed at the point of transfer and had no supporting documents to support how the monies were utilised. No explanation was provided as to why inter-bank transfers within the County were treated as expenditure.

Further, payments totalling Kshs.414,502,177 made to Jaramogi Oginga Odinga Teaching and referral Hospital was not supported by expenditure returns.

Consequently, the accuracy, validity and completeness of other capital grants and transfers of Kshs.935,315,351 could not be ascertained.

## 7. Unremitted Employee Pension Contributions

The statement of receipts and payments reflects social security benefits payments of Kshs.21,305,587. However, information available, indicated that the County Government had not remitted retirement contributions to the various retirement benefit schemes amounting to Kshs.86,808,583 and which attracted accrued interest of Kshs.247,485,837. The County Executive was thus required to pay Kshs.334,294,420 in respect of unremitted statutory deductions as at 30 June, 2021

Consequently, failure to remit statutory deductions exposes the County to penalties on unremitted statutory contributions.

## 8. Cash and Cash Equivalents-Inaccurate Bank Balances

The statement of assets and liabilities as at 30 June, 2021 reflects bank balance of Kshs.2,457,925,416 as disclosed in Note12A to the financial statements. Included in the balance is Kisumu County development account balance of Kshs.355,765. Review of the development bank reconciliation statement revealed a payment in cash book not recorded in bank statement of Kshs.41,737,955 paid to Jaramogi Oginga Odinga Teaching and Referral Hospital is not reflected in the hospitals bank reconciliation statement as uncredited receipts.

Further, included in Note 12A to the financial statements is Kisumu County recurrent bank account balance of Kshs.17,364. Review of the bank reconciliation statement revealed unrepresented cheques amounting to Kshs.100,078,922 transferred to various bank accounts within the County as detailed below which were not included in the corresponding bank reconciliations as uncredited receipts.

<b>Account Name</b>	<b>Amount (Kshs.)</b>
County Education Fund	22,138,789
Contingency Fund	50,000,000
City of Kisumu	3,000,000

<b>Account Name</b>	<b>Amount (Kshs.)</b>
Africities	6,000,000
Kisumu East District Hospital	18,940,133
<b>Total</b>	<b>100,078,922</b>

In addition, the Kisumu County recurrent bank reconciliation statement includes an unrepresented cheque of Kshs.18,940,133 paid to Kisumu East District Hospital. However, transactions relating to the hospital and the subsequent balance in the hospital bank account has not been disclosed in the County Executive financial statements.

Consequently, the completeness and accuracy of bank balances of Kshs.2,457,925,416 reflected in the statement of assets and liabilities could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisumu County Executive 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**

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

The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.11,968,434,257 and Kshs.10,176,279,174 respectively resulting to an under-funding of Kshs.1,792,155,083 or 15% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.11,968,434,257 and Kshs.9,768,370,824 respectively resulting to an under-expenditure of Kshs.2,200,063,433 or 18% of the budget.

Although the Management has explained that the under-funding was due to delayed disbursement by The National Treasury and under-expenditure was due to interruptions caused by Covid-19 pandemic, the under funding and expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

#### **2. Late Exchequer Releases**

The statement of receipts and payments for the year ended 30 June, 2021 reflect exchequer issues balance of 7,793,347,740 out of which Kshs.2,290,194,000 was received in the Months of June and July, 2021 as highlighted below:

<b>Date</b>	<b>Reference</b>	<b>Particulars</b>	<b>Amount (Kshs)</b>
15 June, 2021	FT21166MXK2R	Exchequer issue	546,912,000
23 June, 2021	FT21174Q5VHQ	Exchequer issue	615,276,000
30 June, 2021	FT21181241SL	Exchequer issue	546,912,000
02 July, 2021	FT21183W6S3G	Exchequer issue	581,094,000
<b>Total</b>			<b>2,290,194,000</b>

Late exchequer releases affect the ability of the County Government to meet its financial obligations in rendering the services to the residents of Kisumu County

## 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 matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Non- Submission of Departmental Financial Statements

During the year the County Executive Management designated, accounting officers in writing to be responsible for managing finances of the County Government entities. However, they did not submit the annual financial statements in respect of all the County Government entities in formats prescribed by the Accounting Standards Board and submit the entity's financial statements to the Auditor-General and deliver a copy to the relevant County Treasury, Controller of Budget, and the Commission on Revenue Allocation, contrary to Sections 164(1) and (4) of the Public Finance Management Act, 2012.

The Management is therefore in breach of the law.

#### 2. Non-Compliance with the Law on Budget Allocation to the County Assembly

During the year, the County Assembly of Kisumu had an approved budget of Kshs.738,793,294 which is equivalent to 7.25% of the total revenue of the County Government of Kshs.10,176,279,174. This is contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which states that the approved expenditure of a County Assembly shall not exceed seven per cent of the total revenue of the county government or twice the personnel emoluments of that County Assembly, whichever is lower.

The Management is therefore in breach of the law.

### **3. Non-Compliance with the Law on Fiscal Responsibility-Wage Bill**

The statement of receipts and payments for the year ended 30 June, 2021 reflects expenditure on compensation of employees of Kshs.4,464,057,566 as disclosed in Note 6 to the financial statements. The expenditure is approximately 44% of the total revenue of Kshs.10,176,160,587 which is in excess of the set limit of 35% as per Section 25(1)(b) of the Public Finance Management (County Government) Regulations, 2015 which requires the limit on the County Governments expenditure on wages and benefits for its public officers at 35% of the County Government's total revenue.

The Management is therefore in breach of the law.

### **4. Non-Compliance with Law on Ethnic Composition**

During the year under review, the total number of employees was three thousand seven hundred and twenty (3,720) out of which three thousand one hundred and twenty five (3,125) or 84 % of the total number were members of the same/dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

The Management is therefore in breach of the law.

### **5. Payment of Goods and Services to Unregistered Suppliers**

The statement of receipts and payments for the year ended 30 June, 2021 reflects expenditure on use of goods and services of Kshs.1,131,806,559 as disclosed in Note 7 to the financial statements. The expenditure includes hospitality supplies and services expenditure of Kshs.82,459,515 which further includes Kshs.2,228,983 in respect to boards, committees, conferences and seminars paid to two local hotels which were not prequalified. Tender documents and signed attendance list were also not provided for review.

Further, the statement reflects acquisition of assets expenditure of Kshs.1,215,902,542 includes purchase of certified seeds, breeding stock and live animals amount of Kshs.9,096,150 as disclosed at Note 11 to the financial statements and which in turn includes a payment of Kshs.1,994,580 in respect of supply and delivery of planting fertilizer. Although the lowest bidder who was awarded the contract was prequalified, two of the firms that were invited to quote for the supply were not among the prequalified suppliers.

In addition, included in the acquisition of assets balance of Kshs.1,215,902,542 is Kshs.9,096,150 for research, studies, project preparation and supervision which further includes Kshs.2,000,000 paid to M/s Madrin Pro Enterprises on 16 June, 2021 in respect of consultancy development of cooperative policy. However, information available indicates the firms which tendered for the consultancy were not prequalified.

The Management is therefore in breach of the law.

## **6. Irregular Payment of Annual Subscription of Council of Governors**

During the year under review, an amount of Kshs.5,750,000 was paid to the Council of Governors in respect of annual subscription and charged to various expenditure items since the expenditure was not budgeted. An amount of Kshs.2,750,000 was charged to domestic travel and subsistence, Kshs.1,830,000 to operating expenses under use of goods and services as disclosed in Note 7 and Kshs.1,170,000 to other capital grants under transfers to other government entities as disclosed in Note 8 to the financial statements. No explanation has been provided by the Management for making payments that were not budgeted.

The Management is therefore in breach of the law.

## **7. Completion of Nyangore Dispensary**

The statement of receipts and payments as at 30 June, 2021 reflects expenditure on the acquisition of assets balance of Kshs.1,215,902,542 as disclosed in Note 11 to the financial statements. The expenditure includes Kshs.117,652,074 for construction of building which further includes completion of Nyangore dispensary at Kshs.999,451 from a local firm. Review of procurement documents revealed that request for quotation procurement method was used where quotations were issued to three local firms. However, only two firms returned their bids which were opened and evaluated contrary to Section 106 (2) (d) of the Public Procurement and Assets Disposal Act, 2015 which requires evaluation to be carried out on at least three (3) quotation. Further the two firms were not prequalified under category CGK/PQ/23 Contractors for Building & Maintenance works and were therefore ineligible.

The Management is therefore in breach of the law.

## **8. Failure to Establish County Emergency Fund**

The statement of receipts and payments reflects other grants and transfers expenditure of Kshs.291,194,619 as disclosed in Note 9 to the financial statements. The expenditure includes emergency relief and refugee assistance of Kshs.86,194,619 and relates to emergency activities and operations including assistance to the flood victims. However, the Management did not establish County Emergency Fund to cater for such emergencies Contrary to Section 110 of the Public Finance Management Act, 2012.

The Management is therefore in breach of the law.

## **9. Summary of Non-Current Asset Register**

The summary of non-current Assets Register at Annexure 6 to the financial statements reflect assets balance of Kshs.6,262,139,791 and which comprise historical cost balance brought forward from 2019/2020 of Kshs.5,074,776,975 and additions during the year amounting to Kshs.1,215,902,542. However, the asset register maintained did not include land valued at Kshs.2,753,928,477 and buildings and structures valued at Kshs.1,165,005,023.

Further, the register reflects brought forward work in progress/other inventory balance of Kshs.15,000,000. However, the Management did not provide any supporting document in support of the asset's category to which the work in progress balance of Kshs.15,000,000 was charged.

In addition, the non-current assets balance of Kshs.6,262,139,791 as at 30 June, 2021 as disclosed in the summary of non-current assets register balance is said to include unknown value of non-current assets inherited from the defunct local authorities which included land and buildings, transport equipment, office equipment and intangible assets. However, there was no documentary evidence to support the existence, ownership and valuation of these assets. Further, the Management has no policy relating to assets management.

In the circumstance, the existence, accuracy and ownership of assets disclosed in the non-current assets register could not be confirmed.

#### **10. Non-Remittance of Revenue to County Revenue Fund**

The statement of receipts and payments as at 30 June, 2021 reflects County Own Generated Receipts of Kshs.1,248,063,960 as disclosed in Note 4 to the financial statement. However, KCB Revenue Collection Account No.1141991705 had Kshs.72,224,115 collected but not transferred to the County Revenue Fund account as at 30 June, 2021 and no reason was provided for non-remittance of the same to the County Revenue Fund account.

The Management is therefore in breach of the law.

#### **11. Non-Compliance with the Law on Management of Imprests**

The statement of assets and liabilities as at 30 June, 2021 reflects accounts receivables balance of Kshs.87,465,098 in respect of outstanding imprest which ought to have been surrendered before 30 June, 2021 but was still outstanding as at the end of the year. Further, some imprest relate to 2019/2020 and earlier years while some officers held multiple imprests as at the end of the year contrary to Regulation 93(5) of the Public Finance County Government Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station and Section (6) of the Regulations which requires that in the event the imprest holder fails to account for and surrender the imprest on the due dates, the accounting officer shall act to recover the amount fully from the salary of the defaulting officer with an interest at the prevailing CBK rates.

The Management is therefore in breach of the law.

#### **12. Acquisition of Assets**

##### **12.1 Improvement of Holo-Huma Access Road**

Included in the acquisition of assets balance of Kshs.1,215,902,542 is construction of roads figure of Kshs.194,037,391 as disclosed at Note 11 to the financial statements which in turn includes an expenditure of Kshs.5,060,234 for improvement of Holo-Huma

Access Road. However, physical verifications in November, 2021 revealed poor workmanship on the drainage which has resulted to part of the road being cut off and may render the road impassable in case of heavy rains in future.

In the circumstances the regularity of the expenditure could not be ascertained.

## **12.2 Improvement of Akado-Okiro-Ridore-Achola Junction Access Road**

Included in the acquisition of assets balance of Kshs.1,215,902,542 disclosed at Note 11 to the financial statements is Kshs.194,037,391 for construction of roads which further includes Kshs.6,798,047 for improvement of Akado-Okiro-Ridore-Achola Junction Access road. According to the work plan, the road was to cover 5.7 Kms. However, physical verifications in November, 2021 revealed that the road was improved up to 0.7Kms leaving 5 Km improvement works not carried out. The Management has not explained the reason for non delivery of service by the contractor even though full payment was made.

In the circumstances, the regularity of the expenditure could not be ascertained.

## **12.3 Supply of Security and Implementation of Vehicle Tracking Fleet Management System**

Included in the acquisition of assets balance of Kshs.1,215,902,542 and disclosed in Note 11 to the financial statements is Kshs.54,789,000 in respect of purchase of vehicles and other transport equipment which includes Kshs.19,847,400 for purchase of fleet tracking management system acquired during the year under review. However, the detailed user requirement specification agreement signed of between the County Government and the seller, pre-system development report detailing the nature of system to be procured and system implementation progress review reports and verification and acceptance reports were not provided for audit. Further, even though the system provider is said to have supplied accessories for implementing the system no details of how they were received and issued out to users were provided for audit review. In addition, the inspection and acceptance reports were not provided.

Consequently, the regularity and occurrence of the expenditure could not be ascertained.

## **12.4 Construction of Modern Retail Market at Kombewa**

Included in the acquisition of assets balance of Kshs.1,215,902,542 and disclosed at Note 11 to the financial statements is Kshs.117,652,074 for construction of buildings, which in turn- includes Kshs.13,773,602 for construction of modern retail market at Kombewa market, Seme Sub-County during the year under review. However, physical verifications in November, 2021 revealed poor workmanship in the construction of the market evidenced by worn out cement floor and cracks on the stalls slabs even before the defects liability expiry of normal period of one year.

In the circumstances, it has not been possible to ascertain if the Management obtained value for money amounting to Kshs.13,773,602 spent on the Project.

### **13. Pending Bills**

Annexure 2 to the financial statements reflects pending accounts payable balance of Kshs.1,950,176,560 as at 30 June, 2021. However, the schedule of pending bills provided supported a balance of Kshs.2,098,178,050 to result to a variance of Kshs.148,001,490 which has not been explained.

Further, information available indicates that pending bills due to KEMSA amounting to Kshs.41,393,528 was excluded from the pending bills balance Kshs.1,950,176,560 as at 30 June, 2021 and no reason was provided.

In addition, according to the supporting schedule, some of the pending bills have been outstanding since 2013 and no reason has been provided as to why the same have not been cleared contrary to Regulation 41(2) of Public Finance Management (County Governments) Regulations, 2015 which states that pending bills are to form the first charge to the subsequent period budget.

The Management is therefore in breach of the law.

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

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

##### **Conclusion**

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

##### **Basis for Conclusion**

###### **1. Failure to Integrate Revenue Collection System**

During the year under review the executive had revenue collection systems which included County-Pro-Integrated Hospital Management System (Funsoft), LAIFOMS, e-citizen and County Departments. However, the systems are not integrated to enable easier and accurate reporting on revenue.

In the circumstance, lack of integration may lead to inaccuracy on revenue amount reported.

## **2. Integrity of Payroll Data in IPPD**

The statement of receipts and payments reflects amount of Kshs.4,464,057,566 under compensation of employees. A review of the monthly payroll data, bank remittance data and master data, revealed that the during the month of July, 2020 eight (8) employees shared bank account numbers while in the month of March, 2021, two (2) employees shared bank accounts.

Consequently, the integrity of payroll data may be compromised.

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 Management and those Charged with Governance**

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

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

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

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

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

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

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

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

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

Because of its inherent limitations, internal 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 County Executive of Kisumu policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement 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.

- 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive of Kisumu ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive of Kisumu to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Executive of Kisumu 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**

**22 June, 2022**

## Appendix 1 Paybill Account Using Safaricom Platform \*825#

No.	Paybill	Unit
1	208956	Kisumu County Health Department
2	208957	Muhoroni Public Health
3	209263	Muhoroni Agriculture Livestock Fisheries
4	233593	Kisumu County
5	248545	Kisumu City Trade License Fees
6	248560	County Government of Kisumu.
7	248563	Kisumu West Seme Trade License Fees
8	248574	County Government of Kisumu
9	248584	Kisumu West Seme Land Rates
10	248720	Kisumu City Lands Housing Physical Planning
11	248731	Kisumu City Water
12	248741	Kisumu City Agriculture Livestock Fisheries
13	248760	Kisumu City Health
14	251558	Kisumu City Sign Board Promotion
15	251560	Kisumu City Building Plans
16	251568	Muhoroni Liquor License
17	251569	Kisumu West Seme Parking Fees
18	251934	Muhoroni Rents
19	251937	Muhoroni Trade License Fees
20	251951	Muhoroni Bus Park Fees
21	251956	Muhoroni Parking Fees
22	251962	Muhoroni Market Fees
23	311794	Kisumu City Buspark Fees
24	498381	Nyakach Trade License Fees
25	520603	Kisumu City Market Fees
26	654758	Nyakach Parking Fees
27	654775	Nyakach Building Plans
28	658156	Nyakach Buspark Fees
29	658163	Nyakach Market Fees
30	659349	Nyando Trade License Fees
31	665336	Nyando Buspark Fees
32	665377	Nyando Sundry Revenue
33	665570	Kisumu County Agriculture Department
34	665580	Nyando Parking Fees
35	665726	Nyando Market Fees
36	665938	Nyando Sign Board Promotions
37	670720	Kisumu City Parking Fees
38	700296	Nyakach Agriculture Livestock Fisheries
39	724872	Nyakach Sign Board Promotions
40	730340	Nyakach Sundry Revenue

<b>No.</b>	<b>Paybill</b>	<b>Unit</b>
41	746256	Nyakach Health
42	747218	Muhoroni Land Rates
43	747234	Nyakach Liquor Licenses
44	747898	Muhoroni Liquor Licenses
45	766753	Nyakach Land Rates
46	766773	Nyakach Rents
47	788660	Nyando Public Health
48	789168	Kisumu West Seme Public Health
49	789261	Nyando Health
50	789265	Kisumu West Seme Buildings Plans
51	789269	Kisumu West Seme Sign Board Promotion
52	789283	Nyando Liquor Licences
53	789287	Nyando Agriculture Livestock Fisheries
54	790622	Kisumu West Seme Market Fees
55	790829	Kisumu West Seme Agriculture Livestock Fisheries
56	790830	Nyando Land Rates
57	791244	Kisumu West Seme Health
58	804686	Nyando Rents
59	920398	Muhoroni Sign Board Promotions
60	920553	Muhoroni Sign Board Promotion
61	920557	Muhoroni Building Plans
62	947503	Kisumu City Land Rates
63	947517	Kisumu City Public Health
64	947521	Kisumu City Sundry Revenue
65	956850	Kisumu City Rents

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**7. FINANCIAL STATEMENTS**

**7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH  
 JUNE 2021.**

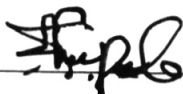
<b>RECEIPTS</b>			
Exchequer releases	<b>1</b>	7,793,347,740	7,544,172,968
Proceeds from Domestic and Foreign Grants	<b>2</b>	848,307,506	
Transfers from Other Government Entities	<b>3</b>	286,441,381	353,875,750
Proceeds from Domestic Borrowings			
Proceeds from Foreign Borrowings			
Proceeds from Sale of Assets			
Reimbursements and Refunds			
Returns of Equity Holdings			
County Own Generated Receipts	<b>4</b>	1,248,063,960	811,076,124
Returned CRF issues	<b>5</b>	118,587	24,377,272
<b>TOTAL RECEIPTS</b>		<b>10,176,279,174</b>	<b>8,733,502,114</b>
<b>PAYMENTS</b>			
Compensation of Employees	<b>6</b>	4,464,057,566	4,261,475,456
Use of goods and services	<b>7</b>	1,131,806,559	995,424,701
Subsidies			-
Transfers to Other Government Units	<b>8</b>	2,644,103,952	1,775,555,843
Other grants and transfers	<b>9</b>	291,194,619	194,580,760
Social Security Benefits	<b>10</b>	21,305,587	8,335,990
Acquisition of Assets	<b>11</b>	1,215,902,542	1,116,320,347
Finance Costs, including Loan Interest			-
Repayment of principal on Domestic and Foreign borrowing			-
Other Payments			-
<b>TOTAL PAYMENTS</b>		<b>9,768,370,824</b>	<b>8,351,693,097</b>
<b>SURPLUS/DEFICIT</b>		<b>407,908,350</b>	<b>381,809,017</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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*Please note that during the FY under review, the County Government received*

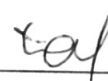
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 30<sup>TH</sup> Sept, 2021 and signed by:



\_\_\_\_\_  
**Ag. Chief Officer**

**Name: Wilson Opondo Abiero**

**ICPAK Member Number:**



\_\_\_\_\_  
**Head of Accounting Services**

**Name: Keziah Okoth**

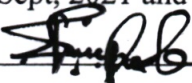
**ICPAK Member Number: 4499**

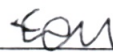
**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**7.2. STATEMENT OF ASSETS AND LIABILITIES AS AT 30<sup>TH</sup> JUNE 2021**

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 <sup>TH</sup> JUNE 2021			
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	12A	2,457,925,416	1,890,819,766
Cash Balances	12B	329,485	54,600
<b>Total Cash and cash equivalent</b>		<b><u>2,458,254,901</u></b>	<b><u>1,890,874,366</u></b>
Accounts Receivables	13	87,465,098	114,831,010
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,545,719,999</b>	<b>2,005,705,376</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	14	3,437,519	27,768,566
<b>NET FINANCIAL ASSETS</b>		<b>2,542,282,480</b>	<b>1,977,936,810</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	15	1,977,936,810	2,241,864,946
Prior year adjustments	16	156,437,320	(645,737,153)
Surplus/Deficit for the year		407,908,350	381,809,017
<b>NET FINANCIAL POSITION</b>		<b>2,542,282,480</b>	<b>1,977,936,810</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 30<sup>TH</sup> Sept, 2021 and signed by:

  
 \_\_\_\_\_  
**Ag. Chief Officer Finance**  
**Name: Wilson Opondo Abiero**  
**ICPAK Member Number**

  
 \_\_\_\_\_  
**Head of Accounting Services**  
**Name: Keziah Okoth**  
**ICPAK Member Number: 4499**

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**7.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021.**

2021			
<b>Receipts from operating income</b>			
Exchequer Releases	<b>1</b>	7,793,347,740	7,544,172,967
Proceeds from Domestic and Foreign Grants	<b>2</b>	848,307,506	0
Transfers from Other Government Entities	<b>3</b>	286,441,381	353,875,750
Reimbursements and Refunds			
Returns of Equity Holdings			0
County Own Generated Receipts	<b>4</b>	1,248,063,960	811,076,124
Returned CRF issues	<b>5</b>	118,587	24,377,272
<b>Payments for operating expenses</b>			
Compensation of Employees	<b>6</b>	4,464,057,566	4,261,475,456
Use of goods and services	<b>7</b>	1,131,806,558	995,424,701
Subsidies			0
Transfers to Other Government Units	<b>8</b>	2,644,103,951,	1,775,555,843
Other grants and transfers	<b>9</b>	291,194,618	194,580,760
Social Security Benefits	<b>10</b>	21,305,586	8,335,990
Finance Costs, including Loan Interest			0
Other Payments			0
<b>Adjusted for:</b>			
Decrease/Increase in Accounts Receivables	<b>17</b>	(27,365,912)	(96,635,084)
Increase/Decrease in Accounts Payables	<b>18</b>	24,331,046	9,572,641
Other Adjustments-Prior year Adjustments	<b>16</b>	(156,437,319)	(645,737,153)
<b>Net cash flow from operating activities</b>		<b>1,783,283,077</b>	<b>765,329,766</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets			0
Acquisition of Assets	<b>11</b>	1,215,902,542	1,116,320,347
<b>Net cash flows from Investing Activities</b>		<b>1,215,902,542</b>	<b>(1,116,320,347)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Domestic Borrowings			0
Proceeds from Foreign Borrowings			0
Repayment of principal on Domestic and Foreign borrowing			0
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>0</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>567,380,535</b>	<b>(350,990,581)</b>
<b>Cash and cash equivalents at BEGINNING of the year</b>	<b>12</b>	<b>1,890,874,366</b>	<b>2,241,864,946</b>
<b>Cash and cash equivalents at END of the year</b>	<b>15</b>	<b>2,458,254,901</b>	<b>1,890,874,366</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 30<sup>TH</sup> Sept, 2021 and signed by:



\_\_\_\_\_  
**Ag. Chief Officer Finance**

**Name: Wilson Opondo Abiero**

**ICPAK Member Number**



\_\_\_\_\_  
**Head of Accounting Services**

**Name: Keziah Okoth**

**ICPAK Member Number: 4499**

7.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED


RECEIPTS	KSH		KSH	KSH	KSH	
Exchequer releases	6,838,321,494		6,838,321,494	7,793,347,740	(955,026,246)	114%
Proceeds from Domestic and Foreign Grants	2,277,797,507		2,277,797,507	848,307,506	1,429,490,001	37%
Transfers from Other Government Entities	305,104,656		305,104,656	286,441,381	18,663,275	94%
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	1,579,172,106		1,579,172,106	1,248,063,960	331,108,146	79%
Return issues to CRF	968,038,494		968,038,494	118,587	967,919,907	0%
<b>TOTAL</b>	<b>11,968,434,257</b>		<b>11,968,434,257</b>	<b>9,859,482,996</b>	<b>1,792,155,083</b>	<b>85%</b>
<b>PAYMENTS</b>						
Compensation of Employees	4,556,731,169	(1,000,000)	4,555,731,169	4,464,057,566	91,673,603	98%
Use of goods and services	1,411,804,827	(23,555,178)	1,435,360,005	1,131,806,559	303,553,446	79%
Subsidies						
Transfers to Other Government Units	2,743,019,928	10,000,000	2,753,019,928	2,644,103,952	108,915,976	96%
Other grants and transfers	335,200,000	(1,500,000)	333,700,000	291,194,619	42,505,382	87%
Social Security Benefits	57,884,030	(17,381,823)	40,502,207	21,305,587	19,196,620	53%
Acquisition of Assets	2,863,794,303	(13,673,355)	2,850,120,948	1,215,902,542	1,634,218,406	43%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						


**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

Other Payments						
<b>TOTAL</b>	<b>11,968,434,257</b>		<b>11,968,434,257</b>	<b>9,768,370,824</b>	<b>2,200,063,433</b>	<b>82%</b>
<b>SURPLUS/(DEFICIT)</b>						

- The underperformance in own source revenue was mainly due to interruptions arising from the Covid-19 pandemic.
- The low absorption of funds/payments on Use of goods and Acquisition of Assets was due to delayed disbursement of funds by the national treasury and delayed procurements by the various procurement units.

The County Executive’s financial statements were approved on 30<sup>TH</sup> Sept, 2021 and signed by:

  
 \_\_\_\_\_  
**Ag. Chief Officer Finance**  
**Name: Wilson Opondo Abiero**  
**ICPAK Member Number:**

  
 \_\_\_\_\_  
**Head of Accounting Services**  
**Name: Keziah Okoth**  
**ICPAK Member Number: 4499**

**Annual Report and Financial Statements  
For the year ended June 30, 2021.**

**7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

<b>RECEIPTS</b>						
Exchequer releases	5,348,563,426	34,868,974	5,383,432,400	5,576,670,276	(193,237,876)	104%
Proceeds from Domestic and Foreign Grants	184,433,221		184,433,221	184,433,221		100%
Transfers from Other Government Entities	101,346,119		101,346,119	82,682,844	18,663,275	82%
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts	1,579,172,106		1,579,172,106	1,248,063,960	331,108,146	79%
Return CRF issues						
<b>TOTAL</b>	<b>7,213,514,872</b>	<b>34,868,974</b>	<b>7,248,383,846</b>	<b>7,091,850,301</b>	<b>156,533,545</b>	<b>98%</b>
<b>PAYMENTS</b>						
Compensation of Employees	4,556,731,169	(1,000,000)	4,555,731,169	4,464,057,566	91,673,603	98%
Use of goods and services	1,411,804,827	23,555,178	1,435,360,005	1,131,806,559	303,553,446	79%
Subsidies						
Transfers to Other Government Units	762,849,877	22,065,069	784,914,946	1,155,892,062	(370,977,116)	147%
Other grants and transfers	335,200,000	(18,197,765)	317,002,235	291,194,619	25,807,617	92%
Social Security Benefits	57,884,030	(17,381,823)	40,502,207	21,305,587	19,196,620	53%
Acquisition of Assets	89,044,969	25,828,315	114,873,284	114,873,284		100%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						
Other Payments						

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

<b>TOTAL</b>	7,213,514,872	34,868,974	7,248,383,846	7,179,129,676	69,254,170	99%
<b>SURPLUS/(DEFICIT)</b>						

- The changes between the original and final budget were as a result of re-allocations within the budget.
- The 4% excess on Exchequer releases was as a result of Kshs. 587,930,400 which is the balance of the equitable Share for FY2019/2020 but disbursed during the FY2020/2021.
- The underperformance on use of goods was as a result of delayed disbursement of funds and delayed procurement.
- The 47% excess on Transfers to other government units was as a result of transfers of Kshs. 738,793,294 to the County Assembly of Kisumu from the CRF.

The County Executive’s financial statements were approved on 30<sup>TH</sup> Sept, 2021 and signed by:



Ag.Chief Officer Finance  
**Name: Wilson Opondo Abiero**  
**ICPAK Member Number:**



Head of Accounting Services  
**Name: Keziah Okoth**  
**ICPAK Member Number::4499**

7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

<b>RECEIPTS</b>						
Exchequer releases	1,489,758,068	(34,868,974)	1,454,889,094	2,216,677,464	(747,025,038)	152%
Proceeds from Domestic and Foreign Grants	2,093,364,286		2,093,364,286	663,874,285	1,429,490,001	32%
Transfers from Other Government Entities	203,758,537		203,758,537	203,758,537		100%
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
Returned CRF issues	968,038,494		968,038,494	118,587	967,919,907	0%
County Own Generated receipts						
<b>TOTAL</b>	<b>4,754,919,385</b>	<b>(34,868,974)</b>	<b>4,720,050,411</b>	<b>3,084,428,873</b>	<b>1,635,621,538</b>	<b>65%</b>
<b>PAYMENTS</b>						
Compensation of Employees						
Use of goods and services						
Subsidies						
Transfers to Other Government Units	1,980,170,051	(102,065,069)	1,878,104,982	1,488,211,890	389,893,092	79%
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	2,774,749,334	67,196,095	2,841,945,429	1,101,029,258	1,740,916,171	39%
Finance Costs, including Loan Interest						
Repayment of principal on borrowings						
Other Payments						
<b>TOTALS</b>	<b>4,754,919,385</b>	<b>(34,868,974)</b>	<b>4,720,050,411</b>	<b>2,589,241,148</b>	<b>2,130,809,263</b>	<b>55%</b>

**COUNTY EXECUTIVE OF KISUMU  
Annual Report and Financial Statements  
For the year ended June 30, 2021.**


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<b>SURPLUS/(DEFICIT)</b>						

**-The changes between the original and final budget were as a result of re-allocations within the budget.**

**-The 39% performance on Acquisition of Assets arose from delayed disbursement of funds by the national treasury and delayed procurements by the departments.**

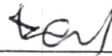
The County Executive's financial statements were approved on 30<sup>TH</sup> Sept, 2021 and signed by:



**Ag. Chief Officer Finance**

**Name: Wilson Opondo Abiero**

**ICPAK Member Number:**



**Head of Accounting Services**

**Name: Keziah Okoth**

**ICPAK Member Number: 4499**

Consolidated Reports and Financial Statements  
For the year ended June 30, 2021

7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Program	Sub Program	Description	Original Budget	Adjustments	Final Budget	Actual	Budget utilization difference
			KShs	KShs	KShs	KShs	KShs
5060			0	0	0	0	
	0	Default - Non Programmatic	0	0	0	0	
101005060		<b>General Administration and Planning Services</b>	1,175,792,815.00	-6,959,561.00	1,168,833,254.00	887,061,456.65	281,771,797.
	101015060	Planning and Coordination Services			0	0	
	101045060	Planning and administration	383,340,651.00	-5,566,777.00	377,773,874.00	361,721,738.55	16,052,135.
102005060		<b>County Survey Services</b>	792,452,164.00	-1,392,784.00	791,059,380.00	525,339,718.10	265,719,661.
	102015060	County Survey	2,520,000.00	-230,000.00	2,290,000.00	932,515.00	1,357,485.
103005060		<b>Physical Planning &amp; Housing</b>	2,520,000.00	-230,000.00	2,290,000.00	932,515.00	1,357,485.
	103015060	Physical planning services	3,180,000.00	-900,000.00	2,280,000.00	831,440.00	1,448,560.
	103025060	county housing management	1,530,000.00	-130,000.00	1,400,000.00	453,105.00	946,895.
104005060		<b>Promotion of sustainable land use</b>	1,650,000.00	-770,000.00	880,000.00	378,335.00	501,665.
	104015060	Promotion of Soil and Water Management	38,765,150.00	0	38,765,150.00	181,970.00	38,583,180.
	104045060	Promotion of Mechanization	8,585,150.00	0	8,585,150.00	101,970.00	8,483,180.
105005060		<b>Agriculture Productivity Improvement</b>	30,180,000.00	0	30,180,000.00	80,000.00	30,100,000.
	105015060	Management of Agriculture Advisory services	52,853,697.00	-5,532,657.00	47,321,040.00	33,131,528.35	14,189,511.
	105025060	Promotion of Crop production Value Chains	33,187,938.00	-2,477,437.00	30,710,501.00	28,457,907.00	2,252,594.
	105035060	Promotion of Livestock Production Value Chains	500,000.00	-231,500.00	268,500.00	147,000.00	121,500.
	105055060	Management of Stations	683,500.00	0	683,500.00	341,750.00	341,750.
	105075060	Development of Product Quality Assurance	17,306,159.00	-2,565,320.00	14,740,839.00	3,749,271.35	10,991,567.
	105085060	Agriculture Sector Planning and Management	512,200.00	-258,400.00	253,800.00	100,000.00	153,800.
106005060		<b>Agricultural Productivity Improvement</b>	663,900.00	0	663,900.00	335,600.00	328,300.
	106015060	Agriculture Credit Access	7,647,500.00	-200,750.00	7,446,750.00	3,196,200.00	4,250,550.
	106025060	Agriculture input Access	7,547,500.00	-100,750.00	7,446,750.00	3,196,200.00	4,250,550.
107005060		<b>Promotion of market access and products development</b>	100,000.00	-100,000.00	0	0	
	107015060	Promotion of Agribusiness	1,456,700.00	-79,400.00	1,377,300.00	705,010.00	672,290.
	107025060	Promotion value addition	611,750.00	-29,000.00	582,750.00	185,250.00	397,500.
108005060		<b>Revenue Generation and Management</b>	844,950.00	-50,400.00	794,550.00	519,760.00	274,790.
	108015060	Local Revenue Mobilization	25,649,231.00	0	25,649,231.00	26,739,179.65	-1,089,948.
			25,649,231.00	0	25,649,231.00	26,739,179.65	-1,089,948.

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

109005060		<b>Urban Planning \$ Development Control</b>	<b>225,554,417.00</b>	<b>-2,270,000.00</b>	<b>223,284,417.00</b>	<b>194,938,067.35</b>	<b>28,346,349.</b>
	109015060	Urban planning and development	225,554,417.00	-2,270,000.00	223,284,417.00	194,938,067.35	28,346,349.
201005060		<b>County Roads and Public Works Management</b>	<b>723,225,606.00</b>	<b>27,498,000.00</b>	<b>750,723,606.00</b>	<b>314,332,452.15</b>	<b>436,391,153.</b>
	201015060	General administration & planning	217,120,950.00	30,950,000.00	248,070,950.00	80,204,626.30	167,866,323.
	201025060	Road construction and maintenance services	506,104,656.00	-3,452,000.00	502,652,656.00	234,127,825.85	268,524,830.
203005060		<b>Administration, Planning and Support Services</b>	<b>963,068,654.00</b>	<b>21,568,000.00</b>	<b>1,165,423,250.00</b>	<b>1,085,884,891.30</b>	<b>79,538,358.</b>
	203015060	Administrative services	963,068,654.00	21,568,000.00	1,165,423,250.00	1,085,884,891.30	79,538,358.
205005060		<b>Energy Production</b>	<b>16,778,924.00</b>	<b>-2,594,042.00</b>	<b>14,184,882.00</b>	<b>9,742,855.45</b>	<b>4,442,026.</b>
	205035060	Climate Change	1,173,000.00	-93,000.00	1,080,000.00	1,024,928.00	55,072.
	205045060	Petroleum and Electricity	15,605,924.00	-2,501,042.00	13,104,882.00	8,717,927.45	4,386,954.
206005060		<b>Mining Efficiency</b>	<b>153,213,094.00</b>	<b>-3,844,420.00</b>	<b>149,368,674.00</b>	<b>63,563,297.35</b>	<b>85,805,376.</b>
	206045060	Mining Efficiency	2,259,677.00	-241,920.00	2,017,757.00	777,020.00	1,240,737.
	206055060	Resource Mobilizatio	29,868,417.00	0	29,868,417.00	21,735,162.15	8,133,254.
	206065060	Green Energy	121,085,000.00	-3,602,500.00	117,482,500.00	41,051,115.20	76,431,384.
207005060		<b>Roads General Administration and Planning</b>	<b>226,641,161.00</b>	<b>-6,947,029.00</b>	<b>219,694,132.00</b>	<b>126,549,602.00</b>	<b>93,144,530.</b>
	207015060	Public Works	12,800,000.00	-3,367,960.00	9,432,040.00	4,329,998.00	5,102,042.
	207045060	Mechanical Engineering Services	213,841,161.00	-3,579,069.00	210,262,092.00	122,219,604.00	88,042,488.
208005060		<b>ICT Services</b>	<b>40,202,339.00</b>	<b>-1,567,070.00</b>	<b>38,635,269.00</b>	<b>5,114,055.00</b>	<b>33,521,214.</b>
	208015060	ICT Services	40,202,339.00	-1,567,070.00	38,635,269.00	5,114,055.00	33,521,214.
209005060		<b>Communication Services</b>	<b>2,335,000.00</b>	<b>-138,500.00</b>	<b>2,196,500.00</b>	<b>1,680,190.00</b>	<b>516,310.</b>
	209015060	Communication Services	2,335,000.00	-138,500.00	2,196,500.00	1,680,190.00	516,310.
301005060		<b>General Administration and Policy making Services</b>	<b>17,905,446.00</b>	<b>-312,760.00</b>	<b>17,592,686.00</b>	<b>5,396,869.00</b>	<b>12,195,817.</b>
	301015060	Infrastructure Development	6,355,446.00	0	6,355,446.00	4,769,269.00	1,586,177.
	301025060	Trade Support Services	11,550,000.00	-312,760.00	11,237,240.00	627,600.00	10,609,640.
302005060		<b>Regulation and Verification of Weights</b>	<b>1,347,500.00</b>	<b>-210,000.00</b>	<b>1,137,500.00</b>	<b>416,250.00</b>	<b>721,250.</b>
	302015060	Verification and Calibration of Weighing Equipment	1,347,500.00	-210,000.00	1,137,500.00	416,250.00	721,250.
303005060		<b>Tourism Development and Management</b>	<b>20,273,860.00</b>	<b>-1,709,895.00</b>	<b>18,563,965.00</b>	<b>7,137,053.00</b>	<b>11,426,912.</b>
	303015060	Tourism Development	11,285,000.00	-546,635.00	10,738,365.00	3,350,920.00	7,387,445.
	303035060	Tourism Event Management	5,708,860.00	-492,760.00	5,216,100.00	2,184,486.00	3,031,614.
	303045060	Tourism Standards Development	3,280,000.00	-670,500.00	2,609,500.00	1,601,647.00	1,007,853.
304005060		<b>Administration Planning and Support</b>	<b>108,496,863.00</b>	<b>-10,150,971.00</b>	<b>98,345,892.00</b>	<b>91,452,636.20</b>	<b>6,893,255.</b>
	304015060	Administration planning	108,496,863.00	-10,150,971.00	98,345,892.00	91,452,636.20	6,893,255.
305005060		<b>Co-Operative Development and</b>	<b>51,528,231.00</b>	<b>-515,000.00</b>	<b>51,013,231.00</b>	<b>13,527,380.70</b>	<b>37,485,850.</b>

**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

		Management					
	305055060	Co-operative Governance					
<b>306005060</b>		<b>Enterprise Development</b>	51,528,231.00	-515,000.00	51,013,231.00	13,527,380.70	37,485,850.
			<b>6,650,000.00</b>	<b>-424,240.00</b>	<b>6,225,760.00</b>	<b>343,400.00</b>	<b>5,882,360.</b>
	306015060	Business Development Services	6,650,000.00	-424,240.00	6,225,760.00	343,400.00	5,882,360.
<b>401005060</b>		<b>Preventive &amp; Promotive Health Services</b>	<b>1,575,397,994.00</b>	<b>-700,000.00</b>	<b>1,574,697,994.00</b>	<b>916,030,227.15</b>	<b>658,667,766.</b>
	401015060	Environmental health and sanitation	1,492,586,026.00	-250,000.00	1,492,336,026.00	840,600,160.20	651,735,865.
	401025060	Community health strategy	1,100,000.00	0	1,100,000.00	550,000.00	550,000.
	401035060	Disease surveillance	1,200,000.00	-450,000.00	750,000.00	484,450.00	265,550.
	401045060	Health promotion service	80,511,968.00	0	80,511,968.00	74,395,616.95	6,116,351.
<b>402005060</b>		<b>Health Curative Services</b>	<b>141,297,510.00</b>	<b>-2,200,000.00</b>	<b>139,097,510.00</b>	<b>73,874,191.00</b>	<b>65,223,319.</b>
	402025060	Elimination of communicable and non-communicable disease	3,500,000.00	-2,000,000.00	1,500,000.00	1,346,600.00	153,400.
	402035060	Reproductive Health	137,797,510.00	-200,000.00	137,597,510.00	72,527,591.00	65,069,919.
<b>403005060</b>		<b>General Administration, Operational Research and Planning</b>	<b>2,972,163,895.00</b>	<b>-7,144,000.00</b>	<b>2,965,019,895.00</b>	<b>2,954,331,703.55</b>	<b>10,688,191.</b>
	403035060	Governance and leadership	73,044,000.00	-7,144,000.00	65,900,000.00	55,294,256.00	10,605,744.
	403045060	Human resource for Health	2,899,119,895.00	0	2,899,119,895.00	2,899,037,447.55	82,447.
<b>405005060</b>		<b>Health Sector support Program (DANIDA)</b>	<b>202,341,389.00</b>	<b>5,044,000.00</b>	<b>207,385,389.00</b>	<b>131,638,436.00</b>	<b>75,746,953.</b>
	405015060	Health Promotive Services	202,341,389.00	5,044,000.00	207,385,389.00	131,638,436.00	75,746,953.
<b>407005060</b>		<b>Jaramogi Oginga Odinga Teaching and Referral Hospital</b>	<b>369,070,349.00</b>	<b>0</b>	<b>369,070,349.00</b>	<b>310,808,304.00</b>	<b>58,262,045.</b>
	407015060	Jaramogi Oginga Odinga Teaching and Referral Hospital	369,070,349.00	0	369,070,349.00	310,808,304.00	58,262,045.
<b>408005060</b>		<b>Kisumu County Referral Hospital</b>	<b>26,740,133.00</b>	<b>0</b>	<b>26,740,133.00</b>	<b>26,740,133.00</b>	
	408015060	Kisumu County Referral Hospital	26,740,133.00	0	26,740,133.00	26,740,133.00	
<b>409005060</b>		<b>Medical and Bio-Medical Services</b>	<b>338,848,000.00</b>	<b>-10,000,000.00</b>	<b>328,848,000.00</b>	<b>139,408,223.90</b>	<b>189,439,776.</b>
	409015060	County and Sub-County Hospital Services	338,848,000.00	-10,000,000.00	328,848,000.00	139,408,223.90	189,439,776.
<b>501005060</b>		<b>Early Childhood Development.</b>	<b>51,274,053.00</b>	<b>0</b>	<b>51,274,053.00</b>	<b>51,154,789.85</b>	<b>119,263.</b>
	501015060	Promotion of early childhood education.	51,274,053.00	0	51,274,053.00	51,154,789.85	119,263.
<b>502005060</b>		<b>Youth Training and Development</b>	<b>18,700,000.00</b>	<b>0</b>	<b>18,700,000.00</b>	<b>1,181,750.00</b>	<b>17,518,250.</b>
	502015060	Youth Polytechnics Services	18,700,000.00	0	18,700,000.00	1,181,750.00	17,518,250.
<b>504005060</b>		<b>Gender and Social Dev.</b>	<b>3,680,000.00</b>	<b>-620,000.00</b>	<b>3,060,000.00</b>	<b>1,140,935.15</b>	<b>1,919,064.</b>
	504015060	Gender & Disability Mainstreaming	2,755,000.00	0	2,755,000.00	1,140,935.15	1,614,064.
	504055060	Betting Control Services	925,000.00	-620,000.00	305,000.00	0	305,000.
<b>505005060</b>		<b>Early Child Education Management</b>	<b>511,475,000.00</b>	<b>-335,014.00</b>	<b>511,139,986.00</b>	<b>239,451,130.00</b>	<b>271,688,856.</b>
	505015060	Early Child Education	511,475,000.00	-335,014.00	511,139,986.00	239,451,130.00	271,688,856.
<b>506005060</b>		<b>Sports Management and Development</b>	<b>114,329,971.00</b>	<b>-868,119.00</b>	<b>113,461,852.00</b>	<b>9,254,920.00</b>	<b>104,206,932.</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

	506015060	Sports Management						
	506025060	Talent Development	112,768,352.00	-208,750.00	112,559,602.00	8,907,120.00	103,652,482.	
<b>507005060</b>		<b>Sports Stadia Development</b>	1,561,619.00	-659,369.00	902,250.00	347,800.00	554,450.	
	507015060	Sports Academy	2,288,600.00	-747,100.00	1,541,500.00	530,000.00	1,011,500.	
<b>508005060</b>		<b>Alcoholic Drinks</b>	2,288,600.00	-747,100.00	1,541,500.00	530,000.00	1,011,500.	
	508015060	Alcoholic Drinks	1,350,000.00	-718,000.00	632,000.00	169,350.00	462,650.	
<b>515005060</b>		<b>Pre-Primary Policy and Legislation</b>	1,350,000.00	-718,000.00	632,000.00	169,350.00	462,650.	
	515015060	Primary Policy and Legislation	21,568,878.00	5,467,000.00	27,035,878.00	20,618,033.00	6,417,845.	
<b>517005060</b>		<b>Youth Training and Legislation</b>	21,568,878.00	5,467,000.00	27,035,878.00	20,618,033.00	6,417,845.	
	517015060	Youth Training and Legislation	194,434,788.00	-390,000.00	194,044,788.00	98,982,938.00	95,061,850.	
<b>701005060</b>		<b>General Administration and Planning services</b>	194,434,788.00	-390,000.00	194,044,788.00	98,982,938.00	95,061,850.	
			65,859,075.00	-3,444,190.00	62,414,885.00	41,882,788.85	20,532,096.	
	701015060	Administration and Formulation of County policy	0	0	0	0		
	701025060	Development and Management of County Administrative systems						
	701065060	Human Resource development services	25,010,078.00	-644,000.00	24,366,078.00	17,441,353.35	6,924,724.	
	701085060	Social Responsibility Including Civic and Public Engagement	4,891,617.00	-1,147,190.00	3,744,427.00	1,434,286.00	2,310,141.	
<b>702005060</b>		<b>Management of County affairs and Special Programmes</b>	35,957,380.00	-1,653,000.00	34,304,380.00	23,007,149.50	11,297,230.	
			3,272,417.00	1,653,000.00	4,925,417.00	4,254,297.00	671,120.	
	702025060	Inter-Government Coordination and protocol						
<b>703005060</b>		<b>Inter-Governmental relations, Communication and Protocol</b>	3,272,417.00	1,653,000.00	4,925,417.00	4,254,297.00	671,120.	
			32,017,163.00	0	32,017,163.00	22,929,582.00	9,087,581.	
	703015060	Governor's Press Service and Communication	18,855,443.00	0	18,855,443.00	14,194,240.00	4,661,203.	
	703025060	Internal Auditing Services	13,161,720.00	0	13,161,720.00	8,735,342.00	4,426,378.	
<b>704005060</b>		<b>County Public Service Board</b>	821,235,226.00	-3,664,458.00	811,238,334	792,069,049.00	19,169,285.	
	704015060	General Administration and Support services						
	704025060	Human Resource Recruitment and Development	786,053,297.00	-8,723,651.00	777,329,646.00	771,993,484.60	5,336,161.	
	704035060	Human Resource Audit and Staff Rationalization	26,316,588.00	7,592,100.00	33,908,688.00	20,075,564.40	13,833,123.	
	704045060	Promotion of Values and Principles	970,000.00	-670,000.00	300,000.00	164,300.00	135,700.	
<b>705005060</b>		<b>Public Financial Management</b>	7,895,341.00	-1,862,907.00	6,032,434.00	4,448,686.00	1,583,748.	
			203,063,505.00	20,000,000.00	223,063,505.00	151,764,498.00	71,299,007.	
	705015060	Revenue Mobilization						
	705025060	assets management	37,094,099.00	20,000,000.00	57,094,099.00	49,689,494.00	7,404,605.	
	705035060	management of public financial resources	31,475,290.00	0	31,475,290.00	5,921,640.00	25,553,650.	
	705055060	Budget Formulation & Coordination Services	9,750,000.00	0	9,750,000.00	6,043,605.00	3,706,395.	
<b>706005060</b>		<b>County Planning and Development Coordination Services</b>	124,744,116.00	0	124,744,116.00	90,109,759.00	34,634,357.	
			61,361,674.00	0	61,361,674.00	47,855,989.00	13,505,685.	

**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

	706015060	Policy Formulation & Planning	28,010,000.00	0	28,010,000.00	20,931,326.00	7,078,674.
	706025060	Monitoring & Evaluation	33,351,674.00	0	33,351,674.00	26,924,663.00	6,427,011.
<b>707005060</b>		<b>County Communication &amp; Ict Services</b>	<b>963,750.00</b>	<b>-558,500.00</b>	<b>405,250.00</b>	<b>323,050.00</b>	<b>82,200.</b>
	707015060	Management Information System	963,750.00	-558,500.00	405,250.00	323,050.00	82,200.
<b>709005060</b>		<b>Representation services &amp; public participation</b>	<b>15,270,000.00</b>	<b>3,000,000.00</b>	<b>18,270,000.00</b>	<b>12,079,975.00</b>	<b>6,190,025.</b>
	709025060	Public participation services	15,270,000.00	3,000,000.00	18,270,000.00	12,079,975.00	6,190,025.
<b>711005060</b>		<b>County Planning and Development Co ordination Services</b>	<b>16,490,969.00</b>	<b>177,000.00</b>	<b>16,667,969.00</b>	<b>11,911,699.25</b>	<b>4,756,269.</b>
	711005060	County Planning and Development Co ordination Services	16,490,969.00	177,000.00	16,667,969.00	11,911,699.25	4,756,269.
<b>902005060</b>		<b>Conservation and management of natural lecosystem</b>	<b>324,179,792.00</b>	<b>-6,083,962.00</b>	<b>318,095,830.00</b>	<b>88,903,907.20</b>	<b>229,191,922.</b>
	902015060	Sustainable Access to safe Water	750,000.00	0	750,000.00	-44,400.00	794,400.
	902025060	Water resources & Sewerage services	323,429,792.00	-6,083,962.00	317,345,830.00	88,948,307.20	228,397,522.
<b>904005060</b>		<b>Environmental Planning And Management</b>	<b>4,380,998.00</b>	<b>-989,494.00</b>	<b>3,391,504.00</b>	<b>3,050,769.00</b>	<b>340,735.</b>
	904025060	Environment Conservation Of Natural Resources	1,190,000.00	-200,000.00	990,000.00	781,529.00	208,471.
	904035060	Solid Waste Management	3,190,998.00	-789,494.00	2,401,504.00	2,269,240.00	132,264.
<b>906005060</b>		<b>Pollution Control</b>	<b>1,172,840.00</b>	<b>-318,840.00</b>	<b>854,000.00</b>	<b>394,536.00</b>	<b>459,464.</b>
	906015060	Pollution Control	1,172,840.00	-318,840.00	854,000.00	394,536.00	459,464.
	907015060	Culture and Heritage Development	9,120,100.00	-1,039,028.00	8,081,072.00	3,642,300.00	4,438,772.
	907025060	Artistic Talent Development	5,079,400.00	-942,528.00	4,136,872.00	2,105,500.00	2,031,372.
		<b>Grand Total</b>	<b>4,040,700.00</b>	<b>-96,500.00</b>	<b>3,944,200.00</b>	<b>1,536,800.00</b>	<b>2,407,400.</b>
			<b>11,968,434,257.00</b>	<b>0</b>	<b>11,968,434,257.00</b>	<b>9,029,577,530.00</b>	<b>2,938,856,727.</b>

*(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic)*

## **7.8. 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 imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities.

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

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

### **2. Reporting entity**

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Tax receipts**

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

**ii) Transfers from the Exchequer**

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

**iii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the Executive or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the County Executive or any other debt the County Executive may take on will be treated on cash basis and recognized as receipts during the year of receipt.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2021, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans. The amount of undrawn external assistance for the year is detailed in the notes to the financial statements.

**iv). County Own Generated Receipts**

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

**v) Returns to CRF Issues**

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

**b) Recognition of payments**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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) Interest on borrowing**

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

**iv) Re payment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

**v) Acquisition of fixed assets**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. In-kind contributions**

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

**a) Third Party Payments**

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

**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.

**a) Restriction on cash**

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2020, this amounted to KShs. 3,437,519 compared to KShs. 27,768,566 in prior period as indicated on note 23.

*(There were no other restrictions on cash during the year)*

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 County Executive's 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 County Executive at the end of the year.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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Pending bills form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**10. Contingent Liabilities**

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

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 County Executive 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. **Note xx** and *Annex 7* of this financial statement is a register of the contingent liabilities in the year.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**11. Contingent Assets**

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

**12. 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 8<sup>th</sup> July, 2020 for the period 1<sup>st</sup> July 2020 to 30 June 2021 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**13. Comparative figures**

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

**14. Subsequent events**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. 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.

**16. 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.

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**7.9. NOTES TO THE FINANCIAL STATEMENTS**

**1. EXCHEQUER RELEASES**

Total Exchequer Releases for quarter 1	587,930,400	1,189,533,600.00
Total Exchequer Releases for quarter 2	2,256,012,000	1,461,430,511.50
Total Exchequer Releases for quarter 3	1,297,753,976	1,580,458,757.00
Total Exchequer Releases for quarter 4	3,651,651,364	3,312,750,099.00
<b>Total</b>	<b>7,793,347,740</b>	<b>7,544,172,967.50</b>

*The above amounts comprises of transfers from the Exchequer comprising of equitable share and Level 5 Hospitals.*

*Included in the Kshs. 7,793,347,740 Exchequer releases figure is Kshs. 587,930,400 which is the balance of the equitable Share for FY2019/2020.*

**1A. Equitable Share**

Total Equitable Share for quarter 1	587,930,400	1,189,533,600.00
Total Equitable Share for quarter 2	2,256,012,000	1,230,552,000.00
Total Equitable Share for quarter 3	1,128,006,000	1,333,098,000.00
Total Equitable Share for quarter 4	3,452,382,000	2,495,286,000.00
<b>Total</b>	<b>7,424,330,400</b>	<b>6,248,469,600.00</b>

*The amount of Kshs. 587,930,400 is the balance of the equitable Share for FY2019/2020 but received during the FY 2020/2021.*

**1B: Level 5 Hospitals Allocation**

Transfers for level 5 hospitals	369,017,340	369,017,342.00
<b>Total</b>	<b>369,017,340</b>	<b>369,017,342.00</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

<b>Proceeds from Domestic and foreign grants received through exchequer</b>		
DANIDA - Universal Healthcare in Devolved Units Programme	19,440,000	28,325,000.00
World Bank – THUSCP	56,177,888	35,082,318.00
National Agricultural & Rural Inclusive Growth Project (NARIGP)		
Kenya Devolution Support Programme	45,000,000	30,000,000.00
Youth Polytechnic support grant	45,349,894	41,673,298.00
Abolishment of user fees in health centres and dispensaries		0
User fee forgone	21,299,489	21,299,489.00
Universal Health Care		91,525,545.00
Kenya Urban Support Programme (KUSP) Urban Development Grants (UDG)	420,678,540	553,289,634.90
Kenya Urban Support Programme (KUSP) Urban Institutional Grants	-	8,800,000.00
Agriculture Sector Development Support Project (ASDSP)	10,735,414	11,264,613.00
Kenya Climate Smart Agriculture Project (KCSAP)	229,626,281	105,426,127.10
<b>Sub total</b>	<b>848,307,506</b>	<b>926,686,025.00</b>
<b>Proceeds from domestic and foreign grants received directly by the county</b>		
Covid-19 Donations		
Others		
<b>Sub total</b>		
<b>Grand Total</b>	<b>848,307,506</b>	<b>926,686,025.00</b>

*Note: These are grants received through Exchequer (Provide a brief explanation and explain significant change from prior period)*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Transfers from Central Government entities</b>		
Road maintenance levy fund	203,758,537	194,055,750.00
Covid-19 Fund		159,820,000.00
KDSP Level 2 for COVID-19-Ministry of Devolution	82,682,844	-
(insert name of budget agency)		
<b>Transfers from Counties</b>		
(insert name of budget agency)		
(insert name of budget agency)		
<b>TOTAL</b>	<b>286,441,381</b>	<b>353,875,750.00</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. COUNTY OWN GENERATED RECEIPTS**

Interest received		
Profits and Dividends		
Rent		19,350,062.00
Plan approvals	21,598,678	
Property Income(land rates)	131,977,762	142,399,103.00
Sales of Market Establishments		
Receipts from Administrative Fees and Charges	1,477,530	48,927,654.00
Receipts from Administrative Fees and Charges - Collected as AIA		
Receipts from Billboards	106,350,456	
Receipts from Sale of Incidental Goods		
Fines, Penalties and Forfeitures		
Receipts from Voluntary transfers other than grants		
Business permits	180,419,311	122,243,700.00
Liquor License	15,375,955	
Cess	15,132,613	6,373,725.00
Poll rates		
Plot rents	24,766,887	459,909.00
Administrative services fees		3,427,545.00
County's natural resources -Tourism	992,800	
Lease / rental of council's Infrastructure assets		
Medium term loans (1-3 yr repayment)		
Long term loans (over 3 yr repayment)		
Transfers from reserve funds		
Donations		
Fund raising events		
Market/trade Centre fee	67,223,506	56,466,970.00
Vehicle parking fees	188,575,320	166,551,027.00
Lands, Housing and Physical planning	75,149,925	6,242,659.00
Social premises use charges		
School fees		
Other education-related receipts	4,444,560	10,516,800.00
Public health services	2,153,300	3,811,290.00
Public health facilities operations		118,079,202.00
Environment & conservancy Administration	1,124,120	1,939,073.00
Slaughterhouses' administration		
Agriculture, Livestock and Fisheries	5,619,006	
Sewerage administration		
Other health & sanitation receipts	69,373,300	36,422,731.00

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

Technical services fees-Roads ,Transport and Works	1,025,100	
External services fees		
Other miscellaneous receipts	8,616,218	61,636,431.00
Payroll revenue –Surcharge	13,454,097	6,228,243.00
Revenue from Hospitals	313,213,516	
<b>Total</b>	<b>1,248,063,960</b>	<b>811,076,124.00</b>

**5. RETURNED CRF ISSUES**

Recurrent account- County Executive	20,196	251,049.00
Development account- County Executive	98,391	24,126,233.00
<b>Total</b>	<b>118,587</b>	<b>24,377,272.00</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. COMPENSATION OF EMPLOYEES**

Basic salaries of permanent employees	3,452,030,875	2,496,317,508.00
Basic wages of temporary employees	104,574,717	129,674,986.00
Personal allowances paid as part of salary	872,555,489	1,594,196,492.00
Personal allowances paid as reimbursements		
Personal allowances provided in kind		
Employer Contribution to compulsory National Social Schemes		41,286,470.00
Employer Contribution to Compulsory National health Insurance Schemes	34,896,486	
Pension and other social security contributions		
Social benefit schemes outside government		
Other personnel payments		
<b>Total</b>	<b>4,464,057,566</b>	<b>4,261,475,456.00</b>

*(Give brief explanation including the comparative number of employees. Explain what other personnel costs relate to, explain significant change from prior period)*

**7. USE OF GOODS AND SERVICES**

Utilities, supplies and services	173,841,741	75,664,447.00
Communication, supplies and services	3,439,709	4,725,176.00
Domestic travel and subsistence	209,022,216	168,085,892.00
Foreign travel and subsistence	6,999,118	31,181,771.00
Printing, advertising and information supplies & services	40,835,976	52,640,665.00
Rentals of produced assets	7,680,790	12,910,565.00
Training expenses	64,112,142	38,271,981.00
Hospitality supplies and services	82,459,515	114,524,659.00
Insurance costs	104,809,529	63,855,265.00
Specialized materials and services	66,726,784	85,463,914.00
Office and general supplies and services	33,168,089	52,033,646.00
Fuel, oil and lubricants	83,009,697	68,975,660.00
Other operating expenses	181,319,305	154,780,008.00
Routine maintenance – vehicles and other transport equipment	36,830,391	34,556,970
Routine maintenance – other assets	37,551,558	37,754,082.00
<b>Total</b>	<b>1,131,806,559</b>	<b>995,424,701.00</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Transfers to County Government entities</b>		
Current Grants to Government & Other Levels of Governments		41,797,712.00
Capital Grants to Government Agencies & Other Levels of Government	326,129,659	577,884,358.00
Other Current Transfers Grants & Subsidies	643,865,648	219,720,712.00
Transfer to County Assembly	738,793,294	709,070,900.00
<b>Transfers to Other Counties</b>		
Other capital grants and transfers	935,315,351	227,082,161.00
(insert name of budget agency)		
<b>Transfers to National Government entities</b>		
Transfer to the Council of Governors		
Transfer to xxx		
<b>TOTAL</b>	<b>2,644,103,952</b>	<b>1,775,555,843.00</b>

*(Provide the nature and purpose of transfers and are these transfers to be recovered. The transfers under this note should be that done to self-reporting entities, explain significant change from prior period)*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. OTHER GRANTS AND PAYMENTS**

Scholarships and other educational benefits	205,000,000	43,402,241.00
Emergency relief and refugee assistance	86,194,619	151,178,519.00
Subsidies to small businesses, cooperatives, and self employed		
<b>Total</b>	<b>291,194,619</b>	<b>194,580,760.00</b>

*(Provide explanation as to what other grants and payments relate to and who is the beneficiary explain significant change from prior period)*

**10. SOCIAL SECURITY BENEFITS**

Government pension and retirement benefits	21,305,587	8,335,990.00
Social security benefits		
Employer Social Benefits		
<b>Total</b>	<b>21,305,587</b>	<b>8,335,990.00</b>

*(Explain where the benefits are remitted and who the beneficiaries are, explain significant change from prior period)*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. ACQUISITION OF ASSETS**

Purchase of Buildings		
Construction of Buildings	117,652,074	57,361,070.00
Refurbishment of Buildings		
Construction of Roads	194,037,391	237,095,745.00
Construction and Civil Works	473,668,824	552,645,842.00
Overhaul and Refurbishment of Construction and Civil Works		
Purchase of Vehicles and Other Transport Equipment	54,789,000	53,770,500.00
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	24,648,907	16,652,551.00
Purchase of Specialized Plant, Equipment and Machinery	126,576,783	37,553,593.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	6,456,236	(3,720,601.00)
Purchase of Certified Seeds, Breeding Stock and Live Animals	9,096,150	13,796,380.00
Research, Studies, Project Preparation, Design & Supervision	49,953,244	31,832,269.00
Rehabilitation of Civil Works	159,023,933	99,332,998.00
Purchase of Specialised Plant		
Acquisition of Strategic Stocks and commodities		
Acquisition of Land		20,000,000.00
Acquisition of Intangible Assets		
<b>Total acquisition of non- financial assets</b>	<b>1,215,902,541.95</b>	<b>1,116,320,347.00</b>
<b>Financial Assets</b>		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
<b>Total acquisition of financial assets</b>		
<b>Total acquisition of assets</b>	<b>1,215,902,541.95</b>	<b>1,116,320,347.00</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. CASH AND BANK BALANCES**

**12A. BANK BALANCES**

	Amount in bank account curren cy	Indicate whether recurrent or development, deposits, receipts, etc	Ex. rate (if in foreign curren cy)	2020/2021	2019/2020
Name of Bank, Account No. & Currency	Kes		Kshs	Kshs	Kshs.
<b>CBK ACCOUNTS</b>					
Kisumu County Development A/c No.1000170867	kes	Development	Kshs	355,765.00	6,064,056.10
Kisumu County Recurrent A/c No. 1000170956	kes	Recurrent		17,364.05	4,930,513.85
Kisumu Revenue fund A/c No.1000171488	kes	Revenue A/c		2,131,924,345.50	1,081,096,065.75
Kisumu County Road Maintainance Levy A/c No. 1000270993	kes	Fund		32,041,827.00	112,648,554.05
Kisumu County Deposit A/c No. 1000233524	kes			3,437,519.00	27,768,565.95
Kisumu County Transforming Health Care A/c No. 1000336749	kes	Project		22,192,422.60	75,607,312.80
Kisumu County Climate Smart Agriculture Project A/c No. 1000360941	Kes	Project		71,859,021.00	12,915,921.30
Kisumu County Agric Sec Dev. Supp Program A/c No. 1000364618	kes	project		-	7,221,288.00
Kisumu County Youth Polytechnics A/c No. 1000367989	kes			13,655,745.00	35,463,298.00
Kisumu County Kenya Urban Supp Program A/c No. 1000395354	kes	Project		579,240.50	-
Kisumu County Dairy Enterprise Dev A/c No. 1000397896	kes	Project		25,085,835.50	45,872,644.25
Kisumu County Devolution Support Program A/c No. 1000433345	kes			31,605,747.00	11,100,000.00
Kisumu County Universal Health Care A/c No. 1000447265	kes			199,999.00	91,525,545.00
Kisumu County Climate Change Fund A/c No. 1000470615	kes	Project		-	
<b>KCB ACCOUNTS</b>					
KCB Imprest/Operations Account - 1142145549 - kshs	Kes	Operations A/C	-	490,666.44	6,594,408.61

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

Kisumu County Cost & Contingency Fund A/C 1177287080 - kshs	Kes	Contingency A/C	-	2,642,453.00	-
Kenya Climate Smart Agric Project A/C NO.1271583917	Kes	Development		17,424,112.75	10,272,665.00
Kisumu Aquaculture Business Dev Prog A/C NO. 12755614418-KCB	Kes	Operations A/C		842,185.00	
KCB - Liaison Imprest A/C 1198121688 - kshs	Kes	Imprest A/C	-	0	-
KCB - Kisumu County Plant & Equipment A/C 1203503865 - kshs	Kes	Operations A/C	-	(886,519.70)	17,920.00
Maseno ATC-DFE A/c No. 1149539208	KES	Operations		4,985,373.30	2,116,507.20
JOOTRH A/c No. 1150668849	KES	Operations		41,635.35	65,285,795.75
UNICEF/Ministry of Water and Natural Resources A/C 1157946259	Kes	WASH Project A/C	-	0	6,235,040.50
KCB Salary A/C 1217991565	Kes	Imprest A/C	-	1,107,016.98	2,786,254.42
KCB Sugar Belt Roads Development A/C 1168980119	Kes	projectA/c	-	0	63,125.00
KCB Revenue Collection Account no. 1141991705	Kes	RevenueA/c		72,224,115.16	21,567,540.41
Alcoholic Drink CTRL DIR-KSM County A/c 1165958372	Kes	RevenueA/c		4,303,040.60	180,000.00
Chief Officer MasenoATC A/c no. 1148451196		Revenue A/c		2,740,477.50	2,740,477.50
<b>CO.OPERATIVE BANK ACCOUNTS</b>					
Seme Sub-County Cooperative Bank Imprests A/C 01141662180300 - kshs	Kes	Operations A/C	-	1,378.00	1,852.00
Kisumu Central Sub-County Imprests A/C 01141662180000 - kshs	Kes	Operations A/C	-	2,414.00	1,678.00
Kisumu East Sub-County Cooperative Bank Imprests A/C 011416621880100 - kshs	Kes	Operations A/C	-	1,337.00	-
Muhoroni Sub-County Cooperative Bank Imprests A/C 01141662180500 - kshs	Kes	Operations A/C	-		-
Nyando Sub-County Cooperative Bank Imprests A/C 01141662180600 - kshs	Kes	Operations A/C	-	907.00	-
Nyakach Sub-County Cooperative Bank Imprests A/C 01141662180400 - kshs	Kes	Operations A/C		1,987.00	-

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

Kisumu West Sub-County Cooperative Bank Imprests A/C 01141662180200 - kshs	Kes	Operations A/C	-	827.00	1,152.00
KISUMU COUNTY RESOURCE MOBILIZATION- 01141766220700-CO-OP	KES			793,252.00	3,208,987.00
City of Kisumu - Cooperative Bank Operations A/C 01141432538500 - kshs	Kes	Operations A/C	-		26,931.87
Kisumu County Health Revenue Account A/c no. 01141766981100	Kes	Revenue A/C			
Kisumu County Revenue Account No. 0114171766976600	Kes	Revenue A/c		846,689.02	157871.02
Kenya Urban Support Program A/c No. 01141739621700		Project		8,392,729.35	
<b>OTHER BANKS</b>					
Kisumu City KUSP UDG -A/C No: 0152378640001-SBM Bank	Kes	project		39,226.33	233,322,231.38
Kisumu County Salary Accounty A/C No: 2029561888- ABSA Bank	Kes	Recurrent A/C		39,178.10	39,178.10
City of Kisumu - NIC Bank Operations EURO A/C 1000025988 - kshs	Kes	Operations A/C	-		-
Kisumu County Operations A/c NO. 025000029519	Kes	Operations A/C		58,373.88	
Kisumu County Salaries A/c No. 025000025445	Kes	salaries		(19,829.16)	
Family Bank Cooperative Development A/C 025000033151	Kes	project		0	-
Kisumu County Commerce and Tourism A/c No. 025000025819	kes			11,508.00	
Government Current LREB ACCOUNTS1141614498200	Kes	Development A/C	-		-
Agric Sector Dev Support Prog ASDSP Kisumu County A/C No: 01071209261200	Kes	project		8,884,209.00	9,764,663.00
City of Kisumu A/C no. 1700280863160-EQUITY	kes			9,344.00	
<b>Grand Total</b>				<b>2,457,925,416.00</b>	<b>1,876,598,043.81</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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**12B. CASH IN HAND**

Cash in Hand – Held in domestic currency	329,485	54,600
Cash in Hand – Held in foreign currency	0	0
<b>Total</b>	<b>329,485</b>	<b>54,600</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Cash in hand should also be analysed as follows:

Nyakach	28,370	15,200
Muhoroni	19,330	6,150
Nyando	25,695	2,250
City of Kisumu	236,420	31,000
Hospitals		
Kisumu West/Seme	19,670	
<b>Total</b>	<b>329,485</b>	<b>54,600</b>

*[Provide cash count certificates for each]*

**13. ACCOUNTS RECEIVABLE**

Government Imprests	87,465,098	114,831,010
Salary Advance		
Clearance accounts		
<b>Total</b>	<b>87,465,098</b>	<b>114,831,010</b>

*[Include a breakdown of the outstanding receivables above or as an annex to the notes if the list is longer than 1 page.]*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. ACCOUNTS PAYABLE**

	2021	2020
Deposits	3,437,519.	27,768,565.95
Retention monies		
<b>Total</b>	<b>3,437,519.</b>	<b>27,768,565.95</b>

*[Provide short appropriate explanations as necessary]*

**15. FUND BALANCE BROUGHT FORWARD**

Bank accounts	1,890,819,766	1,453,899,364.00
Cash in hand	54,600	22,814,736.00
Accounts Receivables	114,831,010	783,346,771.30
Accounts Payables	(27,768,566)	(18,195,924.50)
<b>Total</b>	<b>1,977,936,810</b>	<b>2,241,864,946.80</b>

*[Provide short appropriate explanations, as necessary. The fund balances brought forward refers to the previous financial year's closing balances]*

**16. PRIOR YEAR ADJUSTMENTS**

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

	2019/2020	2020/2021	2019/2020
Bank account Balances	(971,170)		(971,170)
Cash in hand			
Accounts Payables			
Others-Payments made after 30/06/2019	597,708,415		597,708,415
Receivables	70,843,474		70,843,474
Others ( <i>Hospital bank balances</i> )	(21,843,566)	(156,437,320)	(178,280,886)
<b>Total</b>	<b>645,737,153</b>	<b>(156,437,320)</b>	<b>489,299,833</b>

**\*\* (The adjusted balances are not carried down on the face of the financial statement. County Executive to provide disclosure on the adjusted amounts) (Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy. Provide explanations for the prior year adjustments made their nature and effect on the fund balance of the County Executive).**

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**17. INCREASE/ (DECREASE) IN ACCOUNT RECEIVABLES**

Receivables as at 1 <sup>st</sup> July (a)	114,831,010	783,346,771
Receivables as at 30 <sup>th</sup> June (b)	87,465,098	114,831,010
(Increase)/ Decrease in Receivables	(27,365,912)	(668,515,761)

**18. INCREASE/ (DECREASE) IN ACCOUNTS PAYABLES**

Payables as at 1 <sup>st</sup> July (2020)	27,768,566	18,195,925
Payables as at 30 <sup>th</sup> June (b)	3,437,519	27,768,565.95
Increase/ (Decrease) in payables	24,331,046	9,572,640.95

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**7.10. OTHER IMPORTANT DISCLOSURES**

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

Description	2020	2021	2021	2021
Construction of buildings	193,662,024.83	45,067,076.74	34,755,343.10	203,973,758.47
Construction of civil works	783,572,021.63	325,858,743.26	105,569,702.93	1,003,861,061.96
Supply of goods	391,688,162.34	187,493,452.86	219,439,294.34	359,742,320.86
Supply of services	940,572,043.12	189,790,821.82	747,763,446.05	382,599,418.89
<b>Total</b>	<b>2,309,494,251.92</b>	<b>748,210,094.68</b>	<b>1,107,527,786.42</b>	<b>1,950,176,560.18</b>

**2. Pending Staff Payables (See Annex 3)**

Description	2020	2021	2021	2021
Senior management				
Middle management				
Unionisable employees				
Others				
<b>Total</b>				

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**OTHER IMPORTANT DISCLOSURES (Continued)**

**3. Other Pending Payables (See Annex 4)**

Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
<b>Total</b>				

*(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)*

**4. External Assistance**

External assistance received in cash		
External assistance received as loans and grants		
External assistance received in kind- as payment by third parties		
<b>Total</b>		

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**OTHER IMPORTANT DISCLOSURES (Continued)**

**a) External assistance relating to loans and grants**

Description			
External assistance received as loans			
External assistance received as grants			
<b>Total</b>			

**b) Undrawn external assistance**

Description			
Undrawn external assistance - loans			
Undrawn external assistance - grants			
<b>Total</b>			

**c). Classes of providers of external assistance**

Description			
Multilateral donors			
Bilateral donors			
International assistance organization			
NGOs			
National Assistance Organization			
<b>Total</b>			

*(Provide details for external assistance e, g. Economic development or welfare objective, Emergency relief, Trading activities etc.)*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**OTHER IMPORTANT DISCLOSURES (Continued)**

**d. Non-monetary external assistance**

Goods		
Services		
<b>Total</b>		

*This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc.*

*N/B: Disclose the basis on which the value of goods and services were determined ( This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.*

**e. Purpose and use of external assistance.**

Compensation of Employees		
Use of goods and services		
Subsidies		
Transfers to Other Government Units		
Other grants and transfers		
Social Security Benefits		
Acquisition of Assets		
Finance Costs, including Loan Interest		
Repayment of principal on Domestic and Foreign borrowing		
Other Payments		
<b>TOTAL</b>		

*N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**OTHER IMPORTANT DISCLOSURES (Continued)**

**f. External Assistance paid by Third Parties on behalf of the County Executive by Source**

*This relates to external assistance paid directly by third parties to settle obligations on behalf of the County Executive.*

Description		
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

**5. Payments by Third Party on Behalf of the County Executive**

This relates to payments done directly to supplier on behalf of the county Executive such as national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

**5.1 Classification by Source**

Description		
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

**OTHER IMPORTANT DISCLOSURES (Continued)**

**5.2 Classification of payments made by Third Parties by Nature of expenses**

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
Compensation of Employees		
Use of goods and services		
Subsidies		
Transfers to Other Government Units		
Other grants and transfers		
Social Security Benefits		
Acquisition of Assets		
Finance Costs, including Loan Interest		
Repayment of principal on Domestic and Foreign borrowing		
Other Payments		
<b>TOTAL</b>		

*N/B The above sub classification will be adopted based on the appropriate county's operations*

**6. Related Party Disclosures**

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

The following comprise of related parties to the County Executive:

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

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**OTHER IMPORTANT DISCLOSURES (Continued)**

**Related party transactions**

Key Management Compensation (Governors, CEC Members and COs)		
<b><u>Transfers to related parties</u></b>		
Transfer to the County Assembly	738,793,294	709,070,900
Transfers to other County Government Entities	643,865,648	261,518,424
Transfers to Development Projects	1,261,445,009	804,966,519
Transfers to non-reporting entities e.g schools and welfare		
Transfers to County Water Service Providers		
Expenses paid on behalf of County Water Service Providers		
<b>Total Transfers to related parties</b>	<b>2,644,103,951</b>	<b>1,775,555,843</b>
<b><u>Transfers from related parties</u></b>		
Transfers from the Exchequer	8,641,655,246	7,544,172,965
Transfers from MDAs	286,441,381	353,875,750
Transfers from SCs and SAGAs- National Government		
(Insert any other transfers received)		
<b>Total Transfers from related parties</b>	<b>8,928,096,627</b>	<b>7,898,048,715</b>

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

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

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**OTHER IMPORTANT DISCLOSURES (Continued)**

County Assembly	2013	County Assembly	Mr. Owen Ojuok
Education Fund	2014	County Headquarter	Ms. Penina Onyango
Trade Fund	2016	County Headquarter	Mr. Daniel Okia
City of Kisumu	2013	County Headquarter	Mr. Abala Wanga
Car & Mortgage Fund	2014	County Headquarter	Mr. Evans Otieno
KIWASCO	2003	KIWASCO Headquarter	Mr. Thomas Odongo
PWD Fund	2016	County Headquarter	Ms. Penina Onyango

**8. Disclosure of Balances in Revenue Collection Accounts**

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances need to be disclosed at the end of the reporting period as below. Revenue collection accounts should be swept to CRF on reporting dates.

			<b>KShs</b>	<b>KShs</b>
<i>KCB Revenue Collection A/C 1141991705</i>	KES		72,224,115.16	21,567,540.41
<i>Alcoholic Drink CTRL DIR-KSM County A/C No. 1165988372</i>	KES		4,303,040.60	180,000
<i>Chief Officer Maseno Agricultural Training Centre A/C 1148451196</i>	KES		2,740,477.50	2,740,477.50
<i>Kisumu County Health Revenue Account A/C 01141766981100</i>	KES			
<i>Kisumu County Revenue Account A/C 0114171766976600</i>	KES		846,689.02	157,817.02
<b>Total</b>			<b>80,114,322.28</b>	<b>24,645,834.93</b>

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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**OTHER IMPORTANT DISCLOSURES (Continued)**

**9. Leasing of Medical Equipment**

Amounts relating to leased medical equipment is included in the County Allocation Revenue Act and is budgeted for by the Counties. This amount is deducted at source and therefore not included in the exchequer. Since this is not a cash item, it is not included in the statement of receipts and payments In the year 2020/21 amounts relating to leased medical equipment was Kshs (2019/2020 Kshs )

**10. Contingent Liabilities**

Court case xxx against the entity		
Bank guarantees in favour of subsidiary		
contingent liabilities arising from PPPs		
<b>Total</b>		

*(Give details- Update ANNEX 8 Contingent liabilities register)*

**11. Covid- 19 Funds**

<b>Receipts</b>		
Receipts from the National Government to fight (Note 3)	82,682,844	159,820,000.00
Others-Grant Cou nty Govt. of Kisumu	50,000,000	
<b>Total Receipts</b>	<b>132,682,844</b>	<b>159,820,000.00</b>
<b>Payments</b>		
Purchase of Covid 19 materials- masks, sanitizers etc.	78,422,523	
Purchase of beds and ICU units	16,276,647	
Subsidies to the community		
Payment of hospital bills		
Donations to schools and other institutions		
Other expenses (specify)		
Advertisement and awareness		
General office stationery		
Purchase of computers, printers and other ICT Equipment's		
Office furniture(Executive tables,chairs,filling cabinets)		
Other Expenditure( mobile toilets and tents)		
Laboratory supplies(swabs, viral media transport)	20,455,053	
Maintenance of buildings		
Catering services(office floats/operations)	17,067,011	
Daily subsistence allowances		

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

Board conference and Accommodation/Domestic		
Purchase of uniforms and clothing-staff		
Transportation(car hire services)		
Contracted professional services		
Purchase of Agricultural supplies and materials		
Bank charges	312,448	
Contracted professional services		
<b>Total payments</b>	<b>132,533,682</b>	<b>159,820,000</b>
<b>Balance in the Covid 19 Fund</b>	<b>149,162</b>	

**7.11. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

1.0	Compensation of Employees constituting 51% of total Expenditures	This was caused by drop in budgeted receipts	Unresolved	30/06/2022
1.1	Budget performance analysis under collection of own revenue	The County experienced reduced trade volumes in the county due to COVID 19 leading to low revenue performance in the year.	Unresolved	30/6/2022
1.2	Under performance of recurrent and development expenditure	The underperformance was as a result of a shortfall in Own Source Revenue and late disbursement of Exchequer by the National Treasury	Unresolved	30/06/2022
2.0	Lack of Audit committee	The committee have been constituted and is currently operational	Resolved	30/6/2021
3.0	In Accurate fixed Asset Register	The management has engaged a consultant to help in preparing the register and the report is yet to be released/commissioned	Unresolved	30/6/2022
4.0	Lack of integration of Revenue collection systems	The management is exploring ways of integrating the five Revenue collection systems into one	Unresolved	30/6/2022

**Guidance Notes:**

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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

CEC, County Treasury

Sign..........

Date.....

**KISUMU COUNTY EXECUTIVE**  
**Consolidated Reports and Financial Statements**  
**For the year ended June 30, 2021**

**ANNEXES**

**ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER**

Descriptions	CARA FY 2020/2021	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL(ACTUAL)
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Equitable share	6,836,400,000.00	587,930,400.00	2,256,012,000.00	1,128,006,000.00	3,452,382,000.00	7,424,330,400.00
DANIDA	19,440,000.00	-	9,720,000.00	-	9,720,000.00	19,440,000.00
World Bank (Kenya Devolution Support Programme)	45,000,000.00	-	-	45,000,000.00	-	45,000,000.00
Conditional Allocations- Development of Youth Polytechnics	45,349,894.00	-	-	22,674,947.00	22,674,947.00	45,349,894.00
World Bank Grant for THS	57,625,645.00	-	-	28,220,230.00	27,957,658.00	56,177,888.00
Level 5 conditional Grant	369,017,341.00	-	-	169,747,976.00	199,269,364.00	369,017,340.00
Conditional allocations compensation for user fees foregone	21,299,489.00	-	-	-	21,299,489.00	21,299,489.00
Conditional allocations for leasing of medical equipment	132,021,277.00	-	-	-	-	-
EU Grant for instruments for devolution advice (IDEAS)	15,626,168.00	-	-	-	-	-
IDA (World Bank) Climate Smart Agri Project	240,035,100.00	-	100,455,119.00	-	129,171,162.00	229,626,281.00
IDA (World Bank) Kusp (UDG)		-	-	-	420,678,540.00	420,678,540.00

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

Sweden ASDSP	13,186,151.00	-	-	-	10,735,414.00	10,735,414.00
EU Water tower protection and Climate change mitigation	34,868,974.00	-	-	-	-	-
<b>Total share of National Revenue</b>	<b>8,033,628,577.00</b>	<b>587,930,400.00</b>	<b>2,366,187,119.00</b>	<b>1,495,528,421.00</b>	<b>4,478,450,687.00</b>	<b>8,641,655,246.00</b>
<b>Transfer from Other Government Agencies</b>						
RMLF	203,758,538		101,879,268		101,879,269	203,758,537
KDSP Level 2 Covid 19			82,682,844			82,682,844
<b>TOTAL</b>	<b>203,758,538</b>		<b>184,562,112</b>		<b>101,879,269</b>	<b>286,441,381</b>

*Note: The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer.*

**KISUMU COUNTY EXECUTIVE**  
**Consolidated Reports and Financial Statements**  
**For the year ended June 30, 2021**

**ANNEX 11 – ANALYSIS OF PENDING ACCOUNTS PAYABLE**

<b>CATEGORY</b>	<b>BALANCE AT THE BEGINNING OF THE YEAR FY 2019/2020</b>	<b>ADDITIONS DURING THE YEAR FY 2020/2021</b>	<b>PAID DURING THE YEAR</b>	<b>OUTSTANDING BALANCE</b>
CONSTRUCTION OF BUILDINGS	193,662,024.83	45,067,076.74	34,755,343.10	203,973,758.47
CONSTRUCTION POF CIVIL WORKS	783,572,021.63	325,858,743.26	105,569,702.93	1,003,861,061.96
SUPPLY OF GOODS	391,688,162.34	187,493,452.86	219,439,294.34	359,742,320.86
PROVISION OF SERVICES	940,572,043.12	189,790,821.82	747,763,446.05	382,599,418.89
<b>TOTAL</b>	<b>2,309,494,251.92</b>	<b>748,210,094.68</b>	<b>1,107,527,786.42</b>	<b>1,950,176,560.18</b>

**KISUMU COUNTY EXECUTIVE**  
**Consolidated Reports and Financial Statements**  
**For the year ended June 30, 2021**

**ANNEX 3 – ANALYSIS OF PENDING STAFF PAYABLES**

			a	b	c=a-b		
<b>Senior Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**KISUMU COUNTY EXECUTIVE**  
**Consolidated Reports and Financial Statements**  
**For the year ended June 30, 2021**

**ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES**

			a	b	c=a-b		
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
5.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
6.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

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**ANNEX 5 – ANALYSIS OF ACCOUNTS RECEIVABLES**

*(a) Government Imprest*

<b>Office of the County Executive</b>				
<b>Total</b>				

*(b) Salary Advance*

<b>Office of the County Executive</b>				

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**ANNEX 6 – SUMMARY OF NON-CURRENT ASSET REGISTER**

Land	2,753,928,477.00	-			2,753,928,477
Buildings and structures	1,016,427,130.10	177,117,618			1,165,005,022.90
Transport equipment	148,728,680.00	95,510,000			244,238,680
Office equipment, furniture and fittings	79,940,225.00	19,363,283			99,303,508.80
ICT Equipment	72,556,619.00	-			72,556,619
Machinery and Equipment	94,335,441.60	58,081,390			152,416,831.60
Heritage and cultural assets		-			-
Biological assets	13,796,379.60	9,096,150			22,892,529.60
Intangible assets	31,832,269.00	38,504,600			70,336,868.50
Infrastructure assets- Roads, Rails	848,231,753.70	818,229,500			1,666,461,253.60
Work in progress/Other inventory	15,000,000.00	-			-
<b>Total</b>	<b>5,074,776,975.00</b>	<b>1,215,902,542</b>			<b>6,262,139,791</b>

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Executive. Additions during the year, should tie to note 17 on acquisition of assets during the year. Ensure a complete fixed asset register is separately prepared in line with guidelines from The National Treasury.*

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**ANNEX 7 – INTER-ENTITY TRANSFERS**

1	County Assembly	52,875,074	173,191,544	188,697,232	324,029,444	738,793,294	738,793,294	0
2								
3								
4								
5								
6								
7								
8								
9	<b>Total</b>	<b>52,875,074</b>	<b>173,191,544</b>	<b>188,697,232</b>	<b>324,029,444</b>	<b>738,793,294</b>	<b>738,793,294</b>	<b>0</b>

**Director of Finance**  
**County Executive**


**Director of Finance**  
**County Assembly/fund/project**

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*(NB: This appendix must be agreed and signed by the issuing and receiving party)*

**KISUMU COUNTY EXECUTIVE**  
**Consolidated Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**ANNEX 8 Contingent liabilities register**



1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

289

**COUNTY EXECUTIVE OF KISUMU**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2021.**

**ANNEX9 – BANK RECONCILIATION/FO 30 REPORT**

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*(Attach FO 30 Reports from IFMIS)*