REPUBLIC OF KENYA

FFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF MIGORI

FOR THE YEAR ENDED 30 JUNE 2017

COUNTY ASSEMBLY OF MIGORI

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

Table of Content Page

I. KEY ENTITY INFORMATION AND MANAGEMENT iii
II. FORWARD BY THE SPEAKER OF THE ASSEMBLY v
III. STATEMENT OF RECEIPTS AND PAYMENTS 1
IV. STATEMENT OF FINANCIAL ASSETS 2
V. STATEMENT OF CASHFLOW 3
VI. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED 4
VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT. 6
VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT 7
IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES 8
X. NOTES TO THE FINANCIAL STATEMENTS 10

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly of Migori is constituted of the legislature of Migori County and the county Assembly administration headed by the County Assembly Speaker who chairs the County Assembly Service Board and the County Assembly Clerk who is the accounting officer respectively.
The Migori County Assembly service Board is responsible for the general policy and strategic direction of the County Assembly and is established in accordance with the County Government Act section 12.

(b) Key Management

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

- County Assembly Service Board
- Legislature; and
- Administration Staff.

(c) Fiduciary Management

20

The key management personnel who held office for the period ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	- **Mr. Tom Opere Onyango**
2.	Accountant 11	**-Mr. Kiwanuka Otieno Ondeng'e**

(d) Fiduciary Oversight Arrangements

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

- Internal Auditor **-Mr Evans Ogutu Ouma**

(e) Entity Headquarters

P.O. Box 985-40400
MIGORI COUNTY ASSEMBLY BUILDING
Migori-Level 4 Hospital Road
Migori-Kenya

(f) Entity Contacts

Telephone: (+254) 713-556-633
E-mail: info@migoriassembly.go.ke
Website: www.migoriassembly.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
   Migori Branch

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Put the forward note by the ASSEMBLY CLERK

Include the following:

Budget performance
RECURRENT VOTE; The approved annual recurrent budget 2016/2017 FY was Ksh. 722,192,640 however the total exchequer release was Ksh. 692,000,000 a percentage of 95.82%, making a recurrent budget deficit of Ksh. 30,192,640 **DEVELOPMENT VOTE;** During the financial period 2016/2017, Migori County Assembly never held a development account. The entire development budget of Ksh. 45,000,000 was committed to development projects pending bills 2015/2016 FY as well as new MCAs building in line with the annual procurement plan while actual payments were made at County Treasury. Migori County Assembly has no data of the actual development projects paid during the 2016/2017FY. This is primarily held at County Treasury
Performance of key development projects
During the financial year 2016/2017, Migori County Assembly enabled basic ICT administrative structure, Improved on interdepartmental reporting, Constructed new MCAs offices as well as participation in major repair of the Migori County Assembly chambers. Migori County Assembly also enabled key regulations of County Administration
Comment on value-for-money achievements
During the financial year 2016/2017, Migori County Assembly enabled basic ICT administrative structure, Improved on interdepartmental reporting, Constructed new MCAs offices as well as participation in major repair of the Migori County Assembly chambers. Migori County Assembly also enabled key regulations of County Administration
Challenges and Recommended Way Forward
some of the key implementation challenges Migori County Assembly encountered during the year are; 1.**Continous Budget insufficient funding** widening the burden of debts 2. **Delay on Monthly exchequer release** exposing the organization statutory remittance penalty and non-budgeted finance cost 3. **Inadequate office space** and the county assembly chambers 4. **Pending Development Contractors bills** due to lack of development account and insufficient development budget for Migori County Assembly

Sign

Clerk of the County Assembly

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended 30th June 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended 30th June 2017, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 29/09/ 2017.

Clerk of the County Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY ASSEMBLY OF MIGORI FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the County Assembly of Migori set out on pages 1 to 24, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of County Assembly of Migori as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis).

In addition, as required by Article 229 (6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis of Adverse of Opinion

1. Cash and Cash Equivalents

1.1. Bank Reconciliation Statements

The cash and cash equivalents balance as at 30 June 2017 of Kshs.443,156 was noted to have the following anomalies;

i. The bank balances were not supported with bank reconciliation statements and bank confirmation certificates.

ii. Thirty eight (38) of bank accounts analyzed under annex 6 being ward imprest accounts with balances totaling Kshs.36,396 were not supported with bank reconciliation statements and the bank statement balances were reflected in the financial statements instead of the reconciled cash book balances.

1.2. Statement of Cash Flows

The statement of cash flows indicates net cash flow from operating activities figure of Kshs.462,367 as at 30 June 2017 which ought to have been Kshs.74,876 thus leading to an unreconciled variance of Kshs.387,491. In addition, the credit side of the statement of financial assets reflect a similar balancing figure (fund balance) of Kshs.387,491 whose source is not explained nor supported.

Consequently, it has not been possible to confirm that cash and cash equivalents balance of Kshs 443,156 as at 30 June 2017 is fairly stated.

2. Receipts

2.1. Exchequer Releases

The transfers to the County Assembly of Kshs.692,000,000 is not in agreement with records obtained from the County Executive which indicates transfers of Kshs.698,570,000 and hence leading to an unexplained difference of Kshs.6,570,000. Further, the annual County Governments budget implementation report for the year 2016/2017 issued by the Office of the Controller of Budget indicates that exchequer issues meant for the County Assembly of Migori totalled Kshs.750,000,000 for the year which varies with the figure reported in the financial statements by an unexplained difference of Kshs.58,000,000.

Under the circumstances, the accuracy and validity of the total receipts as reflected in the statement of receipts and payments for the year ended 30 June 2017 could not be confirmed.

3. Compensation of Employees

3.1. Unsupported Figures

The compensation of employees reflects a figure of Kshs.313,735,216 while the payroll for the year reflected Kshs.290,487,115 leading to an unsupported or unreconciled variance of Kshs.23,248,101.

3.2. Sitting Allowances

Included in the compensation of employees figure of Kshs.313,735,216 is Kshs.14,439,100 which was paid as sitting allowance in the months of October 2016, December 2016, January 2017 and April 2017 revealed that the chairpersons and their vice chair of committees were paid at the rate of Kshs.6,500 and Kshs.5,200 per sitting respectively for all meetings attended where they sat as ordinary members as detailed below;

No	MCA	No of Meetings as Chair	No of Meetings as Vice Chair	No of Meetings as member	Entitle-ment Kshs.	Actual paid Kshs.	0ver payment Kshs.
1	Hon. Boaz Owiti Okoth (D. speaker)	29	0	22	274,300	598,000	323,700
2	Hon. Joseph Hoyo Mogosi	0	0	50	195,000	347,100	152,100
3	Hon. William M Abed Moroa	0	0	37	144,300	438,500	294,200
4	Hon. Atieno Akel	10	0	42	228,800	630,500	401,700
5	Hon. David Chacha Mathew	19	0	40	279,500	578,500	299,000
6	Hon. Wilson Titus Onyango	0	2	38	158,600	400,000	241,400
7	Hon. Jonson Omollo Owiro	6	0	54	249,600	650,000	400,400
8	Hon. George Ouma Otieno	3	0	55	234,000	637,000	403,000
9	Hon. Joshua Onyango Ouma	0	0	37	144,300	301,000	156,700
10	Hon. Rauben Mahonga Keya	2	0	51	211,900	591,500	379,600
11	Hon. Benard Omondi Ochieng Abwao	0	2	27	115,700	263,200	147,500
12	Hon. Tibaya Muniko	2	0	42	176,800	344,100	167,300
13	Hon. Paul Mangondi	0	0	43	167,700	477,200	309,500
14	Hon. Charles Nyamohanga Nyangi	0	0	40	156,000	253,500	97,500
15	Hon. Joseph Obonyo Ochola	0	2	43	178,100	431,600	253,500
16	Hon. Joe Jacks Gucha	5	0	39	184,600	491,000	306,400
17	Hon. Julius Nyakinya Rodho	0	2	40	166,400	341,900	175,500

18	Hon. Thoma Mboya Odera	0	0	34	132,600	507,500	374,900
19	Hon. Joshua Odoyo Nyamwanga	3	0	37	163,800	387,000	223,200
20	Hon. Eric Omondi Gogo	0	0	50	195,000	347,000	152,000
21	Hon. John Robert Bondori	0	1	36	145,600	338,000	192,400
22	Hon. Richard odhiambo Sollo	0	0	50	195,000	565,500	370,500
23	Hon. George Okinyi Omamba	4	0	39	178,100	481,000	302,900
24	Hon. Timon Awithi Mbogo	0	0	53	206,700	362,700	156,000
25	Hon. Lucas Husa Masa	0	0	24	93,600	136,500	42,900
26	Hon. Chacha Mwera Mesongo	2	3	50	223,600	494,000	270,400
27	Hon. Benson Nyahiri Kohera	0	6	43	198,900	473,200	274,300
28	Hon. Paul N.A Mwita	4	0	40	182,000	513,500	331,500
29	Hon. Samuel Rioba Kongani	0	0	46	179,400	377,100	197,700
30	Hon. Hezron Odhiambo Okello	9	0	46	237,900	643,500	405,600
31	Hon. Daniel Ooko Okendo	3	6	33	179,400	405,600	226,200
32	Hon. Edward Odek Odera	0	3	31	136,500	368,000	231,500
33	Hon. Jared Osawah	0	5	53	232,700	519,200	286,500
34	Hon. Nicholas N Rioba	0	0	34	132,600	358,800	226,200
35	Hon. Roland Asiga	5	0	34	165,100	461,500	296,400
36	Hon. Hillary Ocholla Maeri	6	0	36	179,400	520,000	340,600
37	Hon. David William Ouma	0	19	26	200,200	388,800	188,600
38	Hon. Phillip Ouma Odero	0	6	33	159,900	379,600	219,700

39	Hon. albert Odette Amollo	0	3	54	226,200	546,000	319,800
40	Hon. Eunice Wambui	0	0	46	179,400	304,700	125,300
41	Hon. John Kennedy	0	10	36	192,400	408,200	215,800
42	Hon. Jannette Omolo	0	8	53	248,300	598,000	349,700
43	Hon. Richard Wambura	0	0	44	171,600	360,900	189,300
44	Hon. Josephine Adhiambo	0	0	52	202,800	374,400	171,600
45	Hon. Zainabu Naichesa Masayie	0	6	40	187,200	442,000	254,800
46	Hon.Benter Otieno	0	0	43	167,700	327,600	159,900
47	Hon. Margret Obongo	0	0	47	183,300	374,400	191,100
48	Hon. Monica Yunita	0	0	44	140,400	296,900	156,500
40	Hon. Elizabeth Tala	0	0	48	187,200	345,400	158,200
50	Hon. Florence Otieno	0	0	52	202,800	354,900	152,100
51	Hon. Roseline Oyugi	0	0	4	15,600	144,300	128,700
52	Hon. Rahab Robi	7	0	34	178,100	448,500	270,400
53	Hon. Beatrice Boke	0	0	40	156,000	300,300	144,300
54	Hon. Stella Ombonya	0	0	49	191,100	374,400	183,300
55	Hon. Mary Gikuuri	0	0	52	202,800	416,000	213,200
56	Hon. Bunyige Anne Otaigo	0	0	39	152,100	206,700	54,600
57	Hon. Monica Anyango	0	0	42	163,800	324,800	161,000
58	Hon. Agnes Kalondu	0	0	49	191,100	347,100	156,000
59	Hon. Hellen Oyaro	0	0	51	198,900	382,200	183,300
60	Hon. Susan Mohabe	6	0	51	237,900	650,000	412,100

61	Roseline Arucho	0	0	44	171,600	312,000	140,400
62	Caren Atieno Wema	0	0	44	171,600	300,300	128,700
					11,303,500	**25,742,600**	**14,439,100**

Consequently, the propriety of the payments could not be confirmed.

3.3. Extraneous Allowances

Included in the compensation of employees figure of Kshs.313,735,216 is Kshs.186,624 paid to various officers in the County Assembly as extraneous allowance. It was observed that the extraneous allowance was paid in cash and outside payroll. There was no explanation on the basis of the payments and how the rates were arrived at. Irregular allowances are an indication of misuse of public resources.

3.4. Top Up and Acting Allowances

Included in the compensation of employees figure of Kshs.313,735,216 is Kshs.536,107 paid to various officers as top up and acting allowance during the year under review. However, it has not been established how the rates were arrived at and why the same is paid outside the main payroll and had not been approved by the Salaries and Remuneration Commission.

Consequently, the validity and propriety of compensation of employees figure of Kshs.313,735,216 could not be confirmed.

4. Use of Goods and Services

4.1. Local Travel

Included in the use of goods and services figure of Kshs.353,997,295 is domestic travel and subsistence figure of Kshs.116,486,174 which in turn includes payments totalling Kshs.9,560,700 not adequately supported by the participants' attendance register, the duly signed excerpt for the committee minutes and the evidence of approval for the committee to hold official functions outside their duty station. Although the money was paid to the members through their bank accounts, there was no evidence to confirm that such official functions took place at the stations indicated on the payment documentation.

Consequently, the propriety of Kshs.9,560,700 could not be ascertained.

4.2. Training Expenses

Included in training expenses figure of Kshs.5,610,800 under note 5 to the financial statements is Kshs.4,026,180 which was paid to a trainer. However, various

documents such as procurement documents, the schedule list of the course/training attendants, the date and venue when and where the training took place were not availed for audit review. In addition, supplier letter of introduction was of 4th July 2017 which was nine (9) months from the date of this transaction.

Further, included in the amount of training expenses figure of Kshs.5,610,800 are two payments to an individual totalling Kshs.200,000 for training of staff on IFMIS but the staff details were not made available. Consequently, propriety of Kshs.4,026,180 and value of money of the expenditure incurred could not be confirmed.

4.3. Printing, Advertising and Information Supplies

The printing, advertising and information supplies and services figure of Kshs.2,340,510 reflected in the financial statements is at variance with the ledger figure of Kshs.748,980, occasioning to a variance of Kshs.1,591,530. The approved budget for this item was Kshs.2,000,000 while the expenditure was Kshs.2,430,510, giving rise to an unauthorized over expenditure of Kshs.430,510.

Consequently, the validity and accuracy of Kshs.2,340,510 reflected in the financial statements could not be confirmed.

4.4. Medical Insurance

Included in the use of goods and services figure of Kshs.353,997,295 is Kshs.31,359,600 in respect of insurance cost which includes Kshs.21,060,000 for medical insurance whose payment vouchers were not availed for audit review.
Consequently, the propriety of the expenditure of Kshs.2,060,000 could not be confirmed.

4.5. Specialized Materials and Services

Specialized materials and services reported under Note 4 to the financial statements is Kshs.11,684,000 which comprises Kshs.5,684,000 for contracted professional services and Kshs.6,000,000 for contracted technical services which were not supported by requisite documentation.
Consequently, the propriety of the expenditure of Kshs.11,684,000 could not be confirmed.

4.6. Hospitality, Supplies and Services

Hospitality, supplies and services included under use of goods and services of Kshs.3,904,605 was not adequately supported with relevant documents. It was also noted that the actual expenditure of Kshs.3,904,605 was over and above the budgeted figure of Kshs.1,080,000 thereby leading to an unauthorized expenditure of Kshs.2,824,605.

Consequently, the propriety of the figure of Kshs.3,904,605 could not be confirmed and the management was in breach of Public Finance Management Act,2012 in respect of budgetary monitoring and controls.

5. Pension and Social Security Benefits

Included in social security contributions figure of Kshs.20,229,222 is Kshs.13,074,072 which was not supported with the relevant documentation.

Consequently, the propriety of Kshs.13,074,072 for the year ended 30 June 2017 could not be confirmed.

6. Finance Costs

The finance costs of Ksh.1,400,000 had not been supported with relevant documentation and as a result this could not be confirmed as genuinely incurred.

7. Other Payments

The statement of receipts and payments reflects other payments of Kshs.2,563,391 which however did not have relevant documentary evidence in support of these payments.

Consequently, the propriety of other payments totalling Kshs.2,563,391 could not be confirmed.

8. Pending Bills

As at 30 June 2017 the Assembly had an outstanding balance of Kshs.154,186,348 which comprises of Kshs.143,782,478 being pending bill for goods and services and Kshs.10,403,871 being staff payables as analyzed in Annex I and II to financial statements. The following anomalies were however noted:

i. A detailed listing of these pending bills with details of contract dates, contract amounts, amounts paid and outstanding balances were not included in the financial statements as prescribed in the templates provided by the Public Sector Accounting Standards Board (PSASB).

ii. The Assembly did not maintain ledgers to record the movement of pending bills and payables.

Consequently, the accuracy of the pending bills and payables amounting to Kshs.154,186,348 reported in the financial statements for the year ended 30 June 2017 could not be ascertained.

9. Fixed Assets Register

During the year under review and as indicated in the statement of receipts and payments and Note 6 to the accounts, the County Assembly did not acquire any

assets. However, the County Assembly did not maintain ledgers. The summary listing of assets for the previous year indicates that the Assembly reflected Kshs.11,500 thus casting doubt on the accuracy of the balances considering that the Assembly must have purchased more assets in the previous years. Further, the assets balances also exclude assets that were taken-over from the defunct County Council of Migori in particular the buildings where the Assembly offices are situated.

Consequently, the validity and accuracy of summary fixed assets register total balance of Kshs.11,500 for the year ended 30 June 2017 could not be confirmed.

10. Non- Preparation of Financial statements

The County operates Car Loan and Mortgage Scheme. However, separate financial statements were not prepared for the Scheme. Sections 164 and 167 of the PFM Act, 2012, requires accounting officers of County Government entities, including public funds, to prepare individual financial statements for each entity and submit to the Office of the Auditor-General within three months after the end of the financial year. The Fund administrators did not comply with the requirements of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Migori in accordance with ISSAI 30 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. Except for the matters described in the Basis for Adverse Opinion and Other Matter sections, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Budget Performance Analysis

During the year under review, the approved budget for County Assembly of Migori was Kshs.767,192,640 out of which Kshs.45,000,000 (6%) was for development expenditure while Kshs.722,192,640 (94%) was for recurrent expenditure as indicated below:

Vote	Approved Budget 2016/2017 Kshs.	Actual 2016/2017 Kshs.	Absorption rate %	% of Total Expenditure
Recurrent Expenditure	722,192,640	691,925,124	96%	100%
Development Expenditure	45,000,000	0	0%	0%
Total	**767,192,640**	**691,925,124**	**96%**	

A review of the budget performance shows that the County Assembly spent nil on development expenses while Kshs.691,925,124 or approximately 96% on recurrent expenses as detailed.

Items	Budget Amount Kshs.	Actuals Amount Kshs.	Over Expenditure Kshs.	Under Expenditure Kshs.	% Level of Absorption
Basic Salary &Other Emoluments	359,664,844	313,735,216		45,929,628	87
Rent and Rates-Non Residential	94,680,000	117,769,021	23,089,021		124
Gratuity - MCAs& Employers Contribution NSSF	55,529,595	20,229,222		35,300,373	36
Contracted Professional Services	9,480,000	16,340,000	6,860,000		172
Electricity	350,000	603,304	253,304		172
Water	275,000	145,000		130,000	53
Telephone and Mobile phone services	400,000	316,500		83,500	79
Courier and Postal	250,000	15,852		234,148	6
Travel Costs-Foreign	11,500,000	14,953,828	3,453,828		130
Travel Costs-Local	95,380,174	119,049,516	23,669,342		125
Printing and Stationary	2,000,000	568,980		1,431,020	28
Subscription to Newspaper and Periodicals	1,820,000	681,531		1,138,469	37

Advertising and Publicity Campaigns	2,807,860	1,664,200		1,143,660	59
Training Allowances	4,000,000	5,610,800	1,610,800		140
Catering Services	1,080,000	3,904,605	2,824,605		362
Group Personal Insurance	9,325,000	8,725,000		600,000	94
Insurance -Motor Vehicle &Plant and Equipment	2,665,000	2,074,600		590,400	78
Medical Insurance-MCAs	23,000,000	21,060,000		1,940,000	92
Education and Library Services	650,000	600,000		50,000	92
Purchase of Uniform and clothings	1,000,000	671,200		328,800	67
General office Supplies	5,000,000	4,595,875		404,125	92
Accessories for computers and printers	1,500,000	2,056,150	556,150		137
Sanitary and Cleaning	1,200,000	1,100,000		100,000	92
Fuel Oil and Lubricant	6,200,000	5,845,000		355,000	94
Bank Commission and charges	500,000	1,400,000	900,000		280
Member Fees, Subscription	1,000,000	5,309,100	4,309,100		531
Legal Dues	5,000,000	2,000,000		3,000,000	40
Routine Maintenance-M/Vehicle	3,540,167	2,933,805		606,362	83
Maintenance of plant, Machinery & Furniture	500,000	341,000		159,000	68
Maintenance of buildings and stations	545,000	62,046		482,954	11
Maintenance of computers, software & network	200,000	896,700	696,700		448
Purchase of office furniture's and fittings	650,000	-		650,000	-

Purchase of Air conditioners	500,000	-		500,000	-
Non-Residential Buildings (offices, schools & hospital	20,000,000	16,667,074		3,332,926	83
Total	**722,192,640**	**691,925,124**	**68,222,850**	**98,490,366**	**96**

From the above, the following were observed;

i. The Assembly under spent on twenty four (24) items with a total expenditure of Kshs.98,490.366 and overspent Kshs.68,222,850 on eleven (11) items.

ii. The expenditure on maintenance of computers, software & network, member fees, subscription, bank commission and charges, accessories for computers, printers, catering services, training allowances and travel costs-local had the highest over expenditure and no explanation was provided for the material variations neither were reallocations regularized through supplementary budget.

Consequently, the under expenditure and over expenditure total of Kshs,98,490,366 and Kshs.68,222,850 affected other budgeted items hence service delivery may have been hampered to the Assembly staff and members of Legislative Assembly.

11. Car Loan and Mortgage Facility to Members of County Assembly

In the year 2014, the County Assembly received from the County Executive Kshs.100,000,000 for the car loan and mortgage facilities of the Members of County Assembly and another of Kshs.215,000,000 was advanced by Diamond Trust Bank at an interest rate of 11% per annum. A total of Kshs.276,370,000 had been advanced to the Members of the County Assembly by 26 January 2014. However, the following anomalies were observed:

i. The County Assembly failed to remit Kshs.215,000,000 as part of lien funds which was advanced by the Diamond Trust Bank hence making the bank to recover from initial deposit to cover the interest expense.

ii. Delayed remittance to the bank created bank charges and penalties amounting to Kshs.34,706,654 which is nugatory expenditure.

iii. Out of the amount disbursed of Kshs.276,370,000, only Kshs.261,525,386 had been recovered which represents 95% of the mortgage and car loan amounts that have been advanced.

iv. No recourse was made available to the County Assembly in case of a default to pay the loan by a Member of the County Assembly since the loans had been unsecured and the cars and properties were not jointly registered or charged in the name of the Assembly and the respective MCAs.

v. By September 2017, fifty nine (59) Members of the County Assembly had not cleared their balances of the Kshs.14,844,614.80 yet most did not make it for the second term as shown below:

No	P/F Number	Name			Recovery per Month Kshs.	Outstanding Balances as June 2017 Kshs.
1	1993005617	Mesongo	Chacha	Mwera	150,596.80	299,903.35
2	1994057316	Ouma	Otieno	George	153,840.60	153,871.54
3	1998017732	Rioba	Nicholas	Ngabiya	150,599.00	300,222.31
4	20130001482	Owiro	Johnson	Omolo	153,857.10	153,996.38
5	20130001651	Maeri	Hillary	Ochola	113,799.60	228,526.38
6	20130002201	Nyakinya	Julias	Rodho	150,599.00	300,222.31
7	20130002694	Ouma	David	William	153,879.15	153,996.38
8	20130003048	Hezron	Odhiambo	Okello	154,516.15	154,308.60
9	20130003155	Ochola	Joseph	Obonyo	149,938.40	299,318.19
10	20130003217	Keya	Reuben	Mahonga	142,231.65	284,965.61
11	20130003422	Chacha	David	Mathew	149,863.60	298,833.74
12	20130003806	Nyangi	Charles	Nyamohanga	149,930.05	299,318.19
13	20130004036	Awidhi	Timon	Mbogo	122,797.05	123,346.79
14	20130004456	Maroa	William	Mwita Abed	154,490.20	154,121.02
15	20130004634	Mereza	Atieno	Akell	153,857.80	153,996.38
16	20130004769	Mangondi	Paul		131,618.80	257,916.92

17	20130004910	Okendo	Daniel	Ooko	148,911.75	299,636.52
18	20130005346	Onyango	Wilson	Titus	150,670.05	449,584.72
19	20130005444	Odera	Thomas	Mboya	150,617.70	300,549.96
20	20130005695	Nyahiri	Benson	Kohera	144,075.10	288,250.29
21	20130006174	Okoth	Boaz	Owiti	153,840.60	154,034.93
22	20130006683	Roland	Kinap	Asiga	57,816.05	119,878.06
23	20130007000	Onyango	Joshua	Ouma	133,468.05	135,681.47
24	20130007868	Abwao	Bernard	Omondi Och	155,430.40	298,738.60
25	20130007993	Hura	Lucas	Masa	135,402.25	269,439.95
26	20130008114	Nyamwanga	Joshua	Odoyo	150,534.95	299,418.04
27	20130008150	Odera	Edward	Odek	141,880.65	260,139.34
28	20130008267	Odette	Albert	Amollo	134,493.85	269,199.28
29	20130008329	Joe	Jacks	Gucha	150,596.80	299,903.35
30	20130008570	Osawah	Jared		149,545.80	451,961.20
31	20130008829	Mogosi	Joseph	Hoyo	149,934.35	299,963.78
32	20130008838	Odero	Philip	Ouma	122,446.10	361,568.93
33	20130009308	Bondori	John	Robert	154,498.85	154,183.52
34	20130009844	Kongani	Samwel	Rioba	150,599.00	300,222.31
35	20130009942	Odhiambo	Richard	Sollo	115,820.45	229,472.24
36	20130010016	Gogo	Erick	Omondi	144,849.10	273,399.90
37	20130010187	Omamba	George		151,380.90	450,453.93
38	20130016634	Muniko	Tibaya	John	135,136.15	269,913.07
39	20130016643	Mwita	Paul	Atanas	150,614.45	300,042.36

40	20130027208	Omondi	John	Kennedy	148,511.70	440,210.18
41	20130027477	Mboya	Eunice	Wambui	149,922.80	299,318.19
42	20130027486	Omolo	Jannette	Atieno	150,617.70	300,549.96
43	20130027495	Ojwang	Josephine	Adhiambo	130,164.00	130,790.78
44	20130027502	Nechesa	Zainabu	Masayie	144,512.80	144,469.96
45	20130027511	Otieno	Benter	Angela	142,557.25	284,308.40
46	20130027520	Obongo	Margaret	Adhiambo	128,196.15	256,970.21
47	20130027539	Owino	Monica	Yunita	137,063.00	137,223.33
48	20130027548	Adhiambo	Elizabeth	Tala	122,979.05	123,164.79
49	20130027557	Auma	Florence	Otieno	117,514.30	244,400.57
50	20130027566	Adhiambo	Roseline	Oyugi	151,553.90	451,961.20
51	20130027575	Chacha	Rahab	Robi	140,116.35	279,417.21
52	20130027584	Ombonya	Stella	Akinyi	136,504.60	136,945.66
53	20130027593	Motongori	Mary	Gikuuri	155,417.60	309,189.86
54	20130027600	Bunyige	Anna	Otaigo	150,614.45	300,042.36
55	20130027619	Otieno	Monica	Anyango	146,993.30	144,932.50
56	20130027628	Musembi	Agnes	Kalondu	138,247.45	276,505.97
57	20130027637	Anyango	Hellen	Oyaro	122,797.05	123,346.79
58	20130027646	Mohabe	Susan		154,498.85	154,183.52
59	20130027655	Nyamanyi	Beatrice	Boke	154,498.85	154,183.52
				Total		**14,844,614.80**

Consequently, the County Assembly incurred nugatory expenditure of Kshs.34,706,654 and recovery of the balances of Kshs.14,844,615 is in doubt.

4. Governance Framework

3.1. Internal Audit and Audit Committee

Review of Internal Audit unit has indicated that the County Assembly of Migori has not established and operationalized the audit committee as required by law. Further, it was noted that the internal audit had operated without audit plan. The Management was not able to manage the risks effectively. The County Assembly is in breach of the Public Finance Management Regulation, Section 153(1),160 and 170.

3.2. Staff Ethnic Composition

During the year under review, 89% of the staff were from one dominant ethnic community contrary to the requirement of the Section 7(2) of the National Cohesion and Integration Act, 2008 and section 65(e) of the County Government Act,2012 which require at least 30% of the employees are from other ethnic communities. Consequently, the County was breach of the law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the Assembly ability to continue as a sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern accounting assumption.

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.

Those charged with governance are responsible for overseeing the Assembly financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Assembly's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the 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 Assembly ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Assembly to cease to continue as a going concern.

- 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 of the entity or business activities 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.

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 July 2018

COUNTY ASSEMBLY OF MIGORI
Reports and Financial Statements
For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016/17 Ksh.	2015/16 Ksh.
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	692,000,000	562,962,342
Other Receipts	2	-	43,617,133
TOTAL RECEIPTS		**692,000,000**	**606,579,475**
PAYMENTS			
Compensation of Employees	3	313,735,216	284,547,915
Use of goods and services	4	353,997,295	301,927,617
Social Security Benefits	5	20,229,222	1,775,382
Acquisition of Assets	6	0	11,500
Finance Costs	7	1,400,000	780,000
Other Payments-use of goods & Services	8	2,563,391	17,519,876
TOTAL PAYMENTS		**691,925,124**	**606,562,290**
SURPLUS/DEFICIT		**74,876**	**17,185**

The explanatory notes to these financial statements form an integral part of the financial statements.
The financial statements were approved on 29/09/ 2017 and signed by:

Clerk of the Assembly **Senior Finance Office – County Assembly**

MIGORI COUNTY ASSEMBLY FINANCE AND ECONOMIC PLANNING OFFICE 29 SEP 2017 P.O. Box 525, SUNA - 40400

V. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2017

	Note	2016/17 Ksh.	2015/16 Ksh.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9A	443,156	17,185
Cash Balances	9B	-	-
Total Cash and cash equivalents		**443,156**	**17,185**
Accounts receivables – Outstanding Imprests	10	36,396	-
TOTAL FINANCIAL ASSETS		**479,552**	**17,185**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	11	0	-
NET FINANCIAL ASSETS		**479,552**	**17,185**
REPRESENTED BY			
balance b/fwd	12	**17,185**	-
Fund Balance		**387,491**	
Surplus/Deficit for the year		**74,876**	17,185
NET FINANCIAL POSITION		**479,552**	**17,185**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29/10/ 2017 and signed by:

Clerk of the Assembly **Senior Finance Office – County Assembly**

MIGORI COUNTY ASSEMBLY FINANCE AND ECONOMIC PLANNING OFFICE 29 SEP 2018 P.O. Box 985, SUNA - 40400

VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016/17 Ksh.	2015/16 Ksh.
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	692,000,000	562,962,342
Other Receipts	2	-	43,617,133
Payments for operating expenses			
Compensation of Employees	3	313,735,216	284,547,915
Use of goods and services	4	353,997,295	301,961,727
Social Security Benefits	5	20,229,222	1,775,382
Finance Costs	7	1,400,000	780,000
Other Payments	8	2,563,391	17,519,876
Adjusted for:			
Adjustments during the year			
Net cash flows from operating activities		**462,367**	**28,685**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	11,500
Net cash flows from investing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**462,367**	**17,185**
Cash and cash equivalent at BEGINNING of the year		**17,185**	-
Cash and cash equivalent at END of the year			
As per statement of assets		**479,552**	**17,185**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29/09/ 2017 and signed by:

Clerk of the Assembly **Senior Finance Office – County Assembly**

MIGORI COUNTY ASSEMBLY FINANCE AND ECONOMIC PLANNING OFFICER 29 SEP 2018 P.O. Box 985, SUNA - 40400

VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	747,192,640	20,000,000	767,192,640	692,000,000	95.82%
Proceeds from Sale of Assets	0	0	0	0	0
Other Receipts	0	0	0	0	0
TOTAL	**747,192,640**	**20,000,000**	**767,192,640**	**692,000,000**	**95.82%**
PAYMENTS					
Compensation of Employees	370,042,903	0	370,042,903	313,735,216	84.78%
Use of goods and services	286,498,201	20,000,000	306,498,201	353,997,295	115.50%
Subsidies	0	0	0	0	0
Transfers to Other Government Entities	0	0	0	0	0
Other grants and transfers	0	0	0	0	0
Social Security Benefits	45,151,536	0	45,151,536	20,229,222	44.8%
Acquisition of Assets	0	0	0	0	0
Finance Costs	500,000	0	500,000	1,400,000	280%
Other Payments	0	0	0	2,563,391	0
Development	45,000,00	0	45,000,000	0	0%
TOTAL	**747,192,640**	**20,000,000**	**767,192,640**	**691,925,124**	**95.81%**

Key notes on underutilization (below 50% of utilization) and any overutilization
(a)

Use of goods and services	286,498,201	20,000,000	306,498,201	353,997,295.00	115.50%

During the financial year 2016/2017 the Administration expenditure went up over the recurrent budget by 17.64 % due to the administrative programs that were inevitable.
(b)

Finance Costs	500,000	0	500,000	1,400,000	280%

The finance Cost went up due to the standing order facility fees with the commercial bank. This was necessary to reduce fines and penalties that could accrue due to delay in funding

(c) Development budget is being implemented by Migori County Executive and it only disclosed for information purpose

The entity financial statements were approved on 29/09/ 2017 and signed by:

Clerk of the Assembly

Senior Finance Office – County Assembly

MIGORI COUNTY ASSEMBLY FINANCE AND ECONOMIC PLANNING OFFICER 29 SEP 2018 P.O. Box 985, SUNA - 40400

VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Ksh.
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	702,192,640	20,000,000	722,192,640	692,000,000	96%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**702,192,640**	**20,000,000**	**722,192,640**	**692,000,000**	**96%**
PAYMENTS					
Compensation of Employees	370,042,903	0	370,042,903	313,735,216	85%
Use of goods and services	286,498,201	20,000,000	306,498,201	353,997,295	116%
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers			0	0	0
Social Security Benefits	45,151,536		45,151,536	20,229,222	45%
Acquisition of Assets					
Finance Costs	500,000		500,000	1,400,000	280%
Other Payments				2,563,391	0
TOTAL	**702,192,640**	**20,000,000**	**722,192,640**	**691,925,124**	**96%**

Key notes on underutilization (below 50% of utilization) and any overutilization

(a)

Use of goods and services	286,498,201	20,000,000	306,498,201	353,997,295	116%

During the financial year 2016/2017 the Administration expenditure went up over the recurrent budget by 16.26 % due to the administrative programs that were inevitable.

(b)

Finance Costs	500,000	0	500,000	1,400,000	280%

The finance Cost went up due to the standing order facility fees with the commercial bank. This was necessary to reduce fines and penalties that could accrue due to delay in funding

The entity financial statements were approved on 29/09/ 2017 and signed by:

I. Clerk of the Assembly

Senior Finance Office – County Assembly

MIGORI COUNTY ASSEMBLY FINANCE AND ECONOMIC PLANNING OFFICE 29 SEP 2018 P.O. Box 635, SUNA - 40400

II. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	45,000,000	0	45,000,000	0	0%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**45,000,000**	**0**	**45,000,000**	**0**	**0%**
PAYMENTS					
Compensation of Employees					0
Use of goods and services					0
Subsidies					0
Transfers to Other Government Entities					0
Other grants and transfers					0
Social Security Benefits					0
Acquisition of Assets	45,000,000	0	45,000,000	0	0%
Finance Costs					
Other Payments					
TOTAL	**45,000,000**	**0**	**45,000,000**	**0**	**0%**

Development budget is being implemented by Migori County Executive and it only disclosed for information purpose

The entity financial statements were approved on 29/09/ 2017 and signed by:

Clerk of the Assembly

Senior Finance Office – County Assembly

MIGORI COUNTY ASSEMBLY FINANCE AND ECONOMIC PLANNING OFFICE 29 SEP 2013 BOX 265, SUNA - 40400

III. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-progarmme	Budget	Actual	Budget utilization difference	Budget cumulative to date	Actual cumulative to date	Budget utilization difference
	20xx	Quarter 20xx		Date, 20xx	Date, 20xx	
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
Programme 1						
Sub-programme 1						
Sub-programme 2						
Sub-programme 3						
Programme 2						
Sub-programme 1						
Sub-programme 2						
Sub-programme 3						

IV. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of revenue and expenses

The entity recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the entity. In addition, the entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

3. In-kind contributions

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

4. 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.

5. 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 expenditure 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.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has 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 by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. Non current assets

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

8. Pending bills

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

9. 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 entity's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

This is the first time the County Assembly is preparing its full year financial statements. Being a first time adopter, there are no comparative amounts for the previous year.

11. 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.

V. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES

	2016/17	2015/16
	Ksh.	Ksh.
Total Exchequer Releases for quarter 1	170,000,000	35,200,000
Total Exchequer Releases for quarter 2	174,000,000	209,484,942
Total Exchequer Releases for quarter 3	116,000,000	119,560,000
Total Exchequer Releases for quarter 4	232,000,000	198,717,400
Cumulative Amount	**692,000,000**	**562,962,342**

2 OTHER RECEIPTS

	2016/17	2015/16
	Ksh.	Ksh.
Over draft 1	0	3,417,133
Over draft 2	0	39,000,000
Over draft 3	0	1,200,000
	0	
	0	
Total	**0**	**43,617,133**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Ksh.	Ksh.
Basic salaries of permanent employees	296,625,744	284,547,915
Basic wages of temporary employees	0	0
Personal allowances paid as part of salary	564,000	0
Personal allowances paid as reimbursements	0	0
Personal allowances provided in kind	0	0
Pension and other social security contributions	13,074,072	0
Compulsory national social security schemes	0	0
Compulsory national health insurance schemes	0	0
Social benefit schemes outside government	0	0
Other personnel payments	3,471,400	0
Total	**313,735,216**	**284,547,915**

4 USE OF GOODS AND SERVICES

	2016/17	2015/16
	Ksh.	Ksh.
Utilities, supplies and services	748,304	724,210
Communication, supplies and services	332,352	600,160
Domestic travel and subsistence	116,486,174	89,692,946
Foreign travel and subsistence	14,953,828	6,805,945
Printing, advertising and information supplies & services	2,430,510	4,550,419
Rentals of produced assets	0	101,880,000
Training expenses	5,610,800	1,774,000
Hospitality supplies and services	3,904,605	6,409,896
Insurance costs	31,859,600	7,609,686
Specialized materials and services	11,684,000	-
Office and general supplies and services	9,023,226	13,593,221
Other operating expenses	153,392,045	58,078,150
Routine maintenance – vehicles and other transport equipment	3,274,804	3,526,210
Routine maintenance – other assets	297,046	1,895,074
Fuel and lubricants		4,706,700
Total	**353,997,295**	**301,927,617**

5 SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Ksh.	Ksh.
Government pension and retirement benefits	20,229,222	1,775,382
Social security benefits in cash and in kind	0	0
Employer Social Benefits in cash and in kind	0	0
Total	**20,229,222**	**1,775,382**

6 ACQUISITION OF ASSETS

Non Financial Assets	2016/17	2015/16
	Ksh.	Ksh.
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0

Non Financial Assets	**2016/17**	**2015/16**
Construction of Roads	0	0
Construction and Civil Works	0	0
Overhaul and Refurbishment of Construction and Civil Works	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	11,500
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Purchase of Certified Seeds, Breeding Stock and Live Animals	0	0
Research, Studies, Project Preparation, Design & Supervision	0	0
Rehabilitation of Civil Works	0	0
Acquisition of Strategic Stocks and commodities	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Financial Assets	0	0
Domestic Public Non-Financial Enterprises	0	0
Domestic Public Financial Institutions	0	0
Foreign financial Institutions operating Abroad	0	0
Other Foreign Enterprises	0	0
Foreign Payables - From Previous Years	0	0
	0	
Total	**0**	**11,500**

7 FINANCE COSTS

	2016/17	**2015/16**
	Ksh.	**Ksh.**
Bank Charges	1,400,000	780,000
Exchange Rate Losses	0	0
Other Finance costs	0	0
Total	**1,400,000**	**780,000**

8 OTHER PAYMENTS

	2016/17	**2015/16**
	Ksh.	**Ksh.**
Pending Bills	2,563,391	0
Civil Contingency Reserves	0	0

Capital Transfers to Non-Financial Public Enterprises	0	0
Capital Transfer to Public Financial Institutions and Enterprises	0	0
Capital Transfer to Private Non-Financial Enterprises	0	0
Other expenses	0	0
Domestic Accounts	0	17,519,876
Total	**2,563,391**	**17,519,876**

9A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2016/17	2015/16
		Ksh.	Ksh.
Migori County Assembly Operations Central Bank	Recurrent Acc	335,000	0
DTB A/c	Car & Mortgage Ac	-	0
Migori County Assembly Operations A/c No 11676239651	Commercial Bank Account.	108,156	17,185
Total		**443,156**	**17,185**

Car and mortgage accounts at Diamond Trust bank account with a balance of Kshs. 65,293,347 as at 30 June 2017 is accounted for separately through preparation of Fund accounts.

9B CASH IN HAND

	2016/17	2015/16
	Ksh.	Ksh.
Cash in Hand – Held in domestic currency	0	0
Cash in Hand – Held in foreign currency	0	0
Total	**0**	**0**

Cash in hand should be analysed as follows:

	2016/17	2015/16
	Ksh.	Ksh.
Location 1-Petty cash main Office	**0**	0
Location 2-Petty cash Ward Offices	0	0
Location 3	0	0
Total	**0**	**0**

10. ACCOUNTS RECEIVABLE

	2016/17	2015/16
	Ksh.	Ksh.
Government Imprests	0	0

Clearance Accounts	0	0
Staff Advances	0	0
Ward imprest accounts	36,396	0
Total	**36,396**	**0**

*See Annex 6 for a detailed analysis of the outstanding imprests.

11.0ACCOUNTS PAYABLE

	2016/17	2015/16
	Ksh.	Ksh.
Deposits and Retentions	0	0
Total	**0**	**0**

12.0 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Ksh.	Ksh.
Bal B/F	17,185	0
Bank Balances	**0**	0
Accounts Receivables	0	0
Accounts Payables	0	0
Total	**17,185**	**0**

13.0OTHER IMPORTANT DISCLOSURES

13.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016/17	2015/16
	Ksh.	Ksh.
Construction of buildings	**78,195,897**	107,858,115
Construction of civil works	12,425,937	16,425,937
Supply of goods Previous	47,444,367	58,801,141
Supply of goods & services Current	5,716,278	0
Total	**143,782,479**	**182,785,193**

13.2: PENDING STAFF PAYABLES (See Annex 2)

	2016/17	2015/16
Name of Staff	Ksh.	Ksh.
	10,403,871	0
	0	0
Total	**0**	**0**

13.3: OTHER PENDING PAYABLES (See Annex 3)

	2016/17	2015/16
	Ksh.	Ksh.
Amounts due to National Government entities	0	0
Amounts due to County Government entities	0	0
Amounts due to third parties	0	0
Total	**0**	**0**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. MCA buildings				183,345,260	78,195,897	Payments are made at County Treasury
2. New Builing				4,266,244		
3.						
Sub-Total				**187,611,504**	**78,195,897**	
Construction of civil works						
4. Structural Cabling & Networking				16,425,937	12,425,937	Payments are made at County Treasury
5.						
6.						
Sub-Total				16,425,937	**12,425,937**	
Supply of goods						
7. Supplies Awaiting Certification				47,444,367	47,444,367	Supplies awaiting Credit certification
8.						
9.						
Sub-Total				47,444,367	**47,444,367**	
Supply of services						
10. Current supplies				0	5,716,278	Outstanding Debts due to Budget Deficit
11.						
12.						
Sub-Total				**0**	**5,716,278**	
Grand Total				**251,481,808**	**143,782,479**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
1. Allowances Perdiem		8,644,871	0	0	8,644,871	8,644,871	Awaiting Certification
2. Tender Committee Arrears		1,003,000	0	0	1,003,000	1,003,000	Awaiting Certification
3. Tender Opening Committee Arrears		532,000	0	0	532,000	532,000	Awaiting Certification
4. Acceptance Committee		82,000	0	0	82,000	82,000	Awaiting Certification
5. Procurement Committee		142,000	0	0	142,000	142,000	Awaiting Certification
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total		**10,403,871**			**10,403,871**	**10,403,871**	
Grand Total		**10,403,871**			**10,403,871**	**10,403,871**	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	BAL B/F 2015/2016 FY	Addition	Disposal	BAL as at 30th June 2017
	Ksh.	Ksh.	Ksh.	Ksh.
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings	11,500	-	-	11,500
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	11,500	-	-	11,500

ANNEX 6 WARD IMPRESTS ACCOUNTS

Date	details	Account Number	Particulars	Balance as at 30 June 2017 Ksh.
1	KCB Operation Account	1159287465	Cental Sakwa Ward	430
2	KCB Operation Account	1159130841	Makerero Ward	1,099
3	KCB Operation Account	1158048793	Nyamosemense Ward	659
4	KCB Operation Account	1158318677	Gokeharaka/Getambwega	489
5	KCB Operation Account	1158109849	Bukura East Ward	646
6	KCB Operation Account	1157807976	Bukura Central/ Likerege	1,334
7	KCB Operation Account	1164060317	Ntimaru West	340
8	KCB Operation Account	1158428545	Ntimaru East Ward	273
9	KCB Operation Account	1158164114	Nyabasi West	174
10	KCB Operation Account	1143956745	Kanyasa Ward	354
11	KCB Operation Account	1157897894	North Kadem Ward	590
12	KCB Operation Account	1159276439	Got Kachola Ward	720
13	KCB Operation Account	1161902465	Isibania Ward	

				349
14	KCB Operation Account	1157638848	Central Kamagambo Ward	423
15	KCB Operation Account	1157911293	South Kamagambo Ward operation Account	640
16	KCB Operation Account	1157668267	Masaba Ward	780
17	KCB Operation Account	1159708673	Tegare Ward	9,825
18	KCB Operation Account	1158060718	Nyabasi East Ward	690
19	KCB Operation Account	1157961274	East Kamagambo Ward	112
20	KCB Operation Account	1159210446	North Sakwa Ward	650
21	KCB Operation Account	1159287376	God Jope Ward	610
22	KCB Operation Account	1157721699	Wiga Ward	423
23	KCB Operation Account	1157662722	Wasweta 2 Ward	1,340
24	KCB Operation Account	1157889565	Ragana Oruba Ward	944
25	KCB Operation Account	1159281653	South Kamagambo Ward	775
26	KCB Operation Account	1157877443	Kachieng Ward	270
27	Equity Operation Account	1430262728417	West Sakwa Ward	25
28	Equity Operation Account	1160262723870	East Kamagambo Ward	90
29	Equity Operation Account	1160262722005	Macalder/Kanyarwandwa Ward	700
30	Equity Operation Account	1160262859839	Kwa Ward	

				265
31	Equity Operation Account	1430262818032	North Kamagambo Ward	580
32	Co-operative Operation Account	1141482225200	Suna Central Ward	180
33	Co-operative Operation Account	1141482233300	South Sakwa Ward	762
34	Co-operative Operation Account	1141482226900	Central Kamagambo Ward	4,529
35	Co-operative Operation Account	1141482282600	Kaler Ward	957
36	Co-operative Operation Account	1141482277900	Muhuru Ward	1,957
37	Co-operative Operation Account	1141482226000	Wasimete Ward	917
38	Co-operative Operation Account	1141617335700	North Kamagambo Ward	495
			Total	**36,396**