REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KISII

FOR THE YEAR ENDED 30 JUNE, 2019

KISII COUNTY ASSEMBLY

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Kisii Town Hall Building
P.O. Box 4552 – 40200
Kisii, Kenya.

KISII COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

TABLE OF CONTENTS

TABLE OF CONTENTS i
1. KEY ENTITY INFORMATION AND MANAGEMENT ii
2. FORWARD BY THE CLERK OF THE ASSEMBLY iv
3. STATEMENT OF MANAGEMENT RESPONSIBILITIES viii
4. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (specify entity name) .. ix
5. FINANCIAL STATEMENTS 1
5.1. STATEMENT OF RECEIPTS AND PAYMENTS 1
5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES 2
5.3. STATEMENT OF CASH FLOWS 3
5.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED 4
5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT 6
5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT 8
5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES 10
5.8. SIGNIFICANT ACCOUNTING POLICIES 11
5.9. NOTES TO THE FINANCIAL STATEMENTS 15
5.10. OTHER DISCLOSURES 22
5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 24
ANNEXES 27
ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE 27
ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES 28
ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES 29
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER 30
ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS ..... **Error! Bookmark not defined.**
ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT 31
ANNEX 7 – TRIAL BALANCE 32

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly of Kisii is constituted as per article 176(1) of the constitution of Kenya and is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 45 elected and 24 nominated Members (MCAs).Besides the representation role, the MCA's are charged with the responsibility of making laws for good governance and effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

- County Assembly Service Board;
- Office of the Speaker; and
- Office of the Clerk.

(c) Fiduciary Management

The key management personnel who held office during the year ended June 30, 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Clerk	**Mr. James O. Nyaoga**
2.	Senior Accountant	**Mr. Moses Ratemo**
3.	Senior Finance Officer	**Ms. Seline Onchangu**

(d) Fiduciary Oversight Arrangements

The County Assembly of Kisii has an Internal Audit Department and the Public Accounts and Investment Committees, which serve the County Assembly and the County Executive. The County Assembly of Kisii has ten Sectorial Committees which oversight all the ten departments of the County Executive.

(e) Entity Headquarters

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

(f) Entity Contacts

Telephone: (254) 0208029160
E-mail: countyassembly@kisii.go.ke
Website: www.kisiiassembly.go.ke

(g) Entity Bankers

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

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

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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

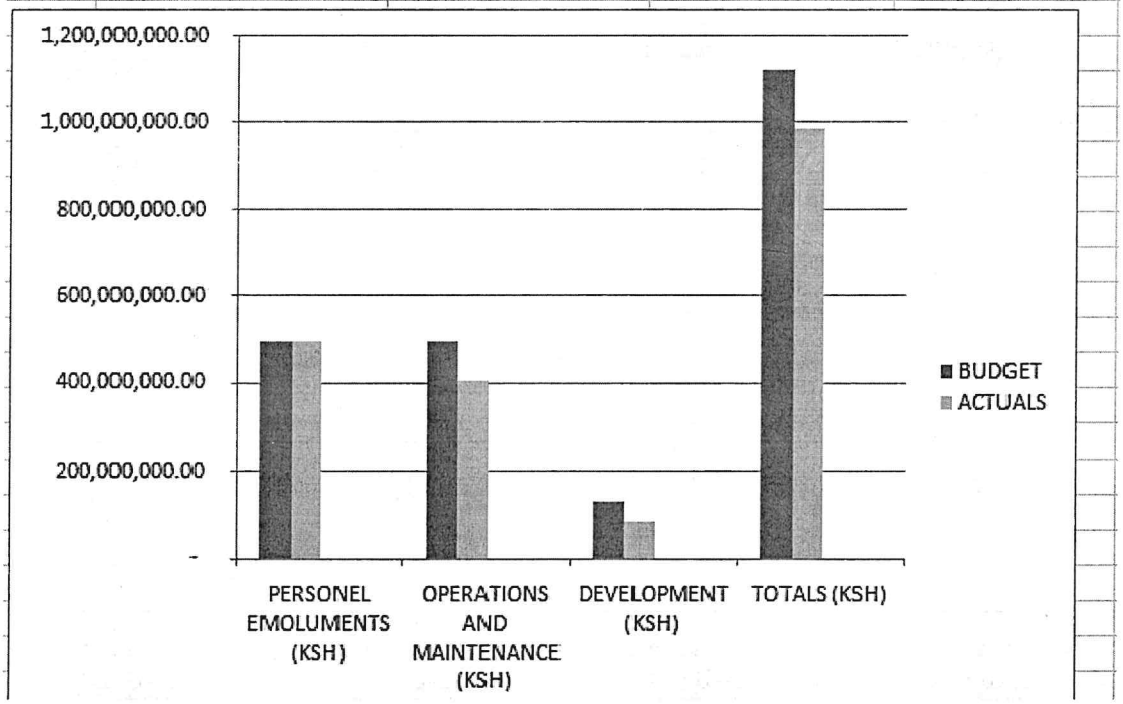
2. FORWARD BY THE CLERK OF THE ASSEMBLY

The 2018/19 Financial Statements were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in compliance with section 107 and 149 of Public Finance Management Act, 2012.

Budget performance

COMPARISON OF BUDGET AGAINST ACTUALS FY 2018/2019

	PERSONEL EMOLUMENTS (KSH)	OPERATIONS AND MAINTENANCE (KSH)	DEVELOPMENT (KSH)	TOTALS (KSH)
JDGET	495,399,653.00	496,439,360.00	130,000,000.00	1,121,839,013.00
CTUALS	495,299,596.00	406,436,857.00	86,656,221.00	988,392,674.00
	100%	81.90%	66.60%	88.10%



The County Assembly of Kisii Appropriated Kshs.1, 211,839,013 for the FY 2018/2019 for its programmes. The Assembly received Kshs.987, 353,127 from the National Treasury which translates to 81.5% of the budget.

The Assembly spent Kshs. 495,299,596 **(50.2%)** towards personnel emoluments Kshs. 404,862,736 **(41%)** on Operations and maintenance, Kshs. 36,656,221 **(5.1%)** on development and Kshs. 50,000,000 **(3.7%)** on Car Loan and Mortgage.

Operational Performance

In the FY 2018/19, Two (2) laws (Finance Bill) and (Lake Region Development BLOCK) were passed by members of the County Assembly.
The Budget for the FY 2018/19 was passed on 27th June 2018.There was 1 supplementary budget in the year.
The county assembly has a total of 20 committees 10 of which are select and 10 sectorial. The committees and their mandates are as follows;

Budget and appropriations committee-It investigates inquire and examine reports on all matters related to the budget.

Powers and privileges committee-It disciplines members of the house and checks on the powers and privileges members enjoy.

County public investment and accounts committee-Examines reports and workings of the county public investments. Also examines whether the affairs of county public investments are managed with sound financial principles.

Appointment committee-Considers appointments of county executive committee members.
Labour and social services committee-Considers all matters related to labour, trade union relations, manpower or human resource planning.

Procedure and rules committee-Considers and reports all matters relating to standing orders and also proposes amendments to standing orders.

Labour and social services committee- Considers all matters related to labour, trade union relations, manpower and human resource planning.

Land, planning, housing and urban development committee-It deals with matters land, and urban housing by handling issues arising in the lands sector.

Liaison committee-Guides and coordinates the operations, policies and mandates of all committees in the assembly.Consits of all chairpersons of committees.

House business committee- Deals with matters that are discussed in the house.
Early childhood and vocational training committee-Handles matters related to pre-primary education, village polytechnics and childcare facilities.

Transport and public works committee-Considers all matters related to county transport.

Justice and legal affairs committee-Considers constitutional affairs and administration of law and justice.

Implementation committee-Examines resolutions of the county assembly, petitions and undertakings of executive committee.

Selection committee-It considers with the business of the house.

Delegated county legislation committee- Deals and approves bills before they are passed or taken to the house for discussion.

Agriculture committee-Handles all matters related to agriculture.

Environment and natural resources committee- Deals with soil, water conservation and forestry matters. Also deals with the control of air pollution, noise pollution and other public nuisances.

Health services committee-Deal with all matters related to health.

Trade and Industry committee-Deals with all matters related to county planning and development and trade.

The county assembly has oversight responsibilities on the county's operations. The Assembly exercises oversight over the County Executive Committee and other county executive organs.

Performance of key development projects

The County Assembly of Kisii was able to complete the Repair and Extension of Kisii County Assembly Cafeteria to host Library, ICT Centre and Procurement offices in the FY 2018/2019.It also initiated the construction of the County Assembly Headquarters.

Comment on value-for-money achievements

The main mandate of the Kisii County Assembly include the following;

i. Representation
ii. Legislation
iii. Oversight

During the FY 2018/19, the County Assembly managed to fund its many committees to carry out the above functions. The County Assembly of Kisii oversights the County Executive through ten sectorial committees and ten select committees with a view to ensure that service delivery is achieved.

During the FY 2018/19 there was;

- MCA's were trained by AHADI on budget making process.
- MCA's also attended the Legislative Summit and Devolution Conference.

Staff were also trained on different capacities;

- Procurement Staff were trained by Public Procurement Regulatory Authority.
- Finance staff were also trained on IFMIS and Financial Reporting.
- Hansard Editors were facilitated to formulate and also launch a Hansard Manual.

Challenges and Recommended Way Forward

The main challenges that were faced during the FY 2018/19 included the following;

i. **Delay in disbursement of funds.**

The County Assembly could not utilize all the appropriated funds especially, for development due to delay in release of funds from the National Treasury.

ii. **Low Capacity on E-Procurement.**

We were not able to utilize the e-procurement module optimally due to lack of capacity in the procurement department. However, the Management is in the process of organising for training of the Procurement users at the Kenya School of Government this coming Financial Year.

iii. **Procurement Delays.**

Slow Procurement processes were experienced during the Year and affected the procurement of goods and services.

Sign

Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year, ended June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2019, 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 9th September 2019.

Clerk of the County Assembly

4. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (specify entity name)

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KISII FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kisii set out on pages 1 to 26, which comprise the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts: 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kisii as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in Financial Statements

1.1. Statement of Receipts and Payments

The statement of receipts and payments reflects opening transfers from the County Treasury of Kshs.874,401,598 instead of Kshs.988,001,598 recalculated figure as disclosed under Note 1 to the financial statements. The resultant variance of Kshs.113,600,000 was not reconciled.

Further, a review of transfers from the County Treasury reported at the beginning of the year amounting to Kshs.216,000,000 against the closing balance of Kshs.102,400,000

for financial year 2017/2018 on quarter one transfers, resulting to an unreconciled cash shortfall of Kshs.113,600,000.

Consequently, accuracy and completeness of the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

2.0. Unsupported Ward Office Operations Expenses

As disclosed under Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services of Kshs.369,626,435. This balance includes Kshs.20,542,500 under other operating expenses, which was paid for forty-five (45) ward operations expenses including rent for offices. However, Management did not provide for audit review, lease agreements to support the rental payments.

Consequently, the accuracy, completeness and validity of use of goods and services of Kshs.369,626,435 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Pending Bills

As disclosed under Annex 1 to the financial statements, the County Assembly had pending bills totalling to Kshs.18,194,294 as at 30 June, 2019, which were not settled during the year under review but carried forward to 2019/2020 financial year. The bills constitute payables for construction and supply of goods and services amounting to Kshs.12,695,335 and Kshs.5,499,019 respectively. Management has not explained why the bills were not settled during the year which they occurred.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

Budgetary Performance Analysis

Management had budgeted to receive Kshs.1,121,839,013 from the County Treasury/Exchequer releases but the actual receipts during the year under review were Kshs.987,353,127, resulting in a shortfall of Kshs.134,485,886 or 12%. In addition, the County Assembly spent a total of Kshs.988,392,674 against a final budget of Kshs.1,121,839,013 leading to a gross under-expenditure of Kshs.131,446,339 or 12%.

Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. Although the Management has indicated that the issues have been responded to, the matters remained unresolved as the Senate has not deliberated and resolved the matters.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1. Irregular Wage Bill

The statements of receipts and payments reflects under compensation of employees, an amount of Kshs.453,400,221 and total receipts of Kshs.987,353,127. The compensation of employees cost accounted for forty-six percent (46%) of the receipts. This is contrary to the provisions of Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which limits the County Assembly`s expenditure on wages and benefits to not more than thirty five percent (35%) of its total revenue for the year.

2. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of County Assembly was three hundred and fifty-five (355) out of which three hundred and forty-five (345) or 97% of the total number were members of the 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".

Management is therefore in breach the law.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

Management did not provide documents, for audit review, in support of existence of a risk management policy framework which should ensure that all operations are performed within the approved risk tolerance levels. Further, a documented disaster recovery plan that deals with loss of data or information in case of systems failures and to protect the IT infrastructure in the event of a disaster was not availed.

Consequently, I am unable to confirm the readiness of Management in dealing with risks.

2. Lack of Approved Staff Establishment

Management did not provide, for audit review, an approved staff establishment to guide optimal staffing levels, recruitment and placement of staff.

Consequently, I am unable to confirm existence of measures to ensure governance and optimal staff levels.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Assembly 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 overall 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 policies and procedures may deteriorate.

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

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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue 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 Assembly to cease to continue 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 Assembly to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide 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.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

18 February, 2021

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2019.

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	987,353,127	874,401,598
Proceeds from Sale of Assets	2		
Other Receipts	3		47,451,199
TOTAL RECEIPTS		**987,353,127**	**921,852,797**
PAYMENTS			
Compensation of Employees	4	453,400,221	383,385,243
Use of goods and services	5	369,626,435	310,434,421
Subsidies	6		
Transfers to Other Government Entities	7	51,582,907	43,853,771
Other grants and transfers	8		
Social Security Benefits	9	41,899,375	54,073,022
Acquisition of Assets	10	71,883,736	128,514,647
Finance Costs	11		
Other Payments	12		
TOTAL PAYMENTS		**988,392,674**	**920,261,104**
SURPLUS/DEFICIT		**(1,039,547)**	**1,591,692**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9th September 2019 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name: Selina A. Onchangu
ICPAK Member Number:
NAC/122095

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2019.

FINANCIAL ASSETS	Note	2018/19 KShs	2017/18 KShs
Cash and Cash Equivalents			
Bank Balances	13A	552,145	1,591,692
Cash Balances	13B		
Total Cash and cash equivalents		**552,145**	**1,591,692**
Accounts receivables – Outstanding Imprests	14		
TOTAL FINANCIAL ASSETS		**552,145**	**1,591,692**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15		
NET FINANCIAL ASSETS		**552,145**	**1,591,692**
REPRESENTED BY			
Fund balance b/fwd	16	1,591,692	47,451,199
Surplus/Deficit for the year		(1,039,547)	(45,859,507)
NET FINANCIAL POSITION		**552,145**	**1,591,692**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9th September 2019 and signed by:

Clerk of the Assembly
Name:

Chief Finance Officer – County Assembly
Name: Selina A. Onchangu
ICPAK Member Number:
NAC/122095

5.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019.

		2018/19	2017/18
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	987,353,127	874,401,598
Other Receipts	3		47,451,199
Payments for operating expenses			
Compensation of Employees	4	(453,400,221)	(383,385,243)
Use of goods and services	5	(369,626,435)	(310,434,421)
Subsidies	6		
Transfers to Other Government Entities	7	(51,582,907)	(43,853,771)
Other grants and transfers	8		
Social Security Benefits	9	(41,899,375)	(54,073,022)
Finance Costs	11		
Other Payments	12		
Adjusted for:			
Adjustments during the year			
Net cash flows from operating activities		**70,844,188**	**130,106,339**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	10	(71,883,736)	(128,514,647)
Net cash flows from investing activities		**(71,883,736)**	**(128,514,647)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,039,547)**	
Cash and cash equivalent at BEGINNING of the year		**1,591,692**	**1,591,692**
Cash and cash equivalent at END of the year	13	**552,145**	**1,591,692**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 9th 2019 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name: Selina A. Onchangu.
ICPAK Member Number
NAC/122095

5.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED JUNE 30,2019.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,211,839,013	(90,000,000)	1,121,839,013	987,353,127	88%
Proceeds from Sale of Assets					
Other Receipts (bal b/f)					
TOTAL	**1,211,839,013**	**(90,000,000)**	**1,121,839,013**	**987,353,127**	**88%**
PAYMENTS					
Compensation of Employees	433,032,270	20,468,000	453,500,270	453,400,221	100%
Use of goods and services	384,749,360	(11,418,000)	373,331,360	369,626,435	99%
Subsidies					
Transfers to Other Government Entities	50,000,000	30,000,000	80,000,000	51,582,907	64%
Other grants and transfers					
Social Security Benefits	49,867,383	(7,968,000)	41,899,383	41,899,375	100%
Acquisition of Assets	294,190,000	(121,082,000)	173,108,000	71,883,736	42%
Finance Costs					
Other Payments					
TOTAL	**1,211,839,013**	**(90,000,000)**	**1,121,839,013**	**988,392,674**	**88%**
SURPLUS/ DEFICIT				**(1,039,547)**	

The difference between the Budget and Actual were brought about by not receiving all the budgeted money from the ex-chequer by the end of the Financial Year.

The entity financial statements were approved on 9th September 2019 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name: Selina A. Onchangu.
ICPAK Member Number:
NAC/122095

5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED JUNE 30,2019.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	a	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	961,839,013	30,000,000	991,839,013	900,696,907	91%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**961,839,013**	**30,000,000**	**991,839,013**	**900,696,907**	**91%**
PAYMENTS					
Compensation of Employees	433,032,270	20,468,000	453,500,270	453,400,221	100%
Use of goods and services	384,749,360	(11,418,000)	373,331,360	319,626,435	87%
Subsidies					
Transfers to Other Government Entities	50,000,000	30,000,000	80,000,000	50,237,483	63%
Other grants and transfers					
Social Security Benefits	49,867,383	(7,968,000)	41,899,383	41,899,375	100%
Acquisition of Assets	44,190,000	(1,082,000)	43,108,000	35,227,516	82%
Finance Costs					
Other Payments					
TOTAL	**961,839,013**	**30,000,000**	**991,839,013**	**900,391,030**	**91%**
Surplus/ Deficit				**305,877**	

The difference between the Budget and Actual were brought about by not receiving all the budgeted money from the ex-chequer by the end of the Financial Year.

The entity financial statements were approved on 9th September 2019 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name: Selina A. Onchangu
ICPAK Member Number:
NAC/122095

5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED JUNE 30,2019.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	250,000,000	(120,000,000)	130,000,000	36,656,220	28%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**250,000,000**	**(120,000,000)**	**130,000,000**	**36,656,220**	**28%**
PAYMENTS					
Compensation of Employees					
Use of goods and services					
Subsidies					
Transfers to Other Government Entities				1,345,424	
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	250,000,000	(120,000,000)	130,000,000.00	36,656,220	28%
Finance Costs					
Other Payments					
TOTAL	**250,000,000**	**(120,000,000)**	**130,000,000**	**38,001,644**	**29%**
SURPLUS/ DEFICIT				**(1,345,424)**	

The difference between the Budget and Actual were brought about by not receiving all the budgeted money from the ex-chequer by the end of the Financial Year.

The entity financial statements were approved on 9th September 2019 and signed by:

Clerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name: Selina A. Onchangu
ICPAK Member Number:
NAC/122095

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1. Management of County Assembly Affairs.	130,382,906	3,375,000	133,757,906	133,730,890	27,016
Programme 2. Representation,Legislative and Oversight Services.	296,278,823	36,375,000	332,653,823	304,185,701	30,051,029
Programme 3. County Assembly Service Board.	785,177,284	(129,750,000)	655,427,284	550,476,083	104,951,201
TOTALS.	1,211,839,013	(90,000,000)	1,121,839,013	988,392,674	135,029,246

5.8. 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 statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

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.

Transfers from the Exchequer/ County Treasury

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

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

b) Recognition of payments

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

Compensation of employees

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

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.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and cash equivalents

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

Restriction on cash

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

There were no other restrictions on cash during the year.

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 entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Kisii County Assembly at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Kisii County Assembly's budget was approved as required by Law .The original budget was approved by the County Assembly on 27th June 2017 for the period 1st July 2018 to 30 June 2019 as required by law. There was 1 supplementary budget passed in the year. A high-level assessment of the Kisii County Assembly's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19	2017/18
	KShs	KShs
Transfers from the County Treasury for Q1	139,468,816	102,400,000
Transfers from the County Treasury for Q2	298,799,077	180,107,591
Transfers from the County Treasury for Q3	211,916,847	261,501,853
Transfers from the County Treasury for Q4	337,168,387	330,392,154
Cumulative Amount	**987,353,127**	**874,401,598**

2. PROCEEDS FROM SALE OF ASSETS

	2018/19	2017/18
	KShs	KShs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from the Sale Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from the Sale of Strategic Reserves Stocks		
Receipts from the Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
Total		

3. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs
Tender fees received		
Other Receipts BAL B/F		47,451,199
Other Receipts III		
Other Receipts IV		
Total		**47,451,199**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	210,212,046	236,910,921
Basic wages of temporary employees	33,237,357	
Personal allowances paid as part of salary	200,378,635	137,936,120
Personal allowances paid as reimbursements	7,895,993	8,538,202
Personal allowances provided in kind	1,676,190	
Pension and other social security contributions		
Compulsory national social security schemes		
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		
Total	**453,400,221**	**383,385,243**

5. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	2,023,846	613,725
Communication, supplies and services	3,324,000	630,000
Domestic travel and subsistence	101,479,964	83,818,486
Foreign travel and subsistence	32,353,730	20,046,100
Printing, advertising and information supplies & services	13,284,581	10,978,925
Rentals of produced assets	17,168,303	100,000
Training expenses	21,801,490	17,153,079
Hospitality supplies and services	34,973,372	29,011,986
Insurance costs	56,980,531	58,371,343
Specialized materials and services	3,850,000	3,221,357
Office and general supplies and services	16,295,732	14,453,768
Other operating expenses	51,675,512	58,297,868
Routine maintenance – vehicles and other transport equipment	1,500,000	6,159,397
Routine maintenance – other assets	9,395,980	4,568,388
Fuel oil & Lubricants	3,519,395	3,010,000
Total	**369,626,435**	**310,434,422**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2018/19	2017/18
	KShs	KShs
Subsidies to County Corporations		
See list attached		
(insert name)		
Subsidies to Private Enterprises		
See list attached		
(insert name)		
TOTAL		

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19	2017/18
	KShs	KShs
Transfers to National Government entities	1,582,907	43,853,771
Transfers to other County Assembly entities	50,000,000	
(insert name of budget agency)		
TOTAL	**51,582,907**	**43,853,771**

8. OTHER GRANTS AND TRANSFERS

	2018/19	2017/18
	KShs	KShs
Scholarships and other educational benefits		
Emergency relief and refugee assistance		
Subsidies to small businesses, cooperatives, and self employed		
Total		

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits	41,899,375	54,073,022
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
Total	**41,899,375**	**54,073,022**

10. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Buildings		
Construction of Buildings	5,187,323	43,334,346
Refurbishment of Buildings		12,094,595
Construction of Roads		
Construction and Civil Works	31,468,897	11,649,651
Overhaul and Refurbishment of Construction and Civil Works		
Purchase of Vehicles and Other Transport Equipment	18,000,000	6,699,000
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and Equipment	9,449,515	14,848,873
Purchase of ICT Equipment		2,501,230
Purchase of Specialized Plant, Equipment and Machinery	7,778,001	3,999,952
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Purchase of Certified Seeds, Breeding Stock and Live Animals		
Research, Studies, Project Preparation, Design & Supervision		
Rehabilitation of Civil Works		3,387,000
Acquisition of Strategic Stocks and commodities		
Acquisition of Land		
Acquisition of Intangible Assets		
Total purchase of non-financial assets	**71,883,736**	**98,514,647**
Financial Assets		
Domestic Lending and on-lending		30,000,000
Domestic Public Financial Institutions		
Total purchase of financial assets		**30,000,000**
Total	**71,883,736**	**128,514,647**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018/19	2017/18
	KShs	KShs
Bank Charges		
Exchange Rate Losses		
Other Finance costs		
Interest on borrowings		
Total		

12. OTHER PAYMENTS

	2018/19	2017/18
	KShs	KShs
Budget Reserves		
Civil Contingency Reserves		
Capital Transfers to Non-Financial Public Enterprises		
Capital Transfer to Public Financial Institutions and Enterprises		
Capital Transfers to Private Non-Financial Enterprises		
Total		

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
		KShs	KShs
CBK A/C NO.1000241373 (KSH)	Recurrent	76,762	237,483
NATIONAL BANK OF KENYA,ACC NO.01001090955200	Recurrent		8,785
CBK A/C NO.1000291168	Development	475,383	1,345,424
CBK A/C NO. 1000387505	Deposit		
Total		**552,145**	**1,591,692**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2018/19	2017/18
	KShs	KShs
Cash in Hand – Held in domestic currency		
Cash in Hand – Held in foreign currency		
Total		

Cash in hand should be analysed as follows:

	2018/19	2017/18
	KShs	KShs
Location 1		
Location 2		
Location 3		
Total		

14. ACCOUNTS RECEIVABLE

	2018/19	2017/18
	KShs	KShs
Government Imprests		
Clearance Accounts		
Staff Advances		
Other Advances		
Total		

15. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits		
Retentions		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	1,591,692	
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total	**1,591,692**	

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances		
Adjustments on cash in hand		
Adjustments on payables		
Adjustments on receivables		
Others (specify)		
Total		

5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings	13,705,257	8,239,802	9,249,724	12,695,335
Construction of civil works				
Supply of goods				2,700,039
Supply of services				2,798,980
Total				**18,194,354**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
Total				

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total				

4. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly.

- Members of County Assembly;
- Key management personnel that include the Clerk of the Assembly and heads of departments;
- The County Executive;
- County Ministries and Departments;
- Other County Government entities including corporations, funds and boards;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	2018- 2019	2017- 2018
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	288,873,509	
Key Management Compensation(Clerk and Heads of departments)	44,490,756	
Total Compensation to Key Management	**333,364,265**	
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	50,000,000	
Transfers to County Corporations		
Transfers to non reporting entities e.g ECD centres, welfare centres etc		
Total Transfers to related parties	**50,000,000**	
Transfers from related parties		
Transfers from the County Executive- Exchequer		
Payments made on behalf of the County Assembly by other Government Agencies		
(Insert any other transfers received)		
Total Transfers from related parties		

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.0	**Statement of Receipts and Payments**	The variance of Ksh.**48,602,739.80** between the financial statements and the general ledger were due to expenditure not done through IFMIS and had not been posted in the general ledger by the time of audit. The figures were reconciled and the financial statements amended to reflect the true position.	Director Finance and Budget.	Resolved.	
2.0	**Statement of Cash Flows.**	The ksh.**47,451,199** cash and cash equivalent balance for FY 2016/2017 was carried forward to the 2017/2018 Cash flow statements.	Director Finance and Budget.	Resolved.	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
3.0	**Reservation of Procurement Budget.**	Less than thirty (30%) percent was reserved for the disadvantaged groups in the county assembly procurement plan contrary to section 157 (5) of the public procurement and disposal of assets act 2015. Management made an erroneous assumption that open tendering was not subject to reservations. This was corrected in the 2018/2019 budget.	Head Procurement Services.	Resolved.	
4.0	**Report on Effectiveness of Internal Controls, Risk Management and Governance.**	It is true the County Assembly had no Audit Committee by the time of audit .The Committee is now in place.	Clerk to the County Assembly.	Resolved.	

Guidance Notes:

(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 entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Clerk of the County Assembly

Sign.....

Date.....30/06/2019.....

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	A	b	c	d=a-c		
Construction of buildings						
1. WORLDMAX LIMITED				8,239,802		
2. ABMOLINKS LIMITED				4,455,533		
3.						
Sub-Total				**12,695,335**		
Construction of civil works						
4.						
5.						
Sub-Total						
Supply of goods						
6. JADI MERCHANTS				518,200		
7. PRICECOM LIMITED				563,700		
8. SONJE INVESTMENT LIMITED				1,096,539		
9. STEWRAT PARKER LIMITED				521,600		
Sub-Total				**2,700,039**		
Supply of services						
10. AFRICAN TOUCH SAFARIS				2,143,000		
11. DAVKENN INVESTMENT LIMITED				385,060		
12. MEDIAMAX NETWORK LIMITED				158,920		
13. MULTIMEDIA UNIVERSITY OF KENYA				112,000		
Sub-Total				**2,798,980**		
Grand Total				**18,194,354**		

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		A	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	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	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land					
Buildings and structures	**133,617,072**	**36,656,220**			**170,273,292**
Transport equipment	**32,250,190**	**18,000,000**			**50,250,190**
Office equipment, furniture and fittings	**32,250,573**	**9,449,515**			**41,700,088**
ICT Equipment	**14,267,700**				**14,267,700**
Machinery and Equipment	**17,565,824**	**7,778,001**			**25,343,825**
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work In Progress					
Total	**229,951,359**	**71,883,736**			**301,835,095**

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)

ANNEX 7 – TRIAL BALANCE

TRIAL BALANCE AS AT 30 JUNE 2019		
ITEMS	**DEBIT**	**CREDIT**
	KSHS.	**KSHS.**
Exchequer Releases		987,353,127
Bal.B/fwd.		1,591,692
Compensation of Employees	453,400,221	
USE OF GOODS AND SERVICES		
Utilities, supplies and services	2,023,846	
Communication, supplies and services	3,324,000	
Domestic travel and subsistence	101,479,964	
Foreign travel and subsistence	32,353,730	
Printing, advertising and information supplies & services	13,284,581	
Rentals of produced assets	17,168,303	
Training expenses	21,801,490	
Hospitality supplies and services	34,973,372	
Insurance costs	56,980,531	
Specialized materials and services	3,850,000	
Office and general supplies and services	16,285,732	
Other operating expenses	51,675,512	
Routine maintenance – vehicles and other transport equipment	1,500,000	
Routine maintenance – other assets	9,395,980	
fuel oil & lubricants	3,519,395	
Government pension and retirement benefits	41,899,375	
Construction of Buildings	5,187,323	
Refurbishment of Buildings		
Construction and Civil Works	31,468,897	
Rehabilitation of Civil Works		
Purchase of Vehicles and Other Transport Equipment	18,000,000	
Purchase of Office Furniture and General Equipment	9,449,515	
Purchase of Specialised Plant, Equipment and Machinery	7,778,001	

Purchase of ICT Equipment, Software and other ICT Assets		
Domestic Lending and On-Lending		
Bank Balance	552,145	
Imprest		
Transfer to other Government Entities (CBK)	51,582,907	
TOTAL	**988,944,819**	**988,944,819**
_____		
	Chief Finance Office – County Assembly	
	ICPAK Member Number NAC/122095	
	Name: Selina A. Onchangu.	