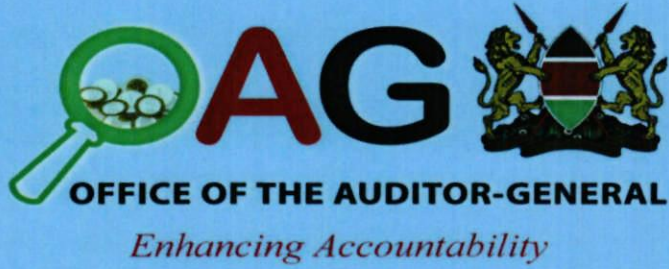


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OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
KISII**

**FOR THE YEAR ENDED
30 JUNE, 2021**



1. The first part of the document
 discusses the importance of
 maintaining accurate records
 for all transactions. This
 includes both incoming and
 outgoing payments, as well
 as any other financial
 activities. It is essential
 to ensure that all data is
 entered correctly and
 consistently.

KISII COUNTY ASSEMBLY.



Telephone: +254-020-8029160
Email: Kisiiassembly@kisii.go.ke
Fax: 058-30796



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

KISII COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2021

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

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information


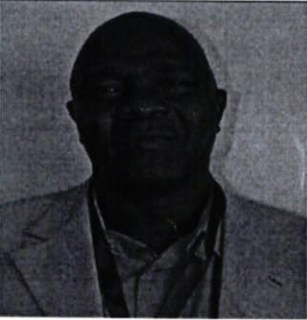
The County Assembly of Kisii is established as per article 176(1) of the constitution of Kenya 2010 and is headed by the Speaker who is responsible for the general policy and strategic direction of the Assembly. The County Assembly consists of the Speaker, 45 elected and 24 nominated Members (MCAs). 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 as per article 185(1,2,3 &4) of the constitution.

(b) Key Management

COUNTY ASSEMBLY SERVICE BOARD.

 <p>Hon. David Kombo The Speaker Chairman, CASB</p>	<p>Hon. David Ondimu Kombo became the 2nd Speaker of Kisii County Assembly in September 2017.</p> <p>Prior to his election as Speaker of the County Assembly, Hon. Kombo served as the Chairman Kisii County Public Service Board from 2013-2017.</p> <p>The Certified Public Accountant has a vast of experience in the public sector, having served as an Assistant Minister and Member of Parliament- South Mugirango Constituency. He also served in different capacities in the then Kisii Municipal Council.</p> <p>He also is the Chair to the County Assembly Service Board (CASB).</p>
 <p>Mr. James Nyaoga The Clerk Secretary, CASB</p>	<p>Mr. James Nyaoga was appointed the first Clerk –Kisii County Assembly in the year 2013- the advent of devolution, and continues to serve in the same position to date.</p> <p>Mr. Nyaoga, a PhD student in Planning and Economics, holds two Masters Degrees in Planning and Economics of Education and Public Policy and Analysis respectively.</p> <p>A career civil servant, Mr. Nyaoga has served the Government in various positions.</p> <p>Prior to his appointment as the Clerk, he was the coordinator and</p>

KISII COUNTY ASSEMBLY
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For the year ended June 30, 2021

	<p>head author of the National Public and Policy Hand Book while working at the Office of the Prime Minister.</p> <p>He also serves as the Secretary to the Service Board (CASB).</p>
 <p>Hon. Charles Nyagoto MCA - Bogeka Ward Member of CASB</p>	<p>Hon. Chales Nyagoto is the Member of County Assembly (MCA) representing Bogeka Ward.</p> <p>Hon. Nyagoto who is serving his second term as an MCA is the vice chair of the County Assembly Service Board from 2017.</p> <p>Hon. Nyagoto a former civil servant also served as a councillor in the then Eldoret Municipal Council between 2002 and 2007 before being elected as MCA for Bogeka ward in 2013.</p> <p>He holds two diplomas in Human Resource and Public Management respectively and is currently pursuing a degree in Public Administration from Kisii University.</p>
 <p>Hon. Daniel Apepo MCA - Tabaka Ward Member of CASB</p>	<p>Hon. Daniel Apepo is the Member of County Assembly (MCA) representing Tabaka Ward. He is currently serving his second term having been elected in 2013 and 2017 respectively.</p> <p>In the First Assembly he served as a Leader of Minority and Member of the County Assembly Service Board. He continues to serve as a Member of the Board from the Minority side in the Second Assembly.</p> <p>He is a Certified Public Accountant and also holds a diploma in Education.</p> <p>Prior to his election in 2013, Hon. Apepo, served as a Director at the National Oil Corporation for a period of seven years. He had previously served as a teacher.</p> <p>He hails from South Mugirango Sub-county in Kisii County.</p>

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Dr. Caren Nyangweso
Member of CASB

Dr. Carren Nyangweso was appointed Member of the County Assembly Service Board in 2017 to represent members of Public in accordance with the County Assembly Services Act, 2017.

Dr. Nyangweso an academician holds a She holds a PhD in Kiswahili, a Master Art in Linguistic and a Bachelor of Arts.

She has vast experience in administration and serves as a lecturer at Rongo University teaching Kiswahili.



Dr. Joash Morara Kerongo
Member of CASB

Dr. Joash Kerongo was appointed Member of the County Assembly Service Board in 2017 to represent members of Public in accordance with the County Assembly Services Act, 2017.



Dr, Kerongo has a wealth of experience in Human resource management and serves as the Registrar Academic Affairs at the Kisii University.

The academician holds a PhD in Mathematics, a Masters degree in Mathematics and a Bachelor of Education in Mathematics.

KISII COUNTY ASSEMBLY
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(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2021 and who had direct fiduciary responsibility were:

 <p>Mr. James Nyaoga The Clerk Secretary, CASB</p>	<p>Mr. James Nyaoga was appointed the first Clerk –Kisii County Assembly in the year 2013- the advent of devolution, and continues to serve in the same position to date.</p> <p>Mr. Nyaoga, a PhD student in Planning and Economics, holds two Masters Degrees in Planning and Economics of Education and Public Policy and Analysis respectively.</p> <p>A career civil servant, Mr. Nyaoga has served the Government in various positions.</p> <p>Prior to his appointment as the Clerk, he was the coordinator and head author of the National Public and Policy Hand while working at the Office of the Prime Minister.</p> <p>He also serves as the Secretary to the Service Board (CASB).</p>
 <p>Mr. Moses Ratemo Senior Accountant</p>	<p>Mr. Moses Ratemo is currently serving as a Senior Accountant. He holds a Bachelor of Commerce degree Accounting Option from Egerton University and is currently pursuing a Master of Science in Finance and Accounting at Jomo Kenyatta University of Agriculture and Technology.</p> <p>Mr. Ratemo has over 19 Years experience in Accounting and Finance in Public Service.</p>

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For the year ended June 30, 2021



Mr. Edward Ondieki
Senior SCMO

Mr. Edward Ondieki is the Kisii County Assembly Senior Supply Chain Management Officer.

He holds a Bachelor of Business Management (Purchasing and Supply) from Moi University and is Currently pursuing Masters of Science in procurement and Logistics at JKUAT.

Formerly, he was a lecturer in Eldoret polytechnic teaching procurement and stores management. He is an Associate member of Kenya Institute of Management and lectured at Kenya Institute of Management (KIM) Kisii branch.

Mr. Ondieki is also a member of Kenya Institute of Supplies Management. He has 8 years experience in Public Sector Procurement and offers public talks to university and college students on procurement management issues from time to time.



Ms. Emma Ntabo Finance
Officer

Ms. Emma Ntabo is the Kisii County Assembly Finance Officer

She holds a Bachelors of Commerce degree (Finance option) from Strathmore University.

Formerly, a Finance Officer with Kisii County Executive and Kenya Commercial Bank.

She is a member of Institute of Certified Public Accountants (ICPAC). She has 6 Years experience in the Public Sector.

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KEY ENTITY INFORMATION AND MANAGEMENT

(d) Fiduciary Oversight Arrangements

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

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

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

(e) Entity Headquarters

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

(f) Entity Contacts

Telephone: (254) 0208029160
E-mail: countyassembly@kisii.go.ke
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 Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

KISII COUNTY ASSEMBLY
Reports and Financial Statements
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2. FORWARD BY THE CLERK OF THE ASSEMBLY

The Financial Reports and Statements for the financial year 2020/2021 were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in compliance with section 125 and 149 of Public Finance Management Act, 2012.

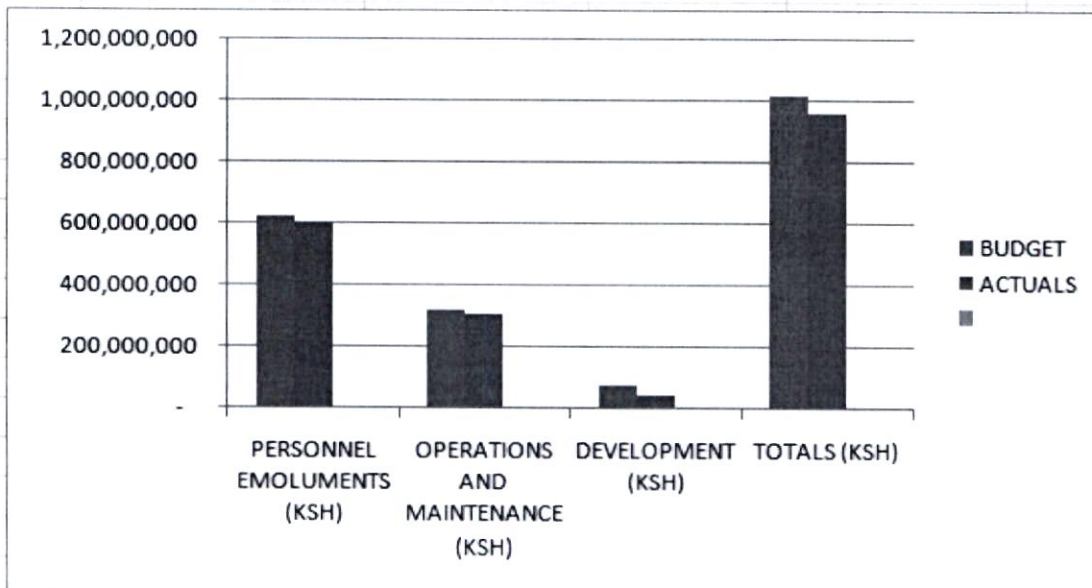
The County Assembly of Kisii appropriated Kshs. **1,021,250,968** for the management of its programmes for FY 2020/2021. However, the Assembly managed to receive Kshs. **962,258,658** from the National Treasury which translates to **95%** of the budget.

The Assembly spent Kshs. 604,885,796 (**63%**) towards personnel emoluments, Kshs. 310,421,481 (**33%**) on Operations and maintenance, and Kshs. 46,945,330 (**4%**) on development.

2.1 Budget performance

COMPARISON BETWEEN BUDGET AND ACTUALS FY 2020/2021.

	PERSONNEL EMOLUMENTS (KSH)	OPERATIONS AND MAINTENANCE (KSH)	DEVELOPMENT (KSH)	TOTALS (KSH)
BUDGET	624,123,775	321,904,744	75,222,449	1,021,250,968
ACTUALS	604,885,796	310,421,481	46,945,330	962,252,607
	96%	96%	62%	95%



2.2 Operational Performance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Devolution Committee- Deals with matters that involve devolved units.

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

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

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

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

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

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

In FY 2020/21, the County Assembly passed two (2) laws;

1. **Kisii County Climate Change Bill 2020**-This will help in mobilization and facilitation of the County Government, communities and other stakeholders to respond effectively to Climate Change through appropriate adaptation of mitigation measures and actions.
2. **Kisii County Public Participation Amendment Bill 2021**-The bill was to give effect in ensuring, coordinating and establishing modalities for public participation of communities and to develop the administrative capacity for effective exercise of the functions and participation in governance of the County.

The budget for the FY 2020/2021 was passed by the County Assembly on 23rd June 2020. There was one (1) supplementary budget adopted on 17th February 2021.

2.3 Performance of key development projects

The County Assembly has in it is long-term development plan projected to;

- Construct a modern debating chamber. The current one inherited from the defunct municipal council is smaller compared to the increased number of elected and nominated representatives and limitations of space and facilities in the public gallery.
- Construct modern administration block, to provide adequate physical infrastructure and facilities to improve operations and service delivery of the County Assembly Service; and,
- Construct offices in all the 45 wards to enhance parliamentary service delivery to the public at the local levels.

The Assembly completed the construction of four ward offices at Bomariba, Bobaracho, Bogeka & Masige East wards in this Financial Year. The construction of a Modern Administration Block at the Assembly Headquarters had been planned for completion by June 2021. However, delays in disbursement of funds to the County Assembly led to the extension of the completion date to December 2021. A planned multi-year project for the construction of a Modern County Assembly chambers which had been earmarked to commence in the year 2019/2020 did not materialize due to the effects of COVID-19 and lack of funding.

2.4 Comment on value-for-money achievements

With a vision of being a model county legislature that promotes good governance for the prosperity of Kisii County, the Assembly encourages citizen participation and incorporates public views in planning and implementation of its development programmes. In the year under review,

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the public was engaged in formulation of the Annual Development Plan (ADP), County Physical Strategy Paper (CPSP), Finance bill, and Budget estimates.

Other public participation commitments were in ;

- Formulation of Kisii County Public Participation Amendment Bill 2021 which was done by a joint committee of Delegated County Legislation and Justice and Legal Affairs committees. This was carried out on 4th March 2021.
- Site visit to inspect Fish multiplication centres in Kisii Town, Bomorenda and Tendere markets on 25th March 2021.
- Formulation of the Kisii County climate change Bill 2020 conducted by the Environment, Energy, Water and Natural resources on 25th March 2021.
- Site visit to inspect Ekerorano gas storage and filling plant by the Environment, Energy, Water and Natural resources committee.

2.5 Challenges and Recommended Way Forward

The main challenges that were faced during the FY 2020/21 included the following;

1. Delay in disbursement of funds.


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

2. COVID-19 pandemic outbreak.

Due to the effects brought about by the Covid -19 pandemic, the County Assembly Could not fully utilize its budgetary allocation.

3. Political Instability.

Due to political instability, there was destabilization of normal operations at the assembly which led to the budget not to be fully utilized.

Sign: 
Name: James D. Nyagosa
Clerk of the County Assembly

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY
 PREDETRMINED OBJECTIVES**

Introduction

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

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

Below were the expected outputs of the assembly in FY 20/21

Program 1	Objective	Outcome	Indicator	Performance
Legislative, oversight and representation services.	Strengthen Oversight, budget scrutiny and expenditure review	Accountability, Equitable distribution, efficient utilization and transparency in allocation of resources	No. of Mca's/staff trained, No. of committee reports, No. of site visits, and No. of bills passed	Mca's and staff attended 10 sectoral trainings; All 23 committees submitted annual reports; 1 site visits was conducted; ADP, CIPROP, CFSP reports were adopted. 2 bills were also passed.
	Effective representation and Outreach	Effective public and stakeholders participation in the assembly processes	No. of public participation fora, No. of public participation reports	6 public participations exercises and reports were concluded.
		Improved image and perception of residence; informed public	No. of Reports, Responses (website, facebook page, twitter handle).	1 petition was received.
	Enhance effective	Quality and progressive	No of bills passed in the	2 bills were passed

KISII COUNTY ASSEMBLY
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For the year ended June 30, 2021

	legislation	legislations	County Assembly,	
Program 2	Objective	Outcome	Indicator	Performance
County Assembly Services	Strengthen the County Assembly Service	Productive and professional staff	Training Policy, No. of training reports, training needs assessment report and skills inventory	Human resource manual developed, 9 staff trainings conducted.
Program3	Objective	Outcome	Indicator	Performance
County Assembly Service Board (Office of the Speaker).	Enhance physical and ICT infrastructure	New modern administrative block, Furniture and equipment, improved Security, Operational IT infrastructure, Ward offices for MCA's	New administration office block, No of furniture items acquired, number of security installations, No. of IT infrastructure installed, No. of ward offices constructed.	80% status completion of modern administrative block, New furniture for chambers, CCTV system installed, IT structural cabling intercoms installed, 4 ward offices were completed.
	Adequate resource mobilization and proper management	Sufficient budgetary provision, improved financial management,	Approved budget, Additional resources obtained, Accurate and timely financial reports	FY 2020/21 Budget was approved, Decrease in resources utilized by 5% was due to the effect of covid-19 pandemic, FY 2019/20 Audited Financial Reports.
	Improved stakeholder engagement and management	Improved systems, Increased Compliance levels, reduced instances of penalties, reduced litigation	% increase in stakeholder engagement, % Reduction in penalties and litigation.	100% engagement with suppliers through E- procurement system, 50% reduction in number of litigations.

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile

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

2. Environmental performance

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

In FY 2020/21 the committee was able to consider matters on;

- i. Climate change Bill, 2020
- ii. Fish multiplication centres.
- iii. Water resource management.
- iv. Solid and liquid waste Management.

The Committee Concluded and produced two reports on quarrying activities at Nyamonema and another on the Compliance status of the mitigation strategies to safeguard surrounding environment- Ekerorano Liquefied Petroleum Gas (LPG) plant.

3. Employee welfare

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

4. Market place practices-

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations.

The Assembly has fully embraced the Electronic Procurement System through the Government recommended Integrated Financial Management Information System (IFMIS). All our procurement is done as per the Public Procurement and Disposal

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

Act 2015. The management ensures Suppliers are promptly paid and discourages instances of accumulated pending bills.

c) Responsible marketing and advertisement

The County Assembly disseminates its marketing and advertising information through open media with a wider coverage. The assembly follows ethical marketing practices and favourably responds to feedback.

d) Product stewardship

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

5. Community Engagements-

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

In the Financial Year 2020/21 the Assembly through a Supplementary Budget released some of its budgeted funds to the County Executive to assist in the constructing and repair of county roads to enhance accessibility.

5. 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County 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, 2021, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

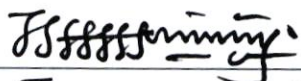
The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

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

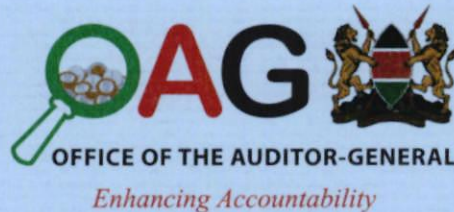
The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 20th September 2021.



Name: James O. Nyagosa
Clerk of the County Assembly

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KISII FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kisii set out on pages 1 to 42, which comprise the statement of financial assets and liabilities

Report of the Auditor-General on County Assembly of Kisii for the year ended 30 June, 2021

as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and 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, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Act, 2012.

Basis for Qualified Opinion

Unsupported Expenditure on Foreign and Domestic Travel

The statement of receipts and payments for the year ended 20 June, 2021 reflects an expenditure of Kshs.301,913,481 on use of goods and services as disclosed in Note 5 to the financial statements. The balance includes an amount of Kshs.2,454,662 in respect of foreign travel and subsistence. However, supporting documents for the expenditure were not provided for audit review.

Further, the Note includes domestic travel and subsistence expenditure of Kshs.137,306,830 out of which an amount of Kshs.11,350,000 was incurred on public participation. The expenditure was incurred through cash purchases from temporary imprests issued to Members of the County Assemblies (MCAs) for hiring of public address system, public ground, tents and chairs; purchase of stationeries, refreshments, snacks and beverages; and payment of facilitation fees to the members of public during various public participation activities in April, May and June, 2021.

Review of documents supporting the public participation imprest surrender vouchers revealed that the attendance list was not signed by all participants. Further, the attached cash sales receipts did not have official KRA electronic tax register receipts to confirm that the trading entities were tax compliant.

In the circumstances, the validity and occurrence of the foreign and domestic travel and subsistence expenditures of Kshs.2,454,662 and Kshs.137,306,830 respectively for the year ended 30 June, 2021 could not be confirmed.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts - recurrent and development combined for the year ended 30 June, 2021 reflects final receipts budget and actual on comparable basis amounts of Kshs.1,021,250,968 and Kshs.962,258,658 respectively, resulting in an under-funding by Kshs.58,992,310 or 6% of the budget. Similarly, the County Assembly spent an amount of Kshs.962,297,766 out of the approved expenditure budget of Kshs.1,021,250,968 resulting in under expenditure of Kshs.58,953,202 or 6% of the budget.

The under-funding and under-expenditure constrained execution of planned activities and delivery of services to the residents of Kisii County.

2. Late Exchequer Releases

The statement of receipts and payments for the year ended 30 June, 2021 reflects transfer from County Treasury/Exchequer releases of Kshs.962,258,658 which includes an amount of Kshs.77,431,718 disbursed by the County Treasury in July, 2021 after 30 June, 2021.

Late exchequer releases could have had adverse effects on the implementation of the planned activities and projects by the County Assembly of Kisii.

3. Pending Bills

Disclosed in Annexure 1 in the financial statements are pending account payables amounting to Kshs.64,940,108 which were not settled during the year under review but were carried forward to 2021/2022 financial year. The Management has not explained why the bills were not settled during the year when they occurred. Failure to settle the bills negatively impacts on the subsequent year's budget provisions against which they have to be charged to.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Extension of Library, ICT Centre and Procurement of Offices

The statement of receipts and payments reflects expenditure on acquisition of assets of Kshs.55,453,330 as disclosed in Note 10 to the financial statements. The expenditure includes an amount of Kshs.46,945,330 in respect of construction of buildings, which further includes an expenditure of Kshs.35,360,709 paid to a contractor for the construction of the main office block at the Assembly Headquarters in Kisii Town.

The contract was awarded at a contract sum of Kshs.195,000,000 for a period of thirty (30) months ending June, 2021. The works consisted of extension of library, ICT Centre and Procurement of Offices to host the Members of County Assembly Offices. Physical verification on 14 October, 2021, revealed that the contractor was not on site and the project was behind schedule.

In the circumstance, expenditure of Kshs.35,360,709 paid to the contractor could not be confirmed.

2. Non-Compliance with the Law on Fiscal Responsibility-Wage Bill

The statement of receipts and payments reflects expenditure of Kshs.604,885,796 as disclosed in Note 4 to the financial statements. The expenditure is 63% of the Assembly's total exchequer receipts of Kshs.962,258,658 in the year under review. This is contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires the County Government expenditure on wages and benefits for public officers not to exceed 35% of the County Government total revenue.

The Management was in breach of the law.

3. Non-Compliance with Law on Ethnic Composition

A review of the personnel records indicate that the County Assembly had two hundred and seventy four (274) employees as at 30 June, 2021 out of which, two hundred and sixty seven (267) or 97% comprised members of the ethnic community dominant in the County. This is contrary to Section 65(1) of the County Governments Act, 2012 and Section 7(1) and (2) of the National Cohesion and Integration Act, 2008.

The Management was in breach of 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 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. Ineffective Audit Committee Function

The Assembly Audit Committee did not hold any meeting during the year under review and only held the last meeting on 10 September, 2019. Consequently, the Audit Committee did not effectively discharge its oversight role as envisaged in Regulation 159 (2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that each year, the Audit Committee shall carry out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report.

2. Lack of an Approved ICT Policy

Review of IT control environment revealed that the ICT Policy addressing areas of security and program change management, physical access, environmental and logical access control was still in draft form and had not been approved by Management. As a result, the County Assembly was exposed to breaches of information confidentiality, data integrity and loss of business continuity.

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 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 governance.

In preparing the financial statements, Management is responsible for assessing the ability of the County Assembly of Kisii to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate 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 County Assembly's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 ability of the County Assembly of Kisii 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 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 of Kisii to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 May, 2022

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7. FINANCIAL STATEMENTS

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

		2020-2021	2019-2020
	Note	KShs	KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	962,258,658	889,281,590
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		962,258,658	889,281,590
PAYMENTS			
Compensation of Employees	4	604,885,796	482,005,085
Use of goods and services	5	301,913,481	281,715,655
Subsidies	6		
Transfers to Other Government Entities	7	45,159	552,145
Other grants and transfers	8		
Social Security Benefits	9		
Acquisition of Assets	10	55,453,330	125,515,690
Finance Costs	11		
Other Payments	12		
TOTAL PAYMENTS		962,297,766	
SURPLUS/DEFICIT		(39,108)	(506,985)

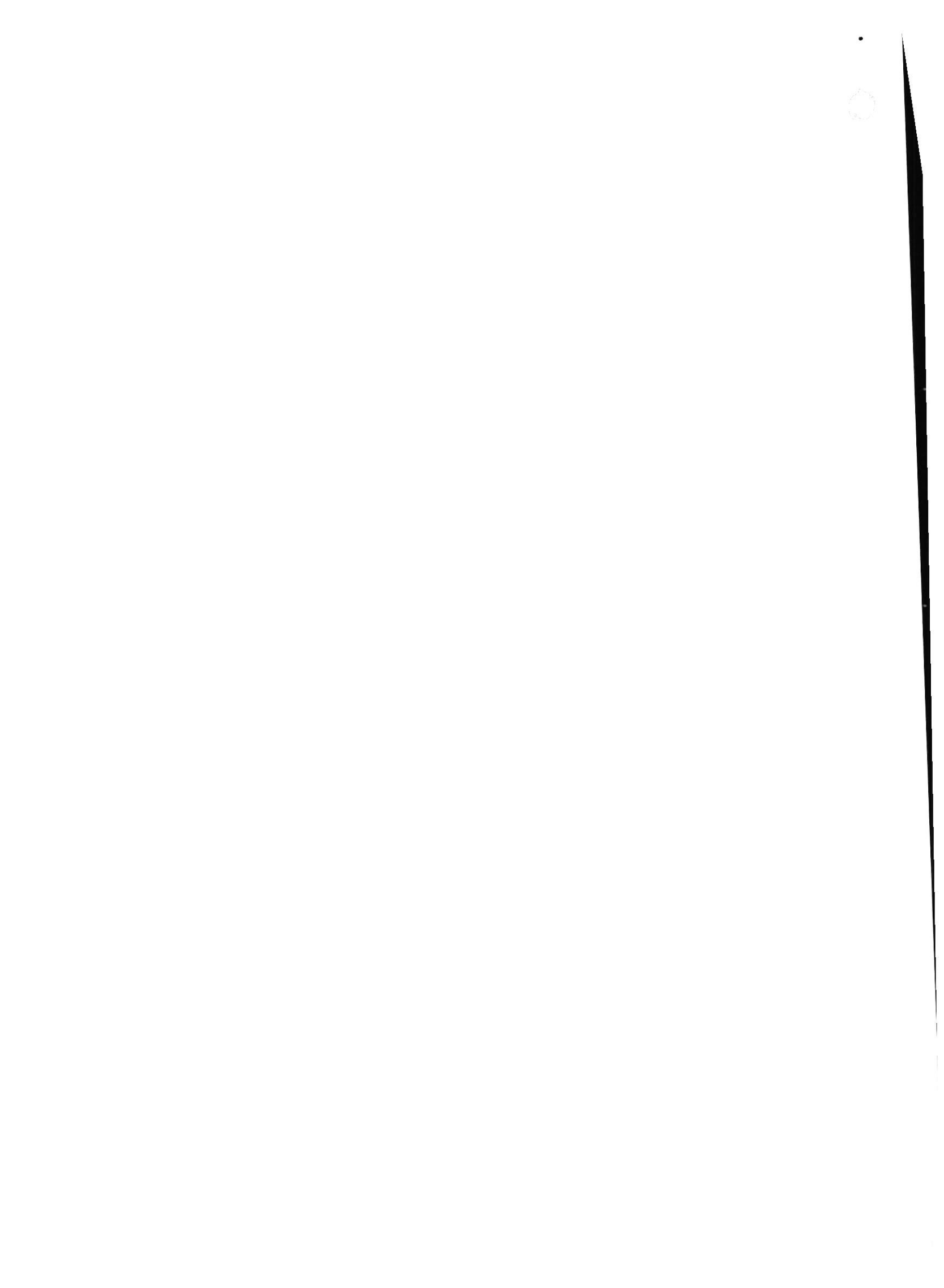
The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th September 2021 and signed by:



Clerk of the Assembly
 Name: James O. Nyagoga



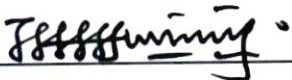
Chief Finance Office – County Assembly
 Name: EMMA HTABO
 ICPAK Member Number: 23586




7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES FOR THE YEAR
ENDED 30TH JUNE 2021

		2020-2021	2019-2020
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	13A	18,478,994	13,823,569
Cash Balances	13B		
Total Cash and cash equivalents		18,478,994	13,823,569
Accounts receivables	14		
TOTAL FINANCIAL ASSETS		18,478,994	13,823,569
FINANCIAL LIABILITIES			
Accounts Payables-Deposits and retentions	15	18,472,943	13,778,410
NET FINANCIAL ASSETS		6,501	45,159
REPRESENTED BY			
Fund balance b/fwd	16	45,159	552,145
Prior year adjustment	17		
Surplus/(Deficit) for the year		(39,108)	(506,986)
NET FINANCIAL POSITION		6,051	45,159

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th September 2021 and signed by:


 Clerk of the Assembly
 Name: James O. Nyaoga



 Chief Finance Officer – County Assembly
 Name: Emma NTABO
 ICPAK Member Number: 23586

KISII COUNTY ASSEMBLY
Reports and Financial Statements
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7.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	962,258,658	889,281,590
Other Receipts	3		
Payments for operating expenses			
Compensation of Employees	4	(604,885,796)	(482,005,085)
Use of goods and services	5	(301,913,481)	(281,715,655)
Subsidies	6		
Transfers to Other Government Entities	7	(45,159)	(552,145)
Other grants and transfers	8		
Social Security Benefits	9		
Finance Costs	11		
Other Payments	12		
Adjusted for:			
Prior year adjustment	17		
Decrease/(Increase) in Accounts receivable:	18		
Increase/(Decrease) in Accounts Payable:	19	18,472,943	13,778,410
Net cash flows from operating activities		73,887,165	138,787,114
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	10	(55,453,330)	(125,515,690)
Net cash flows from investing activities		(55,453,330)	(125,515,690)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalent at BEGINNING of the year	13	45,159	552,145
Cash and cash equivalent at END of the year		18,478,994	13,823,569

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th September 2021 and signed by:



Clerk of the Assembly

Name: *James O. Nyagoga*



Chief Finance Office – County Assembly

Name: *EMMA NTARO*

ICPAK Member Number *23586*

7.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT
COMBINED FOR THE YEAR ENDED 30TH JUNE 2021.

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	1,173,082,040	(151,831,072)	1,021,250,968	962,258,658	94.2%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	1,173,082,040	(151,831,072)	1,021,250,968	962,258,658	94.2%
PAYMENTS					
Compensation of Employees	505,704,711	69,838,382	575,543,093	557,290,330	96.8%
Use of goods and services	315,786,989	6,117,755	321,904,744	301,913,481	93%
Subsidies					
Transfers to Other Government Entities	50,000,000	(50,000,000)		45,159	
Other grants and transfers					
Social Security Benefits	45,036,897	3,543,785	48,580,682	47,595,466	98%
Acquisition of Assets	256,553,443	(181,330,994)	75,222,449	55,453,330	73%
Finance Costs					
Other Payments					
TOTAL	1,173,082,040	(151,831,072)	1,021,250,968	962,297,766	94.2%
SURPLUS/ DEFICIT				(39,108)	

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

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

The entity financial statements were approved on 20th September 2021 and signed by:



Clerk of the Assembly

Name: James O. Nyagaa



Chief Finance Officer – County Assembly

Name: Emma NTARO

ICPAK Member Number: 23586

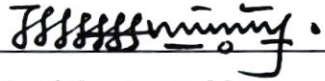
KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

**7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED
30TH JUNE 2021.**

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	992,528,597	(28,831,072)	963,697,525	915,313,330	95%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	992,528,597	(28,831,072)	963,697,525	915,313,328	95%
PAYMENTS					
Compensation of Employees	505,704,711	69,838,382	575,543,093	557,290,330	97%
Use of goods and services	315,786,989	6,117,755	321,904,744	301,913,481	93%
Subsidies					
Transfers to Other Government Entities	50,000,000	(50,000,000)		45,159	
Other grants and transfers					
Social Security Benefits	45,036,897	3,543,785	48,580,682	47,595,466	98%
Acquisition of Assets	76,000,000	(58,330,994)	17,669,006	8,508,000	48%
Finance Costs					
Other Payments					
TOTAL	992,528,597	(28,831,072)	963,697,525	915,352,436	95%
Surplus/ Deficit				(39,108)	

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

The entity financial statements were approved on 20th September 2021 and signed by:



Clerk of the Assembly

Name: James O. Nyagga



Chief Finance Office – County Assembly

Name: Emma MTABO

ICPAK Member Number: 23586

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE 2021.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	e=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	180,553,443	(123,000,000)	57,553,443	46,945,330	81.6%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	180,553,443	(123,000,000)	57,553,443	46,945,330	81.6%
PAYMENTS					
Compensation of Employees					
Use of goods and services					
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	180,553,443	(123,000,000)	57,553,443	46,945,330	81.6%
Finance Costs					
Other Payments					
TOTAL	180,553,443	(123,000,000)	57,553,443	46,945,330	81.6%
SURPLUS/ DEFICIT					

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

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

The entity financial statements were approved on 20th September 2021 and signed by:

James O. Nyaoga

Clerk of the Assembly

Name: James O. Nyaoga

Emma Ntaro

Chief Finance Officer – County Assembly

Name: Emma Ntaro

ICPAK Member Number: 23586

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2021

7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30TH JUNE 2021

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.	699,064,246	(163,888,542)	535,175,704	484,024,864	51,150,840
Programme 2 Representation, Legislative and Oversight Services.	455,927,794	16,657,470	472,585,264	470,945,011	1,640,253
Programme 3. County Assembly Service Board (Office of the speaker)	18,090,000	(4,600,000)	13,490,000	7,327,891	6,162,109
TOTALS.	1,173,082,040		1,021,250,968	962,297,766	58,953,202

7.8. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The 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 been received by the Assembly.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) 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.

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the 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. Third Party Payments

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

6. Cash and cash equivalents

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

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.

7. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. 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.

10. Pending bills

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

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

12. Contingent Assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

13. 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 budget was approved as required by Law. The original budget was approved by the County Assembly on 23rd June 2020 for the period 1st July 2020 to 30 June 2021 as required by law. There was one (1) supplementary budget passed in the year. The supplementary budget were approved on 17th February 2021. A high-level assessment of the Kisii County Assembly 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.

14. Comparative figures

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

15. Subsequent events

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. 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.

17. 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.

KISII COUNTY ASSEMBLY
Reports and Financial Statements
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7.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2020-2021	2019-2020
	KShs	KShs
Transfers from the County Treasury for Q1	94,558,518	183,747,400
Transfers from the County Treasury for Q2	281,835,233	244,422,436
Transfers from the County Treasury for Q3	212,861,707	238,180,748
Transfers from the County Treasury for Q4	373,003,200	222,931,006
Cumulative Amount	962,258,658	889,281,590

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	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

	2020-2021	2019-2020
	KShs	KShs
Tender fees received		
Other Receipts II		
Other Receipts III		
Other Receipts IV		
Total		

NOTES TO THE FINANCIAL STATEMENTS

4. COMPENSATION OF EMPLOYEES

	2020 - 2021	2019 - 2020
	KShs	KShs
Basic salaries of permanent employees	262,190,243	218,992,529
Basic wages of temporary employees	61,639,568	26,519,465
Personal allowances paid as part of salary	218,980,324	189,371,511
Personal allowances paid as reimbursements	14,480,196	6,226,310
Personal allowances provided in kind		7,875
Employer Contribution to compulsory National Social Schemes	47,595,466	40,887,395
Employer Contribution to Compulsory National health Insurance Schemes		
Pension and other social security contributions		
Social benefit schemes outside government		
Other personnel payments		
Total	604,885,796	482,005,086

KISII COUNTY ASSEMBLY
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. USE OF GOODS AND SERVICES

	2020 - 2021	2019 - 2020
	KShs	KShs
Utilities, supplies and services	1,040,255	1,066,569
Communication, supplies and services	1,480,720	1,440,720
Domestic travel and subsistence	137,306,830	67,904,626
Foreign travel and subsistence	2,454,662	19,342,495
Printing, advertising and information supplies & services	2,254,908	4,982,518
Rentals of produced assets	73,100	
Training expenses	3,717,828	16,799,347
Hospitality supplies and services	23,171,098	31,954,768
Insurance costs	49,069,338	45,182,229
Specialized materials and services	7,861,020	1,762,850
Office and general supplies and services	22,710,510	20,353,109
Fuel, oil and lubricants	3,972,943	3,877,059
Other operating expenses	39,386,374	57,868,000
Routine maintenance – vehicles and other transport equipment	1,658,539	1,768,827
Routine maintenance – other assets	5,755,356	7,412,538
Total	301,913,481	281,715,655

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Subsidies to County Corporations		
Subsidies to Private Enterprises		
TOTAL		

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	KShs	KShs
Transfers to National Government entities	45,159	552,145
Transfers to other County Assembly entities		
Car Loan Scheme fund		
Mortgage		
Others (insert name of budget agency)		
TOTAL	45,159	552,145

KISII COUNTY ASSEMBLY
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER GRANTS AND TRANSFERS

	2020-2021	2019-2020
	KShs	KShs
Scholarships and other educational benefits		
Membership Fees and Dues and Subscriptions to Organizations		
Emergency relief and refugee assistance		
Subsidies to small businesses, cooperatives, and self employed		
Total		

9. SOCIAL SECURITY BENEFITS

	2020 - 2021	2019 - 2020
	KShs	KShs
Government pension and retirement benefits		
Social security benefits		
Employer Social Benefits		
Total		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. ACQUISITION OF ASSETS

<u>Non- Financial Assets</u>	2020 - 2021	2019 - 2020
	KShs	KShs
Purchase of Buildings		
Construction of Buildings	46,945,330	96,672,350
Refurbishment of Buildings		
Construction of Roads		
Construction and Civil Works		4,455,534
Overhaul and Refurbishment of Construction and Civil Works		
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	8,508,000	10,486,400
Purchase of Specialized Plant, Equipment and Machinery		
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		
Purchase of ICT Equipment		13,901,407
Acquisition of Strategic Stocks and commodities		
Acquisition of Land		
Acquisition of Intangible Assets		
Total acquisition of non- financial assets	55,453,330	125,515,690
<u>Financial Assets</u>		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Total acquisition of financial assets		
Total acquisition of assets	55,453,330	125,515,690

KISII COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Bank Charges		
Interest Payments on Foreign Borrowings		
Interest Payments on Guaranteed Debt Taken over by Govt		
Interest on Domestic Borrowings (Non-Govt)		
Interest on Borrowings from Other Government Units		
Total		

12. OTHER PAYMENTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Budget Reserves		
Civil Contingency Reserves		
Other payments		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account Name & currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2020 - 2021	2019 - 2020
			KShs	KShs
CENTRAL BANK OF KENYA (KSH)	1000291168	Development		
CENTRAL BANK OF KENYA (KSH)	1000241373	Recurrent	6,051	45,159
CENTRAL BANK OF KENYA (KSH)	1000387505	Deposit	18,472,943	13,778,410
NATIONAL BANK OF KENYA (KSH)	01001090955200	Recurrent		
Total			18,478,994	13,823,570

13B. CASH IN HAND

	2020 - 2021	2019 - 2020
	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:

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Location 1		
Location 2		
Location 3		
Total		

KISII COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. ACCOUNTS RECEIVABLE

<i>Description</i>	2020 - 2021	2019 - 2020
	Kshs	Kshs
Government Imprests		
Salary Advance		
Clearance accounts		
Total		

Breakdown of imprest and salary advance per department	2020 - 2021	2019 - 2020
<i>Imprests</i>	KShs	KShs
Department		
Department		
Department		
Sub-Total		
<i>Salary advance</i>		
Department		
Department		
Sub-Total		
Grand Total		

15. ACCOUNTS PAYABLE

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Deposits	18,472,943	13,778,410
Retentions		
Total	18,472,943	13,778,410

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Bank accounts	45,159	552,145
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total	45,159	552,145

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			

18. CHANGES IN RECEIVABLE

Description	2020-2021	2019-2020
	KShs	KShs
Opening Account Receivables as at 1 st July 2020		
Closing Account Receivables as at 30 th June 2021		
Change in Account Receivables		

19. CHANGES IN ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Accounts Payables as at 1 st July 2020	13,778,410	13,778,410
Closing Accounts payables as at 30 th June 2021	18,478,994	

KISII COUNTY ASSEMBLY
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Change in Accounts payables	4,700,584	
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	106,348,021		46,945,329	59,402,692
Construction of civil works				
Supply of goods	10,330,208	538,337	10,330,208	538,337
Supply of services	3,684,648	4,999,080	3,684,648	4,999,080
Total	120,362,877	5,537,417	60,960,185	64,940,109

2. PENDING STAFF PAYABLES (See Annex 2)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
Total				

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OTHER PENDING PAYABLES (See Annex 3)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total				

4. EXTERNAL ASSISTANCE

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received in cash		
External assistance received as loans and grants		
External assistance received in kind- as payment by third parties		
Total		

a) External assistance relating loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans		
External assistance received as grants		
Total		

KISII COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants			
Total			

c) Classes of providers of external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d. Non- monetary external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Goods		
Services		
Total		

e. Purpose and use of external assistance.

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

KISII COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total		

5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY ASSEMBLY

Classification by Source

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total		

KISII COUNTY ASSEMBLY
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Classification of payments made by Third Parties by Nature of expenses

PAYMENTS MADE BY THIRD PARTIES	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Compensation of Employees		
Use of goods and services		
Subsidies		
Transfers to Other Government Units		
Other grants and transfers		
Social Security Benefits		
Acquisition of Assets		
Finance Costs, including Loan Interest		
Other Payments		
TOTAL		

6. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Assembly:

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

KISII COUNTY ASSEMBLY
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Related party transactions:

	2020- 2021	2019- 2020
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	270,856,374	272,816,677
Key Management Compensation (Clerk and Heads of departments)	33,359,440	34,447,500
Total Compensation to Key Management	304,215,814	307,264,177
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes		
Transfers to County Corporations		
Transfers to non reporting entities e.g ECD centres, welfare centres etc		
Total Transfers to related parties		
<u>Transfers from related parties</u>		
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		

7. Contingent Liabilities

Contingent liabilities	2020-2021	2019-2020
	Kshs	Kshs
Court case against the entity		
Bank guarantees in favour of subsidiary		
contingent liabilities arising from PPPs		
Total		

KISII COUNTY ASSEMBLY
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PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Ward Office Operations Expense	The Commission of Revenue Allocation has capped the total cost for running an MCA office at Ksh. 118,333.20 per month for both elected and nominated members of County Assembly and have been implemented.	Resolved	
2.1	Pending Bills	Construction of buildings form the bulk of the pending bills. This is work in progress involving multi year projects. The Assembly could not settle all the pending bills because the National Treasury did not release funds from the	Resolved	

KISII COUNTY ASSEMBLY
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Exchequer for the month of June 2020.		
2.2	Budgetary Control and performance.	In the year under review, the County Assembly had budgeted to receive Kshs.1,140,505,387 from the National Treasury but ended up receiving Kshs.889,788,575 which represents 78% of the approved budget. The National Treasury did not release funds for the month of June, 2020 to the County Assembly leading to the low absorption rate. The Assembly also experienced challenges in form of delays of Exchequer releases from the National Treasury.	Resolved	
3.1	Compensation of Employees	In the year ended 30 th June, 2020 compensation of employees' expenditure was Kshs.482,005,085, which was 54% the Assembly's total receipt of Kshs.889,281590 against the recommended threshold of 35%. The Salaries and Remuneration Commission (SRC) has since enhanced their salaries and allowances	Resolved	

KISII COUNTY ASSEMBLY
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>with marginal adjustments of the ceilings by the Commission on Revenue Allocation (CRA). However, the decision by SRC to allow employment of at least 3 officers for each ward office in 2015 was then unforeseen and drastically increased the wage bill to date. This coupled with incremental credits for employees each year explains the higher wage bill. Nevertheless, the management shall endeavour to manage the wage bill by not engaging in new recruitment or filling of positions left vacant by staff attrition.</p>		
3.2	<p>Extension of Library and ICT Innovation Centre</p>	<p>The tender was awarded to M/S ABMO Links Limited of P.O. BOX 43263-00100, Nairobi. The tender code is KCA/C/005/2018-2021. The contract was signed on 8th January, 2019 at a contract sum of Kshs.195,000,000. As at the time of audit, the contractor had been paid a sum total of Kshs.100,236,598. The project's completion date is 30th June, 2021. As at the</p>	Resolved	

KISII COUNTY ASSEMBLY
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>time of audit, the super structure had been completed. Finishing works including internal partitions were outstanding. The project, as at the time of audit had entered the internal partitioning phase ahead of its close date which is 30th June, 2021. The project manager hoped that the project will be completed as planned. On 27th March, 2020, the Public Health Officer in Charge of Kisii Municipality issued a Stop Notice to the contractor to suspend work in a bid to enforce compliance with the Ministry of Health Safety Protocols relating to the prevention and spread of Corona Virus. This notice affected the contractor's staff and workers who temporarily vacated the site. However, the contractor later resumed work after meeting the set Public Health guidelines and he is currently on site. In the FY 2020/2021, the Assembly has provided for a sum of Kshs.94,968,743 in its Budget. With this allocation, the project will</p>		

KISII COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		not lack funding and therefore shall not stall.		
3.3	Staff Ethnic Composition	The Management acknowledges that the Kisii County Assembly staff composition is made up of members of the dominant ethnic community in the County. However, out of the 355 employees, 70 are Members of the County Assembly while 135 are ward office staff on contract and are usually recruited from their wards of origin by the Members of the County Assembly. The remaining 150 employees were recruited by the County Assembly service Board. Some of the staff members were inherited from the defunct Municipal Council while nearly all applicants for jobs when devolved governance was established were from the local community. However, the Management has taken note of the auditor's recommendation and shall endeavor to correct the situation in future appointments.	Unresolved	Ongoing
3.4	Risk	It is true that during the time	Unresolved	Ongoing


KISII COUNTY ASSEMBLY
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Management Policy	of audit the County Assembly had not developed a Risk Management Policy. The management commits to pool relevant resources to ensure that the policy is developed and comply with the auditor's recommendations.		

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.....20.09.2021

KISII COUNTY ASSEMBLY
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ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			a	b	c	d=a+b-c	
Construction of buildings	08/01/2019	195,000,000	94,763,401	NIL	35,360,710	59,402,692	WORK IN PROGRESS
1.							
2.							
3.							
Sub-Total						59,402,692	
Construction of civil works							
4.							
5.							
6.							
Sub-Total							
Supply of goods							
7. DAVKENN INVESTMENTS LIMITED	30/04/2021	411,189				411,189	
8. DAVKENN INVESTMENTS LIMITED	05/05/2021	127,147				127,147	
9.							
Sub-Total		538,336				538,336	
Supply of services							
10. THE CLARION HOTEL	06/06/2021	1,140,000				1,140,000	
11. KIKA HOTEL	07/04/2021	344,000				344,000	
12. DH ENTERPRISES	11/03/2021	288,000				288,000	
13. DH ENTERPRISES	25/03/2021	480,000				480,000	
14. DH ENTERPRISES	21/05/2021	806,400				806,400	

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Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
15. DH ENTERPRISES	26/05/2021	806,400				806,400	
16.PARKVIEW SAFARI LODGE	11/03/2021	288,000				288,000	
17.INCOPE TRADING LIMITED	04/05/2021	750,000				750,000	
18.MARY ANGELS LIMITED	04/05/2021	96,280				96,280	
Sub-Total		4,999,080				4,999,080	
Grand Total						64,940,108	
Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments							

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ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020	Comments
			a	b	c=a-b		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Date Contracted	Original Amount	Amount Paid To-Date	Outstandi ng Balance 2020/2021	Outstandi ng Balance 2019/2020	Comments
			a	b	c=a-b		
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							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 4 – SUMMARY OF NON-CURRENT ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2019/20	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2020/2021
Land					
Buildings and structures	271,401,175	46,945,330			318,346,505
Transport equipment	50,250,190				50,250,190
Office equipment, furniture and fittings	52,186,488	8,508,000			60,694,488
ICT Equipment	28,169,107				28,169,107
Machinery and Equipment	25,343,825				25,343,825
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work In Progress					
Total	427,350,785	55,453,330			482,804,115

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ANNEX 5 – ANALYSIS OF ACCOUNTS RECIVABLES

(a) Government Imprest

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Total				

(b) Salary Advance

Name of Officer	Date Advanced	Amount Advanced	Amount Recovered	Balance
		KShs	KShs	KShs
Name of Officer				
Name of Officer				
Name of Officer				
Name of Officer				
Total				

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ANNEX 6: CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

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ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)