REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF SIAYA

FOR THE YEAR ENDED 30 JUNE, 2019

COUNTY ASSEMBLY OF SIAYA

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

OFFICE OF THE AUDITOR GENERAL
RECEIVED
16 DEC 2019
P.O BOX 1188, KISUMU

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the constitution of Kenya and headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 30 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

- The Full house of the Assembly
- The County Assembly Service Board
- The Assembly Committees
- Office of the Clerk and Directorates

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	**Mr. Erick Odhiambo Ogenga.**
2.	Director Financial and Accounting Services	**Mr. David Ouma Okumu.**

(d) Fiduciary Oversight Arrangements

Public accounts and investment committee activities

The Public Accounts and Investment Committee is the one that is mandated to look at the financial statements together with the audit report from the Kenya National Audit Office. On the same note, they come up with recommendations which they forward to the Assembly for implementation.

Senate committee activities

The Senate Committee is the one that is mandated by the constitution to look at financial reports/statements together with the final audit report from the Kenya National Audit Office with a view to making recommendations on the actions which should be taken.

Audit Committee

The Audit committee obtain assurance from the management that all the financial and non-financial internal control and risk management functions are operating effectively and reliably. Further, provide independent review of entity's performance and effectiveness, provide effective liaison and facilitate communication between management and external audit, provide oversight of entity's internal audit function, provide oversight of the implementation of accepted audit recommendation and ensure the entity effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

Internal Audit Department

Is an independent department task with responsibility of undertaking Post Audit activity on the Assembly's systems and Reports. It ensures that internal control systems are effective and give an assurance on the organisational performance.

(e) Entity Headquarters

P.O. Box 7-40600
County Assembly Building/House/Plaza
SIAYA, KENYA
Telephone: +254708745148 / 0575321021
E-mail: .clerk@siayaassembly.go.ke / siayacountyassembly.go.ke
Website:www.siayaassembly.go.ke

(f) Entity Contacts

Telephone: +254708745148 / 0575321021
E-mail: .clerk@siayaassembly.go.ke / siayacountyassembly.go.ke
Website: www.siayaassembly.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank, Siaya
   P.O. 52 – 40600
   Siaya

(h) Independent Auditors

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

(i) Principal Legal Adviser

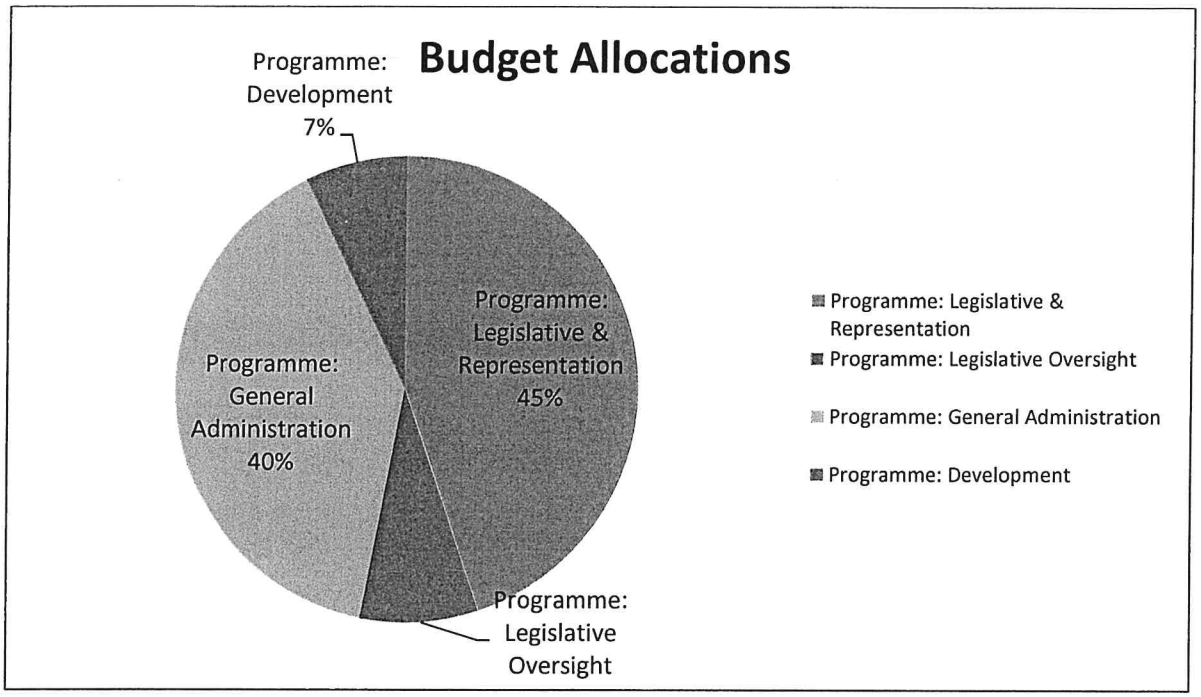
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. FORWARD BY THE CLERK OF THE ASSEMBLY

I have the pleasure of forwarding the Reports and Financial Statements for the year ended June 30th 2019. It marks the fourth year that the Assembly is reporting independently from the County Executive Arm of the County Government. The report highlights the operations of the Assembly as indicated below;

Sub Program	Description	Approved Budget	Actual Payments	Variance	% OF UTILIZATION
		KSHS	KSHS	KSHS	
701020000	Programme 1: Legislative & Representation	313,497,233.00	312,984,304.55	512,928.45	99.84
701030000	Programme 2: Legislative Oversight	60,919,735.00	57,228,450.00	3,691,285.00	93.94
701040000	Programme 3: General Administration	314,239,239.00	278,101,835.45	36,137,403.55	88.50
701040000	Programme 4: Development	462,871,230.00	50,056,134.04	412,815,095.96	10.81
	Grand Total	**1,151,527,437.00**	**698,370,724.04**	**453,156,712.96**	60.65

Programmes	Approved Budget Allocation	Actual Payments	Variance
	KSHS	KSHS	KSHS
Programme 1: Legislative & Representation	313,497,233.00	312,984,304.55	512,928.45
Programme 2:Legislative & Oversight	60,919,735.00	57,228,450.00	3,691,285.00
Programme 3: General Administration	314,239,239.00	278,101,835.45	36,137,403.55
Programme 4: Development	462,871,230.00	50,056,134.04	412,815,095.96
	1,151,527,437.00	**698,370,724.04**	**453,156,712.96**



The County Assembly of Siaya had a budget of Kshs. 1,151,527,437 which was distributed to the four programs as tabulated here under;

Programme 1 – Legislative and Representation – Kshs.313,497,233
Programme 2 – Legislative Oversight – Kshs.60,919,735
Programme 3 – General Administration – Kshs.314,239239
Programme 4- Development-Kshs. 462,871,230

During the year under review, the County Assembly spent a total of Kshs. 698,370,724.04 on the above programs as indicated below;

Programme 1 – Legislative and Representation – Kshs.312,984,304.15

Programme 2 – Legislative Oversight – Kshs.57,228,450
Programme 3 – General Administration – Kshs.278,101,835.45
Programme 4- Development Kshs. 50,056,134.04

Analysed hereunder, is the summary of the budget execution by programs.

The overall consumption rates for all the programmes was 60.65 %

Consumption rates by Programmes

From the above analysis, it shows that:

1. Legislative and Representation had the highest consumption rate at 99.84%

2. General Administration was 2nd with a consumption rate of 93.94%

3. Legislative Oversight was 3rd with a consumption rate of 88.50%

4. Development was 4th with a consumption rate of 10.81%

Operational performance	
LAWS	**IMPACT**
1. The siaya County appropriation Act, 2018	Authorise issue of monies out of County revenue fund Account and its application
2.The Siaya County Equitable Development Act,2018	Framework for equitable allocation of resources for development within the Wards and Management framework
3. The Siaya County Finance Act,2018	Provide revenue raising measures, imposition of fees a charges
4. The Siaya County Water and Sanitation Act, 2018	Provide for institutional and legislative framework for water and sanitation services
5. The Siaya County Health Services Act,2018	Provide for institutional framework and quality health services within the County
6. The Siaya Assembly Loans and Mortgage Fund Act,2018	Facilitate advancement of Loans and Mortgage to Sta and Hon. Mcas in an equitable manner
7. The Siaya County Supplementary Appropriation Act, 2018	Authorize issue of monies out of County revenue fund Account and its application
8. The Siaya County Supplementary Appropriation Act,2019	Authorize issue of monies out of County revenue fund Account and its application

The Budget

The County Government of Siaya Budget was passed on 28th June 2018. During the year under review, the County had 13th November 2018 and 18th December 2018.

Assembly Committees		
Name	**Mandates**	**Successes over the Period un Review**
1. County Assembly House Busines committee	all matters related to House business and standing orders	Reports,Bills and Statements

2. County Assembly Committee on Selection	All matters related to selection of the composition of other committees	Reports
3. County Assembly Committee on Appointments	All matters related to County appointments	Reports,Bills and Statements
4. County Assembly Budget, Appropriations,finance and Planning Committee	All matters related to County budget	Reports,Bills and Statements
5. County Assembly Public Investment and Accounts committee	Investigation and examination of working of Public investments and accounts on public expenditure	Reports,Bills and Statements
6.County Assembly Privilleges, Procedures and rules committee		Reports,Bills and Statements
7.County Assembly Committee on Justice and Legal affairs	All matters related to administration of law and justice, constituional affairs	Reports,Bills and Statements
8. County Sectorial Committee on Health Services	All matters related to County Health services and refuse dumping	Reports,Bills and Statements
9. County Sectorial Committee on Public Works, Roads,Transport and Communication	All matters related to County Transport, fire fighting services	Reports,Bills and Statements
10. County Sectorial Committee on Administration and Governance	Ensuring and coordinating participation of communities in governance	Reports,Bills and Statements
11. County Sectorial Committee on Trade,Industry,Labour and Cooperative Development	All matters related to trade development and regulations	Reports,Bills and Statements
12. County Sectorial Committee on Tourism,Conservation,Wildlife and Information	All matters related to local tourism,beaches,parks and recreation facilities	Reports,Bills and Statements
13. County Sectorial Committee on Agriculture,Livestock and Fisheries	All matters related to Agriculture-crops and animal husbandry	Reports,Bills and Statements
14. County Sectorial Committee on Land Physical Planning,Surveying and Housing	All matters related to lands,Housing,settlement, County Planning and development	Reports,Bills and Statements

15. County Assembly Liaison Committee	Guide and co-ordinate the operations,policies and mandates of all committees	Reports
16.County Assembly Committee on Implementation	Scrutinize the resolution of the House including the adoption of reports,Petitions and the undertaking given by the County executive committee	Reports,Bills and Statements
17. Speaker's Panel	Standing committee	Reports
18. Speaker's Committee	Standing committee	Reports
19. County Assembly Welfare committee	All matters related to welfare of the Members	Reports,Bills and Statements
20. County Sectoral Committee on Water and Irrigation Services	All matters related to water,sanitation and irrigation	Reports,Bills and Statements
21. County Sectoral Committee on Education,Youth affairs,Gender and Social Services	All matters relating to Pre-primary education,Village,polytechnics,child care facilitiess,control of drugs and pornography	Reports,Bills and Statements
22. Committeee on Delegated County legislation	Consider in respect of any Statutory instrument	Reports,Bills and Statements

Performance of key development projects

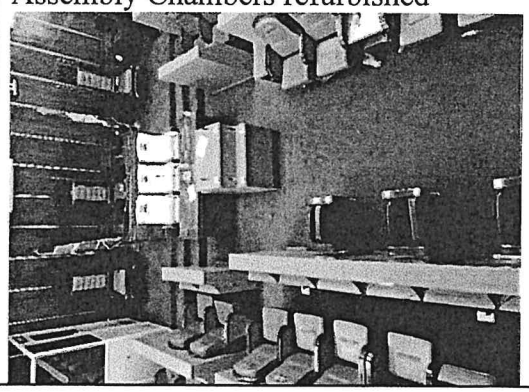
PHYSICAL PROGRESS SINCE ESTABLISHMENT OF COUNTY ASSEMBLY

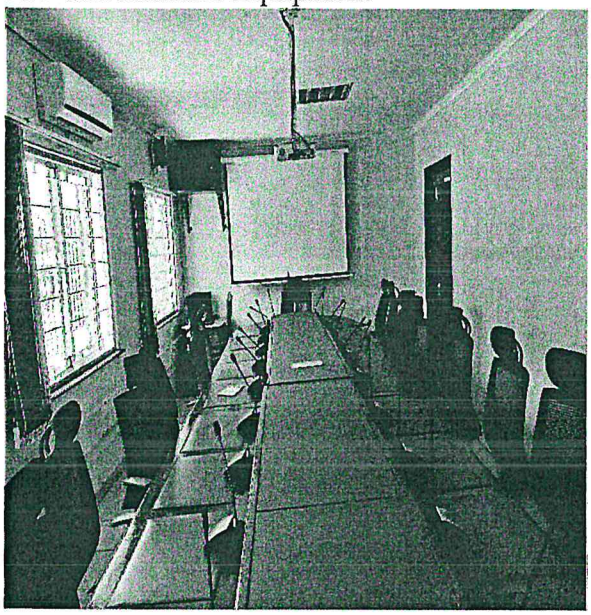
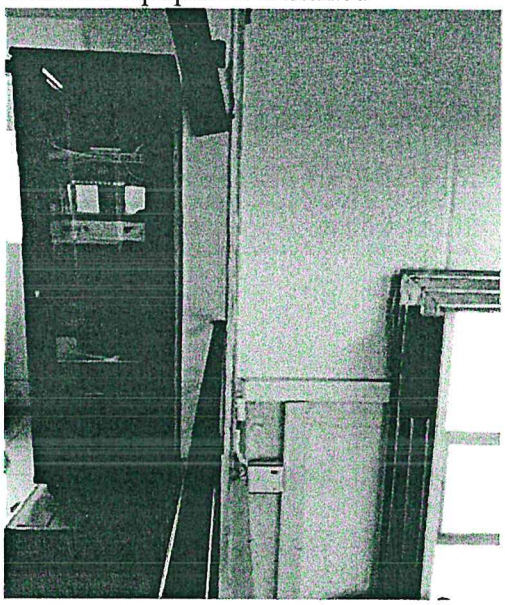
The County Assembly of Siaya was created by Article 176 (1) of the Constitution of Kenya 2010. From the tir her birth the Assembly has been in pursuit of specific objectives with a vision of achieving various expectatior

The following are the projects which the Assembly has undertaken since its inception with their progress in ter of outputs, outcomes and impacts are outlined as follows;

SNO.	ACTIVITIES	OUTPUT	IMPACT & OUTCO
1.	Construction of Committee rooms and offices	Committee rooms and offices completed and handed over	Adequate and mode committe rooms ha been provided
2.	Construction of 1000m3 suspended water tank	- 1 Water tank constructed	-Adequat Water supply in Assembly
3.	Architectural and structural designs for the Assembly Complex	Architectural drawings completed	-The scop of work h been fully catered fc in the drawings
4.	Architectural and structural design for the Speaker's residence	Architectural drawings completed	-The scop of work h been fully catered fc in the drawings
5.	Construction of Ramp for PWDs	1 Ramp constructed	The PWI are accessing the assem with ease
6.	Supply and installation of CCTV Equipment	Full set of CCTV installed	The level security h been enhanced

7.	Development of County Assembly Strategic Plan	1 Strategic Plan developed	A' he physic financi plans o Assem have b fully integra with th objecti the mis and the vision Assem
8.	Construction of County Assembly Parking lot	Parking bays completed	Adequ parkin have b provid MCAs, Staffs a Membe Public.
9.	Construction of Waiting bay	Waiting bay constructed	Adequ space f visitors the Assem has be provid
10.	Construction of disability friendly toilets	2 Disability friendly toilet constructed	All the disable people nowada accessi the toil with a l ease
11.	Refurbishments of the Speaker's Office and County Assembly Chambers.	Refurbishment of the Speaker's Office and the Assembly Chambers completed	Improv offices Assemb and the Chamb
12.	Construction of office block for committee clerks	1 office block constructed	Adequa office s for the

			Clerks departme
13.	Construction of perimeter wall and security offices	Perimeter wall and security offices Constructed	Enhanced security a controlle movemer of visitor and staff
14.	Construction of modern walkway path, sentry box and landscaping	Walkway path, Sentry box and landscaping done.	Improved working condition and enhanced security.
15.	Construction of Sewer Line	Sewer line constructed	Hygienic condition the Assembly has been enhanced
16	Construction of Ward offices	Work in progress	Enhance accessibil of service to the Commun
17	Refurbishment of the Chambers	Assembly Chambers refurbished 	Conducive working environm for Hon. Members and suppo staff

18	ICT and Hansard Equipment 	Hansard equipment installed 	Re rd Assem Proce and transcri of the Hansar reports

Challenges and Recommended Way Forward

Implementation Challenges

The following challenges were encountered during the execution of the budget for the year 2018/2019;

1. Budget constraints, some vote heads were not adequately budgeted for.
2. Frequent lapses in IFMIS resulted to very slow processing of payments there by leading to back log. other hand, some modules like Account receivable and Asset management and are not fully operatio thus Ifmis reconciliation is not possible.
3. The funds for development projects were not disbursed 100% thus resulting to non-implementation o project. This was due to legal formalities affecting core development projects that is Assembly comp and Speaker's residence.
4. The stringent conditions imposed by the controller of budget when accessing funds is inhibiting the effective delivery of services by the Assembly, thus hinders the reliance on Ifmis fully as a reporting
5. The Recurrent budget too was not fully disbursed
6. The allocation for staff car loan and Mortgage was not disbursed hence recurrent budget was not fully utilised.

Way Forward

- The budget allocations of funds on votes which are having high consumption rate should be enhanced that adequate funds are available during budget implementation.

- The Ifmis should work effectively without any fluctuations. This therefore, calls for the upgrading of th entire IFMIS with a view to avoiding congestion during the peak periods.
- Fund should be disbursed fully so that the assembly can implement all its projects as contained in the approved budget.
- The funds should be disbursed in accordance with the relevant Statutes i.e the PFM Act 2012

Mr. Erick Odhiambo Ogenga

Ag. Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

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

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2019, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 16/12/ 2019.

Ag. Clerk of the County Assembly

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Siaya set out on pages 1 to 32, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flow, statement of comparison of budget and actual amounts 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 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 Siaya as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1. Misstatement of Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents figure of Kshs.4,515,657. The list of unpresented cheques as at 30 June, 2019 included a payment to the County Assembly of Siaya of Kshs.380,000 which was not reported as part of either receivables or part of cash and cash equivalents as at 30 June, 2019.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.4,515,657 as at 30 June, 2019 could not be confirmed.

2. Inaccurate Statement of Cash Flows

The Statement of cash flows reflects a Nil balance for cash and cash equivalents at the beginning of the year which differs with the prior year balance of Kshs.115,873. Also, the statement of cash flows reflects a Nil adjustment for change in accounts payables which differs with the statement of financial assets change in accounts payables of

Kshs.4,174,040. Further, the statement of cash flows reflects cash and cash equivalents at the end of the year of Kshs.254,617 which differs with the cash and cash equivalents figure of Kshs.4,515,657 reflected in the statement of financial assets and liabilities resulting to an unreconciled variance of Kshs.4,261,040.

Consequently, the accuracy of the statement of cash flows as at 30 June,2019 could not be confirmed.

3. Inaccurate Fund Balance Brought Forward

The statement of Financial Assets and Liabilities as at 30 June, 2019 reflects a fund balance brought forward of Kshs.87,000 which differs with the prior year balance carried forward of Kshs.115,873 resulting to unreconciled variance of Kshs.28,873.

Consequently, the accuracy of the fund balance brought forward of Kshs.87,000 could not be confirmed.

4. Unsupported Foreign Travel and Subsistence Allowances

The statement of receipts and payments reflects use of goods and services payments of Kshs.312,939,083 which includes an expenditure of Kshs.9,901,720 spent on foreign travel and subsistence allowances which further includes an amount of Kshs.6,818,172 paid to Members of the County Assembly and the secretariat to attend a benchmarking training at the Lake Victoria Fisheries Organization in Jinja, Uganda from 1 to 15 February, 2019. However, the payment was not supported by payment vouchers, authority and approval of payment, an official invitation letter from the host organization and with the necessary travel documents.

Consequently, the accuracy, completeness and authenticity of the foreign travel and subsistence allowances amount of Kshs.6,818,172 could not be confirmed.

5. Unsupported Domestic Travel and Subsistence

The statement of receipts and payments and as disclosed under Note 5 to the financial statements reflects an amount of Kshs.312,939,083 in respect of use of goods and services which includes an amount of Kshs.137,507,322 relating to domestic travel and subsistence. However, the amount includes cash payments amounting to Kshs.4,368,000 which was not supported with documentation for the activities undertaken. Further, the domestic travel and subsistence amount of Kshs.137,507,322 includes payments to staff amounting to Kshs.6,910,440 which were expensed at the point of payment instead of holding the amount in an imprest account pending surrender by the respective officers.

In addition, domestic travel and subsistence includes payments to Members of County Assembly and staff amounting to Kshs.3,703,200 for an activity that was to be undertaken after the closure of the financial year. The payments were however, expensed at the point of payment instead of being held in an imprest account pending surrender by the respective officers. Review of documents availed in support of the expenditure revealed that the activities were undertaken in Kisumu for two days with 32 participants attending

on the first day and 22 participants attending on the second day. This was against the planned activity of a team of 52 participants attending the function for two days, and payment of allowances for two days instead of the one day attended.

In the circumstances, the accuracy and completeness of the domestic travel and subsistence expenditure of Kshs.137,507,322 could not be confirmed.

6. Mis-statement of Accounts Receivables

The statement of financial assets and liabilities reflects nil balance for accounts receivables. However, Note 14 to the financial statements reflects accounts receivables balance of Kshs.341,618 resulting to unreconciled negative difference of Kshs.341,618.

Consequently, the accuracy and completeness of the accounts receivables balance of Kshs.341,618 for the year ended 30 June, 2019 could not be confirmed.

7. Unauthorized Expenditure on Domestic Travel and Subsistence

The statement of receipts and payments and Note 5 to the financial statements reflects an expenditure on domestic travel and subsistence allowances of Kshs.137,507,322 which was over and above the budgetary allocation of Kshs.122,129,167 by Kshs.15,378,155. The over expenditure was not approved nor budgeted for.

8. Illegal Payment to County Assembly Forum

The statement of receipts and payments and as disclosed under Note 5 to the financial statements reflects use of goods and services expenditure of Kshs.312,939,083 which includes other operating expenses of Kshs.34,704,231. However, the other operating expenses included an amount of Kshs.5,000,000 paid to the County Assembly Forum without any documentation to support the validity of the payment.

The County Assembly Forum is not recognized by the County Government Act, 2012, the Constitution of Kenya or any other relevant law as an entity of the County Government.

Consequently, the County Assembly was in breach of law and the payment constitutes an illegal payment.

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

Emphasis of Matter

Budgetary Performance and Control

The County Assembly revenue was budgeted at Kshs.1,151,527,437 against actual receipts of Kshs.702,886,378, representing an overall under collection of Kshs.448,641,059 or 39%. This was mainly due to non-receipt of the Exchequer Releases for the development. Further, the County Assembly spent Kshs.702,631,761 against a budget of Kshs.1,151,527,437 representing under expenditure of Kshs.448,895,676 or 39%. It was further noted that the Assembly only utilized Kshs.54,230,174 out of the budgeted amount of Kshs.462,871,230 for the development vote resulting to under absorption of 88%.

My opinion is not modified in respect of this matter

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1. Stalled Projects

1. 1 Construction of Assembly Complex

The County Assembly budgeted Kshs.462,871,230 during the financial year 2018/2019 for development expenditure. This included an amount of Kshs.178,520,000 for the construction of an Assembly building and an amount of Kshs.30,000,000 for land compensation for the Assembly complex. However, the project did not take off due to a land disputes still pending in court. Physical verification of the project revealed that the contractor had delivered construction materials including sand, ballast, metal bars, and stones but discontinued the construction works due to the land dispute.

1. 2 Construction and Supervision of Speaker's Residence

The County Assembly budgeted Kshs.462,871,230 during the financial year 2018/2019 for development expenditure. This included an amount of Kshs.121,071,630 for the construction of Speaker's residence and an amount of Kshs.4,000,000 for land compensation for the Speaker's residence. However, the project is yet to commence due to delayed allocation of the parcel of land by Siaya County Executive for the construction of the residence.

Consequently, the Assembly is at risk of incurring additional costs due to delay in progress of work and litigations.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting

unless Management is aware of the intention to dissolve 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 money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 noncompliance. 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 Siaya County Assembly policies and procedures may deteriorate.

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

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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

24 February, 2021

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	702,886,378	638,708,429
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**702,886,378**	**638,708,429**
PAYMENTS			
Compensation of Employees	4	307,797,280	267,581,563
Use of goods and services	5	312,939,083	268,446,472
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	19,697,106	24,559,267
Acquisition of Assets	10	62,198,293	78,005,254
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**702,631,761**	**638,592,555**
SURPLUS/DEFICIT		**254,617**	**115,873**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10/12 2019 and signed by:

Ag. Clerk of the Assembly

Name: ERIC O. OGENGA

Director Finance and Accounting Services- County Assembly

Name: DAVID O. OKUMU
ICPAK Member Number: 8170

	Note	2018-2019	2017-2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	4,183,647	28,874
Cash Balances	13B	332,010	87,000
Total Cash and cash equivalent		4,515,657	115,874
Accounts receivables – Outstanding Imprests	14	-	-
TOTAL FINANCIAL ASSETS		4,515,657	115,874
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	4,174,040	-
NET FINANCIAL ASSETS		341,617	115,874
REPRESENTED BY			
Fund balance b/fwd	16	87,000	-
Surplus/Deficit for the year		254,617	115,873
NET FINANCIAL POSITION		341,617	115,873

STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/12 2019 and signed by:

Clerk of the Assembly
Name: ERIC O. OGENGA

Director Finance and Accounting Services- County Assembly
Name: DAVID O. OKUMU
ICPAK Member Number:

5.2. STATEMENT OF CASH FLOWS

	NOTE	2018-2019 Kshs	2017-2018 Kshs
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	702,886,378	638,708,42
Other Receipts	3	-	
Payments for operating expenses			
Compensation of Employees	4	307,797,280	267,581,56
Use of goods and services	5	312,939,083	268,446,47
Subsidies	6	-	
Transfers to Other Government Entities	7	-	
Other grants and transfers	8	-	-
Social Security Benefits	9	19,697,106	24,559,26
Finance Costs	11	-	
Other Payments	12	-	
Adjusted for:			
Adjustments during the year:			
Changes in Receivable			
Changes in Payables			
Net cash flow from operating activities		**62,452,910**	**78,121,12**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	
Acquisition of Assets	10	62,198,293	78,005,25
Net cash flows from Investing Activities		**62,198,293**	**78,005,25**
NET INCREASE IN CASH AND CASH EQUIVALENT		**254,617**	**115,87**
Cash and cash equivalent at BEGINNING of the year	13	-	
Cash and cash equivalent at END of the year		**254,617**	**115,87**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/12/ 2019 and signed by:

Clerk of the Assembly
Name: ERIC O. OGENGA

Director Finance and Accounting Services – County Assembly
Name: DAVID O. OKUMU
ICPAK Member Number

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	a	b	c=a+b	d	e=c-d	f=(d/c*%)
RECEIPTS	KShs	KShs	KShs	KShs	KShs	
Transfers from the County Treasury/Exchequer Releases	1,151,527,437.00	-	1,151,527,437.00	702,886,378.00	448,641,059.00	61
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
TOTAL	1,151,527,437.00	-	1,151,527,437.00	702,886,378.00	448,641,059.00	61
PAYMENTS						
Compensation of Employees	316,015,757.00	39,101,775.00	355,117,532.00	307,797,279.80	47,320,252.20	87
Use of goods and services	297,031,797.00	5,822,398.00	302,854,195.00	312,939,082.56	(10,084,887.56)	103
Subsidies	-	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	-	
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	19,827,253.00	(179,760.00)	19,647,493.00	19,697,105.64	(49,612.64)	100
Acquisition of Assets	518,652,630.00	(44,744,413.00)	473,908,217.00	62,198,293.41	411,709,923.59	13
Finance Costs	-	-	-	-	-	

)ther Payments	-	-	-	-	-	
TOTAL	1,151,527,437.00	-	1,151,527,437.00	702,631,761.41	448,895,675.59	61
URPLUS/ DEFICIT	-	-	-	254,616.59	- 254,616.59	

The entity financial statements were approved on 16/12/2019 and signed by:

Ag. Clerk of the Assembly
Name: ERIC O. OGENGA

Director Finance and Accounting Services – County Assembly
Name: DAVID O. OKUMU
ICPAK Member Number: 8170

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	a	b	c=a+b	d	e=c-d	f=(d/c*%)
RECEIPTS	KShs	KShs	KShs	KShs	KShs	%
Transfers from the County Treasury/ Exchequer Releases	648,656,207.00	40,000,000.00	688,656,207.00	648,656,207.00	40,000,000	94%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
TOTAL	648,656,207.00	40,000,000.00	688,656,207.00	648,656,207.00	40,000,000	94%
PAYMENTS						
Compensation of Employees	316,015,758.00	39,101,774.00	355,117,532.00	307,797,279.80	47,320,252.20	87%
Use of goods and services	297,031,797.00	5,822,398.00	302,854,195.00	312,939,082.56	(10,084,887.56)	103%
Subsidies	-	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	-	
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	19,827,253.00	(179,760.00)	19,647,493.00	19,697,105.64	(49,612.64)	100%
Acquisition of Assets	15,781,400.00	(4,744,413.00)	11,036,987.00	7,968,119.00	3,068,868.00	72%
Finance Costs	-	-	-		-	
Other Payments	-	-	-	-	-	

TOTAL	648,656,208.00	39,999,999.00	688,656,207.00	648,401,587.00	40,254,620.00	94%
SURPLUS/ DEFICIT	- 1.00	1.00	-	254,620.00	- 254,620.00	

The entity financial statements were approved on 16/12/ 2019 and signed by:

Ag. Clerk of the Assembly
Name: ERIC O. OGENGA

Director Finance and Accounting Services – County Assembly
Name: DAVID O. OKUMU
ICPAK Member Number: 8170

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	a	b	c=a+b	d	e=c-d	f=(d/c*%)
RECEIPTS	KShs	KShs	KShs	KShs	KShs	%
Transfers from the County Treasury/ Exchequer Releases	502,871,230.00	(40,000,000.00)	462,871,230.00	54,230,171.00	408,641,059.00	12%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
TOTAL	502,871,230.00	- 40,000,000.00	462,871,230.00	54,230,171.00	408,641,059.00	12%
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	502,871,230.00	(40,000,000.00)	462,871,230.00	54,230,174.41	408,641,055.59	12%
Finance Costs	-	-	-	-	-	

Other Payments	-	-	-	-	-	
TOTAL	502,871,230.00	(40,000,000.00)	462,871,230.00	54,230,174.41	408,641,055.59	**12%**
SURPLUS/ DEFICIT	-	-	-	- 3.41	3.41	

The entity financial statements were approved on 16/12/2019 and signed by:

Ag. Clerk of the Assembly
Name: ERIC O. OGENGA

Director Finance and Accounting Services – County Assembly
Name: DAVID O. OKUMU
ICPAK Member Number: 8170

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/19	2018/19	2018/19	30th June 2019	
	KShs	KShs	KShs	KShs	KShs
Programme -071020000					
1. LEGISLATIVE AND REPRESENTATION-**0701025010**	320,980,069.00	(7,482,836.00)	313,497,233.00	312,984,304.55	512,928.45
Programme -071030000					-
2. LEGISLATIVE AND OVERSIGHT-**0701035010**	46,383,391.00	14,536,344.00	60,919,735.00	57,228,450.00	3,691,285.00
Programme -071040000					-
3. GENERAL ADMINISTRATION-**0701045010**	281,292,748.00	32,946,491.00	314,239,239.00	278,188,835.45	36,050,403.55
4. DEVELOPMENT-**0701045010**	258,900,000.00	203,971,230.00	462,871,230.00	54,230,174.41	408,641,055.59
Grand Total	**907,556,208.00**	**243,971,229.00**	**1,151,527,437.00**	**702,631,764.41**	**448,895,672.59**

The entity financial statements were approved on 16/12 2019 and signed by:

Ag. Clerk of the Assembly
Name: ERIC O. OGENGA

Director Finance and Accounting Services – County Assembly
Name: DAVID O. OKUMU
ICPAK Member Number: 8170

5.8.SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer/ County Treasury

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. There were no other restrictions on cash during the year.

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

8. Non-current assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Pending bills

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

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Assembly of Siaya budget was approved as required by Law. The original budget was approved by the County Assembly on 28th June 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the County Assembly of Siaya actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

5.9.NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	139,200,000	41,000,000.00
Total Exchequer Releases for quarter 2	193,000,000	170,000,000.00
Total Exchequer Releases for quarter 3	208,901,082	86,000,000.00
Total Exchequer Releases for quarter 4	161,785,296	285,000,000.00
Total Exchequer Releases for Development	-	56,708,428.55
Cumulative amount	**702,886,378**	**638,708,428.55**

During the year under review the Assembly had a total budget of Ksh. 1,151,527,437.00 of which a total of Kshs. 702,886,378.00 was received as disbursement translating to 61% of the total budget. Recurrent amount received was Kshs. 648,656,207.00 (94%) and Development being Kshs. 54,230,171.00 (12%) .

2. PROCEEDS FROM SALE OF ASSETS

Name of Donor	2018- 2019	2017 - 2018
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	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-

Total	-	-

3. OTHER RECEIPTS

Description	**2018 - 2019**	**2017 - 2018**
	Kshs	**Kshs**
Tender fees received	-	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Basic salaries of permanent employees	138,012,198.50	131,332,129.40
Basic wages of temporary employees	34,547,444.70	29,923,708.80
Personal allowances paid as part of salary	123,653,376.40	96,261,723.90
Personal allowances paid as reimbursements	119,461.00	605,421.55
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	11,464,799.20	9,458,579.46
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	307,797,279.80	267,581,563

5. USE OF GOODS AND SERVICES

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Utilities, supplies and services	1,739,869	760,452.30
Communication, supplies and services	6,697,286	3,709,602.45
Domestic travel and subsistence	137,507,322	97,864,520.40
Foreign travel and subsistence	9,901,720	2,486,455.00
Printing, advertising and information supplies & services	8,042,122	10,025,620.55
Rentals of produced assets	1,380,800	784,675.85

Training expenses	29,965,438	37,486,[illegible]
Hospitality supplies and services	20,408,980	17,224,081.[illegible]
Insurance costs	28,880,717	28,709,460.[illegible]
Specialized materials and services	2,381,010	2,231,376.[illegible]
Office and general supplies and services	8,021,774	6,396,572.[illegible]
Other operating expenses	34,704,231	41,209,331.[illegible]
Routine maintenance – vehicles and other transport equipment	2,382,689	1,218,647.[illegible]
Routine maintenance – other assets	1,341,155	6,048,338.[illegible]
Fuel Oil and Lubricants	3,280,700	5,337,074.[illegible]
Other operating creditors	16,303,272	6,953,640.[illegible]
Total	**312,939,083**	**268,446,47**

6. SUBSIDIES

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Subsidies to County Corporations		
	-	-
	-	-
Subsidies to Private Enterprises		
	-	-
	-	-
Total	-	-

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Transfers to National Government entities	-	.
Transfers to other County Assembly entities	-	.
(insert name of budget agency)	-	.
Total	-	.

8. OTHER GRANTS AND TRANSFERS

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Scholarships and other educational benefits	-	.
Emergency relief and refugee assistance	-	.
Subsidies to small businesses, cooperatives, and self employed	-	.
Total	-	.

9. SOCIAL SECURITY BENEFITS

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Government pension and retirement benefits	19,697,106	24,559,2
Social security benefits in cash and in kind	-	
Employer Social Benefits in cash and in kind	-	
Total	**19,697,106**	**24,559,2**

This expenditure represent the amount of money paid as gratuity to Hon MCAs and Their respective ward staffs.

10. ACQUISITION OF ASSETS

Non Financial Assets	2018 - 2019	2017 - 2018
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	10,735,527	4,838,679.0
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	12,107,129.5
Overhaul and Refurbishment of Construction and Civil Works	4,675,820	-
Purchase of Vehicles and Other Transport Equipment	5,921,772	26,389,300.0
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	793,920	7,248,621.0
Purchase of Office Furniture and General Equipment	6,454,459	9,011,537.4
Purchase of ICT Equipment, Software and Other ICT Assets	32,897,056	9,364,950.0
Purchase of Specialised Plant, Equipment and Machinery	719,740	4,736,666.5
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-

Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	4,308,370.00
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Sub-Total	**62,198,293**	**78,005,253.50**
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total	**62,198,293**	**78,005,254**

A) ISSUE NO 13

B) ISSUE NO 14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Bank Charges	-	
Exchange Rate Losses	-	
Other Finance costs	-	
Interest on borrowings	-	
Total	-	

12. OTHER PAYMENTS

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Budget Reserves	-	
Civil Contingency Reserves	-	
Capital Transfers to Non-Financial Public Enterprises	-	
Capital Transfer to Public Financial Institutions and Enterprises	-	
Capital Transfer to Private Non-Financial Enterprises	-	
Other expenses	-	
Domestic Accounts	-	
Total	-	

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018 - 2019	2017- 20
		Kshs	Kshs
ɛntral Bank of Kenya-A/C No. 1000197471-KSHS	Development Acc	-	
ɛntral Bank of Kenya – A/C No.1000197463-KSHS	Recurrent Acc	6,997	**10,35**
ɛntral Bank of Kenya, Acc. No.1000408154-KSHS	Deposits Acc	4,174,040	
ɛnya Commercial Bank – A/C No.1143428927-KSHS	Commercial Bank Accs.	2,610	**18,51**
ɔtal		4,183,647	**28,87**

Included in the figure of Kshs. 4,183,647 is Kshs 3,544,307.15 which were transferred to County retention account held in the system which has been operational before the Assembly became independent on the development account on 13th March 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	332,010	87,00(
Cash in Hand – Held in foreign currency	-	
Total	**332,010**	**87,00(**

Cash in hand should be analysed as follows:

	2018 - 2019	2017 - 2018
	Kshs	Kshs
County Assembly of Siaya Headquarter	332,010	87,00(
Total	**332,010**	**87,00(**

14. ACCOUNTS RECEIVABLE

	2018 - 2019	2018 - 2019
	Kshs	Kshs
Government Imprests	332,010	
Clearance Accounts(to be returned to CRF account)	9,608	
Staff Advances	-	
Other Advances	-	
Total	**341,618**	

15. ACCOUNTS PAYABLE

	2018 - 2019	2017 - 2018

	Kshs	Kshs
Deposits and Retentions	4,174,040	
Total	**4,174,040**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

Description of the adjustment	2018 - 2019	2017 - 2018
	Kshs	Kshs
Bank account balances	28,873	
cash at hand	87,000	
returned to CRF A/C	(28,873.00)	
Adjustments on receivables	-	
Others (*specify*)	-	
Total	**87,000**	-

The amount of money that were carried forward a total of Kshs. 28, 873.60 was returned to CRF account while the amount of money at hand of Kshs. 87,000 was spent on various office operation activities and expensed accordingly.

17. PRIOR YEAR ADJUSTMENTS

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

5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Construction of buildings	13,311,429	-
Construction of civil works	-	-
Supply of goods	37,720,267	5,081,218
Supply of services	1,968,365	2,362,798
Total	**53,000,060**	**7,444,016**

2. PENDING STAFF PAYABLES (See Annex 2)

Name of staff	2018 - 2019	2017 - 2018
	Kshs	Kshs
1. Hon MCAs and Staff	-	5,490,509
Total	-	5,490,509

3. OTHER PENDING PAYABLES (See Annex 3)

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
	-	-

4. RELATED PARTY DISCLOSURES

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

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

- State Corporations and Semi-Autonomous Government Agencies.

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	2019- 2018	2018- 20
	Kshs	Ks
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	77,986,568.50	
Key Management Compensation(Clerk and Heads of departments)	8,856,624.00	5,212,060.
Total Compensation to Key Management	**86,843,192.50**	**5,212,060.**
Transfers to related parties		
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	-	
Transfers from related parties		
Transfers from the County Executive- Exchequer	702,886,378.00	
Payments made on behalf of the County Assembly by other Government Agencies	-	
Total Transfers from related parties	**702,886,378.00**	

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	**Issue / Observations from Auditor**	**Management comments**	**Focal Point person to resolve the issue** *(Name and designation)*	**Status:** *(Resolved / Not Resolved)*	**Timeframe:** *(Put a date when you expect the issue to be resolved)*
1.0	Differences Between Ifmis and financial statement Balances	There has been improvement in Ifmis modules and we are able to perform auto reconciliation in the system. With effect from July 2019,it become operational, however prior year will require backlog reconciliation	Mr. Danish Okuthe-Principal Finance Officer	Not resolved	Two years' time
1.2	Misstatement of surplus	Auto bank reconciliation which has become operational with effect July 2019 and will enable the Assembly to rely on the Ifmis reports going forward though prior year balances will remain in the meantime	Mr. Danish Okuthe-Principal Finance Officer	Not resolved	Two years' time

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		as they are yet to be sorted out			
2.0	Understatement of the Fund opening balance	The component of Opening balances was expensed and accounted for appropriately. Further, all the bank balances were swiped to CRF account.	Mr. Danish Okuthe-Principal Finance Officer	resolved	30th June 2019
3.0	Summary of Fixed Asset Register	The Asset verification and tagging has been initiated through Board of survey exercise from 1st July, 2019. An updated Asset register has been put in place however no clear identification of the Assets inherited from the defunct local authority.	Mr. Danish Okuthe-Principal Finance Officer	Not resolved	30th June 2020
4.0	Unsupported Pending Bills	Payment vouchers were submitted to the office of Auditor general for verification. Upon verification of vouchers	Mr. Danish Okuthe-Principal Finance Officer	resolved	30th June 2019

Reference No. on the external audit Report	**Issue / Observations from Auditor**	**Management comments**	**Focal Point person to resolve the issue** *(Name and designation)*	**Status:** *(Resolved / Not Resolved)*	**Timeframe:** *(Put a date when you expect the issue to be resolved)*
		the matter was therefore settled			
5.0	Failure to include Development vote in the statement of appropriation	It was done through the Supplementary estimates which was prepared in February, 2019.	Mr. Danish Okuthe-Principal Finance Officer	resolved	30th June 2019
6.0	Unaccounted for Fuel	The matter has since been resolved as supply orders and statement from the supplier were verified by the Auditors.	Mr. Danish Okuthe-Principal Finance Officer	resolved	30th June 2019
7.0	Failure to remit withholding Vat	The outstanding withholding VATS are partly cleared. However, still require further reconciliation to establish the beneficiary details for accountability	Mr. Danish Okuthe-Principal Finance Officer	Not resolved	30th June 2020
8.0	Unauthorised Payment for Compensation of employees	The payment vouchers in question are now duly signed.	Mr. Danish Okuthe-Principal Finance Officer	resolved	30th June 2019

Clerk of the County Assembly

Sign.....

Date.....16/12/19

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	A	b	c	d=a-c		
Construction of buildings						
MAJIMBO CONTRACTORS COMPANY LTD	4,875,816.40	8.5.2019	1,488,983.76	3,386,832.64	-	CONSTRUCTION OF USONGA WARD OFFICES
MAJIMBO CONTRACTORS COMPANY LTD	4,841,016.40	8.5.2019	1,486,957.76	3,354,058.64	-	CONSTRUCTION OF NORTH ALEGO WARD OFFICES

MAJIMBO CONTRACTORS COMPANY LTD	4,395,077.60	8.5.2019	1,244,510.64	3,150,566.96	-	CONSTRUCTION OF SIAYA TOWNSHIP WARD OFFICES
BLUE NILE K LTD	4,867,116.40	8.5.2019	1,447,145.82	3,419,970.58		CONSTRUCTION OF WEST SAKWA WARD OFFICES
Sub-Total	**18,979,026.80**		**5,667,597.98**	**13,311,428.82**	-	
Construction of civil works						
Sub-Total						
Supply of goods						

SKEL SOLUTIONS	6,800,000.00		-	6,800,000.00	-	AWAITING DELIVERY OF MACE
BENOLT ENTERPRISES	4,675,819.68	8.5.2019	4,208,237.71	467,581.97	-	IMPROVEMENT MODERNIZATION WORKS AT THE ASSEMBLY CHAMBERS

BAYCOMS AFRICA LTD	59,457,158.69	30.4.2018	32,448,288.85	27,008,870.00	51,028,703.69	SUPPLY,INSTALLATION,TESTING AND COMMISSIONING OF THE ASSEMBLY AUDIO VISUAL HANSARD FACILITIES/MULTIMEDIA AUDIO SYSYTEMS

LENANCHA AND SONS BUILDING CONTRACTORS LTD	2,841,918.40	27.3.2017	2,557,726.56	284,191.84	2,841,918.40	CONSTRUCTION OF WALKWAY SHADES,PAVEMENT,SUNDRY BOX AND LAND SCAPPING AT THE CAS OFFICES
LENANCHA AND SONS BUILDING CONTRACTORS LTD	1,596,276.00	6.6.2018	1,436,648.40	159,627.60	1,596,276.00	RENOVATION OF OFFICE ROOF WORK AT CAS OFFICES
Sub-Total	**75,371,172.77**		**40,650,901.52**	**37,720,266.70**	**55,466,898.09**	
Supply of services						

TAMU AFRICA	347,000.00	30.6.2019	-	347,000.00	-	PURCHASE ORDER AUTO CREATE
GESTERD TRAVEL & TOURS	934,948.00	30.6.2019	-	934,948.00	-	PURCHASE ORDER AUTO CREATE
MFI DOCUMENT SOLUTIONS LTD	104,400.00	30.6.2019	-	104,400.00	-	PURCHASE ORDER AUTO CREATE
PELICAN INSURANCE (K) LTD	289,105.00	30.6.2019	-	289,105.00	-	PURCHASE ORDER AUTO CREATE
PALONGAL FABRICATORS & ELECTRICAL SERVICES	292,911.60	30.6.2019	-	292,911.60	-	PURCHASE ORDER AUTO CREATE

Sub-Total	1,968,364.60		-	1,968,364.60	-	
Grand Total	96,318,564.17		46,318,499.50	53,000,060.12	96,318,564.17	

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

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

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER				
Asset class	Historical Cost c/f	Additions during the year	Disposals during the year	Historical Cost b/f
	(Kshs)	(Kshs)	(Kshs)	(Kshs)
	2017-2018	2018-2019	2018-2019	2017-2018
Buildings and structures	95,144,753.55	15,411,346.32	-	110,556,099.87
Transport equipment	57,828,450.00	5,921,772.00	-	63,750,222.00
Office equipment, furniture and fittings	23,371,286.40	7,248,379	-	30,619,665.40
ICT Equipment, Software and Other ICT Assets	9,400,950.00	32,897,056	-	42,298,006.00
Other Machinery and Equipment	6,810,331.55	719,740.00	-	7,530,071.55
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	**192,555,771.50**	**62,198,293**	-	**254,757,064.82**

During the year under review, one of the Assembly vehicle no. KBY 986C Prado Land Cruiser was involved in an accident whereby the vehicle was completely burnt down. The compensation claim is in process.

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

COUNTY ASSEMBLY OF SIAYA	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
DEVOTA AWUOR	30.6.2019	332,010	-	332,010
Total				**332,010**

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT