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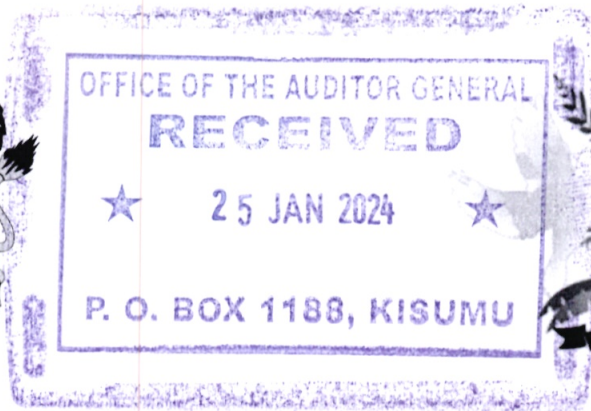
THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF VIHIGA

FOR THE YEAR ENDED 30 JUNE, 2023

PAPERS LAID	
DATE	12/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE
CLERK AT THE TABLE	CHEROP



VIHIGA COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

b) Glossary of Terms

Comparative FY Means the financial year preceding the current financial year.

(This list is an indication of acronyms and key terms; the County Assembly should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 36 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management Team

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

No.	Designation	Name
1.	Speaker of the County Assembly	Hon. Christopher Omulele
2.	Clerk of the County Assembly	Hon. Joab Ambaka Kilinga
3.	Deputy Clerk	Mrs. Peris Odari
	Heads of Departments	
4.	Human Resource and Administration	Abigael Nandoya
5.	Financial Services	Cpa. Miyinzi Oscar Jagona
6.	Hansard and Ict	Teddy Luvisia
7.	Legal Services	Francis Rakewa

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	Hon. Joab Ambaka Kilinga
2.	Chief Finance Officer	Cpa. Miyinzi Oscar Jagona
3.	Principal Accountant	Cpa. Stephen Masambu
4.	Principal Procurement Officer	M/s. Juliet Asila

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

- **Audit Committee**

During the year, the audit committee membership was as follows:

No	Name	Designation
1	Cpa. Nebert Avutswa	Chairperson
2	Cpa. Harriet Mahasi	Member
3.	Cpa. Lucy Anangwe	Member
4.	MS. Linet Mugalitsi	Member
5.	Mr.Ken Ababu	Secretary

The audit committee sits from time to time to review and discuss internal audit reports and reports of the auditor general.

- *Finance committee activities*

- Concerned with matters related to public finance, monetary policies, public debt, investment and divestiture policies including county government parastatals , pricing policies , taxation policies, the investigation and inquiry into matters relating to expenditures in county departments including pending bills from suppliers and contractors, employee statutory deduction obligations , and oversight of the County departments responsible for Finance and Economic planning, treasury and Statistics and further study and review of all legislations referred to it.

- *Public Accounts and Investment committee*

- The committee undertakes the examination of the accounts showing the appropriation of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit, as well examines reports, accounts and workings of the County public investments; in the context of the autonomy and efficiency of the County public investments, whether the affairs of the County public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices:

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- *Budget and Appropriation committee*
- The committee was established to investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the County budget; discuss and review the estimates and make recommendations to the County Assembly; examine the County Budget Policy Statement presented to the County Assembly; examine Bills related to the County budget, including Appropriations Bills; and to evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

(e) Entity Headquarters

P.O. Box 90

County Assembly Chambers

Majengo-Luanda road

MARAGOLI, KENYA

(f) Entity Contacts

Telephone: (254) 020-2094140

E-mail: Vihigaassembly@gmail.com

Website: Vihigaassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Other Commercial Banks
Kenya Commercial Bank
Mbale Branch
P.o box 1123
Maragoli.
Co-operative Bank of Kenya
Mbale Branch
p.o box 48231
Nairobi 00100

(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

(j) County Attorney

The County Attorney,
Vihiga County Headquarters,
P.o Box 90,
Maragoli 50300

3. Governance Statement

The County Assembly

The County Assembly is constituted by the MCAs of Vihiga county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary.

Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly executes its mandate, through committees which are broadly classified into two.

a) Select Committees

Select committees are generally responsible for overseeing the work of government departments and agencies.

b) Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee
- e) Procedure and Rules Committee
- f) Powers and Privileges Committee

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- g) Committee on Implementation
- h) County Public Accounts and Investment Committee
- i) Agriculture, Livestock & Fisheries
- j) Health Services
- k) Transport and Public Works
- l) Finance and Economic Planning
- m) Trade, Tourism and Entrepreneurship
- n) Early Childhood Education and Vocational Training
- o) Youth, Sports, Social Welfare, Children and Culture
- p) Justice, Legal Affairs and Human Rights
- q) Lands, Housing and Physical Planning
- r) Environment, Water, Energy and Natural Resources
- s) Public Service and Administration

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a) Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held 6 meetings in FY 2023. The committee members during FY 2023 were:

Member	Designation	Ward
Hon Christopher Omulele	Chaiperson	Speaker of County Assembly
Hon. Eric Odei	Vice Chairperson	Gisambai
Hon. Pauline Amwata	Member	Central Maragoli
Hon. Zakayo Manyasa	Member	Mwibona
Hon. Richard Muhiga	Member	Shamakhokho
Hon. Caroline Angote	Member	Nominated
Hon. Fela Ajega	Member	Nominated

b) Audit Committee

The audit committee was constituted in 2020. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held 3 meetings in FY 2023 The committee members during FY 2023 were:

Member	Designation
Cpa. Nebert Avutswa	Chairperson
Cpa. Lucy Anangwe	Member
Cpa. Harriet Mahasi	Member
Ms. Linet Busieka	Member
Mr. Ken Ababu	Member

c) Public Accounts/Investment Committee

The committee was formed to provide oversight on the County’s finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 30 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon.Caleb Ndola	Chairperson	Jepkoyai
Hon.Vincent Atsiaya	Vice Chairperson	Wodanga
Hon. Paul Tira	Member	Central Bunyore
Hon. Hellum Esipira	Member	N.E Bunyore
Hon. Getrude Lumire	Member	Nominated
Hon. Venna Kaisha	Member	Nominated
Hon. Joyce Mayodi	Member	Nominated
Hon.Fredrick Mavisi	Member	Lugaga- Womuluma

In addition to the above committees of the County Assembly, the County Assembly has an independent Audit Committee which was constituted in xxx to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties.

Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in xxx where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County’s service delivery charter.

The County Assembly also subjected 4 bills through public participation

BIILS

The County Assembly of Vihiga subjected **four bills** through public participation. The bills subjected to public participation were as follows

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S/NO	TITLE OF THE BILL	SPONSOR	COMMITTEE	REMARKS
1.	The Vihiga County Supplementary Appropriation Bill, 2022	Hon. Patrick Akhwale	Budget and Appropriations Committee	Passed
2.	The Vihiga County Finance Bill, 2022	Hon. Frankline Gidali		Passed
3.	The Vihiga County Supplementary Appropriation (No. 2) Bill, 2023	Hon. Patrick Akhwale	Budget and Appropriations Committee	Passed
4.	The Vihiga County Appropriations Bill, 2023	Hon. Patrick Akhwale	Budget and Appropriations Committee	Passed

COMPLIANCE TO LEGAL INSTRUMENTS

The Constitution of Kenya revised in 2010 Article 185 provides legislative authority to County Assemblies in Kenya.

In purview of the above provision, The County Assembly is under obligation tap adhere to other pieces of laws and regulations that governs her.

The table below indicates the level of compliance to the pieces of law and regulations: -

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S/NO	LEGAL INSTRUMENT	LEVEL OF COMPLIANCE
1.	Constitution of Kenya revised in 2010	Excellent
2.	County government Act No. 17 of 2012	Excellent
3.	County Assemblies Powers And Privileges Act No. 6 Of 2017	Excellent
4.	County Assembly Services Act No. 24 Of 2017	Excellent
5.	Intergovernmental Relations Act No. 2 Of 2012	Excellent
6.	Public Finance Management Act No. 18 Of 2012	Excellent
7.	The Public Finance Management Act (No. 18 Of 2012) Arrangement Of Regulations	Excellent
8.	The Public Procurement And Asset Disposal Act No. 33 Of 2015	Excellent
9.	Transition To Devolved Government Act No. 1 Of 2012	Excellent
10.	Urban Areas And Cities Act No. 13 Of 2011	Excellent
11.	Public Health Act Chapter 242	Excellent
12.	National Government Co-Ordination Act No. 1 Of 2013	Excellent

Risk management

The county assembly has constantly reviewed its internal and external risk management policies to ensure that risks are eliminated

4. Foreword by the Clerk of the Assembly

(i) Budget performance

The county assembly had a total budget of Kshs; 621,955,167 and Kshs; 5,000.000 for development vote, this brings the total budget to Kshs; 626,955,167 for the year. There was a supplementary budget that raised the allocation by kshs: 15,173,633 bringing the total budget for the year to Kshs; 642,128,800. During the year, the county assembly received a total of kshs; 605,906,884 for the recurrent vote and kshs; 14,474,337 for development. The total receipts translates to 97% of the budget. Besides the Budgeted amounts, we earned a total interest of kshs; 336,539 being interest from a joint account held by the entity and a litigant (Kenchuan Archtects). The interest earned alongside the deposits to the joint account was utilised to settle a long outstanding payment to the Litigants.

(ii) Operational Performance

a) During the year under review, the county assembly of Vihiga passed a total of 5 bills and 15 motions as follows:

S/NO	TITLE OF THE BILL	SPONSOR	COMMITTEE	REMARKS
1.	The Vihiga County Supplementary Appropriation Bill, 2022	Hon. Patrick Akhwale	Budget and Appropriations Committee	Passed

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2.	The Vihiga County Finance Bill, 2022	Hon. Frankline Gidali		Passed
3.	The Vihiga County Supplementary Appropriation (No. 2) Bill, 2023	Hon. Patrick Akhwale	Budget and Appropriations Committee	Passed
4.	The Vihiga County Appropriations Bill, 2023	Hon. Patrick Akhwale	Budget and Appropriations Committee	Passed

b) Vihiga County Budget Cycle for FY 2022/2023

Wednesday 16th November, 2022 during 9:30 a.m. sitting Report of the committee on Budget and appropriations on the first supplementary budget estimates FY 2022/2023 was deliberated. Laying of papers was done, notice of motion moved by the chairperson to the committee.

During 2:30 p.m. sitting Motion No. 11 was moved, approval of the first supplementary report for FY 2022/2023.

Tuesday 22nd November 2022 during 2:30 p.m. sitting, first reading of the Vihiga County Supplementary Appropriations Bill, 2022, Motion No. 12 was moved, and the bill was read for the second time.

Wednesday 23rd November 2022 during 9:30 a.m. sitting, there was committee of the whole house, the Vihiga County Supplementary Appropriations Bill, 2022. Motion No. 13, third reading of the Bill

FEBRUARY 2023

Wednesday 15th February, 2023 2:30 p.m. plenary sitting, report of the committee on budget and appropriations on the Vihiga County Budget Review and Outlook Paper CBROP 2022 was laid,

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Report on the committee on Budget and Appropriations on the Vihiga County Annual Development Plan ADP for FY 2023/2024 was laid

Notice of motion for the two documents was moved.

Thursday 21st February, 2023, during 2:30 p.m. sitting Motion No. 24

Tuesday 25th February, 2023 2:30 p.m. sitting Motion No. 26 was moved, approval of the report on the committee on Budget and Appropriations on the Vihiga County Budget Review and Outlook Paper (CBROP)

MARCH 2023

Tuesday 14th March, 2023 at 2:30 pm sitting Laying of papers was done, Notice of Motion moved Motion No. 30 - approval of report of the committee on the Budget and Appropriations on the Vihiga County Fiscal Strategy Paper 2023.

On Tuesday 21st March, 2023, there was laying of papers, Notice of motion moved, motion No. 33 Report on the Budget and Appropriations committee on the medium Term Debt Management Strategy paper 2022/2023 – 2025/2026 .

APRIL 2023

On 17th April 2023 County Integrated Development Plan CIDP 2023 – 2027 was submitted to the assembly from executive.

On 18th April, 2023 County Executive submitted the County Budget estimates for FY 2023/2024 to the assembly

On 26th April, 2023 2nd Supplementary budget for FY 2022/2023 was tabled and committed to budget and appropriations committee.

MAY 2023

On Tuesday 2nd May, 2023 during afternoon plenary session, laying of papers, Notice of motion on the report of the committee on Budget and Appropriations on the 2nd Supplementary estimates for FY 2022/2023 was done

On Wednesday 3rd May, 2023 at 9:30 a.m. Motion No 46 was moved on approval of the report of the committee on Budget and Appropriations on the second supplementary estimates for FY 2022/2023.

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On Thursday 4th May, 2023 during afternoon plenary sitting, motion No. 48 was moved – Vihiga County supplementary appropriations No.2 Bill, 2023 was read for the second time. Committee of the whole house was held. Motion No. 49 reading of the bill for the third time was done.

On 24th May 2023, County Assembly held Public participation in all the five sub counties on the CIDP 2023 – 2027 and collected public views.

On 31st May 2023 notice for public participation for Budget estimates for FY 2023/2024 was placed in the dailies and website, it was supposed to be held on 12th June, 2023, but it was later postponed.

JUNE 2023

On Tuesday 6th June, 2023 during afternoon plenary sitting, CIDP report papers were laid and notice of motion moved.

On Wednesday 7th June, 2023 9:30 a.m. plenary sitting Committees report on CIDP 2023 – 2027 was deliberated and approved.

On 17th June 2023, a notice for public participation for Budget estimates for FY 2023.24 was placed in the dailies to be held Wednesday 21st June, 2023 within the five sub – counties

On 26th June, 2023 the Vihiga County Appropriations Bill, 2023 was submitted to assembly from executive.

On Tuesday 27th June, 2023 special sitting was held and motion no 51 approval of the report of the committee on Budget and Appropriations for the County Government Budget estimates for FY 2023/2024 was moved, the report deliberated and approved.

- a) Special sitting was held on Friday 30th June, 2023 as from 9:30 a.m. Business transacted Motion No. 53 Vihiga County Appropriations Bill, 2023 read for the first time, Motion No. 54 reading of the bill for the second time, committee of supply. Motion No. 55 appropriations bill, 2023 read for the third time
- b) Indicate the names of the Assembly committees, their mandates and highlight successes over the period.
- c) Include highlights on the oversight role of the County Assembly.

(iii) Performance of key development projects

During the FY 2022/2023, the county assembly budgeted for the completion of the Speakers residence and other External works. By close of the financial year 2022/2023, the speaker's residence had been completed and the external works were at an advanced stage.

- a) Vihiga county assembly has ensured fairness in our activities; we have ensured all our processes are done in a transparent manner. All goods and services are sourced for competitively. All members of the county assembly and staff have been able to sign and abide by the leadership and integrity Act. All our suppliers were selected in a transparent manner; we have ensured timely payments to our suppliers.

2.4 Comment on value-for-money achievements

All the projects we undertook have had a great impact to people of Vihiga at large. The construction of speaker's Residence has offered employment opportunities, businesspersons have benefited from our regular procurements, especially the Youth, women and people living with disabilities. Timely payments has ensured less suffering for our suppliers.

2.5 Challenges and Recommended Way Forward

The welfare of our employees are well catered for, we have ensured fairness in recruitment of our staff giving priority to the best suited, we have ensured gender balance. We have continued to give training opportunities to our staff in collaboration with other government training institutions such as Kenya School of Government. to ensure a healthy workforce, the assembly recruited competent

insurance service providers to provide comprehensive medical insurance to all our employees and their respective families.

We have faced numerous challenges while implementing our strategic goals. Late disbursement of funds hindered our Planning. For example, we missed payment of statutory deductions to various institutions such as Kenya Revenue Authority; this has led to heavy fines and interests being levied to us because of default. The disbursement of funds to county Assemblies should be made independent from the county executive.

..... *Joab*

Name: Joab Ambaka Kilinga
Clerk of the County Assembly

5. Statement of Performance Against County Assembly Predetermined Objectives

The key mandate of the County Assembly of Vihiga is legislation, oversight, and representation. To achieve this, the Assembly's program was documented in terms of objective, key performance indicators, and output. Below is the performance of the Assembly in FY 2023

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly	In FY 2022/2023 MCA were inducted on the operations of the county assembly, trained on Budget making processes, oversight of County Executive
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% Increase in efficient Assembly operation	Standing orders were reviewed and resulted to increase in number of bills

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				and motions passed.
Program 2	Objective	Outcome	Indicator	Performance
Administrative Services	Enhanced professional development of members of staff	More on job trainings and short courses	% increase in efficiency and professionalism among staff establishment	20 staff were trained in various short term courses.

6. Corporate Social Responsibility Statement/Sustainability Reporting

Vihiga County assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on transparency, efficiency, and equality pillars; putting the customer first, delivering relevant goods and services and improving operational excellence. During the year, the county assembly did not undertake corporate responsibility activities due to budget constraints and the inauguration of the new assembly.

a) Sustainability strategy and profile

Our organizational sustainability strategies are geared towards ensuring the organization meets its short-term needs and obligations while sustaining the long term as well as focusing on its mandate, growth, social justice, inclusion and environmental sustainability.

Our strategies include

- i. Partnering with employees to ensure professionalism and dedication to service delivery, improved employee retention and increased productivity.
- ii. Water and electricity conservation through rainwater harvesting and embracing green energy through solar power.
- iii. Sustaining reliable supply chains so as to guarantee seamless service delivery that is not subject to financial hiccups
- iv. Purchase of energy efficient products so as to ensure conservation of power and the environment.
- v. Embracing cost reduction initiatives such as purchasing consumable items.

Further, then County Assembly continues to pursue and promote cross-party initiatives to complement civil society interaction with the government.

Political and macroeconomic trends that affect the sustainability priorities in Vihiga County Assembly include;

- i. Unstable financial remittances from the exchequer which creates an uncertainty in implementation of sustainability strategies.
- ii. Persistent and frequent interference in internal operations by other state actors such as the EACC
- iii. Unfavourable and unpredictable taxation regime that hinders operational planning and implementation of our strategies
- iv. Politically informed National government directives that impact on our priorities and strategies.

b) Environmental performance

The County Assembly Board, the board legally mandated as per the County Assemblies Act 2017 to approve policies hasn't approved any environmental policy to date, it has in the meantime adopted national environmental policies, until it approves its own that is presently in draft form.

In the circumstances waste is deposited in a pit, however these after separating decomposing material from non-decomposing materials like plastics. Non-hazardous material that is decomposing is burnt while the hazardous material and others are collected for disposal by the County Executive waste disposers.

c) Employee welfare

The County Assembly Service Board, the legally mandated body is guided by the County Assemblies Services Act, the County Government Act and the Vihiga County Assembly Services Act.

The assembly as a public institution ascribes to the procedures on recruitment and employment as provided for by the Public Service Commission. It has domesticated its own human resource manual, which is largely borrowed from the SOCCAT(Society of clerks at the table) and the PSC manual .It provides for the processes of recruitment, from the first step of identification of vacancy, drawing of the indent with all the requirements as guided by the career progression, guidelines, selection process, placement, orientation to induction stage.

The said manual further provides for the gender sensitivity including male to female ratio. There is a challenge however on this aspect in relation to ward staff, who are partisan, they being recruited to work majorly in the Mcas offices at the wards.

The skills of staff have been improved through continuous training of staff by sponsoring them to attend short courses ranging at various government specialized institutions (e.g. Kenya school of government , centre of parliamentary studies) from 1(one) week to 6 (six) months .

The assembly as well mentor, guide, and endeavour to build a strong succession management in case of any exit. Performance management is the responsibility of the managers and the county assembly service board.

The County Assembly has endeavoured to comply with the provisions of the Occupational Safety and Health Act, 2007 .In these regard it ensures staff exposed to risk are well taken off, in order to reduce or eliminate risk.

Protective clothing material and working tools are bought for the maintenance staff, and bi annually the uniform is replenished.

There is sufficient water for drinking, ventilation in the offices, well done floors, fire extinguishers and assembling point. Pit latrines and wash rooms are there for use by staff and Mcas. More are due to be put up.

The assembly provides medical cover running annually for members and staff. It provides for groups and personnel accident cover to the tune of three year basic salary in the event of an accident

d) Market place practices-

Vihiga County Assembly is a public institution created pursuant to article 176 of the constitution of Kenya, 2010 and a public entity as defined under section 2 of Public Procurement and Disposal Act, 2015 and its subsequent regulations, the Public Procurement and Disposal Regulations 2020. In its conduct in regard to the procurement and disposal of goods and services, the County Assembly has adhered strictly to the provisions of the aforesaid pieces of legislations and regulations.

Hence;

- a) Provided fair competition and respect to competitors by according equal opportunities to all .In these respect, procurement plans of goods and services were made internally through consultations. Adverts seeking for prequalification of goods and services were advertised in national newspapers, website and in the PPIP (public procurement information portal) to enable a wide reach and to get value for money
- b) We don't enter into contract with the staff, politicians (Mcas, and speaker) nor does it do with business with them thus no iota conflict of interest would rise. Further to that the accounting officer, supply chain officer, and evaluation officers don't involve in any corrupt, coercive, obstructive, collusive and or fraudulent practice in any procurement process or assert disposal in adherence to section 66 of the PPDA act 2015.
- c). Honours the terms and obligations of the contracts as entered into with the suppliers, in case of delays due to inevitable circumstances the aforesaid delays aren't inordinate. This is evidentially seen with the lack of suits against the county assembly over the same.
- d) The assembly procures Standard goods, services and at known market prices pursuant to section 54 of the PPDA act and regulation 43 of the PPDA regulations.

7. 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, 2023. 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, 2023, 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 Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the 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.

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 15.07.2023.

Killingi

.....
Name: Joab Ambaka Kilinga
Clerk of the County Assembly

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF VIHIGA FOR THE YEAR ENDED 30 JUNE, 2023

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 the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Vihiga set out on pages 1 to 30, which comprise of the statement of financial assets and liabilities as at 30 June, 2023, statement of receipts and payments, statement of cash flows and

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

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the County Assembly of Vihiga as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Unsupported Compensation of Employees

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.348,393,601 on compensation of employees. However, review of the IPPD ledgers, bank remittances and manual payroll that four (4) employees were in the payroll file but did not in master data (complement file) resulting to irregular payment of Kshs.2,666,432. Similarly, sixty-three (63) employees were in both the manual payroll and the IPPD payroll amounting to double payment of salaries amounting to Kshs.14,166,755. Further, fifty-three (53) staff members were overpaid by an amount of Kshs.402,864 when compared with the amount processed in the payroll.

In addition, seventy-nine (79) employees were paid salary arrears more than once during the year amounting to Kshs.31,391,808.

In the circumstances, the accuracy and completeness of the amount of Kshs.348,393,601 on compensation of employees could not be confirmed.

2. Unsupported Domestic Travel and Subsistence Payments

The statement of receipts and payments reflects an amount of Kshs.242,773,913 relating to use of goods and services, which as disclosed in Note 4 to the financial statements includes an amount of Kshs.104,474,047 on domestic travel and subsistence allowance. Review of documents revealed that an amount of Kshs.643,000 was paid to a supplier for provision of catering services to an adhoc committee. However, no program was provided to indicate the date, authority and the type of activities that the committees were engaged in. Further, expenditure totalling Kshs.1,715,500 was charged to domestic travel and subsistence allowance instead of the appropriate hospitality expenses.

In addition, an amount of Kshs.805,028 was paid to a service provider for flight services to Seychelles. However, this payment was charged to domestic travel and subsistence

allowance instead of foreign travel and subsistence. Further, the supplier invoice was not provided for audit review and the payment did not indicate the name of the officer who travelled and the purpose of the safari.

In the circumstances, the accuracy and completeness of an amount of Kshs.2,520,528 incurred under domestic travel and subsistence allowances could not be confirmed.

3. Excessive Payment of Daily Subsistence Allowances

The statement of receipts and payments reflects an amount of Kshs.242,773,913 relating to use of goods and services, which as disclosed in Note 4 to the financial statements includes an amount of Kshs.104,474,047 on domestic travel and subsistence allowance. This amount in turn includes an amount of paid to nine (9) staff members in respect to daily subsistence allowances. The amount was paid covering periods ranging from 90 days to 150 days. The expenditure was incurred on activities that relate to daily normal duties of the officers.

In the circumstances, the regularity of the domestic travel and subsistence allowance amounting to Kshs.17,830,350 could not be confirmed.

4. Unsupported Insurance Costs

The statement of receipts and payments reflects Kshs.242,773,913 in respect to use of goods and services which, as disclosed in Note 4 to the financial statements includes insurance costs of Kshs.29,874,366. This amount in turn includes Kshs.2,559,287 paid for motor vehicle insurance by documentary evidence of the payments to the insurance companies. Instead the payments were made to insurance brokers contrary to Section 156(2) of the Insurance Act, 2020 which provides that an intermediary shall not receive any premiums on behalf of an insurer.

In the circumstances, the accuracy and completeness of insurance costs could not be confirmed.

5. Unsupported Transfers to Other Government Entities

The statement of receipts and payments reflects an amount of Kshs.17,187,955 relating to transfers to other government entities, which as disclosed in Note 5 to the financial statements relates to refunds to County Treasury for amounts borrowed by the County Assembly. However, review of the financial statements of the Receiver of Revenue, County Revenue Fund and the County Executive did not indicate any such transfers. Further, the payment vouchers were not supported with specific details of expenditure.

In the circumstances, the accuracy and completeness of the transfers to other government entities amounting to Kshs.17,187,955 could not be confirmed.

6. Unsupported Cash and Bank Balances

The statement of financial assets and liabilities and as disclosed in Note 9A to the financial statements reflects bank balances of Kshs.296,876 from five (5) bank accounts held by

the County Assembly of Vihiga. However, no board of survey reports were provided in support of bank balances from two bank accounts held at Co-operative bank reported to be holding Kshs.2,190 and one held at Kenya Commercial Bank of reported to hold Kshs.223.

In the circumstances, the accuracy of cash and bank balances of Kshs.296,876 could not be confirmed.

7. Unsupported Imprest and Salary Advances

The statement of financial assets and liabilities and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.389,664 in respect to imprests and advances. This amount indicates a decrease by Kshs.2,452,436 from the closing balance of Kshs.2,842,100 in 2021/2022. However, no surrender vouchers, schedule of recoveries, imprest register and salary advances register were provided for audit to support the movements.

In addition, included in the amount of Kshs.389,664 is a balance of Kshs.180,041 described as government imprest issued as imprests to staff. However, the supporting schedule reflects imprests amounting to Kshs.700,000 which were issued to four (4) staff members between May and June 2023 resulting to a variance of Kshs.519,959 which has not been explained or reconciled.

In the circumstances, the accuracy and completeness of imprests and advances balance of Kshs.389,664 could not be confirmed.

8. Unsupported Contingent Liabilities

Note 5 to the financial statements under other disclosures reflects contingent liabilities balance of Kshs.2,797,250, which is a decrease of Kshs.8,856,569 from the previous year' balance of Kshs.11,653,819. However, Management did not provide any documentation to support the decrease in contingent liabilities.

In the circumstances, the accuracy and completeness of the contingent liabilities balance of Kshs.2,797,250 could not be confirmed.

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

Emphasis of Matter

Pending Payables

Note 2 in respect to other disclosures to the financial statements reflects other pending payables balance of Kshs.76,080,065 which includes a balance of Kshs.72,918,081 in

respect to a debt owed to Vihiga County Assembly Members and Staff Mortgage and Car Loans Scheme Fund as at 30 June, 2022. This debt has been outstanding for a long period and during the year under review, only a minimal repayment of Kshs.3,000,000 was made.

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.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for conclusion

1. Irregularities in the Construction of the Speakers' Residence

Review of project status report as at 30 June, 2023 for the proposed Speaker's residence indicated that Vihiga County Assembly had spent Kshs.34,493,609 on construction of Speakers Residence. In addition, The County Assembly separately contracted a firm at a contract sum of Kshs.19, 786,352 to undertake the proposed erection of boundary wall, landscaping and paving at Speakers residence to which an amount of Kshs.15,743,473 had been paid by the time of audit in September 2023. By the time of audit in September 2023, the County Assembly had spent a total of Kshs.50,237,082 contrary to the Salaries and Remuneration Commission Circular Ref. No. SRC/TS/COG/6/61/48 VOL.II (64) of

20 May, 2019 which provided a ceiling of Kshs.35 million for the construction of the County Speakers residence. Further, the land on which the Speaker's residence stand is 1.15 hectare or 2.87 acres. This contravened the acreage limit of up to 1 acre stated in the Salaries and Remuneration Commission Circular.

In addition, the land on which the Speaker's residence is built indicates that it was purchased from a private owner at Kshs.10,000,000. This was contrary to the Salaries and Remuneration Commission Circular which stated that Counties should construct the houses on public land owned by the County.

In the circumstances, Management was in breach of the law.

2. Irregular Use of Imprest on Procurement of Goods and Services

Review of records provided revealed that Management contracted a service provider to supply tea and snacks for the one hundred and fifty (150) staff at a contract sum of Kshs.3,600,000. However, the payment for the services was made through imprests issued to a member of staff instead of paying directly to the service provider. This was contrary to Regulation 93(3) of the Public Finance Management (County Governments) Regulations, 2015 provides that temporary imprests shall be issued mainly in respect of official journeys and are intended to provide officers with funds with which they can meet travelling, accommodation and incidental expenses.

In the circumstances, Management was in breach of the law.

3. Irregular Funding of Country Assemblies Forum and Society of Clerks

Review of expenditure records revealed that the Management paid a total of Kshs.5,000,000 to Country Assemblies Forum and Kshs.750,000 to the Society of Clerks contrary to Section 37(b) of the Inter-governmental Relations Act, 2 of 2012 which requires operational expenses in respect of the structures and institutions established under the Act to be provided for in the annual estimates of the revenue and expenditure of the National Government.

In the circumstances, Management was in breach of the law.

4. Delay in Completion of Proposed Boundary Wall, Landscaping and Paving at Speakers Residence

The proposed erection of boundary wall, landscaping and paving at Speakers residence was awarded to a construction company at a contract sum of Kshs.19,786,352 with the commencement and completion dates of 29 September, 2022 and 30 June, 2023 respectively. Review of the project's technical status report as at 30 June, 2023 indicated that the project was at 80% completion. Further, the Management did not provide inspection and acceptance reports to authenticate works done vide interim certificate payment No.2 for Kshs.6,233,144.

In the circumstances, the value for money on the funds incurred on the project could not be confirmed.

5. Irregularities in Legal Expenses

Review of documents revealed that the County Assembly awarded a contract to a local firm for the proposed design and architectural works at Vihiga County Assembly Headquarters and renovation of office block on 15 April, 2014. However, a dispute arose between the contractor and the client which was subjected to an arbitration and ruled by the High Court of Kenya. Later the case was taken to the Court of Appeal and the court ordered Vihiga County Assembly to deposit a decretal sum of Kshs.31,653,818 in an interest earning joint account at any branch of Cooperative Bank of Kenya Ltd. During the year 2021/2022, the County Assembly deposited Kshs.20,000,000 in the joint account. However, the following inadequacies were noted:

- i. The contract agreement was not provided for audit
- ii. Although the County Assembly had paid the contractor an amount of Kshs.29,856,539 as at the time of audit in November, 2023 as ordered by the court, no evidence of works done was provided for audit review.
- iii. The court ordered that the decretal sum be deposited into a joint bank account. However, the Management did not provide minutes for opening the bank account together with bank statements up to 30 June, 2023 (except for the period March 2021 to September, 2022) hence, transactions into and out of the bank account could not be verified.
- iv. The joint bank account at Cooperative Bank of Kenya- (Nairobi Business Centre Branch) was in the name of Patrick Luta and Francis Otieno and not Vihiga County Assembly.
- v. The said bank account was an interest earning account. However, the amount of interest earned and how it was accounted for was not provided for audit review.
- vi. The financial statements indicated that the fixed deposit earned an interest amount of Kshs.336,539 during the year under review, and that the deposit was lifted and all the amounts were credited to the County's books where the amount was recognized as miscellaneous income in the year. However, no record of how the amounts were transferred from the account holders to the County Assembly was provided for audit review.

In the circumstances, the propriety of the legal expenses could not be confirmed.

6. Non-Compliance with the One-Third of Basic Salary Rule

During the year ended 30 June, 2023, eight (8) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not explained the failure to comply with the policy.

In the circumstances, Management contravened the Human Resource Policies.

7. Incomplete Procurement Plan

Review of the procurement plan for the year 2022/2023 revealed that the plan did not have a schedule of the planned delivery, implementation or completion dates of all goods, works or services contrary to Regulation 41(b) of the Public Procurement and Asset Disposal Regulations, 2020. The plan did not indicate whether some procurements were to be procured within a single year period or under a multi-year period contrary to Regulation 41(c) of the Public Procurement and Asset Disposal Regulations, 2020. Further, there was no indication whether any items may be aggregated for procurement as a single package or for procurement through any applicable arrangement for common user items.

In addition, the annual procurement plan was not done in accordance with the format specified in the Third Schedule contrary to Regulation 42 of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, Management was in breach of the law.

8. Non-Compliance with Law on Ethnic Composition

Review of records revealed that the total number of employees of the County Assembly was two hundred and thirty-nine (239) out of which two hundred and twenty-seven (227) or 95 % of the total number were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and governance sections of my

report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Ineffective Audit Committee

Review of documents revealed that the Audit Committee charter was only a draft which had not been approved and that the Audit Committee only met once to approve the internal audit work plan contrary to Regulation 172(1) of the Public Financial Management (County Governments) Regulations, 2015 which states that the Audit Committee shall meet at least once in every three months. Further, the quarterly report of Internal Audit was prepared for the audited Departments. However, a response and action plan from the Clerk of the Assembly to the chairperson of the Audit Committee on the recommendations were not provided for audit review.

In the circumstances, the effectiveness of the internal audit function could not be confirmed.

2. Non-Implementation of the Recommendations of Oversight Bodies

During the year under review the Management did not provide reports on Implementation of the Recommendations of Legislative Oversight Committees contrary to Section 31(1) (a) of the Public Audit Act, 2015. Further, the Senate County Public Accounts Committee recommended an investigation to be carried out by the Ethics and Anti-Corruption Commission for failure by the County Assembly's Management to implement recommendations of the Senate's County Public Accounts Committee and the County Assembly's Public Accounts and Investments Committee recommendations and also failure to follow up on the reports of the Auditor-General.

In the circumstances, Management's determination in improving the governance and management of the County Assembly was doubtful.

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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 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 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- 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 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

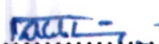
Nairobi

14 February, 2024

9. Statement of Receipts and Payments for the Year Ended 30th June 2023

		2022-2023	2021-2022
	Note	KShs	KShs
Receipts			
Transfers from the CRF	1	620,381,221	682,802,588
Miscellaneous receipts	2	20,336,539	3,100,500
Total receipts		640,717,760	685,903,088
Payments			
Compensation of employees	3	348,393,601	379,942,079
Use of goods and services	4	242,773,913	252,015,284
Transfers to other government entities	5	17,187,955	3,000,000
Social security benefits	6	17,646,638	24,668,126
Acquisition of assets	7	17,143,742	27,042,880
Finance costs	8	38,310	83,571
Total payments		643,202,158	(686,751,940)
Surplus/deficit		(2,484,397)	(848,852)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15.07. 2023 and signed by:

.....


Name: Joab Ambaka Kilinga
Clerk of the Assembly

.....


Name: Miyinzi Oscar Jagona
Chief Finance Officer – County Assembly
ICPAK Member Number:24443

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

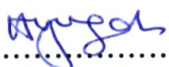
10. Statement of Financial Assets and Liabilities as At 30th June 2023

		2022-2023	2021-2022
Financial assets	Note	KShs	KShs
Cash and cash equivalents			
Bank balances	9A	296,878	328,837
Cash balances	9B		-
Total cash and cash equivalents		296,876	328,837
Imprests and Advances	10	389,664	2,842,100
Total financial assets		686,540	3,170,937
Represented by			
Fund balance b/fwd	11	3,170,937	4,019,789
Surplus/(deficit) for the year		(2,484,397)	(848,852)
Net Financial Position		686,540	3,170,937

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15.07.2023 and signed by:

.....


Name: Joab Ambaka Kilinga
Clerk of the Assembly

.....


Name: Miyinzi Oscar Jagona
Chief Finance Officer – County Assembly
ICPAK Member Number: 24443

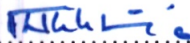
Count Government of Vihiga
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11. Statement of Cash Flows for the Period Ended 30th June 2023

	Note	2022-2023 KShs	2021-2022 KShs
Cash flows from operating activities			
Receipts from operating income			
Transfers from the CRF	1	620,381,222	682,802,588
Miscellaneous receipts	2	20,336,539	3,100,500
Total receipts from operating income		640,717,761	685,903,088
Payments for operating expenses			
Compensation of employees	3	(348,393,601)	(379,942,079)
Use of goods and services	4	(242,773,913)	(252,015,284)
Transfers to other government entities	5	(17,187,955)	(3,000,000)
Social security benefits	6	(17,664,638)	(24,668,126)
Finance costs	8	(38,310)	(83,571)
Total payments for operating expenses		(626,058,420)	(659,709,060)
Net receipts/(payments) from operating activities		14,653,341	(848,852)
Adjusted for:			
Decrease/(increase) in accounts receivable:	12	2,452,436	266,633
Net cash flows from operating activities		17,105,777	26,460,661
Cash flow from investing activities			
Acquisition of assets	7	(17,143,742)	(27,042,880)
Net cash flows from investing activities		(17,143,742)	(27,042,880)
Net increase/(decrease) in cash and cash equivalents		(37,965)	(582,219)
Cash & cash equivalent at Start of the year		328,837	911,056
Cash & cash equivalent at end of the year		296,877	328,837

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15.07.2023 and signed by:



.....
Name: joab Ambaka Kilinga
Clerk of the Assembly



.....
Name: Miyinzi Oscar Jagona
Chief Finance Officer – County Assembly
ICPAK Member Number: 24443

**Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023**

12. Statement Of Comparison of Budget & Actual Amounts: Recurrent and Development for year ended 30th June 2023

Receipt/expense item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	626,955,167	15,173,633	642,128,800	620,381,221	21,747,579	96.6%
Miscellaneous Receipts				20,336,539	20,336,539	
Total	626,955,167	15,673,633	642,128,800	640,717,760	1,411,040	99.78%
Payments						
Compensation of employees	340,203,384	24,709,024	364,912,408	348,393,601	16,518,807	95.47%
Use of goods and services	242,374,459	(10,800,000)	231,574,459	242,773,913	(11,199,454)	104.8%
Social security benefits	30,000,000	(12,000,000)	18,000,000	17,664,638	335,362	98.13%
Transfers to Other Government Entities				17,187,955	(17,187,955)	-100%
Acquisition of assets	14,161,324	13,264,609	27,425,933	17,143,742	10,282,191	68.32%
Finance costs	216,000	-	216,000	38,310	177,690	17.7%
Total	626,955,167	15,173,633	642,128,800	643,202,158	1,073,358	97.5%
Surplus/ deficit				(2,484,398)		

- (a) There was overutilization on use of goods and services by 4.8% due to payment of a long outstanding court award to a contractor. The amount had been budgeted for previously and set aside in a joint interest earning account, this did not affect our normal budget for use of goods and services
- (b) Acquisition of assets budget was underutilised at 68.35% due to non-completion of procurement process towards furnishing of the speaker's residence. This was occasioned by non-completion of the external works.
- (c) There was underutilisation on Finance Costs. This was due to adoption of the internet banking system that significantly reduced bank charges on transactions.
- (d) Transfers to other government entities recorded -100% expenditure since this entailed interdepartmental transfers between county government treasury and the county assembly

The changes between the original budget and the final budget was due to reallocations within the budget and also an increase in our initial budget through supplementary budget with a total of kshs: 15,173,633

The entity financial statements were approved on 15.07.2023 and signed by:

.....
Name: Joab Ambaka Kilinga
Clerk of the Assembly

.....
Name: Miyinzi Oscar Jagona
Chief Finance Officer – County Assembly
ICPAK Member Number: 24443

12A Statement of Comparison of Budget & Actual Amounts: Recurrent for the year ended 30th June 2023

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	621,955,167	5,173,633	627,128,800	605,906,884	21,221,916	96.6%
Miscellaneous Reciepts				20,336,539		
Total	621,955,167	5,173,633	627,128,800	626,243,423	885,377	99.7%
Payments						
Compensation of employees	340,203,384	24,709,024	364,912,408	348,393,601	16,518,807	95.47%
Use of goods and services	242,374,459	(10,800,000)	231,574,459	242,733,453	(11,158,994)	104.8%
Social security benefits	31,000,000	(13,000,000)	18,000,000	17,664,638	335,362	98.13%
Transfer to other Govt. Entities				17,187,955		
Acquisition of assets	9,161,324	4,764,609	13,925,933	2,709,865	11,216,068	19.45%
Finance costs	216,000	-	216,000	38,310	-	17.7%
Total	621,955,167	5,173,633	627,128,800	628,727,822	(1,599,022)	-
Surplus/ deficit				(2,484,399)		-

- (e) There was overutilization on use of goods and services by 4.8% due to payment of a long outstanding court award to a contractor. The amount had been budgeted for previously and set aside in a joint interest earning account, this did not affect our normal budget for use of goods and services
- (f) Acquisition of assets budget was underutilised at 68.35% due to non-completion of procurement process towards furnishing of the speaker's residence. This was occasioned by non-completion of the external works.
- (g) There was underutilisation on Finance Costs. This was due to adoption of the internet banking system that significantly reduced bank charges on transactions.

(h) Transfers to other government entities recorded -100% expenditure since this entailed interdepartmental transfers between county government treasury and the county assembly

The changes between the original budget and the final budget was due to reallocations within the budget and also an increase in our initial budget through supplementary budget with a total of kshs: 5,173,633

The entity financial statements were approved on 15.07.2023 and signed by:

.....
Name: Joab Ambaka Kilinga
Clerk of the Assembly

.....
Name: Miyinzi Oscar Jagona
Chief Finance Office – County Assembly
ICPAK Member Number: 24443

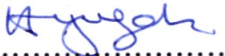
12B Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2023

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	5,000,000	10,000,000	15,000,000	14,474,337	525,663	96.50%
Total	5,000,000	10,000,000	15,000,000	14,474,337	525,663	96.50%
Payments						
Acquisition of assets	5,000,000	10,000,000	15,000,000	14,474,337	525,663	96.50%
Total	5,000,000	10,000,000	15,000,000	14,474,337	525,663	96.50%
Surplus/ deficit				-	-	-

The entity financial statements were approved on 30.07.2023 and signed by:

.....


Name: Joab Ambaka Kilinga
Clerk of the Assembly

.....


Name: Miyinzi Oscar Jagona
Chief Finance Office – County Assembly
ICPAK Member Number: 24443

13. Budget Execution by Programmes and Sub-Programmes

Programme/Sub-Programme	Original Budget 2022-2023 Kshs	Adjustments 2022-2023 Kshs	Final Budget 2022-2023 Kshs	Actual on comparable basis 2022-2023 Kshs	% Budget utilization 2022-2023 Kshs
Legislative	304,664,943	16,709,024	321,373,967	316,534,587	98.49%
Legislative and oversight services	304,664,943	16,709,024	321,373,967	316,534,587	98.49%
Administration	322,290,224	(1,535,391)	320,754,833	325,594,213	101%
Administrative services	322,290,224	(1,535,391)	320,754,833	325,594,213	101%
Total	626,955,167	15,173,633	642,128,800	643,202,158	-

14. Significant Accounting Policies

The Significant 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 third party 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 some classes of receivables and payables as outlined above.

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 ~~xxx~~ 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.

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.

Significant Accounting Policies (Continued)

4. In-kind contributions

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

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.

7. 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.

Significant Accounting Policies (Continued)

8. Imprests and Advances

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.

9. Third party deposits and retention

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.

10. 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.

11. Pending bills

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

Significant Accounting Policies (Continued)

12. 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, and 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.

13. 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. 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.

Significant Accounting Policies (Continued)

14. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 22 November 2023 for the period 1st July 2022 to 30 June 2023 as required by law. There was 3 number of supplementary budgets passed in the year. A high-level assessment of the County Assembly's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

15. Comparative figures

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

16. 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.

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 26* explaining the nature and amounts.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

15. Notes to the Financial Statements

1. Transfer From CRF

	2022-2023	2021-2022
	KSh	KSh
Transfers from the county treasury for Q1	52,618,736	194,198,165
Transfers from the county treasury for Q2	174,217,774	201,878,448
Transfers from the county treasury for Q3	101,158,435	152,242,355
Transfers from the county treasury for Q4	292,386,276	134,483,620
Cumulative amount	620,381,221	682,802,588

Notes to the Financial Statements

2. Miscellaneous Receipts

	2022-2023	2021-2022
	Kshs.	Kshs.
Donor Support		3,100,500
Miscellaneous Receipts	20,336,539	
Total	20,336,539	3,100,500

Miscellaneous receipts consists an amount of kshs: 20,000,000 (twenty million) on a joint account with Kenchuan Archtects and Interest earned on the savings account of kshs: 336,539 that was utilized to pay the long outstanding legal dues

3. Compensation Of Employees

	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	88,838,161	127,707,507
Basic Salaries Meas	41,088,603	70,406,398
Basic Salary-Ward Staff	25,086,125	31,717,640
Personal allowances paid as Part of Salary	176,699,084	127,658,793
Pension and other social security contributions	16,501,628	22,262,144
Contribution to compulsory national social schemes	180,000	189,600
Total	348,393,601	379,942,079

Notes to the Financial Statements (Continued)

4. Use Of Goods And Services

	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	250,908	350,588
Communication, supplies and services	118,792	105,250
Domestic travel and subsistence	104,474,047	85,380,864
Foreign travel and subsistence		25,138,168
Printing, advertising and information supplies & services	1,536,525	1,543,360
Rentals of produced assets	3,343,500	4,093,500
Training expenses	6,749,610	4,004,740
Hospitality supplies and services	23,372,809	15,042,352
Insurance costs	29,874,366	32,323,970
Specialized materials and services	801,000	2,949,405
Office and general supplies and services	6,144,078	2,526,020
Fuel, oil and lubricants	1,747,836	1,843,148
Other operating expenses	57,406,291	71,140,993
Routine maintenance – vehicles and other transport equipment	1,639,675	2,598,500
Routine maintenance – other assets	5,314,475	2,974,425
Total	242,773,913	252,015,284

Notes to the Financial Statements (Continued)

5. Transfers To Other Government Entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to other county assembly entities		
Car loan scheme fund		3,000,000
Vihiga County Treasury	17,187,955	
Total	17,187,955	3,000,000

The transfers relate to refunds to county treasury for amounts borrowed to facilitate county assembly activities. An amount of kshs: 46,880 relate to refunds to county treasury in relation to un-spent balances at the end of the financial year.

Notes to the Financial Statements (Continued)

6. Social Security Benefits

	2022-2023	2021-2022
Government Pension and Retirement Benefits	Kshs	Kshs
Gratuity Mcas	11,455,762	16,817,780
Gratuity ward staff	6,208,876	7,850,346
Total	17,664,638	24,668,126

7. Acquisition Of Assets

Non-financial assets	2022-2023	2021-2022
	Kshs	Kshs
Construction of buildings		23,393,552
Refurbishment of buildings		
Construction and civil works	14,474,337	
Refurbishment of Buildings		
Purchase of office furniture and general equipment	10,000	2,186,000
Acquisition of ICT Equipment	2,659,405	1,463,328
Total acquisition of non- financial assets	17,143,742	27,042,880

County Government of Vihiga
Vihiga County Assembly
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Notes to the Financial Statements (Continued)

8. Finance Costs

	2022-2023	2021-2022
	Kshs	Kshs
Bank Charges	38,310	83,571
Total	38,310	83,571

9. Cash and Bank Balances

9A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2022-2023 Kshs	2021-2022 Kshs
<i>Co-operative Bank Kenya Shillings</i>	01141471295100	Recurrent	2,190	151,074
<i>Co-operative bank Kenya shillings</i>	01141246327100	Recurrent	0	103,914
<i>Kenya Commercial Bank- Kenya shillings</i>	1240161565	Reccurent	223	26,968
Central Bank of Kenya	1000195355	Reccurent	0	1
Central Bank of Kenya	1000195347	Development	294,463	46,880
Total			296,876	328,837

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

9B. Cash in Hand

	2022-2023	2021-2022
	Kshs	Kshs
Cash In Hand – Held In Domestic Currency	0	0
Total	0	0

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

10. Imprests and Advances

<i>Description</i>	2022-2023	2021-2022
	Kshs	Kshs
Government Imprests	180,041	2,754,091
Salary Advance	209,623	88,009
Total	389,664	2,842,100

<i>Breakdown Of Imprest And Salary Advance Per Department</i>	2022-2023	2021-2022
<i>Imprests</i>	Kshs	Kshs
Finance and Accounting	0	280,000
Human Resource and Administration	60,040	1,212,791
Clerks Department	120,000	976,100
Hansard Department	0	284,200
Sub-Total	180,040	2,754,091
Salary Advance		
Clerks Department	209,623	88,009
Sub-Total	209,623	88,009
Grand Total	389,664	2,842,100

*See Annex 5 for a detailed analysis of the outstanding imprests.

Notes to the Financial Statements (Continued)

11. Fund Balance Brought Forward

Description	2022-2023 Kshs	2021-2022 Kshs
Bank Accounts		328,837
Cash In Hand		0
Imprests and advances		2,842,100
Total		3,170,937

12. Changes in Imprests and Advances

Description	2022-2023 Kshs	2021-2022 Kshs
Opening Imprests and Advances As At 1 st July 2022	2,842,100	3,108,733
Closing Imprests and Advances As At 30 th June 2023	389,663	2,842,100
Change In Imprests and Advances	2,452,437	266,633

Count Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued) Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f 2022-2023	Additions for the year	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Construction Of Buildings				
Construction Of Civil Works	0	14,474,337	14,474,337	
Supply Of Goods				
Supply Of Services				
Total		14,474,337	14,474,337	

2. Other Pending Payables

	Balance b/f 2022-2023	Additions for the year	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	3,161,984		3,161,984	
Amounts due to County Government entities	72,918,981			72,918,981
Total	76,080,965			72,918,981

3. 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.

County Government of Vihiga
Vihiga County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Related party transactions:

	2022-2023	2021-2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	123,812,905	144,812,905
Key Management Compensation (Clerk and Heads of departments)	30,252,784	29,191,784
Total Compensation to Key Management	154,065,689	174,004,689
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes		3,000,000
Transfers to County Treasury	17,187,074	0
Total Transfers to related parties	17,187,084	3,000,000
<u>Transfers from related parties</u>		
Transfers from the CRF	620,381,222	682,802,588
Total Transfers from related parties	620,381,222	682,802,588

4. Contingent Assets

Contingent Assets	2022-2023	2021-2022
	Kshs	Kshs
Court case 155 of 2020(Kenchuan Architects vs Vihiga County Assembly)	0	20,000,000
Total	0	20,000,000

This case which has been pending at the Court of Appeal has been settled through consent between the parties through the contingent asset that existed at the end of FY 2021-2022

5. Contingent Liabilities

Contingent liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court case 155 of 2020(Kenchuan Architects vs Vihiga County Assembly)	2,797,249.73	11,653,818.73
Total	2,797,249.73	11,653,818.73

16. 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.

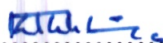
Sl. No.	Observations from Auditor	Management comments	Status (Resolved/Not Resolved)	Time frame for resolution
1.	Un-Explained Variance on Compensation of Employee	Source of variance established and a reconciliation of the same done.	Not Resolved	31.12.2023
2.	Un-Supported Domestic Travel and Subsistence Payments	Support for the payments made available	Not Resolved	31.12.2023
3.	Excessive Payment of Daily Subsistence Allowances	Explanations for the payments to be provided	Not resolved	31.12.2023
4.	Undisclosed Bank Balances	Reasons for non-disclosure provided	Not resolved	31.12.2023
5.	Un-explained Variances in Exchequer releases	Explanation provided	Not resolved	31.12.2023
6	Misstatement of contingent Liability	The liability has been settled at the stated figure hence no risk	Not resolved	31.12.2023

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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)
7.	Variances Between payments Reported and IFMIS	Reconciliation to be provided	Not resolved	31.12.2023
8.	Un-Reconciled Budget and Actual Amounts	Variance not established from our side. To seek clarification	Not resolved	31.12.2023

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.



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Clerk of the County Assembly

Date:15/07/2023

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17. Annexes

Annex 1 – Analysis of Other Pending Payables

	Brief Transaction Description	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY
			a	b	c=a-b
Amounts Due To National Govt Entities					
1.					
Sub-Total					
Amounts Due To County Govt Entities					
2. Car Loan and Mortgage	Outstanding inter account borrowings	FY 2014/15	72,918,081	-	72,918,08
Sub-Total					
Amounts Due To Third Parties					
3.					
Sub-Total					
Others (Specify)					
4.					
5.					
6.					
Sub-Total					
Grand Total			72,918,081		72,918,08

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Annex 2 – Summary of Non-Current Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2023
Land	10,400,000				10,400,000
Buildings and structures	90,642,381	14,474,337			105,116,718
Transport equipment	23,943,000				23,943,000
Office equipment, furniture and fittings	20,091,150	2,709,865			22,801,015
ICT equipment	23,722,817				23,722,817
Machinery and equipment	3,432,360				3,432,360
Biological assets					
Infrastructure assets					
Heritage and cultural assets					
Intangible assets					
Work in progress					
Total	172,231,708	17,184,202			189,415,910

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Annex 3 – Analysis Of Accounts Receivables

(a) Government Imprest

Name Of Officer Or Institution	Date Imprest Taken	Amount Taken KShs	Amount Surrendered KShs	Balance KShs
Victor Chadiva	24/11/22	30,000	-	30,000
Micheal Oloo	16/1/23	2,040	-	2,040
Moses Akhabele	3/4/23	18,000	-	18,000
Victor Chadiva	10/5/23	30,000	-	30,000
Victor Chadiva	21/6/23	60,000		60,000
Iris Anyiso	27/6/23	40,000		40,000
Total				140,040

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(b) Salary Advance

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i> <i>Kshs</i>	<i>Amount Recovered</i> <i>Kshs</i>	<i>Balance</i> <i>Kshs</i>
<i>Peirce Livanga Odari</i>	30/05/23	100,000	50,000	50,000
<i>Zakayo Manyasa</i>	25/2/2023			3
<i>Joan Jai</i>	25/2/2023			9623
<i>Patrick Akhwale</i>	26/04/2023	300,000	150,000	150,000
Total				209,623

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