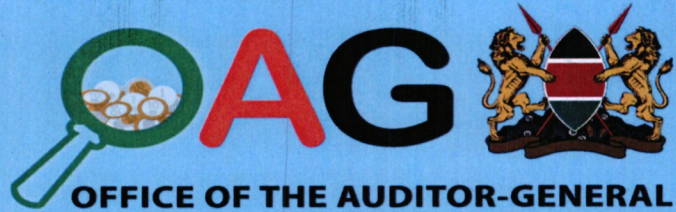


REPUBLIC OF KENYA



**REPORT**

**OF**

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KWALE MUNICIPALITY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

CLERK AT THE TABLE  
COMMITTED BY  
DATE  
PAPERS LAID  
22.03.2023  
Majority leader  
Abdullahi Mwalim





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# **KWALE MUNICIPALITY**

*County Government of Kwale*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE, 2022**

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

*County Government of Kwale  
Kwale Municipality  
Annual Reports and Financial Statements for the year ended June 30, 2022*

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*County Government of Kwale*  
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## **1. Key Entity Information and Management**

### **a) Background information**

Kwale Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act 2011. The Municipality is wholly owned by the County Government of Kwale and is domiciled in Kenya.

The Municipality's objective is to

- i. Provide for efficient and accountable management of the affairs of the Municipality.
- ii. Provide for a governance mechanism that will enable the inhabitants of the Municipality to:
  - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
  - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
  - c. Enjoy efficiency in service delivery.
- iii. Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order, safety, security and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- iv. Provide a high standard of social services in a cost effective manner to the inhabitants of the Municipality.
- v. Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- vi. Providing for services, laws and other matters for Municipality's benefit.
- vii. Fostering the economic, social and environmental well-being of its community

The Municipality's principal activities are:

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other no motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction maintenance and regulation of traffic controls and parking facilities;
- (h) Construction and maintenance of bus stations and taxi stands;
- (i) Promotion, regulation and provision of animal control and welfare;
- (j) Any other function as may be delegated by the County Executive Committee.

**b) Principal Activities**

The principal activities of the Municipality is to promote, regulate and provision of refuse collection and solid waste management services.

**Vision**

“Sustainable natural resource and land use management for wealth creation and a quality environment for every Kwale county citizen.”

**Mission**

“To create and enhance a system of functional human settlements that will enable a sustainable environment for public and private investment and optional use of available natural resources.”

**Core Values**

The Kwale Municipality upholds the values of transparency and accountability/integrity, inclusiveness and equity, empowerment, quality/result oriented and innovation.

**c) Municipality Board**

Ref	Position	Name
1	Chairman of the Board	Seif Bendera Rocky
2	Chief Officer	Nuru Mboga Mohamed
3	Committee Members	Saumu Beja Mahaja
4	Committee Members	Annastansia Kanga
5	Committee Members	Mishi Koba
6	Committee Members	Salim Mwayogwe
7	Committee Members	Mwabudzuma Bakari
8	Municipal Manager	Mwanawani Sheti

**d) Key Management**

Ref	Position	Name
1	Mwanawani Sheti	Municipal Manager
2	Nuru Mohammed Mboga	Chief Officer
3	Annastacia Maithya	Procurement Officer

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4	Marago Filex	Accountant
5	Feisal Shibe	Works Officer (Projects Supervisor)

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Directorate Internal Audit	Alex Makanga
2	Internal Auditor	Faith Nzangi Musili

**f) Registered Offices**

P.O. Box 4,  
Kwale County Head Office  
Likoni – Kinango Road  
Kwale, KENYA

**g) Contacts**

E-mail: [kwalemunicipal@kwale.go.ke](mailto:kwalemunicipal@kwale.go.ke)

Website: [www.kwalecountygov.com](http://www.kwalecountygov.com)

**h) Bankers**

1. Commercial Banks  
KCB Bank  
Kwale Branch  
Account Number 1262607582
2. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

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**i) Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**


The County Legal Officer



Office of the Governor

P.O. Box 4 - 80403

Kwale.

2. Municipality Board

Name	Details of qualifications and experience
<p>1. <b>MR. SEIF ROCKY BENDERA (Chairman)</b></p> 	<p>Date of Birth: 3/02/1953</p> <p>He went to Kwale primary school before proceeding to Sacred Heart High School in Mombasa</p> <p>In 1993, he went to the University of London to do Teachers Advisory Management. He also did Post Graduate Diploma of Education before undertaking Master's in Education Degree.</p> <p>Bendera is an all-round personality who has always taken personal initiative to assist both Primary and Secondary students by offering talks to the students and also to the teachers on education management.</p> <p>He was given a Medal (Head of State Commendation) –HSC by President Kibaki because of his outstanding performance in the community.</p> <p>Bendera is an educationist who has worked in different portfolio in the field of education.</p> <p>He worked as a teacher for 11 years where he was promoted to the level of schools inspector in Kwale District and then to a Provincial Inspector of schools for 12 years.</p> <p>He has written several Primary Science Books and TAC TUTORS manuals which are been used in Kenyan schools.</p> <p>He was an Education Officer in National Museums of Kenya an initiative to conserve Kaya Forests.</p> <p>Bendera has also worked as a Project Manager Kenya Schools Improvement Project under the Aga Khan Foundation.</p> <p>He was a Director Kenya Maritime Authority for 6 years.</p> <p>Bendera has been and up to now is the Chairman of Board of Management (BOM) in several Schools within Kwale County.</p> <p>The trustee is an independent director.</p>

<p><b>2.MR. BAKARI NASORO MWABUDZUMA (Member)</b></p> 	<p>Date of Birth: 15/09/1952</p> <p>Mr. Bakari Nasoro Mwabudzuma is a retired teacher (Retired in 2017). He holds a special Diploma in teaching (KISWAHILI).</p> <p>He:</p> <ol style="list-style-type: none"> <li>I. Is an examiner KNEC.</li> <li>II. Has an experience of 35 years in teaching both in primary level (8 years) and secondary level (27years).</li> <li>III. Has a certificate in Guidance and Counselling from UON.</li> <li>IV. Is a community elder and a CHC- Bilashaka Unit.</li> </ol> <p><b>VISION:</b> To achieve the Municipality goals for the Kwale community and ensure the attainment of the best service deliveries.</p> <p>The trustee is an independent director.</p>
<p><b>3.MS. SAUMU BEJA MAHAJA (Member)</b></p> 	<p>Date of Birth: 16<sup>th</sup> April 1989</p> <p>She has a Master's degree in Environmental Studies Community Development and a Bachelor of Environmental Science from Kenyatta University.</p> <p>Her Professional Trainings and Certification include;</p> <ul style="list-style-type: none"> <li>• Project Planning and Management Training by East African Institute of Certified Studies</li> <li>• Geo-Spatial Database Development and Management Training at the Regional Centre for Mapping and Resource Development Nairobi</li> <li>• Monitoring and Evaluation Training by East African Institute of Certified Studies</li> </ul> <p>She is currently the County Executive Committee Member for Environment and Natural Resources For Kwale County.</p> <p>The trustee is an executive director.</p>
<p><b>3. MS. NURU MOHAMED MBOGAH (Member) – CO Environment</b></p>	<p>Date of Birth: 8th December, 1988</p> <p>She holds a Master of Science in Water Resources Engineering from the University of Dar es Salaam- Tanzania and a Certificate in Computer Maintenance and Networking Technology.</p> <p>She also holds a MSc. Dissertation - Defining Onset and End of</p>

	<p>Rainy Seasons in Tanzania.          Bachelor of Science in Water and Environmental Engineering.</p> <p>She is currently the Chief Officer, Environment and Natural Resources at County Government of Kwale</p> <p>Experience:</p> <ul style="list-style-type: none"> <li>• Water engineer and EIA associate at Manken Geohydrotech Consultants, Mombasa, Kenya.</li> <li>• Director of Programs – PDF Tanzania.</li> <li>• Program Director at PDF (People’s Development Forum) Tanzania.</li> </ul> <p>The trustee is an executive director.</p>
<p><b>4. ANASTASIA KANGA STEPHEN (Member)</b></p> 	<p>Date of Birth: 25th October, 1970</p> <p>Madam Anastasia Kanga Stephen is a renowned Educationist with 20 years of experience in Special Schools and Learners with Disabilities. She holds a B.ED Honors degree in Special Education from the Kenyatta University and a Diploma, Special Education from the Kenya Institute of Special Education (KISE). M/s Anastasia is a member of the South Coast Residents Association; a Neighborhood Organization and voice of the Residents. She has also initiated Community Empowerment Programmes for the Girl Child in sections of Kwale County, addressing Education and Reproduction Health matters and Early Marriages. She is the Patron to <i>Muche Asome Initiative</i>, advocating for Girls Education.</p> <p>Her vision for the Kwale Municipality is Promotion of better Planning and Infrastructure, improved services to all the residents, with a special focus to Environment and Health, Education and Accountability.</p> <p>The trustee is an independent director.</p>

<p>5. <b>MR.SALIM SAID MWAYOGWE</b> (Member)</p> 	<p>Date of Birth: 1<sup>st</sup> January, 1960</p> <p><b>EDUCATION BACK GROUND:</b> Went to Kwale Primary School and Taru Secondary School.</p> <p><b>PROFESSIONAL BACKGROUND:</b> Trained Teacher at Kericho T.T.C .and got P1. Has a diploma in ECD.</p> <p>Currently Chairman KNCCI and businessman at Kwale Director Zamunda H/w a Contraction company Chairman Mwaluganje Elephant Sentuary. Formally chairman Kwale joint trade loan board</p> <p><b>RESPONSIBILITY :</b> Kwale Municipality Board Member The trustee is an independent director.</p>
<p>6. <b>MS. MISHI KOKA</b> (Member)</p> 	<p>Date of Birth: 11th April, 1985</p> <p>She holds a Diploma in Hairdressing and beauty is a member of Kwale Line SACCO and a prominent business lady.</p> <p>She is also a Director of County Classic boutique and SPA</p> <p>Vision: Is to achieve the goals of Municipalities by seeing the residents of Kwale enjoying the Municipality services an in equality</p> <p><b>RESPONSIBILITY :</b> Kwale Municipality Board Member The trustee is an independent director.</p>
<p>7. <b>MISS MWANAWANI RAMADHAN SHETI-</b> (secretary) <b>Municipal Manager</b></p> 	<p>Date of Birth: 2nd February, 1986</p> <p><b><u>CAREER AND EDUCATION OVERVIEW:</u></b> Mwanawani Ramadhan Sheti-Municipal Manager(Kwale Municipality)</p> <p><b><u>Education and Professional Qualification.</u></b></p> <ul style="list-style-type: none"> <li>• Masters in Business Administration-Finance ;2010-2014 Kenyatta University</li> <li>• Bachelor of Education Science and Information Technology;2005-2009 Maseno University</li> <li>• Kenya Certificate of Secondary Education,(KCSE);2000-2003 Mama Ngina Girls High School</li> </ul> <p><b><u>Professional Training and Certification:</u></b></p> <ul style="list-style-type: none"> <li>• Certified Investment and Financial Analyst; Sec 3</li> <li>• Information Communication Technology.</li> </ul>

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	<p><u>Professional Experience:</u> Municipal Manager-Kwale Municipality Kwale County Government; Dec, 2018 to date Fund Manager-Kilifi County Micro Finance Fund. Kilifi County Government; Sep 2018-Nov 2018 Lecturer-School of Business and Economics, Finance Department. Pwani University; Sep 2015-Sep 2018 Graduate Trainee-National Bank of Kenya; Nov 2010-Sep 2018. Deputy Returning/ Registration Officer. Interim Independent Electrol Commission; Jan 2010-Nov, 2010.  The trustee is an executive director.</p>
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3. Management Team

Name	Details of qualifications and experience
<p><b>1.MS. NURU MOHAMED MBOGAH</b> (Member) – CO Environment</p> 	<p>Date of Birth: 8th December, 1988</p> <p>She holds a Master of Science in Water Resources Engineering from the University of Dar es Salaam-Tanzania and a Certificate in Computer Maintenance and Networking Technology.</p> <p>She also holds a MSc. Dissertation - Defining Onset and End of Rainy Seasons in Tanzania. Bachelor of Science in Water and Environmental Engineering.</p> <p>She is currently the Chief Officer, Environment and Natural Resources at County Government of Kwale</p>
<p><b>2. MWANAWANI RAMADHAN SHETI</b> (Secretary) – Municipal Manager</p> 	<p>Date of Birth: 2nd February, 1986</p> <p><b><u>CAREER AND EDUCATION OVERVIEW:</u></b> Mwanawani Ramadhan Sheti-Municipal Manager(Kwale Municipality) <u>Education and Professional Qualification.</u></p> <ul style="list-style-type: none"> <li>• Masters in Business Administration-Finance ;2010-2014 Kenyatta University</li> <li>• Bachelor of Education Science and Information Technology;2005-2009 Maseno University</li> <li>• Kenya Certificate of Secondary Education,(KCSE);2000-2003 Mama Ngina Girls High School</li> </ul> <p><u>Professional Training and Certification:</u></p> <ul style="list-style-type: none"> <li>• Certified Investment and Financial Analyst; Sec 3</li> <li>• Information Communication Technology.</li> </ul> <p><u>Professional Experience:</u> Municipal Manager-Kwale Municipality Kwale County Government; Dec, 2018 to date Fund Manager-Kilifi County Micro Finance Fund. Kilifi County Government; Sep 2018-Nov 2018 Lecturer-School of Business and Economics, Finance Department. Pwani University; Sep 2015-Sep 2018 Graduate Trainee-National Bank of Kenya; Nov 2010-</p>

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	<p>Sep 2018. Deputy Returning/ Registration Officer. Interim Independent Electrol Commission; Jan 2010- Nov, 2010.</p>
<p><b>3. MR. FILEX MARAGO (Accountant)</b></p> 	<p>Date Of Birth 5/12/1975 Marital status – married Education &amp; Professional Qualification Holds a bachelor’s degree in Business Administration (KEMU)</p> <ul style="list-style-type: none"> <li>- CPA 1</li> <li>- KCSE – Bujumba Secondary School</li> </ul> <p>Experience</p> <ul style="list-style-type: none"> <li>- Accountant Kwale County Government 2013 to date</li> </ul> <p>Accountant defunct Kwale County Council, Nakuru Municipal council, Bungoma County Council and Malaba Town council 2005 - 2013</p>
<p><b>4. MS. ANNASTACIA MAITHYA (Procurement Officer)</b></p> 	<p>Date Of Birth – 23/07/1967 <u>Marital Status – Married</u> <u>Education &amp; Professional Information</u></p> <ul style="list-style-type: none"> <li>- KCSE – Nyeri Technical Highschool</li> <li>- Holds Diploma in Procurement and Material Management</li> <li>- Bachelor of Business management supplies option</li> <li>- CPA 1</li> </ul> <p>Procurement Officer Kwale County</p>

#### **4. Municipality Board Chairperson's Report**

Municipality of Kwale Board is composed of 8 members; four members of the Board of the Municipality appointed through a competitive process by the County Executive Committee and approved by the County Assembly and nominated members from the following backgrounds:

- i. An umbrella body representing professional associations in the Kwale.
- ii. An association representing the private sector in the Kwale.
- iii. A cluster representing registered associations of the informal sector in the Kwale.
- iv. A cluster representing registered neighbourhood associations in the Kwale.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Kwale Municipality is a child of the Kenya Urban Support Programme (KUSP) through the County Government of Kwale and the municipal charter of the municipality of Kwale.

Kwale Municipality has a board with a chairman. During the year there were formed committees such as the Audit committee, Finance economic and Human Resource Management committee, Technical and Strategy Committee, Investment trade and Environment committee in a bid to create an enabling structure to operationalize the municipality to realise its mandate. Each committee has a chair and they are as follows;

- Bakari Mwabudzuma -Chair Audit Committee
- Mishi Koba - Chair Technical and Strategy Committee
- Anastancia Kanga - Chair Finance, economic and Human Resources Management
- Salim Mwayogwe - Chair Investment, trade and Environment Committee

Kwale Municipality had a budget of Kshs. 33,347,055 with an actual realisation of Kshs. 2,902,208 which translates to 9%. The poor percentage realisation is due to the fact that the procurement of the development programme was not completed in time. Owing to the fact that the first tendering process did not see a successful bidder, it became necessary that the tender be re advertised.

The Municipality's focus is on creating an enabling environment to attract, and work well with both internal and external investors. This will be achieved by improving on infrastructure and speedy completion of the Kwale County spatial plan which is underway.

The municipality will also hasten the completion of the beautification of Baraza park and the street lighting and drainage system in the completed posta to masjid Muadh road, whose completion is earmarked for the financial year 2022/2023.

**Conclusion**

FY 2021/2022 was a good year in general. Good progress was made and the momentum has been created to enable Kwale Municipality continue on a trajectory into prosperity. I want to appreciate the other county departments especially the department of Finance and Economic Planning for their support when it comes to financial matters.

Kwale Municipality has seen timely payment of contractors and suppliers

Signed: \_\_\_\_\_



SEIF ROCKY BENDERA

## 5. Report of the Municipal Manager

Municipality of Kwale Board is composed of 7 members; Four members of the Board of the Municipality appointed through a competitive process by the County Executive Committee and approved by the County Assembly and nominated members from the following backgrounds:

- i. The chamber of commerce member Mr.Salim Mwayongwe is the representative of the private sector in the Kwale Municipality Board.
- ii. Md. Mishi Koba is a member of Kwale line SACCO association who is a representative of the informal sector in the Kwale Municipality Board.
- iii. Md. Anastancia Kanga is the representative of South Coast Neighbourhood associations in the Kwale Municipality board

The four members appointed through the competitive process and approved by the County Assembly are;

- i Mr.Seif Bendera
- ii Mr. Bakari Mwabudzuma
- iii Md.Saumu Beja
- iv Md.Nuru Mbogah

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Transfer from the county government	33,347,055	2,208,576	7%
<b>Total</b>	<b>33,347,055</b>	<b>2,208,576</b>	<b>7%</b>

The Municipality has worked on the (Concrete paving blocks) road projects, Kwale Posta-Kwale Judiciary-Methodist Road for FY 18/19, and Kwale Posta-Masjid Muadhi road for FY 19/20.

- The projects will enhance the security and accessibility within the municipality.
- They created employment opportunities.
- They enhanced the aesthetics of the municipality
- They offered a by-pass from the main road
- They improved storm water drainage

The road project programme was implemented by the Kenya Urban Support Programme; Urban Development Grant which is a World Bank grant for development projects. The Urban Development Grant was implemented through the Kwale Municipality.

The road project was a 0.7KM road that included a main carriage way, a walk way and a drainage system which benefited Kwale residents by;

- Enhancing their security and accessibility within the municipality.

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- Creating employment opportunities.
- Enhancing the aesthetics of the municipality
- Offering them a by-pass from the main road,
- Improving storm water drainage.

The implementation challenges of strategic objectives for the County Entity and the entity's future outlook include:

- Insufficient budget allocation
- Weak institutional framework
- Inadequate staff

Sub Programme	Key Outputs	Key performance Indicators	Baseline (Current Status)	Planned Targets	Resource Requirement (KSHS)
Proposed Baraza park landscaping, Cabro paving and installation of street lights	-Recreational facilities in place.  -Improved street lighting	-No. of visits  -Street lights installed and in operations	0	One recreational park.  Installation and equipping of 25 street lights.	Ksh.28,787,188
Proposed Environmental and Social Impact Assessment for Baraza park	-ESIA report.	Stakeholder engagement Environmental and social management plan	0	One ESIA report	Ksh.1,000,000
Proposed Feasibility study on Baraza park	-Feasibility Study report	-Project feasibility	0	One feasibility study report	Ksh.1,000,000

The key risk management strategies include;

- Establishment of Project Management Committee for the Municipality projects
- Adherence to the Occupational safety and health protocols
- The establishment of an audit committee within the board.

Signed: \_\_\_\_\_

Mwanawani Sheti  
Municipal Manager

## **6. Statement of Performance against Predetermined Objectives for the FY 2021/2022**

### **Introduction**

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

The Municipality of Kwale shall have all the powers, general and special, governmental or proprietary, expressed or implied, which may be possessed or assumed by municipalities under the Urban Areas and Cities Act, the County Governments Act and the County of Kwale By-laws.

Kwale Municipality borrows heavily from the County's 2018-2022 CIDP. The CIDP identified strategic objectives through a participatory process that reviewed the development priorities of the Governor's Manifesto.

### **The key objects of the Kwale Municipality are to:-**

1. Provide for efficient and accountable management of the affairs of the Municipality.
2. Preparation of Urban Plan for Kwale.
3. Provide for a governance mechanism that will enable the residents of the Municipality to:
4. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
5. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
6. Enjoy efficiency in service delivery.

### **Progress on attainment of Strategic development objectives (Adopted from Kwale County)**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

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<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Municipality Management	Inclusivity in running the municipality's affairs	Increased number of Kwale residents participating in the Municipality's affairs.	We have a project management/ monitoring committee for the Municipality's projects	In FY 20/21 we increased the number of activities and people involved. The municipality was involved in the Kazi mtaani programme among others.
Preparation of Urban Plan for Kwale	To have planned and controlled development in Kwale Municipality	A development plan in place.	To have developments aligned with the plan.	A consultant was procured and the plan is at the finalisation stage.

## **7. Corporate Governance Statement**

### **A. Number of Fund Administration Committee meetings held and the attendance to those meetings by members.**

The Kwale Municipality held all its quarterly meetings and there was an approximately 80% attendance to all of those meetings.

### **B. Succession plan.**

When the Municipal Manager is temporarily disabled from acting as Municipal Manager or when the office of the Municipal Manager becomes vacant, the County Governor shall appoint a qualified person to be an Acting Municipal Manager. The County Governor shall inform the County Public Service Board of such appointment within seven (7) days. The Acting Municipal Manager shall have the authority and duties of the Municipal Manager, except that the Acting Municipal Manager may appoint or remove employees only with approval of the Board of the Municipality. An Acting Municipal Manager shall hold office for not more than six months.

### **C. Existence of a service charter.**

The Municipality does not have a service charter.

### **D. Process of appointment and removal of trustees/ Administration Committee members.**

The county governor shall, while considering the nominated members identified by the organizations specified, require the organizations to produce

- (a) signed minutes as evidence of an accountable process of nomination;
- (b) evidence of compliance with statutory obligations;
- (c) vetting form to establish that the nominee has complied with the prescribed criteria for appointment as a member of the board.

A board of a municipality shall be appointed by the county governor with the approval of the county assembly.

The administration committee members shall cease to be member if;

- Is unable to perform the functions of the office by reason of mental or physical infirmity;
- Is declared or becomes bankrupt or insolvent;
- Is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- Resigns in writing to the County Governor;
- Without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
- Is found guilty of professional misconduct by the relevant professional body;
- Is disqualified from holding a public office under the Constitution;

- Fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- Engages in any gross misconduct; or
- Dies.

**E. Roles and functions of the Administration Committee members.**

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other no motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction maintenance and regulation of traffic controls and parking facilities;
- (h) Construction and maintenance of bus stations and taxi stands;
- (i) Promotion, regulation and provision of animal control and welfare;

**F. Induction and training, Administration Committee members and member's performance.**

The administration committee members have so far satisfactorily undergone the following induction and trainings:

- K.U.S.P Induction
- Budget and Finance training
- Procurement and By-laws training

**G. Conflict of interest,**

There is a lack of clear designation and roles between county staffs and Municipality staffs.

**H. Board remuneration,**

The chairperson, vice chairperson and members of a board or town committee shall not receive a salary from the board or town committee but shall be paid such allowances and benefits as the county executive committee shall, with the approval of the county assembly, and on the advice of the Salaries and Remuneration Commission, determine.

**I. Ethics and conduct as well as governance audit undertaken if any**

The Municipality has undergone annual internal and external audit by auditor general.

8. Management Discussion and Analysis

A. The operational and financial performance of the Fund/Board during the period.

Revenue classification	Revenue (KShs)	budget	Actual (KShs)	Realisation (%)
CARA	33,347,055		2,208,576	7%
Borrowings	-		-	-
Own generated revenues				
<b>Total</b>	<b>33,347,055</b>		<b>2,208,576</b>	<b>7%</b>

The Municipality has utilized 9% of the budget allocation. This was due to late procurement of the beautification of the Baraza park project alongside the street lighting and drainage on the Posta to masjid Muadh road. The delay was occasioned by the re-advertisement of the tender after failing to get the lowest evaluated bidder on round one. The related budget has been carried to the FY 2022/2023 and the municipality is on course to complete this project by the second quarter.

B. Entity's key projects or investments decision implemented or ongoing,

Item No.	Project/Activity Name	Name and Address of Contractor/Suppliers	Contract or Purchase Order No. & Date [or other Ref]	Brief Description of Goods, Works or Services	Total Value of Contract in Kshs	Project Status
1	PROPOSED CABRO LAYING OF KWALE POSTA - MASJID MUADH - SOCIAL SERVICES - MORTUARY ROAD IN KWALE TOWN	ABESTOS LTD	1811525	PROPOSED CABRO LAYING OF KWALE POSTA - MASJID MUADH - SOCIAL SERVICES - MORTUARY ROAD IN KWALE TOWN	36,251,045	Completed.
2	EIA AND FEASIBILITY FOR THE PROPOSED CABRO LAYING OF KWALE POSTA - MASJID MUADH - SOCIAL SERVICES - MORTUARY	ENVASSES ENVIRONMENTAL CONSULTANTS	001/825085/2020-2021	EIA FOR THE PROPOSED CABRO LAYING OF KWALE POSTA - MASJID MUADH - SOCIAL SERVICES - MORTUARY ROAD IN KWALE TOWN	973,000	Completed.

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	ROAD IN KWALE TOWN					
3	PROPOSED BARAZA PARK LANDSCAPING, CABRO PAVING AND INSTALLATION OF STREET LIGHTS IN KWALE MUNICIPALITY	CADILLAC TRADELINK LTD	CGK/ENR/1011430/2021- 2022	PROPOSED BARAZA PARK LANDSCAPING, CABRO PAVING AND INSTALLATION OF STREET LIGHTS IN KWALE MUNICIPALITY	28,448,632	Contract Awarded

The Municipality has been audited and has prepared its quarterly reports in compliance with statutory requirements. The municipality did not face any major risks pertaining the Fund, material arrears in statutory and other financial obligations.

## **9. Environmental and Sustainability Reporting**

Kwale Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

### **1. Sustainability strategy and profile**

The Kwale municipality is responsible for the provision and promotion of a clean environment for the business community. This is achieved through garbage collection, construction and maintenance of drainages and clearing bushes within the municipality.

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

This is one of the critical areas of the municipality's services. The municipality in collaboration with the Department of Environment has successfully:

- i. Maintained a clean friendly environment eg participating in community cleanup
- ii. Developed and implemented environmental awareness creation programs
- iii. Developed Waste management policies.
- iv. Established measures to mitigate against water, air, noise and other forms of pollution.

### **3. Employee welfare**

Employee welfare is one area the municipality is yet to come up with the framework required. This is so because the municipality is still fully reliant on the county seconded staff for its operations. However, the following are ways through which employee welfare can be achieved;

- Having an optimal staff organization structure for effective and efficient public service delivery.
- Harmonization of job grading and remuneration through job evaluation and making recommendations to the Salaries and Remuneration Commission on remuneration, pensions and gratuities for county employees;
- Promotion of the National Values and Principles as espoused by Articles 10 and 232 of the Constitution of Kenya;
- Strengthening county public service in the management of county affairs by upholding the requirements of Chapter 6 of the Constitution on Leadership and Integrity by

- recruiting and developing able and competent personnel with the highest standards of integrity;
- Regular monitoring, evaluation and reporting on the extent to which the National Values and Principles referred to in Articles 10 and 232 of the Constitution are compiled within the county public service;
- Facilitate disciplinary control over persons holding or acting in public service officers and ensuring the staff code of conduct is adhered to by all county employees; and
- Promoting coherent, integrated human resource planning and budgeting and carrying out staff audits to discourage incidences of “ghost workers” and advise the county government on human resources development and management.

#### **4. Market place practices**

The Municipality is developing a website in the FY 2022/2023. This shall be a market place feature where customers can discover services offered and how to access the same with ease.

##### **a) Responsible competition practice.**

#### **Corruption Prevention**

The Municipality is committed to preventing corruption, unethical practices and promote standards and best practices in governance in all its activities. As the institution grows, budgets will be available for participation and implementation of the anti-corruption policies by way of engaging with the relevant bodies and formulation of the required policies.

##### **b) Responsible Supply chain and supplier relations**

The Municipality uses the I-sourcing module of the Government ifmis system. This system involves online supplier sourcing where the entire supplier’s selection process is automated to reduce procurement fraud and enhance fair practices. This system gives suppliers access to arrange of available supplier jobs at all times.

##### **c) Responsible marketing and advertisement**

The Municipality also through the preference and preservation provision of the public procurement and disposal Act gives equal opportunities to all, and the advertisements are done through local daily newspapers, government portals, and notice boards. The Municipality also observes the 30% budget reservation for the special groups as outlined in the Public Procurement & Disposal Act 2015.

##### **d) Product stewardship**

Kwale Municipality Board is responsible and ensures that design of products/ services have minimal or no negative impact to the economy, environment, public health and work safety.

This is made possible through collaborated efforts with the departments of environment, public health, and other line departments.

**5. Community Engagements**

Through public participation the residents have played a role in decision making processes, participate in monitoring and evaluation, and demand for accountability from leaders and duty bearers. This has well been demonstrated through having committees in the municipality's projects implementation.

## **10. Report of the Municipality Board Members**

### **Principal activities**

The principal activities of the Fund are: -

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other no motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction maintenance and regulation of traffic controls and parking facilities;
- (h) Construction and maintenance of bus stations and taxi stands;
- (i) Promotion, regulation and provision of animal control and welfare;

### **Performance**

The performance of the Fund for the year ended June 30, 2022, are set out on pages 1 to 35.

### **Board Members**

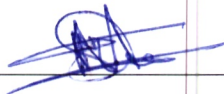
The members of the Board of Trustee who served during the year are shown on page iv. There were no changes in the Board during the financial year.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Kwale Municipality



**Name: Mwanawani Sheti**

**Secretary of the Board**

## **11. Statement of Management's Responsibilities**

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the City/Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the City/Municipality for and as at the end of the financial year ended on June 30, 2022. 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 Municipality, (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 City/Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2022, and the financial position as at that date.

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as

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**Kwale Municipality**  
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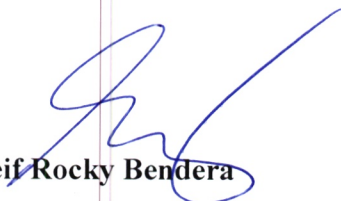
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applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal's financial statements were approved by the Board on 29<sup>th</sup> September 2022 and signed on its behalf by:



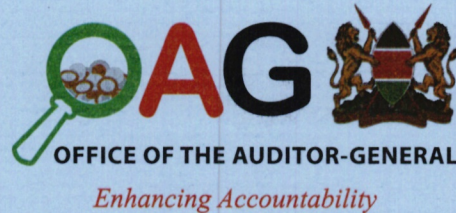
**Name: Seif Rocky Bendera**  
**Chairperson of the Board**



**Name: CPA Alex Onduko**  
**Accounting officer of the Board**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON KWALE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kwale Municipality set out on pages 1 to 44, which comprise the statement of financial position, and the statement of

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kwale Municipality, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Receivables from Non-Exchange Transactions**

The statement of financial position reflects receivables from non-exchange transactions amounting to Kshs.118,552,680 and as disclosed in under Note 19 to the financial statements. The receipts represents undisbursed cumulative budgetary allocations from the County Executive of Kwale. However, supporting documents in respect of the receivables were not provided for audit verification. In addition, the receivables amount may not be realized considering that budgetary allocations by the County Governments lapse after closure of each financial year.

In the circumstances, the accuracy, and completeness of the receivables from non-exchange transactions balance of Kshs.118,552,680 for the year ended 30 June, 2022 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final budgeted revenue of Kshs.33,347,055 and actual revenue of Kshs.2,208,576, resulting in revenue shortfall of Kshs.31,138,479 or 93% of the budget. In addition, the statement reflects final budgeted expenditure of Kshs.33,347,055 and actual expenditure of Kshs.2,559,867, resulting in underexpenditure of Kshs.30,787,188 or 92% of the budget. The underfunding and expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

The under receipt of funds may have impacted negatively on service delivery to the citizens of Kwale County.

### **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 resolve the issues.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Weakness and Non-compliance with the Municipality Charter**

Review of legislative framework the Municipality Charter revealed the several non-compliance weaknesses as highlighted below:

- i. Paragraph 3.4 of the Municipality Charter provides that the Municipality Board shall be composed of 9 members appointed by the County Executive Committee and approved by the County Assembly. However, Section 14(1) of the Urban Areas and Cities Act, 2011 revised in 2019 requires the Board of a Municipality to consist of nine (9) members appointed by the County Governor with the approval of the County Assembly.
- ii. The Municipality did not have a strategic plan which was in contravention of Section 175(1) of the Public Finance Management Act, 2012 which requires an Urban Area or City to develop a strategic plan based on the integrated development plan that is consistent with the County Fiscal Strategy Paper.

- iii. The Municipality did not have an Integrated Development Plan, contrary to Section 36(1) of the Urban Areas and Cities Act, 2011 revised in 2019 which requires every City and Municipality established under this Act to operate within the framework of integrated development planning.
- iv. The Board have any employee for the Municipality and did not conduct recruitment during the year under review which was contrary to Paragraph 8.1 of the Charter which requires the Board of the Municipality with the approval of the County Public Service Board to employ officers and employees for the Municipality as it deems necessary.

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

## **2. Lack of Database and Information System**

Review of the Information Technology (IT) internal controls of the Municipality and information obtained from the Management revealed that the Board did not maintain a comprehensive database and Information Technology System, contrary to Section 3.3(vii) which requires the board to maintain comprehensive data base and information system of administration

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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

## **Responsibilities of Management and the Municipal Board**

Management is responsible for the preparation and fair presentation of these financial statements in accordance International Public Sector Accounting Standards (Accrual 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 overall governance.

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

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

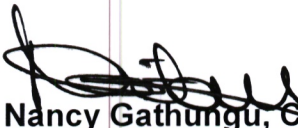
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Municipality's ability 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 Municipality 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 Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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



CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

27 February, 2023

*County Government of Kwale  
Kwale Municipality  
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**13. Statement of Financial Performance For The Year Ended 30 June 2022.**

	Note	2021/22	2020/21
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	33,347,055	32,264,139
Public contributions and donations	7		54,536,712
Levies Fines and Penalties	8		
Other revenues ( <i>Specify</i> )	9		
			<b>86,800,851</b>
<b>Revenue from exchange transactions</b>			
Interest income	10		
Other Income	11		
<b>Total revenue</b>		<b>33,347,055</b>	<b>86,800,851</b>
<b>Expenditure</b>			
Use of goods and services	12	2,559,867	1,835,729
Staff costs	13		
Board expenses	14		
Finance costs	15		
<b>Total expenses</b>		<b>2,559,867</b>	<b>1,835,729</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	16		
<b>Surplus/(deficit) for the period</b>		<b>30,787,188</b>	<b>84,965,122</b>

The notes set out on pages 23 to 36 form an integral part of these Financial Statements. The entity financial statements were approved on 29<sup>th</sup> September 2022 and signed by:

**Name: CPA Alex Onduko  
Chief Officer**

**Name: Marago Filex  
Head of Finance  
ICPAK M/No**

*County Government of Kwale  
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**14. Statement Of Financial Position As At 30 June 2022**

	Note	2021/22	2020/21
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	31,054,953	31,406,244
Receivables from exchange transactions	18	-	
Receivables from Non- exchange transactions	19	118,552,680	88,107,833
Prepayments	20	-	
Inventories	21	-	
		<b>149,607,633</b>	<b>119,514,077</b>
<b>Non-current assets</b>			
Property, plant, and equipment	22	36,251,045	36,251,045
Intangible assets	23	-	
<b>Total Non-current Assets</b>		<b>36,251,045</b>	<b>36,251,045</b>
<b>Total assets</b>		<b>185,858,678</b>	<b>155,765,122</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24		
Provisions	25		
Borrowings	26		
Employee benefit obligations	27		
<b>Non-current liabilities</b>			
Provisions	25		
Borrowings	26		
Non-current employee benefit obligation	27		
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b>185,858,678</b>	<b>155,765,122</b>
<b>Capital/Development Grants/Fund</b>		-	
Reserves			
Accumulated surplus		185,858,678	155,765,122
<b>Total net assets and liabilities</b>		<b>185,858,678</b>	<b>155,765,122</b>

**County Government of Kwale**  
**Kwale Municipality**  
**Annual Reports and Financial Statements for the year ended June 30, 2022**

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29<sup>th</sup> September 2022 and signed by:



**Name: CPA Alex Onduko**  
**Chief Officer**



**Name: Marago Filex**  
**Head of Finance**  
**ICPAK M/No**

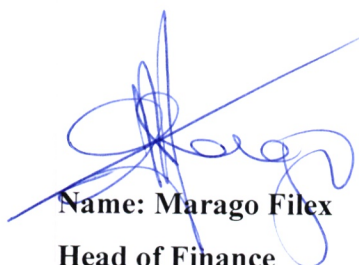
15. Statement of Changes In Net Assets As At 30 June 2022

	Capital/ Development Grants/Fun	Revaluati on Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2020</b>	-	-	109,826,620	<b>109,826,620</b>
Surplus/(deficit) for the period	-	-	84,965,122	<b>84,965,122</b>
Funds received during the year	-	-		
Revaluation gain	-	-		
Prior year adjustment (SBM Bank transferred to Lands dept.)			(39,026,620)	<b>(39,026,620)</b>
<b>Balance as at 30 June 2021</b>	-	-	<b>155,765,122</b>	<b>155,765,122</b>
<b>Balance as at 1 July 2021</b>	-	-	<b>155,765,122</b>	<b>155,765,122</b>
Surplus/(deficit) for the period	-	-	30,787,188	<b>30,787,188</b>
Funds transferred during the year	-	-	(693,632)	<b>(693,632)</b>
Revaluation gain				-
<b>Balance as at 30 June 2022</b>	-	-	<b>185,858,678</b>	<b>185,858,678</b>

(Accumulate surplus has been reduced by Funds transferred to CRF of Kshs 693,632 ie Kshs 346,037 and Kshs 347,595 for financial year 2020/21 and 2021/22 respectively.)



Name: CPA Alex Onduko  
 Chief Officer



Name: Marago Filex  
 Head of Finance  
 ICPAK M/No

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**16. Statement Of Cash Flows for The Year Ended 30 June 2022**

	Note	2021/22	2020/21
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		2,208,576	32,264,139
Public contributions and donations			54,536,712
Interest received			
<i>Other receipts (Specify)</i>			
<b>Total Receipts</b>		<b>2,208,576</b>	<b>86,800,851</b>
<b>Payments</b>			
Use of goods and services		(2,559,867)	(1,835,729)
Staff costs			
Board expenses			
Finance costs			
<b>Total Payments</b>		<b>(2,559,867)</b>	<b>(1,835,729)</b>
<b>Net cash flows from operating activities</b>	28	<b>(351,291)</b>	<b>67,657,289</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets			(36,251,045)
Proceeds from sale of PPE			
<b>Net cash flows used in investing activities</b>			<b>(36,251,045)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants			
Proceeds from borrowings			
Repayment of borrowings			
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(351,291)</b>	<b>31,406,244</b>
Cash And Cash Equivalents At 1 July	17	31,406,244	-
<b>Cash And Cash Equivalents At 30 June</b>	17	<b>31,054,953</b>	<b>31,406,244</b>

Transfers from county government is cash received less amount transferred to CRF.

**County Government of Kwale**

**Kwale Municipality**

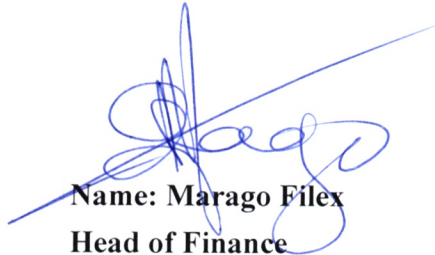
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(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)



**Name: CPA Alex Onduko**  
**Chief Officer**



**Name: Marago Filex**  
**Head of Finance**  
**ICPAK M/No**

17. Statement Of Comparison Of Budget And Actual For The Year Ended 30 June 2022.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>						
Transfers from the County Government	3,120,256	30,226,799	33,347,055	2,208,576	31,138,479	7%
Public contributions and donations						
Interest income						
Other income ( <i>specify</i> )						
<b>Total Revenue</b>	<b>3,120,256</b>	<b>30,226,799</b>	<b>33,347,055</b>	<b>2,208,576</b>	<b>31,138,479</b>	<b>7%</b>
<b>Expenses</b>						
Use of goods and services	3,120,256	30,226,799	33,347,055	2,559,867	30,787,188	8%
Board expenses						
Staff Costs						
Finance costs						
<b>Total Expenditure</b>	<b>3,120,256</b>	<b>30,226,799</b>	<b>33,347,055</b>	<b>2,559,867</b>	<b>30,787,188</b>	<b>8%</b>
<b>Surplus for the period</b>	-	-	-	<b>(351,291)</b>		
<b>Capital Expenditure</b>	-	-	-	-	-	

**Budget notes**

[Provide an explanation of differences between actual and budgeted amounts (10% over/ under)]


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There was an under absorption of 94% comparing the actuals and budgeted amount. This was due to non-implementation of the proposed beautification of Baraza Park which was the development budget. The procurement of this project delayed as there was a retender occasioned by the fact that there was no lowest evaluated bidder during the first evaluation. This project has since been awarded with its budget rolled over to the FY 2022/2023.

There were changes between the original and final budget due to reallocations and introduction of a new KUSP project which was not in the original budget.

**Reconciliation Statement**

Reconciliations	Statement of Financial Performance Kshs.	Comparison of Budget Kshs.	Difference Kshs.	Comments
Transfer from County Government	33,347,055	2,208,576	31,138,479	The variance is as a result of difference in accounting basis, one shows actual cash received while the other one shows the budget

  
**Name: CPA Alex Onduko**  
**Chief Officer**  
**Date: 29/9/2022**

  
**Name: Marago Filex**  
**Head of Finance**  
**ICPAK M/No**  
**Date: 29/9/2022**

## **18. Notes to the Financial Statements**

### **1. General Information**

Kwale Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act 2011. The City/Municipality is under the Kwale County Government and is domiciled in Kenya.

The entity's principal activities are:

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other no motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction maintenance and regulation of traffic controls and parking facilities;
- (h) Construction and maintenance of bus stations and taxi stands;
- (i) Promotion, regulation and provision of animal control and welfare;
- (j) Any other function as may be delegated by the County Executive Committee.

### **2. Statement of compliance and basis of preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

*(Notes to financial statements continued)*

**3. Application of New and revised standards (IPSAS)**

***i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022***

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> </ul>

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	<p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><b><i>(State the impact of the standard to the Entity if relevant)</i></b></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><b><i>(State the impact of the standard to the Entity if relevant)</i></b></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees</p>

	<p>and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 44:  Non- Current  Assets Held  for Sale and  Discontinued  Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021/2022

*(Notes to financial statements continued)*

**4. Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (*cash, goods, services and property*) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the City/Municipality and can be measured reliably.

**ii) Revenue from exchange transactions**

***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**b) Budget information**

The original budget for FY 2021/22 was approved by the County Assembly on 30<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of Kshs. 30,226,799 on 29<sup>th</sup> June 2022 following the governing body's approval.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

*(Significant accounting policies continued)*

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 37 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the City/Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

*(Significant accounting policies continued)*

**e) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the City/Municipality has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The City/Municipality assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the City/Municipality of financial assets that can be reliably estimated asset or the entity of financial assets that can be reliably estimated.

***(Significant accounting policies continued)***

Evidence of impairment may include the following indicators:

- *The debtors or an entity of debtors are experiencing significant financial difficulty*
- *Default or delinquency in interest or principal payments*
- *The probability that debtors will enter bankruptcy or other financial reorganization*
- *Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)*

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**f) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

***(Significant accounting policies continued)***

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

**g) Provisions**

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**h) Contingent liabilities**

The Municipality 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

**i) Contingent assets**

The Municipality 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 Municipality 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

*(Significant accounting policies continued)*

Reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**j) Nature and purpose of reserves**

The Municipality creates and maintains reserves in terms of specific requirements.  
*Municipality to state the reserves maintained and appropriate policies adopted*

**k) Changes in accounting policies and estimates**

The Municipality recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**l) Employee benefits – Retirement benefit plans**

The Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

*(Significant accounting policies continued)*

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**n) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**o) Related parties**

The Municipality regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

**p) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**q) Comparative figures**

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

***(Significant accounting policies continued)***

**r) Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The City/Municipality should indicate whether there are material adjusting and non- adjusting events after the reporting period.

**s) Currency**

The financial statements are presented in Kenya Shillings (Kshs.).

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Municipality's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g ;

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Municipality based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Municipality. Such changes are reflected in the assumptions when they occur.

*(Significant accounting policies continued)*

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

(Notes to the Financial Statements)

6. Transfers from the County Government

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	33,347,055	31,055,373
Payments by County on behalf of the entity		1,208,766
<b>Total</b>	<b>33,347,055</b>	<b>32,264,139</b>

(Provide brief explanation for this revenue)

7. Public Contributions and Donations

Description	2021/22	2020/21
	Kshs.	Kshs.
Donation from development partners	-	54,536,712
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>54,536,712</b>

8. Levies, Fines and penalties

Description	2021/22	2020/21
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (indicate and specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

9. Other Revenues from Non-Exchange Transactions

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (indicate and specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Provide a brief explanation for this revenue)

(Notes To the Financial Statements (Continued))

**10. Interest income**

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others ( <i>Specify</i> )	-	-
<b>Total interest income</b>	-	-

**11. Other income**

Description	2021/22	2020/21
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others ( <i>specify</i> )	-	-
<b>Total other income</b>	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

**12. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	40,000	51,539
Domestic travel and subsistence	1,366,371	370,200
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	-
Hospitality supplies and services	851,490	391,800
Insurance costs	-	-

County Government of Kwale

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Description	2021/22	2020/21
	Kshs.	Kshs.
Specialized materials and services	-	-
Office and general supplies and services	20,000	49,190
Fuel, oil and lubricants	-	-
Other operating expenses ( <i>Specify</i> )	-	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	973,000
Audit fees	-	-
Hire of Transport, equipment etc	263,290	-
Bank Charges	18,716	-
Depreciation and amortisation	-	-
<b>Total</b>	<b>2,559,867</b>	<b>1,835,729</b>

13. Staff costs

Description	2021/22	2020/21
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs ( <i>Specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

14. Board expenses

Description	2021/22	2020/21
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	-	-
Medical Insurance	-	-

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Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**15. Finance costs**

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	-	-

**16. Gain/(loss) on disposal of assets**

Description	2021/22	2020/21
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**17. Cash and cash equivalents**

Description	2021/22	2020/21
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	31,054,953	31,406,244
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	<b>31,054,953</b>	<b>31,406,244</b>

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*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

**Detailed analysis of the cash and cash equivalents are as follows:**

		2021/22	2020/21
<b>Financial institution</b>	<b>Account number</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank	1262607582	(420)	350,871
CBK - Development	1000385863	31,055,373	31,055,373
<b>Sub- total</b>		<b>31,054,953</b>	<b>31,406,244</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>31,054,953</b>	<b>31,406,244</b>

**18. Receivables from exchange transactions**

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	-	-
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Non- current receivables (b)</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

**19. Receivables from Non-Exchange transaction**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfer from County Executive	118,552,680	88,107,833
Transfer from Fund (specify)		-
<b>Total receivables from non-exchange transactions</b>	<b>118,552,680</b>	<b>88,107,833</b>

**20. Prepayments**

Description	2021/22	2020/21
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-

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Other prepayments( <i>specify</i> )	-	-
<b>Total</b>	-	-

**21. Inventories**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Stationery	-	-
Consumables	-	-
Other inventories( <i>specify</i> )	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

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22. Property, Plant and Equipment

	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Roads	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	36,251,045	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2021	-	-	-	-	-	-	36,251,045	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2022	-	-	-	-	-	-	36,251,045	-
<b>Depreciation and impairment</b>								
At 1 July 2020		-	-	-	-	-	-	-
Additions		-	-	-	-	-	36,251,045	

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	<b>Land</b>	<b>Building</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Other Assets (specify)</b>	<b>Roads</b>	<b>Total</b>
<b>Description</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
<b>As at 30 June 2021</b>		-	-	-	-	-	<b>36,251,045</b>	-
Depreciation		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2022</b>		-	-	-	-	-	<b>36,251,045</b>	-
<b>NBV as at 30<sup>th</sup> June 2021</b>	-	-	-	-	-	-	36,251,045	-
<b>NBV as at 30<sup>th</sup> June 2022</b>	-	-	-	-	-	-	<b>36,251,045</b>	-

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23. Intangible assets

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>		

24. Trade and other payables from exchange transactions

Description	2021/22	2020/21
	Kshs.	Kshs.
Trade payables	-	-
Refundable deposits (Retentions, court bonds etc)	-	-
Accrued expenses	-	-
Other payables ( <i>Specify</i> )	-	-
<b>Total trade and other payables</b>		

25. Provisions

Description	2021/22	2020/21
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions ( <i>Specify</i> )	-	-
Provision utilised	-	-

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<b>Balance at the end of the year</b>	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
<b>Total Provisions</b>	-	-

**26. Borrowings**

The table below shows the classification of borrowings long-term and current borrowings:

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 20 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Balance at beginning of the period</b>	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

The table below shows the Distribution of borrowings:

	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-

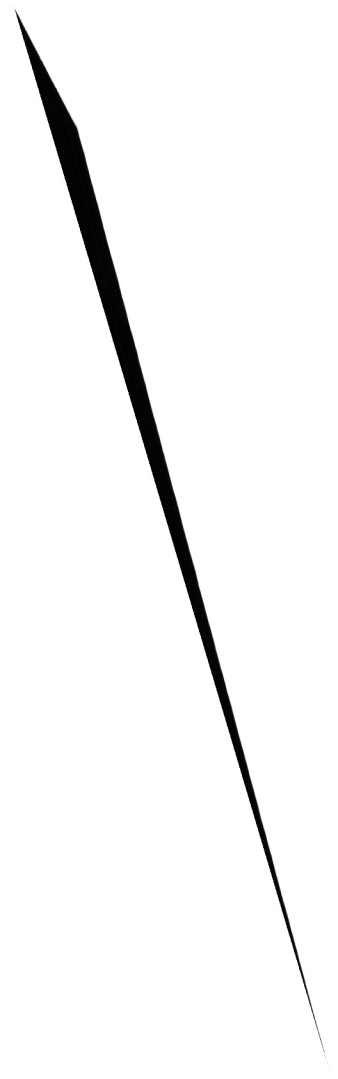
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

**27. Employee benefit obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

**28. Cash generated from operations**

	2021/22	2020/21
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	30,787,188	84,965,127
<b>Adjusted for:</b>		
Depreciation		
Amortisation		
Gains/ losses on disposal of assets		
Interest income		
Transfers to CRF	(693,632)	
Finance cost		
<b>Working Capital adjustments</b>		
Increase in inventory		
Increase in receivables	(30,4	
Increase in payables		
<b>Net cash flow from operating activities</b>		



**Other Disclosures**

**29. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the City/Municipality include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The City/Municipality/scheme is related to the following entities:

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) City/Municipality Board; etc.

**b) Related party transactions**

	2021/22	2020/21
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2021/22	2020/21
	Kshs.	Kshs.
Board of Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2021/22	2020/21
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-

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Due from County Assembly	-	-
<b>Total</b>	-	-

*(Other Disclosures continued)*

**e) Due to related parties**

	2021/22	2020/21
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

**30. Contingent liabilities**

Contingent liabilities	2021/22	2020/21
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**31. Contingent Assets**

Contingent liabilities	2021/22	2020/21
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
<b>Total</b>	-	-

### **32. Financial risk management**

The City/Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The City/Municipality's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The City/Municipality does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The City/Municipality's financial risk management objectives and policies are detailed below:

#### **I. Credit risk**

The City/Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the City/Municipality's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the City/Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange	-	-	-	-

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transactions					
Bank balances		-	-	-	-
<b>Total</b>		-	-	-	-
<b>At 30 June 2021</b>					
Receivables from exchange transactions		-	-	-	-
Receivables from non-exchange transactions		-	-	-	-
Bank balances		-	-	-	-
<b>Total</b>		-	-	-	-

***(Other Disclosures Continued)***

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the City/Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The City/Municipality has significant concentration of credit risk on amounts due from xxx.

The City/Municipality Board sets policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**II. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the City/Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the City/Municipality's short, medium and long-term liquidity management requirements. The City/Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the City/Municipality under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 June 2022</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

### **III. Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the City/Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the City/Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The City/Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the City/Municipality's exposure to market risks or the manner in which it manages and measures the risk.

**IV. Foreign currency risk**

The City/Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the City/Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		<b>Other currencies</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>At 30 June 2022</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

*(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)*

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>20xx</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20xx-1</b>			
Euro	10%	-	-
USD	10%	-	-

#### V. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

#### Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

#### VI. Capital risk management

The objective of the Municipality's capital risk management is to safeguard the Municipality's ability to continue as a going concern. The Municipality capital structure comprises of the following Municipality's:

	2021/22	2020/21
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-

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<b>Total Funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

19. Annexes

**Annex 1. Progress on Follow up of Auditors Recommendations.**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Omission of Cash and Cash Equivalents Brought Forward	Financial statements amended and necessary explanation given	Awaiting auditor's comments	Soon as we receive the auditor's comments
2	Unsupported revenue From non-exchange transactions – Urban Development Grant Receipts	Necessary explanation and schedule given	Awaiting auditor's comments	Soon as we receive the auditor's comments
<b>Other Matters</b>				
1	Budgetary Control and Performance	Necessary explanation given	Resolved	N/A
<b>REPORT ON LAWFULNESS AND EFFECTIVE USE OF PUBLIC RESOURCES</b>				
1	Operating without an Integrated Development Plan	Necessary explanation given	Ongoing	By June 2023

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
2	Operating without Policies, Plans, Strategies, Programs and Bylaws	Integrated solid waste management, and waste collection and disposal policies are in place	Partly resolved. Development of the IDP and By laws still underway	By end of June 2023
3	Anomalies in Proposed Cabro Paving of Posta-Masjid Muadh Road	The issues raised were corrected	Resolved	N/A

**Guidance Notes:**

- a) Use the same reference numbers as contained in the external audit report.
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.



.....  
**To be signed by the Accounting officer of the Entity**

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**Annex 2: Inter Entity Transfers**

<b>CITY/MUNICIPALITY NAME:</b>				
<b>Breakdown of Transfers from the County Executive of xxx County</b>				
	<b>FY 20xx-1/20xx</b>			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	

*(The above amounts have been communicated to and reconciled with the parent Department in the County.)*

.....  
*Signed by the Head of Accounts of the Entity and the transferring Entities*

**Annex 3: Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



**Annex 4: Disaster Expenditure Reporting Template**

Date:

Entity

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments