

REPUBLIC OF KENYA



Enhancing Accountability

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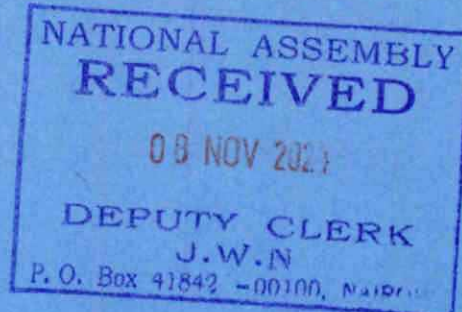
THE AUDITOR-GENERAL

ON

**MALINDI INTEGRATED SOCIAL HEALTH
DEVELOPMENT PROGRAMME
PHASE II (MISHDP-II)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**COAST DEVELOPMENT
AUTHORITY**



*Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024*



**PROJECT NAME: MALINDI INTEGRATED SOCIAL HEALTH DEVELOPMENT
PROGRAMME PHASE II (MISHDP-II)**

IMPLEMENTING ENTITY: COAST DEVELOPMENT AUTHORITY

PROJECT GRANT/CREDIT NUMBER: F.ROT/AID 18/005/00

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

TABLE CONTENTS	PAGE
1. Acronyms and Glossary of Terms	iii
2. Project Information and Overall Performance	iv
3. Statement of Performance against Project`s Predetermined Objectives.....	xvi
4. Environmental and Sustainability reporting	xxii
5. Statement of Project Management responsibilities.....	xxv
6. Report of the Independent Auditor on Financial Statements for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II).....	xxviii
7. Statement of Receipts and Payments for the year ended 30th June 2024..	1
8. Statement of Financial Assets and Liabilities as at 30 th June 2024	3
9. Statement of Cashflow for the year ended 30 th June 2024.....	4
10. Statement of Comparison of Budget and Actual amounts for year ended 30 th June 2024	6
11. Significant Accounting Policies.....	7
12. Notes to the Financial Statements.....	14
13. Annexes	37

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

1. Acronyms and Glossary of Terms

AICS	Italian Agency for Development Cooperation
CBK	Central Bank of Kenya
CDA	Coast Development Authority
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MISHDP-II	Malindi Integrated Social Health Development Project Phase II
NT	National Treasury
NPSC	National Programme Steering Committee
PFM	Public Finance Management
PIT	Programme Implementation Team
PMU	Programme Management Unit
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)

Project Grant/Credit Number: F.ROT/AID 18/005/00

Objective

Goal - The overall goal of the programme is to improve the social and economic development of Malindi and Magarini sub-counties.

Specific objectives:

- To improve the Education facilities and school enrolment in Magarini sub-county.
- To improve Health facilities and access in Malindi and Magarini sub-counties.
- To improve Infrastructure and access in Malindi and Magarini area in general.
- To strengthen local, County and regional capacity for sustainable programme management.

Address

The project headquarters offices are in Mombasa Town, Mombasa County, Kenya. The address of its registered office is:

Coast Development Authority
P.O. Box 1322-80100
Mombasa, Kenya

Contacts: The following are the project contacts:

Managing Director
Coast Development Authority
P.O. Box 1322-80100
Mombasa, Kenya
Telephone: 254-020-8009196; 0794100000
E-mail: cda@cda.go.ke
Website: www.cda.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	1 st May 2022
Project End Date:	1 st May 2025
Project Manager:	Dr Mwanasiti Bendera
Project Sponsor:	Government of Italy through Italian Agency for Development Cooperation

2.3 Project Overview

Line Ministry/State Department of the project	Ministry of East African Community (EAC), the ASAL's and Regional Development. State Department for the ASAL's & Regional Development.
Project number	F.ROT/AID 18/005/00
Strategic goals of the project	The strategic goals of the project are as follows: Goal - The overall goal of the programme is to improve the social and economic development of Malindi and Magarini sub-counties. Specific objectives: <ul style="list-style-type: none"> • To improve the Education facilities and school enrolment in Magarini sub-county. • To improve Health facilities and access in Malindi and Magarini sub-counties. • To improve Infrastructure and access in Malindi and Magarini area in general. • To strengthen local, County and regional capacity for sustainable programme management.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means:

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

	<ul style="list-style-type: none"> i. Ngomeni Secondary School: Construction and furnishing of 1 No. Kitchen & 1 No. Dining hall, 4 No. Classrooms, 1 No. Dormitories ii. Ngomeni Primary school: Renovation and furnishing of 6 No. Classrooms iii. Rasi Primary School: Construction and furnishing of 6 No. Classrooms, 1No. JSS Laboratory, 5 No. Blocks of 3-door pit V.I.P latrines iv. Midodoni Primary School: Construction and equipping of 1No. JSS Laboratory v. Burangi primary school: Construction and furnishing of 8 No. Classrooms, 1No. JSS Laboratory, 3 No. Blocks of 3-door pit V.I.P latrines vi. Provision of an award scheme for 5 best performing students in each class (F1 - 4) in Ngomeni Secondary School vii. Construction and equipping of Intensive Care Unit at Malindi Sub-County Hospital viii. Provision of equipment and furniture for kitchen and laundry at Mambrui dispensary ix. Construction and equipping of Chief's Office x. Construction and equipping of solar powered borehole at Rasi village xi. Tarmacking of 11.5Km Mjanaheri – Ngomeni Road xii. Construction of by-pass footbridge across river Sabaki xiii. Construction and equipping of CDA Malindi office, furnishing & equipping the new offices xiv. Renovation of CDA headquarters xv. Exchange visits, seminars and workshops conducted xvi. Project Management Unit expenses xvii. 1 No. 4-wheel vehicle procured xviii. Internal & External (Auditor General) financial audits reports, ESIA xix. Programme launched, branded, documented and information disseminated and monitored
<p>Other important background information of the project</p>	<p>CDA successfully implemented the Malindi Integrated Social Health Development Programme Phase I (MISHDP-I) between June 2008 and 2012. The programme was designed to improve the social and economic development of Malindi and Magarini sub-counties with special focus on Ngomeni location. The</p>

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

	<p>completed projects in MISHDP-I are in operation and serving the local population in the infrastructure (road, sea wall, water), education and health facilities. MISHDP-II focuses on Education, Health and Infrastructure sectors as well as strengthening institutional capacities for sustainable programme management.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) The programme will directly enhance access to education to over 4,000 students in Magarini and Malindi sub-counties through provision of better learning facilities (ii) Improved access to better health care services particularly for women and children thereby reducing morbidity and mortality rates in Kilifi County (iii) Improved trade within the area through establishment of better road, bridge and communication networks thereby stimulating economic growth and improved livelihoods (iv) Enhanced access to potable water thereby reducing incidence of waterborne diseases (v) Improved capacity of public institutions in coordinating and implementing community projects (vi) Reduction of social vices such as early marriages and unwanted pregnancies by school going children (vii) Poverty reduction through education and improved trade
<p>Project duration</p>	<p>3 Years</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

- (i) National Bank of Kenya

2.5 Independent Auditor

The project is audited by the –Office of the Auditor General

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title Designation	Key qualification	Responsibilities
Pamela Maghema Ngure	Ag. Managing Director	MSc	Accounting Officer
Mwanasiti Mohamed Bendera	Deputy Director Research, Strategy & Planning	PhD	Programme Manager
Rose Rehema Mweni	CDA Kilifi County Coordinator	MSc	Programme Coordinator
Hassan Moulid	Senior Civil Engineer	MSc	Programme Engineer
Monicah Chepkemoi	Principal Accountant	MSc	Programme Accountant
Wycliff Maranga	Assistant Procurement Officer	Diploma	Procurement
Geoffrey Rono	Director Research, Strategy, Planning & Compliance	PhD	M&E
Juweiriya Omar	Senior Administrative Officer	Diploma	Administration
Nancy Sidi	Communication Officer	Degree	Public relations and Publicity
Hafsa Thabit	Senior Legal Officer	Degree	Legal services

2.7 Funding summary

The Project is for duration of 3 years from May 2022 to May 2025 with an approved budget of Euros 6,395,373 equivalent to Kshs.856,979,832 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Euros	Kshs	Euros	Kshs	Euros	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(ii) Loan						
Government of Italy	6,395,373	856,979,832	1,999,995	271,535,110.40	4,395,378	585,444,721.60
(iii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	6,395,373	856,979,832	1,999,995	271,535,110.40	4,395,378	585,444,721.60

[

Project information and overall performance (continued)

**Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024**

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	Euros	Kshs	Euros	Kshs	Euros	Kshs
(i) Grant	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(i) Loan						
Government of Italy	1,999,995	271,535,110	832,161	112,980,786	1,167,834	158,554,323
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	1,999,995	271,535,110	1,167,558	112,980,786	1,167,834	158,554,323

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for current year and for cumulative to-date,*

The total programme financing is Euros 6,395,373 disbursed in 2 instalments; 1st instalment of Euros 2,000,000 and 2nd instalment of Euros 4,395,373. The project effectiveness date is May 2022 and it was launched in 28th March 2023 upon receipt of 1st disbursement totalling to KShs.271,535,110.40 where activity implementation commenced.

- ii) *Physical progress based on outputs, outcomes, and impacts since project commencement,*

The programme focuses on improving infrastructure in Education, Health and Infrastructure sectors as well as strengthening institutional capacities for sustainable programme management.

The project governance structure was established and operational. It has 3 levels i.e.

- a) The National Programme Steering Committee (NPSC) at National level
- b) Programme Management Unit (PMU)/Programme Implementation Team (PIT) at Institutional level
- c) 11 No. Local Project Committees (LPCs) at Local level.

Out of Eighteen (18) projects under this programme, fourteen (14) are at different level of completion and four (4) are completed. Tender documents for the supply and delivery of furniture and equipment of the constructed facilities were done and ready for implementation. The financial and Environmental Audits were also done. For better coordination and management of the programme, baseline survey, M&E as well as communication strategy were carried out to improve performance and meet the intended objectives.

- iii) *Indicate the absorption rate for each year since the commencement of the project.*

Absorption rate is 42% by 30th June 2024. The Low absorption of funds observed in the report is due to the nature of planned activities most of which are construction works that needs to comply with government regulation thus time consuming. It is anticipated that the absorption rate will increase upon completion of construction works and procurement of furniture and equipment of constructed facilities.

***Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024***

iv) *List the implementation challenges and recommended next steps.*

The following were the Key challenges faced during the reporting period:

- Delay in the disbursement of funds – the programme date of effectiveness is May 2022 and CDA received the first disbursement in March 2023.
- Significant time lapse of 1 year that causes delay in the achieving the Project Development Objectives. However, the Authority is fast tracking all the necessary activities to achieve the set targets.
- Delay in tax exemptions approval process. CDA is closely following up all the steps of the approval process.

2.9 Summary of Project Compliance:

The programme implementation has complied with the necessary laws and regulations including the PFM Act 2012 and Kenya vision 2030 flagship projects, and the programme financing agreements. It also has the following risks and mitigation as highlighted from the Project Appraisal Document.

a) Risks identified during Project design

Rating range from: - “Low” (L), “Moderate” (M), “Substantial” (S) or “High” (H)

Risk	Rating	Mitigation Measures
1. Stakeholder Risk:		
Multiple agencies involvement in the various projects within this programme has affected implementation (AICS, GoK Ministries, Public Works, KeRRA, County Govt. of Kilifi etc.)	H	There has been continuous consultation and collaboration among stakeholders in the implementation of targeted activities.
Local communities in the specific project sites not fully integrated into planning and implementation of this programme	S	The established local project communities (LPCs) are actively involved in the implemented projects.
2. Operating Environment Level Risks		
Country Risk - There exist two levels of governments (National & County), which may affect implementation of the Project Development Objectives (PDO).	M	The signing of the Loan and Financial Agreement excludes political interference from both levels of government. Both governments support the implementation of the programme activities.

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Risk	Rating	Mitigation Measures
		This is specifically observed in the ICU project.
Institutional (Sector/Multi-sector) - The participating institutions in this multi-sectoral programme may lack adequate ownership and commitment to a shared strategy; clarity of roles and responsibilities; effective coordination mechanisms and/or fraud and corruption controls, needed to achieve the PDO	M	The programme implementation has engaged all the relevant institutions in its 3 level of governance i.e. NPSC, PIT and LPCs.
3. Implementing Agency Level Risk		
Capacity Risk - The staff turnover for the professional / skilled personnel e.g. Engineers within the Implementing Agencies that can pose a risk in efficiently and effectively achieving the desired PDO	L	The programme design and implementation ensured that the technical officers engaged are nominated by the respective institutions and programme activities are facilitated according to the GOK policies on officers working away from their workstations.
Governance Risk - The programme governance related to irregularities at various levels: <ul style="list-style-type: none"> • Reporting and governance structures, • Oversight bodies mandates, roles and responsibilities • Stakeholder and human resource capabilities; • Project Management and documentation of change. 	H	The Programme design and implementation governance has various levels: NPSC, PMU, PIT and LPCs that ensures the risk mitigation is addressed in all levels for the smooth implementation of the planned activities.
4. Project Level Risk		
Design Risk - If the programme not being well designed results to inadequate or failed structures, processes and systems.	H	The programme design borrowed heavily from the experiences and successes of MISHDP-I and the ongoing Mwache multi-purpose dam (KWSCR-2) that has similar operational implementing structures starting from the NPSC for oversight, the PMU as a coordinating unit, PIT for all stakeholder technical expertise

*Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Risk	Rating	Mitigation Measures
		for implementation and supervision of works, and the LPCs to engage the local community on the ground for participatory implementation and monitoring of progress.
Safeguards Risk (Environment, safety, and social risks) - The programme may have a detrimental effect on the environment or that hidden hazards may be uncovered during project execution.	S	Environmental Social Impact Assessment (ESIA) and Environmental Audit (EA) were carried out during implementation for all the construction projects.

b) Critical Risks Affecting Progress (Not identified at project design)

- Heavy rains delayed some of the ongoing construction works but they are now on track.
- The new procedure of Tax exemption approval process. The items for Tax exemption submitted in May 2023 were approved in 7th Dec 2023 on a back and forth process that took more than six months.

3. Statement of Performance against Project's Predetermined Objectives

Below we provide the progress on attaining the stated objectives:

Objective/Component	Planned Activities	Achievement/Status	Variance
1. To Improve the Education facilities and school enrollment in Malindi and Magarini sub-counties	Ngomeni Secondary School: Construction of 1 No. Dining hall & 1 No. Kitchen	<p>59.75% completion</p> <ul style="list-style-type: none"> Construction ongoing at Superstructure level Contract awarded to M/s Hakaam General Construction & Supplies Ltd Site hand over done on 21st September, 2023 Date of Completion is 30th June 2024 The contract was extended to 30th September 2024 	<ul style="list-style-type: none"> Fixing of doors and windows, Electrical and Plumbing works, decorations etc. Commissioning Furnishing completed facilities
	Ngomeni Secondary School: Construction of 4 No. Classrooms with Suspended Slab	<p>15.46% completion</p> <ul style="list-style-type: none"> Construction ongoing at substructure level Contract awarded to M/s Villa max ventures Ltd Site hand over done on 31st August, 2023 Date of Completion is 30th June 2024 The contract was extended to 30th September 2024 	<ul style="list-style-type: none"> Superstructure works: walling, Fixing of doors and windows, Electrical and Plumbing works, decorations etc. Commissioning Furnishing completed facilities
	Ngomeni Secondary School: Construction of 1 No. Dormitory	<p>94.58% completion</p> <ul style="list-style-type: none"> Construction ongoing at finishing level Contract awarded to M/s Firstline ventures Ltd Site hand over done on 31st August, 2023 Date of Completion is 30th June 2024 	<ul style="list-style-type: none"> Commissioning Furnishing completed facilities
	Ngomeni Primary school: Renovation of 6 No. Classrooms Block	<p>91.00% completion</p> <ul style="list-style-type: none"> Construction ongoing at finishing level Contract awarded to M/s Azmir Construction & Supplies Ltd Site hand over done on 13th March, 2024 Date of Completion is 30th June 2024 	<ul style="list-style-type: none"> Commissioning Furnishing completed facilities

**Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Objective/Component	Planned Activities	Achievement/ Status	Variance
	Rasi Primary School: Construction of 6 No. Classrooms Block	65.38% completion <ul style="list-style-type: none"> Construction ongoing at finishing level Contract awarded to M/s Onsite Developers Limited Site hand over done on 1st September, 2023 Date of Completion is 30th June 2024 The contract was extended to 30th September 2024 	<ul style="list-style-type: none"> Fixing of doors and windows, Electrical and decorations etc. Commissioning Furnishing completed facilities
	Rasi Primary School: Construction of JSS Laboratory and 5 No. Blocks of 3-door pit V.I.P latrines	86.42% completion <ul style="list-style-type: none"> Construction ongoing at finishing level Contract awarded to M/s Firstline ventures Ltd Site hand over done on 1st September, 2023 Date of Completion is 30th June 2024 The contract was extended to 30th August 2024 	<ul style="list-style-type: none"> Electrical and Plumbing works, decorations etc. Commissioning Furnishing completed facilities
	Midodoni Primary School: Construction of JSS Laboratory	96.48% completion <ul style="list-style-type: none"> Contract awarded to M/s Ashbeel Company Limited Site hand over done on 6th September, 2023 Date of Completion is 30th June 2024 	<ul style="list-style-type: none"> Commissioning Furnishing completed facilities
	Burangi primary school: Construction of 8 No. Classrooms	89.40% completion <ul style="list-style-type: none"> Construction ongoing at finishing level Contract awarded to M/s Crossland Construction and General Supply Limited Site hand over done on 2nd September, 2023 Date of Completion is 30th June 2024 The contract was extended to 30th August 2024 	<ul style="list-style-type: none"> Electrical and decorations etc. Commissioning Furnishing completed facilities
	Burangi primary school: Construction of JSS Laboratory and 3 No. Blocks of 3-door pit V.I.P latrines	44.90% completion <ul style="list-style-type: none"> Construction ongoing at Superstructure level Contract awarded to M/s Trueland Construction Company Ltd Site hand over done on 2nd September, 2023 Date of Completion is 30th June 2024 	<ul style="list-style-type: none"> Fixing of doors and windows, Electrical and Plumbing works, decorations etc. Commissioning Furnishing completed facilities

**Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Objective/Component	Planned Activities	Achievement/ Status	Variance
		<ul style="list-style-type: none"> The contract was extended to 30th September 2024 	
	Provision of an award scheme for 5 best performing students in each class (F1 - 4) at Ngomeni Secondary School	<p>A total of Ksh.600,000 paid:</p> <ul style="list-style-type: none"> Ksh.450,000 for the 21 best performing student in 2023 Term 2 & 3 and 2024 Term 1 Ksh.150,000 for the 23 best performing student in 2024 Term 1 of Y2 of Award scheme 	<ul style="list-style-type: none"> Nil
2. To Improve Health facilities and access in the sub-counties	Construction of Intensive Care Unit at Malindi Sub-County Hospital	<p>59.75% completion</p> <ul style="list-style-type: none"> Construction works at finishing level Contract awarded to M/s Jackmo Ventures Site hand over done on 31st August, 2023 Date of Completion is 30th June 2024 The contract was extended to 30th September 2024 	<ul style="list-style-type: none"> Fixing of doors and windows, Electrical and Plumbing works, decorations etc. Commissioning
	Supply and delivery of equipment and furniture for the constructed ICU at Malindi sub-county hospital	<ul style="list-style-type: none"> Market survey and Schedule of materials done to include the ICU & HDU Tender document done 	<ul style="list-style-type: none"> No objection approvals Tender advertisement, evaluation and award Supply of furniture and equipment
	Provision of equipment and furniture for kitchen and laundry at Mamburi dispensary	<ul style="list-style-type: none"> Schedule of materials Tender document done 	<ul style="list-style-type: none"> Tender advertisement, evaluation and award Supply of the equipment
	Renovations of the kitchen and laundry as well as installation of solar equipment at Mamburi dispensary	<p>100% completion</p> <ul style="list-style-type: none"> Contract awarded to M/s Bulle Contactors & General Suppliers Ltd Site hand over done on 13th March, 2024 Date of Completion is 30th June 2024 	<ul style="list-style-type: none"> Commissioning
3. To Improve infrastructure and access in Malindi and Magarini area in general	Construction of Chief's Office at Ngomeni village	<p>100% completion</p> <ul style="list-style-type: none"> Contract awarded to M/s Talawanag Enterprises Ltd Site hand over done on 13th March, 2024 Date of Completion is 30th June 2024 	<ul style="list-style-type: none"> Commissioning

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Objective/Component	Planned Activities	Achievement/ Status	Variance
	Drilling and equipping solar powered borehole at Rasi village	<p>29% completion</p> <ul style="list-style-type: none"> • Contract on hold due to salinity of the drilled borehole • Contract awarded to M/s Villamax Ventures Ltd • Site hand over done on 13th March, 2024 • Date of Completion is 30th June 2024 • The contract was extended to 30th September 2024 • The 2nd hydrogeological and geophysical investigation pinpointed drilling at grid reference (37M 636520 9669079), depth 20 m at a diameter of 12 inch and completed with 8-inch uPVC casing and screen, and gravel pack 	<ul style="list-style-type: none"> • Re-drilling and equipping
	Tarmacking of 12Km Mjanaheri – Ngomeni Road	<ul style="list-style-type: none"> • Final Design drawing and Bill of Quantities • Tender documents • Request for No Objection done on 26/9/2023 through email • ESIA done by KeRRA • Developed MoU for KeRRA, CDA and Ministry on the project implementation • Final Tender documents submitted to AICS and Approval letter of No Objection received on 08/02/2024 • Tender advertised on 20/02/2024, Mandatory pre-tender site visit was done on 14th March 2024 and Tender opened on 5th April 2024 • Evaluation report was submitted to AICS and No Objection to Award received on 11/06/2024 • Contract awarded to M/s Sihaam Limited • State Dept. of Public Works Engineers developed design and Bill of quantities of Ksh. 166 Million for the footbridge which were higher than the approved budget of Ksh. 59Million 	<ul style="list-style-type: none"> • Site handing over • Construction and supervision • Commissioning • Finalization and endorsement of the MoU • Community sensitization barazas
	Construction of Burangi by-pass footbridge		<ul style="list-style-type: none"> • Funds proposed to be re-allocated to Equipping the ICU & HDU

**Malindi Integrated Social Health Development Programme Phase II (MISHDPP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Objective/Component	Planned Activities	Achievement/ Status	Variance
4. To Strengthen local, County and regional capacity for sustainable programme management	Construction of CDA Malindi office, furnishing & equipping the new offices	<ul style="list-style-type: none"> 2nd NPSC meeting agreed for alternative design by a consultant and the State Dept. of Public Works to develop TOR for consultancy. TOR for the consultancy developed by State Dept. of Public Works and submitted to AICS AICS reported in the 4th NPSC meeting that procurement of a consultant was initiated Proposed to be dropped during the special NPSC meeting held on 24/4/2024 due to inadequate funds and timelines 	<ul style="list-style-type: none"> Awaiting approval by NPSC and AICS
	Renovation of CDA headquarters	<p>55.69% completion</p> <ul style="list-style-type: none"> Construction ongoing at finishing level Contract awarded to M/s Portland General suppliers Ltd Site hand over done on 2nd September 2023 Date of Completion is 30th June 2024 The contract was extended to 30th September 2024 	<ul style="list-style-type: none"> Fixing of doors and windows, Electrical and Plumbing works, decorations etc. Commissioning Furnishing completed facilities
	Renovation of Technical building roof at CDA headquarters	<p>100% completion</p> <ul style="list-style-type: none"> Contract awarded to M/s Hakaam General Construction & Supplies Ltd Site hand over done on 15th September 2023 Date of Completion is 30th June 2024 Bill of Quantities Tender document 	<ul style="list-style-type: none"> Commissioning
	Exchange visits, seminars and workshops conducted	<ul style="list-style-type: none"> Stakeholder meeting was held on 12/06/2024 	<ul style="list-style-type: none"> Tender advertisement, evaluation and award Site handing over Construction and supervision Exchange visit for mentorship programme
Project Management Unit expenses; Programme operation costs (bank charges, fuel, stationery,	<ul style="list-style-type: none"> Master list of goods, equipment and vehicles for TAX Exemption of the Road was approved on 11/04/2024 	<ul style="list-style-type: none"> Review of Approved Master list of goods, equipment and vehicles for TAX Exemption of 	

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Objective/Component	Planned Activities	Achievement/ Status	Variance
	office equipment etc.) and purchase of ERP software	<p>ERP Project management module and office equipment Contract awarded to M/s Attain Enterprises Solutions</p> <ul style="list-style-type: none"> The module was installed and system is operational Project hand over done on 5th April, 2024 Date of Completion is 30th June 2024 	<p>the MISHDP-II projects</p> <ul style="list-style-type: none"> Continuous Data upload into the installed ERP Project management system
	Tender documents prepared, advertised and contracts awarded	<ul style="list-style-type: none"> The first 18No. Tenders awarded Additional 14No. Tenders ready for advertisement 	<ul style="list-style-type: none"> Tender advertisement, evaluation and award
	Internal & External (Auditor General) financial audits reports, ESIA/EA	<ul style="list-style-type: none"> EA done for 7 project sites ESIA for the Mjanaheri Road done by KeRRA Internal and external financial audits done 	<ul style="list-style-type: none"> Nil
	Programme launched, branded, documented and information disseminated and monitored	<ul style="list-style-type: none"> Special NPSC meeting held on 24/04/2024 5th PIT meeting held on 13/06/2024 Weekly PMU meetings held between 01/04/2024 and 30/06/2024 LPC meetings held on between 01/04/2024 and 30/06/2024 Meeting with Contractors held on 11/06/2024 M&E report Documentation and information dissemination – Lulu FM Branding templates done for onsite project structure and furniture& equipment with approval by AICS During Commissioning and handing over of projects, the community will be sensitized on environmental sustainability, climate change such as trees planting. 	<ul style="list-style-type: none"> Branding Documentation and information dissemination is continuous

4. Environmental and Sustainability reporting

The MISHDP - II is a culmination of development ideas and requests from the local community in Malindi and Magarini sub-counties that was triggered by need for such facilities and services. This in itself creates strong aspect of community ownership particularly in utilizing and managing the facilities. The local community and stakeholder have been proactively engaged in the implementation of this programme through the Local Project Committees. This has strengthened the collaboration and improved the programme performance.

4.1 Institutional Sustainability

Institutional sustainability is a key objective for the implementation of the components, given the integrated nature of this programme, which has involved several institutions with different mandates, attributes, and functions intervening in various stages. This sustainability has been ensured through the engagement and commitment of the participating institutions namely: KeRRA; Ministry of Early and Basic Education; Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works; Ministry of Interior and Coordination of National Government; and the County Government of Kilifi among others.

S/No.	Stakeholder	Roles / Responsibilities
1	Italian Agency for Development Cooperation	- Provide financing for programme (Development Partner) - Member of the National Programme Steering Committee
2	The National Treasury and Planning	- Execute the lending instruments with the financier and/or its agents - Provide funding guidelines and funds disbursement - Member of the National Programme Steering Committee (Represented by PS)
3	Ministry of East African Community & Regional Development	- Provide programme oversight - Chair of the National Programme Steering Committee (Represented by PS)
4	Coast Development Authority	- Supervision and coordination of the programme implementation - Member of the National Programme Steering Committee (Represented by MD & PM) - Chair of the PMU/PIT
5	Ministry of Early and Basic Education	- Provide guidelines on the education sector and implementation oversight

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

S/No.	Stakeholder	Roles / Responsibilities
		- Member of the National Programme Steering Committee (Represented by PS)
6	Ministry of Health	- Provide guidelines on the health sector and implementation oversight - Member of the National Programme Steering Committee (Represented by PS)
7	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works	- Provide guidelines on the infrastructure & transport sector and implementation oversight - Member of the National Programme Steering Committee (Represented by PS) - Member of PMU/PIT Represented by KERRA and Public works Regional Offices
8	Ministry of Interior and Coordination of National Government	- Member of PMU/PIT Represented by Regional Commissioner - Member of the Local Project Committees represented by Assistant County Commissioner - Community mobilization and awareness creation
9	Public Works (National Government)	- Provide technical input, supervision and monitoring of the construction of the activities - Members of the Local Project Committees
10	Kilifi County Government – Dept. for Health and Roads & Public Works	- Provide technical input, supervision and monitoring of the construction of the activities - Member of PMU/PIT Represented by Chief officer Health and Roads - Members of the Local Project Committees
11	NGOs / CBOs /FBOs	- Oversee the implementation of the projects on the ground - Members of the Local Project Committees
12	Community	- Programme beneficiaries - Members of the Local Project Committees - Monitor the implementation of project activities

4.2 Economic and Financial Sustainability

The education and health facilities are being established in existing public institutions whereby upon completion of the construction works, these facilities will be handed over to the institutions who will be the custodians. The sustainability of the expected economic benefits of the programme depends on the continued maintenance of the physical infrastructure and the operational efficiency of the facilities established by the sectoral institutions involved in the implementation of this

programme. These institutions receive annual financial support from the government and have management structures already in place. Consequently, users of these facilities (e.g. hospital) pay to access some of the services hence these revenues generated can be used to meet some of the operational and maintenance costs after programme completion. Additionally, these institutions have staffs already deployed and paid by the government who provide the technical services required by the public. The programme has a strong capacity building component for CDA and other stakeholders involved in the implementation of the programme. This will enhance the capacity of these institutions in implementing the programme now and in future.

4.3 Environmental and Social Sustainability

The Government of Kenya recognizes that environmental management, poverty reduction, and economic growth are closely linked, and has designed policies and institutional frameworks to address the situation. The government's long-term development strategy, Vision 2030, accordingly includes strategies for action in the environment sector, including conservation of natural resources, pollution and waste management, high-risk disaster zone management, environmental planning and governance, and climate change adaptation.

The programme will conduct specific ESIA that aims to ensure sustainability, inclusion and equity during project implementation, and secure compliance with the environmental and social policies of both parties i.e. Government of Kenya and Government of Italy. The ESIA will form the basis of an Environmental and Social Management Plan prepared in consultation with the communities in the project areas and with other major stakeholders, to ensure their participation in and input into the programme.

5. Statement of Project Management responsibilities

The **Managing Director** for Coast Development Authority and the **Programme Manager** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes;

- (i) Maintaining adequate financial management arrangement 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 project,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) safeguarding the assets of the project,
- (v) Selecting and applying appropriate accounting policies, and (v) Making accounting estimates that are reasonable in the circumstances.

The **Managing Director** for Coast Development Authority and the **Programme Manager** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The **Managing Director** for Coast Development Authority and the **Programme Manager** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date.

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

The *Managing Director* for Coast Development Authority and the ***Programme Manager*** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Managing Director* for Coast Development Authority and the ***Programme Manager*** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Approval of the Project Financial Statements

The Project financial statements were approved by the ***Managing Director*** for Coast Development Authority and the ***Programme Manager*** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) on 21/01 2024 and signed by:


.....

Name: Pamela M. Ngure

Ag. Managing Director


.....

Name: Mwanasiti Bendera

Programme Manager


.....

Name: Monicah Chepkemoi

Programme Accountant

ICPAK Member No:9115

REPUBLIC OF KENYA

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Enhancing Accountability

HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MALINDI INTEGRATED SOCIAL HEALTH DEVELOPMENT PROGRAMME PHASE II (MISHDP-II) FOR THE YEAR ENDED 30 JUNE, 2024 – COAST DEVELOPMENT AUTHORITY

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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

Opinion

I have audited the accompanying financial statements of Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) set out on pages 1 to 41, which comprise

the statement of financial assets as at 30 June, 2024, and the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Financing Agreement No. F.FROT/AID 18/005/00 dated 15 February, 2022 and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance has been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Contingent Liabilities

Review of project records and physical verification during the month of September, 2024 shows that Ngomeni an area owned by Kenya Space Agency (KSA), a Department under Kenya Defence Forces is a beneficiary of several MISHDP projects. Information provided by the Management indicate that the ownership documents are under KSA and that the area is under occupation by locals under the name Ngomeni Squatter Settlement Scheme/1860. Further, an upcoming privately-owned building is being done within the compound of the Assistant Chiefs Office and the proposed Mjanaheri-Ngomeni Road. Management did not disclose potential liabilities and risks.

In the circumstances, there is the risk of potential liabilities arising from compensations, future conflicts and litigations.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 Audit issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation as to why the issues have not been addressed.

Other Information

Conclusion

Management is responsible for the other information set out on page iv to xxviii which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

1. Slow Absorption of Project Funds

As previously reported, the annual report under Paragraph 2, Project Information and Overall Performance, indicate that the Project is for a duration of three (3) years from May, 2022 to May, 2025, with approved budget of Kshs.856,979,832 (Euros 6,395,373). However, the actual amount received as at 30 June, 2024 amounted to Kshs.271,535,110 or 32% of the budget, leaving out Kshs.585,444,722 as undisbursed. Out of the amount received, Kshs.112,980,786 or 42% has been paid into the Project, leaving an unutilized balance of Kshs.158,591,804.

The slow absorption of funds may have affected the planned activities and impacted negatively on the service delivery to the stakeholders.

2. Statement of Performance Against Project's Predetermined Objectives

Review of the information under the statement of performance against project's predetermined objectives revealed that the MISHDP projects are achieved mainly through constructions of building and structures where natural vegetation is not disturbed.

In Magarini Sub-County where Burangi Primary school has been constructed had indigenous vegetation cleared and dangerous stumps left over the compound. This may harm the learners and other stakeholders. There is no evidence of initiatives taken to address or mitigate on the environment.

In the circumstances, the completeness of the project performance information in the financial statements could not be confirmed.

In connection with my audit on the Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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, 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

Project Implementation Status

Review of the project implementation status revealed the following anomalies;

(i) Renovation of Coast Development Authority Headquarters

The statement of receipts and payments reflects acquisition of non-financial assets of Kshs.89,621,339. Included in this amount is refurbishment of buildings of Kshs.4,933,166, under which the Project awarded tender reference number CDA T 011/2023-2024 to a contractor for renovation of CDA Headquarters at contract price of Kshs.4,928,980 on 21 August, 2023 with the expected completion date of 30 June, 2024. However, as at the time of audit on 27 August, 2024, the project was not complete although Kshs.4,894,466 or 99.3% of the original contract price had been settled, leaving a balance of Kshs.34,514

unpaid. Physical inspection of the project established that renovations were complete and in use, but works on the parking shade valued at Kshs.93,790 had not commenced.

ii. Proposed Construction of Laboratory Block at Midodoni Primary School, Midodoni Village, Magarini Sub-County, Kilifi County

The statement of receipts and payments reflects acquisition of non-financial assets of Kshs.89,621,339. Included in this amount is construction of buildings of Kshs.68,419,970, under which the Project awarded a contract to a firm for the proposed construction of laboratory block at Midodoni Primary School, Magarini Sub-County at contract sum of Kshs.5,980,005 and for a contract period of ten months, from 21 August, 2023 to 30 June, 2024. As at 30 June, 2024, the contractor had been paid Kshs.4,752,914 or 79.4% of the contract sum against completion rate of 96.48%. However, physical inspection during the month of September, 2024 revealed that the contractor had used 30-gauge pre-painted roofing sheets instead of the 28-gauge as per the bills of quantities at a unit price of Kshs.1,500, resulting to quality and cost variation of Kshs.367,500 for two hundred and forty five (245) pieces.

In the circumstances, value for money from the project could not be confirmed.

The audit was conducted in accordance with ISSAIs 3000 and 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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention 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 comply with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi.


29 October, 2024


7. Statement of Receipts and Payments for the year ended 30th June 2024

	Note	Receipts and payments controlled by Coast Development Authority	Payments made by third parties	Total	Receipts and payment controlled by Coast Development Authority	Payments made by third parties	Total	Cumulative to-date (From inception)
		<i>2023/2024</i>			<i>2022/2023</i>			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities	1							
Proceeds from domestic and foreign grants	2							
Loan from external development partners –Italian Agency	3	-	-	-	271,535,110	-	271,535,110	271,535,110
Miscellaneous receipts	4							
Total receipts		-	-	-	271,535,110	-	271,535,110	271,535,110
Payments								
Compensation to employees	5							
Purchase of goods and services	6	15,990,154	-	15,990,154	6,341,208	-	6,341,208	22,331,362
Social security benefits	7							
Acquisition of non-financial assets	8	89,621,339	-	89,621,339	8,000,000	-	8,000,000.00	97,621,339
Transfers to other government entities	9							
Total payments		105,611,493	-	105,611,493	14,341,208	-	14,341,208.00	119,952,701
Surplus/ (deficit)		(105,611,493)	-	(105,611,493)	257,193,902	-	257,193,902.00	151,582,408

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


.....
Name: Pamela M. Ngure
Ag. Managing Director


.....
Name: Mwanasiti Bendera
Programme Manager


.....
Name: Monicah Chepkemoi
Programme Accountant
ICPAK Member No: 9115




(IPSAS Cash based Standard 2.1.77 encourages an entity to separately disclose third party payments separately on the statement of receipts and payments or as notes to the financial statements. These are payments made by development partners directly on behalf of Coast Development Authority. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

*Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	158,554,323	257,069,002
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Imprests	12	762,529	124,900
Total Financial Assets		159,316,852	257,193,902
Financial Liabilities			
3 rd Party Deposit & Retention	13	7,734,444	-
Net Financial Assets		151,582,408	257,193,902
Represented By			
Fund Balance B/fwd.	14	257,193,902	-
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		(105,611,493)	257,193,902
Net Financial Position		151,582,408	257,193,902

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/10/2024 and signed by:

		
.....
Name: Pamela M. Ngure	Name: Mwanasiti Bendera	Name: Monicah Chepkemoi
Ag. Managing Director	Programme Manager	Programme Accountant
		ICPAK Member No: 9115

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

9. Statement of Cashflow for the year ended 30th June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
Total receipts		-	-
Payments			
Compensation of employees	5	-	-
Purchase of goods and services	6	(15,990,154)	(6,341,208)
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Total Payments		(15,990,154)	(6,341,208)
Net receipts/(payments)		(15,990,154)	(6,341,208)
Adjustments during the year			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	(637,629)	(124,900)
Increase/(decrease) in accounts payable:	13	7,734,444	-
Net cash flow from operating activities		(8,893,339)	(6,466,108)
Cashflow from investing activities			
Acquisition of non-financial assets/Building Construction	8	(89,621,339)	(8,000,000)
Net cash flows from investing activities		(89,621,339)	(8,000,000)
Cash flow from financing activities			
Proceeds from foreign borrowings	3	-	271,535,110

Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		(98,514,678)	257,069,002
Cash and cash equivalent at beginning of the year	11	257,069,002	-
Cash and cash equivalent at end of the year	11	158,554,323	257,069,002

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Coast Development Authority financial statements were approved on 21/10 2024 and signed by:

.....


Name: Pamela M. Ngure
Managing Director

.....


Name: Mwanasiti Bendera
Programme Manager

.....


Name: Monicah Chepkemioi
Programme Accountant
ICPAK Member No: 9115

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	
Proceeds from borrowings	400,000,000	-	400,000,000	-	400,000,000	0%
Fund Balance B/F	257,069,002	-	257,069,002	257,069,002	-	100%
Miscellaneous receipts		-		-	-	
Total Receipts	657,069,002		657,069,002	257,069,002	400,000,000	39%
Payments						
Compensation to employees						
Purchase of goods and services	37,256,857	-	37,256,857	(15,990,154)	21,266,702.90	43%
Acquisition of non-financial assets	619,812,145	-	619,812,145	(89,621,339)	530,190,805	14%
Transfers to other government entities						
Total Payments	657,069,002	-	657,069,002	(105,611,493)	551,457,509	16%
Surplus or Deficit	NIL		NIL	151,457,508	151,457,508	

Note:

- The significant budget utilization/performance differences in the last column are explained in Annex 2 to these financial statements.
- The Programme utilized funds brought forward from previous financial year FY 2022/2023.
- Budget of 400M Captured in the printed estimates was for the construction of Mjanaheri Ngomeni Road. These funds were not disbursed during the year.

.....
Name: Pamela M. Ngure
Ag. Managing Director

.....
Name: Mwanasiti Bendera
Programme Manager

.....
Name: Monicah Chepkemoi
Programme Accountant
ICPAK Member No: 9115

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for Coast Development Authority under the State Department of ASALs and Semi-Arid financial statements are for the reporting entity Malindi Integrated Social Health Development Programme as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

(The Project) recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (continued)

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

Significant Accounting Policies (continued)

e) Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has been paid out by the Project.

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

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

g) Cash and cash equivalents

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

Significant Accounting Policies (Continued)

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

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

Significant Accounting Policies (Continued)

k) Contingent Assets

Coast Development Authority 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 Coast Development Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance'. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

Significant Accounting Policies (Continued)

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note th of these financial statements.*

*Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

12. Notes to the Financial Statements

1. Transfers from Government entities

These represent counterpart funding and other receipts from government as follows:

Description	2023/2024	2022/2023	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry</i>	-	-	-
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 3)			
<i>Other transfers from government entities</i>			
Ministry	-	-	-
Ministry	-	-	-
Project	-	-	-
Agency	-	-	-
Total	-	-	-
Appropriations-in-Aid	-	-	-
Total			

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024 we did not receive grants from donors as detailed in the table below:

Name of Donor	2023/2024						2022/2023	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
		Euros	Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-	-
Total								

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2024, we did not received funding from development partners in form of loans negotiated by the National Treasury, However the project utilised finding brought forward from previous financial year ended 30th June 2023.

Description	2023/2024				2022/2023	Cumulative to date	
Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs		
		Euros	Kshs	Kshs	Kshs	Kshs	
Loans received from bilateral Donors (Italian Government)		-	-	-	-	271,535,110	271,535,110
Insert name of foreign Government		-	-	-	-	-	-
Insert name of foreign Government		-	-	-	-	-	-
Loans received from Multilateral Donors (International Organizations)		-	-	-	-	-	-
Insert name of international organization		-	-	-	-	-	-
Insert name of international organization		-	-	-	-	-	-
Total						271,535,110	271,535,110

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2023/2024			2022/2023	Cumulative to-date (from inception)
	Receipts controlled by Coast Development Authority in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	--
Other receipts not classified elsewhere*	-	-	-	-	-
Total					

**[Provide explanation as necessary and also indicate any writebacks reclassified as other receipts]*

*Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made by Coast Development Authority in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total					

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies and services	732,670	-	732,670	405,430	1,138,100
Communication, supplies and services	149,900	-	149,900	-	149,900
Domestic travel and subsistence	13,375,107	-	13,375,107	3,917,275	17,292,382
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising, and information supplies	297,618	-	297,618	77,000	374,618.60
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	899,500	-	899,500	952,950	1,852,450
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments- Board Allowance	-	-	-	649,615	649,615
Routine maintenance – vehicles and other transport equipment- Fuel	535,359	-	535,359	338,938	874,297
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	<u>15,990,154</u>	=	<u>15,990,154</u>	<u>6,341,208</u>	<u>22,331,362</u>

[Provide explanation as necessary]

Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	Insert Current FY			Insert Comparative FY	Cumulative to-date
	Payments made by Coast Development Authority in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total					

[Provide explanation as necessary]

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	Insert Current 2023/2024			Insert Comparative 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of buildings					
Construction of buildings	68,419,970			-	68,419,970
Refurbishment of buildings	4,933,166			-	4,933,166
Construction of roads	3,046,816			-	3,046,816
Construction of civil works	-			-	-
Overhaul & refurbishment of construction and civil works	-			-	-
Purchase of vehicles & other transport equipment	-	-	-	8,000,000	8,000,000
Overhaul of vehicles & other transport equipment	-			-	-
Purchase of household furniture & institutional equipment	-			-	-
Purchase of office furniture & general equipment	6,076,184			-	6,076,184
Purchase of specialised plant, equipment and machinery	-			-	-
Rehabilitation & renovation of plant, equipment & machinery	-			-	-

*Malindi Integrated Social Health Development Project (MISHDP) Phase II
Annual Report and Financial Statements for the financial year ended June 30, 2024*

	Insert Current 2023/2024			Insert Comparative 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Description					
Purchase of certified seeds, breeding stock and live animals	-		-		-
Research, studies, project preparation, design & supervision	-		-		-
Rehabilitation of civil works	-		-		-
Acquisition of strategic stocks	-		-		-
Acquisition of land	-		-		-
Acquisition of other intangible assets	7,145,202		-		7,145,202
Total	<u>89,621,339</u>	=	=		<u>97,621,339</u>

[Provide explanation as necessary]

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

Description	FY 2023 2024			FY 2022 2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Transfers to National Government entities	-	-	-	-	-
Ministry	-	-	-	-	-
Project	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County	-	-	-	-	-
County	-	-	-	-	-
Total					

(We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements).

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

	FY 2023 2024			FY 2022 2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Description	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total					

[Provide explanation as necessary]

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts (Note 11A)	158,554,323	257,069,002
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
Total	158,554,323	257,069,002

MISHDP II has one number of project account spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	2023/2024	2022/2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>	-	-
Central Bank of Kenya [A/c No.....]	-	-
<i>National Bank of Kenya A/C NO. 7700601356</i>]	257,069,002
=		
Total bank account balances	158,554,323	257,069,002

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	2023/2024	2022/2023
	Kshs	Kshs
(i) A/C Name [A/c No.....]	-	-
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=
(ii) A/c Name [A/c No.....]	-	-
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix support these closing balance.

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2023/2024	2022/2023
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	≡	≡

[Provide a cash count certificate for each location above]

11 C Cash equivalents (short-term deposits)

Description	2023/2024	2022/2023
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	≡	≡

[Provide short appropriate explanations as necessary]

12. Imprests and Advances

Description	2023/2024	2022/2023
	Kshs	Kshs
Government Imprests	762,529	124,900
Salary advances	-	-
Total	762,529	124,900

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance Current 2023/2024	Balance Comparative 2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
MARANGA WYCLIFF	-				120,000
GILBERT MWAMBURI	-				4,900
MISHDP BEATRICE KAVEMBA	38,000	01/07/2024	-	38,000	
DAVID NJUMWA	18,900	4/07/2024	-	18,900	
DIANA MWANGOMBE	18,900	4/07/2024	-	18,900	
JAPHET MOROA	19,200	3/07/2024	-	19,200	
JUMA ASUMAN	12,600	4/07/2024	-	12,600	
JUSTINE MANGELE	19,600	5/07/2024	-	19,600	
MWANASITI BENDERA	42,000	4/07/2024	-	42,000	
ROSE MWENI	22,529	2/07/2024	-	22,529	
SAID GUNI	18,900	2/07/2024	-	18,900	
SAIDA CHARO	146,800	4/07/2024	-	146,800	
SIMON LOKTARI	77,600	1/07/2024	-	77,600	
WYCLIFF OCHAKO	327,500	4/07/2024	-	327,500	
Total	<u>762,529</u>			762,529	124,900

13. 3rd Party Deposits & Retention Monies

Description	2023/2024	2022/2023
	Kshs	Kshs
Retention	7,734,444	-
Deposits		
Total	7,734,444	-

Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024

Ageing analysis:	Kshs	% of the Total	2022/2023	% of the Total
Under one year	7,734,444	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	7,734,444	100%	-	%

(Provide detailed explanations)

14. Fund Balance Brought Forward

Description	2023 /2024	2022/2023
	Kshs	Kshs
Bank accounts	257,069,002	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	124,900	-
Deposits and retention	-	-
Total	257,193,902	-

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f Previous 2023/2024 (audited financial statements)	Adjustments	Adjusted balance b/f Previous 2022/2023
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Imprests and advances	-	-	-
Deposits and retentions	-	-	--
Others (<i>specify</i>)	-	-	-
Total			

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

16. Changes in Imprests

Description	2023/2024	2022/2023
	Kshs	Kshs
Opening Receivables as at 1 st July 2023	124,900	-
Closing account receivables as at 30 th June 2023	762,529	124,900
Change in Imprests and advances	637,629	124,900

17. Changes in Retention

Description	2023/2024	2022/2023
	Kshs	Kshs
Retentions as at 1 st July 2023	-	-
Closing Retentions as at 30 th June 2024	7,734,444	-
Changes in Retentions	7,734,444	-

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	7,734,444		7,734,444
Construction of civil works		-		-
Supply of goods		-		-
Supply of services		-		=
Total		7,734,444		7,734,444

2. Pending Staff Payables (See Annex 4b)

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f for Current FY
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total				

3. Other Pending Payables (See Annex 4c)

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f for Current FY
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total				

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

4. External Assistance

	2023/2024	2022/2023
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total		

a). External assistance relating loans

	2023/2024	2022/2023
Description	Kshs	Kshs
External assistance received as loans	-	271,535,110
External assistance received as grants		
Total	-	271,535,110

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2023/2024	2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans		585,444,721	585,444,721
Undrawn external assistance - grants		-	-
Total		585,444,721	585,444,721

(This is a disclosure of the assistance not yet received as per donor agreements)

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Other Important Disclosures (Continued)

c) Classes of providers of external assistance

	2023/2024	2022/2023
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	271,535,110
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	271,535,110

(Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc.)

d. Non-monetary external assistance

	2023/2024	2022/2023
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total		

(This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a project by donors, NGO etc N/B: Disclose the basis on which the value of goods and services were determined (This may be by: depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient or Third Party, Fair value measurement The totals here tie with line 4 of note 2.)).

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Other Important Disclosures (Continued)

e Purpose and use of external assistance

Payments made by third parties	2023/2024	2022/2023
Description	Kshs	Kshs
Compensation to employees	-	--
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government entities	-	-
Other grants and transfers	-	-
Social Security benefits	-	-
Acquisition of assets	-	-
Finance Costs including loan interest	-	-
Repayment of principal on domestic and foreign borrowing	-	-
Other payments	-	-
Total		

(N/B The above sub-classification should be adopted based on the purpose of the external assistance and how it was used).

f. External Assistance paid by third parties on behalf of Coast Development Authority by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of Coast Development Authority This note should tie to line 3 of note 4 on external assistance).

	2023/2024	2022/2023
Description	Kshs	Kshs
National Government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total		

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity

5.1 Classification by Source

	2023/2024	2022/2023
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total		

(Third party payments may be done by other entities that are not providers of external assistance)

5.2 Classification of payments made by Third Parties by Nature of expenses

Payments made by third parties	2023/2024	2022/2023
Description	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total		

N/B The above subclassification will be adopted based on the appropriate project's operations.

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

6. Related Party Disclosures

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

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Related party transactions:

	2023/2024	2022/2023
	Kshs	Kshs
Compensation to Key Management	-	-
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management		
Transfers to related parties	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties		
Transfers from the Ministry/ department	-	-
Payments made on behalf of the project by other govt. entities	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	-	-

7. Contingent Liabilities

Contingent liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court case against the project	-	-
Bank guarantees in favour of other govt. entities	-	-
Contingent liabilities arising from PPPs/ donor agreements	-	-
Total		

(Give details- Update ANNEX 8 Contingent liabilities register)

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

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	<p>Unexplained Variance on Receipts</p> <p>The statement of receipts and payments and Note 3 to the financial statements reflect Kshs.271,535,110 as loan from external development partners-Italian Agency. However, according to the information obtained from the National Treasury audited reconciliation statement, the amount disbursed to the Project was Kshs.271,796,064, resulting to unexplained and unreconciled variance of Kshs.260,954. In the circumstances, the accuracy and completeness of loan from external development partners of Kshs.271,535,110 could not be confirmed.</p>	<p>CDA is under the Ministry of East Africa Community and Regional Authorities. The amount of Kshs. 271,535,110.00 was disbursed to CDA account for MISHDP II Programme as below:</p> <p>9/3/2023 - 124,247,572.50 25/4/2023 - 100,752,427.50 25/4/2023 - 46,435,110.40</p> <p>The amounts above were what CDA received in its bank account within the Financial Year under review. These amounts were channelled to CDA account through its Parent Ministry of East Africa Community and Regional Authorities.</p>	Not Resolved	N/A

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

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)
2	<p>Slow Absorption of Project Funds</p> <p>The annual report under Paragraph 2, Project Information and Overall Performance, indicate that the Project is for duration of three (3) years from May, 2022 to May, 2025 with donor commitment of Kshs.856, 979,832 (Euros 6,395,373). However, the actual amount received as at 30 June, 2023 amounted to Kshs.271,535,110</p>	<p>CDA submitted its Financial Report for the FY 2022/2023 to the Office of the Auditor General within the stipulated deadline of 30th September, 2023. The financial Statements for MISHDP II Program were consolidated in the Final Annual Report 2022/2023.</p> <p>Later on, after submission of the Final Annual Report, the National Treasury advised CDA to submit a separate set of Financial Statement for the</p>	Resolved	N/A

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>(Euros 1,999,995), or 31.6% leaving out Kshs.585, 444,722 (Euros 4,395,378) as undisbursed. Out of the amount received, a sum of Kshs.14,466,108 (Euros 107,156), or 5.3% has been paid into the Project, leaving an unutilized balance of Kshs.257,069,002 (Euros 1,892,839).</p> <p>The slow absorption of funds may have affected the planned activities and impacted negatively on the service delivery to the stakeholders.</p>	<p>program. However, the Loan agreement clause 9.4 and financial agreement clause 4.5 and 6.4 clearly states that submission of the Audited financial report proving that at least 40% of funds previously disbursed have been utilized and that 60%of the same be committed. As at 30th June 2023 the Authority had not reached this threshold. The Authority had spent Kshs. 14M out of the 271M disbursed which is 5.3% of the total disbursement which was way below 40% requirement</p>		

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

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)
3	<p>Late submission of financial statements</p> <p>The financial statements for the year ended 30 June 2023 was submitted to the office of the Auditor General on 22 January 2024. Contrary to Section 47. (1) of the Public Audit Act 2015 which states that ‘The financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor General within three months after the end of the fiscal year to which the accounts relate. This was beyond the statutory timelines of 30 September 2023.</p>	<p>CDA submitted its Financial Report for the FY 2022/2023 to the Office of the Auditor General within the stipulated deadline of 30th September, 2023. The financial Statements for MISHDP II Program were consolidated in the Final Annual Report 2022/2023.</p> <p>Later on, after submission of the Final Annual Report, the National Treasury advised CDA to submit a separate set of Financial Statement for the program. However, the Loan agreement clause 9.4 and financial agreement clause 4.5 and 6.4 clearly states that submission of the Audited financial report proving that at least 40% of funds previously disbursed have been utilized and that 60% of the same be committed. As at 30th June 2023 the Authority had not reached this threshold. The Authority had spent Kshs. 14M out of the 271M</p>	Resolved	N/A

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

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)
		disbursed which is 5.3% of the total disbursement which was way below 40% requirement		

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

.....
Name: Pamela M. Ngure
Ag. Managing Director

.....
Name: Mwanasiti Bendera
Programme Manager

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	400,000,000	-	400,000,000	-	Budget for FY 2023/24 Kshs.400M was not disbursed due to donor conditions
Fund Balance B/F	257,069,002	257,069,002	257,069,002	-	
Miscellaneous receipts- B/F	-	-	-	-	
Total Receipts	657,069,002	257,069,002	657,069,002	39%	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	37,256,857	15,990,154.28	21,266,702.72	43%	The amount disbursed spread to the 3 year project period
Social security benefits					
Acquisition of non-financial assets	619,812,145	89,621,339.62	530,190,805.38	14%	Change of scope for some of the project being implemented
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	657,069,002	105,611,493.90	551,457,508	-	

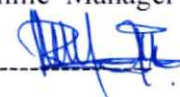
*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 3: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department of				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Total		
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Total		
C.	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Total		
		Total (A+B+C)		

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Programme Manager

Sign 

Ag. Managing Director

Sign 

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		a	b	c=a-b		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

**Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024**

Annex 4b: Analysis of Pending: Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Permanent Employees - Management							
1.							
2.							
Sub-Total							
Permanent Employees - Others							
3.							
4.							
Sub-Total							
Temporary employees							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 4c: Analysis of other Pending Payables

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/24	Donations in form of assets (KShs) 2023/24	*Purchases/ Additions in the Year (KShs) 2023/24	**Disposals in the Year (KShs) 2023/24	Transfers in/(out) Kshs 223/24	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land	-		-			-
Buildings and structures	-		-			-
Transport equipment	-		-			-
Office equipment, furniture and fittings	-	-	2,878,000			2,878,000
ICT Equipment,	-	-	3,198,184			3,198,184
Other Machinery and Equipment- MV	8,000,000	-	-			8,000,000
Heritage and cultural assets						-
Biological assets						-
Infrastructure assets roads, rails						
Intangible assets	-	-	7,145,202			7,145,202
Work in Progress			76,399,952			76,399,952
Total	8,000,000		89,621,339			97,621.339

Notes

* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the project. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 6: Contingent Liabilities Register

	Nature of contingent liability	Remarks
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Annex 7: Reporting of Climate Relevant Expenditures

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

*Malindi Integrated Social Health Development Project (MISHDP) Phase 11
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 8: Reporting Disaster Management Expenditure

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

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance (*Where applicable*)