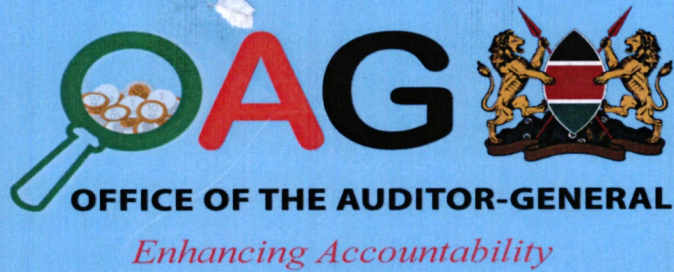


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

PAPERS LAID	
DATE	14.3.23
TABLED BY	DEP. MAJ WHIP
COMMITTEE	/
CLERK AT THE TABLE	M. ADJIBOM

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KWALE

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

1000000

1000000

1000000

1000000

1000000

1000000

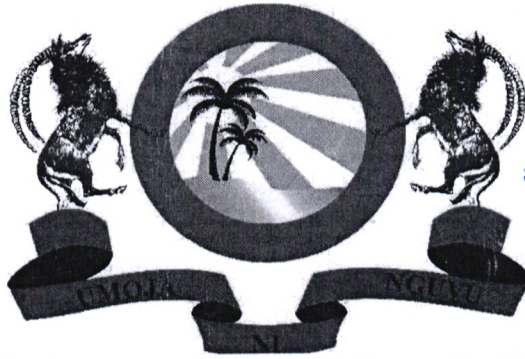
1000000

1000000

1000000

1000000





OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA

17 NOV 2022

RECEIVED
COAST REGIONAL OFFICE

KWALE COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100

100



Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022



Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

TABLE OF CONTENTS

1.	Key Entity Information and Management.....	ii
2.	Foreword By the Clerk Of The Assembly.....	x
3.	Statement of Performance Against County Assembly Predetermined Objectives.....	xxiii
4.	Corporate Social Responsibility Statement/Sustainability Reporting	xxv
5.	Statement Of Management Responsibilities.....	xxvii
6.	Report Of the Independent Auditor On The Kwale County Assembly Financial Statements for the Year ended 30 th June 2022	xxix
7.	Statement of Receipts and Payments for The Year Ended 30th June 2022	1
8.	Statement Of Financial Assets and Liabilities As At 30th June 2022.....	2
9.	Statement Of Cash Flows for The Period Ended 30 th June 2022	3
10.	Statement Of Comparison Of Budget & Actual Amounts: Recurrent and Development	4
11.	Statement Of Comparison Of Budget & Actual Amounts: Recurrent	6
12.	Statement Of Comparison of Budget & Actual Amounts: Development	8
13.	Budget Execution By Programmes And Sub-Programmes.....	10
14.	Significant Accounting Policies	11
15.	Notes to the Financial Statements.....	17
16.	Progress On Follow On Prior Year Auditor's Recommendations	35
17.	Annexes	36



Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

1. Key Entity Information and Management

(a) Background information

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

Vision

A hub of legislative excellence in Kenya and beyond.

Mission



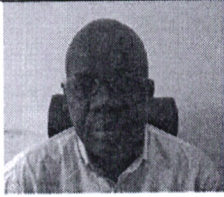

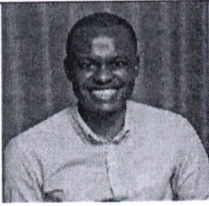
To ensure transparent and accountable governance for prosperity of the people of Kwale County through effective representation, legislation and oversight



Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Key Entity Information and Management (Continued)
(b) Key Management

The County Assembly of Kwale's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	 Hon. Sammy Nyamawi Ruwa
2.	Ag. Clerk of the County Assembly	 Ms. Fatuma Hassan Mwalupa
3.	Director Finance And Accounts	 CPA Philip Wanje Ziro
4.	Director HR and Administration	 Mr. Nick Olweya Siso
5.	Director Information Technology & Communication	 Mr. Paul Mwero Ruwah



22

2

2

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Key Entity Information and Management (Continued)

(c) Fiduciary Management

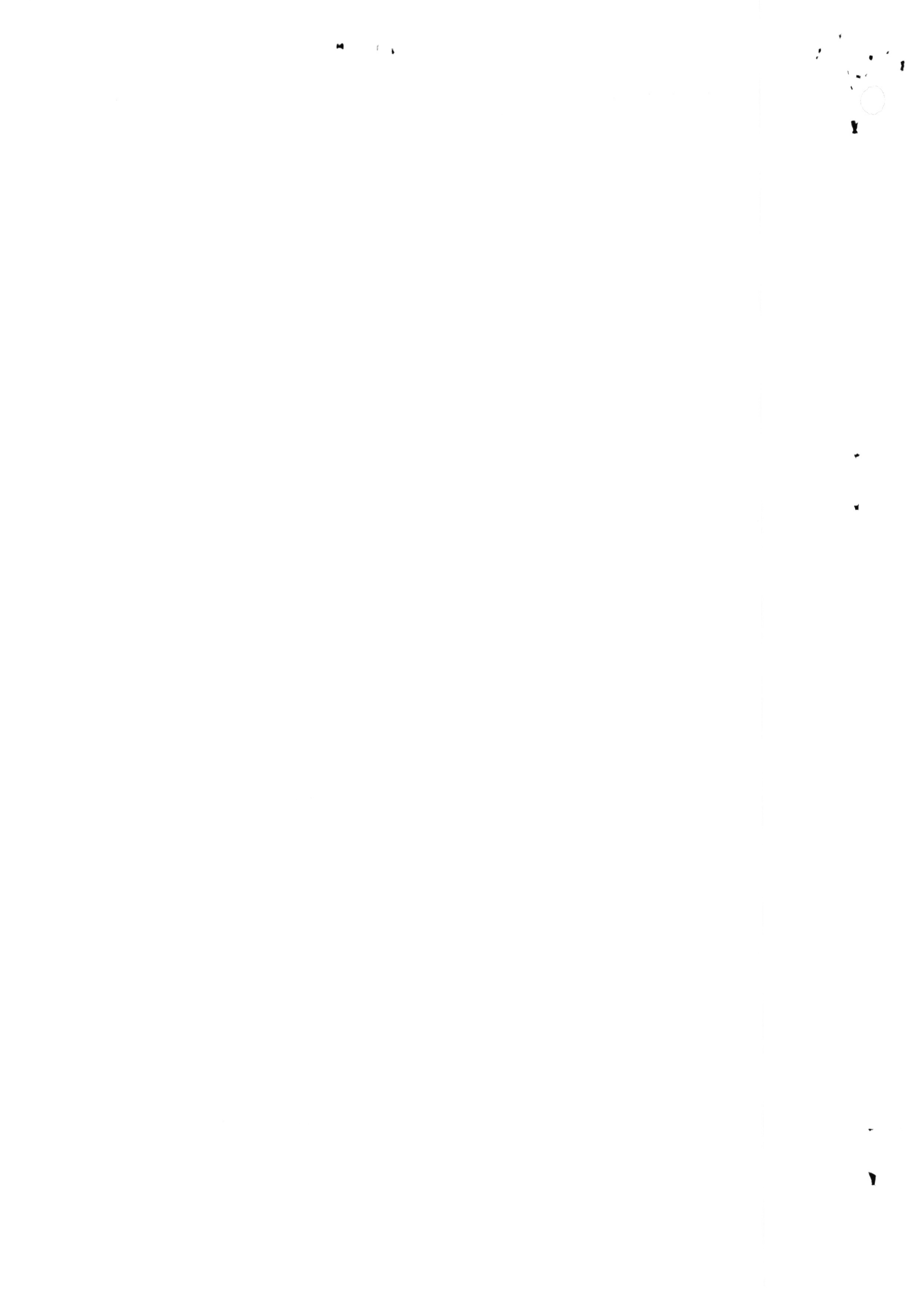
The key management personnel who held office during the year ended June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Ag. Clerk to the County Assembly	Fatuma Hassan Mwalupa
2	Director Finance And Accounts	CPA Philip Wanje Ziro
3	Director HR and Administration	Mr. Nick Olweya Siso
4	Director Information Technology & Communication	Mr. Paul Mwero Ruwah
5	Chief Hansard Editor	Mercy Murugi Ndirangu
6	Senior Legal Council	Lucy Mwendu Waweru
7	Senior Procurement Officer	John Genya Kalu
8	Head of Sargent at Arms	Guzo Hamisi Mwatero
9	Human Resource Officer	Felistus Mwangeli Kalungu
10	Head of ICT	Joseph Ruwa Zecha
11	Head of Internal Audit	CPA Dickson Nyundo Mangale

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

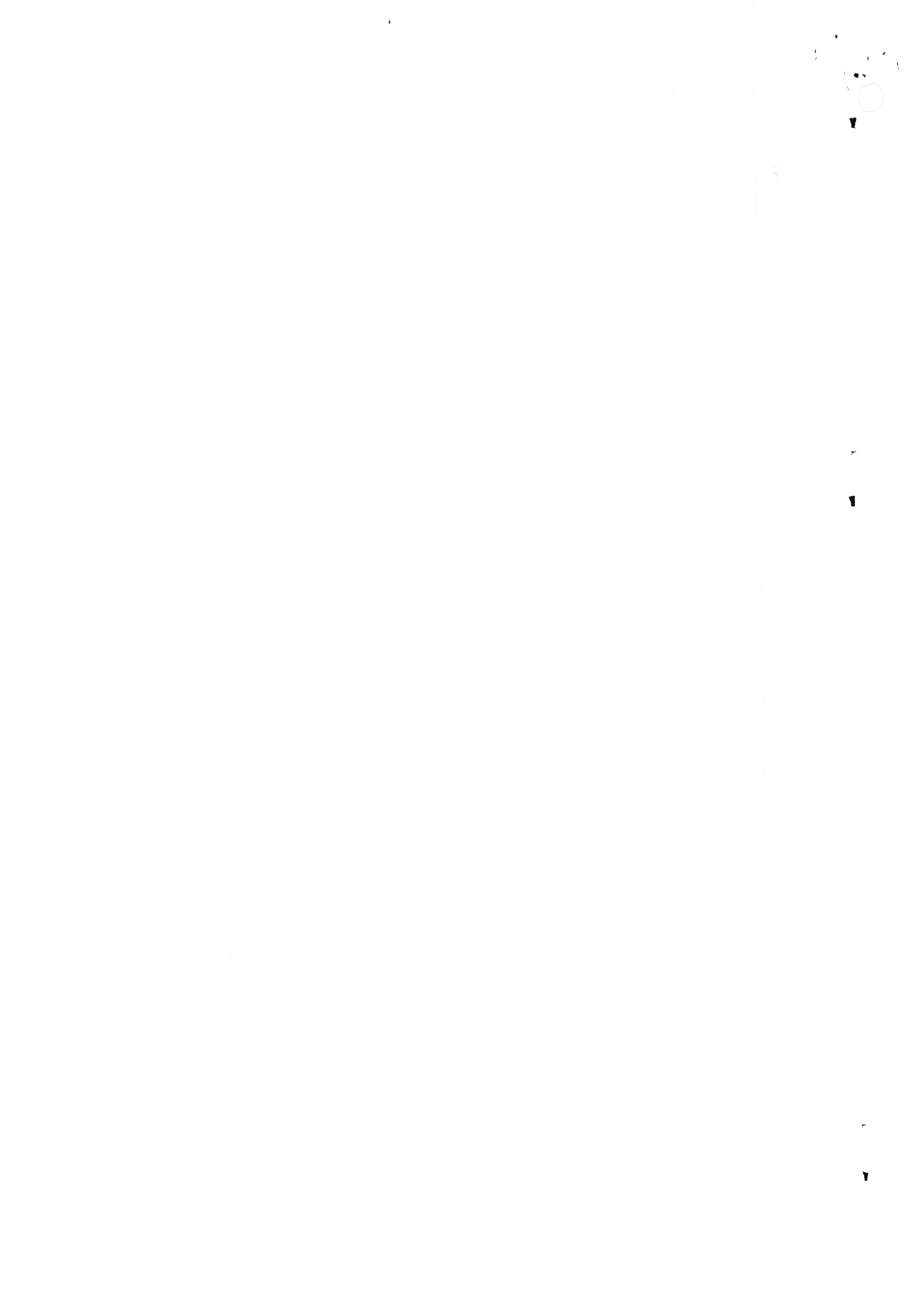
Key Entity Information and Management (Continued)
(d) Fiduciary Oversight Arrangements

	<i>Assembly Committee</i>	<i>Key Fiduciary Responsibility.</i>
1	<i>Internal Audit Committee</i>	<p><i>Financial reporting</i></p> <p><i>(a) The audit committee should review, and report to the board and executive management on, the significant financial reporting issues and judgements made in connection with the preparation of the entity's financial statements (having regard to matters communicated to it by the auditor), interim reports, preliminary announcements and related formal statements.</i></p> <p><i>(b) The audit committee should consider significant accounting policies, any changes to them and any significant estimates and judgements.</i></p> <p><i>(c) Where, following its review, the audit committee is not satisfied with any aspect of the proposed financial reporting by the entity, it shall report its views to the board and executive management.</i></p> <p><i>(d) The audit committee should review related information presented with the financial statements, including the business review, and corporate governance statements relating to the audit and to risk management.</i></p>



Key Entity Information and Management (Continued)

		<p><i>Narrative Reporting</i></p> <p><i>(a) Where requested by the board or executive management, the audit committee should review the content of the annual report and accounts and advise the Executive Management, Accounting Officers, and the Boards or executive management on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the entity's performance, business model and strategy.</i></p> <p><i>Whistle blowing</i></p> <p><i>(a) The audit committee should review arrangements by which staff of the entity or any other person may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.</i></p> <p><i>Internal controls and risk management systems</i></p> <p><i>a) The audit committee should review the entity's internal financial controls (that is, the systems established to identify, assess, manage and monitor financial risks).</i></p> <p><i>The internal audit process</i></p> <p><i>(a) The audit committee should monitor and review the effectiveness of the entity's internal audit function.</i></p>
--	--	---



Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Key Entity Information and Management (Continued)

2	<i>Public Investments and Accounts Committee</i>	<p><i>a) The examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit.</i></p> <p><i>b) The examination of the reports, accounts and workings of the county public investments;</i></p> <p><i>c) The examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices</i></p>
3	<i>Budget and Appropriation Committee</i>	<p><i>a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,</i></p> <p><i>b) Discuss and review the estimates and make recommendations to the County Assembly;</i></p> <p><i>c) Examine the County Budget Policy Statement presented to the County Assembly;</i></p> <p><i>d) Examine Bills related to the national budget, including Appropriations Bills; and</i></p> <p><i>e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.</i></p>

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Key Entity Information and Management (Continued)

(e) Entity Headquarters

P.O. Box 231 - 80403
Kwale County Head Quarters.
Kwale/Kinango Highway
Kwale, KENYA

(f) Entity Contacts

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

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200.
2. Kenya Commercial Bank
P.O. Box 43 – 80403,
Kwale,
Kenya

(h) Independent Auditor

Auditor-General
Office of The Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Key Entity Information and Management (Continued)

(i) Principal Legal Adviser

The Attorney-General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

2. Foreword By the Clerk Of The Assembly

The Financial Statements reflect the County Assembly's financial performance and position for the year ended 30th June 2022. These statements were prepared in accordance with the Cash basis Accounting Method under the International Public Sector Accounting Standards (IPSAS) as the Financial Report Framework provided for by the Public Sector Accounting Standards Board.

2.1 Budget performance

The County Assembly of Kwale had a total budget of Ksh 1,028,286,613 divided into a Recurrent Budget of Ksh 648,445,792 that include domestic payables from previous financial year of Ksh 30,000,000 for the Car Loan & Mortgage Fund and a Development Budget of Ksh 379,840,821 that include domestic payables from previous financial year of Ksh 179,840,821. The actual exchequer releases was Ksh 853,430,078 translating to 83% on actual comparable basis.

The absorption of the County Assembly's recurrent budget was Ksh, 637,791,438 which translated to a 98% absorption rate while the development budget had a usage of Ksh. 206,560,159 a translation of 54% absorption rate. On average, 82% of the total budget was absorbed during the financial year.

Table of Budget Performance

	RECURRENT	DEVELOPMENT	TOTAL
Budget	648,445,792.00	379,840,821.00	1,028,286,613.00
Receipts	642,287,522.00	211,142,556.00	853,430,078.00
Expenditure	637,791,437.50	206,560,159.45	844,351,596.95
Absorption Rate(%)	98%	54%	82%

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Foreword By the Clerk Of The Assembly (Continued)

2.2 Operational Performance

- a) Four bills were passed during the financial year under review. The bills were meant to spur development agenda and increase efficiency in service delivery to citizens.
- b) The Budget Estimates and supplementary budgets for FY 2021/2022 were passed on the following dates;

Type of Budget	Date approved
Budget Estimates 2021/2022	30/6/2021
First supplementary budget 2021/2022	14/9/2021
Second Supplementary budget 2021/2022	24/2/2022
Third Supplementary budget 2021/2022	22/6/2022

- c) There shall be select committees to be known as Sectoral Committees the members of which shall be nominated by the County Assembly Business Committee in consultation with County Assembly parties at the commencement of every County Assembly.

The functions of a Sectoral Committee shall be to-

- (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) Study the programme and policy objectives of departments and the effectiveness of the implementation;
- (c) Study and review all county legislation referred to it;
- (d) Study, assess and analyse the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- (e) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- (f) To vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 183 (Committee on Appointments); and
- (g) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

Foreword By the Clerk Of The Assembly (Continued)

Agriculture, Fisheries and Livestock Development

All matters related to agriculture, including crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control and fisheries;

Health Services

All matters related to county health services, county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services (excluding regulation of the profession), cemeteries, funeral parlours and crematoria and refuse removal, and refuse dumps.

Children, Culture and Community Services

All matters related to Cultural activities, public entertainment and public amenities, including betting, casinos and other forms of gambling, racing, liquor licensing, cinemas, video shows and hiring, libraries, museums, sports and cultural activities and facilities and county parks, beaches and recreation facilities; firefighting services and disaster management, control of drugs and pornography; ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level; and animal control and welfare, including licensing of dogs and facilities for the accommodation, care and burial of animals.

Transport and Public Works

All matters related to county transport, including county roads, street lighting, traffic, parking and public roads transport and ferries and harbours, excluding the regulation of international and national shipping and matters related thereto; county public works and services including storm water management systems in built-up areas.

Planning, Trade, Tourism and Cooperatives Development

All matters related to county planning and development, including statistics, land survey and mapping, boundaries and fencing, housing and; trade development and regulation, including markets, trade licenses (excluding regulation of professions), fair trading practices, local tourism and cooperative societies



Foreword By the Clerk Of The Assembly (Continued)

Early Childhood Education and Vocational Training

All matters related to pre-primary education, village polytechnics, home craft centres and childcare facilities

Report on the Benchmarking Trip to Nakuru County on matters Vocational Training and ECDE, Vetting of C. O , kwale ttc

Labour and Social Welfare

All matters relating to labour, trade union relations, manpower or human resource planning, gender, culture and social welfare, children's welfare; national heritage, betting, lotteries and sports.

Justice and Legal Affairs

All matters related to Constitutional affairs, the administration of law and justice, including the elections, ethics, integrity and anti-corruption and human rights.

Lands, Mining, Environment and Natural Resources

All implementation of specific national government policies on natural resources and environmental conservation, including soil and water conservation and forestry and control of air pollution, noise pollution, other public nuisances and outdoor advertising.

Energy

All matters concerning implementation of specific policy on exploration, exploitation and development of energy sources such as coal, gas, oil, nuclear fusion, solar rays, wind power and tidal movements at the; and implementation of the specific energy policy including electricity and gas reticulation and energy regulation.

Gender and Special Interests

All matters related to gender, Youth, National Youth Service, Women and People with Special abilities.

Powers and Privileges Committee

All matters related to the conduct of members and that affect the dignity or integrity of the County Assembly.

Water Services

All matters related to water and sanitation including solid waste disposal.

Report on Alleged Contamination of Water Sources by the Agro Processors Ltd

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Foreword By the Clerk Of The Assembly (Continued)

SELECT COMMITTEES

i) County Assembly Business Committee

The County Assembly Business Committee shall –

- a) Prepare and, if necessary, from time to time adjust the County Assembly Calendar with the approval of the County Assembly;
- b) Monitor and oversee the implementation of the County Assembly Business and programmes.
- c) Implement the Standing Orders respecting the scheduling or programming of the business of the County Assembly and the functioning of the Committees of the County Assembly;
- d) Determine the order in which the reports of Committees shall be debated in the County Assembly;
- e) May take decisions and issue directives and guidelines to prioritize or postpone any business of the County Assembly acting with the concurrence of the Leader of the Majority Party or the Leader of the Minority Party, as the case may be.
- f) Consider such matters as may from time to time arise in connection with the business of the County Assembly and shall have and perform such powers and functions as are conferred on and ascribed to it by these Standing Orders or from time to time by the County Assembly.

ii) Committee on Selection

There shall be a select committee, to be designated Selection Committee which shall;

- a) Nominate members to serve in Committees, save for the membership of the County Assembly Business Committee and Committee on Appointments.
- b) Advise the County Assembly on the number of committees a member can belong to from time to time.

iii) Committee on Appointments

There shall be a select committee to be designated the Committee on Appointments which shall;

- a) Consider, for approval by the County Assembly, appointments under Articles 179(2) (Members of County Executive Committees).

Foreword By the Clerk Of The Assembly (Continued)

iv) County Public Investment and Accounts Committee

There shall be a select committee to be designated the County Public Investment and Accounts Committee. The County Public Investments and Accounts Committee shall be responsible for-

a) the examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit.

b) The examination of the reports, accounts and workings of the county public investments;

c) The examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices:

Provided that the Committee shall not examine any of the following:

i. Matters of major County or National Government policy as distinct from business or commercial functions of the public investments;

ii. Matters of day-to-day administration; and,

iii. Matters for the consideration of which machinery is established by any special statute under which a particular county public investment is established.

v) County Budget and Appropriations Committee

There shall be a select Committee to be known as the County Budget and Appropriations Committee. The functions of the Committee shall be to-

a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,

b) Discuss and review the estimates and make recommendations to the County Assembly;

c) Examine the County Budget Policy Statement presented to the County Assembly;

d) Examine Bills related to the national budget, including Appropriations Bills; and

e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Foreword By the Clerk Of The Assembly (Continued)

The Committee tabled the following reports in the FY 2021/2022, which were adopted by the House:

- i. Report of the First Supplementary Budget FY 2021/2022
- ii. Report of the Supplementary Budget 1 Appropriation Bill, 2021
- iii. Report of the Second Supplementary Budget FY 2021/2022
- iv. Report of the Supplementary Budget 2 Appropriation Bill, 2021
- v. Report of the Annual Development Plan for FY 2022/2023
- vi. Report of the County Fiscal Strategy Paper for FY 2022/2023
- vii. Report of the Third Supplementary Budget for FY 2021/2022
- viii. Report of the Supplementary Budget 3 Appropriation Bill, 2022
- ix. Report of the Budget estimates for FY 2022/2023
- x. Report of the Appropriation Bill, 2022
- xi. CBROP -2021

vi) County Assembly Procedure and Rules Committee

There shall be a select committee to be known as the County Assembly Procedure and Rules Committee. The functions of the County Assembly Procedure and Rules Committee are as follows;

- a) Shall consider and report on all matters relating to these Standing Orders.
- b) May propose amendments to these Standing Orders and any such amendments shall upon approval by the County Assembly, take effect at the time appointed by the County Assembly.
- c) May propose rules for the orderly and effective conduct of committee business and any such rules, shall upon approval by the County Assembly, continue in force until amended or repealed by the County Assembly.

Foreword By the Clerk Of The Assembly (Continued)

vii) Committee on Implementation

There shall be a select committee to be known as the Committee on Implementation. The Committee shall scrutinize the resolutions of the County Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine –

- a) Whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and
- b) Whether or not legislation passed by the County Assembly has been operationalised and where operationalised, the extent to which such operationalisation has taken place within the minimum time necessary.

The Committee may propose to the County Assembly, sanctions against any member of the County Executive Committee who fails to report to the relevant select Committee on implementation status without justifiable reasons.

viii) Committee on Delegated County Legislation

There shall be a select committee to be known as the Committee on Delegated County Legislation.

The Committee shall consider in respect of any statutory instrument whether it-

- a) is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law;
- b) infringes on fundamental rights and freedoms of the public;
- c) contains a matter which in the opinion of the Committee should more properly be dealt with in an Act of the County Assembly;
- d) contains imposition of taxation;
- e) directly or indirectly bars the jurisdiction of the Courts;
- f) gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power;
- g) involves expenditure from the County Revenue Fund or other public revenues;
- h) is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;

Foreword By the Clerk Of The Assembly (Continued)

- i) appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;
 - j) appears to have had unjustifiable delay in its publication or laying before County Assembly;
 - k) makes rights, liberties or obligations unduly dependent upon non reviewable decisions;
 - l) makes rights, liberties or obligations unduly dependent insufficiently defined administrative powers;
 - m) inappropriately delegates legislative powers;
 - n) imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;
 - o) appears for any reason to infringe on the rule of law;
 - p) inadequately subjects the exercise of legislative power to County Assembly scrutiny;
- and,
- q) accords to any other reason that the Committee considers fit to examine.

ix) Liaison Committee

There shall be a select committee to be known as the Liaison Committee which shall;

- a) guide and co-ordinate the operations, policies and mandates of all Committees;
- b) deliberate on and apportion the annual operating budget among the Committees;
- c) consider the programmes of all Committees, including their need to travel and sit away from the precincts of County Assembly;
- d) ensure that Committees submit reports as required by these Standing Orders;
- e) Determine, whenever necessary, the committee or committees to deliberate on any matter; and
- f) Give such advice relating to the work and mandate of select committees as it may consider necessary;
- g) Consider reports of Committee that have not been deliberated by the County Assembly and shall report to the County Assembly on the consideration of such reports.

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Foreword By the Clerk Of The Assembly (Continued)

x) **Committee of The Whole County Assembly**

The Committee shall not consider any matter other than a matter which has been referred to it or which it is required by the Standing Orders to consider.

d) The highlights on the oversight role of the County Assembly;

- The County Assembly has engaged the County Executive on several matters including, but not limited to:

i. The Budget implementation.

ii. Various issues concerning mandates of the County Governments such as health matters, Education, Labour relations etc.

iii. The Assembly has also looked into the implementation status of various projects in the County.

iv. The Assembly vetted Chief Officers in the Departments of Education and Agriculture

- Drafting, tabling, enacting and debating bills and motions
- Seeking answers on behalf of citizens
- Being involved in leadership in the house, such as Leader of Majority, Whip, etc.
- Working in assembly committees
- Presenting petitions on behalf of citizens

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Foreword By the Clerk Of The Assembly (Continued)

2.3 Performance of key development projects

- a) These are the key development projects that the County Assembly undertook and those in progress based on outputs, outcomes and impacts since establishment of County Assembly.

Project Description.	Project Progress	Project Output	Project Outcome	Project Impact.
Ward Offices	<i>16 Offices Completed 3 Offices Ongoing 1 At Awarding Stage.</i>	<i>Creation of Office space for MCAs</i>	<i>Accessibility of Services to the Public</i>	<i>Improved Service Delivery to the Public.</i>
Speakers Residence	<i>Completed & Occupied</i>	<i>Permanent Residence for the Assembly Speaker.</i>	<i>Improved Security and Safety to the Speaker.</i>	<i>Adequate time for the Speaker to Serve the Assembly effectively</i>
County Assembly Complex	<i>90% Complete</i>	<i>Creation of new Chambers, Office space for MCAs, Speaker and Assembly Staff.</i>	<i>Adequate Office Space and Good Working Environment for Members and Staff.</i>	<i>Efficient Service Delivery</i>

Kwale County Assembly

Annual Report and Financial Statements For the year ended 30th June 2022

Foreword By the Clerk Of The Assembly (Continued)

- b) These are the key development projects included in the Assembly's strategic plan, procurement plan and work plan and the progress made and how if completed, will improve the effectiveness and efficiency of operations.

Project Description.	Project Progress	Project Efficiency and Effectiveness
Ward Offices	<i>16 Offices Completed 3 Offices Ongoing 1 At Awarding Stage.</i>	<i>Improved Service Delivery to the Public.</i>
Speakers Residence	<i>Completed & Occupied</i>	<i>Adequate time for the Speaker to Serve the Assembly effectively</i>
County Assembly Complex	<i>90% Complete</i>	<i>Efficient Service Delivery</i>

- c) The County Assembly has ensured Full compliance to various Acts and Regulations to promote responsible and fair competition practices on all tendering processes with transparency and Accountability. Such Acts Include – The Public Finance Management Act, The Public Procurement and disposal Act amongst Others.

2.4 Comment on value-for-money achievements

The County Assembly undertook the construction of the Ward Offices with the sole aim of ensuring that the local citizen can access services of the member of County Assembly in their respective wards. This has improved the lives of the local people as most of their pertinent problems are solved on time and adequately. Further to this, the County Assembly Complex has enabled the staff and members of the County Assembly to perform exceedingly towards the various development affairs of the people of Kwale.

During the Period under Review, the County Assembly recoded minimal engagements on charitable activities on Community Social Responsibility, however through the committee on gender and talent Management, the Assembly mobilised resources to address the various social aspects touching on teenage girls.

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Foreword By the Clerk Of The Assembly (Continued)


2.5 Challenges and Recommended Way Forward

The year was not without its challenges. The County Assembly Service Board had suspended the County Assembly Clerk and the Deputy Clerk took over in acting capacity in the entire year. The world also experienced an outbreak of COVID-19 pandemic, which crippled global operations. Kenya as a country was never spared, a situation which forced His excellence the president of the republic of Kenya declare the pandemic as a national disaster in march 2020. The government of Kenya took a raft of measures to curb the spread of the virus in the country, which among them was the adoption of essential service and working from home strategy. In reciprocate to this the Kwale County Assembly Service Board declared some measures that can help curb the spread of the virus.

On the issue of development of MCAs ward offices, the assembly was hampered by unavailability of government land with title deeds where most ward offices are designated to be build. The Assembly is working closely with the department of lands to ensure this is resolved moving forward.

In order to enhance our financial performance, we are finalizing on reviewing the strategic plan, implement the already developed human resource manual as well employ appropriate project management skills to ensure that all assembly's projects contribute to the realisation of the Assemblies Vision and Mission Statement. This will greatly enhance the performance of the assembly in undertaking her key responsibilities of oversight, legislation and representation.

Finally yet importantly, I must thank the County Assembly Service Board, Members and the entire staff of the county assembly for their zeal in realizing the Vision of this great institution.


.....
Name: FATUMA H. MWALUPA
Ag.Clerk of the County Assembly

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

3. Statement of Performance Against County Assembly Predetermined Objectives

Guidance

Introduction

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

The key mandate of the County Assembly of Kwale is legislation, oversight, and representation. To achieve this, the assembly's program was document in terms of objective, key performance indicators, and output. Below were the expected outputs of the assembly in FY 2021/2022

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	4 bills passed in the County Assembly	In FY 2021/2022 MCA were trained on Leadership and Integrity.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	70% Increase in efficient Assembly operation	Standing orders were reviewed and resulted to members participation in motions on the floor of the house.
	Enhanced professional development of MCAs – Review and amendments of laws	Review and amendments of laws	Quality of laws passed	4 Acts and Bills passed
	Enhanced professional development of MCAs – Public participation awareness programs	Public participation awareness to the public	Increased participation during public participation	General public engaged well during public participation

Kwale County Assembly

Annual Report and Financial Statements For the year ended 30th June 2022

**Statement of Performance Against County Assembly Predetermined Objectives Guidance
(Continued)**

Administration	Well trained and equipped Workforce to propel the Operations of the Assembly far and Beyond Expectations.	Increased Efficiency on staff output	Timely Production of reports and fully Compliance to law and statutory deadlines.	-In the Year under Review, 126 Assembly staff were trained including the ward staff on various aspects of their Profession. -Development of Sectoral plans -Review and development of departmental policies -Development of Sectoral plans -Review and development of departmental policies
----------------	---	--------------------------------------	---	---

4. Corporate Social Responsibility Statement/Sustainability Reporting

Kwale County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our Strategic pillars: putting the Citizen first, delivering relevant services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar;

a) Sustainability strategy and profile -

As an Assembly we recognise the importance of running a sustainable institution and committed to sustainable economic environment and social impacts resulting from our everyday activities. Our goal is to continuously improve operations and create shared values through various initiatives that includes operational efficiencies in all our processes, diversity and inclusion. We are aligning our operations to the expectations and aspirations of the citizens of Kwale.

b) Environmental performance

We are committed to environmental conservation and have held tree planting programmes across the county. Through various legislations, the assembly has been keen on passing bills geared towards environmental conservation.

c) Employee welfare

Our ambition of high performance calls for us to create an enabling environment that spurs engagement through high performing teams, continuous learning and inclusive culture. Our key priority is to futureproof our people by equipping them with the necessary skills and tools so that they can stay ahead of the curve in this rapidly disruptive era of digital adoption and transformation. People are at the heart of our operations. We provide an enabling workplace environment to attract, retain and grow young and fresh minds, as well as develop a highly skilled workforce that leads to creation of value.

The increased risk to the safety and welfare of our workforce has been of paramount concern during the COVID-19 pandemic. The measures introduced to support and protect our staff, and to ensure they are equipped with the information and resources they needed included; allowing staff to work from home or remotely, provision of protective gear such as gloves, masks, sanitizers, temperature screening and disinfection of workstations.

Corporate Social Responsibility Statement/Sustainability Reporting Continued..

d) Market place practices-

- i. Kwale County Assembly strictly adhere to the laid down regulations and law regarding procurement processes that include, the Public Procurement Regulatory Authority, The Public Procurement and Disposal Act, the PFM Act etc.
- ii. To maintain good supplier relations, The Assembly has prequalified list of suppliers and strictly follows the IFMIS E-sourcing platform for transparency and efficiency in its operations. This notwithstanding, the Assembly normally does timely payment of suppliers to avoid accumulation of debts

5. Statement Of Management Responsibilities

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2022, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the


Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Statement Of Management Responsibilities Continued

County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

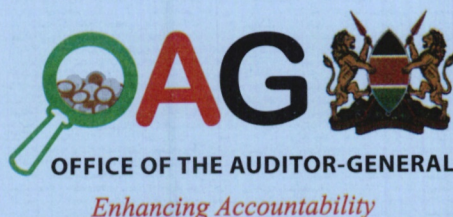
The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 14/11 2022.

.....

Fatuma Hassan Mwalupa

Ag. Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KWALE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kwale set out on pages 1 to 39, which comprise the statement of financial assets and liabilities as at 30 June, 2022, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Kwale as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act No.17 of 2012 and Public Finance Management Act, 2012 of the Laws of Kenya.

Basis for Qualified Opinion

1. Use of Goods and Services

The statement of receipts and payments reflects use of good and services of Kshs.305,958,297 as disclosed in Note 5 to the financial statements. The following observations were made:

1.1 Unsupported Domestic Travel and Subsistence Allowance

As disclosed under Note 5 to the financial statements, Kshs.137,629,755 is in respect of domestic travel and subsistence allowance, which includes unsupported allowances totalling Kshs.18,281,234 as detailed below:

i. Unsupported Purchase of Air Tickets

Included in domestic travel and subsistence allowance is Kshs.4,249,534 which was spent on purchase of air tickets. However, the supporting documents such as requisitions, approval of travel and details of official duties performed or activities undertaken were not provided for audit review.

ii. Unsupported Transport and Car Hire Charges

Included in the domestic travel and subsistence is Kshs.1,642,800 in respect of transport and car hire charges. Included in Kshs.1,642,800 is Kshs.756,000 paid to a transport and car hire service provider at daily rates of Kshs.24,700 and Kshs.37,000 for a landcruiser and tour bus respectively. However, the prices were not provided for in the framework agreement between the service provider and the Assembly.

iii. Unsupported Subsistence Allowance Paid to Members of County Assembly

Included in domestic travel and subsistence allowance is Kshs.13,275,700 in respect of subsistence allowance to Members of County Assembly, Board Members and staff of the County Assembly. However, the payments were not supported by details of activities for each event, reports of meetings, requisition for conference facilities where the meetings were held and invoices issued by facilities used.

In the circumstances, the occurrence and validity of domestic travel and subsistence allowances of Kshs.18,281,234 could not be confirmed.

1.2 Unsupported Foreign Travel and Subsistence Allowance

The financial statements as disclosed under Note 5 to the financial statements reflect foreign travel and subsistence costs of Kshs.51,902,728. Audit examination of the payment vouchers, revealed unsupported allowances of Kshs.15,620,491 as detailed below:

Payment Voucher No.(12/42) in respect of imprest paid for daily subsistence to staff and Members of County Assembly (MCA) on a trip to Zanzibar totalling to Kshs.5,513,966 between 21 and 29 December, 2021. The itinerary included private tours to tourist sites, get-together for the MCAs and staff, excursion and shopping. However, the Management did not provide the supporting documents such as minutes of the County Assembly Service Board meeting held on 06 December, 2021 which approved the travel, reports on discussions and thematic area of benchmarking, institutions picked for benchmarking and benefits accruing from the same. The travelling took place during festive season casting doubts on occurrence of benchmarking trip.

Payment Voucher No.12/43 totalling to Kshs.2,131,489 in respect of imprest spent on audit committee benchmarking trip to Addis Ababa revealed that there was no comprehensive benchmarking report indicating actual activities and engagement of the committee with institutions having similar mandate for benchmarking and benefits of the activity to the Assembly. The tour reportedly took place between 21 and 29 December, 2021 which is a festive season. Further, the summary report provided indicated various visits to tourist sites which are not directly related to audit committee work.

Payment Vouchers No.05/32 and 12/15 totalling to Kshs.6,798,347 in respect of subsistence allowance for staff travelling to Dar-es-Salaam and refund of logistical expenses and unpaid per diem while in Dar-es-Salaam. However, the payment voucher was only supported by list of beneficiaries. There was no evidence of travel in form of air tickets, boarding passes and entry and exit stamped passports, report indicating actual activities and engagement of the staff with institutions having similar mandate for benchmarking, evidence of prior communication with the institutions to be visited and engaged to confirm the visit. Further, operating expenses amounting to Kshs.118,075 was incurred on Covid-19 tests, boat hire, tour guide services and car hire services. However, evidence of prior planning and approval of the expenditure was not provided for audit review.

Payment Voucher No.08/02 totalling to Kshs.1,176,689 being payment to the County Service Board and staff on a retreat to Addis Ababa in respect of benchmarking report provided for audit did not indicate how the visit addressed challenges faced by Kwale County.

In the circumstances, the occurrence of foreign travel and subsistence costs of Kshs.15,620,491 could not be confirmed.

1.3 Unsupported Hospitality Supplies and Services

As disclosed under Note 5 to the financial statements, Kshs.28,438,532 is in respect of hospitality supplies and services. Included in the expenditure is conference facilities expenditure of Kshs.15,902,050 which was not supported by formal requisitions by the user departments, procurement plan and details on how the service providers were identified, selected and determination of prices charged.

In the circumstances, the occurrence of hospitality supplies and services of Kshs.15,902,050 could not be confirmed.

1.4 Irregular Expenditure on Printing, Advertising and Information Supplies

As disclosed under Note 5 to the financial statements are printing, advertising and information supplies and services expenses totalling to Kshs.10,692,180. Included in this amount is Kshs.8,618,976 in respect of bulk printing and advertising which was not supported by tax invoices and inspection reports to confirm the quantities delivered.

Further, audit review of the purchase orders, delivery notes and store records indicated that the payment was for producing 1,014,749 copies of the Annual Development Plan (ADP) and 1,858,243 copies of audit documents for 2018/2019 for the Senate. However, the Management failed to provide the number of ADP booklets and pages to account for the copies made. Further, the County Assembly Management failed to explain why they printed Annual Development Plan for public participation, which is the responsibility of the County Executive. In addition, the copies printed for the Senate were not supported by details of copies made per file.

In the circumstances, the propriety and validity of Kshs.8,618,976 could not be confirmed.

1.5 Irregular Expenditure on Other Operating Expenses

As disclosed under Note 5 to the financial statements, other operating expenses totalled Kshs.33,520,126, which further includes unsupported payments of Kshs.6,839,781 as indicated below:

Payment Vouchers No.4/37 and 11/44 totalling to Kshs.2,420,000 and Kshs.1,419,781 respectively being payment for legal fees to a local advocate were not supported by requisitions for the legal fees required, professional opinions from the head of procurement, notification of awards and acceptance letters.

Payment Vouchers No.09/08 and 11/05 totalling to Kshs.1,650,000 and Kshs.1,350,000 respectively being payment of ward operation expenses for MCAs were not supported by formal requisitions. Further, Management did not provide invoices totalling to Kshs.854,505 and Kshs.985,000 for payment Vouchers No.09/08 and 11/05 respectively. In addition, it was not explained why Ward operations expenses varied from one Ward to another as follows: Kshs.50,000, Kshs.100,000 and Kshs.150,000.

In the circumstances, the accuracy and occurrence of other operating expenses of Kshs.6,839,781 could not be confirmed.

2. Doubtful Accounts Receivable - Imprests and Advances

The statement of financial assets and liabilities reflects imprests and advances of Kshs.10,969,664, which includes Kshs.200,000 and Kshs.6,377,361 in respect to rent deposit and prepayments of Kenya Revenue Authority respectively. However, the following observations were made:

- i. The rent deposit of Kshs.200,000 was in respect to the Speaker's former residence. Information provided to audit indicates that the Speaker moved to his new residence which was built by the County Assembly in 2019. There was no evidence of efforts made to recover the amount.
- ii. An amount of Kshs.1,899,057 disclosed in the books relates to a prepayment of fringe benefits tax to Kenya Revenue Authority (KRA). Review of available documents and discussion with the Management revealed that the amount relates to a payment of fringe benefits tax arrears for 2018 that was erroneously processed twice from the Central Bank of Kenya Account. However, in June and July, 2022, the Management wrote to KRA requesting for recovery of this amount but the same has not been responded to.
- iii. An amount Kshs.4,119,392 was deducted by KRA from the County Assembly's bank account in October, 2018 after issuing the County Assembly with a letter stating that this was in regard to tax arrears and interest. On 7 October, 2019, the County Assembly wrote to KRA disputing the claim and on 26 January, 2022 the Authority allowed the County Assembly to utilize this amount, together with another over recovery of Kshs.358,912 that had not been disclosed in the County Assembly's books for PAYE of January, 2022. KRA however recalled this letter and still deducted an amount of Kshs.4,478,304 from the County Assembly's account.

In the circumstances, the recoverability of prepaid tax of Kshs.6,377,361 and the accuracy and completeness of imprests and advances of Kshs.10,969,664 could not be confirmed.

3. Construction of Ward Officers on Parcels of Land without Titles

The statement of receipts and payments reflects acquisition of assets of Kshs.206,765,158 which includes Kshs.143,703,923 is in respect of domestic public non- financial enterprises. Included in Kshs.143,703,923 is Kshs.50,393,925, being payments to various local contractors for the construction of Members of County Assembly's Ward Offices. However, the Management did not provide ownership documents for the parcels of land where these Ward offices are being erected.

Further, there was no evidence of action being taken to obtain the land ownership documents.

In the circumstances, the ownership, rights and obligations of County Assembly assets valued at Kshs.50,393,925 could not be confirmed.

4. Unconfirmed Fringe Benefits Tax

Review of payroll data revealed that Members of County Assembly and Staff were advanced twenty-one (21) car loans and fifty-two (52) mortgage loans by the County Assembly of Kwale Members and Staff Car Loan and Mortgage Fund. The loans were advanced at a rate of 3%, a rate below the market rate and therefore qualified for imposition of fringe benefit as required by Section 12(B)1 of the Income Tax 2012 which states that, 'notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate'. The County Assembly estimated and paid a total of Kshs.1,332,600 during the year under review to Kenya Revenue Authority as fringe benefits tax. However, the amount paid was not supported by actual calculation of the fringe benefits tax payable, thereby exposing the Assembly to penalties for non-compliance.

In the circumstances, the accuracy of the fringe benefits tax paid could not be confirmed.

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

Emphasis of the Matter

Budgetary Performance and Control

The statement of comparison of budget and actual amounts - recurrent and development combined for the year ended 30 June, 2022 reflects final receipts budget and actual on comparable basis totalling Kshs.1,028,286,613 and Kshs.853,430,078 respectively, resulting in an under-funding of Kshs.174,856,535 (or 17%) of the budget. Similarly, the County Assembly expended Kshs.844,351,546 against an approved budget of Kshs.1,028,286,613, resulting in under-expenditure of Kshs.183,935,066 (or 18%) of the budget.

As a result, some of the activities planned for the year could not be implemented.

Other Matter

Progress on Follow-Up of Prior Year's Auditor Recommendations

Audit review of the financial statements revealed that the Management received the audit report for the financial year ended 30 June, 2021 and indicated that responses to the audit issues were being prepared. However, the section on progress on follow-up of prior year's auditor recommendations was not completed, contrary to the Public Sector Accounting Standards Board template for the year under review.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Subscriptions and Memberships not Anchored in Law

The statement of receipts and payments reflects use of goods of Kshs.305,958,297, out of which Kshs.33,520,126 is in respect of other operating expenses which includes Kshs.1,500,000 paid as subscriptions and membership fees to County Assemblies Forum, comprising Kshs.500,000 for subscription to County Assemblies Sports Association for 2021 games and Kshs.1,000,000 for Speakers of County Assemblies at the Table (SOCATT) for the financial years 2018 and 2019. However, the Management did not provide details and justification for the payment since the beneficiaries are not anchored in law for financing by the County Assembly.

In the circumstances, the lawfulness of operating expenses of Kshs.1,500,000 for the could not be confirmed.

2. Failure to Establish a County Assembly Fund

Audit review of documents and information provided by Management revealed that the County Assembly Service Board had not established a County Assembly Fund for purposes of receiving grants, gifts, donations or bequests or monies from investments of the Board. This is contrary to Section 34 of the County Assemblies Service Act, 2017 which states that, (1) 'There is established for each County, a Fund to be known as the County Assembly Fund. (2) There shall be paid into the County Assembly Fund - (a) any grants, gifts, donations or bequests; (b) monies from investments of the Board and such fees imposed or levies administered by the Board; and (c) such monies as may, in the future, be appropriated from the Revenue Fund established for each County.

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

3. Irregular Allowances

Note 5 to the financial statements reflects other operating expenses of Kshs.33,520,126, out of which Kshs.697,880 was in respect of payment to police officers providing security to the County Assembly offices. It was not explained why the allowances were paid direct to the officers instead of the National Police Service who is their employer.

In the circumstances, the lawfulness of other operating expenses of Kshs.697,880 could not be confirmed.

4. Inefficient Management of Motor Vehicles

Examination of the motor vehicle records revealed that the County Assembly had six (6) motor vehicles. Review of the work tickets revealed that only two vehicles were serviceable and in use at time of audit while four vehicles were grounded, prompting the Management to hire vehicles from local car hire service providers. Further, details of the defects and reasons why the same had not been rectified were not provided for audit review. In addition, the Management did not provide work tickets for two vehicles which were previously used by the Speaker to the County Assembly before their grounding.

Under the circumstances, the Accounting Officer has not managed assets of the County Assembly in such a way as to ensure that it achieves value for money in acquiring, using or disposing of the assets.

5. Lack of Financial Procedures Manual

Information provided for audit indicated that the County Assembly does not have a Financial Procedures Manual to guide the operations of finance department and other financial transactions, contrary to Regulation 9(1) of the Public Finance Management(County Governments) Regulations, 2015 which states that 'the County Treasury shall publish financial manuals and forms which may be used by County Government entities to support implementation of these Regulations while Regulation 9(4) states that, 'The financial manuals shall contain relevant procedures for the budget preparation, budget execution, keeping of books of accounts, formats of financial statements and Government standard chart of accounts issued by the National Treasury'.

Consequently, Management was in breach of the law.

6. Payment of Salaries for Permanent Staff Outside Integrated Personnel and Payroll Database (IPPD)

Payroll records provided for audit indicated that Kshs.3,138,490 was paid to staff of the County Assembly that were on permanent and pensionable terms outside IPPD, contrary to Section 120(2) of the Public Finance and Management (County Governments) Regulations, 2015.

Consequently, Management was in breach of the Law.

7. Irregularity in Staffing

Audit review of staff records indicated that the County Assembly advertised eight (8) positions during the previous financial year through advertisement Ref. No.012/2020/KWLCASB for office cleaners following approval of the County Assembly Service Board. However, the County Assembly recruited eleven (11) staff. No explanation and approval of the Board was provided for recruiting the three-extra staff.

Further, payroll records indicated that the County Assembly had eighty-three (83) employees. However, the Management did not provide for audit review an approved staff establishment indicating positions available, number of staff per position and details of vacant positions to confirm the need for the recruitment.

In the circumstances, the recruitment of the three staff is irregular and the Management is in breach of the law.

8. Overcommitment of Salaries

Audit review of payroll revealed that various employees committed their salaries beyond two-thirds of basic salaries, contrary to the provisions of Section 19(3) of the Employment Act, 2007 as shown below:

Month	No. of Staff	Month	No. of Staff
July, 2021	10	January, 2022	8
August, 2021	11	February, 2022	8
September, 2021	10	March, 2022	8
October, 2021	11	April, 2022	8
November, 2021	11	May, 2022	8
December, 2021	9	June, 2022	7

Further, two (2) employees earned Kshs.Nil salaries throughout the year indicating their actual existence is doubtful.

Consequently, Management was in breach of the law.

9. Failure to Comply with Gender Requirements

Review of personnel records revealed that as at 30 June, 2022, the County Assembly had a total of eighty-three (83) staff, out of whom fifty-eight (58) (or 70%) are of the male gender leaving only twenty-five (25) (or 30%) female gender. Further, out of the eleven (11) new staff appointed only two (2) were of the female gender which constitutes 19%.

In the circumstances, the County Assembly acted contrary to Article 27(8) of the Constitution of Kenya, 2010 which states that, 'not more than two-thirds of the members of elective or appointive bodies shall be of the same gender'.

Consequently, the County Assembly was in breach of the Constitution.

10. Failure to Comply with Ethnicity Requirements

Review of personnel records revealed that as at 30 June, 2022, Kwale County Assembly had a total of 83 employees, out of whom 70 (or 84%) were from one ethnic community, contrary to Section 6 of the County Governments Act, 2012.

In the circumstances, the County Assembly was in breach of the law.

11. Termination of Employment Contract of the Clerk of the County Assembly

As reported in the previous financial year, the County Assembly Service Board terminated the contract of the Clerk of the County Assembly through letter dated 11 December, 2019 referenced KWL/CA/BD/VOL.1(31). His employment contract was eventually terminated through a court process in May, 2022. Following the suspension of the Clerk, the Deputy Clerk was appointed in an acting capacity as the Clerk to the County Assembly via Letter Ref. CA/KWL/CASB/ ADM/ VOL1(5) dated 12 December, 2019. However, as at the time of the audit in July, 2022, the Deputy Clerk was still acting as the Clerk of the County Assembly contrary to Section 34(3) of Public Service Commission Act No.10 of 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

In the circumstances, the County Assembly was in breach of the law.

12. Irregular Payment of Salaries to Staff on Extended Leave

As previously reported, an audit review of the County Assembly's staff personal files revealed that one officer was issued with a show cause letter by the Acting Clerk. Further, the records indicated that on the same day, another show cause letter with the same reference number was issued by the Board indicating that the officer had not forwarded information to the Human Resources Office to effect payroll deductions from four (4) officers, including the officer for purposes of effecting monthly deductions.

The records further show that the officer was issued with another Letter dated 22 February, 2021 stating that the matter had been referred to the Board which resolved that the matter be referred to the staff advisory committee and that the staff was to proceed on a twenty-one-day leave from the date of the letter. The staff was later invited to the staff advisory committee meeting on 23 March, 2021 which approved further extensions of his leave on 16 April, 2021, 18 June 2021, 19 July, 2021 and 19 August, 2021 by twenty-one days each. However, it was noted that while on leave, the staff received full salary and allowances totalling Kshs.627,640 from the County Assembly up to 30 June, 2022.

The County Assembly did not explain why the advisory committee had not advised the Board as required under Section 29 of the County Assembly Service Act, 2017 which states that 'the Board shall establish a committee to be known as the Staff Advisory Committee which shall be responsible for advising the Board, through the Committee, on matters relating to staff including termination of the appointment of an employee'. In

addition, no explanation was provided for the approval of extensions of leave with full pay to staff facing disciplinary proceedings.

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

13. Lack of a Training Committee

Documents provided for audit indicate that despite there being a Human Resource Management and Development Department, there was no evidence that the Clerk of the County Assembly appointed a training committee to manage the training function as required by Policy No.7.2(1) of the Kwale County Assembly Human Resources Policy Manual, 2019 which states that, 'the Management and co-ordination of training function in the County Assembly will be the responsibility of the Human Resource Management and Development department. The Clerk will appoint a Training Committee whose mandate will be to manage the training function guided by the Human Resource Management Development Department'.

In the circumstance, the Management was in breach of the County Assembly's Policy.

14. Irregularities in Procurement and Construction of Members of County Assembly Ward Offices

14.1 Delayed Construction of Kubo Ward Office

Review of Tender No. CAK/002/05/2018-2019 for construction of the Member of County Assembly Ward office in Kubo South Ward was opened on 14 June, 2019 and evaluated on 17 June, 2019 and 18 June, 2019. The tender was awarded to a local contractor at a contract price of Kshs.9,817,225 via Notification Letter Ref CAK/KWL/PROC/25A/17/18. As per the contract agreement, the works were to be completed by 7 September, 2020.

The following observations were made:

- i. Performance security amounting to Kshs.196,345 was not provided for audit review despite the same being a requirement in the notification of award.
- ii. First payment certificate was issued on 18 March, 2021 or about six (6) months after the contract had elapsed. Further, 2nd and 3rd payment certificates for Kshs.1,888,345 and Kshs.2,316,865.50 were issued on 14 October, 2021 and 16 June, 2022 respectively. However, no evidence was provided to confirm that the agreed contract duration was extended.
- iii. The contractor requested for a two-month extension of the contract in December, 2021 and which was granted by the County Engineer on 04 January, 2022, contrary to Section 139(1)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that an amendment or a variation to a contract resulting from a procurement proceeding is effective only the variation or amendment has been approved in writing by the respective tender awarding authority within a procuring entity.

- iv. Physical verification of the project on 02 November, 2022 revealed that the project was still incomplete, with only wall and roofing done, nine (9) months after the last contract extension.
- v. The Management did not provide documentary evidence of efforts to recover liquidated damages from the contractor due to delay in implementing the project.

The delay in implementation of the project may occasion loss of funds due to costs escalation and unclaimed liquidated damages.

14.2 Delayed Construction of Vanga Ward Office

The tender for construction of the Member of County Assembly office at Vanga Ward was awarded to a local contractor in May, 2018 at a contract price of Kshs.6,508,690. The contract indicated the completion period of 180 days after signing of the contract and which was signed on 28 June, 2018, therefore, the expected completion date was December, 2018. The 1st interim certificate was issued in September, 2018 with the completion certificate for Kshs.1,470,765 being issued and settled in October, 2021, or 35 months after the contract had elapsed.

However, the Management did not provide evidence of extension of the contract nor evidence of efforts to recover liquidated damages from the contractor due to delay in implementation of the project.

The project implementation may occasion loss of public funds through cost escalation and failure to claim liquidated damages.

14.3 Irregularities on Construction of Ukunda Ward Office

Tender for construction of the Member of County Assembly's (MCA) Ward office in Ukunda ward was done via open tender and advertised in the standard newspaper of 24 May, 2021 with a closing date of 11 June, 2021. The following was observations were made:

- i. Seven (7) members of the Adhoc Committee were appointed but only six (6) attended. However, there was no evidence to show that one member rejected the appointment. Further, the Secretary to the Committee was not the person in charge of the procurement function, contrary to Regulation 29(4) of the Public Procurement and Asset Disposal Regulations, 2020.
- ii. Notification of award and regret letters were sent via letter ref. KWL/CA/PRC/876847/6/2020-2021 but evidence that regret letters were received by the unsuccessful bidders was not provided for audit.
- iii. The contract was signed on 28 June, 2021 with a contract period of 180 days beginning the same date. The records also indicate that by 28 October, 2021, the contractor had not been shown the construction site and indicated in March, 2022 the desire to discontinue with the contract.

As at the time of this audit in October, 2022, the County Assembly Management had not responded to the letter nor explained the failure to terminate the contract and initiate the process of claiming the bond from the contractor for non-performance.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Substantive ICT Strategic Committee & Approved ICT Strategic Plan

Information and documents provided by the Management indicated that the County Assembly had not constituted an IT Strategic Committee, as required by IT Governance Standard, ICTA.5.002: 2019, Section 6.2(a) which states that "...Ministries, Counties, Departments and Agencies (MCDAs) shall establish two ICT governance committees; a) An IT Strategy committee to provide strategic advice on ICT initiatives and investments to the board as defined in Appendix 9".

Further, an approved ICT Strategic Plan was not provided to confirm that the County Assembly has a clear IT vision and mission that define how it plans to improve internal processes in order provide efficient services to businesses and citizens.

Consequently, the County Assembly was in contravention of IT Governance Standard.

2. Inactive ICT Steering Committee

Review of appointment letters revealed that the County Assembly constituted an IT Steering Committee on 28 October, 2021. However, there was no documentary evidence to confirm that the committee was functional or has undertaken any activities since its appointment.

Under the circumstances, how the County Assembly is translating the Vision and Mission into actionable annual plans could not be independently confirmed.

3. Lack of ICT Risk Framework

The County Assembly of Kwale provided for audit review a Draft ICT Risk Framework. However, the draft policy did not indicate that the Assembly had developed a risk strategy, set acceptable risk standards and undertaken risk assessment for identification, recording, analysis and designing of mitigation measures.

Consequently, the County Assembly was in contravention of the IT Governance Standard.

4. Voided Transactions in IFMIS

Analysis of the Integrated Financial Management Information System payment reports indicated that seventy-six (76) transactions totalling Kshs.124,259,440 were voided during the year 2021/2022. Further, the Management did not provide reasons for voiding the indicated payments neither were the transactions traced in the pending bills report.

Voiding of transactions is a pointer to weak internal controls and may be an indication of application of funds for purposes not approved by the Controller of Budget.

5. Cash Payments as Per IFMIS System Reports

Audit analysis of the payment details report revealed seventy-seven (77) transactions of Kshs.722,237,522 relating to payments to various payees in cash as per the item description in IFMIS System. Given the high risk of cash payments, there could be manipulation and financial malfeasance by the County Assembly staff.

6. Transactions in IFMIS System Payments not Processed in Payment Details Report

Analysis of the system payment reports processed against the payments made revealed that there are fifty-nine (59) transactions totalling Kshs.121,123,996 that were paid but not captured in payment details as at 30 June, 2022.

The discrepancy between the transactions processed in IFMIS and the payments report of Kshs.121,123,996 as at 30 June, 2022 is an indication of possible data manipulation in the system.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Assembly's policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assembly's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Assembly to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Assembly to express an opinion on the financial statements.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


21 February, 2023

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

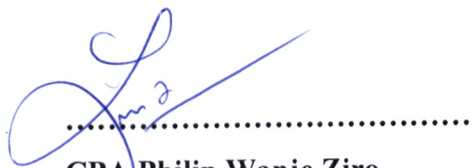
7. Statement of Receipts and Payments for The Year Ended 30th June 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Receipts			
Exchequer releases	1	853,430,078	731,020,516
Proceeds from sale of assets	2	-	-
Other receipts	3	-	-
Total receipts		853,430,078	731,020,516
Payments			
Compensation of employees	4	301,076,330	281,069,752
Use of goods and services	5	305,958,297	288,154,214
Subsidies	6	-	-
Transfers to other government entities	7	30,000,000	72,000,000
Other grants and transfers	8	-	-
Social security benefits	9	-	-
Acquisition of assets	10	206,765,158	77,154,615
Finance costs	11	551,761	418,789
Other payments	12	-	-
Total payments		844,351,547	718,797,369
Surplus/deficit		9,078,531	12,223,147

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 14/11/2022 and signed by:



Fatuma Hassan Mwalupa
Ag. Clerk of the Assembly



CPA Philip Wanje Ziro
Director Finance & Accounts – County Assembly
ICPAK Member Number: 20407

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

8. Statement Of Financial Assets and Liabilities As At 30th June 2022

Financial assets	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash and cash equivalents			
Bank balances	13A	76,249,653	68,889,014
Cash balances	13B	-	-
Total cash and cash equivalents		76,249,653	68,889,014
Imprests and Advances	14	10,696,664	6,233,449
Total financial assets		86,946,317	75,122,463
Financial liabilities			
Third party deposits and retention	15	71,634,337	56,575,876
Net financial assets		15,311,980	18,546,587
Represented by			
Fund balance b/fwd	16	18,546,587	6,440,082
Prior year adjustment	17	-12,313,138	-116,642
Surplus/(deficit) for the year		9,078,531	12,223,147
Total Net Financial Assets and Liabilities		15,311,980	18,546,587

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 14/11 2022 and signed by:

.....
Fatuma Hassan Mwalupa
 Ag.Clerk of the Assembly

.....
CPA Philip Wanje Ziro
 Director Finance & Accounts – County
 Assembly
 ICPAK Member Number: 20407

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

9. Statement Of Cash Flows for The Period Ended 30th June 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Cash flows from operating activities			
Receipts from operating income			
Exchequer releases	1	853,430,078	731,020,516
Other receipts	3	-	-
Payments for operating expenses			
Compensation of employees	4	-301,076,330	-281,069,752
Use of goods and services	5	-305,958,297	-288,154,214
Subsidies	6	-	-
Transfers to other government entities	7	-30,000,000	-72,000,000
Other grants and transfers	8	-	-
Social security benefits	9	-	-
Finance costs	11	-551,761	-418,789
Other payments	12	-	-
Adjusted for:			
Prior year adjustment	17	-12,313,138	-116,642
Decrease/(increase) in accounts receivable:	18	-4,463,215	89,991
Increase/(decrease) in accounts payable:	19	15,058,461	1,461,292
Net cash flows from operating activities		214,125,798	90,812,402
Cashflow from investing activities			
Proceeds from sale of assets	2	-	-
Acquisition of assets	10	-206,765,158	-77,154,615
Net cash flows from investing activities		-206,765,158	-77,154,615
Net increase in cash and cash equivalents		7,360,639	13,657,788
Cash & cash equivalent at Start of the year	13	68,889,014	55,231,226
Cash & cash equivalent at end of the year	13	76,249,653	68,889,014

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 14/11/2022 and signed by:

.....
Fatuma Hassan Mwalupa
 Ag. Clerk of the Assembly

.....
CPA Philip Wanje Ziro
 Director Finance & Accounts – County
 Assembly
 ICPAK Member Number: 20407

10. Statement Of Comparison Of Budget & Actual Amounts: Recurrent and Development


Receipt/expense item	Original Budget Kshs	Adjustments Kshs	Final Budget c=a+b	Actual on Comparable Basis d	% Utilization difference Kshs
Receipts					
Exchequer releases	818,445,792	209,840,821	1,028,286,613	853,430,078	83%
Proceeds from sale of assets	-	-	-	-	0%
Other receipts	-	-	-	-	0%
Total	818,445,792	209,840,821	1,028,286,613	853,430,078	83%
Payments					
Compensation of employees	308,596,321	-7,519,991	301,076,330	301,076,330	100%
Use of goods and services	296,077,250	19,557,211	315,634,461	305,958,297	97%
Subsidies	-	-	-	-	0%
Transfers to other government entities	100,000,000	-70,000,000	30,000,000	30,000,000	100%
Other grants and transfers	-	-	-	-	0%
Social security benefits	-	-	-	-	0%
Acquisition of assets	113,372,221	267,573,601	380,945,822	206,765,158	54%
Finance costs	400,000	230,000	630,000	551,761	88%
Other payments	-	-	-	-	0%
Total	818,445,792	209,840,821	1,028,286,613	844,351,546	82%
Surplus/ deficit	-	-	-	9,078,532	83%


(a) Under acquisition for Assets, 46% of the total budgetary allocation was not absorbed. This majorly relates to funds set aside for development of the County Assembly projects, and by end of the year, the contractor had not submitted certificates of equal worth to warrant payment.

(b) The changes between the original revenue budget and final revenue budget was as a result of pending bills from the previous financial year which were introduced in the current budget through supplementary budget. The changes in the expenditure budget are as a result of internal reallocations as per IPSAS 1.7.23

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

The entity financial statements were approved on 14/11/ 2022 and signed by:


.....
Fatuma Hassan Mwalupa
Ag.Clerk of the Assembly


.....
CPA Philip Wanje Ziro
Director Finance & Accounts – County Assembly
ICPAK Member Number: 20407


11. Statement Of Comparison Of Budget & Actual Amounts: Recurrent

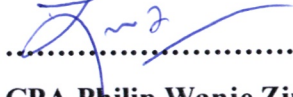
Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	B	c=a+b	e=d-c	
Receipts					
Exchequer releases	718,445,792	-70,000,000	648,445,792	642,287,522	99%
Proceeds from sale of assets	-	-	-	-	0%
Other receipts	-	-	-	-	0%
Total	718,445,792	-70,000,000	648,445,792	642,287,522	99%
Payments					
Compensation of employees	308,596,321	-7,519,991	301,076,330	301,076,330	100%
Use of goods and services	296,077,250	19,557,211	315,634,461	305,958,297	97%
Subsidies	-	-	-	-	0%
Transfers to other government entities	100,000,000	-70,000,000	30,000,000	30,000,000	100%
Other grants and transfers	-	-	-	-	0%
Social security benefits	-	-	-	-	0%
Acquisition of assets	13,372,221	-12,267,220	1,105,001	204,999	19%
Finance costs	400,000	230,000	630,000	551,761	88%
Other payments	-	-	-	-	0%
Total	718,445,792	-70,000,000	648,445,792	637,791,388	98%
Surplus/ deficit	-	-	-	4,496,135	-

(a) A number of supplementary budgets were done during the year and a very fluid operating environment occasioned this. This realignment of the budget contributed great absorption capacity during the year. The low absorption in Acquisition of Assets was as a result of unremitted requisition by the COB for the purchase of computers.

(b) The changes in the expenditure budget are as a result of internal reallocations. (IPSAS 1.7.23)

The entity financial statements were approved on 14/11/2022 and signed by:


.....
Fatuma Hassan Mwalupa
Ag. Clerk of the Assembly


.....
CPA Philip Wanje Ziro
Director Finance & Accounts – County Assembly
ICPAK Member Number: 20407

12. Statement Of Comparison of Budget & Actual Amounts: Development


Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
Receipts					
Treasury/ exchequer releases	100,000,000	279,840,821	379,840,821	211,142,556	56%
Proceeds from sale of assets	-	-	-	-	0%
Other receipts	-	-	-	-	0%
Total	100,000,000	279,840,821	379,840,821	211,142,556	56%
Payments					
Compensation of employees	-	-	-	-	0%
Use of goods and services	-	-	-	-	0%
Subsidies	-	-	-	-	0%
Transfers to other government entities	-	-	-	-	0%
Other grants and transfers	-	-	-	-	0%
Social security benefits	-	-	-	-	0%
Acquisition of assets	100,000,000	279,840,821	379,840,821	206,560,159	54%
Finance costs	-	-	-	-	0%
Other payments	-	-	-	-	0%
Total	100,000,000	279,840,821	379,840,821	206,560,159	54%
Surplus/ deficit	-	-	-	4,582,397	56%

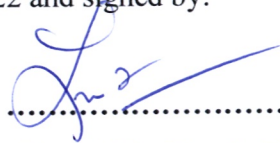
(a) Under acquisition for Assets, 46% of the total budgetary allocation was not absorbed. This majorly relates to funds set aside for development of the county assembly Complex & Ramisi ward office, and by end of the year the contractor had not submitted certificates of equal worth to warrant payment

(b) Funds from pending bills from previous budgets were rolled over as first charge item during supplementary budget as per IPSAS

1.7.23

The entity financial statements were approved on 14/11/ 2022 and signed by:


.....
Fatuma Hassan Mwalupa
Ag.Clerk of the Assembly


.....
CPA Philip Wanje Ziro
Director Finance & Accounts – County Assembly
ICPAK Member Number: 20407

13. Budget Execution By Programmes And Sub-Programmes

Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	%/ number	%/ number	Kshs	Kshs
Programme 1	683,842,247	169,184,755	853,027,002	671,864,534	181,162,468
0704013060 (Audit Services)	308,596,321	-11,506,985	297,089,336	297,089,335	1
0704043060 (General Administration)	375,245,926	180,691,740	555,937,666	374,775,199	181,162,467
Sub-Programme 3	-	-	-	-	-
Programme 2	134,603,545	40,656,066	175,259,611	172,487,113	2,772,498
0705013060 (Oversight and legislation of county affairs)	134,603,545	40,656,066	175,259,611	172,487,113	2,772,498
Sub-Programme 2	-	-	-	-	-
Sub-Programme 3	-	-	-	-	-
Total	818,445,792	209,840,821	1,028,286,613	844,351,647	183,934,966

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic. Ensure this document is accurately presented to enable consolidation with other County Entities).

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Acquisition of fixed assets

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

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Significant Accounting Policies (Continued)

4. In-kind contributions

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

5. Third Party Payments

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

6. Cash and cash equivalents

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

7. Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2022, this amounted to KShs 71,634,337 compared to KShs 56,575,876 in prior period as indicated on note 13. *There were no other restrictions on cash during the year.*

Significant Accounting Policies (Continued)

8. Imprests and Advances

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

9. Third party deposits and retention

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

10. Non-current assets

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

11. Pending bills

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

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

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

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

13. Contingent Assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Significant Accounting Policies (Continued)

14. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Assembly's budget was approved as required by Law. The original budget was approved by the County Assembly on 30th June 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was three number of supplementary budgets passed in the year. The supplementary budgets were approved on 14/09/221, 24/02/2022 and 22/06/2022. A high-level assessment of the Assembly's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

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

18. Related Party Transactions

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

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

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

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

15. Notes to the Financial Statements

1. Exchequer Releases

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for q1	116,108,092	111,061,533
Transfers from the county treasury for q2	200,565,115	206,402,754
Transfers from the county treasury for q3	183,619,064	165,428,500
Transfers from the county treasury for q4	353,137,807	248,127,729
Cumulative amount	853,430,078	731,020,516

2. Proceeds From Sale Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Tender Fees Received	-	-
Other Receipts II		-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	-	-

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
Basic salaries of permanent employees	133,327,920	115,944,400
Basic wages of temporary employees	22,705,800	24,660,600
Personal allowances paid as part of salary	104,429,344	102,580,400
Personal allowances paid as reimbursements	2,196,000	1,855,000
Personal allowances provided in kind	7,476,943	7,042,799
Employer contribution to compulsory national social schemes	30,940,324	28,986,552
Employer contribution to compulsory national health insurance schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	301,076,330	281,069,752

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

5. Use Of Goods And Services

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	77,385	487,900
Communication, supplies and services	1,650,600	1,686,767
Domestic travel and subsistence	137,629,755	105,046,014
Foreign travel and subsistence	51,902,728	26,719,443
Printing, advertising and information supplies & services	10,692,180	41,780,169
Rentals of produced assets	3,540,000	4,360,000
Training expenses	2,253,850	10,292,694
Hospitality supplies and services	28,438,532	42,629,392
Insurance costs	28,976,800	29,066,597
Specialized materials and services	2,014,450	
Office and general supplies and services	159,600	2,555,720
Fuel, oil and lubricants	3,216,318	3,148,401
Other operating expenses	33,520,126	13,076,960
Routine maintenance – vehicles and other transport equipment	1,373,835	5,190,400
Routine maintenance – other assets	512,138	2,113,756
Total	305,958,297	288,154,214

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

6. Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Subsidies To County Corporations		
<i>See List Attached</i>	-	-
(Insert Name)	-	-
Subsidies To Private Enterprises		
<i>See List Attached</i>	-	-
(Insert Name)	-	-
Total	-	-

7. Transfers To Other Government Entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to national government entities	-	-
Transfers to other county assembly entities		
Car loan scheme fund	30,000,000	-
Mortgage	-	-
Others (insert name of budget agency)	-	72,000,000
Total	30,000,000	72,000,000

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

8. Other Grants And Transfers

	2021-2022	2020-2021
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Membership fees and dues and subscriptions to organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

9. Social Security Benefits

	2021 - 2022	2020-2021
	Kshs	Kshs
Government Pension and Retirement Benefits	-	-
Social Security Benefits	-	-
Employer Social Benefits	-	-
Total	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

10. Acquisition Of Assets

<u>Non- financial assets</u>	2021 - 2022	2020-2021
	Kshs	Kshs
Purchase of buildings	-	-
Construction of buildings	62,856,236	-
Refurbishment of buildings	-	-
Construction of roads	-	-
Construction and civil works	-	-
Overhaul and refurbishment of construction and civil works	-	-
Purchase of vehicles and other transport equipment	-	-
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	-	4,976,870
Purchase of office furniture and general equipment	204,999	9,859,775
Purchase of specialized plant, equipment and machinery		-
Rehabilitation and renovation of plant, machinery and equip.		-
Purchase of certified seeds, breeding stock and live animals		-
Research, studies, project preparation, design & supervision		-
Rehabilitation of civil works		-
Acquisition of strategic stocks and commodities		-
Acquisition of land		-
Acquisition of intangible assets		-
Total acquisition of non- financial assets	63,061,235	14,836,645
Financial assets	-	-
Domestic public non-financial enterprises	143,703,923	62,317,970
Domestic public financial institutions	-	-
Total acquisition of financial assets	143,703,923	62,317,970
Total acquisition of assets	206,765,158	77,154,615

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

11. Finance Costs

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Bank charges	551,761	418,789
Interest payments on foreign borrowings	-	-
Interest payments on guaranteed debt taken over by govt	-	-
Interest on domestic borrowings (non-govt)	-	-
Interest on borrowings from other government units	-	-
Total	551,761	418,789

12. Other Payments

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other Payments	-	-
	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

13. Cash And Bank Balances

13A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec. Dev, Dep e.t.c	2021 - 2022	2020 - 2021
			Kshs	Kshs
Central Bank of Kenya, Kwale County Assembly Dev. Acc (Kshs)	A/C No. 1000282568	Development Acc	4,582,397	7,761,921
Central Bank of Kenya, Kwale County Assembly Recurrent Ac. (Kshs)	A/C No. 1000241567	Recurrent Acc	19,278	547,897
Central Bank of Kenya, Kwale County Assembly Deposit Acc (Kshs)	A/C No. 1000282557	Deposits Acc	71,634,337	56,575,876
Kenya Commercial Bank, Kwale County Assembly Imprest Acc. (Kshs)	A/C No. 1142128148	Commercial Bank Accs.	13,642	4,003,320
Total			76,249,653	68,889,014

Note: Amount should be as per amount in the cash book and bank reconciliation statements prepared for each account held. These balances do not include bank balances for self-reporting entities and revenue collection accounts as at reporting date.

13B. Cash In Hand

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Cash In Hand – Held In Domestic Currency	-	-
Cash In Hand – Held In Foreign Currency	-	-
Total	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

Cash in hand should be analysed as follows:

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

14. Imprests and Advances

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Government Imprests	10,696,664	6,218,449
Salary Advance	-	15,000
Clearance accounts	-	-
Total	10,696,664	6,233,449

Breakdown Of Imprest And Salary Advance Per Department	2021 - 2022	2020 - 2021
	Kshs	Kshs
Imprests		
Clearance Accounts (Rent Deposit)	200,000	200,000
Prepayment -FBT & KRA	1,899,057	1,899,057
Prepayment -PAYE & KRA (Demand Notice)	4,119,392	4,119,392
Prepayment-KRA AGENCY NOTICE DD 16032022	4,478,215	
Sub-Total	10,696,664	6,218,449
Salary advance		
Department xx	-	15,000
Department xx	-	-
Sub-Total	-	15,000
Grand Total	10,696,664	6,233,449

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

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

15. Third Party Deposits and Advances

Description	2021 – 2022	2020 - 2021
	Kshs	Kshs
Deposits		-
Retentions	71,634,337	56,575,876
Total	71,634,337	56,575,876

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

16. Fund Balance Brought Forward

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Bank Accounts	68,889,014	55,231,226
Cash In Hand		-
Accounts Receivables	6,233,449	6,323,440
Accounts Payables	-56,575,876	-55,114,584
Total	18,546,587	6,440,082

17. Prior Year Adjustments

Description Of The Error	Balance b/f FY 2020-2021 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted Balance b/f FY 2020-2021
	Kshs	Kshs	Kshs
Bank account Balances			-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-		-
Return to CRF-Development		-7,761,921	-7,761,921
Return to CRF-Recurrent		-547,897	-547,897
Return to CRF-Imprest		-4,003,320	-4,003,320
Others (specify)	-	-	-
	-	-12,313,138	-12,313,138

(prior period adjustment applies to the correction of an error in the financial statements of a prior period. This related to Bank balance for FY 2020/2021 swiftd back to CRF.)

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

18. Changes In Imprests and Advances

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Account Receivables as at 1st July 2021	6,233,449	6,323,440
Closing Account Receivables as at 30th June 2022	10,696,664	6,233,449
Change in Account Receivables	-4,463,215	89,991

19. Changes In Third Party Deposits and Retention

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Accounts Payables as at 1st July 2021	56,575,876	55,114,584
Closing Accounts payables as at 30th June 2022	71,634,337	56,575,876
Change in Accounts payables	15,058,461	1,461,292

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Notes To The Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

2. Pending Staff Payables (See Annex 2)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union sable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

3. Other Pending Payables (See Annex 3)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

4. External Assistance

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021-2022	FY 2020-2021
Description		Kshs	Kshs
Undrawn External Assistance - Loans		-	-
Undrawn External Assistance - Grants		-	-
Total		-	-

c) Classes of providers of external assistance

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
Ngos	-	-
National Assistance Organization	-	-
Total	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

d. Non-Monetary External Assistance

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county 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 on Third Party, Fair value measurement.

e. Purpose and use of external assistance.

Payments Made By Third Parties	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
Compensation Of Employees	-	-
Use Of Goods And Services	-	-
Subsidies	-	-
Transfers To Other Government Units	-	-
Other Grants And Transfers	-	-
Social Security Benefits	-	-
Acquisition Of Assets	-	-
Finance Costs, Including Loan Interest	-	-
Repayment Of Principal On Domestic & Foreign Borrowing	-	-
Other Payments	-	-
Total	-	-

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

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

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

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

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
National Government	-	-
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

Classification by Source

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Notes To The Financial Statements (Continued)

Classification of payments made by Third Parties by Nature of expenses

Payments made by third parties	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

6. Related Party Disclosures

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

The following comprise of related parties to the County Assembly:

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

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Notes To The Financial Statements (Continued)

Related party transactions:

	2021-2022	2020-2021
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	164,338,951	161,950,492
Key Management Compensation (Clerk and Heads of departments)	20,348,181	20,208,127
Total Compensation to Key Management	184,687,132	182,158,619
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	-	-
Transfers to County Corporations	-	-
Transfers to non-reporting entities e.g ECD centres, welfare centres etc		-770,211
Total Transfers to related parties	-	-770,211
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	853,430,078	731,020,516
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	853,430,078	731,020,516

7. Contingent Liabilities

Contingent liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
contingent liabilities arising from PPPs	-	-
Total	-	-


(Give details- Update ANNEX 6 Contingent liabilities register)

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

16. Progress On Follow On Prior Year Auditor’s Recommendations

The audit report for the year ending 30th June,2021 was received however the management was still working on the responses the time of preparation of the financial statements for the year ending 30th June 2022.

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)

.....

 Clerk of the County Assembly
 Date 14/11/2022

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

17. Annexes

Annex 1 – Analysis Of Pending Accounts Payable

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			a	b	c	d=a+b-c	
Construction Of Buildings							
1.							
Sub-Total							
Construction Of Civil Works							
2.							
Sub-Total							
Supply Of Goods							
3.							
Sub-Total							
Supply Of Services							
4.							
Sub-Total							
Grand Total							
Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments							

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 2 – Analysis Of Pending Staff Payables

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020-2021	Comments
			a	b	c=a-b		
Senior Management							
1.							
Sub-Total							
Middle Management							
2.							
Sub-Total							
Unionisable Employees							
3.							
Sub-Total							
Others (<i>specify</i>)							
4.							
Sub-Total							
Grand Total							

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 3 – Analysis Of Other Pending Payables

Name	Brief Transaction Description	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020-2021	Comments
			a	b	c=a-b		
Amounts Due To National Govt Entities							
1.							
Sub-Total							
Amounts Due To County Govt Entities							
2.							
Sub-Total							
Amounts Due To Third Parties							
3.							
Sub-Total							
Others (Specify)							
4.							
5.							
6.							
Sub-Total							
Grand Total							

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 4 – Summary Of Non-Current Asset Register

Asset class	Historical Cost b/f (KShs) 2020-2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out)	Historical Cost e/f (KShs) 2021-2022
Land	22,900,000	-	-	-	22,900,000
Buildings and structures	823,862,912	206,560,159	-	-	1,030,423,071
Transport equipment	27,380,048		-	-	27,380,048
Office equipment, furniture and fittings	28,088,798		-	-	28,088,798
Ict equipment	21,437,620		-	-	21,437,620
Machinery and equipment	12,879,127	204,999	-	-	13,084,126
Biological assets	-	-	-	-	-
Infrastructure assets	12,686,213	-	-	-	12,686,213
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in progress	-	-	-	-	-
Total	949,234,718	206,765,158	-	-	1,155,999,876

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly.. Additions during the year should tie to note 10 on acquisition of assets during the year. Ensure a complete fixed asset register is separately prepared in line with guidelines from The National Treasury.

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Annex 5 – Analysis Of Accounts Receivables

(a) Government Imprest

Name Of Officer Or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
Name Of Officer Or Institution	dd/mm/yy	-	-	-
Name Of Officer Or Institution	dd/mm/yy	-	-	-
Name Of Officer Or Institution	dd/mm/yy	-	-	-
Name Of Officer Or Institution	dd/mm/yy	-	-	-
Total				-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

(b) Salary Advance

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i>	<i>Amount Recovered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name Of Officer</i>	dd/mm/yy	-	-	-
<i>Name Of Officer</i>	dd/mm/yy	-	-	-
<i>Name Of Officer</i>	dd/mm/yy	-	-	-
<i>Name Of Officer</i>	dd/mm/yy	-	-	-
Total		-	-	-

Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Annex: 6 Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

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

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

Kwale County Assembly

Annual Report and Financial Statements For the year ended 30th June 2022

Annex 7 Disaster Expenditure Reporting Template

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

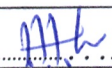
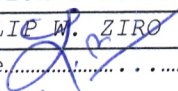
**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Annex 8: Contingent Liabilities Register

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

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Annex 9 – Bank Reconciliation/FO 30 Report

				F. O. 30
KWALE COUNTY ASSEMBLY				
BANK NAME : CENTRAL BANK OF KENYA, A/C NAME : KWALE COUNTY ASSEMBLY DEVELOPMENT (KES), A/C NO:1000282568				
BANK RECONCILIATION FOR THE PERIOD ENDING 30 JUNE 2022				
		Notes	Sh. Cts	Sh. Cts
Balance as per Bank Statement				41,346,971.25
Less				
	Payments in Cash Book not in Bank Statement { Un presented}	I	-	36,764,574.70
				36,764,574.70
	Receipts in Bank statement not recorded in cash book { Direct Credits}	II	-	0.00
				4,582,396.55
Add				
	Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III	-	
	Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV	-	0.00
Balance as per Cash Book				4,582,396.55
I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct				
Prepared by:		Checked by:		
Designation : ACCOUNTANT 11		Designation : DIRECTOR FINANCE & ACCOUNTS		
Name HAPPY SAMINI		Name PHILIP W. ZIRO		
Signature..... 		Signature..... 		
Date.....30/6/2022		Date.....30/6/2022		

**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Bank Reconciliation/FO 30 Report (Continued)

F.O.30
<p>KWALE COUNTY ASSEMBLY</p> <p>BANK NAME: CENTRAL BANK OF KENYA, A/C NAME: KWALE COUNTY ASSEMBLY DEPOSIT (KES), A/C NO:1000282557</p> <p>BANK RECONCILIATION AS AT 30 JUNE, 2022</p>

	Notes		
		Sh.	Cts
Balance as per Bank Statement			71,634,336.95
Less			
Payments in Cash Book not in Bank Statement { Un presented}	I		
Receipts in Bank statement not recorded in cash book { Direct Credits}	II	645,364.30	645,364.30
			70,988,972.65
Add			
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III		
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV	3,676,457.45	3,676,457.45
Balance as per Cash Book			74,665,430.10

<p>I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct</p>	
<p>Prepared by:</p> <p>Designation : ACCOUNTANT 1 Name HAPPY SAMINI Signature..... Date.....</p>	<p>Checked by:</p> <p>Designation :DIRECTOR FINANCE & ACCOUNTS Name PHILIP W. ZIRO Signature..... Date.....</p>

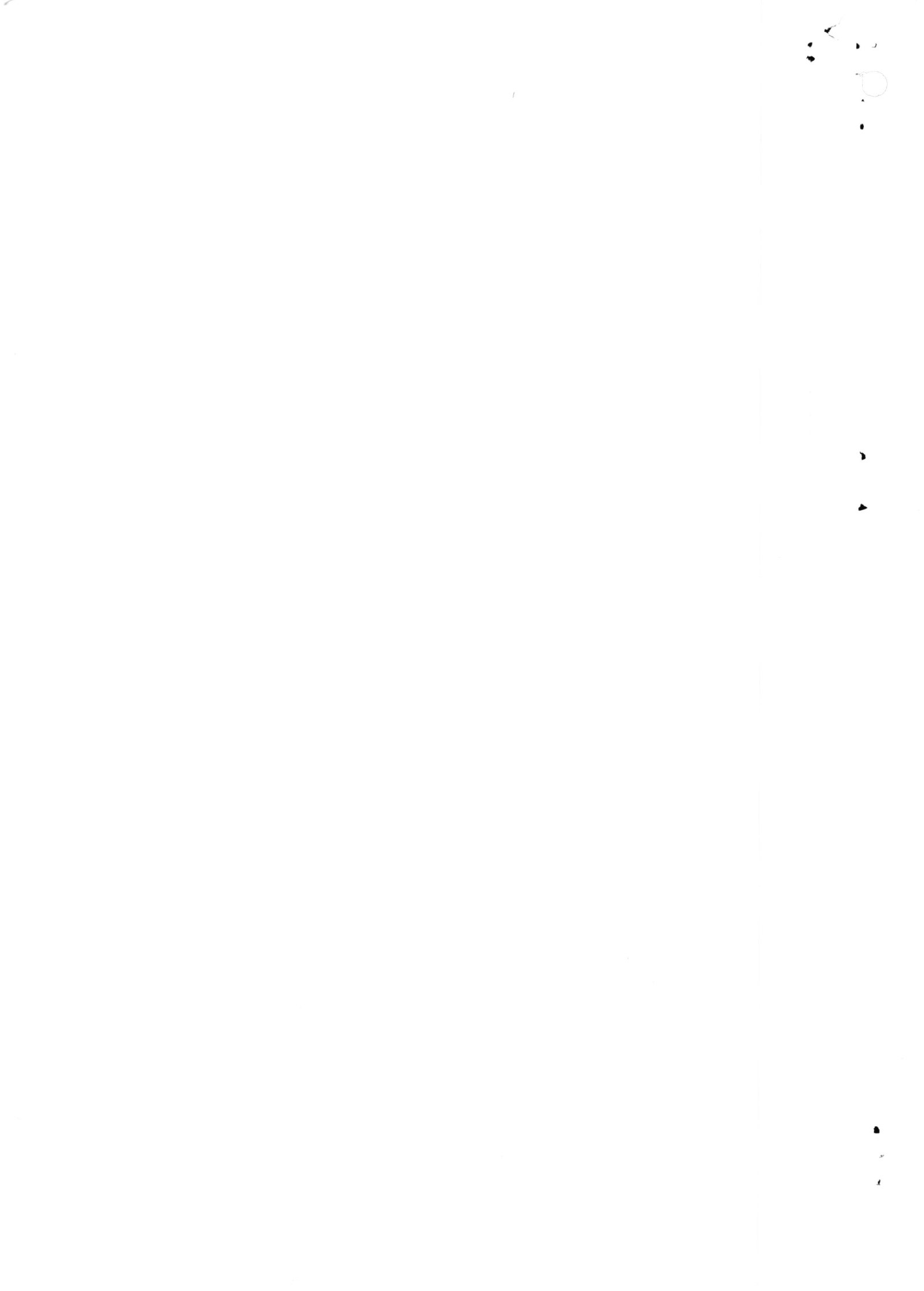
**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Bank Reconciliation/FO 30 Report (Continued)

F.O.30
<p>KWALE COUNTY ASSEMBLY</p> <p>BANK NAME:KENYA COMMERCIAL BANK, A/C NAME: KWALE COUNTY ASSEMBLY CBK RECURRENT ACCOUNT(KES), A/C NO:1000241567 BANK RECONCILIATION FOR THE PERIOD ENDING 30 JUNE 2022</p>

	Notes				
		Sh.	Cts	Sh.	Cts
Balance as per Bank Statement				19,277.00	
Less					
Payments in Cash Book not in Bank Statement { Un presented}	I	-		30,000,000.00	
				30,000,000.00	
Receipts in Bank statement not recorded in cash book { Direct Credits}	II	-		-29,980,723.00	
Add					
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III	-			
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV			30,000,000.00	
Balance as per Cash Book				19,277.00	

<p>I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct</p>	
<p>Prepared by:</p> <p>Designantion: ACCOUNTANT, ASSISTANT Name PILANI MNGUMI Signature..... Date..... 30/6/2022</p>	<p>Checked by:</p> <p>Designantion: DIRECTOR FINANCE & ACCOUNTS Name PHILIP W. ZIRO Signature..... Date..... 30/6/2022</p>



**Kwale County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

Bank Reconciliation/FO 30 Report (Continued)

F.O.30
<p>KWALE COUNTY ASSEMBLY</p> <p>BANK NAME:KENYA COMMERCIAL BANK, A/C NAME: KWALE COUNTY ASSEMBLY KCB IMPREST</p> <p>ACCOUNT(KES), A/C NO:11428148</p> <p>BANK RECONCILIATION FOR THE PERIOD ENDING 30 JUNE 2022</p>

	Notes		
		Sh.	Cts
Balance as per Bank Statement			6,961,278.42
Less			
Payments in Cash Book not in Bank Statement { Un presented}	I	-	6,975,511.50
			6,975,511.50
Receipts in Bank statement not recorded in cash book { Direct Credits}	II	-	93,325.00
			-107,558.08
Add			
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III	-	56,000.00
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV		
Balance as per Cash Book			-51,558.08

I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct

<p>Prepared by:</p> <p>Designantion : ACCOUNTANT ASSISTANT</p> <p>Name PILANI MNGUMI</p> <p>Signature.....<i>[Signature]</i></p> <p>Date.....<i>30/6/2022</i></p>	<p>Checked by:</p> <p>Designantion : DIRECTOR FINANCE & ACCOUNTS</p> <p>Name PHILIP W. ZIRO</p> <p>Signature.....<i>[Signature]</i></p> <p>Date.....<i>30/6/2022</i></p>
--	---

