

REPUBLIC OF KENYA



Enhancing Accountability

PAPERS LAID	
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COMMITTEE	FINANCE AND BUDGET
NAME AT THE TABLE	C. CHEROP

REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
KILIFI**

**FOR THE YEAR ENDED
30 JUNE, 2023**





KILIFI COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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Count Government of Kilifi
Kilifi County Assembly
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

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

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

2. Key Entity Information and Management

(a) Background information

The County Assembly 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 35 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management Team

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

		Name
1.	Speaker of the County Assembly	Hon Teddy Ngumbao Mwambire
2.	Clerk of the County Assembly	CPA Michael Bidii Ngala
3.	Director Of Finance	CPA Charles Mapinga
4.	Director Of Human Resource	Mr Harrison Chizambo
5.	Director Of Legal Services	Ms Patience Pili
6.	Director Of ICT and Research	Mr Obadia Chengo
7.	Chief Sergeant At Arms	Mr Omar Chuphi

(c) Fiduciary Management

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

		Name
1.	Accounting Officer- Clerk	CPA Michael Bidii Ngala
2.	Chief Finance Officer	CPA Charles Mapinga
3.	Principal Accountant	Mr Joseph Chaka
4.		-

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

AUDIT COMMITTEE

The main functions of the audit committee are:

- (a.) Support the accounting officers with regard to their responsibilities for issues of risk, control, governance and associated assurance.
- (b.) Follow up on the implementation of recommendations of internal and external auditors.

Members of the audit committee shall be appointed for a term of three years and shall be eligible for re-appointment for a further one term only.

-FINANCE AND ECONOMIC PLANNING COMMITTEE

- (a) Interrogate, Investigate and examine the books of accounts.
- (b) Planning on revenue collection (land rates, cess, business permits, property related income, Parking fees, rental income, slaughter houses fees and all county revenue sources) at Revenue Collection Centers.
- (c) Oversee all matters related to public finance, monetary policies, public debt, county financial institutions, Investment Policies, Revenues Policies including taxation, County economic Planning, Statistics and Development.

-PUBLIC ACCOUNTS AND INVESTMENT COMMITTEE

(1) There shall be a select committee to be designated the County Public Investment and Accounts Committee.

(2) 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 deem 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 Committees shall not examine any of the following. Namely:

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- (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

Budget and Appropriation Committee

There shall be a select Committee to be known as the County Budget and Appropriations Committee.

(2) The Committee shall consist of Eleven Members (Seven Elected Members from each sub-county and Four Nominated Members representing Youth, Women, Minority and People Living with Disability).

(3) 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 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 County budget, including Appropriations Bills; and
- (e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

(4) The County Budget and Appropriations Committee constituted by the County Assembly immediately following the general election shall serve for a period of three calendar years and that constituted thereafter shall serve for the remainder of the County Assembly term.

(5) The Chairperson and a third of Members of the Committee shall constitute a quorum.

(6) The Committee shall invite all Sectoral Committees to make presentations during the consideration of the budget.

(e) Entity Headquarters

P.O. Box 332-80200

County Assembly Building

Behind Malindi Sub-County Offices

Hospital Road

Malindi, Kenya.

(f) Entity Contacts

Telephone: (254) 02021712260
E-mail: assembly@kilifiassembly.go.ke
Website: www.kilifiassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank
P.O Box 9-80200
Malindi,
Lamu Road.
3. Family Bank
P.O Box 74145
Mtwapa,
Mombasa-Malindi Road
4. Chase Bank
P.O Box 1674-80200
Malindi
Lamu Road

(h) Independent Auditor

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

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(i) Principal Legal Adviser

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

(ii) County Attorney

The County Attorney
Kilifi County Government,
P.O Box 549-80100
Kilifi, Kenya

3. Governance Statement

The County Assembly

The County Assembly is constituted by the MCAs of County Government. It is headed by the Speaker who is elected by the MCAs. The Speaker is also the chairperson of the County Assembly service board while the County Assembly Clerk is the secretary.

Section 10 (4) of the County Governments 2012 provides that a County Assembly shall observe the following order of precedence.

- a) The Speaker of the County Assembly.
- b) The Leader of the Majority Party; and
- c) The Leader of the Minority Party.

The roles of the County Assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

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

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

a) Select Committees

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

b) Sectoral Committees

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

The County Assembly has the following Select and Sectoral committees:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee
- e) House Business committee

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a) Committee of Powers and Privileges

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

The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privilege in terms of section 16 of the County Assembly Powers and Privileges Act, 2017; and Perform such other functions as may be specified in the County Assembly Powers and Privileges Act, 2017.

However the Committee on selection did not allocate the seven other members to the Committee with the understanding that members would be allocate to the Committee on need basis. During the period under review the Committee did not have any sitting.

The committee held no meetings in FY 2023. The committee members during FY 2023 were:

		Ward
Hon.Teddy Mwambire	Chairman	Speaker

b) Audit Committee

The Audit committee was constituted in 2019. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held three meetings in FY 2023. The committee members during FY 2023 were:

		Ward
Mr. Caxton Gambo Nguga	Chairman	
Ms Harriet Nkatha Ngeera	Member	
Mr Mwatata Juma Mangale	Member	

c) Public Accounts/Investment Committee

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

Member	Designation	Ward
Harrison Thaura Mweni	Chairman	Sokoke
Mohamed Mwambire kadhengi	V/Chair	Bamba
Elina Mapenzi Samini	Member	Nominated
Thomas Mumba Chengo	Member	Tezo
Hassan Mohamed Said	Member	Matsangoni
Mary Anzazi Maneno	Member	Nominated
Agnes Sidi	Member	Kayafungo
Twaher Abdulkarim Mohamed	Member	Shella
Jonathan Fondo Birya	Member	Kaloleni

d) Budget and Appropriations Committee

The Budget and Appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Emmanuel Karisa Baya	Chairperson	Marafa
Said Juma Idd	V/Chairman	Junju
Cantona Mae Mwadena	Member	Rabai Kisurutini
Elina Mapenzi Samini	Member	Nominated

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Radhia Ali Omar	Member	Nominated
Mary Anzazi Maneno	Member	Nominated
Harrison Thaura Mweni	Member	Soko
Martha Koki Musyoki	Member	Mariakani
Ibrahim Abdi Athman	Member	Watamu
Betty Kache Mwavuo	Member	Nominated
Twaher Abdulkarim Mohamed	Member	Shella

e) House Business Committee

The functions of the House Business Committee are: Prepare and, if necessary, from time to time adjust the County Assembly Calendar with the approval of the County Assembly, Monitor and oversee the implementation of the County Assembly Business and programmes, 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, Determine the order in which the reports of Committees shall be debated in the County Assembly, 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 and to 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. Over the period the Committee held 44 sittings. For the period under review the Committee comprised of the following members;

		Ward
Teddy Ngumbao Mwambire	Chairperson	Speaker
Naphtali Nyae Kombo	V/Chairperson	Ruruma
Ibrahim Abdi Athman	Member	Watamu
Thomas Mumba Chengo	Member	Tezo
Haron Tete Ndundi	Member	Shimo la Tewa

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Grace Wambui Mwangi	Member	Nominated
Baya Stephen Mwaro	Member	Gongoni
Sophia Abdillahi Chacha	Member	Nominated
Agnes Sidi	Member	Kayafungo
Emmanuel Changawa Kombe	Member	Dabaso
Benson Karisa Ngirani	Member	Ganze
Rose Baraka	Member	Sabaki
Philister Messo	Member	Nominated

In addition to the above committees of the County Assembly, the County Assembly has an independent Audit Committee which was constituted in 2019 to comply with the PFM (County Government) regulations (2015) on the formation of Audit Committees for all Counties.

Communication with all Stakeholders

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

The County Assembly also subjected six bills through public participation

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NO	BILL	SPONSOR (HON)	KLF County BILL/NO.	GAZETTE NO.	DATED	MATU RITY	1 ST READ	2 ND READ	3 RD READ	REMARKS
1.	The Kilifi County Finance Bill, 2022	Jonathan B. Fondo	6	7	6 th /12/ 2022	20 th /12/2022	21 st / Dec-22	25/04/2023	26/04/2023	Passed and forwarded to the Governor for Assent NB. ASSENTED TO
2.	The Kilifi County Supplementary Appropriation Bill, 2022	Emmanuel K. Baya	7	8	20 th /12/ 2022	27 th /12/2022	21 st / 12/2022	21 st /12/2022	21 st /12/2022	Passed and forwarded to the Governor for Assent NB. ASSENTED TO
3.	The Kilifi County Microfinance (Mbegu Fund)(Amendment) Bill, 2023.	Hon. Peter Shehe	1	1	14/04/2023	28/04/2023	5/5/2023	16/05/2023	17/05/2023	Passed and forwarded to the Governor for Assent NB. ASSENTED TO
	The Kilifi County Supplementary Appropriation Bill, 2023.	Hon. Emmanuel Baya	2	2	15/05/2023	22/05/2023	16/05/2023	17/05/2023	17/05/2023	Passed and forwarded to the Governor for Assent NB. ASSENTED TO
5.	The Kilifi County Climate Change (Amendment) Bill, 2023	Hon. Benson Njirant	4	5	5/6/2023	19/6/2023	12/6/2023	6/7/2023	6/7/2023	Passed and forwarded to the Governor for Assent
6.	The Kilifi County Appropriation Bill, 2023	Hon. Emmanuel Baya	5	6	29/6/2023	6/7/2023	30/6/2023	30/6/2023	30/6/2023	Passed and forwarded to the Governor for Assent NB. ASSENTED TO

Risk management

-In risk management the County Assembly established an Internal Audit office which advises the County Assembly Service Board.

-The County Assembly constituted an Audit committee.

-The County Assembly has a Public Accounts and Investment committee which oversight the expenditure of the County.

Compliance

It is a requirement that we prepare quarter reports which shall be presented to the following offices by 15th of the following month. These offices are :

1. National treasury
2. County Government (Executive)
3. Office of the Auditor General
4. Controller of Budget

Proper books of accounts should be prepared and maintained properly.

The budget cycle should be followed in preparing the County Budget and Public Participation be conducted within the time frame.

There shall be an Audit Committee overseeing the operations of the entity.

Tenders shall be advertised in three local dailies.

4. Foreword By the Clerk of The Assembly

The County Assembly had a total budget of kshs 1,050,000,000 which includes a Recurrent Budget of Kenya Shillings 945,000,000 and Development Budget of Kenya Shillings 105,000,000. Funds received were Recurrent Kenya Shillings 944,999,915 and Development Kenya Shillings 18,200,090 making a total of Kenya Shillings 963,200,005.

Implementation of the Recurrent and Development Budgets is as illustrated below

	2022-2023		
	Budget(kshs)	Actual Expenditure (Kshs)	Variance
Recurrent	945,000,000	945,736,985	(736,985)
Development	105,000,000	18,200,090	86,799,910
TOTAL	1,050,000,000	963,937,075	86,062,925.0

(i) Budget performance

-Receipts

The County Assembly of Kilifi managed to realise Kenya Shillings 963,200,005 from the Exchequer. This amount comprises of Recurrent and Development Funds as Kenya Shillings 944,999,015 and 18,200,090 respectively.

In relation to the Budgeted amount, the County Assembly of Kilifi had a total Budget of Kenya Shillings of 1,050,000,000 being Kenya shillings 945,000,000 as Recurrent and Kenya shillings 105,000,000 as Development. Based on the above information County Assembly of Kilifi managed to realise 100% Recurrent amount and 17% on Development.

County Assembly of Kilifi could not realise 100% Development because of not attaining a contractor to work on the new office building due to tender non-responsiveness.

-Payments

County Assembly of Kilifi had budgeted Kenya shillings 1,050,000,000 and spent Kenya Shillings 963,937,075 which is 91.8% resulting to a difference of Kenya Shillings 86,062,925 (8.20%)

The deficit is an amount we had not requested from the Exchequer due to non-progressing of the new office building.

During the year 2022/2023 the County Assembly of Kilifi engaged operations in five activities. Its performance is hereby shown below:

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SNO	DESCRIPTION	BUDGETED	ACTUAL	DIFFERENCE	PERCENT
1	Compensation of Employees	407,833,588	398,915,741	8,917,847	98%
2	Use of goods and services	384,199,032	413,254,831	(29,055,799)	108%
3	Social Security Benefits	41,967,430	23,565,031	18,402,399	56%
4	Acquisition of Assets	105,000,000	18,200,090	86,799,910	17
5	Other payments(Car loan and Mortgage)	111,000,000	110,000,000	1,000,000	99%
6	Transfer to CRF	-	-	(1,382)	
		<u>1,050,000,050</u>	<u>963,935,693</u>	<u>86,062,975</u>	

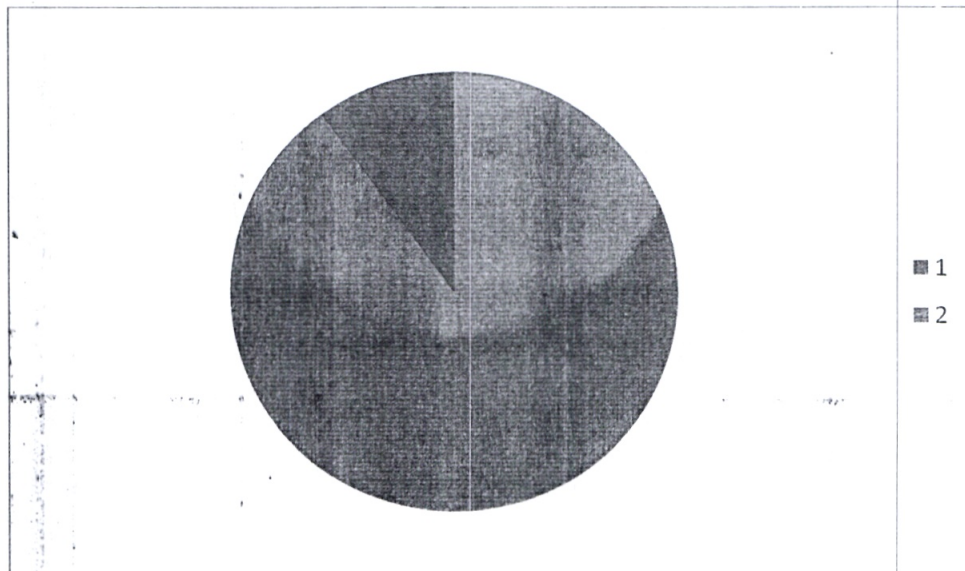
There was an increase of 8% on the expenditure of use of goods and services as a result of the extensive training of the newly elected and nominated MCAs so that they can conduct parliament functions effectively.

There was under-utilisation on the Social Security Benefits by 44% due to late employment of the ward office staff.

Acquisition of assets was 17% under-utilised as a result of delay in the implementation of the new office building project.

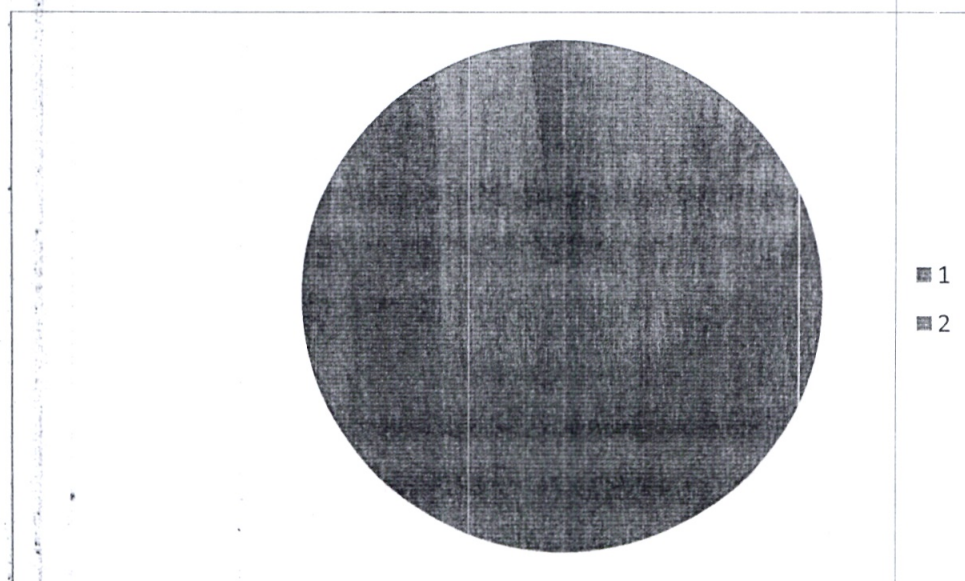
However in making comparison with last year's expenditure, there is a reduction in the expenditure in most of these programmes. We were forced to restrain over expenditure due to reduction of the yearly ceiling by Commission on Revenue Allocation. Only in other payments (Car and Mortgage Loan) had an increase of 46.7% as a result of paying Car and Mortgage of the newly elected and nominated MCAs.

2022-2023 BUDGET



■ 1 DEVELOPMENT BUDGET
■ 2 RECURRENT BUDGET

2022-2023 EXPENDITURE



■ 1 DEVELOPMENT EXPENDITURE
■ 2 RECURRENT EXPENDITURE

(ii) Operational Performance

(a) Laws and Policies passed by the Assembly

In the period under consideration the County Assembly of Kilifi considered and passed the following six legislations;

Sn	Law	Expected Outcome
1.	The Kilifi County Finance Bill, 2022	To provide for various taxes, fees and other service charges that are payable to the County Government for better service delivery and to enable the County Government perform the increased functions bestowed to it by the Fourth Schedule of the Constitution.
2.	The Kilifi County Supplementary Appropriation Bill, 2022	To authorize the issue of a sum of money out of the County Revenue Fund and its application towards the service of the year ending on the 30th June 2024 and to appropriate those sums for certain public services and purposes.
3.	The Kilifi County Microfinance (Mbegu Fund)(Amendment) Bill, 2023	To amend the Kilifi County Microfinance (Mbegu) Fund Act, 2026 by amending the provisions on establishment of sub county-Committees. The purpose of the bill is to provide for the establishment, administration and functions of the Kilifi County microfinance ward committees.
4.	The Kilifi County Supplementary Appropriation Bill, 2023	To authorize the issue of a sum of money out of the County Revenue Fund and its application towards the service of the year ending on the 30th June 2024 and to appropriate those sums for certain public services and purposes.
5.	The Kilifi County Climate Change (Amendment) Bill, 2023	To amend the Kilifi County Climate Change Act, 2021 to provide for allocation of adequate funds into the County climate change fund for enhancement of implementation of climate change adaptation and mitigation activities in the county. To make provisions for streamlining of membership and functions of key institutions mandated to implement this act by enhancing oversight and public participation. The bill further delineates the complimentary role overlaps between the County departments with mandate on climate change.
6.	The Kilifi County Appropriation Bill,	To make provisions for giving statutory

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2023	sanctions for public expenditure for the year Ending 30th June, 2024 on the basis of Estimates of Expenditure 2023/2024 (Recurrent) and Estimates of Expenditure 2023/2024 (Development) and for the appropriation of those amounts.
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(b) APPROVAL OF THE COUNTY BUDGET

In the period under review, the table below gives highlights on when the County Assembly approved the County Budgets including Supplementary Budgets.

SN	BUDGET ESTIMATES	DATE APPROVED
1.	The Kilifi County Programme Based Budget Estimates for the period ending 30 th June, 2023	29 th June 2022
2.	The Kilifi County Supplementary Budget Estimates No.1 for the Financial year 2022/2023	Wednesday 21st December, 2022
3.	The Kilifi County Supplementary Budget Estimates No.II FY 2022/2023	Wednesday 17th May, 2023
4.	The Kilifi County Programme Based Budget Estimates for the period ending 30 th June, 2024	Friday 30th June, 2023

(C) ASSEMBLY COMMITTEES

The schedules below indicate the Assembly Committees, their respective mandates and successes for the period ending 30th June, 2023.

SECTORAL COMMITTEES

SN	COMMITTEE	MANDATE	SUCCESSSES
1.	Transport and Public Works	To deal with all matters related to county transport, including county roads, traffic and parking, Street Lighting, public road transport and ferries and harbours (<i>excluding the regulation of international and national shipping and matters related thereto</i>); county public works and services including storm water management systems in built-up areas	The committee produced 3 reports that were approved on matters within their mandate.
2.	Water, Environment and Natural Resources	To deal with all matters related to implementation of specific national Government policies on natural resources and environmental conservation, including soil and	The Committee successfully produced 3 reports including a report on The Kilifi County Climate change

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		water conservation and forestry and control of air pollution, noise pollution, other public nuisances and outdoor advertising, refuse removal, refuse dumps, solid waste disposal, water and sanitation services.	(Amendment) Bill, 2023
3.	Land, Physical Planning and Urban Development	To deal with all matters related to Land Survey, & mapping, Housing, Boundaries and fencing, Energy, Electricity and gas reticulation, physical planning and urban development	Successfully produced a Report on vetting of nominees for appointment as chief officers
4.	Trade Tourism and Cooperative Development	To deal with all matters related to trade development and regulation, Including markets, trade licences (excluding regulation of professions), fair trading practices, liquor licensing, development and management of county tourism and cooperative societies.	Produced 2 reports and successfully considered the Kilifi County Microfinance (Mbegu Fund) (Amendment) Bill, 2023
5.	Health Services	To deal all matters related to county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, cemeteries, funeral parlours and crematoria	Over the period, the Committee produced 3 report that were considered and approved by the House
6.	Education	To deal with all matters related to pre-primary education, village polytechnics, home craft centers and childcare facilities;	The committee produced 1 report that was approved by the House.
7.	Gender, Culture, Social Services and Sports	To deal with all matters related to promotion of social protection to vulnerable and Sports members of society, youth empowerment, promotion of gender equality, control and licensing of betting and gaming, Control of pornography, Control of drugs and substance abuse	The committee produced 1 report that was approved by the House.

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8.	Agriculture, Livestock and Fisheries	To deal with all matters related to agriculture, including crop and animal husbandry, veterinary Services, irrigation, livestock sale yards, county abattoirs, plant and animal disease control and fisheries, animal control and welfare; Development and Management of Fisheries.	The committee produced 1 report that was approved by the House.
9.	Devolution, Public Service and Disaster Management	To deal with all matters related to Coordination of functions of all county departments, public service management and development, enforcement and compliance of County Laws, promotion of citizen participation, disaster management and special programs, County public Service, strengthening of decentralized units	Over the period, the Committee produced 3 report and also considered 1 petition on removal of members of the County Public Service Board
10.	ICT and Research	To deal with all matters related to county communication, information, broadcasting, research and county technological advancement	The committee produced 1 report that was approved by the House.
11.	Justice and Legal Affairs	To deal with all matters related to county constitutional affairs, the administration of law and justice, including; Ethics, integrity and human rights, civic education	
12.	Finance and Economic Planning	To interrogate, investigate and examine the books of accounts Planning on revenue collection (land rates, Cess, business permits, property related income, parking fees, rental income, slaughter houses fees and all county revenue sources) at Revenue Collection Centres. To oversee all matters related to Public finance, monetary policies, public debt, county financial institutions, investment policies, revenue policies including taxation, county economic planning, statistics and development.	The committee produced 2 reports that were approved by the House. It also considered the Kilifi County Finance Bill, 2022

(d) SELECT COMMITTEES

SN	COMMITTEE	MANDATE	SUCSESSES
1.	House Business	<ol style="list-style-type: none"> 1. Prepare and, if necessary, from time to time adjust the County Assembly Calendar with the approval of the County Assembly; 2. Monitor and oversee the implementation of the County Assembly Business and programmes. 3. 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; 4. Determine the order in which the reports of Committees shall be debated in the County Assembly; 5. 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. 6. 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. 	<p>-Prepared the draft Assembly Legislative calendar 2023 that was approved by the House.</p> <p>-Ensured smooth planning and conduct of Business for the House</p>
2.	Selection	<p>The Committee on Selection shall nominate members to serve in Committees, save for the membership of the County Assembly Business Committee and Committee on Appointments.</p>	<p>The committee produced 1 report on placement of members to various committees</p>

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3.	Appointments	The Committee on Appointments shall consider, for approval by the County Assembly, appointments under Articles 179(2) (Members of County Executive Committees).	The committee produced 2 reports.
4.	County Investments and Public Accounts	<ol style="list-style-type: none">1. 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 deem fit.2. The examination of the reports, accounts and workings of the county public investments;3. 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 Committees shall not examine any of the following, namely:<ol style="list-style-type: none">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.	Successfully produced 2 reports
5.	Budget and Appropriations	<ol style="list-style-type: none">1. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget,	The Committee produced five Reports and also considered 3 Appropriation bills

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		<ol style="list-style-type: none"> 2. Discuss and review the estimates and make recommendations to the county assembly, 3. Examine the County Fiscal Strategy Paper presented to the assembly, 4. Examine bills related to the County budget, including Appropriations Bills; and 5. Evaluate Tax estimates, economic and budgetary policies and programmes with direct budget outlays. 	including supplementary Appropriations that were passed by the House.
6.	Assembly Rules and Procedure	<ol style="list-style-type: none"> 1. To consider and report on all matters relating to these Standing Orders. 2. 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. 3. 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. 	
7.	Implementation	<ol style="list-style-type: none"> 1. 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- <ol style="list-style-type: none"> i. whether or not such decisions and undertakings have been implemented and where implemented, the extent to 	The committee produced 1 report.

**Count Government of Kilifi
Kilifi County Assembly**

Annual Report and Financial Statements For the year ended 30th June 2023

		<p>which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and</p> <p>ii. whether or not legislation passed by the County Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.</p> <p>2. 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.</p>	
8.	<p>Delegated County Legislation</p>	<p>The Committee shall consider in respect of any statutory instrument whether it-</p> <ol style="list-style-type: none"> 1. is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law; 2. infringes on fundamental rights and freedoms of the public; 3. contains a matter which in the opinion of the Committee should more properly be dealt with in an Act of the County Assembly; 4. contains imposition of taxation; 5. directly or indirectly bars the jurisdiction of the Courts; 6. gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power; 7. involves expenditure from the County Revenue Fund or other public revenues; 8. is defective in its drafting or for 	

		<p>any reason the form or purport of the statutory instrument calls for any elucidation;</p> <p>9. appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;</p> <p>10. appears to have had unjustifiable delay in its publication or laying before County Assembly;</p> <p>11. makes rights, liberties or obligations unduly dependent upon non-reviewable decisions;</p> <p>12. makes rights, liberties or obligations unduly dependent insufficiently defined administrative powers;</p> <p>13. inappropriately delegates legislative powers;</p> <p>14. imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;</p> <p>15. appears for any reason to infringe on the rule of law;</p> <p>16. inadequately subjects the exercise of legislative power to County Assembly scrutiny; and,</p> <p>17. accords to any other reason that the Committee considers fit to examine.</p>	
<p>9.</p>	<p>Liason</p>	<p>1. The Liason Committee shall-</p> <p>i. guide and co-ordinate the operations, policies and mandates of all Committees;</p> <p>ii. deliberate on and apportion the annual operating budget among the Committees;</p> <p>iii. consider the programmes of all Committees, including their need to travel and sit away from the precincts of County</p>	

		<p>Assembly;</p> <p>iv. ensure that Committees submit reports as required by these Standing Orders;</p> <p>v. determine, whenever necessary, the committee or committees to deliberate on any matter; and</p> <p>vi. give such advice relating to the work and mandate of select committees as it may consider necessary;</p> <p>2. The Liaison Committee shall 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.</p>	
10.	General Oversight	<p>1. The Committee may, pursuant to Section 39(2)(b) of the County Government Act, 2012, invite Members of the County Executive Committee to respond to Questions raised pursuant to Standing Order 42.</p> <p>2. The Committee may invite to its meeting-</p> <p>(a) More than one Member of the County Executive so as to address matters relating to more than one county department;</p> <p>(b) The Member who had raised the question being addressed by the Committee.</p>	
11.	Gender Equality	<p>The function of the Committee shall be to oversight the County Government in ensuring that:</p> <p>a) National standards and gender indicators are integrated in the County Integrated Development Plans (CIDPs)</p> <p>b) Formulation and implementation of County Gender Action Plans</p> <p>c) Allocation of adequate resources</p>	

		for the implementation of gender equality and women's empowerment programs d) Gender-responsive budgeting is adopted in the budget cycle e) Identification and implementation of programmes targeting gender equality and women's empowerment f) Collection, collation of county gender data g) Report on policy implementation and county gender activities.	
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(iii) Performance of key development projects

(a) During the financial year 2022-2023 the County Assembly could not continue with the existing ongoing complex office block due to some technicalities in the procurement process.

-However the Assembly used part of the development budget in renovating the county Assembly chamber and offices to the tune of Kenya Shillings 18,200,090.

Such improvement of the County offices improved the wellbeing of Staff and MCAS.

(b) In the year 2022-2023 the County Assembly managed to settle pending bills that had been outstanding since 2019 to 2021.

(c) Market practices

1. Responsible competition practice

It is a winning combination of business action and policy drivers. Being a legislative body, the County Assembly of Kilifi does not have market competition.

2. Responsible Supply chain and supplier relations-

Responsible supply chain helps improve productivity while saving money by using sustainable techniques. It is however very critical to maintain good supplier relations. The County Assembly of Kilifi offers equal opportunities to businesses by adhering to Public Procurement policies. Contracts are entered into with suppliers and are honoured by making payments as and when funds are disbursed from the treasury.

3. Responsible marketing and advertisement

During tendering process, the Assembly uses the local dailies to provide access to all interested parties.

4. Product stewardship

The Assembly does not provide goods or services, therefore there are no consumers to be protected.

(iv) Comment on value-for-money achievements

-The County Assembly engaged the County Assembly Members to lease some offices at the ward level and be paid by the County Assembly. This has improved the life of the citizen in such a manner that they can receive information on the functions of the County Assembly in time with the roles stipulated in the Constitution through the ward managers manning the offices.

-The County Assembly Staff and MCAS contributed some amount of money out of their pockets and distributed foods to Chakama area which was affected much by drought.

The members of society appreciated the County Assembly of Kilifi and meant well for the staff and MCAS.

(v) Challenges and Recommended Way Forward

-The County Assembly was faced with some challenges in executing the yearly Budget and the roles performed by the County Assembly.

1. Inflation

During the year, inflation rate had risen resulting to:

-Hike in cost of goods and services

-Over expenditure in the use of goods and services and maintenance of assets.

-Pending bills

2. Budget ceiling

CRA has imposed ceiling to our County Assembly that is low compared to the activities itemised to be done in the Strategic Plan. This has resulted to ignoring some of the crucial activities in the yearly budget. It's our take that the CRA should consider our Strategic Plan before imposing the ceiling.

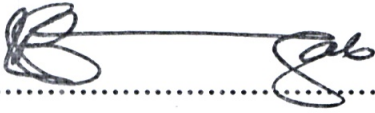
3. Late disbursement of funds

National Treasury delayed in disbursing the cash as planned. The last disbursement was remitted late in the month of June 2023.

(a) Political interference

The strike called by the MCAS all over the country has resulted to non- passage of crucial Bills at the County Assembly level.

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



Name: CPA Michael Bidii Ngala
Clerk of the County Assembly

5. Statement Of Performance Against County Assembly Predetermined Objectives

Strategic development objectives of the County Assembly of Kilifi

The key mandate of the County Assembly of Kilifi is legislation, oversight, and representation. To achieve this, the Assembly's program was documented in terms of objective, key performance indicators, and output. Below is the performance of the Assembly in FY 2022-2023.

Program 1	Objective	Outcome	Indicator	Performance	Remarks, Explain the reasons underperformance/Overperformance
Legislation	To consider and approve Bills on need basis.	Improved service delivery to people of Kilifi	No of bills passed in the County Assembly	In FY 2022/2023 the County Assembly considered and passed 6 Bills.	
Oversight and representation	-To ensure efficiency and effectiveness of service delivery to the people and to make reports and recommendations on various county government projects and policies. -To ensure the needs and priorities of the county residents are met.	-Improved implementation of the county projects. -Efficient and effective utilization of public resources. -Effective and efficient representation. -Hold the county executive to implement its own policy plans		-The Assembly considered and approved twenty eight (28) motions on reports of committees, five (5) procedural motions and seven (7) substantive motions. -Over the period the Assembly sought Thirty Seven (37) statements on the status of implementation of various county projects. -The Assembly	

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Annual Report and Financial Statements For the year ended 30th June 2023

				also considered one (1) petitions	
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6. Corporate Social Responsibility Statement/Sustainability Reporting

(Two-to-three pages)

a) Sustainability strategy and profile –

The County Assembly 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 35 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

b) Environmental performance

Environmental performance considers efficiency in resource utilization.

It can be improved by quantifying, monitoring and controlling environmental impact of operations by efficient use of resources such as water, energy etc.

The assembly being mainly a legislative body has embraced minimal environmental performance approaches like planting trees around the office, drilling a borehole to minimise usage of pumped water.

c) Employee welfare

County assembly of Kilifi has adopted National Policy on hiring of staff. The Assembly hires staff based on professionalism which fulfils the requirements of chapter 6 of the Constitution of Kenya on integrity. Gender ratio is strictly adhered to and currently the female to male employee ratio is 1:3.

The assembly has in place measures to improve employee skills whereby a committee on staff training and development was put in place for this purpose. This committee is charged with responsibility of analysing training needs, document adequate courses and forward recommendations to management.

(i) **Market place practices-** Responsible competition practice

It is a winning combination of business action and policy drivers. Being a legislative body, the County assembly of Kilifi does not have market competition.

(a) Responsible Supply chain and supplier relations

Responsible supply chain helps improve productivity while saving money by using sustainable techniques. It is however very critical to maintain good supplier relations. The County assembly of Kilifi offers equal opportunities to businesses by adhering to public procurement policies. Contracts entered into with suppliers are honoured by making payments as and when funds are disbursed from the treasury.

(b) Responsible marketing and advertisement-

During tendering process, the assembly uses the local dailies to provide access to all interested parties.

(c) Product stewardship

The Assembly does not provide goods or services, therefore there are no consumers to be protected.

e) Community Engagements

-The County Assembly staff and MCAS contributed some amount of money out of their pockets and contributed foods to Chakama area which was affected much by drought.

The members of society appreciated the county assembly of Kilifi and meant well for the staff and Mcas.

-Staff and MCAs participated in CASA games.

7. Statement of Management Responsibilities

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2023, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 28th Sept, 2023.

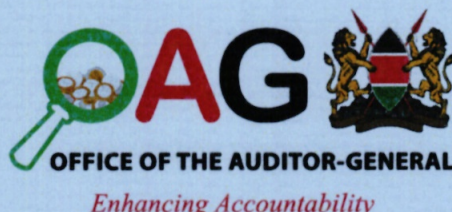


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Name: CPA Michael Bidii Ngala

Clerk of the County Assembly

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Anniversary Towers
Monrovia Street
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Kilifi set out on pages 1 to 29, which comprise of the statement of financial assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of

Report of the Auditor-General on County Assembly of Kilifi for the year ended 30 June, 2023

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kilifi as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

Misclassification of Personal Allowances to Domestic Travel

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.413,254,831 which includes domestic travel and subsistence amount of Kshs.198,607,724 as disclosed in Note 3 to the financial statements. However, review of records revealed that payments totalling Kshs.3,523,000 relating to personal allowances were wrongly charged to domestic travel instead of the correct account of compensation of employees.

In the circumstances, the accuracy and completeness of the domestic travel and subsistence amount of Kshs.198,607,724 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 Kilifi Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

explanation for failure to do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, 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. Employment of Members of Staff above the Approved Ceiling

During the year under review, the County Assembly had a total of one hundred and twenty-six (126) staff serving in various positions. This is contrary to the guidelines of the Commission on Revenue Allocation through Circular ref CRA/FA/01VOL.11(22) on County Government recurrent expenditure ceilings for financial year 2018/19 dated 28 June, 2018, which recommended the number of staff members to be one hundred (100). In addition, one hundred and fifty-nine (159) members were engaged on temporary terms and attached to the Members of County Assembly and the Speaker.

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

2. Over Commitment of Salaries

Review of payroll records revealed nine (9) members of staff who had committed their salaries beyond the allowable two-thirds in the month of June, 2023 while four (4) members of staff earned Nil salaries in the month of August and one (1) member of staff earned Nil salary in the month of October, 2022. This is contrary to the provisions of Section 19(3) of the Employment Act, 2007 which states that the total amount of all deductions that may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

3. Failure to Observe the Law on Ethnic Diversity

Review of records revealed that the County Assembly had a staff establishment on permanent and pensionable terms of one hundred and twenty-six (126), out of which one hundred and sixteen (116) or 92% were from one dominant ethnic community. Further,

out of the total number of employees, ten (10) were recruited during the year under review out of which eight (8) were from the dominant ethnic community.

This is in contravention of Section 65(1)(e) of the County Government Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.

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

4. Stalled Construction of County Assembly Offices Project

As previously reported, a contract for the construction of County Assembly offices was awarded to a local Company on 12 February, 2016 at a contract sum of Kshs.508,549,884. However, due to poor performance of the contractor, the contract was terminated on 15 August, 2017 upon which another contractor was engaged at a contract sum of Kshs.624,206,006, and out of which Kshs.408,654,300 was to undertake completion of the construction of the County Assembly offices while the balance of Kshs.215,551,706 was to be paid to the sub-contractors. However, following a circular from the National Treasury on County Infrastructure expenditure that set the expenditure limit for County Assembly offices, the contract sum was set at Kshs.350,771,955 comprising the price of completion of the County Assembly offices and which was scaled down to Kshs.259,178,875. An addendum contract agreement was issued on 18 March, 2019 while the contract price for sub-contractor was scaled down to Kshs.91,593,080.

The initial contract completion date was on 15 September, 2019 but was extended to 22 May, 2020. On 10 March, 2021, the main contractor through an un referenced letter requested the Clerk for winding up of the contract. The Clerk of the County Assembly terminated the contract on 2 April, 2022. As at the date of termination, the value of works done as per final valuation No. 9 amounted to Kshs.155,985,743 while physical verification of the project in September, 2023 revealed that works had stalled.

In the circumstances, the regularity and value for money of the cumulative expenditure Kshs. 155,985,743 incurred on the project could not be confirmed.

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 matter 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. Failure to Establish Audit Committee

Review of the internal controls, risk management and governance revealed that the no audit committee had been established. Further, even though the internal audit department had an audit plan in place, evidence of execution of the plan and the internal audit reports were not provided for audit.

In the circumstances, the effectiveness of the internal audit to effectively discharge their mandate on Management oversight could not be confirmed.

2. Lack of Approved Staff Establishment

Review of records revealed that the County Assembly did not have in place an approved staff establishment to indicate the authorized staffing levels in position for each category of employee and or any variance thereof. Further, no evidence was provided to indicate that the County Assembly had carried out job evaluation to determine the staff requirements for each category contrary B.5 (2) of the County Public Service Human Resource Manual which states that all vacancies shall be declared in a prescribed format which shall include: the number of vacancies; when the vacancy occurred; whether the vacancy is within the authorized establishment and other relevant details.

In the circumstances, Management may not have had engaged the optimal numbers of employees for all categories.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

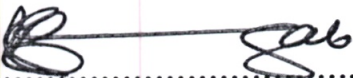
08 February, 2024

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

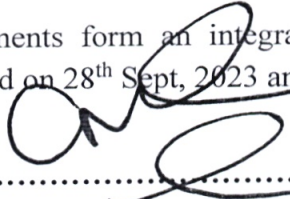
9. Statement of Receipts and Payments for The Year Ended 30th June 2023

	Notes	2022-2023 KES	2021-2022 KES
RECEIPTS			
Exchequer Releases	1	963,200,005	997,886,898
TOTAL RECEIPTS		963,200,005	997,886,898
PAYMENTS			
Compensation of Employees	2	398,915,741	427,461,249
Use of goods and services	3	413,254,831	466,434,651
Transfers to Other Government Entit	4	1,382	1,788,428
Social Security Benefits	5	23,565,031	22,863,790
Acquisition of Assets	6	18,200,090	4,855,728
Other Payments(Car Loan & mortgag	7	110,000,000	75,000,000
TOTAL PAYMENTS		963,937,075	998,403,846
SURPLUS/DEFICIT		(737,070)	(516,948)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th Sept, 2023 and signed by:



Name: CPA Michael B. Ngala
Clerk of the Assembly
ICPAK Member Number:23174



Name: CPA Charles Mapinga
Chief Finance Officer – County Assembly
ICPAK Member Number:10435

**Comparative FY means the financial year preceding the current financial year.*


**Count Government of Kilifi
Kilifi County Assembly**

Annual Report and Financial Statements For the year ended 30th June 2023

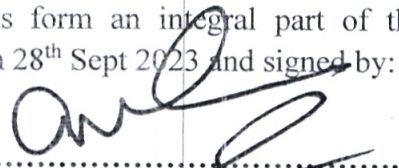
10. Statement of Financial Assets and Liabilities As At 30th June 2023

	Note	2022-2023 KES	2021-2022 KES
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8A	2,699,966	12,845,970
Cash Balances	8B	88,280	53,330
Total Cash and cash equivalent		2,788,246	12,899,300
Accounts receivables – Outstanding Imp	9	121,500	1,882,297
TOTAL FINANCIAL ASSETS		2,909,746	14,781,597
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and reter	10	1,710,309	12,845,181
NET FINANCIAL ASSETS		1,199,437	1,936,416
REPRESENTED BY			
Fund balance b/fwd	11	1,936,417	2,453,365
Surplus/Deficit for the year		(737,070)	(516,948)
NET FINANCIAL POSITION		1,199,347	1,936,417

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th Sept 2023 and signed by:



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Clerk of the Assembly
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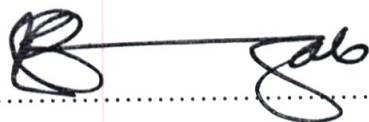


Name: CPA Charles Mapinga
Chief Finance Officer – County Assembly
ICPAK Member Number:10435

11. Statement of Cash Flows for The Period Ended 30th June 2023

		2022-2023 Kshs	2021-2022 Kshs
Receipts from operating income	NOTE		
Transfers from the County Treasury/Exchequer R	1	963,200,005	997,886,898
Payments for operating expenses			
Compensation of Employees	2	398,915,741	427,461,249
Use of goods and services	3	413,254,831	466,434,651
Transfers to Other Government Entities	4	1,382	1,788,428
Social Security Benefits	5	23,565,031	22,863,790
Other Payments	7	110,000,000	75,000,000
Adjusted for:			
Adjustments during the year:			-
Changes in Receivable	12	1,760,797	577,307
Changes in Payables	13	11,134,872	28,592,493
Net cash flow from operating activities		4,567,351	(24,831,020)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6B	18,200,090	4,855,728
Net cash flows from Investing Activities		18,200,090	4,855,728
NET INCREASE IN CASH AND CASH EQUIVALENT		(10,111,056)	(29,686,748)
Cash and cash equivalent at BEGINNING of the year		12,899,302	42,586,049.00
Cash and cash equivalent at END of the year	8	2,788,246	12,899,301.00

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th Sept 2023 and signed by:



Name: CPA Michael B. Ngala
Clerk of the Assembly
ICPAK Member Number:23174



Name: CPA Charles Mapinga
Chief Finance Officer – County Assembly
ICPAK Member Number10435

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

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	a KES	b KES	c=a+b KES	d KES	e=c-d KES	f=(d/c*%) %
RECEIPTS						
Transfers from the Exchequer- RECURRENT	900,000,000	45,000,000	945,000,000	944,999,915	85	100%
Transfers from the Exchequer - DEVELOPMENT	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910	0.17
TOTAL	1,050,000,000		1,050,000,000	963,200,005	86,799,995	91.73%
PAYMENTS						
Compensation of Employees	417,660,256	(9,826,718)	407,833,538	398,915,741	8,917,797	0.98
Use of goods and services	383,763,587	435,445	384,199,032	413,254,831	(29,055,799)	108%
Capital Transfers	66,000,000	45,000,000	111,000,000	110,000,000	1,000,000	0.99
Other grants and transfers					-	
Social Security Benefits	32,576,157	9,391,273	41,967,430	23,565,031	18,402,399	56%
Acquisition of Assets -DEVT	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910	0.17
Other Payments				1,382	(1,382)	
TOTAL	1,050,000,000	-	1,050,000,000	963,937,075	86,062,925	91.80%
SURPLUS/ DEFICIT	-			(737,070)		


(a) Social security benefits

Some of the staff at the ward level were employed late by the county assembly service board resulting to non payment of gratuity.

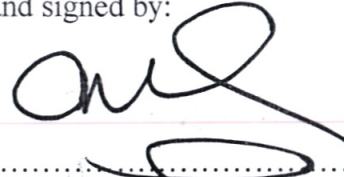
(b) Development

Non responsiveness during the tendering process resulting into defferement of the project.

The entity financial statements were approved on 28th Sept, 2023 and signed by:



.....
Name: CPA Michael B. Ngala
Clerk of the Assembly
ICPAK Member Number:23174



.....
Name: CPA Charles Mapinga
Chief Finance Officer – County Assembly
ICPAK Member Number:10435

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	a	b	c=a+b	d	e=c-d	f=(d/c*%)
	KES	KES	KES	KES	KES	%
RECEIPTS						
Transfers from the County Treasury	900,000,000	45,000,000	945,000,000	944,999,915	85	100%
TOTAL	900,000,000		945,000,000	944,999,915	85	100%
PAYMENTS						
Compensation of Employees	417,660,256	(9,826,718)	407,833,538.00	398,915,741	8,917,797	98%
Use of goods and services	383,763,587	435,445	384,199,032	413,254,831	(29,055,799)	108%
Capital transfers	66,000,000	45,000,000	111,000,000	110,000,000	1,000,000	99%
Social Security Benefits	32,576,157	9,391,273	41,967,430	23,565,031	18,402,399	56%
Other Payments				1,382	(1,382)	
TOTAL	900,000,000	45,000,000	945,000,000	945,736,985	(736,985)	100%
SURPLUS/ DEFICIT	-		-	(737,070)	737,070	

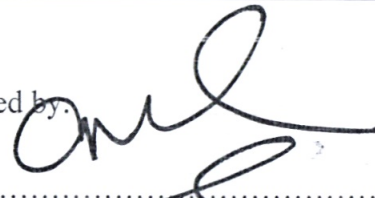
(a) Social security benefits

Some of the staff at the ward level were employed late by the county assembly service board resulting to non-payment of gratuity

The entity financial statements were approved on 28th Sept, 2023 and signed by:



Name: CPA Michael B. Ngala
 Clerk of the Assembly
 ICPAK Member Number:23174



Name: CPA Charles Mapinga
 Chief Finance Office – County Assembly
 ICPAK Member Number:10435

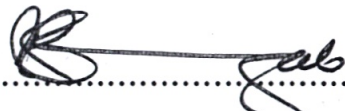
12B Statement Of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% Utilization difference
	a	b	c=a+b	d	e=c-d	f=(d/c*%)
	KES	KES	KES	KES	KES	%
RECEIPTS						
Transfers from the Exchequer	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910	17
TOTAL	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910	17
PAYMENTS						
Acquisition of Assets	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910	17
TOTAL	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910	17
SURPLUS/ DEFICIT	-	-	-		-	

(c) Development

Non-responsiveness during the tendering process resulting into defferement of the project.

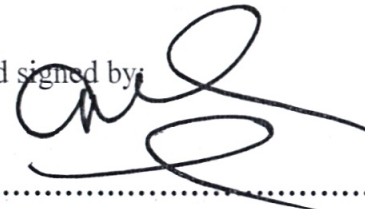
The entity financial statements were approved on 28th Sept, 2023 and signed by:



Name: CPA Michael B. Ngala

Clerk of the Assembly

ICPAK Member Number:23174



Name: CPA Charles Mapinga

Chief Finance Office – County Assembly

ICPAK Member Number:10435

13. Budget Execution By Programmes And Sub-Programmes

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2022-2023 KES	2022-2023 KES	2022-2023 KShs	30th June 2023 KES	KES
LEGISLATURE AND REPRESENTATION					
Compensation of employees	253,409,516	(9,826,718)	243,582,798	234,665,001	8,917,797
Use of goods and services	98,145,000		98,145,000	95,167,140	2,977,861
Acquisition of non-financial assets	150,000,000	(45,000,000)	105,000,000	18,200,090	86,799,910
Gratuity	15,655,737		15,655,737	15,655,737	-
Capital transfers	-			-	-
OVERSIGHT					
Compensation of employees	2,500,000		2,500,000	2,500,000	
Use of goods and services	24,550,000	-	24,550,000	24,550,000	-
Acquisition of non-financial assets					
Gratuity					
Capital transfers					
GENERAL ADMINISTRATION					
Compensation of employees	161,750,740	-	161,750,740	161,750,740	-
Use of goods and services	261,068,587	435,445	261,504,032	293,537,691	(32,033,659)
Acquisition of non-financial assets	-	-	-	-	-
Gratuity	16,920,420	9,391,273	26,311,693	7,909,294	18,402,399
Capital transfers	66,000,000	45,000,000	111,000,000	110,001,382	998,618
Grand Total	1,050,000,000	-	1,050,000,000	963,937,075	86,062,925

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Acquisition of fixed assets

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

Significant Accounting Policies (Continued)

4. In-kind contributions

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

5. Third Party Payments

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

6. Cash and cash equivalents

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

7. Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2023, this amounted to KShs 1,710,309 compared to KShs 12,845,181 in prior period as indicated on note 15. 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 entity at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

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

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

13. Contingent Assets

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

Significant Accounting Policies (Continued)

14. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 29th June 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There were two supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 17* 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 of obligations between related parties regardless of whether a price is charged.

15. Notes to the Financial Statements

1. Transfer From CRF

	2022-2023 KES	2021-2022 KES
Total Exchequer Releases for quarter 1	88,367,110	145,935,250
Total Exchequer Releases for quarter 2	234,259,330	292,386,275
Total Exchequer Releases for quarter 3	350,247,405	224,461,385
Total Exchequer Releases for quarter 4	290,326,160	335,103,988
Cumulative amount	963,200,005	997,886,898

2. Compensation of Employees

	2022-2023 KES	2021-2022 KES
Basic salaries of permanent employees	210,943,582	250,204,949
Basic wages of temporary employees	41,810,484	51,615,000
Personal allowance s(house) paid as part of salary	127,517,521	107,589,652
Personal allowances(leave) provided in kind	773,000	768,000
Pension and other social security contributions	17,478,354	16,594,248
Compulsory national social security schemes	392,800	689,400
Total	398,915,741	427,461,249

Count Government of Kilifi

Kilifi County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

3. Use of Goods and Services

	2022-2023	2021-2022
	KES	KES
Utilities, supplies and services	2,252,320	3,359,507
Communication, supplies and services	1,036,082	1,931,289
Domestic travel and subsistence	198,607,724	208,848,416
Foreign travel and subsistence	29,126,608	53,883,069
Printing, advertising and information supplies & services	7,789,815	11,827,359
Rentals of produced assets	12,383,290	19,326,661
Training expenses	18,434,514	19,038,094
Hospitality supplies and services	37,378,603	39,670,171
Insurance costs	37,691,696	29,352,694
Specialized materials and services	2,392,900	4,074,620
Office and general supplies and services	9,245,965	14,781,977
Purchase of Office Furniture and General Equipment	9,617,815	18,108,995
Purchase of Specialised Plant, Equipment and Machinery		
Other operating expenses	23,517,011	20,069,663
fuel,oil and lubricants	11,405,701	12,661,167
Routine maintenance – vehicles and other transport equipment	2,962,069	4,150,217
Routine maintenance – other assets	9,412,717	5,350,752
Motor car purchase	-	-
Furniture purchase		
Total	413,254,831	466,434,651

Notes To The Financial Statements (Continued)

4. Transfers To Other Government Entities

	2022-2023 KES	2021-2022 KES
Transfers to National Government entities (CRF)	1,382	647,151
Transfers to National Government entities (CRF)	-	1,141,277
	1,382	1,788,428

5. Social security benefits

	2022-2023 KES	2021-2022 KES
Gratuity	23,565,031	22,863,790
Social security benefits in cash and in kind- NICCF		
Employer Social Benefits in cash and in kind		-
Total	23,565,031	22,863,790

Notes To The Financial Statements (Continued)

6. Acquisition of Assets

Non-Financial Assets	2022-2023 KES	2021-2022 KES
Construction of Buildings	-	4,855,728
Purchase of office furniture and general equipment	-	-
Design , installation of an e-parliament system	4,000,000	-
Refurbishment of Buildings	14,200,090	-
contracted professional services	-	-
Total	18,200,090	4,855,728

Notes To The Financial Statements (Continued)

7. Other Payments

Description	2022-2023	2021-2022
	KES	KES
Transfers to national government entities	0	-
Transfers to other county assembly entities		
Car loan scheme fund	110,000,000	75,000,000
Mortgage scheme/fund	0	-
Others (insert name of budget agency)	0	-
Total	110,000,000	75,000,000

Notes To The Financial Statements (Continued)

8. Cash And Bank Balances

8A. Bank Balances

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2022-2023	2021-2022
		KES	KES
CBK RECURRENT A/C 1000239285	Recurrent Acc	-	-
CBK DEV A/C 1000265108	Development Acc	-	-
CBK DEPOSIT A/C 1000286644	Deposits Acc	1,710,309	12,845,181
Co-op bank A/C No 01141262122000	Recurrent Acc	789	789
KCB IMPREST A/C 1243762055	Recurrent Acc	988,868	
Total		2,699,966	12,845,970

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.

8B. Cash In Hand

Description	2022-2023	2021-2022
	KES	KES
Cash in Hand – Held in domestic currency	88,280	53,330
Total	88,280	53,330

Notes To The Financial Statements (Continued)

Cash in hand should be analysed as follows:

	2022-2023 KES	2021-2022 KES
Location 1(Assembly HQS)	88,280	53,330
Total	88,280	53,330

(Provide locations where cash in hand is held e.g. head office, cashier's office, cash office etc)

9. Imprests and Advances

	2022-2023 KES	2021-2022 KES
Government Imprests	-	1,826,797
Staff and MCAS Advances	121,500	55,500
Total	121,500	1,882,297

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<i>Breakdown of imprest and salary advance per department</i>	2022-2023	2021-2022
Imprests	KES	KES
Department -FINANCE	-	214,500
Department -HUMAN RESOURCE	-	330,650
Department -ICT	-	325,442
Department -LEGAL	-	795,005
Department -SECURITY	-	161,200
Department -MCAS	-	-
Sub-Total	-	1,826,797
Salary advance		
Department -MCAS	-	-
Department -LEGAL	-	11,000
Department -HR	55,500	38,000
Department -SECURITY	66,000	6,500
Sub-Total	121,500	55,500
Grand Total	121,500	1,882,297

Notes To The Financial Statements (Continued)

10. Third Party Deposits and Advances

	2022-2023 KES	2021-2022 KES
Deposits and Retentions	1,710,309	12,845,181
Total	1,710,309	12,845,181

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

11. Fund Balance Brought Forward

Description	2022-2023 KES	2021-2022 KES
Bank accounts	2,699,966	12,845,970
Cash in hand	88,280	53,330
Accounts Receivables	121,500	1,882,297
Accounts Payables	(1,710,309)	(12,845,181)
Total	1,199,437	1,936,416

Provide short appropriate explanations, as necessary. The fund balances brought forward refers to the previous financial year's closing balances]

(prior period adjustment applies to the correction of an error in the financial statements of a prior period. Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

12. Changes In Imprests and Advances

Description	2022-2023 Kshs	2021-2022 Kshs
Opening Account Receivables as at 1 st July 2022	(1,882,297)	(1,304,990)
Closing Account Receivables as at 30 th June 2023	121,500	1,882,297
Change in Account Receivables	(1,760,797)	577,307

13. Changes In Third Party Deposits and Retentions

Description	2022-2023 KES	2021-2022 KES
Opening Accounts Payables as at 1 st July 2022	12,845,181	41,437,674
Closing Accounts payables as at 30 th June 2023	(1,710,309)	(12,845,181)
Change in Accounts payables	11,134,872	28,592,493

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Notes To The Financial Statements (Continued)

1. 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.

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Related party transactions:

	2022-2023 KES	2021-2022 KES
COMPENSATION TO KEY MANAGEMENT		
Compensation to the speaker, deputy speaker and mcas	270,874,197	301,419,705
key management compensation (clerk and heads of departments)	19,332,440	17,332,440
TOTAL COMPENSATION TO KEY MANAGEMENT	290,206,637	318,752,145
TRANSFERS TO RELATED PARTIES		
Transfers to other county government entities such as car and mortgage schemes	110,000,000	75,000,000
Transfers to county corporations	-	-
Transfers to non reporting entities ECD centres, welfare centres etc	-	-
TOTAL TRANSFERS TO RELATED PARTIES	110,000,000	75,000,000
TRANSFERS FROM RELATED PARTIES		
Transfers from the county executive-exchequer	-	0
Payments made on behalf of the county Assembly by other government agencies	-	0
	-	0
TOTAL TRANSFERS FROM RELATED PARTIES	400,206,637	393,752,145

(Give details- Update ANNEX 8 Contingent liabilities register)

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

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

Reference No. on the external audit report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variance Between County Executive and County Assembly Transfers	The management has initiated the process of reconciliation which is due to be finalised as soon as possible.	Unresolved	11.09.2023
2.	Budgetary Control and Performance	There was an oversight at the time of preparing the supplementary budget. Ksh 45,000,000 was to be revoted from the Development budget to recurrent budget but it was erroneously treated as an adjustment.	Resolved	
3.	Exceeded Ceiling on Employee Costs	The County regulation 25(1) (b) quoted is reference to the entire County Government that the wages and Benefits not to exceed 35% of the total revenue. This clause does not apply to the county assemblies since they don't collect revenue but funds are being	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		appropriated as an arm in the County Government		
4.	Other Operating Expenses- Subscription to SOCCAT	The county assembly through the county assemblies' forum has asked the SOCATT officials to speed up the Process of registering the Society in order to have legal existence.	Unresolved	30.12.2023
5.	Stalled Project- Construction of County Assembly Offices	Fresh Tendering process has started to take into account the two extra flows approved by the Ministry of Roads and public works.	Unresolved	09.12.2024



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Clerk of the County Assembly

CPA Michael B. Ngala

Date

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Annual Report and Financial Statements For the year ended 30th June 2023

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
			a	b	c	d=a+b-c
Construction of buildings						
Sub-Total						
Construction of civil works						
Sub-Total						
Supply of goods						
Lynter Investment	26/10/2022	748,500	748,500	0	0	748,500
Maazu Company	17/2/2023	508,000	508,000	0	0	508,000
Monarca Dev	18/10/2022	487,500	487,500	0	50,000	437,500
Sub-Total		1,744,000	1,744,000			1,694,000
Supply of services						
Seaview Resort	14/5/2023	117,000	-	0	0	117,000
Seaview Resort	30/5/2023	57,000	-	0	0	57,000
Seaview Resort	20/4/2023	72,500	-	0	0	72,500
Jackmash Auto Ltd	27/5/2023	150,000	-	0	0	150,000
Adismo Garage	11/12/2022	27,840	-	0	0	27,840
Adismo Garage	27/1/2023	27,840	-	0	0	27,840
Adismo Garage	17/6/2022	6,960	6,960	0	0	6,960
Adismo Garage	7/2/2023	31,320	-	0	0	31,320
Adismo Garage		206,500	206,500	0	0	206,500
Adismo Garage		35,960	35,960	0	0	35,960
Adismo Garage		46,006	46,006	0	0	46,006
Adismo Garage		30,160	30,160	0	0	30,160
Triniver Tours	27/2/2023	907,440	-	0	0	907,440
Triniver Tours		976,666	976,666	0	0	976,666
Bahari Agencies	22/5/2023	555,165	-	0	0	555,165
Bahari Agencies	9/5/2023	41,950	-	0	0	41,950
Bahari Agencies	27/4/2023	83,440	-	0	0	83,440
Bahari Agencies	6/6/2023	326,827	-	0	0	326,827
Geotrex Global	15/2/2023	331,600	-	0	0	331,600
Geotrex Global	7/2/2023	432,100	-	0	0	432,100
Geotrex Global	5/6/2023	177,900	-	0	0	177,900
Geotrex Global	22/3/2023	313,200	-	0	0	313,200
Geotrex Global	3/2/2023	83,000	-	0	0	83,000
Geotrex Global	16/2/2023	167,950	-	0	0	167,950
Geotrex Global	1/2/2023	32,800	-	0	0	32,800
Geotrex Global	28/11/2022	191,200	-	0	0	191,200
Geotrex Global	19/12/2022	288,350	-	0	0	288,350
Geotrex Global	19/1/2023	191,400	-	0	0	191,400
Chaberry Ltd	19/4/2023	420,000	-	0	0	420,000
AVC Management	8/12/2022	21,600	-	0	0	21,600

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31 Nyali Sun Africa	19/10/2022	111,850	-	0	0	111,850
32 Nyali Sun Africa	6/10/2022	153,500	-	0	0	153,500
33 Travellers Beach	28/10/2022	114,200	-	0	0	114,200
34 Reef Hotel	22/11/2020	26,000	26,000	0	0	26,000
35 Reef Hotel	18/3/2021	9,550	9,550	0	0	9,550
36 Reef Hotel		1,236,000	1,236,000	0	0	1,236,000
37 Reef Hotel		86,000	86,000	0	0	86,000
38 Prideinn	19/10/2016	58,000	58,000	0	0	58,000
39 Prideinn	10/10/2016	336,200	336,200	0	0	336,200
40 Sunrise Resort	23/03/2023	130,000	-	0	0	130,000
41 Sunrise Resort	13/03/2023	240,850	-	0	0	240,850
42 Sunrise Resort	9/3/2023	108,000	-	0	0	108,000
43 Sunrise Resort	5/10/2023	99,000	-	0	0	99,000
44 Sunrise Resort	8/12/2022	72,000	-	0	0	72,000
45 Sunrise Resort	2/11/2022	42,000	-	0	0	42,000
46 Sunrise Resort	10/11/2022	63,000	-	0	0	63,000
47 Sunrise Resort	21/6/2022	18,900	-	0	0	18,900
48 Sunrise Resort	25/7/2022	45,000	-	0	0	45,000
49 Sunrise Resort	12/7/2022	57,000	-	0	0	57,000
50 Sunrise Resort	18/7/2022	133,000	-	0	0	133,000
51 Sunrise Resort	23/3/2023	120,000	-	0	0	120,000
52 Sunrise Resort	23/3/2023	108,000	-	0	0	108,000
53 Sunrise Resort	19/12/2022	81,000	-	0	0	81,000
54 Sunrise Resort	2/11/2022	45,000	-	0	0	45,000
55 Sunrise Resort	10/12/2022	84,000	-	0	0	84,000
56 Jacaranda Indian	17/11/2022	546,300	-	0	0	546,300
57 Jacaranda Indian	2/2/2023	15,300	-	0	0	15,300
58 Jacaranda Indian	17/6/2022	661,500	661,500	0	0	661,500
59 Jacaranda Indian	29/7/2022	164,400	-	0	0	164,400
60 Jacaranda Indian	7/2/2023	26,750	-	0	0	26,750

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61	Jacaranda Indian	6/10/2021	126,000	126,000	0	0	126,000
62	Jacaranda Indian	7/3/2022	567,000	567,000	0	0	567,000
63	Jacaranda Indian	2/2/2022	53,980	53,980	0	0	53,980
64	Jacaranda Indian	7/9/2021	12,500	12,500	0	0	12,500
65	Jacaranda Indian		70,000	70,000	0	0	70,000
66	Jacaranda Indian		786,207	786,207	0	0	786,207
67	The Standard	4/11/2022	276,080	-	0	0	276,080
68	The Standard	1/12/2022	168,200	-	0	0	168,200
69	The Standard	6/10/2022	151,380	-	0	0	151,380
70	The Standard	18/10/2022	133,400	-	0	0	133,400
71	The Standard	15/9/2022	345,100	-	0	0	345,100
72	The Standard	2/2/2023	168,200	-	0	0	168,200
73	The Standard	3/11/2022	276,080	-	0	0	276,080
74	The Star	16/6/2021	169,360	169,360	0	0	169,360
75	The Star	25/4/2022	169,360	-	0	0	169,360
76	The Star	8/12/2021	169,360	169,360	0	0	169,360
77	The Star	8/5/2023	169,360	-	0	0	169,360
78	The Star	3/8/2023	169,360	-	0	0	169,360
79	The Star	19/7/2021	169,360	169,360	0	0	169,360
80	The Star	15/11/2021	169,360	169,360	0	0	169,360
81	The Star	12/1/2022	169,360	169,360	0	0	169,360
82	The Star	17/3/2021	169,360	169,360	0	0	169,360
83	The Star	13/1/2021	169,360	169,360	0	0	169,360
84	The Star	30/3/2023	169,360	-	0	0	169,360
85	The Star	4/1/2023	169,360	-	0	0	169,360
86	The Star	15/10/2020	166,440	166,440	0	0	166,440
87	The Star	29/5/2019	224,112	224,112	0	0	224,112
88	The Star	17/3/2019	85,503	85,503	0	0	85,503
89	The Star	21/4/2023	224,112	224,112	0	0	224,112
90	Synkrone	6/3/2023	130,000	-	0	0	130,000
91	CIC General	19/4/2023	178,135	-	0	0	178,135
92	Liquid Technologies		917,013	-	0	0	917,013
93	Nation Media	12/4/2021	142,680	142,680	0	0	142,680
94	Nation Media	4/5/2022	155,556	155,556	0	0	155,556
95	Nation Media	26/9/2022	171,680	-	0	0	171,680
96	Nation Media	6/10/2022	291,856	-	0	0	291,856
97	Nation Media	18/10/2022	142,680	-	0	0	142,680
98	Nation Media	6/10/2022	309,024	-	0	0	309,024
99	Nation Media	4/1/2023	81,850	-	0	0	81,850
100	Nation Media	9/11/2021	128,412	128,412	0	0	128,412
101	Nation Media	15/09/2022	172,840	-	0	0	172,840
102	Nation Media	23/7/2021	142,680	142,480	0	0	142,480
103	Nation Media	11/4/2022	142,680	142,680	0	0	142,680
104	Nation Media	24/3/2022	155,556	155,556	0	0	155,556
105	Nation Media	6/3/2022	547,520	547,520	0	0	547,520
106	Nation Media	16/9/2021	145,186	145,186	0	0	145,186
107	Nation Media	20/3/2017	407,160	407,160	0	0	407,160
108	Famibred		2,455,914	0	0	0	2,455,914
109	Spaben		739,035	-	0	0	739,035
110	Elich		938,535	-	0	0	938,535
111	Waridi		259,979	-	0	0	259,979
112	Leads		1,055,483	-	0	0	1,055,483
113	Barsaf Enterprises		194,586	-	0	0	194,586
114	Auto bamaki traders		800,168	-	0	0	800,168
115	Sea breeze ventures		300,000	-	0	0	300,000
116	Flomard limited		294,828	-	0	0	294,828
117	Mangasha limited		687,735	-	0	0	687,735
118	Jonstac Supplies		4,545,249	-	0	0	4,545,249
119	Roymax limited		854,968	-	0	0	854,968

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121 Ismax Enterprises	2,361,640	-	0	0	2,361,640
122 Okoth Okello	400,000	-	0	0	400,000
123 Munyao Muthama	2,200,000	-	0	0	2,200,000
124 Gidasi	545,431	-	0	0	545,431
125 Polynique Investment	537,000	-	0	0	537,000
126 Bianva Investment	663,362	-	0	0	663,362
127 Minyazii Investment	963,103	-	0	0	963,103
128 Rentokil Initial	7,155	-	0	0	7,155
129 Rentokil Initial	3,816	-	0	0	3,816
130 Rentokil Initial	9,708	-	0	0	9,708
131 Kusam General	737,069	-	0	0	737,069
132 Grey Impala	19,350	-	0	0	19,350
133 Grey Impala	111,680	-	0	0	111,680
134 Onessy Investment	1,135,000	-	0	0	1,135,000
135 Oasi Beach	69,500	-	0	0	69,500
136 Oasi Beach	71,600	-	0	0	71,600
137 Oasi Beach	694,650	-	0	0	694,650
138 Oasi Beach	143,500	-	0	0	143,500
139 Sai roc	210,000	-	0	0	210,000
140 Sai roc	216,000	-	0	0	216,000
141 Sai roc	105,000	-	0	0	105,000
142 Sai roc	105,000	-	0	0	105,000
143 Sai roc	93,000	-	0	0	93,000
144 Sai roc	60,000	0	0	0	60,000
145 Sai roc	537,000	-	0	0	537,000
146 Midview	52,500	-	0	0	52,500
	47,294,564.11	9,184,106	0	0	47,294,364
					48,988,364

*County Government of Kilifi
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Annex 2 – Summary Of Non-Current Asset Register

Asset class	Historical Cost b/f KES 2021-2022	Additions during the KES	Disposals during the KES	Transfers in(out) KES	Historical Cost c/f KES 2022-2023
Land	50,000,000	-	-	-	50,000,000
Buildings and structures	597,681,308	-	-	-	597,681,308
Refurbishment of buildings	2,414,342	18,200,090	-	-	20,614,432
Transport equipment	35,625,000	-	-	-	35,625,000
Office equipment, furniture and fittings	25,627,306	-	-	-	25,627,306
ICT Equipment, Software and Other ICT Assets	50,455,551	-	-	-	50,455,551
Other Machinery and Equipment	5,378,879	-	-	-	5,378,879
Total	767,182,386	18,200,090		-	785,382,476

*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.*

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Annex 3 – Analysis Of Accounts Receivables

(a) Government Imprest

Name of Officer	Date imprest taken	Amount		Balance Amount
		Amount given Kes	surrendered Kes	
Rashid Mbeto	07.07.2022	36,000	36,000	-
Engineer Kasheo	08.08.2022	131,000	131,000	-
Obadia Chengo	02.10.2022	60,000	60,000	-
		227,000	227,000	-

(b) Salary Advance

Name of Officer	Date Advanced	Amount		Balance Amount
		Amount Advanced Kes	Recovered Kes	
Innocent Ngumbao	15.12.2021	36,000	30,000	6,000
Hastings Mwamulanda	09.03.2022	131,000	120,000	11,000
Mwathumu Hare	15.06.2022	10,000	3,500	6,500
Ndoro Gunga	22.03.2022	14,000	1,000	13,000
Patrick Ruwa	22.10.2021	15,000	8,000	7,000
Janet Kaidza	15.12.2021	36,000	24,000	12,000
Almasi mamu	10.12.2022	40,000	10,000	30,000
Kassim Mwachenda	12.10.2022	30,000	15,000	15,000
Hassan Mumbo	15.08.2022	50,000	35,500	14,500
Edison Yawa	15.06.2022	10,000	3,500	6,500
		372,000	250,500	121,500

