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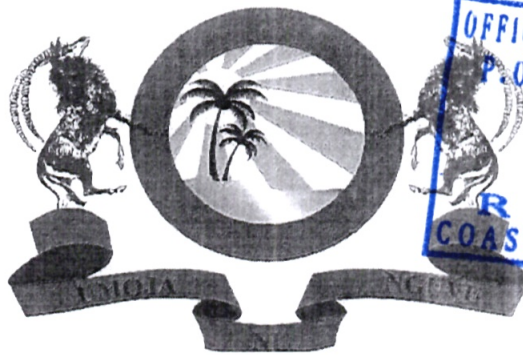
REPORT
OF
THE AUDITOR-GENERAL

PAPERS LAID	
DATE	10/10/2022.
TABLED BY	SEN. MASOPITY WHIP
COMMITTEE	_____
CLERK AT THE TABLE	A. MACHARIA.

ON

**COUNTY ASSEMBLY OF
KWALE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



KWALE COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the constitution of Kenya and headed by the County Assembly Service Board which is responsible for the general policy and strategic direction of the Assembly. The County Assembly of Kwale constitutes of twenty elected Members of County Assembly and fourteen special elected members. The County Assembly members have a constitutional Mandate of representation, oversight and Legislation.

For effective performance of the County Government, the county assembly also approves plans and policies and do oversight role over the County Executive.

Vision

A hub of legislative excellence in Kenya and beyond.

Mission



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

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KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(b) Key Management

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

No.	Designation	Name
1.	Speaker of the County Assembly	 Hon. Sammy Nyamawi Ruwa
2.	Ag.Clerk of the County Assembly	 Ms. Fatuma Hassan Mwalupa

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

3	Director Finance And Accounts	 CPA Philip Wanje Ziro
4	Director HR and Administration	 Mr. Nick Olweya Siso
5	Director Information Technology & Communication	 Mr. Paul Mwero Ruwah

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KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(c) Fiduciary Management

The key management personnel who held office during the year ended June 2021 and who had direct fiduciary responsibility were:

NO.	Designation	Name
1	Ag. Clerk to the County Assembly	Fatuma Hassan Mwalupa
2	Director Finance And Accounts	CPA Philip Wanje Ziro
3	Chief Hansard Editor	Mercy Murugi Ndirangu
4	Senior Legal Council	Lucy Mwendu Waweru
5	Senior Procurement Officer	John Genya Kalu
6	Head of Sargent at Arms	Guzo Hamisi Mwatero
7	Human Resource Officer	Felistus Mwangeli Kalungu
8	Head of ICT	Joseph Ruwa Zecha
9	Head of Internal Audit	CPA Dickson Nyundo Mangale

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KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(d) Fiduciary Oversight Arrangements

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

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

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

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

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)	
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	<i>e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.</i>
--	--

(f) Entity Headquarters

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

(g) Entity Contacts.

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

(h) Entity Bankers

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

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KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(h) Independent Auditor

Auditor-General

Office of the Auditor-General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

(i) Principal Legal Adviser

The Attorney-General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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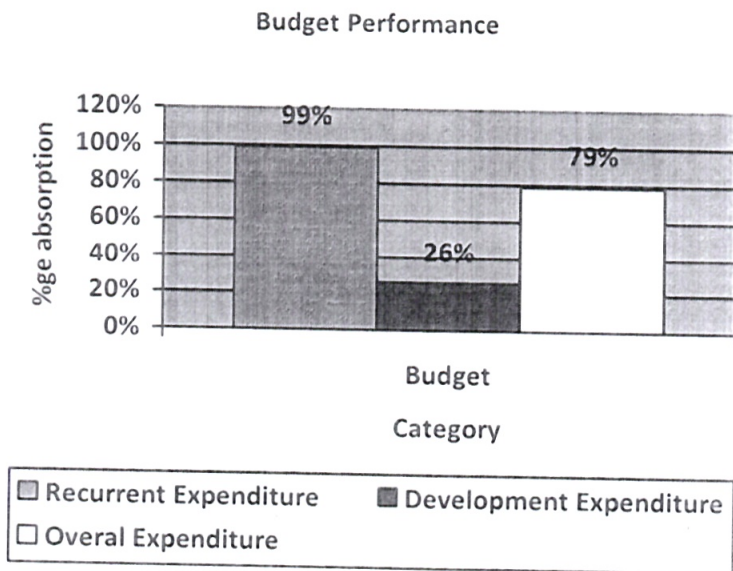
2. FOREWORD BY THE CLERK OF THE ASSEMBLY

The Financial Statements reflect the County Assembly's financial performance and position for the year ended 30th June 2021. These statements were prepared in accordance with the **Cash basis Accounting Method under the International Public Sector Accounting Standards (IPSAS)** as the Financial Report Framework provided for by the Public Sector Accounting Standards Board.

2.1 Budget performance

The County Assembly of Kwale had a total budget of Ksh 906,750,335 divided into a Recurrent Budget of Ksh 663,895,413 (Including Ksh 72,000,000 Car Grant) and a Development Budget of Ksh 242,854,922 that include domestic payables from previous financial year of Ksh 91,854,922. The actual exchequer releases was Ksh 731,020,516 translating to 81% on actual comparable basis.

The absorption of the County Assembly's recurrent budget was Ksh, 656,479,399 which translated to a 99% absorption rate while the development budget had a usage of Ksh 62,317,970 a translation of 26% absorption rate. On average, 79% of the total budget was absorbed during the financial year.



**KWALE COUNTY ASSEMBLY
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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

2.2 Operational Performance

- a) During the year under review, Kwale County Assembly passed the following laws and policies;

Acts

Passed

- i. The Kwale County Members and Staff Loan Scheme Fund (Amendment) Act, 2020
- ii. The Kwale County Cess Act, 2020
- iii. The Kwale County Revenue Administration Act, 2020
- iv. The Kwale County Entertainment Tax Act, 2020
- v. Kwale County Liquor Control Act, 2020
- vi. Kwale County Trade Revolving Act, 2020
- vii. Kwale County Rating Act, 2021
- viii. The Kwale County Supplementary Appropriation Act, 2021(1)
- ix. The Kwale County Supplementary Appropriation Act, 2021(2)
- x. The Kwale County Appropriation Act, 2021

Regulations

1. Public Finance Management (Emergency Fund) Regulations, 2020

Awaiting 2nd Reading (Committee of the Whole House)

Kwale County Policies

Passed

1. Kwale County Community Health Strategy Policy (Health Committee)

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

- b) Here is the process of dates when the County Budget was passed including the supplementary budgets;

The Original Budget 2020/2021 was passed on 30th June 2020.

FIRST SUPPLEMENTARY BUDGET FOR FY 2020/2021

The first supplementary budget was tabled on 1st September, 2020 and referred to the Committee on Finance, Budget and Appropriations.

On 3rd -6th September the whole House Committee engaged all the CEC and Chief Officers on the First Supplementary Budget.

The on 9TH -12th September the Whole House Committee retreated for consensus building on the First Supplementary Budget for FY 2020/21.

The Budget Committee then retreated for a report writing of the First Supplementary Budget for FY 2020/21 as from 18th-20th September, 2020.

The report of the First Supplementary Budget for FY 2020/21 was tabled before the House on 22nd September, 2020

The report of the First Supplementary Budget for FY 2020/21 was adopted by the House on 23rd September, 2020

The First Supplementary Budget Appropriation bill, 2020 was read for First –Third reading on 23/9/2020 and adopted by the House for assent by Governor.

SECOND SUPPLEMENTARY BUDGET FOR FY 2020/2021

The Second Supplementary Budget for FY 2020/2021 was tabled on 3rd March, 2021 and committed to the Committee on Finance, Budget and Appropriations.

On 6th -9th March the Whole House committee engaged the various CECs and Chief Officers on the Second Supplementary Budget who came to shed more light on the matter.

On 18th -20th March, 2021 the Committee on Budget retreated for report writing of the Second Supplementary Budget for FY 2020/2021.

Then on 23rd of March, 2021 the Committee on Budget tabled a report of the Second Supplementary Budget for FY 2020/2021 before the House for consideration.

Thereafter on 24th March, 2021 the House adopted the report of the Budget Committee on the Second Supplementary Budget for FY 2020/2021.

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

The Second Supplementary Budget Appropriation Bill, 2021 was read for second-third reading on 24th March, 2021 and adopted by the House for assent by the Governor.

THE THIRD SUPPLEMENTARY BUDGET FOR FY 2020/2021

The 3rd Supplementary budget for FY 2020/2021 was tabled on 16th June, 2021 and referred to the Committee on Finance, Budget and Appropriations.

Then on 17th -19th June,2021 the Whole House Committee considered the Third Supplementary Budget for FY 2020/2021.

Thereafter the Committee Budget committee retreated for a report writing on the Third Supplementary Budget for FY 2020/2021.

The Budget Committee tabled its report on the Third Supplementary Budget for FY 2020/2021 before the House on 22nd June, 2021.

The House adopted the report of the Budget Committee on the Third Supplementary Budget for FY, 2020/2021 on 23rd June, 2021.

The Third Supplementary Budget Appropriation Bill, 2021 was read for Second-Third reading and passed by the House for assent by the Governor on 23rd June, 2021.

- c) These are the Kwale County Assembly committees, their mandates and highlight successes over the period;

Names of County Assembly Committees with their Mandates

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

The functions of a Sectoral Committee shall be to-

- (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) Study the programme and policy objectives of departments and the effectiveness of the implementation;

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

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

Agriculture, Fisheries and Livestock Development

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

Health Services

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

Children, Culture and Community Services

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

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

functions and powers and participation in governance at the local level; and animal control and welfare, including licensing of dogs and facilities for the accommodation, care and burial of animals.

Transport and Public Works

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

The Committee tabled a report on Maweu – Pemba which was adopted by the House in

Planning, Trade, Tourism and Cooperatives Development

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

Early Childhood Education and Vocational Training

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

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

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

Labour and Social Welfare

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

Justice and Legal Affairs

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

Lands, Mining, Environment and Natural Resources

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

Energy

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

Gender and Special Interests

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

Report on Kisumu rescue centre benchmarking was adopted on the 28th April, 2021

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

Powers and Privileges Committee

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

Water Services

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

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

SELECT COMMITTEES

i) County Assembly Business Committee

The County Assembly Business Committee shall –

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

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

ii) Committee on Selection

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

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

The Committee tabled the following report in the FY 2019/2020, which were adopted by the House:

- i. Report on the restructuring of Committees membership.

iii) Committee on Appointments

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

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

iv) County Public Investment and Accounts Committee

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

- a) the examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think fit.
- b) The examination of the reports, accounts and workings of the county public investments;
- c) The examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices; Provided that the Committee shall not examine any of the following:

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

- 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.

The Committee tabled the following reports in the FY 2019/2020, which were adopted by the House:

- i. Report of the Auditor General on the financial statements of KWAWASCO for FY 2016/17
- ii. Report of the Auditor General on the financial statements of the County Executive of Kwale for FY 2017/18
- iii. Report of the Auditor General on the financial statements of the County Assembly of Kwale for FY 2017/18.
- iv. Report of the Auditor General on the financial statements of KWAWASCO for FY 2017/18
- v. Report of the Auditor General on the County Assembly of Kwale Members and Staff Car Loan Scheme Fund for FY 2017/18
- vi. Report of the Auditor General on Kwale County Bursary Fund for FY 2017/18
- vii. Report of the Auditor General on Kwale County Trade Revolving Fund for FY 2017/18
- viii. Report of the Auditor General on Kwale County Youth, Women and PWD Revolving fund for FY 2017/18
- ix. Report of the Auditor General on Kwale County Disaster Management fund for FY 2017/18

v) County Budget and Appropriations Committee

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

The functions of the Committee shall be to-

- a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,
- b) Discuss and review the estimates and make recommendations to the County Assembly;
- c) Examine the County Budget Policy Statement presented to the County Assembly;

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

- d) Examine Bills related to the national budget, including Appropriations Bills; and
- e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

The Committee tabled the following reports in the FY 2020/2021, which were adopted by the House:

- i. Kwale County Trade Revolving Fund, Bill, 2020
- ii. Kwale County Assembly Members and Staff Loan Scheme Fund Amendment Bill, 2021
- iii. Report of the First Supplementary Budget FY 2020/2021
- iv. Report of the Supplementary Budget 1 Appropriation Bill, 2020
- v. Report of the Second Supplementary Budget FY 2020/2021
- vi. Report of the Supplementary Budget 2 Appropriation Bill, 2021
- vii. Report of the Annual Development Plan for FY 2021/2022
- viii. Report of the County Fiscal Strategy Paper for FY 2021/2022
- ix. Report of the Third Supplementary Budget for FY 2020/2021
- x. Report of the Supplementary Budget 3 Appropriation Bill, 2021
- xi. Report of the Budget estimates for FY 2021/2022
- xii. Report of the Appropriation Bill, 2021
- xiii. CBROP -2020

vi) County Assembly Procedure and Rules Committee

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

- a) Shall consider and report on all matters relating to these Standing Orders.
- b) May propose amendments to these Standing Orders and any such amendments shall upon approval by the County Assembly, take effect at the time appointed by the County Assembly.

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

- c) May propose rules for the orderly and effective conduct of committee business and any such rules, shall upon approval by the County Assembly, continue in force until amended or repealed by the County Assembly.

vii) Committee on Implementation

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

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

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

viii) Committee on Delegated County Legislation

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

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

- a) is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law;
- b) infringes on fundamental rights and freedoms of the public;
- c) contains a matter which in the opinion of the Committee should more properly be dealt with in an Act of the County Assembly;
- d) contains imposition of taxation;

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

- e) directly or indirectly bars the jurisdiction of the Courts;
- f) gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power;
- g) involves expenditure from the County Revenue Fund or other public revenues;
- h) is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;
- i) appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;
- j) appears to have had unjustifiable delay in its publication or laying before County Assembly;
- k) makes rights, liberties or obligations unduly dependent upon non reviewable decisions;
- l) makes rights, liberties or obligations unduly dependent insufficiently defined administrative powers;
- m) inappropriately delegates legislative powers;
- n) imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;
- o) appears for any reason to infringe on the rule of law;
- p) inadequately subjects the exercise of legislative power to County Assembly scrutiny; and,
- q) accords to any other reason that the Committee considers fit to examine.

The Committee tabled the following report in the FY 2019/2020, which were adopted by the House:

- i. Report on COVID 19 regulations.

ix) Liaison Committee

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

- a) guide and co-ordinate the operations, policies and mandates of all Committees;
- b) deliberate on and apportion the annual operating budget among the Committees;

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FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

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

x) Committee of The Whole County Assembly

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

xi) Ad Hoc

Ad Hoc on Chenze tabled a report which was adopted by the House.

Ad Hoc on Ndavaya University tabled a report which was adopted by the House.

Ad Hoc on Samburu South Group Ranch

Ad Hoc on Mwavumbo Ranch

Ad Hoc on Land Leases

Ad Hoc on Mwereni Ranch

Ad Hoc on COVID – 19

Ad Hoc On Lungalunga Ranch

Ad Hoc on Chenze

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

- d) Include highlights on the oversight role of the County Assembly.

Highlights of the oversight roles of the County Assembly for the FY 2020/2021

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

- i. The Budget implementation.
- ii. Various issues concerning mandates of the County Governments such as health matters, Education, Labour relations etc.
- iii. The Assembly has also looked into the implementation status of various projects in the County.
- iv. The Assembly vetted Chief Officers in the Departments of Education and Agriculture.

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

2.3 Performance of key development projects

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

Project Description.	Project Progress	Project Output	Project Outcome	Project Impact.
Ward Offices	<i>13 Offices Completed 3 Offices Ongoing 4 At Awarding Stage.</i>	<i>Creation of Office space for MCAs</i>	<i>Accessibility of Services to the Public</i>	<i>Improved Service Delivery to the Public.</i>
Speakers Residence	<i>Completed & Occupied</i>	<i>Permanent Residence for the Assembly Speaker.</i>	<i>Improved Security and Safety to the Speaker.</i>	<i>Adequate time for the Speaker to Serve the Assembly effectively</i>
County Assembly Complex	<i>90% Complete</i>	<i>Creation of new Chambers, Office space for MCAs, Speaker and Assembly Staff.</i>	<i>Adequate Office Space and Good Working Environment for Members and Staff.</i>	<i>Efficient Service Delivery</i>

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

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

Project Description.	Project Progress	Project Efficiency and Effectiveness
Ward Offices	<i>13 Offices Completed 3 Offices Ongoing 4 At Awarding Stage.</i>	<i>Improved Service Delivery to the Public.</i>
Speakers Residence	<i>Completed & Occupied</i>	<i>Adequate time for the Speaker to Serve the Assembly effectively</i>
County Assembly Complex	<i>90% Complete</i>	<i>Efficient Service Delivery</i>

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

FOREWORD BY THE CLERK OF THE ASSEMBLY...(CONTINUED)

2.4 Comment on value-for-money achievements

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

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

2.5 Challenges and Recommended Way Forward

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

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

KWALE COUNTY ASSEMBLY
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FOREWORD BY THE CLERK OF THE ASSEMBLY ... (CONTINUED)

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

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

Sign:



Fatuma Hassan Mwalupa

Ag. Clerk of the County Assembly

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY
PREDETERMINED OBJECTIVES**

Introduction

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

The key mandate of the County Assembly of Kwale is legislation, oversight, and representation. To achieve this, the assembly's program was documented in terms of objective, key performance indicators, and output. Below were the expected outputs of the assembly in FY 2020/2021

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide trainings and benchmark programs for MCAs.	Increased ability of MCA in legislation	10 bills were passed in the County Assembly	In FY 2020/2021 MCA were trained on Leadership and Integrity.
	Enhanced professional development of MCAs – Review of standing orders	Review of standing orders	70 % increase in efficient Assembly operation	Standing orders were reviewed and resulted to members participation in motions on the floor of the house.
	Enhanced professional development of MCAs –	Review and amendments of	Quality of laws passed	10 Acts and Bills passed

**STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY
PREDETERMINED OBJECTIVES...(CONTINUED)**

	Review and amendments of laws	laws		
	Enhanced professional development of MCAs – Public participation awareness programs	Public participation awareness to the public	Increased participation during public participation	General public engaged well during public participation
Administration	Well trained and equipped Workforce to propel the Operations of the Assembly far and Beyond Expectations.	Increased Efficiency on staff output	Timely Production of reports and fully Compliance to law and statutory deadlines.	<ul style="list-style-type: none"> -In the Year under Review, 61 Assembly staff were trained on various aspects of their Profession. - Development of Sectoral plans -Review and development of departmental policies - Development of Sectoral plans -Review and development of departmental policies

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile –

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

2. Environmental performance

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

3. Employee welfare

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

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING (CONTINUED)**

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

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2021. 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, 2021, 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

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

STATEMENT OF MANAGEMENT RESPONSIBILITIES (CONTINUED)

Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the 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 Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 23/11 2021.



Fatuma Hassan Mwalupa

Ag. Clerk of the County Assembly

REPUBLIC OF KENYA



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KWALE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kwale set out on pages 1 to 32, which comprise the statement of financial assets and liabilities as

at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kwale as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and Public Finance Management Act, 2012 .

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial assets and liabilities and as disclosed in Note 13A to the financial statements reflects a balance amounting to Kshs.68,889,014 in respect of cash and cash equivalents. However, the following anomalies were observed: -

1.1 Uncleared Reconciling Items

The audit noted that the balance included an amount of Kshs.4,003,320 held in the County Assembly Imprest Account. Examination of the bank reconciliation as at 30 June, 2021 revealed payments in cash book not in bank statement amounting to Kshs.9,135,076, receipts in bank statement not recorded in cash book amounting to Kshs.94,300 and a receipt in cash book not in the bank statement amounting to Kshs.13,000,000. No explanation was provided by the Management.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.68,889,014 as at 30 June, 2021 could not be confirmed.

1.2 Unexplained Transactions in the Deposit Accounts

The audit also observed that the balance included in the amount is Kshs.56,575,876 held in the County Assembly's CBK deposits accounts. Review of the IFMIS payments analysis indicated that the County Assembly had paid a total of Kshs.30,800,000 out of the deposits account.

The Management irregularly withdrew funds meant for third parties from the deposits account. Further, there was no evidence of reimbursement of the same or evidence that the amount was received in the recurrent account for spending by the County Assembly.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.68,889,014 as at 30 June, 2021 could not be confirmed.

2. Use of Goods and Services

The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects an expenditure on use of goods and services totalling Kshs.288,154,214. However, the following anomalies were observed: -

2.1 Unsupported Domestic Travel and Subsistence

The audit noted that the amount includes an expenditure of Kshs.105,046,014 in respect of domestic travel and subsistence, out of which Kshs.14,038,435 was incurred by the County Assembly members and staff outside the County Assembly offices. However, supporting documents for the expenditure were not provided.

Consequently, the accuracy and validity of the expenditure of Kshs.14,038,435 could not be confirmed.

2.2 Unsupported Foreign Travel and Subsistence Allowances

Similarly, it was observed that the amount includes an expenditure on foreign travel and subsistence amounting to Kshs.26,719,443, out of which a total of Kshs.2,586,203 was not supported.

Consequently, the accuracy and validity of the expenditure of Kshs.2,586,203 could not be confirmed.

2.3 Unsupported Printing, Advertising and Information Supplies and Services

The audit noted that the amount includes an expenditure of Kshs.41,780,169 incurred on printing, advertising and information supplies and services out of which Kshs.34,987,583 was paid to service providers for provision of bulk photocopying and printing of documents. However, the Management did not provide supporting documents.

Consequently, the accuracy and validity of the expenditure totalling Kshs.34,987,583 could not be confirmed.

2.4 Unsupported and Unexplained Expenditure on Routine Maintenance

The audit established that the expenditure includes an amount of Kshs.5,190,400 in respect of routine maintenance, vehicles and other transport equipment. Review of the records provided revealed that motor vehicle repairs amounting to Kshs.3,547,860 were not adequately supported.

Further, two payment vouchers for Kshs.2,264,439 were posted in the IFMIS general ledgers as Kshs.2,308,662, resulting in unexplained difference of Kshs.44,223. The audit also observed that the expenditure included an amount of Kshs.120,000 in respect of two

motor vehicle cleaning services carried out in Mombasa. However, records provided showed that when the services were carried out, one of the vehicles was in Nairobi while the work ticket for the other vehicle did not have evidence of being in Mombasa on the date the cleaning service was indicated to have been carried out.

In addition, the expenditure also includes an amount of Kshs.1,100,000 relating to a journal correction of a wrongly classified transaction, as indicated in the general ledger provided. Audit examination of the journal revealed that the expenditure was in respect of training expenses. However, the Management did not explain why the training expenditure was posted under this item even though the training budget had been exhausted.

Consequently, the accuracy and validity of the expenditure of Kshs.5,190,400 could not be confirmed.

2.5 Unsupported Rental of Produced Assets

The audit further noted that the amount includes an expenditure of Kshs.4,360,000 in respect of rental of produced assets. Records provided indicate that the County Assembly has a total of twenty (20) elected and fourteen (14) nominated Members of County Assembly (MCAs), each with a ward office plus the Speaker's residence all of which attract monthly rent of Kshs.305,000 and Kshs.100,000, respectively. However, the rental lease agreements that were provided for audit were fifteen (15) out of the possible thirty-four (34) MCA's rented offices and one (1) Speaker's residence. No explanation was provided as to why the County Assembly continued to pay ward office rent yet there are completed ward offices and an official Speaker's residence.

Under the circumstances, the accuracy, validity and the value for money for the expenditure of Kshs.4,360,000 could not be confirmed.

2.6 Unsupported Office and General Supplies and Services Expenses

It was confirmed that the expenditure also includes an amount of Kshs.2,555,720 in respect of other operating expenses. Review of records provided revealed that payments amounting to Kshs.180,000 were not supported.

Consequently, accuracy and validity of the expenditure amounting to Kshs.180,000 could not be confirmed.

2.7 Unsupported Other Operating Expenses

It was observed that the expenditure includes an amount of Kshs.13,076,960 in respect of other operating expenses out of which payments totalling Ksh.3,608,519 were not supported.

Under the circumstances, the accuracy and validity of the expenditure on other operating expenses amounting to Kshs.3,608,219 could not be confirmed.

3. Unsupported Expenditure on Acquisition of Assets

The statement of receipts and payments and as disclosed in Note 10 to the financial statements reflects Kshs.77,154,615 in respect of acquisition of assets. Included in the amount are expenditures on purchase of household furniture for the Speaker's official residence totalling Kshs.4,976,870 and the Assembly complex office furniture amounting to Kshs.6,090,000. However, supporting documents for the payments were not provided.

Further, the supplied items could not be physically verified since there were no specifications on quality and quantity of the furniture to be supplied. In addition, the supplier could not be traced in the list of prequalified suppliers. The management did not provide details on how the supplier was selected and the prices charged were determined.

Consequently, the accuracy and validity of the expenditure of Kshs.11,066,870 on acquisition of assets could not be confirmed.

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

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling Kshs.906,750,335 and Kshs.731,020,516 respectively, resulting in an under-funding of Kshs.175,729,819 or 19% of the budget. Similarly, the County Assembly expended Kshs.718,797,369 against an approved budget of Kshs.906,750,335, resulting in under-expenditure of Kshs.187,952,966 or 21% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees was seventy-three (73) out of which sixty-two (62) or 85% of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

To this extent, the County Government has not complied with the provisions of the law.

2. Non-Compliance with One-Third Rule on Salaries Deductions

Analysis of the payroll for the month of June, 2021 revealed that, net pays for several employees as shown below were less than a third of their basic pay.

Month	No. of Staff	Month	No. of Staff
July, 2020	3	January, 2021	19
August, 2020	3	February, 2021	20
September, 2020	4	March, 2021	17
October, 2020	4	April, 2021	13
November, 2020	2	May, 2021	16
December, 2020	2	June, 2021	20

Further several employees earned zero salary in some of the months as indicated below:

Month	No. of Employees	Month	No. of Employees
October, 2020	1	April, 2021	2
February, 2021	5	May, 2021	2
March, 2021	2	June, 2021	2

In the circumstances, the Management was in contravention of the provisions of Section 19(3) of the Employment Act, 2007 which stipulates that total amount of all deductions

made by an employer from the wages of employee at any one time shall not exceed two thirds of such wages.

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

3. Irregular Extension of Leave and Payment of Salary

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

The officer was issued with another letter on 22 February, 2021 which stated that the matter had been referred to the Board which resolved on the same day that the matter be referred to the Staff Advisory Committee for advice and that the staff to proceed on a 21-days period leave from the date of the letter.

The staff was later invited to the Staff Advisory Committee meeting on 23 March, 2021 and further extensions of his leave were issued on 16 April, 2021, 18 June, 2021, 19 July, 2021 and 19 August, 2021 for 21 days each. It was, however, noted that the staff had drawn salary and allowances totaling Kshs.627,640 from the County Assembly up to 30 June, 2021 while out of duty.

The County Assembly did not explain why the Staff Advisory Committee had not made a decision and advised the Board to stop the payment of salary to the employee in line with Section 29(i) of the County Assembly Service Act, 2017. In addition, no explanation was provided for the approval of irregular extension of leave to the staff who was under disciplinary action with full pay were not provided for audit review.

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

4. Lack of a Substantive Clerk

As reported in the previous financial year, the County Assembly Service Board terminated the contract of the Clerk of the County Assembly in December, 2019. This was done contrary to Section 23 of the County Assembly Service Act, 2017 which outlines how the Clerk of a County Assembly is removed from office as the County Assembly Service Board did not submit a notice of motion to the Speaker seeking that the County Assembly revokes the appointment of the Clerk and approval thereof.

Review of records revealed that after the suspension of the Clerk, the Deputy Clerk took over in an acting capacity on the same date. Further, it was noted that the Clerk continued getting full salary and all the benefits totaling Kshs.2,549,280.

As at the time of the audit, in October, 2021 or 22 months later, the Deputy Clerk was still acting as the Clerk of the County Assembly contrary to Section 34(3) of the Public Service Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

5. Non - Remittance of Statutory Deductions

Records indicates that the National Treasury Circular No.14/2021 dated 28 October, 2021 addressed to all Clerks to County Assemblies stated that the County Assembly of Kwale had defaulted in remitting pension deductions from its employees to LAPTRUST as at 31 December, 2020. Although the principal amount had been fully paid, interest amounting to Kshs.8,228,173 was outstanding as at the same date.

To this extent, the Management was in breach of the law.

6. Non-Compliance with the County Assembly Services Act, 2017

Records provided for audit review indicated that Kwale County Assembly Service Board recruited/ appointed two members who have been serving as Board Members for the last four years. However, appointment letter for one of the Board members was not provided to confirm compliance with the First Schedule of the County Assembly Services Act, 2017. The Schedule provides for among other things; declaration of vacancy by notice in the Gazette and at least two daily newspapers of national circulation and for the qualified persons to be invited to apply and interviewed before approval and appointment by the County Assembly.

Further, evidence that the County Service Board had complied with Section 36 (1) of the County Assembly Services Act, 2017 which states that, "within three months after the end of each calendar year, the Board shall prepare and lay before the county assembly, a report of its operations during that year" was not provided for audit verification.

To this extent, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing 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. Fuel not Traceable in Work Tickets

Records provided indicated that 650 litres and 365 litres of fuel were consumed by three vehicles. However, the entries of fuel consumed could not be traced in the respective work tickets and no receipts for the same were provided for audit review.

Under the circumstances, the County Assembly's fuel consumption management and controls are weak and may result in payment for undelivered fuel.

2. IFMIS Reports and Data Analysis

Audit analysis of IFMIS reports indicated that payment made and narrated as cash payments in the system amounted to Kshs.477,418,834. However, no explanation was provided for indicating the payments as cash payments in the system. Further, twenty-five (25) transactions valued at Kshs.14,087,734 were posted as below the line items – temporary imprests but the surrender vouchers were not provided for audit verification.

Under the circumstances, the controls for payments through IFMIS and imprests Management by the County Assembly appear inadequate and may result in a loss of public funds.

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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's policies and procedures may deteriorate.


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 June, 2022

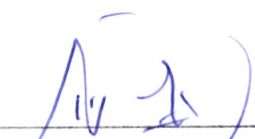
KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7. FINANCIAL STATEMENTS


7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	731,020,516	743,449,887
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		731,020,516	743,449,887
PAYMENTS			
Compensation of Employees	4	281,069,752	251,878,861
Use of goods and services	5	288,154,214	314,284,552
Subsidies	6	-	-
Transfers to Other Government Entities	7	72,000,000	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Acquisition of Assets	10	77,154,615	175,000,626
Finance Costs	11	418,789	301,587
Other Payments	12	-	-
TOTAL PAYMENTS		718,797,369	741,465,626
SURPLUS/DEFICIT		12,223,147	1,984,261

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23/11/2021 and signed by:



 Ag. Clerk of the Assembly
Fatuma H. Mwalupa



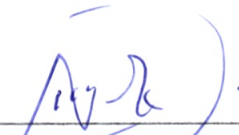
 Director Finance and Accounts
CPA Philip Ziro
ICPAK No. 20407

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE
2021

		2020-2021	2019-2020
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	13A	68,889,014	55,231,226
Cash Balances	13B	-	-
Total Cash and cash equivalents		68,889,014	55,231,226
Accounts receivables	14	6,233,449	6,323,440
TOTAL FINANCIAL ASSETS		75,122,463	61,554,666
FINANCIAL LIABILITIES			
Accounts Payables	15	56,575,876	55,114,584
NET FINANCIAL ASSETS		18,546,587	6,440,082
REPRESENTED BY			
Fund balance b/fwd	16	6,440,082	4,455,821
Prior year adjustment	17	- 116,642	
Surplus/(Deficit) for the year		12,223,147	1,984,261
NET FINANCIAL POSITION		18,546,587	6,440,082

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23/11/2021 and signed by:



 Ag. Clerk of the Assembly
Fatuma H. Mwalupa



 Director Finance and Accounts
 CPA Philip Ziro
 ICPAK No. 20407

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7.3. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	731,020,516	743,449,887
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	- 281,069,752	- 251,878,861
Use of goods and services	5	- 288,154,214	- 314,284,552
Subsidies	6	-	-
Transfers to Other Government Entities	7	- 72,000,000	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Finance Costs	11	- 418,789	- 301,587
Other Payments	12	-	-
Adjusted for:			
Prior year adjustment	17	- 116,642	-
Decrease/(Increase) in Accounts receivable:	18	89,991	- 1,867,619
Increase/(Decrease) in Accounts Payable:	19	1,461,292	18,489,593
Net cash flows from operating activities		90,812,402	193,606,860
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	- 77,154,615	- 175,000,626
Net cash flows from investing activities		- 77,154,615	- 175,000,626
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalent at BEGINNING of the year	13	55,231,226	36,624,992
Cash and cash equivalent at END of the year	13	68,889,014	55,231,226

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23/11/2021 and signed by:

 Ag. Clerk of the Assembly
Fatuma H. Mwalupa

 Director Finance and Accounts
CPA Philip Ziro
ICPAK No. 20407

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT
COMBINED

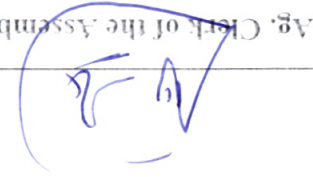
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization difference
	KShs	KShs	c=a+b	d	e=d-c	KShs
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	824,200,366	82,549,969	906,750,335	731,020,516	175,729,819	81%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
TOTAL	824,200,366	82,549,969	906,750,335	731,020,516	175,729,819	81%
PAYMENTS						
Compensation of Employees	283,107,546	895,122	282,212,424	281,069,752	1,142,672	100%
Use of goods and services	278,465,677	12,705,623	291,171,300	288,154,214	3,017,086	99%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Entities	-	72,000,000	72,000,000	72,000,000	-	100%
Other grants and transfers	-	-	-	-	-	0%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	262,227,143	1,279,512	260,947,631	77,154,615	183,793,017	30%
Finance Costs	400,000	18,980	418,980	418,789	191	100%
Other Payments	-	-	-	-	-	0%
TOTAL	824,200,366	82,549,969	906,750,335	718,797,369	187,952,966	79%
SURPLUS/ DEFICIT	-	-	-	12,223,147	- 12,223,147	

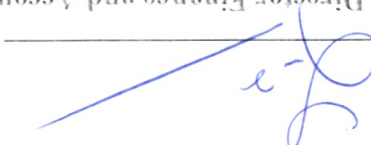
(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the two statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder).

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

- (a) Under acquisition for Assets, 70% of the total budgetary allocation was not absorbed. This majorly relates to funds set aside for development of the County Assembly projects, and by end of the year the contractor had not submitted certificates of equal worth to warrant payment
- (b) The changes between the original revenue budget and final revenue budget was as a result of pending bills from the previous financial year which were introduced in the current budget through supplementary budget. The changes in the expenditure budget are as a result of internal reallocations as per IPSAS 1.7.23

The entity financial statements were approved on 23/11/2021 and signed by:


Ag. Clerk of the Assembly
Fatuma H. Mwalupa


Director Finance and Accounts
CPA Philip Ziro
ICPAK No. 20407

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilisation difference
	A	B	c=a+b	d	e=d-c	
RECEIPTS						
Transfers from the County Treasury/ Exchequer Releases	589,345,444	74,549,969	663,895,413	660,940,626	2,954,787	100%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
TOTAL	589,345,444	74,549,969	663,895,413	660,940,626	2,954,787	100%
PAYMENTS						
Compensation of Employees	283,107,546	- 895,122	282,212,424	281,069,752	1,142,672	100%
Use of goods and services	278,465,677	12,705,623	291,171,300	288,154,214	3,017,086	99%
Subsidies	-	-	-	-	-	0%
Transfers to Other Government Entities	-	72,000,000	72,000,000	72,000,000	-	100%
Other grants and transfers	-	-	-	-	-	0%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Assets	27,372,221	- 9,279,512	18,092,709	14,836,645	3,256,064	82%
Finance Costs	400,000	18,980	418,980	418,789	191	100%
Other Payments	-	-	-	-	-	0%
TOTAL	589,345,444	74,549,969	663,895,413	656,479,399	7,416,014	99%
Surplus/ Deficit	-	-	-	4,461,227	- 4,461,227	-

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) A number of supplementary budgets were done during the year and a very fluid operating environment occasioned this. This realignment of the budget contributed great absorption capacity during the year.

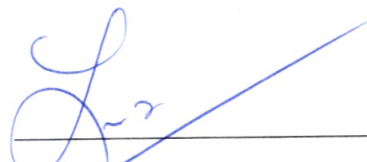
(b) The changes in the expenditure budget are as a result of internal reallocations. (IPSAS 1.7.23)

The entity financial statements were approved on 23/11/ 2021 and signed by:



Ag. Clerk of the Assembly

Fatuma H. Mwalupa



Director Finance and Accounts

CPA Philip Ziro

ICPAK No. 20407

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

7.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization difference
	KShs	KShs	c=a+b	d	e=d-c	KShs
RECEIPTS						
Transfers from the County Treasury/ Exchequer Releases	234,854,922	8,000,000	242,854,922	70,079,890	172,775,032	29%
Proceeds from Sale of Assets	-	-	-		-	0%
Other Receipts	-	-	-		-	0%
TOTAL	234,854,922	8,000,000	242,854,922	70,079,890	172,775,032	29%
PAYMENTS						
Compensation of Employees	-	-	-		-	0%
Use of goods and services	-	-	-		-	0%
Subsidies	-	-	-		-	0%
Transfers to Other Government Entities	-	-	-		-	0%
Other grants and transfers	-	-	-		-	0%
Social Security Benefits	-	-	-		-	0%
Acquisition of Assets	234,854,922	8,000,000	242,854,922	62,317,970	180,536,953	26%
Finance Costs	-	-	-		-	0%
Other Payments	-	-	-		-	0%
TOTAL	234,854,922	8,000,000	242,854,922	62,317,970	180,536,953	26%
SURPLUS/ DEFICIT	-	-	-	7,761,921	- 7,761,921	-

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

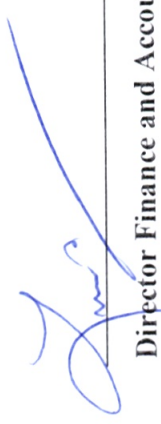
- (a) Under acquisition for Assets, 37% of the total budgetary allocation was not absorbed. This majorly relates to funds set aside for development of the county assembly Complex, and by end of the year the contractor had not submitted certificates of equal worth to warrant payment*
 - (b) Funds from pending bills from previous budgets were rolled over as first charge item during supplementary budget as per IPSAS*
- 1.7.23

The entity financial statements were approved on 23/11/ 2021 and signed by:



Ag. Clerk of the Assembly

Fatuma H. Mwalupa



Director Finance and Accounts

CPA Philip Ziro

ICPAK No. 20407

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2021

7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1	701,072,200	- 7,170,830	693,901,370	507,240,762	186,660,608
0704013060 (Audit Services)	283,107,546	- 895,122	282,212,424	281,069,752	1,142,672
0704043060 (General Administration)	417,964,654	- 6,275,708	411,688,946	226,171,011	185,517,935
Sub-programme 3	-	-	-	-	-
Programme 2	123,128,166	89,720,799	212,848,965	211,556,607	1,292,358
0705013060 (Oversight and legislation of county affairs)	123,128,166	89,720,799	212,848,965	211,556,607	1,292,358
Sub-programme 2	-	-	-	-	-
Sub-programme 3	-	-	-	-	-
Total	824,200,366	82,549,969	906,750,335	718,797,369	187,952,966

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

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2021

7.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2021, this amounted to KShs 56,575,876.20 compared to KShs 55,114,584.30 in prior period as indicated on note 13A. *There were no other restrictions on cash during the year.*

7. Accounts Receivable

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Accounts Payable

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.

9. 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.

10. 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)

11. 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.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans.

12. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

13. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Kwale County Assembly budget was approved as required by Law. The original budget was approved by the County Assembly on 30th June 2020 for the period 1st July 2020 to 30 June 2021 as required by law. There was three number of supplementary budgets passed in the year. The supplementary budgets were approved on 23/9/2020, 24/03/2021 and 23/06/2021. A high-level assessment of the Kwale County Assembly actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

14. Comparative figures

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

15. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

17. Related party transactions

Related party transactions involve cash and in-kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

KWALE COUNTY ASSEMBLY
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7.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2020-2021	2019-2020
	KShs	KShs
Transfers from the County Treasury for Q1	111,061,533	94,328,019
Transfers from the County Treasury for Q2	206,402,754	364,733,155
Transfers from the County Treasury for Q3	165,428,500	95,198,699
Transfers from the County Treasury for Q4	248,127,729	189,190,014
Cumulative Amount	731,020,516	743,449,887

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	KShs	KShs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

3. OTHER RECEIPTS

	2020-2021	2019-2020
	KShs	KShs
Tender fees received	-	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	-	-

(Provide a detailed explanation of what other receipts relate to, who they were received from and whether they had been budgeted for)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2020 - 2021	2019 - 2020
	KShs	KShs
Basic salaries of permanent employees	115,944,400	111,725,753
Basic wages of temporary employees	24,660,600	14,962,693
Personal allowances paid as part of salary	102,580,400	92,631,108
Personal allowances paid as reimbursements	1,855,000	2,146,000
Personal allowances provided in kind	7,042,799	4,351,000
Employer Contribution to compulsory National Social Schemes	28,986,552	26,062,307
Employer Contribution to Compulsory National health Insurance Schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	281,069,752	251,878,861

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. USE OF GOODS AND SERVICES

	2020 - 2021	2019 - 2020
	KShs	KShs
Utilities, supplies and services	487,900	1,089,812
Communication, supplies and services	1,686,767	1,859,879
Domestic travel and subsistence	105,046,014	110,186,658
Foreign travel and subsistence	26,719,443	28,560,939
Printing, advertising and information supplies & services	41,780,169	39,248,624
Rentals of produced assets	4,360,000	3,214,000
Training expenses	10,292,694	24,047,697
Hospitality supplies and services	42,629,392	33,841,971
Insurance costs	29,066,597	25,478,834
Specialized materials and services		1,262,050
Office and general supplies and services	2,555,720	7,759,722
Fuel, oil and lubricants	3,148,401	5,343,059
Other operating expenses	13,076,960	23,498,956
Routine maintenance – vehicles and other transport equipment	5,190,400	6,513,372
Routine maintenance – other assets	2,113,756	2,378,980
Total	288,154,214	314,284,552

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Subsidies to County Corporations		
	-	-
	-	-
Subsidies to Private Enterprises		
	-	-
	-	-
TOTAL	-	-

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	KShs	KShs
Transfers to National Government entities	-	-
Transfers to other County Assembly entities		
Car Loan Scheme fund	-	-
Mortgage	-	-
Other Current Transfers, Grants and Subsidies	72,000,000	-
TOTAL	72,000,000	-

This refers to the Car grant granted to the Members of the County Assembly by H.E The President of the Republic of Kenya.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER GRANTS AND TRANSFERS

	2020-2021	2019-2020
	KShs	KShs
Scholarships and other educational benefits	-	-
Membership Fees and Dues and Subscriptions to Organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

9. SOCIAL SECURITY BENEFITS

	2020 - 2021	2019 - 2020
	KShs	KShs
Government pension and retirement benefits	-	-
Social security benefits	-	-
Employer Social Benefits	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. ACQUISITION OF ASSETS

<u>Non- Financial Assets</u>	2020 - 2021	2019 - 2020
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	-	38,418,158
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	4,976,870	-
Purchase of Office Furniture and General Equipment	9,859,775	19,604,641
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total acquisition of non- financial assets	14,836,645	58,022,799
<u>Financial Assets</u>	-	-
Domestic Public Non-Financial Enterprises	62,317,970	116,977,827
Domestic Public Financial Institutions	-	-
Total acquisition of financial assets	62,317,970	116,977,827
Total acquisition of assets	77,154,615	175,000,626

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Bank Charges	418,789	301,587
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	418,789	301,587

12. OTHER PAYMENTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other payments	-	-
	-	-

KWALE COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account Name & currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2020 - 2021	2019 - 2020
			KShs	KShs
Central Bank of Kenya, Kwale County Assembly Dev. Acc (Kshs)	A/C No. 1000282568	Development Acc	7,761,921	- 368,783
Central Bank of Kenya, Kwale County Assembly Recurrent Ac. (Kshs)	A/C No. 1000241567	Recurrent Acc	547,897	383,239
Central Bank of Kenya, Kwale County Assembly Deposit Acc (Kshs)	A/C No. 1000282557	Deposits Acc	56,575,876	55,114,584
Kenya Commercial Bank, Kwale County Assembly Imprest Acc. (Kshs)	A/C No. 1142128148	Commercial Bank Accs.	4,003,320	102,186
Total			68,889,014	55,231,226

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

13B. CASH IN HAND

	2020 - 2021	2019 - 2020
	KShs	KShs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

Cash in hand should be analysed as follows:

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. ACCOUNTS RECEIVABLE

<i>Description</i>	2020 - 2021	2019 - 2020
	Kshs	Kshs
Government Imprests	6,218,449	6,218,449
Salary Advance	15,000	104,991
Clearance accounts	-	-
Total	6,233,449	6,323,440

<i>Breakdown of imprest and salary advance per department</i>	2020 - 2021	2019 - 2020
Imprests	KShs	KShs
Clearance Accounts (Rent Deposit)	200,000	200,000
Prepayment -FBT & KRA	1,899,057	1,899,057
Prepayment -PAYE & KRA (Demand Notice)	4,119,392	4,119,392
Sub-Total	6,218,449	6,218,449
Salary advance		
Finance Department	15,000	104,991
Department	-	-
Sub-Total	15,000	104,991
Grand Total	6,233,449	6,323,440

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

15. ACCOUNTS PAYABLE

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Deposits	-	-
Retentions	56,575,876	55,114,584
Total	56,575,876	55,114,584

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Bank accounts	55,231,226	36,624,992
Cash in hand	-	-
Accounts Receivables	6,323,440	4,455,821
Accounts Payables	- 55,114,584	- 36,624,992
Total	6,440,082	4,455,821

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

17. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances (Development)	- 368,783	653,569	284,786
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Return to CRF-Development		- 284,786	- 284,786
Return to CRF-Recurrent		- 383,239	- 383,239
Return to CRF-Imprest		- 102,186	- 102,186
Others (<i>specify</i>)	-	-	-
	- 368,783	- 116,642	- 485,425

This relates to adjustment of Opening Development Bank balance brought forward for the returned amounts for Kinango Construction of Kshs. 639,568.95 and Retention for Pemwaco of Kshs. 14,000 and the swift to CRF.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. CHANGES IN RECEIVABLE

Description	2020-2021	2019-2020
	KShs	KShs
Opening Account Receivables as at 1 st July 2020	6,323,440	4,455,821
Closing Account Receivables as at 30 th June 2021	6,233,449	6,323,440
Change in Account Receivables	89,991	- 1,867,619

19. CHANGES IN ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Accounts Payables as at 1 st July 2020	55,114,584	36,624,992
Closing Accounts payables as at 30 th June 2021	56,575,876	55,114,584
Change in Accounts payables	1,461,292	18,489,593

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

2. PENDING STAFF PAYABLES (See Annex 2)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

KWALE COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OTHER PENDING PAYABLES (See Annex 3)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)

4. EXTERNAL ASSISTANCE

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) Classes of providers of external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d. Non-monetary external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc.

N/B: Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e. Purpose and use of external assistance.

PAYMENTS MADE BY THIRD PARTIES	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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

KWALE COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

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

Classification by Source

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Classification of payments made by Third Parties by Nature of expenses

PAYMENTS MADE BY THIRD PARTIES	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Other Payments	-	-
TOTAL	-	-

6. RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Assembly:

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Related party transactions:

	2020-2021	2019-2020
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	161,950,492	111,541,871
Key Management Compensation (Clerk and Heads of departments)	20,208,127	19,974,425
Total Compensation to Key Management	182,158,619	131,516,296
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	-	-
Transfers to County Corporations	-	-
Transfers to CRF	- 770,211	-
Total Transfers to related parties	- 770,211	-
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	731,020,516	743,449,887
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	731,020,516	743,449,887

7. Contingent Liabilities

Contingent liabilities	2020-2021	2019-2020
	Kshs	Kshs
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
contingent liabilities arising from PPPs	-	-
Total	-	-


(Give details- Update ANNEX 6 Contingent liabilities register)

**KWALE COUNTY ASSEMBLY
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8. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The Kwale County Assembly has not yet received the Audit report for FY 2019-2020 for further deliberations.

Ag. Clerk of the County Assembly

Sign.....

Date.....

KWALE COUNTY ASSEMBLY
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ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			a	b	c	d=a+b-c	
Construction of buildings							
Sub-Total							
Construction of civil works							
Sub-Total							
Supply of goods							
Sub-Total							
Supply of services							
Sub-Total							
Grand Total							

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ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020	Comments
			a	b	c=a-b		
Senior Management							
Sub-Total							
Middle Management							
Sub-Total							
Unionisable Employees							
Sub-Total							
Others (specify)							
Sub-Total							
Grand Total							

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ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020	Comments
			a	b	c=a-b		
Amounts due to National Govt Entities							
Sub-Total							
Amounts due to County Govt Entities							
Sub-Total							
Amounts due to Third Parties							
Sub-Total							
Others (specify)							
Sub-Total							
Grand Total							

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ANNEX 4 – SUMMARY OF NON-CURRENT ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2019/20	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2020/2021
Land	22,900,000	-	-	-	22,900,000
Buildings and structures	761,544,942	62,317,970	-	-	823,862,912
Transport equipment	27,380,048	-	-	-	27,380,048
Office equipment, furniture and fittings	14,107,404	13,981,394	-	-	28,088,798
ICT Equipment	20,802,364	635,256	-	-	21,437,620
Machinery and Equipment	12,659,132	219,995	-	-	12,879,127
Biological assets	-	-	-	-	-
Infrastructure Assets	12,686,213	-	-	-	12,686,213
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work In Progress	-	-	-	-	-
Total	872,080,103	77,154,615	-	-	949,234,718

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

KWALE COUNTY ASSEMBLY
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ANNEX 5 – ANALYSIS OF ACCOUNTS RECEIVABLES

(a) Government Imprest

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
Total				-

(b) Salary Advance

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i>	<i>Amount Recovered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>William Mjape</i>	15/02/2019	15,000	-	15,000
Total		15,000	-	15,000

KWALE COUNTY ASSEMBLY
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ANNEX 6: CONTINGENT LIABILITIES REGISTER

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

KWALE COUNTY ASSEMBLY
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ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT

F.O.30
<p>KWALE COUNTY ASSEMBLY</p> <p>BANK NAME: CENTRAL BANK OF KENYA, A/C NAME: KWALE COUNTY ASSEMBLY DEVELOPMENT (KES), A/C NO:1000282568</p> <p>BANK RECONCILIATION FOR THE PERIOD ENDING 30 JUNE 2021</p>

	Notes	Sh. Cts		Sh. Cts	
Balance as per Bank Statement				11,624,953.50	
Less					
Payments in Cash Book not in Bank Statement { Un presented}			-	3,863,033.00	
				3,863,033.00	
Receipts in Bank statement not recorded in cash book { Direct Credits}	II		-	0.00	
				7,761,920.50	
Add					
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III		-		
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV		-	0.00	
Balance as per Cash Book				7,761,920.50	

<p>I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct</p>	
<p>Prepared by:</p> <p>Designation : ACCOUNTANT 11</p> <p>Name..... <i>Haris Samini</i></p> <p>Signature..... <i>[Signature]</i></p> <p>Date..... <i>30/6/2021</i></p>	<p>Checked by:</p> <p>Designation : DIRECTOR FINANCE & ACCOUNTS</p> <p>Name..... <i>Phisozi Ziw</i></p> <p>Signature..... <i>[Signature]</i></p> <p>Date..... <i>30/6/2021</i></p>

**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

BANK RECONCILIATION (CONTINUED)

F.O.30
KWALE COUNTY ASSEMBLY
BANK NAME: CENTRAL BANK OF KENYA, A/C NAME: KWALE COUNTY ASSEMBLY DEPOSIT (KES), A/C NO:1000282557
BANK RECONCILIATION AS AT 30 JUNE, 2021

	Notes			
	Sh.	Cts	Sh.	Cts
Balance as per Bank Statement			56,575,876.20	
Less				
Payments in Cash Book not in Bank Statement { Un presented}	I	-		
Receipts in Bank statement not recorded in cash book { Direct Credits}	II	-		0.00
Add			56,575,876.20	
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III	-		
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV	-		0.00
Balance as per Cash Book				56,575,876.20

I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct	
<p style="text-align: center;">Prepared by:</p> <p>Designation : ACCOUNTANT 1 Name..... <i>Happy Sammi</i> Signature..... <i>[Signature]</i> Date..... <i>30/6/2021</i></p>	<p style="text-align: center;">Checked by:</p> <p>Designation : SENIOR OFFICER FINANCE Name..... <i>Philip Lu</i> Signature..... <i>[Signature]</i> Date..... <i>30/6/2021</i></p>

KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021

BANK RECONCILIATION (CONTINUED)

F.O.30
KWALE COUNTY ASSEMBLY
BANK NAME: CENTRAL BANK OF KENYA, A/C NAME: KWALE COUNTY ASSEMBLY RECURRENT(KES), A/C NO:1000241567 BANK RECONCILIATION FOR THE PERIOD ENDING 30 JUNE 2021

	Notes	Sh. Cts		Sh. Cts	
Balance as per Bank Statement				35,507,916.30	
Less					
Payments in Cash Book not in Bank Statement { Un presented}	I	-		75,038,292.50	75,038,292.50
Receipts in Bank statement not recorded in cash book { Direct Credits}	II	-		40,078,273.00	547,896.80
Add					
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III	-			
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV	-			0.00
Balance as per Cash Book					547,896.80

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

<p>Prepared by: Designation : ACCOUNTANT 11 Name..... <u>Happy Sammi</u> Signature..... <u>[Signature]</u> Date..... <u>30/6/2021</u></p>	<p>Checked by: Designation : DIRECTOR FINANCE & ACCOUNTS Name..... <u>Philip Lu</u> Signature..... <u>[Signature]</u> Date..... <u>30/6/2021</u></p>
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**KWALE COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2021**

BANK RECONCILIATION (CONTINUED)

F.O.30
<p>KWALE COUNTY ASSEMBLY</p> <p>BANK NAME: KCB, A/C NAME: KWALE COUNTY ASSEMBLY IMPREST (KES), A/C NO:1142128148</p> <p>BANK RECONCILIATION FOR THE PERIOD ENDING 30 JUNE 2021</p>

	Notes	Sh.		Cts	
		Sh.	Cts	Sh.	Cts
Balance as per Bank Statement					138,396.34
Less					
Payments in Cash Book not in Bank Statement { Un presented}	I		-	9,135,076.04	9,135,076.04
Receipts in Bank statement not recorded in cash book { Direct Credits}	II		-	94,300.00	(8,996,679.70)
Add					
Payments in Bank Statement not in Cash Book { Direct Debits & Bank charges}	III		-		
Receipts in Cash Book not in Bank Statement { Uncredited cheques}	IV			13,000,000.00	
Balance as per Cash Book (ADJUSTED)					4,003,320.30

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

<p>Prepared by:</p> <p>Designation : ACCOUNTANT II</p> <p>Name..... <i>Happy Samini</i></p> <p>Signature..... <i>[Signature]</i></p> <p>Date..... <i>30/6/2021</i></p>	<p>Checked by:</p> <p>Designation : DIRECTOR FINANCE & ACCOUNTS</p> <p>Name..... <i>Philip Zw</i></p> <p>Signature..... <i>[Signature]</i></p> <p>Date..... <i>30/6/2021</i></p>
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