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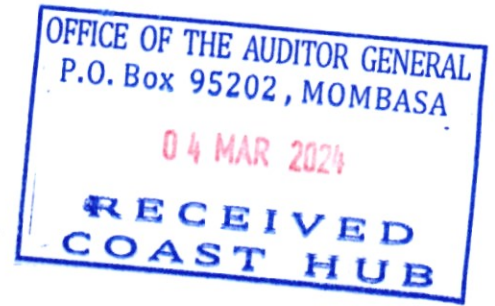
**THE AUDITOR-GENERAL**

**ON**

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

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

1000



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

**IMPLEMENTING ENTITY: COAST DEVELOPMENT AUTHORITY**

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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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

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## **1. Acronyms and Glossary of Terms**

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

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

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

#### **Objective**

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

#### **Specific objectives:**

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

#### **Address**

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

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

#### **Contacts:** The following are the project contacts:

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



**Project information and overall performance (continued)**

**2.2 Project Information**

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

**2.3 Project Overview**

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



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

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

## **Project Information and Overall Performance (Continued)**

### **2.4 Bankers**

The following are the bankers for the project:

- (i) National Bank of Kenya

### **2.5 Independent Auditor**

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

### **2.6 Roles and Responsibilities**

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

<b>Names</b>	<b>Title Designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Mohamed Keinan Hassan	Managing Director	PhD	Accounting Officer
Mwanasiti Mohamed Bendera	Deputy Director Research, Strategy & Planning	PhD	Programme Manager
Rose Rehema Mweni	CDA Kilifi County Coordinator	MSc	Programme Coordinator
Hassan Moulid	Senior Civil Engineer	MSc	Programme Engineer
Monicah Chepkemoi	Principal Accountant	MSc	Programme Accountant
Wycliff Maranga	Assistant Procurement Officer	Diploma	Procurement
Geoffrey Rono	Director Research, Strategy, Planning & Compliance	PhD	M&E
Juweiriyah Omar	Senior Administrative Officer	Diploma	Administration
Nancy Sidi	Communication Officer	Degree	Public relations and Publicity

Hafsa Thabit	Senior Legal Officer	Degree	Legal services
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**2.7 Funding summary**

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

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2023)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Insert name of donor	-	-	-	-	-	-
Insert name of donor	-	-	-	-	-	-
<b>(ii) Loan</b>						
Government of Italy	6,395,373	856,979,832	1,999,995	271,535,110.40	4,395,378	585,444,721.60
Insert name of development partner						
<b>(iii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>6,395,373</b>	<b>856,979,832</b>	<b>1,999,995</b>	<b>271,535,110.40</b>	<b>4,395,378</b>	<b>585,444,721.60</b>

[

**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2023)		Cumulative amount paid to date – (30 <sup>th</sup> June 2023)		Unutilised balance to date (30th June 2023)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
Insert name of donor	-	-	-	-	-	-
Insert name of donor	-	-	-	-	-	-
<b>(i) Loan</b>						
Government of Italy	1,999,995	271,535,110.40	107,156	14,466,108	1,892,839	257,069,002
Insert name of development partner	-	-	-	-	-	-
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>1,999,995</b>	<b>271,535,110.40</b>	<b>107,156</b>	<b>14,466,108</b>	<b>1,892,839</b>	<b>257,069,002</b>

## **Project information and overall performance (continued)**

### **2.8 Summary of Overall Project Performance:**

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

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

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

The programme focuses on improving infrastructure in Education, Health and Infrastructure sectors as well as strengthening institutional capacities for sustainable programme management. So far, the project management committees were successful established and held the first inauguration meetings. These includes the National Programme Steering Committee (NPSC) at National level, Programme Management Unit (PMU)/Programme Implementation Team (PIT) at Institutional level and 11No. Local Project Committees (LPCs) at Local level. The change of Scope was observed for the education facilities outputs as discussed in the LPCs, PIT and NPSC meetings held and a No Objection approval by Italian Agency for Development Cooperation (AICS) was received. Eleven (11No.) Tender documents, design drawing and Bill of Quantities were prepared. Environmental and Social Impact Assessment for 7 project sites was done and reports submitted to National Environmental Management Authority. The project vehicle was also procured.

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

Absorption rate is 5% by 30<sup>th</sup> June 2023. The Low absorption of funds observed in the report is due to the nature of planned activities most of which are construction works that needs to comply with government regulation thus time consuming. It is anticipated that the absorption rate will increase upon tender awards and completion of construction works.

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

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

- Delay in the disbursement of funds – the programme date of effectiveness is May 2022 and CDA received the first disbursement in March 2023.
- Significant time lapse of 1 year that causes delay in the achieving the Project Development Objectives
- Delay in tax exemptions process.

**2.9 *Summary of Project Compliance:***

The programme implementation has complied with the necessary laws and regulations including the PFM Act 2012 and Kenya vision 2030 flagship projects, and the programme financing agreements.



### 3. Statement of Performance against Project's Predetermined Objectives

Below we provide the progress on attaining the stated objectives:

<b>Objective/Component</b>	<b>Planned Activities</b>	<b>Achievement/ Status</b>	<b>Variance</b>
1. To Improve the Education facilities and school enrollment in Malindi and Magarini sub-counties	Ngomeni Secondary School: Construction of 1 No. Kitchen & 1 No. Dining hall, 4 No. Classrooms, 1 No. Dormitories	<ul style="list-style-type: none"> <li>• Design drawing and Bill of Quantities</li> <li>• Tender documents</li> <li>• Requested for No Objection from ministry to AICS on 10/5/2023</li> <li>• Received No objection by AICS on 29/6/2023</li> <li>• ESIA done and report submitted to NEMA</li> </ul>	<ul style="list-style-type: none"> <li>• Tender advertisement, evaluation and award</li> <li>• Site handing over</li> <li>• Construction and supervision</li> <li>• Commissioning</li> <li>• Furnishing completed facilities</li> </ul>
	Ngomeni Primary school: Renovation of 6 No. Classrooms	<ul style="list-style-type: none"> <li>• Reconnaissance and ground truthing by the Engineers</li> </ul>	<ul style="list-style-type: none"> <li>• Design drawing and Bill of Quantities</li> <li>• Tender documents</li> </ul>
	Rasi Primary School: Construction of 6 No. Classrooms, JSS Laboratory, 5 No. Blocks of 3-door pit V.I.P latrines	<ul style="list-style-type: none"> <li>• Design drawing and Bill of Quantities</li> <li>• Tender documents</li> <li>• Requested for No Objection from ministry to AICS on 10/5/2023</li> <li>• No objection by AICS on 29/6/2023</li> <li>• ESIA done and report submitted to NEMA</li> </ul>	<ul style="list-style-type: none"> <li>• Tender advertisement, evaluation and award</li> <li>• Site handing over</li> <li>• Construction and supervision</li> <li>• Commissioning</li> <li>• Furnishing completed facilities</li> </ul>
	Midodoni Primary School: Construction of JSS Laboratory	<ul style="list-style-type: none"> <li>• Design drawing and Bill of Quantities</li> <li>• Tender documents</li> <li>• Requested for No Objection from ministry to AICS on 10/5/2023</li> <li>• No objection by AICS on</li> </ul>	<ul style="list-style-type: none"> <li>• Tender advertisement, evaluation and award</li> <li>• Site handing over</li> <li>• Construction and supervision</li> <li>• Commissioning</li> </ul>

**Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)**  
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Objective/Component	Planned Activities	Achievement/ Status	Variance
		29/6/2023 <ul style="list-style-type: none"> <li>ESIA done and report submitted to NEMA</li> </ul>	<ul style="list-style-type: none"> <li>Furnishing completed facilities</li> </ul>
	Buranghi primary school: Construction of 8 No. Classrooms, JSS Laboratory, 3 No. Blocks of 3-door pit V.I.P latrines	<ul style="list-style-type: none"> <li>Design drawing and Bill of Quantities</li> <li>Tender documents</li> <li>Requested for No Objection from ministry to AICS on 10/5/2023</li> <li>No objection by AICS on 29/6/2023</li> <li>ESIA done and report submitted to NEMA</li> </ul>	<ul style="list-style-type: none"> <li>Tender advertisement, evaluation and award</li> <li>Site handing over</li> <li>Construction and supervision</li> <li>Commissioning</li> <li>Furnishing completed facilities</li> </ul>
	Furnishing of completed facilities	To be done in FY 2023/2024	
	Provision of an award scheme for 5 best performing students; 2 boys & 3 girls in each class (F1 - 4) in Ngomeni Secondary School	To be done in FY 2023/2024	
2. To Improve Health facilities and access in the sub-counties	Construction of Intensive Care Unit at Malindi Sub-County Hospital	<ul style="list-style-type: none"> <li>Design drawing and Bill of Quantities</li> <li>Tender documents</li> <li>Requested for No Objection from ministry to AICS on 10/5/2023</li> <li>No objection by AICS on 29/6/2023</li> <li>ESIA done and report submitted to NEMA</li> </ul>	<ul style="list-style-type: none"> <li>Tender advertisement, evaluation and award</li> <li>Site handing over</li> <li>Construction and supervision</li> <li>Commissioning</li> <li>Furnishing completed facilities</li> </ul>
	Provision of equipment and furniture for kitchen and	To be Done in FY 2023/2024	-

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Objective/Component	Planned Activities	Achievement/ Status	Variance
	laundry at Mambui dispensary		
3. To Improve infrastructure and access in Malindi and Magarini area in general	Renovation of Chief's Office	<ul style="list-style-type: none"> <li>Reconnaissance and ground truthing by the Engineers</li> </ul>	<ul style="list-style-type: none"> <li>Design drawing and Bill of Quantities</li> <li>Tender documents</li> </ul>
	Establishing a reliable Water source at Rasi Primary School (Water well or borehole and reticulation system)	<ul style="list-style-type: none"> <li>Reconnaissance and ground truthing by the Engineers</li> </ul>	<ul style="list-style-type: none"> <li>Design drawing and Bill of Quantities</li> <li>Tender documents</li> </ul>
	Tarmacking of 11.5Km Mjanaheri – Ngomeni Road	<ul style="list-style-type: none"> <li>KeRRA are engaged in designing including TOR for safeguards for the Road.</li> <li>Reconnaissance visit done by KeRRA to develop the design for the Road</li> </ul>	<ul style="list-style-type: none"> <li>Design drawing and Bill of Quantities</li> <li>Tender documents</li> <li>Requested for No Objection</li> <li>ESIA</li> <li>Tender advertisement, evaluation and award</li> <li>Site handing over</li> <li>Construction and supervision</li> <li>Commissioning</li> </ul>
	Construction of by-pass footbridge across river Sabaki i.e. upstream to facilitate transportation and communication at Burangi village.	<ul style="list-style-type: none"> <li>Ministry of Public Works Engineers are engaged in designing including TOR for safeguards for the Foot Bridge.</li> <li>Reconnaissance visit done by Public works to develop design for the footbridge</li> </ul>	<ul style="list-style-type: none"> <li>Design drawing and Bill of Quantities</li> <li>Tender documents</li> <li>Requested for No Objection</li> <li>ESIA</li> <li>Tender advertisement, evaluation and award</li> <li>Site handing over</li> </ul>

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Objective/Component	Planned Activities	Achievement/ Status	Variance
			<ul style="list-style-type: none"> <li>• Construction and supervision</li> <li>• Commissioning</li> </ul>
4. To Strengthen local, County and regional capacity for sustainable programme management	<ul style="list-style-type: none"> <li>• Construction of CDA Malindi office, furnishing &amp; equipping the new offices</li> <li>• Renovation of CDA headquarters</li> </ul>	<b>Completed:</b> <ul style="list-style-type: none"> <li>• Design drawing and Bill of Quantities</li> <li>• Tender documents</li> <li>• Requested for No Objection from ministry to AICS on 10/5/2023</li> <li>• No objection by AICS on 29/6/2023</li> <li>• ESIA done and report submitted to NEMA</li> </ul>	<ul style="list-style-type: none"> <li>• Tender advertisement, evaluation and award</li> <li>• Site handing over</li> <li>• Construction and supervision</li> <li>• Commissioning</li> <li>• Furnishing completed facilities</li> </ul>
	Exchange visits, seminars and workshops conducted	To be Done in FY 2023/2024	
	Project Management Unit expenses; Programme operation costs (bank charges, fuel, stationery, office equipment etc.) and purchase of ERP software	<ul style="list-style-type: none"> <li>• PMU established</li> <li>• Master list for TAX Exemption developed and submitted to the Ministry on 16/5/2023 and from ministry to National Treasury on 19/5/2023</li> <li>• Other operation expenses e.g. bank charges, fuel etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement of office furniture, stationary, equipment etc.</li> <li>• Purchase of ERP software</li> </ul>
	1 No. 4-wheel vehicle procured	Procured	-
	Internal & External (Auditor General) financial audits reports, ESIA/EA	<ul style="list-style-type: none"> <li>• ESIA done for 7 projects and licenses issued by NEMA</li> </ul>	<ul style="list-style-type: none"> <li>• ESIA for the Mjanaheri Road and Burangi Footbridge</li> <li>• Internal &amp; External (Auditor General) financial audits</li> </ul>

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Objective/Component	Planned Activities	Achievement/ Status	Variance
	Programme launched, branded, documented and information disseminated and monitored	<ul style="list-style-type: none"> <li>• Programme launched on 28/3/2023</li> <li>• 1<sup>st</sup> NPSC held on 28/4/2023</li> <li>• 1<sup>st</sup> PIT held on 17/4/2023</li> <li>• 11 LPCs meeting held between 30/3/2023 to 14/4/2023</li> </ul>	<ul style="list-style-type: none"> <li>• Baseline survey</li> <li>• M&amp;E</li> <li>• Communication strategy</li> <li>• Branding</li> <li>• Documentation and information dissemination</li> </ul>

#### **4. Environmental and Sustainability reporting**

The MISHDP - II is a culmination of development ideas and requests from the local community in Malindi and Magarini sub-counties that was triggered by need for such facilities and services. This in itself creates strong aspect of community ownership particularly in utilizing and managing the facilities. Provisions have been made to ensure timely and productive intervention of local communities in development activities. The design of the programme aims to strengthen institutional, economic/financial, environmental/social, and infrastructure sustainability once implemented.

##### **4.1 Institutional Sustainability**

Institutional sustainability is a key objective for the implementation of the components, given the integrated nature of this programme, which has involved several institutions with different mandates, attributes, and functions intervening in various stages. This sustainability will be ensured through the specifications, roles, and responsibilities contained in a MoU between CDA and other participating institutions namely: KERRA; Ministry of Early and Basic Education; Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works; Ministry of Interior and Coordination of National Government; and the County Government of Kilifi to ensure successful development, construction, and implementation of the programme activities.

The MoU establishes the basis for the modalities regarding cooperation, agreements with other participating institutions, communication strategy, as well as implementation provisions among intervening institutions, with a general description of the roles and commitments of each party with respect to the programme. Consequently, the MoUs includes the general and specific terms of cooperation establishing the specific responsibilities that are not limited to the following:

<b>S/No.</b>	<b>Stakeholder</b>	<b>Roles / Responsibilities</b>
1	Italian Agency for Development Cooperation	- Provide financing for programme (Development Partner) - Member of the National Programme Steering Committee
2	The National Treasury and Planning	- Execute the lending instruments with the financier and/or its agents - Provide funding guidelines and funds disbursement - Member of the National Programme Steering Committee (Represented by PS)
3	Ministry of East African	- Provide programme oversight

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

S/No.	Stakeholder	Roles / Responsibilities
		- Monitor the implementation of project activities

#### **4.2 Economic and Financial Sustainability**

The education and health facilities are being established in existing public institutions whereby upon completion of the construction works, these facilities will be handed over to the institutions who will be the custodians. The sustainability of the expected economic benefits of the programme depends on the continued maintenance of the physical infrastructure and the operational efficiency of the facilities established by the sectoral institutions involved in the implementation of this programme. These institutions receive annual financial support from the government and have management structures already in place. Consequently, users of these facilities (e.g. hospital) pay to access some of the services hence these revenues generated can be used to meet some of the operational and maintenance costs after programme completion. Additionally, these institutions have staffs already deployed and paid by the government who provide the technical services required by the public. The programme has a strong capacity building component for CDA and other stakeholders involved in the implementation of the programme. This will enhance the capacity of these institutions in implementing the programme now and in future.

#### **4.3 Environmental and Social Sustainability**

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

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



communities in the project areas and with other major stakeholders, to ensure their participation in and input into the programme.

## **5. Statement of Project Management responsibilities**

The ***Managing Director*** for Coast Development Authority and the ***Programme Manager*** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes;

- (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) safeguarding the assets of the project,
- (v) Selecting and applying appropriate accounting policies, and (v) Making accounting estimates that are reasonable in the circumstances.

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

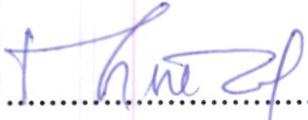
The ***Managing Director*** for Coast Development Authority and the ***Programme Manager*** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date.

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

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

**Approval of the Project Financial Statements**

The Project financial statements were approved by the **Managing Director** for Coast Development Authority and the **Programme Manager** for Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) on 28/02 2024 and signed by:



Name **MOHAMED KEINAN**  
Managing Director



Name **MWANASITI BGUDRA**  
Programme Manager



Name **MONICAH CHEPKEMOI**  
Programme Accountant  
ICPAK Member No: **9115**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON MALINDI INTEGRATED SOCIAL HEALTH DEVELOPMENT PROGRAMME PHASE II (MISHDP-II) FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessary 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 Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) set out on pages 1 to 40, which comprise statement of financial assets as at 30 June, 2023, and the statement of receipts and

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*Report of the Auditor General on Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) for the year ended 30 June, 2023*

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Financing Agreement No. F.FROT/AID 18/005/00 dated 15 February, 2022, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unexplained Variance on Loan Receipts**

The statement of receipts and payments and Note 3 to the financial statements reflect Kshs.271,535,110 as loan from external development partners - Italian Agency. However, according to the information obtained from The National Treasury audited reconciliation statement, the amount disbursed to the Project was Kshs.271,796,064, resulting to unexplained and unreconciled variance of Kshs.260,954.

In the circumstances, the accuracy and completeness of loan from external development partners of Kshs.271,535,110 could not be confirmed.

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

### **Emphasis of Matter**

#### **Slow Absorption of Project Funds**

The annual report under Paragraph 2, Project Information and Overall Performance, indicate that the Project is for duration of three (3) years from May, 2022 to May, 2025 with donor commitment of Kshs.856,979,832 (Euros 6,395,373). However, the actual amount received as at 30 June, 2023 amounted to Kshs.271,535,110 (Euros 1,999,995), or 31.6% leaving out Kshs.585,444,722 (Euros 4,395,378) as undisbursed. Out of the amount received, a sum of Kshs.14,466,108 (Euros 107,156), or 5.3% has been paid into the Project, leaving an unutilized balance of Kshs.257,069,002 (Euros 1,892,839).

The slow absorption of funds may have affected the planned activities and impacted

negatively on the service delivery to the stakeholders.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **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 matter 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**

#### **Late Submission of Financial Statements**

The financial statements for the year ended 30 June, 2023 was submitted to the Office of the Auditor-General on 22 January, 2024 beyond the statutory timeline of 30 September, 2023. This is contrary to Section 47(1) of the Public Audit Act, 2015 which states that 'The financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

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

## **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Malindi Integrated Social Health Development Programme Phase II (MISHDP-II) Project's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project 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 comply with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 Project'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 Management.
- Conclude on the appropriateness of 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 Project'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 Project 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 Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**02 April, 2024**

**7. Statement of Receipts and Payments for the year ended 30th June 2023**

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2022/2023			2021/2022			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Receipts</b>								
Transfer from Government entities	1							
Proceeds from domestic and foreign grants	2							
Loan from external development partners –Italian Agency	3	271,535,110.00	-	271,535,110.00	-	-	-	271,535,110.00
Miscellaneous receipts	4							
<b>Total receipts</b>		<b>271,535,110.00</b>	<b>-</b>	<b>271,535,110.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>271,535,110.00</b>
<b>Payments</b>								
Compensation to employees	5							
Purchase of goods and services	6	6,341,208.00	-	6,341,208.00	-	-	-	6,341,208.00
Social security benefits	7							
Acquisition of non-financial assets	8	8,000,000.00	-	-	-	-	-	8,000,000.00
Transfers to other government entities	9							
Other payments- Imprest	12	124,900.00	-	124,900.00				124,900.00
<b>Total payments</b>		<b>14,466,108.00</b>	<b>-</b>	<b>14,466,108.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,466,108.00</b>

**Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
<b>Surplus/ (deficit)</b>		<b>257,069,002.00</b>	<b>-</b>	<b>257,069,002.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,069,002.00</b>

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



Name

Managing Director

MOTTAMED KEINAN



Name

Programme Manager

MWANASITI BWENDERA



Name

Programme Accountant

ICPAK Member No: 9115  
 MONICAH CHEPKEMOI

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


**8. Statement of Financial Assets as at 30<sup>th</sup> June 2023**

Description		2022/2023	2021/2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	11.A	257,069,002.00	-
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
<b>Total Cash and Cash equivalents</b>		<b>257,069,002.00</b>	-
Imprests and Advances	12	124,900.00	-
<b>Total Financial Assets</b>		<b>257,193,902.00</b>	-
<b>Financial Liabilities</b>			
Third party Deposits and Retention	13	-	-
<b>Net Assets</b>			
<b>Represented By</b>			
Fund Balance B/fwd.	14	-	-
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		257,193,902.00	-
<b>Net Financial Position</b>		<b>257,193,902.00</b>	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28/02/2024 and signed by:

  
 Name

**Managing Director**  
 MOHAMED KEINAN

  
 Name

**Programme Manager**  
 MWANASITI  
 BGDERA

  
 Name

**Programme Accountant**  
 ICPAK Member No: 9115  
 MONICAH CHEPKEMOI

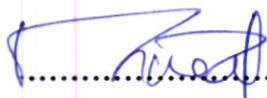
**9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2023**

Description	Notes	2022/2023 Kshs	2021/2022 Kshs
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from government entities	1		-
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
<b>Total receipts</b>		-	-
<b>Payments</b>			
Compensation of employees	5	-	-
Purchase of goods and services	6	<b>(6,341,208.00)</b>	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
<b>Total Payments</b>		<b>(6,341,208.00)</b>	-
<b>Net receipts/(payments)</b>		<b>(6,341,208.00)</b>	-
<b>Adjustments during the year</b>			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	(124,900.00)	-
Increase/(decrease) in accounts payable:	17	-	-
<b>Net cash flow from operating activities</b>		<b>(6,466,108.00)</b>	-
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	8	(8,000,000.00)	-
<b>Net cash flows from investing activities</b>		<b>(8,000,000.00)</b>	-
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings	3	271,535,110.00	-

**Malindi Integrated Social Health Development Programme Phase II (MISHDP-II)  
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		257,069,002.00	-
<b>Cash and cash equivalent at beginning of the year</b>	<b>11</b>	-	-
<b>Cash and cash equivalent at end of the year</b>	<b>11</b>	<b>257,069,002.00</b>	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/02 2024 and signed by:



Name

Managing Director

MOHAMED KEINAN



Name

Programme Manager

MWANASITI  
BENDERA



Name


Programme Accountant

ICPAK Member No: 9115  
MONICAH CHEPKEMOI


**10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2023**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities	271,535,110.00	-	271,535,110.00	271,535,110.00	-	100%
Proceeds from domestic and foreign grants						
Proceeds from borrowings						
Miscellaneous receipts						
<b>Total Receipts</b>	<b>271,535,110.00</b>	<b>-</b>	<b>271,535,110.00</b>	<b>271,535,110.00</b>	<b>-</b>	
<b>Payments</b>						
Compensation to employees						
Purchase of goods and services	(6,341,208.00)	-	(6,341,208.00)	(6,341,208.00)	-	100%
Imprest	(124,900.00)		(124,900.00)	(124,900.00)		100%
Acquisition of non-financial assets	(8,000,000.00)		(8,000,000.00)	(8,000,000.00)		100%
Transfers to other government entities						
Other grants and transfers						
<b>Total Payments</b>	<b>(14,466,108.00)</b>		<b>(14,466,108.00)</b>	<b>(14,466,108.00)</b>		
<b>Surplus or Deficit</b>	<b>257,069,002.00</b>		<b>257,069,002.00</b>	<b>257,069,002.00</b>		

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

  
 .....  
**Name**  
**Managing Director**  
 MOHAMED KEINAN

  
 .....  
**Name**  
**Programme Manager**  
 MWANASITI BENDERA

  
 .....  
**Name**  
**Programme Accountant**  
**ICPAK Member No: 9115**  
 MONICAH CHEREMO



## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

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

### **c) Reporting currency**

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

### **d) Recognition of receipts**

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

**i) Transfers from the Exchequer**

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

**Significant Accounting Policies (continued)**

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**iv) Repayment of borrowing (principal amount)**

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

**Significant Accounting Policies (continued)**

**v) Acquisition of fixed assets**

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

**f) In-kind donations**

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

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Significant Accounting Policies (Continued)**

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of 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.

**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

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

**l) Pending bills**

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

**m) Budget**

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



the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

**Significant Accounting Policies (Continued)**

**n) Third party payments**

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

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**q) Subsequent events**

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

**r) Prior period adjustments**

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

## 12. Notes to the Financial Statements

### 1. Transfers from Government entities

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

Description	2022/2023	2021/2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<b><i>Counterpart funding through Ministry xxx</i></b>			
Counterpart funds Quarter 1			
Counterpart funds Quarter 2			
Counterpart funds Quarter 3			
Counterpart funds Quarter 4			
<b>Total (See Annex 3)</b>			
<b><i>Other transfers from government entities</i></b>			
Ministry xx			
Ministry xy			
Project zz			
Agency xx			
Total			
Appropriations-in-Aid			
<b>Total</b>			

**Notes to the Financial Statements (Continued)**

**2. Proceeds From Domestic and Foreign Grants**

During the financial period to 30 June 2023 we received grants from donors as detailed in the table below:

Name of Donor	2022/2023						2021/2022		Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount		
			Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)									
Insert name of foreign Government									
Grants Received from Multilateral Donors (International Organizations)									
Insert name of international organization									
Grants Received from Local Individuals and organizations									
Insert name of individual or local organization									
Total									

**Notes to the Financial Statements (Continued)**

**3. Loan from External Development Partners**

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description  Name of Donor	Date received	2022/2023			2021/2022		Cumulative to date
		Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	Total amount in Kshs	
		(Insert currency)	Kshs	Kshs	Kshs	Kshs	
Loans received from bilateral Donors (Italian Government)	9/03/2023	1,999,995	271,535,110	-	-	-	-
Insert name of foreign Government							
Insert name of foreign Government							
Loans received from Multilateral Donors (International Organizations)							
Insert name of international organization							
Insert name of international organization							
<b>Total</b>							

**Notes to the Financial Statements (Continued)**

**4. Miscellaneous receipts**

Description	2022/2023			2021/2022	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income					
Sales of goods and services					
Administrative fees and charges					
Fines, penalties, and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere*					
<b>Total</b>					

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

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2022/2023			2021/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees					
Basic wages of temporary employees					
Personal allowances paid as part of salary					
Personal allowances paid as reimbursements					
Personal allowances provided in kind					
Pension and other social security contributions					
Compulsory national social security schemes					
Compulsory national health insurance schemes					
Social benefit schemes outside government					
Other personnel payments					
<b>Total</b>					

**Notes to the Financial Statements (Continued)**

**6. Purchase of Goods and Services**

Description	2022/2023			2020/2021	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	405,430.00	-		-	
Communication, supplies and services					
Domestic travel and subsistence	3,917,275.00				
Foreign travel and subsistence					
Printing, advertising, and information supplies	77,000.00				
Rentals of produced assets					
Training payments					
Hospitality supplies and services	952,950.00				
Insurance costs					
Specialized materials and services					
Other operating payments- Board Allowance	649,615.00				
Routine maintenance – vehicles and other transport equipment- Fuel	338,938.00				
Routine maintenance- other assets					
Exchange rate losses/gains (net)					
<b>Total</b>	<b><u>6,341,208.00</u></b>	<b>=</b>	<b><u>6,341,208.00</u></b>	<b>=</b>	<b><u>6,341,208.00</u></b>

*[Provide explanation as necessary]*



**Notes to the Financial Statements (Continued)**

**7. Social Security Benefits**

Description	Insert Current FY			Insert Comparative FY	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Government pension and retirement benefits					
Social security benefits in cash and in kind					
Employer social benefits in cash and in kind					
<b>Total</b>					

*[Provide explanation as necessary]*

**Notes to the Financial Statements (Continued)**

**8. Acquisition of Non-Financial Assets**

Description	Insert Current FY			Insert Comparative FY	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of buildings					
Construction of buildings					
Refurbishment of buildings					
Construction of roads					
Construction of civil works					
Overhaul & refurbishment of construction and civil works					
Purchase of vehicles & other transport equipment	8,000,000	-	8,000,000		
Overhaul of vehicles & other transport equipment					
Purchase of household furniture & institutional equipment					
Purchase of office furniture & general equipment					
Purchase of specialised plant, equipment and machinery					
Rehabilitation & renovation of plant, equipment & machinery					

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Description	Insert Current FY			Insert Comparative FY	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Purchase of certified seeds, breeding stock and live animals					
Research, studies, project preparation, design & supervision					
Rehabilitation of civil works					
Acquisition of strategic stocks					
Acquisition of land					
Acquisition of other intangible assets					
<b>Total</b>	<b><u>8,000,000</u></b>	<b>=</b>	<b><u>8,000,000</u></b>		

*[Provide explanation as necessary]*

**Notes to the Financial Statements (Continued)**

**9. Transfers to other Government Entities**

During the financial period to 30 June 20XX, we transferred funds to reporting government entities as shown below:

Description	Insert Current FY			Insert Comparative FY	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Transfers to National Government entities					
Ministry ABC					
Project XYZ					
Transfers to County Governments					
County ABC					
County XYZ					
<b>Total</b>					

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

**Notes to the Financial Statements (Continued)**

**10. Other Grants, Transfers and Payments**

Description	Insert Current FY			Insert Comparative FY	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships					
Transfers to lower levels of government e.g. schools					
Miscellaneous payments					
<b>Total</b>					

*[Provide explanation as necessary]*

**Notes to the Financial Statements (Continued)**

**11. Cash And Cash equivalents**

Description	2023/2023	2021/2022
	Kshs	Kshs
Bank accounts (Note 11A)	257,069,002.00	-
Cash in hand (Note 11B)		-
Cash equivalents (short-term deposits) (Note 11C)		-
<b>Total</b>	<u>257,069,002.00</u>	=

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

**11. A Bank Accounts**

**Project Bank Accounts**

Details	2023/2023	2021/2022
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others ( <i>National Bank Of Kenya</i> )		
Total Foreign Currency balances		
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others <i>National Bank of Kenya</i>	257,069,002.00	-
Total local currency balances	=	
Total bank account balances	<u>257,069,002.00</u>	=

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project’s Special Deposit Account(s) as at 30<sup>th</sup> June 20XX are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>(i) A/C Name [A/c No.....]</b>		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
<b>Closing balance (as per SDA bank account reconciliation attached)</b>		
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
<b>Closing balance (as per SDA bank account reconciliation attached)</b>		

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

**Notes to the Financial Statements (Continued)**

**11 B Cash in hand**

Description	2022/2023	2021/2022
	KShs	KShs
Location 1		
Location 2		
Location 3		
Other locations ( <i>specify</i> )		
<b>Total cash in hand balances</b>		

[Provide a cash count certificate for each location above]

**11 C Cash equivalents (short-term deposits)**

Description	2022/2023	2021/2022
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]		
Co-Operative Bank of Kenya [A/C No.....]		
Others ( <i>Specify</i> )		
<b>Total</b>		

[Provide short appropriate explanations as necessary]

**12. Imprests and Advances**

Description	2022/2023	2021/2022
	Kshs	Kshs
Government Imprests	124,900	
Salary advances	-	
<b>Total</b>	<b>124,900</b>	



**Notes to the Financial Statements (Continued)**

**12A: Breakdown of Imprests and Advances**

<b>Name of Officer or Institution</b>	<b>Amount Taken</b>	<b>Due Date of Surrender</b>	<b>Amount Surrendered</b>	<b>Balance Current 2022/2023</b>	<b>Balance Comparative FY</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<i>Maranga Wycliff</i>	120,000	4/07/2023		120,000	
<i>Gilbert Mwamburi</i>	4,900	4/07/2023		4,900	
<i>Officer 3</i>					
<i>Officer 4</i>					
<i>Officer 5</i>					
<i>Programme 1</i>					
<b>Total</b>	<u>124,900</u>			<u>124,900</u>	

**13. Deposits and Retention Monies**

<b>Description</b>	<b>2022/2023</b>		<b>2021/2022</b>	
	<b>Kshs</b>		<b>Kshs</b>	
Retention				
Deposits				
<b>Total</b>				
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>		<b>%</b>		<b>%</b>

*(Provide detailed explanations)*

**14. Fund Balance Brought Forward**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Bank accounts		
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances		
Deposits and retention		
<b>Total</b>		

**Notes to the Financial Statements (Continued)**

**15. Prior Year adjustment**

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY 2021/2022
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Imprests and advances			
Deposits and retentions			
Others ( <i>specify</i> )			
<b>Total</b>			

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

**16. Changes in Imprests and Advances**

Description	2022/2023	2021/2022
	Kshs	Kshs
Opening Receivables as at 1 <sup>st</sup> July 2022	-	
Closing account receivables as at 30 <sup>th</sup> June 2023	124,900	
<b>Change in Imprests and advances</b>	<b>124,900</b>	

**17. Changes in Accounts Deposits and Retention**

Description	2022/2023	2021/2022
	Kshs	Kshs
Deposit and Retentions as at 1 <sup>st</sup> July 20xx		
Closing accounts payables as at 30 <sup>th</sup> June 20xx		
<b>Changes in deposit and retention</b>		

**Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 4a)**

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance e/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				
<b>Total</b>				

**2. Pending Staff Payables (See Annex 4b)**

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

**3. Other Pending Payables (See Annex 4c)**

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

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**Other Important Disclosures (Continued)**

**4. External Assistance**

	2022/2023	2021/2022
Description	Kshs	Kshs
External assistance received as grants		
External assistance received as loans		
External assistance received in kind- as payment by third parties		
<b>Total</b>		

*a). External assistance relating loans and grants*

	2022/2023	2021/2022
Description	Kshs	Kshs
External assistance received as loans		
External assistance received as grants		
<b>Total</b>		

*b) Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	2022/2023	2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants			
<b>Total</b>			

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

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**Other Important Disclosures (Continued)**

*c) Classes of providers of external assistance*

	2022/2023	2021/2022
Description	Kshs	Kshs
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

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

*d. Non-monetary external assistance*

	2022/2023	2021/2022
Description	Kshs	Kshs
Goods		
Services		
<b>Total</b>		

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

**Other Important Disclosures (Continued)**

**e Purpose and use of external assistance**

Payments made by third parties	2022/2023	2021/2022
Description	Kshs	Kshs
Compensation to employees		
Use of goods and services		
Subsidies		
Transfers to other Government entities		
Other grants and transfers		
Social Security benefits		
Acquisition of assets		
Finance Costs including loan interest		
Repayment of principal on domestic and foreign borrowing		
Other payments		
<b>Total</b>		

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

**f. External Assistance paid by third parties on behalf of (the Entity) by Source**

This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance)).

	2022/2023	2021/2022
Description	Kshs	Kshs
National Government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

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**Other Important Disclosures (Continued)**

**5. Payments By Third Party on Behalf of The Project**

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

**5.1 Classification by Source**

Description	2022/2023	2021/2022
	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

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

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

Description	2022/2023	2021/2022
	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		
<b>Total</b>		

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



**Other Important Disclosures (Continued)**

**6. Related Party Disclosures**

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

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

**Related party transactions:**

	2022/2023	2021/2022
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the program manager/ director		
Key Management Compensation others (specify)		
<b>Total Compensation to Key Management</b>		
<b>Transfers to related parties</b>		
Transfers to other government entities		
<b>Total Transfers to related parties</b>		
<b>Transfers from related parties</b>		
Transfers from the Ministry/ department		
Payments made on behalf of the project by other govt. entities		
(Insert any other transfers received)		
<b>Total Transfers from related parties</b>		

**7. Contingent Liabilities**

Contingent liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court case xxx against the project		
Bank guarantees in favour of other govt. entities		
Contingent liabilities arising from PPPs/ donor agreements		
<b>Total</b>		

*(Give details- Update ANNEX 8 Contingent liabilities register)*

**13. Annexes**

**Annex 1: Prior Year Auditor-General's Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

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

  
 .....  
**Name**  
**Managing Director**  
 MOHAMED KEINAN HASSAN

  
 .....  
**Name**  
**Project Manager**  
 MONICAH CHERKE MOI

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities					
Proceeds from domestic and foreign grants					
Proceeds from borrowings					
Miscellaneous receipts					
<b>Total Receipts</b>					
<b>Payments</b>					
Compensation of employees					
Purchase of goods and services					
Social security benefits					
Acquisition of non-financial assets					
Transfers to other government entities					
Other grants and transfers					
<b>Total payments</b>					

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**Annex 3: Reconciliation of inter-entity transfers**

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

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

Project Manager

Sign 

Managing Director

Sign 

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**Annex 4a: Analysis of Pending Bills**

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

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**Annex 4b: Analysis of Pending: Staff Bills**

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

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**Annex 4c: Analysis of other Pending Payables**

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

**Annex 5: Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs) 20xx/xx	Donations in form of assets (KShs) 20xx/xx	Purchases/ Additions in the Year (KShs) 20xx/xx	** Disposals in the Year (KShs) 20xx/xx	Transfers in/(out) Kshs 20xx/xx	Closing Cost (KShs) 20xx
	(a)	(b)	(c)	(d)	(d)	(e) = (a) + (b) + (c) - (d) + (-) d
Land						
Buildings and structures						
Transport equipment						
Office equipment, furniture and fittings						
ICT Equipment,						
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
<b>Total</b>						

Notes

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

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



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**Annex 6: Contingent Liabilities Register**

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

**Annex 7: Reporting of Climate Relevant Expenditures**

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

**Annex 8: Reporting Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

**Annex 9: Other Support Documents**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 20XX
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance (*Where applicable*)