

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY EXECUTIVE OF
KWALE**

**FOR THE YEAR ENDED
30 JUNE 2016**



COUNTY GOVERNMENT OF KWALE

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

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COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

I. KEY COUNTY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

(b) Key Management

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

- The Governor - Salim Mvurya
- The Deputy Governor – Fatuma Achani
- CECM Finance and Economic Planning – Bakari Sebe
- CECM Education and Human Resource – Mangale Ndegwa
- CECM Tourism and Information Technology – Adan Sheikh
- CECM Agriculture, Livestock and Fisheries – Joanne Nyamasyo
- CECM Health Services – Athman Chiguzo
- CECM Lands, Environment, Mining and Natural Resources – Ali Mafimbo
- CECM Infrastructure and Public Works – Hemed Mwabudzo
- CECM Industry, Trade and Investments – Safina Kwekwe
- CECM Community Development, Youth and Women Empowerment and Social Services – Patrick Mtsami
- CECM Water, Urban Planning and Decentralized Units – Hemed Mwabudzo
- County Secretary – Martin Mwaro

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Officer Finance	- Alex Onduko
2.	Head of Treasury	- Vincent Mbito
3.	Head of Supply Chain Management	- Abdalla Maningi
4.	County Receiver of Revenue	- Samira Swaleh
5.	Head of Budget	- Athman Mwatunza

(d) Fiduciary Oversight Arrangements

- Audit and finance committee activities
- County Assembly Public Accounts committee
- Office of the Controller of Budget

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
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(e) County Headquarters

P.O. Box 4 – 80403
Kwale County Headquarters
Kwale – Kinango Road
Kwale

(f) County Contacts

Telephone: (254)
E-mail: info@kwale.go.ke
Website: www.kwale.go.ke

(g) County Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank
P.O Box 43 – 80403
Kwale, Kenya

Equity Bank
P.O Box 167 -80403
Kwale-Kwale

National Bank
P.O Box 457-80400
Ukunda.

Cooperative Bank
P.O Box 568-80400
Ukunda.

Family Bank
P.O Box 81630-80100
Mombasa.

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The County Legal Officer
Office of the Governor
P.O. Box 4 - 80403
Kwale

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

II. FORWARD BY THE CEC MEMBER FINANCE

In Accordance to Section 163 of the Public Financial Management Act 2012, the County Treasury herein presents the Financial Statement for the period 2015/2016.

The Financial Statement reflects the County Performance and position and has been prepared in Accordance to IPSAS as the Financial Report framework provided for by the Public Sector Accounting Standards Board (PSASB).

In this year's performances, Expenditure accounted for 79% of the County's Approved Budget, while Revenues were 83% of the Revenue Estimates.

The shortfall in the revenue target is as a result of lengthy in disbursement of County allocation of National share of revenue by the National Treasury.

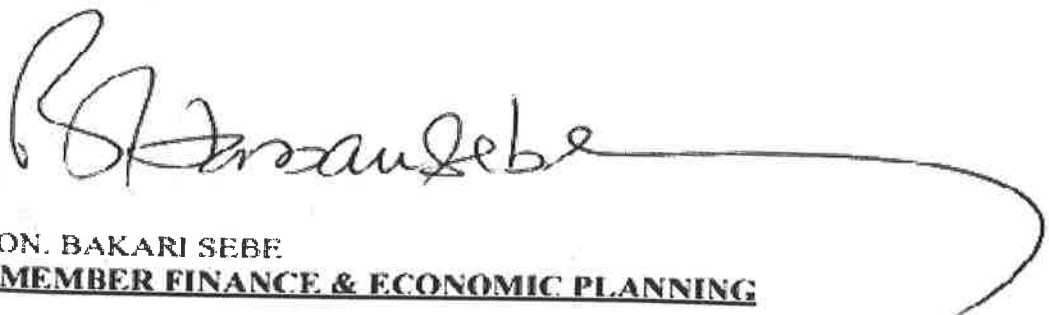
The delay in disbursement and challenge of the length procurement procedures subsequently affected the County's absorption rate.

Some of the major achievements of the County in the Financial Year are:-

- i. The County Bursary programme where the County distributed a total of Kshs. 400,000,000(Four hundred million only) to needy children.
- ii. Construction of 5 delivery wings at Vigurunga, Ndavaya, Kilimangodo Pemba and Gombato dispensary.
- iii. Implementation of Revenue Automation System at County Headquarters which is at 70%.
- iv. Construction of 13 modern ECDE Centres, making a total of 108 ECDE Centres.
- v. Construction of Marere - Mkongani water pipeline.
- vi. Construction of Mkanda – Dzombo water pipeline.
- vii. Construction of phase 2 of the county headquarters.

In light of the experience of the implementation of the Financial year 2015/2016 Budget, the department.

- i. Has decentralized the Treasury to the Departments to enhance efficiency in payment processing and promote Accountability of the respective Chief Officers.
- ii. Is developing a local area network to connect all departments with IFMIS to support its decentralization strategy.
- iii. Has written to National Treasury for Human Resource Capacity support.


HON. BAKARI SEBE
CEC MEMBER FINANCE & ECONOMIC PLANNING

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

STATEMENT OF COUNTY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a county government County shall prepare financial statements in respect of that County. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the County Government of Kwale is responsible for the preparation and presentation of the County's financial statements, which give a true and fair view of the state of affairs of the County for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County's; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the County Government of Kwale accepts responsibility for the County's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County's financial statements give a true and fair view of the state of County's transactions during the financial year ended June 30, 2016, and of the County's financial position as at that date. The Accounting Officer charge of the County Government of Kwale further confirms the completeness of the accounting records maintained for the County, which have been relied upon in the preparation of the County's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The County's financial statements were approved and signed by the Accounting Officer on 30th June 2016.



Chief Officer Finance



Head of Treasury Accounts



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY EXECUTIVE OF KWALE FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Executive of Kwale set out on pages 6 to 38, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, and summary statements of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

Management's Responsibility for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Executive's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

Report of the Auditor-General on the Financial Statements of Kwale County Executive for the year ended 30 June 2016

estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Inaccuracies in the Financial Statements

The statement of assets as at 30 June 2016 reflected fund balance brought forward of Kshs.1,453,092,689. However, the previous year's balance carried forward was Kshs.1,432,536,872 resulting in unexplained or unreconciled variance of Kshs.20,555,817.

As a result, the accuracy and completeness of the balance brought forward of Kshs.1,453,092,689 as at 30 June 2016 could not be confirmed.

2.0 Other Receipts

2.1 Waiver

Included in other receipt in note 11 to the financial statements for the year ended 30 June 2016 are rents of Kshs.10,152,379 and other property income of Kshs.39,534,783. This amount was less waiver amounting to Kshs.3,032,235 granted by the receiver of revenue during the year.

Evidence that these waivers were approved and authorized by the County Legislation was not availed for audit contrary to Section 159 1(c) of the Public Finance Management Act, 2012, which requires that any waiver or variation of a charge of fees to be authorized by an act of parliament or County Legislation.

Further, the management did not report the waiver to the Auditor-General as required by Section 210(2) b of the Constitution.

Under the circumstances, the propriety of the waiver of Kshs.3,032,235 granted for the year ending 30 June 2016 could not be confirmed.

2.2 Inconsistent Revenue Collection

The statement of receipts and payments for the year ended 30 June 2016 reflects other receipts of Kshs.248,534,536.00 compared to Kshs.253,972,260 collected in 2014/2015 financial year resulting in a revenue decline of Kshs.5,437,724 or 2%. Below is a summary of three years revenue collection;

		2015-2016	2014-2015	2013-2014
	Details	Kshs	Kshs	Kshs
1	Rents	10,152,379.00	3,622,995	1,057,175
2	Other Property Income	39,534,783.00	40,042,199	53,680,568
3	Receipts from Administrative Fees and Charges - Collected as AIA	-	-	112,802,661
4	Fines Penalties and Forfeitures	11,255,058.00	10,861,596	10,865,510
5	Business permits	58,603,940.00	57,223,148	37,430,620
6	Cesses	13,887,864.00	12,586,710	
7	Plot rents	-	216,037	
8	Administrative services fees	-	203,383	
9	Various fees	11,687,988.00	11,117,235	
10	Council's natural resources	21,195,193.00	19,330,374	
11	Other miscellaneous revenues	25,756,635.00	32,714,269	
12	Market/trade centre fee	5,880,700.00	10,334,050	
13	Vehicle parking fees	11,028,074.00	383,690	
14	School fees	-	404,800	
15	Public health services	32,621,588.00	45,405,015	
16	Slaughter houses administration	840,189.00	1,916,059	
17	Other health & sanitation	3,867,695.00	5,006,500	
18	Tender Document Sale	2,305,500.00	2,604,200	1,875,000
	Total	248,617,586	253,972,260	217,711,534

From the above, revenue collection increased by Kshs.36,260,726 or 17% in 2014/2015 and decreased by Kshs.5,354,674 or 2% in 2015/2016.

This is an indication of possible revenue leakages or inefficient revenue collection systems contrary to Section (157) (2) of the Public Finance Management Act, 2012 which requires that the receiver of County Government revenue ensures that the revenue for which the receiver is responsible, is collected or recovered, and is accounted for. Consequently, the County Executive may not fully finance its budget activities which may negatively affect service delivery to residents of Kwale County.

3.0 Exchequer Releases

The statement of receipts and payments for the year ended 30 June 2016 reflects exchequer releases of Kshs.5,125,697,562 while the report of the Controller of Budget as

at the same time has a figure of Kshs.5,447,870,000 resulting in unexplained or unreconciled variance of Kshs.322,172,438.

Consequently, the accuracy and completeness of the exchequer releases of Kshs.25,697,562 for the year ended 30 June 2016 could not be confirmed.

4.0 Compensation to Employees

4.1 Basic Wages of Temporary Employees

The statement of receipts and payments for the year ended 30 June 2016 reflects a balance of Kshs.1,431,956,682 as compensation to employees out of which the County Executive paid Kshs.13,189,092 for casual wages in which Kshs.12,501,892 was incurred by Department of Health. However, the department failed to provide written authority from the County Public Service Board to engage casual employees as required by the County Public Service Human Resource Manual Section B.16(1). Further, records on recruitment and the terms of engagement were not availed for audit. In addition, records on supervision and certification of payments by the responsible officer in the department were not availed for audit.

Consequently, the propriety of Kshs.12,501,892 paid as casual wages for the year ended 30 June 2016 could not be confirmed.

4.2 Recruitment

The County Executive of Kwale recruited 377 staff in various cadres during the year. Records availed for audit indicated that 294 (77%) of the newly recruited staff were from the dominant community in the County, this contravened Section 65(e) of County Government Act, 2012, which requires that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.

Consequently, the County was in breach of the law.

5.0 Defunct Local Authorities Assets and Liabilities

As reported in the previous year, Annex 4 to the financial statements for the year ended 30 June 2016 reflects assets balance of Kshs.4,997,489,080 (Kshs.1,974,390,048: 2014-2015). This excludes assets of unknown value inherited from the defunct local authorities and National Government Departments which were devolved to County Governments. Although the County Executive of Kwale availed an asset register and report on verification of assets and liabilities of the defunct County Council of Kwale prepared and initiated by Transition Authority, there was no indication that these assets have been valued as at 30 June 2016.

Consequently, the accuracy and completeness of assets balance of Kshs.4,997,489,080 as at 30 June 2016 could not be confirmed.

6.0 Retention

The statement of assets as at 30 June 2016 reflects retentions balance of Kshs.146,498,185. These amounts were held in Central Bank Deposit Account No 1000230649 at the Central Bank of Kenya. However, the County Executive did not maintain a cash book for the retention bank account and no bank reconciliation statement was availed for audit review.

Consequently, the accuracy and completeness of retentions balance of Kshs.146,498,185 as at 30 June 2016 could not be confirmed.

7.0 Emergency Fund

As previously reported in the year 2014/2015, the County Government of Kwale opened an emergency fund account but as at 30 June 2016, the fund had not been approved by the County Assembly as required by the Public Finance Management Act 2012, Section 110(1). The County Government financial records revealed that the County had a balance of Kshs.11,620,749.85 in the Emergency Fund Account as at 30 June 2016. During the year, the County spent Kshs.700,305 from the Emergency Fund but did not seek approval from the County Assembly as required by Public Finance Management Act, 2012, Section 114(1) which requires that the County Executive Committee Member for Finance shall seek approval of the County Assembly within two months after payment is made from the Emergency Fund.

Further, the County Executive of Kwale did not prepare and submit financial statements in respect of Emergency Fund to the Auditor-General within three months after the end of the financial year as required by Public Finance Management Act 2012, Section 115(1).

Consequently, the propriety of the Emergency Fund expenses of Kshs.700,305 and the accuracy of the fund balance for the year ended 30 June 2016 could not be confirmed.

8.0 Outstanding Imprest and Advances

Included in the statement of assets as at 30 June 2016 is outstanding imprest and advances amounting to Kshs.6,020,355.26. Records availed for audit review indicated that imprest and advances amounted to Kshs.1,367,380 and Kshs.4,652,975.26 respectively. However, the salary advance balance was not supported by Integrated Payroll Personnel Data. (IPPD) reports.

Consequently, it has not been possible to confirm the authenticity and validity of the salary advance balance of Kshs.4,652,975.26 as at 30 June 2016.

9.0 Pending Bills

Included in the Annex 1 to the financial statements are pending bills of Kshs.1,214,480,065 for the year ended 30 June 2016. The analysis of pending bills in the annex disclosed the total pending bills per department and did not provide specific amount committed for each project or budget item as prescribed by the Public Sector Accounting Standard Board (PSASB). In addition, the County Executive did not provide Local Purchase Orders, Local Service Orders, Invoices, Contracts, unpaid certified works to support the outstanding pending bills. Further, the pending bills of Kshs.1,214,480,065.42 compared to cash and bank balances of Kshs.1,094,948,079.18, reflects an excess vote of Kshs.273,337,450.97. The management has not explained how to finance the excess vote.

Consequently, the accuracy completeness and regularity of the pending bills of Kshs.1,214,480,065 stated as at 30 June 2016 could not be confirmed.

10.0 Routine Maintenance of Motor Vehicle

Included in the use of goods and services under note 13 to the financial statements for the year ended 30 June 2016 is routine maintenance - vehicles and other transport equipment of Kshs.47,355,312. However, the respective logbooks for the vehicles were not availed for audit review. Further, there was no evidence that the repairs and spare parts purchased were accounted for in the S13 stores records.

Consequently, the propriety of Kshs.47,355,312 spent on motor repairs for the year ended 30 June 2016 could not be confirmed.

11.0 Acquisition of Assets

11.1 Proposed Construction of Kwale Market, Stalls and Electrical Installation

Included in the construction of buildings balance of Kshs.460,566,937 in note 18 to the financial statement is an amount of Kshs.23,950,450 paid for construction of Kwale market, stalls and electrical installation.

Records availed for audit revealed the following;

- a. The advertisement was not availed for audit review. This contravened Section 68(2) c of the Procurement and Disposal Act 2015 which requires that as procurement procedure, the advertisement should be kept as it appeared in the publication.
- b. Tender document indicated a prime cost/provisional sums of Kshs.850,000 which consisted of provisional sum of Kenya shillings 600,000 for bus park shades,

Kshs.100,000 for project administrative expenses and Kshs.150,000 for internal drainage and plumbing work which was not supported by bills of quantities.

- c. Contract agreement dated 17 June 2015 had no contract completion date. The 1 certificate of Kshs.11,499,537.04 dated 25 June 2016, includes a payment of Kshs.9,913,394 which was based on the contractors invoice and had no detailed measurements of the completed works.

Under the circumstances, it has not been possible to confirm the propriety of Kshs.23,950,450 spent on Kwale market, stalls and electrical installation for the year ended 30 June 2016.

11.2 Construction of Storm Water Drainage

Included in the purchase of specialized equipment plant and machinery balance of Kshs.63,159,041 in note 18 to the financial statement for the year ended 30 June 2016 is an amount of Kshs.22,690,064 paid for construction of storm water drainage at Ukunda. Field verification carried out on 19 September 2016 revealed the following:

- a. The certificate of work done issued by the County Engineer does not provide the detailed measurement of complete work done.
- b. Project management fee of Kshs.100,000 was paid in the first and the second payment certificates, no receipts have been provided to support the expenditure.
- c. A request for permission and advice to Kenya National Highways Authority (KENHA) on the proposed storm water drainage at Ukunda town alongside Mombasa Lungu Lungu Highway referenced CGK/ENG/27/01/06 was made on 22 January 2016 while the project was advertised in April 2015, ten (10) months before the request to KENHA was made. The tender was opened on 6 May 2015, evaluation was done on 12 May 2015 and tender awarded on 14 May 2015. No evidence of any permission granted from KENHA was availed for audit review and management has not explained why permission from KENHA was not sought before the advertisement was done.

Under the circumstances, it has not been possible to confirm the propriety of Kshs.22,690,064 incurred for water drainage at Ukunda ward for the year ended 30 June 2016.

11.3 Construction of Multipurpose Hall

Included in the construction of buildings balance of Kshs.460,566,937 in note 18 to the financial statements for the year ended 30 June 2016 is an amount of Kshs.6,852,464 for construction of a multipurpose hall at ATC Mkongani. A site visit in the month of

November 2016 revealed that the project was incomplete despite full payment. The works were at stone walling's plus window frames at the time of verifications.

Consequently, it has not been possible to confirm the propriety of Kshs.6,852,464.00 incurred on constructing a multipurpose hall at Mkongani for the year ended 30 June 2016.

11.4 Supply and Installation of Fleet Tracking Devices

Included in the purchase of vehicles and other transport equipment balance of Kshs.60,381,248 in note 18 to the financial statements for the year ended 30 June 2016 is an amount of Kshs.3,600,000 paid for supply and installation of fleet tracking devices for 139 motor vehicles. Records availed for audit revealed that Inspection and Acceptance Committee indicated that 132 vehicles were fitted with the tracking system device, 69 vehicles were working condition while 63 devices were not working. There was no evidence that 7 vehicles were fitted with the gadgets. However, the management failed to provide evidence that the above was rectified before payment. Further, a verification exercise at the transport section revealed that the fleet management system was not in use as expected.

Consequently, it has not been possible to confirm the propriety and value for money for Kshs.3,600,000 incurred in fitting the tracking devices for the year ending 30 June 2016.

11.5 Stalled Project-Beach Road

Included in the construction and civil works balance of Kshs.22,478,072 in note 18 to the financial statements for the year ended 30 June 2016 is an amount of Kshs.6,101,368.00 in respect of proposed cabro paving of Beach Road from Nakumatt Junction to the Beach. Physical verification of the project in September 2016 revealed that although some materials had been delivered to the site, the road had not been opened up following a court order restraining the County Executive of Kwale from constructing the road.

Under the circumstances, it has not been possible to confirm the propriety of Kshs.6,101,368 for the expenditure on proposed cabro paving blocks of beach road at Ukunda for the year ended 30 June 2016.

12.0 Budget Control and Performance

12.1 Budgetary Absorption

During the year under review, the approved final budget for Kwale County Executive was Kshs.6,639,720,438 with Kshs.2,353,334,334 (37%) allocated to the recurrent expenditure and Kshs.4,286,386,104 (63%) to development. The total budget reflected

overall budget absorption of Kshs.6,172,566,525 (93%) resulting in under absorption of Kshs.467,153,912 (7%) as summarized below;

Receipt/Expense Item	Budget Allocation	Actual	Budget Utilisation Difference	% of Utilisation
	Kshs	Kshs	Kshs	%
Compensation of Employees	1,436,647,111.00	1,431,956,682.15	6,477,267.85	100%
Use of goods and services	1,170,853,290.00	1,030,176,483.85	139,407,941.15	88%
Other grants and transfers	519,450,000.00	464,445,432.00	55,004,568.00	89%
Transfer to other Government units		835,917,738	835,917,738	
Social Security Benefits	16,000.00	-	16,000.00	0%
Acquisition of Assets	3,438,254,038	2,410,070,190.50	1,028,183,848.35	70%
Other Payments	74,500,000	-	74,500,000	0%
TOTALS	6,639,720,438.00	6,172,566,525.00	1,303,071,651.50	93%

The under absorption of approved budget is an indicator of activities and projects in the annual work-plan not implemented by the County Executive and which is likely to have negative impact on delivery of goods and services to the residents of Kwale County.

12.2 Development Budget

During the year under review, County Executive of Kwale allocated Kshs.4,286,386,104.00 for development projects and spent Kshs.3,483,464,329.70 (81%), resulting in under expenditure of Kshs.1,155,960,979 or 81% of budget. The under expenditure was mainly on the following items:

Development Item	Budget	Actual Expenditure as per Financial Statements	Under absorption
	(Kshs.)	Kshs	(Kshs)
Use of goods and services	353,612,352.00	300,293,545.05	(53,318,806.95)
Other grants and transfers	474,450,000.00	464,445,432.00	(10,004,568.00)
Transfer to other government units		355,000,000	355,000,000
Acquisition of Assets	3,386,323,752.00	2,363,725,352.55	(1,022,598,399.40)

Other Payments	72,000,000.00		(72,000,000.00)
Total	4,286,386,104	3,483,464,329.6	(1,155,960,979)
			(802,921,775)

From the above table, it is clear that the County Executive did not utilize most of the funds allocated resulting in an under absorption Kshs.802,921,775 (19%) which means the County Executive of Kwale did not implement or complete some of the projects as planned and hence the intended objectives could not be achieved for the year ended 30 June 2016.

12.3 Governor's Budget

During the year under review, County Executive of Kwale had an approved Governor's budget of Kshs.378,747,456 with Kshs.108,047,456 (29%) allocated to the recurrent expenditure and Kshs.270,000,000 (71%) to development as shown below:

12.4 Development Budget

The Office of the Governor (County Executive Services) was allocated a total of Kshs.270,000,000 for development during the year under review, out of which Kshs.200,000,000 was for construction of proposed County headquarters, Kshs.40,000,000 for construction of Governors residence and 30,000,000 for pending bills. As at 30 June 2016 the Department had spent a total of Kshs.249,998,160 (93%) resulting in under expenditure of Kshs.20,001,840 (7%) as shown below:

ITEM	Final Budget Ksh	% of the Budget	Total Expenditures Ksh	% of Actual Expen diture	Under Expenditure	% under expen diture
3110201 Residential Buildings (including hostels)	40,000,000	15%	39,998,160	16%	1,840.00	0%
3110202 Non-Residential Buildings (County Head Quarters)	200,000,000	74%	185,000,000	74%	15,000,000	8%
4130201 Domestic Payables	30,000,000	11%	25,000,000	10%	5,000,000	17%
Total	270,000,000	100%	249,998,160		20,001,840	7%

The management has not provided any explanation for the failure to utilize the budget fully. Underutilization of budget results in poor service delivery which in turn affects the standards of living residents of Kwale County.

12.5 Recurrent Budget

The County Executive of Kwale budgeted Kshs.108,747,456 for the Governor's recurrent expenditure while the actual expenditure amounted to Kshs.102,805,588 resulting in under expenditure of Kshs.5,941,868 for the year ended 30 June 2016 as summarized below:

Item	Amount Budgeted (Kshs.)	Actual Expenditure as per Financial Statements (Kshs.)	Under Expenditure (Kshs.)
Payments			
Compensation of Employees	52,365,649.00	52,291,680.35	73,968.65
Use of goods and services	54,715,835.00	49,172,757.50	5,543,577.50
Social Security Benefits		-	
Acquisition of Assets	1,665,972.00	1,341,650.00	324,322.00
Total	108,748,456.00	102,805,587.85	5,941,868.15

The management has not provided explanation for the failure to utilize all approved budgetary provisions. Underutilization of budget results in non-implementation of planned development projects negatively affecting service delivery to the public.

12.6 Revenue Budget

The statements of receipts and payments reflected other receipts amounting to Kshs.248,617,586 for the year ended 30 June 2016 against a revenue target of Kshs.300,000,000 resulting in under collection of Kshs.51,382,414 (17%) as per the revenue report for the year 2015/2016.

REVENUE SOURCE	Budget Kshs	Actual Kshs	Under collections Kshs	Over collection Kshs
Land Rate	88,066,590	53,092,173	(34,974,417)	
Single Business Permit	58,447,660	60,552,431		2,104,771
House and Stalls Rent	6,938,800	7,478,097		539,297

Market Fees	4,932,000	5,030,425		98,425
Royalties and Cess	30,188,220	31,845,730		1,657,510
Transit Goods	6,000,000	6,113,755		113,755
Auction Fees	5,972,140	6,032,637		60,497
Advertisement	12,601,700	12,720,628		118,928
Parking Fees	10,764,000	11,028,074		264,074
Revenue from Hospital	52,160,000	32,621,588	(19,538,412)	
Building Plan Approval	5,000,000	2,771,746	(2,228,254)	
land Revenue	1,600,000	1,645,900		45,900
Garbage Fees	3,600,000	3,699,350		99,350
Slaughter	850,000	867,590		17,590
Miscellaneous	5,052,000	5,138,630		86,630
Revenue from Trade and Cooperative	400,000	430,760		30,760
Revenue from Agriculture Livestock and Fisheries	3,000,000	3,680,377		680,377
Public Health and Sanitation	4,426,890	3,867,695	(559,195)	
Local Revenue	300,000,000	248,617,586	(57,300,278)	5,917,864

From the above analysis the under collection resulted from failure to meet targets for the rates, revenue from hospitals, building plans approval and public health and sanitation revenue streams. The collection also reflected drop from the previous year's local revenue collection of Kshs.253,972,260 (2014/2015) to 248,617,586 (2015/2016) by Kshs.5,354,674 (2%).

The revenue collections drop and failure to meet the target gives an indication of leakages considering that there has been no indication of reduced economic activities in the specific areas where revenue collections were low.

12.7 Project Implementation

A total of Kshs.1,775,702,216.82 was budgeted to finance 352 projects in the 2015-2016 budget period which the departments were required to implement within the financial

year. However, the implementation of these projects was behind schedule and by December 2016 Kshs.837,036,844.67 had been spent on 93 projects, which represent only 47% of the funds allocated as follows:

Department	No of Budgeted Projects	Budget	Actual Expenditure	No of Projects implemented	% of Funds used in implementation
		Kshs	Kshs		
Public Service and Administration	4	29,523,930.00	4,593,275.00	1	16%
Finance and Economic Planning	2	42,000,000	0	0	0%
Executive Services	2	240,000,000	224,998,160.00	0	93%
Lands, Physical Planning and Natural Resources	11	62,015,396	44,643,229	3	71%
Education and Human Resource	73	343,393,452.96	124,474,168.53	3	36%
Water Services	69	369,117,872	124,642,663.38	25	34%
Infrastructure Development & Public Works	35	103,385,530	48,175,536	6	47%
Trade and cooperative development	31	85,360,451.01	37,994,741.76	11	45%
Community Development, Culture and Talent Management	28	105,963,362	9,751,276	3	9%
Health Services	38	157,254,340	44,350,799	3	28%
ICT ,Tourism,	28	99,323,551	53,958,407	10	54%
Department of Agriculture, Livestock and Fisheries	31	138,364,331.85	119,454,589	28	86%
Total	352	1,775,702,216.82	837,036,844.67	93	47%

It was further observed that the County Executive was implementing the 2014/2015 projects in the year under review thus affecting the implementation of 2015/2016 projects.

12.8 Projects Verification

Examination of projects worth Kshs.122,618,103.36 implemented by the County Executive of Kwale during the year revealed the following;

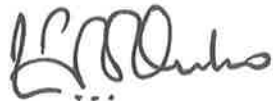
	Project	Amount	Irregularity
1.	Proposed construction of restaurant and open amphitheater at Cultural Center	8,992,674.00	Provisional works in the contract amounted to Kshs.1.15m for electrical works, kitchen among other items that would have been itemized for quotation this amounted to direct procurement.
2.	Fabrication of 4M steel tower supply and install 5000ltrs UPVC tank and community water point for 5 water points	3,478,550.00	No certificate of works was produced for audit verification.
3.	Proposed Construction of Kaphingo Maweu Water Pipeline Project –	23,481,961.00	The Management issued a notification of award dated 18/5/15 and Contract agreement not dated was signed on 3/6/15, this contract did not provide duration for the contract. The LSO issued by the Department for the works was dated 5/6/15, did not have the projects due date (completion date).
4.	Supply and Installation and Testing of Submersible Electric Pump Jomo-Kenyatta Pry and Kiruku Borehole	1,095,975.00	LPO number 2400501 dated 5/2/16 was issued to the supplier but did not provide the details specifications of the pumps to be supplied. Inspection committee did not indicate the specifications of the pump supplied which the approved and signed to have inspected.
5.	Supply Installation and Testing of Solar Powered Borehole Pump Mtsangalifu	500,000	The LPO did not provide specifications for the item to be supplied and indicated “supply installation and testing of solar powered pumping unit’ without giving specifications of the panel, batteries, pump capacity.

6.	Proposed Street Lighting in Diani Beach Road	66,924,576	34 solar panels costing Kshs.486,200 missing. Further, the Department had not made any effort to rectify the safety of the panels to avoid further vandalism.
7.	Proposed Road Opening at Maji ya Chumvi-Mwangoloto Dateni Rd	4,238,500.00	BOQ included road formation by dozer 120 hrs @ 9,200 total to Kshs.1,104,000.00 and Gravelling 950 cubic meter@ 550 total 522,500.00. These items were not properly supported by relevant documents to confirm that they were supplied register for hrs operated, deliveries made
8.	Proposed Road Opening at Mudzi Ubomu Mnyenzi Vikolani-Doti Rd	4,675,491.36	Performance bond issued on 17/3/15 expiring on 16/5/15. The bond was inadequate since it required the contractor to pay 20% or minimum of Kshs.50,000 before the bank could settle any claim by employer. BOQ included item 7 gravelling 700cm @1057 total 739,900 but actual measurement undertaken and invoiced amounted to 1335cm @ 1057 total 1,411,095. No details of why actual works varied with bills quoted. No documents provided to support the supply and gravelling of the road.
9.	Proposed Opening of Tsuini-Ngathini-Juakali Rd	4,692,456.00	Certificate of completion dated 11/12/15 indicating that the contractor was allowed to continue undertaking works without a valid bond for over 5 months BOQ included gravelling 1378cm @ Kshs.1760 total Kshs.2,425,280.00. The management did not provide evidence for delivery of these items as per the bills, The contractor claimed vide letter dated 4/9/15 to have supplied 2535cm of gravel.
Total		122,618,103.36	

Consequently, the propriety of expenditure totalling Kshs.122,618,103.36 on acquisition of assets for the year ended 30 June 2016 could not be confirmed.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 August 2017

COUNTY GOVERNMENT OF KWALE


Reports and Financial Statements


For the year ended 30th June, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	309,784,772.00	-
Exchequer releases	4	5,125,697,562.00	4,483,784,358.00
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	248,617,586.00	253,972,260.00
TOTAL RECEIPTS		5,684,099,920.00	4,737,756,618.00
PAYMENTS			
Compensation of Employees	12	1,431,956,682.00	1,372,390,215.00
Use of goods and services	13	1,030,176,482.00	1,319,700,613.00
Subsidies	14	-	-
Transfers to Other Government Units	15	835,917,738.00	-
Other grants and transfers	16	464,445,432.00	328,344,411.00
Social Security Benefits	17	-	10,600,762.00
Acquisition of Assets	18	2,410,070,191.00	1,361,361,204.00
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	221,953,234.00
TOTAL PAYMENTS		6,172,566,525.00	4,614,350,440.00
SURPLUS/DEFICIT		-488,466,605.00	123,406,178.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County financial statements were approved on 30/6 2016 and signed by:


Chief Officer



Head of Treasury Accounts


COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

V. STATEMENT OF ASSETS
AS AT 30TH JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	811,541,112.17	1,356,007,862.90
Cash Balances	22B	566,432.00	1,142,586.00
Retentions		146,498,185.25	67,221,200.00
Total Cash and Cash Equivalents		958,605,729.42	1,424,371,648.90
Accounts Receivable - Outstanding Imprests	23	6,020,355.26	8,165,223.52
TOTAL FINANCIAL ASSETS		964,626,085.00	1,432,536,872.00
FINANCIAL LIABILITIES			
Accounts Payables – Deposits	24	-	-
NET FINANCIAL ASSETS		964,626,085.00	1,432,536,872.00
REPRESENTED BY			
Fund balance b/fwd	25	1,453,092,689.00	1,309,130,694.00
Surplus/Deficit for the year		-488,466,605.00	123,406,178.00
Prior year adjustments			
NET FINANCIAL POSITION		964,626,085.00	1,432,536,872.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County financial statements were approved on 30/6/2016 2016 and signed by:

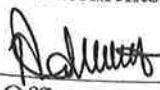

 Chief Officer

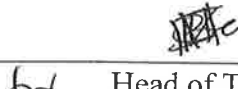

 Head of Treasury Accounts

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016
STATEMENT OF CASHFLOW
FOR THE YEAR ENED 30TH JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	309,784,772.00	-
Exchequer Releases	4	5,125,697,562.00	4,483,784,358.00
Transfers from Other Government Entities	5	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	248,617,586.00	253,972,260.00
Payments for operating expenses			
Compensation of Employees	12	-1,431,956,682.00	-1,372,390,215.00
Use of goods and services	13	-1,030,176,482.00	-1,319,700,613.00
Subsidies	14	-	-
Transfers to Other Government Units	15	-835,917,738.00	-
Other grants and transfers	16	-464,445,432.00	-328,344,411.00
Social Security Benefits	17	-	-10,600,762.00
Finance Costs including Loan Interests	19	-	-
Other Expenses	21	-	-221,953,234.00
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		1,921,603,586.00	1,484,767,383.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	18	-2,410,070,191.00	1,361,361,205.00
Net cash flows from Investing Activities		-2,410,070,191.00	1,361,471,205.00
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-488,466,605.00	123,406,178.00
Cash and cash equivalent at BEGINNING of the year	25	1,453,092,689.00	1,180,678,006.00
Cash and cash equivalent at END of the year	25	964,626,085.00	1,432,536,872.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County financial statements were approved on 30/6/2016 2016 and signed by:


 Chief Officer


 Head of Treasury Accounts

**VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED
FOR THE YEAR ENDED 30TH JUNE 2016**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts	-	-	-	-	-	
Social Security Contributions	-	-	-	-	-	
Proceeds from Domestic and Foreign Grants	339,828,675.85	-	339,828,675.85	309,784,771.85	30,043,904.00	91%
Exchequer releases	5,125,697,562.00	-	5,125,697,562.00	5,125,697,562.00	-	100%
Transfers from Other Government Entities	-	-	-	-	-	
Proceeds from Domestic Borrowings	-	-	-	-	-	
Proceeds from Foreign Borrowings	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
Reimbursements and Refunds	-	-	-	-	-	
Returns of Equity Holdings	-	-	-	-	-	
Other Receipts	300,000,000.00	-	300,000,000.00	248,617,586.00	51,382,414.00	83%
TOTALS	5,765,526,237.85	-	5,765,526,237.85	5,684,099,919.85	81,426,318.00	99%
PAYMENTS						
Compensation of Employees	1,570,319,473.00	133,672,363.00	1,436,647,110.00	1,431,956,682.40	4,690,427.60	100%
Use of goods and services	1,069,134,474.00	101,718,816.00	1,170,853,290.00	1,030,176,483.35	140,676,806.65	88%
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	-	-	-	835,917,738.00	835,917,738.00	-
Other grants and transfers	476,450,000.00	43,000,000.00	519,450,000.00	464,445,432.00	55,004,568.00	89%
Social Security Benefits	612,000.00	596,000.00	16,000.00	-	16,000.00	0%

**Reports and Financial Statements
for the year ended 30th June, 2016**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Acquisition of Assets	3,375,404,492.00	63,049,546.00	3,438,254,038.00	2,410,070,189.65	1,028,183,848.35	70%
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	148,000,000.00	73,500,000.00	74,500,000.00	-	74,500,000.00	0%
TOTALS	6,639,720,439.00	1.00	6,639,720,438.00	6,172,566,525.40	467,153,912.60	93%


[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- (a) Xxxx
- (b) Xxxx
- (c) Xxxx
- (d) Xxxx
- (e) Xxxx

The County financial statements were approved on 30/6 2016 and signed by:



Chief Officer



for Head of Treasury Accounts

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT
FOR THE YEAR ENDED 30TH JUNE 2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts			-	-	-	
Social Security Contributions			-	-	-	
Proceeds from Domestic and Foreign Grants			-	-	-	
Exchequer releases			-	-	-	
Transfers from Other Government Entities			-	-	-	
Proceeds from Domestic Borrowings			-	-	-	
Proceeds from Foreign Borrowings			-	-	-	
Proceeds from Sale of Assets			-	-	-	
Reimbursements and Refunds			-	-	-	
Returns of Equity Holdings			-	-	-	
Other Receipts			-	-	-	
PAYMENTS						
Compensation of Employees	1,570,319,473.00	133,672,363.00	1,436,647,110.00	1,431,956,682.40	4,690,427.60	99%
Use of goods and services	702,112,217.00	115,128,721.00	817,240,938.00	729,882,938.30	87,357,999.70	89%
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	-	-	-	480,917,738.00	-	0%
Other grants and transfers	-	45,000,000.00	45,000,000.00	-	45,000,000.00	0%


Reports and Financial Statements
For the year ended 30th June, 2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Social Security Benefits	612,000.00	596,000.00	16,000.00		16,000.00	0%
Acquisition of Assets	64,573,942.00	12,643,656.00	51,930,286.00	46,344,837.00	5,585,449.00	90%
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	4,000,000.00	1,500,000.00	2,500,000.00	-	2,500,000.00	0%
TOTALS	2,341,617,632.00	11,716,702.00	2,353,334,334.00	2,689,102,195.70	145,149,876.30	114%


[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- (a) Xxxx
- (b) Xxxx
- (c) Xxxx
- (d) Xxxx
- (e) Xxxx

The County financial statements were approved on 30/6 2016 and signed by:



Chief Officer



Head of Treasury Accounts

VIII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT
FOR THE YEAR ENDED 30TH JUNE 2016

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Tax Receipts	-	-	-	-	-	
Social Security Contributions	-	-	-	-	-	
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	
Exchequer releases	-	-	-	-	-	
Transfers from Other Government Entities	-	-	-	-	-	
Proceeds from Domestic Borrowings	-	-	-	-	-	
Proceeds from Foreign Borrowings	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
Reimbursements and Refunds	-	-	-	-	-	
Returns of Equity Holdings	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
PAYMENTS						
Compensation of Employees	-	-	-	-	-	
Use of goods and services	367,022,257.00	13,409,905.00	353,612,352.00	300,293,545.05	53,318,806.95	84%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	-	-	-	355,000,000.00	-	
Other grants and transfers	476,450,000.00	2,000,000.00	474,450,000.00	464,445,432.00	10,004,568.00	98%


Reports and Financial Statements
For the year ended 30th June, 2016


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	3,310,630,550.00	75,693,202.00	3,386,323,752.00	2,363,725,352.65	1,020,637,604.40	65%
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	144,000,000.00	72,000,000.00	72,000,000.00	-	72,000,000.00	80%
TOTALS	4,298,102,807.00	11,716,703.00	4,286,386,104.00	3,483,464,329.70	1,155,960,979.35	81%

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- (a) Xxxx
- (b) Xxxx
- (c) Xxxx
- (d) Xxxx
- (e) Xxxx

The County financial statements were approved on 30/6 2016 and signed by:


 Chief Officer


 Head of Treasury Accounts

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

IX. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30TH JUNE 2016

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *County*.

2. Recognition of revenue and expenses

The *County* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *County*. In addition, the *County* recognises all expenses when the event occurs and the related cash has actually been paid out by the *County*.

3. In-kind contributions

In-kind contributions are donations that are made to the *County* 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 *County* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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.

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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' items to provide a sense of the overall net cash position of the *County* at the end of the year. 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *County's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *County's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

9. Changes in Financial reporting template

Summary Statement of provisioning and Ledger Accounts (Annex X and P respectively) were removed in the revised financial reporting template provided by the Public Sector Accounts Standard Boards.

10. Fund Accounts

The *County* operated three fund accounts which report independently. Balances are provided in Note No. 26.4.

11. County Assembly Car and Mortgage Loan

Kshs 110,761,041.00 was paid to Family Bank as deposit/ security against car loans given to members of the county assembly in the financial year 2014/2015. A certificate of deposit was provided by the Bank for the same. This however does not form part of Cash and Bank Balances as the payment was expensed in the previous year.

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Exchequer receipts and Exchequer issues to departments

Exchequer releases presented in the consolidated financial statements are receipts from National treasury while those presented in the departmental financial statements are transfers from the county revenue fund to the departments to finance their budgets.

13. Treasury Bank Accounts

The county treasury operates 9 Bank Accounts; 4 Revenue collection accounts at Kenya Commercial Bank used for collection of Local revenue, CRF Account at Central bank and 4 Operation Accounts at Central Bank i.e Deposit Account, Development Account, Recurrent Account and Special purpose account.

These accounts are shared by the Departments and are only shown at Consolidation and not at departmental accounts level.

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

X. NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016

1 TAX REVENUES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
Grants Received from Multilateral Donors (International Organizations')				
DANIDA	-	-	13,620,000.00	-
WORLD BANK	-	-	45,759,322.00	-
Grants Received from other levels of government				
KENYA ROADS BOARD (road maintenance levy fund)	-	-	65,113,400.00	-
NATIONAL GOVERNMENT (user fees forgone)	-	-	15,149,869.00	-

COUNTY GOVERNMENT OF KWALE
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For the year ended 30th June, 2016

NATIONAL GOVERNMENT (free maternal health care)			74,397,500.00	
NATIONAL GOVERNMENT (medical equipment)			95,744,680.85	
Total			309,784,772.00	-

4 EXCHEQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	410,055,805.00	559,068,045.00
Total Exchequer Releases for quarter 2	1,307,052,879.00	737,969,819.00
Total Exchequer Releases for quarter 3	1,281,424,391.00	1,162,861,532.00
Total Exchequer Releases for quarter 4	2,127,164,487.00	2,012,644,962.00
Danida	-	11,240,000.00
Total	5,125,697,562.00	4,483,784,358.00

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers from Central government entities (Transition Authority)	-	-
(insert name of budget agency)	-	-
Transfers from Counties (insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

• **COUNTY GOVERNMENT OF KWALE**

Reports and Financial Statements

For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Total	-	-

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

8 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

COUNTY GOVERNMENT OF KWALE**Reports and Financial Statements****For the year ended 30th June, 2016****NOTES TO THE FINANCIAL STATEMENTS (Continued)****9 REIMBURSEMENTS AND REFUNDS**

Refund from World Food Programme (WFP)
Reimbursement of Audit Fees
Reimbursement on Messing Charges (UNICEF)
Reimbursement from World Bank – ECD
Reimbursement from Individuals and Private Organisations
Reimbursement from Local Government Authorities
Reimbursement from Statutory Organisations
Reimbursement within Central Government
Reimbursement Using Bonds

Total

10 RETURNS OF EQUITY HOLDINGS

Returns of Equity Holdings in Domestic Organisations
Returns of Equity Holdings in International Organisations

2015 - 2016**Kshs****2014 - 2015****Kshs**

Total

11 OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Profits and Dividends	-	-
Rents	-	-
Other Property Income	10,152,379.00	3,622,995.00
Sales of Market Establishments	39,534,783.00	40,042,199.00
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	11,255,058.00	10,861,596.00
Receipts from Voluntary transfers other than grants	-	-
Business Permits	58,603,940.00	57,223,148.00

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

Cesses	13,887,864.00	12,586,710.00
Poll rates	-	-
Plot rent	-	216,037.00
Other Local Levies	-	-
Administrative Service Fees	-	203,387.00
Various Fees	11,687,988.00	11,117,235.00
Council's natural resources	21,195,193.00	19,330,374.00
Exploitation	-	-
Sales of council assets	-	-
Lease/rental of council's	-	-
Infrastructure Assets	-	-
Other miscellaneous revenues	25,756,635.00	32,714,269.00
Insurance Claims recovery	-	-
Medium term loans (1-3 yr repayment)	-	-
Long term loans (over 3 yr repayment)	-	-
Transfer from reserve funds	-	-
Donations	-	-
Fund raising events	-	-
Other revenues from financial assets loan	-	-
Market/trade centre fee	5,880,700.00	10,334,050.00
Vehicle parking fees	11,028,074	383,690.00
Housing	-	-
Social premises use charges	-	-
School fees	-	404,800.00
Other education-related	-	-
Other education revenues	-	-
Public health services	32,621,588.00	45,505,015.00
Public health facilities operations	-	-
Environment & conservancy	-	-
Administration	-	-
Slaughter houses administration	840,189.00	1,916,059.00
Water supply Administration	-	-
Sewerage Administration	-	-
Other health & sanitation	3,867,695.00	5,006,500.00
Technical services fees	-	-
External services fees	-	-
Tender Document Sale	2,305,500.00	2,604,200.00
Total	248,617,586.00	253,972,260.00

COUNTY GOVERNMENT OF KWALE**Reports and Financial Statements****For the year ended 30th June, 2016****NOTES TO THE FINANCIAL STATEMENTS (Continued)****12 COMPENSATION OF EMPLOYEES**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic salaries of permanent employees	1,418,767,590.00	1,315,676,840.00
Basic wages of temporary employees	13,189,092.00	7,142,700.00
Personal allowances paid as part of salary	-	47,740,621.00
Personal allowances paid as reimbursements	-	1,830,054.00
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	1,431,956,682.00	1,372,390,215.00

13 USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	24,280,243.00	41,976,974.00
Communication, supplies and services	10,215,793.00	12,254,490.00
Domestic travel and subsistence	172,093,231.00	225,290,926.00
Foreign travel and subsistence	19,158,899.00	17,626,512.00
Printing, advertising and information supplies & services	57,336,881.00	94,031,338.00
Rentals of produced assets	15,850,491.00	9,278,000.00
Training expenses	39,041,710.00	54,956,531.00
Hospitality supplies and services	73,383,181.00	127,128,439.00
Insurance costs	89,697,974.00	94,567,023.00
Specialised materials and services	264,513,700.00	186,979,027.00
Office and general supplies and services	28,845,835.00	39,866,966.00
Other operating expenses	55,181,193.00	218,080,679.00
Fuel and Lubricants	87,456,125.00	80,372,022.00
Routine maintenance – vehicles and other transport equipment	47,355,312.00	46,308,438.00
Routine maintenance – other assets	45,765,914.00	71,320,513.00
Total	1,030,176,482.00	1,319,700,613.00

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 SUBSIDIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Subsidies to Public Corporations <i>See list attached</i> (insert name)	-	-
Subsidies to Private Enterprises <i>See list attached</i> (insert name)	-	-
TOTAL	-	-

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Other Current Transfers, Grants and Subsidies <i>See attached list</i>	-	-
Other Capital Grants and Transfers (TRANSFER TO COUNTY ASSEMBLY)	835,917,738.00	-
TOTAL	835,917,738.00	-

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Scholarships and other educational benefits	400,000,000.00	285,525,232.00
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	370,905.00
Other current transfers, grants	11,995,432.00	42,448,274.00
Other capital grants and transfers	52,450,000.00	-
Total	464,445,432.00	328,344,411.00

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 SOCIAL SECURITY BENEFITS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Government pension and retirement benefits	-	10,600,762.00
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	10,600,762.00

18 ACQUISITION OF ASSETS

Non Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	460,566,937.00	408,261,634.00
Refurbishment of Buildings	3,996,354.00	-2,478,324.00
Construction of Roads	22,478,072.00	-
Construction and Civil Works	21,774,045.00	435,901,054.00
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	60,381,248.00	148,421,103.00
Overhaul of Vehicles and Other Transport Equipment	1,902,000.00	-
Purchase of Household Furniture and Institutional Equipment	266,714.00	-
Purchase of Office Furniture and General Equipment	21,321,573.00	32,061,139.00
Purchase of ICT Equipment	-	5,200,363.00
Purchase of Specialised Plant, Equipment and Machinery	63,159,041.00	70,635,419.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	140,478,997.00	34,818,312.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	51,757,530.00	93,005,619.00
Research, Studies, Project Preparation, Design & Supervision	1,996,000.00	126,422,902.00
Rehabilitation of Civil Works	278,042,539.00	2,461,184.00
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	7,084,200.00	6,650,800.00
Acquisition of Intangible Assets	-	-

Financial Assets

Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Domestic Payables - From Previous Years	1,274,864,941.00	-
Total	2,410,070,191.00	1,361,361,204.00

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)
19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 – 2016 Kshs	2014 - 2015 Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 – 2016 Kshs	2014 - 2015 Kshs
Repayments on Borrowings from Domestic	-	-
Principal Repayments on Guaranteed Debt Taken over by Government	-	-
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

21 OTHER EXPENSES

	2015 – 2016 Kshs	2014 - 2015 Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Other expenses	-	-
Other expenses	-	19,673,637.00
Domestic Accounts	-	202,279,597.00
	-	221,953,234.00

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Exc rate	2015 – 2016	2014 – 2015
			Kshs	Kshs
CBK Recurrent A/C No. 1000170441 (KSH)		-	8,712.00	32,341,474.80
CBK Development A/C No. 10001476 (KSH)		-	69,137,532.55	88,935,658.75
CBK Special Purpose Account 1000282223			45,000,000.00	
CBK Revenue A/C No. 1000170697 (KSH)		-	673,066,013.85	1,131,411,594.00
CBK Deposit account				
KCB Imprest A/C No. 1140750674 (KSH)			0	188,988.38
KCB Hospital A/C No. 1169373439 (KSH)			224,753.00	
KCB SBP A/C No. 1169372139 (KSH)			303,422.00	
KCB Cess A/C No. 1169373054 (KSH)			1,372,853.40	
KCB Revenue A/C No. 114077241 (KSH)			510,763.63	2,782,750.00
KCB Kwale Hospital A/C No. 1146697198 (KSH)			1,545.00	4,057.85
KCB Msambweni Hospital A/C No. 1147035764 (KSH)			635.00	432.70
KCB Director Health A/C No. 1144117054 (KSH)			-	378,382.00
National health A/C No. 01001068087400 (KSH)			222.00	
KCB Kinango Hospital A/C No. 1146764049 (KSH)			520.00	51.00
KCB Tiwi RHIF A/C No. 1147068984 (KSH)			2,698	
KCB CHIEF Office Health A/C No. 1171164890 (KSH)			-	1,072,990
KCB Assembly – Imprest A/C No. 1142128148 (KSH)			-	
Equity Lands A/C No. 1580262364715 (KSH)			191,219.00	20,234,589.20
National Lands A/C No. 01001068080600 (KSH)			11,231.00	

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

Equity Decentralize A/C No. 1580262364693 (KSH)			925.85	35,139.30
Equity Executive Services A/C No. 1580262720863 (KSH)			24.00	715,333.30
National A/C No. 01001068083300 (KSH)			3,410.00	
Equity Water A/C No. 1580262720291 (KSH)			26.38	112,238.72
Equity Agriculture A/C No. 1580262364648 (KSH)			-209.90	196,481.00
Equity Public Service Board A/C No. 1580262720914 (KSH)			5,416,328.85	464,714.75
Equity Community A/C No. 1580262364674 (KSH)			587,200.00	3,923.00
National Community A/C No. 0100608076500 (KSH)			4,000,000.35	
Equity Infrastructure A/C No. 1580262723374 (KSH)			10.35	716,789.05
Equity Education A/C No. 1580262720511 (KSH)			8,566.00	5,963,595.80
Equity Bursary Fund A/C No. 1580263149560 (KSH)			-	25,922,705.70
Equity Trade A/C No. 1580262364612 (KSH)			71,959.00	769,124.00
Equity ICT A/C No. 1580262720406 (KSH)			0.90	97,130.05
National ICT A/C No. 01001068079000 (KSH)			0.20	
Co-Operative Development A/C No. 1141195733700 (KSH)			-	-
Emergency Fund National Bank of Kenya A/C No. 01001090720400 (KSH)			11,620,749.85	30,330,104.85
Gratuity - Equity A/C No. 1580262568351 (KSH)			-	-
Equity Development Account Assembly A/C No. 1580261591172 (KSH)			-	13,330,114.90
Total			811,541,112.17	1,356,007,862.90

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22B: CASH IN HAND

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cash in Hand – Held in domestic currency	566,432.00	1,142,586.00
Cash in Hand – Held in foreign currency	-	-
Total	566,432.00	1,142,586.00

Cash in hand should also be analysed as follows:

	2015 - 2016	2014 - 2015
	Kshs	Kshs
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Kinango Hospital	42,250.00	-
Msambweni Hospital	127,000.00	-
Kwale Hospital	8,162.00	-
Administration Kwale Hospital	19,710.00	-
Lands Cash Office – Kwale Head Quarters	80,000.00	-
Trade Cash Office – Kwale Head Quarters	3,750.00	-
Finance Cash Office – Kwale Head Quarters	284,800.00	-
Education Cash Office – Kwale Head Quarters	760.00	-
County Assembly	-	1,142,586.00
Total	566,432.00	1,142,586.00

[Provide cash count certificates for each]

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i> IMPREST	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
	Kshs	Kshs	Kshs
Finance and Economic Planning	-	-	-
Agriculture, Livestock and Fisheries	-	-	117,310.00
Lands, Mining, Envnt. and Natural Resources	-	-	734,550.00
Health	-	-	-
Trade, Industry and Investments	-	-	-
Community Development, Youth and Women Empowerment and Social Services	-	-	-

COUNTY GOVERNMENT OF KWALE
Reports and Financial Statements
For the year ended 30th June, 2016

Office of the Governor and Dep. Governor	-	-	-
Education and Human Resource	-	-	-
Water, Urban Planning and Decentralized Units	-	-	-
Infrastructure and Public Works	-	-	-
Tourism and Information Technology	-	-	-
County Public Service Board	-	-	1,405.00
Public Service and Administration			514,115.00
Clearance Account			
Total			1,367,380.00

<i>Name of Officer or Institution</i> SALARY ADVANCES	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
	Kshs	Kshs	Kshs
Finance and Economic Planning	-	-	1,547,584.00
Agriculture, Livestock and Fisheries		-	-
Lands, Mining, Envnt. and Natural Resources	-	-	7,500.00
Health		-	102,600.00
Trade, Industry and Investments		-	50,000.00
Community Development, Youth and Women Empowerment and Social Services	-	-	-
Office of the Governor and Dep. Governor		-	397,193.36
Education and Human Resource	-	-	164,150.00
Water, Urban Planning and Decentralized Units	-	-	-
Infrastructure and Public Works	-	-	197,499.00
Tourism and Information Technology	-	-	130,830.00
County Public Service Board	-	-	1,490,620.56
Public Service and Administration			564,998.00
Clearance Account			
Total			4,652,975.26

TOTAL ACCOUNTS RECEIVABLES

6,020,355.26

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. ACCOUNTS PAYABLE

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Retention	146,498,185.25	67,221,200.00
Deposits	-	-
Total	146,498,185.25	67,221,200.00

25. FUND BALANCES BROUGHT FORWARD

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	1,356,007,863.00	1,223,605,725.00
Cash in Hand	1,142,586.00	1,691,431.00
Accounts Receivable	8,165,224.00	19,607,194.00
Deposits and Retentions	67,221,200.00	-
Prior Year Adjustments	20,555,817.00	64,226,344.00
Total	1,453,092,689.00	1,309,130,694.00

26. OTHER IMPORTANT DISCLOSURES

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	579,447,939.78	784,500,836.42
Construction of civil works	518,211,370.11	421,721,196.80
Supply of goods	73,265,575.31	414,368,592.58
Supply of services	43,555,183.22	60,989,126.56
	1,214,480,065.42	1,681,579,752.36

26.2: PENDING STAFF PAYABLES (See Annex 2)

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	-

COUNTY GOVERNMENT OF KWALE

Reports and Financial Statements

For the year ended 30th June, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26.3: OTHER PENDING PAYABLES (See Annex 3)

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (<i>specify</i>)	-	-
	-	-

26.4: PRIOR YEAR ADJUSTMENTS

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Expenses	-	-
Health	-	51,620,931.00
Health	11,310,030.00	
Education	2,400,000.00	
PSA	2,332,519	
Agriculture	7,638,948	
Infrastructure	(5,840,000)	
	2,714,320	
Bank Balances		
CBK Development	-	-8,782,209.00
CBK Recurrent	-	18,685,419.86
CBK Revenue	-	2.00
Equity Bank Imprest Account - Lands	-	2,200.00
Exchequer release understated	-	2,700,000.00
	20,555,817-	64,226,343.86

26.4: OTHER COUNTY FUND BALANCES

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Bursary Fund	2,053,254.08	-
Trade revolving Fund	12,097,971.19	
Community Youth and Women Fund	7,081,146.11	-
	21,232,371.38	-

Reports and Financial Statements
For the year ended 30th June, 2016
ANNEX 1 - ANALYSIS OF COMMITMENTS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. FINANCE	0		0	0	0	
2. AGRICULTURE	0		0	0	49,208,624.46	
3. LANDS	22,000,000.00	-	16,350,452.70	5,649,547.30	10,000,000.00	
4. HEALTH	408,162,434.71	-	246,932,378.60	161,230,056.11	95,800,000.00	
5. TRADE	120,315,014.66		42,637,397.24	77,677,617.42	67,212,004.97	
6. COMMUNITY DEVT.	85,243,061.70	-	36,449,263.75	48,793,797.95	69,487,472.35	
7. OFFICE OF THE GVN.R.	20,000,000.00	-	-	20,000,000.00	30,000,000.00	
8. EDUCATION	495,211,458.04	-	229,114,540.04	266,096,918.00	205,351,391.87	
9. WATER & DECENTRALIZED	0	-	0	0	80,242,872.03	
10. INFRASTRUCTURE	0	-	0	0	219,058.70	
11. ICT	0	-	0	0		
12. COUNTY PUBLIC SERVICE BOARD	0	-	0	0	0	
13. PUBLIC SERVICE & ADMIN.	0	-	0	0	0	
Sub-Total	1,150,931,969.11	-	571,484,032.33	579,447,936.78	784,500,836.42	
Construction of civil works						
1. FINANCE	46,783,835.42	-	-	46,783,835.42		
2. AGRICULTURE	66,350,803.53	-	27,230,622.94	39,120,180.59		
3. LANDS	5,876,350.00	-	5,876,350.00	0	10,376,350.00	
4. HEALTH	0	-	0	0	-	
5. TRADE	0	-	0	0	16,831,364.96	
6. COMMUNITY DEVT.	0	-	0	0	61,472,669.84	
7. OFFICE OF THE GVN.R.	0	-	0	0	-	
8. EDUCATION	0	-	0	0	-	
9. WATER & DECENTRALIZED	360,991,086.75	-	109,814,214.70	251,176,872.05	228,039,168.20	
10. INFRASTRUCTURE	172,917,934.20	-	35,848,614.00	137,069,320.20	73,278,541.60	

Reports and Financial Statements
For the year ended 30th June, 2016

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
11. ICT	66,865,538.85	-	12,804,377.00	44,061,161.85	30,555,191.00	
12. COUNTY PUBLIC SERVICE BOARD						
13. PUBLIC SERVICE & ADMIN.						
Sub-Total	709,785,548.75	-	191,574,178.64	518,211,370.11	421,721,196.80	
Supply of goods					47,803,087.88	
1. FINANCE	0		0	0	20,117,119.00	
2. AGRICULTURE	0		0	0	42,259,122.00	
3. LANDS	33,952,432.00	-	28,476,932.00	5,475,500.00	87,933,597.50	
4. HEALTH	11,162,724.00	-	-	11,162,724.00	6,974,820.00	
5. TRADE	3,710,000.00		1,600,000.00	2,110,000.00	23,264,000.00	
6. COMMUNITY DEVT.					2,476,094.00	
7. OFFICE OF THE GVN.R.					46,123,800.40	
8. EDUCATION	27,725,180.00	-	19,330,258.05	8,394,921.95	8,500,000.00	
9. WATER & DECENTRALIZED	59,165,443.56	-	36,710,313.20	22,455,130.36	78,721,459.00	
10. INFRASTRUCTURE	46,301,459.00	-	28,000,000.00	18,301,459.00	9,881,730.30	
11. ICT	6,729,840.00	-	1,364,000.00	5,365,840.00	68,275.90	
12. COUNTY PUBLIC SERVICE BOARD					47,803,087.88	
13. PUBLIC SERVICE & ADMIN.						
Sub-Total	188,747,078.56	-	115,481,503.25	73,265,575.31	414,368,592.58	
Supply of services			0			
1. FINANCE					117,306.00	
2. AGRICULTURE						
3. LANDS	17,154,500.00	-	7,535,380.00	7,647,120.00	9,759,322.00	
4. HEALTH						
5. TRADE	5,382,290.00	-	-	5,382,290.00		
6. COMMUNITY DEVT.						

COUNTY GOVERNMENT OF KWALE**Reports and Financial Statements****For the year ended 30th June, 2016**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
7. OFFICE OF THE GVN.R.						
8. EDUCATION						
9. WATER & DECENTRALIZED	15, 74,100.00	-	742,910.38	14,431,189.62	3,360,598.00	
10. INFRASTRUCTURE					12,646,023.56	
11. ICT	19,472,004.00	-	3,377,420.40	16,094,583.60	35,105,877.00	
12. COUNTY PUBLIC SERVICE BOARD						
13. PUBLIC SERVICE & ADMIN.	17,154,500.00					
Sub-Total	57,182,894.00	-	11,655,710.78	47,182,188.68	60,989,126.56	
Grand Total	2,106,647,490.42	-	890,195,425.00	1,214,480,065.42	1,681,579,752.36	

Reports and Financial Statements

For the year ended 30th June, 2016

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

Reports and Financial Statements

For the year ended 30th June, 2016

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class		Historical Cost (Kshs)	Historical Cost
		2015 - 2016	2014 - 2015
Land		164,430,000	76,998,300
Buildings and structure		2,825,609,491	810,504,139
Transport equipment		848,512,589	474,115,024
Office furniture and general equipments		112,327,704	63,292,954
ICT Equipment, Software and Other ICT Assets		110,260,638	11,934,854
Other Equipment and Machinery		578,769,885	267,063,737
Heritage and cultural assets		124,892,910	110,051,886
Research and designs		184,142,184	159,506,904
Intangible assets		48,543,680	922,250
Total		4,997,489,080	1,974,390,048