REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KWALE

FOR THE YEAR ENDED 30 JUNE, 2019

KWALE COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

OFFICE OF THE AUDITOR-GENERAL
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P.O. Box 95202-80104, MOMBASA

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the constitution of Kenya and headed by the county Assembly Service Board which is responsible for the general policy and strategic direction of the Assembly. The County Assembly of Kwale constitutes of twenty elected Members of County Assembly and fourteen special elected members. The County Assembly members have a constitutional Mandate of representation, oversight and Legislation. For effective performance of the County Government, the county assembly also approves plans and policies and do oversight role over the County Executive.

Vision

A hub of legislative excellence in Kenya and beyond.

Mission

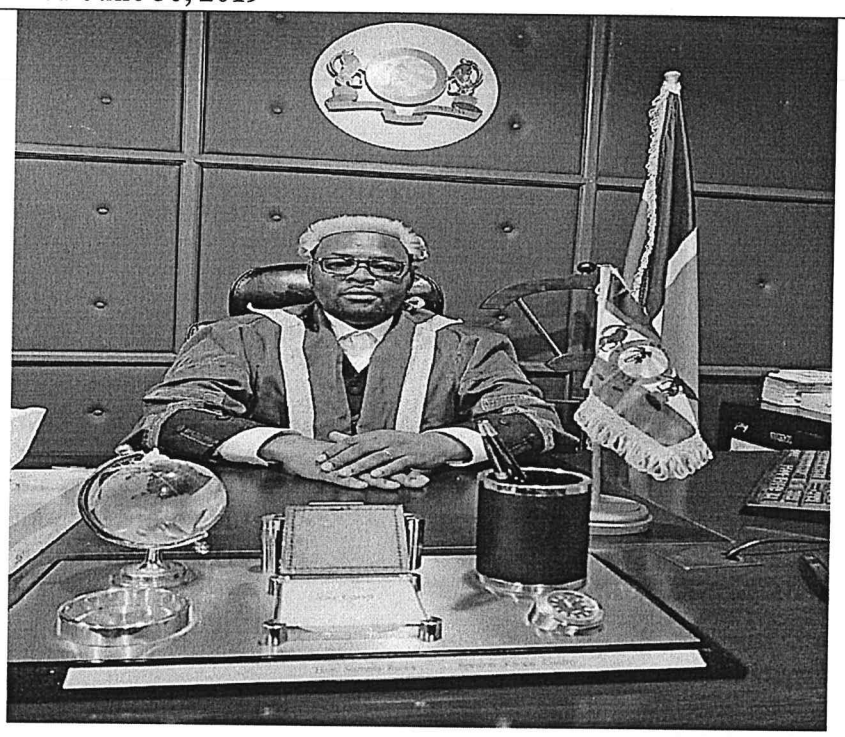
To ensure transparent and accountable governance for prosperity of the people of Kwale County through effective representation, legislation and oversight

(b) Key Management

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

A. COUNTY ASSEMBLY SERVICE BOARD

The County Assembly Service Board is composed of the Speaker to the County Assembly as the Board chairman, a representative of the Majority and Minority Political parties in the Assembly. Third and Fourth member representing the general Public. Below is a snapshot of their Profiles.



Hon. Sammy Nyamawi Ruwa, MBS

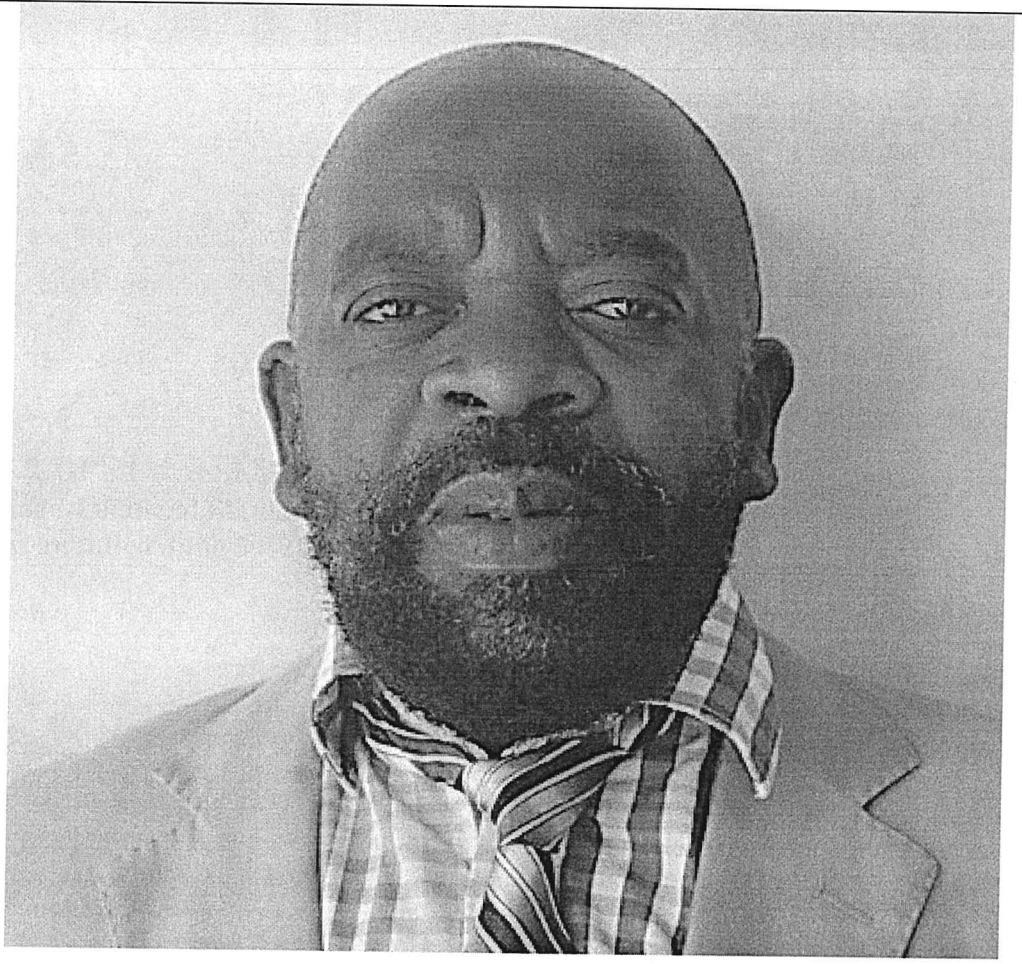
Chairperson - County Assembly Service Board.

About the Chairperson.

Hon. Sammy Ruwa is the Speaker of the Kwale County Assembly having served as such since March, 2013. He is an advocate of the High Court of Kenya and a partner in the firm of S Ruwa & Co Advocates. He holds a bachelor of Commerce degree and a post Graduate Bachelor of Law Degree.

Hon. Speaker is a member and chairperson of the **House Business Committee, Powers & Privileges Committee, Procedure & Rules Committee** and **Appointments Committee**. He also chairs the Kwale County Assembly Service Board. He received a presidential honour as a Moran in the order of the Burning Spear (MBS).

Before his election as the Speaker, he was an Associate advocate in the firm of Robson Harris & Company Advocates.



Hon. Hamisi Omari Kitengele

Vice Chair - County Assembly Service Board

Hon Kitengele was first elected as the MCA for Ukunda Ward in 2013 and was re-elected for a second term in 2017. He holds a bachelor of Commerce degree, Finance Option.

He is the Chairperson Committee on County Delegated Legislation and is also a member Energy, Labour and Social Welfare and Transport and Public Works Committees.

Hon Anthony Yama

Member - County Assembly Service Board

Hon Yama was first elected MCA for Kasemeni Ward in 2013 and was re-elected for a second term in 2017. He holds a bachelor of Education degree and has a wealthy of experience in the teaching fraternity.

Hon Yama is the Chairman Committee on Education and is also a member of Energy, Justice and Legal Affairs, Finance, Budget and Appropriations and Appointment Committees

Miss. Celine Victory Lusweti

Member - County Assembly Service Board

Miss Celine was born and raised at Patanani village, Kundutsi 'A' Sub-location, in Tsimba/Golini ward Kwale County. She holds a Master of Education and a Bachelor of Education degrees from the University of Nairobi and Kenya Methodist University respectively. An alumni of Meru Teachers Training College, Matuga Girl's High School and Matuga Primary School.

As an Educational Professional and with various educational portfolios in schools and community activities, Celine for a decade and a half has consistently been able to demonstrate hands on practical expertise in the Educational sector. Having served as an Administrator and School Manager, a Teacher, Trainer in Primary Schools in Kenya with Teachers Service Commission, a Lecturer for Teacher Trainees in Universities and Colleges: Kenyatta University, Mount Kenya University and Kenya Methodist University in Mombasa, Kenya.

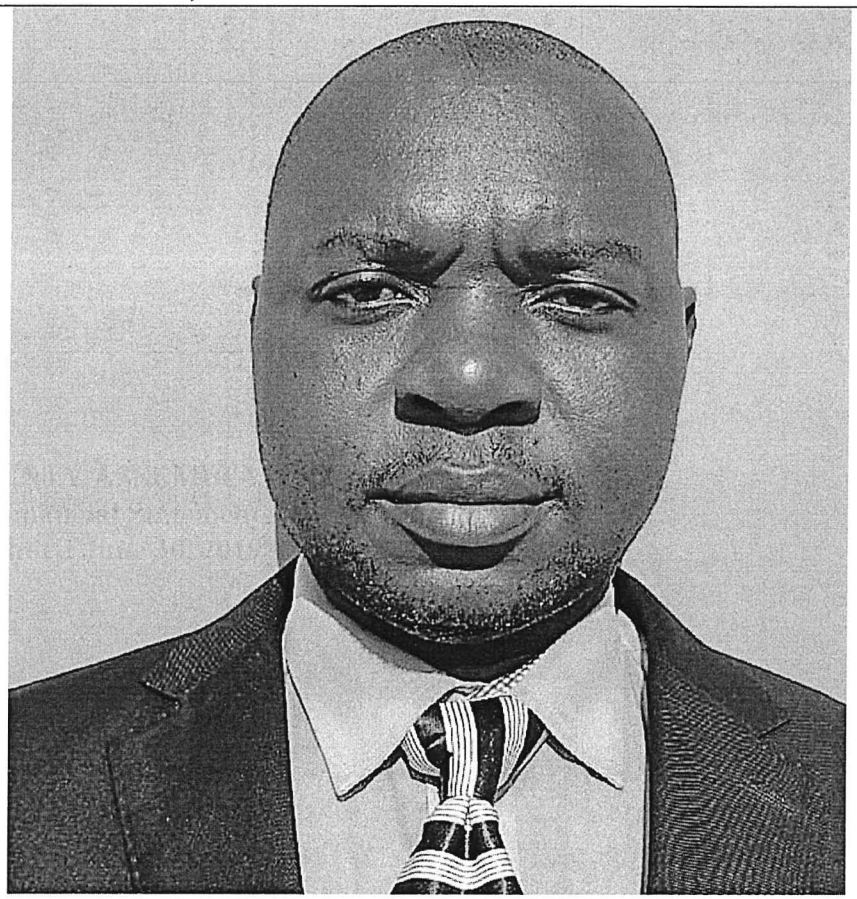
She has equally been actively involved in the empowering Children and Administrative officers on children's rights and advocacy with Plan International and Ministry of social services, gender and child welfare-Kwale and Mentoring youths under Friends for life Organization.

Mr. Mwakaribu Hamisi Mwakaribu

Member - County Assembly Service Board

Mwakaribu was born and raised in Kwale County. He holds a bachelor's degree in Education (Special needs Education) from Kenyatta University and Masters of community Rehabilitation from Grifith University in state of Queensland Australia.

Before joining the Kwale County Assembly Service Board, he was a lecturer at Kenya Institute of Special Education (Nairobi) in the Department of Intellectual Different.

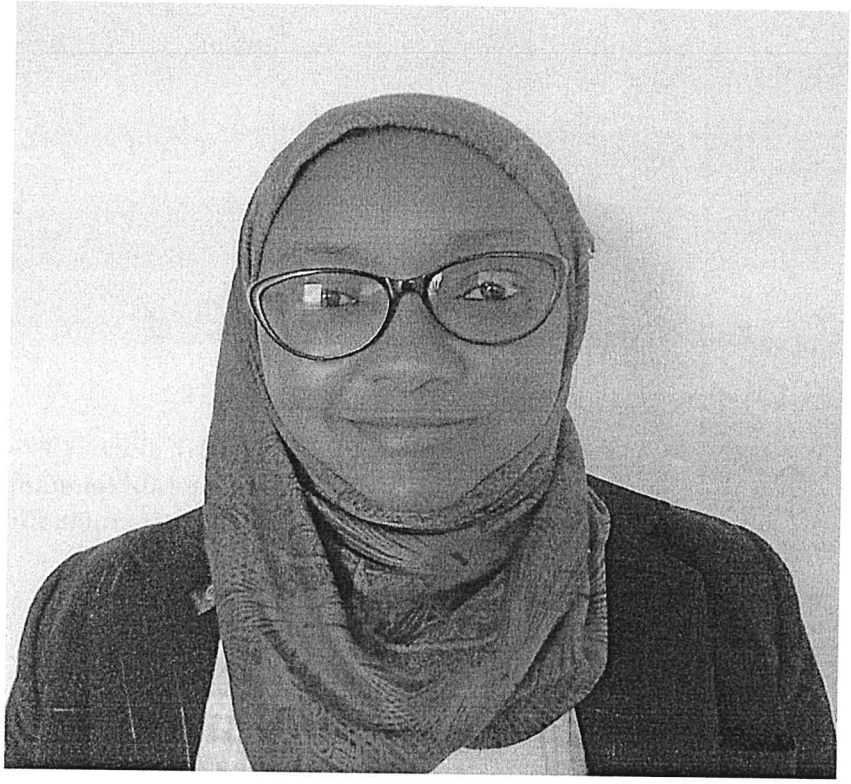


Dr. Hamisi Bweni Dzila
Clerk-County Assembly of Kwale

Dr. Dzila holds Master's degree in Business Administration from Moi University and a Bachelor degree in Veterinary medicine(BVM) from the University of Nairobi.He also holds a post graduate diploma in project management from Kenya Institute of Management (KIM). Dr. Dzila is an Allumni from Kwale high school and Alliance boys high school for Ordinary level and Advanced level repectively.

Dr. Dzila has been the chief officer for Agriculture, Livestock and Fisheries department in the County government of Kwale since 2014. Prior to his appointment as a chief officer, he worked for the ministry of Agriculture, livestock and fisheries in the national government in various capacities.

He was employed by Kwale County Assembly as the Clerk of the County Assembly in July 2019.



Fatuma Hassan Mwalupa

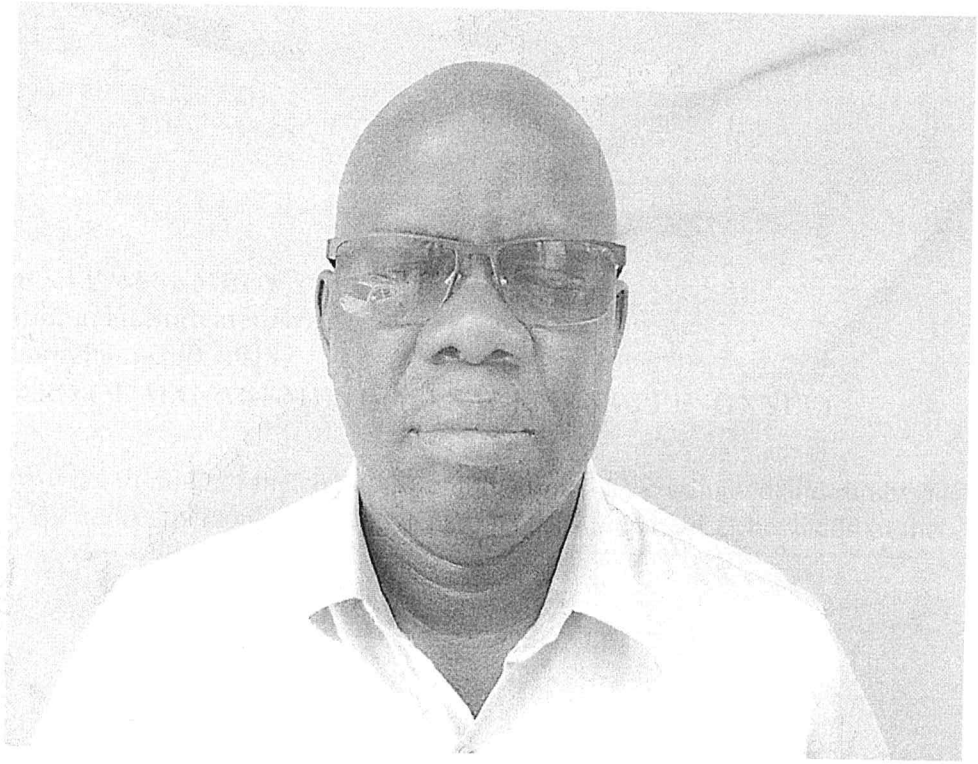
Deputy Clerk - County Assembly of Kwale

Ms Fatuma is a seasoned legal luminary. She has a Degree in Law and a Master degree in Human Resources.

She was employed in the County Assembly in 2014 as the Deputy Clerk and took up the position of Ag. Clerk in May, 2018 until July 2019 when a substantive Clerk of the County Assembly was employed.

B. BOARD OF MANAGEMENT (MANAGEMENT PERSONNEL)

The day today running of the county assembly affairs are cordinated and run by a team of qualified and Experienced personell heading departments as they realise the vision of the Assembly.



CPA Philip Wanje Ziro

Director Finance and Accounts.

CPA Ziro has a wide experience in public sector finance having worked for various municipalities and County Councils for over 20 years before devolution.

He holds a Bachelors in Business Administration and Master degree in Business Administration from the Kenya Methodist University specialising in finance.

He is a Certified Public Accountant CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK)

(c) Fiduciary Management

The Fiduciary management personnel who held office during the year ended 30th June 2019 and who had direct fiduciary responsibility were:

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

(d) Fiduciary Oversight Arrangements

- Internal Audit Department
- Public Accounts and Investment Committee
- Office of the Controller of Budget
- Office of the Audito- General

(e) Entity Headquarters

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

(f) Entity Contacts

Telephone: (254)
E-mail: Countyassemblyofkwale@gmail.com
Website: www.bungekwale.co.ke.

(g) Entity Bankers

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

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

(h) Independent Auditors

Office of the Auditor-General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya.

(i) Principal Legal Adviser

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

2. FORWARD BY THE CLERK OF THE ASSEMBLY.

The Financial Statements reflect the County Assembly's financial performance and position for the year ended 30th June 2019. These statements were prepared in accordance with **the Cash basis Accounting Method under the International Public Sector Accounting Standards (IPSAS)** as the Financial Report Framework provided for by the Public Sector Accounting Standards Board.

The County Assembly of Kwale had a total budget of Ksh 814,556,965 divided into a Recurrent Budget of Ksh 584,760,053 and a Development Budget of Ksh 229,796,912 which include domestic payables from previous financial year of Ksh 136,796,912. The actual exchequer releases were Ksh 673,982,444 translating to 83% on actual comparable basis.
The absorption of the County's recurrent budget was Ksh 579,551,948 which translated to a 99% absorption rate while the development budget had a usage of Ksh 85,052,089 a translation of 37% absorption rate. On average, 82% of the total budget was absorbed during the financial year.

The county assembly passed three bills into law. The County Assembly executed its oversight role through house Committees.

To enhance prudence in the use of its funds, the county Assembly passed the county budget on the 28th June 2018 and later passed two supplementary budgets in March and June 2019.

The County Assembly executed its oversight role through house Committees.

The vision of completing the county assembly complex during the year was not realised due to some technical challenges experienced by the contractor in the project. However tremendous progress has been realized and it is projected that the complex will be completed by June 2020. Works for five ward offices namely, Vanga Ward, Bongwe/Gombato Ward, Ndavaya Ward Tsimba Golini and Kasemeni Ward were procured and contracts awarded during the year. Works on the same are ongoing.

In the year ending June 2018, the County Assembly Service Board recruited 15 staff in various departments in order to enhance efficiency for the organization. The board will continue to recruit appropriate human resource until optimal staff numbers are achieved.

A number of training programs were conducted for the sole reason of capacity build officers of the county assembly.

The year was not without its challenges. The County assembly clerk resigned on own accord and the Deputy Clerk took over in acting capacity in entire year. The target of rolling out IFMIS I-Sourcing was equally missed, thus causing delays in the procurement of goods and services. However critical preparation has been done to ensure I-sourcing is fully implemented in the next financial year.

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

In order to enhance our financial performance, I intend to review the strategic plan, develop a human resource manual as well employ appropriate project management skills to ensure that all assembly's projects are prompt and timely. This will greatly enhance the performance of the assembly in undertaking their key responsibilities of oversight, legislation and representation.

Lastly but not least, I must thank the County Assembly Service Board, Members and the entire staff of the county assembly for their zeal in realizing the dreams of this great institution.

Sign:_____

Dr. Hamisi Bweni Dzila
Clerk to the County Assembly of Kwale.

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year, ended June 30th 2019.

These responsibilities include:

(i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period

(ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly;

(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;

(iv) Safe guarding the assets of the County Assembly;

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2019, and of its financial position as at that date.

The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 19/11/ 2019.

Dr. Hamisi Bweni Dzila
Clerk of the County Assembly

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KWALE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kwale set out on pages 1 to 25, which comprise of the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kwale as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Compensation of Employees

As disclosed under Note 4 to the financial statements, the statement of receipts and payments reflects compensation of employees of Kshs.240,511,732. The balance constitutes basic wages of temporary employees of Kshs.12,940,600 which includes an amount of Kshs.1,550,000 paid to Ward office staff as arrears of salary increment. However, the increase was not supported by any approval and any evidence that the amounts were finally paid to the beneficiaries.

Further, the basic salaries paid to permanent employees amounting to Kshs.103,967,438 differed with the Integrated Personnel and Payroll Database (IPPD) schedule of Kshs.104,012,768, resulting to an unexplained and unreconciled variance of Kshs.45,330.

In addition, compensation of employees includes personal allowances paid as part of salary of Kshs.99,241,413. However, payroll records availed for audit review, included an amount of Kshs.3,143,000 for telephone allowances paid to staff and members of County Assembly which is part of personnel emoluments. Management did not include this

amount but instead wrongly disclosed it under telephone, telex, facsimile and mobile services expenditure. Included in the Kshs.3,143,000 on telephone allowances is Kshs.928,000 paid to the County Assembly of Kwale staff, contrary to the Circular Ref. No. SRC/TS/CGOVT/3/16 of 29 July, 2013 issued by the Salaries and Remuneration Commission of Kenya which does not provide for telephone allowances for County Assembly staff.

Due to the above issues, the accuracy, validity and completeness of compensation of employees of Kshs.240,511,732 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

2.0 Use of Goods and Services

As disclosed under Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services of Kshs.330,523,716. However, the following expenditures were not supported with the relevant details:

2.1 Irregular and Unaccounted for Expenditure

During the year under review, the Management expensed an amount of Kshs.162,226,648 through cash advances in respect of travel by staff and Members of County Assembly (MCAs). The amount constitutes Kshs.132,929,148 and Kshs.29,297,500 that was captured under domestic travel and subsistence allowances; and foreign travel and subsistence allowances respectively. Examination of records revealed that the amounts were issued as cash advances and immediately expensed off in the books before the activities were undertaken. No imprests was issued contrary to Regulation 93(3) of the Public Finance Management Regulations, 2012 which states that, 'Temporary imprest shall be issued mainly in respect of official journeys and are intended to provide officers with funds with which they can meet travelling, accommodation and incidental expenses' and Regulation 93(5) of the Public Finance Management Regulations, 2012 which states that, 'A holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station'.

2.2 Unsupported Expenditure

Further, the Management made payments amounting to Kshs.55,254,491 which was not supported with the relevant details as indicated below:

	Component	Amount (Kshs)	Missing Records
1	Domestic travel and subsistence allowances	7,182,000	Invitation letters, programs of work, return to office reports, evidence of attendance
2	Foreign travel and subsistence allowances	3,326,739	Invitation letters, programs of work, return to office reports evidence of attendance
3	Hospitality supplies and services	2,375,600	Details of persons who were provided with the services and

	Component	Amount (Kshs)	Missing Records
			information on the occasions that required provision of such services
4	Advertising and information supplies & services	13,523,161	Evidence of provision of bulk photocopying of documents
5	Training expenses	9,782,991	Needs assessment, evidence of staff attendance of courses
6	Other operating expenses	18,733,000	List of registered service providers for legal services.
7	Rentals of Produced Assets	331,000	Excess rent not recovered
	Total	**55,254,491**	

In the circumstances, the propriety, validity and completeness of expenditure amounting to Kshs.217,481,139 and included under use of goods and services for the year ended 30 June, 2019 could not be confirmed.

1.0 Unconfirmed Ownership of Land

As disclosed under Note 10 to the financial statements, the statement of receipts and payments reflects construction of buildings of Kshs.33,809,036 and domestic public non-financial enterprises of Kshs.51,243,053 all totaling Kshs.85,052,089. Included in this amount is Kshs.53,619,853 in respect of construction of ten (10) MCAs ward offices at a contract price of Kshs.68,243,743. However, Management did not provide documents confirming ownership of the land on which the offices are constructed or details on the ownership of the properties.

Under the circumstances, the ownership and obligations of the land could not be ascertained.

2.0 Accounts Receivables – Outstanding Imprests

As disclosed under Note 14 to the financial statements, the statement of financial assets and liabilities reflects accounts receivables–outstanding imprests of Kshs.4,455,821. The balance includes Kshs.4,119,392 in respect of tax notice – KRA where Management indicated that this was a direct debit from their CBK Recurrent Account by Kenya Revenue Authority (KRA), being interest and penalties. Although the Management indicated that the County Assembly of Kwale has been remitting its tax obligations on time and did not have any outstanding obligations, there was no evidence provided to confirm that KRA had accepted to refund the amount.

Consequently, the accuracy, completeness and recoverability of outstanding imprests of Kshs.4,455,821 in respect of accounts receivables-outstanding imprests as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.814,556,965 and Kshs.673,982,444 respectively resulting to an under-funding of Kshs.140,574,521 or 17% of the budget. Similarly, the statement reflects final payments budget and actual on comparable basis of Kshs.814,556,965 and Kshs.664,602,947 respectively resulting to an under expenditure of Kshs.149,952,928 or 18% of the budget.

The underfunding affected the planned activities and could have impacted negatively on service delivery to the resident of Kwale County.

2.0 Pending Bills

As disclosed under Note 5.10, other disclosures to the financial statements, the County Assembly had pending accounts payables totalling Kshs.144,744,822 as at 30 June, 2019. Management has not explained why the bills were not settled during the year to which they occurred. Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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

1.0 Non-Conformity with the Reporting Template

The annual report and financial statements prepared by Management and submitted for audit do not contain the follow up on audit recommendations. As a result, it has not been possible to determine whether Management has taken any action on the previous audit observations. This is contrary to the format prescribed by the Public Sector Accounting Standards Board (PSASB) in accordance with section 194(1)(d) of the Public Finance Management Act, 2012 which mandates the PSASB to prescribe the formats for financial statements and reporting by all state organs and public entities.

Management is therefore in breach of the Law by not complying with the prescribed format.

2.0 Acquisition of Assets - Proposed Construction of the County Assembly Complex

Annex 4 to the financial statements reflects historical cost of buildings and structures of Kshs.606,148,957. Included in the balance is Kshs.387,176,621 in respect of construction of the County Assembly Complex project whose contract sum was Kshs.466,892,170. This contract sum was varied by Kshs.116,723,042 or 25% to Kshs.583,615,212 vide letter reference CAK/CL/PROC/001/2/6 of 29 March, 2018. However, interim certificate No. six (6) dated 11 May, 2018 for Kshs.50,964,401 indicated the total amount of work done as Kshs.402,106,969. The interim certificate did not indicate the itemized bills of quantities indicating actual measured works at that date. Available information indicates that the project was to be completed by 29 June, 2017, which period was extended by 78 weeks as per letter reference CAK/CL/PROC/VOL2/7 dated 20 September, 2018 which did not specify whether the extension was from the date of approval or from the previous expected date of completion. Management did not provide details of the revised work program to show the expected date of completion and evidence that the performance bond had been renewed to cover the extension of the contract period.

Further, the project's Bills of Quantities (BQs) provided for provisional sums totaling to Kshs.192,200,000 for various works which were sub-contracted and were currently being undertaken. However, details of how the sub-contractors were identified, selected and contracted to undertake the works were not availed for audit verification while approval by the Project Manager before the works were undertaken were not availed for audit review to confirm whether the general conditions of contract were adhered to.

At the time of the field audit inspection carried out in the month of October, 2019, the contractor was on site undertaking various works on doors, grilles, window panes/glazing, plastering, flooring, electrical and mechanical, chambers roofing and landscaping works.

Consequently, the Management is in breach of the law and value for money on construction of the County Assembly Complex as envisaged by the resident of Kwale County could not be confirmed.

3.0 Delay in Construction of Speaker's Official Residence

Annex 4 – summary of fixed assets register reflects buildings and structures of Kshs.606,148,957, out of which Kshs.86,213,477 relates to construction of the Speaker's official residence. Included in this amount is Kshs.46,411,072, being the contract sum for construction of Speaker's main house which had been fully paid for as at 30 June, 2018. However, as previously reported, the contract sum was varied by Kshs.11,848,503 or 25.53% to Kshs.58,259,575, contrary to Section 139(6) of the Public Procurement and Assets Disposal Act, 2015 which states that 'where variations result in an increment of the contract price by more than twenty-five (25) percent, such variations shall be tendered for separately'. Further, the County Assembly has not been able to obtain ownership documents for part of the construction site land measuring 0.41 hectares.

During physical verification of the project in the month of October, 2019, it was observed that the residence had not been occupied despite the original completion date being 14 November, 2016, three (3) years after.

Consequently, the value for money of Kshs.58,259,575 on construction of the Speaker's official residence could not be confirmed.

4.0 Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of County Assembly was sixty-one (61) out of which fifty-two (52) or 85 % of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community". Further, forty-five (45) or 74% were of the male gender and sixteen (16) or 26% are of the female gender, contrary to Article 27(8) of the Constitution of Kenya, 2010 on two-third gender balance

Consequently, the Management is in contravention of the Law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Manual Processing of Salaries

The statement of receipts and payments for the year ended 30 June, 2019 reflects compensation of employees of Kshs.240,511,732. However, a review of the Integrated Personnel and Payroll Database (IPPD) reports and related records indicated that an amount of Kshs.8,483,723 relating to salaries paid to some MCAs was manually processed and paid since the same members had not been defined in IPPD.

Manual processing and payment of salaries exposes the transactions to manipulations due to control weakness in the processes.

2.0 Lack of Information, Communication and Technology (ICT) Environment

A review of the County Assembly's ICT environment revealed that the County Assembly had not established IT Steering Committee and had no approved ICT policy.

In the absence of an IT Steering Committee and ICT policy, prevention of loss of data or recovery of lost data or sensitive information may be difficult or impossible.

3.0 Lack of Audit Committee

The Management has not established an Internal Audit Committee. As a result, there is no developed process of deliberating on audit findings or discussion on the internal audit reports from the Internal Audit Unit.

In the circumstances, I am unable to determine whether the County Assembly has put in place policies and procedures to ensure effectiveness of internal control to ensure that public resources are utilized for the intended purpose.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Assembly 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 overall 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

07 April, 2021

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2019

		2018/19	2017/18
	Note	KShs	KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	673,982,444	541,730,108
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**673,982,444**	**541,730,108**
PAYMENTS			
Compensation of Employees	4	240,511,732	197,117,769
Use of goods and services	5	330,523,716	266,111,285
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Acquisition of Assets	10	93,568,589	63,810,076
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**664,604,037**	**527,039,130**
SURPLUS/DEFICIT		**9,378,407**	**14,690,978**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19/11/ 2019 and signed by:

Clerk of the Assembly
Dr. Hamisi Bweni Dzila

Director, Finance Office – County Assembly
CPA Ziro Philip - ICPAK No: 20407

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2019

		2018/19	2017/18
FINANCIAL ASSETS	**Note**	**KShs**	**KShs**
Cash and Cash Equivalents			
Bank Balances	13A	36,624,992	47,703,617
Cash Balances	13B	-	-
Total Cash and cash equivalents		**36,624,992**	**47,703,617**
Accounts receivables	14	4,455,821	185,000
TOTAL FINANCIAL ASSETS		**41,080,812**	**47,888,617**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	36,624,992	34,249,989
NET FINANCIAL ASSETS		**4,455,821**	**13,638,628**
REPRESENTED BY			
Fund balance b/fwd	16	(4,922,586)	(1,052,351)
Surplus/Deficit for the year		9,378,407	14,690,978
NET FINANCIAL POSITION		**4,455,821**	**13,638,627**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19/11/ 2019 and signed by:

Clerk of the Assembly
Dr. Hamisi Bweni Dzila

Director, Finance Office – County Assembly
CPA Ziro Philip - ICPAK No: 20407

5.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2018/19 KShs	2017/18 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	673,982,444	541,730,108
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	(240,511,732)	(197,117,769)
Use of goods and services	5	(330,523,716)	(266,111,285)
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Finance Costs	11	-	-
Other Payments	12		-
Adjusted for:			
Adjustments during the year: Changes in Receivables	14A	(4,270,821)	241,000
:Changes in Payables	15A	2,375,003	2,278,043
:Return to CRF	16A	(18,561,214)	
Net cash flows from operating activities		**82,489,964**	**81,020,097**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(93,568,589)	(63,810,076)
Net cash flows from investing activities		**(93,568,589)**	**(63,810,076)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(11,078,625)**	**17,210,021**
Cash and cash equivalent at BEGINNING of the year	17	**47,703,617**	**30,493,595**
Cash and cash equivalent at END of the year		**36,624,992**	**47,703,616**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19/11/ 2019 and signed by:

Clerk of the Assembly
Dr. Hamisi Bweni Dzila

Director, Finance Office – County Assembly
CPA Ziro Philip - ICPAK No: 20407

5.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED
FOR THE YEAR ENDED JUNE 30, 2019

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization difference
	KShs	KShs	c=a+b	d	e=d-c	KShs
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	789,331,765	25,225,200	814,556,965	673,982,444	(140,574,521)	83%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
TOTAL	**789,331,765**	**25,225,200**	**814,556,965**	**673,982,444**	**(140,574,521)**	**83%**
PAYMENTS						
Compensation of Employees	219,256,176	23,780,795	243,036,971	240,511,732	(2,525,240)	99%
Use of goods and services	282,021,677	51,184,000	333,205,677	330,523,716	(2,681,961)	99%
Subsidies	-	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	-	
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	288,053,912	(49,739,595)	238,314,317	93,568,589	(144,745,728)	39%
Finance Costs	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTAL	**789,331,765**	**25,225,200**	**814,556,965**	**664,604,037**	**(149,952,928)**	**82%**
SURPLUS/ DEFICIT	-	-	-	9,378,407	9,378,407	

Commentary on changes between the original and final budget

a) The changes between the original and final budget was as a result of supplementary budget done during the cause of the year.

The entity financial statements were approved on 19/11/ 2019 and signed by:

Clerk of the Assembly
Dr. Hamisi Bweni Dzila

Director, Finance and Accounts – County Assembly
CPA Ziro Philip - ICPAK No.: 20407

5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED JUNE 30, 2019

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilisation difference
	a	b	c=a+b	d	e=d-c	
RECEIPTS						
Transfers from the County Treasury/ Exchequer Releases	559,534,853	25,225,200	584,760,053	584,760,047	(6)	100%
Proceeds from Sale of Assets	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
TOTAL	**559,534,853**	**25,225,200**	**584,760,053**	**584,760,047**	**(6)**	**100%**
PAYMENTS			-			
Compensation of Employees	219,256,176	23,780,795	243,036,971	240,511,732	(2,525,240)	99%
Use of goods and services	282,021,677	51,184,000	333,205,677	330,523,716	(2,681,961)	99%
Subsidies	-	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	-	
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	58,257,000	(49,739,595)	8,517,405	8,516,500	(905)	100%
Finance Costs			-	-	-	
Other Payments			-	-	-	
TOTAL	**559,534,853**	**25,225,200**	**584,760,053**	**579,551,948**	**(5,208,105)**	**99%**
Surplus/ Deficit	-	-	-	5,208,099	5,208,099	

(a) The significant increase in the budget by Kshs 25,225,200 was as a result of supplementary in order to conform to County Allocation of Revenue Act (CARA) set ceilings.

The entity financial statements were approved on 19/11/ 2019 and signed by:

Clerk of the Assembly
Dr. Hamisi Bweni Dzila

Director, Finance Office – County Assembly
CPA Ziro Philip - ICPAK No.: 20407

5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED JUNE 30, 2019

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance difference	% Utilization difference
	KShs	KShs	c=a+b	d	e=d-c	KShs
RECEIPTS						
Transfers from the County Treasury/ Exchequer Releases	229,796,912		229,796,912	89,222,397	(140,574,515)	39%
Proceeds from Sale of Assets			-		-	
Other Receipts			-		-	
TOTAL	**229,796,912**	-	**229,796,912**	**89,222,397**	**(140,574,515)**	**39%**
PAYMENTS						
Compensation of Employees			-		-	
Use of goods and services			-		-	
Subsidies			-		-	
Transfers to Other Government Entities			-		-	
Other grants and transfers			-		-	
Social Security Benefits			-		-	
Acquisition of Assets	229,796,912		229,796,912	85,052,089	(144,744,823)	37%
Finance Costs			-		-	
Other Payments			-		-	
TOTAL	**229,796,912**	-	**229,796,912**	**85,052,089**	**(144,744,823)**	**37%**
SURPLUS/ DEFICIT	-	-	-	4,170,308	4,170,308	

(a) Out of the total development budget of Kshs 229,796,912 only Kshs 89,222,397 was received from exchequer.

(b) A significant amount under development had been set aside for construction of ward offices for members of the county assembly. However, there was a challenge of identifying land owned by the county governments within in the respective wards of representation. This caused a delay in the procurement process

The entity financial statements were approved on 19/11/ 2019 and signed by:

Clerk of the Assembly
Dr. Hamisi Bweni Dzila

Director, Finance Office – County Assembly
CPA Ziro Philip - ICPAK No: 20407

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED JUNE 30, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1	-	-	-	-	-
Sub-programme 1			-		-
Sub-programme 2			-		-
Sub-programme 3			-		-
					-
Programme 2	789,331,765	25,225,200	814,556,965	664,604,037	149,952,928
0705023060	532,576,758	- 19,954,521	512,622,237	363,313,105	149,309,132
0705013060	256,755,007	45,179,721	301,934,728	301,290,932	643,796
Sub-programme 3			-		-

5.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer/ County Treasury

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

Other Receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

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

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to KShs 36,624,991.75 compared to KShs 34,063,053 in prior period as indicated on note 13A. There were no other restrictions on cash during the year.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

9. Pending bills

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

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The entity's budget was approved as required by Law .The original budget was approved by the County Assembly on 30th June 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19	2017/18
	KShs	KShs
Transfers from the Exchequer Releases for Aug 2018	59,548,182	75,381,041
Transfers from the Exchequer Releases for sept 2018	10,000,000	6,121,445
Transfers from the Exchequer Releases for Oct 2018	113,472,831	22,491,040
Transfers from the Exchequer Releases for Nov 2018	60,280,927	64,332,210
Transfers from the Exchequer Releases for Dec 2018	85,683,229	52,856,774
Transfers from the Exchequer Releases for Jan 2019	63,247,340	38,967,774
Transfers from the Exchequer Releases for Feb 2019	10,134,323	
Transfers from the Exchequer Releases for Mar 2019	54,145,087	73,085,684
Transfers from the Exchequer Releases for Apr 2019	33,906,833	
Transfers from the Exchequer Releases for May 2019	94,705,320	26,443,455
Transfers from the Exchequer Releases for Jun 2019	88,858,372	182,050,685
Cumulative Amount	**673,982,444**	**541,730,108**

2. PROCEEDS FROM SALE OF ASSETS

	2018/19	2017/18
	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 Commoditie	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

3. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs
Tender fees received	-	-
Other Receipts II	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	103,967,438.35	95,700,084.00
Basic wages of temporary employees	12,940,600.00	9,375,406.00
Personal allowances paid as part of salary	99,241,412.95	74,657,849.00
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	24,362,280.20	17,384,430.00
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	
Total	**240,511,731.50**	**197,117,769.00**

5. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	1,088,945	70,922
Communication, supplies and services	5,109,520	6,875,910
Domestic travel and subsistence	132,929,148	110,650,467
Foreign travel and subsistence	29,297,500	27,188,548
Printing, advertising and information supplies & service	29,251,648	12,485,796
Rentals of produced assets	3,583,000	2,632,000
Training expenses	25,571,601	22,647,128
Hospitality supplies and services	38,884,001	27,784,469
Insurance costs	20,065,730	21,920,331
Specialized materials and services	1,265,404	1,224,925
Office and general supplies and services	6,411,548	1,766,088
Fuel Oil and Lubricants	1,393,698	22,312,349
Other operating expenses	23,011,703	3,588,911
Routine maintenance – vehicles and other transport equ	4,018,657	3,444,476
Routine maintenance – other assets	8,641,613	1,518,966
Total	**330,523,716**	**266,111,285**

6. SUBSIDIES

Description	2018/19	2017/18
	KShs	KShs
Subsidies to County Corporations		
	-	-
	-	-
Subsidies to Private Enterprises		
	-	-
	-	-
TOTAL	-	-

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19	2017/18
	KShs	KShs
Transfers to National Government entities		-
Transfers to other County Assembly entities		-
(insert name of budget agency)		-
TOTAL	-	-

8. OTHER GRANTS AND TRANSFERS

	2018/19	2017/18
	KShs	KShs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	-

These have been classified as pension and other social security contribution in note 4 above.

10. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Buildings		-
Construction of Buildings	33,809,036	47,000,000
Refurbishment of Buildings		-
Construction of Roads		-
Construction and Civil Works		-
Overhaul and Refurbishment of Construction and Civil Works		-
Purchase of Vehicles and Other Transport Equipment		-
Overhaul of Vehicles and Other Transport Equipment		-
Purchase of Household Furniture and Institutional Equipment	833,980	3,566,192
Purchase of Office Furniture and Equipment	7,682,520	-
Purchase of ICT Equipment		-
Purchase of Specialized Plant, Equipment and Machinery		847,000
Rehabilitation and Renovation of Plant, Machinery and Equip.		-
Purchase of Certified Seeds, Breeding Stock and Live Animals		-
Research, Studies, Project Preparation, Design & Supervision		-
Rehabilitation of Civil Works		-
Acquisition of Strategic Stocks and commodities		-
Acquisition of Land		-
Acquisition of Intangible Assets		-
Total purchase of non-financial assets	**42,325,536**	**51,413,192**
Financial Assets		
Domestic Public Non-Financial Enterprises	51,243,053	12,396,884
Domestic Public Financial Institutions	-	-
Total purchase of financial assets	**51,243,053**	**12,396,884**
Total	**93,568,589**	**63,810,076**

11. FINANCE COSTS

	2018/19	2017/18
	KShs	KShs
Bank Charges	-	-
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	-	-

Bank charges have been clustered under other operating costs in NOTE 5 above

12. OTHER PAYMENTS

	2018/19	2017/18
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfers to Private Non-Financial Enterprises	-	-
Total	-	-

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
		KShs	KShs
Central Bank of Kenya A/C No. 1000282568 (Ksh.	Development Acc	-	705,256
Central Bank of Kenya A/C No. 1000241567 (Ksh.	Recurrent Acc	-	7,611,329
Central Bank of Kenya A/C No. 1000282557 (Ksh.	Deposits Acc	36,624,992	34,063,054
Kenya Commercial Bank A/C No. 1142128148 (Ks	Commercial Bank Accs.	-	5,323,978
Total		**36,624,992**	**47,703,617**

13B. CASH IN HAND

	2018/19	2017/18
	KShs	KShs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

Cash in hand should be analysed as follows:

	2018/19	2017/18
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

14. ACCOUNTS RECEIVABLE

	2018/19	2017/18
	KShs	KShs
Government Imprests		-
Tax Notice-KRA	4,119,392	
Staff Advances	336,429	
Other Advances	-	185,000
		-
Total	**4,455,821**	**185,000**

14A. Changes In Receivables

FY 2017/18	185,000
FY 2018/19	4,455,821
(Increse)/Decrease in receivables	**- 4,270,821**

15. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits -Retentions	36,624,992	34,249,989
Retentions		
Total	**36,624,992**	**34,249,989**

15A. Changes In Payables

FY 2017/18	34,249,989
FY 2018/19	36,624,992
Increse/(Decrease) in receivables	**2,375,003**

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

16. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	47,703,617	98,745,317
Cash in hand	-	-
Accounts Receivables	185,000	426,000
Accounts Payables	- 34,249,989	- 31,971,946
Transfers to CRF-KCB Imprest Account	- 6,049,063	- 1,854,197
Transfers to CRF-CBK Recurrent Account	- 7,636,588	- 3,363,176
Transfers to CRF-CBK Development Account	- 4,875,564	- 63,034,349
Total	**- 4,922,586**	**- 1,052,351**

NOTE

Return to CRF during the FY 2018-2019			
	Jun-19	Jul-18	TOTAL
Transfers to CRF-KCB Imprest Account	725,085	5,323,978	**6,049,063**
Transfers to CRF-CBK Recurrent Account	25,259	7,611,329	**7,636,588**
Transfers to CRF-CBK Development Account	4,170,308	705,256	**4,875,564**
	4,920,651	**13,640,563**	**18,561,214**

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Opening bank account balances	47,703,617	98,745,317
Transfers to CRF-KCB Imprest Account		- 1,854,197
Transfers to CRF-CBK Recurrent Account		- 3,363,176
Transfers to CRF-CBK Development Account		- 63,034,349
Others (*specify*)	-	-
Total	**47,703,617**	**30,493,595**

5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
	Kshs	Kshs	Kshs	Kshs
Construction of buildings	136,796,912.20	92,999,999.80	85,052,089.25	144,744,822.75
Construction of civil works				
Supply of goods				
Supply of services				
Total	**136,796,912.20**	**92,999,999.80**	**85,052,089.25**	**144,744,822.75**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
Total				

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total				

4. RELATED PARTY DISCLOSURES

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

- Members of County Assembly;

	MCAs LIST				
s/n	Member	Posistion	s/n	Member	Posistion
1	Mr RUWA Sammy Nyamwawi	Speaker	19	Mr Yusufu Hassan Mubwana	Memebr
3	Mr MWALOVU Andrew Mulei	Deputy Speaker	20	Mr Anthony Oloo Odindo	Memebr
2	Mr OMARI Hamisi Kitengele	Memebr	21	Mr Manza Beja Beny	Memebr
4	Mr CHIREMA Josephat Kombo	Memebr	22	Mr Mwinyi Burudai Mwawandembo	Memebr
5	Mr SWALEHE Bakari Simba	Memebr	23	Ms Hanifa Mwajirani	Memebr
6	Mr NASSORO Bakari Mguttah	Memebr	24	Mr Joseph Kitumbo Ndeme	Memebr
7	Mr YAMA Antony Nyawa	Memebr	25	Ms Elizabeth Mwangolo Ruwa	Memebr
8	Mr NGOME James Dawan	Memebr	26	Ms Sikukuu Bakari Pokea	Memebr
9	Mr Suleiman Salim Nzalla	Memebr	27	Mr Joseph Tsuma Danda	Memebr
10	Mr Mwassera Mwinyi Khalfan	Memebr	28	Mr Hassan Yusuf Mwasipho	Memebr
11	Ms Bintiali Kibamba Hamadi	Memebr	29	Mr JUMA Masudi Ngando	Memebr
12	Ms Mishi Idd Mayumbe	Memebr	30	Mr NYAWA Patrick Mangale	Memebr
13	Ms Fatuma Hamisi Masito	Memebr	31	Ms Melder James Nyakiti	Memebr
14	Ms Teresia Bahati Muoki	Memebr	32	Mr Hamisi Mohamed Omar	Memebr
15	Ms Mwanasiti Saidi Mwadzogolo	Memebr	33	Mr Raia Athman Mkungu	Memebr
16	Ms Mary Charles Kalinga	Memebr	34	Mr Alfred Ruwa Bavu	Memebr
17	Ms Mwanauba Omar Mwaphatsa	Memebr	35	Mr MWERUPHEH Jackson Ndoro	Memebr
18	Ms Bijuma Saphati Mwandotoh	Memebr	36	Ms Celine Natecho Victory	4th Member of the Board
			37	Mr Hamisi M Mwakaribu	5th Memebr of the Board

- Key management personnel that include the Clerk of the Assembly and heads of departments;

1	Dr. Hamisi Bweni Dzila	CLERK
2	Mrs MWALUPA Fatuma Hassan	DEPUTY CLERK
3	CPA. ZIRO Philip Wanje	HOD – FINANCE
4	Mrs NDIRANGU Mercy Ruth Murugi	HOD – HANSARD
5	Miss WAWERU Lucy M	HOD – LEGAL
6	Mr MANGALE Dickson Nyundo	Ag. HOD - INTERNAL AUDIT
7	Mr ZECHA Joseph Ruwa	HOD – ICT
8	Mr CHAKA Julius Nyondo	HOD – TRANSPORT
9	Mr GUZO Mwatero	HOD - SERGENT AT ARMS
10	Mr KALU John Genya	HOD – PROCUREMENT
11	Ms KALUNGU Felistus Mwongeli	HOD - HUMAN RESOURCE

- The County Executive;
- County Ministries and Departments;
- Other County Government entities including corporations, funds and boards;
- The National Government;
- Other County Governments; and

Related party transactions:

	2018- 2019	2017- 2018
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and th	96,891,833	76,773,756.00
Key Management Compensation(Clerk and Heads of departments)	19,969,200	20,157,960.00
Total Compensation to Key Management	**116,861,033**	**96,931,716**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes		
Transfers to CRF	4,920,651.00	68,251,722
Total Transfers to related parties	**4,920,651**	**68,251,722**
Transfers from related parties		
Transfers from the County Executive- Exchequer	673,981,354.00	541,730,108
Payments made on behalf of the County Assembly by other Government Agencies		-
Total Transfers from related parties	**673,981,354**	**541,730,108**

Dr. Hamisi Bweni Dzila

Clerk of the County Assembly

Sign.....

Date....19/11/2019.....

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	A	B	c	d=a-c		
Construction of buildings						
AHLIMCO CONSTRUCTION INTL LTD	6,682,821.00		6,682,621.00	200.00	1,512,593.00	
REENAH (K) LTD	6,990,502.00		6,830,501.00	160,001.00	6,990,502.00	
REENAH (K) LTD	6,990,502.00		-	6,990,502.00	6,990,502.00	
KAWANGI CONSTRUCTION CO.	6,508,690.00		4,874,504.95	1,634,185.05	6,508,690.00	
PEMWACO SUPPLIERS	6,861,423.00		4,391,087.00	2,470,336.00	6,861,423.00	
KISUA ENTERPRISES	6,998,152.40		4,350,148.45	2,648,003.95	6,998,152.40	
MAKA BUILDING AND CONST.CO	6,502,093.00		3,902,380.05	2,599,712.95	6,502,093.00	
ALDEM GENERAL SUPPLIERS	6,999,930.00		6,811,429.00	188,501.00	6,999,930.00	
DESMAN ENTERPRISES	6,895,000.00		5,954,021.00	940,979.00	6,895,000.00	
AHLIMCO CONSTRUCTION INTL LTD	6,889,912.80		-	6,889,912.80	6,889,912.80	
REENAH (K) LTD	4,646,612.00		4,646,612.00		4,646,612.00	
MAKA BUILDING AND CONST.CO	58,051,340.00		57,351,834.00	699,506.00	699,506.00	

EXCHANGE INVESTMENT	466,892,170.00		401,653,424.00	65,238,746.00	65,238,746.00	
KENASIA CONSULTANTS COMPANY LTD	1,567,000.00		-	1,567,000.00	1,567,000.00	
PHILLIP'S PLUMBING & ENGINEERING WORKS	1,496,250.00		-	1,496,250.00	1,496,250.00	
REENAH (K) LTD	15,505,882.98		13,069,236.10	2,436,646.88		
ADVANCED ENTERPRISE	11,290,050.00		2,721,708.00	8,568,342.00		
ALDEM GENERAL SUPPLIERS	24,502,434.50		18,521,200.80	5,981,233.70		
RYKAN GENERAL SUPPLIES	9,992,530.00		-	9,992,530.00		
DESMAN ENTERPRISES	9,920,000.00		-	9,920,000.00		
GRAZHEM COMPANY	9,917,272.32		-	9,917,272.32		
SOFLEX AGENCIES	6,896,830.00		2,491,867.90	4,404,962.10		
TAMARAT VENTURES SUPPLIES AND CATERING SERVICES	4,975,000.00		4,975,000.00			
Sub-Total	693,972,398.00		549,227,575.25	144,744,822.75	136,796,912.20	
Construction of civil works						
Sub-Total	0		0	0	0	
Supply of goods						

Sub-Total	0		0	0	0	
Supply of services						
Sub-Total	0		0	0	0	
Grand Total	693,972,398.00		549,227,575.25	144,744,822.75	136,796,912.20	

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		A	B	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
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 2018/19	Outstanding Balance 2017/18	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							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land	22,900,000				22,900,000
Buildings and structures	521,096,868	85,052,089			606,148,957
Transport equipment	27,380,048				27,380,048
Office equipment, furniture and fittings	5,005,662	4,731,500			9,737,162
ICT Equipment	8,557,964	3,785,000			12,342,964
Machinery and Equipment	5,434,133				5,434,133
Other assets	12,686,213				12,686,213
Intangible assets					-
Total	**603,060,888**	**93,568,589**	-	-	**696,629,477**

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	*KShs*	*KShs*
William Mjape-Salary advance		15,000		15,000
Hon Hamisi Omari Mohamed-Salary Advance		100,000	28,571	71,429
Hon Joseph Kitumbo-Salary Advance		100,000		100,000
Hon. Antony Yama-Salary Advance		150,000		150,000
				-
				-
Total		365,000	28,571	336,429