REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY GOVERNMENT OF KWALE

FOR THE YEAR ENDED 30 JUNE 2015

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY GOVERNMENT OF KWALE FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Government of Kwale set out on pages 6 to 38, which comprise, statement of assets and liabilities as at 30 June 2015, the statement of receipts and payments, statement of cash flows, 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 8 of the Public Audit Act, 2003.

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 4 of the Public Audit Act, 2003.

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 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting 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. Inaccuracies in the financial statements

The financial statements availed for audit review reflected the following anomalies:

1.1 The comparative figures for the year 2013/2014 reflects total financial assets balance of Kshs.1,244,904,350 whereas the net financial position is reflected as Kshs.1,180,678,006 resulting to unexplained or reconciled variance of Kshs.64,226,344.

1.2 Note 25 to the financial statements reflects a prior year adjustment of Kshs.64,226,344. However, the management did not provide explanation for the adjustment or provide documentary evidence for audit review.

As a result of the above differences, the accuracy, validity and completeness of the statement of assets as at 30 June 2015 could not be confirmed.

2. Compensation of Employees

Included in the statement of receipts and payments for the year ended 30 June 2015 is compensation of employees of Kshs.1,372,390,215 being basic salary of permanent employees out of which Kshs.45,398,882 was paid in respect of special salaries to some of the County staff while receiving their salary. Although the County Government of Kwale indicated that this was payment to staff from health sector recruited under the economic stimulus programme and treated as special salary in the system, no records were produced for audit verification to confirm the criteria used in awarding the special salary to these staff.

Consequently, the propriety of Kshs.45,398,882 paid as special salaries for the year ended 30 June 2015 could not be confirmed.

3. Acquisition of Assets

The statement of receipts and payments reflects an amount of Kshs.1,361,361,204 in respect of acquisition of assets. The following observations were made;

3.1. Refurbishment of Building

Note 18 for the financial statement indicate that this balance includes a negative balance for refurbishment of building of Kshs.2,478,324 whose details and nature was not explained by the management.

3.2. Acquisition of Land

The balance of Kshs.1,361,361,204 reflected under note 18 includes Kshs.6,650,000 being purchase of 3 hectares of land reference Kwale/S.N.KUNDUTSI 'A'/258, of which the County Government did not provide for audit review the details on how the land was identified and procured.

3.3. Procurement of Tree Seedlings

The statement of receipts and payments reflects an amount of Kshs.1,361,361,204 in respect of acquisition of assets. Included in this amount is Kshs.93,005,619 spent on purchase of certified seeds, breeding stock and live animals. Records availed for audit indicated that in this amount is Kshs.8,735,000 spent by the Department of Land, Physical Planning and Natural Resources to purchase 200,000 tree seedlings. The tree planting activity was organized to be done with the guidance of the ward administrators. An audit visit to various ward administration offices during the audit could not physically verify where the seedlings were planted.

Under the circumstances, it has not been possible to confirm the propriety of Kshs.8,735,000 spent on purchase of tree seedlings for the year ended 30 June 2015.

3.4. Proposed Drug Rehabilitation Centre at Kwale

The statement of receipts and payments reflects an amount of Kshs.1,361,361,204 in respect of acquisition of assets. Included in this amount is Kshs.408,261,634 spent on construction of buildings. In this amount is Kshs.15,707,140 spent by the department of community development, Youth and women Empowerment and Social Services in constructing a proposed Drug Rehabilitation Centre. Records availed for audit revealed that a contract to build a proposed Drug Rehabilitation Center was awarded to Ulex Construction Company Limited at a contract sum of Kshs.15,707,140. A project inspection on 28 October 2015 revealed that the roof covering was deep profile nailed to the timber purlins as per the bill of quantities. However the iron sheet gauge was 30 contrary to the requirement of the contract of gauge 28. The Project Architect's statement for payment on account up to 22 October 2015 reveals that the cost of roofing is Kshs.1,658,750.00 which is made up Kshs.450,000 being the cost of iron sheet of gauge 28 among other costs.

Under the circumstance, the propriety of Kshs.450,000 spent on the wrong roofing material could not be confirmed.

3.5. Fixed Asset Register

The financial statements in Annex 4 disclosed a summary of fixed asset register which carried assets acquired during the year and the previous year as a comparative instead of the aggregate assets held by the County as at year end.

Under the circumstances, it has not been possible to confirm the validity, accuracy and completeness of the total expenditure on acquisition of assets amounting to Kshs.1,361,361,204 for the year ended 30 June 2015.

4. Handing Over of Assets and Liabilities from Defunct Authorities

Annex 4 to the financial statements reflect a value of Kshs.1,361,361,204 in respect of assets as at 30 June 2015 and Kshs.613,028,843 for the year 2013-2014 .This excludes assets of unknown value inherited from the defunct local authorities. Although the County availed a handing over report initiated by Transition Authority, this report has not been adopted and therefore, land, motor vehicles and other equipment are excluded from the value of assets as at 30 June 2015.

Consequently, the accuracy and completeness of assets balance in Annex 4 of the financial statements of Kshs.1,361,361,204 as at 30 June 2015 (2013/2014 Kshs.613,028,843) could not be confirmed.

5. Emergency Fund

As previously reported in the year 2013/2014, the County Government of Kwale opened an emergency fund account and transferred Kshs.42,000,000.00 to the Fund as at 30 June 2014. As at 30 June 2015 the Fund was not approved by the County Assembly as required by the Public Finance Management Act 2012, Section 110(1) which states that a county executive committee may, with approval of the county assembly, establish an emergency fund for the county government and the Fund shall consist of money from time to time appropriated by the county assembly to the fund by an appropriation law.

During the financial year the County spent Kshs.11,829,995 from the Emergency Fund without approval from the County Assembly as required by the 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 Government 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.11,829,995 and the accuracy of the fund balance for the year ended 30 June 2015 could not be confirmed.

6. Bank Balances

The statement of financial assets and liabilities reflects bank balances of Kshs.1,356,007,862.90 held in 30 bank accounts as at 30 June 2015. Included in this balance is Kshs.32,341,474.80 held in CBK recurrent account number 1000170441. The reconciliation for this account showed long outstanding unpresented cheques of Kshs.36,844,999 and payments in the bank statements not recorded in cashbook amounting to Kshs.18,467,527. It is not clear and the management has not explained why the stale cheques worth Kshs.36,844,999 were not written back to the cashbook and payments of Kshs.18,467,527 omitted from these financial statements.

Consequently, the validity, accuracy and completeness of the bank balance of Kshs.1,356,007,862.90 as at 30 June 2015 could not be confirmed.

7. Deposits and Retentions

The statement of financial assets and liabilities reflects a balance of Kshs.67,221,200 in respect of deposits and retentions as at 30 June 2015. However, the management did not maintain deposit ledgers to record the retention moneys withheld from the contractors' payments as required by Section 14.8 of the Government Financial Regulations and Procedures which requires opening of deposit ledgers.

Consequently, the accuracy and completeness of deposits and retention balance of Kshs.67,221,200 as at 30 June 2015 could not be confirmed.

8. Pending Bills

Included in the Annex 1 to the financial statements are pending bills of Kshs.1,681,579,752 as at 30 June 2015. The County Government of Kwale did not provide evidence of commitment Invoices, Contract, unpaid certified works in support of the outstanding pending bills.

Further, the pending bills of Kshs.1,681,579,752 compared to cash and bank balance of Kshs.1,432,536,872 results to an over commitment of Kshs.249,042,850.

Consequently the accuracy and completeness of pending bills of Kshs.1,681,579,752 as at 30 June 2015 could not be confirmed.

9. Domestic Travel and Subsistence

Included in note 13 to the financial statement for the year ended 30 June 2015 is an amount of Kshs.225,290,926 in respect of domestic travel and subsistence. Included in this, is an amount Kshs.14,641,326 spent office on hire of taxi. However, records

availed for audit indicated that there was no evidence of contract agreements outlining; the terms of engagements and agreed hire charges. Further, report by the Transport Officer that the Department had no vehicles to warrant hire of transport and evidence of quotations raised were not availed for audit review.

Consequently, it has not been possible to confirm the propriety of Kshs.14,641,326 spent on hire of taxi for the year ended 30 June 2015.

10. Other Expenses

Other expenses as reflected in note 21 to the financial statements for the year ended 30 June 2015 includes domestic accounts amounting to Kshs.202,279,597 out of which expenses totaling to Kshs.15,551,654 under the department of trade and cooperative were charged. Details relating to these expenses were not availed for audit review.

Consequently, it has not been possible to confirm the propriety of expenses amounting Kshs.15,551,654 charged to domestic accounts for the year ended 30 June 2015.

11. Fuel and Motor Vehicle Maintenance

Included in the use of goods and services under fuel and other lubricants of Kshs.80,372,022 in the statement of receipts and payments is an amount of Kshs.24,928,977 incurred by the Department of Infrastructure and Public Works. A review of the motor vehicles and equipment records availed for audit reflected that the Department did not maintain a fuel register and therefore fuel expenses amounting to Kshs.18,994,284 paid for during the year under review could not be confirmed. Further, the Department incurred expenses on maintenance and repairs amounting to Kshs.5,934,693 on various motor vehicles without inspection by the Mechanical Department to establish the repairs required and the estimated cost as required by the Government Financial Regulation and procedures section 19.13 which requires government entities to seek services from other departments. It was also noted that the motor vehicles were not inspected after repairs and no evidence that the specific services had been provided before payment for the service.

Consequently, the propriety of Kshs.24,928,977 spent on fuel and maintenance for the year ended 30 June could not be confirmed.

12. Un-Procedural Procurement of Goods and Service

Included in the use of goods and services under routine maintenance- vehicle and other transport equipment of Kshs.46,308,438 in the statement of receipts and payments in the statement of is an amount of Kshs.2,544,418 incurred by the Department of Agriculture to procure services from various garages. However, no quotations were floated whenever need for these services arose. These contravened Section 88(b) of the Public Procurement and Disposal Act, 2005 which states that a procuring entity may use a request for quotations for a procurement if the procurement is for goods that are readily available and for which there is an established market; and

the estimated value of the goods being procured is less than or equal to the prescribed maximum value for using requests.

Consequently, the propriety of Kshs.2,544,418 spent on various garages could not be confirmed for the year ended 30 June 2015.

13. Contracts Awarded and Signed without Proper Performance Bond

During the financial year under review the County Government awarded various contract to different contractors who had not provided proper performance bond as required by the conditions of contract as summarized below;

	Contractor	Contract Name	Contract Amount	Performance Bond Amount	Excess Payment	Performance Bond Grantor
1	Randley contractors	Opening of Mwanjamba-Mwarogoyo-Boyani Road	4,661,651.	233,082.	50,000	Amaco
2	Alstro Enterprises	renovation of county staff houses	5,643,202.	282,160.	56,000	Amaco
3	Marine contractors	Tiribe-Mabanda-Deri Road	4,454,586.	222,729.	50,000	Amaco
3	Morazu Co Ltd	Mwarutswa-wasaa-kivuleni Rd	4,584,398.	229,219.	50,000	Amaco
	Total		**19,343,838**		**206,000**	

The performance bond required by the conditions of contract was to be 5% of the contract price. Some contractors produced performance bonds of 5% of the contract price but had a condition which stated that the contractor would be liable for the first 20% of any claim or Kshs.50,000 whichever is higher before the bank honored the performance bond. This indicated that the contract was covering 20% or Kshs.50,000 of any claim that was to be made by the County Government in case of non-performance by the contract. The performance bond provided did not cover the 5% of the contract price as required by the conditions of contract before award. It was therefore noted that this contracts were irregularly awarded and contract for the same projects irregularly signed.

In absence of proper performance bond the County may suffer losses in the event that the contractors fail to perform the contracts as stipulated.

14. Scholarships and Other Education Benefits

Included under note 16 to the financial statements is Kshs.285,525,232 in respect of scholarship and other educational benefits. Documents availed for audit indicated that the Department of Education sponsored 68 students to study in India. During the year under review, a total of Kshs.25,742,730.75 was spent. It was observed that the total budget provision for the India sponsorship was not availed for verification. The management failed to provide guidelines and policy documents for students sponsored

abroad. In absence of such guidelines and policy it has not been possible to confirm the cost per student for this sponsorship.

Consequently, the propriety of Kshs.25,742,730 spent on sponsoring students abroad for the year ended 30 June 2015 could not be confirmed.

15.0. Budgetary Control and Performance

During the year under review, the approved budget for Kwale County Government amounted to Kshs.6,519,730,350 with Kshs.2,885,092,886 (44%) allocated to the recurrent expenditure and Kshs.3,634,637,464 (56%) to development. The total budget reflected overall budget absorption of Kshs.4,614,350,439 (72 %) resulting to under absorption of Kshs.1,905,379,912 (28%) as summarized below;

Item	Budgeted Allocation	Actual Expenditure	Budget Utilisation Difference	% of Utilisation
Compensation of Employees	1,413,742,278.00	1,372,390,214.62	41,352,086.38	97%
Use of goods and services	1,550,023,996.00	1,319,700,613.00	230,323,383.00	85%
Subsidies	-	-	-	-
Transfers to Other Government Units	-	-	-	-
Other grants and transfers	344,720,820.00	328,344,411.00	16,376,409.00	95%
Social Security Benefits	10,849,988.00	10,600,762.00	249,226.00	98%
Acquisition of Assets	2,618,085,667.00	1,361,361,205.00	1,205,390,754.00	55%
Finance Costs, including Loan Interest	-			
Repayment of principal on Domestic and Foreign borrowing	-	-	-	0%
Other Payments	582,307,603.00	221,953,234.00	360,354,369.00	38%
TOTALS	**6,519,730,352.00**	**4,614,350,440.00**	**1,905,379,912.38**	**72%**

The under absorption of approved budget is an indication of activities and projects in the annual work–plan not implemented by the County Government which is likely to have negative impact on delivery of goods and services to the residents of Kwale County. Further the county Government of Kwale did not provide a program based

budget for all the department as required by Section 126(i)(c) of the Public Finance Management Act, 2012 which requires program to be delivered with details for each of the program and the budget allocated to the program.

15.1. Development Budget

During the year under review, Kwale County Government had an approved budget of Kshs.3,634,637,464 for development as at the 30 June 2015. The County Government had spent Kshs.1,930,511,222 resulting to under expenditure of Kshs.1,652,902,533 or under absorption of 55% as shown below;

Expense Item	Final Budget	Expenditure	Difference	% of Utilization
Compensation of Employees	-	-	-	0%
Use of goods and services	536,442,216.00	372,450,919.00	163,991,297.00	69%
Interest payments	-	-	-	0%
Subsidies	-	-	-	0%
Transfers to Other Government Units	-	-	-	0%
Other grants and transfers	53,480,820.00	32,399,179.00	21,081,641.00	61%
Social Security Benefits	-	-	-	0%
Acquisition of Assets	2,462,806,825.00	1,303,597,890.00	1,107,875,226.00	55%
Repayment of principal on Domestic and Foreign borrowing	-	-	-	0%
Other Payments	581,907,603.00	221,953,234.00	359,954,369.00	38%
TOTALS	**3,634,637,464.00**	**1,930,511,222.00**	**1,652,902,533.00**	**55%**

From the above table, it is clear that the County Government did not utilize most of the funds allocated resulting to an under absorption of Kshs.1,652,902,533 or 55% which means the County Government did not implement or complete some projects as planned, and hence the intended objectives could not be achieved for the year ended 30 June 2015.

15.2. Recurrent Budget

During the year under review, Kwale County Government allocated Kshs.2,885,092,886 for recurrent expenditure while the actual expenditure amounted to Kshs.2,672,560,785 or 93 % absorption rate as summarized below;

Expense Item	Final Budget	Actual Expenditure	Budget Utilization Difference	% of Utilization
Compensation of Employees	1,413,742,278.00	1,372,390,063.38	41,352,063.38	97%
Use of goods and services	1,013,581,780.00	947,249,694.00	66,332,086.00	93%
Interest payments	-	-	-	0%
Subsidies	-	-	-	0%
Transfers to Other Government Units	-	-	-	0%
Other grants and transfers	291,240,000.00	295,945.232.00	-4,705,232.00	102%
Social Security Benefits	10,849,988.00	10,600,762.00	249,226.00	98%
Acquisition of Assets	155,278,842.00	57,763,315.00	97,515,527.00	37%
Other Payments	400,000.00	.	.	0%
TOTALS	**2,885,092,888.00**	**2,683,949,218**	**201,143,670**	**93%**

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 adversely affect the standards of living of the Citizens of Kwale County.

15.3. Governor's Budget

During the year under review, Kwale County had an approved Governor's budget of Kshs.293,062,115 for both development and recurrent expenditure as shown below;

15.4. Development Budget

The office of the Governor was allocated Kshs.123,925,000 for development during the year under review out of which Kshs.83,925,000 was for construction of county headquarters and 30,000,000 for construction of Governor's residence. As at 30 June 2015 the County Governor had spent total of Kshs.93,925,000 resulting to under expenditure of Kshs.30,000,000 (24%) which was for the Governor's residence and which construction had not started as shown below;

Expense Item	Final Budget	Expenditure	Variance
Construction of County Headquarters	**93,925,000**	**93,925,000**	**-**
Construction of Governors Residence	**30,000,000**	**-**	**30,000,000**
	123,925,000	**93,925,000**	**30,000,000**

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 of the Citizens of Kwale County.

15.5. Recurrent Budget

The County Government of Kwale budgeted Kshs.169,137,115 for the Governor recurrent expenditure while the actual expenditure amounted to Kshs.131,625,891 resulting to under expenditure of Kshs.37,511,215 for the year ended 30 June 2015 as summarized below:

Item	Budget	Actual	Variance
Compensation of Employees	87,345,000	70,105,125	17,239,875
Use of Goods and Services	62,809,323	43,077,206	19,732117
Acquisition of assets	18,982,783	18,443,560	539,223
Total	**169,137,106**	**131,625,891**	**37,511,215**

Although the management explained that the under absorption was due to late disbursement from the National Treasury and the variance for compensation of employees was due to lack of legal frame work for recruiting ward administrators, it is clear that the citizens of Kwale County failed to receive goods and services as envisioned in the plans for the year ended 30 June 2015.

15.6. Revenue Budgeted

During the financial year 2014/2015 Kwale County Government budgeted to collect a total revenue of Kshs.280,000,000 from the local source. Although the County managed to collect Kshs.253,972,260 thereby achieving 91%, it was unable to meet targets on some revenue sources as shown below:

Revenue Source	Actuals	Targets	Under Collection	Over Collection
Land rates	52,515,086.00	94,784,104.00	(42,269,018.00)	
House and stalls rent	1,828,425.00	2,500,000.00	(671,575.00)	
Market fees	3,576,963.00	3,946,060.00	(369,097.00)	
Cess	10,699,930.00	11,618,112.00	(918,182.00)	
Transit Goods	11,192,029.00	12,000,000.00	(807,971.00)	
Auction Fees	6,193,744.00	7,473,040.00	(1,279,296.00)	
Garbage fees	3,017,700.00	3,600,000.00	(582,300.00)	

Single Business	57,223,148.00	46,140,628.00		11,082,520
Royalties	19,455,954.00	19,340200.00		115,754
Advertising	14,849,163.00	13,000,000.00		1,849,163
Parking	6,537,542.00	6,133,160.00		404,382
Revenue From health	51,733,060.00	49,197,440.00		2,535,620
Building Plan	4,632,580.00	3,600,000		1,032,580
Miscellaneous	10,084,816.00	6,275,628.00		3,809,188
Admin	432,120.00	391,628.00		40,492
Total	**253,972,260**	**280,000,000**	**(46,897,439)**	**20,869,699**

From the above analysis, the biggest shortfall in revenue collection is from land rates where under collection was by 45%. The management did not provide satisfactory explanation for the under collection of revenue. The under collection is a pointer to weakness in collection and enforcement of revenue control system. This may negatively affect the service delivery and the planned programs. Further, a report generated from the Laiform System revealed that Kwale County Government is owed a total of Kshs.2.5 billion inform of outstanding rates.

The under collection indicates possible weaknesses in collection and recording of revenue and enforcement of revenue control systems. This may negatively affect effective delivery of goods and services to the citizens of Kwale County.

15.7. Project Implementation

A review of the development budget indicated that a total of Kshs.2,466,280,933 was allocated to ten departments during the year to finance 336 projects in the year 2014/2015. Project implementation status availed for audit verification indicated that the projects were behind schedule and as 30 November 2015 only Kshs.1,168,418,412.82 had been spent on 113 projects, which represent only 47% of the funds allocated as summarised below:

Department	No of Budgeted Projects	Budget	Actual Expenditure	No of Projects implemented	% of Funds used in implementation
		Kshs	Kshs		
Executive	11	186,125,000.00	102,673,754.21	5	55%
Finance and Economic planning	1	57,838,351.22	17,351,505.40	1	30%
Community Development, culture and talent Management	42	301,733,056.00	117,149,248.81	18	39%

Education and Human Resource	98	327,725,000.00	107,194,125.82	3	33%
Water Services	45	402,976,088.60	173,120,087.80	18	43%
Infrastructure Development & Public Works	29	259,469,735.20	105,473,787.98	19	41%
Health Services	26	361,124,631.00	150,561,194.80	6	42%
ICT ,Tourism,	22	88,800,000.00	13,993,725.00	1	16%
Department of agriculture, livestock and fisheries	21	341,486,923.00	325,700,878.00	19	95%
Lands, physical planning and Natural Resources	41	139,002,148.00	55,200,105.00	23	40%
Total	**336**	**2,466,280,933**	**1,168,418,413**	**113**	**47%**

Delayed implementation of projects deny the public goods and services they deserve and due to inflationary factors the projects costs may escalate.

15.8. Physical Verification

Project site verification done in November, February and April 2016 on various dates revealed the following:

No.	Department	Name of the project	Cost (Kshs)	Observation
1.	Community Development, Youth, Women & social services	Construction of Social Hall at Waa/Ng'ombeni	5,591,014.40	Completed
2	,, ,,	Drug Rehabilitation Center Kwale	15,707,140.00	Completed but the Roof covering was deep profile nailed to the timber purlins as per the bill of quantities. iron sheet gauge was 30 contrary to the requirement of the contract of gauge 28

3	,, ,,	Construction of Sports Ground at Mabungo Kinondo Ward	5,596,072.00	Complete although, distance between columns is 6.0m contrary to the contract terms of 4.0 between columns
4	Lands, Physical Planning and Natural Resources'	Tree planting (19 Wards, Nyalani dam, Waa sand quarry)-sampled three wards	10,000,000.00	Tiwi Ward-no records on seedlings received. Ukunda ward-low survival rate. Kinango Ward - low Survival rate
5	Lands, Physical Planning and Natural Resources'	Flood lights Masts (Lungalunga, Kinango, Ndavaya)/ Urban Beautification (3-projects)	8,000,000.00	completed
6	ICT ,Tourism	Tourism marketing and promotion	13,993,725.00	Completed
7	County Assembly of Kwale	Construction of County Assembly Complex	26,258,800.00	ongoing
8	County Assembly of Kwale	Land for Construction of speakers' residence	21,600,000	completed
9	County Assembly of Kwale	Construction of chain link fence and gate at County Assembly Complex	5, 336,058	completed
10	County Assembly of Kwale	Construction of County Assembly Offices	31,434,422.00	ongoing
11	Finance and Economic Planning	Revenue Automation	17,351,505.40	ongoing
12	Executive	Construction of County Headquarters	93,925,000.00	ongoing

13	Infrastructure and public works	Supply & Delivery of Roller	8,000,000.00	Completed - delivered
14	Infrastructure and public works	Supply & Delivery of Low loader	13,700,000.00	Completed - delivered
15	Infrastructure and public works	Supply & Delivery of Water Boozer	6,880,000.00	Completed - delivered
16	Infrastructure and public works	Supply of motor grader	24,590,000.00	Completed - delivered
17	Infrastructure and public works	Dziweni – ndavaya Road	4,658,250.00	Completed
18	Water and decentralization	Ndavaya Borehole water supply Rehabilitation	2,068,280.00	completed
19	Water and decentralization	Gulandze borehole-single tower elevated water tank	2,275,641.00	completed
20	Water and decentralization	Purchase of Drilling Rig machine	35,000,000.00	Completed - delivered

The County Government may not be able to achieve its annual development goals where project implementation schedules are not adhered to. The benefits may not be realized by the intended beneficiaries within the expected time frame.

Disclaimer 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 appropriate audit evidence to provide a basis for an opinion. Accordingly, I do not express an opinion on these financial statement.

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

Nairobi

23 September 2016