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REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF MOMBASA

FOR THE YEAR ENDED 30 JUNE 2016

OFFICE OF THE AUDITOR GENERAL
KENYA NATIONAL AUDIT OFFICE

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COUNTY EXECUTIVE OF MOMBASA-THE EXECUTIVE

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

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1. KEY COUNTY EXECUTIVE OF MOMBASA INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

The *County Executive of Mombasa's* day-to-day management is under the following key organs:

- Office of the Governor including Executive Members;
- Office of the County Secretary;
- Chief officers; and Service Centre managers;
- The Secretary to the County Public Service Board.

(c) Fiduciary Management

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

No.	Designation	Name	Period
1	The Executive Member of finance	Hazel Koitaba	Sept 2014 to Date
2	The Chief Officer Finance	Jonathan Nyongesa	Jan 2015 to Date
3	The Head of Treasury (Accounting)	Nuru Khamis	Feb 2015 to July 2015
4	The Head of Treasury (Accounting)	Ayub Buhiri	August 2015 to Date

(d) Fiduciary Oversight Arrangements

- *Revenue Collection and Management*
- *Expenditure control and Debt Management*
- *Internal Audit and Financial Planning*
- *Safeguarding County Assets*

(e) County Executive of Mombasa Headquarters

Betting and control Building
Near Mombasa Hospital

(f) County Executive of Mombasa Contacts

P.O. Box 90440-80100
Mombasa, KENYA.
Telephone: (254) 41-2311531
E-mail: countysec@mombasa.go.ke
Website: www.mombasacounty.go.ke

(g) County Executive of Mombasa Bankers

1. Central Bank of Kenya

Nkurumah road of Mombasa,
P.O. Box 86372
GPO 80100
Mombasa, Kenya.

2. Kenya Commercial Bank Limited
Treasury Square Branch,
P.O. Box 90254
GPO 80100
Mombasa, Kenya.

3. Cooperative Bank of Kenya Limited
Nkurumah road of Mombasa,
P.O. Box 87771
GPO 80100
Mombasa, Kenya.

4. National Bank of Kenya Limited
Bondeni Branch, Digo Road,
P.O. Box 90363
GPO 80100
Mombasa, Kenya.

(h) Independent Auditors

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.

II. FOREWORD FROM THE EXECUTIVE MEMBER OF FINANCE.

In accordance with section 164. (1) of the Public Management Act 2012, which states that at the end of each financial year the accounting officer of the County Executive Of Mombasa, shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

I am therefore glad to oversee the presentation of the of the final statements for the financial year ended 30 June 2016 which have been prepared in accordance with the accounting standards prescribed and published by the Accounting Standards Board from time to time.

Notable achievements during the Period were: Training and Development of staff through seminars and workshops, Rehabilitating of County Roads, Construction of Early Childhood education Centres and and Equiping of County hospitals.

The Budget implementation challenges of strategic objectives were the balooning wage bill and limited funds to finance it, which hindered timely completion of Key Projects.

On the way forward, the County is enhancing revenue collection through automation to seal leakages and seeking public private partnerships (PPP) to fund development projects.

It's my belief that the annual financial statements presents fairly the state of affairs of the County Executive of Mombasa.

Hazel J. Koitaba
County Executive Committee Member, Finance and Planning

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 which states that at the end of each financial year the accounting officer of the County Executive of Mombasa, shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

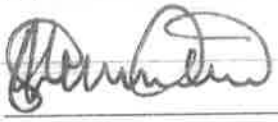
The County Executive Committee (CEC) member for finance of the County Executive Of Mombasa is responsible for the preparation and presentation of the County Executive Of Mombasa's financial statements, which give a true and fair view of the state of affairs of the County Executive Of Mombasa for and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

The CEC member for finance accepts responsibility for the County Executive of Mombasa'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 CEC member for finance is of the opinion that the County Executive of Mombasa's financial statements give a true and fair view of the state of the County Executive of Mombasa's transactions during the financial year ended June 30, 2016, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive Of Mombasa 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 CEC member for finance confirms that the County Executive Of Mombasa has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive Of Mombasa'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 CEC member for finance confirms that the County Executive of Mombasa'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 Executive of Mombasa's financial statements were approved and signed by the CEC member for finance on **27th Sept 2016**.



County Executive Committee member Finance

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Executive of Mombasa set out on pages 6 to 104, which comprise, statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provision of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Basis for Disclaimer of Opinion

1.0 Variances between the Financial Statements and IFMIS

The figures in the financial statements for the year ended 30 June 2016 contained discrepancies amounting to Kshs.6,934,700,068 compared with IFMIS report balances as summarized below:

Details	Financial Statements Amount Kshs.	IFMIS report Amounts Kshs.	Variance Kshs.
Total Receipts	8,791,697,343	0	8,791,697,343
Total Payments	8,513,407,595	7,777,511,116	735,896,479
Net Financial Assets	558,269,778	102,022,685	456,247,093
Receivables	188,398,683	362,697,736	(174,299,053)
Payables	0	16,744,241,930	(16,744,241,930)
Total	**18,051,773,399**	**24,986,473,467**	**(6,934,700,068)**

In view of the foregoing, the accuracy and completeness of these financial statements for the year ended 30 June 2016 could not be confirmed.

2.0 Unsupported Payments

The following payments were not supported with detailed schedules as indicated below:

Item	Amount Kshs
Transfer to County Assembly	474,324,675
Emergency relief	71,188,816
Other payments	1,691,030,711
Total	**2,236,544,202**

In the circumstances, the accuracy and completeness of payments totalling Kshs.3,436,545,139 for the year ended 30 June 2016 could not be confirmed.

3.0 Bank Balances

3.1 Unsupported Bank Balances

The statement of assets as at 30 June 2016 reflects bank balance of Kshs.368,211,091. However, included in the bank balance is an amount of Kshs.281,172,027 being bank balance of twelve bank accounts and whose cashbooks, bank reconciliation statements and bank certificates were not availed for audit review as detailed below:

No.	Name of Bank, Account No.	Account Name	Balance (Kshs.)
I	Kenya Commercial Bank	Renewal Fund	0
Ii	Kenya Commercial Bank	LATF	0
Iii	Eco Bank	Cost Sharing	483,178
Iv	Equity Bank	Mock	624,345
V	Standard Bank	LASDAP	1,064,900
Vi	Co-operative Bank	LATF	21,486
Vii	Equity Bank	Business CA	(3,696)
Viii	Kenya Commercial Bank	Salary control	93,206
Ix	Kenya Commercial Bank	Kenya Road Levy	0
X	Chase bank	Revolving fund	20,000,000
Xi	National Bank	Coast Provincial General Hospital	255,943,802
Xii	National Bank	Free maternity	2,944,806
	Total		**281,172,027**

In the foregoing, the accuracy and completeness of the bank balance of Kshs.368,211,091 as at 30 June 2016 could not be confirmed.

3.2 Defunct Local Authority's Bank Accounts

As reported in the year 2014/2015, a review of the supporting list of bank account balances of Kshs.368,211,091 for the year ended 30 June 2016 revealed that seven (7) bank accounts of the defunct Municipal Council of Mombasa were still operational. This is contrary to Section 119 (2) of the Public Finance Management Act, 2012 which requires each County Treasury to establish a single account at the Central Bank of Kenya or a bank approved by the County Treasury. No proper explanation was given for the anomaly.

3.3 Bank Accounts Operated by Other Entities

Included in the list of banks at Note 22A to the financial statements is Central Bank of Kenya–Mombasa County Assembly Recurrent Account with a balance of Kshs.1,187,540 and Mombasa Alcoholic Drinks Control Account also with a balance of Kshs.14,870,411 all totalling to Kshs.16,057,951. However, audit verifications revealed that the two bank accounts are operated by the County Assembly of Mombasa and Mombasa County Alcoholic Drinks Control Fund which are separate entities from the County Executive. This is contrary to Section 164 (1) of the Public Finance Management Act, 2012 which requires that at the end of each financial year, the accounting officer for a county government entity to prepare financial statements in respect of the entity in formats prescribed by the Public Sector Accounting Standards Board (PSASB).

Consequently, the accuracy and completeness of bank balance amounting to Kshs.368,211,091 as at 30 June 2016 could not be confirmed.

3.4 Non-closure of Bank Accounts in Commercial Banks

As reported in the year 2014/2015, the County Executive operates twenty (20) bank accounts in various Commercial Banks which include the bank accounts for the defunct local authority. As at the time of audit, seventeen (17) bank accounts had not been closed and neither were bank reconciliations submitted to the Office of the Auditor-General as detailed below:

No.	Name of Bank	Account Name	Balance as at 30 June 2016 (Kshs.)
I	Chase Bank	Revolving fund	20,000,000
Ii	Co-operative Bank	LAFT	21,486
iii	Co-operative Bank	LATF	21,486
iv	Co-operative Bank	Imprest	120,757
V	Eco Bank	Cost Sharing	483,000
vi	Equity Bank	Mock	624,000
vii	Equity Bank	Business C/A	(3,696)
viii	Kenya Commercial Bank	Renewal Fund	1,000
Ix	Kenya Commercial Bank	Amanah Institutional	15,267,196
X	Kenya Commercial Bank	MSA Deposit	2,396,223
xi	Kenya Commercial Bank	MSA County Salary Control	93,206
xii	National Bank	Amanah Institutional CA	
xiii	National Bank	Free Maternity Care	2,944,806
xiv	National Bank	Coast Province General Hospital	255,943,802
xv	Standard Bank	LASDAP	1,064,900
xvi	Kenya Commercial Bank	Main	15,479,437
xvii	Kenya Commercial Bank	Kenya Roads Levy	0
	Total		**275,432,945**

This is contrary to the National Treasury Circular No. 14 which required Accounting Officers of the County Government entities to open and operate bank accounts only in Central Bank of Kenya except imprest bank account, revenue bank account and County public fund bank accounts. No proper explanation were provided for the anomaly.

4.0 Outstanding Imprest

The statement of assets as at 30 June 2016 reflects outstanding imprest amounting to Kshs.188,398,683. The audit examination revealed that Kshs.134,855,291 was held as multiple imprest contrary to Section 93 (5) of Public Finance Management Regulations 2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

In the circumstances, the propriety and recoverability of outstanding imprest balance of Kshs.188,398,683 as at 30 June 2016 could not be ascertained.

5.0 Deposits and Retentions

The statement of assets as at 30 June 2016 reflect nil balance in respect of accounts payables – deposits and retentions. However, according to Note 26.3 to the financial statements, a total of Kshs.77,066,296 was deducted as retention fees from various contractors during the financial year. In addition, included in the bank balance of Kshs.368,211,091 under Note.22A to the financial statements is Mombasa deposit bank account with only a balance of Kshs.2,396,223.

In the circumstances, the accuracy and completeness of accounts payables – deposits and retentions nil balance as at 30 June 2016 could not be confirmed.

6.0 Prior Year Adjustments

6.1 Closed Bank Account

Note 27 to the financial statements reflects prior year adjustments totaling Kshs.135,250,923 as at 30 June 2016. Included in the prior year adjustment is Kshs.22,812,080 in respect of closure of KCB LAFT Account. However, there was no evidence of a bank reconciliation prepared at the closure of the bank account and how the balance in the bank account was utilized in line with Section 90(1) of the Public Finance Management Regulations 2015 which requires bank reconciliations for each bank account.

6.2 Imprests

Included in prior year adjustment of Kshs.135,250,923 as at 30 June 2016 at note 27 to the financial statements is Kshs.112,483,343 in respect of imprests. Information availed for audit indicates that the prior year adjustment was passed to expense imprest that was outstanding as at 30 June 2015. However, there was no evidence of full surrender or recovery from each of the outstanding imprest holder as per Section 94 of the Public Finance Management Regulations 2015 which requires that full amount of the imprest be accounted for at all times in cash, stamps, money at bank and completed payment vouchers.

In the circumstances, the accuracy, propriety and completeness of prior year adjustment balance of Kshs.135,250,923 as at 30 June 2016 could not be confirmed.

7.0 Exchequer Releases

The statement of receipts and payments reflects Kshs.5,600,804,835 in respect of exchequer releases for the year ended 30 June 2016. However, according to the Report of the Controller of Budget for the year ended 30 June 2016, exchequer of Kshs.5,600,804,835 include exchequer of Kshs.500 million disbursed to the County Assembly of Mombasa for recurrent expenditure and which was supposed to have been accounted for by the County Assembly separately in line with Section 164 of the Public Finance Management Act, 2012.

In the foregoing, the accuracy and completeness of exchequer releases amounting to Kshs.5,600,804,835 for the year ended 30 June 2016 could not be ascertained.

8.0 Other Receipts

8.1 Rates

According to Note 11 to the financial statements, other receipts balance of Kshs.3,002,077,786 for the year ended 30 June 2016 incudes rents of Kshs.818,985,218. Included in rent of Kshs.818,985,218 is property rates of Kshs.741,389,579. The valuation roll which was used for billing the plot owners had not been updated with new land subdivisions while more than 4,000 plots had been registered in the name of owners who could not be identified.

Consequently, the accuracy and completeness of property rates of Kshs.818,985,218 for the year ended 30 June 2016 could not be confirmed.

8.2 Revenue not Transferred to County Revenue Fund Account - Receipts in LAIFOMS

According to the Local Authorities Integrated Financial and Operations Management System (LAIFOMS) report for the year ended 30 June 2016 availed for audit, total revenue collected amounted to Kshs.2,943,530,686. However, audit verification of transfers of revenue to County Revenue Fund Account revealed that only a total of Kshs.2,562,277,053 was transferred to County revenue account resulting in a balance of Kshs.381,253,633. This is contrary to Section 109 (2) of the Public Finance Management Act, 2012 which requires each County Treasury to ensure all money raised or received by or on behalf of the County Government is paid into the County Revenue Fund account.

Further, out of the Kshs.381,253,633 not transferred to the County Revenue Fund Account, only Kshs.300,447,380 was explained as detailed below:

No.	Location	Amount (Kshs)
1	Cooperative bank collection account – balance as at 30 June 2016	19,554,990
2	KCB I Collection account– balance as at 30 June 2016	7,492,650
3	KCB II Collection account– balance as at 30 June 2016	1,021,799
4	NBK Collection account– balance as at 30 June 2016	15,479,473
5	Collection Commissions and bank charges	51,056,512
6	Cash– balance as at 30 June 2016	1,660,000
7	Coast General Hospital revenue collections	204,181,956
	Total	**300,447,380**

The balance of Kshs.80,806,253 was not reconciled nor explained by the management. The non-compliance with the laws could result to irregular spending of revenue at source.

8.3 Liquor Licensing Revenue

Included in other receipts of Kshs.3,002,077,786 for the year ended 30 June 2016 is revenue collected under Liquor Licensing Act, 2014 which established the Mombasa County Revenue Alcoholic Drinks Control Fund. According to the Act, revenue collected in form of licences and other related fees shall be used to meet for the operations of the fund. Audit review of the fund's bank statements revealed that a total of Kshs.60,026,250 was collected during the period under audit with an expenditure of Kshs.47,709,140.

However, there was no evidence of authority to spend from the Controller of Budget. Although the management argue that the revenue was spent as per the enabling legislation, it was not clear why a legislation was passed that contravenes Article 207 of the Constitution of Kenya which requires all county revenues to be banked intact in revenue bank account. In addition, information availed for audit indicates that the revenue was not receipted through LAIFOMS and therefore it was not explained why the revenue was accounted under County Executive's financial statements.

Further, the Fund's financial statements were not submitted to the Auditor-General in line with Section 116 (7) of the Public Finance Management Act, 2012 which requires the fund administrator to prepare and submit financial statements to the Auditor-General.

As a result, the management was in breach of the law and the accuracy, regularity and completeness of other receipts figure of Kshs.3,002,077,786 for the year ended 30 June 2016 could not be confirmed.

8.4 Multiple Revenue Collection Bank Accounts

As reported in 2014/2015 audit report, the County Government of Mombasa operates four (4) revenue collection bank accounts. Two accounts in KCB, one in National Bank of Kenya and another in the Cooperative bank. It is not clear and the management has not provided justification for operating several revenue collection bank accounts considering the banks have branches in several locations in the county. No proper explanation was provided for the anomaly.

8.5 Cess Collections

Included in other receipts balance of Kshs.3,002,077,786 under Note 11 to the financial statements is receipts from administrative fees and charges of Kshs.2,089,229,196. This includes cess revenue amounting to Kshs.210,494,753. Information availed for audit indicated that cess is collected through Point of Sale system (POS) and paid via Mpesa paybill. However, the reconciliation of the Mpesa statement, the bank account and the POS statement to confirm that all revenue receipted is paid to the Mpesa account was not availed for audit.

In the circumstances, the propriety, accuracy and completeness of cess fees amounting to Kshs.210,494,753 for the year ended 30 June 2016 could not be ascertained.

9.0 Compensation of Employees

The statement of receipts and payments reflect Kshs.3,659,031,312 in respect of compensation to employees for the year ended 30 June 2016. Audit verifications revealed the following:

9.1 Personal Allowances

Included in compensation to employees' figure of Kshs.3,659,031,312 for the year ended 30 June 2016 at Note 12 to the financial statements is personal allowances paid as part of salary of Kshs.1,357,194,489. Audit verifications revealed that this includes a payment of Kshs.50Million to Kenya Revenue Authority for tax arrears. It was not justified why payment of tax arrears had been charged to this vote instead of charging to pending bills vote.

Consequently, the accuracy and completeness of personal allowances paid as part of salary of Kshs.1,357,194,489 for the year ended 30 June 2016 could not be confirmed.

9.2 Compulsory National Health Insurance Schemes

Compensation to employees' figure of Kshs.3,659,031,312 include an amount of Kshs.46,109,888 in respect of compulsory national health insurance schemes which is remittances of employees' contribution to National Health Insurance Fund (NHIF). However, it was not explained why employees' contributions were charged as an expense to the County Executive's books while it is a deduction on employees' gross salary.

In the circumstances, the accuracy, regularity and completeness of compensation to employees amount of Kshs.3,659,031,312 for the year ended 30 June 2016 could not be confirmed.

10.0 Mombasa International Cultural Festival

Included in the use of goods and services figure of Kshs.785,376,273 for the year ended 30 June 2016 at note 13 to the financial statements is printing, advertising and information supplies and services amount of Kshs.54,998,039. Records availed for audit indicate that during the Mombasa International Cultural Festival, car stickers, billboards and fliers costing Kshs.6,500,000, Kshs.3,000,000 and Kshs.3,000,000 respectively were procured through request for quotation which is above the threshold of Kshs.2million contrary to Section 105 of the Public Procurement and Asset Disposal Act, 2015. In addition, audit verifications revealed that payments amounting to Kshs.10,654,298 was paid to various DJs, MCs and other artists through imprest whereas the amount was above the allowed Kshs.30,000 contrary to Section 107 of the Public Procurement and Asset Disposal Act, 2015 on the use of low value procurement procedure.

Further, audit verification of the supplier delivery notes, inspection and acceptance certificates and stores records revealed that car stickers, umbrellas, t-shirts and bill board were delivered after the event had taken place. It was not possible to confirm how the items were utilized.

Consequently, the propriety of expenditure amounting to Kshs.23,154,298 for the year ended 30 June 2016 could not be confirmed.

11.0 Transfers to Other Government Units

Included in transfers to other government units of Kshs.581,324,675 at Note 15 to the financial statements for the year ended 30 June 2016 is transfers to County Assembly amount of Kshs.474,324,675. However, the report of the Controller of Budgets reflect County Assembly's exchequer releases of Kshs.500 Million disbursed through the County treasury resulting in unexplained or reconciled variance of Kshs.25,675,325.

In the foregoing, the accuracy and completeness of the transfers to County Assembly amount of Kshs.474,324,675 could not be confirmed.

12.0 Other Grants and Other Payments

Note 16 to the financial statements reflect amount of Kshs.346,854,712 in respect of other grants and other payments for the year ended 30 June 2016. Included in other grants and other payments figure of Kshs.346,854,712 is other current transfers and grants and other capital transfers and grants of Kshs.178,636,558 and Kshs.91,101,238 respectively. Audit verification of the expenditure revealed the payments were to suppliers of medical supplies, contractors and transfers to Mombasa health bank account. The expenditure therefore does not conform to the presentation prescribed by the Public Sector Accounting Standards Board (PSASB) which requires that expenditure charged under other grants or disbursements to other entities to be accounted for by the recipient entity.

In the circumstances, the accuracy and completeness of other grants and other payments figure of Kshs.346,854,712 for the year ended 30 June 2016 could be confirmed.

13.0 Acquisition of Assets

13.1 Construction of Roads

Included in the balance of acquisition of assets of Kshs.1,449,789,912 for the year ended 30 June 2016 at note 18 to the financial statements is Kshs.591,244,007 for construction of roads. However, audit verification revealed that routine maintenance works for fifteen roads costing Kshs.99,535,675 were not included in the procurement plan contrary to Section 45 (3) of the Public Procurement and Asset Disposal Act,2015 which provides that all procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan. Although the management argues that they were unforeseen expenditure, this may imply that funds for some projects may have been reallocated. In addition, the works were not branded as provided for in projects' bills of quantities.

In the circumstances, the propriety and regularity of the expenditure on roads amounting to Kshs.99,535,675 for the year ended 30 June 2016 could not be confirmed.

13.2 Use of Quotation Method

Included in the acquisition of assets of Kshs.1,449,789,912 for the year ended 30 June 2016 at note 18 to the financial statements is Kshs.136,376,140 and Kshs.52,571,552 for construction and civil works and purchase of office furniture and general equipment respectively. However, audit verifications of the expenditure on construction and civil works and purchase of office furniture and general equipment revealed payments totalling Kshs.28,070,850 for supply of goods and works done through request for quotations whereas the amount was above the threshold as detailed below:

Item	Vote Charged	Threshold Kshs.	Amount (KShs.)
Construction to cabro standard of access road off Turkana Street	Construction and civil works	4 million	4,764,800
Repair works and storm water drainage at Kongowea Market	Construction and civil works	4 million	5,921,050
Supply of 1,000, 150 watts sodium bulbs for street lighting	Purchase of office furniture and general equipment	2 million	12,785,000
Supply of lighting timer controller and universal padlocks	Purchase of office furniture and general equipment	2 million	4,600,000
Total			**28,070,850**

This is contrary to Section 105 of the Public Procurement and Assets Disposal Act 2015 which provides that use of quotations method may only be used if the value of the goods is below Kshs.2 million and works below Kshs.4 million.

In the circumstances, the propriety and regularity of expenditure amounting to Kshs.28,070,850 for the year ended 30 June 2016 could not be ascertained.

14.0 Garbage Collection

Note 21 to the financial statements reflects amount of Kshs.1,619,030,727 in respect of other payments for the year ended 30 June 2016. Included in other payments is Kshs.356,563,897 for other creditors – recurrent which include payments totalling Kshs.82,208,599 in respect of garbage collection as detailed below;

PV	Detail	Amount
200980	Creditor - Recurrent	36,722,600
200869	Creditor - Recurrent	45,485,999
Total		**82,208,599**

Records availed for audit indicates that the County Executive contracted a firm to provide garbage collection and disposal services in the financial year 2014/2015. According to the copy of contract agreement, County Executive was to pay Kshs.48,720 VAT inclusive per 40 tonne truck of garbage.

Information availed revealed the following;

i. There was no weigh bridge at the dumpsite to confirm the weight thus payment was made per trip instead of tonnes;

ii. There was no evidence of a register to confirm the actual trips made per truck per day;

iii. The contract file including the payment vouchers were not verified as it was indicated that they had been taken by the Ethics and Anti-Corruption Commission (EACC).

In circumstances, the propriety and regularity of other payments amounting to Kshs.82,208,599 for the year ended 30 June 2016 could not be ascertained.

15.0 Fixed Asset

As reported in the year 2014/2015, Annex 4 to the financial statements is a summary of fixed asset register which reflects a balance of Kshs.12,386,004,912 as at 30 June 2016 (2014/2015 Kshs.10,936,215,000) indicating an increase of Kshs.1,449,789,912. However, according to note 18 to the financial statements, research, studies, project preparation, design & supervision figure of Kshs.114,003,818 has wrongly been presented as acquisition of assets. In addition, the balances in the Annex 4 were not supported with a fixed asset register contrary to Section 136 (1) of the Public Finance Management Regulations 2015 which require each accounting officer to maintain a register of all assets under his control.

Further, as also reported in the year 2014/2015, log books for vehicles costing Kshs.195,252,031 were not availed for audit verification. The management indicated that the logbooks are still with the suppliers. It was not clear why the suppliers were holding the ownership documents. Further, it was not possible to verify expenditure

amounting to Kshs.77,849,531 under acquisition of assets as the respective payment vouchers were not availed for audit verification.

Consequently, the accuracy, existence and completeness of the assets balance of Kshs,12,386,004,912 as at 30 June 2016 could not be ascertained.

16.0 Defunct Local Authorities' Assets and Liabilities

As reported in the year 2014/2015, Annex 4 to the financial statements reflects cumulative assets amounting to Kshs.12,386,004,912 (2014/2015 - Kshs.10,936,215,000). However, information availed for audit indicates that the defunct Transition Authority verified assets and liabilities of the defunct Municipal Council of Mombasa and issued a report in November 2014. However, no evidence was availed for audit to indicate that the assets and liabilities were handed over to the County Government. It was also observed that the assets and liabilities of the defunct Municipal Council of Mombasa were not included in these financial statements.

Consequently, the accuracy and completeness of the assets and liabilities of the County Executive presented in these financial statements could not be confirmed.

17.0 Pending Bills

17.1 Pending Bills Balance

Note 26.1 to the financial statements reflect pending accounts payable balance of Kshs.1,411,188,865 as at 30 June 2016 (2014/2015: Kshs.1,971,647,728). According to Note 21 to the financial statements, a total of Kshs.1,053,765,654 made up of other creditors – development of Kshs.697,201,757 and other creditors – recurrent of Kshs.356,563,897 was paid to settle pending bills for previous years. However, according to other creditors vote which was used for paying pending bills, the total payments amounted to Kshs.918,244,980 resulting in unreconciled or explained variance of Kshs.135,520,67. It was not possible to confirm which vote the payment of Kshs.135,520,674 was charged. In addition the County Executive does not maintain a register of pending bills.

The County Executive may have irregularly reallocated funds from approved budget lines to pay pending bills contrary to Section 154(1) of the Public Finance Management Act, 2012 which require an Accounting Officer not to authorize the transfer of an amount that is appropriated.

Consequently, the validity and accuracy of pending bills accounts payables balance of Kshs.1,411,188,865 as at 30 June 2016 could not be confirmed.

17.2 Unremitted Taxes

Included in pending bills balance of Kshs.1,411,188,865 under Annex 1 to the financial statements are various taxes amounting to Kshs.313,996,660 due to Kenya Revenue Authority. The taxes relate to Pay as You Earn, VAT and withholding taxes deducted but not remitted to Kenya Revenue Authority. Although the management has been making installment payments, it is not clear and the management has not explained why the taxes were deducted and not remitted to Kenya Revenue Authority on due dates to avoid payment of penalties. Kenya Revenue Authority may take enforcement

measures to recover the unpaid taxes which may affect the operations of the County Government.

The management is therefore in breach of the law.

17.3 Coast General Hospital Bills

As reported in the year 2014/2015, bills amounting to Kshs.132,049,147 maintained by Coast General Hospital were outstanding as at 30 June 2016 (2014/2015 Kshs.164,604,51930). A review of the pending bills revealed that the amount has accumulated since 2007/2008 financial year. In addition, the bills were not included in the outstanding bills of Kshs.1,411,188,865 as reflected in note.26.1 to these financial statements. Suppliers and contractors may stop supplying or rendering goods and services which may affect service delivery at the hospital. In addition, the pending bills may accrue penalties and fines for non-payment.

Consequently, the accuracy and completeness of pending bills balance of Kshs.1,411,188,865 as at 30 June 2016 could not be confirmed.

17.4 Going Concern

The statement of assets as at 30 June 2016 reflects total financial assets of Kshs.558,269,778. However, the total payables as at 30 June 2016 amounted to Kshs.1,488,255,161 as detailed below:

Balance	Amount (Kshs)
Pending bills	1,411,188,865
Accounts payables	77,066,296
Total payables	**1,488,255,161**

This results to an over commitment amounting to Kshs.929,985,383 over and above the County Executive's available funds. This may imply irregular commitment of expenditure outside the budgeted votes which casts doubt on the ability of the County Executive to settle the pending bills. This is contrary to Section 135 (1) of the Public Finance Management Act, 2012 which requires the County Executive not to spend money that has not been appropriated.

In the circumstances, the County may not be able to pay its debts and obligations as when they may fall due.

18.0 Budgetary Controls and Performance

18.1 Budget Absorption

The County Executive of Mombasa had a total budget of Kshs.9,978,786,273 voted for the financial year 2015/2016 comprising of Kshs.3,155,601,368 for development and Kshs.6,823,184,905 for recurrent expenditure. Further, the County Executive's actual expenditure amounted to Kshs.8,513,407,616 or 85% of the voted amount as summarized below:

Item	Budgeted Allocation 2015/2016	Actual 2015/2016	Under Absorption	Absorption in %
Development	3,155,601,368	2,262,592,908	893,008,460	72
Recurrent	6,823,184,905	6,232,446,708	590,738,197	91
Total	**9,978,786,273**	**8,513,407,616**	**1,483,746,657**	**85**

This resulted to an overall under absorption of Kshs.1,483,746,657 or 15%. This means that some of the projects earmarked for development were not implemented during the financial year which may affect goods and service delivery to the residents of Mombasa County. The management should embrace a more realistic budgeting in future and to focus on areas which may require more funding.

18.2 Budget Absorption analysis - Development Vote

Records availed for audit review indicated that out of Kshs.3,155,601,368 under development vote, only Kshs.2,262,592,908 or 72% had been spent leaving a balance of Kshs.893,008,460 or 28% unutilized.

The County Executive of Mombasa has twelve (12) departments and following is the budget performance analysis as at 30 June 2016:

Entity	Approved Estimates (Kshs.)	Expenditure As At 30-06-2016 (Kshs.)	Balance As At 30-06-2016 (Kshs.)	Under-Absorption In %
County Executive	160,163,916	160,163,916	0	0
Public Service Board	2,337,498	2,337,498	0	0
Finance and Economic planning	888,647,234	753,527,977	135,119,257	15
Tourism, Development and Culture	41,928,465	31,069,045	10,859,420	26
Education & Children Services	276,833,101	243,508,957	33,324,144	12
Health Services	359,152,675	255,413,825	103,738,850	29
Water, Environment & Natural Resources	48,272,912	39,957,000	8,315,912	17
Youth, Gender and Sports	106,455,455	72,768,302	33,687,153	32
Trade, Energy and Industry	25,053,500	10,685,850	14,367,650	57
Lands, Planning & Housing	214,967,840	129,917,850	85,049,990	40
Transport and Infrastructure	949,501,972	809,206,763	140,295,209	15
Agriculture, Livestock & Fisheries.	47,286,800	17,664,250	29,622,550	63
Total	**3,155,601,368**	**2,262,592,908**	**893,008,460**	

The above analysis indicates that the County Executive did not utilize a total of Kshs.893,008,460 voted for development. It was also observed that the County departments of Agriculture, Livestock and Fisheries, Trade, Energy and Industry and Lands, Planning and Housing had the highest unutilized development budget of 63%, 57% and 40% respectively.

The management has not explained the failure to utilize all the funds budgeted for development projects. This may be an indication of poor project planning and monitoring which could impact negatively on delivery of goods and services to the residents of Mombasa County. Management may need to re-look at its budget making process with a view of allocating more funds to priority areas.

18.3 Budget Absorption Analysis - Recurrent Vote

Out of the recurrent budget of Kshs.6,823,184,905 available for the year under review, the budget performance analysis is as follows:

Item	Final Budget 2015-2016 (Kshs.)	Actuals 2015-2016 (Kshs.)	Under Expenditure (Kshs.)	Over Expenditure (Kshs.)	%
Compensation of Employees	3,920,582,079	3,659,031,312	261,550,767		93
Use of Goods and Services	1,313,648,069	785,376,278	528,271,791		60
Transfers Other Government Units	684,379,916	474,324,675	210,055,241		69
Subsidies	820,000	0	820,000		0
Other grants and transfers	556,804,108	255,753,474	301,050,634		46
Other Expenses	346,950,733	1,076,328,970	0	729,378,237	210
Total	**6,823,184,905**	**6,232,446,708**	**1,301,748,433**	**729,378,237**	

In overall, the County Executive under spent by a total of Kshs.1,301,748,433 or 19% of the total budget. The County overspent on other expenses by Kshs.729,378,237 or 210% and did not avail for audit the prior approval for the over expenditure which could be an indication of unauthorized reallocation of funds contrary to the Public Finance Management Act, 2012.

In addition, the County Executive allocated Kshs.820,000 for subsidies which was not utilized by the end of the financial year. This is an indication of improper planning. Management may need to re-think on its budget making process with a view to focusing on more deserving areas.

18.4 Under collection of revenue

The statement of receipts and payments for the year ended 30 June 2016 reflects other receipts of Kshs.3,002,077,786. However, according to the approved budget, the County expected to collect Kshs.5,121,608,000 thus leading to a deficit of Kshs.2,119,530,214 or 41%. Further, audit analysis revealed reduction in revenue on the comparison with the revenue collected in 2014/2015 financial year.

Revenue Source	2015/2016 (Kshs.)	2014/2015 (Kshs.)	Reduction (Kshs.)	% Reduction
Rents	818,985,218	946,243,758	127,258,540	13
Other property income	53,970,326	70,368,216	16,397,890	23
Other miscellaneous revenue	15,945,236	18,381,403	2,436,167	13
Total	**888,900,780**	**1,034,993,377**	**146,092,597**	**14**

Although the management has attributed the reduction on none collection of rent from houses identified for demolition, this is an indication of possible revenue leakages or inefficient revenue collection systems contrary to Section (157) (2) of the Public Finance Management Act, 2012 which requires that the receiver of County Government revenue to ensure that the revenue for which the receiver is responsible is collected or recovered, and is accounted for.

Consequently, the County Executive may not fully finance its budget activities which may affect service delivery to its residents.

18.5 County Executive

According to the 2015/2016 approved budget, the County Executive department was allocated a total budget of Kshs.879,688,663 comprising of Kshs.160,163,916 for development expenditure and Kshs.719,524,747 for recurrent expenditure. Under the development vote, the department utilized Kshs.160,163,916 (100% of the budget) as shown below:

Budget Vote	Actual Expenditure (Kshs)
Non-Residential Buildings	
Refurbishment of Buildings	29,958,456
Purchase of Office Furniture and General Equipment	3,445,485
Purchase of Motor Vehicles	12,796,235
Purchase of Police and Security Equipment	20,300,000
Purchase of ICT and Software	20,384,799
Purchase of equipment	18,292,844
Total	**160,163,916**

It is not clear and the management has not explained how the actual expenditure of Kshs.160,163,916 resulted to a similar amount of Kshs.160,163,916 reflected in the budget for the year ended 30 June 2016.

The following were additional observations:

i. Expenditure on Non-Residential Buildings relates to the renovation and extension of the Governor's office at initial contract cost of Kshs.89,785,290 with expected completion date of 2 May 2016. However, audit verifications revealed that the project had been extended twice resulting in a revised cost of Kshs.106,691,659. The County may have to wait longer to realize value for money from the project;

ii. Expenditure of Kshs.20,384,799 on ICT was for 2014/2015 telephone networking project. However, as at the time of audit, the project had not been fully implemented as some locations including Kongowea market and Mwembe Tayari had not been networked as per project plan.

This is an indication of weaknesses in project planning and implementation which may affect public service delivery.

18.6 Office of the Governor

The Governor was allocated Kshs.295,130,000 as analysed below:

Budget Vote	Budget Amount (Kshs.)	Actual Expenditure (Kshs.)	Under-Absorption (Kshs.)	Over-Absorption (Kshs.)
Utilities Supplies and Services	7,680,000	5,497,740	2,182,260	0
Communication, Supplies and Services	5,200,000	897,520	4,302,480	0
Domestic Travel and Subsistence, and Other Transportation Costs	14,750,000	28,000,000	0	13,250,000
Foreign travel	38,000,000	40,649,543		2,649,543
Printing	14,500,000	3,869,460	10,630,540	0
Rental	16,500,000	4,927,550	11,572,450	0
Training	10,000,000	3,918,489	6,081,511	0
hospitality	48,000,000	34,524,241	13,475,759	0
Fuel	68,000,000	10,764,551	57,235,449	0
Other grants	5,000,000	0	5,000,000	0
Refurbishment of buildings	52,000,000	29,958,456	22,041,544	0
Purchase of furniture	15,500,000	6,020,249	9,479,751	0
Total	**295,130,000**	**169,027,799**	**135,517,004**	**15,899,543**

The total budget underutilization was Kshs.135,517,004 representing 46% of the department's budget. The underutilization of the funds may have impacted negatively on the delivery of goods and services to the public.

There was also an over expenditure of Kshs.15,899,543 or 5% and whose approval was not availed for audit review.

19.0 Project Verification

Project status report availed for audit reflected the following;

No.	Project Name	Contract Sum Kshs	Project Status/ Completion
1	Installation of Gulley pots & Covers along Digo road and Abdel Nasser roads	14,342,387.40	50%
2	Proposed Expansion of a section of Links road & Mamba Round About Improvement – Nyali	49,493,072.20	20%
3	Construction of Drainage works at Sisi Kwa Sisi	18,204,010.00	90%

No.	Project Name	Contract Sum Kshs	Project Status/ Completion
4	Drainage behind Ratina square	9,053,715.00	45%
5	Dredging of Mtopanga river starting Kiembeni Junction	22,618,692.80	45%
6	Drainage improvement at Makaburini-Kongowea	30,322,314.00	50%
7	Shiva corner and East African Packaging storm water drainage improvement	8,807,121.00	50%
8	Construction of Hassan Joho Girls- Utalii Village Road to cabrostandard	61,447,666.50	50%
9	Construction of Majaoni- Kashani access road	56,541,110.45	50%
10	Completion of shell Beach-Likoni approved school (A14)	29,293,976.80	70%
11	Improvement of Access road to Mtongwe Ferry	13,631,366.00	50%
12	Construction of Kwabhulo road Kadzandani ward	44,091,161.00	60%
13	Construction of Kadzonzo road Junda ward	36,384,919.01	50%
14	Construction of Mwagosi - Bokole Access to Cabro Standard	41,113,199.60	50%
15	Reconstruction of Exit road from Kongowea Market	18,132,568.30	95%
16	Construction of Jomo Kenyatta Beach Access road, walkways and parking area	49,912,766.00	30%
17	Improvement of Acess road connecting Academy and Sea Horse Village	5,994,200.00	50%
18	Installation of Gulley pots & Covers along Digo road and Abdel Nasser roads	15,739,387.40	50%
19	Renovation and extension of Governor's office	89,785,290	
21	Shika Adabu Sub-county Hospital	55,827,355	35%
22	Mtongwe Sub-county Hospital	56,391,421	40%
23	Marimani Sub-county Hospital	53,609,243	35%
24	Vikwatani Sub-county Hospital	54,031,377	45%
25	Improvement of County Stadium	61,290,854	40%
26	Early Childhood Development Centre - Chaani	27,909,180	66%
27	Early Childhood Development Centre – Kwa Jomvu	28,067,230	100%
28	Early Childhood Development Centre - Longo	27,671,971	66%
29	Early Childhood Development Centre - Likoni	27,012,445	90%
30	Early Childhood Development Centre – Kadzandani	29,106,650	99%
31	Early Childhood Development Centre -	28,836,930	90%

No.	Project Name	Contract Sum Kshs	Project Status/ Completion
	Utange		
32	Early Childhood Development Centre – Digirikani	26,264,610	55%
33	Early Childhood Development Centre – Buxton	19,250,843	92%
34	Mwakirunge II replacement of beacons	2,157,750	30%
35	Preparation of Mombasa integrated strategic urban development plan	22,000,000	100%
36	Rehabilitation and cleaning of septic tanks and sewers at Khadija, Mzizima,	14,248,920	100%
37	Preparation of County Valuation roll	35,000,000	90%
38	Shika Adabu Sub-County Hospital	6,261,507	35%
39	Renovation of Mikindani Social Hall	5,393,580	100%
40	Renovation of Tononoka Social Hall	12,033,050	60%
41	Uwanja Wa Mbuzi Kongowea	66,270,664	80%
42	Renovation of ASK show stand	10,000,000	100%
43	Mombasa women dairy goat project	12,000,000	10%
44	Indigenous poultry development	3,318,984	62%
45	Purchase of tree seeds and seedlings	2,100,000	52%

19.1 Construction of ECDs Schools

The Department of Education undertook construction of eight Early Childhood Development Centres (ECDs) in eight locations in the financial year 2014/2015 at a total cost of KShs.214,173,840. The contract duration was 32 weeks, which commenced in January 2015 and expected to have been completed in September 2015. However, as at the time of this audit in January 2017, only one ECD at Kwa Jomvu had been completed while the remaining seven were at various stages of completion, sixty (60) weeks after the end of the official date of completion. It was also observed that the contract extension resulted into total price variation increase of Kshs.16,721,413 which could have been saved had the projects been completed as scheduled. This is an indication of poor project management which has led to cost escalations.

19.2 Renovation of Mombasa County Stadium

The project for the renovation of Mombasa County Stadium by the department of Youth at a cost of Kshs.61,290,854.90 commenced on 15 December 2015 with contract period of 5 months expected to have been completed on 15 May 2016. A total of Kshs.27,454,820 was paid towards the project in the year under review. However, during physical verification, it was observed that the project is yet to be completed despite expiry of the contract period.

19.3 Renovations and extension of Governor's office building

The project was awarded at a contract price of Kshs.89,785,290. Review of the file revealed that the work commenced on 2 November 2015 and the expected time of completion was 2 May 2016. However, audit verifications revealed the following:

i. The completion date was extended twice to 2 August 2016 and finally to February 2017.

ii. The contract price was revised upwards to Kshs.106,691,659.55 being an increase of Kshs.16,906,369.55 from the original contract price.

iii. Further, review of the contract as at June 2016 reflected that Kshs.51,599,109.50 had been paid to the contractor.

Consequently, the residents of Mombasa County will have to wait longer to realize value for money from the project.

19.4 Supply, Installation, Testing and Commissioning and ICT Security Solution

The department allocated Kshs.93,559,999 during the financial year 2014/2015 for supply, installation, testing and commissioning of ICT communication and security solution that was expected to be implemented in various operational locations of the County Government including Head Office, Governor's Office, Shimanzi, Uhuru na Kazi, Coast General Hospital, Fire Station, Inspectorate, Public Health, Mwembe Clinic, Bima Towers, Ganjoni Health Centre, Betting Control, Kongowea Market and Likoni Sub-County Offices. Full project cost was paid in 2015/2016.

Out of the fourteen (14) locations where the system was to be installed, the system was not operational in five (5) locations including public health office, Mwembe Clinic, Ganjoni Health Centre, Kongowea Market and Likoni.

In the foregoing circumstances, the residents of Mombasa County may take longer to realize value for money from the project.

19.5 Projects not Started

Records availed for audit revealed that the following nineteen (19) projects with a total budget of Kshs.315,007,340 had not commenced as at 30 June 2016:

No.	Project Name	Contract Sum (Kshs.)
1	Preparation of three satellite cities plan	5,000,000
2	Preparation of county housing policy	5,000,000
3	Construction of Changamwe Sub-county Hospital	53,498,840
4	Bomu Changamwe grounds	23,076,758
5	Peleleza Likoni grounds	85,331,742
6	Chaani Social Hall	3,600,000
7	Likoni Social Hall	2,900,0000
8	Frere Social Hall	4,900,000
9	Kisauni Social Hall	6,900,000
10	Tudor Social Hall	6,200,000
11	3 football grounds	32,000,000
12	Fisheries infrastructure	6,500,000
13	Purchase of certified seeds	2,000,000
14	Renovation of Makupa slaughterhouse	8,000,000
15	Construction of fire hydrants at Kongowea Market	5,000,000

16	Drilling of water borehall at Kongowea Market	10,000,000
17	Rehabilitation of market offices at Kongowea Market	2,000,000
18	Upgrading of Perimeter at Kongowea Market	2,000,000
19	Purchase of standards and testing for weights and measures	25,000,000
	Total	**315,007,340**

It is not clear and the management has not explained why the approved projects had not been undertaken within the financial year. This is a clear indication of lack of focus in planning and which may lead to poor service delivery to the people of Mombasa County.

19.6 Stalled Projects

Audit inspection of sampled projects revealed that the following projects had stalled:

No.	Project	Cost	Inspection Observations
1	Construction/Extension of Revenue office at Shimanzi	11,000,000	Contractor not on site
2	Parking and open public space improvement (Mwabundu road)	34,788,644	Contractor and machinery not on site Hips of soil excavated not removed Mechanics have returned to the site
3	Construction of Jomo Kenyatta Beach Access road, walkways and parking area	49,912,766.	No substantial work done although work had started after the visit It was indicated that the contractor had been blocked by beach operators
4	Reconstruction of Exit road from Kongowea Market	18,132,568	The National Government had constructed a foot-bridge in the middle of the road rendering the exit impassable by motorists
	Total	**113,833,978**	

The public may not benefit from the intended services from the incomplete projects. Further, public funds amounting to Kshs.113,833,978 may go to waste if measures are not put in place to revive the projects and implementation fast tracked in the next financial year.

It may also be an indication of lack of public participation before a project is implemented which leads to lack of ownership of such projects contrary to Section 115.(1) of the County Government Act, 2012 which demands public participation in the county planning processes. In addition, most of the projects were not branded and it was therefore not possible to confirm whether the projects were funded by the County Government or another government agency.

Disclaimer of Opinion

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

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

Nairobi

30 August 2017

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1		
Social Security Contributions	2		
Proceeds from Domestic and Foreign Grants	3		
Exchequer releases	4	5,600,804,835	4,748,690,119
Transfers from Other Government Entities	5	188,814,722	
Proceeds from Domestic Borrowings	6		
Proceeds from Foreign Borrowings	7		
Proceeds from Sale of Assets	8		
Reimbursements and Refunds	9		
Returns of Equity Holdings	10		
Other Receipts	11	3,002,077,786	2,485,055,458
TOTAL RECEIPTS		**8,791,697,343**	**7,233,745,577**
PAYMENTS			
Compensation of Employees	12	3,659,031,312	3,829,416,806
Use of goods and services	13	785,376,273	1,598,853,793
Subsidies	14		
Transfers to Other Government Units	15	581,324,675	
Other grants and transfers	16	346,854,712	83,768,000
Social Security Benefits	17		
Acquisition of Assets	18	1,449,789,912	1,452,024,710
Finance Costs, including Loan Interest	19		7,037,480
Repayment of principal on Domestic and Foreign borrowing	20		47,713,000
Other Payments	21	1,691,030,711	
TOTAL PAYMENTS		**8,513,407,595**	**7,018,813,788**
SURPLUS/DEFICIT		**278,289,748**	**214,931,788**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive of Mombasa financial statements were approved on **27th Sept 2016** and signed by:

Chief Officer

Head of Treasury

II. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	368,211,091	299,127,856
Cash Balances	22B	1,660,005	3,666,755
Total Cash and cash equivalent		**369,871,095**	**302,794,611**
Accounts receivables – Outstanding Imprests	23	188,398,683	112,438,343
TOTAL FINANCIAL ASSETS		**558,269,778**	**415,232,954**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24		
NET FINANCIAL ASSETS		**558,269,778**	**415,232,954**
REPRESENTED BY			
Fund balance b/fwd	25	415,230,953	200,301,166
Surplus/Deficit for the year		278,289,748	214,931,788
Prior Adjustment	27	(135,250,923)	
NET FINANCIAL POSITION		**558,269,778**	**415,232,954**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive of Mombasa financial statements were approved on **27th Sept 2016** and signed by:

Chief Officer

Head of Treasury

III. STATEMENT OF CASHFLOW

		2015 - 2016 Kshs	2014-2015 Kshs
Receipts for operating income			
Tax Revenues	1		
Social Security Contributions	2		
Proceeds from Domestic and Foreign Grants	3		
Exchequer Releases	4	5,600,804,835	4,748,690,119
Transfers from Other Government Entities	5	188,814,722	
Reimbursements and Refunds	9		
Returns of Equity Holdings	10		
Other Revenues	11	3,002,077,786	2,485,055,458
Payments for operating expenses			
Compensation of Employees	12	(3,659,031,312)	(3,829,416,806)
Use of goods and services	13	(785,376,278)	(1,598,853,793)
Subsidies	14		
Transfers to Other Government Units	15	(581,324,675)	
Other grants and transfers	16	(346,854,712)	(83,768,000)
Social Security Benefits	17		
Finance Costs, including Loan Interest	19		(7,037,480)
Other Expenses	21	(1,691,030,711)	
Adjusted for:			
Decrease/(Increase) in Imprests		(75,960,340)	(112,438,343)
Prior Year Adjustments	27	(135,250,918)	
Net cash flow from operating activities		**1,516,868,397**	**1,602,231,156**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8		
Acquisition of Assets	18	(1,449,789,912)	(1,452,024,710)
Net cash flows from Investing Activities		**(1,449,789,912)**	**(1,452,024,710)**
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6		
Proceeds from Foreign Borrowings	7		(47,713,000)
Repayment of principal on Domestic and Foreign borrowing	20		**(47,713,000)**
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		**67,078,485**	**102,493,446**
Cash and cash equivalent at BEGINNING of the year	25	302,792,611	200,299,165
Cash and cash equivalent at END of the year		**369,871,096**	**302,792,611**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive of Mombasa financial statements were approved on **27th Sept 2016** and signed by:

Chief Officer

Head of Treasury

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	5,600,804,835	0	5,600,804,835	5,600,804,835	0	100%
Transfers from Other Government Entities	318,729,425	0	318,729,425	188,814,722	129,914,703	59%
Other Receipts	4,976,979,904	(917,727,891)	4,059,252,013	3,002,077,786	1,057,174,227	74%
TOTAL RECEIPTS	10,896,514,164	(917,727,891)	9,978,786,273	8,791,697,343	1,187,088,930	88%
PAYMENTS						
Compensation of Employees	3,785,273,420	135,308,659	3,920,582,079	3,659,031,312	261,550,767	93%
Use of goods and services	2,000,070,796	(686,422,727)	1,313,648,069	785,376,278	528,271,791	60%
Transfer to other Government entities	882,408,662	635,751,170	834,379,916	581,324,675	253,055,241	70%
Subsidies	820,000	0	820,000	0	820,000	0%
Other grants and transfers	170,750,000	518,179,787	688,929,787	346,854,712	342,075,075	50%
Acquisition of Assets	3,277,341,117	(1,379,111,460)	1,898,229,657	1,449,789,913	448,439,744	76%
Other Payments	779,850,169	623,045,227	1,322,196,765	1,691,030,727	(368,833,962)	127%
TOTAL PAYMENTS	**10,896,514,164**	**(153,249,344)**	**9,978,786,273**	**8,513,407,616**	**1,483,746,657**	**85%**

a) **TRANSFERS FROM OTHER GOVERNMENT ENTITIES**-The County got half only of the road Maintenance levy hence the under collection.
b) **OTHER RECEIPTS**-Under collection was due to challenges in implementing the Finance Act and legal Actions by clients curtailing Revenue Collection.
c) **USE OF GOODS AND SERVICES**-Was under-absorbed as the County did not meet its local revenue target.
d) **OTHER PAYMENTS**: Was in excess of the Budget due to expendinture at source by some County Executive Of Mombasa entities.

The County Executive of Mombasa financial statements were approved on 27th **Sept 2016** and signed by:

Chief Officer

Head of Treasury Accounts

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	3,920,563,385	0	3,920,563,385	3,920,563,385	0	100%
Transfers from Other Government Entities	177,721,574	0	177,721,574	108,828,509	68,893,065	61%
Other Receipts	2,633,668,452	91,231,494	2,724,899,946	2,499,712,541	225,187,406	92%
TOTAL RECEIPTS	**6,731,953,411**	**91,231,494**	**6,823,184,905**	**6,529,104,435**	**294,080,470**	**96%**
PAYMENTS						
Compensation of Employees	3,785,273,420	135,308,659	3,920,582,079	3,659,031,312	261,550,767	93%
Use of goods and services	2,000,070,796	(686,422,727)	1,313,648,069	785,376,278	528,271,791	60%
Transfer to other Government entities	683,779,916	684,379,916	684,379,916	474,324,675	210,055,241	69%
Subsidies	820,000	0	820,000	0	820,000	0%
Other grants and transfers	170,750,000	386,054,108	556,804,108	255,753,474	301,050,634	46%
Other Payments	91,259,279	336,390,085	346,950,733	1,076,328,970	(729,378,237)	310%
TOTAL PAYMENTS	**6,731,953,411**	**855,710,041**	**6,823,184,905**	**6,232,446,708**	**590,738,197**	**91%**

a) **TRANSFERS FROM OTHER GOVERNMENT ENTITIES**-The County got half only of the road Maintenance levy hence the under collection.
b) **OTHER RECEIPTS**-Under collection was due to challenges in implementing the Finance Act and legal Actions by clients curtailing Revenue Collection.
c) **USE OF GOODS AND SERVICES**-Was under-absorbed as Tranfers to County Assembly are ignored.
d) **OTHER PAYMENTS**: Was in excess of the Budget due to expendinture at source by some County Executive Of Mombasa entities.

The County Executive of Mombasa financial statements were approved on **27th Sept 2016** and signed by:

Chief Officer

Head of Treasury Accounts

I. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	a	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	1,680,241,451	0	1,680,241,451	1,680,241,451	0	100%
Transfers from Other Government Entities	141,007,851	0	141,007,851	79,986,213	61,021,639	57%
Other Receipts	2,343,311,452	(1,008,959,385)	1,334,352,067	502,365,245	831,986,821	38%
TOTAL RECEIPTS	**4,164,560,753**	**(1,008,959,385)**	**3,155,601,368**	**2,262,592,908**	**893,008,460**	72%
		0				
Transfer to other Government entities	198,628,746	(48,628,746)	150,000,000	107,000,000	43,000,000	71%
Other grants and transfers	0	132,125,679	132,125,679	91,101,238	41,024,441	69%
Acquisition of Assets	3,277,341,117	(1,379,111,460)	1,898,229,657	1,449,789,913	448,439,744	76%
Other Payments	688,590,890	286,655,142	975,246,032	614,701,757	360,544,275	63%
TOTAL PAYMENTS	**4,164,560,753**	**(1,008,959,385)**	**3,155,601,368**	**2,262,592,908**	**893,008,460**	72%

a) **TRANSFERS FROM OTHER GOVERNMENT ENTITIES**-The County got half only of the road Maintenance levy hence the under collection.
b) **OTHER RECEIPTS**-Under collection was due to challenges in implementing the Finance Act and legal Actions by clients curtailing Revenue Collection.
c) **ACQUISITION OF OTHER ASSETS AND OTHER PAYMENTS**: Under absorption was a result of missed target in collection of other Revenues.

The County Executive of Mombasa financial statements were approved on **27th Sept 2016** and signed by:

Chief Officer

Head of Treasury Accounts

VII. SUMMARY STATEMENT OF PROVISIONINGS

- **Details of General Accounts On Vote**

	2015 - 2016 Kshs	2014 - 2015 Kshs
GAV Provisioning account balance	1,483,746,657	9,315,304,325
	1,483,746,657	**9,315,304,325**

- **Details of Exchequer Account**

	2015 - 2016 Kshs	2014 - 2015
Exchequer Provisioning account balance	0	785,799,402
Total	**0**	**785,799,402**

VIII. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *County Executive of Mombasa*.The figures are rounded off to the nearest one shilling.The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. 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 expenditure 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.

6. **Accounts Payable**
For the purposes of these financial statements, deposits and retentions held on behalf of third parties has 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 by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. **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 County Executive of Mombasa fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. **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 *County Executive of Mombasa* 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.

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

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

2 SOCIAL SECURITY CONTRIBUTIONS

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

4 EXCHQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	448,064,387	1,016,001,498
Total Exchequer Releases for quarter 2	1,932,277,668	763,151,245
Total Exchequer Releases for quarter 3	898,143,328	1,287,172,009
Total Exchequer Releases for quarter 4	2,322,319,452	1,682,365,367
Total	**5,600,804,835**	**4,748,690,119**

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015- 2016	2014 – 2015
	Kshs	Kshs
Kenya Roads Board-Fuel Levy Fund	33,345,423	
Ministry of Health-User Fees Forgone	21,896,682	
Ministry of Health-Maternity Fees	98,447,500	
Ministry of Health-Leasing of Medical Equipments	35,125,117	
TOTAL	**188,814,722**	

6 PROCEEDS FROM DOMESTIC BORROWINGS

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

7 PROCEEDS FROM FOREIGN BORROWINGS

8 PROCEEDS FROM SALE OF ASSETS

9 REIMBURSEMENTS AND REFUNDS

10 RETURNS OF EQUITY HOLDINGS

11 OTHER REVENUES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Interest Received		
Rents	818,985,218	946,243,758
Other Property Income	53,970,326	70,368,216
Receipts from Administrative Fees and Charges	2,089,229,196	1,426,019,201
Fines Penalties and Forfeitures	23,930,810	23,940,881
Other miscellaneous revenues	15,945,236	18,381,403
Other education-related	17,000	102,000
	3,002,077,786	**2,485,055,458**

12 COMPENSATION OF EMPLOYEES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Basic salaries of permanent employees	1,803,458,925	3,524,630,988
Basic wages of temporary employees	88,418,092	8,943,699
Personal allowances paid as part of salary	1,357,194,489	274,199,740
Personal allowances paid as reimbursements		0
Personal allowances provided in kind		0
Pension and other social security contributions	363,667,508	17,542,583
Compulsory national social security schemes	182,410	892,772
Compulsory national health insurance schemes	46,109,888	3,207,023
Social benefit schemes outside government		
Other personnel payments		
Total	**3,659,031,312**	**3,829,416,806**

13 USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Utilities, supplies and services	132,980,668	53,627,466
Communication, supplies and services	6,328,621	5,671,641
Domestic travel and subsistence	70,984,304	24,126,337
Foreign travel and subsistence	50,630,157	7,357,934
Printing, advertising and information supplies & services	54,998,039	27,555,307
Rentals of produced assets	12,985,121	11,228,726
Training expenses	21,430,788	10,009,159
Hospitality supplies and services	143,960,861	117,092,310
Insurance costs	30,829,235	74,065,577
Specialised materials and services	62,727,259	230,149,116
Office and general supplies and services	51,390,641	113,582,515
Other operating expenses	78,734,226	872,603,741
Routine maintenance – vehicles and other transport equipment	15,969,176	17,206,270
Routine maintenance – other assets	6,641,065	16,119,121
Fuel,oil and lubricants	44,786,112	18,458,573
Total	**785,376,273**	**1,598,853,793**

14 SUBSIDIES

15 TRANSFER TO OTHER GOVERNMENT ENTITIES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Transfer to County Assembly	474,324,675	0
Transfer to Elimu Fund	107,000,000	
Total	**581,324,675**	

16 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 – 2015 Kshs
Scholarships and other educational benefits	5,928,100	53,761,000
Emergency relief and refugee assistance	71,188,816	7,000
Subsidies to small businesses, cooperatives, and self employed		30,000,000
Other Current Transfers and Grants	178,636,558	
Other Capital Transfers and Grants	91,101,238	
Total	**346,854,712**	**83,768,000**

17 SOCIAL SECURITY BENEFITS

18 ACQUISITION OF ASSETS

Non Financial Assets	2015- 2016 Kshs	2014 – 2015 Kshs
Purchase of Buildings		
Construction of Buildings	158,172,909	
Refurbishment of Buildings	30,540,943	85,029,212
Construction of Roads	591,244,007	495,949,749
Construction and Civil Works	136,376,140	2,950,013
Overhaul and Refurbishment of Construction and Civil Works		74,472,956
Purchase of Vehicles and Other Transport Equipment	60,246,174	187,910,018
Overhaul of Vehicles and Other Transport Equipment	3,176,724	0
Purchase of Household Furniture and Institutional Equipment	12,399,151	74,536,840
Purchase of Office Furniture and General Equipment	52,571,552	0
Purchase of ICT Equipment		96,988,253
Purchase of Specialised Plant, Equipment and Machinery	77,147,369	392,441,350
Rehabilitation and Renovation of Plant, Machinery and Equip.		0
Purchase of Certified Seeds, Breeding Stock and Live Animals	2,582,638	0
Research, Studies, Project Preparation, Design & Supervision	114,003,818	24,155,455
Rehabilitation of Civil Works	125,744,327	0
Acquisition of Strategic Stocks and commodities	40,670.368	12,247,113
Acquisition of Land	44,913,793	0
Acquisition of Intangible Assets		5,343,750
Financial Assets		0
Domestic Public Non-Financial Enterprises		0
Domestic Public Financial Institutions		0
Foreign financial Institutions operating Abroad		0
Other Foreign Enterprises		0
Foreign Payables - From Previous Years		0
Total	**1,449,789,912**	**1,452,024,710**

19 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016 Kshs	2014 – 2015 kshs
Interest on Domestic Borrowings (Non-Govt)		7,037,480
Total		**7,037,480**

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 – 2016 Kshs	2014 – 2015 kshs
Repayments on Borrowings from Domestic		
Principal Repayments on Guaranteed Debt Taken over by Government		
Repayments on Borrowings from Other Domestic Creditors		47,713,000
Repayment of Principal from Foreign Lending & On – Lending		
Total		47,713,000

21 OTHER EXPENSES

	2015-2016 Kshs	2014 – 2015 Kshs
Other Creditors -Development	697,201,757	0
Other Creditors -Reccurrent	356,563,897	0
KCB alcoholic Drinks Payments and charges	47,709,140	0
KCB deposit Cashbail Refunds and Charges	7,713,579	0
Coast General Expendinture and Bank charges	500,324,810	0
Free maternal Expendinture and Bank Charges	81,517,544	0
	1691,030,727	

22A: Bank Accounts

Name of Bank	Account currency	Account Name	2015 - 2016	2014-2015
Barclays Bank	Kes	Uwezo		969,573
Central Bank	Kes	Development Expenditure	1,476,888	4,252,154
Central Bank	Kes	Reccurent Expenditure	1,409,565	153,584
Central Bank	Kes	Revenue Fund	6,403,249	18,630,072
Central Bank	Kes	Mombasa County Assembly Recurrent	1,187,540	
Chase Bank	Kes	Revolving Fund	20,000,000	20,000,000
Co operative Bank	Kes	Revenue Collection Account	19,564,000	8,244,086
Co-operative Bank	Kes	LATF	21,486	21,486
Co-operative Bank	Kes	County Assembly		261,620
Co-operative Bank	Kes	Imprest	479,665	120,757

Eco Bank	Kes	Cost Sharing	483,178	483,178
Equity Bank	Kes	Mock	624,345	624,345
Equity Bank	Kes	Business CA	(3,696)	(3,696)
Kenya Commercial Bank	Kes	Renewal Fund	0	500
Kenya Commercial Bank	Kes	LATF	0	22812060
Kenya Commercial Bank	Kes	MSA Collection ACC2	1,021,799	8,567,358
Kenya Commercial Bank	Kes	MSA Collection ACC1	7,492,650	156,619,800
Kenya Commercial Bank	Kes	MSA Deposit	2,396,223	2,960,402
Kenya Commercial Bank	Kes	Mombasa County Salary Control Account	93,206	93,206
Kenya Commercial Bank	Kes	Mombasa Alcoholic Drinks Control Account	14,870,411	1,532,175
Kenya Commercial Bank	Kes	Main ac	15,479,437	0
Kenya Commercial Bank	Kes	Kenya Roads levy	0	0
National Bank	Kes	Amanah Institutional CA	15,267,196	51,719,295
National Bank	Kes	Free Maternity Care Services	2,944,806	
National Bank	Kes	Coast Province General Hospital	255,943,802	
Standard Bank	Kes	LASDAP	1,064,900	1,064,900
Total			**368,211,091**	**299,126,856**

22B: CASH IN HAND

	2015 - 2016 Kshs	2014 – 2015 Kshs
Cash in Hand – Held in domestic currency	1,660,005	3,665,755
Cash in Hand – Held in foreign currency	0	0
Total	**1,660,005**	**3,665,755**

Cash in hand can also be analysed as follows (in Shillings):

DENOMINATION	NUMBER	AMOUNT 2015-2016	AMOUNT 2014 - 2015
1,000	1233	1,233,000	1,475,000
500	103	51,500	207,500
200	47	9,400	7,800
100	71	7,100	8,500
50	61	3,050	1,950
40	0	-	-
20	0	-	300
10	15	150	280
5	18	90	170
1	5	5	1
0.5		-	-
UNBANKED CHEQUES		355,710	1,964,254
		1,660,005	**3,665,755**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2015 - 2016 Kshs	2014 – 2015 Kshs
Government Imprests(Annex 4)	188,398,683	112,438,343
Total	**188,398,683**	**112,438,343**

24. ACCOUNTS PAYABLE

25. FUND BALANCE BROUGHT/CARRIED FORWARD

	2015 - 2016 Kshs	2014 – 2015 Kshs
Bank accounts	368,211,091	299,126,856
Cash in hand	1,660,005	3,665,755
Accounts Receivables	188,398,683	112,438,343
Accounts Payables	0	0
Total	**558,270,327**	**415,230,953**

26. OTHER IMPORTANT DISCLOSURES

(a) Adjustments relate to:

i. Previous Years' imprests recovered through payroll or have been duly surrendered.

ii. Accounts that have been closed (**Relating to the Defunct Muncipal Council of Mombasa**) and balances in those accounts as at 30Th June 2013 could not be tracked,since the County has never received bank Statements from the period to reconcile the its balances.

(b) Exchequer Provisioning

i. The **exchequer provisioning** has been writern off since the amount is not receivable from the National Treasury.The Treasury utilized the amount to pay County Staff salaries before they were fully devolved.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015-2016 Kshs	2014 - 2015 Kshs
Construction of buildings	0	0
Construction of civil works	36,061,512	301,412,197
Supply of goods	118,173,747	395,167,531
Supply of services	1,256,963,604	1,275,067,000
	1,411,188,865	**1,971,646,728**

26.2: PENDING STAFF PAYABLES

26.3: OTHER PENDING PAYABLES

	2015-2016 Kshs	2014 - 2015 kshs
Retentions	77,066,296	*48,950,649*

This refer to amounts retained from suppliers and an equal amount not deposited in the Deposit Account.In this case the Liability is not backed with an Asset (deposit) – See Annex 2 for details on the Retentions.

27. PRIOR YEAR ADJUSTMETS

	2015-2016 Kshs	2014 – 2015 Kshs
Imprests	112,438,343	
Closure of RF KCB account	500	
Closure of LATF KCB account	22,812,080	
	135,250,923	