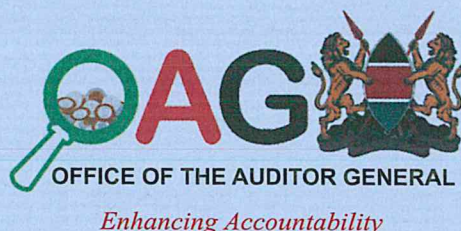


# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF KWALE FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Executive of Kwale set out on pages 1 to 141, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statements of appropriation - recurrent, development and 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. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of County Executive of Kwale as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Cash and Bank Balances

The statement of financial assets and liabilities and as disclosed under Note 21A to the financial statements reflects bank balances of Kshs.2,532,888,232 as at 30 June, 2020. Audit circularization revealed that the County Government operated a bank account at Kenya Commercial Bank Ltd, Kwale Branch for the implementation of Mwache Dam Project funded by the World Bank under Kwale County Water Security and Climate Scheme which had a balance of Kshs.22,921,419 as at 30 June, 2020. However, the bank account is not among the bank accounts listed at Note 21A to the financial statements.

In addition, Equity Bank Ltd Imprest Account - Lands reflects a balance of Kshs.5,000,000 while the cashbook reflects a Nil balance as at 30 June, 2020. This was



in respect of amounts received after the end of the financial year. Management had not reconciled the amount Kshs.5,000,000 as at the time of the audit.

As a result, the accuracy and completeness of the cash and bank balances of Kshs.2,532,888,232 as at 30 June, 2020 could not be confirmed.

## **2. Proceeds from Domestic and Foreign Grants**

The statement of receipts and payments for the year ended 30 June, 2020 reflects Nil proceeds from domestic and foreign grants. Audit verification revealed that the County Government during the year under review, operated a bank account at Kenya Commercial Bank Ltd, Kwale Branch which had a balance of Kshs.22,921,419 as at 30 June, 2020. The bank account was opened by the County Treasury for the implementation of Mwache Dam Project funded by the World Bank under Kwale County Water Security and Climate Smart Scheme and whose funds were transferred directly from the Ministry of Water, Sanitation and Irrigation to the bank account. However, the funds have not been accounted for in the financial statements in line with Part 5.4 of the County Financial Accounting Reporting Manual of County Government of Kwale.

In the circumstances, the accuracy and completeness of Nil proceeds from domestic and foreign grants for the year ended 30 June, 2020 could not be confirmed.

## **3. Payment of Allowances Outside the Imprest System**

The statement of receipts and payments and as detailed under Note 12 to the financial statements reflects use of goods and services expenditure amounting to Kshs.1,419,163,291. Included in the amount is domestic travel and subsistence expenditure of Kshs.258,626,164. This includes an amount of Kshs.121,743,353 in respect of subsistence allowances paid to various officers which were expended directly instead of being treated in the first instance as imprest advances. Management explained this to be claims but did not support them with authorizations.

As a result, the accuracy, completeness and validity of the subsistence allowance of Kshs.121,743,353 paid outside the imprest system could not be confirmed.

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

## **Key Audit Matters**

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



## **Other Matter**

### **1. Expenditure Under COVID-19**

During the financial year under audit, the Country was hit by Covid-19 pandemic. Due to the emergency, the County Government of Kwale prepared a supplementary budget of Kshs.347,920,920 in response to Covid-19 pandemic which was approved by the County Assembly. The County Government also received an amount of Kshs.179,742,000 from the National Government as Covid-19 pandemic response funds and health workers allowances. However, no expenditure had been incurred as at 30 June, 2020 due to delays in passing the supplementary budget. The allocation was spent in the financial year 2020/2021.

### **2. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.12,962,592,754 and Kshs.9,040,261,127 respectively resulting to an under-funding of Kshs.3,922,331,627 or 30% of the budget.

The under absorption of approved budget by Kshs.3,922,331,627 or 30% is an indication that all activities and projects in the annual work-plan were not implemented by County Executive. The Management has attributed the under absorption to late disbursement of exchequer by the National Treasury where Kshs.1,063,793,165 was received in June, 2020.

### **3. Late Exchequer Releases**

During the year under review, the County Executive of Kwale budgeted for Exchequer releases of Kshs.10,436,731,780 but received a total of Kshs.8,281,484,523, out of which funds totalling Kshs.1,063,793,165 were received in the month of June, 2020.

The late Exchequer releases of Kshs.1,063,793,165 together with the outbreak of the Covid-19 pandemic may have contributed to the under absorption of the budget by Kshs.3,922,331,627 or 30% of the budget.

### **4. Reduced Collection on Revenue Streams**

During the period under audit, the County Executive targeted to collect Kshs.325,000,000 from various revenue sources. However, a total of Kshs.254,445,870 was collected leading to a deficit of Kshs.70,554,130 or 22% of the budgeted revenue.

In addition, the total recorded receipts of Kshs.254,445,870 in the year 2019/2020 decreased by Kshs.60,579,311 compared to 2018/2019 receipts of Kshs.315,025,181 representing a decrease of 19%. According to Note 9 to the financial statements, there was notable decrease in collection from three revenue streams by a total of Kshs.49,689,648 or 37% as shown below:



No.	Revenue Item/Stream	2019/2020 (Kshs.)	2018/2019 (Kshs.)	Decrease (Kshs.)	%
1	Business Permits	38,859,344	69,536,520	30,677,176	44
2	Public Health	3,999,500	10,887,706	6,888,206	63
3	Land Rates	40,032,270	52,156,536	12,124,266	23
	<b>Total</b>	<b>82,891,114</b>	<b>132,580,762</b>	<b>49,689,648</b>	<b>37</b>

Management has attributed the above significant reduction of revenue collection to Covid-19 pandemic which led to waivers.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1.0 County Own Generated Receipts

##### 1.1 Failure to Collect Liquor Licensing Fee

An analysis of the revenue streams by fee type revealed that there were seventy-seven different types of fees collected. However, the fees from liquor licensing fees for control of production, sale and use of alcoholic drinks within the County was missing. Enquiry from Management revealed that the County Government had not taken over the function of liquor licensing despite it being one of the devolved functions as per the Fourth Schedule of the Constitution of Kenya, 2010.

Further, the County Assembly enacted the Liquor Control Act in November, 2020. However, Management had not mapped the revenue from liquor licensing despite Kwale County being a tourist destination with several entertainment premises and tourist hotels.

##### 1.2 Delayed Transfer of Mpesa Paybill Collections to the Revenue Account

Examination of Mpesa Paybill statements for twelve months up to 30 June, 2020 revealed delays in funds transfer from the Mpesa Paybill to the Kwale County Government Revenue Account as tabulated below:



No.	Period	Date Transferred	Amount (Kshs.)
1	July to September, 2019	27/09/2019	2,272,280
2	October to December, 2019	24/12/2019	1,029,382
3	February, 2020	28/02/2020	8,560,216
4	March, 2020	26/03/2020	6,464,024
5	April, 2020	28/04/2020	1,611,902
6	May, 2020	28/05/2020	563,389
7	June, 2020	30/06/2020	218,050
8	June, 2020	26/06/2020	6,222,145
	<b>Total</b>		<b>26,941,388.00</b>

Management attributed the delay in funds transfer from the Mpesa Paybill to the Kwale County Government Revenue Account to Safaricom.

The revenue collected, therefore, remained idle instead of being put to use to finance county activities, contrary to regulation 63(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies.

## 2.0 Conditional Grants

According to Note 1C to the financial statements, the County Executive of Kwale received a total of Kshs.1,165,171,922 as conditional grants from fifteen different sources. However, the following observations were made:

### 2.1 Non-Submission of Financial and Technical Reports

#### i. Youth Polytechnic Support Grant

The County Executive received an amount of Kshs.59,793,298 in respect of Youth Polytechnic Support Grant from the National Government. However, the County Executive did not submit financial and technical reports to the County Treasury with copies to State Department of Vocational and Technical Training for expenditure amounting to Kshs.28,772,160 which was disbursed to various Youth Polytechnics for construction and equipping of county youth polytechnics. The Management did not comply with the grant conditions thus risking discontinuation.

#### ii. Abolition of User Fees in Health Centres and Dispensaries

The County Government received grants amounting to Kshs.15,209,593 in respect of abolition of User Fees in Health Centres and Dispensaries during the year ended 30 June, 2020. However, there was no evidence that financial returns were sent to the National Treasury and copied to the Ministry of Health.



### **iii. National Agriculture & Rural Inclusive Growth Project (NARIG)**

The County Government of Kwale received a total of Kshs.241,448,671 under the National Agriculture and Rural Inclusive Growth Project (NARIGP) grant. Included in the expenditure is an amount of Kshs.137,561,198 disbursed to Community Driven Development Committees (CDDC) for implementation of various micro-projects. However, no documentary evidence was provided to show that the committees submitted financial returns of the activities undertaken. In addition, the funds were disbursed to the Community Driven Development Committees before recruitment of a service provider was complete as per the project manual.

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Consequently, the County Executive was in breach of the grant conditions.

### **2.2 National Agriculture and Rural Inclusive Growth Project (NARIGP)**

Note 15 to the financial statements indicates that a total of Kshs.245,191,047 was spent under National Agriculture and Rural Inclusive Growth Project (NARIG). Included in the expenditure of Kshs.245,191,047 are expenses amounting to Kshs.82,236,031 incurred through imprests. The imprest was operated outside the IFMIS system which is the prescribed financial management system contrary to the provision of Section 12(1)(e) of the Public Finance Management Act, 2012. Management provided a manual imprest register for audit verification and did not provide explanation on why the imprests were not processed through IFMIS.

Consequently, Management was in breach of law.

### **3. Non-Deduction and Remittance of Withholding Tax - European Union - Instruments for Devolution Advise and Support**

The County Executive spent Kshs.54,557,366 under the Department of Trade (European Union - Instruments for Devolution Advise and Support (IDEAS) grant during the year under review. Included in the expenditure are two payments amounting to Kshs.27,616,761 for the construction of a fresh produce wholesale market at Kombani. However, these payments were not subjected to Withholding Tax, VAT and retention money deductions.

The County Executive stands the risk of penalties for non-deduction and remittance of taxes.

### **4. Implementation of E-Procurement**

The county government operationalized e-procurement on the IFMIS procurement portal. However, it was noted that in some instances, the requisition by user departments, the local purchase orders; and the tender evaluation scoring for both technical and financial scores were processed manually. Further, the County Executive advertised for thirteen (13) tenders amounting to Kshs.416,027,370 during the year under review. However, the tenders were not uploaded on the government tender advertisement portal (tenders.go.ke) or the County's own website. This is contrary to the Executive Order No.6



of 2015 which required all Public entities to migrate their procurements plans to the Kenya Government IFMIS e-procurement system.

Consequently, value for money has not been realised fully in the use of the e-procurement system and management is in breach of law.

## **5. Construction of Roads**

Included in the acquisition of assets expenditure of Kshs.3,057,683,614 is an amount of Kshs.218,160,426 in respect of construction of roads. Audit verifications revealed the following anomalies:

### **i. Proposed Tarmacking of Kona ya Jadini – Lotfa Resort Road**

The Bills of Quantities for the tarmacking of the Kona ya Jadini – Lotfa Resort Road project included Engineer's site office with furniture at a cost of Kshs.2,172,000 under preliminaries and general items. However, during audit inspection of the project in November, 2020, it was noted that the Engineer's site office had not been constructed.

### **ii. Tarmacking of Kona Musa Mabokoni – Kona ya Maasai Road**

The Bills of Quantities for the tarmacking of Kona Musa Mabokoni – Kona ya Maasai Road project included a provision for Engineer's site office equipped with furniture and fittings and two utility vehicles at a cost Kshs.12,381,000 which were to have been procured at the beginning of the project. A payment of Kshs.27,797,768 had been made to the contractor under the first certificate. However, during audit inspection of the project in November, 2020, it was noted that the Engineer's site office had not been constructed and the motor vehicles for the project had not been procured.

Consequently, value for money has not been realised in the implementation of the projects.

## **6. Purchase of Specialized Plant, Equipment and Machinery - Supply and Installation of ICT Networking and Communication Equipment**

The County Executive incurred expenditure of Kshs.5,551,361 for supply and installation of ICT networking and communication equipment. Audit verifications revealed that no requisition was raised and the supplier was paid in full before delivering and installing the equipment. Further, Management did not provide evidence of testing for performance of the equipment as per tender specifications.

Consequently, Management was in breach of law and value for money may not have been realised in the purchase

## **7. Construction of the Governor's Residence**

The County Executive awarded the contract for the construction of the Governor's residence in the 2017-2018 financial year for a period of 12 months. The project contract



period was extended for four (4) months with the new completion time set for August, 2019. The County Executive had incurred costs of Kshs.105,125,725 towards the construction of the Governor's Residence as at 30 June, 2020. Site inspection in the month of November, 2020 revealed that the contractor was not on site with minimal work having been done between October, 2019 and November, 2020. Further, the contractor had not erected a signboard at the construction site although there was an allocation of Kshs.50,000.

Consequently, value for money has not been realised on the project which is likely to incur more costs due to the delays in completion.

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## **8. Construction of County Headquarters**

As previously reported, the County Executive awarded the contract for the construction of the County Headquarters at an estimated cost of Kshs.462,376,631. Site visit revealed that the building had been occupied and in use. However, Management did not provide for audit review handing over reports for the project. This was contrary to Part 7.2.4 of the Public Works Manual for Works 2009 on finishing the contract, which provides for completion, taking-over certificate, operating and maintenance manuals and final account procedures at the end of a construction project.

Consequently, it was not possible to establish whether value for money was realised and that the building was ready for occupation.

## **9. Projects Implementation Status**

Projects implementation status report as at 30 June, 2020 which was provided for audit review indicates that the County Executive allocated a total of Kshs.3,585,064,063 for the implementation of 522 projects. The following observations were made:

- i. Two Hundred and sixty-five (265) projects representing 51% of the planned projects were completed as at 30 June, 2020.
- ii. One hundred and fifty-four (154) projects representing 30% of the planned projects were ongoing as at 30 June, 2020.
- iii. One hundred and forty-five (145) projects representing 28% of the planned projects had not started as at 30 June, 2020.
- iv. Eleven (11) projects had stalled.

Audit inspection undertaken in the month of November, 2020 on some of the sampled projects implemented during the year under audit revealed the following anomalies:

- i. Floor finishing at the Kombani Fresh Produce Market meat centre was done with tiles and not terrazzo as per the Bills of Quantities



- ii. The County Executive contracted for the supply and delivery of In-Calf Dairy Cows and Heifers. However, the animal records were not handed over to the farmers.
  - iii. The County Executive contracted for the construction of 18 Bed Capacity Hostel at Ukunda Youth Polytechnic. Site inspection revealed that the roof was leaking and the ceiling was stained due to the leakages.
  - iv. The County Executive contracted for the rehabilitation of the Mwangoni - Kisimani - Ndauni Road and the Vitsangalaweni - Kwa Masai Road (3.5 Km). Site visit revealed that the roads were impassable due to poor drainage.
- 
- v. The County Executive contracted for the supply and delivery of ICT Equipment for the County Data Recovery Site. The equipment was supplied and full payment made. However, site visit revealed that the equipment had not been installed.
  - vi. The County Executive contracted for the construction of Paved Road, Market Sheds, Prayer Room and Public Toilets at Beach Access Road and Installation of Street Lighting, and construction of Market Stalls, Beach Toilets and Prayer Rooms at Trade Winds. Site visit revealed that the projects had stalled and the contractor was not on site.

This is an indication of poor project planning and management of projects implementation which is likely to affect service delivery to the resident of Kwale.

Consequently, value for money may not have been realised from the projects that were on going and those that had stalled.

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.



## **Basis for Conclusion**

### **1. Lack of Controls on Voiding of Receipts**

Audit review of the Revenue Management System revealed that receipts amounting to Kshs.3,669,250 were receipted through Point of Sale gadgets later reversed. Review of the controls over the Revenue Management System revealed that Sub-County Revenue Officers had exclusive rights in the system to void transactions. There were no checks over the Sub-County Revenue Officers rights to void receipts.

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In the absence of controls on receipt voiding, the County Executive is open to fraud and manipulation of revenue data.

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### **2. Lack of Risk Management Policy**

The County Executive Management had not put in place risk management policy, strategies and risk register to mitigate against risk. It was, therefore, not clear how the Management manages risk exposures. This is in contravention of Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

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

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

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

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



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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may



occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of County Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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



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

  
Nancy Gathungu  
**AUDITOR-GENERAL**

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**Nairobi**

**12 October, 2021**







**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7. FINANCIAL STATEMENTS**

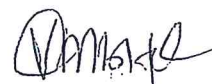
**7.1. STATEMENT OF RECEIPTS AND PAYMENTS**

		<b>2019-2020</b>	<b>2018-2019</b>
	<b>Notes</b>	<b>KShs</b>	<b>KShs</b>
<b>RECEIPTS</b>			
Exchequer releases	1	8,281,484,523	8,262,857,693
Proceeds from Domestic and Foreign Grants	2	-	-
Transfers from Other Government Entities	3	-	-
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Proceeds from Sale of Assets	6	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	254,445,870	315,025,181
Returned CRF issues	10	-	-
<b>TOTAL RECEIPTS</b>		<b>8,535,930,393</b>	<b>8,577,882,874</b>
<b>PAYMENTS</b>			
Compensation of Employees	11	2,760,502,380	2,569,500,270
Use of goods and services	12	1,419,163,291	1,598,785,870
Subsidies	13	-	70,770,000
Transfers to Other Government Units	14	1,183,449,888	1,073,981,354
Other grants and transfers	15	619,038,201	298,147,906
Social Security Benefits	16	-	-
Acquisition of Assets	17	3,057,683,614	2,281,219,160
Finance Costs, including Loan Interest	18	423,753	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Other Payments	20	-	10,000,000
<b>TOTAL PAYMENTS</b>		<b>9,040,261,127</b>	<b>7,902,404,559</b>
<b>SURPLUS/DEFICIT</b>		<b>(504,330,734)</b>	<b>675,478,315</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29<sup>th</sup> September, 2020 and signed by:



**Chief Officer**  
Name: CPA Alex Onduko Thomas  
ICPAK No. 4481



**Head of Treasury**  
Name: CPA Vincent Mbito  
ICPAK No. 7692







**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

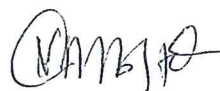
**7.2. STATEMENT OF ASSETS AND LIABILITIES**

		<b>2019-2020</b>	<b>2018-2019</b>
	<b>Notes</b>	<b>KShs</b>	<b>KShs</b>
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	21A	2,532,873,044	2,944,505,344
Cash Balances	21B	15,188	205,672
<b>Total Cash and cash equivalent</b>		<b>2,532,888,232</b>	<b>2,944,711,016</b>
Accounts receivables – Outstanding Imprests	22	9,190,136	8,250,653
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,542,078,368</b>	<b>2,952,961,669</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	23	127,298,599	33,851,167
<b>NET FINANCIAL ASSETS</b>		<b>2,414,779,769</b>	<b>2,919,110,503</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	24	2,919,110,503	2,243,632,188
<b>Prior year adjustments</b>	25	-	-
<b>Surplus/Deficit for the year</b>		(504,330,734)	675,478,315
<b>NET FINANCIAL POSITION</b>		<b>2,414,779,769</b>	<b>2,919,110,503</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29<sup>th</sup> September, 2020 and signed by:



**Chief Officer**  
Name: CPA Alex Onduko Thomas  
ICPAK No. 4481



**Head of Treasury**  
Name: CPA Vincent Mbitio  
ICPAK No. 7692





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.3. STATEMENT OF CASH FLOWS**

		<b>2019-2020</b>	<b>2018-2019</b>
	<b>Note s</b>	<b>KShs</b>	<b>KShs</b>
<b>Receipts from operating income</b>			
Exchequer Releases	1	8,281,484,523	8,262,857,693
Proceeds from Domestic and Foreign Grants	2	-	-
Transfers from Other Government Entities	3	-	-
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	254,445,870	315,025,181
Returned CRF issues	10	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	11	(2,760,502,380)	(2,569,500,270)
Use of goods and services	12	(1,419,163,291)	(1,598,785,870)
Subsidies	13	-	(70,770,000)
Transfers to Other Government Units	14	(1,183,449,888)	(1,073,981,354)
Other grants and transfers	15	(619,038,201)	(298,147,906)
Social Security Benefits	16	-	-
Finance Costs, including Loan Interest	18	(423,753)	-
Other Payments	20	-	(10,000,000)
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	26	(939,483)	1,534,092
Increase/(Decrease) in Accounts Payable: (deposits and retention)	27	93,447,433	(23,731,911)
Other Adjustments	28	-	-
<b>Net cash flow from operating activities</b>		<b>2,645,860,830</b>	<b>2,934,499,655</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	(3,057,683,614)	(2,281,219,160)
<b>Net cash flows from Investing Activities</b>		<b>(3,057,683,614)</b>	<b>(2,281,219,160)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(411,822,784)</b>	<b>653,280,496</b>





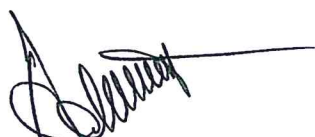
**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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Cash and cash equivalents at BEGINNING of the year	21	2,944,711,016	2,291,430,521
Cash and cash equivalents at END of the year		2,532,888,232	2,944,711,016

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29<sup>th</sup> September, 2020 and signed by:



**Chief Officer**

Name: CPA Alex Onduko Thomas  
ICPAK No. 4481



**Head of Treasury**

Name: CPA Vincent Mbiti  
ICPAK No. 7692





**KWALE COUNTY GOVERNMENT**  
**Consolidated Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.4. 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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>RECEIPTS</b>						
Exchequer releases	10,436,731,780		10,436,731,780	8,281,484,523	2,155,247,257	79%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	
Transfers from Other Government Entities	-	-	-	-	-	
Proceeds from Domestic Borrowings	-	-	-	-	-	
Proceeds from Foreign Borrowings	-	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	-	
Reimbursements and Refunds	-	-	-	-	-	
Returns of Equity Holdings	-	-	-	-	-	
County Own Generated receipts	325,000,000	-	325,000,000	254,445,870	70,554,130	78%
Return issues to CRF						
<b>TOTAL</b>	<b>10,761,731,780</b>	<b>-</b>	<b>10,761,731,780</b>	<b>8,535,930,393</b>	<b>2,225,801,387</b>	<b>79%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,663,334,935	115,201,410	2,778,536,345	2,760,502,380	18,033,965	99%
Use of goods and services	1,515,541,971	167,007,060	1,682,549,031	1,419,163,291	263,385,741	84%





**KWALE COUNTY GOVERNMENT - EXECUTIVE**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	400,000,000	40,000,000	440,000,000	1,183,449,888	-587,658,686	269%
Other grants and transfers	873,889,224	1,050,101,458	1,923,990,682	619,038,201	1,149,161,279	32%
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	2,974,979,884	3,146,651,757	6,121,631,641	3,057,683,614	3,063,948,027	50%
Finance Costs, including Loan Interest	751,097	79,801	830,898	423,753	407,145	
Repayment of principal on borrowings	-	-	-	-	-	
Other Payments	10,000,000	5,054,157	15,054,157	-	15,054,157	
<b>TOTAL</b>	<b>8,438,497,111</b>	<b>4,524,095,643</b>	<b>12,962,592,754</b>	<b>9,040,261,127</b>	<b>3,922,331,627</b>	<b>70%</b>
<b>SURPLUS/(DEFICIT)</b>				<b>(504,330,734)</b>		

(a) Transfer to Other Government Units: The budget for transfers to other government entities excludes transfer to Assembly as it is not a voted provision in the executive budget. However the Actual transfer of kshs 1,183,449,888 presented in the appropriation combined includes kshs. 743,449,888 transferred to the Assembly. This results in the overutilization of 269%

(b) Underutilization of Other grants and transfers and Other payments was as a result of late disbursement of funds and delays in implementation of projects due to the effects of COVID-19.

The changes between the original and final are as a result of supplementary budgets passed during the year.

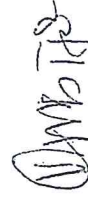
The entity financial statements were approved on 29<sup>th</sup> September, 2020 and signed by:

**Chief Officer**

Name: CPA Alex Onduko Thomas  
ICPAK No. 4481

**Head of Treasury**

Name: CPA Vincent Mbitio  
ICPAK No. 7692







**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.5. 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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>RECEIPTS</b>						
Exchequer releases						
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
Return CRF issues						
<b>TOTAL</b>						
<b>PAYMENTS</b>						
Compensation of Employees	2,663,334,935	115,201,410	2,778,536,345	2,760,502,380	18,033,965	99%
Use of goods and services	1,247,441,971	276,746,315	1,524,188,286	1,376,652,341	147,535,946	90%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units	400,000,000	40,000,000	440,000,000	1,027,658,686	-587,658,686	234%
Other grants and transfers	179,865,621	222,482,597	402,348,218	235,926,188	166,422,030	59%
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	92,668,776	579,626,311	672,295,087	117,644,137	554,650,950	17%





**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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 %
Finance Costs, including Loan Interest	751,097	79,801	830,898	423,753	407,145	51%
Repayment of principal on borrowings	-	-	-	-	-	
Other Payments	10,000,000	5,054,157	15,054,157	-	15,054,157	0%
<b>TOTAL</b>	<b>4,594,062,400</b>	<b>1,239,190,591</b>	<b>5,833,252,991</b>	<b>5,518,807,485</b>	<b>314,445,506</b>	<b>95%</b>
<b>SURPLUS/(DEFICIT)</b>						

(a) Transfer to Other Government Units: The budget for transfers to other government entities excludes transfer to Assembly as it is not a voted provision in the executive budget. However the Actual transfer of kshs 1,027,658,686 presented in the appropriation recurrent includes kshs.587,658,686 transferred to the Assembly. This explains the over utilization of Kshs. 587,658,686 which is 234 % of the budget.

(b) Underutilization of Acquisition of Assets and Other payments was as a result of late disbursement of funds and delays in implementation of projects due to the effects of COVID-19.

The changes between the original and final are as a result of supplementary budgets passed during the year.

The entity financial statements were approved on 29<sup>th</sup> September, 2020 and signed by:



**Chief Officer**  
Name: CPA Alex Onduko Thomas  
ICPAK No. 4481



**Head of Treasury**  
Name: CPA Vincent Mbito  
ICPAK No. 7692





7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

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 %
<b>RECEIPTS</b>						
Exchequer releases						
Proceeds from Domestic and Foreign Grants						
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
County Own Generated receipts						
<b>TOTAL</b>						
<b>PAYMENTS</b>						
Compensation of Employees	-	-	-	-	-	
Use of goods and services	268,100,000	(109,739,255)	158,360,745	42,510,950	115,849,795	27%
Subsidies	-	-	-	-	-	
Transfers to Other Government Units				155,791,202	-155,791,202	
Other grants and transfers	694,023,603	827,618,861	1,521,642,464	383,112,013	1,138,530,451	25%
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	2,882,311,108	2,567,025,446	5,449,336,554	2,940,039,477	2,509,297,077	54%
Finance Costs, including Loan Interest	-	-	-	-	-	
Repayment of principal on borrowings	-	-	-	-	-	
Other Payments	-	-	-	-	-	
<b>TOTALS</b>	<b>3,844,434,711</b>	<b>3,284,905,052</b>	<b>7,129,339,763</b>	<b>3,521,453,642</b>	<b>3,607,886,120</b>	<b>49%</b>





**Reports and Financial Statements  
For the year ended June 30, 2020**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>SURPLUS/(DEFICIT)</b>						

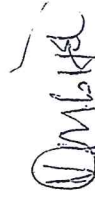
- (a) Underutilization of Use of goods of 27% and Other grants and transfers of 25% was as a result of late disbursement of funds and delays in implementation of projects due to the effects of COVID-19.
- (b) Transfer to Other Government Units: The budget for transfers to other government entities excludes transfer to Assembly as it is not a voted provision in the executive budget. However the Actual transfer of kshs 155,791,202 presented in the appropriation development is the amount transferred to the Assembly.

The changes between the original and final are as a result of supplementary budgets passed during the year

The entity financial statements were approved on 29<sup>th</sup> September, 2020 and signed by:



**Chief Officer**  
Name: CPA Alex Onduko Thomas  
ICPAK No. 4481



**Head of Treasury**  
Name: CPA Vincent Mbito  
ICPAK No. 7692





7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019-2020 KShs	Adjustments 2019-2020 KShs	Final Budget 2019-2020 KShs	Actual on comparable basis 2019-2020 KShs	Budget utilization difference 2019-2020 KShs
102003060	479,073,789	497,845,011	976,918,800	601,546,233	375,372,567
102013060	-	-	-	-	-
102053060	306,973,288	490,058,510	797,031,798	421,698,071	375,333,727
102063060	172,100,501	7,786,501	179,887,002	179,848,162	38,840
104003060	57,000,000	(27,516,174)	29,483,826	26,325,176	3,158,650
104013060	57,000,000	(27,516,174)	29,483,826	26,325,176	3,158,650
105003060	26,993,333	(18,209,980)	8,783,353	450,020	8,333,333
105013060	16,993,333	(12,209,980)	4,783,353	450,020	4,333,333
105033060	10,000,000	(6,000,000)	4,000,000	-	4,000,000
106003060	16,750,000	16,599	16,766,599	10,185,250	6,581,349
106023060	16,750,000	16,599	16,766,599	10,185,250	6,581,349
107003060	195,668,436	(3,671,968)	191,996,468	77,979,737	114,016,731
107013060	106,876,000	(5,007,968)	101,868,032	38,977,146	62,890,886
107023060	32,980,000	1,321,000	34,301,000	1,124,939	33,176,061
107033060	55,812,436	15,000	55,827,436	37,877,651	17,949,785
108003060	111,513,500	(5,900,000)	105,613,500	29,271,514	76,341,986
108013060	2,301,000	(50,000)	2,251,000	1,884,145	366,855
108023060	48,225,000	(6,000,000)	42,225,000	20,367,500	21,857,500
108033060	60,987,500	150,000	61,137,500	7,019,869	54,117,631
109003060	57,026,000	(16,721,800)	40,304,200	19,848,848	20,455,352
109013060	3,401,000	(754,800)	2,646,200	2,332,933	313,267
109023060	53,625,000	(15,967,000)	37,658,000	17,515,915	20,142,085
111003060	62,500,000	49,500,000	112,000,000	12,470,070	99,529,930
111013060	62,500,000	49,500,000	112,000,000	12,470,070	99,529,930





Reports and Financial Statements

For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
112003060	38,800,000	(5,300,000)	33,500,000	25,828,250	7,671,750
112013060	38,800,000	(5,300,000)	33,500,000	25,828,250	7,671,750
202003060	864,146,892	(28,400,514)	835,746,378	217,220,526	618,525,852
202013060	864,146,892	(28,400,514)	835,746,378	217,220,526	618,525,852
203003060	37,600,000	10,988,000	48,588,000	22,735,962	25,852,038
203013060	37,600,000	10,988,000	48,588,000	22,735,962	25,852,038
301003060	59,635,000	(26,903,200)	32,731,800	20,709,902	12,021,898
301013060	10,505,000	2,442,800	12,947,800	11,767,182	1,180,618
301023060	39,000,000	(29,000,000)	10,000,000	-	10,000,000
301043060	10,130,000	(346,000)	9,784,000	8,942,720	841,280
302003060	6,080,000	65,052	6,145,052	5,181,463	963,589
302023060	6,080,000	65,052	6,145,052	5,181,463	963,589
304003060	59,330,344	(22,347,229)	36,983,115	37,467,307	(484,192)
304013060	59,330,344	(22,347,229)	36,983,115	37,467,307	(484,192)
305003060	226,032,035	516,957,312	742,989,347	611,809,707	131,179,640
305013060	127,961,513	(8,710,966)	119,250,547	116,995,824	2,254,723
305023060	98,070,522	525,668,278	623,738,800	494,813,884	128,924,916
306003060	72,309,155	46,196,315	118,505,470	63,866,718	54,638,753
306013060	3,445,000	(64,000)	3,381,000	2,773,146	607,854
306023060	68,864,155	46,260,315	115,124,470	61,093,572	54,030,899
307003060	85,357,449	(296,000)	85,061,449	14,968,710	70,092,739
307013060	85,357,449	(296,000)	85,061,449	14,968,710	70,092,739
308003060	50,643,129	(7,225,857)	43,417,272	39,829,258	3,588,014
308013060	50,643,129	(7,225,857)	43,417,272	39,829,258	3,588,014
401003060	146,834,030	102,548,534	249,382,564	128,228,360	121,154,204
401023060	103,084,030	129,348,534	232,432,564	122,725,301	109,707,263
401053060	43,750,000	(26,800,000)	16,950,000	5,503,059	11,446,941





Reports and Financial Statements

For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
402003060	216,533,928	(26,781,831)	189,752,097	185,438,951	4,313,146
402043060	216,533,928	(26,781,831)	189,752,097	185,438,951	4,313,146
403003060	1,750,408,286	742,923,329	2,493,331,615	2,087,485,674	405,845,942
403013060	352,942,172	623,317,203	976,259,375	570,516,110	405,743,265
403043060	7,500,000	(2,000,000)	5,500,000	5,403,940	96,060
403053060	1,389,966,114	121,606,126	1,511,572,240	1,511,565,623	6,617
405003060	15,108,000	164,325,000	179,433,000	15,730,266	163,702,734
405013060	15,108,000	164,325,000	179,433,000	15,730,266	163,702,734
406003060	23,295,000	(1,800,000)	21,495,000	3,123,777	18,371,223
406013060	23,295,000	(1,800,000)	21,495,000	3,123,777	18,371,223
407003060	27,974,800	3,350,000	31,324,800	2,668,192	28,656,608
407013060	27,974,800	3,350,000	31,324,800	2,668,192	28,656,608
408003060	15,620,000	(11,000,000)	4,620,000	90,600	4,529,400
408013060	15,620,000	(11,000,000)	4,620,000	90,600	4,529,400
409003060	1,240,000	(300,000)	940,000	313,230	626,770
409013060	1,240,000	(300,000)	940,000	313,230	626,770
410003060	29,900,000	(14,700,000)	15,200,000	918,380	14,281,620
410013060	29,900,000	(14,700,000)	15,200,000	918,380	14,281,620
412003060	274,484,594	34,884,042	309,368,636	83,076,316	226,292,321
412013060	274,484,594	34,884,042	309,368,636	83,076,316	226,292,321
413003060	600,000	-	600,000	79,510	520,490
413013060	600,000	-	600,000	79,510	520,490
501003060	504,675,000	7,572,000	512,247,000	198,880,420	313,366,580
501013060	58,000,000	4,372,000	62,372,000	19,554,889	42,817,111
501043060	446,675,000	3,200,000	449,875,000	179,325,531	270,549,469
502003060	438,292,408	562,171,202	1,000,463,610	782,911,751	217,551,859
502013060	19,499,925	568,059,202	587,559,127	370,007,269	217,551,858





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

Programme/Sub-programme	Original Budget 2019-2020	Adjustments 2019-2020	Final Budget 2019-2020	Actual on comparable basis 2019-2020	Budget utilization difference 2019-2020
502023060	418,792,483	(5,888,000)	412,904,483	412,904,483	1
<b>503003060</b>	<b>130,293,298</b>	<b>10,888,833</b>	<b>141,182,131</b>	<b>40,220,112</b>	<b>100,962,019</b>
503013060	14,750,000	420,000	15,170,000	7,202,555	7,967,445
503023060	115,543,298	10,468,833	126,012,131	33,017,558	92,994,573
<b>504003060</b>	<b>400,000,000</b>	<b>40,000,000</b>	<b>440,000,000</b>	<b>440,000,000</b>	<b>-</b>
504013060	400,000,000	40,000,000	440,000,000	440,000,000	-
<b>703003060</b>	<b>68,737,842</b>	<b>34,205,367</b>	<b>102,943,209</b>	<b>100,889,129</b>	<b>2,054,080</b>
703023060	68,737,842	34,205,367	102,943,209	100,889,129	2,054,080
<b>704003060</b>	<b>909,064,948</b>	<b>243,108,416</b>	<b>1,152,173,364</b>	<b>999,374,072</b>	<b>152,799,292</b>
704013060	453,600,086	10,905,749	464,505,835	467,117,113	(2,611,278)
704043060	455,464,862	232,202,667	687,667,529	532,256,959	155,410,570
<b>706003060</b>	<b>47,519,471</b>	<b>5,124,000</b>	<b>52,643,471</b>	<b>30,745,308</b>	<b>21,898,163</b>
706013060	14,019,156	1,892,000	15,911,156	11,932,309	3,978,847
706023060	1,500,000	672,000	2,172,000	1,385,590	786,410
706043060	28,500,315	2,300,000	30,800,315	14,829,834	15,970,481
706053060	1,100,000	220,000	1,320,000	638,675	681,325
706063060	2,400,000	40,000	2,440,000	1,958,900	481,100
<b>707003060</b>	<b>6,384,460</b>	<b>(1,293,500)</b>	<b>5,090,960</b>	<b>5,221,798</b>	<b>(130,838)</b>
707013060	3,350,000	(1,240,000)	2,110,000	2,221,250	(111,250)
707033060	3,034,460	(53,500)	2,980,960	3,000,548	(19,588)
<b>708003060</b>	<b>12,176,000</b>	<b>973,000</b>	<b>13,149,000</b>	<b>13,206,239</b>	<b>(57,239)</b>
708033060	12,176,000	973,000	13,149,000	13,206,239	(57,239)
<b>710003060</b>	<b>41,631,598</b>	<b>(2,900,000)</b>	<b>38,731,598</b>	<b>35,730,418</b>	<b>3,001,180</b>
710013060	41,631,598	(2,900,000)	38,731,598	35,730,418	3,001,180
<b>711003060</b>	<b>29,366,898</b>	<b>(2,616,385)</b>	<b>26,750,513</b>	<b>25,756,080</b>	<b>994,434</b>
711013060	8,720,017	5,383,615	14,103,632	13,724,666	378,966
711023060	5,285,681	1,000,000	6,285,681	5,916,013	369,668





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Programme/Sub-programme	Original Budget 2019-2020	Adjustments 2019-2020	Final Budget 2019-2020	Actual on comparable basis 2019-2020	Budget utilization difference 2019-2020
711033060	15,361,200	(9,000,000)	6,361,200	6,115,401	245,799
712003060	38,204,867	3,289,768	41,494,635	34,776,417	6,718,218
712013060	8,178,000	(245,000)	7,933,000	7,827,913	105,087
712023060	9,278,000	(185,000)	9,093,000	6,899,038	2,193,962
712033060	9,602,000	5,434,000	15,036,000	10,812,537	4,223,463
712043060	11,146,867	(1,714,232)	9,432,635	9,236,929	195,706
713003060	10,921,568	3,766,394	14,687,962	14,502,990	184,972
713013060	10,921,568	3,766,394	14,687,962	14,502,990	184,972
714003060	14,563,000	(7,450,000)	7,113,000	4,496,012	2,616,988
714013060	14,563,000	(7,450,000)	7,113,000	4,496,012	2,616,988
903003060	131,375,000	(29,243,387)	102,131,613	43,180,667	58,950,946
903013060	24,250,000	20,670,299	44,920,299	37,553,079	7,367,220
903023060	102,125,000	(49,413,686)	52,711,314	1,500,000	51,211,314
903033060	5,000,000	(500,000)	4,500,000	4,127,588	372,412
904003060	60,771,669	1,780,008	62,551,677	35,949,018	26,602,659
904013060	60,771,669	1,780,008	62,551,677	35,949,018	26,602,659
905003060	215,682,044	(20,347,056)	195,334,988	94,673,847	100,661,141
905013060	61,150,000	(18,867,056)	42,282,944	25,614,608	16,668,336
905023060	119,625,000	(1,452,000)	118,173,000	35,404,804	82,768,196
905033060	34,907,044	(28,000)	34,879,044	33,654,436	1,224,608
906003060	58,260,230	159,374,535	217,634,765	180,601,396	37,033,369
906013060	33,150,230	(790,000)	32,360,230	32,203,991	156,239
906023060	25,110,000	160,164,535	185,274,535	148,397,405	36,877,130
1001003060	414,600,000	29,156,984	443,756,984	254,702,520	189,054,465
1001023060	107,400,000	3,237,280	110,637,280	72,735,425	37,901,855
1001033060	114,850,000	(5,074,915)	109,775,085	32,983,102	76,791,983
1001043060	163,100,000	10,826,520	173,926,520	123,648,622	50,277,898





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Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
1001063060	29,250,000	20,168,099	49,418,099	25,335,370	24,082,729
<b>1002003060</b>	<b>508,797,371</b>	<b>922,732,562</b>	<b>1,431,529,933</b>	<b>616,145,141</b>	<b>815,384,792</b>
1002013060	39,305,693	(12,050,000)	27,255,693	25,037,351	2,218,342
1002023060	469,491,678	934,782,562	1,404,274,240	591,107,790	813,166,450
<b>TOTAL</b>	<b>9,049,775,371</b>	<b>3,912,817,382</b>	<b>12,962,592,753</b>	<b>8,296,811,239</b>	<b>4,665,781,513</b>

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County executive budgets which are programmatic)





## **7.8. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

The receivables and payables are disclosed in the Statement of Assets and Liabilities.

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

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

### **2. Reporting entity**

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

### **3. Recognition of receipts and payments**

#### **a) Recognition of receipts**

The County Government recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government. The County recognises its own generated revenue once they are swiped to CRF account. Revenue collection accounts have been disclosed under 8 – Disclosure of balances in revenue collection accounts.

#### **Tax receipts**

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

#### **Transfers from the Exchequer**

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





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**External Assistance**

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

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**Donations and grants**

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

**Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

**Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans. The amount of undrawn external assistance for the year is detailed in the notes

**County Own Generated Receipts**

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

**Returns to CRF Issues**

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

**b) Recognition of payments**

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





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensation of employees**

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

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**Use of goods and services**

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

**Interest on borrowing**

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

**Repayment of borrowing (principal amount)**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

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



**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Third Party Payments**

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government are detailed in the notes to this financial statement.

**6. Cash and cash equivalents**

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

**Restriction on cash**

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2020, this amounted to KShs 127,298,599 compared to KShs 33,851,167 in prior period as indicated on note 23.

There were no other restrictions on cash during the year

**7. Accounts Receivable**

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

**8. Accounts Payable**

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





**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Non-current assets**

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

**10. Outstanding Commitments**

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

**11. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans





**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Contingent Assets**

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

**13. 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 *entity's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 29<sup>th</sup> June, 2019 for the period 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 as required by law. There were four supplementary budgets passed in the year. A high-level assessment of the County actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**14. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. Comparative figures for Note no. 14 and Note no. 15 have changed due to re classification of Transfers to other government entities and Transfers to other grants and payments as per Auditors recommendation.

**15. 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.

**16. Errors**

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

**17. Related party transactions**

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



**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
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**7.9. NOTES TO THE FINANCIAL STATEMENTS**

**1. EXCHQUER RELEASES**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Total Exchequer Releases for quarter 1	1,354,746,000	376,800,000
Total Exchequer Releases for quarter 2	1,537,777,948	1,333,367,121
Total Exchequer Releases for quarter 3	3,151,265,585	2,960,703,596
Total Exchequer Releases for quarter 4	2,237,694,990	3,591,986,976
<b>Total</b>	<b>8,281,484,523</b>	<b>8,262,857,693</b>

The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer. Exchequer releases are as follows:  
(The totals of A, B and C below should equal the total exchequer releases).

**1A. Equitable Share**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Total Equitable Share for quarter 1	1,354,746,000	376,800,000
Total Equitable Share for quarter 2	1,401,462,000	1,205,760,000
Total Equitable Share for quarter 3	2,841,853,500	2,826,000,000
Total Equitable Share for quarter 4	1,518,251,100	3,127,440,000
<b>Total</b>	<b>7,116,312,600</b>	<b>7,536,000,000</b>

**1B: Level 5 Hospitals Allocation**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Transfers for level 5 hospitals	-	-
<b>Total</b>	<b>-</b>	<b>-</b>





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1C: Donor Funds released through Exchequer Releases as per CARA**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme	30,900,000	24,300,000
World Bank – THUSCP	147,037,619	57,611,665
National Agricultural & Rural Inclusive Growth Project (NARIGP)	241,448,671	50,078,476
Kenya Devolution Support Programme	30,000,000	
Youth Polytechnic support grant	59,793,298	31,604,300
Abolishment of user fees in health centres and dispensaries	15,209,593	15,209,593
Kenya Urban Support Programme	-	91,200,000
Agriculture Sector Development Support Project (ASDSP)	18,540,528	8,424,317
Kenya Climate Smart Agriculture Project (KCSAP)	-	
KRB(Road Maintenance levy fund	221,007,940	198,416,316
NATIONAL GOVERNMENT(Medical Equipment)	131,914,893	200,000,000
EU Grant-IDEAS		50,013,026
Water Sanitation Development Program(WSDP)	45,015,440	
Urban institutional Grant(UIG)	8,800,000	
Urban Development Grant(UDG)	35,761,940	
Covid-19 Fund	179,742,000	
<b>Total</b>	<b>1,165,171,922</b>	<b>726,857,693</b>





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
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**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

<b>Name of Donor</b>	<b>Date received</b>	<b>Amount in foreign currency</b>	<b>2019 - 2020</b>	<b>2018 – 2019</b>
			<b>KShs</b>	<b>KShs</b>
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>			-	-
<b>Grants Received from Multilateral Donors (International Organisations)</b>			-	-
<b>Grants Received from other levels of government</b>			-	-
<b>Total</b>			-	-

(Include a brief explanation on grants received, from whom and for what purpose)



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Transfers from Central government entities</b>	-	-
<b>Transfers from Counties</b>	-	-
<b>TOTAL</b>	-	-

*(Give a brief description of what the transfers relate to and from whom they were received)*

**4. PROCEEDS FROM DOMESTIC BORROWINGS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
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	-	-
<b>Total</b>	-	-

*(Give a brief description of the nature and sources of borrowings including any assets pledged as security)*





**KWALE COUNTY GOVERNMENT - EXECUTIVE**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. PROCEEDS FROM FOREIGN BORROWINGS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
<b>Total</b>	-	-

*(Give a brief explanation relating to sources of funds, interest charged and terms of repayment)*

**6. PROCEEDS FROM SALE OF ASSETS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Receipts from the Sale of Buildings	-	-
Receipts from Sale of Vehicles and Transport Equipment	-	-
Receipts from Sale of Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from Sale of Strategic Reserves Stocks	-	-
Receipts from Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
<b>Total</b>	-	-

**7. REIMBURSEMENTS AND REFUNDS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals & Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
<b>Total</b>	-	-

*(Give a brief description on what the refunds relate to)*





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**8. RETURNS OF EQUITY HOLDINGS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
<b>Total</b>	-	-

*(State briefly from which entities dividends or interest is derived from)*

**9. COUNTY OWN GENERATED RECEIPTS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Administrative Service Fees	914,713	1,303,687
Advertising	14,757,850	13,046,815
Auction Fees	5,227,485	6,909,132
Building Plan Approval	1,811,632	2,703,898
Business Permits	38,859,344	69,536,520
Donations	-	-
Environment and Conservancy Administration	-	-
External Service Fees	-	-
Fund raising events	-	-
Garbage Fees	3,134,400	2,537,000
Housing	1,268,250	2,701,526
Insurance claims recovery	-	-
Lease/Rental of Infrastructure Assets	960,000	1,175,500
Market/Trade Centre fees	3,839,610	4,977,008
Natural Resources Exploitation	-	-
Other Education Related Fees	-	-
Other Education Revenues	-	-
Other Health and Sanitation Revenues	-	-
Other Local Levies	-	-
Other miscellaneous revenues	4,511,701	2,185,681
Other Receipts Not Classified Elsewhere	-	-
Other revenues from financial assets loans	-	-
Paid to Exchequer/CRF	-	-
Plot Rents {Land Revenue}	3,537,011	3,297,009
Poll Rates	-	-
Public Health Facilities Operations {Revenue from Hospital}	91,621,840	95,874,013
Public Health Services	3,999,500	10,887,706
Receipts from Voluntary transfers other than grants	-	-



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	<b>2019 - 2020</b>	<b>2018 - 2019</b>
Revenue from Agriculture, Livestock and Fisheries	2,356,752	1,972,765
Revenue from Trade and Cooperatives	602,400	1,550,800
Royalties	14,453,707	15,213,524
School Fees	-	-
Sewerage Administration	-	-
Slaughter Houses Administration	473,174	529,807
Social Premise Use Charges	-	-
Technical Service Fees	2,313,200	1,598,550
Tourist Charges	-	-
Transfers from reserve funds	-	-
Transit Goods	303,000	2,434,252
Various Fees	-	507,245
Vehicle Parking Fees	13,414,677	15,301,919
Water Supply Administration/water lease fee	-	-
Capital Grants from International NGOs collected as AIA	-	-
Capital Grants from International NGOs paid through Exchequer	-	-
Cesses	6,053,354	6,624,288
Current Grants from International NGOs collected as AIA	-	-
Current Grants from International NGOs paid through Exchequer	-	-
Fines Penalties and Forfeitures	-	-
Interest Received	-	-
Land rates	40,032,270	52,156,536
Other Property Income	-	-
Other Voluntary Transfers for Current purposes	-	-
Profits and Dividends	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Receipts from Sales by Non-Market Establishments	-	-
Rents {house and stall rent}	-	-
Sales of Market Establishments	-	-
<b>TOTAL</b>	<b>254,445,870</b>	<b>315,025,181</b>





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**10. RETURNED CRF ISSUES**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Recurrent account	-	-
Development account	-	-
Deposit account	-	-
<b>Total</b>	-	-

*(State what the refunds relate to and when they were appropriated for use)*

**11. COMPENSATION OF EMPLOYEES**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Basic salaries of permanent employees	2,760,309,380	2,558,962,506
Basic wages of temporary employees	143,000	10,237,764
Personal allowances paid as part of salary	50,000	300,000
Personal allowances paid as reimbursements	-	
Personal allowances provided in kind	-	
Pension and other social security contributions	-	
Compulsory national social security schemes	-	
Compulsory national health insurance schemes	-	
Social benefit schemes outside government	-	
Other personnel payments	-	
<b>Total</b>	<b>2,760,502,380</b>	<b>2,569,500,270</b>





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**12. USE OF GOODS AND SERVICES**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Utilities, supplies and services	39,333,399	48,715,656
Communication, supplies and services	15,481,093	13,737,765
Domestic travel and subsistence	258,626,164	282,828,636
Foreign travel and subsistence	2,818,674	1,179,140
Printing, advertising and information supplies & services	44,849,900	54,370,121
Rentals of produced assets	31,675,035	17,147,818
Training expenses	38,962,172	29,434,018
Hospitality supplies and services	133,809,032	119,844,091
Insurance costs	222,252,531	141,139,952
Specialized materials and services	259,083,801	369,791,264
Office and general supplies and services	48,151,300	41,918,073
Fuel,oil and lubricants	144,884,416	142,679,265
Other operating expenses	44,375,531	193,791,851
Routine maintenance – vehicles and other transport equipment	80,690,874	70,816,472
Routine maintenance – other assets	54,169,369	71,391,747
<b>Total</b>	<b>1,419,163,291</b>	<b>1,598,785,870</b>



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**13. SUBSIDIES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Subsidies to Public Corporations		
Grants to Youth Polytechnics	-	70,770,000
Subsidies to Private Enterprises	-	-
<b>TOTAL</b>	<b>-</b>	<b>70,770,000</b>

*(Give explanation of the nature of subsidies and the kind of services that have been subsidised)*

**14. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
<b>Transfers to County Government entities</b>	-	-
Transfer to county assembly	743,449,888	673,981,354
Bursary	440,000,000	400,000,000
<b>Transfers to Other Counties</b>		
<b>Transfers to National Government entities</b>		
Transfer to the Council of Governors	-	-
	-	-
<b>TOTAL</b>	<b>1,183,449,888</b>	<b>1,073,981,354</b>

*(Provide the nature and purpose of transfers and are these transfers to be recovered)*

**15. OTHER GRANTS AND PAYMENTS**

	2019 - 2020	2018 - 2019
	KShs	KShs
Scholarships and other educational benefits	-	-
<b>Other current transfers, grants</b>		
Grant To Youth polytechnics	28,772,160	
Lands	685,200	
Finance	62,969,437	76,950,100
Water	54,591,440	





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Kwale Municipality	11,861,970	
Trade {EU ideas}	54,557,366	18,863,800
Community	8,338,313	26,061,151
Health	152,071,268	136,351,788
Agriculture {NARIGP}	245,191,047	39,921,066
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
<b>Total</b>	<b>619,038,201</b>	<b>298,147,906</b>

*(Provide explanation as to what other grants and payments relate to and who is the beneficiary)*

**16. SOCIAL SECURITY BENEFITS**

	2019 - 2020	2018 - 2019
	KShs	KShs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Explain where the benefits are remitted and who the beneficiaries are)*





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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. ACQUISITION OF ASSETS**

<b>Non- Financial Assets</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Purchase of Buildings	-	-
Construction of Buildings	210,446,353	45,349,441
Refurbishment of Buildings	-	-
Construction of Roads	218,160,426	53,491,613
Construction and Civil Works	39,020,519	73,085,138
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	105,382,010	47,495,958
Overhaul of Vehicles and Other Transport Equipment	-	1,810,000
Purchase of Household Furniture and Institutional Equipment	3,106,994	17,333,746
Purchase of Office Furniture and General Equipment	40,369,009	35,709,540
Purchase of ICT Equipment	-	28,841,225
Purchase of Specialized Plant, Equipment and Machinery	182,707,542	268,500,594
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	51,610,250	51,729,990
Research, Studies, Project Preparation, Design & Supervision	-	466,121
Rehabilitation of Civil Works	392,759,777	144,914,474
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	799,000
<b>Total acquisition of non- financial assets</b>	<b>1,243,562,880</b>	<b>769,526,839</b>
		-
<b>Financial Assets</b>		-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Domestic Payables - From Previous Years	1,814,120,734	1,511,692,321
<b>Total acquisition of financial assets</b>	<b>1,814,120,734</b>	<b>1,511,692,321</b>
<b>Total acquisition of assets</b>	<b>3,057,683,614</b>	<b>2,281,219,160</b>



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**18. FINANCE COSTS, INCLUDING LOAN INTEREST**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Bank Charges	423,753	
Interest Payments on Foreign Borrowings	-	
Interest Payments on Guaranteed Debt Taken over by Govt	-	
Interest on Domestic Borrowings (Non-Govt)	-	
Interest on Borrowings from Other Government Units	-	
<b>Total</b>	<b>423,753</b>	<b>-</b>

**19. REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Repayments on Borrowings from Domestic	-	-
Principal Repayments on Guaranteed Debt Taken over by Government	-	
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	
<b>Total</b>	<b>-</b>	<b>-</b>

**20. OTHER PAYMENTS**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Budget Reserves	-	
Civil Contingency Reserves	-	10,000,000
Other payments	-	
	<b>-</b>	<b>10,000,000</b>

*(Provide explanation as to what each component of other expenses relate to)*





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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. CASH AND BANK BALANCES**

**21A. BANK BALANCES**

Name of Bank, Account No. & currency	Amount in bank account currency *	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2019 - 2020	2018 - 2019
				<b>KShs</b>	<b>KShs</b>
CBK -1000170476 - Kwale County Development	Kes	Development		20,104,470	26,543,172
CBK -1000170441 - Kwale County Recurrent	Kes	Recurrent		4,938,627	3,237,009
CBK -1000170697 - Kwale County Revenue Fund	Kes	Revenue		1,814,221,200	2,473,909,686
CBK -1000282223 - Kwale County Special Purpose	Kes	Recurrent		111,180,145	34,162,403
CBK -1000230649 - Kwale County Deposit	Kes	Deposit		127,298,599	33,851,167
CBK - 1000366807 - Kwale County NARIGP	Kes	Development		-	6,500,000
CBK -1000370114 - Kwale County Village Polytechnic Project Grant	Kes	Development		36,295,551	4,597,133
CBK- 1000325526 - Kwale County Road Maintenance Levy Fund	Kes	Development		151,197,737	181,077,440
CBK ASDSP A/C No. 1000366818 - Kwale County Agriculture Sector Development Support Programme	Kes	Development		7,616,211	
CBK A/C No.1000335912 - Kwale County Gratuity	Kes	Recurrent		154,219	4,597,931
CBK A/C No. 1000399918 - Kwale County Ideas Led Project	Kes	Development		1,378,601	44,136,198
CBK A/C No.1000440527- Kwale Devolution Support Programme	Kes	Development			





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				30,000,000	
CBK A/C No. 1000385863 - Kwale Municipality UDG	Kes	Development		60,346,889	50,000,000
CBK 1000438509 - Kwale County Water Sanitation And Development Programme	Kes	Development			
KCB Kwale- 1140750674 - Chief Officer Finance	Kes	Recurrent			289
National Bank Ukunda- 01001068083300 - Kwale County United Nations Food And Agric Account	Kes	Recurrent			
National Bank Ukunda- 01041212084800-Kwale County Narigp Account {NARIG}	Kes	Development		98,083,878	69,254,027
Equity Kwale- 1580262364648 - Chief Officer Agriculture Imprest Account	Kes	Recurrent		-	3,466
National Bank Ukunda- 01040207184000 - Kwale Asdsp account {ASDSP}	Kes	Recurrent		12,715,811	10,932,210
National Bank Ukunda- 01001068080600 - Kwale County Lands Physical Planning And Natural Resources Development A/C	Kes	Recurrent		2,246,223	
Equity Bank Imprest A/C no.1580262364715 - Lands	Kes	Recurrent		5,000,000	
SBM Diani 067236625001 - Kwale County UIG Account	Kes	Recurrent		39,026,850	
KCB Kwale- 1171164890 - Chief Officer Health	Kes	Recurrent		4,592	2,893
KCB Kwale- 1146764049 - Kinango Hospital	Kes	Recurrent		1,318	2,580
KCB Kwale- 1146697198 - Kwale Hospital	Kes	Recurrent		5,320	2,294
KCB Kwale- 1107465605 - Lunga Lunga Sub County Hospital	Kes	Recurrent		3,410	1,837



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KCB Kwale- 1147035164 - Msambweni Hospital	Kes	Recurrent		14,863	1,680,597
KCB Kwale- 1147926840 - County Health Management Team - Hssf	Kes	Recurrent		3,680,324	
Equity Kwale- 1580261652795 - County Health Management Team – Kapi Account	Kes	Recurrent		3,611,314	
National Bank Ukunda- 01001068087400 - Kwale County Medical And Public Health Development Account	Kes	Recurrent			
KCB Kwale-1178438066 - Chief Officer Health And Medical Service – Giz Account	Kes	Recurrent			
Equity Kwale- 1580262364612 - Chief Officer Trade Imprest A/C	Kes	Recurrent		0	
National Bank- Ukunda 01020211582500 - Kwale County Ideas Led Project	Kes	Development		3,735,466	
Equity Kwale-1580262364674 - Chief Officer Community Development Imprest A/C	Kes	Recurrent		0	1
National Bank Ukunda- 01001068076500 - Kwale County Community Development A/C	Kes	Development		-	
Equity Kwale-1580262720863 - Chief Officer Executive Services	Kes	Recurrent		1	6,038
Equity Bank Limited Chief Officer Education A/C.15080262720511	Kes	Recurrent		-	
Equity Kwale- 1580262720291 - Chief Officer Water Services	Kes	Recurrent		1	1,363
National Bank Ukunda- 01001068083100 - Kwale County Water Services Development Account	Kes	Development		-	51
Equity Kwale- 1580262720374 - Chief Officer Infrastructure	Kes	Recurrent		6,663	1,821
National Bank Ukunda- 01001068082700 - Kwale County Road Maintenance Levy Fund	Kes	Development		-	
KCB Kwale- 1170334512 - Chief Officer Infrastructure Grant	Kes	Development		-	1,266
National Bank Ukunda- 01001068082900 - Kwale County Infrastructure Development Account	Kes	Development		-	





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Equity Bank A/C No.1580262720406 - ICT	Kes	Recurrent		1	
Equity Kwale-1580262720914 - County Public Service Board	Kes	Recurrent		-	
Equity Kwale-1580262364693 - Chief Officer Decentralised Units {PSA}				4,760	2,475
<b>Total</b>				<b>2,532,873,044</b>	<b>2,944,505,344</b>

*\*(Amount should be as per amount in the cash book and bank reconciliation statements prepared for each account held)*

**21B. CASH IN HAND**

	2019 - 2020	2018 - 2019
	KShs	KShs
Cash in Hand – Held in domestic currency	15,188	205,672
Cash in Hand – Held in foreign currency		
<b>Total</b>	<b>15,188</b>	<b>205,672</b>

Cash in hand should also be analysed as follows:

	2019 - 2020	2018 - 2019
	KShs	KShs
Health Dept-Kinango Hospital	59	99,361
Health Dept-Kwale Hospital	26	160
Health Dept-Chief Officer health Administration	90	73,600
Msambweni Hospital	13,362	32,551
Lunga lunga Hospital	1,651	
<b>Total</b>	<b>15,188</b>	<b>205,672</b>

*[Provide cash count certificates for each]*





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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS AND ADVANCES**

<i>Description</i>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Staff Advances</b>		
Finance	2,275,655	3,295,212
Agriculture	198,822	206,000
Lands	34,990	
Health	2,031,783	415,926
Trade	625,575	4,800
Community Devt.	500,314	150,000
Executive Services	5,392	2,138,663
Education	432,000	1,025,994
Water	12,000	256,000
Infrastructure	419,360	129,400
Ict	30,000	25,000
County Public Service Board	950,000	
Public Service & Admin	1,674,245	603,658
Kwale Municipality		
Diani Municipality		
<b>Total Outstanding Advances</b>	<b>9,190,136</b>	<b>8,250,653</b>
<b>Government Imprests</b>		
Finance		
Agriculture		
Lands		
Health		
County Assembly		
Trade		
Community Devt.		
Executive Services		
Education		
Water		
Infrastructure		
Ict		
County Public Service Board		
Public Service & Admin		
Kwale Municipality		
Diani Municipality		
<b>Total Outstanding Imprests</b>	<b>-</b>	<b>-</b>
Clearance accounts		
<b>Total</b>	<b>9,190,136</b>	<b>8,250,653</b>



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<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<b>Total</b>				

**23. ACCOUNTS PAYABLE**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Retention monies	127,298,599	33,851,167
<b>Total</b>	<b>127,298,599</b>	<b>33,851,167</b>

*[Provide short appropriate explanations as necessary]*

**24. FUND BALANCE BROUGHT FORWARD**

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	2,944,505,344	2,291,284,973
Cash in hand	205,672	145,548
Accounts Receivables	8,250,653	9,784,745
Accounts Payables	(33,851,167)	(57,583,078)
<b>Total</b>	<b>2,919,110,503</b>	<b>2,243,632,188</b>

*[Provide short appropriate explanations as necessary]*





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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25. PRIOR YEAR ADJUSTMENTS**

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others ( <i>specify</i> )			
<b>Total</b>			

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

**26. CHANGES IN RECEIVABLES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest & Advances as at 1st July (A)	8,250,653	9,784,745
Imprest & advances issued during the year (B)	17,241,320	14,714,895
Imprest & advances surrendered during the Year (C)	16,301,837	16,248,987
Imprest and Advances as at 30th June D=A+(B-C)	9,190,136	8,250,653
<b>Net changes in account receivables E= A-D</b>	<b>(939,483)</b>	<b>1,534,092</b>

**27. CHANGES IN ACCOUNTS PAYABLES – DEPOSITS AND RETENTIONS**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1st July (A)	33,851,167	57,583,078
Deposit and Retentions held during the year (B)	335,013,931	236,073,851
Deposit and Retentions paid during the year (C)	241,566,498	259,805,762
Deposit and Retentions as at 30th June D=A+(B-C)	127,298,599	33,851,167
<b>Net changes in account Payables E= D-A</b>	<b>93,447,433</b>	<b>(23,731,911)</b>





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**7.10. OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 2)**

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	1,056,216,031	2,424,260,322	2,276,753,494	1,203,722,859
Construction of civil works	1,229,096,484	1,941,953,701	2,243,573,833	927,476,352
Supply of goods	174,596,917	380,505,633	280,256,923	274,845,628
Supply of services	24,380,063	366,271,598	62,645,924	328,005,737
<b>Total</b>	<b>2,484,289,495</b>	<b>5,112,991,254</b>	<b>4,863,230,173</b>	<b>2,734,050,576</b>

**2. PENDING STAFF PAYABLES (See Annex 3)**

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Unionisable employees				
Others				
<b>Total</b>				

**3. OTHER PENDING PAYABLES (See Annex 4)**

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
<b>Total</b>				

*(Provide explanations for the prior year adjustments made, their nature and effect on the fund balance of the County)*



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**4. External Assistance**

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received in cash		
<b>External assistance received as loans and grants</b>	557,504,198	281,627,484
<b>External assistance received in kind- as payment by third parties</b>		
<b>Total</b>	<b>557,504,198</b>	<b>281,627,484</b>

*a) External assistance relating loans and grants*

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
<b>External assistance received as loans</b>		
<b>External assistance received as grants</b>		
DANIDA - Universal Healthcare in Devolved Units Programme	30,900,000	24,300,000
World Bank – THUSCP	147,037,619	57,611,665
National Agricultural & Rural Inclusive Growth Project (NARIGP)	241,448,671	50,078,476
Kenya Devolution Support Programme	30,000,000	
Kenya Urban Support Programme	-	91,200,000
Agriculture Sector Development Support Project (ASDSP)	18,540,528	8,424,317
EU Grant-IDEAS		50,013,026
Water Sanitation Development Program(WSDP)	45,015,440	
Urban institutional Grant(UG)	8,800,000	
Urban Development Grant(UDG)	35,761,940	
<b>Total</b>	<b>557,504,198</b>	<b>281,627,484</b>





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*b) Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants			
<b>Total</b>			

*c. Classes of providers of external assistance*

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
<b>Multilateral donors</b>	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	30,900,000	24,300,000
World Bank – THUSCP	147,037,619	57,611,665
National Agricultural & Rural Inclusive Growth Project (NARIGP)	241,448,671	50,078,476
Kenya Devolution Support Programme	30,000,000	
Kenya Urban Support Programme	-	91,200,000
Agriculture Sector Development Support Project (ASDSP)	18,540,528	8,424,317
EU Grant-IDEAS		50,013,026
Water Sanitation Development Program(WSDP)	45,015,440	
Urban institutional Grant(UIG)	8,800,000	
Urban Development Grant(UDG)	35,761,940	
NGOs	-	-
National Assistance Organization	-	-
<b>Bilateral donors</b>	-	-
<b>International assistance organization</b>	-	-
<b>Total</b>	<b>557,504,198</b>	<b>281,627,484</b>





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*Provide details of the reasons for external assistance e.g.*

**d.Non-monetary external assistance**

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods	-	-
Services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc*

*N/B : Disclose the basis on which the value of goods and services were determined ( This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.*

**e....Purpose and use of external assistance**

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	590,266,041	298,147,906
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	<b>590,266,041</b>	<b>298,147,906</b>

*N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.*

**5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY**

*This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.*

**Classification by Source**

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National government	-	-



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Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

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

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	-	-

*N/B The above sub classification will be adopted based on the appropriate county's operations*

## **6. RELATED PARTY DISCLOSURES**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Kwale County Government

- Kwale County Bursary Fund
- Kwale Water and Sewerage Company
- Kwale County Disaster Management fund
- Kwale County Women, Youth and people with disability Fund.

### **Related party transactions**

	<b>2019- 2020</b>	<b>2018- 2019</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transfers to related parties</b>		
Transfer to the County Assembly	743,449,887	673,981,354
<b>Transfers to other County Government Entities</b>		
Transfer to Kwale County Bursary Fund	440,000,000	400,000,000
Transfers to Kwale Water and Sewerage company	55,579,390	
Expenses paid on behalf of County Water Service Providers	-	-





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<b>Total Transfers to related parties</b>		
<b>Transfers from related parties</b>		
Transfers from the Exchequer	-	-
Transfers from MDAs	-	-
Transfers from SCs and SAGAs- National Government	-	-
(Insert any other transfers received)	-	-
<b>Total Transfers from related parties</b>		

## 7. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

<b>Entity</b>	<b>Date Established/Date taken over</b>	<b>Location</b>	<b>Accounting Officer responsible</b>	<b>Balance as at 30th June 2020</b>
Water and Sewerage Company	2014	Kwale headquarters	Ag Managing Director – Erick Parmet.	26,869,525
<b>Fund</b>				
Bursary Fund	2014-2015	County Headquarters	Chief Officer Education - Juma Nzao	24,035,633
Community Youth and Women Fund		County Headquarters	Chief Officer Social Services - Ms Francisca Kilonzo	20,230,665
Trade Revolving Fund	2014	Kwale headquarters	Chief Officer - Hassan Ngala	26,869,525
Kwale County Disaster Management Fund		County Headquarters	Chief Officer PSA -Juma Nzao	823,250
Car Loan and Mortgage Fund				
<b>Board</b>				
<b>Project</b>				
Kcep Cral Account Kwale				6,451
Kwale Water Security & Climate Resilience Project (KWSCRIP)				22,921,419
<b>Scheme</b>				





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**8. DISCLOSURE OF BALANCES IN REVENUE COLLECTION ACCOUNTS**

County Government Own source revenue is recognized in the financial statements when it has been swept to CRF. Revenue collection account balances need to be disclosed at the end of the reporting period as below. Revenue collection accounts should be swept to CRF on reporting dates.

Name of Bank, Account No. & currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2019 - 2020	2018 - 2019
			<b>KShs</b>	<b>KShs</b>
KCB A/C No. 1169373496 - Public Health And Hospitals	Kes		16,884,713	19,056,756
KCB A/C No. 1169372139 - Single Business Permit	Kes		27,529,676	43,037,739
KCB A/C No. 1140770241 - Land Rates	Kes		(94,743,934)	(73,134,020)
KCB A/C No. 1169373348 - Liquor License	Kes		-	-
KCB A/C No. 1169373054- Cess	Kes		45,012,573	7,041,263
Kwale County Government- MPESA A/C	Kes		16,300	-



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**8.1. ANALYSIS OF DOMESTIC PAYABLES (See Note No. 17)**

<b>Non Financial Assets</b>	<b>2019 - 2020</b>
	<b>KShs</b>
Purchase of Buildings	48,483,733
Construction of Buildings	440,573,136
Refurbishment of Buildings	-
Construction of Roads	316,893,013
Construction and Civil Works	343,027,323
Overhaul and Refurbishment of Construction and Civil Works	-
Purchase of Vehicles and Other Transport Equipment	32,383,039
Overhaul of Vehicles and Other Transport Equipment	-
Purchase of Household Furniture and Institutional Equipment	5,941,100
Purchase of Office Furniture and General Equipment	3,890,670
Purchase of ICT Equipment	8,576,992
Purchase of Specialized Plant, Equipment and Machinery	8,586,655
Rehabilitation and Renovation of Plant, Machinery and Equip.	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	54,951,000
Research, Studies, Project Preparation, Design & Supervision	11,146,203
Rehabilitation of Civil Works	478,493,220
Acquisition of Strategic Stocks and commodities	-
Acquisition of Land	4,749,999
Acquisition of Intangible Assets	-
Specialised Materials and Supp	56,424,650
<b>Total</b>	<b>1,814,120,733</b>

**8.2 PENDING STAFF PAYBLES**

The policy of the county is to calculate gratuity for contractual employees and provide for it in the budget in the year when it is due. As at 30<sup>th</sup> June 2020 none of the contract was due and hence the reason why they were not included in the financial statements. The amount has however accrued to Kshs 104,959,800.00





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**9. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Variance between Financial statements and IFMIS balances	Expenditure which had not posted to the IFMIS ledger were update	Alex Onduko Chief Officer, Finance	Resolved	
2.1	Other operating expenses	Procurement procedure followed, minutes attached plus proceedings	Alex Onduko Chief Officer, Finance	Resolved	
2.2	Unsupported expenditure	Attachments for expenditure provided	Alex Onduko Chief Officer, Finance	Resolved	
3.1	Acquisition of land	Documents of ownership provided	Alex Onduko Chief Officer, Finance	Resolved	
3.2	Construction of roads	Actual works paid for is of 1 Km	Alex Onduko Chief Officer, Finance	Resolved	
3.3	Rehabilitation of civil works	Measured works submitted	Alex Onduko Chief Officer, Finance	Resolved	
3.4.1	Jasini cause	Measured works	Alex	Resolved	





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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	way	provided	Onduko Chief Officer, Finance		
3.4.2	Purchase of drilling material, chemicals, tools and accessories	Number of boreholes drilled provided and procurement from stores provided	Alex Onduko Chief Officer, Finance	Resolved	

**Guidance Notes:**

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

CEC, County Treasury

Sign.....

Date..... 29<sup>th</sup> September, 2020.



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**ANNEXES**

**ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER**

<b>Period</b>	<b>Equitable Share</b>	<b>DANIDA</b>	<b>Level 5 hospitals allocation</b>	<b>Other transfers- Donor funds transferred through exchequer</b>	<b>Total Transfers from the National Treasury/ Exchequer</b>
Exchequer Releases for quarter 1	1,354,746,000				1,354,746,000
Exchequer Releases for quarter 2	1,401,462,000	11,250,000		125,065,948	1,537,777,948
Exchequer Releases for quarter 3	2,841,853,500	11,250,000		298,162,085	3,151,265,585
Exchequer Releases for quarter 4	1,518,251,100	8,400,000		711,043,890	2,237,694,990
<b>Total</b>	<b>7,116,312,600</b>	<b>30,900,000</b>		<b>1,134,271,923</b>	<b>8,281,484,523</b>



