

# REPUBLIC OF KENYA

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COAST REGION HUB  
P.O. Box 95202 - 80100  
MOMBASA



## OFFICE OF THE AUDITOR-GENERAL

ADL/30E/16/17 (6)

15 August 2018

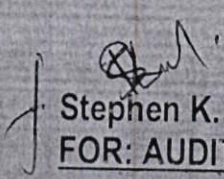
The Fund Administrator,  
Kwale County Assembly Members & Staff Loan Scheme Fund  
P.O. Box 241-80403,  
**KWALE.**

PAPERS LAID	
DATE	15/08/2018
TABLED BY	Senate Deputy Major Leader
COMMITTEE	CPA/C
CLERK AT THE TABLE	Shirley

### REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF KWALE COUNTY ASSEMBLY MEMBERS AND STAFF LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE 2017

Enclosed herewith, please find one set of the audited financial statements for the year ended 30 June 2017 for your Fund duly certified and with the seal of the Auditor-General affixed thereon for your use and retention.

Please make arrangements to print the audited financial statements and submit fifty (50) copies and a soft copy of the same to the National Assembly through your County Assembly Clerk for appropriate action in accordance with Article 229 (8) of the Constitution of Kenya. In addition the Audited Accounts, if possible, should also be uploaded in your website. Kindly send five (5) copies to this Office.

  
Stephen K. Karanu  
FOR: AUDITOR-GENERAL



Copy to: The Clerk to the County Assembly of Kwale,  
P.O. Box 231-80403,  
**KWALE.**



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

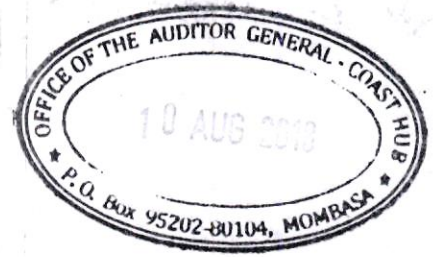
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KWALE COUNTY ASSEMBLY MEMBERS AND  
STAFF LOAN SCHEME FUND

FOR THE YEAR  
ENDED 30 JUNE 2017





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**THE KWALE COUNTY ASSEMBLY**

**MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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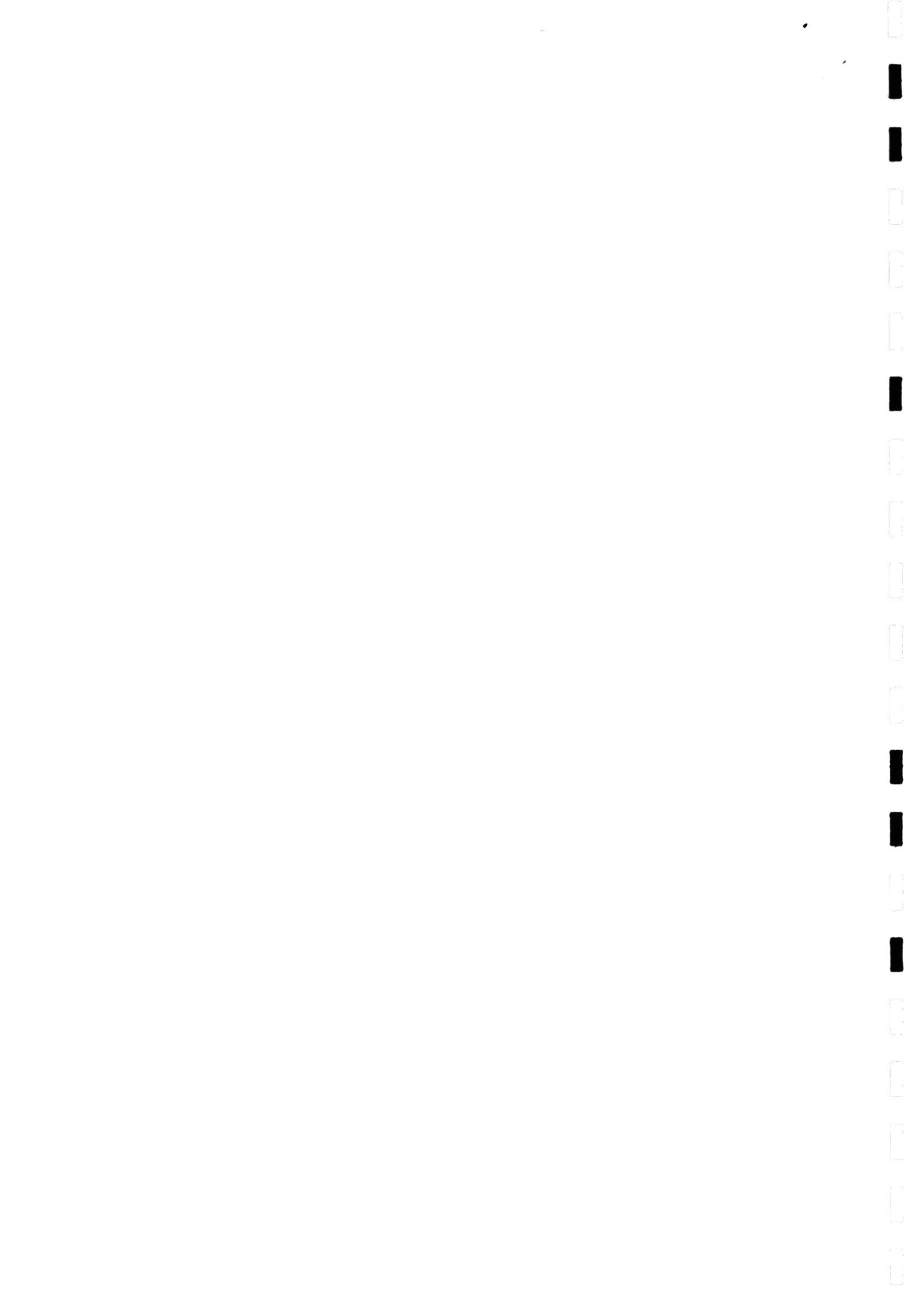
Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

**THE KWALE COUNTY ASSEMBLY  
REPORT AND FINANCIAL STATEMENT FOR KWALE COUNTY ASSEMBLY MEMBERS  
AND STAFF LOAN SCHEME  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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**THE KWALE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The County Assembly is constituted as per the constitution of Kenya and is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The Membership of the Assembly constitutes the Speaker and Members of County Assembly (MCAs) both elected and nominated. In the year ending 30<sup>th</sup> June 2017, the County Assembly of Kwale had twenty elected Members and thirteen nominated Members.

The County Assembly of Kwale is operating a car loan and mortgage fund aimed at facilitating finances on loan basis for purchasing a car or house.

**(b) Key Management**

The Funds day-to-day management is under the following key organs:

- The Car Loan and Mortgage Committee
- Office of the Clerk
- Office of the Director, Finance and Accounting Services

**Fiduciary Management**

The key management personnel who held office during the year ended 30<sup>th</sup> June, 2017 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Assembly Clerk	Denis Mutui
2.	Director Finance	Philip Ziro
3.	Fund Manager	Saidi Maganga

**(c) Fiduciary Oversight Arrangements**

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

**(a) County Assembly Headquarters**

P.O. Box 231 - 80403  
Kwale County Headquarters  
Kwale – Kinango Road  
Kwale



**THE KWALE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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**(a) County Assembly Contacts**

Telephone: (254)  
E-mail: [Countyassemblyofkwale@gmail.com](mailto:Countyassemblyofkwale@gmail.com)  
Website: [www.bungekwale.co.ke](http://www.bungekwale.co.ke)

**(b) Entity Bankers**

Kenya Commercial Bank  
P.O. Box 43-80403  
Kwale

Family Bank of Kenya  
Nkuruma road Branch  
Mombasa

**(c) Independent Auditors**

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

**(d) Principal Legal Adviser**

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



**THE KWALE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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**II. FORWARD BY THE CLERK OF THE ASSEMBLY**

The County Assembly of Kwale is operationalizing a car loan and Mortgage fund for the purpose of enabling members to acquire Cars and purchase house. The Assembly enacted an Act to facilitate its operations. The fund financed MCAs to acquire the assets and they have successfully repaid back save for few members during their term in office.

There is a committee which manages the day to day affairs of the fund. The membership of the committee includes three members of staff, one being a member, another being the fund administrator and the last one being the chairman. There are also two MCAs appointed by the County Assembly Service board to be part of the committee.

The fund had an opening balance of Kshs 110, 761,041 and a closing balance of Kshs 200,828,278 as at 30<sup>th</sup> June 2017. Transfers from Exchequer were kshs 90,000,000 during the year. During the year, the fund financed a total of Kshs 13,594,000 to staff of the County Assembly for car loan. The fund realised a surplus of Kshs 90,067,236.

**FATUMA H. MWALUPA,**



**Ag. CLERK OF THE COUNTY ASSEMBLY**



**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's Fund's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30<sup>th</sup> June, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's Funds financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's Car Loan and Mortgage Fund statements give a true and fair view of the state of the Fund's transactions for the year ended 30<sup>th</sup> June, 2017, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the Fund which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

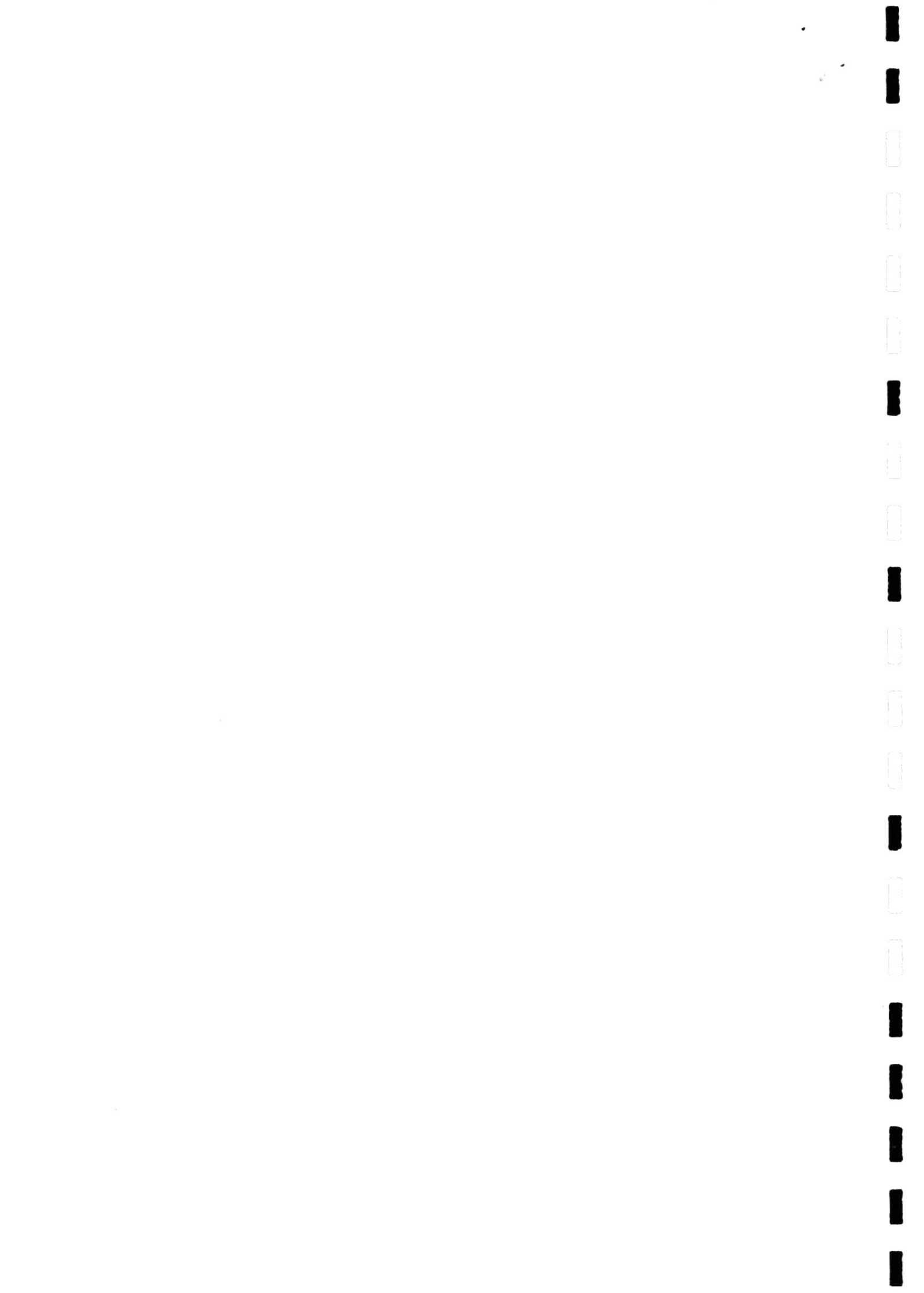
**Approval of the financial statements**

The County Assembly's Fund's financial statements were approved and signed by the Clerk of the County Assembly on 20/6/ 2018.



Fatuma Mwalupa

Ag. Clerk of the County Assembly





**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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

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Fatuma Mwalupa

Ag. Clerk of the County Assembly



# REPUBLIC OF KENYA



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Website: [www.kenao.go.ke](http://www.kenao.go.ke)

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY ASSEMBLY MEMBERS AND STAFF LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of Kwale County Assembly Members and Staff Loan Scheme Fund set out on pages 5 to 18, which comprise the statement of financial position as at 30 June 2017, and the statement of performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kwale County Assembly Members and Staff Loan Scheme Fund as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Basis for Qualified Opinion and Other Matters sections of my report, based on the procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### Basis for Qualified Opinion

###### 1.0 Presentation of Financial Statement

A review of the financial statements presented for audit revealed the following inconsistencies and non-compliant issues;

- i. The table of contents refers to the statement of changes in assets in page 7 instead of the statement of change in net assets.

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*Report of the Auditor-General on the Financial Statements of Kwale County Assembly Members and Staff Loan Scheme Fund for the year ended 30 June 2017*



- ii. The financial statement submitted under key entity information and management did not include details of the car loan and mortgage committee members and the management team.
- iii. The financial statement submitted under key entity information and management did not include the chairman's statement and corporate governance statement.
- iv. The significant accounting policies on page 10 part 1 refers on the statement of compliance and basis of preparation as the financial statements having been prepared in accordance with IPSAS Cash basis instead of Accrual basis.
- v. Page 13 of the financial statements does not bear the header Kwale County Assembly Members and Staff Loan Scheme Fund Report and Financial Statement for Fifteen Months Ending 30 June 2016.

Consequently, the financial statements did not comply with the presentation as prescribed by Public Sector Accounting Standards Board.

## **2.0 Establishment and Administration of the Fund**

As previously reported, the statement of financial position reflects accounts receivable balance of Kshs.12,965,236 (2016: Kshs.2,179,100). Records availed for audit review indicated that the fund administration for the year consisted of the Fund administrator and other two members appointed by the Clerk. This contravened Section 12 (b) of the Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016.

Consequently, the Fund operated irregularly and disbursed funds without a properly constituted loans management committee during the year ended 30 June 2017.

## **3.0 Accounts Receivable**

The statement of financial position reflected accounts receivable balance of Kshs.12,965,236. Records availed for audit indicated that one of the staff members was advanced Kshs.651,000 to purchase a car under the scheme. However, as at the time of audit the ownership of the car had not been transferred as a joint ownership to the applicant and the assembly contrary to Section 18 (2) of Kwale County Assembly Members and Staff Loan Scheme Fund Act, 2016, which requires the ownership document of the property subject to a loan from the Fund to be registered jointly between the County Assembly Service Board and the member and be kept in the custody of the fund manager until the loan is repaid in full by the member. Consequently, the accuracy and recoverability of accounts receivable balance of Kshs.12,965,236 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kwale County Assembly Members and Staff Loan Scheme Fund in accordance with ISSAI 30 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. Except for the matter described in the Basis for Qualified Opinion section of my report, I have determined that there were no other Key Audit Matters to report in the year under review.

### Other Matter

#### Budgetary Control and Performance

During the year under review, Kwale County Assembly Members and Staff Loan Scheme Fund had a final budget of Kshs.90,190,686 and spent Kshs.13,717,450 or 15% resulting to under absorption of Kshs.76,473,236 or 85% as summarized below;

Expenditure Item	Budgeted Amount (Kshs.)	Actual Expenditure (Kshs.)	Under Absorption (Kshs.)	Under Absorption (%)
Loans	90,000,000	13,594,000	76,406,000	85%
Operating costs	190,686	123,450	67,236	35%
<b>Totals</b>	<b>90,190,686</b>	<b>13,717,450</b>	<b>76,473,236</b>	<b>85%</b>

The under absorption of Kshs.76,473,236 or 85% is an indication that only 15 % of the loans to members and staff of Kwale County Assembly were delivered and the objective of the Fund was not met.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Kwale County Assembly Members and Staff Loan Scheme Fund ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the





going concern basis of accounting unless the management either intends to cease operations or have no realistic alternative but to do so.

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.

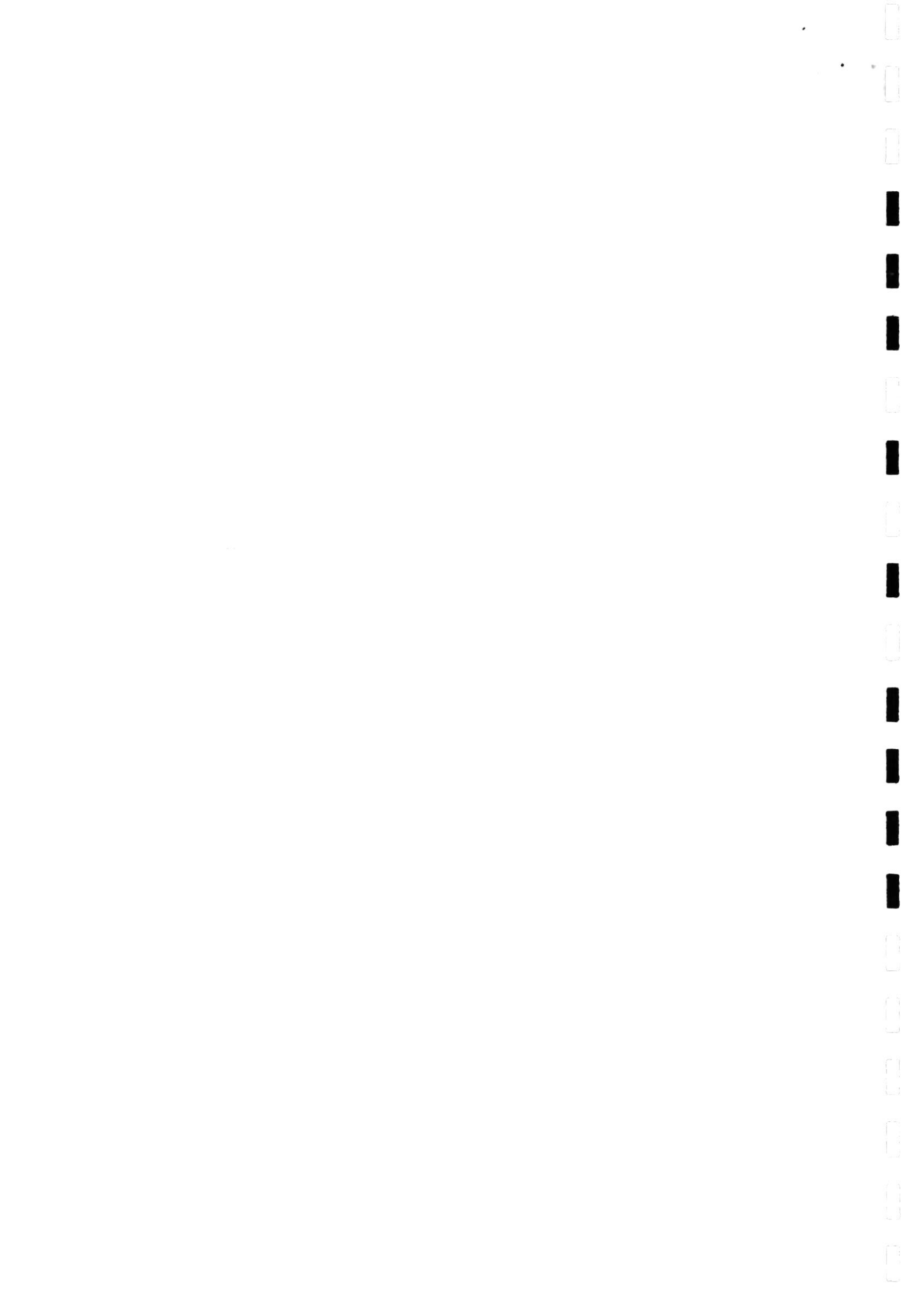
Those charged with governance are responsible for overseeing the Kwale County Assembly Members and Staff Loan Scheme Fund financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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 International Standards of Supreme Audit Institutions (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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Kwale County Assembly Members and Staff Loan Scheme Fund 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 going concern 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 Kwale County Assembly Members and Staff Loan Scheme Fund ability to

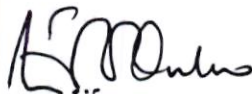


continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Kwale County Assembly Members and Staff Loan Scheme Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Kwale County Assembly Members and Staff Loan Scheme Fund 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.



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

**Nairobi**

**10 July 2018**




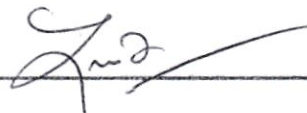
**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**III. STATEMENT OF FINANCIAL PERFORMANCE**

	Note	2016/2017 Kshs	15 Months Ending 30th June 2016 Kshs
<b>INCOME</b>			
Transfers from the County Treasury/Exchequer Releases	1	90,000,000	107,430,000
Other Receipts-Interest Income	2	190,686	3,331,041
<b>TOTAL RECEIPTS</b>		<b>90,190,686</b>	<b>110,761,041</b>
<b>EXPENSES</b>			
Operating Costs	3	123,450	-
Other Payments		-	-
<b>TOTAL PAYMENTS</b>		<b>123,450</b>	<b>-</b>
<b>SURPLUS/DEFICIT</b>		<b>90,067,236</b>	<b>110,761,04</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 20/6/ 2018 and signed by:

  
\_\_\_\_\_  
Fatuma Mwalupa  
Ag. Clerk of the Assembly

  
\_\_\_\_\_  
CPA Ziro Philip – No.20407  
Director Finance – County Assembly



**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

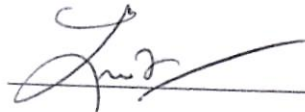
**IV. STATEMENT OF FINANCIAL POSITION  
AS AT 30<sup>TH</sup> JUNE 2017**

	Note	2016/2017	15 Months Ending 30th June 2016
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances	5	187,863,042	108,581,941
Accounts receivable	6	12,965,236	2,179,100
<b>TOTAL FINANCIAL ASSETS</b>		<b>200,828,278</b>	<b>110,761,041</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	7	110,761,041	-
Surplus/Deficit for the year		90,067,236	-
<b>NET FINANCIAL POSITION</b>		<b>200,828,278</b>	<b>110,761,041</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 20/6/ 2018 and signed by:



Fatuma Mwalupa  
Ag. Clerk of the Assembly



CPA Ziro Philip – No.20407  
Director Finance – County Assembly






**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**V. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDING 30<sup>TH</sup> JUNE 2017**

	Capital replacement reserve	Revaluation reserve	Accumulated Surplus/(loss)	Total
Balance b/f (1.07.2016)				
Surplus/(deficit) for the period				110,761,041
Balance as at 30 JUNE 2017				90,067,236
				<b>200,828,278</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 20/6/2018 and signed by:

  
\_\_\_\_\_

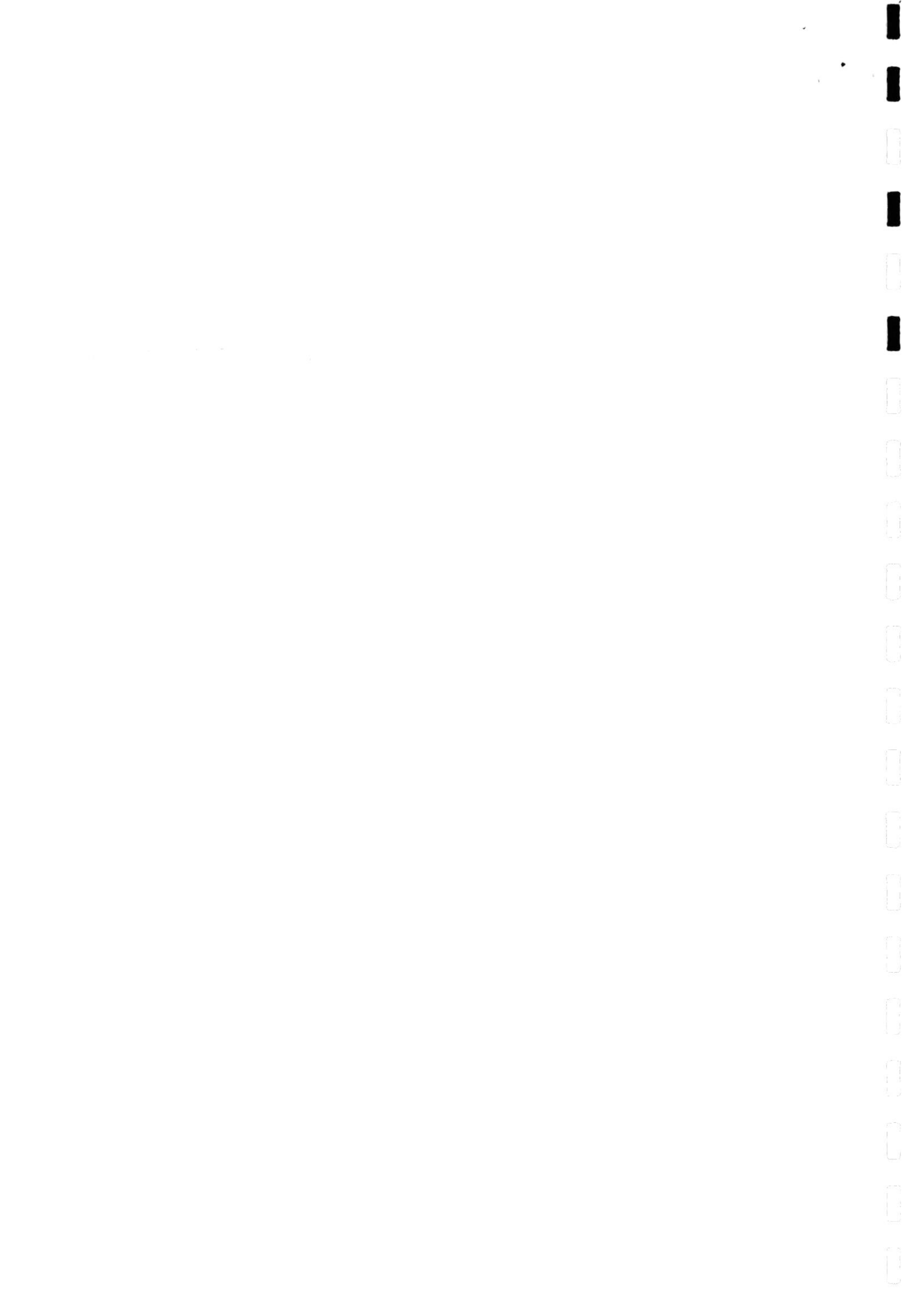
Fatuma Mwalupa

Ag. Clerk of the Assembly

  
\_\_\_\_\_

CPA Ziro Philip – No.20407

Director Finance – County Assembly



**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

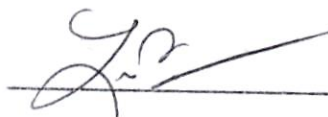
**VI. STATEMENT OF CASH FLOW-FUND ACCOUNT**

	Note	2016/17	15 Months Ending 30th June 2016
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury	1	90,000,000	107,430,000.00
Other Receipts-Interest Income	2	190,686	3,331,041.00
<b>Payments for operating expenses</b>			
Operating Costs	3	-123,450	-
<b>Adjusted for:</b>			
Adjustments during the year		-	-
Increase in Receivables		-10,786,136	-2,179,100
<b>Net cash flows from operating activities</b>		<b>79,281,100</b>	<b>108,581,941.00</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>79,281,100</b>	<b>108,581,941</b>
Cash and cash equivalent at BEGINNING of the year		108,581,941	-
Cash and cash equivalent at END of the year		187,863,042	108,581,941
Cash and Cash equivalent per statement of Assets		187,863,042	108,581,941



Fatuma Mwalupa

Ag. Clerk of the Assembly



CPA Ziro Philip – No.20407

Director Finance – County Assembly




**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**


**VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS:**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation difference to final budget (d/c %)
	Kshs a	Kshs b	c=a+b	D	e=c-d	Kshs
<b>RECEIPTS</b>						
Exchequre Releases	90,000,000	-	90,000,000	90,000,000	90,000,000	Nil
Other Income	-	-	190,686	190,686	190,686	Nil
<b>TOTAL INCOME</b>	<b>90,000,000</b>	-	<b>90,190,686</b>	<b>90,190,686</b>	<b>90,190,868</b>	<b>Nil</b>
<b>PAYMENTS</b>						
Loans	90,000,000		90,000,000	13,594,000	76,406,000	85%
Operating Costs	-	190,686	190,686	123,450	67,236	35%
<b>TOTAL</b>	<b>90,000,000</b>	<b>190,686</b>	<b>90,190,686</b>	<b>13,717,450</b>	<b>76,473,236</b>	<b>85%</b>
<b>SURPLUS/DEFICIT</b>	-					

The explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 20/6/ 2018 and signed by:

  
Fatuma Mwalupa

Ag. Clerk of the Assembly

  
CPA Ziro Philip - No. 20407

Director Finance - County Assembly



**THE KWLE COUNTY ASSEMBLY  
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**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The financial statements have been prepared in accordance with Accrual-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 receivables brought forward from previous year. The statement of assets and liabilities, although not a requirement of the IPSAS Accrual Standard, has been included to disclose information on receivables and payables.

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

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 Assembly of Kwale Car Loan and Mortgage Fund. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

**3. Recognition of receipts and payments**

**a) Recognition of receipts**

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

**b) Recognition of payments**

The entity recognises all expenses when incurred and not necessarily paid.

**4. Cash and cash equivalents**

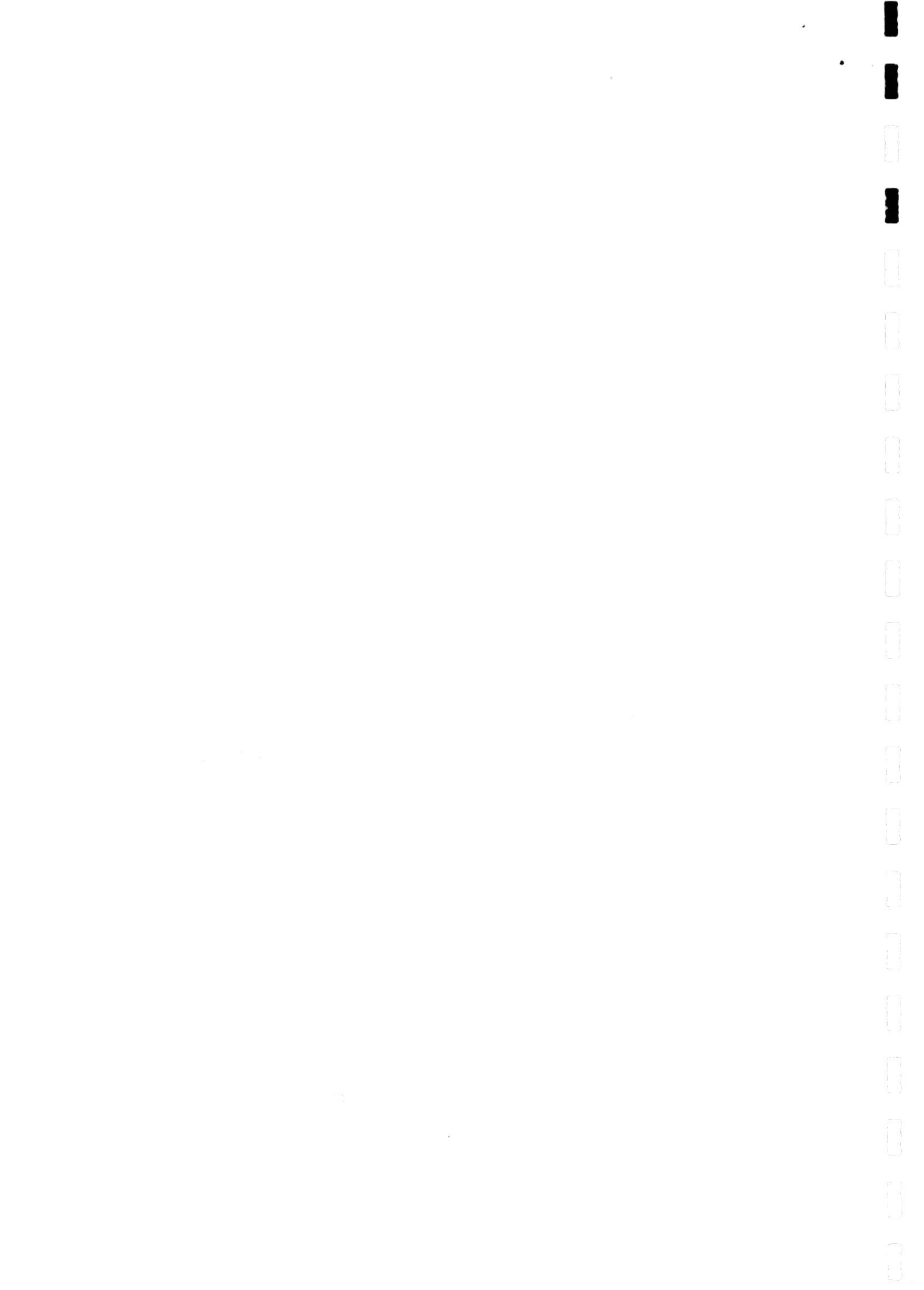
Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account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

**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.

**5. Accounts Receivable**

For the purposes of these financial statements accounts receivables include outstanding debtors for car loans and mortgage issued directly by the fund. Outstanding Loans issued by the bank





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under cash backed securities are not recognised as debtors. These are, however, disclosed in the notes to the accounts

6. **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.
7. **Non current assets**  
Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.
8. **Pending bills**  
Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *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.
9. **Budget**  
The budget is prepared on the same accounting basis (accrual basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law. The funds budget was appropriated by the county Assembly in the financial year 2016/2017.
10. **Comparative figures**  
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
11. **Subsequent events**  
Events subsequent to submission of the financial year end financial statements to County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the County Treasury.
12. **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.



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FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

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**THE KWLE COUNTY ASSEMBLY  
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**13. 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.



**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**IX. NOTES TO THE FINANCIAL STATEMENTS-FUND ACCOUNT.**

**1. TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES**

	2016/2017	15 Months Ending 30th June 2016
	<b>Kshs</b>	<b>Kshs</b>
Transfers from County Treasury	90,000,000	-
<b>Cumulative Amount</b>	<b>90,000,000</b>	<b>-</b>

**2. OTHER RECEIPTS**

	2016/2017	15 Months Ending 30th June 2016
	<b>Kshs</b>	<b>Kshs</b>
Interest received	190,686.00	3,331,041.00
<b>Total</b>	<b>190,686.00</b>	<b>3,331,041.00</b>

**3. OPERATING COSTS**

	2016/2017	15 Months Ending 30th June 2016
	<b>Kshs</b>	<b>Kshs</b>
Capacity building costs	117,400	-
Bank Charges	6,050.00	-
<b>Total</b>	<b>123,450</b>	<b>-</b>

**4. PRINCIPAL LOANS**

	2016/2017	15 Months Ending 30th June 2016
	<b>Kshs</b>	<b>Kshs</b>
Principal loans Directly Disbursed	13,594,000	4,000,000
Cash backed Collateral loans disbursed by bank	-	97,442,929
<b>Total</b>	<b>13,594,000</b>	<b>101,442,929</b>





**THE KWLE COUNTY ASSEMBLY  
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**5. BANK ACCOUNTS BALANCES**

Name of Bank, Account No. & Currency	30 <sup>TH</sup> JUNE 2017	30 <sup>TH</sup> JUNE 2016
	Kshs	Kshs
Family Bank Loan Fund Account – 095000038226	6,487,495.20	5,151,941.20
Family Bank Loan Fund Account – Fixed	103,430,000.00	103,430,000.00
Kenya Commercial Bank Loan Fund Account – 1182792197	77,945,546.70	0
<b>TOTAL</b>	<b>187,863,042</b>	<b>108,581,941</b>

**6. ACCOUNTS RECEIVABLE**

	2016/2017	15 Months Ending 30th June 2016
	Kshs	Kshs
Outstanding Loan Balances B/forward	2,179,100	-
Add Loans Issued during the year	13,594,000	4,000,000
<b>Less Repayments Made</b>		
- In Family bank		
- In Kcb Bank	-1,335,554	-1,820,900
<b>Total</b>	<b>12,965,236</b>	<b>2,179,100</b>

**7. FUND BALANCE BROUGHT FORWARD**

	2016/17	2014/16
	Kshs	Kshs
Bank accounts	108,581,941	-
Accounts Receivables	2,179,100	-
<b>Total</b>	<b>110,761,041</b>	<b>-</b>

**8. PRIOR YEAR ADJUSTMENT**

Description of the adjustment	2016/17	2014/16
	Kshs	Kshs
Adjustments on bank account balances	-	-
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**THE KWLE COUNTY ASSEMBLY  
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FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**5. BANK ACCOUNTS BALANCES**

Name of Bank, Account No. & Currency	30 <sup>TH</sup> JUNE 2017	30 <sup>TH</sup> JUNE 2016
	<b>Kshs</b>	<b>Kshs</b>
Family Bank Loan Fund Account – 095000038226	6,487,495.20	5,151,941.20
Family Bank Loan Fund Account – Fixed	103,430,000.00	103,430,000.00
Kenya Commercial Bank Loan Fund Account – 1182792197	77,945,546.70	0
<b>TOTAL</b>	<b>187,863,042</b>	<b>108,581,941</b>

**6. ACCOUNTS RECEIVABLE**

	2016/2017	15 Months Ending 30th June 2016
	<b>Kshs</b>	<b>Kshs</b>
Outstanding Loan Balances B/forward	2,179,100	-
Add Loans Issued during the year	13,594,000	4,000,000
<b>Less Repayments Made</b>		
- In Family bank	-1,335,554	-1,820,900
- In Kcb Bank	-1,472,310	
<b>Total</b>	<b>12,965,236</b>	<b>2,179,100</b>

**7. FUND BALANCE BROUGHT FORWARD**

	2016/17	2014/16
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	108,581,941	-
Accounts Receivables	2,179,100	
<b>Total</b>	<b>110,761,041</b>	<b>-</b>

**8. PRIOR YEAR ADJUSTMENT**

Description of the adjustment	2016/17	2014/16
Adjustments on bank account balances	<b>Kshs</b>	<b>Kshs</b>
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



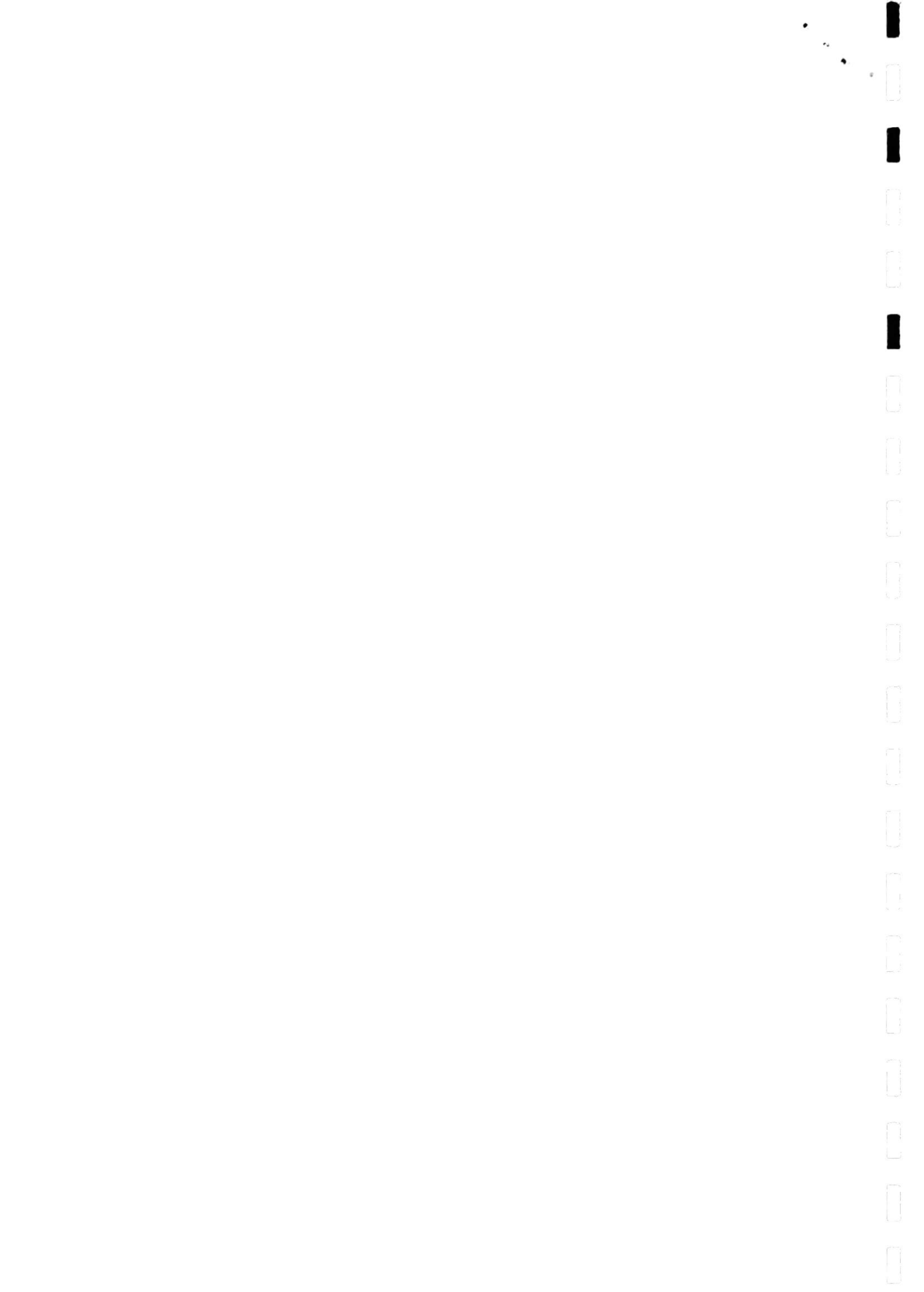
**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**9. SCHEDULE OF LOAN BALANCES DIRECTLY ISSUED BY THE FUND**

Name of Loan Beneficiary	Loan Date	Balance b/f	New loan	Repayment s	Balance C/f
Hon Swaleh simba	Jul-14	1,089,550.00	-	667,932.00	421,618.00
Hon Jerumani Makraa	Jul-14	1,089,550.00	-	667,932.00	421,618.00
Lily Mkalla	Dec-16	-	1,030,000.00	112,205.45	917,794.55
Khamisi Mohamed	Dec-16	-	1,350,000.00	153,689.45	1,196,310.55
Janet Mwanja	Dec-16	-	1,050,000.00	114,384.55	935,615.45
Sawa Ngalaa	Dec-16	-	1,440,000.00	370,764.00	1,069,236.00
Paul Shadrack	Dec-16	-	1,393,000.00	151,749.68	1,241,250.32
Guzo Mwatero	Dec-16	-	900,000.00	98,043.75	801,956.25
Mercy Ndirangu	Dec-16	-	1,080,000.00	117,652.50	962,347.50
Fatuma Mwalupa	Jan-17	-	2,200,000.00	205,150.00	1,994,850.00
Salya Mboto	Mar-17	-	800,000.00	49,600.00	750,400.00
Lucy Waweru	Apr-17	-	1,700,000.00	78,943.75	1,621,056.25
Daniel Mbinda	May-17	-	651,000.00	20,126.72	630,873.28
<b>Total</b>		2,179,100.00	13,594,000.00	2,808,173.85	12,964,926.15

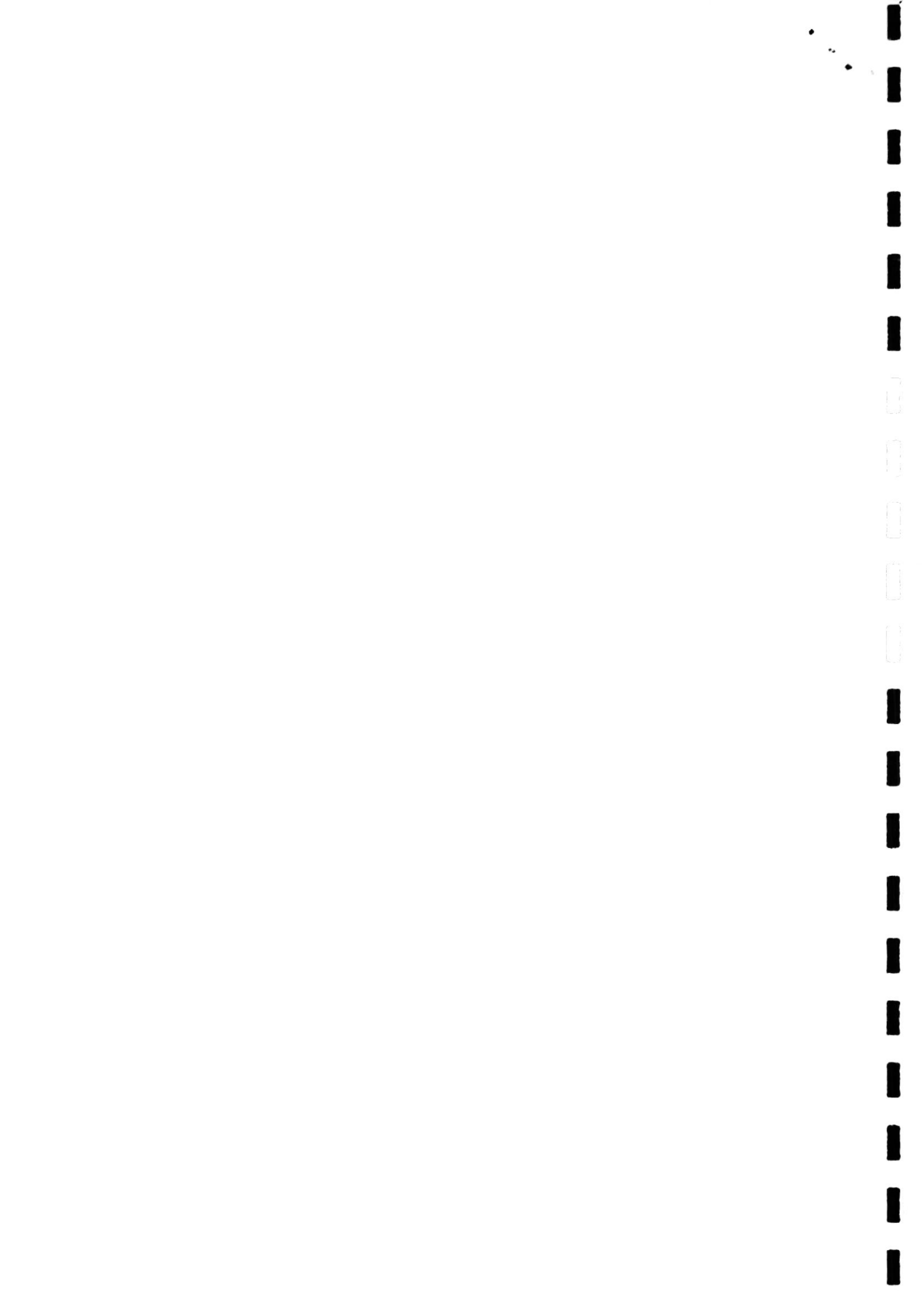
**10. SCHEDULE OF LOAN BALANCES DIRECTLY ISSUED BY THE FUND**

S/ N	PF No.	FAMILY BANK LOAN ACCOUNT_NUMBE R	NAME	PRINCIPAL LOAN DISBURSED	PRINCIPAL PAID AS AT 30TH JUNE 2016.	REPAYMENT FOR 2016/2017	PRINCIPAL PAID AS AT 30TH JUNE 2017.
1	20130020843	095CORL140900006	Amina Hussein Kilalo	3,000,000.00	2,307,752.78	692,247.22	-
2	20130011666	095CORL140790003	Andrew Mulei Mwolovu	4,000,000.00	2,906,015.93	1,093,984.07	-
3	20120012127	095CORL140830004	Anthony Nyawa Yama	3,200,000.00	2,317,468.75	855,288.00	27,243.25
4	20130011479	095CORL140840003	Antony Lukuni Chidzidzingo	3,000,000.00	2,309,699.73	690,300.27	-
5	20130011782	095CORL141010011	Awadh Mohamed Salim	3,500,000.00	2,345,952.02	888,030.33	266,017.65
6	20130020834	095CORL140790007	Bintiomar Ramadhan Mwamwera	3,000,000.00	2,308,444.03	691,555.97	-
7	20130020816	095CORL140900001	Fatuma Juma Nimakulele	3,000,000.00	2,229,512.95	770,487.05	-
8	20130043631	095CORL140900003	Fatuma Kadzo Mwambeyu	3,000,000.00	2,311,205.98	688,794.02	-
9	20130020763	095CORL140900004	Fatuma Rashid Mwamachache	3,000,000.00	2,219,518.95	780,481.05	-
10	19990027926	095CORL141000003	Fatuma Said Jirani	3,000,000.00	2,341,229.90	658,770.10	-
11	20130020772	095CORL140810003	Fatuma Salim Nchizumo	3,000,000.00	2,152,467.75	806,570.25	40,962.00
12	20130020754	095CORL140790018	Fatuma Salim Nchizumo	3,000,000.00	2,152,467.75	745,992.75	-
13	20130012225	095CORL140790005	Hadija Hamisi	3,230,000.00	2,484,007.25	760,931.96	-
14	20130012256	095CORL140790005	James Dawan Ngome	3,500,000.00	2,739,068.04	345,978.05	-
15	20130012556	095CORL140980005	Jerumaini Mohamed Makraa	1,500,000.00	1,154,021.95	758,155.94	-
16	20130012903	095CORL140830005	Juma Athumani Maone	3,000,000.00	2,241,844.06	699,173.46	-
16	20130011675	095CORL140790002	Juma Masudi Ngando	3,000,000.00	2,300,466.64	359.90	359.90



**THE KWLE COUNTY ASSEMBLY  
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17	20130012181	095CORL141010012	Kassim Mwapojo Pojo	3,500,000.00	2,126,881.11	847,240.04	525,8
18	20130020825	095CORL140900005	Mariam Hassan Baridi	3,000,000.00	2,180,732.95	819,267.05	
19	20130020852	095CORL140790009	Mariam Umazi Benzao	3,000,000.00	2,120,618.02	800,989.18	78,3
20	20130020790	095CORL140790010	Michael Mulwa Mutua	2,000,000.00	1,566,396.00	433,604.00	
21	20130011264	095CORL141060002	Mohamed Hatibu Dzugweh	3,500,000.00	2,607,324.35	885,694.15	6,9
22	20130012716	095CORL140980006	Musa Ahmed Umusa	3,500,000.00	2,258,367.12	886,573.58	355,0
23	20130020807	095CORL150540001	Mwanamisi Ali Libondo	1,510,000.00	998,037.44	511,962.56	
24	20130012421	095CORL140790006	Mwerupeh Jackson Ndoro	3,500,000.00	2,191,877.83	786,751.17	521,3
25	20130012565	095CORL140790004	Nassoro Bakari Mgutta	3,500,000.00	2,410,543.72	841,993.58	247,4
26	20130012252	095CORL140800007	Omari Harnisi Kitengele	3,000,000.00	2,092,161.87	784,920.73	122,9
27	20130012378	095CORL140980008	Omari Idd Boga	3,000,000.00	2,306,501.99	693,498.01	
28	19992027616	095CORL140830006	Omari Jumaa Mwakwambirizwa	3,500,000.00	2,543,078.08	956,921.92	
29	20130012878	095CORL141740002	Patrick Mangale Nyawa	2,930,000.00	2,039,092.65	890,907.35	
30	20130012823	095CORL160540002	Sammy Nyamawi Ruwa	4,572,929.27	4,048,801.71	524,127.56	
31	20130020781	095CORL140990003	Suleimani Salim Nzallah	3,000,000.00	1,705,910.37	709,138.73	584,9
32	20130012547	095CORL140930001	Swalehe Bakari Simba	1,500,000.00	1,153,393.58	346,606.42	
				<b>97,442,929.27</b>	<b>71,018,395.50</b>	<b>23,646,936.52</b>	<b>2,777,5</b>





**THE KWLE COUNTY ASSEMBLY  
MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**X. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.**

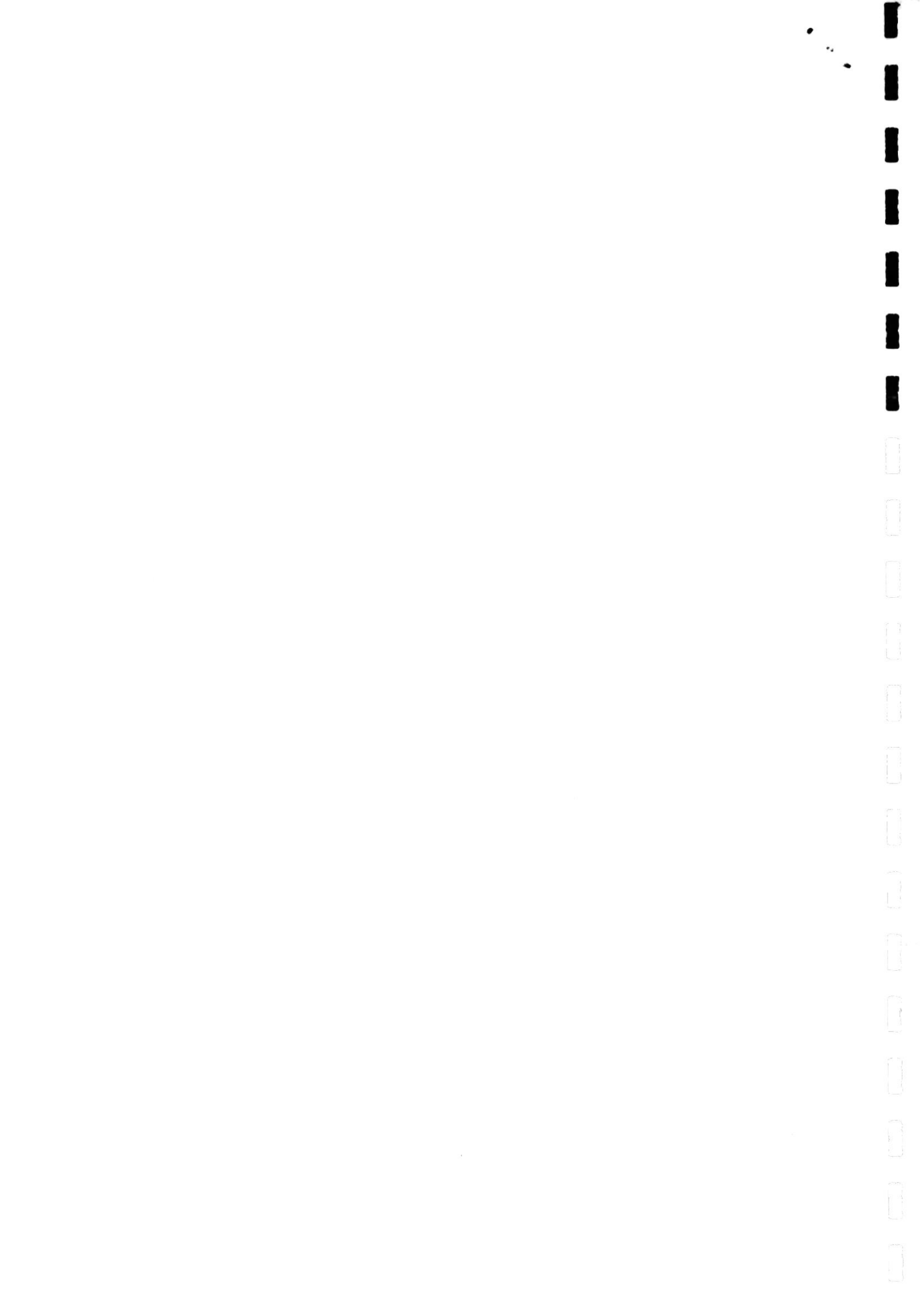
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No on the external audit report	Observation from the Auditor	Management Comments	Focal point person to resolve the issue(Name and Designation)	Status: (Resolved/Not Resolved)	Time frame: (Date)
Mortgage and car loan	Provide ownership documents for cars and mortgages Provide evidence of security for the loans given to the MCAs	The said documents are available, charging of security was done for staff. Members cleared their loans	Senior Legal officer	Resolved	continuous

Ag. Clerk of the County Assembly

Sign..........

Date.....20/6/2018.....



**THE KWLE COUNTY ASSEMBLY**  
**MEMBERS AND STAFF LOAN SCHEME FUND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**I. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2017	Comments
	A	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
2.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
3.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
4. Car & Mortgage Allocation			0			
5.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

