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REPORT

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OF

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE

FOR THE ENDED

30 JUNE, 2024

COUNTY GOVERNMENT OF KILIFI



OFFICE OF THE AUDITOR GENERAL
P.O. Box 21543, MOMBASA
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RECEIVER OF REVENUE
(County Government of Kilifi)

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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

Table of Contents

1. Acronyms and glossary of terms	ii
2. Key Entity Information and Management.....	iii
3. Foreword by the CECM Finance Economic Planning and Resource Mobilization.....	viii
4. Management Discussion and Analysis.....	xii
5. Statement of Receiver of Revenue’s Responsibilities.....	xvi
6. Report of the Independent Auditor on the Kilifi Receiver of Revenue for the year ended June 2024.	xviii
7. Statement of Receipts and Disbursements for the year ended June 30, 2024	1
8. Statement of Financial Assets and Liabilities as at June 30, 2024.....	3
9. Statement of Comparison of Budget vs Actual Amounts for the Period Ended June 30, 2024.....	4
10. Statement of Arrears of Revenue as at June 30, 2024.....	7
11. Significant Accounting Policies	8
12. Notes To the Financial Statements.....	10
13. Appendices	21

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

1. Acronyms and glossary of terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
CILOR	Contribution in Lieu of Rates
FIF	Facility Improvement Fund
AMS	Agricultural Mechanization Services

b) Glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2. Key Entity Information and Management

(a) Background information


The *receiver of revenue* is under the Department of Finance, Economic Planning and Resource Mobilization. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, Economic Planning and Resource Mobilization who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver on July 1, 2023 by the County Executive Committee member for Finance, Economic Planning and Resource Mobilization in accordance with section 157 of the PFM Act.

(b) Principal activities

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF).

(c) Key Management Team

The County Government of Kilifi’s day-to-day management of revenue is under the following:

Name	Details of qualifications and experience
 <p>1. Hon. John Raymond Ngala County Executive Committee Member (CECM – Finance) DOB. 31.01.1971</p>	<p>Experience: Analytical detail-oriented professional business executive with more than 20 years of extensive experience in providing exceptional customer, trade marketing and innovations. Well versed at human capital investments through workforce and educating less fortunate children for leadership succession planning. He has an outstanding aptitude in providing organizational and relationship building capabilities.</p> <p>Qualifications: Masters in Business Administration (MBA), Bachelor of Commerce, Post Graduate Diploma in Marketing.</p>
	<p>Experience: Over 10 years in senior management positions in County Government of Kilifi. Appointed as Chairperson of the Fund Management Committee on December 28, 2022, she is a seasoned professional with a background in public service.</p>

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

 <p>2 Winnie Wakati Luwali Chief Officer - Finance DOB:1990</p>	<p>Qualifications: Master's in Business Administration (Strategic Management). Bachelor of Commerce degree from the University of Eastern Africa,</p>
 <p>3. Lawrence Mwazonga Bokoro Chief Officer – Resource Mobilization (Upto: March 5, 2024) DOB 1970</p>	<p>Experience: He is a practicing Accountant and has served in senior management with extensive experience in Cooperative sector, Hospitality Industry, Development Finance Institution, and University sub-section</p> <p>Qualification: Master in Business Management (Accounting), Bachelor of Commerce in Accounting, Certified Public Accountant of Kenya (CPA-K), Certified Public Secretary of Kenya (CPS-K)</p>
 <p>4. CPA. Jacinta Tre'sa Ismael Chief Officer - Economic Planning (Upto March 5, 2024) Chief Officer – Resource Mobilization (From: March 6, 2024) D.O.B 28.04.1962</p>	<p>Experience: Financial Management in areas of Revenue and Accounting. Local Authorities; Municipal Council of Mombasa and County Council of Kilifi. County Government of Kilifi; Ag. Head of Treasury Accounting, Revenue Receiver, Fund Administrator of Kilifi Ward Scholarship Fund, Principal Accountant in charge of Kilifi and Malindi Municipalities.</p> <p>Awards: Award in Local Government Finance and Accounting paper by Kenya Accountants and Secretaries National Examination Board.</p> <p>Qualifications: Master Degree in Finance and Accounting Option from Kenyatta University. Bachelor Degree in Financial Management from University of South Africa. She also holds a Certificate in Strategic Leadership Development Programme from Kenya School of Government.</p>



Joe Ndundi Tete
Chief Officer – Economic Planning
(From March 5, 2024)

Experience: A long serving Land Surveyor. He is a recognized graduate Land Surveyor of the Institute of Surveyors of Kenya. Has been Chief Officer of Lands Energy and Physical Planning between 2022-2024

Qualification: He earned his master of science degree at Taita Taveta University as a GIS expert. He holds a Bachelor of Technology Degree from the Technical University of Kenya (Nairobi) in Land Survey Technology. Notable other studies are Geostatistics/Land Economics and Cartography (Mapping).

Key Entity information and Management (continued)

(d) County Headquarters

Governor's Office Building
Bofa Road
Kilifi, Kenya.

(e) Entity Contacts

P.O. Box 519-80108, Kilifi
E-mail: info@kilifi.go.ke
Website: www.kilifi.go.ke

(f) Independent Auditor

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

(g) Principal Legal Adviser

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

(h) Bankers

- 1) Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 City Square
00200 Nairobi, Kenya
- 2) Kenya Commercial Bank
Kilifi Branch
- 3) National Bank
Malindi Branch

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

- 4) Cooperative Bank
Kilifi Branch
- 5) NCBA Bank
Kilifi Branch
- 6) Absa Bank
Kilifi Branch
- 7) SBM Bank
Malindi Branch

(i) County Attorney
County Government of Kilifi
P.O. Box 519 - 80108
Kilifi, Kenya

3. Foreword by the CECM Finance Economic Planning and Resource Mobilization

Preamble

It is with great pleasure that I present the Revenue Statements for the Financial Year ended 30 June 2024 for the County Government of Kilifi. The Revenue Statements present the County's revenue performance for the period of twelve months.

The Revenue Statements have been prepared in accordance with Section 165 of the Public Finance Management Act, 2012 which requires that at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year. This shall include a statement of receipts and disbursement in a form prescribed by the Accounting Standards Board. These revenue statements present a true and fair view of the state of affairs of the County Revenue operations for the Financial Year ended 30 June 2024. The Receiver of Revenue is established in accordance with Section 157 of the Public Finance Management Act, 2012 which states that the County Executive Committee Member for finance shall, in writing, designate persons to be responsible for collecting, receiving and accounting for such county government revenue as the County Executive Committee Member for Finance may specify in their letters of designation. The Receiver of County Government Revenue is also responsible to the County Executive Committee Member for Finance for ensuring that the revenue for which the receiver is responsible is collected or recovered, and is accounted for.

The disbursements of the revenue to the County Revenue Fund were done in accordance with the Public Finance Management Act, 2012 Section 109 (6) which requires the County Treasury for each county government shall ensure that all money raised or received by or on behalf of the county government is paid into the County Revenue Fund, except money that— (a) is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose; (b) may, in accordance with other legislation, this Act or County legislation, be retained by the County government entity which received it for the purposes of defraying its expenses; or (c) is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.

Own Source Revenue

In the Financial Year ended June 30, 2024, the County collected a total of Kshs, 1,206,128,124 as compared to Kshs. 1,003,644,804 reported in the previous period. Revenue collection during the year

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

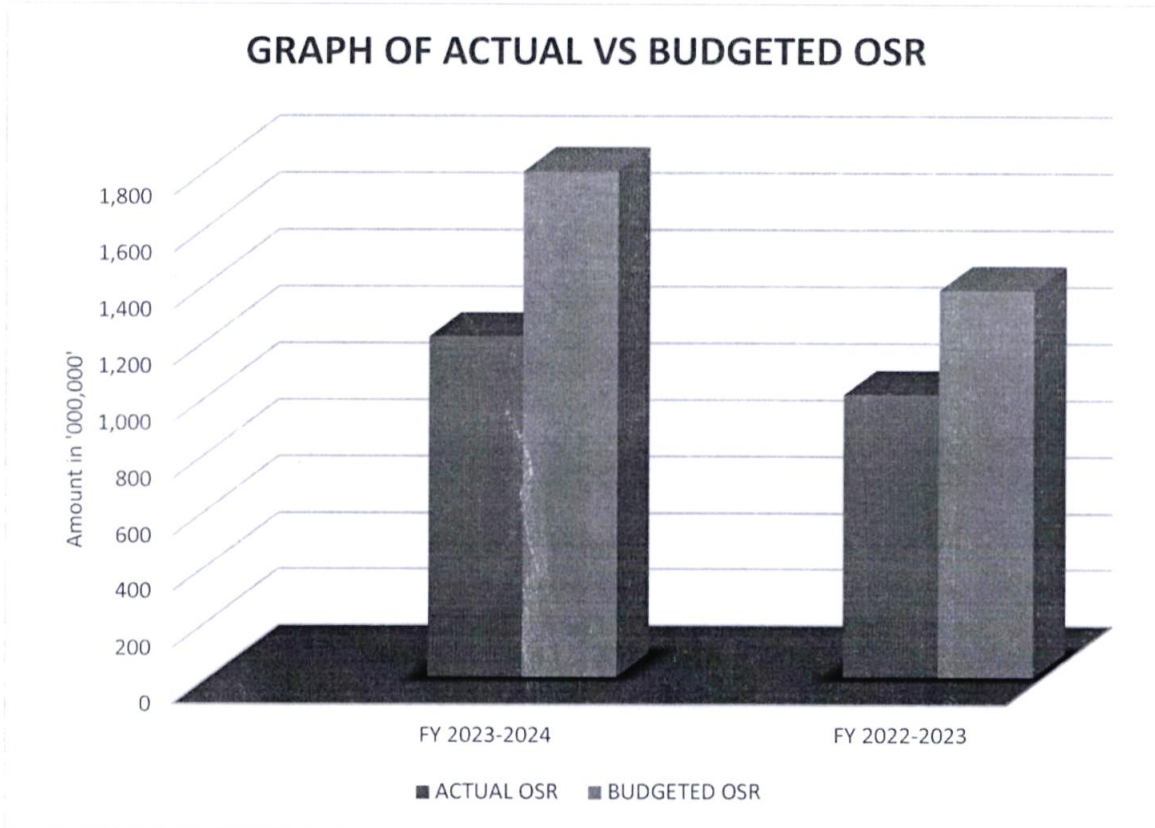
improved by Kshs. 202,483,320 which translates to an increase of 20.2%. A table of the amount collected from various revenue streams is shown below;

Own Source Revenue collected from various Streams

	Note	2023-2024	2022-2023
		Kshs	Kshs
County Own Source Revenue			
Cess	1	303,747,079	233,503,005
Land Rates	2	165,978,228	147,899,106
Single/Business Permits	3	81,481,450	61,516,823
Property Rent	4	17,306,128	23,332,067
Parking Fees	5	19,851,549	23,915,034
Market Fees	6	12,709,505	9,193,837
Advertising	7	26,686,869	25,484,587
Hospital Fees	8	472,221,668	404,392,902
Public Health Service Fees	9	6,162,183	1,476,005
Physical Planning and Development	10	54,326,867	35,680,021
AMS/ATCs	11	1,582,310	1,524,145
Conservancy Administration	12	2,852,205	2,224,900
Administration Control fees	13	23,911,770	16,579,560
Agriculture	14	5,209,585	7,241,403
Fines, Penalties and Forfeiture Fees	15	301,847	337,801
Slaughter House and Livestock Sale Yards	16	5,762,830	1,379,065
Cemetery	17	-	3,000
Forestry Products & Cutting of Trees	18	14,500	273,409
Miscellaneous Receipts	19	6,021,551	7,688,134
Total County Own Source Revenue		1,206,128,124	1,003,644,804

The actual Own Source Revenue during the year was Kshs. 1,206,128,124 while the budgeted amount was Kshs. 1,788,634,224. The graph below shows actual versus budgeted Own Source Revenue for the two comparable reporting periods.

**Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024**



Disbursements

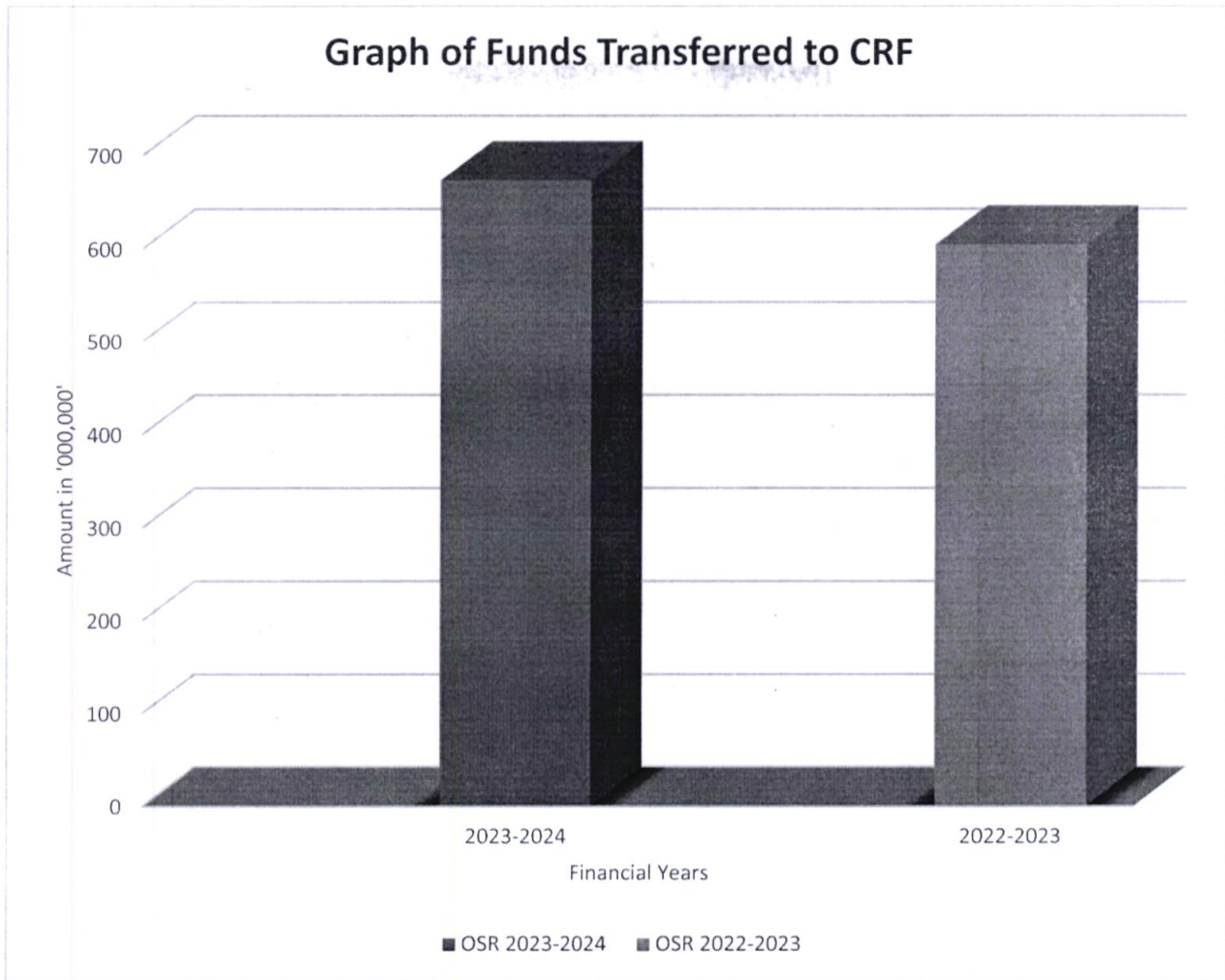
During the Financial Year under review, a total of Kshs. 672,722,922 was disbursed to the County Revenue Fund as compared to Kshs. 603,675,375 in the financial Financial Year ended June 30, 2023. This denoted an increase of 11.5%.

Health revenues collected are banked in accounts operated under the Hospital Services Improvement Fund. The Fund collects revenues and incurs expenditures without transferring revenues to the County Revenue Fund (CRF). These revenues are therefore not due to CRF.

A transfer to CRF during the last three years is as follows;

TRANSFERS TO COUNTY REVENUE FUND

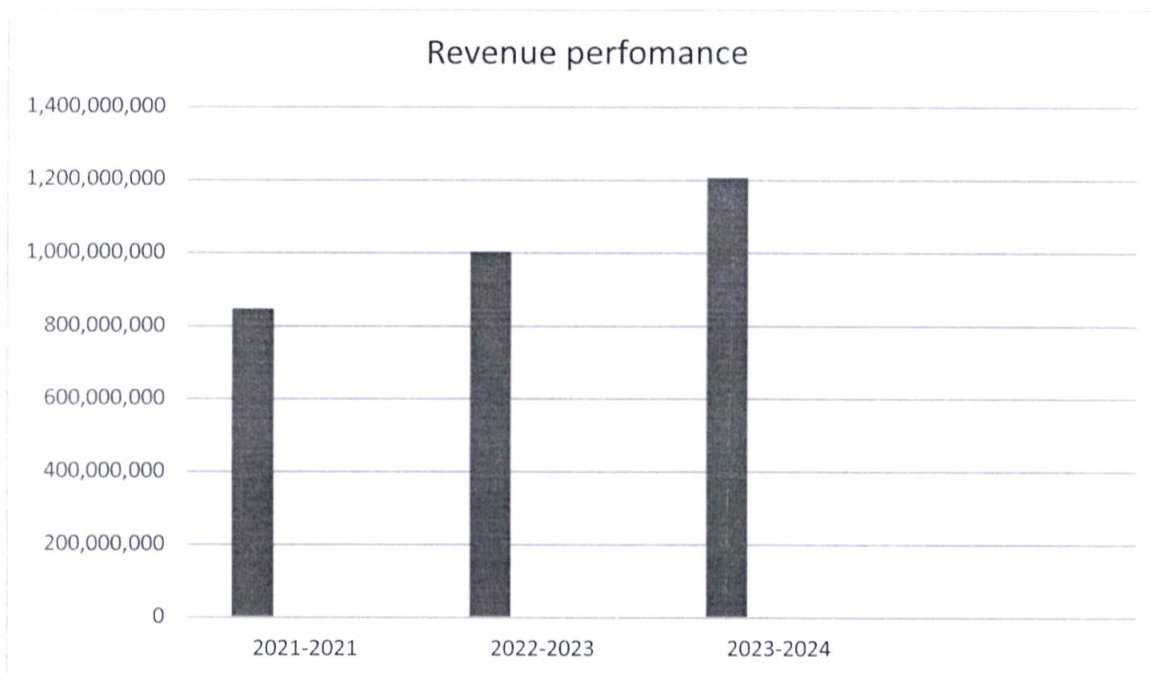
Description	2023/24	2022/23
	Kshs	Kshs
Amount disbursed to CRF during the year	672,722,922	603,675,375



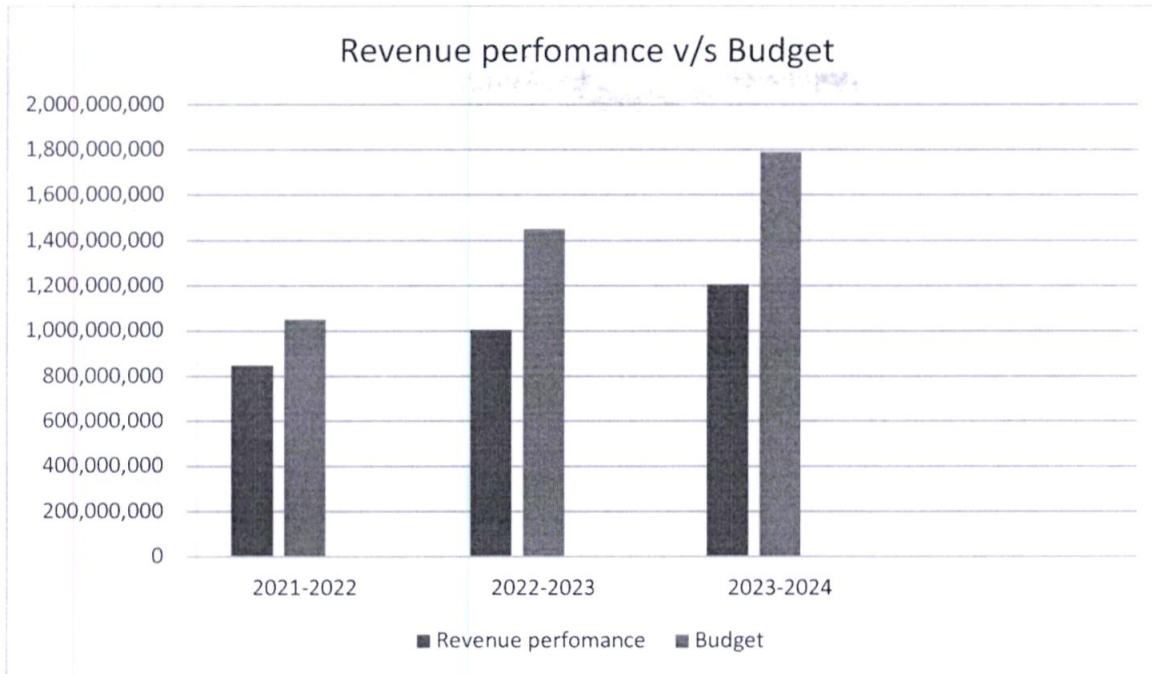
.....
Hon. Yaye Shosi Ahmed
CECM Finance, Economic Planning and Resource Mobilization
County Government of Kilifi

4. Management Discussion and Analysis

The resource division has continuously recorded significant improvement for the past 3 years, despite all the challenges the division has strengthened its strategies to make sure it realises the target set in its own source revenue. In the financial year 2021-2022 the target was Ksh. 1,050,000,000 and the own source revenue collected was kshs. 847,473,213, in the fy 2022-2023 the set target was Kshs 1,450,000,000 and the revenue collected was 1,003,644,804 and in the fy 2023-2024 the target was 1,788,634,223 and the revenue collected was Kshs. 1,206,128,124 respectively this shows there is an increase of over Kshs. 150,000,000 million in every financial year since 2021-2022 financial years. As shown in the graph below.



Revenue performance against budget



Challenges encountered

- a. Land rates – Under realisation of land rates revenue was due to non-operationalisation of the new valuation role (Revised). Since inception of devolution contribution in lieu of rates has not been paid. Incentives such as waivers of interest and penalties were not granted during the year. There were challenges of getting the bonafide owners of land since our data base is not link to land registry.
- b. Single Business Permit – Inadequate enforcement mechanisms. Non operationalisation of County Court and lack of robust integrated revenue system.
- c. Property rent – Inadequate enforcement mechanisms.
- d. Parking fees - We do not have enough designated parking slots and inadequate enforcement mechanisms.
- e. Physical planning - Inadequate enforcement mechanisms.
- f. Liquor licenses – Under realization of this revenue stream was mainly due to non-operationalization of the liquor Fund, lack of robust enforcement measures and non-operationalization of the County Court.
- g. Physical Planning – Inadequate collaboration between the County Department and Lands Office, incomplete revenue cycle and inadequate enforcement mechanisms.

Mitigation factors

Enhancing Revenue Collection: The realization of Kilifi County's developmental aspirations hinges on a robust funding mechanism that ensures the execution of vital projects and services. The County Treasury is strategically orchestrating a multifaceted approach to achieve the ambitious target of Ksh. 1,900,000.00 underpinned by innovative strategies that span from technological advancements to collaborative partnerships. In a bid to realise the revenue target the resource Mobilization division has come up with strategies below as follow.

1. **Full Automation:** To streamline revenue collection, Kilifi County intends to embrace complete automation, funneling all revenue processes into the Kilifipay System. This cutting-edge approach not only enhances efficiency but also minimizes discrepancies and promotes transparency in financial transactions.
2. **Paperless Transactions:** In a bid to foster a seamless financial ecosystem, the county will integrate various departments such as Kedams, ATC, Veterinary Services, and more into the Kilifipay platform. The operationalization and enhancement of the County USSD, extension of county services at Huduma Centre, and the automation of cess and parking fees collection further amplify the paperless paradigm.
3. **Hospital Services Improvement Fund:** Kilifi County Hospital Services Improvement Fund will be fully realized, augmenting the healthcare sector's fiscal inflow. This strategy ensures that resources are effectively channeled to elevate health services, encompassing upgrading facilities and accommodating specialized services charges.
4. **Promoting County Identity:** To amplify the county's image, all departmental meetings and workshops will be channeled to the Mtwapa ATC upon its refurbishment, initiating an affirmative step towards enhancing the county's profile and engagement.
5. **Land and Property Reforms:** Efforts to optimize revenue collection include the upload and operationalization of the completed Valuation Roll, approval of the Rates 370 truck, and comprehensive Beneficiaries profiling from upgrading schemes. Additionally, a meticulous Land Audit aims to streamline land use and define appropriate zoning, ensuring accurate charging of fees for County Ranches.
6. **Revenue Collection Enhancement:** Kilifi County intends to proactively pursue land rates defaulters while conducting revenue clinics to raise public awareness about the significance of compliance in paying county taxes and fees. The county is also set to establish functional markets, encouraging traders to occupy newly established and refurbished markets while adhering to payment guidelines.
7. **Streamlined Operations and Enforcement:** Enhanced collaboration among departments and stringent enforcement mechanisms will be facilitated through the development of Standard Operating Procedures, full implementation of Revenue Collection Laws, and consistent engagement with the office of the County Attorney.
8. **Inspection and Capacity Enhancement:** The County plans to appoint authorized officers for inspection and enforcement, creating a dedicated inspection unit. The Quarterly Rapid Results Initiative programs will further bolster monitoring and enforcement efforts.
9. **Empowering Staff and Resource Mobilization:** Staff capacity will be strengthened through training initiatives, and investments in working tools, such as Mobile Weighing Units, will enhance accuracy in determining tonnage of Cess Materials. The full implementation and operationalization of the Resource Mobilization Division organogram will play a pivotal role in augmenting revenue collection endeavours.

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

The revenue statements were approved and signed by the Receiver of Revenue on 8/12..... 2024



.....
Hon. Yaye Shosi Ahmed
CECM Finance, Economic Planning and Resource Mobilization
County Government of Kilifi

5. Statement of Receiver of Revenue's Responsibilities

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received, and recovered by the receiver during that financial year.

The Receiver of Revenue is responsible for the preparation and presentation of the Receiver of Revenue account, which gives a true and fair view of the state of affairs of the Receiver of Revenue for and as of the end of the financial year ended on June 30, 2024. 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 statement of assets and liabilities of the County Government of Kilifi, (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 Government of Kilifi, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the County Government of Kilifi's receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the County Government of Kilifi's receiver of revenue account gives a true and fair view of the state of County Government of Kilifi's receiver of revenue transactions during the financial year ended June 30, 2024, and of the entity's statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the County Government of Kilifi's has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

Approval of the Revenue Statements

The revenue statements were approved and signed by the Receiver of Revenue on 8.1.2..... 2024



.....
Hon. Yaye Shosi Ahmed
CECM Finance, Economic Planning and Resource Mobilization
County Government of Kilifi

REPUBLIC OF KENYA

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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - COUNTY GOVERNMENT OF KILIFI FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE REVENUE STATEMENTS

Adverse Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Kilifi set out on pages 1 to 40, which comprise the statement of financial

Report of the Auditor-General on Receiver of Revenue - County Government of Kilifi for the year ended 30 June, 2024

assets and liabilities and the statement of arrears of revenue as at 30 June, 2024 and the statement of receipts and disbursements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the revenue statements do not present fairly, in all material respects, the financial position of Receiver of Revenue-County Government of Kilifi as at 30 June, 2024 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies In the Revenue Statements

Review of the revenue statements revealed the following:

a. Statement of Receipts and Disbursements

The statement of receipts and disbursements reflects receipts totalling Kshs.1,206,128,124 which includes hospital fees totalling Kshs.472,221,668 and own source revenue from various other streams totalling Kshs.733,906,456. However, receipts from reports generated by Kilifi pay system totalled Kshs.454,611,800 resulting to an unexplained variance of Kshs.279,294,656. In addition, the statement reflects disbursements to County Revenue Fund (CRF) totalling Kshs.672,722,972 while the IFMIS Miscellaneous Receipts Register (MRR) reflected receipts totalling Kshs.465,935,010 resulting to unexplained variance of Kshs.206,787,962. Further, Note 4 the statements reflects rent on staff payroll as Kshs.5,166,367 while the payroll deduction on the same reflects Kshs.5,250,200 resulting to an unreconciled variance of Kshs.83,833.

b. Statement of Arrears of Revenue

The statement of arrears of revenue reflects market stall opening balance of Kshs.79,160,444 while the prior year audited financial statements reflected a Nil closing balance resulting to unreconciled variance of Kshs.79,160,444. Further, the statement reflects land rates opening balance of Kshs.48,330,825,750 while the prior year audited financial statement reflected a closing balance of Kshs.46,738,989,911 resulting to unreconciled variance of Kshs.1,591,835,839. Further, the statement reflects house rent opening balance of Kshs.65,738,379 whose corresponding prior year audited financial statement balance was Nil resulting to unreconciled variance of Kshs.65,738,379.

In the circumstances, the accuracy and completeness of the revenue statements could not be confirmed.

2. Unsupported Procurement of the E-Service Revenue Collection System

The statement of receipts and disbursements reflects cess and parking fees revenue totalling Kshs.303,747,079 and Kshs.19,851,549 respectively. Review of the E-Service System revealed that revenue totalling Kshs.35,147,815 and Kshs.676,630 in respect of cess and parking fees respectively was collected through the system in the months of April, May and June, 2024. However, the procurement files and contract agreement between Kilifi County Receiver of Revenue and the service providers for e-service system was not provided for audit review.

In the circumstances, the accuracy and completeness of the cess and parking fees revenue totalling Kshs.303,747,079 and Kshs.19,851,549 respectively could not be confirmed.

3. Inaccurate Cash and Bank Balance

The statement of financial assets and liabilities reflects a balance of Kshs.629,589,186. Included in the balance is bank balance of Kshs.629,196,751 as disclosed in Note 23 to the revenue statements and cash in hand balance of Kshs.392,435 as disclosed in Note 21 to the revenue statements. However, the Facility Improvement Fund (FIF) revenue account balance of Kshs.20,521,908 was not disclosed in the revenue statements.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.629,589,186 could not be confirmed.

4. Inaccurate Revenue from Land Rates

The statement of receipts and disbursements and Note 2 to the revenue statements reflects land rates totalling Kshs.165,978,228. However, review of the ledgers and the revenue statement presented for audit revealed the following variances:

Item	Ledgers (Kshs)	Revenue Statement (Kshs)	Variance (Kshs)
Plot Rates	12,000	12,000	-
Land Rates Current Year	136,422,609	136,387,609	35,000
Land Rates Penalties	9,177,938	8,420,592	757,346
Land Rates Other Years	17,991,474	18,783,820	792,346

In the circumstances, the accuracy and completeness of the land rates totalling Kshs.165,978,228 could not be confirmed.

5. Unconfirmed Revenue In-Arrears

The revenue statement and as disclosed in Note 27 reflects revenue in arrears totalling Kshs.53,707,067,404 comprising of revenue in arrears for less than one (1) year and between two (2) years totalling Kshs.5,231,342,831 and Kshs.48,475,724,573 respectively. The amount includes land rates revenue in arrears of Kshs.53,543,307,357 whose accuracy could not be confirmed due to redundancy of data in the system as

explained by Management. However, the previous year audited revenue statements reflected Nil revenue in arrears whose detailed schedule and analysis of the revenue in arrears was not provided for audit review.

In the circumstances, the accuracy and completeness of the revenue in arrears totalling Kshs.53,707,067,404 could not be confirmed.

6. Unsupported Revenue from Property Rent

The statement of receipts and disbursements and Note 4 to the revenue statements reflects property rent revenue totalling Kshs.17,306,128 which wrongly includes rent deducted from the staff residing in County houses totalling Kshs.2,910,989 and which was not remitted to the Receiver of Revenue. The rent amount is a reduction of Kshs.6,025,940 from the last year's collection of Kshs.23,332,068. Further, the County housing register provided indicated that as at 30 June, 2024 there were one hundred and sixty-one (161) County housing units a reduction of fourteen (14) units from the previous year's housing units of one hundred and seventy-five (175). There was no information provided on the status of the missing units in the register. In addition, records revealed property rent amount of Kshs.5,166,367 relating to house rent, Kshs.2,129,340 relating to plot rent and Kshs.8,585,606 relating to kiosks and stall rent but tenancy and lease agreements were not provided for audit review.

In the circumstances, the accuracy and completeness of property rent revenue totalling Kshs.17,306,128 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue-County Government of Kilifi Management in accordance with ISSAI 130 on the 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,788,634,224 and Kshs.1,206,128,124 respectively resulting to an under-collection of Kshs.582,506,100 or 33% of the budget. A review of the revenue streams revealed that out of the 16 revenue streams only nine (9) realised above 50% as seven (7) of them did not realize 50% of their respective budgets. In addition, five (5) streams of revenue surpassed their respective budgets by collecting more than 100%. The County may not have realized projected project implementation and expected objectives due to the under collections.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2024 even though Management indicated that submission was made to the County Assembly and the Office.

Other Information

The Management is responsible for the other information set out on page iii to xvi which comprise of Key Entity Information and Management, Foreword by the CECM Finance Economic Planning and Resource Mobilization, Management Discussion and Analysis and Statement of Receiver of Revenue's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County's revenue statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the revenue statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unauthorized Waivers

The statement of receipts and disbursements and Note 2 to the revenue statements reflects revenue on land rates totalling Kshs.165,978,228. However, an amount of Kshs.18,803,053 being interest on land rates due from a rate payer was waived on condition of payment of principal amount. However, the County Assembly legislation

guiding the grant of the waiver, the basis of granting the waiver for the huge amount and evidence of payment of the principal amount was not provided for audit review contrary to Section 159(1) of Public Finance Management Act, 2012 which states that the County Executive Committee Member for finance may waive a county tax, fee or charge imposed by the County Government and its entities in accordance with criteria prescribed in regulations provided that the County Treasury shall maintain a public record of each waiver together with the reason for the waiver and report on each waiver. Section 164 of the Act requires that the State Officer may not be excluded from payment of a tax, fee or charge by reason of the office of the State Officer or the nature of work of the State Officer and such waiver or variation has been authorized by an Act of Parliament or county legislation. Regulation 64(3) of Public Finance Management (County Governments) Regulations, 2015 states that the accounting officer or receiver of revenue or collector of revenue shall include in the report the full name of each person benefiting from the waiver or variation, the amount of tax, fee or charge affected by the waiver or variation, the year to which the waiver or variation relates, the reasons for the waiver or variation and the law in terms of which the waiver or variation was granted.

In the circumstances, Management was in breach of the law.

2. Irregular Disbursements of Funds

The statement of receipts and disbursements reflects total own source revenue of Kshs.1,206,703,667. Included in these disbursements is Kshs.44,352,180 in respect of transfers to a company contracted by the County Government for collection of cess and parking fees revenue on 20 February, 2014. In addition, the disbursements include payroll commission totalling Kshs.2,910,989. The disbursements to the service provider were deducted at source contrary to Section 109(2) of the Public Finance Management Act, 2012 which provides that the County Treasury for each County Government shall ensure that all money raised or received by or on behalf of the County Government is paid into the County Revenue Fund, except money that is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another County Public Fund established for a specific purpose in accordance with other legislation, this Act or County legislation, or was reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution. Regulation 63 (4) of the Public Finance Management (County Governments) Regulations, 2015 states that all public moneys collected by a receiver of revenue or collector of revenue or collected and retained by a County Government entity, shall be paid into the designated bank accounts of the county government and shall not be used by any public officer in any manner between the time of their receipts and payment into the bank except as provided by law.

In the circumstances, the disbursements of salaries to service provider is irregular and Management was in breach of the law.

3. Irregular Issuance of Credit Note

The statement of receipts and disbursements reflects credit notes issued during the year totalling Kshs.60,000,000. The credit note was issued to a local company. However, the details and circumstances of issuing the same were not provided for audit review 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, adequate measures, including legal action where appropriate, are taken to obtain payment and official receipts are issued for all moneys paid to county government. Also, the county treasury is responsible for establishing sound cash management systems, procedures and processes to ensure efficient and effective banking and cash management practices.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matter discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Act on Internal Audit Reports

Review of internal audit reports and audit committee records revealed the accounting officers from of all the departments failed to fast-track implementation of internal audit committee recommendations and follow up of implementation of external audit recommendations as there were no responses and action plans from the departments to prove that recommendations had been implemented. Several departments did not respond to issues raised by internal audit unit. Further, due to expiry of tenure for audit committee members and delayed recruitment and commissioning of new members, there were only two (2) committee meetings held during the financial Year 2023/2024 hence interfering with internal audit work plan and tracking of implementation.

In the circumstances, internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Receiver of Revenue 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 revenue statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process, reviewing the effectiveness of how 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

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

7. Statement of Receipts and Disbursements for the year ended June 30, 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
County Own Source Revenue			
Cess	1	303,747,079	233,503,005
Land Rates	2	165,978,228	147,899,106
Single/Business Permits	3	81,481,450	61,516,823
Property Rent	4	17,306,128	23,332,067
Parking Fees	5	19,851,549	23,915,034
Market Fees	6	12,709,505	9,193,837
Advertising	7	26,686,869	25,484,587
Hospital Fees	8	472,221,668	404,392,902
Public Health Service Fees	9	6,162,183	1,476,005
Physical Planning and Development	10	54,326,867	35,680,021
AMS/ATCs	11	1,582,310	1,524,145
Conservancy Administration	12	2,852,205	2,224,900
Administration Control fees	13	23,911,770	16,579,560
Agriculture	14	5,209,585	7,241,403
Fines, Penalties and Forfeiture Fees	15	301,847	337,801
Slaughter House and Livestock Sale Yards	16	5,762,830	1,379,065
Cemetery	17	-	3,000
Forestry Products & Cutting of Trees	18	14,500	273,409
Miscellaneous Receipts	19	6,021,551	7,688,134
Total County Own Source Revenue		1,206,128,124	1,003,644,804
Balance B/f at the Beginning of the Year		676,044,262	728,756,252
Less: Hospital Fees	8	(472,221,668)	(404,392,902)
Disbursements to the County Revenue Fund (CRF)	22	(672,722,972)	(603,675,375)
Suspense Account		0	(2,972,329)
Bank Charges	20	(375,389)	(145,009)
Transfers to Rain Drop Ltd (Services)	24	(44,352,180)	(45,171,180)
Credit notes issued during the year		(60,000,000)	-
Payroll Commission		(2,910,989)	-
Balance due to CRF		629,589,187	676,044,261

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. The financial statements were approved on 8/12 2024 and signed by:



.....
Hon. Yaye Shosi Ahmed
CECM Finance, Economic Planning
and Resource Mobilization



.....
Samuel Menza Mkutano
Chief Officer - Resource Mobilization

8. Statement of Financial Assets and Liabilities as at June 30, 2024

Description	Note	Period as at June 30, 2024	Audited Prior Year 2023
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	23	629,196,751	674,593,438
Cash In Hand	21	392,435	1,450,824
Total Financial Assets		629,589,186	676,044,262
Financial Liabilities			
Payables-Due to CRF	22	629,589,186	676,044,262
Total Financial Liabilities		629,589,186	676,044,262

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 8/12 2024 and signed by:



.....
Hon. Yaye Shosi Ahmed
 CECM Finance, Economic Planning
 and Resource Mobilization



.....
Samuel Menza Mkutano
 Chief Officer - Resource Mobilization

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

9. Statement of Comparison of Budget vs Actual Amounts for the Period Ended June 30, 2024

Description	Original annual Target	Adjustments	Final Target	Actual Cumulative to June 30, 2024	Budget Realization Difference	% Of realization of revenue
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs		Kshs
County Own Source Revenue						
Cess	520,929,756	-	520,929,756	303,747,079	217,182,677	58
Land rate	432,544,000	-	432,544,000	165,978,228	266,565,772	38
Single/Business Permits	154,633,671	-	154,633,671	81,481,450	73,152,221	53
Property Rent	87,964,291	-	87,964,291	17,306,128	70,658,163	20
Parking Fees	126,003,829	-	126,003,829	19,851,549	106,152,280	16
Market Fees	60,439,085	-	60,439,085	12,709,505	47,729,580	21
Advertising	18,512,458	-	18,512,458	26,686,869	(8,174,411)	144
Hospital Fees	200,000,000	-	200,000,000	472,221,669	(272,221,669)	236
Public Health Service Fees	5,611,518	-	5,611,518	6,162,183	(550,665)	110
Physical Planning and Development	67,242,825	-	67,242,825	54,326,867	12,915,958	81
Conservancy Administration	2,256,888	-	2,256,888	2,852,205	-595,317	126
Liquor Licence	14,158,534	-	14,158,534	11,889,300	2,269,234	84
AMS&ATCs	9,891,630	-	9,891,630	1,582,310	8,309,320	16
Leasing of Plants and Equipment	19,145,863	-	19,145,863	0	19,145,863	0
Slaughter House & Livestock sale Yards	2,169,065	-	2,169,065	5,762,830	(3,593,765)	266
Others	67,130,811	-	67,130,811	23,569,952	43,560,859	35
Total County Own Source Revenue	1,788,634,224	-	1,788,634,224	1,206,128,124	582,506,100	67

Commentary on significant under realisation (below 90% of realisation) and over realisation

i. OVER REALISATION

- (a) Facility Improvement Fund – Elevation of some health facilities from level 3 to 4. These facilities including Marafa, Gede, Mtwapa, Rabai. The Kilifi Medical Complex is fully operational. The Cashless payment (paybill) system also contributed to over realisation.
- (b) Advertising – Efforts that led to over realisation of advertising revenue include; regular inspection, Rapid Results Initiative (RRI) program, formidable enforcement and joint collaboration between Revenue Division and Development Control.
- (c) Public Health Revenue – This stream surpassed the budgeted amount due to the cashless payment system (POS and Paybill) and joint collaboration between Revenue Division and Public Health Department
- (d) Slaughter House – During the year under review there were spontaneous spot checks, well-coordinated enforcement and the use of POS payment system.
- (e) Conservancy revenue – Well coordinated programs by the Municipalities and joint collaboration between the Revenue Division and the Municipalities.

ii. UNDER REALISATION

- h. Cess – Under realisation of Cess revenue was due to completion of mega projects such as Lapset project. The prevailing tough economic times has led to reduction in construction activities in the County.
- i. Land rates – Under realisation of land rates revenue was due to non-operationalisation of the new valuation role (Revised). Since inception of devolution contribution in lieu of rates has not been paid. Incentives such as waivers of interest and penalties were not granted during the year. There were challenges of getting the bonafide owners of land since our data base is not link to land registry.
- j. Single Business Permit – Inadequate enforcement mechanisms. Non operationalisation of County Court and lack of robust integrated revenue system.

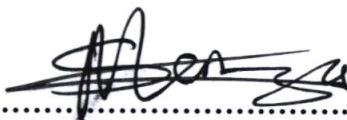
*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

- k. Property rent – Inadequate enforcement mechanisms.
- l. Parking fees - We do not have enough designated parking slots and inadequate enforcement mechanisms.
- m. Physical planning - Inadequate enforcement mechanisms.
- n. Liquor licenses – Under realization of this revenue stream was mainly due to non-operationalization of the liquor Fund, lack of robust enforcement measures and non-operationalization of the County Court.
- o. Physical Planning – Inadequate collaboration between the County Department and Lands Office, incomplete revenue cycle and inadequate enforcement mechanisms.

The County Receiver of revenue’s financial statements were approved on 8/12 2024 and signed by:



.....
Hon. Yaye Shosi Ahmed
CECM Finance, Economic Planning
and Resource Mobilization



.....
Samuel Menza Mkutano
Chief Officer - Resource Mobilization

10. Statement of Arrears of Revenue as at June 30, 2024

Classification Of Receipts	Balance as at The beginning of the current year (1st July 2023) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2024 C	Total arrears as at 30 June 2024 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Market Stall Rent	79,160,444	(-)	11,724,000	90,884,444	-	
Land Rates	48,330,825,750	(-)	5,212,481,607	53,543,307,357.28	-	
House Rent	65,738,379	(-)	7,137,224	72,875,603	-	
Total Arrears	48,475,724,573	(-)	5,231,342,831	53,707,067,404	-	

.....
Hon. Yaye Shosi Ahmed
CECM Finance, Economic Planning
and Resource Mobilization

.....
Samuel Menza Mkutano
Chief Officer - Resource Mobilization

11. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government of Kilifi. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Government of Kilifi. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the County Government of Kilifi.

2. Recognition of Receipts

The County Government of Kilifi recognises all receipts from the various sources when the related cash has been received by the County Government of Kilifi.

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on June 30, 2024 for the period July 1, 2023 to June 30, 2024 as required by law. There were two supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

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 revenue collection accounts held at Commercial banks.

5. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b) which is a memorandum statement.

6. Disbursements to CRF

The Receiver of Revenue has an arrangement to transfer funds from its bank account to the CRF account. Total disbursements to the CRF are due to the transfer arrangement during the year.

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2024.

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

12. Notes To the Financial Statements

1. Cess

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Agricultural Cess	242,950	20,355
Farm Produce	801,140	30,765
Ngonge	-	11,450
Sisal Fibre Cess - Rea Vipingo	176,981	
Livestock Cess	39,050	46,950
Hides and skins stamps	29,950	5,550
Timber Cess	111,015	16,020
Cess Receipts	148,771,970	169,084,864
Charcoal Cess	46,607,361	9,000
Salt Cess	38,714,946	21,641,225
Quarry Cess	39,926,892	6,464,917
Sand Quarry	28,324,824	36,171,909
Total	303,747,079	233,503,005

2. Land rates

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Plot Rates	12,000	92,959
Land Rates Current Year	136,387,609	115,056,552
Land Rates Penalties	8,420,592	10,579,079
Land Rates Other Years	18,783,820	-
Clearance Certificates	1,685,000	3,540,500
CILOR Penalties	-	8,000
Rent of Land	689,206.00	490,546
Arrears	-	18,131,470
Total	165,978,227.50	147,899,106

Notes to the Financial Statements (continued)

3. Single /Business Permits

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Single Business Permit- Current year	80,878,502	61,118,947
Single Business Permit - Other Years	-	176,500
Single Business Permit- Penalties	224,848	123,326
Application Fees	224,500	28,100
Impounding Fees	1,200	45,200
Fishermen Licences	88,900	-
Fish Traders	63,500	24,750
Total	81,481,450	61,516,823

4. Property Rent

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Plot Ground Rent Current Year	2,129,340	7,360,159
Plot Ground Rent Other Year	99,215	-
Other Property Charge	205,700	-
Rents-stall rents	8,585,606	9,968,225
Rent on Staff Payroll	5,166,367	6,003,684
Rent	1,119,900	-
Total	17,306,128	23,332,068

5. Parking Fees

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Transit Toll Charges(Entry Fess)	2,872,208	4,414,273
Parking fees	16,842,591	19,281,111
Clamping Fees	136,750	219,650
Total	19,851,549	23,915,034

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

Notes to the Financial Statements (continued)

6. Market Fees

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Trade Premises Fee	120,010	3,500
Market fees	5,073,102	6,689,672
Market Entrance/Gate Fees	7,516,393	2,500,665
Total	12,709,505	9,193,837

7. Advertising

Descriptions	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Signboard /Billboards / Banners	26,661,369.00	25,276,937
Mobile Advertisement	-	178,150
Public Entertainment	25,000.00	24,000
Application Fees	500.00	5,500
Total	26,686,869	25,484,587

8. Hospital Fees

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
FIF - HEALTH	472,221,669	404,392,902
Total	472,221,669	404,392,902

9. Public Health Service Fees

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Food Hygiene Fees	5,350,940	1,288,005
Application for Food Hygiene	79,200	97,400
Inspection Fees For Food Hygiene	732,042	90,600
Total	6,162,182	1,476,005

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Building Plans Approval Fees	54,326,867.10	35,680,021
Total	54,326,867.10	35,680,021

Notes to the Financial Statements (continued)

11. AMS & ATCS

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Ams & Atcs	1,582,310.00	1,524,145
Total	1,582,310.00	1,524,145

12. Conservancy Administration

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Garbage Damping Fee	120,550	10,400
Refuse Collection Fees	2,724,255	2,170,500
Cesspit Emptying Fees	7,400	44,000
Total	2,852,205	2,224,900

13. Administration Control Fees and Charges

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Weights and measures	1,035,970	1,199,760
Fire Services	10,937,500	8,001,100
Liquor licenses	11,876,300	7,352,700
Betting levy	62,000	26,000
Total	23,911,770	16,579,560

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

Notes to the Financial Statements (Continued)

14. Agriculture

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Agriculture	5,209,585	7,241,403
Total	5,209,585	7,241,403

15. Other Fines, Penalties and Forfeitures

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Receipts from fines, Penalties and Forfeiture	280,247	-
Impounding Fees, Fines and Penalties	-	206,801
Court-imposed fines and Forfeitures	21,600.00	131,000
Total	301,847	337,801

16. Slaughter House and Livestock Sale Yards

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Slaughter houses, Stage Fees.	5,365,469.50	1,379,065
Livestock Auction Fees	397,360.00	-
TOTAL	5,762,829.50	1,379,065

17. Cemetery fees

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Cemetery fees	-	3,000
Total	-	3,000

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

Notes to the Financial Statements (Continued)

18. Forestry products and Cutting of trees

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Forestry products	-	260,409
Approval of cutting trees fee	-	11,000
Road cutting fees – Tarmac Road	14,500	2,000
Total	14,500	273,409

19. Miscellaneous Receipts

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Interest Received-Other Budget	345,184	-
Other Revenues	5,166,367	7,615,721
Film shooting	480,000	72,413
Social Services fees	30,000	-
Total	6,021,551	7,688,134

20. Bank Charges

Name of Bank, Account No. & currency	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Co-operative Bank, KCG Main Revenue Account, 01141691026400 (Kshs)	31,850	36,120
KCB Bank, CGK Cess Revenue Account, 1292544562 (Kshs)	43,586	10,185
KCB Bank, CGK Parking Fees Revenue Account, 1292544872 (Kshs)	15,642	3,000
NBK, KCG Land Rates Revenue Account, 01001135200100 (Kshs)	10,080	8,887
KCB Bank, Kilifi County Govt Revenue Coll Acc, 1140769235 (Kshs)	13,360	6,354
SBM, KCG Cess Revenue Account, 0198094843001 (Kshs)	10,745	10,800
SBM, KCG Parking Revenue Account, 0198094843002 (Kshs)	9,360	9,360
SBM, The County Government of Kilifi, 0191094843003 (Kshs)	51,777	-
Co-operative Bank, KCG Agriculture, 01141466268700 (Kshs)	9,350	5,400
ABSA, KCG Lands and Housing, 2031340988 (Kshs)	30,133	30,714
	96,452	
Co-operative Bank, KCG Housing, 01141779473400 (Kshs)		6,719
KCB Bank, ATC Mtwapa, 1173577289 (Kshs)	9,855	5,007
NCBA BANK, KCG PAYROLL ACCOUNT, 1006089603 (Kshs)	43,199	12,462
Total	375,389	145,009

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

Notes to the Financial Statements (Continued)

21. Cash in hand

Description	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Cash Balance (<i>Location</i>)	64,890	-
Mobile Money	327,545	1,450,824
Total	392,435	1,450,824

22. Payables- Due To CRF

Payables	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Balance B/f at the Beginning of the Year	676,044,262	728,756,252
Total County Own Source Revenue	1,206,128,124	1,003,644,804
Less: Hospital Fees	(472,221,668)	(404,392,902)
Disbursements to the County Revenue Fund (CRF)	(672,722,972)	(603,675,375)
Suspense Account	(-)	(2,972,329)
Bank Charges	(375,389)	(145,009)
Transfers to Rain Drop Ltd (Services)	(44,352,180)	(45,171,180)
Credit notes issued during the year	(60,000,000)	-
Payroll Commission	(2,910,989)	
Amount due to Crf	629,589,188	676,044,261

**Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024**

Notes to the Financial Statements (Continued)

23. Bank Balances

Name of Bank, Account No.	Amount	Exc. rate (if in foreign currency)	Period ended June 30, 2024	Prior Year audited
			Ksh s	Ksh s
Co-op Main Revenue A/C 01141691026400	8,718,773	-	8,718,773	12,889,328.02
KCB Account 1140769235	30,697	-	30,697	0.04
KCB Parking Account 1292544872	41,013	-	41,013	112,508.00
KCB Cess Account 1292544562	1,757,905	-	1,757,905	1,028,864.12
NBK Land Rates 01001135200100	52,674	-	52,674	55,513.63
NCBA Payroll Commission A/c 4084390057	11,248,450	-	11,248,450	9,036,271.28
ATC KCB 1173577289	2,000	-	2,000	345,855.00
Co-op Lands & Housing 01141779473400	25	-	25	-
Co-op Bank Agriculture 01141466268700	297,991	-	297,991	0.93
ABSA A/c 2031340988	90,322	-	90,322	89,317.60
SBM Cess A/c 0198094843001	464,300,540	-	464,300,540	508,663,464.85
SBM Parking A/c 0198094843002	137,007,615	-	137,007,615	137,016,974.65
SBM Parking A/c 0198094843003	5,648,747	-	5,648,747	5,355,340.80
Total	629,196,752	0	629,196,752	674,593,438.92

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

Notes to the Financial Statements (Continued)

24. Transfers to Rain Drop Limited

Month	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
Jul-23	3,696,015	3,969,015
Aug-23	3,696,015	3,969,015
Sep-23	3,696,015	3,969,015
Oct-23	3,696,015	0
Nov-23	3,696,015	7,392,030
Dec-23	3,696,015	3,696,015
Jan-24	3,696,015	3,696,015
Feb-24	3,696,015	3,696,015
Mar-24	3,696,015	3,696,015
Apr-24	3,696,015	3,696,015
May-24	3,696,015	3,696,015
Jun-24	3,696,015	3,696,015
Total	44,352,180	45,171,180

25. Credit Notes to Mombasa Cement

Month	Period ended June 30, 2024	Period ended June 30, 2023
	Kshs	Kshs
July 2023	5,590,103	-
August 2023	5,393,478	-
September 2023	6,278,024	-
October 2023	5,651,554	-
November 2023	3,659,872	-
December 2023	4,519,909	-
January 2024	4,135,476	-
February 2024	4,488,003	-
March 2024	5,819,142	-
April 2024	5,720,378.50	-
May 2024	4,664,513.50	-
June 2024	4,079,546	-
Total	60,000,000	-

Notes to the Financial Statements (Continued)

26.(a) Balance carried forward as at 30th June 2024 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
KCB A/C 1173577289	1,054,974.25	30 July 2024
CO-OP Bank A/C	9,013,234.00	4 July 2024
KCB A/C 1292544872	173,222.50	5 July 2024
ABSA A/C 2031340988	430,000.00	5 July 2024
CO-OP Bank A/C 01141466268700	215,305.00	1 August 2024
Total	10,886,735.75	

Notes to the Financial Statements (Continued)

27. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Market Stall Rent	11,724,000	79,160,444	-	-	90,884,444
Land Rates	5,212,481,607	48,330,825,750	-	-	53,543,307,357.28
House Rent	7,137,224	65,738,379	-	-	72,875,603
Total Arrears	5,231,342,831	48,475,724,573	-	-	53,707,067,404

13. Appendices

Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
1.	Damaris Kadzo Kitsao	2023-2024	Single Business Permit	PWD	
2.	Jane Muthoni Mbutia	2023-2024	Single Business Permit	PWD	
3.	Tawfiq Muslim Youth	2023-2024	Construction of Islamic Centre = Kshs. 48,100	Religious Organisation	
4.	Esther Mwangala	2023-2024	Waiver of interest on Land rates 18,803,053	On condition of payment of principal amount	
5.	Masjid Abu Hureira	2023-2024	Construction by Masjid Abu Hureira in Migingo (Malindi)	Non profit generating organisation	
6.	St. Patrick's Catholic Parish - Kilifi	2023-2024	Major renovations of the sisters convent	Residence of sisters residence	
7	Redwood Holdings Ltd	2023-2024	Error of calculation - Accumulated Land rates penalties and arrears	Calculation error	
8	Tourism Fund	2023-2024	Land rates penalties of Kshs. 223,797	Accumulated penalties waived subject to payment of principal amount.	



.....
Samuel Menza Mkutano
Chief Officer - Resource Mobilization

Appendix 2: Progress on follow up of prior Year Auditor Recommendations.

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Doubtful Recovery of Outstanding Land Rates, Interest and Penalties.</p> <p>The statement of receipts and disbursements reflects Kshs. 107,510,206 in respect to Land/poll rates and as disclosed in Note 3 to the revenue statements. However, analysis of the list of land rates defaulters revealed that the County was owed a sum of Kshs. 31,043,400,120 in land rates, rates in arrears, penalties and interests. Further this amount includes Kshs. 29,750,223 due from the National Government for public land as Contributions in Lieu of Rates.</p> <p>In the circumstances, recoverability of KShs. 31,043,400,120 in land rates, rate in arrears, penalties and interests is doubtful</p>	<p>The amount of Kshs.31,043,400,120 is an accumulated amount derived from the consolidation of the defunct five local authorities' valuation rolls (Kilifi County Council, Malindi County Council, Kilifi Town Council, Malindi Municipal, and Mariakani Town Council.) into one Kilifi County valuation roll 2016.</p> <p>The consolidation was done without data update. This created duplication of land parcels outstanding land rates arrears, for subdivisions and/or consolidation.</p>	Submission was made to the County Assembly and the Office of the Auditor General	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>The land parcels from the defunct five Local Authorities were rated using multiple rate trucks but upon migration from LAIFOMS to the Kilifi County Revenue Collection Management system, the parcels were rated using a single rate truck resulting to an upsurge of land rates arrears and penalties.</p> <p>The Division of Resource Mobilization together with the Ministry of Lands, Public Works, Housing and Urban Development (State Department of Lands & Physical Planning) did a reconciliation on the outstanding Contributions in Lieu of Rates of Kshs. 29,750,223 to Kshs. 1,802,027,522 as approved, and payment request forwarded to National Treasury.</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)	
2.0	<p>2.0 Inaccurate Payables - Due to CRF</p> <p>The statement of financial assets and liabilities as of 30th June 2022 reflects a balance of Kshs. 754,322,525 in respect to payables due to the County Revenue Fund (CRF) and as disclosed in Note 22 to the revenue statements. However, re-casting of the balances provided in the note totals to Kshs. 1,139,896,762 which results in a variance of Kshs. 385,574,237 which has not been explained or reconciled. In the circumstances, the accuracy and completeness of payables due to CRF of Kshs. 754,322,525 could not be confirmed</p>	<p>We agree there was an error on Disbursement to County Revenue fund in the year under review and we are going to do a prior year adjustment 2023-2024.</p>	<p>Submission was made to the County Assembly and the Office of the Auditor General</p>		
3.0	<p>Inaccurate Bank Balances</p> <p>The statement of financial assets and liabilities as of 30th June 2022 reflects a balance of Ksh 754,322,526 in respect of bank balances and as disclosed in Note 19</p>	<p>We have noted that the CGK Cess Cashbook and bank reconciliation had a variance of Kshs. 1,700,808. This variance is explained as follows:</p> <p>-</p> <table border="1" data-bbox="913 1326 1563 1383"> <tr> <td>Balance as per CGK Cess Cashbook</td> </tr> </table>	Balance as per CGK Cess Cashbook	<p>Submission was made to the County Assembly and the Office of the Auditor General</p>	
Balance as per CGK Cess Cashbook					

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments		Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)									
	<p>to the revenue statements. However, the CGK cess revenue account reflects a closing balance of Ksh 11,529,952 while the verified cashbook balance as of 30th June 2022 is Ksh 9,829,144 resulting in a variance of Ksh 1,700,808 which was not explained or reconciled. In addition, a review of the monthly bank reconciliation statements for June 2022 to KCG Bamba Sub County Hospital PBF account reflected a bank balance of Ksh 657,310 while the balance as per the bank certificate was Ksh 828,950 resulting in an understatement of bank balance by Ksh 171,640.</p>	<table border="1"> <tr> <td>Balance as per CGK Cess Cashbook</td> <td>Kshs. 9,829,144</td> </tr> <tr> <td>Add Direct Deposits not posted in cashbook</td> <td>Kshs. 1,700,808</td> </tr> <tr> <td>Closing Balance as of 30th June 2022</td> <td>Kshs. 11,529,952</td> </tr> </table>	Balance as per CGK Cess Cashbook	Kshs. 9,829,144	Add Direct Deposits not posted in cashbook	Kshs. 1,700,808	Closing Balance as of 30 th June 2022	Kshs. 11,529,952						
Balance as per CGK Cess Cashbook	Kshs. 9,829,144													
Add Direct Deposits not posted in cashbook	Kshs. 1,700,808													
Closing Balance as of 30 th June 2022	Kshs. 11,529,952													
		<p>Further, a journal entry was passed to correct the above error as follows;</p>												
		<table border="1"> <thead> <tr> <th>DESCRIPTION</th> <th>DEBIT</th> <th>CREDIT</th> </tr> </thead> <tbody> <tr> <td>CGK Cess Cashbook</td> <td>Kshs. 1,700,808</td> <td></td> </tr> <tr> <td>KCB Cess Account</td> <td></td> <td>Kshs. 1,700,808</td> </tr> </tbody> </table>		DESCRIPTION	DEBIT	CREDIT	CGK Cess Cashbook	Kshs. 1,700,808		KCB Cess Account		Kshs. 1,700,808		
DESCRIPTION	DEBIT	CREDIT												
CGK Cess Cashbook	Kshs. 1,700,808													
KCB Cess Account		Kshs. 1,700,808												

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)												
	<p>In the circumstances, the accuracy and completeness of bank balances of Ksh 754,023,695 could not be confirmed.</p>	<p>The Cess Cashbook, Bank reconciliation, and Certificate of Bank Balance are Marked as Appendix 6 i, ii & iii.</p> <table border="1" data-bbox="898 635 1525 970"> <tr> <td>Balance as per Bamba Sub County Hospital PBF</td> <td>Kshs. 657,310</td> </tr> <tr> <td>Add NHIF Deposits not posted in cashbook</td> <td>Kshs. 171,640</td> </tr> <tr> <td>Closing Balance as of 30th June 2022</td> <td>Kshs. 828,950</td> </tr> </table> <p>Further, a journal entry was passed to correct the above error as follows;</p> <table border="1" data-bbox="898 1198 1525 1364"> <thead> <tr> <th>DESCRIPTION</th> <th>DEBIT</th> <th>CREDIT</th> </tr> </thead> <tbody> <tr> <td>Cash Book</td> <td>Kshs. 828,950</td> <td></td> </tr> </tbody> </table>	Balance as per Bamba Sub County Hospital PBF	Kshs. 657,310	Add NHIF Deposits not posted in cashbook	Kshs. 171,640	Closing Balance as of 30 th June 2022	Kshs. 828,950	DESCRIPTION	DEBIT	CREDIT	Cash Book	Kshs. 828,950			
Balance as per Bamba Sub County Hospital PBF	Kshs. 657,310															
Add NHIF Deposits not posted in cashbook	Kshs. 171,640															
Closing Balance as of 30 th June 2022	Kshs. 828,950															
DESCRIPTION	DEBIT	CREDIT														
Cash Book	Kshs. 828,950															

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments			Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Bamba Sub County Hospital PBF		Kshs. 828,950		
4.0	<p>Un-receipted Cess Revenue</p> <p>The statement of receipts and disbursements as disclosed in Note 2 to the revenue statements reflects Cess revenue of KShs.252,918,783. However, the monthly bank balance of the KCG - main revenue account held at Cooperative Bank(K) Ltd included direct deposits of KShs.6,533,297 which had not been receipted and posted to their respective revenue streams.</p> <p>In the circumstances, the accuracy and completeness of Cess revenue of Kshs. 252,918,783 could not be confirmed</p>	<p>The direct deposit of Kshs. 6,533,297 was collected through the Cooperative's main revenue account and had not been receipted or posted to the respective revenue stream by the end of the reporting period under review. This was due to clients making payments without including requisite payment details.</p>			<p>Submission was made to the County Assembly and the Office of the Auditor General</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.0	<p>Misstatement of Disbursements to County Revenue Fund</p> <p>The statement of receipts and disbursements for the year ended 30 June 2022 reflects disbursements to the County Revenue Fund (CRF) of Kshs. 469,785,879 while the ledger reflected an amount of Kshs 468,309,327, resulting in a reconciled variance of Kshs 1,476,552. Further, the disbursement to CRF was amended from Kshs. 448,863,843 in the ledger to Kshs. 469,785,879. However, the difference of Kshs. 20,922,036 was not supported.</p>	<p>We agree there was an error on Disbursement to County Revenue fund in the year under review and we are going to do a prior year adjustment 2023-2024.</p>	<p>Submission was made to the County Assembly and the Office of the Auditor General</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)						
	In the circumstances, the accuracy and completeness of the disbursement to CRF of Kshs. 469,785,879 could not be confirmed.									
6.0	<p>Misstated and Unsupported Parking Fees</p> <p>The statement of receipts and disbursements for the year ended 30 June 2022 and Note 6 to the revenue statements reflect parking fees of KShs.25,193,407. However, analysis of the cashbook receipts for the bank accounts used for the collection of parking fees reflected collections amounting to KShs.26,593,473 resulting in a variance of KShs.1,400,066 which had not been explained or</p>	<p>Management Response</p> <p>We have noted that there was a reporting error and is corrected as follows;</p> <table border="1" data-bbox="1048 959 1682 1246"> <tr> <td>Balance as per CGK Parking Cashbook</td> <td>Kshs. 26,593,473</td> </tr> <tr> <td>Less: Revenue statements amount</td> <td>Kshs. 25,193,407</td> </tr> <tr> <td>Variance</td> <td>Kshs. 1,400,066</td> </tr> </table> <p>Further, a journal was passed to correct the above error as follows;</p>	Balance as per CGK Parking Cashbook	Kshs. 26,593,473	Less: Revenue statements amount	Kshs. 25,193,407	Variance	Kshs. 1,400,066	Submission was made to the County Assembly and the Office of the Auditor General	
Balance as per CGK Parking Cashbook	Kshs. 26,593,473									
Less: Revenue statements amount	Kshs. 25,193,407									
Variance	Kshs. 1,400,066									

Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)									
	<p>reconciled. Further, the number of designated parking lots, locations, and capacities were not provided for audit review to support the basis for the parking fee budget and collection.</p> <p>In the circumstances, the accuracy and completeness of parking fees of KShs.25,193,407 could not be confirmed.</p>	<table border="1"> <thead> <tr> <th data-bbox="898 472 1189 523">DESCRIPTION</th> <th data-bbox="1189 472 1359 523">DEBIT</th> <th data-bbox="1359 472 1527 523">CREDIT</th> </tr> </thead> <tbody> <tr> <td data-bbox="898 523 1189 574">CGK Parking Cashbook</td> <td data-bbox="1189 523 1359 574">Kshs. 1,400,066</td> <td data-bbox="1359 523 1527 574"></td> </tr> <tr> <td data-bbox="898 574 1189 751">Revenue statements amount</td> <td data-bbox="1189 574 1359 751"></td> <td data-bbox="1359 574 1527 751">Kshs. 1,400,066</td> </tr> </tbody> </table>	DESCRIPTION	DEBIT	CREDIT	CGK Parking Cashbook	Kshs. 1,400,066		Revenue statements amount		Kshs. 1,400,066		
DESCRIPTION	DEBIT	CREDIT											
CGK Parking Cashbook	Kshs. 1,400,066												
Revenue statements amount		Kshs. 1,400,066											
7.0	<p>Unaccounted for Building Plans Approval Fees</p> <p>The statement of receipts and disbursements for the year ended 30 June 2022 and Note 11 to the revenue statements reflect Physical Planning and Development receipts of Kshs. 36,869,147</p>	<p>The schedule availed from the KeDams to the Auditor of Kshs.131,046,250 has been noted to have numerous duplications, to which an analysis was done and a reconciled amount of Kshs 36,172,096 reflecting the amount receipted and banked.</p>	<p>Submission was made to the County Assembly and the Office of the Auditor General</p>										

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments		Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>which includes building plans approval fees of Kshs. 36,172,096. However, the report from the Kenya Development Application Management System used, revealed that building plans approval fees of Kshs. 131,046,250 were collected and receipted resulting in the unexplained variance of Kshs. 94,874,154.</p> <p>In the circumstances, the accuracy and completeness of Physical Planning and Development revenue of Kshs. 36,869,147 could not be confirmed.</p>	Total Collection as Per Extract	Kshs.131,046,250		
		Less Duplication Errors	Kshs. 94,874,154		
		Actual Collection	Kshs. 36,172,096		
8.1	<p>Unsupported Property Rent</p> <p>The statement of receipts and disbursements reflects property rent of Kshs. 22,501,094 which, as disclosed in Note 5 to the revenue statements.</p>	<p>We have noted that, and we hereby undertake to maintain and timely update the ground rent register.</p> <p>We have coordinated with the respective departments in the process of having all tenants sign Tenancy Agreements.</p>		Submission was made to the County Assembly and the Office of the Auditor General	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>However, the County Government of Kilifi did not maintain a ground rent register or enter into agreements and leases with the tenants. Therefore, the terms of tenancy and the number of tenants could not be confirmed.</p>			
8.2	<p>Unexplained Variances in House Rent</p> <p>The statement of receipts and disbursements for the year ended 30 June 2022 reflects property rent of Kshs. 22,501,094 which includes County Housing revenue of Kshs. 9,807,862. However, the information provided for the audit indicated that the County Government realized Kshs. 5,439,835 through the payroll as house rent, resulting</p>	<p>The amount as reported as per financials was Kshs. 9,807,862. Out of this amount Kshs. 5,439,835 was through payroll deductions. The balance of Kshs. 4,368,027 was paid directly to the Absa Bank Lands and Housing account. Attached is an Annexure showing non-staff members paying their rent through the Absa Lands & Housing account</p>	<p>Submission was made to the County Assembly and the Office of the Auditor General</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>in an unexplained and unreconciled variance of Kshs. 3,487,862. Further, a review of the Housing Register provided for audit revealed the following anomalies;</p> <ul style="list-style-type: none"> i. Thirty-seven (37) tenants in the register indicated as County staff, were not deducted house rent through the payroll amounting to approximately KShs.1,626,000 annually. (at a rate of KShs.135,500 per month). ii. Twenty-eight (28) tenants in the register reflected as civil servants did not have their personal numbers indicated, hence their rent deductions of approximately KShs.1,482,000 annually (at a rate 			

*Receiver Of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended June 30, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>of Kshs.123,400 per month) through the payroll could not be confirmed.</p> <p>iii. Fifteen (15) tenants with rent of approximately Kshs.594,000 annually (at a rate of Kshs.49,500 per month), had their personal numbers indicated but could not be traced in the payroll. Their rent through the payroll therefore could not be confirmed.</p> <p>In the circumstances, the accuracy and completeness of property rent of KShs.22,501,094 for the year ended 30 June 2022 could not be confirmed.</p>			
9.0	Unexplained Variances in Actual Revenue	i. During the period under review, our Own Source Revenue budget was Kshs.	Submission was made to the County Assembly	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of comparison of budget and actual amounts for the year ended 30 June 2022 reflects an approved revenue estimate and actual revenue collection on a comparable basis of KShs.1,118,754,087 and KShs.847,473,213 respectively, resulting in under-collection of Kshs.271,280,874 or 24% of the budget. However, the actual revenue collected amount differed from both the County Budget Review and Outlook Paper for September 2022 submitted by the County Executive Committee Member for Finance which reflected KShs.843,787,223, and the Budget Implementation Review Report of the Office of the Controller of Budget which reflected actual revenue</p>	<p>1,118,754,087 and the actual collection was Kshs.847,473,213. Reasons for under collection of Kshs.271,280,874 or 24% of the budget are explained below;</p> <p>Cess</p> <p>Completion of Mega National Government project e.g Lamu port, SGR, the project consumed a lot of quarry material subjected to cess fees payment.</p> <p>Closure of Arthi River (ARM) Cement factory which was among the largest cess payers due to insolvency and the subsequent acquisition by National Cement in April 2022.</p>	<p>and the Office of the Auditor General</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	collected of KShs.827,496,951, resulting in unexplained and unreconciled variances of KShs.3,685,990 and KShs.19,976,262 respectfully between those records.	<p>Covid-19 pandemic</p> <p>The first quarter of the FY 2021/22 began with nationwide Covid-19 curfews and county lockdowns in place which were lifted on 20th October 2021, a month into the second quarter of the financial year. This resulted into the low collection in the following revenue streams due to massive closure of businesses and quarrying activities in the county: -</p> <ul style="list-style-type: none"> i. Single Business Permits & Liquor Licenses ii. Cess and Parking iii. Market fees iv. Advertisement fees v. Property Land Rates 		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Additionally, during the period under review, there was a conflict between the county and Rain drops Ltd on revenue collection points which confused our clients and impacted negatively on our performance.</p> <p>We have noted the differences in terms of the amount reported in County Budget Review and Outlook Paper, the Budget Implementation Review Report and the Receiver of Revenue Report. We will endeavour to correct such anomalies and improve our reports.</p>		
10	<p>Non-Compliance with Court Order</p> <p>On 17 January 2022, interim orders were issued by the Court restraining the County Government of Kilifi and/or any other third party by themselves and/or their servants and/or agents and/or employees from taking over the collection of cess and parking revenue and those orders were extended until 3 February 2022 when the matter would have been placed before the Court for directions. However, on 15</p>	<p>The interim court orders restrained us from taking over cess and parking revenue collection points. The County Government of Kilifi adhered to the orders by not taking over the cess and parking collection points. To date, those collection points including cess shops and weigh-bridges are still on site.</p>	<p>Submission was made to the County Assembly and the Office of the Auditor General</p>	

Receiver Of Revenue
 County Government of Kilifi
 Revenue Statements for the Period Ended June 30, 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>January 2022, the County Department of Finance issued a public notice warning traders against paying money to the outsourced service provider and instead directed them to pay their dues to the County revenue offices and officers effective from 17 January 2022. The direct collection and banking of cess and parking fee revenues from 17 January, 2022 to 03 February, 2022 amounting to Kshs.22,437,037 by the County Government was therefore in contravention of the Court order. In addition, the resumption of Cess and Parking Fees Revenue collection by the County was before termination of the contract between the outsourced service provider and the County Government.</p> <p>In the circumstances, Management was in breach of the law.</p>			
11	Failure to Update Manual Revenue Records	We have taken note of this matter and deliberate steps have already been taken by implementing an	Submission was made to the	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>During the year under review, it was noted that the County was using both manual and electronic methods of revenue collection whereby official receipts books were issued from the central stores and received in the revenue department for distribution to revenue collectors within the County. The issuance and control of manual receipts books was undertaken through the counter receipts book register and collection control sheets.</p> <p>However, it was observed that the department of revenue was not maintaining an updated register with details of when the receipt books were returned, examined, and audited. In</p>	<p>electronic system through which all records and transactions are done electronically.</p>	<p>Assembly and the Office of the Auditor General</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>addition, collection control sheets used to account for the money collected through manual books were not maintained at County revenue office to confirm the months whose revenue had been surrendered.</p> <p>In the circumstances the use of un-updated revenue records may have resulted in under-collection of revenue.</p>			

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Hon Yaye Shosi Ahmed
 CECM Finance, Economic Planning
 and Resource Mobilization

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Samuel Menza Mkutano
 Chief Officer - Resource Mobilization