

REPUBLIC OF KENYA



REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



PARLIAMENT  
OF KENYA  
LIBRARY

REPORT

109

OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	19/2/26
TABLED BY	Gen. ledama.
COMMITTEE	
CLERK AT THE TABLE	Manj

RECEIVER OF REVENUE-REVENUE  
STATEMENTS

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KWALE

POA

OFFICE OF THE AUDITOR GENERAL  
P.O.Box 95202 MOMBASA  
27 NOV 2025  
RECEIVED  
MOMBASA REGIONAL OFFICE



---

**RECEIVER OF REVENUE**  
*(County Government of Kwale)*

**REVENUE STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

---

**Transitional IPSAS Financial Statements under the  
International Public Sector Accounting Standards (IPSAS)**

**(Leave this page blank)**



*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

---

<b>Table of Contents</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms.....	ii
2. Key Entity Information and Management.....	iii
3. Foreword By the CECM Finance and Economic Planning .....	v
4. Management Discussion and Analysis .....	vi
5. Statement of the Receiver of Revenue's responsibilities .....	ix
6. Report of the Independent Auditor on the County Receiver of Revenue for Year Ended 2025 .....	x
7. Statement of Revenue and Disbursements for the year ended 30th June 2025.....	1
8. Statement of Financial Position as at 30 <sup>th</sup> June 2025.....	3
9. Statement of Cash Flows for the Year Ended 2025.....	4
10. Statement of Comparison of Budget vs Actual Amounts for Year Ended 30 <sup>th</sup> June 2025.....	5
11. Notes to the Financial Statements.....	9

## **1. Acronyms and Definition of Key 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

### *b) Key terms*

Comparative FY      Comparative Prior Financial Year

Fiduciary Management- The key management personnel who had financial responsibility.

*(Entity to insert all the relevant acronyms and key terms used in the annual report and financial statements)*

## **2. Key Entity Information and Management**

*[Customise the details in this section to suit your entity]*

### **(a) Background information**

The *receiver of revenue* is under the Department of Finance and Economic Planning. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance and Economic Planning, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on 10<sup>th</sup> October, 2013 by the County Executive Committee member for Finance, 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) and Facility Improvement Funds (FIF).

### **(c) Key Management Team**

The County Government of Kwale day-to-day management of revenue is under the following:

- County Executive Committee Member for Finance and Economic Planning – CPA Hon. Bakari Hassan Sebe
- Chief Officer, Finance and Economic Planning - CPA Alex Onduko Thomas
- Chief Officers, in charge of departments collecting revenue - CPA Alex Onduko Thomas
- Director, Revenue - CPA Samira Swaleh Abdallah
- Head of Revenue Reporting - CPA Robert Ndoro Chaka

**Key Entity information and Management (continued)**

**(d) County Headquarters**

P.O. Box 4-80403  
Kwale County Headquarters  
Off Kwale - Kinango Road  
KWALE, KENYA

**(e) Entity Contacts**

Telephone: (254) 040-3206000  
E-mail: [info@kwale.go.ke](mailto:info@kwale.go.ke)  
Website: [www.kwale.go.ke](http://www.kwale.go.ke)

**(f) Independent Auditor**

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

**(g) Bankers**

Kenya Commercial Bank  
P. O. Box 43-80403  
Telephone: (254) 711087000  
E-mail: [brmgrkwale@kcbgroup.go.ke](mailto:brmgrkwale@kcbgroup.go.ke)  
Website: [www.ke.kcbgroup.com](http://www.ke.kcbgroup.com)

**(h) Principal Legal Adviser**

Harambee Avenue  
P. O. Box 40112  
City Square 00200  
NAIROBI, KENYA

**(i) County Attorney**

P.O. Box 4 – 80403,  
KWALE

### **3. Foreword By the CECM Finance and Economic Planning**

As we reflect on the annual report of 1<sup>st</sup> July 2024 – 30<sup>th</sup> June 2025, I am pleased to present the performance of the County Receiver of Revenue. Despite various challenges, the County achieved 85% of its set revenue target.

This outcome, although below our ambitious goals, reflects a resilient performance in an economically difficult year.

#### **Economic Outlook and Impacts on Revenue Collection**

During the period under review, the economic environment both globally and locally faced several headwinds. The lingering effects of global inflationary pressures, coupled with disruptions in international trade, significantly impacted our local economy. Locally, businesses had to navigate rising costs of production, while households struggled with the high cost of living. These factors dampened consumer spending, thereby affecting revenue streams reliant on consumer demand, such as market fees.

At the same time, certain sectors in the county witnessed growth. Infrastructural developments provided a notable boost to the collection of cess and property-related revenues. The county's continued automation of revenue collection systems has further streamlined efficiency and improved accountability in revenue collection.

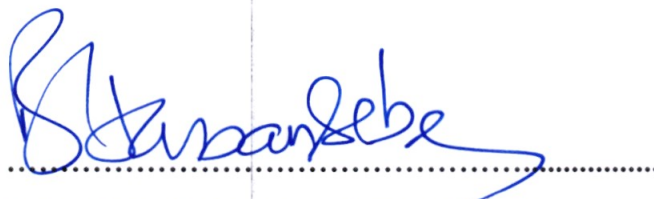
#### **Revenue Performance for the year**

The actual total revenue collected was 551,250,422. Key streams include Health Service fees amounting to 258,372,524 contributing 46.6%, Single Business Permits 80,123,784 contributing 15.1%, Land Rates 50,728,037 contributing 9% and Cess 35,190,466 contributing 6.4%.

#### **Mitigation and the way forward**

In response to underperformance in certain revenue streams, the County has instituted key mitigation measures including continued investment in the automation of revenue collection processes which will ensure transparency, enhance efficiency and improve overall compliance. This report not only highlights the revenue collection performance but also provides detailed insights into the disbursements made to the County Revenue Fund (CRF). As we move forward, we remain committed to fostering a conducive business environment, expanding our revenue base, and ensuring the prudent management of county resources.

In conclusion, while the County did not meet its revenue target, the positive trajectory in revenue growth over the past five years-driven by policy reforms and automated controls-gives us optimism for the future. We thank all stakeholders for their continued support and contributions to the county's development agenda.



**CPA HON. BAKARI HASSAN SEBE**

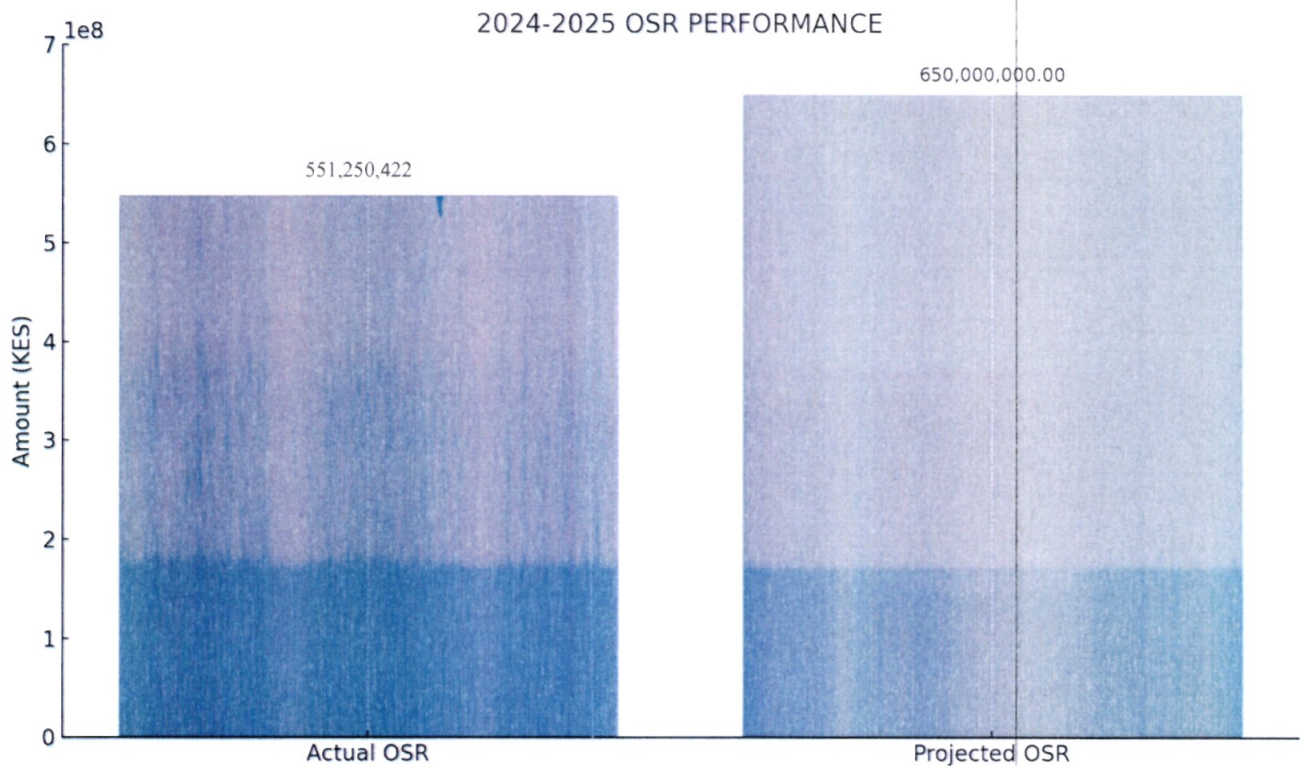
**CECM Finance and Economic Planning**

**County Government of Kwale**

**4. Management Discussion and Analysis**

**2024/2025 Revenue Performance**

In the year under review the County realized 85% of its set revenue target as shown in the graph below



**Main challenges encountered**

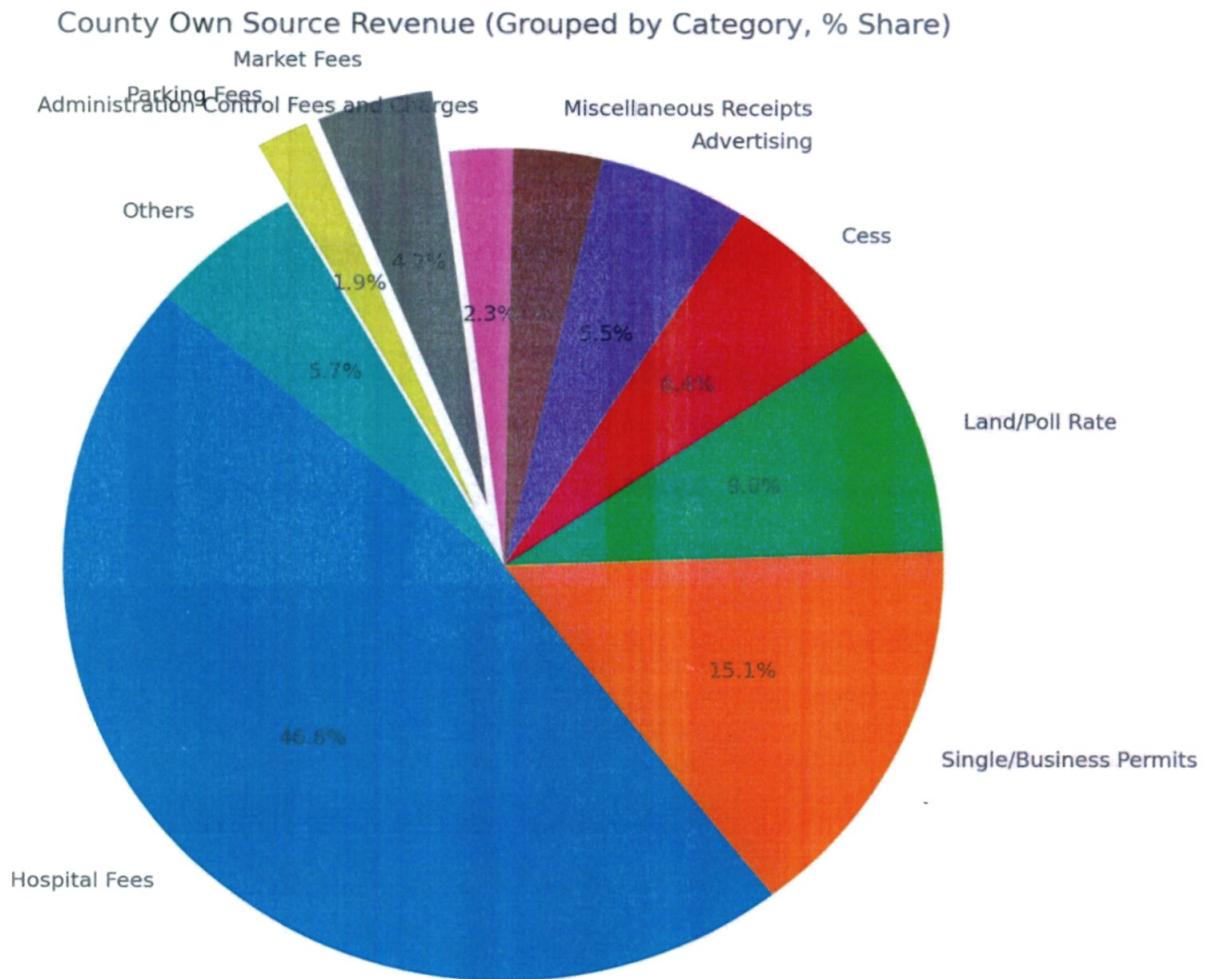
1. Suspension of Kwale County Finance Act 2024-The act had increased the revenue base by including sources such as firefighting services and physical planning. The act had also revised upward most fees and charges to cater for inflation since 2014. Its suspension hindered achievement of revenue targets because new sources could not be collected and revised fees and charges could not be implemented.
2. Absentee Landlords-During the financial year we were not able to trace land Rates defaulters, most of whom are absent. We are working together with our legal team for other legal enforcement mechanisms.

*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

---

The major revenue streams that the county collected in the year 2024/2025 were Advertisement, Public health permit, single business permit, physical planning and other fines and penalties respectively as depicted in the below chart.

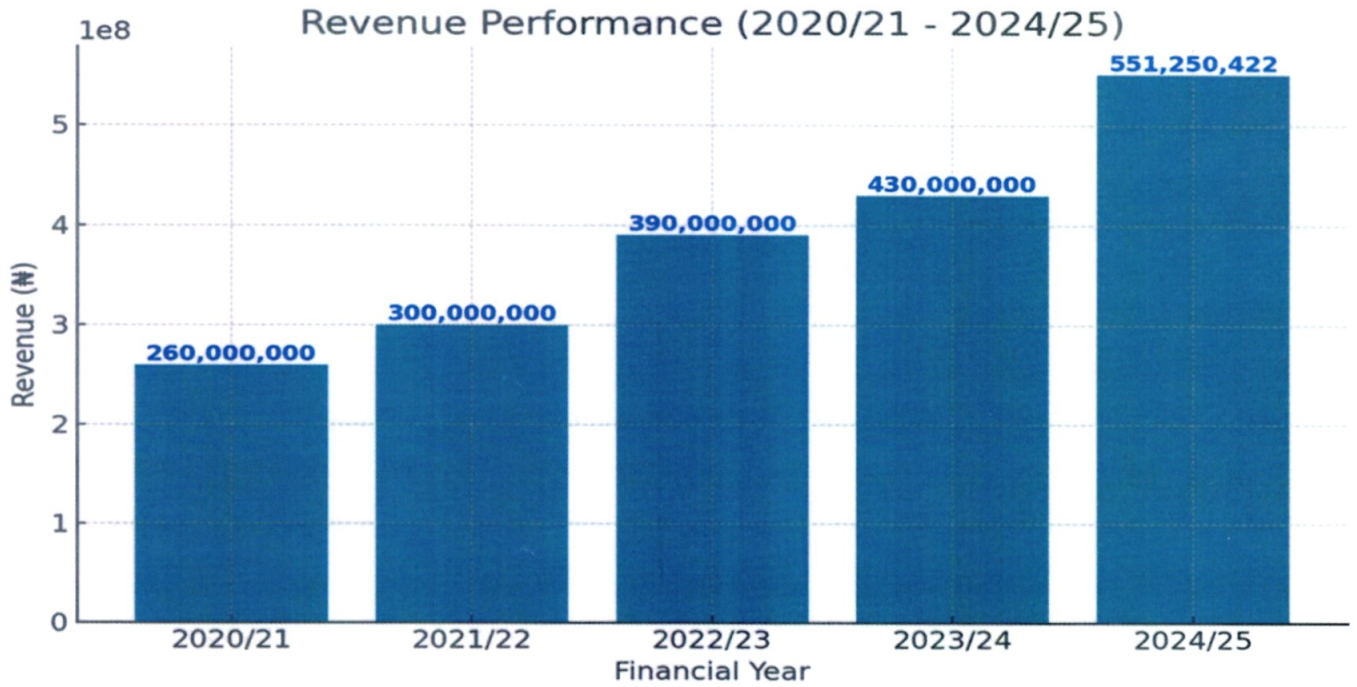
**TOP REVENUE SOURCES 2024-2025**




*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

---

The revenue performance over the past five years as depicted by the below chart shows a positive trajectory. This is as a result of automated systems and controls.



  
.....  
SAMIRA SWALEH ABDALLAH  
County Receiver of Revenue  
ICPAK M/NO 10382

**5. Statement of the 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.

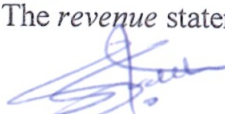
The Receiver of Revenue is responsible for the preparation and presentation of the *Receiver of Revenue account*, which gives a true and fair view of the state of affairs of the *Receiver of Revenue* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (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 entity, (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 entity, (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 *entity's receiver of revenue* accounts, which have been prepared on the Accrual Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and the relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *entity's receiver of revenue* account gives a true and fair view of the state of the *entity's receiver of revenue* transactions during the financial year ended June 30, 2025, 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 *entity* 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.

**Approval of the Revenue Statements**

The *revenue* statements were approved and signed by the Receiver of Revenue on 06/11/2025,

  
.....  
**SAMIRA SWALEH ABDALLAH**  
**County Receiver of Revenue**  
**ICPAK M/N0 10382**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE- REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KWALE

---

### PREAMBLE

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

- A. Report on Revenue statements that considers whether the revenue 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 revenue 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; and,
- 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the revenue statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Revenue 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

#### Qualified Opinion

I have audited the accompanying transitional IPSAS revenue statements of the Receiver of Revenue - County Government of Kwale set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025, and the statement of revenue and disbursements, statement of cash flows and the statement of

comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Kwale as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012 and the National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

## **Basis for Qualified Opinion**

### **1. Variances Between Ledgers and Revenue Statement Amounts**

The statement of revenue and disbursements reflects total revenue from exchange transactions of Kshs.483,680,839. However, review of supporting schedules provided for audit revealed variances between amounts reported under Notes to the revenue statements and supporting ledgers for twenty-two (22) revenue streams as analysed in the table below:

<b>Item</b>	<b>Note Number</b>	<b>Amount as per Note to the FS(Kshs)</b>	<b>Amount as per Supporting Ledger(Kshs)</b>	<b>Variance (Kshs)</b>
Farm Produce	6	9,293,986	7,835,189	1,458,797
Quarrying	6	32,465,557	25,215,837	7,249,720
Land rates	7	118,812,335	28,216,366	90,595,969
Land penalties and interest	7	10,916,581	10,951,674	(35,093)
Business permits application fees	8	798,700	819,420	(20,720)
Annual business permits fees	8	129,173,169	77,785,305	51,387,864
Business permits penalties and interest	8	996,611	1,002,831	(6,220)
Refuse disposal fees	9	3,260,000	2,630,000	630,000
Weight and measures	10	1,465,160	1,480,800	(15,640)
Liquor Licenses	10	8,170,000	8,089,500	80,500
Plot Transfer fees	10	1,065,000	1,070,000	(5,000)
Impounding fees	11	133,074	134,029	(955)
Public Health Permits	12	6,511,445	6,758,745	(247,300)
Building Plans approval	13	9,259,656	8,875,156	384,500
Street parking Fees	15	7,635,510	7,681,260	(45,750)
Monthly toll/ sticker fees	15	8,485,555	8,189,450	296,105

Item	Note Number	Amount as per Note to the FS(Kshs)	Amount as per Supporting Ledger(Kshs)	Variance (Kshs)
Bus Park fees	15	7,549,700	7,550,900	(1,200)
Market entry fees	16	3,367,535	3,366,605	930
Auction Fees	16	7,273,910	6,706,910	567,000
County Housing	17	3,425,597	2,961,597	464,000
Plot Rent	17	10,423,829	2,032,469	8,391,360
Stalls/ Kiosks	17	1,372,272	1,311,222	61,050

In the circumstances, the accuracy and completeness of total revenue from exchange transactions of Kshs.483,680,839 could not be confirmed.

## 2. Unsupported Hospital Fees

The statement of revenue and disbursement and Note 19 to the revenue statements reflect hospital fees of Kshs.384,021,316 earned during the year. The amount includes actual receipts of Kshs.247,671,990 out of which Kshs.47,426,281 was received in the receiver of revenue main account in respect of facilities improvement fund which was not supported by a detailed schedule showing the breakdown per facility and the listing of patients.

Further, out of the revenue of Kshs.47,426,281 collected in the main account, Kshs.30,382,230 was transferred to the hospitals' bank accounts leaving a balance of Kshs.17,044,051. However, no records were provided to show how the balance was spent or the reason for failure to transfer the whole amount to the facilities contrary to Section 5 (1) of the Facilities Improvement Financing Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities.

In the circumstances, the accuracy and completeness of hospital fees of Kshs.47,426,281 could not be confirmed.

## 3. Inaccurate and Unsupported Receivables Balances

The statement of financial position and Notes 32 and 35 to the revenue statements reflect receivables from non-exchange transactions and exchange transactions of Kshs.150,415,356 and Kshs.134,686,465 respectively. However, recomputation yielded Kshs.235,007,777 and Kshs.186,960,458 in respect of receivables for non-exchange and exchange transactions resulting to variances of Kshs.84,592,421 and Kshs.52,273,993 respectively which have not been explained or reconciled. Further, the balances were not supported by ledgers.

In the circumstances, the accuracy and completeness of receivables from non-exchange and exchange transactions of Kshs.150,415,356 and Kshs.134,686,465 could not be confirmed.

## 4. Doubtful Recoverability of Accounts Receivable

The statement of financial position and Notes 32 and 35 to the revenue statements reflects receivables from non-exchange and exchange transaction of Kshs.150,415,356 and Kshs.134,686,465 respectively all totalling to

Kshs.285,101,821. Review of the statement of arrears of revenue revealed that receivables totalling to Kshs.38,308,420 were outstanding for a period of more than two (2) years hence recoverability is doubtful. There was no evidence provided to show efforts put in place by the Management to recover the arrears.

In the circumstances, the recoverability and valuation of receivables from non-exchange and exchange transactions of Kshs.38,308,420 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government of Kwale 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 revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual amounts of Kshs.650,000,000 and Kshs.551,250,422 respectively resulting in under collection of Kshs.98,749,578 or 15% of the budget.

The under collection affected planned activities and may have impacted negatively on service delivery to the residents of Kwale County.

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 revenue statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the prior year's audit report, several issues were raised under the Report on the Revenue statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Receiver of Revenue in 2024/2025 revealed that the following eight (8) issues remained unresolved as at 30 June, 2025:

<b>No.</b>	<b>Audit Issue</b>
1	Variances between ledgers and revenue statement balances
2	Inaccurate and unsupported waivers

3	Variances in commissions revenue
4.	Non-disclosure of unreceipted revenue
5	Unsupported parking fees
6.	Unsupported arrears of revenue
7.	Failure to formulate technical minerals harvesting committee
8.	Weak internal controls on revenue collection

### Other Information

The Management is responsible for the Other Information set out on page iii to ix which comprise of Key Entity Information and Management, Foreword by the County Executive Committee Member Finance and Economic Planning, Management Discussion and Analysis and the Statement of the 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 Receiver of Revenue'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 revenue 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, I am required to report that fact. I have nothing to report in this regard.

My opinion on the revenue statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## 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, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Failure to Transfer Collected Revenue to CRF Within the Stipulated Period

Review of the Mpesa statement for the duration between 22 March, 2025 to 30 June, 2025 revealed that the Receiver of Revenue failed to deposit funds collected through the Mpesa account totalling Kshs.64,446,069 to the County Revenue Fund within five (5) working days as required. Further, review of transfers to the revenue account from Mpesa account revealed that some funds were held for up to 21 days before being transferred to the CRF account contrary to Regulation 81 (2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the receivers of revenue shall promptly pay the revenue received into the County

Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

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

## **2. Failure to Appoint a Data Protection Officer and Lack of Approved Cookies Policy on the Entity's Website**

Review of the county e-pay revenue management system established that the Receiver of Revenue had not appointed a Data Protection Officer, despite the e-pay revenue system processing large volumes of sensitive personal data related to land transactions, ownership, and citizen identity. There was also no evidence that contact details had been published or shared with the Data Commissioner. In addition, no evidence was provided for audit to show that users were adequately informed of how their personal information is being collected, processed, stored, or shared, thereby creating significant transparency and trust gaps. This was contrary to Section 24(6) and (7) of the Data Protection Act, 2019 that requires all data controllers or processors to appoint a Data Protection Officer (DPO), publish their contact details, and submit the same to the Office of the Data Protection Commissioner.

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

## **3. Use of Outdated Land Valuation Roll**

Review of the valuation roll provided for audit revealed that the County Executive continues to use a manual valuation roll prepared in 2005 for billing and collecting land rates, contrary to statutory provisions that require periodic revision every five (5) years. The roll, which has remained unapproved and updated for approximately twenty (20) years, no longer reflects current market values, changes in land use, or property development within the County. Further, it was also noted that the e-pay revenue management system was configured using obsolete valuation figures, thereby institutionalizing undervalued billing across all ratable properties. This was contrary to Section 109 of County Governments Act, 2012 which provides that a County Government shall cause to be prepared and regularly updated a valuation roll of all ratable property in the area of the County for the purposes of levying rates, ensure that the valuation roll is regularly updated to capture the changes in property values in the County and be on the basis for the levying of rates on ratable property in the County.

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 revenue 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, except for the effect of the matters described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Over-Reliance on the Vendor and Developer for Support of Revenue System**

Review of County e-pay revenue management system established that the vendor who was in charge of upgrading and maintenance of the e-pay system had full and unrestricted access to critical system components, including the production database, application servers, and system administrative functions. At the time of audit in October 2025, the vendor was solely responsible for the end-to-end lifecycle of the system, encompassing system design, implementation, deployment, and ongoing support. This includes performing database administration, user management, and code deployment activities across both test and live environments which may have resulted in an excessive concentration of control within the vendor who is currently working as the system developer and leading to inadequate segregation of duties between development, system administration, and operational functions of the e-pay revenue management system.

Further, the County did not hold independent rights or secured access to the system source code, technical documentation, or key configuration details necessary for continued system maintenance and sustainability.

In the circumstances, the effectiveness of the internal controls on the revenue management system could not be confirmed.

### **2. Lack of Standard Payment Documents for Physical Planning and Development Revenue**

The statement of receipts and disbursements reflects physical planning and development revenue amount of Kshs.11,495,256 as disclosed in Note 13 to the revenue statements. Review of documents provided for audit revealed that the County did not have a standardized payment document for billing, which results in dependency on physical planners' drafts and land registry for determining client's invoices/charges. The manual system in use is subjective hence susceptible to manipulation.

In the circumstances, effectiveness of internal controls and risk management could not be confirmed.

### **3. Lack of Change Management Policy and Procedures**

Review of documents provided for audit revealed that the Receiver of Revenue had not developed a formal Change Management Policy or documented procedures to guide the review, approval, and implementation of changes to critical systems in the e-pay revenue management system. Further, there was no evidence of a designated Change Management Committee or equivalent governance structure responsible for assessing the technical, operational, and security implications of proposed changes.

Further, review of the e-pay revenue management system established that the Receiver of Revenue did have critical change management documentation, including,

authorized change approvals, formal change management registers, test scripts, and signed User Acceptance Testing (UAT) documents. It was not possible to confirm whether changes to the system were properly tracked, independently tested, or formally accepted by the intended users before deployment into the live environment. In the circumstances, effectiveness of internal controls and risk management could not be confirmed.

#### **4. Lack of Business Continuity and Disaster Recovery Plans**

Review of the e-pay revenue management system established that the Receiver of Revenue of County Government of Kwale had not developed, approved, or tested a Business Continuity or Disaster Recovery Plan for the e-pay revenue management system. In the absence, of a tested Business Continuity or Disaster Recovery Plan, the County is exposed to serious operational and reputational risks, including extended system downtime, loss of critical land data, and an inability to recover national land services promptly following disasters or technical failures.

In the circumstances, effectiveness of internal controls and risk management could not be confirmed.

#### **5. Lack of Maintenance Records and Service Level Agreements**

Review of documents provided for audit revealed that there was no evidence of any documentation relating to maintenance schedules or active Service Level Agreements (SLAs) for key data center infrastructure components, including Heating, Ventilation, and Air Conditioning systems, air conditioners, UPS units, and generators. No records of periodic testing or servicing were provided for audit, compromising the reliability of the data center operations and exposes the County to service disruptions, reputational damage, and increased operational costs due to emergency repairs.

In addition, physical verification at the data centre revealed that the backup data center with two servers also had no internet and electricity, leaving the receiver of revenue with no backup system and the equipment not put to use.

In the circumstances, effectiveness of internal controls and risk management could not be confirmed.

#### **6. Deficiencies in the Revenue System Usability and User Interface Design**

Review of the e-pay revenue management system established system deficiencies in system usability and user interface design including the Graphical User Interface (GUI) which was found to be non-intuitive, with cumbersome menu navigation and inconsistent labeling of fields.

Further, the critical transaction fields (including customer identifiers, receipt references) lacked adequate input validation and sequential structuring, increasing the risk of entry errors. Some system reports such as consolidated e-pay transactions could not be downloaded for instance while the graphics were unoptimized with improper image scaling rendering the images distorted, stretched or squashed.

In addition, there were non-responsive design elements on the dashboard, the system was configured to open PDF documents within the same active window, such that closing the document also terminated the entire system session. This forced users to re-authenticate with a new OTP in order to regain access, resulting in inefficiency and poor user experience the system generated error messages (JSON errors, invalid prompts). The overall user experience (UX) design did not align with standard human-computer interaction principles, thereby complicating navigation on the system due to absence of a formal usability assessment and quality assurance process before deployment.

In the circumstances, effectiveness of internal controls and risk management could not be confirmed.

## **7. Weak Input and Validation Controls over the Revenue System**

Review of the e-pay revenue management system established that the system lacked adequate input validation and data integrity controls across various modules creating vulnerabilities that could be exploited by attackers or lead to inaccurate reporting.

Review of the system revealed control gaps including that in the POS Transaction Module, where the system generated “zero (0)” as the unique transaction identified, indicating absence of enforced validation for transaction numbering. In the customer service billing module, the unique identifier numbers were not sequential, increasing the risk of missing or duplicate records; in the customer service billing module, the customer names and customer numbers were missing in several records, undermining accountability.

Additionally, in the customer billing module, the receipt numbers were missing, and the receipt dates were not consistently captured, compromising revenue traceability. Further, in the vehicle management module, the “owner’s name” and the “vehicle name” field captured the “vehicle name,” revealing lack of data validation and field-level input checks.

In the circumstances, effectiveness of the internal controls and risk management could not be confirmed.

## **8. System Error in the Revenue System Modules**

Review of the e-pay revenue management system revealed that access to one of the system modules consistently generated a Data JSON error and HTTP 404 – “The resource cannot be found” errors indicating that the e-pay revenue managements system experienced processing failures in retrieving or rendering data during module execution. The errors were occasioned by deficient system coding or configuration, broken links, inadequate testing and quality assurance procedures prior to deployment, and lack of effective monitoring and error-handling mechanisms within the Revenue System.

In the circumstances, the effectiveness of the internal controls on the e-pay system could not be confirmed.

## **9. Lack of Comprehensive Audit Logs in the Revenue System**

Review of e-pay revenue management system established that the system specifications was to be designed with an audit trail. Further review revealed that there was no evidence that the system maintains comprehensive audit logs capable of tracking user activity, access patterns, timestamps, or actions performed within the revenue system. The only logs generated by the system were limited to automated database backup records, and occasional search activity logs (e.g., “vehicle searched” or “business searched”). The inability to trace user actions compromises oversight and investigation of fraudulent or unauthorized activities, prevents management from detecting unauthorized modifications to revenue records in contravention to Regulation 22 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of the internal controls on the e-pay revenue management system could not be confirmed.

## **10. System Access Rights in Excess of the User Requirements**

Review of the audit trail system log files revealed that there were four (4) employees, who are not designated IT System Administrators, but hold extensive and unrestricted access rights spanning both financial and system administrative modules within the e-pay revenue management system.

These access privileges confer high-level control across critical functions, resulting in an inappropriate concentration of authority within individual user accounts. Such aggregation of roles constitutes a violation of access control and segregation of duties principles. The absence of adequate role-based restrictions significantly increases the risk of unauthorized transactions, manipulation of data, or misuse of system functionalities. Moreover, this practice is inconsistent with established industry standards for access management and internal control.

In the circumstances, the effectiveness of the internal controls on the e-pay revenue management system could not be confirmed.

## **11. Lack of Segregation of Duties of User Roles and System Rights**

Review of the user access rights for the e-pay revenue management system established that several employees had roles that combine transaction initiation, authorization, and approval functions, contravening segregation of duties principles, for instance Cashier and Billing Clerk, Cashier and Licensing Officer, Cashier and Manager (or Supervisor), System Administrator and any Revenue Role such as the Cashier, Billing, Licensing, Manager and Revenue Officer and Reconciliation Officer.

In the circumstances, the effectiveness of internal controls and risk management on e-pay revenue management system could not be confirmed.

## **12. Inadequate Enforcement of Physical Security and Surveillance at the Data Centre.**

The audit of CCTV monitoring controls of the County Government of Kwale data center revealed inadequacies in coverage of critical areas including that the Data Centre was

not under active surveillance. Review of the physical security at the County Government of Kwale data center revealed that although the Data Center was equipped with biometric and lock-and-key access mechanisms, physical access remained weak as the facility lacked reinforced grilled doors, making entry relatively easy. In addition; the server room door was left open due to power tapping from the Data Center, the IT Department did not maintain a visitor/access register to track and record the activities of individuals accessing the Data Center.

Further, it was observed that the Data Center had no fire extinguisher installed within the facility, exposing the equipment to damage in the event of a fire outbreak and that the facility lacked appropriate signage to clearly identify it as a restricted and controlled-access area as a Data-Center.

In the circumstances, the effectiveness of physical controls at data center could not be confirmed.

### **13. Inadequate Environmental Hygiene Controls in the Data Centre**

Physical inspection of the Data Center revealed that the Data Center was musty due to leaking roofs, and floor indicating water intrusion. The air conditioner responsible for cooling the servers in the Data Center was observed to be faulty, resulting in improper temperature regulation within the facility. Additionally, water did not flow from the cooling ducts, indicating malfunctioning or blocked ducts, thereby compromising the system's ability to maintain adequate cooling.

In addition, there were visible damages on the floors and walls, with peeling paint as evidenced by moisture seepage and dust accumulation on server racks, fire suppression ducts, power equipment, unused racks, equipment surfaces, and ventilation ducts, highlighting the absence of routine cleaning and maintenance protocols.

Further, it was observed that cables were lying on the floor without proper trays or conduits, showing lack of structured cable management and housekeeping practices.

In the circumstances, the effectiveness of physical controls with regards to the data centre could not be confirmed.

### **14. Unsupported Revenue Receipts to Invoices in the Revenue System**

Analysis of the e-pay revenue management system Receipts in comparison to the System Invoices, established that there were thirty-one thousand, seven hundred and seventy-eight receipts (31,778) with no corresponding invoice in the system, amounting to Kshs.63,251,748. It was noted that these receipts were not e-pay receipts that require System Check-ins.

The revenue sources were therefore untraceable through the standard billing and invoicing process, creating the risk of off-book revenue collection.

In the circumstances, the effectiveness of internal controls and risk management on e-pay revenue management system could not be confirmed.

## 15. Voided Receipts

Review of the e-pay revenue management system revealed that forty-five (45) receipts totaling Kshs.2,985,529 were voided during the period under review. Out of the 45 voided invoices, five (5) totalling Kshs.550,102 were paid Kshs.97,200 during the year. No supporting documentation such as justification notes, approval by a responsible officer, or a voids register was provided for audit verification.

In the circumstances, the effectiveness of the internal controls and risk management on the e-pay revenue management system could not be confirmed.

## 16. Variance between “Revenue Analysis by Revenue Type” and the “Total Revenue” System Reports

Review of the e-pay revenue management system established material inconsistencies between the “Revenue Analysis by Revenue Type” report and the “Total Revenue” report across multiple revenue streams. As indicated in the table below, the variances amount of Kshs.8,367,355 for the sampled streams. The negative variances indicate that the figures in the Revenue Type report were lower than those captured in the Total Revenue report.

Revenue Code	Revenue Type	Revenue Analysis by Revenue type Amounts (Kshs)	Total Revenue analysis (Kshs)	Variance (Kshs)
1520202	Business Permits, Current Year	77,785,305	79,162,505	(1,377,200)
1520101	Land Rates Current Year	28,216,366	28,512,317	(295,951)
1530301	Sand, Gravel and Ballast Extraction Fees	21,130,181	23,709,781	(2,579,600)
1580220	Ward Services Fee	16,040,406	17,116,456	(1,076,050)
1520102	Land Rates Penalties	10,951,618	11,189,716	(238,098)
1590135	Road Shows	10,290,000	10,350,000	(60,000)
1520103	Land Rates Other Years	10,237,265	10,308,707	(71,442)
1590112	Building Plan Approval Fee	8,875,156	9,028,081	(152,925)
1550211	Other Vehicles Enclosed Park Fees (cars, lorries, etc.)	8,189,450	8,796,050	(606,600)
1520602	Liquor License	8,089,500	8,323,500	(234,000)
1550221	Street Parking fee	7,635,510	8,262,710	(627,200)
1550201	Enclosed Bus Park Fee	7,550,900	8,231,850	(680,950)
1530303	Mineral Extraction Royalties (cement, silica etc.)	4,073,180	4,440,520	(367,340)
	<b>Total</b>	<b>219,064,838</b>	<b>227,432,193</b>	<b>(8,367,355)</b>

This indicates inadequate reconciliation controls over report definitions, poor data mapping practices, and absence of automated consistency checks across reporting modules. Failure to implement adequate reconciliation controls between report generators and report tables exposes the County to the risk of material misstatement of own source revenue, potential revenue leakage, and inaccurate financial reporting.

In the circumstances, the effectiveness of the internal controls on the e-pay revenue management system could not be confirmed.

### **17. Non-Alignment of Revenue Systems with the Revenue Streams**

Review of the e-pay revenue management system further revealed that while the system had eighty-four (84) revenue streams configured, the Chart of Accounts for the County statements presented thirty (37) revenue streams. Further, there was no evidence of restructuring and updating the system to reflect any consolidation of Revenue Streams in the County Executive.

In addition, review revealed a lack of one-to-one mapping between system streams and financial statement streams which made revenue reconciliation cumbersome and obscured the transparency of revenue reporting.

In the circumstances, the effectiveness of internal controls on the e-pay revenue management system could not be confirmed.

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 the Receiver of Revenue**

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of revenue 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 revenue statements, Management is responsible for assessing the Receiver of Revenue's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the revenue 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 revenue 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.

The Receiver of Revenue is responsible for overseeing the County 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 of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the revenue 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 ISSAIs 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 revenue 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 revenue 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, SBS**  
**AUDITOR-GENERAL**

**Nairobi**

**04 December, 2025**

*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*


**7. Statement of Revenue and Disbursements for the year ended 30th June 2025**


	Note	FY2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Cess	6	44,193,668
Land Rates	7	139,928,595
Single/Business Permits	8	130,968,479
Conservancy Administration	9	4,970,000
Administration Control Fees and Charges	10	12,861,578
Other Fines, Penalties, And Forfeiture Fees	11	133,074
Public Health Service Fees	12	8,120,755
Physical Planning and Development	13	11,495,256
Donations/Grants Not Received Through CRF	14	-
<b>Total Revenue from non-exchange transactions</b>		<b>352,671,405</b>
<b>Revenue from exchange transactions</b>		
Parking Fees	15	23,806,105
Market Fees	16	10,641,445
Property Rent	17	15,224,698
Advertising	18	30,420,168
Hospital Fees	19	384,021,316
Hire of County Assets	20	861,000
Sale of assets	21	-
Park Fees	22	-
Miscellaneous receipts	23	18,706,106
<b>Total Revenue from exchange transactions</b>		<b>483,680,839</b>
<b>Total Revenues (a)</b>		<b>836,352,243</b>
<b>Disbursements</b>		
Balance due for disbursements b/f		795,702
Disbursements To CRF	24	(293,205,175)
Disbursements to another County Fund	25	(247,671,990)
Bank charges	26	(60,393)
Waivers and exemptions	27	(974,500)

*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

Bad debts written off	28	-
Provision for bad debts	29	-
<b>Total Disbursements and other charges (b)</b>	.	<b>(541,116,357)</b>
Balance Due for Disbursement (collected amounts) ©		11,108,366
Balance Due for Disbursement (uncollected amounts) (d)		285,101,821
<b>Balance Due for Disbursement and Collection (e= c+d)</b>		<b>296,210,187</b>
<b>Other gains/(losses)</b>		
Gain/Loss on foreign exchange transactions	30	-
<b>Increase/Decrease in Dues to County Revenue Fund</b>		-

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 06/11/2025 and signed by:

  
.....  
**SAMIRA SWALEH ABDALLAH**  
County Receiver of Revenue  
ICPAK M/No 10382

  
.....  
**ROBERT NDORO CHAKA**  
Head of Revenue Reporting  
ICPAK M/No 19307

8. Statement of Financial Position as at 30<sup>th</sup> June 2025

	Note	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Current Assets</b>			
Cash and Cash Equivalents	31	11,108,366	795,702
Receivables from non-Exchange transactions	32	150,415,356	85,309,322
Receivables from Exchange transactions	35	134,686,465	51,557,091
<b>Total Current Assets</b>		<b>296,210,187</b>	<b>137,662,115</b>
<b>Total Assets</b>		<b>296,210,187</b>	<b>137,662,115</b>
<b>Financial Liabilities</b>			
Payables-Due to CRF	38	296,210,187	137,662,115
Revenue Received in Advance	40	-	-
<b>Total Financial Liabilities</b>		<b>296,210,187</b>	<b>137,662,115</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 06/11/2025 and signed by:



.....  
**SAMIRA SWALEH ABDALLAH**  
 County Receiver of Revenue  
 ICPAK M/No 10382



.....  
 Sni: **ROBERT NDORO CHAKA**  
 Head of Revenue Reporting  
 ICPAK M/No 19307

*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

**9. Statement of Cash Flows for the Year Ended 2025**

	Note	FY2024/2025
		Kshs
<b>Operating Activities</b>		
<b>Receipts</b>		
Cess		35,190,466
Land Rate		50,728,037
Single Business Permits		80,123,784
Conservancy Administration		4,320,000
Administration Control Fees and Charges		12,861,578
Other Fines, Penalties, And Forfeiture Fees		133,074
Public Health Service Fees		8,120,755
Physical Planning and Development		11,495,256
Donations/Grants Not Received Through CRF		-
Parking Fees		23,806,105
Market Fees		10,641,445
Property Rent		6,286,148
Advertising		30,276,168
Hospital Fees		258,372,524
Hire of County Assets		861,000
Sale of assets		-
Park Fees		-
Miscellaneous receipts		18,034,082
<b>Total Receipts</b>		<b>551,250,422</b>
<b>Payments</b>		
Disbursements To CRF		(293,205,175)
Disbursement to other County Fund		(247,671,990)
Bank charges		(60,393)
<b>Total Payments</b>		<b>(540,937,558)</b>
<b>Net Cash from operating Activities</b>		<b>10,312,864</b>
Cash and Cash Equivalent as at 1 <sup>st</sup> July 2024	31	795,702
<b>Cash and Cash Equivalent as at 30<sup>th</sup> June 25</b>	<b>31</b>	<b>11,108,366</b>

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

**10. Statement of Comparison of Budget vs Actual Amounts for Year Ended 30<sup>th</sup> June 2025**

Receipts	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% of Realization
	A Kshs	B Kshs	C=A+B Kshs	D Kshs	E=C-D Kshs	F=D/C %
<b>County Own Source Revenue</b>						
Cess	53,165,600	(11,224,600)	41,941,000	35,190,466	6,750,534	84%
Land Rate	89,000,000	(6,341,000)	82,659,000	50,728,037	31,930,963	61%
Single/Business Permits	98,564,890	(10,109,890)	88,455,000	80,123,784	8,331,216	91%
Parking Fees	62,249,300	(18,575,300)	43,674,000	23,806,105	19,867,895	55%
Market Fees	9,568,790	4,801,210	14,370,000	10,641,445	3,728,555	74%
Property Rent	19,884,800	(8,633,800)	11,251,000	6,286,148	4,964,852	56%
Advertising	34,310,341	(13,427,341)	20,883,000	30,276,168	(9,393,168)	145%
Hospital Fees	300,000,000	-	300,000,000	258,372,524	41,627,476	86%
Public Health Service Fees	7,500,000	-	7,500,000	8,120,755	(620,755)	108%
Physical Planning and Development	27,560,000	(15,000,000)	12,560,000	11,495,256	1,064,744	92%
Hire of County Assets	8,380,000	(5,640,000)	2,740,000	861,000	1,879,000	31%
County Administration	6,140,000	-	6,140,000	4,320,000	1,820,000	70%
Administration Control Fees and Charges	19,294,700	(3,288,700)	16,006,000	12,861,578	3,144,423	80%
Proceeds from sale of assets	-	-	-	-	-	-
Park Fees	-	-	-	-	-	-
Other Fines, Penalties, and Forfeiture Fees	150,800	(800.00)	150,000.00	133,074	16,926	89%
Miscellaneous Receipts	14,230,779	(12,559,779)	1,671,000	18,034,082	(16,363,082)	1079%
<b>Total County Own Source Revenue</b>	<b>750,000,000</b>	<b>(100,000,000)</b>	<b>650,000,000</b>	<b>551,250,422</b>	<b>98,749,578</b>	<b>85%</b>
<b>Other Receipts</b>						

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

Receipts	Original Targets A	Adjustments B	Final Targets C=A+B	Actual On Comparable Basis D	Budget Realization Difference E=C-D	% of Realization F=D/C %
Donations/Grants Not Received Through CRF	-	-	-	-	-	-
<b>Total Other Receipts</b>	-	-	-	-	-	-
<b>Total Receipts</b>	750,000,000	(100,000,000)	650,000,000	551,250,422	98,749,578	85%

[Provide below a commentary on significant under realisation (below 99% of realisation) and any over realisation]

**(a) Cess**

The under realization is attributed to fish cess which has not collected due to suspension of Kwale county finance Act 2024

**(b) Land rates**

The under realization is attributed to land rates arrears from previous years and outdated valuation role. There are many absentee landlord within vatable areas

**(c) Property rent**

Is mainly composed of ground rent, stall rent and house rent, the under realisation is due to white house ground rent where there has been intention to build affordable housing by the government. This speculation has made tenants to hold rent payment

**(d) Market fees**

It underperformed due to failure to collect from Diani market since traders had been asked to move from Ibiza market which was their comfort zone, so they experienced low sales, and the market is still under construction.

**(e) Parking fees**

Its underperformance was due to resistance from boda-boda riders.

**(f) Advertising fees**

This revenue stream over performed due to special advertising activities.

**(g) Hospital fees**

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

*This under realization is attributed to delay of claims payments from SHA.*

**(h) Public Health Service fees**

*This over realization is due to sanitation campaigns at the grass roots.*

**(i) Hire of county asset**

*This revenue stream has underperformed due to Hire of stadiums, sports field, hire of county halls and slaughters which has not collected after suspensions of Kwale county finance Act 2024.*

**(j) Conservancy Administration**

*The under realization was attributed to debts in the hotels due to economic difficulties as indicated in the statement of arrears.*

**(k) Administration control fees**

*This revenue stream under performance is attributed to liquor licencing fees which was affected by changes in membership of liquor management board The changes caused a delay in inspections and approvals.*

**(l) Miscellaneous receipts**

*The huge over realization of this revenue stream is due to mismatch in coding hence most of its set target was allocated to hire of county assets and payment of insurance made.*

*(Explain whether the changes between the original and final are as a result of re-allocations within the budget or other causes as per IPSAS 24 Reconciliation should be presented where the actual on comparison basis does not tie with the underlying primary financial statements.)*

**Receiver Of Revenue**  
**County Government Of Kwale**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

---

The County Receiver of Revenue's financial statements were approved on 06/11/2025 and signed by:



.....  
SAMIRA SWALEH ABDALLAH  
County Receiver of Revenue  
ICPAK M/No 10382



.....  
ROBERT CHAKA NDORO  
Head of Revenue Reporting  
ICPAK M/No 19307

## **11. Notes to the Financial Statements**

### **1. General Information**

County Receiver of Revenue was appointed by the CEC member of Finance of Kwale County Government in accordance with section 157 of the PFM Act. The Entity's principal activity is xxx as outlined in the appointment letter and section 157 of the PFM Act.

### **2. Statement of Compliance and Basis of Preparation**

The revenue statements have been prepared in accordance with and comply with **Transitional** International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting and relevant legal framework of the County Government Kwale. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

#### **Guiding note during the transition period:**

*The financial statements have been prepared in accordance with the PFM Act, and the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore this 1<sup>st</sup> year financial statements are transitional financial statements.*

*The entity has not recognized intangible assets, service concession assets and related liabilities and financial instruments. The entity is undertaking capacity building and other initiatives to be fully compliant by the end of the provided transition period.*

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

The Financial statements were authorized for issue by the Accounting Officer on 22<sup>nd</sup> October 2025

**3. Adoption of New and Revised Standards**

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2024, it is applicable in Kenya from 1<sup>st</sup> July 2024)*

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43 LEASES	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> <p>This standard will be applied to account for revenues from GFS code 1530521 Hire of county assets such as Pungu slaughter House, Kinango slaughter House and Samburu slaughter House.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Receiver Of Revenue  
 County Government Of Kwale  
 Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

Standard	Effective date and impact:
	<b><i>State the expected impact of the standard to the Entity if relevant</i></b>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 46 Measurement	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 47- Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Receiver Of Revenue  
 County Government Of Kwale  
 Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

Standard	Effective date and impact:
<p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p> <p><b><i>The standard has been applied to prepare all the Financial statements.</i></b></p>	
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>

**iii) Early adoption of standards**

The Entity did not early-adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on the entity's financial statements.)* The entity adopted all the applicable IPSAS.

**4. Significant Accounting Policies**

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

**i) Revenue from non-exchange transactions**

**Fees, taxes, fines and charges**

The *Receiver of Revenue* recognizes revenues from fees, taxes, fines and charges when the event occurs and the asset recognition criteria is met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

**ii) Revenue from exchange transactions**

**Rendering of services**

The *Receiver of Revenue* recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**iii) Budget**

The County Revenue budget is developed on cash basis. The budget has 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 26<sup>th</sup> June 2024 for the period 1st July 2024-1 to 30 June 2025. There was 2 number of 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.

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**iv) 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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**v) Revenue in Arrears**

Revenue in arrears relate to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are presented as receivables from exchange and non- exchange transactions in the statement of financial position. These receivables are assessed for impairment on a continuous basis. The details of these arrears are presented as an appendix to the financial statements under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b).

**vi) Disbursements to CRF**

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. (*Weekly*)

**vii) Payables due to CRF**

These relate to amounts yet to be disbursed to the County Revenue Fund at the end of the period. The amount also includes monies that are yet to be collected by the receiver of revenue at the end of the reporting period.

**viii) Comparative Figures**

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

**ix) 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, 2025

Notes to the financial statements

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the *Entity's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

*State all significant judgements, estimates and assumptions made:*

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*(Include provisions applicable to your organization, e.g., provision for bad debts and how management estimates these provisions).*

Notes to the Financial Statements

6. Cess

Description	FY 2024/2025
	Kshs
Farm produce	9,293,986
Quarrying	32,465,557
Livestock	2,146,425
Fish farming	-
Others ( <i>specify</i> )Charcoal	287,700
<b>Total</b>	<b>44,193,668</b>

7. Land rates

Description	FY 2024/2025
	Kshs
Land rates	118,812,335
Land penalties and interest	10,916,581
Arrears	10,159,679
<b>Total</b>	<b>139,928,595</b>

8. Single /Business Permits

Description	FY 2024/2025
	Kshs
Business permit application fees	798,700
Annual Business permit fees	129,173,160
Business permit penalties and interest	998,611
Business permit fees arrears	-
<b>Total</b>	<b>130,968,479</b>

Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

Notes to the Financial Statements (continued)

9. Conservancy Administration

Description	FY2024/2025
	Kshs
Refuse disposal fees	3,260,000
Dumpsite fees	896,000
Sewerage fees	-
Sale of seedlings	-
Public cemetery	2,500
Disposal of carcasses	-
Noise control	811,500
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>4,970,000</b>

10. Administration Control Fees and Charges

Description	FY2024/2025
	Kshs
Weights and measures	1,465,160
Fire Services	157,900
Liquor licenses	8,170,000
Betting levy	-
Debts clearance certificate	544,018
Plot transfer fees	1,065,000
Consent fees	1,435,000
Others (Customer deposits, stand premiums, Plot admin & Plot showing)	24,500
<b>Total</b>	<b>12,861,578</b>

11. Other Fines, Penalties and Forfeitures

Description	FY2024/2025
	Kshs
Impounding Fees	133,074
Towing Fees	-
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>133,074</b>

Notes to the Financial Statements (continued)

12. Public Health Service Fees

Description	FY 2024/2025
	Kshs
Inspection of buildings/premises/Institutions	647,000
Inspection for issuance of hygiene license	189,300
Vaccination: Yellow fever, Typhoid, etc	147,300
Applications for medical examination	565,210
Sanitation inspection for schools	60,500
Public health permit	6,511,445
Rodent Control/Fumigation	-
Others (Specify)	-
<b>Total</b>	<b>8,120,755</b>

13. Physical Planning and Development

Description	FY 2024/2025
	Kshs
Sale of County planning documents	-
Land valuation and registration fees	-
Change / Renewal of user	-
Building plans approval	9,259,656
Signboards	-
Occupational Permits	-
Enforcement / Demolition	-
Architectural designs by county officers	-
Hoarding fees	-
Plot subdivision fees	777,600
Right of way/way-leave fees	1,458,000
<b>Total</b>	<b>11,495,256</b>

*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

Notes to the Financial Statements (continued)

14. Donations and Grants Not Received Through CRF

Description	FY2024/2025
	Kshs
Donations <i>(Specify Based on Source)</i>	-
Grants <i>(Specify Based on Source)</i>	-
Others <i>(Specify)</i>	-
<b>Total</b>	<b>-</b>

15. Parking Fees

Description	FY2024/2025
	Kshs
Street parking fees	7,635,510
Monthly toll/sticker fees	8,485,555
Motorbike fees	135,340
Registration fees	-
Reserved parking	-
Bus Park fees	7,549,700
Others <i>(Specify)</i>	-
<b>Total</b>	<b>23,806,105</b>

16. Market Fees

Description	FY2024/2025
	Kshs
Market entry fees	3,367,535
Hawking fees	-
Others (Auction Fees)	7,273,910
<b>Total</b>	<b>10,641,445</b>

Notes to the Financial Statements (continued)

17. Property Rent

Description	FY 2024/2025
	Kshs
County Housing	3,425,597
Plot Rent	10,423,829
Tenancy Agreement	-
Transfer of Property	-
Stalls/kiosks rent	1,372,272
Others (Survey fees)	5,000
<b>Total</b>	<b>15,224,698</b>

18. Advertising

Descriptions	FY 2024/2025
	Kshs
Advertisement Application	1,558,200
Branding	6,981,833
Billboard Advertising	2,331,800
Signage	5,913,900
Roadshows	10,290,000
Banners	63,600
Posters	466,835
Tent advertising	2,002,000
Street pole/clock advertising	812,000
others (Specify)	-
<b>Total</b>	<b>30,420,168</b>

Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

---

19. Hospital Fees

Description	FY2024/2025
	Kshs
Level 5 hospitals	223,592,283
Level 4 hospitals	107,427,460
Level 3 hospitals	30,610,985
Level 2 hospitals	22,390,588
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>384,021,316</b>

Notes to the Financial Statements (continued)

20. Hire Of County Assets

Description	FY 2024/2025
	Kshs
Agricultural Mechanisation Services (AMS)	-
Hire of Machines and Equipment	-
Hire of County Stadia	-
Hire of County Halls	-
Conference facilities/Agricultural Training Centers (ATC)	-
Hire of County Slaughter Houses	861,000
Others (Specify)	-
<b>Total</b>	<b>861,000</b>

21. Sale of assets.

	FY 2024/2025
	Kshs
Receipts from Sale of Buildings	-
Receipts from Sale of Vehicles and Transport Equipment	-
Receipts from Sale of Plant Machinery and Equipment	-
Receipts from Sale of Certified Seeds and Breeding Stock	-
Receipts from Sale of Strategic Reserves Stocks	-
Receipts from Sale of Inventories, Stocks and Commodities	-
Disposal and Sales of Non-Produced Assets	-
<b>Total</b>	<b>-</b>

22. Park Fees

Description	FY 2024/2025
	Kshs
Lodge Tariffs and levies	-
Park entry fees	-
Filming and Photography fees	-
Camping fees	-
Balloon landing fees	-
Others (Specify)	-
<b>Total</b>	<b>-</b>

Receiver Of Revenue  
 County Government Of Kwale  
 Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

Notes to the Financial Statements (continued)

23. Miscellaneous Revenues

Description	FY2024/2025
	Kshs
Dividends	-
Interest	-
Commissions	15,641,321
Scrap	2,098,010
Tender Document Sale	-
Transit Goods	659,000
Slaughter Fees	251,240
Hides and Skin fees	56,535
<b>Others (Specify)</b>	
<b>Total</b>	<b>18,706,106</b>

24. Disbursements to CRF

Description	Period ended 30 <sup>th</sup> June 2025
	Kshs
Quarter 1	44,368,373
Quarter 2	40,567,438
Quarter 3	106,428,509
Quarter 4	101,840,856
<b>Total</b>	<b>293,205,175</b>

25. Disbursement to another County Fund

Description	Period ended 30 <sup>th</sup> June 2025
	Kshs
Quarter 1	-
Quarter 2	-
Quarter 3	-
Quarter 4	247,671,990
<b>Total</b>	<b>247,671,990</b>

Notes to the Financial Statements (continued)

26. Bank Charges

Description	FY 2024/2025
	Kshs
Bank Charges & commissions	60,393
<b>Total</b>	<b>60,393</b>

27. Waivers and Exemptions

Description	FY 2024/2025
	Kshs
Penalties	-
Interest	-
Hospital	974,500
Others ( <i>Specify</i> )	-
<b>Total</b>	<b>974,500</b>

28. Bad debts written off.

Description	FY 2024/2025
	Kshs
Bad debts written off ( <i>Specify revenue stream</i> )	-
<b>Total</b>	<b>-</b>

29. Provision for bad debts

Description	FY 2024/2025
	Kshs
Provision for bad debts ( <i>Specify revenue stream</i> )	-
<b>Total</b>	<b>-</b>

Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

Notes to the Financial Statements (continued)

30. Gain/Loss on Foreign Exchange Transactions

Description	FY2024/2025
	Kshs
Gain or loss on foreign exchange transactions	-
Gain or loss on balances in foreign exchanges	-
<b>Total</b>	<b>-</b>

31. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	FY2024/2025	Opening Statement 1 <sup>st</sup> July 2024
			Kshs	Kshs
KCB . Account No. 1140770241	407,702.	-	407,702	536,734
KCB. Account No. 1169373348	-	-	-	1,065.00
KCB. Account No. 1169373496	10,700,534	-	10,700,534	257,653
Mobile Money	130	-	130	250
Cash at Hand	-	-	-	-
<b>Total</b>	<b>11,108,366</b>	<b>-</b>	<b>11,108,366</b>	<b>795,702</b>

32. Receivables for non-exchange transactions

Description	FY2024/2025	Opening Statement 1 <sup>st</sup> July 2025
	Kshs	Kshs
<b>Receivables</b>	<b>150,415,356</b>	<b>85,309,322</b>
<i>Specify the various categories</i>		
Cess	9,003,202	
Land/Poll rates	89,917,459	
Single business permit	50,844,695	-
Conservancy Administration	650,000	
Sub total	150,415,356	85,309,322
Less impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>150,415,356</b>	<b>85,309,322</b>

(Provide brief explanation on current receivables)

**33. Ageing analysis for Receivables from Non-exchange transactions**

Description	FY 2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Current FY	% of the total	Opening Balance	% of the total
	Kshs		Kshs	
Less than 1 year	5,040,250	4%	-	0%
Between 1- 2 years	108,475,935	72%	62,852,651	100%
Between 2-3 years	10,813,703	7%	-	0%
Over 3 years	26,085,467	17%	-	0%
<b>Total (a+b)</b>	<b>150,415,356</b>	<b>100%</b>	<b>62,852,651</b>	<b>100%</b>

**34. Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

Impairment allowance/ provision	FY 2024/2025
	Kshs
At the beginning of the year	-
Additional provisions during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025

35. Receivables from exchange transactions

Description	FY2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Total receivables	134,686,465	51,557,091
Property Rent	8,221,649	-
Parking Fees	-	-
Market Fees	-	-
Advertising	144,000	-
Hire Of County Assets	-	-
Hospital	125,648,792	-
Miscellaneous	672,024	-
<b>Sub total</b>	<b>134,686,465</b>	<b>51,557,091</b>
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>134,686,465</b>	<b>51,557,091</b>

36. Ageing analysis for total receivables in exchange transactions

Description	FY2024/2025		FY2023/2024	
	Current FY	% of the total	Comparative FY	% of the total
	Kshs		Kshs	
Less than 1 year	85,079,975.00	63%	-	%
Between 1- 2 years	48,197,240.00	36%	-	%
Between 2-3 years	1,409,250.00	1%	-	%
Over 3 years	-	0%	-	%
<b>Total (a+b)</b>	<b>134,686,465.00</b>	<b>100%</b>	<b>-</b>	

37. Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	FY2024/2025
	Kshs
At the beginning of the year	-
Additional provisions during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

**Receiver Of Revenue**  
**County Government Of Kwale**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

**38. Payables**

<b>Payables</b>	<b>FY2024/2025</b>	<b>Opening Statement 1<sup>st</sup> July 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Amount collected yet to be disbursed to Hospitals	11,108,366	795,702
Amount billed and yet to be collected for disbursement to CRF	285,101,821	136,866,413
<b>Total Due</b>	<b>296,210,187</b>	<b>137,662,115</b>

**39. Movement Disclosure on Dues to CRF**

<b>Description</b>	<b>Amount</b>
	<b>Kshs</b>
Opening Dues to CRF	-
Increase/Decrease in Dues to CRF	-
<b>Closing Dues to CRF</b>	<b>-</b>

**40. Revenue received in advance**

<b>Description</b>	<b>Period ended 30<sup>th</sup> June, 2025</b>	<b>Opening Statement 1<sup>st</sup> July 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<i>Specify</i>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025*

Appendices

**Appendix 1: 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	<b>Variance between Ledgers and Revenue Statement balances</b> There were variances in system generated ledgers and financial statement figures for various revenue streams such as land rates, SBP, Public health permit, market fees etc.	The variances in financial statement figures and system generated ledger figures is because of adjustments for revenue receipted in the current financial period but banking had been done in previous financial period. This is necessary as some of our clients' make payments but do not turn up for receipting in time and since we recognize revenue on cash basis, this kind of receipts cannot be deemed to be relating to the current financial period.	<b>Not resolved;</b> We are upgrading our system to ensure timely receipting of transactions and also limit banking to our revenue account to only individual with system generated invoices. Further our staffs charged with revenue reporting have been trained to improve on their skills.	By 30 <sup>th</sup> September, 2025
2	<b>Inaccurate and Unsupported Waivers</b> Hospital waivers amounting to Kshs.2, 217,950.00 were not recorded in the Kwale E-pay system, were not submitted to the County Assembly for approval and were not reported in the revenue statements.	Waivers are administrative actions and not revenues and therefore not captured in Kwale E-Pay systems. As per the PFM act the waivers were approved has required.	<b>Resolved;</b> Waivers are administrative actions and not revenues and therefore not captured in Kwale E-pay system. As per the PFM act the waivers were approved as required. We have put in place mechanisms to ensure proper recording and reporting of the waivers and also ensuring that they are duly approved.	
3	<b>Variance in Commissions</b>	The variances arose because of	<b>Resolved;</b>	T

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

<p><b>Revenue</b> Payroll deductions in respect to commissions amounted to Kshs.7,784,380.00 whereas the reported commissions amounted to Kshs.4,616,091.00 resulting to a variance of Kshs.3,168,289.00. No evidence of spending revenue at source was provided.</p>	<p>remittance of the amounts deducted from payroll due to liquidity challenges caused by delays in disbursements of equitable share from National Treasury to Kwale County Government. Commissions deducted from payroll during the year amounted to K.sh.7,784,145.20. Asat Close of the year, commissions amounting to K.sh. 3,168,054.20 had not been remitted by the county treasury to the revenue collection account. This amount relates to the months of January, February, March, April and June 2024. Since revenue was reported on cash basis, we reported what was received in the Revenue Collection account.</p>	<p>A reconciliation was carried out and all unremitted commissions were paid into the revenue account and receipted in Kwale E-pay. Further, commission deductions are now remitted in bulk to ensure easy tracking of the aggregate amount deducted and what was paid.</p>	
<p><b>Non-Disclosure of Unreceipted Revenue</b> Accuracy and completeness of Unreceipted revenue amounting to Kshs.10,582,441.00 could not be confirmed. This amount was not captured in the Kwale County Revenue System.</p>	<p>The amount of 10,582,441 is banked in our bank account but we could not trace the owners and we do not know what they paid for hence we cannot receipt in Kwale E-pay, will only be done after owners present themselves. We reported it as revenue because we were reporting on cash basis accounting.</p>	<p><b>Not resolved;</b> We are upgrading our system to ensure timely receipting of transactions and also limit banking to our revenue account to only individual with system generated invoices.</p>	<p>By 30<sup>th</sup> September 2025</p>

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

5	<p><b>Unsupported Cess Receipts</b> Cess from quarrying and farm produce amounting to Kshs.31, 589,844.00 was not supported by evidence of weighbridge tickets or any other means of determining the weight for application of the correct rates.</p>	<p>The revenue staff use indicated vehicle tonnage on vehicles' cabins. However, the county changed the charges to per vehicle type instead of weights in the Kwale County Finance Act, 2024.</p>	<p><b>Resolved:</b> Finance Act provided the Kwale County Cess Act, 2020 to enable charging of cess based on vehicle type rather than tonnage.</p>
6	<p><b>Unsupported Parking Fees</b> Parking fees amounting to Kshs.19, 262,700.00 was not supported by a register of designated parking lots, or any evidence that the county had parking infrastructure with marked and secured parking areas.</p>	<p>The parking revenue is mainly composed of monthly charges on PSVs (matatu and tuktuk) which park on designated bus parks (Ukunda, Lungalunga, Kwale and Kinango).</p>	<p><b>Resolved:</b> A bill designating parking areas was developed and presented to the county Assembly for enactment into law. In addition, the county has established parking infrastructure and</p>

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

7	<p>Unsupported Arrears of revenue Accuracy and completeness of arrears amounting to Kshs.79, 838,822.00 could not be confirmed as they were not supported with ledgers.</p>	<p>The arrears could not be supported by ledgers from system because the system was designed in cash basis and not accrual basis. The arrears were supported as indicated in appendix 7</p>	<p>marked all parking spaces. <b>Not resolved;</b> We are in the process of upgrading our revenue system to ensure proper recording and reporting of arrears</p> <p>By 30<sup>th</sup> September 2025</p>
---	---	---	---

**Guidance Notes:**

- Use the same reference numbers as contained in the external audit report.
- Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



SAWALEH ABDALLAH

County Receiver of Revenue

ICPAK M/No 10382

6<sup>th</sup> November, 2025



ROBERT NIDORO CHIKA

Head of Revenue Reporting

ICPAK M/No 19307

6<sup>th</sup> November, 2025

**Receiver Of Revenue**  
**County Government Of Kwale**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

**Appendix 2: Statement of Arrears of Revenue As at 30th June 2025**

Classification Of Receipts (Indicate As Applicable)	Balance as at The beginning of the current year (1 <sup>st</sup> July 2024) A	Arrears received during the year. B	Additions in arrears for the current year to June 30th, 2025 C	Total arrears as at 30th June 2025 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	10,901,059	(2,572,959)	675,102	9,003,202	Follow up on payment	Recoverable
Land rate	73,748,263	(10,237,265)	26,406,462	89,917,459	Follow up on payment	Partially recoverable
Single/Business Permits	1,581,590	(1,581,590)	50,844,695	50,844,695	Follow up on payment	Partially recoverable
Property Rent	6,620,300	(858,450)	2,459,799	8,221,649	Follow up on payment	Partially recoverable
Parking Fees	-	-	-	-	-	-
Market Fees	-	-	-	-	-	-
Advertising	-	-	144,000	144,000	Follow up on payment	Recoverable
Hospital Fees	44,936,791	(32,173,424)	112,885,425	125,648,792	Follow up with NHIF & SHA	Recoverable
Public Health Service Fees	-	-	-	-	-	-
Physical Planning and Development	-	-	-	-	-	-
Hire Of County Assets	-	-	-	-	-	-
Conservancy Administration	660,000	(460,000)	450,000	650,000	Follow up on payment	Recoverable
Administration Control Fees and Charges	-	-	-	-	-	-
Park Fees	-	-	-	-	-	-
Other Fines, Penalties, And Forfeiture Fees	-	-	-	-	-	-
Miscellaneous	-	-	672,024	672,024	Follow up on payment	Recoverable

**Receiver Of Revenue**  
**County Government Of Kwale**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

Total Arrears	<u>138,448,003</u>	<u>(47,883,688)</u>	<u>194,537,506</u>	<u>285,101,821</u>		
---------------	--------------------	---------------------	--------------------	--------------------	--	--

*(Total arrears as at the end of the year should be the total of receivables from exchange and non- exchange transactions)*



.....  
**SAMIRA SWALEH ABDALLAH**  
For: County Receiver of Revenue  
*ICPAK M/No 10382*



.....  
**ROBERT NDORO CHAKA**  
Head of Revenue Reporting  
*ICPAK M/No 19307*

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

**Appendix 3: 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
Cess	571,202	7,632,000	800,000	-	9,003,202
Land rate	3,819,048	49,999,240	10,013,703	26,085,467	89,917,459
Single/business permits	-	50,844,695	-	-	50,844,695
Property rent	3,551,950	3,260,449	1,409,250	-	8,221,649
Parking fees	-	-	-	-	-
Market fees	-	-	-	-	-
Advertising	144,000	-	-	-	144,000
Hospital fees	80,712,001	44,936,791	-	-	125,648,792
Public health service fees	-	-	-	-	-
Physical planning and development	-	-	-	-	-
Hire of County Assets	-	-	-	-	-
Conservancy administration	650,000	-	-	-	650,000
Administration control fees and charges	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Park fees	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous receipts	672,024	-	-	-	672,024
Others (Specify)	-	-	-	-	-
<b>Total (agree to statement of arrears above)</b>	<b>90,111,411</b>	<b>156,673,175</b>	<b>12,222,953</b>	<b>26,085,467</b>	<b>285,101,821</b>

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

**Appendix 4: 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	Hospital services fees (56 patients in level 4 and 5 Hospitals)	1 <sup>st</sup> July 2024 To 30 <sup>th</sup> June, 2025	974,500	Several Reasons	PFM ACT 2012
1	MBUI NGALAA	4/8/2024	3,000	Financial constraints	
2	MWANAJUMA COSMAS	23/08/2024	4,870	Financial constraint	
3	PATRICK NYAGA	29/08/2024	18,700	Accident patient who could not locate his family	
4	John lokodia loli	4/7/2024	8,400	Financial constraints/ lack of close relatives	
5	Hemed Juma Kirenje	4/7/2024	13,400	Neglected by the family members.	
6	Ngui Kioko	9/7/2024	21,000	Financial constraints/ lack of close relatives	
7	Chaka shehi Chaka	13/7/24	18,400	Lack even transport fees back home	
8	Jackson Julo	19/7/24	9,500	Financial constraints	
9	David Moses Mbaa	19/7/24	19,950	Lacks relatives/ financial constraints.	
10		25/7/24	15,100	Stayed in the ward for more than 3 weeks after discharge	
11	Mary Kache Katana	23/7/24	7,700	Financial constraints	
12	Agnes Njenga	24/7/24	48,275	Financial constraints	
13	Sila Muniyao Muli	1/8/2024	11,300	Financial constraints	
14	Joel Onyimbo	1/8/2024	9,500	Financial constraints	
15	Gideon Nathaniel	2/8/2024	6,500	Financial constraints	
15	Mazera Dawa			Financial constraints	
16	Z. Abdulla Abdallah	aug	8,850	Disabled, disability card attached.	
17	Escher Ndunge Mtuso	aug	4,000	Financial constraints	
18	Abdallah Mohammed	9/8/2024	13,950	Cerebral pulseye patient	

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

19	Abdhultwalib Menza	9/8/2024	12,450	patient knocked by a government vehicle
20	Mwanajuma Hemedi	12/8/2024	3,150	Financial constraints
21	Mulwa Mutunga	22/8/24	2,500	Financial constraints
22	Karima Mambo	12/8/2024	7,500	Financial constraints
23	Fatuma Ali	16/08/24	11,300	Financial constraints
24	Mohammed Harun	19/8/24	78,300	Patient over 70 years and stays alone
25	Hellen Aoko Odiero	19/8/24	10,000	Financial constraints
26	Mohammed Ali	20/8/24	6,250	Disabled
27	Salim Ali Hassan	20/8/24	11,650	Disabled
28	Gladys Mukami	20/8/24	15,350	No relative visited since time of admission
29	Mohammed Hemedi	27/8/24	12,650	Opharmed with no relative to depend on
30	Rhoda Mbodze	4/9/2024	12,200	SGBV
31	Kassim Mohammed	6/9/2024	3,000	Financial constraints
32	Shamira Abdalla	12/9/2024	9,300	Financial constraints
33	Philip Benedict	17/9/24	7,650	Financial constraints
34	Derick Katua	25/9/24	74,400	Financial constraints
35	Mwakeshi Mohammed	25/9/24	46,200	Financial constraints
36	Elizabeth Blossome	25/9/24	21,000	Cerebral pulsey patient
37	FATUMA JUMA	july	2,700	Financial constraints
38	MWANASHA JUMA	july	150.00	Financial constraints
39	NAFTAL MWAHUMBA	july	700.00	Financial constraints
40	RAMADHAN ABDALLAH	july	2,800.00	Financial constraints
41	REBECCA KARISA	july	500.00	Financial constraints
42	BINT NASSORO	july	8,100.00	Financial constraints
43	MUMBA KUSHONGA	july	1,600	Financial constraints
44	UMAZI RAJAB	July	1,050	Financial constraints
45	JOSEPHINE ZAWADI	July	800	Financial constraints
46	ALFAN MATANO	July	15,150	Financial constraints
47	FATUMA JUMA	july	1,250	Financial constraints
48	ABDULRAHMAN RAJAB	july	16,700	Financial constraints

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

49	MWANAIIDI OMAR	july	2,200	Financial constraints
50	NYARO CHIKUPHE	July	3,850	Financial constraints
51	MWANARUSI MWANGUMA	july	14,600	Financial constraints
52	MWANAMISI MOHAMMED	aug	2,800	Financial constraints
53	ATHUMAN NZIJE	aug	500	Financial constraints
54	RASHID CHIBOGA	aug	2,700	Financial constraints
55	MOHAMMED ALI	aug	2,800	Financial constraints
56	TINGA BAKARI	aug	26,150	Financial constraints
57	ZAWADI JUMA	aug	1,150	Financial constraints
58	MARTIN MKOMBOZI	aug	450	Financial constraints
59	UHURU HASSAN	aug	350	Financial constraints
60	MWAJOTO CHAKA	aug	2,400	Financial constraints
61	KWEKWE KADI	aug	1,000	Financial constraints
62	MWANGALA BENDORO	aug	12,050	Financial constraints
63	MLEWA JOHNSON	aug	3,350	Financial constraints
64	EMURI MUYERA	sept	25,600	Financial constraints
65	MARGARET BONFACE	sept	3,000	Financial constraints
66	BIDALLA MOHAMED	sept	1,700	Financial constraints
67	MWANAIISHA HAMZA	sept	500	Financial constraints
68	KIOKO NZIOKI	sept	1,800	Financial constraints
69	JUMAPILI PIRU	sept	800	Financial constraints
70	HAMISI ABDALLA	sept	33,000	Financial constraints
71	CHANDAMA TSUMA	sept	4,500	Financial constraints

**Receiver Of Revenue  
County Government Of Kwale  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2025**

(PFM ACT section 165 subsection 4, 5)



Sign and date  
County Receiver of Revenue