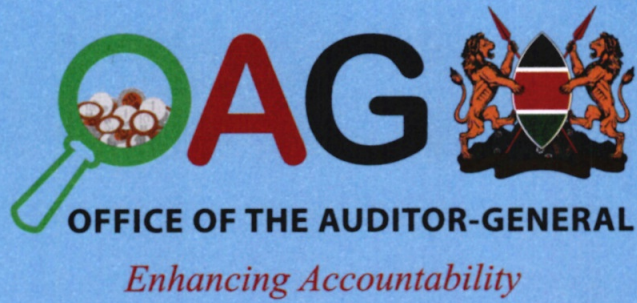


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
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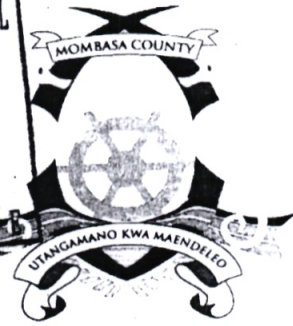
COUNTY REVENUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF MOMBASA



OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA
20 DEC 2023
RECEIVED
COAST REGIONAL OFFICE



COUNTY REVENUE FUND
COUNTY GOVERNMENT OF MOMBASA

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

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



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*County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023*

1. Acronyms and glossary of terms

a) Acronyms

CECM	County Executive Committee Member
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

Article 207(1) of the Constitution of Kenya, 2010, provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

b) Key Management Team

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

No.	Designation	Name
1.	CECM Finance and Economic planning	Mr. Evans Oanda
2.	Ag. Chief Officer Finance	Mr. Ayub Buhiri
3.	Chief Accountant	Mr. Robert Makokha

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic planning	Mr. Evans Oanda
2.	Ag. Chief Officer Finance	Mr. Ayub Buhiri
3.	Chief Accountant	CPA Robert Makokha

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the period ended 30th June 2023 were:

- National Treasury
- Senate Committees
- Mombasa County Assembly
- Development partner oversight bodies
- Controller of Budget
- Office of the Auditor General
- County Budget and Economic Forum (CBEF)

e) County Headquarters

Betting Control Building
Mombasa, Kenya

f) County Contacts

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

g) County Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

h) Independent Auditor

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

i) Principal Legal Adviser

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

j) The County Attorney
Bima Towers,
6th Floor, Digo Road
P.O. Box 84569-80100
Mombasa, Kenya

3. Statement by the CECM Finance

Article 207(1) of the Constitution of Kenya 2010, provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109(3) of the Public Finance Management (PFM) Act, 2012 requires that the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

Receipts into the County Revenue Fund

Pursuant to Section 157 (1) of the PFM Act 2012, Own revenue is collected, received and accounted for by the County Receiver of Revenue who is appointed by the County Executive Committee Member for finance to the County Treasury. Receipts include Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the Governors warrant. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation. This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2023.

Financing of the County Governments

The financial resources of the Mombasa County Government are derived from multiple avenues, including:

- **Equitable Share from National Government:** Mombasa County receives a portion of its funding through the equitable share allocation from the National Government. This allocation is determined annually under the County Allocation of Revenue Act (CARA) in accordance with Article 218(5) of the Constitution of Kenya, 2010. The specific allocation formula is developed by the Commission on Revenue Allocation and subsequently endorsed by Parliament as per Article 217 of the Constitution.

- **Conditional Grants from Donors and Development Partners:** The County Government also benefits from conditional grants provided by various donors and development partners. These funds are designated for specific projects and initiatives, further contributing to the County's financial resources.
- **Own Source Revenue:** Mombasa County actively pursues strategies to boost its own source revenue collection by embracing new technological advancements and actively training revenue officers on revenue enhancement.

Local revenue generation in Mombasa County encompasses various streams, with key sources including:

- ***Single Business Permits:*** Revenue generated from issuing permits to businesses operating within the County.
- ***Parking Fees:*** Income generated from parking fees collected within the County.
- ***Market Fees:*** Revenue derived from fees levied on vendors and traders in local markets.
- ***Cess:*** Funds collected through cess payments, often related to specific activities or services.
- ***Sand & Gravel:*** Income generated from sand-related activities within the County.
- ***Land Rates:*** Revenue collected from property owners based on the value of their land.
- ***Development Plan Approvals:*** Fees associated with the approval of development plans and permits.
- ***Advertising Fees:*** Funds acquired through charges for advertising within the County.
- ***Various Other Administrative Charges:*** Additional revenue streams that result from administrative fees and charges.

Mombasa County continues to explore innovative strategies to enhance its local revenue collections, demonstrating a commitment to financial sustainability and efficient resource utilization. These efforts are aligned with the County's dedication to meet the changing needs of its residents and embrace advancements in technology and service delivery.

FINANCIAL PERFORMANCE

Budget Performance Against Actual Amounts

a) Revenue

For the fiscal year ending on 30th June 2023, Mombasa County budgeted revenue amount was Kshs 14,000,000,000. To be financed as follows:

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

- Own Generating Revenue – 3,998,628,848
- Equitable Share - Kshs 7,567,354,061

A graphical representation of the revenue budget is as shown below:

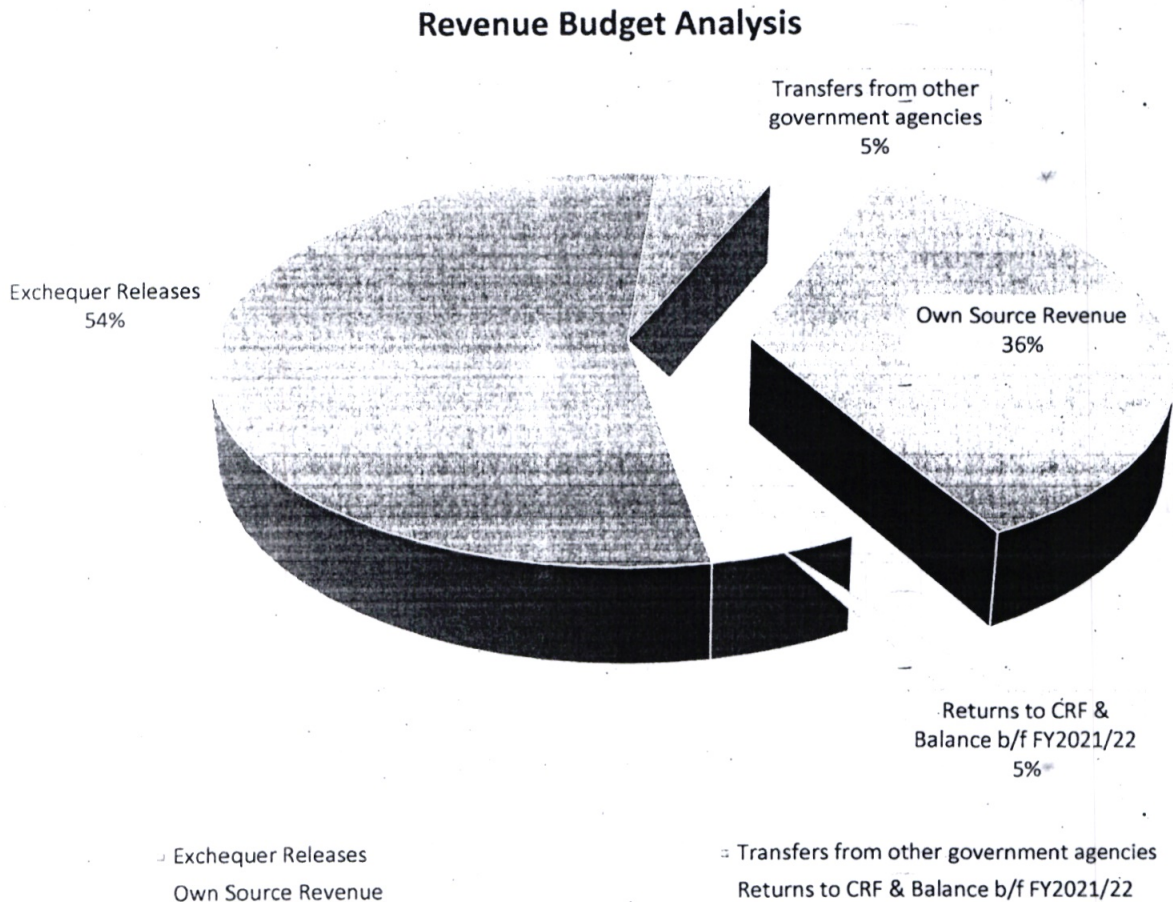


Figure 1: Mombasa County revenue sources FY 2022/2023

Equitable shares constitute the lion's share of our revenue budget at 54%. Internally generated revenues account for 36% whilst other revenue sources account for 10% of total revenue budget. Mombasa County has achieved an impressive 92% performance level by securing Kshs. 12,929,093,762.15 in actual revenues. This success is attributed to fully realizing the County Allocation through the Exchequer and achieving 80% of our self-generated revenue target.

The table below shows an analysis of revenue performance during the year ended 30th June 2023.

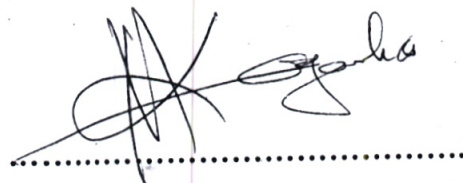
Revenue Classification	Revenue Budget (Kshs)	Actual (Kshs)	Realisation (%)
Exchequer releases	7,567,354,061.00	7,567,354,061.00	100%
Transfers from other government agencies	724,317,035.00	689,500,933	95%
Own Source Revenue	5,004,354,326.00	3,998,628,848	80%
Balance B/F FY 2021/2022	703,974,578	673,609,920.15	98%
Total	14,000,000,000.00	12,929,093,762.15	92%

Table 1: Revenue performance in FY 2022/2023

From the total of Kshs 3,998,628,848 realized from our internally generated revenue sources, an amount of Kshs 2,631,235,770 was disbursed to the County Revenue Fund (CRF) Account. Additionally, Kshs 1,367,393,078 was collected by Coast Province General Hospital Facility Improvement Fund (FIF) in accordance with the stipulations outlined in Section 40 (2) of the Mombasa County Health Act of 2018. This provision mandates that the funds, specifically the revenues, collected by the health facility are to be disbursed into the FIF account.

b) Transfers

In the year under review, the County Government of Mombasa made transfer payments of Kshs 10,153,060,276.00 and Kshs 808,602,367 to County Executive and County Assembly respectively.



.....
CECM Finance and Economic Planning
County Government of Mombasa

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

4. Management Discussion and Analysis

The funding sources for the County Government are derived from three primary channels: the Equitable share received from the National Government, Conditional grants provided by Donors and Development Partners, and internally generated Source Revenue collected from a diverse range of revenue streams. The Constitutional framework, as articulated in Article 202 of the Kenyan Constitution, mandates the equitable distribution of revenue generated at the national level between the National Government and County Governments.

To implement this revenue sharing, each County Government's equitable portion of the nationally raised revenue is determined on an annual basis through the County Allocation of Revenue Act (CARA). The specific formula for revenue allocation is crafted by the Commission on Revenue Allocation and subsequently ratified by Parliament, in strict accordance with the constitutional provisions outlined in Article 217 of the constitution of Kenya, 2010.

FINANCIAL PERFORMANCE

Own Source Revenue Performance

The County continues to explore new and innovative ways of increasing its own revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

- Automation of revenue collection system
- Sealing revenue leakages
- Use of Mpesa and improved internal Controls.

These measures have paid dividend, since inception of the County, own source revenue has continued to increase each year as highlighted below:

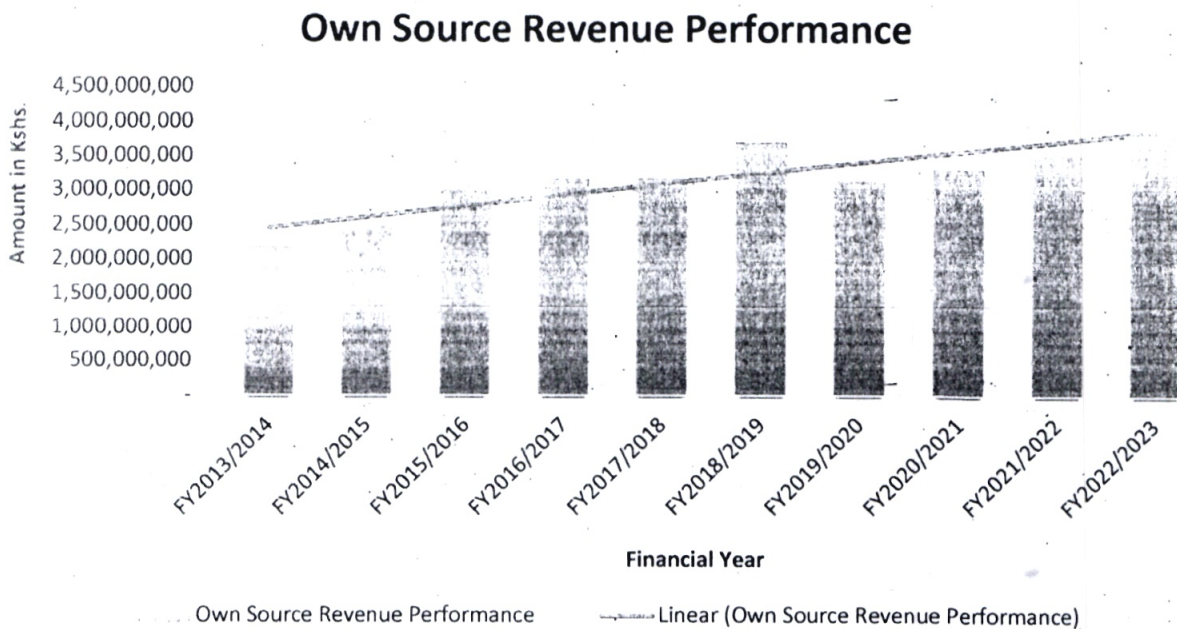


Figure 2: Mombasa County Own source revenue trend

5. Overview of the County Revenue Fund Operations

Background

Article 207(1) of the Constitution of Kenya, 2010 provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109(3) of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

Receipts into the County Revenue Fund

The County Government's revenue is collected by the designated County Receiver of Revenue, overseen by the County Executive Committee Member for finance, following the guidelines outlined in Section 157 (1) of the PFM Act 2012. These receipts encompass Exchequer disbursements, grants from development partners, funds from both domestic and foreign borrowings, along with various other miscellaneous deposits into the County Revenue Fund Account.

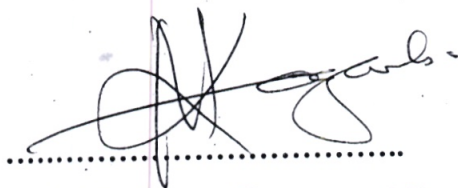
Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2023.



CEC Member – Finance and Economic Planning
County Government of Mombasa

6. Statement of Management Responsibility

Article 207(1) of the Constitution of Kenya, 2010 Sections 109 and 167(1) of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2023. This responsibility includes: Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; 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; Safeguarding the assets of the County Revenue Fund; Selecting and applying appropriate accounting policies; and Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended June 30, 2023, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 29/9/2023.



Signature _____

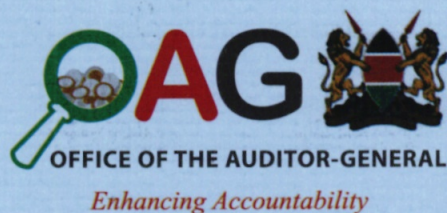
Name: **Ayub Buhiri**

Ag. Chief Officer Finance

County Government of Mombasa

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 COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF MOMBASA

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in 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 the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the County Government of Mombasa -County Revenue Fund set out on pages 1 to 12, which comprise the statement

Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2023 - County Government of Mombasa

of receipts and payments for the year ended, 30 June, 2023, 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, the financial statements present fairly, in all material respects, the financial position of County Government of Mombasa - County Revenue Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Late Submission of Prior Year Financial Statements

The Annual Report and Financial Statements for the County Revenue Fund for the year ended 30 June, 2022 were submitted on 20 December, 2023. This was contrary to Section 167(3) of the Public Finance Management Act, 2012 which requires that not later than three months after the end of each financial year, the administrator of a county public

fund shall submit the financial statements prepared under this section to the Auditor General. The financial statements should have been submitted to the Auditor General by 30 September, 2022.

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

2. Unspent Balances

The statement of receipts and payments for the year ended 30 June, 2023 reflects closing fund balance of Kshs.600,038,042 which relate to the County Revenue Fund unspent cash balances as at 30 June, 2023. It was noted that the County had unspent balances of Kshs.600,038,042 despite having a budget under-absorption of Kshs.3,038,337,357 or 21% and rising pending bills amounting to Kshs.4,255,150,058 as at 30 June, 2023. This was contrary to Section 149(1)(b) of the Public Finance Management Act, 2012 which requires that an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is effective, efficient, economical and transparent.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund'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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

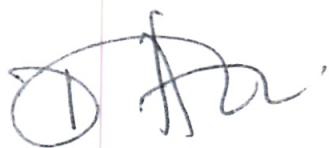

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL
Nairobi

29 January, 2024

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

8. Statement of Receipts and Payments for the Year Ended 30th June 2023.

		FY2022-2023	FY2021-2022
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	7,567,354,061.00	7,567,354,061.00
Transfers from other government agencies	2	689,500,933.00	464,058,746.30
Other grants	3	0	0
Proceeds from Domestic Borrowing	4	0	0
Proceeds from Foreign Borrowing	5	0	0
Own Source Revenue	6	2,631,235,770.55	2,257,591,518.65
Return to CRF issues	7	39,420,922.80	64,050,886.80
Total Receipts		10,927,511,687.35	10,353,055,212.75
Payments			
Transfers to County Executive	8	10,153,060,276.00	9,254,892,546.00
Transfers to County Assembly	9	808,602,367.00	624,177,019.00
Other Transfers	10	0	0
Total Payments		10,961,662,643.00	9,879,069,565.00
Net increase/ (decrease) in cash for the year		(34,150,956.55)	473,985,647.75
Add Opening fund balance b/f	11	634,188,997.35	160,203,349.60
Closing Fund balance for the year	11	600,038,041.70	634,188,997.35



Name: Ayub Buhiri
Ag. Chief Officer - Finance

Date: 29/9/2023



Name: CPA Robert Makokha
Chief Accountant
ICPAK Member No 10578

Date: 29/9/2023

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2023.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Exchequer releases	7,567,354,061.00	0	7,567,354,061.00	7,567,354,061.00	0	100%
Transfers from other government agencies	1,318,144,954.00	(593,827,919.00)	724,317,035.00	689,500,933.00	34,816,102	95%
Other conditional grants	0	0	0	0	0	0
Proceeds from Domestic Borrowing	0	0	0	0	0	0
Proceeds from Foreign Borrowing	0	0	0	0	0	0
Own Source Revenue	4,814,500,985.00	189,853,341.00	5,004,354,326.00	**3,998,628,848	1,005,725,478	78%
Return to CRF issues	0	39,420,922.80	39,420,922.80	39,420,922.80	0	100%
Reallocation Budget-July Disbursement 2022	0	664,553,655.20	664,553,655.20	634,188,997.35	30,364,657.85	95%
Total Receipts	13,700,000,000.00	300,000,000.00	14,000,000,000.00	12,929,093,762.15	1,070,906,237.85	92%
Payments						
Transfers to County Executive	12,811,000,000	284,216,979.00	13,095,216,979.00	10,153,060,276.00	2,942,156,703.00	78%

County Government of Mombasa

County Revenue Fund

For the financial year ended 30th June 2023

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
Transfers to County Assembly	889,000,000.00	15,783,021.00	904,783,021.00	808,602,367.00	96,180,654.00	89%
Others	0	0	0	0		
Total Payments	13,700,000,000.00	300,000,000.00	14,000,000,000.00	10,961,662,643.00	3,038,337,357.00	78%
Surplus/(Deficit)	0.00	0.00	0.00	**1,967,431,119.15		

Notes

- * County own source revenue collection amounted to Kshs. 3,998,628,848. Amount transferred to CRF was Kshs. 2,631,235,770 while the balance of Kshs. 1,367,393,078 was revenue collected but not transferred to the County Revenue Fund as stipulated in Section 40 (2) of the Mombasa County Health Act of 2018.
- **The surplus of Kshs. 1,967,431,119.15 is explained by the closing fund balance of Kshs. 600,038,041.70 and Kshs. 1,367,393,078 relating to revenue collected but not transferred to the County Revenue Fund as stipulated in Section 40 (2) of the Mombasa County Health Act of 2018.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with IPSAS financial reporting Framework under the Cash-Basis of accounting, as prescribed by the PSASB.

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

b) Reporting entity

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at the Central Bank of Kenya.

c) Receipts

Receipts include funds deposited in the County Revenue Fund pursuant to Article 207(1) of the Constitution of Kenya and Section 109(1) of the PFM Act 2012.

The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer and own source revenue are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

d) Payments

Payments are based on the Budget. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

Significant Accounting Policies (Continued)

e) Fund Balances

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

f) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. There were no restrictions on cash during the year.

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

11. Notes to the Financial Statements

1. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Equitable Share (a)	7,567,354,061.00	7,567,354,061.00
Level 5 hospitals (b)	0	0
Others (Specify) (c)	0	0
Total (d=a+b+c)	7,567,354,061.00	7,567,354,061.00

2. Transfers from other government agencies**

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Road Maintenance Levy	0	221,681,742.00
Covid-19	0	0
Development of Youth Polytechnics-State Department of TVETS	0	0
User Fees Foregone -Ministry of Health	0	0
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	0	0
World Bank-NARIGP-State Department of Crop Development	0	0
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development	0	0
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	22,704,188.00	7,818,938.00
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	570,120,195.90	217,684,297.30
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	4,612,847.00	16,873,769.00
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	0	0
World Bank-Kenya Informal settlement improvement project (KISIP 2)-State Department of Housing & Urban Development	92,063,703.00	0
UNFPA-9th County Programme Implementation - Ministry of Health	0	0
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	0	0

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

Description	FY2022/2023	FY2021/2022
KfW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation, and Irrigation	0	0
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	0	0
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of	0	0
Total	689,500,933.90	464,058,746.30

** These include Grants released through other government entities such as the National Government MDAs.

3. Other grants**

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Donor 1 (Specify)		
Donor 2 (Specify)		
Donor 3 (Specify)		
Others (Specify)		
	0.00	0.00

** These are funds received from development partners directly to the CRF.

4. Proceeds from Domestic borrowing.

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Borrowing within General Government		
Borrowing from Monetary Authorities (Central Bank)		
Other Domestic Depository Corporations (Commercial Banks)		
Borrowing from Other Domestic Financial Institutions		
Borrowing from Other Domestic Creditors		
Domestic Currency and Domestic Deposits		
Others (Specify)		
Total	0.00	0.00

(Give a brief description of the nature and sources of borrowings including any assets pledged as security and the legal authority to borrow)

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

Notes to the Financial Statements (Continued)

5. Proceeds from Foreign Borrowing

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer		
Foreign Borrowing - Direct Payments		
Foreign Currency and Foreign Deposits		
Others (<i>Specify</i>)		
Total	0.00	0.00

6. Own Source Revenue

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
County Own Source Revenue	2,631,235,770.00	2,257,591,518.65

Notes to the Financial Statements (Continued)

7. Return to CRF Issues

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	91,899.00	103
Development Account (<i>County Executive</i>)	6,515.00	22,902
Recurrent Account (<i>County Assembly</i>)	1,211.00	3,182.80
Mombasa County Road Maintenance Levy	10,012,233	20,340
Mombasa County Executive-ASDP II	1,373,819	173,314
Mombasa County Executive-City Polytechnic	0	2
Mombasa County Executive-KDSP	2,021,529	14,114,135
Mombasa County Executive-COVID 19	2,837,008	7,726,742
Mombasa County Executive-Universal Health	23,076,709	41,990,166
Mombasa County Executive-		
Total	39,420,923	64,050,886.8

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

8. Transfers to County Executive

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Recurrent Account	8,689,273,398.00	7,789,692,130.00
Development Account	826,652,503.00	741,615,823.00
Special Purpose Accounts	637,134,375.00	723,584,593.00
Total	10,153,060,276	9,254,892,546

County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023

Notes to the Financial Statements (Continued)

9. Transfers to County Assembly

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Recurrent Account	808,602,367.00	624,177,019.00
Development Account		
Special purpose accounts		
Others (<i>Specify</i>)		
Total	808,602,367.00	624,177,019.00

10. Other Transfers

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Agency Notices	0	0
Others	0	0
Total	0.00	0.00

11. Fund balance

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
County Exchequer Account - (<i>CBK Account number 1000171235</i>)	600,038,041.70	634,188,997.35
Total	600,038,041.70	634,188,997.35

*County Government of Mombasa
County Revenue Fund
For the financial year ended 30th June 2023*

Notes to the Financial Statements (Continued)

12. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Account Number	Ex. rate (if in foreign currency)	FY2022/2023	FY2021/2022
			Kshs	Kshs
Equity Land Rate Acc	0250282286927	Kshs	1,728,566	2,041,404.00
Equity Parking Acc	1560276850479	Kshs	416	18,225,755.00
Coop Revenue Acc	01141445300000	Kshs	400.03	400.03
KCB Main Revenue	1180783522	Kshs	73,008.00	23,717.00
KCB Deposit Acc	1162415967	Kshs	7,537,532.05	6,121,097.00
NBK Amanah Acc	01050089324300	Kshs	62,852,901.07	15,461,919.00
Total			72,192,823.15	41,874,292.03

13. Annexes

Annex 1: Progress on follow up of Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

.....

Name: Ayub Buhiri
Ag. Chief Officer Finance

Date:

County Government of Mombasa
 County Revenue Fund
 For the financial year ended 30th June 2023

Annex 2 . Analysis Of Receipts from The National Treasury Exchequer Releases

Period 2022-23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,248,613,421.00	1,248,613,421.00	1,248,613,420.00	3,821,513,800.00	7,567,354,062.00
Level 5 Hospitals	0	0	0	0	0
DANIDA - Universal Healthcare in Devolved Units Programme	0	0	0	22,704,188.00	22,704,188.00
World Bank – THUSCP	0	0	0	0	0
National Agricultural & Rural Inclusive Growth Project (NARIGP)	0	0	0	0	0
Kenya Devolution Support Programme	0	0	0	0	0
Youth Polytechnic support grant	0	0	0	0	0
Abolishment of user fees in health centres and dispensaries	0	0	0	0	0
Kenya Urban Support Programme	0	0	0	0	0
World Bank-Kenya Informal settlement improvement project (KISIP 2)-State Department of Housing & Urban Development	0	0	0	92,063,703.00	92,063,703.00
Agriculture Sector Development Support Project (ASDSP)	0	0	13,839,938.00	0	13,839,938.00
Kenya Climate Smart Agriculture Project (KCSAP)	0	0	0	0	0
Water and Sanitation Development Project	0	0	335,708,690.90	234,411,505.00	570,120,195.90
Others (Specify)	0	0	0	0	0
Total	1,248,613,421	1,248,613,421	1,598,162,048.90	4,170,693,196.00	8,266,082,086.90

County Government of Mombasa
 County Revenue Fund
 For the financial year ended 30th June 2023

Annex 3. Analysis Of Receipts from Own Source Revenue During the Year

Period 2022/2023	Total (Kshs.)
Cess	392,364,722
Land rate	780,409,047
Single/Business permits	569,347,147
Property rent	20,680,337
Parking fees	564,203,182
Market fees	38,450,658
Advertising	138,714,030
Hospital fees	0
Public health service fees	1,236,990,806
Physical planning and development	193,708,074
Hire of County Assets	4,979,338
Conservancy administration	5,609,600
Administration control fees and charges	48,078,727
Park fees	0
Proceeds from sale of assets	0
Other fines, penalties, and forfeiture fees	5,093,130
Miscellaneous	0
Others (<i>Specify</i>)	0
Total	3,998,628,848

County Government of Mombasa
 County Revenue Fund
 For the financial year ended 30th June 2023

Annex 4: Analysis of Transfers from the County Revenue Fund

Period -2022/2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,442,937,194.00	2,036,253,913.00	1,626,984,917.00	3,583,097,374.00	8,689,273,398.00
County Executive -Dev	0.00	15,482,906.00	38,786,085.00	772,383,512.00	826,652,503.00
County Assembly -Rec	80,057,852.00	168,296,089.00	188,737,014.00	371,511,412.00	808,602,367.00
County Assembly -Dev	0	0	0	0	0
County Executive- WSDP	0	0	335,708,691.00	234,411,505.00	570,120,196.00
County Executive- Road maintenance fuel levy fund	0	0	0	11,725,519.00	11,725,519.00
County Executive-ASDSP	0	0	4,612,847.00	1,373,819.00	5,986,666.00
County Executive- Health Conditional Grant	0	0	0	6,000,000.00	6,000,000.00
County Executive-KDSP	0	0	0	2,114,047.00	2,114,047.00
County Executive- THS Universal Health	20,070,000.00	0	0	21,117,947.00	41,187,947.00
Total	1,543,065,046	2,220,032,908	2,194,829,554	5,003,735,135	10,961,662,643