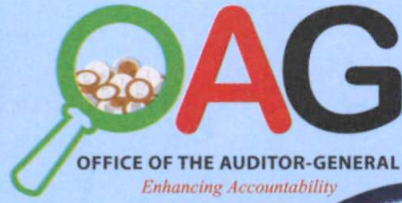
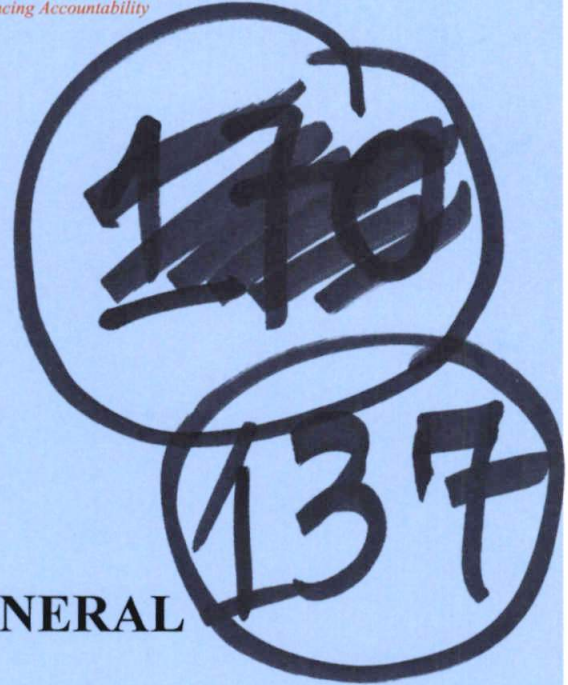


REPUBLIC OF KENYA



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REPORT



OF

THE AUDITOR-GENERAL

ON

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RECEIVER OF REVENUE
REVENUE STATEMENTS

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KILIFI





RECEIVER OF REVENUE
(County Government of Kilifi)

REVENUE STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

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*Receiver Of Revenue
County Government Of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

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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.

2. Key Entity Information and Management

(a) Background information

The *receiver of revenue* is under the Department of Finance, Economic Planning and Resource Mobilization. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, Economic Planning and Resource Mobilization who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on July 1, 2024 by the County Executive Committee member for Finance, Economic Planning and Resource Mobilization in accordance with section 157 of the PFM Act.

The *receiver of revenue* is under the Department of Finance Economic Planning And Resource Mobilization. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance Economic Planning and Resource Mobilization, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on July 1, 2024 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).

(c) Key Management Team

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

Name of officer	Designation
Hon. Peter Mwarogo	County Executive Committee Member for Finance, economic planning and Resource mobilization
Hezekiah Mwaruwa	Chief officer Finance
Philip wario	Chief officer Economic planning
Samuel Menzah	Chief Officer Resource Mobilization
CPA /CS Alfred dena	Director, Revenue Management
CPA Bonaventure Mwakio	Director Accounting Services

Key Entity information and Management (continued)

(d) County Headquarters

Governor's Office Building
Bofa Road
Kilifi, Kenya.

(e) Entity Contacts

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

(f) Independent Auditor

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

(g) Principal Legal Adviser

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

(h) Bankers

- 1) Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 City Square
00200 Nairobi, Kenya

- 2) Kenya Commercial Bank
Kilifi Branch
TEL:0711087000
Email:contactcentre@kcbgroup.com

- 3) The National Bank of Kenya
Malindi Branch
Tel:0703088900/0732118900
Email:customercare@nationalbank.co.ke

- 4) Cooperative Bank
Kilifi Branch
Tel:0708223330/0700675130
Email:kilifibr@co-opbank.co.ke

- 5) NCBA Bank
Kilifi Branch
Tel:0711056444/0732156444
Email:info@ke.ncbagroup.com

- 6) Absa Bank
Kilifi Branch
Tel:0770885049
Email:absabank.co.ke

- 7) SBM Bank
Malindi Branch
Tel:0709800000/0703074320
Email:customercaremalindi@smbank.co.ke

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

3. Foreword by the CECM Finance and Economic Planning

Presentation of Revenue Statements for the Financial Year Ended 30 June 2025

It is my great pleasure to present the Revenue Statements for the County Government of Kilifi for the financial year ended 30 June 2025. These statements reflect the County's revenue performance over the twelve months and provide a transparent account of receipts and disbursements during the year.

The statements have been prepared in compliance with Section 165 of the *Public Finance Management Act, 2012* (PFMA). This section requires that, at the close of each financial year, a receiver of revenue for a county government shall prepare an account detailing the revenue collected, received, and recovered during that year. The account must include a statement of receipts and disbursements, presented in a format prescribed by the Public Sector Accounting Standards Board. These Revenue Statements present a true and fair view of the County's revenue operations for the year under review.

The role of Receiver of Revenue is established under Section 157 of the PFMA. This provision mandates the County Executive Committee (CEC) Member for Finance to designate, in writing, persons responsible for collecting, receiving, and accounting for county government revenue, as specified in their appointment letters. The Receiver of Revenue is accountable to the CEC Member for Finance for ensuring that all designated revenue is collected or recovered and fully accounted for.

Disbursements to the County Revenue Fund were undertaken in line with Section 109(6) of the PFMA. This section requires that all money raised or received by or on behalf of the county government be paid into the County Revenue Fund, except where:

- a) the law provides for it to be paid into another county public fund for a specific purpose;
- b) legislation permits it to be retained by the receiving county government entity to cover its expenses; or
- c) it is otherwise excluded under an Act of Parliament, in accordance with Article 207 of the Constitution.

These statements reaffirm our commitment to prudent financial management, transparency, and adherence to the law in safeguarding and accounting for the County's resources.



Hon. Peter Mwarogo

CECM - Finance, Economic Planning and Resource Mobilization

County Government of Kilifi

4. Management Discussion and Analysis

In the financial year ending June 30, 2025, the County recorded a total revenue collection of Kshs 1,509,061,457, achieving 77% of the projected target of Kshs 1,970,795,133. This marks a continued upward trajectory in revenue performance over the past three years, with collections rising from Kshs 1,003,644,804 in FY 2022/2023 to Kshs 1,206,128,124 in FY 2023/2024, and now reaching the current figure. The positive trend is illustrated in Table and Chart 1.

Table 1: Planned vs. Actual

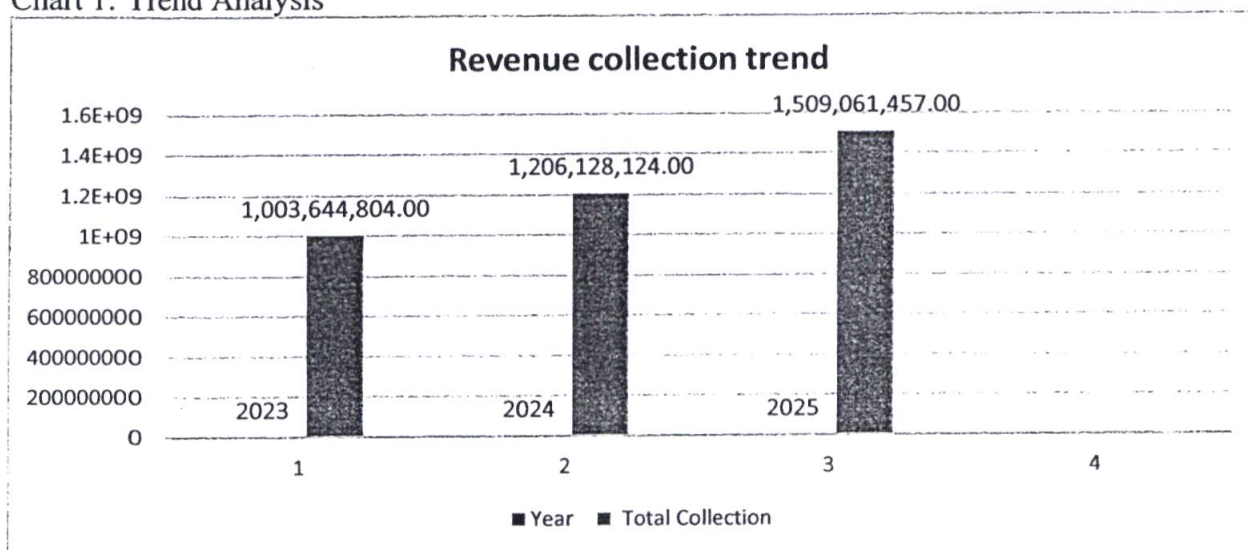
Receipts	Final Targets	Actual On Comparable Basis	% of Realization
County Own Source Revenue	Kshs	Kshs	Kshs
Fif & Nhif	400,000,000.00	621,006,148.9	156
Land Rates and other Land Revenue	488,600,442.00	250,902,064.92	51
Cess on natural resources	413,551,081.00	325,334,109.00	79
Business Permit	108,920,435.00	107,485,606.00	99
Parking fees	80,676,491.00	40,725,870.00	50
Market fees	37,500,000.00	25,821,697.00	69
Billboards & Signage	45,000,000.00	32,999,753.00	73
Building Plan approval and Inspection	37,500,000.00	50,690,847	132
Rent/Stall rents	22,500,000.00	2,805,173.00	12
Survey fees and plot rents	1,899,000.00	0	0
Plot ground rent	15,000,000.00	1,702,881.00	11
House rent	60,000,000.00	13,770,788.00	23
Refuse Collection	1,893,000.00	3,584,438.00	189
Food Hygiene Fees	15,000,000.00	2,804,611.00	19
Liquor licence	9,000,000.00	12,154,000.00	135
Ams \$Atcs	37,500,000.00	5,348,984.00	14
Leasing of Plant and Equipment	24,581,292.00	0	0
Slaughter House and Livestock sale Yards	15,000,000.00	2,677,242.00	18
Others	156,673,392.00	9,247,245.85	7
Total County Own Source Revenue	1,970,795,133.00	1,509,061,457	77

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Table 2: Collection trend analysis

Year	Total Collection
2023	1,003,644,804.00
2024	1,206,128,124.00
2025	1,509,061,457.00

Chart 1: Trend Analysis



During the year under review, total revenue collection increased by Kshs.304,041,249 compared to the previous financial year ending June 30, 2024. The highest contribution came from hospital fees, which totaled Kshs. 621,006,148.90. This was followed by collections from cess (Kshs325,334,109), land rates (Kshs 250,902,064.), and single business permits (Kshs 107,485,606).

A detailed breakdown of revenue collected from various streams is presented in the table below.

Table 2: Revenue collection as per streams

Receipts	Actual On Comparable Basis
County Own Source Revenue	Kshs
Fif & Nhif	621,006,148.00
Land Rates and other Land Revenue	250,902,064.92
Cess on natural resources	325,334,109.00
Business Permit	107,485,606.00
Parking fees	40,725,870.00
Market fees	25,821,697.00

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Billboards & Signage	32,999,753.00
Building Plan approval and Inspection	50,690,847
Rent/Stall rents	2,805,173.00
Survey fees and plot rents	0
Plot ground rent	1,702,881.00
House rent	13,770,788.00
Refuse Collection	3,584,438.00
Food Hygiene Fees	2,804,611.00
Liquor licence	12,154,000.00
Ams \$Atcs	5,348,984.00
Leasing of Plant and Equipment	0
Slaughter House and Livestock sale Yards	2,677,242.00
Others	9,247,245.85
Total County Own Source Revenue	1,509,061,457

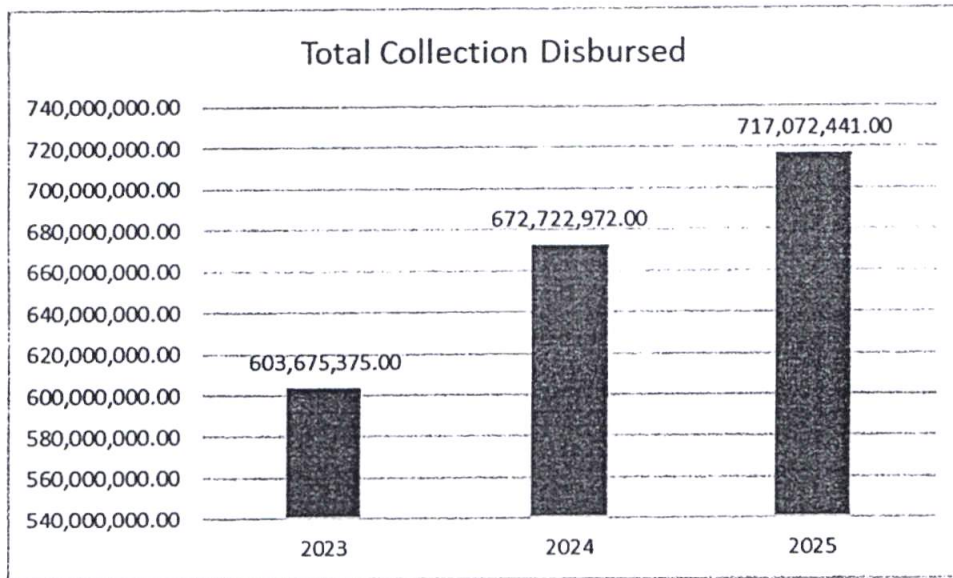
Disbursement of funds to the County Revenue Fund

During the financial year under review, a total of Kshs. 717,072,441 was disbursed to the County Revenue Fund (CRF), marking an increase of Kshs.44,349,469 compared to the previous financial year, which recorded Kshs. 672,722,972. In the financial year ending 30th June 2023, the disbursement stood at Kshs. 603,675,375. These figures are detailed in Table 3 below. It is important to note that health-related revenues are deposited into accounts managed under the Hospital Services Improvement Fund. This Fund operates independently, collecting and utilizing its own revenues without remitting them to the CRF. As such, these funds are not considered part of the CRF. For the financial year under review, the Hospital Services Improvement Fund recorded a revenue increase, reaching Kshs. 621,006,148.90.

Year ending 30 June	Total Collection Disbursed
2023	603,675,375.00
2024	672,722,972.00
2025	717,072,441.00

**Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025**

Chart 2: Revenue Disbursed to the County Revenue Fund for the Financial Year ended 30th June 2025.



Sign: 

Samuel Menza Mukutano
County Receiver of Revenue

*Receiver Of Revenue
County Government Of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

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.

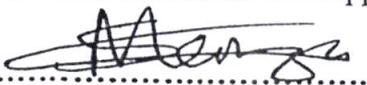
The Receiver of Revenue is responsible for the preparation and presentation of the Receiver of Revenue account, which gives a true and fair view of the state of affairs of the Receiver of Revenue for and as of the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining 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 County Government of Kilifi, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the County Government of Kilifi, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the County Government of Kilifi 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 County Government of Kilifi receiver of revenue account gives a true and fair view of the state of County Government of Kilifi 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 County Government of Kilifi 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 30.06.2025



.....
Samuel Menza Mukutano
County Receiver of Revenue – Kilifi County

6. Report of the Independent Auditor on the Receiver of Revenue for the Year Ended 2025

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 KILIFI

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 financial 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 Receiver of Revenue - County Government of Kilifi set out on pages 1 to 40, 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 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 Kilifi as at 30 June, 2025 and of its revenue 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, 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. Non-Compliance with Transitional IPSAS Reporting Template

The Public Sector Accounting Standards Board (PSASB) guideline on the first-time adoption of IPSAS Accrual required entities transitioning from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose whether the revenue statements were Transitional IPSAS Statements or were prepared in accordance with the Accrual Basis of Accounting under the International Public Sector Accounting Standards (IPSAS). This disclosure was required to appear on the cover page of the annual report and the revenue statements. However, the cover page did not clearly indicate that these were transitional revenue statements. Instead, it was presented as both Transitional Revenue Statements and prepared in accordance with the Accrual Basis of Accounting under the IPSAS.

Further, Management did not disclose in Note 2 to the revenue statements the specific transitional provisions applied, nor steps being taken towards full compliance with IPSAS Accrual.

In addition, the entity did not indicate the elements of the revenue statements that had not been recognized as result of taking advantage of the transition provisions outlined in IPSAS 33 on First Time Adoption of Accrual Basis IPSAS.

In the circumstances, the omission affected disclosure and the fair presentation of the revenue statements and limits the ability of stakeholders to assess the Executive's progress towards full compliance with IPSAS Accrual.

2. Inaccuracies in Revenue from Cess

The statement of revenue and disbursements reflects revenue from cess of Kshs.339,135,793. However, the corresponding Note 6 to the revenue statements

reflects cess revenue totalling Kshs.339,675,892 resulting to an unexplained variance of Kshs.540,099.

In the circumstances, the accuracy and completeness of revenue from cess amount of Kshs.339,135,793 could not be confirmed.

3. Inaccuracies in Revenue from Land Rates

The statement of revenue and disbursements and as disclosed in Note 7 to the revenue statements reflects revenue from land rates of Kshs.506,954,320. However, the supporting ledger reflects an amount of Kshs.511,308,702 resulting to a variance of Kshs.4,354,382 attributed to inclusion of fifteen thousand seven hundred and sixty-two (15,762) landowners who had overpaid their rates for the year. In addition, the receiver of revenue did not provide the valuation of each parcel of land in the register.

In the circumstances, the accuracy and completeness of the revenue from land rates amount of Kshs.506,954,320 could not be confirmed.

4. Unsupported Revenue from Single/Business Permits

The statement of revenue and disbursements and as disclosed in Note 8 to the revenue statements reflects revenue collection from single/business permits from the Sub-counties totalling Kshs.107,485,606. However, the amount was not reconciled against the register of businesses operating within the Sub-counties. Further, included in the ledger are ninety-six (96) businesses charged permits at rates ranging from Kshs.50,500 to Kshs.85,200. However, the Kilifi County Finance Act, 2024 imposes a single business permit limit of Kshs.50,000 chargeable under distribution, supply and deliveries category. In addition, the ledger provided to support the Revenue Statements did not include the category and size of business.

In the circumstances, the accuracy and completeness of the revenue from single/business permits totalling Kshs.107,485,606 could not be confirmed.

5. Inaccuracies in Revenue from Plot Ground Rent

The statement of revenue and disbursements and as disclosed in Note 16 to the revenue statements reflects plot ground rent totalling Kshs.17,047,104. However, review of plot ground rate records revealed the following:

- i. The plot rent register reflects two thousand and twenty- one (2,021) plots charged at the rate of Kshs.1,000, two hundred and eighteen (218) plots charged at the rate of Kshs.2,000 and three (3) plots charged at the rate of Kshs.5,000. However, the plot rent register did not include the size of the plots to enable the computation of total annual chargeable rates. Management explained that the Geographic Information System (GIS) mapping was ongoing.
- ii. The annual ground rent for the year under review as per the ledger amounted to Kshs.17,166,699 resulting to an unexplained variance of Kshs.119,596 attributed to inclusion of forty-nine thousand nine hundred and nineteen (49,919) tenants who had overpaid their rents for the year.

- iii. The plot ground rent register includes annual chargeable plot ground rent totalling Kshs.13,457,799 in respect of one hundred and twenty (120) plots charged at rates ranging from Kshs.5,520 to Kshs.1,323,160. However, these rates are not part of the approved rates in the Kilifi County Finance Act, 2024. Management explained that they are determined by the National Land Commission in the respective lease/allotment letters but which were not provided for audit verification.
- iv. The schedule supporting the actual plot ground rent collected in the year did not include plot numbers and miscellaneous receipt numbers issued to customers.
- v. According to plot ground rent registers, the County Executive was expected to collect an amount of Kshs.17,159,306 per year from four thousand two hundred and sixty-three (4,263) plot owners. However, the amount was not supported by lease agreements and tenant records. In addition, out of the total expected revenue of Kshs.17,159,306, the County Executive only managed to collect Kshs.1,702,881 or 10% of the expected revenue. Management explained mechanisms were being put in place to enhance revenue collection but the mechanisms were neither explained nor disclosed.

In the circumstances, the accuracy and completeness of the revenue from plot ground rent totalling Kshs.17,047,104 could not be confirmed.

6. Inaccuracies in Revenue from Market Fees

The statement of revenue and disbursements and as disclosed in Note 15 to the revenue statements reflects revenue from market fees totalling Kshs.25,821,697. Review of records revealed that out of the total revenue from market fees of Kshs.25,821,697, only an amount of Kshs.9,021,528 was supported by a breakdown of revenue collected leaving a balance of Kshs.16,800,169 unsupported. In addition, the schedule provided amounting to Kshs.9,021,528 did not categorize the revenue collected into trade premises fees, market fees and market entrance/gate fees as is presented in Note 15 to the revenue statements.

Further, the Receiver of Revenue did not designate a specific bank account where revenue from market fees should be banked and hence the revenue collected could not be reconciled against revenue banked.

In the circumstances, the accuracy and completeness of the revenue from market fees totalling Kshs.25,821,697 could not be confirmed.

7. Inaccuracies in Revenue from Building Plan Approval and Inspection

The statement of revenue and disbursements and as disclosed in Note 11 to the revenue statements reflects revenue from building plan approval and inspection in the Sub-counties totalling Kshs.50,690,847. However, review of records revealed that the revenue was not loaded into the revenue collection system.

In addition, the schedule of revenue did not include details of miscellaneous receipts issued to customers and amounts collected was not reconciled against the amounts banked and the register of building plans approved.

In the circumstances, the accuracy and completeness of the revenue from building plan approval and inspection totalling Kshs.50,690,847 could not be confirmed.

8. Inaccuracies in Revenue from Refuse Collection Fees

The statement of revenue and disbursements and as disclosed in Note 18 to the revenue statements reflects revenue from refuse collection totalling Kshs.3,584,438. However, records provided indicated that total revenue realized from refuse collection fees amounted to Kshs.22,226,137 resulting to an unreconciled variance of Kshs.18,841,699. In addition, the revenue of Kshs.22,226,137 was not reconciled through the collection bank accounts.

In the circumstances, the accuracy and completeness of the revenue from refuse collection totalling Kshs.3,584,438 could not be confirmed.

9. Inaccuracies in Liquor License Fees

The statement of revenue and disbursements and as disclosed in Note 14 to the revenue statements reflects income from liquor license from five hundred and thirty-nine (539) liquor outlets in the Sub-counties totalling Kshs.12,154,000. However, review of records revealed that the County Liquor Control Fund was not established and separate Revenue Statements were not prepared as required by the Kilifi County Liquor Control Act, 2015.

Further, the Receiver of Revenue did not maintain a record of all alcoholic drink outlets in the Sub-counties, a record of all new applicants during the fiscal year and a record of renewed licenses and the liquor license revenue stream had not been rolled out into the automated revenue management system. The revenue collected from liquor license was not reconciled against the amount banked.

In the circumstances, the accuracy and completeness of the revenue from liquor license totalling Kshs.12,154,000 could not be confirmed.

10. Inaccuracies in Revenue from Billboards and Signage

The statement of revenue and disbursements and as disclosed in Note 10 to the revenue statements reflects revenue from billboards and signage collected from nine hundred and twenty-eight (928) sites in the Sub-counties totalling Kshs.32,999,753.

However, the Kilifi Pay Report reflected revenue collected from bill boards totalling Kshs.40,266,394 resulting to an unreconciled variance of Kshs.7,266,642. In addition, registers of approved billboards and signage and other outdoor advertisement were not maintained at the Sub-counties and the revenue collection from bill boards was not reconciled against amounts banked.

In the circumstances, the accuracy and completeness of the revenue from billboards and signage totalling Kshs.32,999,753 could not be confirmed.

11. Inaccuracies in the Revenue from Parking Fees

The statement of revenue and disbursements and as disclosed in Note 17 to the revenue statements reflects revenue from parking fees totalling Kshs.40,725,870. However, the automated revenue report indicated revenue totalling Kshs.10,555,960 resulting to an unexplained variance of Kshs.30,169,910. Further, Kenya Commercial Bank (KCB) revenue collection account reflected an amount of Kshs.39,797,192 resulting to unreconciled variance of Kshs.928,678.

In addition, the Kilifi County Finance Act, 2024 provides for parking fees to be charged using monthly stickers, clamping fees and seasonal permits. However, parking fees collected from this category was not disclosed in the revenue statements. Further, revenue collected through the KCB collection account from August, 2024 to April, 2025, totalling Kshs.30,709,891 was also not transferred to County Revenue Fund.

In the circumstances, the accuracy and completeness of the revenue from parking fees totalling Kshs.40,725,870 could not be confirmed.

12. Unreconciled variance in Disbursements to County Revenue Fund

The statement of revenue and disbursements and as disclosed in Note 23 to the revenue statements reflects disbursements to CRF totalling to Kshs.717,072,441. However, the statement of revenue and disbursements for CRF reflects receipts from own source revenue totalling to Kshs.888,105,306 resulting to unexplained variance of Kshs.171,032,865. Further, the statement of cashflows for the CRF reflects receipts from own source revenue amounting to Kshs.716,896,034 resulting in a variance of Kshs.176,407.

In the circumstances, the accuracy and completeness of the disbursements to CRF totalling to Kshs.717,072,441 could not be confirmed.

13. Inaccuracies in Statement of Financial Position Opening Balances

The opening statement reflects balances under various items as indicated in the table below:

Item	Balance (Kshs)
Cash and cash equivalents	629,589,109
Receivables from non-exchange transactions	53,543,307,357
Receivables from exchange transactions	163,760,047
Payables due to CRF	54,336,248,384

However, the balances were not supported by the registers developed by the Project Co-ordination Committee headed by a Project Manager spearheading the coordination of adoption of accrual accounting.

In the circumstances, the accuracy, completeness and existence of these assets and liabilities could not be confirmed.

14. Inaccuracies in Receivables from Non-Exchange Transactions Opening Balance

The statement of financial position reflects receivables from non-exchange transactions opening balance of Kshs.53,543,307,357. However, review of the land rate arrears register revealed an opening balance of Kshs.63,633,704,638 resulting to an unreconciled variance of Kshs.10,090,397,281. In addition, review of the land rate register revealed that the outstanding land rates arrears of Kshs.70,058,770,702 included duplicated plot numbers with an outstanding balance of Kshs.3,897,375,496.

In the circumstances, the accuracy, completeness and occurrence of the receivables from non-exchange transactions opening balance of Kshs.53,543,307,357 could not be confirmed.

15. Unsupported Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the revenue statements reflects receivables from exchange transactions balance of Kshs.260,240,698. The balance comprises of unremitted FIF/HSIF balance of Kshs.229,300,849, market stall rent balance of Kshs.15,595,627 and plot ground rent balance of Kshs.15,344,223.

However, the stall and house rent arrears were not supported by lease agreements. In addition, the outstanding arrears of Kshs.229,300,849 owed to Level 4 Hospitals was not supported by statements from the Social Health Authority and records from the facilities. The County Executive did not have Debtor's Management Policy to guide the receiver of revenue on the administration and collection of revenue.

In the circumstances, the accuracy, completeness and existence of the exchange transactions balance of Kshs.260,240,698 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 Kilifi Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of 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 final receipts budget and actual on comparable basis of Kshs.1,970,795,133 and Kshs.1,509,061,768 respectively resulting to an under-collection of Kshs.461,733,365 or 23% of the budget.

The under collection affected planned activities and may have impacted negatively on service delivery to the residents of Kilifi 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 Matters

In the prior years' audit reports, several issues were raised under the Report on Revenue Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on 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 nine (9) issues remained unresolved as at 30 June 2025:

No.	Year	Audit Issue
1	2023/2024	Inaccuracies in the revenue statements
2	2023/2024	Unsupported procurement of the System revenue collection system
3	2023/2024	Inaccurate cash and bank balance
4	2023/2024	Inaccurate revenue from land rates
5	2023/2024	Unconfirmed revenue in arrears
6	2023/2024	Unsupported revenue from property rent
7	2023/2024	Unauthorized waivers
8	2023/2024	Irregular disbursement of funds
9	2023/2024	Irregular issuance of credit note

Other Information

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

In connection with my audit on the 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. Delay in Disbursement of Revenue Collections to the County Revenue Fund

The statement of financial position and as disclosed in Note 26 to the Revenue Statements reflects cash and cash equivalents balance of Kshs.755,895,884. Review of cash books and bank statements revealed that the cash and cash equivalents balance included an amount of Kshs.619,401,288, which was collected and deposited in the revenue collection bank accounts on or before 21 June, 2025 nine (9) days before the closure of the financial year and which was not promptly paid to the County Revenue Fund.

This was contrary to Regulation 81(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that receivers of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

2. Irregular Payment from Revenue Collection Bank Account

The statement of revenue and disbursements reflects total disbursements and other charges of Kshs.1,382,739,289 which includes an amount of Kshs.44,352,180 paid to a revenue service provider at the rate of Kshs.3,696,015 per month. However, the amount which was deducted from the bank account as an internal account transfer was not supported by payment vouchers or any authorization. In addition, the order of the high court was that the County Government to directly pay the plaintiff Kshs.3,969,015 being salaries payable to the over two hundred and eighteen (218) employees per month.

This was contrary to Regulation 63 (4) of the Public Finance Management (County Governments) Regulations, 2015 which states that "all public moneys collected and retained by a County Government entity, shall be paid into the designated bank accounts of the county government and shall not be used by any public officer in any

manner between the time of their receipts and payment into the bank except as provided by law.”

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

3. Failure to Register as Data Controller and Processor

Review of records revealed that the County Executive was not registered with the Office of the Data Protection Commissioner (ODPC) as a data controller or data processor, despite handling personal data of clients in Systems. This was contrary to Section 19(c) of the Data Protection Act, 2019 which, prohibits processing of personal data by a data controller or data processor who is not registered with the Data Commissioner.

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 the 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. County Revenue Management System

Review of the County Revenue Management System developed by a contracted service provider at a cost of Kshs.103,797,362 revealed the following anomalies:

1.1. Functionality/Modules in Contract but not Delivered

At the time of audit several system modules provided for in the contract were not fully delivered or operational. The Building Plan Approval and Inspection module was inactive and services were being offered manually. Further, the Property Register was incomplete as full immigration and integration with valuation rolls required for effective utilization of the land rates functionality had not been activated. In addition,

the general Billing Module System could not generate reports classified per revenue stream. The Virtual Chat Box on the System functionality was also not activated.

1.2. Unsupported adjustments to House Rent and Market Stall Rent Arrears

Review of reports generated from the house rent module revealed that adjustments arrears with respect to ninety-eight (98) houses increased the arrears by an amount of Kshs.4,417,200 while arrears with respect to thirty-four (34) houses was reduced by an amount of Kshs.4,028,500. However, the supporting documents and reasons for adjustments were not provided for audit review. In addition, multiple adjustments were made for the same house in the year. Several transactions were also created and approved in Systems by the same officer, implying that proper segregation of duties was not enforced in the system.

Similar unsupported adjustments were also observed for arrears relating to the market rent module.

1.3. Lack of Proper Input Controls in Market Rent Module

Review of records revealed that some modules in the System had not implemented sufficient input controls. The market rent module, for example, did not enforce input controls in the shop selection field. Instead of selecting from a predefined list of available shops, users could manually type any name, including shops that do not exist. This could result in incorrect or misleading entries being captured in the revenue records.

In addition, weak controls were also observed in management of the system.

This was contrary to Regulation 22(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which require accounting officers to maintain effective systems of internal control and take measures to ensure they are effective.

In the circumstances, the existence of an effective revenue management system could not be confirmed.

2. Weaknesses in Revenue Collection

Review of the revenue streams revealed that out of the nineteen (19) revenue streams, nine (9) of them did not realize 50% of their respective budgets. In addition, four (4) streams of revenue surpassed their respective budgets by collecting more than 100%.

In the circumstances, the reliability of the budgeting model used to forecast these revenue streams 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 Those Charged with Governance

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (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.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025


*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*


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

Description	Notes	2024-2025
Revenue from non-exchange transactions		
Cess	6	339,135,793.20
Land Rates	7	506,954,319.64
Single/Business Permits	8	107,485,606.00
Total Revenue from non-exchange transactions		953,575,718.84
Revenue from exchange transactions		0
Hire of county assets	9	5,348,984.00
Billboards & Signage	10	32,999,753.00
Building Plan Approval and Inspection	11	50,690,847.00
Food Hygiene Fees	12	2,804,611.00
House Rent	13	13,770,787.65
Liquor Licence	14	12,154,000.00
Market Fees	15	25,821,697.14
Plot Ground Rent	16	17,047,103.50
Parking Fees	17	40,725,870.00
Refuse Collection	18	3,584,438.00
Rent / Stall Rents	19	18,400,800.00
Slaughterhouse and Livestock Sale Yards	20	2,677,242.00
FIF/HSIF	21	850,306,997.00
Miscellaneous receipts	22	9,247,245.85
Total Revenue from exchange transactions		1,085,580,376.14
Total Revenues (a)		2,039,156,094.98
Disbursements		
Disbursements To CRF	23	717,072,441.00
Bank Charges	24	308,519.05
Salaries to Service Provider	25	44,352,180.00
Hospital Fees	21	621,006,148.90
Total Disbursements and other charges (b)		1,382,739,288.95
Other gains/(losses)		656,416,806.03
Balance due for disbursement collected	26	755,895,584.30
Balance due for disbursement uncollected		530,094,637.32
Balance due for disbursement collected and uncollected		1,285,990,221.62

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 30th June 2025 and signed by:

Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025



.....
Samuel Menza Mukutano
County Receiver of Revenue

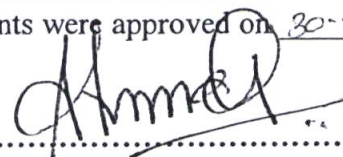

.....
CPA/CS Alfred Sifa Dena
Director Revenue management
ICPAK /NO

8. Statement of Financial Position as at 30th June 2025

Description	Note	FY 2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	26	755,895,584.30	629,589,109
Receivables from non-Exchange transactions	27	269,853,938.92	53,543,307,357.28
Receivables from exchange transactions	29	260,240,698.40	163,760,047.00
Total Current Assets		1,285,990,221.62	54,336,656,513.28
Total Assets		1,285,990,221.62	54,336,248,383.28
Financial Liabilities			
Payables-Due to CRF	31	1,285,990,221.62	54,336,248,384.00
Revenue Received in Advance			
Total Financial Liabilities		1,285,990,221.62	54,336,248,384.00

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 30-06-2025 and signed by:


.....
Samuel Menza Mukutano
County Receiver of Revenue


.....
CPA/CS Alfred Sifa Dena
Director Revenue management
ICPAK /NO

9. Statement of Cash Flows for the Year Ended 2025

Operating Activities	Notes	2024-2025
Receipts		
Cess		325,334,109.00
Land Rates		250,902,064.92
Single/Business Permits		107,485,606.00
Hire of county assets		5,348,984.00
Billboards & Signage		32,999,753.00
Building Plan Approval and Inspection		50,690,847.00
Food Hygiene Fees		2,804,611.00
House Rent		13,770,787.65
Liquor Licence		12,154,000.00
Market Fees		25,821,697.14
Plot Ground Rent		1,702,881.00
Parking Fees		40,725,870.00
Refuse Collection		3,584,438.00
Rent / Stall Rents		2,805,173.10
Slaughterhouse and Livestock Sale Yards		2,677,242.00
FIF/HSIF		621,006,148.00
Miscellaneous receipts		9,247,245.85
Total Receipts		1,509,061,457.66
Payments		
Disbursements To CRF		717,072,441.00
Hospital Fees		621,006,148.00
salaries to the service provider		44,352,180.00

Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025

Bank charges		308,519.05
Total Payments		1,382,739,288.05
Net Cash from Operating Activities		126,322,170.30
Cash and Cash Equivalent as at 1 st July 2024		629,589,186.00
Cash and Cash Equivalent as at 30th June 2025		755,895,584.30

Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025

10. Statement of Comparison of Budget vs Actual Amounts for Year Ended 30th June 2025

Receipts	Original Targets	Adjustments	Final Targets	actual realization	Budget Realization Difference	% of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
County Own Source Revenue	Kshs	Kshs	Kshs		Kshs	Kshs
Fif & Nhif	400,000,000.00		400,000,000.00	621,006,457.90	-221,006,457.90	156%
Land Rates and Other Land Revenue	488,600,442.00		488,600,442.00	250,902,064.92	237,698,377.08	51%
Cess on natural resources	413,551,081.00		413,551,081.00	325,334,109.00	88,216,972.00	79%
Business Permit	108,920,435.00		108,920,435.00	107,485,606.00	1,434,829.00	99%
Parking fees	80,676,491.00		80,676,491.00	40,725,870.00	39,950,621.00	50%
Market fees	37,500,000.00		37,500,000.00	25,821,697.00	11,678,303.00	69%
Billboards & Signage	45,000,000.00		45,000,000.00	32,999,753.00	12,000,247.00	73%
Building Plan approval and Inspection	37,500,000.00		37,500,000.00	50,690,847	-13,190,847.00	135%
Rent/Stall rents	22,500,000.00		22,500,000.00	2,805,173.00	19,694,827.00	12%
Survey fees and plot rents	1,899,000.00		1,899,000.00	0	1,899,000.00	0%
Plot ground rent	15,000,000.00		15,000,000.00	1,702,881.00	13,297,119.00	11%
House rent	60,000,000.00		60,000,000.00	13,770,788.00	46,229,212.00	23%
Refuse Collection	1,893,000.00		1,893,000.00	3,584,438.00	-1,691,438.00	189%
Food Hygiene Fees	15,000,000.00		15,000,000.00	2,804,611.00	12,195,389.00	19%
Liquor licence	9,000,000.00		9,000,000.00	12,154,000.00	-3,154,000.00	135%
Ams \$Atcs	37,500,000.00		37,500,000.00	5,348,984.00	32,151,016.00	14%

Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025

Leasing of Plant and Equipment	24,581,292.00		24,581,292.00	0	24,581,292.00	0%
Slaughter House and Livestock sale Yards	15,000,000.00		15,000,000.00	2,677,242.00	12,322,758.00	18%
Others	156,673,392.00		156,673,392.00	9,247,245.85	147,426,146.15	7%
Total County Own Source Revenue	1,970,795,133.00	0	1,970,795,133.00	1,509,061,767.67	461,733,365.33	77%
Other Receipts	-		-		-	
Donations /Grants Not Received Through CRF	-		-		-	-
Total Other Receipts	-		-		-	-
Total Receipts	1,970,795,133.00	0	1,970,795,133.00	1,509,061,767.67	461,733,365.33	77%

i. Over-Realisation of Revenue

a. Facility Improvement Fund

The elevation of several health facilities from Level 3 to Level 4—including Marafa, Gede, Mtwapa, and Rabai—contributed significantly to increased revenue. Additionally, the full operationalization of the Kilifi Medical Complex and the implementation of a cashless payment system further boosted collections.

b. Refuse Collection

Enhanced revenue performance in this area was driven by consistent inspections, the Rapid Results Initiative (RRI) program, and robust enforcement measures.

c. Liquor Licensing

The over-realisation of liquor license revenue was attributed to regular inspections, the RRI program, strong enforcement, and effective collaboration between the Revenue Division and the Department of Trade.

d. Building Plan Approval and Inspection – Physical Planning

Revenue gains in this stream were supported by regular inspections, the RRI program, stringent enforcement, and coordinated efforts between the Revenue Division and the Development Control Section.

ii Under-Realisation of Revenue

(a) Cess

Cess revenue declined due to the completion of major infrastructure projects such as the LAPSSSET initiative, and the closure of several quarries following non-compliance with national regulations.

(b) Land Rates

Since the onset of devolution, contributions in lieu of rates have not been remitted. Additionally, difficulties in identifying legitimate landowners—stemming from the lack of integration between the county database and the national land registry—hindered revenue collection.

(c) Parking Fees

Revenue from parking fees remained low due to a shortage of designated parking spaces within the county.

(d) Physical Planning

Under-performance in this area was largely due to inadequate enforcement mechanisms.

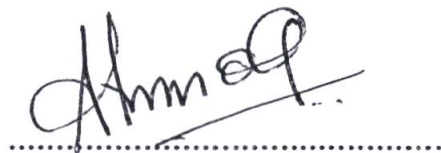
(e) Advertisement Revenue

A dispute between KENHA and the County Government regarding the erection of advertisement structures negatively impacted revenue collection from this stream.

The County Receiver of Revenue's financial statements were approved on 30.06.2025 2025 and signed by:



Samuel Menza Mukutano
County Receiver of Revenue



CPA/CS Alfred Sifa Dena
Director Revenue management
ICPAK /NO

11. Notes to the Financial Statements

1. General Information

The Receiver of Revenue was appointed by the CEC member of Finance of Kilifi County Government in accordance with section 157 of the PFM Act. The Entity's principal activity is 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 International Public Sector Accounting Standards (IPSAS), Accrual Basis of Accounting, and the relevant legal framework of the County Government of Kilifi. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

Guiding note during the 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

3. Adoption of New and Revised Standards

- 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*

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i>

Standard	Effective date and impact:
	<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>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: 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>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st 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>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Standard	Effective date and impact:
	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st 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>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st 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>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st 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>

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st 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> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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.

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.)*

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 onfor the period 1st July 2024-1 to 30 June 2025. There was a 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.

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).

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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. *(Include the receiver's actual policy on disbursements whether weekly, monthly....)*

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 . 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.

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Notes to the Financial Statements

6. Cess

Description	2024-2025
	kshs
Agricultural Cess	356,840.00
Farm Produce	360
Sisal Fibre Cess - Rea Vipingo	136,948.50
Livestock Cess	14,795.00
Hides and skins stamps	31,050.00
Timber Cess	105
Cess Receipts	273,640,694.20
Charcoal Cess	13,136,614.80
Salt Cess	2,352,584.00
Quarry Cess	33,178,460.00
Sand Quarry	3,025,756.00
Cess Recievables	13,801,684.20
	339,675,891.70

7. Land rates

Description	2024-2025
	kshs
Land Rates Current Year	129,053,337.77
Land Rates Penalties	86,730,031.92
Land Rates Other Years	31,218,575.23
Clearance Certificates	3,900,000.00
Rent of Land	120
land rates arrears	256,052,254.72
	506,954,319.64

Notes to the Financial Statements (continued)

8. Single Business Permit

Description	2024-2025 kshs
Single business Permit- Current year	68,154,626.64
Single Business Permit - Other Years	39,031,885.36
Single business Permit- Penalties	123,544.00
Application Fees	18,600.00
Impounding Fees	8,400.00
Fishermen Licences	88,450.00
Fish Traders	60,100.00
	107,485,606.00

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Notes to the Financial Statements (continued)

9. Hire of county assets

Description	2024-2025
	kshs
Ams \$ Atcs	2,149,397.00
Agriculture	3,189,587.00
Hire of County Halls	10,000.00
	5,348,984.00

10. Billboards and signage

Description	2024-2025
	kshs
Signboard /Billboards / Banners	32,955,603.00
Mobile Advertisement	-
Public Entertainment	44,150.00
Application Fees	-
	32,999,753.00

11. Buildings and plans approvals

Description	2024-2025
	kshs
Building Plans Approval Fees	50,690,272
	50,690,272

Notes to the Financial Statements (continued)

12. Public Health Service Fees

Description	2024-2025
	kshs
Food Hygiene Fees	2,804,611.00
	2,804,611.00

Notes to the Financial Statements (continued)

13. House rent

Description	2024-2025
	kshs
Rent on Staff Payrol	5,058,837.65
House Rent - Current Year	8,701,950.00
House Rent - Other Year	-
Rent From Other Buildings - Current Year	-
Rent From Other Buildings - Other Years	-
Lease Income - Current Year	10,000.00
Lease Income -Other Years	-
	13,770,787.65

14. Liquor licence

Description	2024-2025
	kshs
Liquor Licences	11,882,000.00
Betting Levy	272,000.00
	12,154,000.00

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Notes to the Financial Statements (continued)

15. Market fees

Description	2024-2025
	kshs
Trade Premises Fee	172,433.00
Market fees	24,876,694.14
Market Entrance/Gate Fees	772,570.00
	25,821,697.14

16. Plot ground rent

Description	2024-2025
	kshs
Plot Ground Rent Current Year	1,282,868.00
Plot Ground Rent Other Year	252,115.00
Other Property Charge	167,898.00
arrears	15,344,222.50
	17,047,103.50

17. parking fees

Description	2024-2025
	kshs
Transit Toll Charges(Entry Fess)	1,392,955.00
Parking fees	39,332,915.00
Clamping Fees	-
Raindrop Parking	-
	40,725,870.00

Notes to the Financial Statements (continued)

18. Refuse collection

Description	2024-2025
	kshs
Refuse Collection Fees	3,563,438.00
Cesspit Emptying Fees	21,000.00
	3,584,438.00

19. Stall rent

Description	2024-2025
	kshs
Rents-stall rents	2,805,173.10
stall rent arrears	15,595,626.90
	18,400,800.00

20. Slaughter house and livestock sales yard

Description	2024-2025
	kshs
Slaughterhouses, Stage Fees.	1,878,732.00
Livestock Auction Fees	798,510.00
	2,677,242.00

21. Hsif/fif

Description	2024-2025
	kshs
FIF - HEALTH	621,006,148.00
arrears	229,300,849.00
	850,306,997.00

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

22. Miscellaneous receipts

Description	2024-2025
Receipts from fines, Penalties, and forfeitures	237,507.00
Weight and Measure	1,905,138.00
Fire Services	4,358,840.00
Film Shooting	362,000.00
Interest Received-Other Budget	363,081.15
Coopérative Development fees	197,710.00
Energy fees & Charges	250,000.20
Environment Fees & Charges	643,195.00
Fisheries Revenue	154,750.00
Survey Fee	775,024.50
	9,247,245.85

23. Disbursements To County Revenue Fund

Description	Period ended 30-Jun-2025
	Kshs
Quarter 1	159,263,747.00
Quarter 2	126,614,502.00
Quarter 3	245,435,945.10
Quarter 4	185,758,246.90
Total	717,072,441.00

24. Bank Charges

Description	2024-2025
	kshs
Bank Charges & Commissions	308,519.05
Total	308,519.05

25. Salaries to Service Provider

Description	2024-2025
	kshs
Salaries to Provider (RDL)	44,352,180.00
	44,352,180.00

Notes to the Financial Statements (continued)

26. Cash and Cash Equivalents

Name of Bank, Account No. & Currency	Period Ended 30th june 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Co-operative Main Revenue A/C No. 01141691026400	79,729,084	8,718,773.00
Kcb Revenue Collection A/C No. 1140769235	36,429,995	30,698.00
Kcb Parking A/C No. 1292544872	115,338	41,013.00
Kcb Cess A/C No 1292544562	1,713,816	1,757,905.00
Nbk Land Rates A/C No. 01001135200100	41,154	52,674.00
Ncba Payrol Commission A/C No. 4084390057	14,777,278	11,248,450
Atc Kcb A/C No. 1173577289	1,867.00	2,000.00
Co-operative Bank Lands and Housing A/C No. 01141779473400	25.3	25.00
Co-operative Bank Agriculture A/C No. 01141466268700	9,926	297,912.00
Absa A/C No. 2031340988	59,982,910.00	90,322.00
Sbm Cess A/C No. 0198094843001	419,891,900	464,300,540.00
Sbm Parking A/C No. 0198094843002	136,998,255	137,007,615.00
Sbm Savings A/C No. 0191094843003	5,957,366	5,648,747.00
Paybill balances	246,670.00	
cash at hand	-	392,435.00
Total	755,895,584.30	629,589,186.00

*Receiver of Revenue
County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025*

Notes to the Financial Statements (continued)

27. Receivables for non-exchange transactions

Description	Statement 1st July 2024	
	Kshs	Kshs
Receivables		
<i>Land rates</i>	256,052,254.72	53,543,307,357.28
<i>Cess</i>	13,801,684.20	
Total Current Receivables	269,853,938.92	53,543,307,357.28

28. Ageing analysis for Receivables from Non-exchange transactions

Description	2024-2025	
	2024-2025 Kshs	% of the total
Less than 1 year	269,853,939	1.00
Between 1- 2 years		
Between 2-3 years		
Over 3 years		
Total (a+b)	269,853,939	1

29. Receivables from Exchange transactions

Description	Opening Statement	
	2024-2025 Kshs	1st July 2024 Kshs
Total receivables		
<i>FIF/HSIF</i>	229,300,849.00	
<i>Market stall rent</i>	15,595,626.90	90,884,444.00
<i>House rent</i>		72,875,603.00
<i>plot ground rent</i>	15,344,222.50	
Total receivables	260,240,698.40	163,760,047.00

Notes to the Financial Statements (continued)

30. Ageing analysis for total receivables in Exchange transactions

Description	2024-2025	
		% of the total
	Kshs	
Less than 1 year	260,240,698.40	1.00
Between 1- 2 years		0.04
Between 2-3 years		0.34
Over 3 years		
Total (a+b)	260,240,698.40	1.00

31. Payables Due To CRF

Payables	2024-2025	Opening
		Statement
		1st July 2024
	Kshs	Kshs
Amount collected yet to be disbursed to CRF	755,895,584.30	629,573,414.00
Amount billed and yet to be collected for disbursement to CRF	530,094,637.32	53,707,067,404.28
Total Due to CRF	1,285,990,221.62	54,336,640,818.28

12. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comment	Status:Resolved /not resolved	Time frame:
1. Inaccuracies In the Revenue Statements				

County Government of Kilifi
 Revenue Statements for the Period Ended 30th June 2025

	<p>The statement of receipts and disbursements reflects receipts totalling Kshs.1,206,128,124 which includes hospital fees totalling Kshs.472,221,668 and own source revenue from various other streams totalling Kshs.733,906,456. However, receipts from reports generated by Kilifi pay system totalled Kshs.454,611,800 resulting to an unexplained variance of Kshs.279,294,656. In addition, the statement reflects disbursements to County Revenue Fund (CRF) totalling Kshs.672,722,972 while the IFMIS Miscellaneous Receipts Register (MRR) reflected receipts totalling Kshs.465,935,010 resulting to unexplained variance of Kshs.206,787,962. Further, Note 4 the statements reflects rent on staff payroll as Kshs.5,166,367 while the payroll deduction on the same reflects Kshs.5,250,200 resulting to an unreconciled variance of Kshs.83,833.</p>	<p>i. The Statement of Receipts and Disbursements Reports total receipts amounted to the sum of Kshs. 1, 206, 128, 124. This included hospital fees in the sum of Kshs. 472, 221, 668 and own-source revenue from various streams totaling the sum of Kshs. 733, 906, 456. Attached herein as Appendix 1A and B are samples of a Revenue Collections Control Sheet for the 31st day of March, 2024, Daily Cess Analysis Report for the 31st day of March, 2024, and an extract of the KCB Account Statement for Account Number 1292544562 for the period 01/07/2023 to 31/07/203, illustrating that the cash was paid through the KCB Vooma Pay Bill.</p>	<p>Resolved</p>	
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County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025

	<p>The statement of arrears of revenue reflects market stall opening balance of Kshs.79,160,444 while the prior year audited financial statements reflected a Nil closing balance resulting to unreconciled variance of Kshs.79,160,444. Further, the statement reflects land rates opening balance of Kshs.48,330,825,750 while the prior year audited financial statement reflected a closing balance of Kshs.46,738,989,911 resulting to unreconciled variance of Kshs.1,591,835,839. Further, the statement reflects house rent opening balance of Kshs.65,738,379 whose corresponding prior year audited financial statement balance was Nil resulting to unreconciled variance of Kshs.65,738,379.</p>	<p>We have identified reporting inconsistencies resulting from the non-disclosure of revenue arrears as of the 30th day of June, 2023 of the sum of Kshs.79, 160, 444 for stalls rent and Kshs. 65, 738, 379 for house rent. The correct opening balance for Land Rates Arrears was Kshs. 46, 738, 989, 911 and not the reported sum of Kshs. 48, 330, 825, 750 which resulted to the variance of the sum of Kshs. 1, 591, 835, 839. Nevertheless, during the period under review, we recognized the necessity of disclosing revenue arrears and have since complied with this requirement.</p>	<p>Resolved</p>	
<p>2.Unsupported Procurement of the E-Service Revenue Collection System</p>				

	<p>The statement of receipts and disbursements reflects cess and parking fees revenue totalling Kshs.303,747,079 and Kshs.19,851,549 respectively. Review of the E-Service System revealed that revenue totalling Kshs.35,147,815 and Kshs.676,630 in respect of cess and parking fees respectively was collected through the system in the months of April, May and June, 2024. However, the procurement files and contract agreement between Kilifi County Receiver of Revenue and the service providers for e-service system was not provided for audit review.</p>	<p>During the year under review, the procurement file for the E-services System was in the custody of the Ethics and Anti-Corruption Commission (EACC) and was not available for audit.</p>	Resolved	
3.Inaccurate Cash and Bank Balance				
	<p>The statement of financial assets and liabilities reflects a balance of Kshs.629,589,186. Included in the balance is bank balance of Kshs.629,196,751 as disclosed in Note 23 to the revenue statements and cash in hand balance of Kshs.392,435 as disclosed in Note 21 to the revenue statements. However, the Facility Improvement Fund (FIF) revenue account balance of</p>	<p>We are in agreement with the Auditor General's observations that the statement of financial assets and liabilities excluded the Facility Improvement Fund (FIF) revenue account balance of the sum of Kshs. 20, 521, 908. This exclusion was as a result of the fact that the Facility Improvement Fund (FIF) is audited separately</p>	Resolved	

County Government of Kilifi
 Revenue Statements for the Period Ended 30th June 2025

	Kshs.20,521,908 was not disclosed in the revenue statements.	from the Receiver of Revenue (ROR).		
4. Inaccurate Revenue from Land Rates				
	The statement of receipts and disbursements and Note 2 to the revenue statements reflects land rates totalling Kshs.165,978,228. However, review of the ledgers and the revenue statement presented for audit revealed the following variances:	The revenue collected and reported in the Statement of Receipts and Disbursements for land rates amounted to the sum of Kshs. 165, 978, 228, agrees with the ledgers. The variance observed in the land rates for the year under review, land rates penalties, and land rates from previous years was attributed to misclassification. However, all these categories fall under the land rates revenue stream. Kindly refer to the schedule below, which reflects zero variance. An extract from the land rates ledgers report is attached herein as	Resolved	
5.Unconfirmed Revenue In-Arrears				

	<p>The revenue statement and as disclosed in Note 27 reflects revenue in arrears totalling Kshs.53,707,067,404 comprising of revenue in arrears for less than one (1) year and between two (2) years totalling Kshs.5,231,342,831 and Kshs.48,475,724,573 respectively. The amount includes land rates revenue in arrears of Kshs.53,543,307,357 whose accuracy could not be confirmed due to redundancy of data in the system as explained by Management. However, the previous year audited revenue statements reflected Nil revenue in arrears whose detailed schedule and analysis of the revenue in arrears was not provided for audit review.</p>	<p>We recognize that the revenue in arrears reported in the revenue statements amounts to the sum of Kshs. 53, 707, 067, 404, as derived from the Kilifi Pay Revenue Management System. This figure represents an accumulation over multiple years, rather than a single year. The absence of revenue in arrears in our previously audited report was an error. We have identified the reporting inconsistencies caused by the non-disclosure of revenue arrears and have now adhered to the requirement to disclose them.</p>	<p>Resolved</p>	
<p>6.Unsupported Revenue from Property Rent</p>				

County Government of Kilifi
 Revenue Statements for the Period Ended 30th June 2025

	<p>The statement of receipts and disbursements and Note 4 to the revenue statements reflects property rent revenue totalling Kshs.17,306,128 which wrongly includes rent deducted from the staff residing in County houses totalling Kshs.2,910,989 and which was not remitted to the Receiver of Revenue. The rent amount is a reduction of Kshs.6,025,940 from the last year's collection of Kshs.23,332,068. Further, the County housing register provided indicated that as at 30 June, 2024 there were one hundred and sixty-one (161) County housing units a reduction of fourteen (14) units from the previous year's housing units of one hundred and seventy-five (175). There was no information provided on the status of the missing units in the register. In addition, records revealed property rent amount of Kshs.5,166,367 relating to house rent, Kshs.2,129,340 relating to plot rent and Kshs.8,585,606 relating to kiosks and stall rent but tenancy and lease agreements were not provided for audit review.</p>	<p>During the year under review, the housing register provided for audit had erroneously omitted 14 units whereby the correct register for the financial year under review contained 175 units instead of the reported 161 units. Attached herein as Appendix 8 is the correct housing register.</p>	<p>Not resolved</p>	
<p>1.Unauthorized Waivers</p>				

	<p>The statement of receipts and disbursements and Note 2 to the revenue statements reflects revenue on land rates totalling Kshs.165,978,228. However, an amount of Kshs.18,803,053 being interest on land rates due from a rate payer was waived on condition of payment of principal amount. However, the County Assembly legislation guiding the grant of the waiver, the basis of granting the waiver for the huge amount and evidence of payment of the principal amount was not provided for audit review contrary to Section 159(1) of Public Finance Management Act, 2012 which states that the County Executive Committee Member for finance may waive a county tax, fee or charge imposed by the County Government and its entities in accordance with criteria prescribed in regulations provided that the County Treasury shall maintain a public record of each waiver together with the reason for the waiver and report on each waiver. Section 164 of the Act requires that the State Officer may not be excluded from payment of a tax, fee or charge by reason of the office</p>	<p>We are in agreement with the Auditor General’s observation that we did not provide the County Assembly legislation governing the approval of the waiver or the justification for granting such a substantial amount. Although the County Executive Committee Member for Finance approved a waiver of the sum of Kshs. 18, 803, 053, its implementation was halted after it was discovered that the initial property rates associated with the property were incorrect. The initial annual property rate had been inflated to an annual sum Kshs. 286, 050. Following complaints from the client, the rate was appropriately adjusted to the sum of Kshs. 29, 025 per annum. The sum of Kshs. 18, 803, 053 arose when the client sought to make payment, and the County staff responsible for rates calculated the amount using the inflated annual rate of Kshs. 286, 050. Upon realizing this error, the annual rate was corrected, and the</p>	<p>Not resolved</p>	
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	<p>of the State Officer or the nature of work of the State Officer and such waiver or variation has been authorized by an Act of Parliament or county legislation. Regulation 64(3) of Public Finance Management (County Governments) Regulations, 2015 states that the accounting officer or receiver of revenue or collector of revenue shall include in the report the full name of each person benefiting from the waiver or variation, the amount of tax, fee or charge affected by the waiver or variation, the year to which the waiver or variation relates, the reasons for the waiver or variation and the law in terms of which the waiver or variation was granted.</p>	<p>client paid the principal amount of Kshs. 561,150 after receiving a waiver of the sum of Kshs. 5,254,835 on accumulated penalty. Attached herein as Appendix 10 is the Kilifi County Tax Waivers Administration Act, 2014, and the payment receipt for the sum of Kshs. 561, 150 on the 30th day of July, 2024</p>		
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County Government of Kilifi
Revenue Statements for the Period Ended 30th June 2025

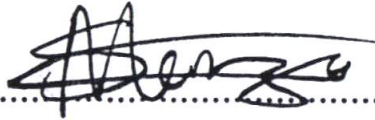
2.Irregular Disbursements of Funds				
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	<p>The statement of receipts and disbursements reflects total own source revenue of Kshs.1,206,703,667. Included in these disbursements is Kshs.44,352,180 in respect of transfers to a company contracted by the County Government for collection of cess and parking fees revenue on 20 February, 2014. In addition, the disbursements include payroll commission totalling Kshs.2,910,989. The disbursements to the service provider were deducted at source contrary to Section 109(2) of the Public Finance Management Act, 2012 which provides that the County Treasury for each County Government shall ensure that all money raised or received by or on behalf of the County Government is paid into the County Revenue Fund, except money that is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another County Public Fund established for a specific purpose in accordance with other legislation, this Act or County legislation, or was reasonably excluded by an Act of</p>	<p>he payment of the sum of Kshs 44, 362, 925 was to Raindrops Limited, an outsourced service provider for Cess and Parking Revenue collection Services granted through a Court Order in <u>Malindi High Court Civil Case No. 9 of 2016 Raindrops Limited vs. the County Government of Kilifi.</u> The County Government of Kilifi terminated the Contract for breach of Contract. Raindrops Limited moved to Court on the 20th day of February, 2015 and successfully obtained orders on the 22nd day of September, 2016 to be reinstated and to be paid a monthly sum of Kshs. 3, 969, 015 being salaries payable to over 218 employees per month and not later than the 5th day of every succeeding month pending Appeal or further orders of the Court from an escrow Account Number 0198094684003 held at SBM Bank (Kenya) Limited, Malindi Branch. The County Government of Kilifi appealed against the judgment</p>	<p>Not resolved</p>	
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	<p>Parliament as provided in Article 207 of the Constitution. Regulation 63 (4) of the Public Finance Management (County Governments) Regulations, 2015 states that all public moneys collected by a receiver of revenue or collector of revenue or collected and retained by a County Government entity, shall be paid into the designated bank accounts of the county government and shall not be used by any public officer in any manner between the time of their receipts and payment into the bank except as provided by law.</p>	<p>in <u>Malindi High Court Civil Case No. 9 of 2016 Raindrops Limited vs the County Government of Kilifi. Malindi Court of Appeal Civil Appeal No. E007 of 2022 County Government of Kilifi vs. Raindrops Limited</u> is still pending at the Court of Appeal. The order of the 9th day of December, 2016 by the Honourable Lady Justice A. Ongeru in <u>Malindi High Court Civil Case No. 9 of 2016 Raindrops Limited vs. the County Government of Kilifi</u> is herein attached as Appendix 11.</p>		
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3.Irregular Issuance of Credit Note				
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	<p>The statement of receipts and disbursements reflects credit notes issued during the year totalling Kshs.60,000,000. The credit note was issued to a local company. However, the details and circumstances of issuing the same were not provided for audit review contrary to Regulation 63(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for all County Government revenue and other public moneys relating to their County departments or agencies, adequate measures, including legal action where appropriate, are taken to obtain payment and official receipts are issued for all moneys paid to county government. Also, the county treasury is responsible for establishing sound cash management systems, procedures and processes to ensure efficient and effective banking and cash management practices.</p>	<p>A credit note was issued on the 6th day of July 2022 to Mombasa Cement Limited as compensation for damages awarded in a judgment entered against the County Government of Kilifi in <u>Malindi ELC Petition No.11 of 2022</u>. This judgment arose from the demolition of Mombasa Cement Limited's property by the County Government of Kilifi. Attached herein as consent letter, referenced as Appendix 12 is a letter dated the 7th day of July, 2023 by the law firm of Gikandi & Co. Advocates to the Managing Director of Mombasa Cement; consent letter dated the 30th day of June, 2023 to the Deputy Registrar of the Environment and Land Court at Malindi; a consent letter dated the 3rd day of July, 2023 to the Deputy Registrar of the Environment and Land Court at Malindi; and the Credit Note by the County Government of Kilifi dated the 6th day of July, 2023.</p>	<p>Not resolved</p>	
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Samuel Menza Mukutano

County Receiver of Revenue

Date: 30.06.2025



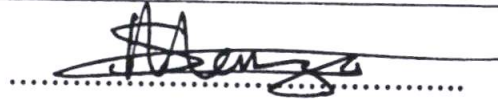
CPA/CS Alfred Sifa Dena

Director Revenue management


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

Classification of Revenue	Balance as at the beginning of the current year (1 st July 2024)	Arrears received during the year	Additions in arrears for the current year to June 30, 2025	Total arrears as at 30 June 2025	Measures taken to recover the arrears	Assessment to the recoverability of arrears
	A	B	C	D=A+(B)+C		
Cess	-		13,801,684.20	13,801,684.20		
Land rate			256,052,255	256,052,254.72		
plot gorund rent			15,344,223			
House rent				-		
Market stalls			15,595,626.90	15,595,626.90		
Hsif			229,300,849.00	229,300,849.00		
Total Arrears		-	530,094,637.32	530,094,637.32		

County Government of Kilifi
 Revenue Statements for the Period Ended 30th June 2025



Samuel Menza Mukutano
 County Receiver of Revenue



CPA/CS Alfred Sifa Dena
 Director Revenue management
 ICPAK /NO

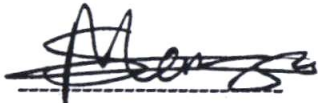
Appendix 3: Ageing Analysis of Revenue in Arrears

Description	Less than	Between	Between	Over 3	Total
	1 year	1-2 years	2-3 years	years	
Cess	13,801,684.20				13,801,684.20
Land rate	256,052,255				256,052,254.72
plot ground rent	15,344,222.50				15,344,222.50
House rent					-
Market stalls	15,595,626.90				15,595,626.90
Hsif	229,300,849.00				229,300,849.00
Total Arrears	530,094,637	-	-	-	530,094,637.32

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 / organization 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

(PFM ACT section 165 subsection 4, 5)



Sign and date
 Accounting Officer