REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED 30 JUNE, 2024

COUNTY GOVERNMENT OF KILIFI

COUNTY REVENUE FUND

County Government of Kilifi

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms and glossary of terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
Kshs	Kenya Shillings

b) glossary of terms

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

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2. Key Entity Information and Management

a) Background information

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

b) Key Management Team

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

No.	Designation	Name
1.	CECM Finance and Economic planning	John Raymond Ngala
2.	Chief Officer Finance	Winnie Luwali Wakati
3.	Director Accounting Services/Finance	CPA Bonaventure F.M. Mwakio

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	John Raymond Ngala
2.	Accounting Officer in charge of Finance	Winnie Luwali Wakati
3.	Director Accounting Services/Finance	CPA Bonaventure F.M. Mwakio

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies for the County for the year ended 30th June 2024 were:

- County Assembly of Kilifi
- Controller of Budget
- Office of the Auditor General
- Kilifi County Audit Committee
- The County Assembly of Kilifi Public Accounts Committee
- The County Assembly of Kilifi Budget and Appropriation Committee
- The County Assembly of Kilifi Economic planning and Trade Committee

The following are some of the fiduciary activities undertaken during the financial year:

- Approval of the 2023/2024 budget supplementary estimates by the County Assembly
- Approval of the 2024/2025 budget estimates by the County Assembly
- Approval of funds withdrawal from the County revenue fund by the Controller of Budget
- Audit of the year 2022/2023 financial statements by the Auditor General

e) **County Headquarters**
County Government of Kilifi
Governor's office Building
Bofa Road
Kilifi, KENYA

f) **County Contacts**

P.O. Box 519-80108, Kilifi
Telephone: (254)
E-mail: info@kilifi.go.ke
Website: www.kilifi.go.ke

g) **County Bankers**

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

2 Kenya Commercial Bank
Kilifi Branch

3 Equity Bank
Kilifi Branch

4 National Bank
Malindi Branch

5 Cooperative Bank
Kilifi Branch

6 Diamond Trust Bank
Kilifi Branch

7 NIC Bank
Kilifi Branch

8 Absa Bank
Kilifi Branch

9 SBM Bank
Malindi Branch

4 **Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

5 **Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

6 **County Attorney**

County Government of Kilifi

P. O. Box 519-80108

KILIFI

3. Statement by the CECM Finance

Preamble

It is with great pleasure that I present the County Revenue Fund financial statements for the quarter ending 30th June 2024 for the County Government of Kilifi. The financial statements present the Fund performance for the period of twelve months.

The financial statements have been prepared in accordance with section 164 of the Public Finance Management Act, 2012 which requires the accounting officer of a county government entity to prepare financial statements in respect of the entity in the formats to be prescribed by the Accounting Standards Board. These financial statements present a true and fair view of the state of affairs of the County Revenue Fund operations for the quarter ending 30th June 2024.

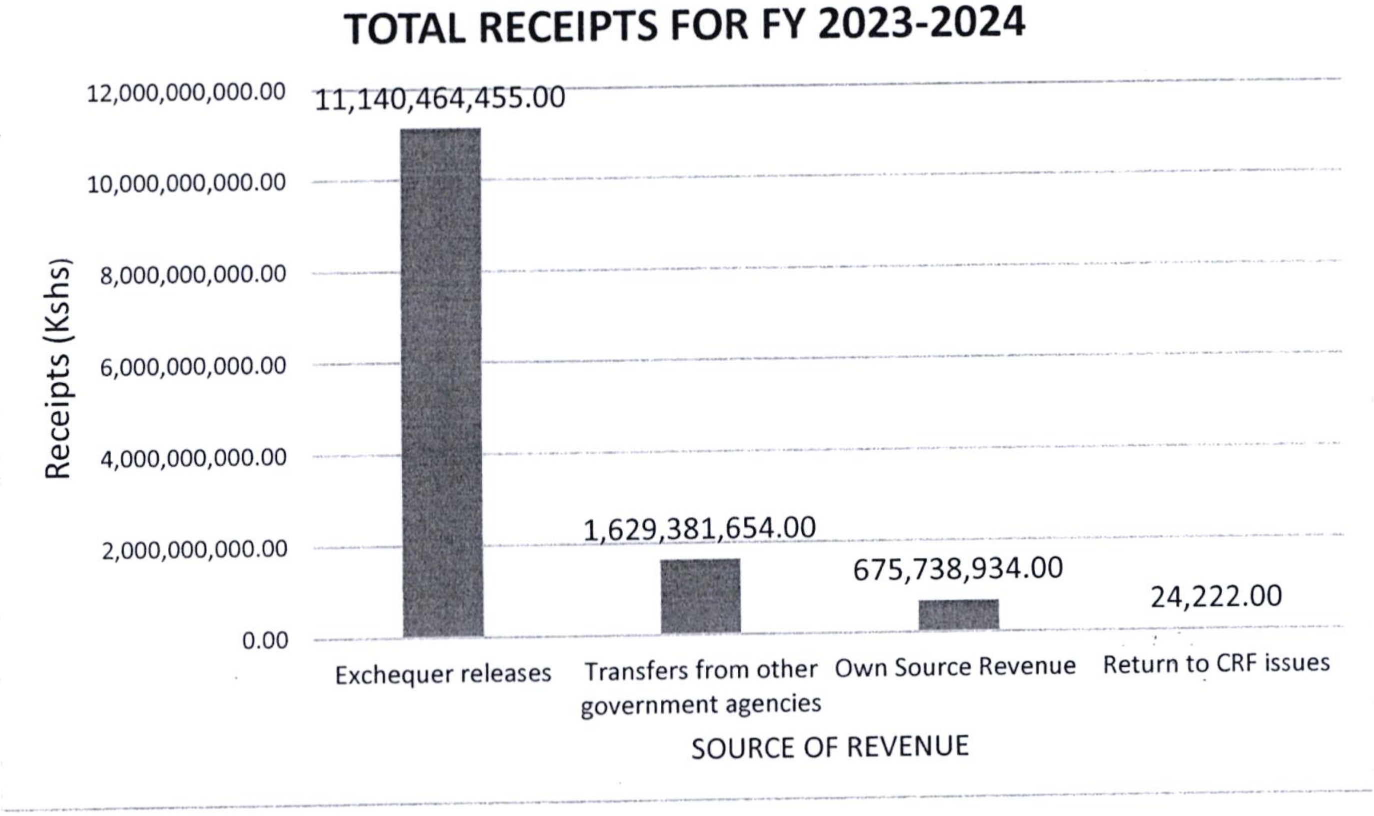
The County Revenue Fund is established in accordance with Section 109 of the Public Finance Management Act, 2012 which gives such authority to the County Government. This is also in accordance with Article 207 of the Constitution which requires each county government to establish a County Revenue Fund, into which shall be paid all money raised or received by or on behalf of the county government, except money reasonably excluded by an Act of Parliament.

The disbursements from the Fund were done in accordance with the Public Finance Management Act, 2012 section 109 (6) which requires the County Treasury to obtain the written approval of the Controller of Budget before withdrawing money from the County Revenue Fund under the authority of an Act of the county assembly that appropriates money for a public purpose.

Receipts

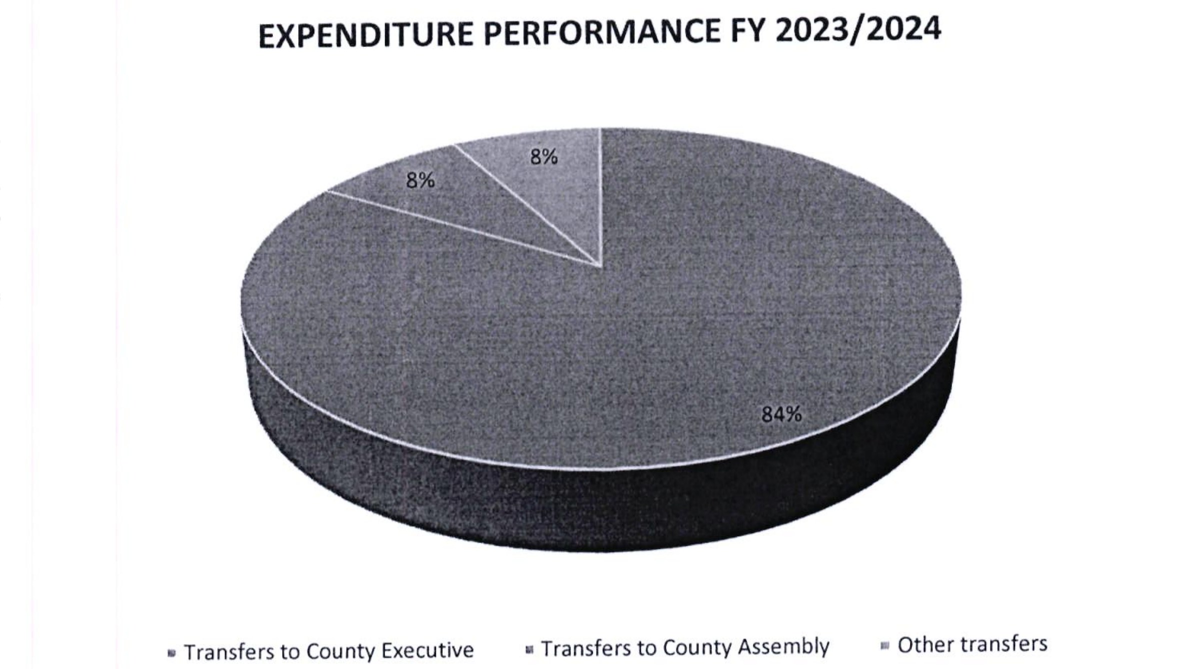
In the financial year ended 30th June 2024 the County Revenue Fund had an opening balance of Kshs. 1,653,874,742 and a total of Kshs. 13,445,609,265 was received into the Fund during the year. The major source of revenue was the national treasury equitable share of Ksh. 11,140,464,455. The county also collected from its Own Revenue Sources Kshs.675,738,934.

Other sources are as shown in the graph below.



Disbursements

A total amount of Kshs. 14,577,043,644 Was disbursed from County Revenue Fund during the year ended 30th June 2024. The disbursements were Kshs, 13,387,261,671 and Kshs. 1,189,781,973 to County Executive, and County Assembly respectively. The County Executive had the largest share of 84% as shown in the pie chart below.



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Hon. Yaye Shosi Hamadi

County Executive Committee Member

Finance and Economic Planning

County Government of Kilifi

4. Management Discussion and Analysis

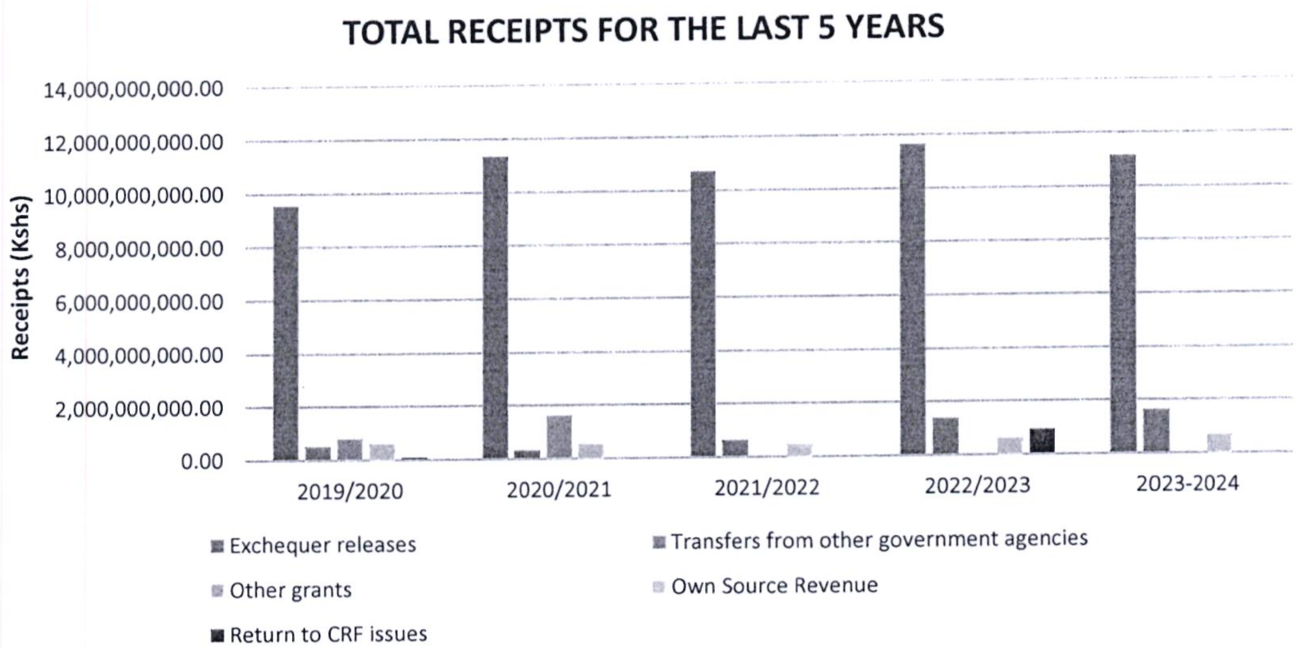
Operational and financial performance of the fund for the last four years

Receipts

The receipts have been growing on an upward trend from a total of Kshs. 11,499,062,177 in the FY 2019/2020 to Kshs. 13,445,609,265 as shown in the table below. The equitable share for the FY 2023/2024 was Kshs.11,140,464,445 however only Kshs. 10,171,728,402 was received during the year while the balance of Kshs.968,736,043 was received in the FY 2024/2025.

Sources of Revenue	2019/2020	2020/2021	2021/2022	2022/2023	2023-2024
Exchequer releases	9,546,273,000.00	11,342,727,000.00	10,710,265,505.00	11,641,592,941.00	11,140,464,455.00
Transfers from other government agencies	503,487,122.00	316,014,399.00	621,056,522.00	1,379,001,830.00	1,629,381,654.00
Other grants	793,956,699.00	1,620,881,224.00	-	-	-
Own Source Revenue	584,540,097.00	545,762,443.00	448,863,843.00	603,675,375.00	675,738,934.00
Return to CRF issues	70,805,259.00	760,831.00	2,656,831.00	932,071,174.00	24,222.00
Total Receipts	**11,499,062,177.00**	**13,826,145,897.00**	**11,782,842,701.00**	**14,556,341,320.00**	**13,445,609,265.00**

The major source of revenue as shown in the graph below is the Exchequer release which contributed 83%, 82%, 91%, 80% and 83% of the total receipts in FY2019/2020, FY2020/2021, FY2021/2022, FY2022/2023 and FY2023/2024 respectively.

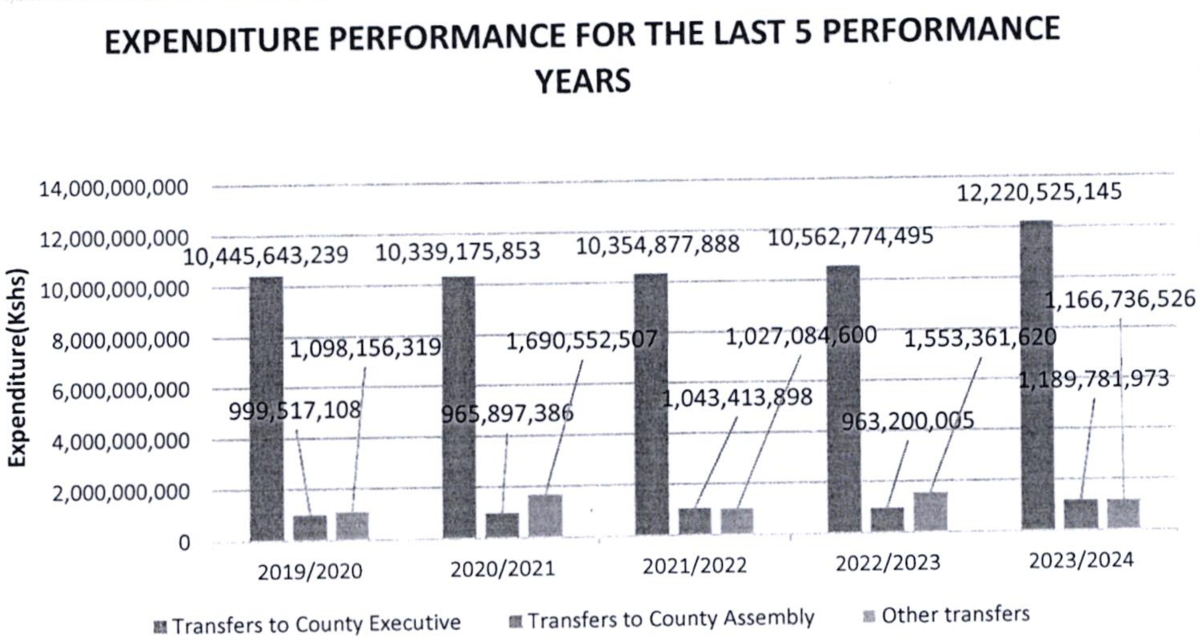


Disbursements

The disbursements have been showing an upward trend from Kshs. 12,543,316,666 in the FY 2019/2020 to Kshs. 14,577,043,644 in the FY 2023/2024. It is important to note that the FY 2023/2024 figure of Kshs. 14,577,043,644 is inclusive of 2022/2023 late disbursement amount of Kshs. 931,327,436 on equitable share which was received in late July 2023. As shown in the table below the major disbursement went to the County Executive receiving 92%,93%,92%, 93% and 92% in the FY2019/2020, FY2020/2021, FY2021/2022, FY2022/2023 and FY2023/2024 respectively.

EXPENDITURE	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Transfers to County Executive	10,445,643,239	10,339,175,853	10,354,877,888	10,562,774,495	12,220,525,145
Transfers to County Assembly	999,517,108	965,897,386	1,043,413,898	963,200,005	1,189,781,973
Other transfers	1,098,156,319	1,690,552,507	1,027,084,600	1,553,361,620	1,166,736,526
Total Payments	**12,543,316,666**	**12,995,625,746**	**12,425,376,386**	**13,079,336,120**	**14,577,043,644**

The graph below shows the disbursements comparison for the five financial years.



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Hon. Yaye Shosi Hamadi

CECM Finance and Economic Planning

County Government of Kilifi

5. Overview of the County Revenue Fund Operations

Background

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

Receipts into the County Revenue Fund

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

Transfers from the County Revenue Fund

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

Financial Reporting requirements

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

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2024.

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Hon. Yaye Shosi Hamadi

CEC Member – Finance and Economic Planning
County Government of Kilifi

6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on *June 30, 2024.* This responsibility includes: (i)Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii)Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (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 Revenue Fund; (v)Selecting and applying appropriate accounting policies; and (iv)Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended *June 30, 2024*, and of its financial position as at that date.

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

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 17/12/2024.

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Hezekiah Nguma Mwarua
Chief Officer Finance
County Government of Kilifi

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

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

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Kilifi set out on pages 1 to 10, which comprise of the statement of receipts and payments, statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund - County Government of Kilifi as at 30 June, 2024 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Disbursements to the County Revenue Fund

The statement of receipts and payments and Note 3 to the financial statements reflects own source revenue of Kshs.675,738,934, while the Receiver of Revenue - Kilifi County reflects corresponding disbursements to the County Revenue Fund (CRF) of Kshs.672,722,972, resulting to a variance of Kshs.3,015,962 attributed to revenue amount transferred from commercial bank accounts to CRF at the close of business on 30 June, 2023 but was later received in July, 2023 as revenue and which could not be recognized in the 2023-2024 financial year by Receiver of Revenue.

In the circumstances, the accuracy of the disbursements to the County Revenue Fund totalling Kshs.675,738,934 could not be confirmed.

2. Revenue Collection Accounts

Note 8 to the financial statements on disclosure of balances in revenue collection accounts reflects a balance of Kshs.629,196,752. Review of records revealed the following:

i. Unsupported and Inaccurate Disclosure of Balances in Revenue Collection Accounts

Included in the balance is a payroll commission bank account which reflects a balance of Kshs.11,248,450 and which is not supported with certificate of bank balance, bank statement, bank reconciliation and cash book. In addition, the disclosure in Note 8 includes a balance held in the Lands and Housing Revenue Collection ABSA bank account of Kshs.90,322 while the bank reconciliation and cashbook for the same reflects a balance of Kshs.90,657 resulting in an unreconciled variance of Kshs.335, the SBM parking account had a balance of Kshs.137,007,615 while bank reconciliation and cashbook for the same account reflects a balance of Kshs.137,009,955 resulting in an unreconciled variance of Kshs.2,340.

ii. Unsupported Payments from Revenue Collection Accounts

Note 8 to the financial statements reflects disclosure of bank account balances in revenue collection accounts balance of Kshs.629,196,752 held in thirteen (13) bank accounts.

Included in the balance is Kshs.601,308,155 or 96% of the balance held in two (2) bank accounts, both maintained at SBM Bank. However, a payment of Kshs.44,362,925 was made from the SBM cess account during the year under review and for which the supporting documentation has not been provided. Management has indicated that these amounts are in escrow accounts which were in use when a revenue company was contracted to collect Cess and parking fees for the County and thus could not be transferred to County Revenue Fund due to an active court case. The progress of this case has not been provided.

In the circumstances, the accuracy and completeness of the disclosure of balances in revenue collection accounts of Kshs.629,196,752 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund - County Government of Kilifi Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.20,043,782,739 and Kshs.13,445,609,265 respectively resulting to an under-funding of Kshs.6,598,173,474 or 33% of the budget. The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for 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 audit report of the previous year, several issues were raised. However, even though Management indicate that three issues were resolved, the resolution has not been supported. One issue is yet to be addressed.

Other Information

The Management is responsible for the other information set out on page iii to xiv which comprise of Key Entity Information and Management, Statement by the CECM Finance, Management Discussion and Analysis, Overview of the County Revenue Fund Operations, Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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 effects of the matter 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

Late Exchequer Disbursements

The statement of receipts and payments and Note 1 to the financial statement reflects exchequer releases of Kshs.11,140,464,455. However, review of the County Revenue Fund (CRF) Bank statements revealed that Equitable Share amounting to Kshs.2,119,110,087 representing 19% of the total receipt was received in the second half of the month of June, 2024 as analyzed below:

Date	Ref No.	Amount (Kshs)
20-Jun-24	FT24172SY9NM	1,089,828,045
26-Jun-24	FT24178BSPY9	1,029,282,042
Total		**2,119,110,087**

Late disbursement of Exchequer releases affects timely implementation of approved projects/activities in the County which may impact negatively on the service delivery to the public contrary to Section 17(6) of Public Finance Management Act, 2012 which provides that The National Treasury shall, at the beginning of every quarter and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to County Governments. Further, Regulation 97(4) of the Public Finance Management (County Governments) Regulations, 2015 states that an actual cash transaction taking place after the 30 June, shall not, however, be treated as pertaining to the previous financial year even though the accounts for that year may be open for the purposes referred to in Paragraphs (2) and (3) of this Regulation.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with 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 Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund'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 financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

8. Statement of Receipts and Payments for the Year Ended 30th June 2024.

	Notes	FY2023-2024 Kshs.	FY2022-2023 Kshs.
Receipts			
Exchequer releases	1	11,140,464,455	11,641,592,941
Transfers from other government agencies	2	1,629,381,654	1,379,001,830
Own Source Revenue	3	675,738,934	603,675,375
Return to CRF issues	4	24,222	932,071,174
Total Receipts		**13,445,609,265**	**14,556,341,320**
Payments			
Transfers to County Executive	5	13,387,261,671	12,116,136,115
Transfers to County Assembly	6	1,189,781,973	963,200,005
Total Payments		**14,577,043,644**	**13,079,336,120**
Net increase/ (decrease) in cash for the year		(1,131,434,379)	1,477,005,200
Add Opening fund balance b/f	7	**1,653,874,742**	**176,869,542**
Closing Fund balance for the year	7	**522,440,363**	**1,653,874,742**

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Hezekiah Nguma Mwarua
Chief Officer Finance

Date :

………………………………………………

Bonaventure F. M Mwakio
Director Accounting Services
ICPAK M/No:3346
Date :

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2024

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	D	e=c-d	f=d/c %
Receipts	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	
Exchequer releases	12,113,734,119	-	12,113,734,119	11,140,464,455	973,269,664	92
Transfers from other government agencies	1,981,305,843	152,885,814	2,134,191,657	1,629,381,654	504,810,003	76
Other conditional grants	535,660,494	4,533,621	540,194,115	0	540,194,115	0
Own Source Revenue	1,788,634,222	-	1,788,634,222	675,738,934	1,112,895,288	38
Return to CRF issues	2,516,966,337		2,516,966,337	24,222	2,516,942,115	0
Unconditional Allocation to County Governments for Court Fines and Mineral Royalties	0	950,062,289	950,062,289	0	950,062,289	0
Total Receipts	**18,936,301,015**	**1,107,481,724**	**20,043,782,739**	**13,445,609,265**	**6,598,173,474**	**67**
Payments						
Transfers to County Executive	17,694,966,749	1,117,481,725	18,812,448,474	13,387,261,671	5,425,186,803	71
Transfers to County Assembly	1,241,334,267	(10,000,000)	1,231,334,267	1,189,781,973	41,552,294	97
Total Payments	**18,936,301,016**	**1,107,481,725**	**20,043,782,741**	**14,577,043,644**	5,466,739,097	**73**

NB:
The last equitable share for the FY 2023-2024 was received in July 2024-2025 thus resulting in underfunding from the national treasury.

Under return to CRF issues, Kshs. 1,653,874,742, which was the balance brought forward at the beginning of the financial year formed part of the budget of returned CRF issues available for spending as reflected in the statement of receipts and payments

Under allocation to county governments for court fines and mineral royalties, of the Kshs. 950,062,289 initially budgeted for, no amount was received in the financial year

For transfers from other government agencies, the amounts received were less than the funds budgeted for under the supplementary budget. In addition, there was an allocation actually budgeted for but no funds were received in the financial year.

Under other conditional grants, of the Kshs. 540,194,115 budgeted for, no amount was received in the financial year.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the Cash-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012.

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

b) Reporting entity

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

c) Receipts

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

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

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

d) Payments

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

Significant Accounting Policies (Continued)

e) **Fund Balances**
Fund balances comprise bank balances in the County Exchequer Account held at Central Bank of Kenya.

f) **Restriction on Cash**
Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation or *There were no restrictions on cash during the year.*

11. Notes to the Financial Statements

1. Exchequer releases

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

Description	FY2023-2024 Kshs.	FY2022-2023 Kshs.
Equitable Share (a)	11,140,464,455	11,641,592,941
Total (d=a+b+c)	**11,140,464,455**	**11,641,592,941**

2. Transfers from other government agencies**

Description	FY2023-2024 Kshs.	FY2022-2023 Kshs.
Word Bank-NARIGP-State Department of Crop Development	4,261,826	148,120,023
KILIFI COUNTY- AGRI. SEC.DEV.SUPP.	1,248,343	11,235,088
DANIDA	19,057,500	-
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	147,392,926	22,000,000
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	33,598,125.00
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	1,007,626,519	893,321,391
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	250,000,000	200,000,000
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	199,794,540	67,192,729
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	3,534,474
Total	**1,629,381,654**	**1,379,001,830**

Notes to the Financial Statements (Continued)

3. Own Source Revenue

Item Description	Cumulative to date (Period ended 30th June 2024)	2022-2023
County Own Source Revenue		
Cess	299,105,666	182,480,000
Land Rate	165,978,227	110,079,359
Single/Business Permits	81,481,450	140,934,443
Market Stalls Rent	8,928,435	8,933,575
Property Rent	17,542,948	67,375,597
Parking Fees	20,120,573	23,792,000
Market entrance fees	1,542,324	1,651,104
Advertising	20,079,539	9,764,651
Physical Planning and Development	30,705,253	30,716,951
Conservancy Administration	8,462,739	1,482,229
Slaughter House & Livestock Yards	1,443,144	1,941,445
Housing Estates Monthly Rent	18,232,236	18,570,621
Other Fines, Penalties, Forfeiture	2,116,400	5,953,400
TOTAL	**675,738,934**	**603,675,375**

4. Return to CRF Issues

Description	FY2023-2024 Kshs.	FY2022-2023 Kshs.
KILIFI COUNTY DEVELOPMENT	20,751	53,054.70
KILIFI COUNTY RECURRENT	2,090	7,822.70
COUNTY ASSEMBLY OF KILIFI	1,382	647,151.25
KCG-Mekatilili Foundation-0015960001	-	35,709
County revenue fund	-	931,327,436
Total	**24,222**	**932,071,174**

Notes to the Financial Statements (Continued)

5. Transfers to County Executive

Description	FY2023-2024 Kshs.	FY2022-2023 Kshs.
Recurrent Account	9,219,350,577	8,313,409,362
Development Account	3,001,174,568	2,249,365,133
Transfer to Kilifi County Agricultural Sector Development Programme	6,741,231	11,742,200.00
CLIMATE CHANGE INST SUPPORT	115,171,911	30,598,295.00
INFORMAL SECTOR IMPROVEMENT FUND	250,000,000	200,000,000.00
KILIFI COUNTY KENYA URBAN SUPP PROG	-	3,534,474.20
Transfer to Kilifi County National Agricultural & Rural Inclusive	4,261,826	315,416,280.55
KILIFI COUNTY NAT AGRI VALUE CHAIN	199,794,540	67,192,729.00
KILIFI COUNTY PRIMARY HEALTH CARE	-	31,556,250.00
Transfer to Kilifi County Water and Sanitation Development program	571,709,519	893,321,390.90
Danida	19,057,500	-
TOTAL	**13,387,261,671**	**12,116,136,115**

6. Transfers to County Assembly

Description	FY2023-2024 Kshs.	FY2022-2023 Kshs.
Recurrent Account	1,060,906,906	944,999,915
Development account	128,875,067	18,200,090
Total	**1,189,781,973**	**963,200,005**

7. Fund balance

Description	FY2023-2024 Kshs.	FY2022-2023 Kshs.
County Exchequer Account - (*CBK Account no. 1000170212*)	522,440,363	1,653,874,742
Total	**522,440,363**	**1,653,874,742**

Notes to the Financial Statements (Continued)

8. Disclosure of Balances in Revenue Collection Accounts

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

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

12. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
27	Inaccurate Amount of Return to CRF Issues	Detailed explanations to observation given in the audit response	Resolved	N/A
28	Unsupported Balances in Revenue Collection Accounts	Detailed explanations to observation given in the audit response	Not resolved	2024-2025
29	Budgetary Control and Performance	Detailed explanations to observation given in the audit response	Resolved	N/A
30	Late Exchequer Disbursements	Detailed explanations to observation given in the audit response	Resolved	N/A

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Name: Hezekiah Nguma Mwarua
Chief Officer Finance

Date:

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

Period 2023-2024	**Quarter 1 (Kshs.)**	**Quarter 2 (Kshs.)**	**Quarter 3 (Kshs.)**	**Quarter 4 (Kshs.)**	**Total (Kshs.)**
Equitable Share	1,029,282,042	2,966,754,122	3,027,300,123	4,117,128,168	11,140,464,455
Kilifi County - AGRI. SEC.DEV.SUPP		-	1,248,343	-	1,248,343
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	4,261,826	-	4,261,826
DANIDA Grant -Primary Health care in devolved context - Ministry of Health	-	-	-	19,057,500	19,057,500
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	147,392,926	147,392,926
Water and Sanitation Development Project	-	-	571,709,519	435,917,000	1,007,626,519
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	-	-	195,379,765	4,414,775	199,794,540
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-	-	125,000,000	125,000,000	250,000,000
Total	**1,029,282,042**	**2,966,754,122**	**3,924,899,576**	**4,848,910,369**	**12,769,846,109**

Annex 3. Analysis Of Receipts from Own Source Revenue per Quarter

Period 2024	Quarter 1 Kshs	Quarter 2 Kshs	Quarter 3 Kshs	Quarter 4 Kshs	Total Kshs
Cess	41,932,475	39,920,113	40,530,030	43,595,609	165,978,227
Land Rate	23,465,571	23,475,661	77,506,213	174,658,221	299,105,666
Single/Business Permits	5,961,635	6,153,323	50,620,350	18,746,142	81,481,450
Market Stalls Rent	2,134,258	2,208,746	2,356,412	2,229,019	8,928,435
Property Rent	5,237,300	4,960,438	5,564,005	1,781,205	17,542,948
Parking Fees	5,402,870	4,001,138	7,999,450	2,717,115	20,120,573
Market entrance fees	382,402	362,478	350,542	446,902	1,542,324
Advertising	1,726,650	2,407,282	13,538,325	2,407,282	20,079,539
Physical Planning and Development	8,307,757	7,042,248	7,116,840	8,238,408	30,705,253
Conservancy Administration	1,992,004	1,798,432	2,041,615	2,630,688	8,462,739
Slaughter House & Livestock Yards	368,430	265,770	410,030	398,914	1,443,144
Housing Estates Monthly Rent	4,425,348	4,218,942	4,624,664	4,963,282	18,232,236
Other Fines, Penalties, Forfeiture	528,402	546,274	409,312	632,412	2,116,400
TOTAL	**101,865,102**	**97,360,845**	**213,067,788**	**263,445,199**	**675,738,934**

Annex 4: Analysis of Transfers from the County Revenue Fund

[illegible]	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,031,176,476	3,000,665,522	5,704,730,245	649,514,860	10,386,087,103
County Executive -Dev	-	848,526,826	1,560,756,120	591,891,622	3,001,174,568
County Assembly -Rec	207,038,547	340,319,774	220,846,799	292,701,178	1,060,906,298
County Assembly -Dev	-	4,409,113	57,829,237	66,637,325	128,875,675
Total	**1,238,215,023**	**4,193,921,235**	**7,544,162,401**	**1,600,744,985**	**14,577,043,644**