

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

	PAPERS LAID
DATE	6/3/2024
TABLED BY	Maj. Leader
COMMITTEE	—
CLERK AT THE TABLE	Angela

**OF**

**THE AUDITOR-GENERAL**

PARLIAMENT  
OF KENYA  
LIBRARY

**ON**

**COUNTY REVENUE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**COUNTY GOVERNMENT OF MOMBASA**



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



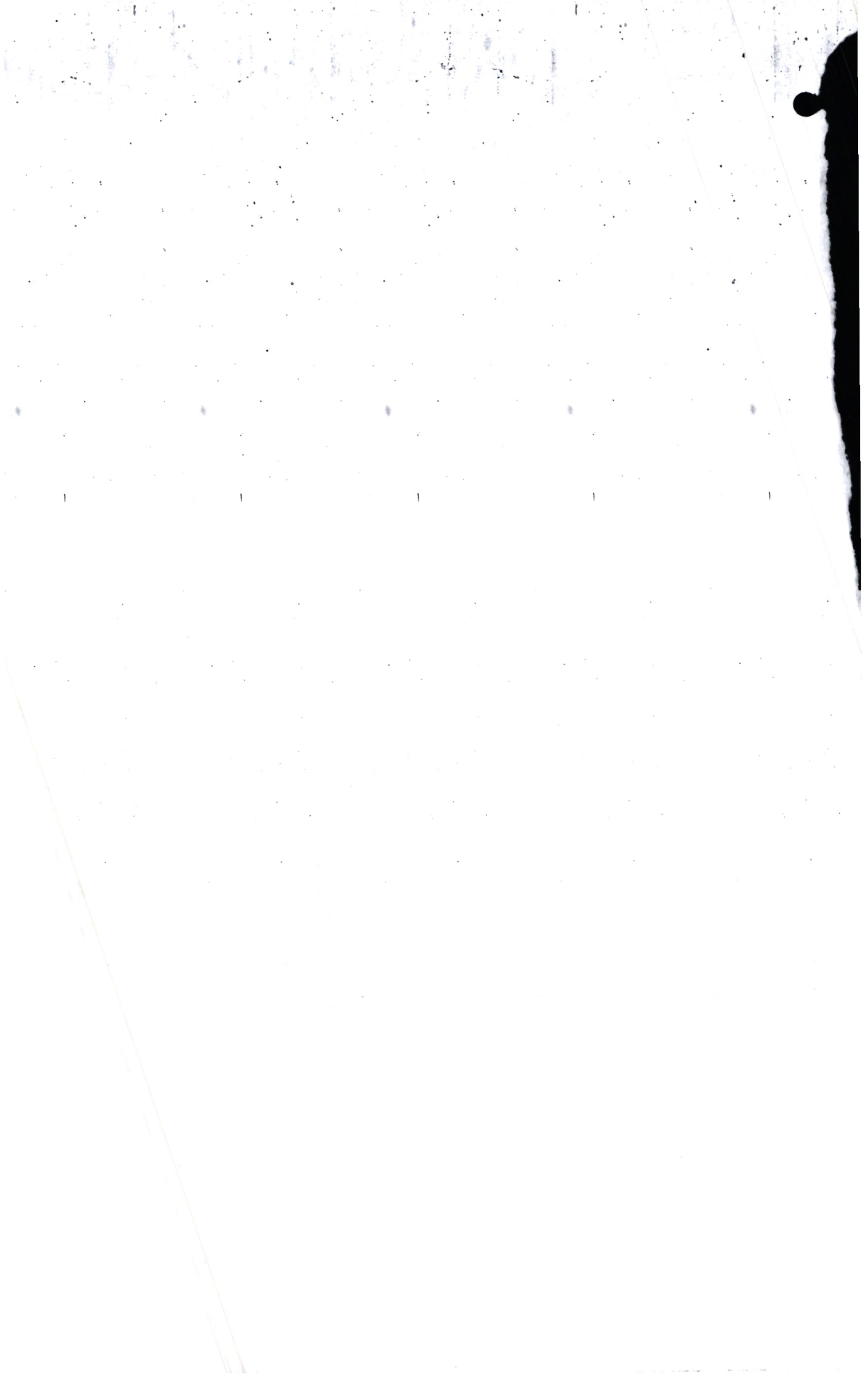
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**COUNTY REVENUE FUND**  
**COUNTY GOVERNMENT OF MOMBASA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

---

Prepared in accordance with the Cash Basis of Accounting Method  
Sector Accounting Standards



*County Government of Mombasa  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2022*

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**1. Acronyms and glossary of terms**

*a) Acronyms*

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

*b) Glossary of Terms*

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

REPUBLIC OF KENYA



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**COUNTY GOVERNMENT**





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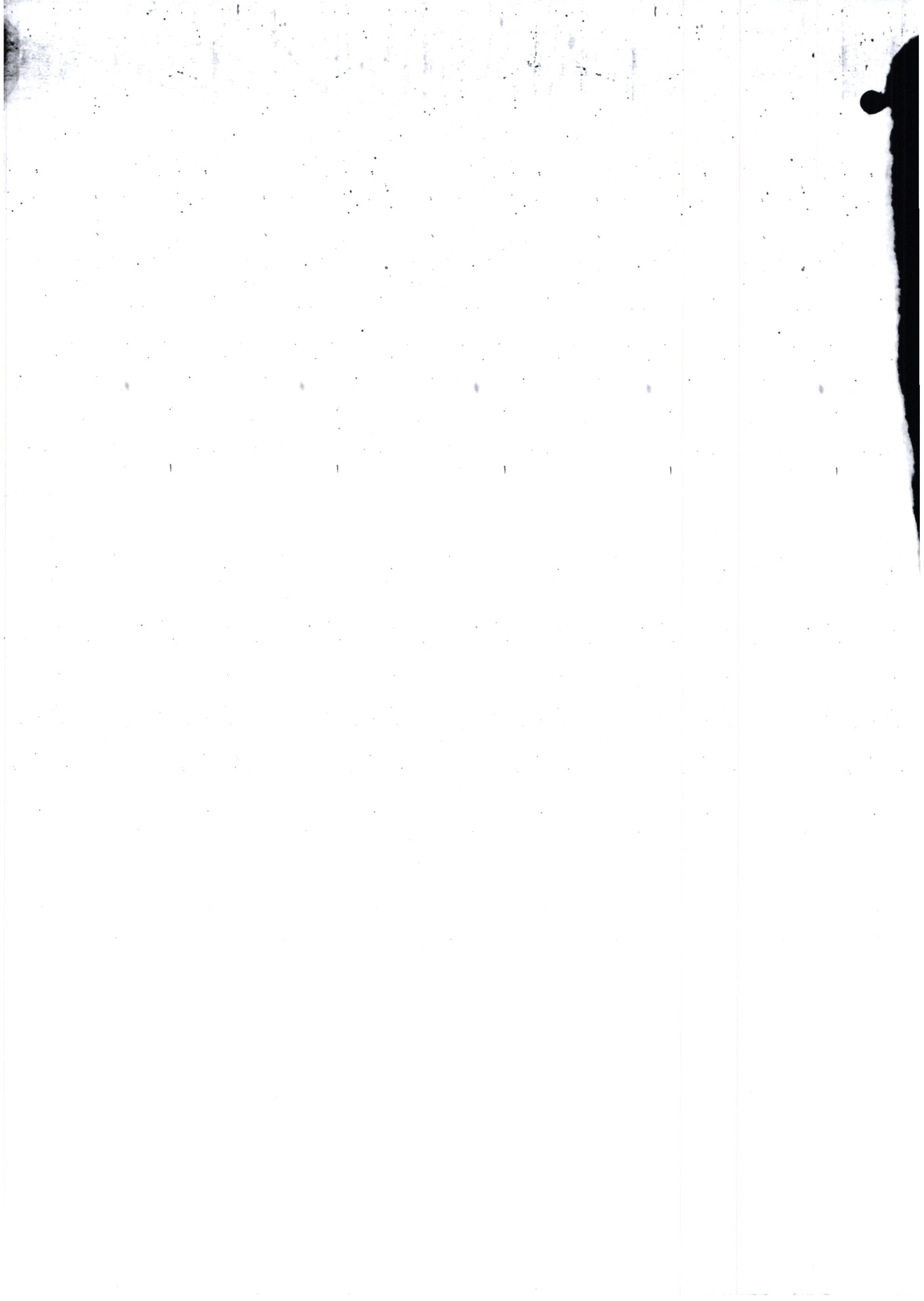
**COUNTY REVENUE FUND**  
***COUNTY GOVERNMENT OF MOMBASA***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

---

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





*County Government of Mombasa  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2022*

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**1. Acronyms and glossary of terms**

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Kshs	Kenya Shillings

*b) Glossary of Terms*

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

**2. Key Entity Information and Management**

**a) Background information**

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

**b) Key Management Team**

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

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

**c) Fiduciary Management**

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

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

**d) Fiduciary Oversight Arrangements**

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

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

*County Government of Mombasa  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2022*

---

**e) County Headquarters**  
Betting Control Building  
Mombasa, Kenya

**f) County Contacts**  
P.O. Box 90440-80100  
Mombasa, Kenya.  
Telephone: (254) 41-2311531  
E-mail: [countysec@mombasa.go.ke](mailto:countysec@mombasa.go.ke)  
Website: [www.mombasacounty.go.ke](http://www.mombasacounty.go.ke)

**g) County Bankers**  
Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

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

**i) Principal Legal Adviser**  
The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

*County Government of Mombasa*  
*County Revenue Fund*  
*For the financial year ended 30<sup>th</sup> June 2022*

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

### **3. Statement by the CECM Finance**

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

#### **Receipts into the County Revenue Fund**

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

#### **Transfers from the County Revenue Fund**

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

#### **Financial Reporting requirements**

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation. This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2022.

#### **Financing of the County Governments**

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

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

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

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

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

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

## **FINANCIAL PERFORMANCE**

### **Budget Performance Against Actual Amounts**

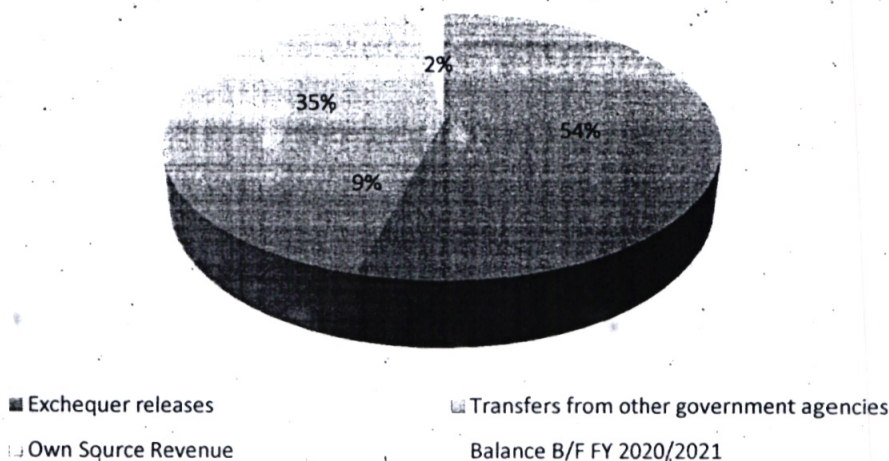
#### **a) Revenue**

For the fiscal year ending on 30<sup>th</sup> June 2022, Mombasa County budgeted revenue amount was Kshs 14,000,000,000. To be financed as shown in **Figure 1**.



Figure 1: Mombasa County revenue sources FY 2021/2022

**Budgeted Revenue 2021/22**



Equitable shares constitute the lion's share of our revenue budget at 54%, whilst the county own source revenue accounted for 35%. Other revenue sources accounted for the remaining 11%. Mombasa County has achieved an impressive 85% performance level by securing Kshs 11,864,339,154,40 in actual revenues.

The table below shows an analysis of revenue performance during the year ended 30<sup>th</sup> June 2022.

Revenue Classification	Revenue Budget (Kshs)	Actual (Kshs)	Realisation (%)
Exchequer releases	7,567,354,061	7,567,354,061	100%
Transfers from other government agencies	1,200,655,511	464,058,746	39%
Own Source Revenue	4,966,330,107	3,608,672,111	73%
Balance B/F FY 2021/2022	265,660,321	224,254,236	84%
<b>Total</b>	<b>14,000,000,000</b>	<b>11,864,339,154</b>	<b>85%</b>

**Table 1: Revenue performance in FY 2021/22**

From the total of Kshs 3,608,672,111 realized from our internally generated revenue sources, an amount of Kshs 2,257,591,518.65 was disbursed to the County Revenue Fund (CRF) Account.

Additionally, Kshs 1,351,080,592.35 was collected by Coast Province General Hospital Facility Improvement Fund (FIF) in accordance with the stipulations outlined in Section 40 (2) of the

**County Government of Mombasa**

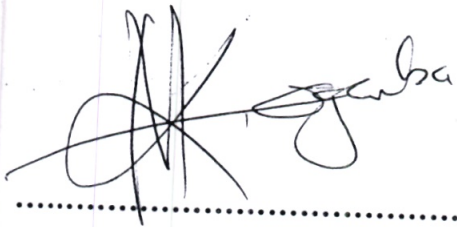
**County Revenue Fund**

**For the financial year ended 30<sup>th</sup> June 2022**

Mombasa County Health Act of 2018. This provision mandates that the funds, specifically the revenues, collected by the health facility are to be disbursed into the FIF account.

**b) Transfers**

In the year under review, the County Government of Mombasa made transfer payments of Kshs 9,254,892,546 and Kshs 624,177,019 to County Executive and County Assembly respectively.

A handwritten signature in black ink, appearing to read 'K. Mombasa', is written over a dotted line.

**CECM Finance and Economic Planning**

**County Government of Mombasa**

**County Government of Mombasa**  
**County Revenue Fund**  
**For the financial year ended 30<sup>th</sup> June 2022**

**4. Management Discussion and Analysis**

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

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

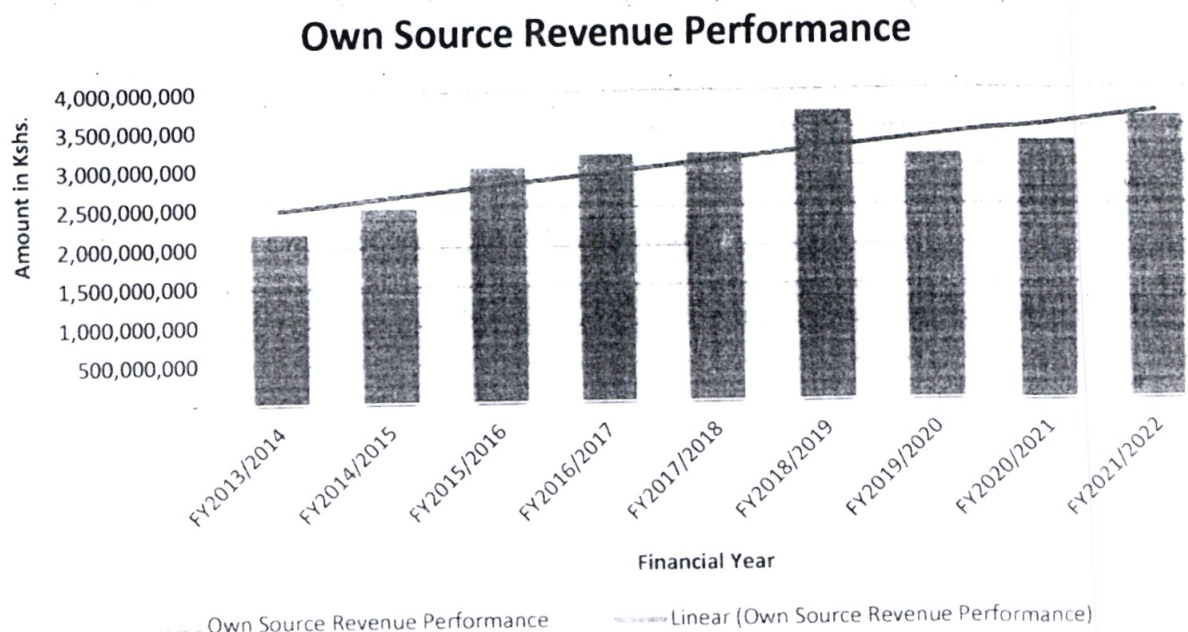
**FINANCIAL PERFORMANCE**

**Own Source Revenue Performance**

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

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

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



**Figure 2: Mombasa County Own source revenue trend**

## 5. Overview of the County Revenue Fund Operations

### Background

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

### Receipts into the County Revenue Fund

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

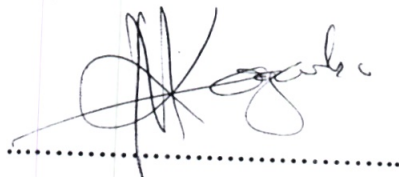
### Transfers from the County Revenue Fund

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

### Financial Reporting requirements

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

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



CEC Member – Finance and Economic Planning  
County Government of Mombasa

## **6. Statement of Management Responsibility**

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

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

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

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

### **Approval of the Financial Statements**

The County Revenue Fund's financial statements were approved and signed on \_\_\_\_\_ 2023.

Signature \_\_\_\_\_

Name: **Ayub Buhiri**

**Ag. Chief Officer Finance**

**County Government of Mombasa**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF MOMBASA

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of the County Government of Mombasa - County Revenue Fund set out on pages 1 to 11, which comprise the

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*Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2022 -County Government of Mombasa*

statement of receipts and payments for the year ended 30 June, 2022 and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of County Government of Mombasa - County Revenue Fund as at 30 June, 2022 and of its financial performance for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

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

### **Emphasis of Matter**

#### **Unspent Balances**

The statement of receipts and payments reflects closing fund balance of Kshs.634,188,997 which relate to the County Revenue Fund unspent cash balances as at 30 June, 2022. The unspent balances of Kshs.634,188,997 was reported despite the County Government having an expenditure budget under-absorption of Kshs.4,120,930,435 or 29% of the budget and rising pending bills, amounting to Kshs.5,726,776,667 as at 30 June, 2022.

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. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Late Submission of the Financial Statements**

The annual report and financial statements of the County Government of Mombasa - County Revenue Fund for the financial year ended 30 June, 2022 were submitted on 20 December, 2023 contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 (No. 18 of 2012) and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, Management was in breach of the law

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and those Charged with Governance**

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



(Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

29 January, 2024

County Government of Mombasa  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2022

8. Statement of Receipts and Payments for the Year Ended 30<sup>th</sup> June 2022.

		FY2021-2022	FY 2020 - 2021
	Notes	Kshs.	Kshs.
<b>Receipts</b>			
Exchequer releases	1	7,567,354,061.00	-
Transfers from other government agencies	2	464,058,746.30	-
Other grants	3	0	-
Proceeds from Domestic Borrowing	4	0	-
Proceeds from Foreign Borrowing	5	0	-
Own Source Revenue	6	2,257,591,518.65	-
Return to CRF issues	7	64,050,886.80	-
<b>Total Receipts</b>		<b>10,353,055,212.75</b>	-
<b>Payments</b>			
Transfers to County Executive	8	9,254,892,546.00	-
Transfers to County Assembly	9	624,177,019.00	-
Other Transfers	10	0	-
<b>Total Payments</b>		<b>9,879,069,565.00</b>	-
Net increase/ (decrease) in cash for the year		473,985,647.75	-
Add Opening fund balance b/f	11	160,203,349.60	-
<b>Closing Fund balance for the year</b>	<b>11</b>	<b>634,188,997.35</b>	-



Name: Ayub Buhiri  
 Ag. Chief Officer - Finance

Date: 29/9/2023



Name: CPA Robert Makokha  
 Chief Accountant  
 ICPAK Member No 10578

Date: 29/9/2023

County Government of Mombasa  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2022.

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30<sup>th</sup> June, 2022.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Exchequer releases	7,567,354,061.00	-	7,567,354,061	7,567,354,061.00	0.00	100%
Transfers from other government agencies	1,966,315,832.00	(765,660,321.00)	1,200,655,511	464,058,746.30	736,596,764.70	95%
Other conditional grants					0.00	
Proceeds from Domestic Borrowing	-	-	0	0	0.00	0
Proceeds from Foreign Borrowing	-	-	0	0	0.00	0
Own Source Revenue	4,966,330,107.00	-	4,966,330,107	*3,608,692,111	1,357,637,996.00	73%
Return to CRF issues		64,050,886.80	64,050,886.80	64,050,886.80	0.00	100%
Reallocation Budget-July Disbursement 2022		201,609,434.20	201,609,434.20	160,203,349.60	41,406,084.60	79%
<b>Total Receipts</b>	<b>14,500,000,000.00</b>	<b>(500,000,000)</b>	<b>14,000,000,000</b>	<b>11,864,339,154.70</b>	<b>2,135,660,845.30</b>	<b>85%</b>
Payments						
Transfers to County Executive	13,520,745,608	-200,000,000.00	13,320,745,608.00	9,254,892,546.00	4,065,853,062.00	.69%
Transfers to County Assembly	979,254,392.00	-300,000,000.00	679,254,392.00	624,177,019.00	55,077,373.00	92%
Others	0		0	0		
<b>Total Payments</b>	<b>14,500,000,000.00</b>	<b>-500,000,000.00</b>	<b>14,000,000,000.00</b>	<b>9,879,069,565.00</b>	<b>4,120,930,435.00</b>	<b>71%</b>

**County Government of Mombasa**

**County Revenue Fund**

**For the financial year ended 30<sup>th</sup> June 2022**

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 %
Surplus/(Deficit)	0	0	0	**1,985,269,589.70		

**Notes**

- \* County own source revenue collection amounted to Kshs. 3,608,672,111. Amount transferred to CRF was Kshs. 2,257,591,518 while the balance of Kshs. 1,351,080,592.35 was revenue collected but not transferred to the County Revenue Fund as stipulated in Section 40 (2) of the Mombasa County Health Act of 2018.
- \*\*The surplus of Kshs. 1,985,269,589.70 is explained by the closing fund balance of Kshs. 634,188,997.35 and Kshs. 1,351,080,592.35 relating to revenue collected but not transferred to the County Revenue Fund but utilized in level 4 and Level 5 Hospitals as stipulated in Section 40 (2) of the Mombasa County Health Act of 2018.

**10. Significant Accounting Policies**

**a) Statement of compliance and basis of preparation**

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

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

**b) Reporting entity**

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

**c) Receipts**

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

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

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

**d) Payments**

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

*County Government of Mombasa*  
*County Revenue Fund*  
*For the financial year ended 30<sup>th</sup> June 2022*

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**Significant Accounting Policies (Continued)**

**e) Fund Balances**

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

**f) Restriction on Cash**

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



County Government of Mombasa  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2022

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	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Equitable Share (a)	7,567,354,061.00	0
Level 5 hospitals (b)	0	0
Others (Specify) (c)	0	0
<b>Total (d=a+b+c)</b>	<b>7,567,354,061.00</b>	

2. Transfers from other government agencies\*\*

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Road Maintenance Levy	221,681,742.00	0
Covid-19	0	0
Development of Youth Polytechnics-State Department of TVETS	0	0
User Fees Foregone -Ministry of Health	0	0
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	0	0
World Bank-NARIGP-State Department of Crop Development	0	0
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	0	0
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	7,818,938.00	0
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	217,684,297.30	0
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	16,873,769.00	0
World Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development	0	0
World Bank-Kenya Informal settlement improvement project (KISIP 2)-State Department of Housing & Urban Development	0	0
UNFPA-9th County Programme Implementation - Ministry of Health	0	0
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	0	0

**County Government of Mombasa**  
**County Revenue Fund**  
**For the financial year ended 30<sup>th</sup> June 2022**

Description	FY2021/2022	FY2020/2021
KFW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation, and Irrigation	0	0
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	0	0
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of .....	0	0
<b>Total</b>	<b>464,058,746.30</b>	

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

**3. Other grants\*\***

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Donor 1 (Specify)		
Donor 2 (Specify)		
Donor 3 (Specify)		
Others (Specify)		
	<b>0.00</b>	<b>0.00</b>

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

**4. Proceeds from Domestic borrowing.**

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Borrowing within General Government		
Borrowing from Monetary Authorities (Central Bank)		
Other Domestic Depository Corporations (Commercial Banks)		
Borrowing from Other Domestic Financial Institutions		
Borrowing from Other Domestic Creditors		
Domestic Currency and Domestic Deposits		
Others (Specify)		
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

County Government of Mombasa  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2022

Notes to the Financial Statements (Continued)

5. Proceeds from Foreign Borrowing

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer		
Foreign Borrowing - Direct Payments		
Foreign Currency and Foreign Deposits		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

6. Own Source Revenue

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
County Own Source Revenue	2,257,591,518.65	

7. Return to CRF Issues

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Recurrent Account ( <i>County Executive</i> )	103	
Development Account ( <i>County Executive</i> )	22,902	
Recurrent Account ( <i>County Assembly</i> )	3,182.80	
Mombasa County Road Maintenance Levy	20,340	
Mombasa County Executive-ASDP II	173,314	
Mombasa County Executive-City Polytechnic	2	
Mombasa County Executive-KDSP	14,114,135	
Mombasa County Executive-COVID 19	7,726,742	
Mombasa County Executive-Universal Health	41,990,166	
Mombasa County Executive-		
<b>Total</b>	<b>64,050,886.80</b>	

County Government of Mombasa  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2022

Notes to the Financial Statements (Continued)

8. Transfers to County Executive

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Recurrent Account	7,789,692,130.00	
Development Account	741,615,823.00	
Special Purpose Accounts	723,584,593.00	
<b>Total</b>	<b>9,254,892,546</b>	

9. Transfers to County Assembly

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Recurrent Account	624,177,019.00	
Development Account		
Special purpose accounts		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>624,177,019.00</b>	

10. Other Transfers

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
Agency Notices	0	0
Others	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

11. Fund balance

Description	FY2021/2022	FY2020/2021
	Kshs.	Kshs.
County Exchequer Account - ( <i>CBK Account number 1000171235</i> )	634,188,997.35	160,203,349.60
<b>Total<sup>9L</sup></b>	<b>634,188,997.35</b>	<b>160,203,349.60</b>

County Government of Mombasa  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2022

Notes to the Financial Statements (Continued)

12. Disclosure of Balances in Revenue Collection Accounts

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

Name Of Bank, Account No. & Currency	Account Number	Ex. rate (if in foreign currency)	FY2021/2022	FY2020/2021
			<b>Kshs</b>	<b>Kshs</b>
Equity Land Rate Acc	0250282286927	Kshs	2,041,404.00	0
Equity Parking Acc	1560276850479	Kshs	18,225,755.00	0
Coop Revenue Acc	01141445300000	Kshs	400.03	0
KCB Main Revenue	1180783522	Kshs	23,717.00	0
KCB Deposit Acc	1162415967	Kshs	6,121,097.00	0
NBK Amanah Acc	01050089324300	Kshs	15,461,919.00	0
<b>Total</b>			<b>41,874,292.03</b>	<b>0</b>

**13. Annexes**

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

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

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

.....

**Name: Ayub Buhiri**  
**Ag. Chief Officer Finance**

**Date:**

**County Revenue Fund**  
**For the financial year ended 30<sup>th</sup> June 2022**

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

<b>Period 2021-22</b>	<b>Total (Kshs.)</b>
Equitable Share	7,567,354,062.00
Road Maintenance Levy	221,681,742.00
Covid-19	0
Development of Youth Polytechnics-State Department of TVETS	0
User Fees Foregone -Ministry of Health	0
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	0
Word Bank-NARIGP-State Department of Crop Development	0
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	0
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	7,818,938.00
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	217,684,297.30
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	16,873,769.00
<b>Total</b>	<b>8,031,412,808.30</b>

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

<b>Period 2021/2022</b>	<b>Total (Kshs.)</b>
Cess	350,284,760
Land Rates	810,191,232
Single/Business Permits	498,723,726
Property Rent	25,532,615
Parking Fees	537,641,127
Market Fees	24,484,919
Advertising	109,254,560
Public Health Service Fees	1,032,181,640
Physical Planning & Development	179,968,693
Hire of County Assets	4,341,219
Conservancy Administration	2,846,000
Administration Control Fees & Charges	32,082,830
Other Fines, Penalties & Forfeiture Fees	1,138,790
<b>Total</b>	<b>3,608,672,111</b>