

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

PAPERS LAID	
DATE	29/07/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE AND BUDGET
CLERK AT THE TABLE	POLYGARD

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OF KENYA
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THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE

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

**COUNTY GOVERNMENT OF
KWALE**



OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA
05 JAN 2024
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RECEIVER OF REVENUE
(County Government of Kwale)

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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***Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023***

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

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

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

(b) Principal activities

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF).

(c) Key Management Team

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

- County Executive Committee Member for Finance - Hon. Bakari Hassan Sebe
- Chief Officer, Finance - CPA Alex Thomas Onduko
- Director, Revenue - CPA Samira Swaleh Abdallah
- Head of Revenue Reporting - CPA Hamisi Kadingo Mwakadingo

(d) County Headquarters

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

(e) Entity Contacts

Telephone: (254) 040-3206000
E-mail: info@kwale.go.ke
Website: www.kwale.go.ke

Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023

Key Entity information and Management (continued)

(f) Independent Auditor

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

(g) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O Box 40112 – 00200
City Square
Nairobi, Kenya

(h) Bankers

Kenya Commercial Bank
P.O Box 43 – 80403
Kwale, Kenya
Telephone: (254) 711087000
E-mail: brmgrkwale@kcbgroup.com
Website: www.ke.kcbgroup.com

(i) County Attorney

The County Attorney
Kwale County Headquarters,
Off Kwale – Kinango Road,
P.O Box 4 – 80403,
Kwale, Kenya

3. Foreword By the CECM Finance and Economic Planning

I am pleased to present the County Government of Kwale Receiver of Revenue; Revenue Statements for the fiscal year ended 30th June, 2023. The Revenue Statements present the own source revenue performance of the County Government of Kwale over the past year.

Article 209 of the Constitution of Kenya, 2010 provides that a county may raise revenue by Imposing –

- a) Property taxes;
- b) Entertainment taxes;
- c) Charges for services provided; and
- d) Any other tax that it is authorised to impose by an Act of parliament.

The key own source revenue streams for the County included hospital charges, business permits, land rates, Cess and advertising fees.

In the quest to improve on own source revenue collections, the County continues to explore innovative ways and use of new technologies. The County has so far;

- a) Automated its revenue collection system,
- b) Gone 100 % cashless in the collection of Business permits and Land Rates,
- c) Devolved management of revenue to the sub county level.

Revenue Performance

In the year ended 30th June, 2023 the County had projected to collect Kshs. 454,276,121 in own source revenue. The actual collections were Kshs. 393,294,651 representing an 87% realization of own source revenue. Kshs. 391,705,127 was subsequently disbursed to the CRF during the period.

Challenges in Revenue Collection

Despite the achievements in improved revenue collections, we experienced some challenges during the year which hindered in attainment of own source revenue projections. This includes;

- a) Lack of a valuation roll due to the inability of the consultant to deliver the service in time.

Although the county instituted legal proceedings against the consultant, the delay in having this crucial document has hindered the attainment of set property rates target.

Conclusion

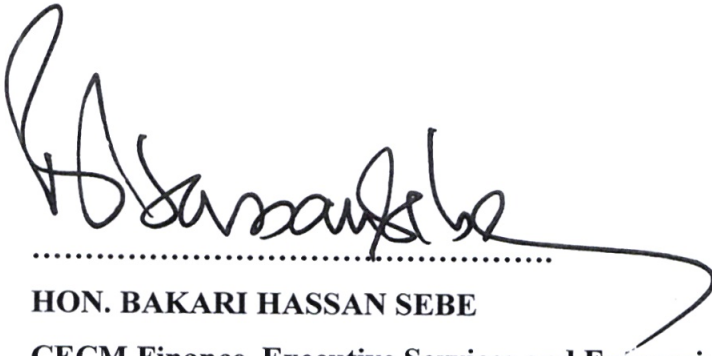
The FY 2022/2023 was a fairly good year with respect to collection of own source revenue. Good progress was made as shown by the improvement in the total collection compared to past year. We have identified gaps and areas of improvement in the forthcoming years.

I take this opportunity to thank H.E the Governor and the Deputy Governor for creating a conducive working environment and for their general support. I also wish to thank my colleagues, the County

***Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023***

Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that the County achieves its revenue objectives.

Lastly, I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Kwale County.



.....
HON. BAKARI HASSAN SEBE

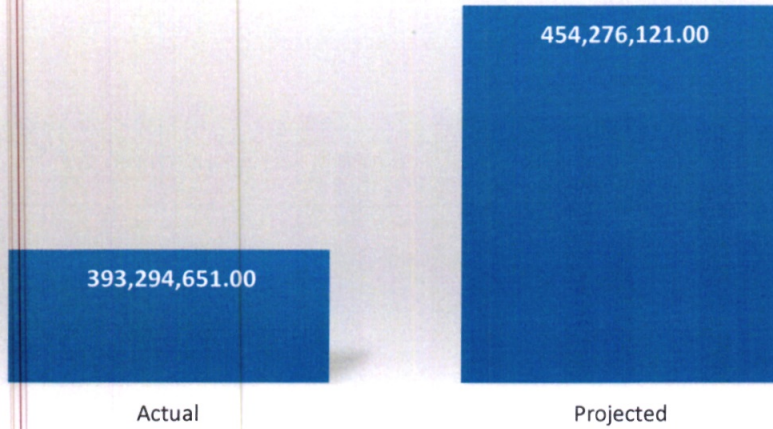
**CECM Finance, Executive Services and Economic Planning
County Government of Kwale**

4. Management Discussion and Analysis

2022/23 Revenue Performance

In the year under review the County realized 87% of the set revenue target as shown in below graph.

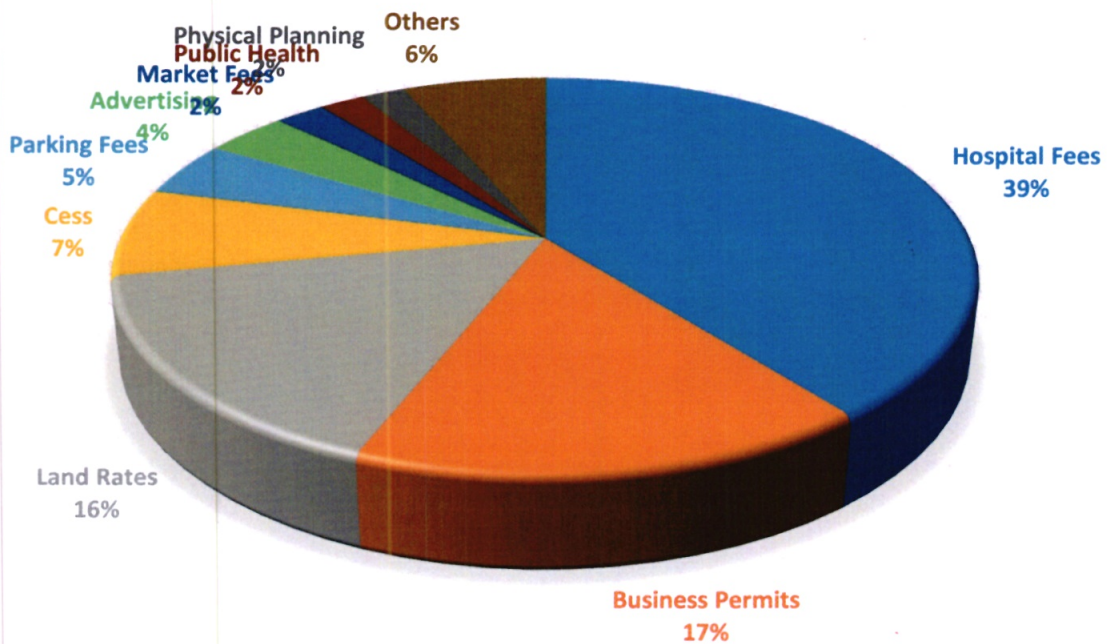
2023-2023 OSR PERFORMANCE



Major Revenue Streams

The major revenue streams that the county collected in the year 2022/2023 were hospital fees, business permits, Land Rates, Cess fees and parking fees respectively as depicted in the below chart.

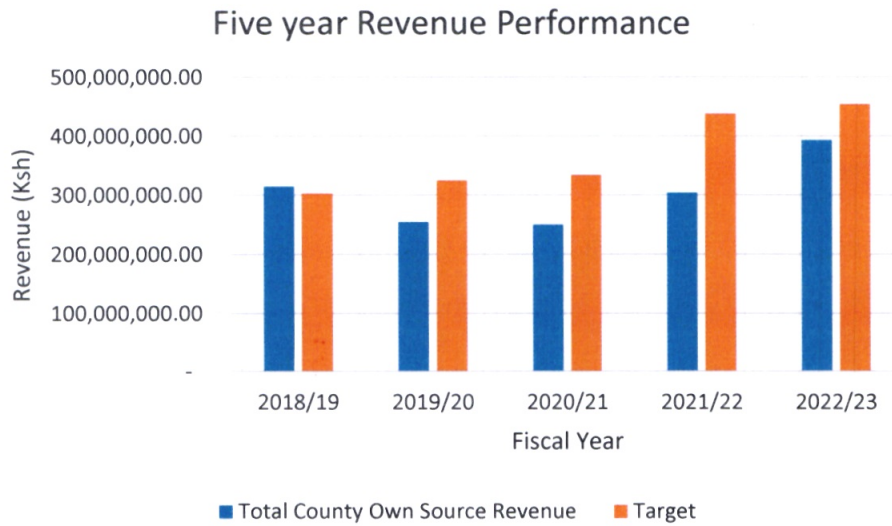
TOP REVENUE SOURCES 2022-2023



Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023

Revenue Performance over Five years

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



5. Statement of Receiver of Revenue's responsibilities

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.

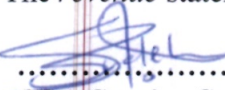
The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the *entity's receiver of revenue* accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *entity's receiver of revenue* account gives a true and fair view of the state of *entity's receiver of revenue* transactions during the financial year ended June 30, 2023, and of the *entity's* statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the *receiver of revenue account* as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the *entity* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

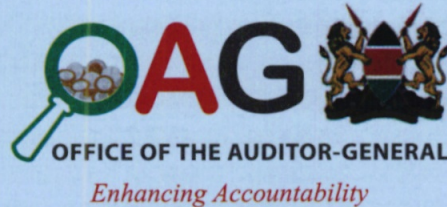
Approval of the Revenue Statements

The *revenue* statements were approved and signed by the Receiver of Revenue on 04/01/2024.


.....
CPA Samira Swaleh Abdallah
County Receiver of Revenue

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 RECEIVER OF REVENUE FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KWALE

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 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 REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of Receiver of Revenue County Government of Kwale set out on pages 1 to 22, which comprise the statement of financial

assets and liabilities and statement of arrears of revenue as at 30 June, 2023, and the statement of receipts and disbursements, statements 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 revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue County Government of Kwale as at 30 June, 2023 and of its revenue performance in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012..

Basis for Qualified Opinion

1. Unsupported Cash in Hand

The statement of financial assets and liabilities and Note 21 to the revenue statements reflects cash in hand amounting to Kshs.341,779. However, the amount was not supported with a cash count certificate.

In the circumstances, cash and cash equivalent balance of Kshs.342,844 could not be confirmed.

2. Cashbook for Mpesa Mobile Money Platform

The statement of financial assets and liabilities and Note 20 to the revenue statements reflects bank balances of Kshs 1,065 held in three (3) bank accounts maintained at KCB Bank. However, five (5) Mpesa pay bills operated by the hospitals and one pay bill operated for other revenue streams did not have cashbooks prepared and maintained but instead the receipts and payments in the pay bill accounts are recorded in the cashbooks for the KCB Accounts.

In the circumstances, the accuracy and completeness of the bank balances of Kshs.1,065 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government of Kwale Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of 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 target and actual amounts on comparable basis of Kshs.454,276,121 and Kshs.393,294,651 respectively, resulting to under realization of Kshs.60,981,470 or 13% of the target. However, no report was provided by the Receiver of Revenue to the County Executive Committee Member (CECM) Finance and Economic Planning detailing the reasons for difficulties in revenue collection as required by Regulation 63(2) of the Public Finance Management (County Governments) Regulations, 2015 that provide that where there are difficulties in revenue collection, a Receiver of Revenue shall report the circumstances to the CECM-Finance.

The under realisation affected the planned activities and may have impacted negatively on service delivery to the public.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the revenue statements. There were no other 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

Lack of Vetting of Liquor Licenses Applicants

Included in the statement of receipts and disbursements and Note 13 to the revenue statements is administration control fees and charges of Kshs.6,757,860 which include Kshs.4,277,500 on liquor licenses. The receiver of revenue failed to provide evidence that the liquor sub county committees vetted all the vendors of alcohol and inspected their premises for conformity with Public Health Act and Physical Planning Act and therefore the basis for the invoicing and payments received by the receiver of revenue for liquor license was therefore not explained or supported.

In the circumstances, the accuracy and completeness of liquor licenses fees and charges of Kshs.4,277,500 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Designated Parking Slots Register

The statement of receipts and disbursement and Note 5 to the revenue statements reflect parking fees revenue of Kshs.17,658, 087. However, register of designated parking lots that generated the reported revenue and evidence that the County had parking infrastructure with marked and secured parking areas in place were not provided for review.

In the circumstances, the accuracy and completeness of parking fees revenue of Kshs.17,658, 087 reported revenue could not be confirmed.

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 the Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Receiver of Revenue's 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 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 Receiver of Revenue'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 Receiver of Revenue 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 Receiver of Revenue 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

06 February, 2024

Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023

7. Statement of Receipts and Disbursements for the year ended 30th June 2023

	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
County Own Source Revenue			
Cess	1	28,113,405	25,149,032
Land Rate	2	62,858,803	36,675,665
Single/Business Permits	3	64,935,190	65,394,283
Property Rent	4	6,499,301	4,809,190
Parking Fees	5	17,658,087	14,940,810
Market Fees	6	9,026,360	8,333,969
Advertising	7	14,569,521	26,988,608
Hospital Fees	8	155,203,955	96,116,691
Public Health Service Fees	9	7,965,005	5,567,386
Physical Planning and Development	10	7,709,219	5,034,042
Hire Of County Assets	11	968,500	995,000
Conservancy Administration	12	3,728,300	2,341,606
Administration Control Fees and Charges	13	6,757,860	3,495,165
Proceeds from sale of assets	14	-	-
Park Fees	15	200,000	-
Other Fines, Penalties, And Forfeiture Fees	16	116,080	47,500
Miscellaneous receipts	17	6,985,065	7,393,821
Total County Own Source Revenue		393,294,651	303,282,768
Other Receipts			
Donations/Grants Not Received Through CRF	18	-	-
Total Other Receipts		-	-
Total Receipts		393,294,651	303,282,768
Balance b/f at the beginning of the year		929,252	335,077
Disbursements To CRF		(393,679,041)	(302,688,593)
Bank charges	19	(202,018)	
Balance Due for Disbursement		342,844	929,252

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 07/01/2024 and signed by:

.....
CPA Samira Swaleh Abdallah
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

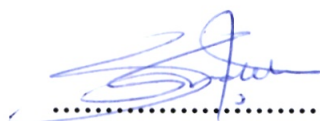
.....
CPA Hamisi Kadingo Mwakadingo
Head of Revenue Reporting
ICPAK M/No 31194

*Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023*

8. Statement of Financial Assets and Liabilities As at 30th June 2023

	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	20	1,065	887,842
Cash In Hand	21	341,779	41,410
Total Financial Assets		342,844	929,252
Total Financial Assets		342,844	929,252
Financial Liabilities			
Payables-Due to CRF	22	342,844	929,252
Total Financial Liabilities		342,844	929,252

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 04/01 2024 and signed by:



CPA Samira Swaleh Abdallah
County Receiver of Revenue
ICPAK M/No 10382



CPA Hamisi Kadingo Mwakadingo
Head of Revenue Reporting
ICPAK M/No 31194

*Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023*

9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2023

Receipt	Original Targets	Adjustments	Final Targets	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	Kshs
County Own Source Revenue						
Cess	25,550,000	2,400,000	27,950,000	28,113,405	(163,405)	101%
Land Rate	53,452,800	9,800,000	63,252,800	62,858,803	393,997	99%
Single/Business Permits	66,986,900	-	66,986,900	64,935,190	2,051,710	97%
Property Rent	5,800,000	680,000	6,480,000	6,499,301	(19,301)	100%
Parking Fees	15,000,000	2,600,000	17,600,000	17,658,087	(58,087)	100%
Market Fees	8,350,000	1,300,000	9,650,000	9,026,360	623,640	94%
Advertising	16,000,000	-	16,000,000	14,569,521	1,430,479	91%
Hospital Fees	87,925,300	66,574,700	154,500,000	155,203,955	(703,955)	100%
Public Health Service Fees	5,600,000	2,100,000	7,700,000	7,965,005	(265,005)	103%
Physical Planning and Development	5,200,000	27,472,331	32,672,331	7,709,219	24,963,112	24%
Hire Of County Assets	960,000	-	960,000	968,500	(8,500)	101%
Conservancy Administration	1,750,000	1,600,000	3,350,000	3,728,300	(378,300)	111%
Administration Control Fees and Charges	16,400,000	400,000	16,800,000	6,757,860	10,042,140	40%
Proceeds from sale of assets	-	-	-	-	-	0%

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Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
Park Fees	-	200,000	200,000	200,000	-	100%
Other Fines, Penalties, And Forfeiture Fees	50,000	25,000	75,000	116,080	(41,080)	155%
Miscellaneous Receipts	5,975,000	24,124,090	30,099,090	6,985,065	23,114,025	23%
Total County Own Source Revenue	315,000,000	139,276,121	454,276,121	393,294,651	60,981,470	87%
Other Receipts						
Donations /Grants Not Received Through CRF	-	-	-	-	-	-
Total Other Receipts	-	-	-	-	-	-
Total Receipts	315,000,000	139,276,121	454,276,121	393,294,651	60,981,470	87%

Comments on significant under realisation (below 90% of realisation)/ over realisation

1. Revenue Stream Specific Comments

(a) Physical Planning and Development

The under realisation was occasioned by budgetary reallocation with the expectation of collecting more revenue from development approvals as a result of automation of the plan approval process

(b) Conservancy Administration

The over realisation was as a result improved compliance by our clients. This could be attributed to the stabilisation of the tourism sector in Diani since our main clients, the hotels didn't close down during the low season.

(c) Administration Control Fees and Charges

The under realisation was as a result of under collection of liquor licenses. The main challenge is resistance by traders in the sector but the management is working towards sorting out the issue.

(d) Miscellaneous Receipts

The under realisation was as a result of budgetary reallocation.

2. General Comments

(a) Effects Electioneering Period

The financial year under review started at the peak of the electioneering period. The period is characterized by low developments because of uncertainties and insecurities occasioned by elections. This affected first and second quarter performance.

(b) Lack of revenue enforcement team

Enforcement of revenue legislations is critical for any revenue administration purposing to attain its revenue target. Thus, this calls for a strong team that understands the revenue laws and has a zeal of ensuring that these laws are implemented to the latter.

The revenue division currently relies on the support of enforcement officers who are under the department of Public Service and administration. Thus, the division has no control over these officers with respect to their work conduct, postings, training and also the general management of the staff. It is important that are revenue enforcement unit is established within the division as this will go a long way in ensuring that targets are met.

(c) Legal challenges

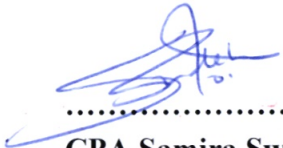
During the period, several legal issues arose which hampered the attainment of revenue targets. These issues include;

- Lack of legislations: - Key revenue raising legislations were lacking during the year including updated Finance Act, Physical Planning Act and also designated parking areas Act.

- Court Cases: - Revenue related cases take long to be resolved or addressed which affects our performance.

Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023

The County Receiver of revenue's financial statements were approved on 04/01/ 2024 and signed by:



.....
CPA Samira Swaleh Abdallah
County Receiver of Revenue
ICPAK M/No 10382



.....
CPA Hamisi Kadingo Mwakadingo
Head of Revenue Reporting
ICPAK M/No 31194


3. Statement of Arrears of Revenue As at 30th June 2023


Classification Of Receipts	Balance as at The beginning of the current year (1 st July 2022) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2023 C	Total arrears as at 30 June 2023 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	6,813,259	(1,259,200)	8,072,600	13,626,659	Court cases are ongoing	61% of the debt is recoverable
Land rate	-	-	65,944,703	65,944,703		
Single/Business Permits	-	-	-	-		
Property Rent	1,966,900	(681,000)	2,360,550	3,646,450		
Parking Fees	-	-	-	-		
Market Fees	-	-	-	-		
Advertising	-	-	-	-		
Hospital Fees	14,249,150	(13,562,000)	7,981,580	8,668,730	Engagements with NHIF have been done	Fully recoverable
Public Health Service Fees	-	-	-	-		
Physical Planning and Development	-	-	-	-		
Hire Of County Assets	-	-	-	-		
Conservancy Administration	-	-	-	-		
Administration Control Fees and Charges	-	-	-	-		

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Park Fees	-	-	-	-		
Other Fines, Penalties, And Forfeiture Fees	-	-	-	-		
Miscellaneous	-	-	-	-		
Total Arrears	<u>23,029,309</u>	<u>(15,502,200)</u>	<u>84,359,433</u>	<u>91,886,542</u>		

An ageing analysis of revenue in arrears has been shown on note 23 of these financial statements.


.....
CPA Samira Swaleh Abdallah
County Receiver of Revenue
ICPAK M/No 10382
(Ref: PFM ACT section 165, 2(a))


.....
CPA Hamisi Kadingo Mwakadingo
Head of Revenue Reporting
ICPAK M/No 31194

4. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government of Kwale. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The revenue statements have been prepared on the cash basis following the standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *entity*.

2. Recognition of Receipts

The *entity* recognises all receipts from the various sources when the related cash has been received by the *entity*.

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 30th June, 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There was *two* number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include revenue collection accounts held at Commercial banks.

***Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023***

5. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b) which is a memorandum statement.

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. *(Include the receiver's actual policy on disbursements)*

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2023

5. Notes to the Financial Statements

1. Cess

Description	2022-2023	2021-2022
	Kshs	Kshs
Farm produce	3,038,513	2,315,628
Quarrying	22,699,953	20,331,318
Livestock	1,924,689	2,030,790
Fish farming	-	-
Charcoal	450,250	471,296
Total	28,113,405	25,149,032

2. Land rates

Description	2022-2023	2021-2022
	Kshs	Kshs
Land rates	27,350,173	22,957,799
Land penalties and interest	13,943,310	4,188,287
Arrears	21,565,320	9,529,579
Total	62,858,803	36,675,665

3. Single /Business Permits

Description	2022-2023	2021-2022
	Kshs	Kshs
Business permit application fees	725,300	773,319
Annual Business permit fees	63,514,670	63,993,515
Business permit penalties and interest	695,220	627,449
Business permit fees arrears	-	-
Total	64,935,190	65,394,283

*Receiver Of Revenue
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Notes to the Financial Statements (continued)

4. Property Rent

Description	2022-2023	2021-2022
	Kshs	Kshs
County Housing	1,807,600	2,160,500
Plot Rent	3,384,951	1,884,840
Tenancy Agreement	-	-
Transfer of Property	-	-
Stalls/kiosks rent	1,306,750	763,850
Others (<i>Specify</i>)	-	-
Total	6,499,301	4,809,190

5. Parking Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Street parking fees	5,491,207	3,992,210
Monthly toll/sticker fees	6,737,530	4,056,700
Motorbike fees	-	-
Registration fees	-	-
Reserved parking	-	-
Bus Park fees	5,429,350	6,891,900
Others (<i>Specify</i>)	-	-
Total	17,658,087	14,940,810

6. Market Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Market entry fees	9,026,360	8,333,969
Hawking fees	-	-
Others (<i>Specify</i>)	-	-
Total	9,026,360	8,333,969

Receiver Of Revenue
County Government Of Kwale
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Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	2022-2023	2021-2022
	Kshs	Kshs
Branding	4,310,821	9,577,843
Billboard advertising	2,145,600	5,676,800
Signage	4,079,800	4,261,800
Roadshows	2,660,800	5,922,500
Banners	21,400	114,000
Posters	143,200	533,465
Tent advertising	466,900	847,200
Street pole/clock advertising	741,000	55,000
others (<i>Specify</i>)	-	-
Total	14,569,521	26,988,608

8. Hospital Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Level 5 hospitals	55,190,249	38,552,427
Level 4 hospitals	67,450,156	49,303,355
Level 3 hospitals	20,512,436	3,215,780
Level 2 hospitals	12,051,114	5,045,129
Total	155,203,955	96,116,691

9. Public Health Service Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Inspection of buildings/premises/Institutions	218,100	
Inspection for issuance of hygiene license	285,400	
Vaccination: Yellow fever, Typhoid, etc	112,840	
Applications for medical examination	1,191,360	
Sanitation inspection for schools	110,000	
Public health permit	6,047,305	5,567,386
Rodent Control/Fumigation	-	-
Others (<i>Specify</i>)	-	-
Total	7,965,005	5,567,386

*Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023*

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of County planning documents	-	-
Land valuation and registration fees	-	-
Change / Renewal of user	-	-
Building plans approval	4,828,219	3,754,742
Signboards	-	-
Occupational Permits	-	-
Enforcement / Demolition	-	-
Architectural designs by county officers	-	-
Hoarding fees	-	-
Plot subdivision fees	438,000	178,300
Right of way /way-leave Fees	2,443,000	1,101,000
Total	7,709,219	5,034,042

11. Hire Of County Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	-	30,000
Hire of Machines and Equipment	-	-
Hire of County Stadia	-	-
Hire of County Halls	8,500	5,000
Conference facilities/Agricultural Training Centers (ATC)	-	-
Hire of County Slaughter Houses	960,000	960,000
Total	968,500	995,000

Notes to the Financial Statement (Continued)

12. Conservancy Administration

Description	2022-2023	2021-2022
	Kshs	Kshs
Refuse disposal fees	2,940,000	2,090,000
Dumpsite fees	457,500	248,606
Sewerage fees	-	-
Sale of seedlings	-	-
Public cemetery	9,500	3,000
Disposal of carcasses	-	-
Noise control	321,300	-
Others (Specify)	-	-
Total	3,728,300	2,341,606

13. Administration Control Fees and Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Weights and measures	1,247,735	1,007,060
Fire Services	-	-
Liquor licenses	4,277,500	1,276,000
Betting levy	-	-
Debts Clearance Certificate	583,125	415,000
Plot Transfer Fees	555,500	569,000
Consent Fees	94,000	228,105
Total	6,757,860	3,495,165

14. Proceeds from sale of assets.

	2022-2023	2021-2022
	Kshs	Kshs
Receipts from Sale of Buildings	-	-
Receipts from Sale of Vehicles and Transport Equipment	-	-
Receipts from Sale of Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from Sale of Strategic Reserves Stocks	-	-
Receipts from Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

*Receiver Of Revenue
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Notes to the Financial Statement (Continued)

15. Park Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Lodge Tariffs and levies	-	-
Park entry fees	-	-
Filming and Photography fees	200,000	-
Camping fees	-	-
Balloon landing fees	-	-
Others (<i>Specify</i>)	-	-
Total	200,000	-

16. Other Fines, Penalties and Forfeitures

Description	2022-2023	2021-2022
	Kshs	Kshs
Impounding Fees	116,080	47,500
Towing Fees	-	-
Others (<i>Specify</i>)	-	-
Total	116,080	47,500

17. Miscellaneous Receipts

Description	2022-2023	2021-2022
	Kshs	Kshs
Dividends	-	-
Interest	-	-
Commissions	6,068,965	6,436,721
Scrap	211,375	93,600
Transit goods	420,900	447,600
Slaughter fees	251,760	373,750
Hide and Skin Fees	32,065	42,150
Total	6,985,065	7,393,821

Notes to the Financial Statement (Continued)

18. Donations And Grants Not Received Through CRF

Description	2022-2023	2021-2022
	Kshs	Kshs
Donations <i>(Specify Based on Source)</i>	-	-
Grants <i>(Specify Based on Source)</i>	-	-
Others <i>(Specify)</i>	-	-
Total	-	-

19. Bank Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Charges & commissions	202,018	-
Total	202,018	-

20. Bank Balances

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	2022-2023	2021-2022
			Kshs	Kshs
KCB, 1140770241 (Kshs.)	-		-	297,780
KCB, 1169373348 (Kshs.)	1,065		1,065	1,065
KCB, 1169373496 (Kshs.)	-		-	588,997
Total	1,065	-	1,065	887,842

20 (a) Balance carried forward as at 30th June 2023 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
Disbursement 1	0.00	
Disbursement 2		
Total	0.00	

(This is a disclosure note indicating how the cash balance as at the end of the year has been subsequently disbursed to the CRF)

*Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023*

Notes to the Financial Statement (Continued)

21. Cash in hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash Balance (<i>Sub Counties</i>)	341,779	-
Mobile Money	-	41,410
Others (<i>Specify</i>)	-	-
Total	341,779	41,410

22. Payables- Due To CRF

Payables	2022-2023	2021-2022
	Kshs	Kshs
Balance b/f at the beginning of the year	929,252	335,077
Amount collected during the year	393,294,651	303,282,768
Amounts disbursed to CRF during the year	(393,679,041)	(302,688,593)
Bank charges	(202,018)	-
Balance c/d at the end of the year	342,844	929,252

Notes to the Financial Statement (Continued)

23. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Cess	8,247,600	-	5,379,059	-	13,626,659
Land rate	-	65,944,703	-	-	65,944,703
Single/business permits	-	-	-	-	-
Property rent	1,952,200	1,495,300	108,750	90,200	3,646,450
Parking fees	-	-	-	-	-
Market fees	-	-	-	-	-
Advertising	-	-	-	-	-
Hospital fees	7,981,580	687,150	-	-	8,668,730
Public health service fees	-	-	-	-	-
Physical planning and development	-	-	-	-	-
Hire of County Assets	-	-	-	-	-
Conservancy administration	-	-	-	-	-
Administration control fees and charges	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Park fees	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-
Others	-	-	-	-	-
Total	18,181,380	68,127,153	5,487,809	90,200	91,886,542

24. Appendices

Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
	N/A	N/A	N/A	N/A	N/A

(PFM ACT section 165 subsection 4, 5)

 04/01/2024

**Sign and date
 Accounting Officer**

Appendix 2: Progress on follow up of prior Year Auditor Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Hire of county Assets – Variance and Unsupported Revenue The accuracy and completeness of revenue from hire of County assets of Kshs.995,000 for the year ended 30 June, 2022 could not be confirmed.	The correct schedule supporting the Ksh. 995,000 hire of County assets is attached herein in Appendix 1.	Resolved	
2.	Unsupported Miscellaneous Receipts The accuracy, regularity and completeness of the miscellaneous receipts of Kshs.7,393,821 for the year ended 30 June, 2022 could not be confirmed.	As per our Finance Act, the charges for scrap are different for each vehicle category. The Finance Act is herein attached under appendix 2(a). In addition, find appendix 2(b) attached in support of all revenue streams under note 16 of the financial statements amounting to Ksh. 7,393,821	Resolved	
3.	Cash and Cash Equivalent The accuracy and validity of the bank cash and balances of Kshs.886,777 and Kshs.41,410 as at 30 June, 2022 could not be confirmed.	The amounts as per bank reconciliation statement are the balances as per cash book. Attached under appendix 3(a) are reconciliation statements reconciling the balances as per cash book to bank balances. Further, note 18 of the financial statements was corrected to include the balance of Ksh. 1,065 held in Kenya Commercial Bank Ltd account number 1169373348. The corrected financial statements	Resolved	

**Receiver Of Revenue
County Government Of Kwale
Revenue Statements for the Period Ended 30th June 2023**

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)
		<p>were an attachment to our later Ref. CG/KWL/ROR/1.VOL.I/ (02) dated 16th February, 2023. Attached under appendix 3(c) is a copy of the financial statements. Attached is also a support for the cash balances Kshs. 41,410 – appendix 3(d) Lastly, the bank balances were used in the financial statements in accordance with the Public Sector Accounting Standards board Annual Financial Reporting Template for County ROR for 2021-2022 issued June 2022. -</p>		



CPA Samira Swaleh Abdallah

County Receiver of Revenue

ICPAK M/No 10382

Date 04/01/2024



CPA Hamisi Kadingo Mwakadingo

Head of Revenue Reporting

ICPAK M/No 31194

Date 04/01/2024