

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

TENTH PARLIAMENT-FOURTH SESSION

JOINT COMMITTEE OF THE BUDGET COMMITTEE AND
DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE

REPORT ON INACCURANCIES/INCONSISTENCIES IN
TREASURY TAX/REVENUE ACCOUNTS FOR 2007/2008

SEPTEMBER, 2012

VOLUME 11 - APPENDICIES

Paper tabled on
17/9/12 at 230pm
by Hon. Sambu on
behalf of the Budget
Committee
Issue

PRESENTATION TO THE JOINT COMMITTEE ON INVESTIGATION OF
THE STATUS OF REVENUE ACCOUNTS OF GOVERNMENT OF KENYA
FOR 2007/2008
BY THE FINANCIAL SECRETARY, MINISTRY OF FINANCE
ON 12TH JULY, 2012

Mr. Chairman, following your invitation to appear before the Joint Committee to explain the causes of any material differences that might have been queried by the Controller and Auditor-General in the Report for Financial Year 2007/2008, I wish to provide explanations on the same as follows:

Qualified Revenue Statements for Financial Year 2007/2008

It is true that after auditing the Revenue Accounts for the Financial Year 2007/2008 the Controller and Auditor-General certified three accounts as correct while the remaining thirteen (13) revenue statements were not certified during the year under review. The accounts that were accepted and certified included the following:

1. Revenue Head 1410000 - Property Income, Sub-head 1410200 - Profits and Dividends
2. Revenue Head 1430000 - Fines, Penalties and Forfeitures, Sub-head 1430100 - Fines, Penalties and Forfeitures and Other Charges
3. Revenue Head 1140000 - Taxes on Goods and Services, Sub-head 1140600 - Royalties (including Mining Revenue)

The remaining thirteen (13) revenue statements were qualified by the Auditor-General due to one or more of the following reasons:

1. Timing differences between revenues received by KRA, the revenue-holding account at the Treasury and the Exchequer account
2. Uncaptured receipts and posting errors in the revenue ledger accounts; and
3. Unavailability of reconciliation statements by the time the audit was being concluded.

I wish to assure the Committee that these anomalies were addressed through reconciliations which were later availed to the Auditor-General for audit review and were confirmed correct. This demonstrates that the revenue statements were not qualified because of fraud or loss of money but due to pending reconciliations which were later satisfactorily finalized. Please find copies of reconciliation statements regarding which the Auditor-General had raised issues, marked as Appendix No. 1,

for evidence. I wish to clarify further that these issues were presented before the Public Accounts Committee, together with the reconciliations and were fully interrogated and investigated.

Actual Revenue Receipts for Financial Year 2007/2008

Mr. Chairman, Sir, I wish to confirm to this Committee that the actual revenue received into the Exchequer during Financial Year 2007/2008 against all the revenue accounts was Kshs.516,108,407,205.15. This was the final revenue position after all Receivers of Revenue had remitted the collections for the year, availed supporting documents for the same and reconciliations had also been done on the same. This is the revenue position that was reported to Parliament by the Controller and Auditor-General (Appendix No. 2).

Inconsistency between Printed Revenue Estimates and Actual Exchequer Position for Financial Year 2007/2008

The Ministry presented to the House the Estimates of Revenue for Financial Year 2009/2010, which incorporated the interim position of actual receipts for 2007/2008, amounting to Kshs.446,098,740,921.00, compared to the final audited receipts of Kshs.516,108,407,205.15 (a shortfall of Kshs.70,009,666,284.15).

It is regretted that the actual receipts as reflected in the Printed Revenue Estimates tabled in Parliament in June, 2009 did not capture the final audited revenue position and the Ministry has since ensured that future revenue estimates will only reflect the actual audited final revenue position and not the initial raw data on the same. Mr. Chairman, Sir, further analysis between Printed Revenue Estimates and actual receipts as per the Exchequer has been done and reasons for the variances provided as Appendix No. 3 for further evidence. I have also enclosed a schedule comparing the actual receipts as per the Exchequer and actual receipts as per KRA together with remarks on causes of the variances as Appendix No. 4 for further clarification.

I wish to assure the Committee, Mr. Chairman, Sir, that the procedures adopted for revenue collection do not allow for withdrawal of cash for expenditure while in transit. Hence all revenue collected progressively moves from the collection accounts with the Receivers of Revenue to the Exchequer Account without leakages in between. No revenue was, therefore, lost during the year under focus.

Interventions

Mr. Chairman, Sir, the Ministry of Finance has put in place the following interventions to ensure that revenue collections are accurately captured and reported, both to Parliament and to the public:

1. The Treasury, KRA and other Receivers of Revenue have embarked on monthly revenue reconciliations aimed at clarifying any variations in a timely manner.
2. The Auditor-General has been enabled to track Exchequer inflows and data on a continuous basis, up to and including the final collection date of the year.
3. The Ministry, through its Audit Committee/Task Force closely liaises with the Auditor-General's office to ensure timely provision of required documents, data and explanations to avoid audit observations escalating into major audit issues.
4. The actual revenue data to be published in the Estimates of Revenue will be based on audited the final revenue position to ensure consistency of data being availed to both Parliament and the public.
5. The Ministry is computerizing its financial management systems and soon a revenue management module will be developed and integrated with the reengineered IFMIS. It is expected that online revenue management will avoid inconsistencies and inaccuracies in revenue, data and reports. It will also enable online interrogation on the status of revenue by the public.

With the above remarks, Mr. Chairman, Sir, I wish to assure the members of the Committee and the public at large that public revenue is being managed properly by the various Receivers of Revenue under the supervision of the Treasury. Thank you.



MUTUA KILAKA, CBS, SS

FINANCIAL SECRETARY AND ACCOUNTING OFFICER FOR VOTE 7

Appendix 1

AUDIT QUERY 2007/2008

PARAGRAPH 1

(REF AA 51/2007/2008)

REVENUE HEAD 1140000 – TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2008.

PAYEE AND OTHER TAXES

Records maintained by Kenya Revenue Authority show that a total of Kshs. 166,152,969,569.00 (inclusive of 5% LATF) was collected as follows:-

	AMOUNT	PAID
OTHER INCOME	80,012,729,460.00	166,152,969,569.00

On the other hand however, the statement reflects actual receipts of Kshs. 177,555,275,349.45 comprising ~~PAYEE OF Kshs. 8,116,801,929,280.12~~ other income Tax of Kshs. 86,695,983,472.40 and income Tax share of LATF of Ksh. 9,178,362,642.85 (5%).
The resultant difference of Kshs. 11,402,305,780.45 has not been reconciled or explained.

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

KENYA REVENUE AUTHORITY DOMESTIC TAXES DEPARTMENT

PAYE

FINANCIAL YEAR 2007/2008
BANK RECONCILIATION

Balance as per KRA Report (Cashbook)

(See Appendix 1)

For the Financial Year 2007/2008

86,140,240,109.00

02.07.07 Previous yr (2007/2008) collections transferred in July 2008
Add TSC collections reported on 30.06.07
Telkom 30.06.07 reported separately
Adjustments

23,520,039.25
584,441,056.15
25,861,294.00
861,213.46

634,683,602.86

Less Cash in transit

(58,223,070.95)

TOTAL CBK BANKINGS FOR THE FINANCIAL YEAR 2007/2008

(See Appendix 2)

86,716,700,640.91

ADD

02.07.07 Amount in Treasury not in CBK
25.09.07 Amount in Treasury not in CBK
17.08.07 Amount in Treasury not in CBK
27.03.08 Amount in Treasury not in CBK
20.06.08 Amount in Treasury not in CBK

294,221,346.40
53,833,249.10
156,886,409.15
147,834,563.50
1,000.00

652,776,568.15

LESS

27.08.08 Amount in CBK not in Treasury
17.08.08 Amount in CBK not in Treasury
07.09.08 Amount in CBK not in Treasury
01.10.08 Amount in CBK not in Treasury
10.03.08 Amount in CBK not in Treasury
27.03.08 Amount in CBK not in Treasury
30.06.08 Cash in transit
2007 -2008 LATF 5%
25.09.07 Amount in CBK not in Treasury

817,645.02
71,708,011.72
51.30
1,000.00
75.98
156,384,468.50
1,099,552,018.25
4,335,835,031.95
24,249,674.92
1.22

(5,688,547,978.86)

81,680,929,230.20

KENYA REVENUE AUTHORITY

DOMESTIC TAXES DEPARTMENT

PAYE

FINANCIAL YEAR 2007/2008
BANK RECONCILIATION

Balance as per KRA Report (Cashbook)

(See Appendix 1)

For the Financial Year 2007/2008

86,140,240,109.00

02.07.07 Previous yr (2007/2008) collections transferred in July 2008

Add TSC collections reported on 30.06.07

Telkom 30.06.07 reported separately

Adjustments

23,520,039.25
584,441,056.15
25,861,294.00
861,213.46

634,683,602.86

Less Cash in transit

(58,223,070.95)

TOTAL CBK BANKINGS FOR THE FINANCIAL YEAR 2007/2008

(See Appendix 2)

86,716,700,640.91

ADD

02.07.07 Amount in Treasury not in CBK

25.09.07 Amount in Treasury not in CBK

17.08.07 Amount in Treasury not in CBK

27.03.08 Amount in Treasury not in CBK

20.06.08 Amount in Treasury not in CBK

294,221,346.40
53,833,249.10
156,886,409.15
147,834,563.50
1,000.00

652,776,568.15

LESS

27.08.08 Amount in CBK not in Treasury

17.08.08 Amount in CBK not in Treasury

07.09.08 Amount in CBK not in Treasury

01.10.08 Amount in CBK not in Treasury

10.03.08 Amount in CBK not in Treasury

27.03.08 Amount in CBK not in Treasury

30.06.08 Cash in transit

2007 -2008 LATF 5%

25.09.07 Amount in CBK not in Treasury

817,645.02
71,708,011.72
51.30
1,000.00
75.98
156,384,468.50
1,099,552,018.25
4,335,835,031.95
24,249,674.92
1.22

(5,688,547,978.86)

TREASURY AMOUNT AS THE QUERY

81,680,929,230.20

Appendix 5

KENYA NATIONAL AUDIT OFFICE



P.O. Box 30084 - 00100
NAIROBI

Telegraphic Address: NAIROBI - KENYA
FAX No. 342360
Telephone: 342360
When replying please quote Ref: AA51/2007/2008

And date:

4 December 2008

The Financial Secretary,
Ministry of Finance,
P.O. Box 30007,
NAIROBI

Att: Senior Principal Accounts Controller

STATEMENT OF REVENUE HEAD 1110000 - TAXES ON INCOME, PROFITS AND CAPITAL GAINS FOR THE YEAR ENDED 30 JUNE 2008

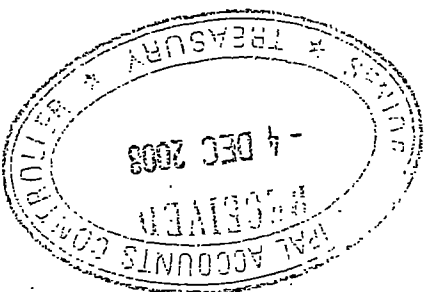
The audit of the above Revenue Statement revealed the following issues which are brought to your attention for comments and necessary action.

1) Variations between figures in the Revenue Statement and Kenya Revenue Authority records.

Records maintained by Kenya Revenue Authority show that a total of Kshs. 166,152,969,569.00 (Inclusive of 5% LATF) was collected as follows:-

| Amount (Kshs.) | |
|--------------------------|--------------------|
| 86,140,240,109.00 | ← PAYE |
| 80,012,729,460.00 | ← Other Income Tax |
| Total 166,152,969,569.00 | |

On the other hand however, the Statement reflects actual receipts of Kshs. 177,555,275,349.45 comprising PAYE of Kshs. 81,680,929,230.20, Other Income Tax of Kshs. 86,695,983,472.40 and Income Tax share of LATF of Kshs. 9,178,362,642.85. The resultant difference of Kshs. 11,402,305,780.45 has not been explained or reconciled.



① free
② copy - Wanyonyi
③ copy - Wanyonyi
④ copy - Wanyonyi

AUDIT QUERY 2007/2008

PARAGRAPH 1

(REF AA 51/2007/2008)

REVENUE HEAD 1110000 – TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2008.

PAYE AND OTHER TAXES

Records maintained by Kenya Revenue Authority show that a total of Kshs. 166,152,969.00 (inclusive of 5% LATF) was collected as follows:-

| | AMOUNT |
|--------------|--------------------|
| PAYE | 86,140,240,109.00 |
| OTHER INCOME | 80,012,729,469.00 |
| | 166,152,969,569.00 |

On the other hand however, the statement reflects actual receipts of Kshs. 177,555,275,349.45 comprising PAYE of Kshs. 81,680,929,230.20. ~~Other income tax of Kshs. 86,695,983,472.40 and income Tax share of LATF of Ksh. 9,178,362,642.85 (5%).~~

The resultant difference of Kshs. 11,402,305,780.45 has not been reconciled or explained.

Appendix 3

KENYA NATIONAL AUDIT OFFICE



REPUBLIC OF KENYA

Telegraphic Address:
NAIROBI - KENYA
FAX No.
Telephone: 342360
When replying please quote

P.O. Box 30084 - 00100
NAIROBI

① File
② Copy - Waring
be respond argu
7/12/08

Ref: AA51/2007/2008

And date:

4 December 2008

The Financial Secretary,
Ministry of Finance,
P.O. Box 30007,
NAIROBI



Att: Senior Principal Accounts Controller

STATEMENT OF REVENUE HEAD 1110000 - TAXES ON INCOME, PROFITS AND CAPITAL GAINS FOR THE YEAR ENDED 30 JUNE 2008

The audit of the above Revenue Statement revealed the following issues which are brought to your attention for comments and necessary action.

- ① Variations between figures in the Revenue Statement and Kenya Revenue Authority records.

W. Kijaji/Inda

Records maintained by Kenya Revenue Authority show that a total of Kshs. 166,152,969,569.00 (Inclusive of 5% LATF) was collected as follows:-

| | Amount (Kshs.) |
|------------------|-----------------------|
| PAYE | 86,140,240,109.00 → 5 |
| Other Income Tax | 80,012,729,460.00 → |
| Total | 166,152,969,569.00 |

On the other hand however, the Statement reflects actual receipts of Kshs. 177,555,275,349.45 comprising PAYE of Kshs. 81,680,929,230.20, Other Income Tax of Kshs. 86,695,983,472.40 and Income Tax share of LATF of Kshs. 9,178,362,642.85 + 5%. The resultant difference of Kshs. 11,402,305,780.45 has not been explained or reconciled.

OTHER TAXES

KENYA REVENUE AUTHORITY

DOMESTIC TAXES DEPARTMENT

2007/2008 FINANCIAL YEAR REPORT

BANK RECONCILIATION

TOTAL COLLECTIONS AS PER KRA REPORT

80,012,729,460.57

(Appendix 1)

ADD: Provisions for the year

Amount for Telkom reported separately

11,518,961,560.00

91,531,691,020.57

LESS: Cash in Transit

| | | |
|----------|--|---------------|
| 24.08.07 | Amount double counted in KRA report. | 15,368,608.75 |
| 30.02.08 | Amount double counted in KRA report. | 54,569,927.20 |
| 30.06.08 | Overstated revenue collections on 30th June 2008 | 1,353,190.22 |
| 31.05.08 | report adjustment | 17,686,611.40 |

(88,978,337.57)

TOTAL CBK BANKINGS FOR THE FINANCIAL YEAR 2007/2008

91,442,712,683.00

(See Appendix 2)

ADD:

| | | |
|----------|-------------------------------------|----------------|
| 02.07.07 | Cash in transit 30.06.07 | 313,897,012.20 |
| 02.07.07 | Cash in transit 30.06.07 | 498,809,821.06 |
| 04.07.07 | Receipts in Treasury and not in CBK | 36,023,923.85 |
| 23.07.07 | Receipts in Treasury and not in CBK | 27,639,099.10 |
| 16.08.07 | Receipts in Treasury and not in CBK | 71,708,011.70 |
| 03.09.07 | Receipts in Treasury and not in CBK | 14,911,585.45 |
| 04.09.07 | Receipts in Treasury and not in CBK | 74,079,675.60 |
| 24.09.07 | Receipts in Treasury and not in CBK | 24,249,674.90 |
| 26.09.07 | Receipts in Treasury and not in CBK | 326,052,237.70 |
| 02.01.08 | Receipts in Treasury and not in CBK | 26,845,333.15 |
| 07.02.08 | Receipts in Treasury and not in CBK | 330,226,810.95 |
| 19.02.08 | Receipts in Treasury and not in CBK | 21,621,947.70 |
| 28.09.07 | Receipts in Treasury and not in CBK | 47,338,578.70 |
| 24.08.07 | Receipts in Treasury and not in CBK | 59,893,476.00 |
| 30.06.08 | Casting cents | 10.00 |

1,873,297,198.06

LESS:

| | | |
|----------------------------------|-------------------------------------|------------------|
| 03.07.07 | Receipts in CBK and not in Treasury | 46,957,470.06 |
| 04.07.07 | Receipts in CBK and not in Treasury | 38,491,004.00 |
| 23.07.07 | Receipts in CBK and not in Treasury | 26,913,149.05 |
| 16.08.07 | Receipts in CBK and not in Treasury | 165,143,588.55 |
| 29.08.07 | Receipts in CBK and not in Treasury | 40,156,149.02 |
| 31.08.07 | Receipts in CBK and not in Treasury | 83,069,757.88 |
| 03.09.07 | Receipts in CBK and not in Treasury | 43,992,430.95 |
| 04.09.07 | Receipts in CBK and not in Treasury | 15,696,405.75 |
| 24.09.07 | Receipts in CBK and not in Treasury | 56,666,478.85 |
| 25.09.07 | Receipts in CBK and not in Treasury | 42,890,478.85 |
| 26.09.07 | Receipts in CBK and not in Treasury | 299,161,092.42 |
| 01.10.07 | Receipts in CBK and not in Treasury | 43,428,469.29 |
| 02.01.08 | Receipts in CBK and not in Treasury | 30,267,723.60 |
| 07.02.08 | Receipts in CBK and not in Treasury | 25,486,847.15 |
| 19.02.08 | Receipts in CBK and not in Treasury | 339,079,511.65 |
| 19.03.08 | Receipts in CBK and not in Treasury | 190.00 |
| 30.06.08 | Cash in Transit | 217,275,261.15 |
| 30.06.08 | Cash in Transit | 273,919,028.10 |
| 2007/2008 Provisions for refunds | | 150,000,000.00 |
| 2007 -2008 | LATF of 5% | 4,547,575,919.69 |
| 28.09.07 | Receipts in CBK and not in Treasury | 55,440,879.70 |
| 24.08.07 | Receipts in CBK and not in Treasury | 78,414,572.95 |

(6,620,026,408.66)

TOTAL TREASURY RECEIPTS AS PER THE QUERY

86,695,983,472.40

(See Appendix 3)

QUERY 2007/2008

PARAGRAPH 3

(REF AA 50/2007/2008)

REVENUE HEAD 1420000 - SALE OF GOODS AND SERVICES STATEMENT OF REVENUE FOR THE YEAR ENDED 30TH JUNE 200:

FEES UNDER TRAFFIC ACT

Records maintained by the Kenya Revenue Authority show a total of Kshs. 1,948,026,933.66 was collected under item 1420201 - Fees under Traffic Act as follows:-

| | Ksh. |
|--------------------------------------|-------------------------|
| Road Safety Council (640) | 206,583,545.00 |
| Second Hand Purchase Tax (722) | 269,745,378.00 |
| Registration and Transfer Fees (740) | 577,652,296.00 |
| Road Licences (751) | 108,398,128.00 |
| Driving Licence (752) | 627,037,980.00 |
| T.L.B Licences (753) | 70,412,824.00 |
| Subtotals | <u>1,859,830,151.00</u> |
| Traffic Fees | 89,996,717.00 |
| Subtotals | <u>1,949,826,868.00</u> |
| Less Agency Fees (KRA) | 1,799,934.34 |
| TOTALS | <u>1,951,626,802.34</u> |

On the other hand the statement reflects actual receipts of Kshs. 1,880,336,872.75 for the same year leading to unexplained and non reconciled difference of Kshs. 67,690,060.91 between two records:

KENYA REVENUE AUTHORITY
BANK RECONCILIATION STATEMENT
For the Financial Year 2007/2008
Traffic Revenue
DEPT: ROAD TRANSPORT

| | | | |
|--|-----------------|---------------------|------------------|
| Balance as per KRA Report (Cashbook) | | | 1,948,026,933.66 |
| ADD | | | |
| Mispostings and adjustment | | | |
| Understated Traffic Fees (114,330,425+146,126,365-89,996,717) | Appendix I -(a) | 170,460,073.00 | |
| LESS | | | |
| Overstatement by Treasury of Road Licences (751) - (9,108,398,128-98,748,485) | Appendix I -(b) | 9,649,643.00 | |
| Agency Fees (KRA) | Appendix I -(c) | <u>3,409,201.46</u> | 13,058,844.46 |
| Adjusted KRA Cashbook (Gross Collections for the Financial Year) | | | 2,105,428,162.20 |
| Amount Banked in Refund Account 04-010-135 | Appendix II | | (213,508,107.00) |
| Balance Brought Forward from June 2007, Banked in July 2007 | | | (11,436,386.70) |
| Mispostings | Appendix III | | (146,795 75) |
| TOTAL AMOUNT AS PER TREASURY REPORT (AS PER THE LEDGER) | | | 1,880,336,872.75 |
| Amount in CBK not in Treasury Report | | | (105,679,121 90) |
| Total Bankings as per CBK Statements as at 30/06/2008 - | Appendix IV | | 1,986,015,994.65 |

NB :
Traffic Revenue is collected by both Registrar of Motor Vehicles main collection account 04-010-134 and Registrar of Motor Vehicles payment account 04-010-135.

The Variance between the KRA Reported Cashbook amount and the CBK receipts Statements amount is as a result of revenue collected by RMV Payment account 04-010-135, which being a refunds account to KRA's AIA and the Commissioner of Police, also collects Agency Taxes ; Driving Test Application fees (601) and Motor Vehicles Inspection fees(651).

AUDIT QUERY 2007/2008

PARAGRAPH 1 AND 4

(REF AA 64/2007/2008)

REVENUE HEAD 1140000 - TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2008.

EXCISE DUTY (NET)

KRA records - Ksh. 34,049,962,824.00

Treasury Receipts - Ksh. 61,857,468,348.75

Difference - 27,807,505,524.75

BANK RECONCILIATION STATEMENT

For the Financial year 2007/2008

Excise Duty- A/C 04-010-0125 (REF AA 64/207/208 PARA 1)

DEPT: CUSTOMS SERVICES

| | |
|--|--------------------------|
| Balance as per KRA Report (Cashbook) | 34,049,962,824.00 |
| ADD: 2007/2008 Provision for refunds (200M*12Months) | 2,400,000,000.00 |
| Excise Duty Dom- A/C 04-010-0299 | 22,069,619,794.25 |
| Excise Duty Airtime- A/C 04-010-0233 | 6,397,484,549.75 |
| | <u>64,917,067,168.00</u> |

(copy of the Monthly/Financial cumulative report is attached) Appendix 1

LESS: ii Receipts in the Cash Book/KRA- Customs report
not in the Bank Statement

| | | |
|----------------------------------|---|-------------------------|
| 30.6.07 | Cash in transit 30.06.07 | 211,679,067.00 |
| 30.6.07 | Cash in transit 30.06.07 | 98,378,245.00 |
| 30.6.07 | Cash in transit 30.06.08 | 57,500,742.00 |
| 11.6.08 | VAT Misreported in Excise duty Account | 25,271,307.00 |
| 17.9.07 | Excise Duty misposted to VAT Account | 1,115,620.00 |
| 17.9.07 | Excise misposted to Import Duty Account | 164,351,740.00 |
| 30.6.08 | Excise misposted to Import Duty Account | 12,679.00 |
| 28.2.08 | Excise Duty misposted to VAT Account | 59,570.00 |
| 30.6.08 | NBK adjustment | 1,595,901.94 |
| | Casting error in the Report | 2,256,420.00 |
| Excise Duty Dom- A/C 04-010-0299 | | |
| | Collections for 2006/2007 F/Y Transferred | 1,206,122.65 |
| | (Cash in transit) | |
| | Adjusted Excise Domestic from VAT | 388,549,520.00 |
| | | 1.36 |
| | | <u>(951,976,935.95)</u> |

| | | |
|----------------------------------|--|----------------|
| ADD: iii | <u>Receipts in the Bank Statement</u>
<u>not in the Cash Book/ KRA - Customs Report</u> | |
| | Collections for 2006/2007 F/Y Transferred | 611,541,699.00 |
| 10.6.08 | Import Misposted to Excise duty A/c | 666,472.00 |
| 4.6.08 | Import Misposted to Excise duty A/c | 787.00 |
| 10.6.08 | Misposted Import Duty | 23,082,083.00 |
| 16.4.08 | Misposted Import Duty | 212,904.00 |
| 4.12.07 | JKIA adjustment | 1,031.00 |
| 11.6.08 | NBK adjustment | 2,938.00 |
| 10.6.08 | Revenue initially misreported by PCA now corrected | 8,816,428.00 |
| 25.03.08 | Revenue initially misreported by PCA now corrected | 1,060,716.00 |
| Excise Duty Dom- A/C 04-010-0299 | | |
| | Backdated collections | 880,282.90 |

646,265,340.90

Total Central Bank balance as at 30.06.08

64,611,355,572.95

Cntd

Total Central Bank balance as at 30.06.08

64,611,355,572.95

(A copy of monthly bankings summary for the year 2007/2008 is attached)
Appendix 2

| | | |
|----------|--|------------------|
| LESS: | Receipts in CBK and not Treasury | 115,576,438.00 |
| 5.7.07 | Receipts in CBK and not Treasury | 137,888,646.00 |
| 9.7.07 | Receipts in CBK and not Treasury | 31,762,929.00 |
| 1.10.07 | Receipts in CBK and not Treasury | 133,523,805.00 |
| 2.10.07 | Receipts in CBK and not Treasury | 160,957,197.00 |
| 3.10.07 | Receipts in CBK and not Treasury | 52,256,014.00 |
| 21.12.07 | Receipts in CBK and not Treasury | 372,959,841.00 |
| 30.6.08 | Receipts in CBK and not Treasury | 445,199,584.00 |
| | Receipts in CBK and not Treasury(refunds) | 2,000,000,000.00 |
| | 2007/2008 F/Y Collections(cash in transit) | 30,129,026.50 |
| | Adjustment | 4,784,292.00 |
| 10.7.07 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 7.8.07 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 11.9.07 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 19.10.07 | Receipts in CBK and not Treasury(transferred to payment A/c) | 11,273,900.00 |
| 9.11.07 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 11.12.07 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 3.1.08 | Receipts in CBK and not Treasury(transferred to payment A/c) | 500,000.00 |

| | | |
|----------|--|---------------------------|
| 5 2 08 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000 00 |
| 9 4 08 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 5.5 08 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000 00 |
| 12.06 08 | Receipts in CBK and not Treasury(transferred to payment A/c) | 1,000,000.00 |
| 20 6 08 | Receipts in CBK and not Treasury(transferred to payment A/c) | 78,861,087 25 |
| 28 9 07 | Receipts in CBK and not Treasury | 6,982,805 95 |
| 18.1 08 | Receipts in CBK and not Treasury | 3,838,490 40 |
| 1 2 08 | Receipts in CBK and not Treasury | 13,813,553 60 |
| 5 2 08 | Receipts in CBK and not Treasury | 13,635.85 |
| 6.2 08 | Receipts in CBK and not Treasury | 4,660,320 00 |
| 7 2.08 | Receipts in CBK and not Treasury | 4,704 90 |
| 8 2 08 | Receipts in CBK and not Treasury | 51,020 00 |
| 11 2.08 | Receipts in CBK and not Treasury | 8,683,091 00 |
| 12.2 08 | Receipts in CBK and not Treasury | 102,020 00 |
| 13 2.08 | Receipts in CBK and not Treasury | 4,168,697 25 |
| 14 2 08 | Receipts in CBK and not Treasury | 60,000.00 |
| 15 2 08 | Receipts in CBK and not Treasury | 53,025 00 |
| 18 2.08 | Receipts in CBK and not Treasury | 1,958,458.00 |
| 19 2 08 | Receipts in CBK and not Treasury | 628,806.70 |
| 20 2.08 | Receipts in CBK and not Treasury | 49,254,045 00 |
| 20 3.08 | Receipts in CBK and not Treasury | 96,210,376 75 |
| | | <u>(3,775,165,810.15)</u> |

| | | |
|----------|---|----------------|
| 01.07.08 | 2006/2007 F/Y Collections(cash in transit) | 326,932,847 00 |
| 2 07.07 | 2006/2007 F/Y Collections(cash in transit) | 73,964,700.00 |
| | Receipts in Treasury and not CBK | 53,465,084 00 |
| | Receipts in Treasury and not CBK | 11,767,097 95 |
| | Receipts in Treasury and not CBK | 21,838,841 00 |
| | Receipts in Treasury and not CBK | 68,537,734 00 |
| | Receipts in Treasury and not CBK | 372,959,841 00 |
| | Receipts in Treasury and not CBK | 36,299,275 70 |
| | Receipts in Treasury and not CBK | 55,513,165.30 |

1,021,278,585.95

THE TREASURY FIGURE AS PER THE ATTACHED SHEDULES OR THE CASHBOOK
(Appendix 4)

61,857,468,348.75

(Attached also is the analysis of the CBK bankings againsts the Treasury report)
(Appendix2)

QUERY 2007/2008

PARAGRAPH 1 AND 4

(REF AA 60/2007/2008)

REVENUE HEAD 1140000 - TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2008.

IMPORT DUTY (NET) AND IDF

The statement reflects actual receipts of Kshs. 45,857,772,816.60 comprising of Custom Duties of Kshs. 32,944,348,580.05 and other Taxes on International Trade and Transactions of Kshs. 12,913,424,236.55.

On the other hand records maintained by the Kenya Revenue Authority show that a total of Kshs. 44,970,088,516.00 was collected as follows:-

| <u>Revenue item</u> | <u>Amount (Kshs.)</u> |
|---------------------|--------------------------|
| Import Duty (Net) | 32,539,472,977.00 |
| IDF | 12,430,613,539.00 |
| TOTALS | <u>44,970,088,516.00</u> |

The difference of kshs. 887,684,300.60. Attached herein are reconciliations for the two accounts.

KENYA REVENUE AUTHORITY

BANK RECONCILIATION STATEMENT

For the Financial year 2007/2008

Import Duty- A/C 04-010-0124 (REF AA 60/2007/2008 PARA 2)

DEPT: CUSTOMS SERVICES

| | |
|---|--------------------------|
| Balance as per KRA Report (Cashbook) | 32,539,472,977.00 |
| ADD: 2007/2008 Provision for refunds (20M*12Months) | 240,000,000.00 |
| 2007/2008 Exemptions monies meant to be recovered from Treasury | 230,000,000.00 |
| | <u>33,009,472,977.00</u> |

(copy of the Monthly/Financial cumulative report is attached) Appendix 1

| | | |
|----------|--|-------------------------|
| LESS: ii | <u>Receipts in the Cash Book/KRA- Customs report</u> | |
| | <u>not in the Bank Statement</u> | |
| 30.6.08 | Cash in transit 30.06.08 | 23,420,154.00 |
| 30.6.08 | Cash in transit 30.06.08 | 241,837,172.00 |
| 30.6.08 | Cash in transit 30.06.08 | 972,415.00 |
| 30.6.08 | Cash in transit 30.06.08 | 24,163,644.00 |
| 30.6.08 | Cash in transit 30.06.08 | 934.00 |
| 10.6.08 | Misposted to Excise duty A/c | 666,472.00 |
| 4.6.08 | Misposted to Excise duty A/c | 787.00 |
| 30.5.08 | NBK - JKIA adjustments | 35,783.00 |
| 2.5.08 | NBK - JKIA adjustments | 44,910.00 |
| 3.6.08 | Misreported IDF | 296.00 |
| 8.2.08 | NBK - adjustments | 250.00 |
| 23.6.08 | Misposted to PDF | 4.00 |
| 11.12.07 | Untransferred NBK Kisumu | 195,789.00 |
| 10.6.08 | Misposted to Excise duty A/c | 23,082,083.00 |
| 16.4.08 | Misposted to Excise duty A/c | 212,904.00 |
| 17.6.08 | Misposted to miscellaneous A/c | 3,500.00 |
| | Casting error in the Report | 11,933.80 |
| | | <u>(314,637,097.00)</u> |

| | | |
|---|--|--------------------------|
| ADD: iii | <u>Receipts in the Bank Statement</u> | |
| | <u>not in the Cash Book/ KRA - Customs Report</u> | |
| | Collections for 2006/2007 F/Y Transferred | 234,782,946.15 |
| 12.6.08 | VAT Misposted to Import Duty Account | 57,001,979.00 |
| 19.9.07 | Excise misposted to Import Duty Account | 164,351,740.00 |
| 30.6.08 | Excise misposted to Import Duty Account | 12,879.00 |
| 22.5.08 | Jkia adjustments | 48,234.00 |
| 13.3.08 | Coop double transfers | 12,428,248.00 |
| 31.1.08 | IDF misposted to import | 1,887,376.00 |
| 7.3.08 | Miscellaneous initially misreported now corrected by PCA | 36,441,600.00 |
| 29.4.08 | IDF misposted to import | 75,600.00 |
| | Coop mse cents adjustment | 93.30 |
| | | <u>507,028,455.45</u> |
| Total Central Bank balance as at 30.06.08 | | <u>33,201,864,375.45</u> |

Cntd

| | |
|---|--------------------------|
| Total Central Bank balance as at 30.06.08 | <u>33,201,864,375.45</u> |
| (A copy of monthly bankings summary for the year 2007/2008 is attached) | |
| Appendix 2 | |

| | | |
|----------|--|---------------------------|
| LESS: | | |
| 01.07.08 | 2007/2008 F/Y Collections(cash in transit) | 234,782,946.15 |
| | 2007/2008 Provision for refunds (20M*12Months) | 240,000,000.00 |
| 12.02.08 | Receipts in CBK and not Treasury | 1,400.00 |
| | 2007/2008 Bank charges | 58,531,614.50 |
| 01.10.07 | Receipts in CBK and not Treasury | 78,480,582.80 |
| 02.10.07 | Receipts in CBK and not Treasury | 140,965,029.00 |
| 03.12.07 | Receipts in CBK and not Treasury | 68,537,734.00 |
| 04.12.07 | Receipts in CBK and not Treasury | 500.00 |
| 16.01.08 | Receipts in CBK and not Treasury | 650.00 |
| 30.06.08 | Receipts in CBK and not Treasury | 226,155,126.50 |
| | | <u>(1,047,455,582.95)</u> |
| ADD: | | |
| 10.07.08 | Receipts in Treasury and not CBK | 0.80 |
| 25.11.07 | Receipts in Treasury and not CBK | 0.60 |
| 14.12.07 | Receipts in Treasury and not CBK | 0.90 |
| 28.01.08 | Receipts in Treasury and not CBK | 0.05 |
| 05.02.08 | Receipts in Treasury and not CBK | 0.40 |
| 2.7.07 | Receipts in Treasury and not CBK | 366,490,653.85 |
| 3.7.07 | Receipts in Treasury and not CBK | 125,463,752.35 |
| 4.7.07 | Receipts in Treasury and not CBK | 90,140,304.80 |
| 5.7.07 | Receipts in Treasury and not CBK | 14,335,171.00 |
| 3.10.07 | Receipts in Treasury and not CBK | 193,509,902.80 |
| | | <u>789,939,787.55</u> |

| | |
|---|--------------------------|
| THE TREASURY FIGURE AS PER THE ATTACHED SCHEDULES OR THE CASHBOOK | <u>32,944,348,580.05</u> |
| (Appendix 4) | |

(Attached also is the analysis of the CBK bankings againsts the Treasury report)
(Appendix 2)

| | |
|-----------|------------------|
| CBK | |
| JULY | 3,144,264,166.40 |
| AUGUST | 2,698,737,228.15 |
| SEPTEMBER | 2,759,572,058.55 |
| OCTOBER | 3,126,851,143.30 |
| NOVEMBER | 2,969,463,605.70 |
| DECEMBER | 2,071,921,072.25 |

| | |
|----------|-------------------|
| JANUARY | 2 977,280,348 00 |
| FEBRUARY | 3,028,635,188 65 |
| MARCH | 3,032,695 568 80 |
| APRIL | 2,257,024 827 85 |
| MAY | 2 670 598,767 15 |
| JUNE | 2 464,820 400 65 |
| | 33,201,864,375,48 |

QUERY 2007/2008

PARAGRAPH 2

(REF AA 15/2007/2008)

REVENUE HEAD 1160000 - OTHER TAXES FOR THE YEAR ENDED 30TH JUNE 2008.

STAMP DUTY

The statement reflects actual receipts of Kshs. 4,584,430,435.30 while the records maintained by Kenya Revenue Authority reflects actual receipts of Kshs. 4,532,751,118.00. the resultant difference of Kshs. 51,679,317.30 between the two sets of records has not been explained or reconciled

BANK RECONCILIATION STATEMENT

Frothe financial year 2007/2008

Traffic Revenue

| | | |
|--------------------------------------|----------|------------------|
| Balance as per KRA Report (Cashbook) | | 4,532,751,118.00 |
| For theFinancial Year 2007/2008 | | |
| ADD | | |
| | 03.07.07 | 500,000.00 |
| | 20.08.07 | 1,259,073.35 |
| | 27.08.07 | 277,091.50 |
| | 03.09.07 | 500,000.00 |
| | 11.09.07 | 0.10 |
| | 02.10.07 | 47,254,659.80 |
| | 15.10.07 | 2,722,500.00 |
| | 01.11.07 | 500,000.00 |
| | 03.12.07 | 500,000.00 |
| | 02.01.08 | 1,000,000.00 |
| | 16.01.08 | 3,121,042.00 |
| | 01.02.08 | 500,000.00 |
| | 15.02.08 | 201,395.65 |
| | 03.03.08 | 500,000.00 |
| | 29.04.08 | 496,417.50 |
| | 02.05.08 | 3,582.50 |
| | 13.05.08 | 0.10 |
| Land rent misposted | | 16,838,845.50 |
| 30th june 2008 collections | | 43,202,208.00 |
| | | 119,376,816.00 |

| | | | |
|---------------------------------------|----------|-----------------|------------------|
| LESS | | | |
| | 02.07.07 | (34,993,231.05) | |
| | 19.09.07 | (3,562,726.00) | |
| | 19.09.07 | (755,174.00) | |
| | 27.09.07 | (7,570,549.00) | |
| | 09.11.07 | (321.50) | |
| Misposted stamp duty into Landrenta/c | 19.10.07 | (3,361,091.70) | |
| Cash in transit | | (17,068,504.55) | |
| | | | (67,311,597.80) |
| | | | 4,584,816,336.20 |

KENYA REVENUE AUTHORITY

BANK RECONCILIATION STATEMENT

For the financial year 2007/2008

Stamp Duty

Balance as per KRA Report (Cashbook) **4,532,751,118.00**
 For the Financial Year 2007/2008
 ADD:

| | | | |
|----------------|--------------------------------|---------------|-----------------------|
| 03.07.07 | Receipt in CBK not in treasury | 500,000.00 | |
| 20.08.07 | Receipt in CBK not in treasury | 1,259,073.35 | |
| 27.08.07 | Receipt in CBK not in treasury | 277,091.50 | |
| 03.09.07 | Receipt in CBK not in treasury | 500,000.00 | |
| 11.09.07 | Receipt in CBK not in treasury | 0.10 | |
| 02.10.07 | Receipt in CBK not in treasury | 47,254,659.80 | |
| 15.10.07 | Receipt in CBK not in treasury | 2,722,500.00 | |
| 01.11.07 | Receipt in CBK not in treasury | 500,000.00 | |
| 03.12.07 | Receipt in CBK not in treasury | 500,000.00 | |
| 02.01.08 | Receipt in CBK not in treasury | 1,000,000.00 | |
| 16.01.08 | Receipt in CBK not in treasury | 3,121,042.00 | |
| 01.02.08 | Receipt in CBK not in treasury | 500,000.00 | |
| 15.02.08 | Receipt in CBK not in treasury | 201,395.65 | |
| 03.03.08 | Receipt in CBK not in treasury | 500,000.00 | |
| 29.04.08 | Receipt in CBK not in treasury | 496,417.50 | |
| 02.05.08 | Receipt in CBK not in treasury | 3,582.50 | |
| 13.05.08 | Receipt in CBK not in treasury | 0.10 | |
| 30.06.08 | Land rent misposted | 16,838,845.50 | |
| 30th June 2008 | collections | 43,202,208.00 | 119,376,816.00 |

LESS

| | | | |
|----------|--|-----------------|-------------------------|
| 02.07.07 | Receipts in Treasury not in CBK | (34,993,231.05) | |
| 02.07.07 | Receipts in Treasury not in CBK | (385,900.90) | |
| 19.09.07 | Receipts in Treasury not in CBK | (3,562,726.00) | |
| 19.09.07 | Receipts in Treasury not in CBK | (755,174.00) | |
| 27.09.07 | Receipts in Treasury not in CBK | (7,570,549.00) | |
| 09.11.07 | Receipts in Treasury not in CBK | (321.50) | |
| | Misposted stamp duty into Landrent a/c | (3,361,091.70) | |
| | Cash in transit 30th June 2007 | (17,068,504.55) | (67,697,498.70) |
| | | | <u>4,584,430,435.30</u> |
| | Balance per Treasury | | |

QUERY 2007/2008

PARAGRAPH 1 and 4

(REF AA 64/2007/2008)

REVENUE HEAD 1140000 - TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2

Value Added Tax - Imports

KRA records - Ksh. 53,634,410,526.00

Treasury Receipts - Ksh. 53,807,634,460.85

Difference - 173,223,934.85

KENYA REVENUE AUTHORITY

BANK RECONCILIATION STATEMENT

For the Financial year 2007/2008

VAT - Imports A/C 04-010-0127 (REF AA 64/207/208 PARA 1)

DEPT: CUSTOMS SERVICES

| | |
|--------------------------------------|--------------------------|
| Balance as per KRA Report (Cashbook) | 53,634,410,526.00 |
| ADD: Casting error in the Report | 2,256,420.00 |
| | <u>53,636,666,946.00</u> |

(copy of the Monthly/Financial cumulative report is attached) Appendix 1

LESS: ii Receipts in the Cash Book/KRA- Customs report
not in the Bank Statement

| | | |
|--|----------------|-------------------------|
| 03.07.07 NBK - nbi adjustment | 633,385.00 | |
| 30.04.08 NBK - nbi adjustment | 11,531.00 | |
| 28.02.08 NBK - nbi adjustment | 249,028.00 | |
| 30.06.08 NBK - nbi adjustment | 89,216.00 | |
| 30.06.08 VAT Mispsted to Import Duty Account | 57,001,979.00 | |
| 30.06.08 Cash in Transit | 149,364,821.00 | |
| 30.06.08 Cash in Transit | 96,634,897.00 | |
| 30.06.08 Cash in Transit | 28,945,146.00 | |
| 30.06.08 NBK - Jkia adjustment | 60,504.00 | |
| casting error | 48.15 | |
| | | <u>(332,990,555.15)</u> |

ADD: iii Receipts in the Bank Statement
not in the Cash Book/ KRA - Customs Report

| | | |
|---|----------------|-----------------------|
| 30.6.07 30.06.07 Cash in transit transferred in July 07 | 279,509,596.00 | |
| 11.6.08 VAT Misreported in Excise duty Account | 25,271,307.00 | |
| 17.9.07 Excise Duty misposted to VAT Account | 1,115,620.00 | |
| 28.2.08 Excise Duty misposted to VAT Account | 59,570.00 | |
| 2.7.07 CBK error correction | 39,757,707.00 | |
| 11.3.08 Error correction 11.03.08 | 6,273,272.00 | |
| | | <u>351,987,072.00</u> |

Total Central Bank balance as at 30.06.08 53,655,663,462.85

Cntd

Total Central Bank balance as at 30.06.08 53,655,663,462.85

(A copy of monthly bankings summary for the year 2007/2008 is attached)
Appendix 2

| | | | |
|-------|--|----------------|---------------------------|
| LESS: | 01.07.07 2007/2008 F/Y Collections(cash in transit) | 299,788,759.00 | |
| | 01.10.07 Receipts in CBK and not Treasury | 162,275,057.00 | |
| | 02.10.07 Receipts in CBK and not Treasury | 239,257,026.00 | |
| | 20.06.08 Receipts in CBK and not Treasury | 182,112,855.00 | |
| | 30.06.08 Receipts in CBK and not Treasury | 525,433,134.00 | |
| | | | <u>(1,408,866,831.00)</u> |

| | | | |
|------|----------------------------------|----------------|-------------------------|
| ADD: | Receipts in Treasury and not CBK | 714,732,404.00 | |
| | Receipts in Treasury and not CBK | 96,960,232.00 | |
| | Receipts in Treasury and not CBK | 182,549,364.00 | |
| | Receipts in Treasury and not CBK | 20,279,163.00 | |
| | Receipts in Treasury and not CBK | 374,080,920.00 | |
| | Receipts in Treasury and not CBK | 172,235,746.00 | |
| | | | <u>1,560,837,829.00</u> |

THE TREASURY FIGURE AS PER THE ATTACHED SHEDULES OR THE CASHBOOK 53,807,634,460.85
(Appendix 4)

(Attached also is the analysis of the CBK bankings againts the Treasury report)
(Appendix2)

QUERY 2007/2008

PARAGRAPH 1 and 4

(REF AA 64/2007/2008)

REVENUE HEAD 1140000 - TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2008.

Value Added Tax -Local

KRA records - Ksh. 57,373,875,358.00

Treasury Receipts - Ksh. 61,586,108,468.70

Difference - 4,212,233,110.70

KENYA REVENUE AUTHORITY**BANK RECONCILIATION STATEMENT**

For the financial year 2007/2008

Value Added Tax - Local

Balance as per KRA Report (Cashbook)

57,373,875,358.00

Add back 1. Provision for refunds

12,169,000,000.00

Actual KRA collections (Appendix 1)

69,542,875,358.00**ADD:**

| | | |
|----------|---|------------------|
| 30.06.07 | Back dated collections | 201,268,112.10 |
| 20.07.07 | Adjusted excise duty | 388,549,520.00 |
| 30.08.07 | Adjusted Sugar Dev Duty | 8,978,087.70 |
| 14.12.07 | Telkom Collections reported separately | 3,455,177,146.00 |
| | Adjustments made on the report (Appendix 2) | 392,675,608.35 |

4,446,648,474.15**LESS:**

| | | |
|---------------|-----------------|---------------|
| 30.06.08 | Cash in transit | 66,437,244.55 |
| 2007/2008 F/Y | Bank charges | 531,203.65 |

(66,968,448.20)**Final CBK Balance**73,922,555,383.95**LESS:**

| | | |
|---------------|--|-------------------|
| 12.07.07 | Receipt in CBK not in treasury | 68,900.00 |
| 13.07.07 | Receipt in CBK not in treasury | 251,750.00 |
| 20.07.07 | Receipt in CBK not in treasury | 391,922,450.00 |
| 22.08.07 | Receipt in CBK not in treasury | 14,307.00 |
| 14.09.07 | Receipt in CBK not in treasury | 81,229,979.90 |
| 21.09.07 | Receipt in CBK not in treasury | 968,747.53 |
| 09.10.07 | Receipt in CBK not in treasury | 279,844,222.48 |
| 11.10.07 | Receipt in CBK not in treasury | 137,925.65 |
| 19.10.07 | Receipt in CBK not in treasury | 493,400.00 |
| 27.11.07 | Receipt in CBK not in treasury | 134,791,453.28 |
| 10.01.08 | Receipt in CBK not in treasury | 455,000.00 |
| 14.01.08 | Receipt in CBK not in treasury | 61,562.93 |
| 26.02.08 | Receipt in CBK not in treasury | 271,410,887.43 |
| 20.05.08 | Receipt in CBK not in treasury | 9,073,525.03 |
| 30.06.08 | Receipt in CBK not in treasury | 218,112,780.78 |
| 12.02.08 | Receipt in CBK not in treasury | 60,428.33 |
| 28.02.08 | Receipt in CBK not in treasury | 386.37 |
| 13.02.08 | Receipt in CBK not in treasury | 175,850.00 |
| 15.02.08 | Receipt in CBK not in treasury | 75,000.00 |
| 12.04.08 | Receipt in CBK not in treasury | 127,669.13 |
| 14.04.08 | Receipt in CBK not in treasury | 204,800.00 |
| 12.03.08 | Receipt in CBK not in treasury | 213,250.00 |
| 17.03.08 | Receipt in CBK not in treasury | 64,700.00 |
| 14.11.07 | Receipt in CBK not in treasury | 62,125.00 |
| 16.08.07 | Receipt in CBK not in treasury | 73,118.78 |
| 2007-2008 F/Y | Receipt in CBK not in treasury (Refunds 1B*12months) | 12,000,000,000.00 |
| 30.07.08 | Receipt in CBK not in treasury | 173,462,375.28 |
| 30.06.08 | error | 65,650.74 |

(13,563,422,245.64)**ADD:**

| | | |
|----------|---|----------------|
| 02.07.07 | Collections for f/y 2006 /2007 received in treasury
(Treasury opening balance) | 298,669,739.35 |
| 14.09.07 | Receipt in Treasury a not in CBK | 167,073,795.35 |
| 26.11.07 | Receipt in Treasury a not in CBK | 48,712,637.80 |
| 25.02.08 | Receipt in Treasury a not in CBK | 262,432,799.70 |
| 26.03.08 | Receipt in Treasury a not in CBK | 29.97 |
| 20.05.08 | Receipt in Treasury a not in CBK | 7,999,999.97 |
| 28.07.08 | Receipt in Treasury a not in CBK | 442,786,328.25 |
| 22.05.08 | Receipt in Treasury a not in CBK | 1,300,000.00 |

1,226,975,330.39CBK Balance as per Treasury Report
(Appendix 3)61,586,108,468.70

AUDIT QUERY 2007/2008

PARAGRAPH 1 AND 4

(REF AA 60/2007/2008)

REVENUE HEAD 1150000 - TAXES ON GOODS AND SERVICES FOR THE YEAR ENDED 30TH JUNE 2008.

IMPORT DUTY (NET) AND IDF

The statement reflects actual receipts of Kshs. 45,857,772,816.60 comprising of Custom Duties of Kshs. 32,944,348,580.05 and other Taxes on International Trade and Transactions of Kshs. 12,913,424,236.55.

On the other hand records maintained by the Kenya Revenue Authority show that a total of Kshs. 44,970,088,516.00 was collected as follows:-

| <u>Revenue item</u> | <u>Amount (Kshs.)</u> |
|---------------------|-----------------------|
| IMPORT NET | 32,539,472,977.00 |
| IDF | 12,430,615,539.00 |
| TOTAL KRA | 44,970,088,516.00 |
| TOTAL TREASURY | 45,857,772,816.60 |
| VARIANCE | (887,684,300.60) |

The difference of kshs. 887,684,300.60. Attached herein are reconciliations for the two accounts.

KENYA REVENUE AUTHORITY

BANK RECONCILIATION STATEMENT

For the Financial year 2007/2008

Import Duty- A/C 1150101 (REF AA 60/2007/2008 PARA 2)

DEPT: CUSTOMS SERVICES

| | |
|---|--------------------------|
| Balance as per KRA Report (Cashbook) | 32,539,472,977.00 |
| ADD: 2007/2008 Provision for refunds (20M*12Months) | 240,000,000.00 |
| 2007/2008 Exemptions monies meant to be recovered from Treasury | 230,000,000.00 |
| | <u>33,009,472,977.00</u> |

(copy of the Monthly/Financial cumulative report is attached) Appendix 1

| | | |
|-----------------|--|----------------|
| LESS: ii | <u>Receipts in the Cash Book/KRA- Customs report</u> | |
| | <u>not in the Bank Statement</u> | |
| | 30.6.08 Cash in transit 30.06.08 | 23,420,154.00 |
| | 30.6.08 Cash in transit 30.06.08 | 241,837,172.00 |
| | 30.6.08 Cash in transit 30.06.08 | 972,415.00 |
| | 30.6.08 Cash in transit 30.06.08 | 24,163,644.00 |
| | 30.6.08 Cash in transit 30.06.08 | 934.00 |
| | 10.6.08 Misposted to Excise duty A/c | 666,472.00 |
| | 4.6.08 Misposted to Excise duty A/c | 787.00 |
| | 30.5.08 NBK - JKIA adjustments | 35,783.00 |
| | 2.5.08 NBK - JKIA adjustments | 44,910.00 |
| | 3.6.08 Misreported IDF | 296.00 |
| | 8.2.08 NBK - adjustments | 250.00 |
| | 23.6.08 Misposted to PDF | 4.00 |
| | 11.12.07 Untransferred NBK Kisumu | 195,789.00 |
| | 10.6.08 Misposted to Excise duty A/c | 23,082,083.00 |
| | 16.4.08 Misposted to Excise duty A/c | 212,904.00 |
| | 17.6.08 Misposted to miscellaneous A/c | 3,500.00 |
| | Casting error in the Report | 11,933.80 |

- (314,637,097.00)

| | | |
|-----------------|---|----------------|
| ADD: iii | <u>Receipts in the Bank Statement</u> | |
| | <u>not in the Cash Book/ KRA - Customs Report</u> | |
| | Collections for 2006/2007 F/Y Transferred | 234,782,946.15 |
| | 12.6.08 VAT Misposted to Import Duty Account | 57,001,979.00 |
| | 19.9.07 Excise misposted to Import Duty Account | 164,351,740.00 |
| | 30.6.08 Excise misposted to Import Duty Account | 12,679.00 |
| | 22.5.08 Jkia adjustments | 48,234.00 |
| | 13.3.08 Coop double transfers | 12,426,248.00 |
| | 31.1.08 IDF misposted to import | 1,887,376.00 |
| | 7.3.08 Miscellaneous initially misreported now corrected by PCA | 36,441,600.00 |
| | 29.4.08 IDF misposted to import | 75,600.00 |
| | Coop msa cents adjustment | 93.30 |

507,028,495.45

Total Central Bank balance as at 30.06.08 33,201,864,375.45

Cntd

Total Central Bank balance as at 30.06.08 33,201,864,375.45

(A copy of monthly bankings summary for the year 2007/2008 is attached)

Appendix 2

LESS: 01.07.08 2007/2008 F/Y Collections(cash in transit) 234,782,946.15

| | |
|--|---------------------------|
| 2007/2008 Provision for refunds (20M*12Months) | 240,000,000.00 |
| 12.02.08 Receipts in CBK and not Treasury | 1,400.00 |
| 2007/2008 Bank charges | 58,531,614.50 |
| 01.10.07 Receipts in CBK and not Treasury | 78,480,582.80 |
| 02.10.07 Receipts in CBK and not Treasury | 140,965,029.00 |
| 03.12.07 Receipts in CBK and not Treasury | 68,537,734.00 |
| 04.12.07 Receipts in CBK and not Treasury | 500.00 |
| 16.01.08 Receipts in CBK and not Treasury | 650.00 |
| 30.06.08 Receipts in CBK and not Treasury | 226,155,126.50 |
| | <u>(1,047,455,582.95)</u> |

ADD:

| | |
|---|----------------|
| 10.07.08 Receipts in Treasury and not CBK | 0.80 |
| 25.11.07 Receipts in Treasury and not CBK | 0.60 |
| 14.12.07 Receipts in Treasury and not CBK | 0.90 |
| 28.01.08 Receipts in Treasury and not CBK | 0.05 |
| 05.02.08 Receipts in Treasury and not CBK | 0.40 |
| 2.7.07 Receipts in Treasury and not CBK | 366,490,653.85 |
| 3.7.07 Receipts in Treasury and not CBK | 125,463,752.35 |
| 4.7.07 Receipts in Treasury and not CBK | 90,140,304.80 |
| 5.7.07 Receipts in Treasury and not CBK | 14,335,171.00 |
| 3.10.07 Receipts in Treasury and not CBK | 193,509,902.80 |

789,939,787.55

THE TREASURY FIGURE AS PER THE ATTACHED SHEDULES OR THE CASHBOOK

32,944,348,580.05

IMPORT DUTY 1150101

JULY

| | | | | |
|-----------------|---------------|----------------|---------------|----------------|
| COLLECTION DATE | 2 | 3 | 4 | 5 |
| CBK CREDIT DATE | 5 | 6 | 9 | 10 |
| KRA | 70,167,528.00 | 251,858,410.00 | 88,740,603.00 | 228,648,476.00 |
| CBK | 70,853,635.00 | 250,632,892.15 | 87,032,648.00 | 236,915,169.00 |
| TREASURY | 70,853,635.00 | 250,632,892.15 | 87,032,648.00 | 236,915,169.80 |
| VARIANCE | - | - | - | 0.80 |

IMPORT DUTY 04-010-0124

AUGUST

| | | | | |
|-----------------|----------------|---------------|----------------|----------------|
| COLLECTION DATE | 1 | 2 | 3 | 6 |
| CBK CREDIT DATE | 6 | 7 | 8 | 9 |
| KRA | 106,843,610.00 | 99,999,361.55 | 185,419,243.95 | 86,716,937.00 |
| CBK | 126,155,717.55 | 99,573,131.00 | 162,710,057.70 | 100,007,469.00 |
| TREASURY | 126,155,717.15 | 95,949,231.00 | 162,710,057.70 | 100,007,469.00 |
| VARIANCE | 0.40 | 3,623,900.00 | - | - |

bank charges

IMPORT DUTY 04-010-0124

SEPTEMBER

| | | | | |
|-----------------|---------------|----------------|----------------|----------------|
| COLLECTION DATE | 03.09.07 | 04.08.07 | 5 | 6 |
| CBK CREDIT DATE | 6 | 7 | 10 | 11 |
| KRA | 65,256,193.00 | 184,551,837.00 | 98,562,120.00 | 108,658,847.00 |
| CBK | 90,165,455.00 | 193,061,371.40 | 105,128,473.00 | 118,715,836.45 |
| TREASURY | 90,165,455.00 | 193,061,371.40 | 105,128,473.00 | 118,715,836.45 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

OCTOBER

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 1 | 2 | 3 | 4 |
| CBK CREDIT DATE | 4 | 5 | 8 | 9 |
| KRA | 83,264,306.00 | 95,228,128.00 | 214,906,566.00 | 100,065,179.00 |
| CBK | 110,112,420.00 | 104,629,525.10 | 205,464,340.40 | 127,322,379.50 |
| TREASURY | 110,112,420.00 | 104,629,525.10 | 205,464,340.40 | 127,322,379.50 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

NOVEMBER

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 01.11.07 | 02.11.07 | 05.11.07 | 06.11.07 |
| CBK CREDIT DATE | 06.11.07 | 07.11.07 | 8 | 9 |
| KRA | 145,679,932.00 | 165,461,773.00 | 95,056,411.00 | 102,134,290.00 |
| CBK | 155,087,860.00 | 127,960,060.00 | 134,423,599.00 | 108,710,774.00 |

IMPORT DUTY 04-010-0124

JULY

| | | | | |
|-----------------|---------------|----------------|---------------|----------------|
| COLLECTION DATE | 2 | 3 | 4 | 5 |
| CBK CREDIT DATE | 5 | 6 | 9 | 10 |
| KRA | 70,167,528.00 | 251,858,410.00 | 88,740,603.00 | 228,648,476.00 |
| CBK | 70,853,635.00 | 250,632,892.15 | 87,032,648.00 | 236,915,169.00 |
| TREASURY | 70,853,635.00 | 250,632,892.15 | 87,032,648.00 | 236,915,169.80 |
| VARIANCE | - | - | - | 0.80 |

IMPORT DUTY 04-010-0124

AUGUST

| | | | | |
|-----------------|----------------|---------------|----------------|----------------|
| COLLECTION DATE | 1 | 2 | 3 | 6 |
| CBK CREDIT DATE | 6 | 7 | 8 | 9 |
| KRA | 106,843,610.00 | 99,999,361.55 | 185,419,243.95 | 86,716,937.00 |
| CBK | 126,155,717.55 | 99,573,131.00 | 162,710,057.70 | 100,007,469.00 |
| TREASURY | 126,155,717.15 | 95,949,231.00 | 162,710,057.70 | 100,007,469.00 |
| VARIANCE | 0.40 | 3,623,900.00 | - | - |

bank charges

IMPORT DUTY 04-010-0124

SEPTEMBER

| | | | | |
|-----------------|---------------|----------------|----------------|----------------|
| COLLECTION DATE | 03.09.07 | 04.08.07 | 5 | 6 |
| CBK CREDIT DATE | 6 | 7 | 10 | 11 |
| KRA | 65,256,193.00 | 184,551,837.00 | 98,562,120.00 | 108,658,847.00 |
| CBK | 90,165,455.00 | 193,061,371.40 | 105,128,473.00 | 118,715,836.45 |
| TREASURY | 90,165,455.00 | 193,061,371.40 | 105,128,473.00 | 118,715,836.45 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

OCTOBER

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 1 | 2 | 3 | 4 |
| CBK CREDIT DATE | 4 | 5 | 8 | 9 |
| KRA | 83,264,306.00 | 95,228,128.00 | 214,906,566.00 | 100,065,179.00 |
| CBK | 110,112,420.00 | 104,629,525.10 | 205,464,340.40 | 127,322,379.50 |
| TREASURY | 110,112,420.00 | 104,629,525.10 | 205,464,340.40 | 127,322,379.50 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

NOVEMBER

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 01.11.07 | 02.11.07 | 05.11.07 | 06.11.07 |
| CBK CREDIT DATE | 06.11.07 | 07.11.07 | 8 | 9 |
| KRA | 145,679,932.00 | 165,461,773.00 | 95,056,411.00 | 102,134,290.00 |
| CBK | 155,087,860.00 | 127,960,060.00 | 134,423,599.00 | 108,710,774.00 |
| TREASURY | 155,087,860.00 | 127,293,224.75 | 134,423,599.00 | 108,710,774.00 |

| | | | | |
|----------|---|------------|---|---|
| VARIANCE | - | 666,835.25 | - | - |
|----------|---|------------|---|---|

IMPORT DUTY 04-010-0124

DECEMBER

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 03.12.07 | 4.12.07 | 05.12.07 | 06.12.07 |
| CBK CREDIT DATE | 06.12.07 | 07.12.07 | | |
| KRA | 101,476,596.00 | 203,834,142.00 | 164,408,595.00 | 162,774,156.00 |
| CBK | 109,714,024.00 | 250,288,144.00 | 167,792,377.00 | 104,103,265.00 |
| TREASURY | 109,714,024.00 | 249,590,899.35 | 167,792,377.00 | 104,103,265.00 |
| VARIANCE | - | 697,244.65 | - | - |

IMPORT DUTY 04-010-0124

JANUARY

| | | | | |
|-----------------|---------------|----------------|---------------|----------------|
| COLLECTION DATE | 02.01.08 | 03.01.08 | 04.01.08 | 07.01.08 |
| CBK CREDIT DATE | 07.01.08 | 08.01.08 | 09.01.08 | 10.01.08 |
| KRA | 29,519,043.00 | 10,957,073.00 | 96,748,271.00 | 113,758,864.00 |
| CBK | 14,879,112.00 | 141,559,097.00 | 27,267,706.00 | 233,999,800.00 |
| TREASURY | 14,879,112.00 | 141,559,097.00 | 27,267,706.00 | 233,999,800.00 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

FEBRUARY

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 1.02.08 | 4.02.08 | 5.02.08 | 6.02.08 |
| CBK CREDIT DATE | 6.02.08 | 7.02.08 | 8.02.08 | 11.02.08 |
| KRA | 117,169,762.00 | 96,554,702.00 | 225,930,623.00 | 82,403,329.00 |
| CBK | 115,175,427.95 | 119,263,650.00 | 210,486,974.00 | 112,832,739.00 |
| TREASURY | 115,175,427.95 | 118,694,433.10 | 210,486,974.40 | 112,832,739.00 |
| VARIANCE | - | 569,216.90 | (0.40) | - |

IMPORT DUTY 04-010-0124

MARCH

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 3.03.08 | 4.03.08 | 5.03.08 | 6.03.08 |
| CBK CREDIT DATE | 5.03.08 | 6.03.08 | 7.03.08 | 10.03.08 |
| KRA | 100,496,439.98 | 194,225,514.98 | 96,669,657.98 | 106,744,303.98 |
| CBK | 119,894,802.00 | 194,225,515.50 | 136,873,584.00 | 106,744,514.00 |
| TREASURY | 119,894,802.00 | 194,225,515.50 | 136,873,584.00 | 106,744,514.00 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

APRIL

| | | | | |
|-----------------|---------------|---------------|---------------|----------------|
| COLLECTION DATE | 1.04.08 | 2.04.08 | 3.04.08 | 4.04.08 |
| CBK CREDIT DATE | 3.04.08 | 4.04.08 | 7.04.08 | 8.04.08 |
| KRA | 85,826,377.00 | 77,795,261.00 | 88,555,040.00 | 123,672,190.00 |
| CBK | 84,373,347.50 | 77,354,491.00 | 88,028,524.00 | 89,843,587.00 |

| | | | | |
|----------|---------------|---------------|---------------|---------------|
| TREASURY | 84,373,347.50 | 77,354,491.00 | 88,028,524.00 | 89,843,587.00 |
| VARIANCE | - | - | - | - |

IMPORT DUTY 04-010-0124

MAY

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| COLLECTION DATE | 2.05.08 | 5.05.08 | 6.05.08 | 7.05.08 |
| CBK CREDIT DATE | 6.05.08 | 7.05.08 | 8.05.08 | 9.05.08 |
| KRA | 162,258,192.60 | 132,270,408.00 | 117,006,260.00 | 129,409,416.00 |
| CBK | 128,357,737.00 | 165,392,937.00 | 116,891,638.00 | 129,180,353.00 |
| TREASURY | 128,357,737.00 | 165,392,937.00 | 116,891,638.00 | 125,491,493.00 |
| VARIANCE | - | - | - | 3,688,860.00 |

bank charges

IMPORT DUTY 04-010-0124

JUNE

| | | | | |
|-----------------|---------------|---------------|---------------|----------------|
| COLLECTION DATE | 3.06.08 | 4.06.08 | 5.06.08 | 6.06.08 |
| CBK CREDIT DATE | 5.06.08 | 6.06.08 | 9.06.08 | 10.06.08 |
| KRA | 56,932,342.00 | 91,872,225.00 | 91,369,422.00 | 138,244,862.00 |
| CBK | 56,904,246.00 | 90,665,088.10 | 91,369,822.00 | 141,247,064.00 |
| TREASURY | 56,904,246.00 | 90,665,088.10 | 91,369,822.00 | 141,247,064.00 |
| VARIANCE | - | - | - | - |

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

| | | | | |
|----------------|---------------|----------------|----------------|----------------|
| 6 | 9 | 10 | 11 | 12 |
| 11 | 12 | 13 | 16 | 17 |
| 398,273,887.00 | 74,832,194.00 | 119,142,578.00 | 148,132,591.00 | 127,467,605.00 |
| 311,298,420.00 | 80,389,407.00 | 204,848,283.50 | 167,566,864.00 | 124,759,789.00 |
| 311,298,420.00 | 79,911,785.95 | 204,848,283.50 | 167,566,864.00 | 124,759,789.00 |
| - | 477,621.05 | - | - | - |

| | | | | |
|----------------|---------------|----------------|----------------|----------------|
| 7 | 8 | 9 | 10 | 13 |
| 10 | 13 | 14 | 15 | 16 |
| 160,020,691.00 | 96,090,024.65 | 85,727,999.00 | 143,168,322.00 | 96,436,810.00 |
| 173,919,521.10 | 87,653,701.00 | 104,351,466.60 | 111,136,754.00 | 116,385,373.00 |
| 173,919,521.10 | 87,653,701.00 | 104,351,466.60 | 111,136,754.00 | 115,823,830.60 |
| - | - | - | - | 561,542.40 |

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 7 | 10 | 11 | 12 | 13 |
| 12 | 13 | 14 | 17 | 18 |
| 161,736,426.00 | 99,443,643.00 | 118,075,272.00 | 137,683,096.00 | 116,683,075.00 |
| 107,756,505.20 | 143,084,712.00 | 113,095,830.85 | 138,876,364.90 | 150,216,563.30 |
| 107,756,505.20 | 143,084,712.00 | 113,095,830.85 | 138,876,364.90 | 150,216,563.30 |
| - | - | - | - | - |

| | | | | |
|----------------|----------------|----------------|---------------|----------------|
| 5 | 8 | 9 | 11 | 12 |
| 11 | 12 | 15 | 16 | 17 |
| 161,309,868.00 | 83,459,230.00 | 102,618,860.00 | 83,080,656.00 | 149,826,390.00 |
| 102,496,107.00 | 118,473,000.00 | 109,240,829.10 | 79,078,325.00 | 149,719,241.00 |
| 101,224,409.15 | 118,473,000.00 | 109,240,829.10 | 79,078,325.00 | 149,719,241.00 |
| 1,271,697.85 | - | - | - | - |

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 07.11.07 | 8 | 9 | 12 | 13 |
| 12 | 13 | 14 | 15 | 16 |
| 125,054,832.00 | 105,693,618.00 | 153,940,998.00 | 115,288,225.00 | 130,962,940.00 |
| 117,040,384.25 | 121,081,663.25 | 105,557,214.00 | 161,998,844.00 | 123,315,490.15 |
| 117,040,384.25 | 121,081,663.25 | 105,557,214.00 | 161,998,844.00 | 123,315,490.15 |

| | | | | |
|---|---|---|---|---|
| - | - | - | - | - |
|---|---|---|---|---|

| | | | | |
|----------------|----------------|----------------|------------------|----------------|
| 07.12.07 | 10 | 11 | 13 | 14 |
| 13 | 14 | 17 | 18 | 20 |
| 148,385,801.00 | 104,249,623.00 | 143,252,845.00 | 119,153,532.00 | 221,867,217.00 |
| 121,678,772.00 | 147,386,877.00 | 133,461,630.00 | 153,953,394.00 | 165,463,639.00 |
| 121,678,772.00 | 147,386,877.90 | 133,461,630.00 | 319,417,033.00 | |
| - | 0.90 | - | - 165,463,639.00 | 165,463,639.00 |

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 08.01.08 | 9 | 10 | 11 | 14 |
| 1.01.08 | 14 | 15 | 16 | 17 |
| 150,010,587.00 | 160,280,583.00 | 200,561,514.00 | 214,884,039.00 | 99,036,629.00 |
| 155,146,731.00 | 193,670,443.75 | 157,401,873.40 | 150,875,678.00 | 159,463,800.00 |
| 141,852,751.00 | 193,135,090.75 | 157,401,873.40 | 150,875,028.00 | 159,463,800.00 |
| 13,293,980.00 | 535,353.00 | - | 650.00 | - |

13,293,980.00

bank charges

| | | | | |
|----------------|----------------|---------------|----------------|---------------|
| 7.02.08 | 8.02.08 | 11 | 12 | 13 |
| 12.02.08 | 13.02.08 | 13 | 14 | 15 |
| 190,452,595.00 | 147,923,507.00 | 87,982,656.00 | 198,249,363.00 | 90,025,937.00 |
| 200,782,782.20 | 172,482,443.40 | - | 197,963,874.00 | 90,025,938.00 |
| 200,781,382.20 | 169,436,113.40 | | 197,963,874.00 | 90,025,938.00 |
| 1,400.00 | 3,046,330.00 | | - | - |

bank charges

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 7.03.08 | 10 | 11 | 12 | 13 |
| 11.03.08 | 12 | 13 | 14 | 17 |
| 112,266,013.98 | 83,659,281.98 | 122,170,486.98 | 188,750,866.98 | 330,544,304.98 |
| 81,851,944.10 | 114,051,816.00 | 134,660,931.00 | 184,360,047.00 | 323,982,316.00 |
| 81,851,944.10 | 114,051,816.00 | 134,660,931.00 | 184,360,047.00 | 323,423,168.30 |
| - | - | - | - | 559,147.70 |

| | | | | |
|---------------|---------------|---------------|---------------|----------------|
| 7 | 8 | 9 | 10 | 11 |
| 9 | 10 | 11 | 14 | 15 |
| 65,378,881.00 | 92,879,147.00 | 92,787,290.00 | 93,823,677.00 | 152,439,036.00 |
| 97,732,120.00 | 92,878,202.00 | 93,051,726.00 | 93,557,396.00 | 139,191,039.00 |

| | | | | |
|---------------|---------------|---------------|---------------|----------------|
| 97,732,120.00 | 92,878,202.00 | 93,051,726.00 | 93,156,875.10 | 139,191,039.00 |
| - | - | - | 400,520.90 | - |

637,756,875.60

132,878,255.60

| | | | | |
|---------------|----------------|----------------|---------------|----------------|
| 8.5.08 | 9.5.08 | 12 | 13 | 14 |
| 12.5.08 | 13.5.08 | 14 | 15 | 16 |
| 96,812,599.00 | 139,781,455.00 | 120,648,810.00 | 95,512,717.00 | 133,515,773.00 |
| 96,812,599.00 | 121,528,743.15 | 139,150,632.00 | 95,512,408.00 | 132,705,073.00 |
| 96,812,599.00 | 121,528,743.15 | 139,150,632.00 | 95,512,408.00 | 132,705,073.00 |
| - | - | - | - | - |

| | | | | |
|----------------|----------------|----------------|------------------|---------------|
| 9 | 10 | 11 | 12 | 13 |
| 11 | 12 | 13 | 16 | 17 |
| 152,533,275.00 | 142,974,398.00 | 153,756,795.00 | 150,109,965.00 | 93,019,283.00 |
| 152,647,952.45 | 176,823,493.10 | 153,756,795.00 | 150,115,965.25 | 91,695,147.00 |
| 152,647,952.45 | 176,823,493.10 | | 303,872,760.25 | 91,695,147.00 |
| - | - | 153,756,795.00 | (153,756,795.00) | - |

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 13 | 16 | 17 | 18 | 19 |
| 18 | 19 | 20 | 23 | 24 |
| 155,368,809.35 | 115,970,867.00 | 152,154,756.00 | 136,106,845.00 | 111,930,765.00 |
| 116,763,405.35 | 153,756,384.40 | 148,078,126.95 | 122,967,558.00 | 136,492,514.00 |
| 116,763,405.35 | 153,756,384.40 | 148,078,126.95 | 122,967,558.00 | 136,492,514.00 |
| - | - | - | - | - |

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 14 | 15 | 16 | 17 | 20 |
| 17 | 20 | 21 | 22 | 23 |
| 116,474,411.00 | 105,682,879.00 | 112,603,857.00 | 151,020,391.80 | 92,804,469.75 |
| 117,036,476.45 | 104,641,446.00 | 139,062,823.00 | 103,437,361.10 | 113,796,539.00 |
| 117,036,476.45 | 104,641,446.00 | 139,062,823.00 | 103,437,361.10 | 113,796,539.00 |
| - | - | - | - | - |

| | | | | |
|----------------|----------------|----------------|----------------|---------------|
| 14 | 17 | 18 | 19 | 20 |
| 19 | 20 | 21 | 24 | 25 |
| 159,967,783.00 | 116,412,186.00 | 137,026,374.00 | 111,661,259.00 | 92,327,323.00 |
| 283,825,229.00 | 133,547,895.85 | 119,229,648.00 | 86,331,996.00 | 92,698,524.80 |
| 283,825,229.00 | 133,547,895.85 | 119,229,648.00 | 86,331,996.00 | 92,698,524.80 |
| - | - | - | - | - |

429,584,849.00

405,021,909.00

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 15 | 16 | 17 | 18 | 19 |
| 18 | 19 | 22 | 23 | 24 |
| 101,229,769.00 | 183,924,390.00 | 205,621,058.00 | 155,205,105.00 | 151,095,294.00 |
| 104,319,691.00 | 202,874,274.05 | 203,723,866.25 | 136,999,327.80 | 149,102,078.00 |
| 104,319,691.00 | 193,945,194.05 | 203,723,866.25 | 136,999,327.80 | 149,102,078.00 |
| - | 8,929,080.00 | - | - | - |

9,229,080.00

bank charges

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 14 | 15 | 16 | 19 | 20 |
| 19 | 20 | 21 | 22 | 23 |
| 115,159,989.00 | 157,755,695.00 | 174,903,714.00 | 153,015,019.00 | 123,075,209.00 |
| 110,604,200.50 | 202,932,850.00 | 109,811,399.00 | 179,045,429.00 | 129,330,216.00 |
| 110,604,200.50 | 202,932,850.00 | 109,811,399.00 | 179,045,429.00 | 129,330,216.00 |

| | | | | |
|---|---|---|---|---|
| - | - | - | - | - |
|---|---|---|---|---|

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 17 | 18 | 20 | 21 | 24 |
| 21 | 24 | | | |
| 161,951,112.00 | 169,238,661.00 | 145,416,303.00 | 243,545,009.00 | 155,587,784.00 |
| 184,056,839.25 | 184,895,581.00 | 224,808,674.15 | 8,736,775.00 | 144,434,580.00 |
| 184,056,839.25 | 184,895,581.00 | 204,808,674.15 | 8,736,775.00 | 144,434,580.00 |
| - | - | 20,000,000.00 | - | - |

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 15 | 16 | 17 | 18 | 21 |
| 18 | 21 | 22 | 23 | 24 |
| 198,299,427.00 | 127,419,936.00 | 110,874,553.00 | 124,205,777.00 | 89,751,292.00 |
| 181,824,903.00 | 129,289,833.00 | 129,389,776.75 | 77,020,241.50 | 107,373,842.90 |
| 181,824,903.00 | 129,289,833.00 | 129,389,776.75 | 77,020,241.50 | 107,373,842.90 |
| - | - | - | - | - |



| | | | | |
|----------------|----------------|---------------|---------------|----------------|
| 14 | 15 | 18 | 19 | 20 |
| 18 | 19 | 20 | 21 | 22 |
| 105,405,609.00 | 111,177,923.00 | 85,450,317.00 | 94,119,921.00 | 121,857,129.00 |
| 105,396,009.85 | 99,729,752.00 | 97,034,274.00 | 94,406,802.65 | 121,857,129.00 |
| 105,396,009.85 | 99,729,752.00 | 97,034,274.00 | 94,406,802.65 | 118,372,669.00 |
| - | - | - | - | 3,484,460.00 |

bank charges



| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 14 | 17 | 18 | 19 | 20 |
| 18 | 19 | 20 | 25 | 26 |
| 517,762,531.98 | 132,926,024.98 | 151,940,008.00 | 183,628,517.98 | 120,587,621.98 |
| 361,487,631.35 | 262,405,538.00 | 177,224,641.00 | 183,628,518.00 | 112,917,999.75 |
| 361,487,631.35 | 262,405,538.00 | 177,224,641.00 | 183,628,518.00 | 112,917,999.75 |
| - | - | - | - | - |



| | | | | |
|---------------|----------------|----------------|---------------|---------------|
| 14 | 15 | 16 | 17 | 18 |
| 16 | 17 | 18 | 21 | 22 |
| 56,914,572.00 | 112,529,802.00 | 116,487,571.00 | 89,302,072.00 | 91,256,390.00 |
| 70,130,216.00 | 112,752,917.30 | 116,274,317.20 | 89,302,072.00 | 73,374,306.75 |

| | | | | |
|---------------|----------------|----------------|---------------|---------------|
| 70,130,216.00 | 112,752,917.30 | 116,274,317.20 | 89,302,072.00 | 73,374,306.75 |
| - | - | - | - | - |

608,020,310.00

63,619,111.25

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 15 | 16 | 19 | 20 | 21 |
| 19 | 20 | 21 | 22 | 23 |
| 118,561,555.00 | 177,917,933.00 | 121,751,908.00 | 108,896,926.00 | 102,263,620.00 |
| 119,372,255.00 | 159,775,433.45 | 140,539,328.00 | 108,945,160.00 | 100,915,785.00 |
| 116,209,356.00 | 158,972,091.35 | 140,539,328.00 | 108,945,160.00 | 100,915,785.00 |
| 3,162,899.00 | 803,342.10 | - | - | - |

| | | | | |
|---------------|-----------------|----------------|----------------|----------------|
| 16 | 17 | 18 | 19 | 20 |
| 18 | 19 | 20 | 23 | 24 |
| 73,271,314.00 | 138,451,545.00 | 126,375,189.00 | 128,505,436.00 | 106,352,593.00 |
| 73,271,322.50 | 138,922,933.10 | 126,187,789.00 | 128,509,184.95 | 91,308,900.10 |
| | 212,194,255.60 | | | 90,660,996.10 |
| 73,271,322.50 | (73,271,322.50) | 126,187,789.00 | 128,509,184.95 | 647,904.00 |

| | |
|--|--|
| | |
|--|--|

| | |
|----------------|----------------|
| 20 | 23 |
| 25 | 26 |
| 146,472,534.00 | 159,682,194.00 |
| 104,270,869.15 | 197,625,991.00 |
| 104,270,869.15 | 197,625,991.00 |
| - | - |

| | |
|---------------|----------------|
| 21 | 22 |
| 24 | 27 |
| 93,809,814.00 | 114,541,880.00 |
| 97,572,557.00 | 120,173,836.00 |
| 97,572,557.00 | 120,173,836.00 |
| - | - |

| | |
|----------------|----------------|
| 21 | 24 |
| 26 | 27 |
| 150,812,535.00 | 134,857,394.00 |
| 118,046,029.00 | 225,483,385.00 |
| 115,592,249.00 | 225,483,385.00 |
| 2,453,780.00 | - |

| | |
|----------------|----------------|
| 22 | 23 |
| 25 | 26 |
| 118,495,662.00 | 136,242,200.00 |
| 120,713,371.00 | 134,331,059.00 |
| 120,713,371.60 | 134,331,059.00 |
| - 0.60 | - |

| | |
|----------------|----------------|
| 21 | 22 |
| 26 | 27 |
| 138,801,203.00 | 85,476,371.00 |
| 129,539,965.00 | 169,198,467.00 |
| 129,539,965.00 | 169,198,467.00 |

| | |
|---|---|
| - | - |
|---|---|

| | |
|---|---|
| | |
| | |
| - | - |
| - | - |

| | |
|---|---|
| - | - |
|---|---|

| | |
|----------------|----------------|
| 22 | 23 |
| 25 | 28 |
| 98,020,938.00 | 188,947,407.00 |
| 110,440,069.00 | 204,828,027.00 |
| 110,440,069.00 | 204,828,027.05 |
| - | (0.05) |

| | |
|----------------|----------------|
| 21 | 22 |
| 25 | 26 |
| 140,768,297.00 | 333,337,747.00 |
| 140,843,775.00 | 306,409,028.50 |
| 140,843,775.00 | 306,409,028.50 |
| - | - |

| | |
|---------------|----------------|
| 25 | 26 |
| 27 | 28 |
| 73,806,473.98 | 113,935,179.98 |
| 78,803,222.00 | 115,653,876.00 |
| 78,803,222.00 | 112,666,206.00 |
| - | 2,987,670.00 |

bank charges

| | |
|---------------|---------------|
| 21 | 22 |
| 23 | 24 |
| 77,493,511.00 | 93,280,517.20 |
| 94,859,520.00 | 93,249,462.60 |

| | |
|---------------|---------------|
| 94,859,520.00 | 93,249,462.60 |
| - | - |

| | |
|----------------|----------------|
| 22 | 23 |
| 26 | 27 |
| 156,698,502.00 | 143,888,688.00 |
| 157,928,382.30 | 111,082,875.25 |
| 157,928,382.30 | 111,082,875.25 |
| - | - |

| | |
|---------------|---------------|
| 23 | 24 |
| 25 | 26 |
| 64,944,593.00 | 94,314,166.00 |
| 79,994,454.60 | 94,107,584.00 |
| 79,994,454.60 | 87,811,924.00 |
| - | 6,295,660.00 |

KENYA REVENUE AUTHORITY

BANK RECONCILIATION STATEMENT

For the Financial year 2007/2008

PIF/IDF A/C 1150401 (REF AA 60/2007/2008 PARA 2)

DEPT: CUSTOMS SERVICES

Balance as per KRA Report (Cashbook)

12,430,613,539.00

(copy of the Monthly/Financial cumulative report is attached) Appendix 1

LESS: ii Receipts in the Cash Book/KRA- Customs report
not in the Bank Statement

| | | |
|---------|-------------------------|---------------|
| 30.6.08 | Cash in Transit | 10,680,226.00 |
| 30.6.09 | Cash in Transit | 25,035,232.00 |
| 7.2.08 | Pre IDF | 7,120,000.00 |
| 31.1.08 | IDF misposted to import | 1,887,376.00 |
| 29.4.08 | IDF misposted to import | 75,600.00 |
| 25.6.08 | JKIA adjustment | 43,850.00 |
| 3.6.08 | JKIA baggage adjustment | 5,000.00 |

(44,847,284.00)

ADD: iii Receipts in the Bank Statement
not in the Cash Book/ KRA - Customs Report

| | | |
|---------|---|---------------|
| 3.6.08 | Misposted in import | 296.00 |
| 30.6.07 | 30.06.07 Cash in transit transferred in July 07 | 75,325,982.00 |
| 6.6.08 | Misposted RML | 3,420,000.00 |
| 30.6.08 | Pre IDF | 10,180,000.00 |
| 7.3.08 | Misposted RML coop msa | 47,202,597.00 |
| 7.3.08 | Misposted miscellaneous | 7,696,502.00 |
| 12.6.08 | Misposted miscellaneous coop msa | 17,677.00 |
| 11.6.08 | Coop msa adjustment | 18,623.00 |
| 7.2.08 | Pre IDF | 7,210,000.00 |
| 12.4.07 | Wilson RBC | 249,139.00 |
| 2.10.07 | Coop double transfers | 4,622,294.00 |
| | Casting error | 1,085.40 |

155,944,195.40

Total Central Bank balance as at 30.06.08

12,541,710,450.40

Cntd

Total Central Bank balance as at 30.06.08

12,541,710,450.40

(A copy of monthly bankings summary for the year 2007/2008 is attached)
Appendix 2

| | | | |
|-------|---------|---|----------------|
| LESS: | 1.7.07 | 2007/2008 F/Y Collections(cash in transit) | 62,187,073.00 |
| | 1.10.07 | Receipts in CBK and not Treasury | 41,923,853.00 |
| | 12.3.08 | Receipts in CBK and not Treasury | 46,931,481.00 |
| | 20.6.08 | Receipts in CBK and not Treasury | 50,507,064.00 |
| | 30.6.08 | Receipts in CBK and not Treasury | 145,251,643.00 |

(346,801,114.00)

ADD:

| | | |
|--|----------------------------------|----------------|
| | Receipts in Treasury and not CBK | 3,088,654.00 |
| | Receipts in Treasury and not CBK | 10,000.00 |
| | Receipts in Treasury and not CBK | 40,295,695.00 |
| | Receipts in Treasury and not CBK | 624,631,164.15 |
| | Receipts in Treasury and not CBK | 50,489,387.00 |

718,514,900.15

THE TREASURY FIGURE AS PER THE ATTACHED SHEDULES OR THE CASHBOOK
(Appendix 4)

12,913,424,236.55

| | | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|----|
| COLLECTION DATE | | 2 | 3 | 4 | 5 | 6 | 9 |
| CBK CREDIT DATE | | 5 | 6 | 9 | 10 | 11 | 12 |
| TREASURY | 34,184,020.00 | 40,471,905.00 | 28,166,681.00 | 51,322,070.00 | 81,766,055.00 | 31,841,715.00 | |
| CBK | 34,184,020.00 | 40,471,905.00 | 28,166,681.00 | 51,322,070.00 | 81,766,055.00 | 31,841,715.00 | |
| VARIANCE | - | - | - | - | - | - | - |

| | | | | | | | |
|-----------------|---------------|---------------|---------------|----------------|---------------|---------------|----|
| COLLECTION DATE | | 1 | 2 | 3 | 6 | 7 | 8 |
| CBK CREDIT DATE | | 6 | 7 | 8 | 9 | 10 | 13 |
| TREASURY | 43,726,637.00 | 29,146,843.00 | 60,436,640.00 | 109,119,314.00 | 24,400,982.00 | 42,634,204.00 | |
| CBK | 43,726,637.00 | 29,146,843.00 | 60,436,640.00 | 109,119,314.00 | 24,400,982.00 | 42,634,204.00 | |
| VARIANCE | - | - | - | - | - | - | - |

| | | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|----------------|----|
| COLLECTION DATE | 03.09.07 | 04.08.07 | | 5 | 6 | 7 | 10 |
| CBK CREDIT DATE | | 6 | 7 | 10 | 11 | 12 | 13 |
| TREASURY | 28,459,059.00 | 27,223,929.00 | 84,012,508.00 | 46,187,888.00 | 29,291,531.00 | 120,999,278.00 | |
| CBK | 28,459,059.00 | 27,223,929.00 | 84,012,508.00 | 46,187,888.00 | 29,291,531.00 | 120,999,278.00 | |
| VARIANCE | - | - | - | - | - | - | - |

| | | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|----------------|----|
| COLLECTION DATE | | 1 | 2 | 3 | 4 | 5 | 8 |
| CBK CREDIT DATE | | 4 | 5 | 8 | 9 | 11 | 12 |
| TREASURY | 52,871,540.00 | 44,889,912.00 | 44,381,012.00 | 84,964,179.00 | 45,819,934.00 | 103,615,933.00 | |
| CBK | 52,871,540.00 | 44,889,912.00 | 44,381,012.00 | 84,964,179.00 | 45,819,934.00 | 103,615,933.00 | |
| VARIANCE | - | - | - | - | - | - | - |

| | | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|----|
| COLLECTION DATE | 01.11.07 | 02.11.07 | 05.11.07 | 06.11.07 | 07.11.07 | | 8 |
| CBK CREDIT DATE | 06.11.07 | 07.11.07 | | 8 | 9 | 12 | 13 |
| TREASURY | 35,495,344.00 | 55,996,588.00 | 60,574,632.00 | 80,124,528.00 | 39,081,356.00 | 38,989,835.00 | |
| CBK | 35,495,344.00 | 55,996,588.00 | 60,574,632.00 | 80,124,528.00 | 39,081,356.00 | 38,989,835.00 | |
| VARIANCE | - | - | - | - | - | - | - |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| COLLECTION DATE | 03.12.07 | 4.12.07 | 05.12.07 | 06.12.07 | 07.12.07 | 10 |
| CBK CREDIT DATE | 06.12.07 | 07.12.07 | 10 | 11 | 13 | 14 |
| TREASURY | 30,844,903.00 | 68,969,937.00 | 46,765,930.00 | 45,754,720.00 | 25,660,826.00 | 45,459,616.00 |
| CBK | 30,844,903.00 | 68,969,937.00 | 46,765,930.00 | 45,754,720.00 | 25,660,826.00 | 45,459,616.00 |
| VARIANCE | - | - | - | - | - | - |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| COLLECTION DATE | 02.01.08 | 03.01.08 | 04.01.08 | 07.01.08 | 08.01.08 | 9 |
| CBK CREDIT DATE | 07.01.08 | 08.01.08 | 09.01.08 | 10.01.08 | 11.01.08 | 14 |
| TREASURY | 81,151,576.00 | 63,195,228.00 | 44,246,407.00 | 94,241,537.00 | 37,227,615.00 | 48,604,216.00 |
| CBK | 81,151,576.00 | 63,195,228.00 | 44,246,407.00 | 94,241,537.00 | 37,227,615.00 | 48,604,216.00 |
| VARIANCE | - | - | - | - | - | - |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| COLLECTION DATE | 1.02.08 | 4.02.08 | 5.02.08 | 6.02.08 | 7.02.08 | 8.02.08 |
| CBK CREDIT DATE | 6.02.08 | 7.02.08 | 8.02.08 | 11.02.08 | 12.02.08 | 13.02.08 |
| TREASURY | 40,730,556.00 | 48,115,638.00 | 60,229,656.00 | 36,600,406.00 | 32,256,063.00 | 152,128,546.00 |
| CBK | 40,730,556.00 | 48,115,638.00 | 60,229,656.00 | 36,600,406.00 | 32,256,063.00 | 152,128,546.00 |
| VARIANCE | - | - | - | - | - | - |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| COLLECTION DATE | 3.03.08 | 4.03.08 | 5.03.08 | 6.03.08 | 7.03.08 | 10 |
| CBK CREDIT DATE | 5.03.08 | 6.03.08 | 7.03.08 | 10.03.08 | 11.03.08 | 12 |
| TREASURY | 51,222,572.00 | 41,858,647.00 | 78,935,092.00 | 26,374,478.00 | 28,557,880.00 | |
| CBK | 51,222,572.00 | 41,858,647.00 | 78,935,092.00 | 26,374,478.00 | 28,557,880.00 | 46,931,481.00 |
| VARIANCE | - | - | - | - | - | - 46,931,481.00 |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| COLLECTION DATE | 1.04.08 | 2.04.08 | 3.04.08 | 4.04.08 | 7 | 8 |
| CBK CREDIT DATE | 3.04.08 | 4.04.08 | 7.04.08 | 8.04.08 | 9 | 10 |
| TREASURY | 30,676,605.00 | 55,961,404.00 | 44,614,878.00 | 69,059,117.00 | 45,980,629.00 | 33,859,567.00 |
| CBK | 30,676,605.00 | 55,961,404.00 | 44,614,878.00 | 69,059,117.00 | 45,980,629.00 | 33,859,567.00 |
| VARIANCE | - | - | - | - | - | - |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| COLLECTION DATE | 2.05.08 | 5.05.08 | 6.05.08 | 7.05.08 | 8.5.08 | 9.5.08 |
| CBK CREDIT DATE | 6.05.08 | 7.05.08 | 8.05.08 | 9.05.08 | 12.5.08 | 13.5.08 |
| TREASURY | 65,145,770.00 | 46,863,522.00 | 59,868,947.00 | 26,097,607.00 | 35,862,367.00 | 52,408,309.00 |
| CBK | 65,145,770.00 | 46,863,522.00 | 59,868,947.00 | 26,097,607.00 | 35,862,367.00 | 52,408,309.00 |
| VARIANCE | - | - | - | - | - | - |

| | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| COLLECTION DATE | 3.06.08 | 4.06.08 | 5.06.08 | 6.06.08 | 9 | 10 |
| CBK CREDIT DATE | 5.06.08 | 6.06.08 | 9.06.08 | 10.06.08 | 11 | 12 |
| TREASURY | 75,910,477.00 | 55,171,174.00 | 33,804,994.00 | 36,643,146.00 | 46,576,642.00 | 36,691,280.00 |
| CBK | 75,910,477.00 | 55,171,174.00 | 33,804,994.00 | 36,643,146.00 | 46,576,642.00 | 36,691,280.00 |
| VARIANCE | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 10 | 11 | 12 | 13 | 16 | 17 | 18 | 19 |
| 13 | 16 | 17 | 18 | 19 | 20 | 23 | 24 |
| 39,706,428.00 | 76,310,239.00 | 34,480,421.00 | 45,981,854.00 | 41,015,219.00 | 32,700,502.00 | 31,155,368.00 | 37,040,002.00 |
| 39,706,428.00 | 76,310,239.00 | 34,480,421.00 | 45,981,854.00 | 41,015,219.00 | 32,700,502.00 | 31,155,368.00 | 37,040,002.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 9 | 10 | 13 | 14 | 15 | 16 | 17 | 20 |
| 14 | 15 | 16 | 17 | 20 | 21 | 22 | 23 |
| 72,632,719.00 | 24,440,204.00 | 32,507,852.00 | 39,373,249.00 | 48,407,674.00 | 46,406,507.00 | 31,470,365.00 | 23,454,530.00 |
| 72,632,719.00 | 24,440,204.00 | 32,507,852.00 | 39,373,249.00 | 48,407,674.00 | 46,406,507.00 | 31,470,365.00 | 23,454,530.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 11 | 12 | 13 | 14 | 17 | 18 | 19 | 20 |
| 14 | 17 | 18 | 19 | 20 | 21 | 24 | 25 |
| 22,825,718.00 | 46,043,678.00 | 45,127,998.00 | 32,538,486.00 | 47,516,892.00 | 33,747,550.00 | 29,431,894.00 | 29,349,887.00 |
| 22,825,718.00 | 46,043,678.00 | 45,127,998.00 | 32,538,486.00 | 47,516,892.00 | 33,747,550.00 | 29,431,894.00 | 29,349,887.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 9 | 11 | 12 | 15 | 16 | 17 | 18 | 19 |
| 15 | 16 | 17 | 18 | 19 | 22 | 23 | 24 |
| 116,034,988.00 | 65,388,256.00 | 36,647,700.00 | 50,543,620.00 | 35,837,752.00 | 42,191,257.00 | 32,953,132.00 | 31,749,695.00 |
| 116,034,988.00 | 65,388,256.00 | 36,647,700.00 | 50,543,620.00 | 35,837,752.00 | 42,191,257.00 | 32,953,132.00 | 31,749,695.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 9 | 12 | 13 | 14 | 15 | 16 | 19 | 20 |
| 14 | 15 | 16 | 19 | 20 | 21 | 22 | 23 |
| 27,809,897.00 | 62,062,630.00 | 32,915,153.00 | 93,364,257.00 | 54,026,215.00 | 18,636,173.00 | 45,256,848.00 | 38,001,851.00 |
| 27,809,897.00 | 62,062,630.00 | 32,915,153.00 | 93,364,257.00 | 54,026,215.00 | 18,636,173.00 | 45,256,848.00 | 38,001,851.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|----------------|---------------|---------------|---------------|--------------|---------------|
| 11 | 13 | 14 | 17 | 18 | 20 | 21 | 24 |
| 17 | 18 | 20 | 21 | 24 | | | |
| 62,363,078.00 | | 151,532,582.00 | 59,656,584.00 | 54,309,356.00 | 58,894,404.00 | 1,706,125.00 | 39,414,075.00 |
| 62,363,078.00 | 54,216,895.00 | 97,315,687.00 | 59,656,584.00 | 54,309,356.00 | 58,894,404.00 | 1,706,125.00 | 39,414,075.00 |
| - | 54,216,895.00 | 54,216,895.00 | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 10 | 11 | 14 | 15 | 16 | 17 | 18 | 21 |
| 15 | 16 | 17 | 18 | 21 | 22 | 23 | 24 |
| 90,995,889.00 | 39,651,746.00 | 65,116,378.00 | 40,044,566.00 | 52,001,365.00 | 49,889,062.00 | 45,569,272.00 | 38,738,781.00 |
| 90,995,889.00 | 39,651,746.00 | 65,116,378.00 | 40,044,566.00 | 52,001,365.00 | 49,889,062.00 | 45,569,272.00 | 38,738,781.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 11 | 12 | 13 | 14 | 15 | 18 | 19 | 20 |
| 13 | 14 | 15 | 18 | 19 | 20 | 21 | 22 |
| | 70,694,580.00 | 25,510,548.00 | 39,283,314.00 | 38,616,463.00 | 28,884,148.00 | 34,634,301.00 | 35,952,809.00 |
| | 70,694,580.00 | 25,510,548.00 | 39,283,314.00 | 38,616,463.00 | 28,884,148.00 | 34,634,301.00 | 35,952,809.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 11 | 12 | 13 | 14 | 17 | 18 | 19 | 20 |
| 13 | 14 | 17 | 18 | 19 | 20 | 25 | 26 |
| 80,123,898.00 | 25,384,893.00 | 52,396,856.00 | 64,298,888.00 | 53,735,221.00 | 51,730,468.00 | 49,208,421.00 | 52,595,433.00 |
| 80,123,898.00 | 25,384,893.00 | 52,396,856.00 | 64,298,888.00 | 53,735,221.00 | 51,730,468.00 | 49,208,421.00 | 52,595,433.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| 9 | 10 | 11 | 14 | 15 | 16 | 17 | 18 |
| 11 | 14 | 15 | 16 | 17 | 18 | 21 | 22 |
| 43,328,976.00 | 28,605,230.00 | 30,370,423.00 | 39,402,282.00 | 50,555,712.00 | 114,546,334.00 | 63,942,276.00 | 25,094,558.00 |
| 43,328,976.00 | 28,605,230.00 | 30,370,423.00 | 39,402,282.00 | 50,555,712.00 | 114,546,334.00 | 63,942,276.00 | 25,094,558.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----|
| | 12 | 13 | 14 | 15 | 16 | 19 | 20 | 21 |
| | 14 | 15 | 16 | 19 | 20 | 21 | 22 | 23 |
| 75,233,855.00 | 35,212,445.00 | 35,312,015.00 | 56,221,050.00 | 32,043,260.00 | 40,722,461.00 | 121,012,843.00 | 65,484,730.00 | |
| 75,233,855.00 | 35,212,445.00 | 35,312,015.00 | 56,221,050.00 | 32,043,260.00 | 40,722,461.00 | 121,012,843.00 | 65,484,730.00 | |
| - | - | - | - | - | - | - | - | - |

| | | | | | | | | |
|----------------|-----------------|---------------|----------------|-----------------|-----------------|---------------|-----------------|----|
| | 11 | 12 | 13 | 16 | 17 | 18 | 19 | 20 |
| | 13 | 16 | 17 | 18 | 19 | 20 | 23 | 24 |
| 118,752,365.00 | | 36,494,379.00 | 102,313,031.00 | - | 50,507,064.00 | 46,938,101.00 | 23,279,637.00 | |
| 48,747,382.00 | 70,004,983.00 | 36,494,379.00 | 22,583,217.00 | 79,729,814.00 | 50,507,064.00 | 23,279,637.00 | - 23,279,637.00 | |
| 70,004,983.00 | - 70,004,983.00 | - | 79,729,814.00 | - 79,729,814.00 | - 50,507,064.00 | 23,279,637.00 | - 23,279,637.00 | |

| | | | | | | | |
|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 20 | 23 | 24 | 25 | 26 | 27 | 30 | 31 |
| 25 | 26 | 27 | 30 | 31 | 01.08.07 | 02.08.07 | 03.08.07 |
| 27,938,495.00 | 106,729,907.00 | 29,983,816.00 | 80,103,851.00 | 31,428,827.00 | 23,520,354.00 | 53,767,090.00 | 22,070,813.00 |
| 27,938,495.00 | 106,729,907.00 | 29,983,816.00 | 80,103,851.00 | 31,428,827.00 | 23,520,354.00 | 53,757,090.00 | 22,070,813.00 |
| - | - | - | - | - | - | 10,000.00 | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 21 | 22 | 23 | 24 | 27 | 28 | 29 | 30 |
| 24 | 27 | 28 | 29 | 30 | 31 | 03.09.07 | 04.09.07 |
| 32,537,718.00 | 52,416,681.00 | 77,099,473.00 | 26,093,443.00 | 36,589,904.00 | 42,074,232.00 | 33,132,283.00 | 32,732,905.00 |
| 32,537,718.00 | 52,416,681.00 | 77,099,473.00 | 26,093,443.00 | 36,589,904.00 | 42,074,232.00 | 33,132,283.00 | 32,732,905.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | |
|---------------|---------------|---------------|----------|---------------|---------------|----------------|
| 21 | 24 | 25 | 26 | 27 | 28 | TOTALS |
| 26 | 27 | 28 | 01.10.07 | 02.10.07 | 03.10.07 | |
| 54,948,141.00 | 59,880,494.00 | 38,100,175.00 | | 76,366,340.00 | 18,821,913.00 | 870,873,359.00 |
| 54,948,141.00 | 59,880,494.00 | 38,100,175.00 | | 41,923,853.00 | 76,366,340.00 | 18,821,913.00 |
| - | - | - | - | 41,923,853.00 | - | - |

| | | | | | | | |
|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| 22 | 23 | 24 | 25 | 26 | 29 | 30 | 31 |
| 25 | 26 | 29 | 30 | 31 | 01.11.07 | 02.11.07 | 05.11.07 |
| 42,317,615.00 | 38,447,925.00 | 102,599,071.40 | 41,241,687.00 | 50,778,907.00 | 38,777,482.00 | 13,406,686.00 | 49,534,346.00 |
| 42,317,615.00 | 38,447,925.00 | 102,599,071.40 | 41,241,687.00 | 50,778,907.00 | 38,777,482.00 | 13,406,686.00 | 49,534,346.00 |
| - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| 21 | 22 | 23 | 26 | 27 | 28 | 29 | 30 |
| 26 | 27 | 28 | 29 | 30 | 03.12.07 | 04.12.07 | 05.12.07 |
| 58,923,192.00 | 58,755,269.00 | 40,034,635.00 | 56,319,886.00 | 142,703,069.00 | 60,472,547.00 | 37,692,537.00 | 21,118,318.00 |
| 58,923,192.00 | 58,755,269.00 | 40,034,635.00 | 56,319,886.00 | 142,703,069.00 | 60,472,547.00 | 37,692,537.00 | 21,118,318.00 |
| - | - | - | - | - | - | - | - |

| TOTALS | |
|--------|----------------|
| | |
| | 981,685,632.00 |
| | 981,675,632.00 |
| | 10,000.00 |

| | 31 | TOTALS |
|---------------|----|------------------|
| 05.09.07 | | |
| 50,432,263.00 | | 1,011,266,622.00 |
| 50,432,263.00 | | 1,011,266,622.00 |
| - | | - |

| TOTALS | |
|--------|------------------|
| | |
| | 1,164,992,629.40 |
| | 1,164,992,629.40 |
| | - |

| TOTALS | |
|--------|------------------|
| | |
| | 1,158,354,760.00 |
| | 1,158,354,760.00 |
| | - |

| |
|----------------|
| |
| TOTALS |
| 691,332,136.00 |
| 691,332,136.00 |
| - |

| |
|------------------|
| |
| TOTALS |
| 1,266,354,189.00 |
| 1,266,354,189.00 |
| - |

| |
|------------------|
| |
| TOTALS |
| 1,163,325,926.00 |
| 1,163,325,926.00 |
| - |

| | |
|---|----------------|
| | TOTALS |
| | 917,923,884.00 |
| | 964,855,365.00 |
| - | 46,931,481.00 |

| | |
|---|------------------|
| | TOTALS |
| | 1,106,282,781.00 |
| | 1,106,282,781.00 |
| - | - |

VARIANCE BETWEEN ACTUAL RECEIPTS AND REVISED ESTIMATES - 2007/2008

| DETAILS | PRINTED ESTIMATES
2007/2008
Kshs. | REVISED ESTIMATES
2007/2008
Kshs. | ACTUAL RECEIPTS as per
Exchequer 2007/2008
Kshs. | VARIANCE
Kshs. | COMMENTS |
|---|---|---|--|---------------------|--|
| Taxes on Income, Profit and Capital Gains | 151,767,000,000.00 | 165,155,000,000.00 | 168,376,912,702.60 | 3,221,912,702.60 | The shortfall was expected from employment of additional teachers, employment of whom was postponed to a later date. |
| PAYE | 79,427,000,000.00 | 85,169,000,000.00 | 81,680,929,230.20 | (3,488,070,769.80) | Excess realised from more aggressive enforcement operations. |
| INCOME TAX from CORPORATIONS | 72,340,000,000.00 | 79,986,000,000.00 | 86,695,983,472.40 | 6,709,983,472.40 | |
| Taxes on Property | 331,340,786.00 | 301,594,914.00 | - | (301,594,914.00) | |
| Immovable Property (Stand Premia on Town Plots) | 46,000,000.00 | 25,277,328.00 | - | (25,277,328.00) | Collected under item "Other Taxes not Elsewhere Classified" below. |
| Financial and Capital Transactions | 285,340,786.00 | 276,317,586.00 | - | (276,317,586.00) | |
| Total VAT | 111,820,000,000.00 | 115,014,000,000.00 | 115,393,742,929.55 | 379,742,929.55 | |
| VAT on Domestic Goods and Services | 59,828,000,000.00 | 59,827,000,000.00 | 61,586,108,468.70 | 1,759,108,468.70 | Under-forecasted into VAT on imports |
| VAT On Imported Goods and Services | 51,992,000,000.00 | 55,187,000,000.00 | 53,807,634,460.85 | (1,379,365,539.15) | Over-forecasted into VAT on domestics |
| Taxes on Goods & Services (Excluding AIA) | 67,476,525,736.00 | 64,934,585,911.00 | 63,925,604,629.85 | (1,008,981,281.15) | |
| Excise Taxes | 65,551,000,000.00 | 64,289,000,000.00 | 61,857,468,359.10 | (2,431,531,640.90) | Slowdown in the economy due to post-election violence |
| Taxes on Specific Services | 15,261,633.00 | - | - | - | |
| Licences Under Traffic Act | 944,230,000.00 | 110,210,840.00 | 1,880,336,872.75 | 1,770,126,032.75 | Typographical error in the Revised Estimates |
| Royalties | 397,000,000.00 | 257,000,000.00 | 187,799,398.00 | (69,200,602.00) | Slowdown in the economy due to post-election violence and increased maritime risk in the high seas due to piracy. |
| Taxes on Goods and Services Collected as AIA | - | - | - | - | |
| Other Taxes on Goods and Services | 569,034,103.00 | 278,375,071.00 | - | (278,375,071.00) | |
| Taxes on Inter. Trade & Transactions | 44,024,000,000.00 | 47,149,000,000.00 | 45,857,772,816.60 | (1,091,227,183.40) | |
| Custom Duties | 32,337,000,000.00 | 33,403,000,000.00 | 32,944,348,580.05 | (458,651,419.95) | |
| Export Levies | - | - | - | - | |
| Exemptions on Customs and other Import Duties | - | 200,000,000.00 | - | - | Slowdown in the economy due to post-election violence and increased maritime risk in the high seas due to piracy. |
| Other Taxes on Int. Trade & Transactions | 11,687,000,000.00 | 13,546,000,000.00 | 12,913,424,236.55 | (632,575,763.45) | |
| Other Taxes (not elsewhere classified) | 3,337,625,115.00 | 4,288,624,929.00 | 4,584,430,435.50 | 295,805,506.50 | |
| Stamp Duty | 3,337,625,115.00 | 4,288,624,929.00 | 4,584,430,435.50 | 295,805,506.50 | Within acceptable margin |
| Social Security Contributions | - | 1,000,000,000.00 | - | (1,000,000,000.00) | |
| Contributions from Government Employees to Social and Welfare Schemes within Government | - | 1,000,000,000.00 | - | (1,000,000,000.00) | Collection into NSSF outside Exchequer |
| Grants from Foreign Government | 36,481,423,733.00 | 33,153,000,000.00 | 20,077,231,195.75 | (13,075,768,804.25) | Delayed release of Official Development Assistance |
| Grants - Cash through Exchequer | 15,240,633,935.00 | 15,912,000,000.00 | 11,887,485,396.95 | (4,024,514,603.05) | (ODA) |
| Grants - Direct Payments | 21,240,789,798.00 | 17,241,000,000.00 | 8,189,745,798.80 | (9,051,254,201.20) | |

VARIATION BETWEEN ACTUAL RECEIPTS AND REVISED ESTIMATES - 2007/2008

| DETAILS | PRINTED ESTIMATES
2007/2008 | REVISED ESTIMATES
2007/2008 | ACTUAL RECEIPTS as per
Exchequer 2007/2008 | VARIANCE | COMMENTS |
|--|--------------------------------|--------------------------------|---|--------------------|---|
| | Kshs. | Kshs. | Kshs. | Kshs. | |
| Grants From International Organizations | 3,806,000,000.00 | 3,759,000,000.00 | - | (3,759,000,000.00) | |
| Grants From International Organizations - Cash through Exchequer | - | 3,759,000,000.00 | - | (3,759,000,000.00) | Delayed release of Official Development Assistance (ODA) |
| Property Income | 6,990,967,178.00 | 4,082,522,553.00 | 5,080,746,219.45 | 998,223,666.45 | |
| Interest Received | 1,067,000,000.00 | 635,000,000.00 | 572,016,914.55 | (62,983,085.45) | Non-performing on-lent loans |
| Profits and Dividends from CBK | 2,000,000,000.00 | - | - | - | |
| Other Profits and Dividends | 2,703,000,000.00 | 2,038,000,000.00 | 3,133,350,633.50 | 1,095,350,633.50 | More dividends declared from parastatals than anticipated |
| Rent Of Land | 1,220,967,178.00 | 1,409,522,553.00 | 1,375,378,671.40 | (34,143,881.60) | Within acceptable limits |
| Webuye Housing Scheme Rents | - | - | - | - | |
| Sale Of Goods and Services | 41,900,000,000.00 | 76,416,000,000.00 | 75,988,457,100.00 | (427,542,900.00) | |
| Sale of KENGEN Shares | 2,500,000,000.00 | - | - | - | |
| Sale of MUMIAS Shares | - | - | - | - | |
| Sales Of KE-RE Shares | - | 2,000,000,000.00 | 1,800,000,000.00 | (200,000,000.00) | |
| Sales Of Safaricom Shares | 33,800,000,000.00 | 50,000,000,000.00 | 49,887,137,100.00 | (112,862,900.00) | |
| Sales of Telkom Shares | 5,600,000,000.00 | 24,416,000,000.00 | 24,301,320,000.00 | (114,680,000.00) | Within acceptable limits |
| Administrative Fees and Charges | 1,696,541,189.00 | 998,671,692.00 | - | (998,671,692.00) | |
| Fees under Traffic Act | 698,738,367.00 | 169,372,225.00 | - | (169,372,225.00) | |
| Motor Drivers Licenses | 540,770,000.00 | 819,099,348.00 | - | (819,099,348.00) | |
| Other Land Revenue | 443,517,723.00 | 3,091,807.00 | - | (3,091,807.00) | |
| Land Adjudication and Case Fees | 636,780.00 | 1,625,324.00 | - | (1,625,324.00) | Collected under item "Other Taxes not Elsewhere |
| Sale of Freehold Interest in Agricultural Land | 12,878,319.00 | 5,482,988.00 | - | (5,482,988.00) | Classified" below. |
| Fines, Penalties and Forfeitures | 406,000,000.00 | 141,000,000.00 | 158,521,084.00 | 17,521,084.00 | Within acceptable limits |
| Other Receipts not Classified Elsewhere | 7,913,000,000.00 | 6,419,000,000.00 | 15,956,423,390.40 | 9,537,423,390.40 | |
| Miscellaneous Revenue | 7,913,000,000.00 | 6,419,000,000.00 | 15,956,423,390.40 | 9,537,423,390.40 | Includes receipts from other categories |
| Repayment from Domestic Lending and On-lending | 700,000,000.00 | 628,000,000.00 | 708,564,701.45 | 86,171,818.45 | |
| Loans to Non-Financial Public Enterprises | 697,882,968.00 | 622,392,883.00 | 708,564,701.45 | 86,171,818.45 | Previously non-performing loans realised |
| Loans to Financial Institutions | 2,117,032.00 | 5,607,117.00 | - | - | |
| Other- Land Revenue (Ministry Of Lands) | - | - | - | - | |
| Other- Other Receipts (OP) | - | - | - | - | |
| Net Domestic Borrowing from Monetary Authorities (Central Bank) | 33,959,000,000.00 | 34,000,000,000.00 | - | - | |
| | 33,959,000,000.00 | 34,000,000,000.00 | - | - | |
| TOTAL | 512,609,423,737.00 | 556,439,999,999.00 | 516,108,407,205.15 | (6,125,985,676.85) | |

VARIANCE BETWEEN ACTUAL RECEIPTS AND REVISED ESTIMATES - 2007/2008

| DETAILS | PRINTED ESTIMATES
2007/2008
Kshs. | REVISED ESTIMATES
2007/2008
Kshs. | ACTUAL RECEIPTS as per
Exchequer 2007/2008
Kshs. | VARIANCE
Kshs. | COMMENTS |
|------------------------------|---|---|--|-------------------|----------|
| | | | | | |
| | | | | | |
| Total Ordinary Revenue | | | | - | |
| Total Grants | | | | - | |
| Appropriations-in-Aid | | | | - | |
| Total Net Domestic Borrowing | | | | - | |
| Total Revenue | | | | - | |

APPENDIX NO. 3: VOTE 7 - MINISTRY OF FINANCE
VARIANCE BETWEEN ACTUAL RECEIPTS AS PER LEDGER AND ACTUAL RECEIPTS AS PER EXCHEQUER

| DETAILS | ACTUAL RECEIPTS as per
Ledger 2007/2008
Kshs. | ACTUAL RECEIPTS as per
Exchequer 2007/2008
Kshs. | VARIANCE
Kshs. |
|---|---|--|--------------------|
| Taxes on Income, Profit and Capital Gains | 156,824,100,000.00 | 168,376,912,702.60 | 11,552,812,702.60 |
| PAYE | 81,655,350,000.00 | 81,680,929,230.20 | 25,579,230.20 |
| INCOME TAX from CORPORATIONS | 75,168,750,000.00 | 86,695,983,472.40 | 11,527,233,472.40 |
| Taxes on Property | 331,895,301.00 | - | (331,895,301.00) |
| Total VAT | 111,904,508,116.00 | 115,393,742,929.55 | 3,489,234,813.55 |
| VAT on Domestic Goods and Services | 58,277,000,000.00 | 61,586,108,468.70 | 3,309,108,468.70 |
| VAT On Imported Goods and Services | 53,627,508,116.00 | 53,807,634,460.85 | 180,126,344.85 |
| Taxes on Goods & Services (Excluding AIA) | 62,231,095,428.00 | 63,925,604,629.85 | 1,694,509,201.85 |
| Excise Taxes | 61,905,511,272.00 | 61,857,468,359.10 | (48,042,912.90) |
| Taxes on Specific Services | - | - | - |
| Licences Under Traffic Act | 70,000,000.00 | 1,880,336,872.75 | 1,810,336,872.75 |
| Royalties | 187,799,398.00 | 187,799,398.00 | - |
| Taxes on Goods and Services Collected as AIA | - | - | - |
| Other Taxes on Goods and Services | 67,784,758.00 | - | (67,784,758.00) |
| Taxes on Inter. Trade & Transactions | 45,857,772,816.00 | 45,857,772,816.60 | 0.60 |
| Custom Duties | 32,944,348,580.00 | 32,944,348,580.05 | 0.05 |
| Export Levies | - | - | - |
| Exemptions on Customs and other Import Duties | - | - | - |
| Other Taxes on Int. Trade & Transactions | 12,913,424,236.00 | 12,913,424,236.55 | 0.55 |
| Other Taxes (not elsewhere classified) | 4,536,387,522.00 | 4,584,430,435.50 | 48,042,913.50 |
| Stamp Duty | 4,536,387,522.00 | 4,584,430,435.50 | 48,042,913.50 |
| Social Security Contributions | 1,062,000,000.00 | - | (1,062,000,000.00) |
| Contributions from Government Employees to Social and Welfare Schemes within Government | 1,062,000,000.00 | - | (1,062,000,000.00) |
| Grants from Foreign Government | 22,954,246,774.00 | 20,077,231,195.75 | (2,877,015,578.25) |
| Grants From International Organizations | 3,759,295,312.00 | - | (3,759,295,312.00) |
| Property Income | 5,004,260,992.00 | 5,080,746,219.45 | 76,485,227.45 |
| Interest Received | 572,016,914.00 | 572,016,914.55 | 0.55 |
| Profits and Dividends from CBK | - | - | - |
| Other Profits and Dividends | 3,133,350,633.00 | 3,133,350,633.50 | 0.50 |
| Rent Of Land | 1,297,434,958.00 | 1,375,378,671.40 | 77,943,713.40 |
| Webuye Housing Scheme Rents | 1,458,487.00 | - | (1,458,487.00) |
| Sale Of Goods and Services | 1,554,926,797.00 | 75,988,457,100.00 | 74,433,530,303.00 |
| Administrative Fees and Charges | - | - | - |
| Fees under Traffic Act | - | - | - |
| Motor Drivers Licenses | - | - | - |
| Other Land Revenue | - | - | - |
| Land Adjudication and Case Fees | - | - | - |
| Sale of Freehold Interest in Agricultural Land | - | - | - |
| Fines, Penalties and Forfeitures | 158,521,084.00 | 158,521,084.00 | - |

APPENDIX NO. 3: VOTE 7 - MINISTRY OF FINANCE
VARIANCE BETWEEN ACTUAL RECEIPTS AS PER LEDGER AND ACTUAL RECEIPTS AS PER EXCHEQUER

| | | | |
|---|---------------------------|---------------------------|--------------------------|
| Other Receipts not Classified Elsewhere | 7,402,166,078.00 | 15,956,423,390.40 | 8,554,257,312.40 |
| Miscellaneous Revenue | 7,402,166,078.00 | 15,956,423,390.40 | 8,554,257,312.40 |
| Repayment from Domestic Lending and On-lending | 708,564,701.00 | 708,564,701.45 | 0.45 |
| Loans to Non-Financial Public Enterprises | 708,564,701.00 | 708,564,701.45 | 0.45 |
| Loans to Financial Institutions | - | - | - |
| Other- Land Revenue (Ministry Of Lands) | - | - | - |
| Other- Other Receipts (OP) | - | - | - |
| Net Domestic Borrowing from Monetary Authorities (Central Bank) | - | - | - |
| TOTAL | 424,289,740,921.00 | 516,108,407,205.15 | 91,818,666,284.15 |
| Total Ordinary Revenue | | | - |
| Total Grants | | | - |
| Appropriations-in-Aid | 35,700,000,000.00 | | (35,700,000,000.00) |
| Total Net Domestic Borrowing | (13,891,000,000.00) | | 13,891,000,000.00 |
| Total Revenue | 446,098,740,921.00 | | 70,009,666,284.15 |

Figures as per the Ledger are interim figures captured as at 30th June, 2008. These figures are subject to change as final figures are obtained from various receivers of revenue. These are the figures captured in the audited Appropriation Accounts.

The figures as per the Exchequer have incorporated the final figures as obtained from the receivers of revenue.

Reconciliation is, therefore, usually done between the two sets of records to fully account for the difference between initial and final figures. Reconciliations were later done and availed for audit verification.

**APPENDIX NO. 4: VOTE 7 - MINISTRY OF FINANCE
VARIANCE BETWEEN ACTUAL RECEIPTS AS PER EXCHEQUER AND ACTUAL RECEIPTS AS PER KRA**

| DETAILS | ACTUAL RECEIPTS as per
Exchequer 2007/2008
Kshs. | ACTUAL RECEIPTS as per
KRA 2007/2008
Kshs. | VARIANCE
Kshs. | COMMENTS |
|---|--|--|--------------------|--|
| Taxes on Income, Profit and Capital Gains | 168,376,912,702.60 | 166,152,969,569.00 | 2,223,943,133.60 | |
| PAYE | 81,680,929,230.20 | 86,140,240,109.00 | (4,459,310,878.80) | Timing difference in remittance to the Exchequer |
| INCOME TAX from CORPORATIONS | 86,695,983,472.40 | 80,012,729,460.00 | 6,683,254,012.40 | 2006/2007 balance b/f remitted |
| Taxes on Property | - | - | - | |
| Total VAT | 115,393,742,929.55 | 111,008,285,884.00 | 4,385,457,045.55 | |
| VAT on Domestic Goods and Services | 61,586,108,468.70 | 57,373,875,358.00 | 4,212,233,110.70 | |
| VAT On Imported Goods and Services | 53,807,634,460.85 | 53,634,410,526.00 | 173,223,934.85 | 2006/2007 balance b/f remitted |
| Taxes on Goods & Services (Excluding AIA) | 63,925,604,629.85 | - | 27,927,614,872.19 | |
| Excise Taxes | 61,857,468,359.10 | 34,049,962,824.00 | 27,807,505,535.10 | 2006/2007 balance b/f remitted |
| Licences Under Traffic Act | 1,880,336,872.75 | 1,948,026,933.66 | (67,690,060.91) | Timing difference in remittance to the Exchequer |
| Royalties | 187,799,398.00 | - | 187,799,398.00 | Different Receiver of Revenue |
| Taxes on Goods and Services Collected as AIA | - | - | - | |
| Other Taxes on Goods and Services | - | - | - | |
| Taxes on Inter. Trade & Transactions | 45,857,772,816.60 | 44,970,088,516.00 | 887,684,300.60 | |
| Custom Duties | 32,944,348,580.05 | 32,539,472,977.00 | 404,875,603.05 | 2006/2007 balance b/f remitted |
| Export Levies | - | - | - | |
| Exemptions on Customs and other Import Duties | - | - | - | |
| Other Taxes on Int. Trade & Transactions | 12,913,424,236.55 | 12,430,615,539.00 | 482,808,697.55 | 2006/2007 balance b/f remitted |
| Other Taxes (not elsewhere classified) | 4,584,430,435.50 | 4,532,751,118.00 | 51,679,317.50 | |
| Stamp Duty | 4,584,430,435.50 | 4,532,751,118.00 | 51,679,317.50 | 2006/2007 balance b/f remitted |
| Social Security Contributions | - | - | - | |
| Contributions from Government Employees to Social and Welfare Schemes within Government | - | - | - | |
| Grants from Foreign Government | 20,077,231,195.75 | - | 20,077,231,195.75 | |
| Grants From International Organizations | - | - | - | |
| Property Income | 5,080,746,219.45 | - | 3,823,730,870.45 | |
| Interest Received | 572,016,914.55 | - | 572,016,914.55 | |
| Profits and Dividends from CBK | - | - | - | |
| Other Profits and Dividends | 3,133,350,633.50 | - | 3,133,350,633.50 | Different Receiver of Revenue |
| Rent Of Land | 1,375,378,671.40 | 1,257,015,349.00 | 118,363,322.40 | 2006/2007 balance b/f remitted |
| Webuye Housing Scheme Rents | - | - | - | |

APPENDIX NO. 4: VOTE 7 - MINISTRY OF FINANCE
VARIANCE BETWEEN ACTUAL RECEIPTS AS PER EXCHEQUER AND ACTUAL RECEIPTS AS PER KRA

| DETAILS | ACTUAL RECEIPTS as per
Exchequer 2007/2008
Kshs. | ACTUAL RECEIPTS as per
KRA 2007/2008
Kshs. | VARIANCE
Kshs. | COMMENTS |
|--|--|--|---------------------------|-------------------------------|
| Sale Of Goods and Services | 75,988,457,100.00 | - | 75,988,457,100.00 | Different Receiver of Revenue |
| Administrative Fees and Charges | - | - | - | |
| Fees under Traffic Act | - | - | - | |
| Motor Drivers Licenses | - | - | - | |
| Other Land Revenue | - | - | - | |
| Land Adjudication and Case Fees | - | - | - | |
| Sale of Freehold Interest in Agricultural Land | - | - | - | |
| Fines, Penalties and Forfeitures | 158,521,084.00 | - | 158,521,084.00 | Different Receiver of Revenue |
| Other Receipts not Classified Elsewhere | 15,956,423,390.40 | - | 15,956,423,390.40 | |
| Miscellaneous Revenue | 15,956,423,390.40 | - | 15,956,423,390.40 | Different Receiver of Revenue |
| Repayment from Domestic Lending and On-lending | 708,564,701.45 | - | 708,564,701.45 | |
| Loans to Non-Financial Public Enterprises | 708,564,701.45 | - | 708,564,701.45 | Different Receiver of Revenue |
| Loans to Financial Institutions | - | - | - | |
| Other- Land Revenue (Ministry Of Lands) | - | - | - | |
| Other- Other Receipts (OP) | - | - | - | |
| Domestic Borrowing | - | - | - | |
| Net Domestic Borrowing from Monetary Authorities
(Central Bank) | - | - | - | |
| TOTAL | 516,108,407,205.15 | 326,664,095,087.00 | 152,189,307,011.49 | |
| Total Ordinary Revenue | | | | |
| Total Grants | | | | |
| Appropriations-in-Aid | | | | |
| Total Net Domestic Borrowing | | | | |
| Total Revenue | | | | |

**KRA RESPONSE TO INNACURACIES/INCONSISTENCIES IN
TREASURY TAX/REVENUE ACCOUNTS FOR FY 2007/08**

1. Revenue Collected in the 2007/2008 Financial Year

During the Financial Year 2007/08, Kenya Revenue Authority (KRA) collected a total of Kshs.433,920 million against a target of Kshs.424,671 million which represents a performance rate of 102.2%. (For details see Annex 1)

The analysis of the total revenue collected during the year is as follows:

| Revenue type | KShs. (Million) |
|--------------|-----------------|
| Exchequer | 407,819 |
| Agency | 26,101 |
| TOTAL | 433,920 |

2. Collection and Accountiing of Revenue

Collection of Revenue is done through KRA cash office and commercial banks.

The Revenue collected is accounted on daily basis by verifying bank statements and relevant record collection sheet. A daily Revenue Report is generated for management decision making.

(a) Modes of payments

Revenue collection is made at various paying points using various methods. These methods include the following;

(i) *Cheque/Cash*

All payments of amounts less than Kshs 1 million can be paid using either cash or cheque through KRA Cash Office or commercial banks. Collections through the Cash Office are subsequently banked the following working day at the Central Bank of Kenya.

(ii) *Payments made through RTGS*

All payments can be made through Real Time Gross Settlement System (RTGS). However, it is mandatory for all payments above Kshs 1 million to

be made via RTGS. Taxpayers are required to initiate RTGS transactions through their commercial banks to accounts at Central Bank of Kenya and KRA appointed commercial banks for onward transmission to CBK.

(iii) *Payment through Electronic Funds Transfer (EFT)*

For payments of less than Kshs 1 million a taxpayer can give instructions for transmission of funds from his domicile bank to either the Central bank main Collections accounts or to the commercial banks collection Accounts in case of online payment.

3. Banking

All the KRA revenue departments operate separate Collection Accounts for all the revenue items, being either Exchequer or Agency Taxes. These Accounts have been opened at both the commercial banks and Central Bank of Kenya (CBK). All collections at the commercial banks are transferred to corresponding tax heads accounts maintained at Central Bank by the second working day.

All collections made at KRA Cash offices are either banked directly to Central Bank or commercial banks where there are no CBK branches for transmission to CBK.

4. Reconciliation

Reconciliation for all revenue tax head accounts is done on monthly basis, however there is daily tracking of revenue from commercial bank to Central Bank of Kenya. It is done in three levels.

Level 1: Reconciliation for accounts held at Commercial Banks

The reconciliation for the collections made at the Commercial banks is done on daily and monthly basis, where payment slips/returns are matched to bank statements. Revenue monitoring is also done using daily system generated reports.

Movement of revenue collected at various commercial bank accounts are monitored on daily basis to ensure the correct amounts are reflected and transferred to the CBK.

Bank statements are collected on daily basis from the banks. KRA compares the collection data from the commercial bank with the transfers to CBK. Verification of collection by commercial banks is done against payment slips and returns. Any variances or omissions discovered are addressed immediately with the respective bank.

Level 2: Reconciliation for accounts held at CBK

Reconciliation of collections to various collection accounts at CBK is done on daily and monthly basis.

The bank statements are reconciled against the cashbook, systems reports and other bank documents such as debit/credit slips. Any variances or omissions discovered are immediately cleared with the bank. Finally a bank reconciliation statement is prepared and maintained.

Level 3: Reconciliation of KRA, CBK and Treasury figures

A team comprising of KRA, Treasury and CBK officers meets fortnightly to reconcile revenue collected and reported to Treasury by KRA against the transfers to the Exchequer. Differences between these three sets of figures is inevitable due to mainly:

- Timing difference
- Adjustment for LATF
- Transposition errors
- Misposting
- Omissions
- Under/overcasts

Any discrepancies are adjusted accordingly.

Annex 1: Revenue Performance 2007/2008- Kshs million

| | Actual | Target | Variance | Perf. Rate (%) |
|---------------------------------------|----------------|----------------|----------------|----------------|
| CUSTOMS SERVICES | | | | |
| <u>Exchequer Revenue</u> | | | | |
| Gross Import Duty | 32,780 | 32,577 | 203 | 100.6 |
| Less Provision For Refunds | 240 | 240 | | 100.0 |
| Net Import Duty | 32,540 | 32,337 | 203 | 100.6 |
| Gross Excise Duty | 36,450 | 37,859 | (1,409) | 96.3 |
| Less Provision For Refunds | 2,400 | 2,400 | | 100.0 |
| Net Excise Duty | 34,050 | 35,459 | (1,409) | 96.0 |
| VAT - Imports | 53,637 | 51,992 | 1,645 | 103.2 |
| Import Declaration Fees | 12,431 | 11,687 | 744 | 106.4 |
| Sub Total of Exchequer Revenue | 132,657 | 131,475 | 1,182 | 100.9 |
| <u>Agency Revenue</u> | | | | |
| Airport Revenue | 1,921 | 2,367 | (446) | 81.2 |
| Aviation Revenue | 1,694 | 1,925 | (231) | 88.0 |
| Petroleum Development Fund | 1,318 | 1,421 | (103) | 92.7 |
| Road Maintenance Levy | 18,896 | 20,274 | (1,378) | 93.2 |
| K.A.A. Concession Fees | 71 | 67 | 3.3 | 104.9 |
| Road Transit Toll Levy | 352 | 408 | (55) | 86.4 |
| Sugar Levy | 176 | 626 | (450) | 28.1 |
| Miscellaneous | 222 | | 222 | |
| Sub Total of Agency Revenue | 24,650 | 27,089 | (2,439) | 91.0 |
| TOTAL CUSTOMS SERVICES | 157,307 | 158,564 | (1,257) | 99.2 |
| DOMESTIC TAXES | | | | |
| <u>Exchequer Revenue</u> | | | | |
| VAT-Gross Collection | 69,543 | 71,997 | (2,454) | 96.6 |
| Provision for Refunds | 12,169 | 12,169 | | 100.0 |
| VAT Domestic | 57,374 | 59,828 | (2,454) | 95.9 |
| P. A. Y. E | 86,140 | 79,427 | 6,713 | 108.5 |
| Other Income Tax | 80,013 | 72,229 | 7,784 | 110.8 |
| Turnover Tax | 28 | 111 | | |
| Excise Duty Domestic | 22,070 | 23,542 | (1,472) | 93.7 |
| Excise Tax on Airtime | 6,397 | 6,550 | (153) | 97.7 |
| Stamp Duty | 4,533 | 3,338 | 1,195 | 135.8 |
| Land Rent | 1,257 | 1,221 | 36 | 102.9 |
| Telkom Kenya Ltd | 15,000 | 15,000 | | 100.0 |
| Sub-Total Exchequer Revenue | 272,812 | 261,246 | 11,566 | 104.4 |
| <u>Agency Revenue</u> | | | | |

| | Actual | Target | Variance | Perf. Rate (%) |
|------------------------------------|--------------|--------------|--------------|----------------|
| KEBS - Levy | 335 | 354 | (19.1) | 94.6 |
| Sugar Levy | 1,117 | 1,570 | (453) | 71.1 |
| <i>Sub Total of Agency Revenue</i> | <i>1,452</i> | <i>1,924</i> | <i>(472)</i> | <i>75.5</i> |
| Gross Receipts | 271,432 | 260,338 | 11,094 | 104.3 |
| TOTAL DOMESTIC TAXES | 259,263 | 248,169 | 11,094 | 104.5 |
| TOTAL DTD INCLUDING TELKOM | 274,263 | 263,169 | 11,094 | 104.2 |
| ROAD TRANSPORT | | | | |
| Exchequer Revenue | 2,350 | 2,469 | (119) | 95.2 |
| Agency Revenue | | 469 | (469) | .0 |
| TOTAL ROAD TRANSPORT | 2,350 | 2,938 | (588) | 80.0 |
| Total Exchequer Revenue | 392,819 | 380,190 | 12,629 | 103.3 |
| Total Agency Revenue | 26,101 | 29,482 | (3,380) | 88.5 |
| TOTAL | 418,920 | 409,671 | 9,249 | 102.3 |
| TOTAL INCLUDING TELKOM | 433,920 | 424,671 | 9,249 | 102.2 |

Annex 2: Provisions for refunds

The provisions for refunds are provided on monthly basis on the following tax heads:

| Tax Head | Amount (Million) |
|--------------------------|------------------|
| Excise duty oils | 200 |
| Import duty ordinary | 20 |
| Stamp duty | 0.5 |
| Excise duty domestic | 1 |
| VAT | 1,076 |
| Other Taxes (Income Tax) | 50 (quarterly) |

5% on Income Tax, PAYE and Turn over Tax (TOT) is transferred to Local Authority Transfer Fund (LATF). In 2007/08 total LATF transfer was Kshs 8,883 million (PAYE: KShs 4,336 million, other taxes: KShs 4,548 million).

KENYA REVENUE AUTHORITY**BANK RECONCILIATION STATEMENT**

For the financial year 2007/2008

Stamp Duty

Balance as per KRA Report (Cashbook) 4,532,751,118.00

For the Financial Year 2007/2008

ADD:

| | | | |
|----------|-----------------------------------|----------------|-----------------------|
| 03.07.07 | Receipt in CBK not in treasury | 113,376,816.00 | |
| | (mispostings and cash in transit) | | |
| | and Provision for refunds | 6,000,000.00 | |
| | | | <u>119,376,816.00</u> |

LESS:

| | | | |
|----------|---------------------------------|-----------------|------------------------|
| 02.07.07 | Receipts in Treasury not in CBK | (50,628,994.15) | |
| | Cash intransit 30th June 2008 | (17,068,504.55) | <u>(67,697,498.70)</u> |

Balance per Treasury 4,584,430,435.30

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: cag@kenao.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



C.806 Vol. II/12

18 July 2012

KENYA NATIONAL AUDIT OFFICE

Mr. Patrick Gichohi, C.B.S.,
Clerk of the National Assembly,
Parliament Building,
P.O. Box 41842-00100,
NAIROBI.

Dear Mr. Gichohi

**INACCURANCIES/INCONSISTENCIES IN TREASURY
TAX/REVENUE ACCOUNTS FOR THE FINANCIAL YEARS 2007/08**

Reference is made to your letter No. NA/BC.FP & T. PAC/L-12/05 dated 5 July 2012 regarding the above subject and my subsequent representation to the Joint Committee on 11 July 2012.

Please find six (6) copies of the final representation to the Joint Committee on Investigations of the Status of Revenue Accounts of the Government of Kenya for 2007/2008 by the Auditor-General.

Yours Sincerely

A handwritten signature in dark ink, appearing to read 'E. Ouko'.

Edward R. O. Ouko
AUDITOR-GENERAL

Encl.

REPRESENTATION TO THE JOINT COMMITTEE ON INVESTIGATION OF THE STATUS OF REVENUE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR 2007/2008

1. Introduction

Mr. Chairman, following your invitation to appear before the Joint Committee to explain the causes of any material differences that might have been queried by the Controller and Auditor General in the Report for Financial Year 2007/2008, I wish to provide explanations on the same as follows:

1.2. The specific issues raised by the Joint Committee include:-

- (i) Actual receipts as per the audited 2007/2008 exchequer account differ from actual receipts reflected in the printed revenue estimates for 2009/2010 by ksh.70,009,666,284.15.
- (ii) Reasons why thirteen (13) out sixteen (16) revenue statements were not accepted by the Auditor-General.
- (iii) Confirmation of revenue collection for the financial year 2007/2008

1.3. Background Information

- The accounts of Government of Kenya for the year ended 30 June 2008 were prepared and submitted to KENAO for audit within the statutory date of 30 September 2008.
- The accounts were audited and the audit report on the accounts for the year ended 30 June 2008 was signed by the then Controller and Auditor General on 28 May 2009.
- In the report, thirteen (13) out of a total of sixteen (16) revenue statements were not satisfied and were therefore rejected.

- Subsequently, further audit evidence and reconciliations were presented to KENAO for review.
- The audit report on the revenue statements was discussed by Public Accounts Committee (PAC) on 23 October 2009 upon which Treasury officials and Ministry of Finance Accounting Officer gave evidence to the Committee.
- The accuracy of further audit evidence and reconciliations provided were certified by the then Controller and Auditor General. This is also supported by the report of the Public Accounts Committee on the Government of Kenya Accounts for 2007/2008 (pages 37 to 50). I have reviewed the files and the underlying records and see no cause for alarm.
- However, I will now explain in detail, which explanation was also verbally given to this Joint Committee, the position of each of the Joint Committee concerns raised in 1.2 above.

2. Actual receipts as per the audited 2007/2008 exchequer account differ from actual receipts reflected in the printed revenue estimates for 2009/2010 by ksh.70,009,666,284.15.

- 2.1. In 2009/2010 Estimates of Revenue of the Government of Kenya for the year ended 30 June 2010 tabled in Parliament erroneously reflected comparative figures for 2007/2008 actual revenue totaling Kshs.446,098,740,921.00 instead of the audited actual revenue figure of Kshs.516,108,407,205.15 thereby occasioning a difference of Kshs.70,009,66,284.15. Treasury put without consultation 2007/2008 comparative actual revenue figure of Kshs.446,098,740,921.00 in the 2009/2010 estimates of revenue instead of the audited actual revenue figure of Kshs.516,108,407,205.15 which was also the figure certified by the Controller and Auditor General and Public Accounts Committee, and which figure we also confirm today.

For record purposes, we reiterate that the difference of Kshs.70,009,666,284.15 between the audited actual revenue figure for 2007/2008 of

Kshs.516,108,407,203.46 and the figure appearing in the 2009/2010 estimates of revenue of Kshs.446,098,740,921.00 was committed by Treasury, for which the Financial Secretary has taken responsibility and apologized. However, we confirm that the error did not result in loss of Government Revenue for 2007/2008 (see attached appendix).

3. Reasons why thirteen (13) out sixteen (16) revenue statements were not accepted by the Auditor-General

3.1. Out of sixteen (16) Statements of Revenue for 2007/2008 audited, only the following three (3) were accepted by the Auditor-General:-

| Revenue Head | Description |
|--------------------------------------|---|
| (i) 1410000-Subhead 1410200 | Property Income – Profits and Dividends |
| (ii) 1430100 – Fines and Forfeitures | Judicial Department |
| (iii) 160-210 – Forest and Mining | Ministry of Environment |

3.2. The following ten (10) Statements prepared by the Ministry of Finance and three (3) prepared by the other Ministries were not accepted.

Ministry of Finance

| Revenue Head | Description |
|---------------|---|
| (i) 1110000 | Taxes on Income, Profits and Capital Gains |
| (ii) 1140000 | Taxes on Good and Services |
| (iii) 1150000 | Taxes on International Trade and Transactions |
| (iv) 1160000 | Other Taxes Not Elsewhere Classified |
| (v) 1140000 | Sub-Head 1410100 Loan Interest Receipts |
| (vi) 1410000 | Sub-Head 1410401 – Property Income – Rent of Land |

- (vii) 1450000 Other Receipts Not Classified Elsewhere
- (viii) 4510000 Repayments from Domestic Lending and On-Lending
- (ix) 1420000 Sale of Goods and Services
- (x) Head DR 1 Statement of Development Revenue

Other Ministries

- (i) 170 – 010 Tourist and Wildlife (Office of the President)
- (ii) 210 – 010 Trading Licenses (Office of the President)
- (iii) 150 – 360 Lands Revenue (Ministry of Lands)

3.3. The Main reason for rejecting the Statements was due to unreconciled differences between the statement figures and KRA figures occasioned by the following weaknesses in the accounting system of revenue receipts:-

- (i) Failure to reconcile on time KRA revenue figures with Central Bank of Kenya (CBK) and Treasury main figures to clear and explain timing differences.
- (ii) Posting errors in the ledger account.
- (iii) Failure to capture on time all revenue receipts in the ledger occasioning revision of the final trial balance as at 30 June 2008.

3.4. I wish to confirm that after the report of Controller and Auditor General, Treasury prepared reconciliations for all the affected statements of revenue which I have reviewed and confirmed correct.

4. Confirmation of Revenue Collection for the Financial Year 2007/2008

I wish to confirm the revenue receipts collected in 2007/2008 was Kshs.516,108,407,205.15 made up of ordinary revenue of Kshs.419,334,154,207.95 and other revenue of Kshs.96,774,252,997.20 as detailed below:

Ordinary Revenue

| Revenue Head | Details | Amount (Kshs.) |
|--------------|--|----------------------------------|
| 1110000 | Taxes on Income, Profits
and Capital Gains | 168,376,912,702.60 |
| 1140000 | Taxes on Goods and Services | 177,439,010,686.65 |
| 1150000 | Taxes on International Trade
and Transactions | 45,857,772,816.60 |
| 1160000 | Other Taxes (Not Elsewhere Classified) | 4,584,430,435.50 |
| 1410000 | Property Income | 5,080,746,219.45 |
| 1420000 | Sales of Goods and Services | 1,880,336,872.75 |
| 1430000 | Fines, Penalties and Forfeitures | 158,521,084.00 |
| 1450000 | Other Receipts Not Classified Elsewhere | <u>15,956,423,390.40</u> |
| | Total | <u>419,334,154,207.95</u> |

Other Revenue

| | | |
|---------|--|---------------------------------|
| 1420100 | Sales of Market Establishments | 75,988,457,100.00 |
| 4510000 | Repayments from Domestic Lending
and On-Lending | 708,564,701.45 |
| - | Grants and Loans | <u>20,077,231,195.75</u> |
| | Total | <u>96,774,252,997.20</u> |

5. Annex

I have attached the following two appendixes for clarity.

- Annex 1 - The difference of Kshs.70,009,666,284.15 between 2007/2008 Audited Revenue receipts and the figures appearing as 2007/2008 Actual Revenue Comparatives and the Audited Figures.
- Annex 2 - Detailed Report of Auditor General presented earlier to this Joint Committee.



Edward R. O. Ouko
AUDITOR-GENERAL

Annex 1

The Difference of Kshs.70,009,666,284.15 between 2007/2008 Audited Revenue Receipts and the Figures appearing as 2007/2008 Actual Revenue Comparatives and the Audited Figures

| Head No. | Details | Actual Receipts as per Audited Exchequer Accounts | Actual Receipts as Per Printed Estimates | Variance |
|----------|---|---|--|---------------------|
| | | Kshs. | Kshs. | Kshs. |
| 1110000 | Taxes on Income, Profits and Capital Gains | 168,376,912,702.60 | 156,824,100,000.00 | 11,552,812,702.60 |
| 1120000 | Taxes on Payroll and Workforce | | | - |
| 1130000 | Taxes on Property | | 331,895,301.00 | (331,895,301.00) |
| 1140000 | Taxes on Goods and Services | 177,439,010,686.65 | 174,135,603,544.00 | 3,303,407,142.65 |
| 1150000 | Taxes on International Trade & Transactions | 45,857,772,816.60 | 45,857,772,816.00 | 0.60 |
| 1160000 | Other Taxes (not elsewhere classified) | 4,584,430,435.50 | 4,536,387,522.00 | 48,042,913.50 |
| 1210000 | Social Security Contributions | | 1,062,000,000.00 | (1,062,000,000.00) |
| 1310000 | Grants from Foreign Governments | | | |
| 1320000 | Grant from International Organizations | | | - |
| 1330000 | Grants from Other Level of Government | | | - |
| 1410000 | Property Income | 5,080,746,219.45 | 5,004,260,992.00 | 76,485,227.45 |
| 1420000 | Sales of Goods and Services | 1,880,336,872.75 | 1,554,926,797.00 | 325,410,075.75 |
| 1430000 | Fines Penalties and Forfeitures | 158,521,084.00 | 158,521,084.00 | - |
| 1440000 | Receipts from Voluntary transfers other than grants | | | - |
| 1450000 | Other Receipts Not Classified Elsewhere | 15,956,423,390.40 | 7,402,166,078.00 | 8,554,257,312.40 |
| 4510000 | Repayments from Domestic Lending and On-lending | 708,564,701.45 | 708,564,701.00 | 0.45 |
| | Sale of Market establishments | 75,988,457,100.00 | | 75,988,457,100.00 |
| | Total Ordinary Revenue | 496,031,176,009.40 | 397,576,198,835.00 | 98,454,977,174.40 |
| | Total Grants | 20,077,231,195.75 | 26,713,542,086.00 | (6,636,310,890.25) |
| | Appropriations-In-Aid | | 35,700,000,000.00 | (35,700,000,000.00) |
| | Total Net Domestic Borrowing | | (13,891,000,000.00) | 13,891,000,000.00 |
| | Total Revenue | | | - |
| | GRAND TOTAL | 516,108,407,205.15 | 446,098,740,921.00 | 70,009,666,284.15 |

Annex 2

Reasons why thirteen (13) out of sixteen (16) revenue statements were not accepted by the Auditor-General

The following are my comments on audit issues raised in the various audited Statements of Revenue for 2007/2008:-

(a) Out of the sixteen (16) Statements of Revenue for 2007/2008 audited, only the following three (3) were accepted by the Auditor-General:-

| Revenue Head | Description |
|---|-------------------------|
| i) 1410000 – Sub Head 1410200 – Property Income – Profits and Dividends | |
| ii) 1430100 – Fines and Forfeitures | Judicial Department |
| iii) 160-210 – Forest and Mining | Ministry of Environment |

(b) The following ten (10) Statements are prepared by the Ministry of Finance and three (3) prepared by other ministries were not accepted due to various unexplained variations as detailed below;

Ministry of Finance

| Revenue Head | Description |
|--------------|---|
| i) 1110000 | Taxes of Income, Profits and Capital Gains |
| ii) 1140000 | Taxes on Goods and Services |
| iii) 1150000 | Taxes on International Trade and Transactions |
| iv) 1160000 | Other Taxes Not Elsewhere Classified |

- v) 1140000 Sub-Head 1410100 Loan Interest Receipts
- vi) 1410000 Sub-Head 1410401 – Property Income – Rent of Land
- vii) 1450000 Other Receipts Not Classified Elsewhere
- viii) 4510000 Repayments from Domestic Lending and On-lending
- ix) 1420000 Sales of Goods and Services
- x) Head DR I Statement of Development Revenue

Other Ministries

- i) 170 – 010 Tourist and Wildlife (Office of the President)
- ii) 210 – 010 Trading Licences (Office of the President)
- iii) 150 – 360 Lands Revenue (Ministry of Lands)

1. REVENUE STATEMENT HEAD 1110000 – TAXES ON INCOME, PROFITS AND CAPITAL GAINS

a) Qualification Issue

- Unexplained difference of Kshs.11,093,780,541.40 between the Statement's actual receipts figure of Kshs.177,246,750,110.40 and Kshs.166,152,969,569.00 reflected in records maintained by Kenya Revenue Authority(KRA).

Clearance

- The difference of Kshs.11,093,780,541.40 is made up of the following variances:-

| Revenue | Amount as Per | Amount as Per | Variance |
|---------|---------------|---------------|----------|
|---------|---------------|---------------|----------|

| Item | Revenue | KRA records | |
|-------|---------------------------|---------------------------|--------------------------|
| | Statement | | |
| | Kshs. | Kshs. | Kshs. |
| PAYE | 81,680,929,230.20 | 86,140,240,109.00 | (4,459,310,878.85) |
| OIT | 86,695,983,472.40 | 80,012,729,460.00 | 6,683,254,012.40 |
| LATF | <u>8,869,837,407.80</u> | <u>-</u> | <u>8,869,837,407.80</u> |
| Total | <u>177,246,750,110.40</u> | <u>166,152,969,569.00</u> | <u>11,093,780,541.40</u> |

i) Pay As You Earn (P.AY.E)

- Reconciliation for the difference of Kshs. 4,459,310,878.85 between the figure of Kshs.81, 680,929,230.20 reflected in the Revenue Statement and KRA figure of Kshs. 86,140,240,109.00 is as follows;

| | Amount Kshs |
|--|--------------------------|
| Balance of per KRA Records as at 30 June 2008 | 86,140,240,109.00 |
| Add: 2006/2007 collections transferred in July 2007 | 634,683,602.86 |
| Less: Cash in transit from other banks as at 30/6/08 | <u>(58,223,070.95)</u> |
| Total Banking for 2007/2008 | 86,716,700,640.91 |
| Add: Amount in Treasury not in CBK | 652,776,568.15 |
| Less: Amount in CBK not in Treasury | 1,352,712,947.00 |
| Less LATF 5% | <u>4,335,835,031.95</u> |
| Balance as per Revenue Statement | <u>81,630,929,230.20</u> |

Appendix II

ii) Other Income Tax (OIT)

- Reconciliation for the difference of Kshs. 6,683,254,012.40 between the figure of Kshs.86, 695,983,472.40 reflected in the Revenue Statement and KRA figure of Kshs. 80,012,729,460.00 is as shown;

| | Amount Kshs |
|---|---------------------------------|
| Balance as per KRA Records | 80,012,729,460.57 |
| Add: Previous year provision | 11,518,961,560.00 |
| Less: Cash in transit | <u>(88,978,337.57)</u> |
| Total banking for 2007/2008 | 91,442,712,683.00 |
| Add: Cash in transit 30.6.07 | 812,706,833.26 |
| Add Receipts in Treasury not in CBK | 1,060,590,364.80 |
| Less: Receipts in CBK not in Treasury | (1,581,256,199.72) |
| Cash in transit | (491,194,289.25) |
| 5% LATF | <u>(4,547,575,919.69)</u> |
| Amount as per Revenue Statement | <u><u>86,695,983,472.40</u></u> |

APPENDIX III

b) Qualification Issue

- Unexplained difference of Kshs.120, 420,998.00 between the Ministry of Finance LATF disbursements figure of Kshs.8, 648,006,036.00 reflected in the Statement and Kshs.8,768,427,034.00 shown LATF Accounts prepared by the Ministry of Local Government.

Clearance

- The Local Authorities Transfer Fund (LATF), whose purpose is to facilitate disbursements of funds to local authorities, is administered by the Permanent Secretary, Ministry of Local Government. Each financial year, five per cent (5%) of all tax collected under the Income Tax Act (P.A.Y.E and Other Income Tax) is paid into LATF Account maintained at the Central Bank of Kenya.
- After the Permanent Secretary, Ministry of Local Government authorizes disbursements of LATF monies to local authorities; the Treasury approves and directs Central Bank of Kenya to release the funds directly to the local authorities.
- During the year under review, the Permanent Secretary, Ministry of Local Government authorized disbursements of Kshs.8, 768,427,034.00 to various local authorities. However, and according to Treasury records, only an amount of Kshs.8, 648,006,036.00 was released to the local authorities. The resultant difference of Kshs.120, 420,998.00 represents funds which had not been released from the LATF Account for disbursement to the local authorities by the end of the financial year.
- As at 30 June 20008, the total amount held by CBK in the LATF Account was Kshs. 2,811,475,595.50

APPENDIX III a

2. REVENUE STATEMENT HEAD 1140000 – TAXES ON GOODS AND SERVICES

a) Qualification Issue

- Unreconciled difference of Kshs.3,725,958,227.30 between the Statement actual receipts figure of Kshs.177,251,211,178.30 and Kshs.173,525,253,051.00 reflected in records maintained by KRA.

Clearance

- The difference of Kshs.3,725,958,227.30 is made up of the following variances:-

| Revenue Item | Amount as Per Revenue Statement
Kshs. | Amount as Per KRA records
Kshs. | Variance
Kshs. |
|--------------|--|------------------------------------|--------------------------------|
| VAT-Local | 61,586,108,468.70 | 57,373,875,358.00 | 4,212,233,110.70 |
| VAT-Imports | 53,807,634,460.85 | 53,634,410,526.00 | 173,223,934.85 |
| Excise Taxes | <u>61,857,468,348.75</u> | <u>62,516,967,167.00</u> | <u>(659,498,818.25)</u> |
| Total | <u>177,251,211,278.30</u> | <u>173,525,253,051.00</u> | <u>3,725,958,227.30</u> |

- Reconciliations in respect of VAT - Local, VAT-Imports and Excise Taxes are shown below

VAT Local

| | Amount (Kshs) |
|---|--------------------------|
| Amount of collections as per KRA Records | 57,373,875,358.00 |
| Add: money provided by Treasury for VAT Refunds | <u>12,169,000,000.00</u> |
| Sub total | 69,542,875,358.00 |
| Add: Collections reported separately(Telkom) | 4,446,648,474.15 |
| Less: Cash in transit from collecting Banks | <u>(66,968,448.20)</u> |
| Actual Bank balance | 73,922,555,383.95 |

| | |
|---------------------------------------|--------------------------|
| Less: Receipts in CBK not in Treasury | (13,563,422,245.64) |
| Add: Receipts in Treasury not in CBK | <u>1,226,975,330.39</u> |
| Amount as per Revenue Statement | <u>61,586,108,468.70</u> |

Appendix IV a

VAT – IMPORTS

| | Amount (Kshs.) |
|--|--------------------------|
| Amount as per KRA Records | 53,634,410,526.00 |
| Add: Casting Error | <u>2,256,420.00</u> |
| Receipts as per KRA | 53,636,666,946.00 |
| Less: Receipts in KRA Cashbook not in Bank | (332,990,555.15) |
| (Cash in transit from commercial banks to KRA) | |
| Add: Receipts in Bank not in KRA | <u>351,987,072.00</u> |
| (Cash in transit as at 30 June 2007but received in 2008) | |
| CBK balance | 53,655,663,462.85 |
| Less: Receipts in CBK not in Treasury | (1,408,866,831.00) |
| Add: Receipt in Treasury not in CBK | <u>1,560,837,829.00</u> |
| Amount as per Revenue Statement | <u>53,807,634,460.85</u> |

APPENDIX IV b

EXCISE TAXES

Amount (Kshs.)

| | |
|--|--------------------------|
| Amount as per KRA Records | 62,517,067,168.00 |
| Add: Provisions for Refunds | <u>2,400,000,000.00</u> |
| | 64,917,067,168.95 |
| Less: Receipts in Cashbook not in Bank | (951,976,935.96) |
| Add: Receipts in Bank not in Cashbook | <u>646,265,340.90</u> |
| CBK balance | 64,611,355,572.95 |
| Less: Receipts in CBK not in Treasury | (3,775,165,810.15) |
| Add: Receipts in Treasury not in CBK | <u>1,021,278,585.95</u> |
| Amount as per Revenue Statement | <u>61,857,468,348.75</u> |

APPENDIX IV c

b) Qualification Issues

- Unexplained difference of Kshs.60, 135,349,498.40 between the actual receipt figure of Kshs.177, 251,211,278.30 and Kshs.117, 115,861,779.00 reflected in the Ministry's Ledger.
- Excise Taxes of Kshs.61, 857,468,348.75 reflected in the Statement were omitted from the Ministry's Ledger.

Clearance

- The two balances were reconciled as follows:-

| | |
|---|-----------------------|
| | Amount (Kshs.) |
| Receipts as per Ministry's Ledger | 117, 115,861,779.00 |
| Add: Excise Taxes omitted from the Ledger | 61, 857,468,348.75 |

| | |
|--|-----------------------------------|
| Less: Credit balance from previous year | <u>1,722,118,850.35</u> |
| Receipts as per Revenue Statement | <u>177, 251,211,278.30</u> |

- The 2007/2008 Ledger was subsequently amended to reflect the total receipts as per the Revenue Statement.

3 REVENUE STATEMENT HEAD 1150000 – TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS

a) Qualification Issue

- Unreconciled difference of Kshs.887, 684,300.60 between the actual receipts figure of Kshs.45, 857,772,816.60 reflected in the Statement and Kshs.44,970,088,516.00 reflected in records maintained by KRA.

Clearance

- The difference of Kshs.887,684,300.60 is made up of the following variances:-

| Revenue Item | Amount as Per Revenue Statement
Kshs. | Amount as Per KRA records
Kshs. | Variance
Kshs. |
|---------------------|--|--|---------------------------|
| Customs | | | |
| Duty | 32,944,348,580.05 | 32,539,472,977.00 | 404,875,603.05 |
| Other | | | |
| Taxes | <u>12,913,424,236.55</u> | <u>12,430,615,539.00</u> | <u>482,808,697.53</u> |

| | | | |
|-------|--------------------------|--------------------------|-----------------------|
| Total | <u>45,857,772,816.60</u> | <u>44,970,088,516.00</u> | <u>887,684,300.60</u> |
|-------|--------------------------|--------------------------|-----------------------|

- Reconciliation in respect of Customs Duty and Other Taxes has been prepared as shown;

CUSTOMS DUTY

| | Amount (Kshs.) |
|---|--------------------------|
| Amount as per KRA | 32,539,472,977.00 |
| Add: money from Treasury for refunds and Exemptions | <u>470,000,000.00</u> |
| | 33,009,472,977.00 |
| Less: Receipts in KRA not in Bank | (314,637,097.00) |
| Add: Receipts in Bank not in KRA | <u>507,028,495.45</u> |
| Balance as per CBK | 33,201,864,374.45 |
| Less: Receipts in CBK not in Treasury | (1,047,455,582.95) |
| Add; Receipts in Treasury not in CBK | <u>789,939,787.55</u> |
| Amount as per Revenue Statement | <u>32,944,348,580.05</u> |

APPENDIX V a

OTHER TAXES

| | Amount (Kshs.) |
|--|-------------------|
| Balance as per KRA records | 12,430,613,539.00 |
| Less: Receipts in Cashbook not in Bank | (44,847,284.00) |

| | |
|---------------------------------------|--------------------------|
| Add: Receipts in Bank not in Cashbook | <u>155,944,195.40</u> |
| Bank balance | 12,541,710,450.40 |
| Less: Receipts in CBK not in Treasury | (346,801,114.00) |
| Add: Receipts in Treasury not in CBK | <u>718,514,900.15</u> |
| Amount as per Revenue Statement | <u>12,913,424,236.55</u> |

APPENDIX V b

b) Qualification Issue

- Unreconciled difference of Kshs.367,449,065.85 between the Statement actual receipts figure of Kshs.45,857,772,816.60 and Kshs.45,490,323,750.75 reflected Ministry's Ledger.

Clearance

- The difference of Kshs.367,449,065.85 represents receipts not entered in the Ledger. The 2007/2008 Ledger was later adjusted to reflect the omitted amount and confirmed.

4 REVENUE STATEMENT HEAD 1160000 – OTHER TAXES NOT ELSEWHERE **CLASSIFIED**

Qualification Issue

- Unexplained difference of Kshs.51,679,317.30 between the Ministry actual receipts of Kshs.4,584,430,435.30 and KRA figure of Kshs.4,532,751,118.00.

Clearance

- Reconciliation for the difference of Kshs.51, 676,317.30 was later availed as shown;

STAMP DUTY

| | Amount (Kshs.) |
|---------------------------------------|-------------------------|
| Amount as per KRA | 4,532,571,118.00 |
| Add: Receipts in CBK not in Treasury | 119,376,816.00 |
| Less: Receipts in Treasury not in CBK | <u>(67,697,498.70)</u> |
| Balance as per Treasury | <u>4,584,430,435.30</u> |

APPENDIX VI

5 STATEMENT OF REVENUE HEAD 1410000-SUBHEAD 1410100-STATEMENT OF PROPERTY INCOME – LOAN INTEREST RECEIPTS FROM DOMESTIC AND ON-LENDING

a) Qualification Issue

- Unexplained difference of Kshs.200,762,900.85 between the Statement of Revenue payments to the Exchequer figure of Kshs.371,254,013.70 and Treasury Exchequer figure of Kshs.572,016,914.55.

Clearance

- The difference of Kshs.200,762,900.85 was attributed to receipts relating to 2006/2007 financial year but posted to the Exchequer records during the 2007/2008 financial as follows:-

| <u>Date of Receipts</u> | <u>Amount (Kshs.)</u> |
|-------------------------|--------------------------------|
| 30.6.2007 | 4,628,514.20 |
| 30.6.2007 | <u>196,134,395.00</u> |
| Total | <u>200,762,909.85</u> ✓ |

b) Qualification Issues

- Unreconciled difference of Kshs.108, 267,742.70 between the Statement actual receipts of Kshs.371, 254,013.70 and Kshs.262, 986,271.00 reflected in Ministry's Ledger.
- Unreconciled difference of Kshs.3,368,828.00 between the Statement actual receipts of Kshs.371,254,013.70 and Kshs.367,885,185.70 supported by receipt vouchers.

Clearance

- The difference of Kshs.108,267,742.70 was attributed to uncaptured receipts in the ledger and was reconciled as follows:-

| | Amount (Kshs.) |
|---|------------------------------|
| Interest Revenue as per Ministry's Ledger | 262,986,271.00 |
| Add: Uncaptured receipts as at | |
| 30 June 2008 | 108,288,916.90 |
| Less: Directors Fee's captured as | |
| Interest receipts | <u>(21,174.20)</u> |
| Interest Receipts as per Revenue Statement | <u>371,254,013.70</u> |

The 2007/2008 Ledger was later adjusted to reflect the correct receipts.

- The difference of Kshs.3,368,828.00 was reconciled as follows:-

| | Amount (Kshs.) |
|--|------------------------------|
| Total Receipts as per Receipt Vouchers | 367,885,185.70 |
| Add: Receipts supported by vouchers not
availed for audit | 3,368,583.45 |
| Rounding off figure | <u>244.55</u> |
| Actual Interest receipts | <u>371,254,013.70</u> |

The receipt vouchers were later availed.

**6 REVENUE STATEMENT HEAD 1410000 – PROPERTY INCOME – SUB HEAD
1410401 – RENT OF LAND**

Qualification Issue

- Unexplained difference of Kshs.118, 363,222.40 between the Statement actual receipts of Kshs. 1,375,378,571.00 and KRA figure of Kshs.1, 257,015,349.00.

Clearance

- The difference of Kshs.118, 363,222.40 was attributed to credits paid directly to the Exchequer by the Ministry of Lands.

7 REVENUE STATEMENT HEAD 1450000 – OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

Qualification Issue

- Unexplained difference of Kshs.2, 502,166,934.85 between the Statement actual receipts of Kshs.15, 956,423,389.60 and Kshs.13, 904,256,454.75 reflected in Ministry's Ledger.

Clearance

- The difference was attributed to uncaptured receipts in the ledger and has been reconciled as follows:-

| | Amount (Kshs.) |
|---|---------------------------------|
| Actual receipts as per General Ledger | 13,904,256,454.75 |
| Add: Receipts not captured in the Ledger | |
| (i) 605,288,882.05 | |
| (ii) <u>1,446,878,052.20</u> | <u>2,052,166,934.25</u> |
| Amount as per Statement | <u>15,956,423,389.00</u> |

The 2007/208 ledger was subsequently amended and the correct receipt figures reflected.

8. REVENUE STATEMENT HEAD 4510000 – REPAYMENTS FROM DOMESTIC LENDING AND ON-LENDING

Qualification Issues

- Unexplained difference of Kshs.236,131,179.90 between the Statement payments to Exchequer figure of Kshs.472,433,521.55 and the Exchequer records figure of Kshs.708,564,701.45.
- Unexplained difference of Kshs.61,740,522.10 between the Statement actual receipts figure of Kshs.472,433,521.55 and the Ministry's Ledger figure of Kshs.410,692,999.45.

Clearance

- The difference of Kshs.236,131,179.90 represents receipts received on 30 June 2008 but captured in the Exchequer records in 2008/2009 financial year.
- The receipts of Kshs.61,740,522.10 were subsequently captured in the amended 2007/2008 Ledger.

9. REVENUE STATEMENT HEAD 1420000 – SALE OF GOODS AND SERVICES

Qualification Issues

- Unexplained difference of Kshs.67,690,060.91 between the Statement actual receipts of Kshs.1,880,336,872.75 in respect of Fees Under Traffic Act and Motor Drivers Licenses and the KRA figure of Kshs.1,948,026,933.66.

- Unexplained difference of Kshs.30, 869,263.95 between the Statement actual receipts of Kshs.1, 880,336,872.75 and the figure of Kshs.1, 911,206,136.70 reflected in the Ministry's Ledger.

Clearance

- The receipts were subsequently captured in the amended 2007/2008 Ledger.

10. STATEMENT OF DEVELOPMENT REVENUE – HEAD DRI

Qualification Issue

- Unexplained difference of Kshs.73,908,047.75 between the Statement payments to Exchequer figure of Kshs.20,003,323,148.00 and Treasury Exchequer records figure of Kshs.20,077,231,195.75.

Clearance

- The difference of Kshs.73,908,047.75 represents receipts received on 30 June 2008 but captured in the Exchequer records in 2008/2009 financial year.

MARS GROUP KENYA SUBMISSIONS TO THE JOINT COMMITTEE OF BUDGET, PUBLIC ACCOUNTS AND FINANCE,
PLANNING & TRADE. 19th July 2012

**MARS GROUP KENYA SUBMISSIONS TO THE JOINT COMMITTEE OF BUDGET,
PUBLIC ACCOUNTS AND FINANCE, PLANNING & TRADE.**

19TH JULY 2012

RE: INCONSISTENCIES IN THE REVENUE ACCOUNTS FOR THE FY 2007-2008

Mr. Chairman: This submission is on behalf of Mars Group Kenya a Leadership, Governance and Accountability watchdog organization, and it is on the State of Revenue Reporting by the Government of Kenya with specific detail to the Revenue Accounts for the Financial Year that ended on 30th June 2008.

Mr. Chairman: We trust our information today will be useful to Parliament and we hope that we will continue to contribute towards the ability of the National Assembly to carry out its watchdog role over the funds of the Kenyan people.

Mr. Chairman: With your permission we will now present our submission on the subject matter before this Joint Committee. We have three issues to address and the first one is:-

1. Revenue Accounts failing Audits

Mr. Chairman: Early April 2011 Mars Group Kenya completed a report entitled "*Revenue Accounting by the Government of Kenya: unsatisfactory state of affairs!*" We shared the same with the budget committee on 22 June 2011.

Mr. Chairman: The logic behind the release of this report was that not as much attention was being focused on tracking revenues of the Government of Kenya despite frequent reporting by the Auditor General decrying inconsistent



revenue accounting by the Treasury over the years. The report intended to red-flag the issue of revenue accounting by the Treasury with a view to getting greater transparency and accountability for the benefit of Kenyan taxpayers. Mars Group discussed the report with Hon. John Mbadi MP, who agreed with us that there was reason for concern and that he would ask for a ministerial statement from the Minister for Finance to explain to the National Assembly why there were discrepancies in the revenue accounting of taxes collected from Kenyans.

Mr. Chairman: Hon. John Mbadi MP, sought the ministerial statement on April 21st 2011 and for a whole year the Minister for Finance was unable to bring the statement to Parliament, giving various unsatisfactory reasons for not doing so, and ultimately causing the Speaker to impose sanctions against the ministry of Finance. When the Statement was eventually delivered to the Honorable house, the answer was found to be wanting and this Joint Committee was mandated to investigate and report back to the House in 4 weeks. This casual attitude by the Ministry of Finance to respond to questions on accountability of Public funds by our Members of Parliament is unacceptable and we believe Parliament will stamp its Authority on the Treasury in exercising its oversight role. Parliament is the Supreme body in the accountability relationship relating to collection of revenue and control of use of public finances.

Mr. Chairman: The Ministerial Statement brought to the house on 15th May 2012 by the Minister of finance raises many issues of grave concern. The first issue we wish to address is that of revenue accounts failing Audit tests (***We attach the Ministerial Statement annex MGK 001 (pages 1-9 of annexure) to this submission, which is extracts of the official Hansard of the National Assembly Tuesday 15th May, 2012 on this matter for your reference***)

Mr. Chairman: With Permission we refer the committee to the Part of the statement at annex MGK 001 which can be found at page 2 of the annexure

where the Minister of Finance states as follows:

“ Mr. Deputy Speaker, Sir, with regard to the question of the number of revenue statements for the financial year 2007/2008 that were certified by the Controller and Auditor-General, I would like to confirm that only two statements were certified. These were the Property Income Interest Received Account, and the Dividends and Fines, Penalties and Forfeitures Account. For the financial year 2008/2009, all the 14 statements were qualified.”

The Report of the Controller and Auditor-General for the financial year 2007/2008 provided specific reasons as to why each revenue statement was excluded from his certificate, and this was basically for accounting reasons. The Report of the Controller and Auditor-General for the financial year 2007/2008 has already been discussed by the PAC, and the Committee has given specific recommendations on actions to be taken by the respective receivers of revenue. Indeed, revenue receivers have been taking action as directed by the PAC, through the Treasury.”

Mr. Deputy Speaker, Sir, therefore, I wish to say that the action by the PAC is in order, and this is being implemented.”

Mr. Chairman: The truth is that, Kenya's Auditor General has in his three latest reports excluded from the general certificate the great majority of Statements of Revenue of the Government of Kenya. In 2008, the Auditor General certified only **three** Statements of revenue and only **one** as presenting a fair revenue position of the government of Kenya for the year ending 2009. This sad state of affairs continues with the Auditor General able to certify only **Five** Statements of revenue as presenting a fair revenue position of the government of Kenya for

the year ending 2010. (We attach annex MGK 002 (Page 10 of annexure) to this submission, which is a copy of the of Appendix B at page 265 of the C&AG report which contains a list of revenue accounts excluded from certificate by the C&AG for the Financial years 2007-2008, and annex MGK 003 (Page 11 of annexure) which is a summary of revenues excluded from certificate by the C&AG for the Financial years 2007-2008, 2008-2009 & 2009-2010)

Mr. Chairman: Out of the Kshs 516 Billion for the FY2007/8 collected on 16 revenue accounts only Kshs 3.4 Billion was certified on 3 accounts as follows:

| Revenue Head | Kshs Amount |
|--|-------------------------|
| revenue head 1410000 Property Income, sub head 1410200 - Profits and Dividends | 3,133,350,633.50 |
| revenue head 1430000 Fines, Penalties & Foreitures, sub head 1430100 - Fines, Penalties & Foreitures | 158,521,084.00 |
| revenue head 1140000 Taxes on Goods & services, sub head 1140600 - Royalties | 187,799,398.00 |
| Total | 3,479,671,115.50 |

Mr. Chairman: Simply put, the current position is that almost all revenue

accounts fail and continue to fail audit tests annually. The amount of the money involved in the concerned statements is as follows:

1. FY 2007 - 2008 KES 498,920,681,246.35

(Refer to annex MGK 004 (Page 12 - 16 of annexure) for tabulation of Audit queries and annex MGK 005 (Page 17 -25 of annexure) for reasons given by C&AG for exclusion of Revenue accounts from certificate for the FY 2007-2008)

2. FY 2008 - 2009 KES 215,098,237,274.38

(Refer to annex MGK 006 (Page 26 - 30 of annexure) for tabulation of Audit queries and annex MGK 007 (Page 31 - 38 of annexure) for reasons given by C&AG for exclusion of Revenue accounts from certificate for the FY 2008-2009)

3. FY 2009 - 2010 KES 239,262,793,105.76

(Refer to annex MGK 008 (Page 39 - 43 of annexure) for tabulation of Audit queries and annex MGK 009 (Page 44 - 51 of annexure) for reasons given by C&AG for exclusion of Revenue accounts from certificate for the FY 2009-2010)

Mr. Chairman: The number of Audit queries raised by the Auditor general for the financial year 2007/2008 is 57 in respect to revenue accounts. We are aware that the Auditor General testified before you on Wednesday 11th July, 2012. The Auditor General addressed 18 of the queries and did not deal with 39 of the queries in his own report. Treasury while testifying before you on the same day, dealt only with KRA audit queries. Unsatisfactory responses we

might add.

Mr. Chairman: The reasons for exclusion from General Certificate given by the Auditor general are numerous. Examples include

- Statements of Revenue reflect differences between figures reflected in the Statements and those reflected in the supporting documents
- Statements of Revenue received reflect receipts which materially differ from those reflected in Kenya Revenue Authority (KRA) records
- Payments to the Exchequer differ with amounts reflected in the Exchequer records
- Amounts carried forward differ with those reflected in the relevant Statement of Assets and Liabilities
- Revenue is accounted for under heads under which it was not estimated with the Heads reflected in the Estimates reflecting nil receipts
- Receipts are at times lumped together under one item

Mr. Chairman: Until we see the Report for 2010/2011, which is ready, and tabled in the National Assembly, we are unable to say how many revenue accounts have passed the audit test this time. Suffice to say the pattern is almost certain to recur.

Mr. Chairman: To emphasize our concerns, we quote directly from a statement extracted from the Report of the Controller and Auditor General on the Appropriation Accounts, other Public Accounts and the Accounts of the Funds of the Republic of Kenya for the year ended June 2007:



" 55. I am concerned by the lack of attention in the preparation of Statements of Revenue as indicated in the reports under each Revenue Head. Many Statements of Revenue reflect differences between figures reflected in the Statements and those reflected in the supporting documents. For example, most of the revenue is collected by Kenya Revenue Authority (KRA) but the Receiver of Revenue is the Financial Secretary. However, the Statements of Revenue received reflect receipts which materially differ from those reflected in KRA records. They also reflect payments to the Exchequer which differ with amounts reflected in the Exchequer records. Even amounts carried forward differ with those reflected in the relevant Statement of Assets and Liabilities. Such differences are not explained or reconciled and therefore cast doubts on the accuracy of the Statements of Revenue. As a result, many Statements of Revenue have been excluded from the general certificate... No explanation has been given for this unsatisfactory state of affairs."

Mr. Chairman: We wish to demonstrate using 5 examples, why the Minister of Finance should account to Parliament for Revenue accounts failing the Audit tests. Indeed the Minister acknowledged himself that *"The Report of the Controller and Auditor-General for the financial year 2007/2008 provided specific reasons as to why each revenue statement was excluded from his certificate,"* and added that *"this was basically for accounting reasons"*

We refer the Committee to annex MGK 004 (Page 12 - 16 of annexure) for tabulation of revenue Audit queries excluded from certificate for the FY 2007-2008 and annex MGK 005 (Page 17 -25 of annexure) which has the detailed reasons given by the Controller and Auditor General for the exclusion to demonstrate the problems using examples for the FY2007 - 2008.

Example 1 records maintained at KRA differ from Statement of Revenue)

Refer to paragraph 72 - Paragraph 72: Taxes on Income, Profits, and Capital Gains for the year ended 30th June 2008 reflects actual receipts of Kshs 177,246,750,110.40. Records at the Kenya Revenue Authority (K.R.A) reflect actual receipts of Kshs 166,152,969,569.00. The resultant difference of Kshs 11,093,780,541.40 has not been reconciled and explained.

Refer to paragraph 79 - Paragraph 79: The statement of Revenue for head 1140000-Taxes on goods and services for the year ended 30 June 2008 reflects actual receipts of Kshs 177,251,211,278.30 comprising of Kshs 61,586,108,468.70, Kshs 53,807,634,460.85 and under local VAT, VAT-imports and Excise taxes. Records maintained at the K.R.A show a different figure for total receipts of Kshs 173,525,253,051.00 made up of Kshs 57,373,875,358.00, Kshs 53,634,410,526.00 and Kshs 62,516,967,167.00 relating to VAT local, VAT Imports and Excise taxes. The difference of Kshs 3,725,958,227.30 between the two sets of records is yet to be explained and reconciled.

Mr. Chairman: Example 1 recurs at paragraphs 84,89,99, and 115 of the 2007-2008 report of the Controller & Auditor General. But what explanations can the treasury give for these differences. 6 out of the 57 queries by the Auditor General relate to unreconciled and unexplained differences between the Revenue Statements and KRA records.

Mr. Chairman: You will see that if you look at the annexes for 2008-2009 and 2009-2010, the same issues arise. At this Point it would be prudent to remind the Committee of the statement by the Controller & Auditor General from 2007 that *"Many Statements of Revenue reflect differences between figures reflected in the Statements and those reflected in the supporting documents. For example,*

most of the revenue is collected by Kenya Revenue Authority (KRA) but the Receiver of Revenue is the Financial Secretary. However, the Statements of Revenue received reflect receipts which materially differ from those reflected in KRA records

Example 2 (payments to the Exchequer differ with amounts reflected in the Exchequer records)

Refer to paragraph 92 - ***Paragraph 92:*** The Statement reflects payments to the Exchequer of **Kshs 371,254,013.70** while the records maintained at the Exchequer show a figure of **Kshs 572,016,914.55**. The difference of Kshs 200,762,900.85 has yet to be reconciled and explained.

Refer to paragraph 97 - ***Paragraph 97:*** The Statement of Revenue for Head 1410000-Sub Head 1410200-Property Income for the year ended 30 June 2008 reflects a figure of **Kshs 2,914,370,680.05** as having paid to the Exchequer. Records maintained at the Exchequer shows a balance of **Kshs 3,133,350,633.50**. The difference of Kshs 218,979,953.45 has yet to be reconciled. The amount of **Kshs 2,914,370,680.05** also differs with the amount of Kshs 2,965,275,674.05 shown in the ledger by Kshs 50,904,994.00. Again this difference has yet to be explained and reconciled

Mr. Chairman: Example 2 recurs at paragraphs 35,81,86,90, and 105 of the 2007-2008 report of the Controller & Auditor General. But what explanations can the treasury give for these differences and failure to remit funds to the Exchequer. You will see that if you look at the annexes for 2008-2009 and 2009-

2010, the same issues arise.

Example 3 (Actual receipts differ with amounts reflected in the ledger)

Refer to paragraph 75 - ***Paragraph 75:*** Actual receipts reflected in the Statement total **Kshs 177,246,750,110.40** while the ledger shows a total of **Kshs 172,965,015,195.55**. The difference of **Kshs 4,281,734,914.85** has not been explained nor reconciled

Refer to paragraph 101 - ***Paragraph 101:*** Actual receipts of **Kshs 15,956,423,389.60** differ with the amount of **Kshs 13,904,256,454.75** reflected in the Ministry's Ledger. The difference of **Kshs 2,052,166,934.85** has not been explained or reconciled.

Mr. Chairman: Example 3 recurs at paragraphs 80,85, and 93 of the 2007-2008 report of the Controller & Auditor General. But what explanations can the treasury give for these differences in Actual receipts and ledger balances? You will see that if you look at the annexes for 2008-2009 and 2009-2010, the same issues arise.

Example 4 (Amounts carried forward differ with those reflected in the relevant Statement of Assets and Liabilities)

Refer to paragraph 76 - ***Paragraph 76:*** The statement shows a balance carried



forward to 2008/2009 of **Kshs 3,148,921,514.05**. The statement of Assets and Liabilities for Deposits 07 as at 30 June 2008 shows a figure **Kshs 8,647,022,282.19** against the same account. The difference of Kshs 5,498,100,768.14 has not been reconciled and explained.

Refer to paragraph 81 - Paragraph 81: A carried forward net balance of **Kshs 446,379,166.10** made up of both VAT and Customs excise is reflected in the statement. The statement of Assets and Liabilities for Deposits 07 as at 30 June 2008 reflects a net total of **Kshs 2,177,957,773.20**. The difference of Kshs 2,624,336,939.30 has not been reconciled. Furthermore no reason has been provided for not remitting the balance of Kshs 446,379,166.10 to the Exchequer.

Mr. Chairman: Example 4 recurs at paragraphs 86,90, 98,94,102, 106 and 36 of the 2007-2008 report of the Controller & Auditor General. But again, what explanations can the treasury give for these differences in Actual revenue balances carried forward and brought forward? You will see that if you look at the annexes for 2008-2009 and 2009-2010, the same issues arise.

Example 5 (Arrears of Revenue due unaccounted for)

Refer to paragraph 78 - Paragraph 78: The statement does not show details of Arrears of Revenue due as at 30 April 2008 and uncollected as at 30 June 2008. As a result it cannot confirm whether Arrears of Revenue totaling Kshs 125,166,946,067.00, made up of PAYE and Other Income Tax of Kshs 8,038,915,157.00 and Kshs 117,128,030,910.00 as at 30 June 2007 had been recovered as at 30 June 2008.

Refer to paragraph 82 - Paragraph 82: The statement does not show details of Arrears of Revenue uncollected as at 30 June 2008. Due to this it has not been possible to confirm whether arrears totaling Kshs 91,734,032,909.00 as at 30 June 2007 had been recovered

Mr. Chairman: Example 5 recurs at paragraphs 87,96, and 108 of the 2007-2008 report of the Controller & Auditor General. But what explanations can the treasury give for the Arrears in revenue not being accounted for? You will see that if you look at the annexes for the next 2 financial years, the same issues arise.

Mr. Chairman: We urge your Committee to scrutinize line by line, the revenue accounts and the reasons given by the Auditor General for failing revenue accounts at Audit. We would like to remind the committee, that according to the Minister of Finance, the reasons for non-certification *"are basically auditing issues and more of reporting time"*

Mr. Chairman: As your committee seeks to address the issues arising from the foregoing, the following may assist the members of the Joint Committee:

What is the role of the treasury?

Government Financial Management Act

3 - Ministerial responsibility

The Minister shall manage the Consolidated fund and be responsible for all matters



relating to public financial affairs that are not assigned to any other Minister

4. - Treasury duties.

4) *The Treasury shall –*

- (a) establish procedures and systems for proper and effective management of government money and property;*
- (b) establish accounting procedures and systems for the government to properly account for government money and property;*
- (c) superintend the expenditure of government money to ensure that it can be properly accounted for;*
- (d) prepare and submit accounts for each financial year under the Public Audit Act, 2003 for audit by the Controller and Auditor-General; and'*
- (e) ensure- that the accounts prepared under paragraph. (d) comply with the provisions of this Act.*

Public Audit Act

Treasury accounts

3. (1) *For each financial year, the Treasury shall prepare accounts showing fully the financial position of the government at the end of the year and submit the accounts to the Controller and Auditor-General*

(2) *The accounts shall include the following–*

- (a) a statement of receipts into and issues from the exchequer account;*
- (b) summaries of the following–*
 - (i) the appropriation accounts prepared by accounting officers under section 4 (2)(a);*

(ii) *the statements, prepared by accounting officers under section 4 (2)(b), of the outstanding amounts in respect of loans issued by the government; and*

(iii) *the statements of receipts and disbursements prepared by the receivers of revenue under section 5 (2)(a);*

(3) *The accounts must be submitted within three months after the end of the financial year.*

(4) *Notwithstanding subsection (3), the summaries required under subsection (2)(b) need not be submitted until four months after the end of the financial year.*

Receiver of revenue accounts.

5. (1) *For each financial year, each receiver of revenue shall prepare accounts in respect of the revenue in respect of which the receiver of revenue is appointed and submit the accounts to the Controller and Auditor-General.*

(2) *The accounts shall include the following-*

(a) *a statement of receipts and disbursements in such form as the Treasury may direct; and*

(b) *a statement of arrears of revenue.*

(3) *The accounts must be submitted within three months after the end of the financial year.*



What is the Role of the C&AG

Public Audit Act

Audit

8. The Controller and Auditor-General shall audit the accounts submitted under sections 3 to 7 and shall express an opinion on the accounts based on the results of each audit stating whether:—

- (a) all information and explanations considered necessary for the audit were received;
- (b) proper records were maintained of all transactions as required under the generally accepted accounting practices;
- (c) the accounts are in agreement with the records referred to under paragraph (b);
- (d) in his opinion, the accounts reflected fairly the financial position of the entity audited.

Report on Audit

9. (1) The Controller and Auditor-General shall prepare a report on the audit conducted under section 8 and submit the report to the Minister responsible for finance and such report shall include the matters covered under section 8 and any other information he may consider appropriate including but not limited to matters concerning efficiency in the usage of resources.

(2) Without limiting what may be included in the report, the report shall indicate whether—

- (a) the information and explanations that were required to perform the examination and audit were received; and

(b) the accounts have been properly maintained.

(3) Without limiting what may be included in the report, the report shall identify cases in which—

(a) money has been spent in a way that was not efficient or economical;

(b) the rules and procedures followed, or the records kept, were inadequate to safeguard property and the collection of revenue;

(c) money that should have been paid into the exchequer account was not so paid;

2. Reporting Actual Revenue Receipts to the National Assembly

Mr. Chairman: It also appears that the Treasury has been keeping different sets of books for the revenue collected and is now involved in an intricate web of a possible cover up and deception as it continues to present different revenue figures to the Controller and Auditor General and to Parliament. The actual revenue receipts as captured by the Controller and Auditor General in the exchequer account differ significantly with the actual revenue receipts presented to Parliament in the estimates of Revenue.

Mr. Chairman: The question we would like your Committee to consider “Whether it is possible that treasury can maintain different sets of revenue accounts for the same financial period? The Same treasury, but with different revenue positions? ”

Mr. Chairman: We invite you to refer to annex MGK 010 (Page 52 - 53 of annexure) which is an extract from the controller & Auditor Generals report

for the FY 2007-2008 on receipts into the Exchequer Account. We also refer to the document annex MGK 011 (Page 54 - 60 of annexure) which is the Estimates of Revenue of the Government of Kenya for the year ending 30th June 2010. You will agree with us, that this document was tabled in Parliament in June 2009. This document Mr. Chairman records and therefore reports to Parliament the Actual revenue receipts for the FY 2007-2008 - the financial year your committee is tasked to investigate.

Mr. Chairman: We refer our table in annex MGK 012 (Page 61 of annexure). The actual receipts into the Exchequer account in the Auditor General's document annexed MGK 010 (Page 52 - 53 of annexure) have been entered into Column A of the table. You will note that the Auditor General has made 38 entries. Column B is derived from the Estimates of Revenue published by the Ministry for Finance at annex MGK 011 (Page 54 - 60 of annexure). All the entries state themselves to be Actual revenue for FY2007 -2008. Column C is the difference in Actual Revenue as stated in the 2 documents.

Mr. Chairman: Out of the 38 entries only 18 reflect the same actual revenue receipts.

Mr. Chairman: The Actual receipts into the Exchequer Account were submitted to the Auditor General by the Permanent Secretary, Ministry of Finance on 11 September 2008, some 2 months and 13 days after the end of the financial year 2007-2008. The Controller & Auditor General after Audit gives his certificate for the Exchequer Account on May 28 2009. As of 28th May 2009, both the treasury and the Controller & Auditor General agree on the receipts into the Exchequer Account. *Refer to annex MGK 013 (Page 62 of annexure) which is the summary of the Exchequer Account for the FY 2007-2008 by the PS, Treasury and the Certificate therein of the Controller & Auditor General.*

Mr. Chairman: What is shocking, is that in June 2009, a month after receiving the Auditor General's signature on the Exchequer Account for FY 2007-2008, the Minister of Finance presents a totally different set of Actual Revenue



Receipts to Parliament. So blatant that for example, he tells Parliament:

1. Ordinary Revenue is KES 397,576,198,835.00 while the Exchequer Account records ordinary revenue as KES 496,031,176,009.40. A difference of KES 98,454,977,174.40. Revenue Receipts under declared. WHY?
2. Total Grants/Loans revenue is KES 26,713,542,086.00 while the Exchequer account records Grants/Loans revenue as KES 20,077,231,195.75. A difference of KES 6,636,310,890.25. Revenue Receipts over stated. WHY?
3. Miscellaneous Revenue is KES 7,402,166,078.00 while the Exchequer account records Miscellaneous Revenue as KES 15,956,423,390.40. A difference of KES 8,554,257,312.40. Miscellaneous revenue Receipts under stated. WHY?
4. Net Domestic Borrowing (CBK) is KES -13,891,000,000.00 while the Exchequer account records Net Domestic Borrowing (CBK) as KES 0.00. A difference of KES -13,891,000,000.008. Net Domestic Borrowing (CBK) that does not exist WHY?
5. Income tax from corporations is KES 79,125,000,000.00 while the Exchequer account records Income tax from corporations as KES 86,695,983,472.40. A difference of KES 7,570,983,472.40 Income tax from corporations under stated. WHY?

Mr. Chairman: Where do the timing issues the Minister referred to on May 15TH 2012 arise? This is plain mischief that could be related to theft of Billions of Shillings. Is under declaring the revenue to Parliament likely to cause a gap, where such revenue goes missing?

Mr. Chairman: Further issues with Actual receipts are illustrated in the



examples listed in (annex MGK 014 (Page 63-68 of annexure))

Mr. Chairman: All these issues discussed recur in the FY 2008-2009 and 2009-2010. And now we move on to the final issue before this Joint Committee.

3. Approved Revenue Estimates - Parliamentary Authority

Mr. Chairman: The estimates of Revenue as tabled in parliament by the Finance Minister which reflect the final revised estimates of revenue differ at every revenue line item from the estimates of revenue as captured by the Controller and Auditor General in his reports.

Mr. Chairman: We would like to refer you to the documents annex MGK 010 (Page 52 - 53 of annexure) , annex MGK 015 (Page 69 - 76 of annexure), annex MGK 016 (Page 77 of annexure) and annex MGK 017 (Page 78 of annexure) .

Mr. Chairman: The Treasury cannot alter the approved revised estimates of revenue. This fact was confirmed by the famous "computer error" when Parliament recalled 2008-9 supplementary estimates for this very reason, restating the fact that what Parliament approves is the final approval. The implications of treasury altering these figures are very serious and grave.

Mr. Chairman: If you look at annex MGK 010 (Page 52 - 53 of annexure) you will see the original estimates for FY 2007-2008 as captured in the C&AG audit report totaling to KES 522,372,682,070.00. These figures have been entered in

Column A of the table at annex MGK 016 (Page 77 of annexure). Column B is the final revised estimates for FY 2007-2008 as captured in the Estimates of Revenue for the year ending 30th June, 2009 at annex MGK 015 (Page 69 - 76 of annexure). Column B shows Revised Estimates as KES 558,439,999,999.00. A Net negative difference of KES (36,067,317,929.00).

Mr. Chairman: We would like to now demonstrate the problem. And there are two scenarios' both which appear to be very serious. If you look at Column D at annex MGK 016 (Page 77 of annexure), we input again the Original estimates as captured in the C&AG report at annex MGK 010 (Page 52 - 53 of annexure) the amount is KES 522,372,682,070.00 while Column E captures the Actual revenue receipts as reported to Parliament in June 2009 at annex MGK 011 (Page 54 - 60 of annexure) as KES 494,371,368,021.00. This means that if we use the original 2007-2008 estimates and the actual receipts for 2007-2008 as declared to Parliament, there is a net under collection of KES 28,001,314,049.00

Mr. Chairman: What did the Auditor General Audit?. If you look again at annex MGK 016 (Page 77 of annexure). In Column G, we input again the Original estimates as captured in the C&AG report at annex MGK 010 (Page 52 - 53 of annexure) the amount is KES 522,372,682,070.00 while Column H captures the Actual revenue receipts in the Exchequer account at annex MGK 010 (Page 52 - 53 of annexure) as KES 516,108,407,205.15. This means that if we use the Controller and Auditor Generals' audited Accounts for the FY 2007-2008 as the true position, then there is a net under collection of KES 6,264,274,864.85. The final net under collection would be KES 6,256,173,113.10 taking into account the Exchequer Account opening Balance as at 1st July 2007 of KES 8,101,751.75.

Mr. Chairman: We then pose the question. Does the Controller and Auditor General's Audit report represent the correct Under (Over) collection of revenue or is it the treasury that has misrepresented the position to Parliament in this scenario?

Mr. Chairman: The matter becomes even more serious if you use the revised estimates as reported to Parliament. Lets look at scenario 2. We refer you to annex MGK 017 (Page 78 of annexure). If you look at Column D, we input the final revised estimates for FY 2007-2008 as captured in the Estimates of Revenue for the year ending 30th June, 2009 at annex MGK 015 (Page 69 - 76 of annexure). The amount is KES 558,439,999,999.00 while Column E captures the Actual revenue receipts as reported to Parliament in June 2009 at annex MGK 011 (Page 54 - 60 of annexure) as KES 494,371,368,021.00. This means that if we use the revised 2007-2008 estimates and the actual receipts for 2007-2008 as declared to Parliament, there is a net under collection of KES 64,068,631,978.00

Mr. Chairman: If you look again at annex MGK 017 (Page 78 of annexure). In Column G, we input again the final revised estimates for FY 2007-2008 as captured in the Estimates of Revenue for the year ending 30th June, 2009 at annex MGK 015 (Page 69 - 76 of annexure). The amount is KES 558,183,256,999.00 . Column H captures the Actual revenue receipts in the Exchequer account at annex MGK 010 (Page 52 - 53 of annexure) as KES 516,108,407,205.15. This means that if we use the Revised estimates as Parliaments final authority, and revenues collected as in the Exchequer account, then there is a net under collection of KES 42,074,849,793.85. The final net under collection would be KES 42,066,748,042.10 taking into account the Exchequer Account opening Balance as at 1st July 2007 of KES 8,101,751.75

Mr. Chairman: We are concerned; that there can be so many possible revenue

positions in the same Financial Year, and that it is even now possible that the Audit reports might not reflect the actual revenue position of the Government of Kenya.

Mr. Chairman: Kenyans expected the Minister of Finance to answer the issues raised by the Controller and Auditor General and asked by our representatives on the floor of the House -

1. How many revenue accounts Failed the Audit test and Why?
2. Do the Actual revenue receipts as reported to parliament faithfully reflect the actual receipts as captured by the controller & Auditor General In the exchequer account?
3. Do the revised estimates of revenue tabled in Parliament reflect the actual approval by given by parliament?

Mr. Chairman: Mars Group Kenya previously had the opportunity to appear before a Joint Parliamentary Enquiry by the Budget and Finance Committees into the Supplementary Estimates of the Financial Year 2008-2009. Our findings of discrepancies in the Supplementary Estimates triggered the enquiry and resulted in the adoption of a unanimous report which included a recommendation that an independent forensic audit should be done by an independent body to look into past three years of the National Budget including the Consolidated Fund Services to determine whether there might have been other inaccuracies or inconsistencies in the last two years in addition to the current year. Unfortunately 3 years later the Independent Forensic Audit has not yet been commissioned. It is now worrying that it appears that Parliament does not implement its own resolutions. Had the Audit been done, Parliament would have spotted this issue and dealt with it conclusively.

Mr. Chairman: This Committee needs to ask treasury to provide the following:



A detailed response to each of the 57 Auditors queries and a memorandum supporting the same.

A certificate from the Auditor General clearing each of the 57 issues according to International Accounting Standards.

Mr. Chairman: We wish to make the following recommendations to the Joint Committee:

1. That an Independent Forensic Audit into the Revenue Accounts of the Government of Kenya for the Financial Years 2007- 2008,2008-2009, 2009-2010,2010-2011,2011-2012 be commissioned and conducted to determine the true Revenue position of the Government, whether there is misappropriation of Revenue, and to identify the loopholes/weaknesses in the Financial systems and provide recommendations on how to seal the loopholes.
2. The immediate withdrawal of all falsified documents tabled in Parliament, and a special resolution to resubmit and adopt clear, accurate documents for the renewed authority of Parliament.
3. That the Committee recommends the immediate retirement of the Accounting Officers at the Treasury responsible for Revenue Collection and Accounting for failing to keep proper, authentic records, and preparing documents for the sole purpose of misleading Parliament to approve false documents.
4. That the Committee recommends the implementation of the resolution of the National Assembly of May 2009, that an independent forensic audit should be done by an independent body to look into past three years of the National Budget including the Consolidated Fund Services to determine whether there might have been other inaccuracies or inconsistencies in the last two years in addition to the current year.
5. That the Committee recommends to parliament the need to involve

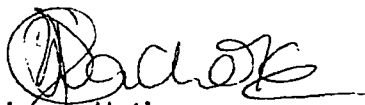


the Controller of Budget as per the mandate in the Constitution. To oversee the implementation of the Budget which includes Expenditure and Revenue. The Controller of Budget should in her Quarterly reports to Parliament include revenue accounting. These reports must be Independent.

Mr. Chairman: We appear before you today in good faith. We mention this because we do what we do because we believe in parliamentary democracy and accountability. As such we have always appeared before Parliament when invited to do so and we at Mars Group have never declined nor failed to appear before a committee of Parliament.

Mr. Chairman: We are grateful to your Committee, our elected representatives, for taking time to hear us. With your kind permission we wish to submit our Memorandum and supporting documents. We request that Under Article 35 of the Constitution of Kenya, and in the Public Interest, that our entire submissions and supporting documents be annexed to your final report. We would be happy to take any clarifications.

Dated at Nairobi this 19 day of July 2012 and signed: for Mars Group Kenya



Jayne Mati



Mwalimu Mati

| Annexure | Description | Pages |
|----------|---|-------|
| MGK 001 | Extract of the official Hansard of the National Assembly 15th May 2012 | 1 - 9 |
| MGK 002 | Copy of Appendix B at page 265 of the C&AG report for the FY 2007-2008 | 10 |
| MGK 003 | Summary of revenue accounts excluded from certificate by the C&AG for FY 2007-2008, 2008-2009 & 2009-2010 | 11 |
| MGK 004 | Tabulation of Audit queries by C&AG of Revenue accounts excluded from certificate for the FY 2007-2008 | 12-16 |
| MGK 005 | Reasons given by C&AG on why Revenue accounts were excluded from certificate for the FY 2007-2008 | 17-25 |
| MGK 006 | Tabulation of Audit queries by C&AG of Revenue accounts excluded from certificate for the FY 2008-2009 | 26-30 |
| MGK 007 | Reasons given by C&AG on why Revenue accounts were excluded from certificate for the FY 2008-2009 | 31-38 |
| MGK 008 | Tabulation of Audit queries by C&AG of Revenue accounts excluded from certificate for the FY 2009-2010 | 39-43 |
| MGK 009 | Actual reasons given by C&AG on why Revenue accounts were excluded from certificate for the FY 2009-2010 | 44-51 |
| MGK 010 | Page 269 and Page 270 of the C&AG report on receipts into and issues from Exchequer Account FY 2007-2008 | 52-53 |
| MGK 011 | Estimates of Revenue of the Government of Kenya for the year ending 30th June 2010 | 54-60 |



2025年1月1日
 2025年1月1日

| | | |
|---------|--|-------|
| MGK 012 | Table comparing Actual receipts into Exchequer Accounts and as reported to Parliament for FY 2007-2008 | 61 |
| MGK 013 | Summary of the Exchequer Account for the FY 2007-2008 by Treasury on 11 Sep 2008 and the Certificate of the C&AG dated 28 May 2009 | 62 |
| MGK 014 | Examples of other issues arising from actual revenue receipts in C&AG report and receipts declared to parliament | 63-68 |
| MGK 015 | Estimates of Revenue of the Government of Kenya for the year ending 30th June 2009 | 69-76 |
| MGK 016 | Table comparing under (over) Original Estimates and receipts into Exchequer Accounts and as reported to Parliament | 77 |
| MGK 017 | Table comparing under (over) Revised Estimates and receipts into Exchequer Accounts and as reported to Parliament | 78 |

**NATIONAL ASSEMBLY
OFFICIAL REPORT**

Tuesday, 15th May, 2012
The House met at 2.30 p.m.
[Mr. Deputy Speaker in the Chair]

Page 27 Tuesday, 15th May, 2012

MINISTERIAL STATEMENTS

INACCURACIES/INCONSISTENCIES IN TREASURY TAX/ REVENUE ACCOUNTS

The Minister for Finance (Mr. Githae): Mr. Deputy Speaker, Sir, on Thursday, 21st April, 2011, the Member of Parliament for Gwasi, hon. Mbadi, sought a Ministerial Statement on the Tax Account at the Treasury. In particular, he wanted explanation made to the House on the following:-

- (i) whether our Tax Account, and especially the revenue rates are properly kept;
- (ii) the number of revenue statements that were certified by the Controller and Auditor-General for the financial years 2007/2008 and 2008/2009;
- (iii) the actual receipts of revenue for the financial years 2007/2008 and 2008/2009 in respect of various Budgetary Heads, including Mining, Profits and Dividends, Fines and Penalties, Other Charges, Taxes on Income, Profits and Capital Gains; Taxes on Goods and Services, Taxes on International Trade and Transactions, Other Taxes Not Classified; Property Income Interest Receivable, Property Income, Rents on Land, Sale of Goods and Services, Other Records not Classified; Repayment from Domestic Lending and On-lending, Tourism and Wildlife, and Trading Licences;

and,

- (iv) whether the receipts of the revenue for the financial years 2007/2008 and 2008/2009, as declared to Parliament in the Estimates of Revenue, reflected the actual receipts into the Exchequer Account for the respective Revenue Heads for the same period.

On 15th March, 2012, the Chair directed the Minister for Finance to issue a Ministerial Statement in relation to the receipts of revenue for the financial years 2007/2008 and 2008/2009 as only the accounts for the financial years 2008 and 2009 were already receiving attention by the Public Accounts Committee (PAC).

Mr. Deputy Speaker, Sir, I beg to, first of all, tell this august House that revenue collection and accounting is a process, and that it involves various stakeholders. The taxpayer pays his or her taxes due directly to the tax collector or indirectly into the Kenya Revenue Authority (KRA) collection accounts in the banks appointed by the KRA. On receiving the tax revenue payments, the revenue collector remits the same to the appointed receiver of that revenue, who subsequently remits the same to the Exchequer Account.

The KRA is legally appointed collector of Income Tax, Customs Duty, Excise Duty and Value Added Tax (VAT). Collectors of other revenues, who largely include Ministry

①
MGK 001


Departments, are appointed by respective receivers of revenue, who are in turn appointed by the Treasury.

Mr. Deputy Speaker, Sir, from the above description, you appreciate that the process of collecting and accounting for revenue involves parties who are independent of each other, and who maintain their own separate sets of books of accounts. Indeed, the revenue records maintained by these parties often show different revenue positions and, therefore, require reconciliation – in some cases, on monthly basis and in other cases even on a daily basis.

Let me underscore the fact that variances are usually explained by the timing differences when revenues are received and then ultimately remitted to the Exchequer.

For instance, when a taxpayer pays his or her taxes through the KRA collection account in a bank, the KRA immediately recognises the receipts in their books but such receipts take time to be reflected in the receiver's account at the Central Bank of Kenya (CBK) and subsequently to the Exchequer Account.

Mr. Deputy Speaker, Sir, with this background, I now wish to respond to the specific questions raised by hon. Mbadi.

First, I am not aware of a Tax Account under the Government Financial Management Act but I presume that the hon. Member was referring to the Exchequer Account.

Let me clarify that for all revenues due to the Government – tax, non-tax and proceeds from borrowing – are paid into the Exchequer Account, which is properly kept and indeed audited on a daily basis by officers from the Office of the Controller and Auditor-General. As part of his or her legal mandate, the Auditor-General also keeps a mirror account of the Exchequer Account.

Mr. Deputy Speaker, Sir, with regard to the question of the number of revenue statements for the financial year 2007/2008 that were certified by the Controller and Auditor-General, I would like to confirm that only two statements were certified. These were the Property Income Interest Received Account, and the Dividends and Fines, Penalties and Forfeitures Account. For the financial year 2008/2009, all the 14 statements were qualified.

The Report of the Controller and Auditor-General for the financial year 2007/2008 provided specific reasons as to why each revenue statement was excluded from his certificate, and this was basically for accounting reasons. The Report of the Controller and Auditor-General for the financial year 2007/2008 has already been discussed by the PAC, and the Committee has given specific recommendations on actions to be taken by the respective receivers of revenue. Indeed, revenue receivers have been taking action as directed by the PAC, through the Treasury.

Mr. Deputy Speaker, Sir, therefore, I wish to say that the action by the PAC is in order, and this is being implemented.

Regarding the question as to whether the receipts for the financial year 2007/2008, as declared to Parliament in the Estimates of Revenue, reflect the actual receipts into the Exchequer Account for the respective Heads and for the same period, I wish to clarify that the actual receipts for that year, as reflected in the Printed Estimates of Revenue, were based on

②
M&K 001

unaudited revenue returns because at the time of reporting to Parliament the accounts were in the process of being audited. So, preparation of the Printed Estimates of Revenue was based on unaudited accounts.

Mr. Deputy Speaker, Sir, in conclusion, let me reassure this House and the public at large that the Treasury remains fully committed to ensuring full accountability and optimal utilisation of all revenues collected and received by the Government of Kenya.

Indeed, we have strived to uphold a high level of transparency in dealing with public finances. We have continued to demonstrate this, in accordance with the Fiscal Management Act, by publishing in the Kenya Gazette, on monthly basis, the Statement of Revenues and Net Issues out of the Exchequer Account.

In addition, we submit to this House the Quarterly Economic and Budgetary Report, as required by the law. Indeed, the later publication can also be downloaded from the Treasury's website for wider access.

Thank you.

Mr. Mbadi: Mr. Deputy Speaker, Sir, the Statement by the Minister sounded like a Paper prepared for a seminar, but not a clear explanation on accountability to the National Assembly on the part of the Government.

According to the Minister, only two out of 14 revenue accounts were certified. According to my information, three out of the 14 revenue accounts were certified. So, I have added him one account that was also certified. These are the Mining Account, the Profits and Dividends Account, and the Fines and Penalties Account; which are the smallest revenue accounts. All the other major revenue accounts such as the Taxes on Income Account, the VAT Account, the Corporation Tax, *et cetera*, were only qualified.

Mr. Deputy Speaker, Sir, in accounting language, "qualified" means they were not certified. When the Minister says that the accounts were qualified in the following year, it may mislead one to think that everything was perfect. It means that all the 14 accounts did not meet the threshold of auditing standards. Revenue is collected and banked in the Exchequer Account.

The Constitution is very clear under Article 206, which states that there is established the Consolidated Fund into which shall be paid all money raised or received by or on behalf of the national Government. This actually has been uplifted from the other Constitution that we did away with in August, 2010. So, it is just a law that has been in place all this time. Once the money is banked, that is what the Controller and Auditor-General is given and that is what should be reported to this House. Could the Minister now address the following three pertinent issues?

First, could the Minister tell this House why, for example, taxes on income - and I want to be very particular, Pay-As-You-Earn--- According to the Exchequer Account, what was given to the Controller and Auditor-General for 2007/2008 was Kshs81.6 billion. To Parliament you reported Kshs85.9 billion. That is over-reporting by Kshs4.3 billion.

On taxes on corporations, to the Controller and Auditor-General you reported Kshs86 billion, but to Parliament you reported Kshs79 billion. It is now the opposite. That is under-declaring

MGK 001 (3)

to Parliament of Kshs7 billion. I could go on and on, but the most interesting one is net domestic borrowing. You reported to the Controller and Auditor-General that for the year 2007/2008 you collected zero. This is very straightforward. On this one you do not need any book reconciliation because it is the CBK borrowing. So, if you are telling the Controller and Auditor-General that you collected zero and yet you come to Parliament and report that you borrowed Kshs13.8 billion then the question is, if you borrowed that money, where did you bank it such that the Controller and Auditor-General could not find it in the Exchequer Account?

Mr. Deputy Speaker, Sir, finally, I want to take the Minister to task for saying that the reason why there is a difference between the figures given to the Controller and Auditor-General who is now the Auditor-General and what was given to Parliament is because the figures given to Parliament were based on unaudited revenue returns. Could the Minister tell us why these figures were based on unaudited revenue returns and yet he reported to Parliament in June, 2009 and the audit was conducted between September, 2008 and May, 2009? The audit report was actually out by May, 2009 and he reported to Parliament in June, 2009. Why did he then base it on unaudited accounts? Does it really make sense? So, this is a very big issue and the Minister should not treat it casually as if that this is just mere book entry. The Controller and Auditor-General is telling this Parliament--- Remember that this Parliament has employed the Controller and Auditor-General to be auditing on its behalf and be reporting to Parliament. The Controller and Auditor-General is telling us: "Parliament, I have done my work. I cannot certify these accounts because they do not make sense to me. There is a total sum of Kshs489 billion for the 2007/2008 Financial Year that I cannot give my opinion on."

I think this House deserves clear reasons as to why the Controller and Auditor-General found it difficult to certify our accounts; why the figures in the Exchequer account where we should keep all our money are different from what the Minister has given us on the Floor of the House.

Thank you, Mr. Deputy Speaker, Sir.

The Minister for Finance (Mr. Githae): Mr. Deputy Speaker, Sir, as I explained, the balance differences will always be there. They will be there this year and they will be there next year. Why? Basically because of timing differences.

As I said, if you look at the whole scenario where you as an individual, for example, if you pay to the Kenya Revenue Authority (KRA) as a collector it recognizes that tax immediately. But if you pay to the bank on behalf of the KRA, there is a difference of one or two days before the money is actually reflected in the KRA account. It is even worse where it is another collector. So, if you do--

Mr. Mbadi: On a point of order, Mr. Deputy Speaker, Sir.

The Minister for Finance (Mr. Githae): Mr. Deputy Speaker, Sir, let me explain so that the hon. Member can understand the timing differences.

Mr. Mbadi: On a point of order, Mr. Deputy Speaker, Sir. I would have allowed the Minister to continue with his time differences. The Minister can tell this House what it may not understand. However, can he just explain to us, for example, in his timing difference, the net domestic borrowing? The Central Bank of Kenya is the one which gets the money through


M.G.K. 001

borrowing and reports. Why is it that the Minister reported to the Controller and Auditor-General that there was zero in the Exchequer Account for that year and yet he reported to Parliament Kshs13.8 billion? It is just as simple as that. One can understand the Minister's talk about paying through banks, PAYE, VAT and whatever. However, can he explain the net domestic borrowing, for example, where it is the CBK which borrows? That should go directly to the Exchequer Account. Can the Minister tell me, for example, why there was that difference? That is where he told the Controller and Auditor-General that we did not borrow anything according to his records in the Exchequer Account but he came to Parliament one month later to report to us that he borrowed Kshs13 billion. How does this tally with the Minister's timing difference?

The Minister for Finance (Mr. Githae): Thank you, Mr. Deputy Speaker, Sir. Let me begin from the beginning. As I said, differences in balances will always be there. They were there last year, they will be there this year and they will be there next year, basically, because of timing differences. I was giving you the example when you pay your taxes. If you pay them directly to the KRA it is recognized immediately but if you pay to a collector, it takes some time. There are other collectors who take more time before this is recognized. Ultimately, the total taxes will find their way into the Exchequer. So, depending at what time you are looking at the figures, there will be time differences. That is why reconciliations are done – I said some on daily basis---

Mr. Njuguna: On a point of order, Mr. Deputy Speaker, Sir.

The Minister for Finance (Mr. Githae): Mr. Deputy Speaker, Sir, I think they do not want to hear the answer

Mr. Deputy Speaker: Proceed, Mr. Minister!

The Minister for Finance (Mr. Githae): Mr. Deputy Speaker, Sir, depending on when you ask for the books of account, there will be these timing differences. I assure you that they will be there and that is why there is reconciliation. In this particular case, since the figures were being audited, what we reported to Parliament were the unaudited accounts.

Coming to the specific accounts - and I thank Mr. Mbadi - they are three. In fact, I mentioned them but the calculation is wrong. There were three that were satisfied by the Auditor-General. If you look at the reasons for non-certification, you will see that they are basically auditing issues and more of reporting time. Again there are other collectors who do not remit their accounts immediately. So, it will take time. There are others, for example, which are shown as having been received but ultimately this has not been remitted to the Auditor-General. Again, this depends on the timing. For example, if you closed your books today, you will have a different figure but when those figures on the net borrowing are taken to the Exchequer Account tomorrow, they will be different. So, these timing differences will be there.

Mr. Deputy Speaker, Sir, the most important thing is that not a single cent of Kenyan money has been lost and it will not be lost under my watch. Thank you.

Mr. Mbadi: On a point of order, Mr. Deputy Speaker, Sir. I do know whether the House is convinced, but you will agree with me that if there is timing difference, it should be systematic and consistent; if PAYE is low in terms of this date, the corporation tax should be

 (5)
MGR 001

the same and the Value Added Tax (VAT) should be the same. Why is it that we have a difference; for some the report to Parliament is higher and for others the report to Parliament is lower? How then would we be sure that this is a timing difference?

Mr. Deputy Speaker, Sir, I was very clear to the Minister that he reported to this House in June after the audit was concluded. Why did the Ministry choose to bring to this House what they are calling "unaudited" accounts? The Minister has not addressed himself to that. Again, when you are presenting the books to the auditor, it is assumed that you have done reconciliations. Can the Minister tell us, these figures that he gave to Parliament, where did they come from? Did they come from the Exchequer Account? Is he giving us figures from the Kenya Revenue Authority (KRA)? Can he explain to us where these figures are from? These figures are different from what is in the Exchequer Account, where we expect our money to be banked. If today, I come to this House and tell you that you gave me Kshs50,000 to bank in your account and I give you a banking slip that shows a banking of shs35,000, and then I tell you there is a reconciliation and timing difference. Am I not supposed to explain to you how that timing difference has resulted into the difference in the amount?

Mr. Deputy Speaker, Sir, I would expect the Minister to be very clear and forthright to the people of Kenya. You are new in this Ministry. You might not even know how the money disappeared; chances are that money disappeared. This is because the Auditor-General is saying, "I do not know how much this country is collecting".

Mr. Deputy Speaker: Order, Minister! Allow another request for clarification!

Mr. Ogindo: Mr. Deputy Speaker, Sir, I rise to seek clarification from the Minister. According to the Constitution, the Auditor-General is required to audit the books after eight months. Previously, audits have been done after a reasonable period of time. The question of timing difference does not, therefore, arise. This is because the only tax that is collected through agents is VAT. The remittance is done in not more than a week's period. The auditing is done after about three months. Therefore, the question of timing does not arise.

Having said that, Article 216 says that the revenue allocation shall be based on the revenue collected by the central Government. At this point when we are going into devolution, it is very important that we get the figures of revenue accurately. Could the Minister clarify the differences in view of the fact that we want to know the accurate figure to be used for revenue allocation?

Mr. Deputy Speaker: We are going to allow the Member of Parliament for Lari to seek one clarification; that is the last clarification.

Mr. Njuguna: Mr. Deputy Speaker, Sir, it is sad and a bad signal to this House, and even the country, that 14 accounts were presented to the Auditor-General and only three qualified. What measures is the Minister taking to make sure that the remaining 11 accounts are qualified? In addition, what measures will the Government take to make sure that this will not happen in this country in future, as the Minister tries to display a degree of accountability and transparency in his new Ministry?

The Minister for Finance (Mr. Githae): Mr. Deputy Speaker, Sir, beginning with the last question by the Member for Lari, it is not our intention to have the accounts qualified. In fact, to the contrary we would like the accounts not to be qualified by the Auditor-General.



6

M G K O O L

Coming to the other issue raised by Mr. Ogindo, the funds that are to be remitted to the county governments will be based on the last year's audited accounts for every year. That is what the Constitution says. Those are the figures that have been used by the Treasury and the Commission on Revenue Allocation (CRA).

Coming to the other issues that were raised, as I said these accounts are reconciled on a daily basis. I have a schedule here which I would like to share with Mr. Mbadi. It shows that for every account you would have what was estimated, the actual receipt and the amount paid to the Exchequer, as per the revenue statement, and then the actual receipts in the Exchequer Account. You will find that in any given day there will always be differences. Even for reporting purposes, if you close your books today and the other institution accepts the figure from the following day, there will be a difference. I would like to share this list with Mr. Mbadi. As I said, we have absolutely nothing to hide. He can actually see even the causes for the differences. Sometimes payment is made directly by the collector of revenue. Sometimes some loanees pay directly. If dividend income is declared it may not be received until sometime later. Therefore, these differences will always be there.

Mr. Okemo: On a point of order, Mr. Deputy Speaker, Sir. From the information available to me, these same accounts we are querying here are exactly under scrutiny, currently, by the Public Accounts Committee (PAC) whose report will be brought here because the qualification means there must be reasons which have been given why the 11 accounts were not satisfactory. Therefore, unless we want to anticipate what is going to be in that report--- Why can we not give the PAC the opportunity to complete their work and bring the report to Parliament?

Mr. Deputy Speaker: Mr. Okemo, for the benefit of the Chair when will that report be ready? Chair of the PAC, are you in concurrence with what Mr. Chris Okemo is saying?

Dr. Khalwale: Mr. Deputy Speaker, Sir, we have lost a bit of time because of the work we are doing on the special audit of De La Rue; therefore, probably in another two weeks to three weeks, we will have concluded and presented the report to the House.

Mr. Mbadi: On a point of information, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Who do you wish to inform?

Mr. Mbadi: The hon. Chair of the Committee.

Mr. Deputy Speaker: Dr. Khalwale, you should be ready to have that information.

Dr. Khalwale: Mr. Deputy Speaker, Sir, I can only get reliable information from Members of the Committee if I am not right about it.

Mr. Mbadi: On a point of order, Mr. Deputy Speaker, Sir. It is very sad that the Chair of the PAC is not even aware of the work of his Committee. You had ruled that the accounts of 2007/2008 had been looked at by the PAC. They have been tabled there and adopted. You made a specific ruling that the 2008/2009 accounts, which are before the Committee, will not be addressed by the Minister. However, the 2007/2008 accounts were finalized by the Committee, and a report brought here; it had only one small paragraph on revenue to be

addressed. That is why the Minister is addressing this issue. It is very sad that the Chair of the PAC is not even sure. When I want to inform him, he behaves in a funny way.

Mr. Deputy Speaker: Fair enough! He is a medical doctor! He is not an accountant like you! Proceed, nonetheless. Dr. Khalwale, listen to the experts at times. It helps.

Mr. Mbadi: Mr. Deputy Speaker, Sir, this is my final plea to the Chair. Let me put this matter very clearly; the accounts we are referring to were for the year that ended on 30th June, 2008. These accounts were audited between September 2008 and May 2009 and a report issued by the Controller and Auditor-General in May 2009. The financial statements I am referring to, which were brought to this House, were brought in June, 2009, 12 months after the end of the financial year. Therefore, the figures that were tabled before the House should have been the same ones that the Controller and Auditor-General was given.

Mr. Deputy Speaker, Sir, from the Minister's answer, either he has not reconciled himself to the gist of this matter or he has deliberately been misled by his Office. I want you to help this House and this country because this is taxpayers' money. We are talking about the Kshs489 billion in question. The Controller and Auditor-General is not sure. If today you asked the Minister how much we collected as a country in that particular year, he may not answer us because the figures he gave the auditor are different from what he gave to this Parliament. So my concern is that this matter needs to be revisited by this House. We need to take this matter to either the Revenue sub-committee of the Budget Committee or the Public Accounts Committee (PAC) to specifically look at the revenue.

Otherwise, we may approve and give a clean bill of health to the Government to proceed with inaccuracies. The following year the amount was less but in 2007/2008, it is shocking.

Mr. Ogindo: On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order to persistently mislead this House that the differences in account of revenue are as a result of timing difference? The Government accounting system is cash based and the cutoff point is very clear; 30th June and the Government does not engage in accrual. So, the Government can never put in its books dividends that it has not received. I want to invite you to find the Minister's answer unacceptable and hollow. I want you to order that this matter be taken up by the Budget Committee because Kshs489 billion is a mind boggling sum if it is being included or excluded as revenue. It is going to affect the operations of this Government and also the county governments. I invite you to find the Minister's answer unacceptable!

Mr. Deputy Speaker: Mr. Okemo, maybe you can help us and help this House because you are the former Minister for Finance. Indeed, the Chair finds this mind boggling and finds reason to direct the matter to the Budget Committee as well as the Departmental Committee on Finance as a joint committee.

Mr. Okemo: Mr. Deputy Speaker, Sir, personally, I think to help the House I would recommend that this matter which involves accounts for the year 2007/2008 be referred back to the PAC because all audit queries or all accounts that have queries are the responsibility of the PAC and they can incorporate the Budget Committee and the Departmental Committee on Finance and we can then interrogate this issue because they are actually very genuine concerns, in my view. That, indeed, if there are issues that cannot be explained between the revenue collected as reported by the Minister, then this must be looked into much more deeply.



MGK 001

Mr. Deputy Speaker: Clearly, the Chair also finds reason or cause to give a direction because the amounts and the figures and the disparity is clearly mind boggling and we have a responsibility, as much as possible, to the extent we can do it within our means; to use the relevant Committees to interrogate this issue at length. The Chair directs a joint Committee of the Budget, the PAC and the Departmental Committee on Finance to be led by the Budget Committee because the PAC Chairman has already said he is too busy with some other issues--.

So proceed with speed and report back to this House in a maximum of two weeks. If you can do it in one week, so much the better! Clearly as the argument goes, we want to see if the money that we have contributed as taxes and for any reason that it does not look like it is tallying up, then there is need for the House with its own limited understanding and knowledge to use the relevant Committees who can also seek experts in the process both inside and outside Parliament to get to the bottom of this and report to this House in a maximum of two weeks.

Next Order!

(Several hon. Members stood up in their places)

Not on the same!

Mr. Ogindo: Mr. Deputy Speaker, Sir, I thank you for your ruling but I want you to appreciate that the Budget Committee today is seized of the Budget process which takes precedence over this thing. If we give it the same time within which we are processing the Budget, it might not work. So, I would plead that you give us a month.

Dr. Khalwale: It is on a different matter, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: No; on the same! Mr. Okemo, much as you are not rising on a point of order---

Mr. Okemo: Mr. Deputy Speaker, Sir, I think I want to support Mr. Ogindo's observation that we finish the Budget process and then maybe deal with this one more exhaustively.

Mr. Deputy Speaker: Fair enough! I will revise my earlier direction and direct that this matter be done within a month; four weeks!

(Applause)

9
MGK 001

APPENDIX B

LIST OF ACCOUNTS EXCLUDED FROM THE CERTIFICATE:-

CONSOLIDATED FUND SERVICES:

Statement of Subscriptions by the Government of Kenya to International Organizations.

SUMMARY:

Summary of Statements of Revenue (Recurrent).
Summary of Statements of Revenue (Development).
Summary of Statements of Outstanding Loans.
Summary of Statements of Obligations Guaranteed by the Government of Kenya.
Summary of Statements of Participation by the Government of Kenya in Quasi-Government Organizations and Other Statutory Organizations.
Summary of Statements of Investments by the Government of Kenya in Local Companies.

APPROPRIATION ACCOUNTS - RECURRENT:

Vote R.7, R.11, R.13, R.14, R.18, R.20, R.35, R.49, R.59.

APPROPRIATION ACCOUNTS - DEVELOPMENT:

Votes D.4, D.7, D.11, D.13, D.14, D.18, D.23, D.25, D.40, D.49, D.59.

STATEMENTS OF REVENUE - RECURRENT:

1110000, 1140000, 1150000, 1160000, 1410000, 1410100, 1410000-1410401,
1420000, 1450000, 4510000, 150-360, 170-010, 210-010.

STATEMENTS OF REVENUE - DEVELOPMENT:

Development Revenue - Head DR.1.

STATEMENTS OF OUTSTANDING LOANS:

Ministry of Finance.

STATEMENTS OF OBLIGATIONS GUARANTEED BY THE GOVERNMENT OF KENYA:

Ministry of Finance.
Ministry of Agriculture.
Ministry of Transport.

Annex MGK 003 List of Revenue Accounts of the GOK excluded from General Certificate
Source: Reports of the Controller and Auditor General on the Appropriation Accounts, other public accounts and the accounts of the funds of the republic of Kenya for the year 2007 -2008, 2008-2007, and 2009-2010

| Revenue Statements | FY 2007 -2008 | FY 2008-2009 | FY 2009-2010 |
|---|---------------------------|---------------------|---------------------|
| 160 -210 Mining revenue –royalties | Certified | Certified | Certified |
| 1410000-1410200 Profits & dividends | Certified | Excluded | Excluded |
| 1430100 Fines, Penalties, Forfeitures & other Charges | Certified
3.485.911.00 | Excluded | Certified |
| 1110000 Taxes on Income, Profits & Capital Gains | Excluded | Excluded | Excluded |
| 1140000 Taxes on Goods and Services | Excluded | Excluded | Excluded |
| 1150000 Taxes on International Trade and Transactions | Excluded | Excluded | Excluded |
| 1160000 Other Taxes (not elsewhere classified) | Excluded | Excluded | Excluded |
| 1410000-1410100 Property Income - Interests Received | Excluded | Excluded | Excluded |
| 1410000-1410401 Property Income -Rent of Land | Excluded | Excluded | Certified |
| 1420000 Sales of Goods and Services | Excluded | Excluded | Excluded |
| 1450000 Other Receipts Not Classified Elsewhere | Excluded | Excluded | Excluded |
| 4510000 Repayments from Domestic Lending and On-Lending | Excluded | Excluded | Excluded |
| 150-360 | Excluded | Excluded | Excluded |
| 170-010 Tourism & wildlife (OP) | Excluded | Excluded | Certified |
| 210-010 Trading licences (OP) | Excluded | Excluded | Certified |
| Revenue Head DR. | Excluded | Excluded | Excluded |

12

(12)

MGK 004

**REVENUE HEADS ACCOUNTS OF THE GOK EXCLUDED FROM CERTIFICATE BY
CONTROLLER & AUDITOR GENERAL FOR THE FINANCIAL YEAR 2007 -2008**

| | | | |
|---|--------------|--------------------|--------------------|
| Statement of Revenue Head 111000
- Taxes on Income, Profits, and Capital Gains | Paragraph 72 | 11,093,780,541.40 | 164,440,214,326.04 |
| | Paragraph 73 | 17,868,750,110.40 | |
| | Paragraph 74 | 1,613,944.30 | |
| | Paragraph 74 | 120,420,998.00 | |
| | Paragraph 75 | 4,281,734,914.85 | |
| | Paragraph 76 | 5,498,100,768.14 | |
| | Paragraph 77 | 408,866,981.95 | |
| | Paragraph 78 | 125,166,946,067.00 | |

| | | | |
|---|--------------|-------------------|--|
| Statement of Revenue Head 114000
- Taxes on Goods and Services | Paragraph 79 | 3,725,958,227.30 | |
| | Paragraph 80 | 60,135,349,498.40 | |
| | Paragraph 80 | 61,857,468,348.75 | |
| | Paragraph 81 | 2,624,336,939.30 | |
| | Paragraph 81 | 446,379,166.10 | |

ANNEX MGK 004

| | | | |
|--|---------------------|-------------------|--------------------|
| | <i>Paragraph 82</i> | 91,734,032,909.00 | 220,523,525,088.85 |
|--|---------------------|-------------------|--------------------|

| | | | |
|--|---------------------|------------------|------------------|
| Statement of Revenue Head 1150000
- Taxes on International Trade and Transactions | <i>Paragraph 83</i> | 1,833,772,816.60 | 6,967,387,378.85 |
| | <i>Paragraph 84</i> | 887,684,300.60 | |
| | <i>Paragraph 85</i> | 367,449,065.85 | |
| | <i>Paragraph 86</i> | 900,841,513.05 | |
| | <i>Paragraph 86</i> | 847,412,641.95 | |
| | <i>Paragraph 87</i> | 2,130,227,040.80 | |

| | | | |
|---|---------------------|------------------|------------------|
| Statement of Revenue Head 1160000
- Other taxes not elsewhere classified | <i>Paragraph 88</i> | 1,246,805,320.30 | 1,422,982,377.50 |
| | <i>Paragraph 89</i> | 51,679,317.30 | |
| | <i>Paragraph 90</i> | 60,935,697.60 | |
| | <i>Paragraph 90</i> | 63,562,042.30 | |

| | | | |
|---|------------------------|-------------------|--|
| Statement of Revenue Head 1420000
- Sale of Goods and Services | <i>Paragraph 111-2</i> | 34,729,285,605.75 | |
| | <i>Paragraph 113</i> | 1,181,598,505.75 | |

mgk 004 ⁽¹³⁾ 

14

MGK 004

| | |
|-------------------|------------------|
| Paragraph 114 | 640,828,505.75 |
| Paragraph 115 | 67,690,060.91 |
| Paragraph 115 | 30,868,263.95 |
| Paragraph 115 | 1,958,384,345.50 |
| 38,608,655,287.61 | |

| | | | |
|--|--------------|----------------|----------------|
| Statement of Revenue Head 1410000 | Paragraph 99 | 118,363,222.40 | 118,363,222.40 |
| - Property Income, Sub Head 1410401-Rent of Land | | | |

| | | | |
|------------------------------------|--------------|----------------|----------------|
| Statement of Revenue Head 1410000 | Paragraph 97 | 218,979,953.45 | 270,230,973.55 |
| - Sub Head 1410200-Property Income | Paragraph 97 | 50,904,994.00 | |
| | Paragraph 98 | 346,026.10 | |

| | | | |
|---|--------------|----------------|--|
| Statement Revenue Head 1410000 | Paragraph 91 | 695,745,986.30 | |
| - Sub Head 1410100-Statement Of Loan Interests Receipts | Paragraph 92 | 200,762,900.85 | |
| | Paragraph 93 | 108,267,742.70 | |
| | Paragraph 93 | 3,368,828.00 | |

| | | | |
|--|---------------------|------------------|-------------------------|
| | <i>Paragraph 94</i> | 38,593,485.00 | 2,774,822,283.62 |
| | <i>Paragraph 95</i> | 499,209,623.86 | |
| | <i>Paragraph 96</i> | 1,228,873,716.91 | |

| | | | |
|--|----------------------|------------------|-------------------------|
| Revenue Head 1450000
- Other Receipts Not Classified Elsewhere | <i>Paragraph 100</i> | 5,310,423,389.60 | 9,190,196,772.50 |
| | <i>Paragraph 101</i> | 2,052,166,934.85 | |
| | <i>Paragraph 102</i> | 1,827,606,448.05 | |

| | | | |
|---|----------------------|------------------|--------------------------|
| Statement of Revenue Head 4510000
- Repayments from Domestic Lending and On-Lending | <i>Paragraph 103</i> | 227,566,478.45 | 19,819,480,861.73 |
| | <i>Paragraph 105</i> | 236,131,179.90 | |
| | <i>Paragraph 105</i> | 61,740,522.10 | |
| | <i>Paragraph 106</i> | 28,191,159.20 | |
| | <i>Paragraph 107</i> | 4,128,665,313.94 | |
| | <i>Paragraph 108</i> | 3,645,781,874.94 | |
| | <i>Paragraph 108</i> | 2,058,303,911.10 | |
| | <i>Paragraph 110</i> | 9,433,100,422.10 | |

mgk 004 (15) 

22

16

MGK 004

| | | | |
|--|--------------|-------------------|--------------------|
| Development Revenue DR.1 | Paragraph 33 | 6,953,548,416.00 | |
| - | Paragraph 33 | 19,460,369,488.00 | |
| - | Paragraph 34 | 8,273,280,102.00 | |
| - | Paragraph 35 | 73,908,047.75 | |
| | Paragraph 36 | 23,716,619.95 | 34,784,822,673.70 |
| AMOUNTS QUERIED BY
AUDITOR GENERAL ON REVENUE
ACCOUNTS | | | 498,920,681,246.35 |

Detailed reasons why revenue heads accounts of the GOK excluded from certificate by Controller & Auditor General for the financial year 2007 -2008

Extracts from the Controller and Auditor General's report for the Government of Kenya Accounts for the financial year 2007 – 2008

Statement of Revenue Head 1110000 – Taxes on Income, Profits, and Capital Gains

Paragraph 72: Taxes on Income, Profits, and Capital Gains for the year ended 30th June 2008 reflects actual receipts of Kshs 177,246,750,110.40. Records at the Kenya Revenue Authority (K.R.A) reflect actual receipts of Kshs 166,152,969,569.00. The resultant difference of Kshs 11,093,780,541.40 has not been reconciled and explained.

Paragraph 73: The statement shows actual receipts of Kshs 177,246,750,110.40 against estimated receipts of Kshs 159,378,000,000.00. This resulted in an over-collection of Kshs 17,868,750,110.40. This over-collection has not been explained by the way of footnotes as required by the Government Financial regulations and procedures

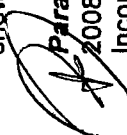
Paragraph 74: The Statement of Revenue reflects Income Tax Share of LATF actual receipts and LATF disbursements of Kshs 8,869,837,407.80 and Kshs 8,648,006,036.00 respectively. These amounts differ with the amounts shown in the LATF Accounts for 2007/2008 prepared by the Ministry of Local Government of Kshs 8,871,451,352.10 and Kshs 8,768,427,034.00. The differences of Kshs 1,613,944.30 and Kshs 120,420,998.00 respectively have not been reconciled and explained.

Paragraph 75: Actual receipts reflected in the Statement total Kshs 177,246,750,110.40 while the ledger shows a total of Kshs 172,965,015,195.55. The difference of Kshs 4,281,734,914.85 has not been explained nor reconciled.

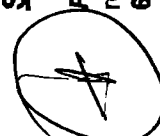
Paragraph 76: The statement shows a balance carried forward to 2008/2009 of Kshs 3,148,921,514.05. The statement of Assets and Liabilities for Deposits 07 as at 30 June 2008 shows a figure Kshs 8,647,022,282.19 against the same account. The difference of Kshs 5,498,100,768.44 has not been reconciled and explained.

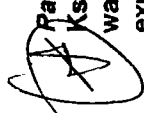

(18)
MGK 005

Paragraph 77: The LATF figure of Kshs 2,770,184,499.70 carried forward while the LATF cashbook balance as at 30 June 2008 shows a figure of Kshs 2,361,317,517.75. The difference of Kshs 408,866,981.95 has not been reconciled and explained.


Paragraph 78: The statement does not show details of Arrears of Revenue due as at 30 April 2008 and uncollected as at 30 June 2008. As a result it cannot confirm whether Arrears of Revenue totaling Kshs 125,166,946,067.00, made up of PAYE and Other Income Tax of Kshs 8,038,915,157.00 and Kshs 117,128,030,910.00 as at 30 June 2007 had been recovered as at 30 June 2008.

Statement of Revenue Head 1140000 – Taxes on Goods and Services


Paragraph 79: The statement of Revenue for head 1140000–Taxes on goods and services for the year ended 30 June 2008 reflects actual receipts of Kshs 177,251,211,278.30 comprising of Kshs 61,586,108,468.70, Kshs 53,807,634,460.85 and Kshs 61,857,468,348.75 under local VAT, VAT-imports and Excise taxes. Records maintained at the K.R.A show a different figure for total receipts of Kshs 173,525,253,051.00 made up of Kshs 57,373,875,358.00, Kshs 53,634,410,526.00 and Kshs 62,516,967,167.00 relating to VAT local, VAT Imports and Excise taxes. The difference of Kshs 3,725,958,227.30 between the two sets of records is yet to be explained and reconciled.


Paragraph 80: The statement shows total actual receipts of Kshs 177,251,211,278.30 while the Ministry ledger shows a figure of Kshs 117,115,861,779.90. The difference of Kshs 60,135,349,498.40 has not been reconciled and explained. Also no excise tax was reflected in the ledger while in the statement it shows actual collections of taxes totaling Kshs 61,857,468,348.75. Again no explanation has been given for the omission.

Paragraph 81: A carried forward net balance of Kshs 446,379,166.10 made up of both VAT and Customs excise is reflected in the statement. The statement of Assets and Liabilities for Deposits 07 as at 30 June 2008 reflects a net total of Kshs 2,177,957,773.20. The difference of Kshs 2,624,336,939.30 has not been reconciled. Furthermore no reason has been provided for not remitting the balance of Kshs 446,379,166.10 to the Exchequer.

Paragraph 82: The statement does not show details of Arrears of Revenue uncollected as at 30 June. Due to this it has not been possible to confirm whether arrears totaling Kshs 91,734,032,909.00 as at 30 June 2007 had been recovered

Statement of Revenue Head 1150000 – Taxes on Goods and Services

Paragraph 83: The Statement of Revenue for Head 1150000-Taxes on International Trade and Transactions for the year ended 30 June 2008 shows an over collection of Kshs 1,833,772,816.60 in respect of Customs Duties and other taxes on international trade and transactions. This represents approximately 4% of the estimated receipts of Kshs 44,024,000,000.00. No reason has been provided for the material difference between the estimated and actual receipts.

Paragraph 84: Actual receipts balance of Kshs 45,857,772,816.60 comprising of amounts of Kshs 32,944,348,580.05 and Kshs 12,913,424,236.55 under Customs Duties and Other taxes on International Trade and Transactions respectively. Records at the K.R.A reflect total receipts of Kshs 44,970,088,516.00. The material difference of Kshs 887,684,300.60 has not been reconciled and explained.

Paragraph 85: The actual receipts figure of Kshs 45,857,772,816.60 differs with the Ministry's ledger balance of Kshs 45,490,323,750.75. The difference of Kshs 367,449,065.85 is yet to be explained and reconciled.

Paragraph 86: The Revenue on hand balance of Kshs 847,412,641.95 as at 30 June 2008 differs with the figure of Kshs 53,428,871.10 that appears in the Statement of Assets and Liabilities for Deposits 07. This is an over payment against the revenue head by Kshs 900,841,513.05. The difference is yet to be reconciled and explained. Also no clarification has been given as to why the significant balance of Kshs 847,412,641.95 was not paid to the Exchequer during the year.

Paragraph 87: The statement does not show details of Arrears of Revenue due as at 30 April 2008 but uncollected as at 30 June 2008 with the result that the level of revenue could not be determined as at 30 June 2008. The Statement also does not show how much of the receivables balance of Kshs 2,130,227,040.80 due from eight organizations as at 30 June had been realized during 2007/2008.

Statement of Revenue Head 1160000 – Other Taxes Not Elsewhere Classified

Paragraph 88: The Statement of Revenue for Head 1160000-Other Taxes not Elsewhere Classified for the year ended 30 June 2008 reflects actual receipts of Kshs 4,584,430,435.30 against estimated collections of Kshs 3,337,625,115.00. This resulted in an over collection of Kshs 1,246,805,320.30. No footnotes have been given to explain the deviation between estimated and actual receipts.

Paragraph 89: The Statement shows actual receipts of Kshs 4,584,430,435.30 while records held at the K.R.A show collections of Kshs 4,532,751,118.00. The difference of Kshs 51,679,317.30 between the two sets of records has not been reconciled nor explained.

Paragraph 90: A Revenue on Hand balance of Kshs 63,562,042.30 as at 30 June 2008 is reflected. The statement of Assets and Liabilities for Deposits 07 shows a figure of Kshs 2,626,344.70. The difference of Kshs 60,935,697.60 between the two sets of records is yet to be reconciled. There is also no explanation of why the balance of Kshs 63,562,042.30 has not been remitted to the Exchequer.

Statement of Revenue Head 1410000 –Sub Head 1410100-Statement of Property Income-Loan Interest Receipts from Domestic and On-Lending

Paragraph 91: The Statement of Revenue for Head 1410000-Sub Head 1410100-Property income-Loan interest receipts from Domestic and On Lending for the year ended 30 June 2008 reflects actual receipts of Kshs 371,254,013.70 against estimated receipts of Kshs 1,067,000,000.00. This resulted in an under collection of Kshs 695,745,986.30. It was also noted that 32 out of 43 institutions did not remit any interest income during the year although most of them recorded profits.

Paragraph 92: The Statement reflects payments to the Exchequer of Kshs 371,254,013.70 while the records maintained at the Exchequer show a figure of Kshs 572,016,914.55. The difference of Kshs 200,762,900.85 has yet to be reconciled and explained.

Paragraph 93: Actual receipts of Kshs 371,254,013.70 differ with the amount of Kshs 262,986,271.00 reflected in the Ministry's ledger. The difference is a figure of Kshs 108,267,742.70. The receipts of Kshs 371,254,013.70 also differ with the analyzed

AB

20

M&K 005

vouchers figure of Kshs 367,885,185.70. The difference is Kshs 3,368,828.00. The difference between the three sets of records is yet to be explained and reconciled.

Paragraph 94: No balance on hand as at 30 June 2008 is reflected in the Statement. On the other hand the Statement of Assets and Liabilities for Deposits 07 shows an amount of Kshs 38,593,485.00. No explanation has been given or the discrepancy.

Paragraph 95: The Statement of Arrears of Revenue as at 30 April 2008 and uncollected as at 30 June 2008 shows a balance of Kshs 27,467,181,021.34 brought forward from 2006/2007. This balance differs with the carried forward amount of Kshs 26,967,971,397.48. The difference of Kshs 499,209,623.86 has yet to be explained and reconciled.

Paragraph 96: The Statement of Arrears of revenue shows that arrear increased by an amount of Kshs 1,228,873,716.91 from Kshs 26,967,971,397.48 as at 30 June 2007 to Kshs 28,196,845,114.39 as at 30 June 2008. The increase was attributed to arrears not being received from The Kenya Electricity generating Company, Agro-Chemical and Food Company Ltd and the Kenya Power and Lighting Company of Kshs 390,768,754.00, Kshs 158,320,135.00 and Kshs 102,342,641.00 respectively. No explanation has been provided to show how the Ministry is addressing the problem.

Statement of Revenue Head 1410000 –Sub Head 1410200-Property Income

Paragraph 97: The Statement of Revenue for Head 1410000-Sub Head 1410200-Property Income for the year ended 30 June 2008 reflects a figure of Kshs 2,914,370,680.05 as having paid to the Exchequer. Records maintained at the Exchequer shows a balance of Kshs 3,133,350,633.50. The difference of Kshs 218,979,953.45 has yet to be reconciled.

The amount of Kshs 2,914,370,680.05 also differs with the amount of Kshs 2,965,275,674.05 shown in the ledger by Kshs 50,904,994.00. Again this difference has yet to be explained and reconciled.

Paragraph 98: The carried forward balance of Kshs 107,036.05 differs with the amount of Kshs 453,062.15 shown in the Statement of Assets and Liabilities for Deposits 07 as at 30 June 2008. The difference of Kshs 346,026.10 is yet to be reconciled and explained.

MCK OOS

Statement of Revenue Head 1410000 –Property Income-Sub Head 1410401-Rent of Land

Paragraph 99: The Statement of Revenue for Head 1410000-Sub Head 1410401-Rent of Land for the year ended 30 June 2008 reflect actual receipts of Kshs 1,375,378,571.40 which differs with records held at the K.R.A of Kshs 1,257,015,349.00. The difference of Kshs 118,363,222.40 has not been reconciled and explained.

Statement of Revenue Head 1450000 –Other Receipts not classified Elsewhere

Paragraph 100: The Statement of Revenue for Head 1450000-Other receipts not classified elsewhere for the year ended 30 June 2008 reflect actual receipts of Kshs 15,956,423,389.60 against estimated receipts of Kshs 10,646,000,000.00. This resulted in an over-collection of Kshs 5,310,423,389.60. No reason has been provided for the material difference between estimated and actual receipts.

Paragraph 101: Actual receipts of Kshs 15,956,423,389.60 differ with the amount of Kshs 13,904,256,454.75 reflected in the Ministry's Ledger. The difference of Kshs 2,052,166,934.85 has not been explained or reconciled.

Paragraph 102: The Statement reflects a balance of Kshs 46,512,835.25 carried forward as at 30 June 2008. This amount differs from the amount of Kshs 1,781,093,612.80 reflected under Miscellaneous Revenue in the Statement of Assets and Liabilities for Deposits 07. The difference of Kshs 1,827,606,448.05 has not been reconciled and explained.

Statement of Revenue for Head 4510000 –Repayments from Domestic lending and On -Lending

Paragraph 103: The Statement of Revenue for Head 4510000-Repayments from Domestic lending and on –lending for the year ended 30 June 2008 reflect actual receipts of Kshs 472,433,521.55 against estimated receipts of Kshs 700,000,000.00. This resulted in an under-collection of Kshs 227,566,478.45. No reason has been provided for the material difference between

estimated and actual receipts. The figure of Kshs 700,000,000.00 has not been analyzed to show the amounts expected from the various organizations

Paragraph 104: The Statement also reflects nil receipts during the year from 33 out of 39 State corporations and organizations. No explanation has been given to explain failure to collect revenue. It has been observed that several of these organizations are financially sound and should be able to pay off their loans.

Paragraph 105: A figure of Kshs 472,433,521.55 paid to the Exchequer differs with the balance of Kshs 708,564,701.45 reflected in the Exchequer's records by Kshs 236,131,179.90. Also the figure of Kshs 472,433,521.55 differs with the figure of Kshs 410,692,999.45 reflected in the Ministry's ledger by Kshs 61,740,522.10. The discrepancies between the three sets of records are yet to be reconciled and explained.

Paragraph 106: No explanation has been given as to the reason why the Statement does not reflect any balance on hand under loan redemption Receipts as at 30 June 2008, while the Statement of Assets and Liabilities for Deposits 07 shows an amount on hand of Kshs 28,191,159.20.

Paragraph 107: The Statement of Arrears due as at 30 April 2008 and uncollected as at 30 June 2008 reflects a balance of Kshs 10,943,601,980.96 brought forward from 2006/2007. This differs with the audited amount of Kshs 15,072,267,294.90 as at 30 June 2007. The difference of Kshs 4,128,665,313.94 is attributed to write-off loans due from 5 organizations and a new loan to another. No documentary evidence has been provided to confirm this.

Paragraph 108: The Statement reflects a balance of Kshs 11,426,485,419.96 in respect of Arrears of Revenue due as at 30 June 2008 compared to Kshs 15,072,267,294.90 as at 30 June 2007. The decrease of Kshs 3,645,781,874.94 has been related to write-offs of loans. During the year there was a significant increase in Arrears of revenue of Kshs 443,848,975.00 and Kshs 37,816,000.00 from Kengen and Mombasa Pipeline Board respectively. Also the balance of Kshs 11,436,485,419.96 includes an amount of Kshs 2,058,303,911.10 due from the Kenya Railways Corporation which has been taken over by the Rift Valley Railways Limited. No explanation has been provided on how the loan will be recovered.

Paragraph 109: The total Arrears of Revenue of Kshs 11,426,485,419.96 includes amounts of Kshs 9,433,100,422.10 about 83% of the total owed from 4 organizations

 (24)
MCK 005

Paragraph 110: It has been indicated in the past that measures were undertaken to ensure that organizations repay the loans on time. Arrears of Kshs 9,433,100,422.10 had not been repaid as at 30 June 2008

Statement of Revenue for Head 1420000—Sale of Goods and Services

Paragraph 111: The Statement of Revenue for Head 1420000—Sale of Goods and Services for the year ended 30 June 2008 reflect actual receipts of Kshs 77,868,793,972.75 against estimated gross receipts of Kshs 43,139,508,367.00. This resulted in an over-collection of Kshs 34,729,285,605.75. The significant over collection occurred under item 1420103-Sale of Kenya-Re share with receipts of Kshs 1,800,000,000.00 against nil provisions, Item 1420104-Sale of Safaricom shares with receipts of Kshs 49,887,137,100.00 against a provision of Kshs 33,800,000,000.00 and item 1420105-Sale of Telkom shares with receipts of Kshs 24,301,320,000.00 against a provision of Kshs 5,600,000,000.00.

Paragraph 112: No action has been taken to address the inherent weaknesses in the estimation of revenue receipts under the sale of goods and services. Also no reasons have been provided for the material difference between he estimated and actual receipts under revenue items 1420101-Sale of Kengen shares, 1420104-Sale of Safaricom shares and 1420105-Sale of Telkom shares.

Paragraph 113: The Statement reflects receipts of Kshs 1,880,336,872.75 on item 1420201-Fees under Traffic Act, for which an amount of Kshs 698,738,367.00 was estimated. The over collection of Kshs 1,181,598,505.75 is explained in the footnotes to the Statement as due to the inclusion under this item, receipts for 1420202-Motor Drivers Licenses for which a figure of Kshs 540,770,000.00 had been estimated against nil collections. The lumping of receipts under the Traffic Revenue item with those collectable under Motor Drivers License has in the past been attributed to he fact that the Registrar of Motor Vehicles maintained one Revenue Account with the Central Bank. It has not been made clear why this issue has not been addresses.

Paragraph 114: Actual receipts of Kshs 1,880,336,872.75 under item 1420201(Fees under Traffic Act) and 1420202(Motor Drivers Licenses) as at 30 June 2008 exceeded the estimated receipts of Kshs 1,239,508,367.00 by Kshs 640,828,505.75. The over-collection has yet to be explained.

Paragraph 115: The balance of Kshs 1,880,336,872.75 differs with the K.R.A records of Kshs 1,948,026,933.66 by Kshs 67,690,060.91. Also the figure of Kshs 1,880,336,872.75 differs with the figure of Kshs 1,911,206,136.70 reflected under revenue items 1420201 and 1420202 in the Ministry's ledger by Kshs 30,868,263.95. In addition the carried forward amount of Kshs 6,259,828.40 differs with Kshs 1,964,644,173.90 reflected in the Statement of Assets and Liabilities for Deposits 07 as at 30 June 2008 by Kshs 1,958,384,345.50. All these discrepancies are yet to be reconciled and explained.

Development Revenue-Head DR.1

Paragraph 33: The Statement of Development Revenue for Head DR.1 for the year ended 30 June 2008 reflect actual receipts of Kshs 20,003,323,148.00 or approximately 62% of the estimated collections of Kshs 32,510,144,220.00. The receipts of Kshs 20,003,323,148.00 include an amount of Kshs 6,953,548,416 received from 8 donors in respect of 18 projects which had not been provided for in the approved estimates 2007/2008. Had these unbudgeted receipts had not been received during the year, the Statement of Revenue would have reflected collections of Kshs 13,049,774,732.00. A shortfall of Kshs 19,460,369,488.00 would have been recorded.

Paragraph 34: No receipts were received during the year in respect of 58 projects against which collections of Kshs 8,273,280,102.00 were expected. It has not been explained why this weakness in budgeting for the Development Revenue has not been addressed.

Paragraph 35: The Statement shows a balance of Kshs 20,003,323,148.00 as having been paid to the Exchequer during 2007/2008 while records maintained at the Exchequer show an amount of Kshs 20,077,231,195.75. The difference of Kshs 73,908,047.75 has yet to be explained and reconciled.

Paragraph 36: The Statement shows a balance of Kshs 94,104.40 carried forward to 2008/2009. This amount differs with Kshs 23,810,724.35 reflected in the Statement of Assets and Liabilities for Deposits 07 as at 30 June 2008 by Kshs 23,716,619.95

26
MGK 006

**REVENUE HEADS ACCOUNTS OF THE GOK EXCLUDED FROM CERTIFICATE BY
CONTROLLER & AUDITOR GENERAL FOR THE FINANCIAL YEAR 2008 -2009**

| | | | |
|---|---------------|-------------------|-------------------|
| Statement of Revenue Head 111000
- Taxes on Income, Profits, and Capital Gains | Paragraph 146 | 10,097,873,709.10 | 88,604,444,988.58 |
| | Paragraph 147 | 5,985,337,940.35 | |
| | Paragraph 147 | 3,765,965,139.10 | |
| | Paragraph 148 | 20,734,997.00 | |
| | Paragraph 149 | 3,657,184,846.84 | |
| | Paragraph 149 | 1,840,915,921.30 | |
| | Paragraph 150 | 876,805,377.90 | |
| | Paragraph 150 | 1,870,415,969.99 | |
| | Paragraph 151 | 60,489,211,087.00 | |

| | | | |
|---|---------------|------------------|------------------|
| Statement of Revenue Head 114000
- Taxes on Goods and Services | Paragraph 152 | 6,575,099,029.00 | 8,596,498,958.65 |
| | Paragraph 153 | 72,005.50 | |
| | Paragraph 155 | 1,368,450,949.65 | |
| | Paragraph 156 | 7,228,048,009.00 | |

Annex MGK 006

| | | | |
|--|---------------|----------------|------------------|
| Statement of Revenue Head 1150000
- Taxes on International Trade and Transactions | Paragraph 157 | 52,473,210.00 | 1,709,392,679.50 |
| | Paragraph 158 | 793,983,774.85 | |
| | Paragraph 159 | 809,506,823.55 | |
| | Paragraph 159 | 53,428,871.10 | |

| | | | |
|---|---------------|---------------|----------------|
| Statement of Revenue Head 1160000
- Other taxes not elsewhere classified | Paragraph 160 | 91,023,332.90 | 157,211,719.90 |
| | Paragraph 161 | 66,188,387.00 | |

| | | | |
|---|---------------|------------------|-------------------|
| Statement of Revenue Head 1420000
- Sale of Goods and Services | Paragraph 162 | 7,634,661,810.45 | 21,884,298,796.05 |
| | Paragraph 162 | 8,000,000,000.00 | |
| | Paragraph 163 | 1,184,437,537.55 | |
| | Paragraph 163 | 819,099,348.00 | |
| | Paragraph 165 | 487,715,760.45 | |
| | Paragraph 166 | 1,958,384,345.50 | |
| | Paragraph 166 | 1,799,999,994.10 | |

mgk 006

| | | |
|--|----------------|----------------|
| Statement of Revenue Head 1410000 | | |
| - Property Income, Sub Head 1410401-Rent of Land | | |
| Paragraph 167 | 507,311,773.95 | 556,986,493.00 |
| Paragraph 167 | 49,674,719.05 | |

| | | |
|--|------------------|------------------|
| Statement of Revenue Head 1410000 | | |
| - Sub Head 1410200-Property Income | | |
| Paragraph 168 | 218,135,600.40 | 7,260,328,111.45 |
| Paragraph 168 | 7,041,846,484.95 | |
| Paragraph 169 | 346,026.10 | |

| | | |
|---|-------------------|--|
| Statement Revenue Head 1410000 | | |
| - Sub Head 1410100-Statement Of Loan Interests Receipts | | |
| Paragraph 170 | 130,099,562.24 | |
| Paragraph 170 | 74,226,842.00 | |
| Paragraph 171 | 321,344,627.86 | |
| Paragraph 171 | 219,704,222.39 | |
| Paragraph 172 | 32,300,691.90 | |
| Paragraph 173 | 3,778,049,210.38 | |
| Paragraph 173 | 10,160,506,075.60 | |
| Paragraph 173 | 12,989,332,887.10 | |

| | | | |
|--|---------------|----------------|-------------------|
| | Paragraph 173 | 907,967,764.00 | 28,613,531,883.47 |
|--|---------------|----------------|-------------------|

| | | | |
|---|---------------|------------------|------------------|
| Revenue Head 1450000
- Other Receipts Not Classified Elsewhere | Paragraph 174 | 245,839.00 | 9,932,747,456.70 |
| | Paragraph 175 | 3,673,720,021.75 | |
| | Paragraph 176 | 1,734,580,777.55 | |
| | Paragraph 177 | 2,742,882,215.85 | |
| | Paragraph 177 | 1,781,318,602.55 | |

| | | | |
|---|---------------|-------------------|-------------------|
| Statement of Revenue Head 4510000
- Repayments from Domestic Lending and On- Lending | Paragraph 178 | 3,199,842,881.68 | 24,829,573,100.63 |
| | Paragraph 179 | 3,158,866,135.58 | |
| | Paragraph 179 | 2,573,879,187.63 | |
| | Paragraph 180 | 996,140.90 | |
| | Paragraph 181 | 2,234,751,667.59 | |
| Development Revenue DR.1 | Paragraph 182 | 13,661,237,087.25 | |
| | Paragraph 187 | 2, 924,718,696.00 | |
| | Paragraph 188 | 7,596,649,741.00 | |



30

MGK 006

| | | | |
|--|---------------|-------------------|--------------------|
| - | | | |
| | Paragraph 190 | 815,787,251.35 | 22,953,223,086.45 |
| | Paragraph 191 | 14,540,786,094.10 | |
| AMOUNTS QUERIED BY AUDITOR GENERAL ON REVENUE ACCOUNTS | | | 215,098,237,274.38 |

Detailed Reasons why revenue heads accounts of the GOK excluded from certificate by Controller & Auditor General for the financial year 2008 -2009

Extracts from the Controller and Auditor General's report for the Government of Kenya Accounts for the financial year 2008 - 2009

Statement of Revenue Head 111000 -Taxes on Income, Profits, and Capital Gains

Paragraph 146: Taxes on Income, Profits, and Capital Gains for the year ended 30th June 2009 reflects actual receipts of Kshs 184,446,777,305.90 while the records maintained by the Kenya Revenue Authority (K.R.A) reflect actual receipts of Kshs 194,544,651,051.00 This difference of Kshs 10,097,873,709.10 has not been reconciled.

Paragraph 147: Income share of Local Authority Transfer Fund (LATF) reflects actual receipts of Kshs 9,751,303,079.45, records at K.R.A show nil collections. This amount of actual receipts also differs with the amount Kshs 5,985,337,940.35 that appears in the ledgers. The differences between the three sets of records have yet to be explained and reconciled.

Paragraph 148: The statement of Revenue reflects that payments of Kshs 9,214,929,938.00 were made to various Local Authorities across the country during the year. Records maintained at the Central Bank of Kenya indicate that the same payments totaled Kshs 9,235,664,935.00. The difference of Kshs 20,734,997.00 has yet again to be reconciled and explained.

Paragraph 149: The statement of Revenue reflects a balance brought forward from 2007/2008 in respect of PAYE and Other income taxes of Kshs 4,035,921,861.19. The balance differs with the carried forward amount of Kshs 378,737,014.35 against the same item in the audited statement for 2007/2008 by Kshs 3,657,184,846.84. The statement also shows a difference in the amount carried forward from 2007/2008 in respect of the income share of LATF. The balance carried forward was Kshs 4,611,100,421.00, the amount in the audited statement was 2,770,184,499.70 and the difference is Kshs 1,840,915,921.30. The above differences have not been reconciled and explained.

Paragraph 150: The statement of Revenue shows a carried forward balance of Kshs 5,108,532,562.45 in respect of Income share of LATF. The statement of assets and Liabilities for Deposits 07 as at 30th June 2009 reflects a figure of Kshs 5,985,337,940.35 The difference of Kshs 876,805,377.90 has not been explained or reconciled. The amount of Kshs 5,108,532,562.45 also differs with the reconciled LATF cashbook balance of Kshs 3,238,116,592.46 as at 30th June 2009. The difference here has also not been reconciled or explained.

Paragraph 151: The statement of arrears of revenue due as at 30 April 2009 and uncollected as at 30 June 2009 reflect a balance of Kshs 3,723,039,311.00 on PAYE and Kshs 56,766,171,776.00 on Other Income tax totaling Kshs 60,489,211,087.00. The arrears have not been collected and the two balances have not been supported with relevant records. Their accuracy and completeness has not been ascertained.

Statement of Revenue Head 1140000 – Taxes on Goods and Services

Paragraph 152: The Statement of Revenue Head 1140000 – Taxes on Goods and Services for the year ended 30th June 2009 reflects actual receipts of Kshs 196,726,120,891.00, comprising of VAT-Local and VAT-Imports and Excise Taxes. Records at the KRA show total receipts of Kshs 190,151,021,826.00. The difference of Kshs 6,575,099,029.00 between the two sets of records is yet to be explained and reconciled.

Paragraph 153: The Statement of Revenue Head 1140000 – Taxes on Goods and Services for the year ended 30th June 2009 reflects payments of Kshs 196,726,120,891.00 made to the exchequer. Records maintained at the Exchequer Section, Treasury on the other hand shows a figure of Kshs 196,726,192,896.50. The resultant difference of Kshs 72,005.50 has not been reconciled or explained.

Paragraph 155: The Statement shows an overpayment of Kshs 2,231,386,644.30 to the Exchequer as at 30 June 2009 while the Statement of Assets and Liabilities for Deposits 07 as at the same date shows an amount of Kshs 862,935,694.65. The difference of Kshs 1,368,450,949.65 has not been explained and reconciled.

Paragraph 156: The Statement of Arrears of Revenue reflects a balance of Kshs 7,228,048,009.00 in respect of Arrears of Revenue due as at 30 April 2009 and uncollected as at 30 June 2009, made up of VAT Kshs 7,108,154,172.00 and Excise taxes Kshs 119,893,837.00.

The statement does not separately show arrears in respect of 2007/2008 and earlier years, **contrary to the requirements of Section 11.9.2 (a) of Government Financial Regulations and Procedures.** Further no reasons have been provided for failure to collect the arrears.

Statement of Revenue Head 1150000 – Taxes on International Trade and Transactions

Paragraph 157: The Statement of Revenue Head 1150000 – Taxes on International Trade and Transactions for the year ended 30 June 2009 reflects receipts of Kshs 51,131,413,788.00 which include customs duties and other taxes on international trade and transactions. The records maintained at the KRA show receipts of Kshs 51,183,886,998.00. The difference of Kshs 52,473,210.00 has not been explained or reconciled

Paragraph 158: The Statement reflects a balance brought forward of Kshs 53428871.10 while the audited Statements for 2007/2008 shows a balance at hand of Kshs 847,412,645.95 as at 30 June 2008. This discrepancy has not been explained or reconciled.

Paragraph 159: The statement reflects a revenue on hand balance of Kshs 53,428,871.10 which differs with the figure of Kshs 862,935,694.65 reflected in the Statement of Assets and Liabilities deposits 07 as at 30 June 2009 by Kshs 809,506,823.55. . The difference has not been explained or reconciled and it has not been clarified why the balance of Kshs 53,428,871.10 has not been surrendered to the exchequer as at 30 June 2009

Statement of Revenue Head 1160000 – Other taxes not elsewhere classified

Paragraph 160: The Statement of Revenue Head 1160000 – Other taxes not elsewhere classified for the year ended 30 June 2009 reflects actual receipts of Kshs 4,669,685,264.10 while records at the KRA show receipts of Kshs 4,760,708,597.00. The difference of Kshs 91,023,332.90 has not been explained or reconciled.

Paragraph 161: The statement reflects a debit balance brought forward from 2007/2008 of Kshs 2,626,344.70 which differs from the amount shown in the audited statement for that year by Kshs 66,188,387.00. This difference has not been explained or reconciled.

34

MGK 007

Statement of Revenue Head 1420000 -Sale of Goods and Services

Paragraph 162: The Statement of Revenue Head 1420000 -Sale of Goods and Services for the year ended 30 June 2009 reflects actual receipts Kshs 2,656,240,663.55 against estimated collections of Kshs 10,290,902,474.00. This resulted in an under collection of Kshs 7,634,661,810.45. The under collection occurred under item 1420109-Other receipts where no receipts were realized against an estimate of Kshs 8,000,000,000.00.

Paragraph 163: The Statement reflects receipts of Kshs 2,656,240,663.55 under item 142021-Fees under Traffic Act, against estimated collection of Kshs 1,471,803,126.00. This resulted in an over collection of Kshs 1,184,437,537.55. According to the footnotes the over-collection was caused by the inclusion under this item, receipts for item 1420202 - Motor Drivers Licenses, for which an amount of Kshs.819,099,348.00 had been estimated but nil was realized.

Paragraph 164: As similarly observed in 2007/2008, the lumping up of receipts under Traffic Revenue item with those collectable under Motor Drivers licenses has been attributed to the fact that the Registrar of Motor Vehicles maintained during the year one Revenue Account with the Central Bank of Kenya. **No action however has been taken to have the revenue collected under Revenue Head 1420000 - Sale of Goods and Services properly accounted in accordance with the Estimates of Revenue for 2008/2009.**

Paragraph 165: The revenue receipts of Kshs 2,656,240,663.55 differ with the figures reflected in the KRA records of Kshs 3,143,956,424.00 The difference of Kshs 487,715,760.45 has not been explained or reconciled.

Paragraph 166: The Statement reflects a balance brought forward of Kshs.1,964,644,173.90, while the audited Statement for 2007/2008 shows an amount of Kshs.6,259,828.40.00 The Statement also reflects a carried forward balance of kshs.1,964,644,179.80 as at 30 June 2009, while the Statement of Assets and Liabilities for Deposits 07 as at the same date shows a figure of Kshs.3,764,644,173.90 against the item. No reconciliation or explanation has been provided for these discrepancies

Statement of Revenue Head 1410000 -Property Income, Sub Head 1410401-Rent of Land

Paragraph 167: The Statement-of Revenue Head for 1410000 - Sub Head 1410401, Rent of Land for the year ended 30 June 2009 reflects actual receipts of Kshs.1,135,342,883.05 against estimated receipts of Kshs.1,642,654,657.00, resulting in a deficiency of Kshs.507,311,773.95. Also the actual receipts of Kshs.1,135,342,883.05 differ with the Kenya Revenue Authority total figure of Kshs.1,085,668,164.00, by KShs.49,674,719.05. The difference has not been reconciled or explained.

Statement of Revenue Head 1410000 -- Sub Head 1410200-Property Income

Paragraph 168: The Statement-of Revenue Head for 1410000 - Sub Head 1410200, Property Income for the year ended 30 June 2009 reflects Kshs 7,136,798,375.55 paid to the exchequer during the year. Records maintained at the Exchequer shows a figure of Kshs 6,918,662,775.15 against the same item. The ledger on the other hand shows a balance Kshs 94,951,890.60. The differences between the three sets have yet to be explained or reconciled.

Paragraph 168: The Statement reflects a balance carried forward of Kshs 107,036.05 to 2009/2010 which differs with the amount Kshs 453,062.15 shown against Investment Revenue in the Statement of Assets and Liabilities. The difference of Kshs 346,026.10 has not been reconciled nor explained.

Revenue Head 1410000 -- Sub Head 1410100-Statement of Loan Interests Receipts

Paragraph 170: The Statement-of Revenue Head for 1410000 - Sub Head 1410100-Loan Interests Receipts from Domestic and On-lending for the year ended 30 June 2009 reflects actual receipts of Kshs 1,242,526,372.24 against an estimated collection of Kshs 1,112,426,810.00. This resulted in an over collection of Kshs 130,099,562.24. The over collection has been attributed to an amount of Kshs 74,226,872.99 received from five institutions from which nil amounts were expected.

Paragraph 171: The Statement shows payments totaling Kshs 1,242,526,372.24 to the Exchequer while records maintained at the Treasury show a figure of Kshs 1,563,871,000.10 showing a difference of Kshs 321,344,627.86 between the two sets of records. The

36
M&K 007

figure of Kshs 1,242,526,372.24 is also different from the amount of Kshs 1,022,822,149.85 reflected in the Ministry's ledger. Again the differences between the three sets of records are yet to be reconciled and explained.

Paragraph 172: The statement also does not reflect any balance on hand as at 30 June 2009, while the statement of Assets and Liabilities for Deposits 07 as the same date shows an amount of Kshs 32,300,691.90. No reason has been provided for the discrepancies.

Paragraph 173: The statement of Arrears of revenue shows that during the year arrears increased by amount of Kshs 3,778,049,210.38 from Kshs 28,196,845,114.99 as at 30 June 2008 to Kshs 31,974,894,425.37 as at 30 June 2009. The 13% increase has been attributed to arrears not been received from the Horticultural Development Authority (HCDA), Agro-chemical and Food Company Ltd and Catering Levy Trustee. Also significant arrears of revenue of Kshs.10,160,506,075.60, Kshs.12,989,332,887.10 and Kshs.907,967,764.00 brought forward from 2007/2008 and earlier years in respect of Nairobi City Council, Kenya Railways Corporation and National Water Conservation and Pipeline were not been recovered. The Ministry is not showing an indication of addressing the persistent upward trend of arrears of revenue.

Revenue Head 1450000 – Other Receipts Not Classified Elsewhere

Paragraph 174: The Statement-of Revenue Head 1450000 – Other receipts not classified elsewhere for the year ended 30 June 2009 shows actual receipts of Kshs 4,431,514,947.80 while the ledger for the Month of June 2009 shows a figure of Kshs 4,431,760,786.80. The difference of Kshs 245,839.00 between the two sets of records has yet to be explained and reconciled.

Paragraph 175: Payments to the Exchequer totaled Kshs 4,431,289,958.05 which differ with the amount of Kshs 8,105,009,979.80 reflected in the records maintained at the Exchequer in Treasury by Kshs 3,673,720,021.75. This difference, as in all other instances has yet to be explained and reconciled.

Paragraph 176: The statement reflects a balance brought forward of Kshs 1,781,093,612.80 while the audited statement for 2007/2008 shows a balance carried forward of Kshs 46,512,835.25. The difference has not been explained.

Paragraph 177: The statement shows an amount of Kshs 1,781,318,602.55 against a balance carried forward as at 30 June 2009 which is different by a figure of Kshs 2,742,882,215.85 with the balance of Kshs 961,563,613.30 reflected under Miscellaneous Revenue in the Statement of Assets and Liabilities for Deposits 07 for 2008/2009. The difference has not been explained or reconciled. Also no reason has been given for the failure to remit to the exchequer the balance of Kshs 1,781,318,602.55 as at 30 June 2009.

Statement of Revenue Head 4510000 - Repayments from Domestic Lending and On- Lending

Paragraph 178: The Statement-of Revenue Head 4510000 - Repayments from Domestic Lending and on lending for the year ended 30 June 2009 shows actual receipts of Kshs 3,838,118,511.68 against estimated collections of Kshs 638,275,630.00 This resulted in an over collection of Kshs 3,199,842,881.68. This amount includes Kshs 2,556,250,000.00 received from Telkom Kenya and two local financial institutions, where nil amounts were expected during the year.

Paragraph 179: The Statement reflects payments to the Exchequer totaling Kshs 3,838,118,511.68 as at 30 June 2009. The records maintained at the Exchequer show receipts of Kshs 679,252,376.10. The ledger on the other hand shows a figure of Kshs 1,264,239,324.05. No reconciliation or explanation for the differences in the three records has been provided.

Paragraph 180: The Statement reflects nil cash balance as at 30 June 2009, while on the other hand Statement of Assets and Liabilities for Deposits 07 shows an amount of Kshs 996,140.90. No reconciliation or explanation has been given.

Paragraph 181: The Statement of arrears of Revenue due as at 30 April 2009 and uncollected as at 30 June 2009 shows an increase of arrears in revenue by Kshs 2,234,751,667.59 from Kshs 11,426,485,419.96 as at 30 June 2008 to Kshs 13,661,237,087.25. According to available information the increase was attributed to arrears from five organizations including Coffee Board of Kenya, Horticultural Development Authority, Catering Levy Trustee and Pyrethrum Board of Kenya, all which were experiencing financial difficulties during the year.

Paragraph 182: Total arrears of Kshs 13,661,237,087.25 which includes a large amount of Kshs 11,143,073,607.33 owed by five institutions Nairobi City Council, Agricultural Finance Corporation, Kenya Railways Corporation, Agro-Chemical and Food Company Ltd and Horticultural Development Authority.

(37)

007 275w

Paragraph 183: It has been indicated in the past that measures have been taken to ensure that the various institutions and organizations that have been mentioned above repay the loans promptly. Limited success appears to have been recorded during the year.

Statement of Development Revenue DR.1

Paragraph 187: The statement of Development revenue DR 1 for the year ended 30 June 2009 shows actual receipts amounting to Kshs 21,919,680,971.00 representing approximately 66%. 'Of the estimated collections of Kshs.33, 214,982,317.00.00 The receipts however include amounts of KShs.2, 924,718,696.00 received from eight (8) donors/lenders in respect of fifteen projects which had not been provided for in the approved estimates for 2008/2009. Had these unbudgeted for receipts not been received, the Statement would have reflected reduced collections of Kshs.18,994,962,275.00 or about 57% of the estimated total receipts of Kshs.33,214,982,317.00.

Paragraph 188: No receipts were received during the year in respect of sixty six projects against which collection of Kshs 7,596,649,741.00 were expected. The same was observed in 2007/2008. It has not been explained why the weaknesses in the budgeting for Development have not been addressed.

Paragraph 189: The reasons for the differences between the estimated and the actual receipts in respect to **fifty eight** projects were also not provided in the statement.

Paragraph 190: The statement shows a balance of Kshs 21,919,680,971.00 as having been paid to the exchequer during 2008/2009. Records maintained at the exchequer in Treasury show an amount of Kshs 21,103,893,719.65. The difference of Kshs 815,787,251.35 between the two records has yet to be explained and reconciled.

Paragraph 191: Actual receipts of Kshs 21,919,775,075.40 shown in the Statement differ significantly with the amount of Kshs 36,460,561,169.50 shown in the Ministry's ledger for the month of June 2009. As in all other instances the difference of Kshs 14,540,786,094.10 has yet to be reconciled and explained.

38

MGK 007

**REVENUE HEADS ACCOUNTS OF THE GOK EXCLUDED FROM CERTIFICATE BY
CONTROLLER & AUDITOR GENERAL FOR THE FINANCIAL YEAR 2009 -2010**

| | | | |
|---|---------------|-------------------|--------------------|
| Statement of Revenue Head 111000
- Taxes on Income, Profits, and Capital Gains | Paragraph 198 | 8,154,215.60 | 104,953,362,105.73 |
| | Paragraph 199 | 128,258,579.77 | |
| | Paragraph 199 | 10,095,171,246.73 | |
| | Paragraph 200 | 4,629,695,487.00 | |
| | Paragraph 200 | 10,000,000.00 | |
| | Paragraph 201 | 4,013,094,970.04 | |
| | Paragraph 201 | 4,013,094,970.69 | |
| | Paragraph 202 | 1,870,415,969.99 | |
| | Paragraph 203 | 3,142,067,001.36 | |
| | Paragraph 203 | 76,372,433.55 | |
| | Paragraph 204 | 76,967,037,231.00 | |

Annex MGK 008

| | | |
|--|---------------|----------------|
| Statement of Revenue Head 1140000
- Taxes on Goods and Services | Paragraph 170 | 619,415,211.05 |
| | Paragraph 171 | 862,935,623.85 |


 (39)
 MGK 008

(40)

MGK 008

| | | |
|----------------------|------------------|------------------|
| <i>Paragraph 172</i> | 5,260,583,761.00 | 6,742,934,595.90 |
|----------------------|------------------|------------------|

| | | | |
|--|----------------------|----------------|------------------|
| Statement of Revenue Head 1150000
- Taxes on International Trade and Transactions | <i>Paragraph 173</i> | 191,329,010.55 | 1,000,835,833.30 |
| | <i>Paragraph 174</i> | 76,202,113.65 | |
| | <i>Paragraph 175</i> | 733,304,709.10 | |
| | | | |

| | | | |
|---|----------------------|---------------|---------------|
| Statement of Revenue Head 1160000
- Other taxes not elsewhere classified | <i>Paragraph 177</i> | 34,133,846.35 | 49,551,291.85 |
| | <i>Paragraph 178</i> | 10,164,614.70 | |
| | <i>Paragraph 179</i> | 2,626,420.40 | |
| | <i>Paragraph 179</i> | 2,626,410.40 | |

| | | | |
|---|----------------------|------------------|------------------|
| Statement of Revenue Head 1420000
- Sale of Goods and Services | <i>Paragraph 205</i> | 7,044,010,933.95 | 9,609,269,773.95 |
| | <i>Paragraph 206</i> | 237,785,478.95 | |
| | <i>Paragraph 207</i> | 527,473,366.95 | |
| | <i>Paragraph 208</i> | 1,799,999,994.10 | |

| | | | |
|--|---------------|----------------|----------------|
| Statement of Revenue Head 1410000
- Property Income | Paragraph 181 | 312,798,113.80 | 376,864,043.00 |
| | Paragraph 181 | 64,065,929.20 | |

| | | | |
|--|---------------|----------------|------------------|
| Statement of Revenue Head 1210000
- Social Security Contributions | Paragraph 180 | 738,949,512.25 | 1,080,000,000.00 |
| | Paragraph 180 | 341,050,487.75 | |

| | | | |
|---|---------------|-------------------|-------------------|
| Statement Revenue Head 1410000
- Sub Head 1410100-Statement Of Loan Interests Receipts | Paragraph 182 | 566,219,632.70 | 31,664,770,647.22 |
| | Paragraph 183 | 298,813,111.95 | |
| | Paragraph 183 | 607,771,293.20 | |
| | Paragraph 184 | 32,300,691.90 | |
| | Paragraph 185 | 1,440,685,572.22 | |
| | Paragraph 185 | 10,160,506,075.60 | |
| | Paragraph 185 | 12,989,332,887.10 | |
| | Paragraph 185 | 3,196,553,616.00 | |
| | Paragraph 185 | 2,372,587,766.55 | |

108

42

MGK 008

| | | | |
|---|---------------|------------------|------------------|
| Revenue Head 1450000
- Other Receipts Not Classified Elsewhere | Paragraph 188 | 717,588,262.25 | 3,246,397,242.90 |
| | Paragraph 189 | 7,561,961.45 | |
| | Paragraph 190 | 1,559,908,406.85 | |
| | Paragraph 191 | 739,928,416.65 | |
| | Paragraph 191 | 221,410,195.70 | |

| | | | |
|---|---------------|-------------------|-------------------|
| Statement of Revenue Head 4510000
- Repayments from Domestic Lending and On- Lending | Paragraph 192 | 600,428,900.50 | 12,981,728,250.96 |
| | Paragraph 193 | 336,156,990.45 | |
| | Paragraph 194 | 996,140.90 | |
| | Paragraph 195 | 860,904,595.85 | |
| | Paragraph 196 | 11,183,241,623.26 | |
| Development Revenue DR.1
-
-
-
- | Paragraph 165 | 1,495,736,828.00 | |
| | Paragraph 165 | 16,398,152,944.00 | |
| | Paragraph 166 | 10,122,518,384.00 | |
| | Paragraph 167 | 21,624,047,061.00 | |
| | Paragraph 168 | 22,734,331.95 | |

| | | |
|---|-------------------|--------------------|
| Paragraph 169 | 17,893,889,772.00 | 67,557,079,320.95 |
| AMOUNTS QUERIED BY AUDITOR
GENERAL ON REVENUE ACCOUNTS | | 239,262,793,105.76 |

MGC. 008 42 

STATEMENT OF REVENUE HEAD 1140000 – TAXES ON GOODS AND SERVICES

170. The Statement of Revenue for Head 1140000 – Taxes on Goods and Services for the year ended 30 June 2010 reflects total actual receipts of Kshs.216,082,775,103.05, made up of amounts of Kshs.78,859,162,401.45, Kshs.63,111,534,882.80 and Kshs.74,112,077,818.80 under VAT – Local, VAT – Imports and Excise Taxes respectively. Records maintained at the Kenya Revenue Authority however show total receipts of Kshs.215,463,359,892.00 during the period. The resultant difference of Kshs.619,415,211.05 between the two sets of records has not been reconciled or explained.

171. The Statement also reflects a Revenue On Hand balance of Kshs.2,231,386,644.30 as at 30 June 2010, while the Statement of Assets and Liabilities for Deposits 07 as at the same date shows an amount of Kshs.1,368,451,020.45 against the item. As in the previous instance, the difference of Kshs.862,935,623.85 between the two sets of records has not been reconciled or explained.

172. The Statement of Arrears of Revenue reflects a balance of Kshs.5,260,583,761.00 in respect of arrears due as at 30 April 2010 and uncollected as at 30 June 2010, comprising VAT and Excise arrears of Kshs.5,157,624,334.00 and Kshs.102,959,427.00 respectively. No reasons have been provided for failure to collect the arrears. Further, and as similarly noted in 2008/2009, the Statement does not also separately show arrears in respect of 2008/2009 and earlier years, contrary to the requirement of the Government Financial Regulations and Procedures.

STATEMENT OF REVENUE HEAD 1150000 - TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS

173. The Statement of Revenue for Head 1150000- Taxes on International Trade and Transactions for the year ended 30 June 2010 reflects receipts of Kshs.57,205,803,597.55, which include Custom Duties and Other Taxes on International Trade and Transactions balances of Kshs.41,271,116,477.55 and Kshs.15,934,687,120.00 respectively. However, records maintained in respect of the Revenue Head by the Kenya Revenue Authority show receipts of Kshs.57,014,474,587.00, resulting in a difference of Kshs.191,329,010.55. The difference has not been reconciled or explained.

174. The Statement also reflects a Balance Brought Forward of Kshs.129,630,984.75, while the audited Statement for

2008/2009 shows a Balance on Hand of Kshs.53,428,871.10 as at 30 June 2009. As in the previous instance, the difference of Kshs.76,202,113.65 has not been reconciled or explained.

175. The Statement further reflects a Revenue on Hand balance of Kshs.129,630,984.75, which however differs by a figure of Kshs.733,304,709.10 from the amount of Kshs.862,935,693.85 reflected in the Statement of Assets and Liabilities for Deposits 07, as at 30 June 2010. Again, the difference has not been reconciled or explained. In addition, and as in the previous year, it has not been clarified why the significant balance of Kshs.129,630,984.75 had not been surrendered to the Exchequer as at 30 June 2010.

176. The Statement of Revenue for 2009/2010 does not show details of Arrears of Revenue uncollected as at 30 June 2010, contrary to the Government Financial Regulations and Procedures.

STATEMENT OF REVENUE HEAD 1160000 - OTHER TAXES NOT ELSEWHERE CLASSIFIED

177. The Statement of Revenue for Head 1160000 - Other Taxes (Not Elsewhere Classified) for year ended 30 June 2010 reflects actual receipts totalling Kshs.5,365,782,408.35 realized during the year, while records maintained at the Kenya Revenue Authority show collections of Kshs.5,331,648,562.00 against the Head. The resultant difference of Kshs.34,133,846.35 between the two sets of records has not been reconciled or explained.

178. The Statement also reflects payments to Exchequer amounting to Kshs.5,365,782,408.35, while records maintained at the Exchequer Section, Treasury show a figure of Kshs.5,355,617,793.65 against the item. The difference of Kshs.10,164,614.70 has not been reconciled or explained.

179. The Statement further reflects a debit balance of Kshs.75.70 brought forward from 2008/2009 which differs from the credit figure of Kshs.2,626,344.70 shown in the audited Statement for that year, by a figure of Kshs.2,626,420.40.

Similarly, the difference has not been reconciled or explained. The Statement in addition shows a Revenue On Hand debit balance of Kshs.75.70 as at 30 June, 2010, while the Statement of Assets and Liabilities for Deposits 07 as at the same date reflects a figure of Kshs.2,626,334.70 against the item. As in the previous instances, the difference of Kshs.2,626,410.40 has not been reconciled or explained.

STATEMENT OF REVENUE HEAD 1210000 – SOCIAL SECURITY CONTRIBUTIONS

mrc 009
45
[Signature]

180. The Statement of Revenue for Head 1210000 – Social Security Contributions for the year ended 30 June 2010 reflects actual receipts of Kshs.341,050,487.75 against estimated collections of Kshs.1,080,000,000.00, resulting in an under- collection of Kshs.738,949,512.25 or approximately 68% of the estimated amount. The under-collection has been attributed to the lumping up together of Social Security Contributions with receipts relating to Income Tax from individuals, i.e Pay As You Earn (PAYE) by various Government Agencies. No action however appears to have been taken during the year to address this anomaly. Further, and although the Statement shows actual receipts of Kshs.341,050,487.75 as at 30 June 2010, the Ministry's ledger for the month of June 2010 reflects nil collections. No reason has been provided for the significant difference of Kshs.341,050,487.75 between the two sets of records.

STATEMENT OF REVENUE HEAD 1410000 – PROPERTY INCOME, RENT OF LAND

181. The Statement of Revenue for Head 1410000 – Rent of Land for the year ended 30 June 2010 reflects actual receipts of Kshs.1,111,099,171.20 against estimated receipts of Kshs.1,423,897,285.00, resulting in a deficiency of Kshs.312,798,113.80 or approximately 22% of the estimated receipts. According to the footnote provided, the under-collection was caused by fewer transactions of land during the year. Further, the actual receipts of Kshs.1,111,099,171.20 differ from the Kenya Revenue Authority total figure of Kshs.1,047,033,242.00, by Kshs.64,065,929.20. This difference has not been reconciled or explained.

STATEMENT OF REVENUE HEAD 1410000 – SUB HEAD 1410100, LOAN INTEREST RECEIPTS

182. The Statement of Revenue for Head 1410000, Sub-Head 1410100 – Loan Interest Receipts from Domestic and On-lending for the year ended 30 June 2010 reflects actual receipts of Kshs.681,280,367.30 against estimated receipts of Kshs.1,247,500,000.00, resulting in an under-collection of Kshs.566,219,632.70 or approximately 45% of the estimated amount. According to information available, the under-collection was mainly recorded under Kenya Power & Lighting Co. Ltd, Cooperative Bank of Kenya and K-Rep Bank Ltd. However, no reasons have been provided for the material difference between the approved estimated receipts and actual receipts.

183. The Statement also reflects payments to the Exchequer totalling Kshs.681,280,367.30 as at 30 June 2010, while

46

MGK 009

1

records maintained at the Treasury show a figure of Kshs.382,467,255.35 against the item. The difference of Kshs.298,813,111.95 between the two sets of records has not been reconciled or explained. Further, the figure of Kshs.681,280,367.30 also differs from the amount of Kshs.73,509,074.10 reflected in the Ministry's Ledger for the month of June 2010, by Kshs.607,771,293.20. Again, the difference has not been reconciled or explained.

184. The Statement does not reflect any balance on hand as at 30 June 2010, while the Statement of Assets and Liabilities for Deposits 07 as at the same date shows an amount of Kshs.32,300,691.90 against the item. No explanation has been provided for the discrepancy.

185. The Statement of Arrears of Revenue indicates that during the year, arrears of revenue increased by an amount of Kshs.1,440,685,572.22, from Kshs.31,974,894,425.37 as at 30 June 2009 to Kshs.33,415,579,997.59 as at 30 June 2010. The increase was mainly attributed to substantial arrears not having been received from the National Irrigation Board, Kenya Power and Lighting Company, Horticultural Crop Development Authority and Meru Central Farmers Co-operative Union. Further, significant arrears amounting to Kshs.10,160,506,075.60, Kshs.12,989,332,887.10, Kshs.3,196,553,616.00 and Kshs.2,372,587,766.55 brought forward from 2008/2009 and earlier years against Nairobi City Council, Kenya Railways Corporation, Agro-Chemical and Food Co. Ltd and Horticultural Crop Development Authority (HCDA) respectively amongst others, were not recovered during the year.

STATEMENT OF REVENUE HEAD 1410000 – SUBHEAD 1410200, PROPERTY INCOME

186. The Statement of Revenue for Head 1410000, Sub Head 1410200 – Property Income for the year ended 30 June 2010 reflects a balance of Kshs.11,523,997,092.15 as having been paid over to the Exchequer during the year, while records maintained at the Exchequer Section, Treasury show a figure of Kshs.8,353,986,805.60 against the item. The Ledger for the month of June 2010 on the other hand reflects nil receipts. The differences between the three sets of records have not been reconciled or explained.

187. The Statement also reflects a carried forward balance of Kshs.107,036.05, which however differs from the figure of Kshs.1,028,478,346.78 shown against Investment Revenue in the Statement of Assets and Liabilities for Deposits 07 as at 30 June 2010. As in the previous instance, the difference between the two sets of records has not been reconciled or explained.

(47)

MCK 009





MGK 009
(48)

STATEMENT OF REVENUE HEAD 1450000 – OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

188. The Statement of Revenue for Head 1450000 – Other Receipts Not Classified Elsewhere for year ended 30 June 2010 reflects actual receipts of Kshs.6,469,984,720.60, while the Ledger as at the same date shows a figure of Kshs.5,752,396,458.35. The difference of Kshs.717,588,262.25 between the two sets of records has not been reconciled or explained.

189. The Statement also reflects payments to the Exchequer totalling Kshs.6,469,984,720.60 as at 30 June 2010, while the Exchequer records show an amount of Kshs.6,477,546,682.05 as at the same date. As in the previous instance, the difference of Kshs.7,561,961.45 has not been reconciled or explained.

190. The Statement further reflects a balance brought forward of Kshs.221,410,195.70, while the audited Statement for 2008/2009 shows a figure of Kshs.1,781,318,602.55 as carried forward. The discrepancy has not been reconciled or explained.

191. The Statement in addition shows an amount of Kshs.221,410,195.70 against balance carried forward as at 30 June 2010, which differs by a figure of Kshs.739,928,416.65 from the debit balance of Kshs.961,338,612.35 reflected under Miscellaneous Revenue in the Statement of Assets and Liabilities for Deposits 07 as at the same date. Again, the difference has not been reconciled or explained. In addition, and as in the previous years, no reason has been provided for failure to remit to the Exchequer the significant balance of Kshs.221,410,195.70 as at 30 June 2010.

STATEMENT OF REVENUE HEAD 4510000 – REPAYMENTS FROM DOMESTIC LENDING AND ON-LENDING

192. The Statement of Revenue for Head 4510000 – Repayments from Domestic Lending and On-lending for the year ended 30 June 2010 reflects actual receipts of Kshs.907,641,449.50 against estimated collections of Kshs.1,508,070,350.00 resulting in an under-collection of Kshs.600,428,900.50 representing approximately 39% of the estimated receipts. No reason has however been provided for the material difference between the estimated and the actual receipts.

193. The Statement also reflects payments to the Exchequer totalling Kshs.907,641,449.50 as at 30 June 2010, while

records maintained at the Exchequer Section in Treasury show receipts of Kshs.571,484,459.05. The difference of Kshs.336,156,990.45 between the two sets of records has not been reconciled or explained.

194. The Statement reflects nil cash balance as at 30 June 2010, while the Statement of Assets and Liabilities for Deposits 07 as at the same date shows an amount of Kshs.996,140.90 against the Head. No reconciliation or explanation has been provided for the discrepancy.

195. The Statement of Arrears of Revenue due and uncollected as at 30 June 2010 indicates that arrears of revenue increased by an amount of Kshs.860,904,595.85, from Kshs.13,661,237,087.25 as at 30 June 2009 to Kshs.14,522,141,683.10 as at 30 June 2010. The increase is mainly attributed to arrears due from five (5) organizations/institutions including Kenya Power and Lighting Company, Coffee Board of Kenya, Agro Chemical and Food Company Limited, Pyrethrum Board of Kenya and Meru Central Farmers Co-operative Union, all of which were indicated as having been experiencing financial problems during the year.

196. The total Arrears of Revenue of Kshs.14,522,141,683.10 includes substantial balances totalling Kshs.11,183,241,623.26 owed by various organizations/institutions including; Nairobi City Council, Agricultural Finance Corporation, Kenya Railways, Agro-chemical & Food Co. Ltd and the Horticultural Development Authority.

197. Although indications are that efforts are being made to ensure that the organizations/institutions repay the loans as and when they fall due, no meaningful progress appears to have recorded in this regard during the year.

STATEMENT OF REVENUE HEAD 1110000 – TAXES ON INCOME, PROFITS AND CAPITAL GAINS

198. The Statement of Revenue for Head 1110000 – Taxes on Income, Profits and Capital Gains for the year ended 30 June 2010 reflects actual receipts of Kshs.209,098,248,366.20 made up of Kshs.115,448,284,656.35 in respect of Income Tax from Individuals (PAYE) and Kshs.93,649,963,709.85 under Income Tax from Corporations (Other Income Tax). Records maintained by the Kenya Revenue Authority however show total receipts of Kshs.209,090,094,150.60 comprising Kshs.114,562,975,456.80 and Kshs.94,527,118,693.80 relating to PAYE and Other Income Tax respectively. The resultant difference of Kshs.8,154,215.60 between the two sets of records has not been reconciled or explained.

199. The Statement also reflects Income Share of Local Authority Transfer Fund (LATF) actual receipts of Kshs.10,876,483,217.63, while records maintained by the Kenya Revenue Authority show receipts of Kshs.11,004,741,797.40. The difference of Kshs.128,258,579.77 has not been reconciled or explained. The actual

50

MGK 009

receipts of Kshs.10,876,483,217.63 also differ from the amount of Kshs.781,311,970.90 appearing in the Ledger for the month of June 2010, by Kshs.10,095,171,246.73. As in the previous instance, the difference has not been reconciled or explained.

200. The Statement further reflects payments totalling Kshs.10,324,234,520.00 made to various Local Authorities in respect of LATF during the year. However, records maintained by the Ministry and the Ministry of Local Government and other information available at the Central Bank of Kenya (CBK), on the other hand, indicate that such payments totalled Kshs.14,953,930,007.00, Kshs.10,932,331,390.84 and Kshs.10,435,963,542.00 respectively, during the period. As in the previous instances, the differences have not been reconciled or explained. Similarly, the

Statement shows payments amounting to Kshs.42,000,000.00 against various administrative costs incurred by the Ministry of Local Government, while the Ministry's Cashbook and records maintained at CBK indicate that such payments totalled Kshs.52,000,000.00 during the period. Again, the difference of Kshs.10,000,000.00 has not been reconciled or explained.

201. The Statement in addition reflects a balance of Kshs.22,826,891.15 brought forward from 2008/2009 in respect of PAYE and Other Income Tax. The balance however differs with the carried forward amount of Kshs.4,035,921,861.19 against the same item in the audited Statement for 2008/2009, by Kshs.4,013,094,970.04. The Statement also reflects a carried forward balance of Kshs.22,826,891.15, while the Statement of Assets and Liabilities for Deposit 07 as at 30 June 2010 reflects a balance of Kshs.4,035,921,861.84. The difference of Kshs.4,013,094,970.69 between the two sets of figures has not been reconciled or explained.

202. The Statement further shows a balance of Kshs.3,238,116,592.46 in respect of Income Share of LATF brought forward from 2008/2009, which similarly differs from the carried forward amount of Kshs.5,108,532,562.45 against the same item in the audited Statement for 2008/2009, by Kshs.1,870,415,969.99. Again, the difference has not been reconciled or explained.

203. The Statement shows a carried forward balance of Kshs.3,748,365,290.09 in respect of Income Share of LATF, while the Statement of Assets and Liabilities for Deposits 07 as at 30 June 2010 reflects a figure of Kshs.6,890,432,291.45 against the item. The difference of Kshs.3,142,067,001.36 has, as in the previous instances, not been reconciled or explained. The amount of Kshs.3,748,365,290.09 further differs by Kshs.76,372,433.55 from the reconciled LATF Cashbook balance of Kshs.3,824,737,723.64 at 30 June 2010.

204. The Statement of Arrears of Revenue due as at 30 April 2010 and uncollected as at 30 June 2010 reflects a balance

of Kshs.76,967,037,231.00, made up of arrears of PAYE and Other Income Tax of Kshs.2,394,314,664.00 and Kshs.74,572,722,567.00 respectively. Apart from failure to collect the arrears, these two particular balances have not been analysed or supported with the relevant records and as a result, their completeness and accuracy could not be ascertained.

STATEMENT OF REVENUE HEAD 1420000 – SALE OF GOODS AND SERVICES

205. The Statement of Revenue for Head 1420000 – Sale of Goods and Services for the year ended 30 June 2010 reflects actual receipts totalling Kshs.2,221,372,360.05 against estimated collections of Kshs.9,265,383,294.00, resulting in an under-collection of Kshs.7,044,010,933.95 representing approximately 76% of the estimated amount. As in the previous year, the under-collection occurred mainly under item 1420109 – Other Receipts, where no receipts were realized, against estimated collections of Kshs.6,000,000,000.00.

206. The Statement also reflects actual receipts of Kshs.2,221,372,360.05 under item 1420201 – Fees Under Traffic Act, against estimated collections of Kshs.2,459,157,839.00, resulting in an under-collection of Kshs.237,785,478.95, or about 10% of the estimated receipts. As similarly observed in 2008/2009, receipts under the Traffic Revenue item have been lumped up with those collectable under Motor Drivers Licenses. According to information available, the omission has been attributed to the fact that the Registrar of Motor Vehicles maintained only one Revenue Account for both items at the Central Bank of Kenya during the year. No action however appears to have been taken as at 30 June 2010 to rectify the situation.

207. Although as indicated above the Statement reflects receipts of Kshs.2,221,372,360.05 as at 30 June 2010, records maintained at the Kenya Revenue Authority show collections of Kshs.2,748,845,727.00 as at the same date. No reconciliation or explanation has been provided for the difference of Kshs.527,473,366.95 between the two sets of records.

208. The Statement shows a carried forward balance of Kshs.1,964,644,179.80 as at 30 June 2010, while the Statement of Assets and Liabilities for Deposits 07 as at the same date reflects a figure of Kshs.3,764,644,173.90 against the item. Again, no reconciliation or explanation has been provided for the discrepancy.

51
MCK 009

52

52

MGK 010

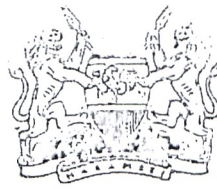
REPUBLIC OF KENYA
THE EXCHEQUER ACCOUNT

RECEIPTS INTO AND ISSUES FROM EXCHEQUER ACCOUNT FOR THE YEAR 2007/2008

Annex MGK 010

| RECURRENT | ORIGINAL ESTIMATES | | ACTUAL RECEIPTS | | UNDER (OVER) ESTIMATES | |
|---|--------------------|--|-------------------|--|------------------------|--|
| | Kshs | | Kshs | | Kshs | |
| TAXATION RECEIPTS:- | | | | | | |
| Opening Balance | | | 8,101,751.75 | | | |
| ① Income Tax from Individuals (P.A.Y.E) | 71,616,000,000.00 | | 81,680,929,230.20 | | (9,864,929,230.20) | |
| ② Income Tax from Corporations | 72,340,000,000.00 | | 86,695,983,472.40 | | (14,355,983,472.40) | |
| ③ Withholding Tax | 17,298,507,856.00 | | - | | 17,298,507,856.00 | |
| ④ Immovable Property | 46,000,000.00 | | - | | 46,000,000.00 | |
| ⑤ Second Hand Motor Vehicle Purchase Tax | 285,340,782.00 | | - | | 285,340,782.00 | |
| ⑥ V.A.T on Domestic Goods & Services | 59,828,000,000.00 | | 61,586,108,468.70 | | (1,758,108,468.70) | |
| ⑦ V.A.T on Imported Goods & Services | 51,992,000,000.00 | | 53,807,634,460.85 | | (1,815,634,460.85) | |
| ⑧ Excise Taxes | 65,551,000,000.00 | | 61,857,468,359.10 | | 3,693,531,640.90 | |
| ⑨ Taxes on Specific Services | 15,261,633.00 | | - | | 15,261,633.00 | |
| ⑩ Fees on use of Goods and on Perm. | 1,297,230,000.00 | | - | | 1,297,230,000.00 | |
| ⑪ Licences under Traffic Act | 944,230,000.00 | | 1,880,336,872.75 | | (936,106,872.75) | |
| ⑫ Royalties | 397,000,000.00 | | 187,799,398.00 | | 209,200,602.00 | |
| ⑬ Other Taxes on Goods & Services | 569,034,103.00 | | - | | 569,034,103.00 | |
| ⑭ Customs Duties | 32,337,000,000.00 | | 32,944,348,580.05 | | (607,348,580.05) | |
| ⑮ Other Taxes on Int. Trade & Transactions | 11,687,000,000.00 | | 12,913,424,236.55 | | (1,226,424,236.55) | |
| ⑯ Stamp Duty | 3,337,625,115.00 | | 4,584,430,435.50 | | (1,246,805,320.50) | |
| ⑰ Grants from Foreign Govt. through Exchequer | 15,240,633,935.00 | | 11,887,485,396.95 | | 3,353,148,538.05 | |
| ⑱ Loan from Foreign Govt. through Exchequer | 17,286,310,279.00 | | 8,189,745,798.80 | | 9,096,564,480.20 | |
| ⑲ Grants from International Organisations | 3,806,000,000.00 | | - | | 3,806,000,000.00 | |
| ⑳ Interest Received | 1,067,000,000.00 | | 572,016,914.55 | | 494,983,085.45 | |
| ㉑ Profits & Dividends from C.B.K. | 2,000,000,000.00 | | - | | 2,000,000,000.00 | |

| RECURRENT | ORIGINAL ESTIMATES | | ACTUAL RECEIPTS | | UNDER (OVER) ESTIMATES | |
|---|--------------------|---------------------------|-----------------|---------------------------|------------------------|----------------------------|
| | | Kshs | | Kshs | | Kshs |
| (22) Other Profits & Dividends | | 2,703,000,000.00 | | 3,133,350,633.50 | | (430,350,633.50) |
| (23) Rent of Land | | 1,220,967,178.00 | | 1,375,378,671.40 | | (154,411,493.40) |
| (24) Sales of KE- RE Shares | | - | | 1,800,000,000.00 | | (1,800,000,000.00) |
| (25) Sales of Kengen Shares | | 2,500,000,000.00 | | - | | 2,500,000,000.00 |
| (26) Sales of Safaricom Shares | | 33,800,000,000.00 | | 49,887,137,100.00 | | (16,087,137,100.00) |
| (27) Sales of Telkom Shares | | 5,600,080,000.00 | | 24,301,320,000.00 | | (18,701,320,000.00) |
| (28) Fees under Traffic Act | | 698,738,367.00 | | - | | 698,738,367.00 |
| (29) Motor Driver's Licences | | 540,770,000.00 | | - | | 540,770,000.00 |
| (30) Other Land Revenue | | 443,517,723.00 | | - | | 443,517,723.00 |
| (31) Land Adjudication & Case Fees | | 636,780.00 | | - | | 636,780.00 |
| (32) Sale of freehold interest in Agri. Land | | 12,878,319.00 | | - | | 12,878,319.00 |
| (33) Fines, Penalties & Forfeitures & Other Charges | | 406,000,000.00 | | 158,521,084.00 | | 247,478,916.00 |
| (34) Miscellaneous Revenue | | 7,913,000,000.00 | | 15,956,423,390.40 | | (8,043,423,390.40) |
| (35) Collected AIA | | 2,733,000,000.00 | | - | | 2,733,000,000.00 |
| (36) Loans to Non- Financial Public Enterprises | | 697,882,968.00 | | 708,564,701.45 | | (10,681,733.45) |
| (37) Loans to Financial Institutions | | 2,117,032.00 | | - | | 2,117,032.00 |
| (38) Net Domestic Borrowing (CBK) | | 33,959,000,000.00 | | - | | 33,959,000,000.00 |
| | | 522,372,682,070.00 | | 516,116,508,956.90 | | 6,256,173,113.10 |
| | | | | | | |
| Unspent Exchequer Issues 2006/2007 | | | | 7,318,162,121.85 | | |
| Unspent Cash Balances 2005/2006 | | | | 62,059,889.10 | | |
| Treasury Bills | | | | 4,630,000,000.00 | | |
| Treasury Bonds | | | | 89,654,000,000.00 | | |
| Civil Contingencies Fund | | | | 2,000,000,000.00 | | |
| TOTAL RECEIPTS | | 522,372,682,070.00 | | 619,780,730,967.85 | | (97,408,048,897.85) |



REPUBLIC OF KENYA

2009/2010

ESTIMATES OF REVENUE

OF THE

GOVERNMENT OF KENYA

for the year ending 30th June, 2010

2009

352
0072
2252
05/9
KG1

54

MGK 011

KENYA NATIONAL ASSEMBLY

CONTENTS

APR 2010

PAGE

| | |
|--|---|
| Summary of Estimates of Revenue..... | 1 |
| Taxes on Income, Profits and Capital Gains..... | 2 |
| Taxes on Payroll and Workforce..... | 2 |
| Taxes on Property..... | 2 |
| Taxes on Goods and Services..... | 2 |
| Taxes on International Trade & Transactions..... | 3 |
| Other Taxes..... | 3 |
| Social Security Contributions..... | 3 |
| Grants from Foreign Governments..... | 3 |
| Grants from International Organizations..... | 3 |
| Grants from other Levels of Government..... | 4 |
| Property Income..... | 4 |
| Sales of Goods and Services..... | 4 |
| Fines, Penalties and Forfeitures..... | 5 |
| Other Receipts Not Classified Elsewhere..... | 5 |
| Repayments from Domestic Lending and On-lending..... | 5 |
| Domestic Borrowing..... | 5 |

NATIONAL ASSEMBLY LIBRARY

CLASSIFICATION No. 10015-237

ASS No. 357-0072 22252 051

55

MGC 011

ESTIMATES OF REVENUE - SUMMARY

| Head No. | Details | Actual Receipts
2007/2008 | Revised Estimates
2008/2009 | Estimates
2009/2010 |
|----------|--|------------------------------|--------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| 1110000 | Taxes on Income, Profits and Capital Gains | 156,824,100,000 | 182,159,650,000 | 209,266,950,000 |
| 1120000 | Taxes on Payroll and Workforce | 0 | 0 | 0 |
| 1130000 | Taxes on Property | 331,895,301 | 336,791,385 | 341,761,363 |
| 1140000 | Taxes on Goods and Services | 174,135,603,544 | 199,994,891,302 | 227,387,810,126 |
| 1150000 | Taxes on International Trade & Transactions(customs) | 45,857,772,816 | 50,663,000,000 | 57,746,000,000 |
| 1160000 | Other Taxes (not elsewhere classified) | 4,536,387,522 | 4,684,290,516 | 5,192,193,510 |
| 1210000 | Social Security Contributions | 1,062,000,000 | 929,000,000 | 1,080,000,000 |
| 1310000 | Grants from Foreign Governments | 22,954,246,774 | 29,375,374,110 | 35,308,011,184 |
| 1320000 | Grants from International Organizations | 3,759,295,312 | 0 | 0 |
| 1330000 | Grants from Other Level of Government | 0 | 0 | 0 |
| 1410000 | Property Income | 5,004,260,992 | 9,794,632,099 | 12,403,355,772 |
| 1420000 | Sales of Goods and Services | 1,554,926,797 | 2,820,394,698 | 3,268,879,229 |
| 1430000 | Fines Penalties and Forfeitures | 158,521,084 | 107,000,000 | 121,000,000 |
| 1440000 | Receipts from Voluntary transfers other than grants | 0 | 0 | 0 |
| 1450000 | Other Receipts Not Classified Elsewhere | 7,402,166,078 | 4,463,000,000 | 5,142,000,000 |
| 4510000 | Repayments from Domestic Lending and On-lending | 708,564,701 | 638,275,630 | 817,521,165 |
| | Total Ordinary Revenue | 397,576,198,835 | 458,590,925,630 | 522,767,471,185 |
| | Total Grants | 26,713,542,086 | 29,375,374,110 | 35,308,011,184 |
| | Appropriations-In- Aid | 35,700,000,000 | 45,321,000,000 | 46,740,825,670 |
| | Total Net Domestic Borrowing | (13,891,000,000) | 92,400,000,000 | 109,500,000,000 |
| | Total Revenue | 433,276,198,835 | 501,911,925,630 | 569,508,296,835 |
| | GRAND TOTAL | 446,098,740,921 | 623,687,299,740 | 714,316,308,019 |

56
MGK 011

REVENUE

| Item | Details | Actual Receipts
2007/2008 | Revised Estimates
2008/2009 | Estimate
2009/2010 |
|---------|---|------------------------------|--------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1110000 Taxes on Income, Profits and Capital Gains | | | |
| | (Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1110100 | Income Tax from Individuals (P.A.Y.E) | 85,953,000,000 | 101,636,000,000 | 116,626,000,000 |
| 1110200 | Income Tax from Corporations (Other Income Tax) | 78,125,000,000 | 90,111,000,000 | 103,855,000,000 |
| 1110300 | Withholding Tax | - | - | - |
| | Gross Income Tax | 164,078,000,000 | 191,747,000,000 | 220,481,000,000 |
| 1110400 | Exemptions | - | - | - |
| 1110500 | Income Tax Share of LATF | 8,253,900,000 | 9,587,350,000 | 11,014,050,000 |
| | Total Taxes on Income, Profits and Capital Gains | 172,331,900,000 | 201,334,350,000 | 231,495,050,000 |
| | 1120000 Taxes on Payroll and Workforce | | | |
| | 1130000 Taxes on Property | | | |
| | (Receiver of Revenue - Permanent Secretary of Lands, Financial Secretary to the Treasury) | | | |
| 1130100 | Immovable Property (Stand Premises on Town Plots) | 61,895,301 | 62,518,658 | 63,148,283 |
| 1130200 | Financial & Capital Transactions | - | - | - |
| 1130202 | Second Hand Motor Vehicle Purchase Tax | 270,000,000 | 274,272,727 | 278,613,070 |
| | Total Taxes on Property | 331,895,301 | 336,791,385 | 341,761,353 |
| | 1140000 Taxes on Goods and Services | | | |
| | (Receiver of Revenue - Financial Secretary to the Treasury, Permanent Secretary Ministry of Roads, Permanent Secretary Ministry of Energy, Permanent Secretary Environment and Natural Resources) | | | |
| 1140100 | VAT on Domestic Goods and Services | 58,277,000,000 | 65,910,000,000 | 75,673,000,000 |
| 1140200 | VAT on Imported Goods and Services | 53,627,508,116 | 63,581,000,000 | 72,680,000,000 |
| 1140300 | VAT Remissions | - | - | - |
| | Total VAT | 111,904,508,116 | 129,491,000,000 | 148,353,000,000 |
| 1140300 | Excise Taxes | 61,905,511,272 | 69,876,000,000 | 78,066,000,000 |
| 1140400 | Taxes on Specific Services | - | - | - |
| 1140500 | Fees on use of Goods and on Permission to use the Goods or to Perform Services and Activities | 70,000,000 | 86,181,818 | 106,003,636 |
| | Of which Licences under Traffic Act | 70,000,000 | 86,181,818 | 106,003,636 |
| 1140600 | Royalties | 187,799,398 | 156,000,000 | 176,000,000 |
| 1140700 | Taxes on Goods and Services Collected as AIA | - | - | - |
| 1140703 | Petroleum Development Levy (PDL) | 1,204,000,000 | 1,414,000,000 | 1,512,000,000 |
| 1140705 | Road Maintenance Levy (RML) | 17,301,000,000 | 19,831,400,000 | 20,079,000,000 |
| 1140800 | Other Taxes on Goods and Services | 67,784,758 | 385,709,484 | 686,806,480 |
| | Total (excluding PDL and RML) | 82,231,095,428 | 70,503,891,302 | 79,834,810,126 |
| | Total Taxes on Goods and Services | 174,135,603,544 | 199,994,891,302 | 227,387,810,126 |

57
MCC 011

REVENUE

| Item | Details | Actual Receipts
2007/2008 | Revised Estimates
2008/2009 | Estimates
2009/2010 |
|---------|--|------------------------------|--------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1150000 Taxes on Inter. Trade & Transactions
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1150100 | Customs Duties | 32,944,348,580 | 35,642,000,000 | 40,600,000,000 |
| 1150200 | Export Levies | - | - | - |
| 1150300 | Exemptions on customs and other import duties | - | - | - |
| 1150400 | Other Taxes on International Trade and Transactions (IDF Fee) | 12,913,424,236 | 15,021,000,000 | 17,146,000,000 |
| | Total Taxes on International Trade & Transactions(customs) | 45,857,772,816 | 50,663,000,000 | 57,746,000,000 |
| | 1160000 Other Taxes (not elsewhere classified)
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1160100 | Other Taxes Not Elsewhere Classified | | | |
| 1160101 | Stamp duty | 4,636,387,522 | 4,684,280,516 | 5,192,193,510 |
| 1160200 | Taxes Not Elsewhere Classified Collected as AIA | - | - | - |
| | Total Other Taxes (not elsewhere classified) | 4,636,387,522 | 4,684,280,516 | 5,192,193,510 |
| | 1210000 Social Security Contributions
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1210100 | Health Insurance Contribution | - | - | - |
| 1210200 | Receipts to NHIF for Health Insurance Contributions | - | - | - |
| 1210300 | Contribution from Government Employees to Social and Welfare Schemes within Government | 1,082,000,000 | 929,000,000 | 1,080,000,000 |
| | Total Social Security Contributions | 1,082,000,000 | 929,000,000 | 1,080,000,000 |
| | 1310000 Grants from Foreign Governments | | | |
| 1310100 | Grants from Foreign Governments - Cash Through Exchequer | 13,055,831,657 | 14,529,430,548 | 15,130,447,856 |
| 1310200 | Grants from Foreign Governments - Direct Payments - Treated as AIA | 9,898,415,117 | 14,845,943,562 | 20,177,563,328 |
| | Total Grants from Foreign Governments | 22,954,246,774 | 29,375,374,110 | 35,308,011,184 |
| | 1320000 Grants from International Organizations | | | |
| 1320100 | Grants from International Organizations - Cash Through Exchequer | 3,759,295,312 | - | - |
| 1320200 | Grants from International Organizations - Treated as AIA | - | - | - |
| | Total Grants from International Organizations | 3,759,295,312 | 0 | 0 |

REVENUE

| Item | Details | Actual Receipts
2007/2008 | Revised Estimates
2008/2009 | Estimates
2009/2010 |
|---------|---|------------------------------|--------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1330000 Grants from Other Levels of Government | | | |
| 1330100 | Grants to Central Government from General Government Units | - | - | - |
| 1330200 | Grants to Local Authorities from General Government Units | - | - | - |
| 1330300 | Grants to Fund Accounts from Central Government Budget | - | - | - |
| 1330400 | Grants to Other General Government Units from General Government Units | - | - | - |
| | Total Grants from Other Levels of Government | - | - | - |
| | 1410000 Property Income
(Receiver of Revenue - Financial Secretary to the Treasury,
Permanent Secretary for Lands) | | | |
| 1410100 | Interest Received | 572,016,914 | 1,112,000,000 | 1,974,000,000 |
| 1410200 | Profits and Dividends | - | - | - |
| 1410201 | Profits and Dividends from Central Bank of Kenya (CBK) | 0 | 4,000,000,000 | 3,000,000,000 |
| 1410202 | Other Profits and Dividends | 3,133,350,633 | 3,464,000,000 | 6,004,000,000 |
| 1410300 | Withdrawals from income of quasi-corporations | - | - | - |
| 1410400 | Rents on land, houses and buildings | - | - | - |
| 1410401 | Rent of Land | 1,287,434,958 | 1,217,173,612 | 1,423,897,255 |
| 1410402 | Rent of Government Buildings and Housing | 0 | 0 | 0 |
| 1410403 | Webuye Housing Scheme Rents | 1,458,487 | 1,458,487 | 1,458,487 |
| 1410500 | Other Property Income Collected as AIA | - | - | - |
| | Total Property Income | 5,804,280,992 | 9,794,632,099 | 12,403,388,772 |
| | 1420000 Sales of Goods and Services
(Receiver of Revenue - Financial Secretary to the Treasury,
Permanent Secretary for Lands) | | | |
| 1420100 | Sales of Market Establishments | 75,988,457,100 | 0 | 9,000,000,000 |
| 1420101 | Sale of Kengen shares | 0 | 0 | 0 |
| 1420102 | Sale of Mumias shares | 0 | 0 | 0 |
| 1420103 | Sale of Kenya Re shares | 1,800,000,000 | 0 | 0 |
| 1420104 | Sale of Safaricom shares | 49,887,137,100 | 0 | 0 |
| 1420105 | Sale of Telkom shares | 24,301,320,000 | 0 | 0 |
| 1420109 | Others | 0 | 0 | 6,000,000,000 |
| 1420200 | Administrative Fees and Charges | 1,884,928,797 | 2,820,384,898 | 3,269,879,229 |
| 1420201 | Fees under Traffic Act | 913,336,872 | 2,186,383,838 | 2,459,157,839 |
| 1420202 | Motor Drivers Licences | 827,000,000 | 850,181,818 | 806,225,455 |
| 1420203 | Other Land Revenue | 0 | 0 | 0 |
| 1420204 | Land Adjudication and Case Fees | 12,150 | 60,882 | 106,073 |
| 1420205 | Sale of Freehold Interest in Agricultural Land | 14,577,775 | 3,788,261 | 3,388,863 |
| 1420300 | Administrative Fees and Charges Collected as AIA | 0 | 0 | 0 |
| 1420400 | Incidental Sales by Non-Market Establishments | 0 | 0 | 0 |
| 1420500 | Sales by Non-Market Establishments Collected as AIA | 0 | 0 | 0 |
| | Total Sales of Goods and Services (excluding sales of market establishments) | 1,884,928,797 | 2,820,384,898 | 3,269,879,229 |

REVENUE

| Item | Details | Actual Receipts
2007/2008 | Revised Estimates
2008/2009 | Estimates
2009/2010 |
|---------|---|------------------------------|--------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1430000 Fines, Penalties and Forfeitures
(Receiver of Revenue - Registrar of High court) | | | |
| 1430100 | Fines, Penalties and Forfeitures and Other Charges | 158,521,084 | 107,000,000 | 121,000,000 |
| | Total Fines Penalties and Forfeitures | 158,521,084 | 107,000,000 | 121,000,000 |
| | 1440000 Receipts from Voluntary transfers other than grants | | | |
| 1440100 | Current Grants from International NGOs - paid through Exchequer | - | - | - |
| 1440200 | Capital Grants from International NGOs - paid through Exchequer | - | - | - |
| 1440300 | Current Grants from International NGOs - collected as AIA | - | - | - |
| 1440400 | Capital Grants from International NGOs - collected as AIA | - | - | - |
| 1440500 | Other Voluntary Transfers for Current purposes | - | - | - |
| 1440600 | Other Voluntary Transfers for Capital purposes | - | - | - |
| | Total Receipts from Voluntary transfers other than grants | - | - | - |
| | 1450000 Other Receipts Not Classified Elsewhere
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1450100 | Paid to Exchequer | | | |
| 1450101 | Miscellaneous Revenue | 7,402,166,078 | 4,463,000,000 | 5,142,000,000 |
| 1450200 | Collected as AIA | - | - | - |
| | Total Other Receipts Not Classified Elsewhere | 7,402,166,078 | 4,463,000,000 | 5,142,000,000 |
| | 4510000 Repayments from Domestic Lending and On-lending
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 4510100 | Loans to Government Agencies and Other Levels of Government | 0 | 0 | 0 |
| 4510200 | Loans to Non-Financial Public Enterprises | 708,564,701 | 638,275,630 | 781,570,350 |
| 4510300 | Loans to Financial Institutions | 0 | 0 | 35,950,815 |
| 4510400 | Loans to Individuals and Households | - | - | - |
| 4510500 | Other Lending and On-lending | - | - | - |
| | Total Repayments from Domestic Lending and On-lending | 708,564,701 | 638,275,630 | 817,521,165 |
| | 5110000 Domestic Borrowing
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 5110200 | Net Domestic Borrowing from Monetary Authorities (Central Bank) | (13,881,000,000) | 82,400,000,000 | 109,800,000,000 |
| | Ordinary Revenue(Excluding LATF) | 398,514,188,836 | 486,680,925,630 | 522,767,471,185 |
| | Total Grants | 26,713,542,086 | 28,375,374,110 | 35,308,011,184 |
| | Appropriations-in- Aid | 35,700,000,000 | 46,321,000,000 | 46,740,825,870 |
| | Total Revenue | 432,214,188,836 | 501,911,925,630 | 569,308,298,835 |
| | Total Net Domestic Borrowing | (13,881,000,000) | 82,400,000,000 | 109,800,000,000 |
| | GRAND TOTAL | 445,938,740,821 | 623,687,288,740 | 714,316,308,019 |

60
MGK 011

| Revenue head | C&AG Ref | TAXATION RECEIPTS | Exchequer Account - Actual receipts 2007-2008 (May 2009) | Actual Receipts 2007-2008 reported to Parliament (June 2009) | Material Differences in Actual Receipts 2007-2008 (Over) under SUM (A-B) |
|--------------|----------|--|--|--|--|
| | | Opening Balance | 8,101,751.75 | 0.00 | |
| 1110100 | 1 | Income tax from individuals (PAYE) | 81,680,929,230.20 | 85,953,000,000.00 | (4,272,070,769.80) |
| 1110200 | 2 | Income tax from corporations | 86,695,983,472.40 | 79,125,000,000.00 | 7,570,983,472.40 |
| 1110300 | 3 | Withholding Tax | 0.00 | 0.00 | 0.00 |
| 1130100 | 4 | Immovable Property | 0.00 | 61,895,301.00 | (61,895,301.00) |
| 1130202 | 5 | Second hand motor Vehicles pur-tax | 0.00 | 270,000,000.00 | (270,000,000.00) |
| 1140100 | 6 | VAT on domestic goods and services | 61,586,108,468.70 | 58,277,000,000.00 | 3,309,108,468.70 |
| 1140200 | 7 | VAT on imported goods and services | 53,807,634,460.85 | 53,627,508,116.00 | 180,126,344.85 |
| 1140300 | 8 | Excise Taxes | 61,857,468,359.10 | 61,905,511,272.00 | (46,042,912.90) |
| 1140400 | 9 | Taxes on specific services | 0.00 | 0.00 | 0.00 |
| 1140500 | 10 | Fee on use of Goods & on permission | 0.00 | 0.00 | 0.00 |
| 1140500 | 11 | Licences under traffic act | 1,880,336,872.75 | 70,000,000.00 | 1,810,336,872.75 |
| 1140600 | 12 | Royalties | 187,799,398.00 | 187,799,398.00 | 0.00 |
| 1140800 | 13 | Other taxes on goods and services | 0.00 | 67,784,758.00 | (67,784,758.00) |
| 1150100 | 14 | Customs duties | 32,944,348,580.05 | 32,944,348,580.00 | 0.05 |
| | 14 | Other taxes on international trade on transactions | 12,913,424,236.55 | 12,913,424,236.00 | 0.55 |
| 1150400 | 15 | | | | |
| 1160101 | 16 | Stamp Duty | 4,584,430,435.50 | 4,536,387,522.00 | 48,042,913.50 |
| | 16 | Grants from foreign Governments through Exchequer Cash | 11,887,485,396.95 | 13,055,831,657.00 | (1,168,346,260.05) |
| 1310100 | 17 | Loans from foreign Governments through Exchequer | 8,189,745,798.80 | 0.00 | 8,189,745,798.80 |
| | 18 | | | | |
| 1320100 | 19 | Grants from International Organizations | 0.00 | 3,759,295,312.00 | (3,759,295,312.00) |
| 1410100 | 20 | Interests received | 572,016,914.55 | 572,016,914.00 | 0.55 |
| 1410201 | 21 | Profits and dividends from CBK | 0.00 | 0.00 | 0.00 |
| 1410202 | 22 | Other profits and dividends | 3,133,350,633.50 | 3,133,350,633.00 | 0.50 |
| 1410101 | 23 | Rent of land | 1,375,378,671.40 | 1,297,434,958.00 | 77,943,713.40 |
| 1420103 | 24 | Sale of KE-RE Shares | 1,800,000,000.00 | 1,800,000,000.00 | 0.00 |
| 1420101 | 25 | Sale of KenGen Shares | 0.00 | 0.00 | 0.00 |
| 1420104 | 26 | Sale of Safaricom Shares | 49,887,137,100.00 | 49,887,137,100.00 | 0.00 |
| 1420105 | 27 | Sale of Telkom Shares | 24,301,320,000.00 | 24,301,320,000.00 | 0.00 |
| 1420201 | 28 | Fees under traffic Act | 0.00 | 913,336,872.00 | (913,336,872.00) |
| 1420202 | 29 | Motor drivers licences | 0.00 | 627,000,000.00 | (627,000,000.00) |
| 1420203 | 30 | Other land revenue | 0.00 | 0.00 | 0.00 |
| 1420204 | 31 | Land adjudication and case fees | 0.00 | 12,150.00 | (12,150.00) |
| 1420205 | 32 | Sale of freehold interests in agri-land | 0.00 | 14,577,775.00 | (14,577,775.00) |
| 1430100 | 33 | Fines, penalties and forfeitures and other charges | 158,521,084.00 | 158,521,084.00 | 0.00 |
| 1450101 | 34 | Miscellaneous Revenue | 15,956,423,390.40 | 7,402,166,078.00 | 8,554,257,312.40 |
| 1450200 | 35 | Collected AIA | 0.00 | 0.00 | 0.00 |
| 4510200 | 36 | Loans to non financial public enterprises | 708,564,701.45 | 708,564,701.00 | 0.45 |
| 4510300 | 37 | Loans to financial institutions | 0.00 | 0.00 | 0.00 |
| 5110200 | 38 | Net domestic borrowing(CBK) | 0.00 | (13,891,000,000.00) | 13,891,000,000.00 |
| | | | 516,116,508,956.90 | 483,679,224,417.00 | 32,429,182,788.15 |

Notes Questions arising

Total ordinary revenue 496,031,176,009.40
 loans/ grants 20,077,231,195.75

397,576,198,835.00
 26,713,542,086.00

98,454,977,174.40
 (6,636,310,890.25)

SUMMARY OF THE EXCHEQUER ACCOUNT FOR THE YEAR ENDING 30 JUNE 2008.

| | 2006/2007 | 2007/2008 | |
|--------------------------------------|--------------------|--------------------|--------------------|
| | Kshs. | Kshs. | Kshs. |
| Opening Balance as at 1st July 2007 | | | 8,101,751.75 |
| ADD: | | | |
| Exchequer Receipts | | | |
| Ordinary Revenue | 337,652,874,651.45 | 496,031,176,009.40 | |
| Unspent Cash Balances Received | 6,357,447,100.25 | 7,380,222,010.95 | |
| Loans/Grants Revenue | 14,711,116,108.70 | 20,077,231,195.75 | |
| Treasury Bonds/Bills | 106,572,800,000.00 | 94,284,000,000.00 | |
| CCF Recoveries | 1,620,000,000.00 | 2,000,000,000.00 | |
| | | | 619,772,629,216.10 |
| | | | 619,780,730,967.85 |
| LESS: | | | |
| Exchequer Issues | | | |
| Recurrent Exchequer Issues | 253,562,677,910.00 | 308,068,699,000.00 | |
| Development Exchequer Issues | 85,687,177,989.00 | 141,288,899,486.00 | |
| Consolidated Fund Services | 131,411,243,685.00 | 168,187,244,215.00 | |
| CCF Advances | 1,620,000,000.00 | 2,000,000,000.00 | |
| | | | 619,544,842,701.00 |
| | | | 235,888,266.85 |
| Closing Balance as at 30th June 2008 | | | |

NOTES

1. Cereals and Sugar Finance Corporation (CSFC)

The Exchequer Account made direct advances to CSFC totalling KES 897,797,000 under CSFC ordinance Cap. 329 Section 6.

The recovery of this amount is not certain as the institution is in the process of being wound up.

2. Tax Reserve Certificates

A sum of KES 51,702,360 was issued to the the Ministry of Finance under CFS 50, Consolidated Fund Services.

The balance accruing in the Exchequer Account as at 30.06.07 was KES 17,774,920

11 September 2008

JOSEPH K. KINYUA, CBS
PERMANENT SECRETARY/TREASURY
MINISTRY OF FINANCE

CERTIFICATE OF THE CONTROLLER AND AUDITOR GENERAL

I have audited the above Exchequer Account in accordance with the provisions of the Public Audit Act, 2003. I have obtained all the information and the explanations that I have required and as a result of the audit, I certify that, in my opinion, the Account properly presents the receipts into and issues from the Exchequer Account for the year ended 30 June 2008.

A.S.M. Gatumbu
CONTROLLER AND AUDITOR GENERAL
28 May 2009

Example 1**Statement of Revenue Head 1110000 – Taxes on Income, Profits, and Capital Gains**

| | Actual Revenue receipts as in Exchequer Account C&AG Report FY 2007-2008 (A) | Actual Revenue receipts as captured in the estimates for FY 2007-2008 (B) | Material differences (over) under Actual Revenue receipts (A- B) |
|---|---|--|---|
| Income tax from individuals (PAYE) | 81,680,929,230.20 | 85,953,000,000.00 | (4,272,070,769.80) |
| Income tax from corporations | 86,695,983,472.40 | 79,125,000,000.00 | 7,570,983,472.40 |
| Withholding Tax | 0.00 | 0.00 | 0.00 |
| TOTAL | 168,376,912,702.60 | 165,078,000,000.00 | |

1. What does the C&AG say about the Actual Receipts Declared in the Statement of Revenue head 1110000 taxes on Income, Profits and Capital Gains in his report for 2007-2008?

Paragraph 72: Taxes on Income, Profits, and Capital Gains for the year ended 30th June 2008 reflects actual receipts of Kshs **177,246,750,110.40**. Records at the Kenya Revenue Authority (K.R.A) reflect actual receipts of Kshs **166,152,969,569.00**.

Paragraph 75: Actual receipts reflected in the Statement total **Kshs 177,246,750,110.40** while the ledger shows a total of **Kshs 172,965,015,195.55**. The difference of **Kshs 4,281,734,914.85** has not been explained nor reconciled.

63

2. What is the Actual Revenue collected in 2007-2008 for head 1110000 taxes on Income, Profits and Capital Gains? Is it

Amount in Exchequer - KES 168,376,912,702.60
Amount in KRA records - KES 166,152,969,569.00
Amount in Ledger records - KES 172,965,015,195.55
Amount in Revenue Statement - KES 177,246,750,110.40
Amount declared to Parliament - KES 165,078,000,000.00

Example 2

Statement of Revenue Head 1110500 – Income Tax Share of LATF

| | Actual Revenue receipts as in Exchequer Account C&AG Report FY 2007-2008 (A) | Actual Revenue receipts as captured in the estimates for FY 2007-2008 (B) | Material differences (over) under Actual Revenue receipts (A- B) |
|---------------------------------|---|--|---|
| Income tax share of LATF | | 8,253,900,000.00 | |
| TOTAL | | 8,253,900,000.00 | |

1. What does the C&AG say about the Actual Receipts Declared in the Statement of Revenue head 1110500 Income Tax Share of LATF in his report for 2007-2008?

Paragraph 74: The Statement of Revenue reflects Income Tax Share of LATF actual receipts and LATF disbursements of Kshs 8,869,837,407.80 and Kshs 8,648,006,036.00 respectively. These amounts differ with the amounts shown in

the LATF Accounts for 2007/2008 prepared by the Ministry of Local Government of Kshs 8,871,451,352.10 and Kshs 8,768,427,034.00. The differences of Kshs 1,613,944.30 and Kshs 120,420,998.00 respectively have not been reconciled and explained.

2. What is the Actual Revenue collected in 2007-2008 for head 1110500 Income Tax Share of LATF? Is it

| | |
|-------------------------------|------------------------|
| Amount in Revenue Statement | - KES 8,869,837,407.80 |
| Amount in Local Govt records | - KES 8,871,451,352.10 |
| Amount declared to Parliament | - KES 8,253,900,000.00 |

Example 3

Statement of Revenue Head 1140000 -Taxes on Goods and Services

| | Actual Revenue receipts as in Exchequer Account C&AG Report FY 2007-2008 (A) | Actual Revenue receipts as captured in the estimates for FY 2007-2008 (B) | Material differences (over) under Actual Revenue receipts (A- B) |
|------------------------------------|---|--|---|
| VAT on domestic goods and services | 61,586,108,468.70 | 58,277,000,000.00 | 3,309,108,468.70 |
| VAT on imported goods and services | 53,807,634,460.85 | 53,627,508,116.00 | 180,126,344.85 |
| Excise Taxes | 61,857,468,359.10 | 61,905,511,272.00 | |
| TOTAL | 177,251,211,288.65 | 173,810,019,388.00 | |

MP

(65)

MGK 014

1. What does the C&AG say about the Actual Receipts Declared in the Statement of Revenue head 1140000 taxes on Goods and Services in his report for 2007-2008

Paragraph 79: The statement of Revenue for head 1140000-Taxes on goods and services for the year ended 30 June 2008 reflects actual receipts of Kshs 177,251,211,278.30 comprising of Kshs 61,586,108,468.70, Kshs 53,807,634,460.85 and Kshs 61,857,468,348.75 under local VAT, VAT-imports and Excise taxes. Records maintained at the K.R.A show a different figure for total receipts of Kshs 173,525,253,051.00 made up of Kshs 57,373,875,358.00, Kshs 53,634,410,526.00 and Kshs 62,516,967,167.00 relating to VAT local, VAT Imports and Excise taxes. The difference of Kshs 3,725,958,227.30 between the two sets of records is yet to be explained and reconciled.

Paragraph 80: The statement shows total actual receipts of Kshs 177,251,211,278.30 while the Ministry ledger shows a figure of Kshs 117,115,861,779.90. The difference of Kshs 60,135,349,498.40 has not been reconciled and explained. Also no excise tax was reflected in the ledger while in the statement it shows actual collections of taxes totaling Kshs 61,857,468,348.75. Again no explanation has been given for the omission.

2. What is the Actual Revenue collected in 2007-2008 for head 1140000 taxes on Goods and services? Is it

| | |
|-------------------------------|--------------------------|
| Amount in Exchequer | - KES 177,251,211,288.65 |
| Amount in KRA records | - KES 173,525,253,051.00 |
| Amount in Ledger records | - KES 117,115,861,779.90 |
| Amount in Revenue Statement | - KES 177,251,211,278.30 |
| Amount declared to Parliament | - KES 173,810,019,388.00 |

Example 4

Statement of Revenue Head 1450000 -Other Receipts not classified Elsewhere

| | Actual Revenue receipts as In Exchequer Account C&AG Report FY 2007-2008 (A) | Actual Revenue receipts as captured in the estimates for FY 2007-2008 (B) | Material differences (over) under Actual Revenue receipts (A- B) |
|-----------------------|--|---|--|
| Miscellaneous Revenue | 15,956,423,390.40 | 7,402,166,078.00 | 8,554,257,312.40 |
| TOTAL | 15,956,423,390.40 | 7,402,166,078.00 | |

1. What does the C&AG say about the Actual Receipts Declared in the Statement of Revenue head 1450000 other Receipts not classified Elsewhere in his report for 2007-2008

Paragraph 101: Actual receipts of Kshs 15,956,423,389.60 differ with the amount of Kshs 13,904,256,454.75 reflected in the Ministry's Ledger. The difference of Kshs 2,052,166,934.85 has not been explained or reconciled

2. What is the Actual Revenue collected in 2007-2008 for head 1450000 other Receipts not classified Elsewhere? Is it

Amount in Exchequer - KES 15,956,423,390.40
Amount in Ledger records - KES 13,904,256,454.75
Amount in Revenue Statement - KES 15,956,423,389.60
Amount declared to Parliament - KES 7,402,166,078.00

67

MGK 014

Example 5

Revenue Head 5110000 - Domestic Borrowing

| | Actual Revenue
recelpts as In
Exchequer
Account C&AG
Report FY 2007-
2008 (A) | Actual Revenue
recelpts as
captured in the
estimates for FY
2007-2008 (B) | Material
differences
(over) under
Actual Revenue
recelpts (A- B) |
|--------------------------------|--|--|---|
| Net domestic
borrowing(CBK) | 0.00 | (13,891,000,000.00) | 13,891,000,000.00 |
| TOTAL | 0.00 | (13,891,000,000.00) | |

1. What is the Actual Revenue collected in 2007-2008 for head 5110200
Net domestic borrowing from monetary Authorities (Central Bank)?
Is it

Amount in Exchequer - KES 0.00

Amount declared to Parliament - KES 13,891,000,000.00

Annex MGK OIS

2007/2008

ESTIMATES OF REVENUE

OF THE

GOVERNMENT OF KENYA

For the year ending 30th June, 2008

2008

24

69

MGK OIS

CONTENTS

| | |
|--|---|
| Summary of Estimates of Revenue..... | 1 |
| Taxes on Income, Profits and Capital Gains..... | 2 |
| Taxes on Payroll and Workforce..... | 2 |
| Taxes on Property..... | 2 |
| Taxes on Goods and Services..... | 2 |
| Taxes on International Trade & Transactions..... | 3 |
| Other Taxes | 3 |
| Social Security Contributions..... | 3 |
| Grants from Foreign Governments..... | 3 |
| Grants from International Organizations..... | 3 |
| Grants from Other Levels of Government..... | 4 |
| Property Income..... | 4 |
| Sales of Goods and Services..... | 4 |
| Fines Penalties and Forfeitures..... | 5 |
| Receipts from Voluntary transfers other than grants..... | 5 |
| Other Receipts Not Classified Elsewhere..... | 5 |
| Repayments from Domestic Lending and On-lending..... | 5 |

70

MAR. 015

ESTIMATES OF REVENUE - SUMMARY

| Head No. | Details | Actual Receipts
2006/2007 | Revised
Estimates
2007/2008 | Estimates
2008/2009 |
|------------------------------|--|------------------------------|-----------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| 1110000 | Taxes on Income, Profits and Capital Gains | 124,817,392,356 | 156,897,250,000 | 184,261,050,000 |
| 1120000 | Taxes on Payroll and Workforce | 0 | 0 | 0 |
| 1130000 | Taxes on Property | 250,491,908 | 301,594,914 | 351,334,554 |
| 1140000 | Taxes on Goods and Services | 153,257,172,376 | 179,948,585,911 | 207,581,494,246 |
| 1150000 | Taxes on International Trade & Transactions(customs) | 38,482,034,972 | 46,949,000,000 | 52,051,000,000 |
| 1160000 | Other Taxes (not elsewhere classified) | 3,051,812,867 | 4,288,624,929 | 4,985,726,871 |
| 1210000 | Social Security Contributions | 0 | 1,000,000,000 | 1,058,000,000 |
| 1310000 | Grants from Foreign Governments | 15,494,000,000 | 33,153,000,000 | 33,792,312,028 |
| 1320000 | Grants from International Organizations | 0 | 3,759,000,000 | 0 |
| 1330000 | Grants from Other Level of Government | - | - | - |
| 1410000 | Property Income | 7,780,751,223 | 4,082,522,553 | 7,797,654,657 |
| 1420000 | Sales of Goods and Services | 1,492,867,598 | 1,998,671,692 | 2,302,799,671 |
| 1430000 | Fines Penalties and Forfeitures | 384,679,569 | 141,000,000 | 164,000,000 |
| 1440000 | Receipts from Voluntary transfers other than grants | - | - | - |
| 1450000 | Other Receipts Not Classified Elsewhere | 7,409,400,824 | 6,419,000,000 | 6,693,000,000 |
| 4510000 | Repayments from Domestic Lending and On-lending | 688,388,020 | 828,000,000 | 638,000,000 |
| Total Ordinary Revenue | | 337,614,991,713 | 402,664,250,000 | 467,894,060,000 |
| Total Grants | | 15,494,000,000 | 36,912,000,000 | 33,792,312,028 |
| Total AIA | | 33,020,000,000 | 46,099,000,000 | 44,825,000,000 |
| Total Net Domestic Borrowing | | 34,700,000,000 | 34,000,000,000 | 54,500,000,000 |
| Total Revenue | | 370,634,991,713 | 448,763,250,000 | 512,719,050,000 |
| GRAND TOTAL | | 420,828,991,713 | 519,665,250,000 | 601,011,362,028 |

71

MGK 015

| Item | Details | Actual Receipts
2006/2007 | Revised
Estimates
2007/2008 | Estimates
2008/2009 |
|---------|---|------------------------------|-----------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1110000 Taxes on Income, Profits and Capital Gains | | | |
| | (Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1110100 | Income Tax from Individuals (P.A.Y.E) | 71,125,696,477 | 85,169,000,000 | 100,620,000,000 |
| 1110200 | Income Tax from Corporations (Other Income Tax) | 60,300,909,087 | 79,986,000,000 | 93,339,000,000 |
| 1110300 | Withholding Tax | | | |
| | Gross Income Tax | 131,426,605,564 | 165,155,000,000 | 193,959,000,000 |
| 1110400 | Exemptions | | | |
| 1110500 | Income Tax Share of LATF | 6,609,213,208 | 8,257,750,000 | 9,697,850,000 |
| | Total Taxes on Income, Profits and Capital Gains | 124,817,392,356 | 166,897,250,000 | 184,261,050,000 |
| | 1120000 Taxes on Payroll and Workforce | 0 | 0 | 0 |
| | 1130000 Taxes on Property | | | |
| | (Receiver of Revenue - Permanent Secretary of Lands and Housing, Financial Secretary to the Treasury) | | | |
| 1130100 | Immovable Property (Stand Premia on Town Plots) | 22,037,426 | 25,277,328 | 29,458,146 |
| 1130200 | Financial & Capital Transactions | | | |
| 1130202 | Second Hand Motor Vehicle Purchase Tax | 228,454,482 | 276,317,586 | 321,876,408 |
| | Total Taxes on Property | 260,491,908 | 301,594,914 | 351,334,554 |
| | 1140000 Taxes on Goods and Services | | | |
| | (Receiver of Revenue - Financial Secretary to the Treasury, Permanent Secretary Environment and | | | |
| 1140100 | VAT on Domestic Goods and Services | 52,568,447,938 | 59,827,000,000 | 70,980,000,000 |
| 1140200 | VAT on Imported Goods and Services | 43,701,340,973 | 55,187,000,000 | 62,899,000,000 |
| 1140300 | VAT Remissions | | | |
| | Total VAT | 86,269,788,911 | 115,014,000,000 | 133,879,000,000 |
| 1140300 | Excise Taxes | 56,405,520,389 | 64,289,000,000 | 72,925,000,000 |
| 1140400 | Taxes on Specific Services | 0 | 0 | 0 |
| 1140500 | Fees on use of Goods and on Permission to use the Goods or to Perform Services and Activities | 101,077,351 | 110,210,840 | 154,221,117 |
| | Of which Licences under Traffic Act | 101,077,351 | 110,210,840 | 154,221,117 |
| 1140600 | Royalties | 282,692,248 | 257,000,000 | 299,000,000 |
| 1140700 | Taxes on Goods and Services Collected as AIA | | | |
| 1140703 | Petroleum Development Levy (PDL) | 1,349,000,000 | 1,292,000,000 | 1,424,000,000 |
| 1140705 | Road Maintenance Levy (RML) | 18,217,000,000 | 19,300,000,000 | 21,271,000,000 |
| 1140800 | Other Taxes on Goods and Services | 198,093,477 | 278,375,071 | 324,273,129 |
| | Total (excluding PDL and RML) | 56,987,383,465 | 84,934,585,911 | 73,702,494,246 |
| | Total Taxes on Goods and Services | 163,257,172,376 | 179,948,585,911 | 207,581,494,246 |

| Item | Details | Actual Receipts
2006/2007 | Revised
Estimates
2007/2008 | Estimates
2008/2009 |
|---------|--|------------------------------|-----------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1150000 Taxes on Inter. Trade & Transactions
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1150100 | Customs Duties | 27 509,524 495 | 33,403 000 000 | 36,459,000,000 |
| 1150200 | Export Levies | | | |
| 1150300 | Exemptions on customs and other Import duties | 240,000,000 | 200,000,000 | 400,000,000 |
| 1150400 | Other Taxes on International Trade and Transactions (IOF Fee) | 10,972,510,477 | 13 546,000,000 | 15,592,000,000 |
| | Total Taxes on International Trade & Transactions(customs) | 38,482,034,972 | 46,949,000,000 | 62,051,000,000 |
| | 1160000 Other Taxes (not elsewhere classified)
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1160100 | Other Taxes Not Elsewhere Classified | | | |
| 1160101 | Stamp duty | 3 051,812,867 | 4,288,624 929 | 4,995 726 871 |
| 1160200 | Taxes Not Elsewhere Classified Collected as AIA | 0 | 0 | 0 |
| | Total Other Taxes (not elsewhere classified) | 3,051,812,867 | 4,288,624,929 | 4,995,726,871 |
| | 1210000 Social Security Contributions
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1210100 | Health Insurance Contribution | | | |
| 1210200 | Receipts to NHIF for Health Insurance Contributions | | | |
| 1210300 | Contribution from Government Employees to Social and Welfare Schemes within Government | 0 | 1,000,000,000 | 1,058,000 000 |
| | Total Social Security Contributions | 0 | 1,000,000,000 | 1,058,000,000 |
| | 1310000 Grants from Foreign Governments | | | |
| 1310100 | Grants from Foreign Governments - Cash Through Exchequer | 8,938,000,000 | 15,912,000,000 | 18,763,972,302 |
| 1310200 | Grants from Foreign Governments - Direct Payments - Treated as AIA | 6,556,000,000 | 17,241,000,000 | 17 028,339 726 |
| | Total Grants from Foreign Governments | 15,494,000,000 | 33,153,000,000 | 33,792,312,028 |
| | 1320000 Grants from International Organizations | | | |
| 1320100 | Grants from International Organizations - Cash Through Exchequer | 0 | 3,759,000,000 | 0 |
| 1320200 | Grants from International Organizations - Treated as AIA | 0 | 0 | 0 |
| | Total Grants from International Organizations | 0 | 3,759,000,000 | 0 |

73
MGH 015

| Item | Details | Actual Receipts
2006/2007 | Revised
Estimates
2007/2008 | Estimates
2008/2009 |
|---------|---|------------------------------|-----------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1330000 Grants from Other Levels of Government | | | |
| 1330100 | Grants to Central Government from General Government Units | - | - | - |
| 1330200 | Grants to Local Authorities from General Government Units | - | - | - |
| 1330300 | Grants to Fund Accounts from Central Government Budget | - | - | - |
| 1330400 | Grants to Other General Government Units from General Government Units | - | - | - |
| | Total Grants from Other Levels of Government | | | |
| | 1410000 Property Income | | | |
| | (Receiver of Revenue - Investment Secretary to the Treasury, Financial Secretary to the Treasury, Permanent Secretary for Lands) | | | |
| 1410100 | Interest Received | 557,166,045 | 635,000,000 | 482,000,000 |
| 1410200 | Profits and Dividends | | | |
| 1410201 | Profits and Dividends from Central Bank of Kenya (CBK) | 2,000,000,000 | 0 | 2,000,000,000 |
| 1410202 | Other Profits and Dividends | 3,994,727,107 | 2,038,000,000 | 3,673,000,000 |
| 1410300 | Withdrawals from Income of quasi-corporations | | | |
| 1410400 | Rents on land, houses and buildings | | | |
| 1410401 | Rent of Land | 1,228,858,071 | 1,409,522,553 | 1,642,654,657 |
| 1410402 | Rent of Government Buildings and Housing | 0 | 0 | 0 |
| 1410403 | Webuye Housing Scheme Rents | 0 | 0 | 0 |
| 1410500 | Other Property Income Collected as AIA | | | |
| | Total Property Income | 7,780,751,223 | 4,082,522,553 | 7,797,654,657 |
| | 1420000 Sales of Goods and Services | | | |
| | (Receiver of Revenue - Financial Secretary to the Treasury, Permanent Secretary for Lands, Permanent Secretary for Environment and Natural Resources) | | | |
| 1420100 | Sales of Market Establishments | 4,000,000,000 | 76,416,000,000 | 8,000,000,000 |
| 1420101 | Sale of Kenyan shares | 0 | 0 | 0 |
| 1420102 | Sale of Murnia shares | 4,000,000,000 | 0 | 0 |
| 1420103 | Sale of Kenya Re shares | 0 | 2,000,000,000 | 0 |
| 1420104 | Sale of Safaricom shares | 0 | 50,000,000,000 | 0 |
| 1420105 | Sale of Telkom shares | 0 | 24,416,000,000 | 0 |
| 1420109 | Others | 0 | 0 | 8,000,000,000 |
| 1420200 | Administrative Fees and Charges | 1,492,867,598 | 1,998,671,692 | 2,302,789,671 |
| 1420201 | Fees under Traffic Act | 947,132,747 | 1,169,372,225 | 1,471,803,126 |
| 1420202 | Motor Driver's Licences | 536,842,125 | 819,099,348 | 819,099,348 |
| 1420203 | Other Land Revenue | 2,695,517 | 3,091,807 | 3,603,185 |
| 1420204 | Land Adjudication and Case Fees | 1,416,999 | 1,625,324 | 1,894,149 |
| 1420205 | Sale of Freehold Interest in Agricultural Land | 4,780,210 | 5,482,998 | 6,389,663 |
| 1420300 | Administrative Fees and Charges Collected as AIA | 0 | 0 | 0 |
| 1420400 | Incidental Sales by Non-Market Establishments | 0 | 0 | 0 |
| 1420500 | Sales by Non-Market Establishments Collected as AIA | 0 | 0 | 0 |
| | Total Sales of Goods and Services | 1,492,867,598 | 1,998,671,692 | 2,302,789,671 |

| Item | Details | Actual Receipts
2006/2007 | Revised
Estimates
2007/2008 | Estimates
2008/2009 |
|---------|---|------------------------------|-----------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | 1430000 Fines Penalties and Forfeitures
(Receiver of Revenue - Registrar of High court) | | | |
| 1430100 | Fines, Penalties and Forfeitures and Other Charges | 384,679,569 | 141,000,000 | 164,000,000 |
| | Total Fines Penalties and Forfeitures | 384,679,569 | 141,000,000 | 164,000,000 |
| | 1440000 Receipts from Voluntary transfers other than grants | | | |
| 1440100 | Current Grants from International NGOs - paid through Exchequer | - | - | - |
| 1440200 | Capital Grants from International NGOs - paid through Exchequer | - | - | - |
| 1440300 | Current Grants from International NGOs - collected as AIA | - | - | - |
| 1440400 | Capital Grants from International NGOs - collected as AIA | - | - | - |
| 1440500 | Other Voluntary Transfers for Current purposes | - | - | - |
| 1440600 | Other Voluntary Transfers for Capital purposes | - | - | - |
| | Total Receipts from Voluntary transfers other than grants | - | - | - |
| | 1450000 Other Receipts Not Classified Elsewhere
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 1450100 | Paid to Exchequer | | | |
| 1450101 | Miscellaneous Revenue | 7,409,400,824 | 5,418,000,000 | 6,693,000,000 |
| 1450200 | Collected as AIA | 0 | 0 | 0 |
| | Total Other Receipts Not Classified Elsewhere | 7,409,400,824 | 5,418,000,000 | 6,693,000,000 |
| | 4510000 Repayments from Domestic Lending and On-lending
(Receiver of Revenue - Investment Secretary to the Treasury) | | | |
| 4510100 | Loans to Government Agencies and Other Levels of Government | 0 | 0 | 0 |
| 4510200 | Loans to Non-Financial Public Enterprises | 682,241,727 | 622,392,883 | 632,303,597 |
| 4510300 | Loans to Financial Institutions | 6,148,294 | 5,607,117 | 5,696,403 |
| 4510400 | Loans to Individuals and Households | - | - | - |
| 4510500 | Other Lending and On-lending | - | - | - |
| | Total Repayments from Domestic Lending and On-lending | 688,388,020 | 628,000,000 | 638,000,000 |
| | 5110000 Domestic Borrowing
(Receiver of Revenue - Financial Secretary to the Treasury) | | | |
| 5110200 | Net Domestic Borrowing from Monetary Authorities (Central Bank) | 34,700,000,000 | 34,000,000,000 | 54,500,000,000 |
| | Ordinary Revenue(Excluding LATF) | 337,614,991,713 | 402,654,250,000 | 467,894,050,000 |

75

MGA 015

| Item | Details | Actual Receipts
2006/2007 | Revised
Estimates
2007/2008 | Estimates
2008/2009 |
|------|------------------------------|------------------------------|-----------------------------------|------------------------|
| | | Ksh | Ksh | Ksh |
| | Total Grants | 15,494,000,000 | 36,912,000,000 | 33,797,312,028 |
| | Total AIA | 33,020,000,000 | 46,099,000,000 | 44,826,000,000 |
| | Total Revenue | 370,634,991,713 | 448,753,250,000 | 512,719,050,000 |
| | Total Net Domestic Borrowing | 34,700,000,000 | 34,000,000,000 | 54,500,000,000 |
| | GRAND TOTAL | 420,828,991,713 | 519,665,250,000 | 601,011,362,028 |

Page 6

76

| | A | B | C | D | E | F | G | H | I |
|--|--|--|---|--|--|---|--|---|--|
| | Original Estimates of Revenue as Captured in the CRAAG Report for FY2007-2008 (May 2009) | Final Revised Estimates of Revenue as Captured in the Estimates Report for FY2007-2008 (June 2008) | Differences in the Authority given by Parliament as recorded by CRAAG (A) & estimates (B) (A-B)=C | Original Estimates of Revenue as Captured in the CRAAG Report for FY2007-2008 (May 2009) | Actual Revenue as Captured in the Estimates Report for FY2007-2008 (June 2009) | Receipts as declared to Parliament (UNDER (OVER) Estimates FY 2007-2008 (D-E) = F | Original Estimates of Revenue as Captured in the CRAAG Report for FY2007-2008 (May 2009) | Actual Revenue in Exchequer account as Reported by CRAAG for FY 2007-2008 (G-H) = I | UNDER (OVER) revenue as recorded by CRAAG & estimates for FY 2007-2008 (G-I) = J |
| 1110100 Income tax from individuals (PAYE) | 71,816,000,000.00 | 85,169,000,000.00 | (13,353,000,000.00) | 71,816,000,000.00 | 85,953,000,000.00 | (14,137,000,000.00) | 71,816,000,000.00 | 81,680,929,230.20 | (9,864,929,230.20) |
| 1110200 Income tax from corporations | 72,340,000,000.00 | 79,986,000,000.00 | (7,646,000,000.00) | 72,340,000,000.00 | 79,125,000,000.00 | (6,785,000,000.00) | 72,340,000,000.00 | 86,695,993,472.40 | (14,355,993,472.40) |
| 1110300 Withholding Tax | 17,298,507,856.00 | 0.00 | 17,298,507,856.00 | 17,298,507,856.00 | 0.00 | 17,298,507,856.00 | 17,298,507,856.00 | 0.00 | 0.00 |
| 1110400 Exemptions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1130100 Immovable Property | 46,000,000.00 | 25,277,328.00 | 20,722,672.00 | 46,000,000.00 | 61,895,301.00 | (15,895,301.00) | 46,000,000.00 | 0.00 | 0.00 |
| 1130200 Second hand motor Vehicles pur-tax | 285,340,782.00 | 276,317,586.00 | 9,023,196.00 | 285,340,782.00 | 270,000.00 | 285,070,782.00 | 285,340,782.00 | 0.00 | 0.00 |
| 1140100 VAT on domestic goods and services | 59,828,000,000.00 | 59,827,000,000.00 | 1,000,000.00 | 59,828,000,000.00 | 58,277,000,000.00 | 1,551,000,000.00 | 59,828,000,000.00 | 61,586,108,468.70 | (1,758,108,468.70) |
| 1140200 VAT on imported goods and services | 51,992,000,000.00 | 55,187,000,000.00 | (3,195,000,000.00) | 51,992,000,000.00 | 53,627,508,116.00 | (1,635,508,116.00) | 51,992,000,000.00 | 53,807,634,460.85 | (1,815,634,460.85) |
| 1140300 VAT Remissions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1140300 Excise Taxes | 65,551,000,000.00 | 64,289,000,000.00 | 1,262,000,000.00 | 65,551,000,000.00 | 61,905,511,272.00 | 3,645,488,728.00 | 65,551,000,000.00 | 61,857,468,359.10 | 3,693,531,640.90 |
| 1140400 Taxes on specific services | 15,261,633.00 | 0.00 | 15,261,633.00 | 15,261,633.00 | 0.00 | 15,261,633.00 | 15,261,633.00 | 0.00 | 0.00 |
| 1140500 Fee on use of Goods & services | 1,297,230,000.00 | 0.00 | 1,297,230,000.00 | 1,297,230,000.00 | 0.00 | 1,297,230,000.00 | 1,297,230,000.00 | 0.00 | 0.00 |
| 1140500 Licences under traffic act | 944,230,000.00 | 110,210,840.00 | 834,019,160.00 | 944,230,000.00 | 70,000,000.00 | 874,230,000.00 | 944,230,000.00 | 1,880,336,822.75 | (936,106,822.75) |
| 1140600 Royalties | 397,000,000.00 | 257,000,000.00 | 140,000,000.00 | 397,000,000.00 | 187,799,398.00 | 209,200,602.00 | 397,000,000.00 | 1,877,799,398.00 | (936,200,602.00) |
| 1140800 Other taxes on goods and services | 569,034,103.00 | 278,375,071.00 | 290,659,032.00 | 569,034,103.00 | 67,784,758.00 | 501,249,345.00 | 569,034,103.00 | 569,034,103.00 | 0.00 |
| 1150100 Customs duties | 32,337,000,000.00 | 33,403,000,000.00 | (1,066,000,000.00) | 32,337,000,000.00 | 32,944,348,580.00 | (607,348,580.00) | 32,337,000,000.00 | 32,944,348,580.05 | (607,348,580.05) |
| 1150200 Export Levies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1150300 Exemptions on customs and other import duties | 0.00 | 200,000,000.00 | (200,000,000.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other taxes on international trade on transactions | 11,687,000,000.00 | 13,546,000,000.00 | (1,859,000,000.00) | 11,687,000,000.00 | 12,913,424,236.00 | (1,226,424,236.00) | 11,687,000,000.00 | 12,913,424,236.55 | (1,226,424,236.55) |
| 1160101 Stamp Duty | 3,337,625,115.00 | 4,288,624,929.00 | (950,999,814.00) | 3,337,625,115.00 | 4,536,387,522.00 | (1,198,762,407.00) | 3,337,625,115.00 | 4,584,430,435.50 | (1,246,805,320.50) |
| 1210300 Contribution from Govt. emp to S & W.S within Government | 0.00 | 1,000,000,000.00 | (1,000,000,000.00) | 0.00 | 1,062,000,000.00 | (1,062,000,000.00) | 0.00 | 0.00 | 0.00 |
| 1310100 Grants from foreign Governments through Exchequer | 15,240,633,935.00 | 15,912,000,000.00 | (671,366,065.00) | 15,240,633,935.00 | 13,055,831,657.00 | 2,184,802,278.00 | 15,240,633,935.00 | 11,887,485,396.95 | 3,353,148,538.05 |
| 1310200 Grants from foreign Governments treated as AIA | 0.00 | 17,241,000,000.00 | (17,241,000,000.00) | 0.00 | 9,898,415,117.00 | (9,898,415,117.00) | 0.00 | 0.00 | 0.00 |
| Loans from foreign Governments through Exchequer | 17,286,310,279.00 | 0.00 | 17,286,310,279.00 | 17,286,310,279.00 | 0.00 | 17,286,310,279.00 | 17,286,310,279.00 | 8,189,745,798.80 | 9,096,564,480.20 |
| 1320100 Grants from International Organizations | 3,806,000,000.00 | 3,759,000,000.00 | 47,000,000.00 | 3,806,000,000.00 | 3,759,295,312.00 | 46,704,688.00 | 3,806,000,000.00 | 3,806,000,000.00 | 0.00 |
| 1410100 Interest received | 1,067,000,000.00 | 635,000,000.00 | 432,000,000.00 | 1,067,000,000.00 | 572,016,914.00 | 494,983,086.00 | 1,067,000,000.00 | 572,016,914.55 | 494,983,085.45 |
| 1410201 Profits and dividends from CBK | 2,000,000,000.00 | 0.00 | 2,000,000,000.00 | 2,000,000,000.00 | 0.00 | 2,000,000,000.00 | 2,000,000,000.00 | 0.00 | 0.00 |
| 1410202 Other profits and dividends | 2,703,000,000.00 | 2,038,000,000.00 | 665,000,000.00 | 2,703,000,000.00 | 3,133,350,633.00 | (430,350,633.00) | 2,703,000,000.00 | 3,133,350,633.50 | (430,350,633.50) |
| 1410301 Rent of land | 1,220,967,178.00 | 1,409,522,553.00 | (188,555,375.00) | 1,220,967,178.00 | 1,297,434,958.00 | (76,467,780.00) | 1,220,967,178.00 | 1,375,378,671.40 | (154,411,493.40) |
| 1410402 Rent of Government Buildings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1410403 Webuye housing scheme | 0.00 | 0.00 | 0.00 | 0.00 | 1,458,487.00 | (1,458,487.00) | 0.00 | 0.00 | 0.00 |
| 1420101 Sale of K.E.R.E Shares | 0.00 | 2,000,000,000.00 | (2,000,000,000.00) | 0.00 | 1,800,000,000.00 | (1,800,000,000.00) | 0.00 | 1,800,000,000.00 | (1,800,000,000.00) |
| 1420102 Sale of Mumias | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1420101 Sale of Kenyan shares | 2,500,000,000.00 | 50,000,000,000.00 | (47,500,000,000.00) | 2,500,000,000.00 | 49,887,137,100.00 | (47,387,137,100.00) | 2,500,000,000.00 | 49,887,137,100.00 | (47,387,137,100.00) |
| 1420104 Sale of Safaricom Shares | 33,800,000,000.00 | 24,416,000,000.00 | (9,384,000,000.00) | 33,800,000,000.00 | 24,301,320,000.00 | (9,498,680,000.00) | 33,800,000,000.00 | 24,301,320,000.00 | (9,498,680,000.00) |
| 1420109 Sale of Telkom Shares | 5,600,000,000.00 | 0.00 | 5,600,000,000.00 | 5,600,000,000.00 | 0.00 | 5,600,000,000.00 | 5,600,000,000.00 | 0.00 | 0.00 |
| 1420201 Fees under traffic Act | 698,738,367.00 | 1,169,372,225.00 | (470,633,858.00) | 698,738,367.00 | 913,336,872.00 | (214,598,505.00) | 698,738,367.00 | 0.00 | 0.00 |
| 1420202 Motor orders licences | 540,770,000.00 | 819,099,348.00 | (278,329,348.00) | 540,770,000.00 | 627,000,000.00 | (86,230,000.00) | 540,770,000.00 | 0.00 | 0.00 |
| 1420203 Other land revenue | 443,517,723.00 | 3,091,602,000.00 | (2,647,084,277.00) | 443,517,723.00 | 0.00 | 443,517,723.00 | 443,517,723.00 | 0.00 | 0.00 |
| 1420204 Land adjudication and case fees | 636,780.00 | 1,625,324.00 | (988,544.00) | 636,780.00 | 12,150.00 | 624,630.00 | 636,780.00 | 0.00 | 0.00 |
| 1420205 Sale of freehold interests in agri.land | 12,878,319.00 | 5,482,988.00 | 7,395,331.00 | 12,878,319.00 | 14,577,775.00 | (1,699,456.00) | 12,878,319.00 | 0.00 | 0.00 |
| Fines, penalties and forfeitures and other charges | 406,000,000.00 | 141,000,000.00 | 265,000,000.00 | 406,000,000.00 | 158,521,084.00 | 247,478,916.00 | 406,000,000.00 | 158,521,084.00 | 247,478,916.00 |
| 1450101 Miscellaneous Revenue | 7,913,000,000.00 | 6,419,000,000.00 | 1,494,000,000.00 | 7,913,000,000.00 | 7,402,166,078.00 | 510,833,922.00 | 7,913,000,000.00 | 15,956,423,390.40 | (8,043,423,390.40) |
| 1450200 other receipts not classified AIA | 2,733,000,000.00 | 0.00 | 2,733,000,000.00 | 2,733,000,000.00 | 0.00 | 2,733,000,000.00 | 2,733,000,000.00 | 0.00 | 0.00 |
| 4510200 Loans to non financial public enterprises | 697,882,968.00 | 622,392,883.00 | 75,490,085.00 | 697,882,968.00 | 708,564,701.00 | (10,681,733.00) | 697,882,968.00 | 708,564,701.45 | (10,681,733.45) |
| 4510300 Loans to financial institutions | 2,117,032.00 | 5,667,117.00 | (3,550,085.00) | 2,117,032.00 | 0.00 | 2,117,032.00 | 2,117,032.00 | 0.00 | 0.00 |
| 5110200 Net domestic borrowing (CBK) | 33,959,000,000.00 | 34,000,000,000.00 | (41,000,000.00) | 33,959,000,000.00 | (13,891,000,000.00) | 47,850,000,000.00 | 33,959,000,000.00 | 516,108,407,205.15 | 6,264,274,664.85 |
| | 522,372,682,070.00 | 558,439,939,999.00 | (36,067,257,929.00) | 522,372,682,070.00 | 494,371,368,021.00 | 28,001,314,049.00 | 522,372,682,070.00 | 516,108,407,205.15 | 6,264,274,664.85 |

Table using original estimates

Opening balance 1st July 2007
Under (Over) estimates8,101,751.75
6,256,173,113.10

| | A | B | C | D | E | F | G | H | I |
|--|---|--|---|--|--|--|--|--|--------------------|
| | Original estimates of Revenue as Captured in the ECRG Report for FY2007-2008 (May 2008) | Final revised estimates of Revenue as Captured in the Estimates Report for FY2007-2008 (June 2008) | Unreconciled in the Authority given by Parliament as recorded by CAG (A-B) (in estimates) | Final revised estimates of Revenue as Captured in the Estimates Report for FY2007-2008 (June 2008) | Actual revenue as Captured in the Revenue (D) & Actual revenue (E) in estimates for FY 2007-2008 (June 2008) | Under (Over) in estimates for FY 2007-2008 (June 2008) | Final revised estimates of Revenue as Captured in the Estimates Report for FY2007-2008 (June 2008) | Enchequer Account as estimates reported to Parliament & Actual revenue Enchequer A/C FY 2007-8 (G-H) | J |
| 1110100 Income tax from individuals (PAYE) | 85,165,000,000.00 | 85,165,000,000.00 | (13,353,000,000.00) | 85,165,000,000.00 | 85,165,000,000.00 | 2007,710,000,000.00 | 85,165,000,000.00 | 86,690,929,230.26 | 3,468,070,769.60 |
| 1110200 Income tax from corporations | 72,340,000,000.00 | 72,340,000,000.00 | 0.00 | 72,340,000,000.00 | 72,340,000,000.00 | 0.00 | 72,340,000,000.00 | 86,095,980,278.26 | 16,095,980,278.26 |
| 1110300 Withholding tax | 17,298,507,856.00 | 17,298,507,856.00 | 0.00 | 17,298,507,856.00 | 17,298,507,856.00 | 0.00 | 17,298,507,856.00 | 16,039,583,474.00 | (1,603,953,474.00) |
| 1110400 Exemptions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1130100 Immovable property | 46,000,000.00 | 25,277,338.00 | 20,722,662.00 | 25,277,338.00 | 61,895,303.00 | (35,617,973.00) | 25,277,338.00 | 28,297,338.00 | 3,019,999.00 |
| 1130200 Second hand motor vehicles duty | 288,347,586.00 | 276,317,586.00 | 12,030,000.00 | 276,317,586.00 | 276,317,586.00 | 0.00 | 276,317,586.00 | 276,317,586.00 | 0.00 |
| 1140100 VAT on domestic goods and services | 59,819,000,000.00 | 59,819,000,000.00 | 1,000,000.00 | 59,819,000,000.00 | 58,277,000,000.00 | 1,550,000,000.00 | 59,819,000,000.00 | 61,586,108,468.70 | 1,767,108,468.70 |
| 1140200 VAT on imported goods and services | 55,197,000,000.00 | 55,187,000,000.00 | (1,395,000,000.00) | 55,187,000,000.00 | 53,627,508,116.00 | 1,559,491,884.00 | 55,187,000,000.00 | 53,407,634,460.65 | (1,779,365,539.35) |
| 1140300 VAT Remissions | 65,551,000,000.00 | 64,289,000,000.00 | 1,262,000,000.00 | 64,289,000,000.00 | 61,905,513,279.00 | 2,383,486,720.00 | 64,289,000,000.00 | 61,857,468,334.00 | (4,531,665.00) |
| 1140400 Taxes on specific services | 15,451,633.00 | 15,451,633.00 | 0.00 | 15,451,633.00 | 0.00 | 0.00 | 15,451,633.00 | 15,451,633.00 | 0.00 |
| 1140500 Fees on use of specific services | 1,297,230,000.00 | 1,297,230,000.00 | 0.00 | 1,297,230,000.00 | 0.00 | 0.00 | 1,297,230,000.00 | 1,297,230,000.00 | 0.00 |
| 1140600 Licences under traffic act | 944,030,000.00 | 110,210,840.00 | 834,030,160.00 | 110,210,840.00 | 70,000,000.00 | 40,210,840.00 | 110,210,840.00 | 1,080,336,872.75 | (1,770,126,032.75) |
| 1140700 Royalties | 397,000,000.00 | 257,000,000.00 | 140,000,000.00 | 257,000,000.00 | 187,789,968.00 | 69,200,602.00 | 257,000,000.00 | 187,789,968.00 | (69,200,602.00) |
| 1140800 Other taxes on goods and services | 569,934,103.00 | 278,375,071.00 | 290,659,032.00 | 278,375,071.00 | 278,375,071.00 | 0.00 | 278,375,071.00 | 278,375,071.00 | 0.00 |
| 1150100 Customs duties | 32,333,000,000.00 | 33,403,000,000.00 | (1,066,000,000.00) | 33,403,000,000.00 | 33,403,000,000.00 | 32,944,348,580.00 | 33,403,000,000.00 | 32,944,348,580.00 | (458,651,419.95) |
| 1150200 Excise duties | 0.00 | 200,000,000.00 | (200,000,000.00) | 200,000,000.00 | 0.00 | 0.00 | 200,000,000.00 | 0.00 | 200,000,000.00 |
| 1150300 Fees on licences | 0.00 | 200,000,000.00 | (200,000,000.00) | 200,000,000.00 | 0.00 | 0.00 | 200,000,000.00 | 0.00 | 200,000,000.00 |
| 1150400 Other taxes on international trade on transactions | 11,667,000,000.00 | 13,546,000,000.00 | (1,859,000,000.00) | 13,546,000,000.00 | 12,913,414,336.00 | 632,575,664.00 | 13,546,000,000.00 | 12,913,414,336.00 | (632,575,664.00) |
| Stamp Duty | 3,337,625,115.00 | 4,268,624,929.00 | (950,999,814.00) | 4,268,624,929.00 | 4,336,382,920.00 | (247,762,993.00) | 4,268,624,929.00 | 4,584,430,435.50 | (357,905,506.50) |
| Contribution from Govt. emp to S.A.W.s within Government | 0.00 | 1,000,000,000.00 | (1,000,000,000.00) | 1,000,000,000.00 | 1,062,000,000.00 | (62,000,000.00) | 1,000,000,000.00 | 0.00 | 1,000,000,000.00 |
| Grants from foreign Governments through Enchequer Cash | 15,240,633,925.00 | 15,912,000,000.00 | (671,366,065.00) | 15,912,000,000.00 | 13,055,812,657.00 | 2,856,187,343.00 | 15,912,000,000.00 | 11,887,485,396.95 | 4,024,514,603.05 |
| 1310100 Grants from foreign Governments treated as AIA | 17,786,110,279.00 | 17,786,110,279.00 | 0.00 | 17,786,110,279.00 | 17,786,110,279.00 | 0.00 | 17,786,110,279.00 | 17,786,110,279.00 | 0.00 |
| 1310200 Grants from international organisations | 3,806,000,000.00 | 3,759,000,000.00 | 47,000,000.00 | 3,759,000,000.00 | 3,759,000,000.00 | (25,112,000.00) | 3,759,000,000.00 | 8,180,755,798.00 | 4,421,755,798.00 |
| 1320100 Grants received | 1,067,000,000.00 | 635,000,000.00 | 432,000,000.00 | 635,000,000.00 | 572,016,914.00 | 62,983,086.00 | 635,000,000.00 | 572,016,914.55 | (62,983,085.45) |
| 1410100 Profits and dividends from C&I | 2,000,000,000.00 | 0.00 | 2,000,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1410200 Other profits and dividends | 2,703,000,000.00 | 2,038,000,000.00 | 665,000,000.00 | 2,038,000,000.00 | 3,333,350,633.00 | (1,095,350,633.00) | 2,038,000,000.00 | 3,333,350,633.00 | (1,095,350,633.00) |
| 1410300 Other profits and dividends | 1,220,567,178.00 | 1,409,522,553.00 | (189,555,375.00) | 1,409,522,553.00 | 1,297,434,958.00 | 112,087,595.00 | 1,409,522,553.00 | 1,375,376,671.40 | 34,145,881.60 |
| 1410400 Grants of government buildings | 0.00 | 0.00 | 0.00 | 0.00 | 1,468,468.00 | (1,468,468.00) | 0.00 | 0.00 | 0.00 |
| 1410500 Other grants | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1420100 State of K&R-E Shires | 0.00 | 2,000,000,000.00 | (2,000,000,000.00) | 2,000,000,000.00 | 1,800,000,000.00 | 200,000,000.00 | 2,000,000,000.00 | 1,800,000,000.00 | 200,000,000.00 |
| 1420200 State of K&R-E Shires | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1420300 State of K&R-E Shires | 2,500,000,000.00 | 50,000,000.00 | (2,500,000,000.00) | 50,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1420400 State of K&R-E Shires | 33,800,000,000.00 | 16,200,000,000.00 | (16,200,000,000.00) | 16,200,000,000.00 | 49,887,137,100.00 | (49,887,137,100.00) | 16,200,000,000.00 | 114,680,900.00 | 14,519,099,100.00 |
| 1420500 State of K&R-E Shires | 5,416,000,000.00 | 24,416,000,000.00 | (18,816,000,000.00) | 24,416,000,000.00 | 24,301,310,000.00 | 114,680,000.00 | 24,416,000,000.00 | 114,680,000.00 | 0.00 |
| 1420600 State of K&R-E Shires | 698,738,367.00 | 1,169,372,225.00 | (470,633,858.00) | 1,169,372,225.00 | 913,316,827.00 | 256,055,403.00 | 1,169,372,225.00 | 1,169,372,225.00 | 0.00 |
| 1420701 Grants of interest (K&R-E), Others | 540,270,000.00 | 819,099,348.00 | (278,829,348.00) | 819,099,348.00 | 622,000,000.00 | 197,099,348.00 | 819,099,348.00 | 622,000,000.00 | 197,099,348.00 |
| 1420702 Major duties licences | 443,317,223.00 | 3,091,807.00 | (440,226,916.00) | 3,091,807.00 | 0.00 | 0.00 | 3,091,807.00 | 0.00 | 3,091,807.00 |
| 1420703 Other land revenue | 636,378,000.00 | 1,625,324,000.00 | (988,946.00) | 1,625,324,000.00 | 1,450,000,000.00 | 175,324,000.00 | 1,625,324,000.00 | 1,450,000,000.00 | 175,324,000.00 |
| 1420704 Land acquisition and cash fees | 12,978,319.00 | 5,482,988.00 | (7,495,331.00) | 5,482,988.00 | 14,517,725.00 | (9,034,737.00) | 5,482,988.00 | 0.00 | 5,482,988.00 |
| 1420705 Sale of freehold interests in land | 406,000,000.00 | 265,000,000.00 | 141,000,000.00 | 265,000,000.00 | 158,512,084.00 | 106,487,916.00 | 265,000,000.00 | 158,512,084.00 | 106,487,916.00 |
| 1420706 Profits, penalties and forfeitures and other charges | 2,913,000,000.00 | 6,415,000,000.00 | (3,502,000,000.00) | 6,415,000,000.00 | 14,517,000,000.00 | (8,099,000,000.00) | 6,415,000,000.00 | 15,551,231,390.40 | (9,136,231,390.40) |
| 1450100 Financial assets and liabilities | 622,382,968.00 | 622,382,968.00 | 0.00 | 622,382,968.00 | 622,382,968.00 | 0.00 | 622,382,968.00 | 622,382,968.00 | 0.00 |
| 4510100 Loans to non-financial public enterprises | 5,607,117.00 | 5,607,117.00 | 0.00 | 5,607,117.00 | 708,564,701.00 | (66,117,518.00) | 5,607,117.00 | 708,564,701.00 | (66,117,518.00) |
| 4510200 Loans to financial institutions | 33,959,000,000.00 | 34,000,000,000.00 | (41,000,000.00) | 34,000,000,000.00 | 34,000,000,000.00 | 47,891,000,000.00 | 34,000,000,000.00 | 34,000,000,000.00 | 47,891,000,000.00 |
| 5110200 Net domestic borrowing(C&R) | 532,372,652,070.00 | 558,439,999,999.00 | (36,067,317,929.00) | 558,439,999,999.00 | 494,373,368,021.00 | 64,066,631,978.00 | 558,439,999,999.00 | 516,108,407,205.15 | 42,331,592,793.85 |
| | | | | | | | | | 6,101,751.75 |
| | | | | | | | | | 42,323,491,042.10 |

Table using revised estimates

| TABLE1: 2007/2008 FINANCIAL YEAR REVENUE ACCOUNTS
VARIANCE ANALYSIS. | | | | | |
|---|--|------------------------------|-----------------------|----------------------|----------------------------|
| Item | Details | Original Estimates
(Ksh.) | Min. Actual
(Ksh.) | A-G Actual
(Ksh.) | Min- AG Variance
(Ksh.) |
| | Opening Balance | - | - | 8,101,751.75 | |
| 1110000 | Taxes on Income, Profits and Capital Gains | | | | |
| 1110100 | Income Tax from Individual (PAYE) | 71,816,000,000.00 | 85,953,000,000.00 | 81,680,929,230.20 | 4,272,070,769.80 |
| 1110200 | Income Tax from Corporations(Other Income Tax) | 72,340,000,000.00 | 79,125,000,000.00 | 86,695,983,472.40 | (7,570,983,472.40) |
| 1110300 | Withholding Tax | 17,298,507,856.00 | - | - | - |
| | Gross Income Tax. | 161,454,507,856.00 | 165,078,000,000.00 | 168,385,014,454.35 | (3,307,014,454.35) |
| 1110400 | Exemptions | - | - | - | - |
| 1110500 | Income Tax Share of LATF | - | 8,253,900,000.00 | - | 8,253,900,000.00 |
| | Total Taxes on Income, Profits and Capital Gains | 161,454,507,856.00 | 156,824,100,000.00 | 168,385,014,454.35 | (11,560,914,454.35) |
| 1130000 | Taxes on Propoerty | | | | |
| 1130100 | Immovable Property | 46,000,000.00 | 61,895,301.00 | - | 61,895,301.00 |
| 1130202 | Second Hand Motor Vehicle Purchase | 285,340,782.00 | 270,000,000.00 | - | 270,000,000.00 |
| | Total Taxes on Property. | 331,340,782.00 | 331,895,301.00 | - | 331,895,301.00 |
| 1140000 | Taxes on Goods and Services | | | | |
| 1140100 | VAT on domestic goods and services | 59,828,000,000.00 | 58,277,000,000.00 | 61,586,108,468.70 | (3,309,108,468.70) |
| 1140200 | VAT on Imported Goods and Service | 51,992,000,000.00 | 53,627,508,116.00 | 53,807,634,460.85 | (180,126,344.85) |
| | Total VAT. | 111,820,000,000.00 | 111,904,508,116.00 | 115,393,742,929.55 | (3,489,234,813.55) |
| 1140300 | Excise Taxes | 65,551,000,000.00 | 61,905,511,272.00 | 61,857,468,359.10 | 48,042,912.90 |
| 1140400 | Taxes on Specific Service | 15,261,633.00 | - | - | - |
| 1140500 | Fees on Use of goods and on Perm | 1,297,230,000.00 | - | - | - |
| | Lincenses Under Traffic Act | 944,230,000.00 | 70,000,000.00 | 1,880,336,872.75 | (1,810,336,872.75) |
| 1140600 | Royalties | 397,000,000.00 | 187,799,398.00 | 187,799,398.00 | - |
| 1140700 | Taxes on Goods and Services Collected as AIA | | | | |
| 1140703 | Petroleum Development Levy (PDL) | - | 1,204,000,000.00 | - | 1,204,000,000.00 |
| 1140704 | Road Maintenance Levy (RML) | - | 17,301,000,000.00 | - | 17,301,000,000.00 |
| 1140800 | Other Taxes on Goods and Services | 569,034,103.00 | 67,784,758.00 | - | 67,784,758.00 |
| | Total Excluding PDL and RML | 68,773,755,736.00 | 62,231,095,428.00 | 63,925,604,629.85 | (1,694,509,201.85) |