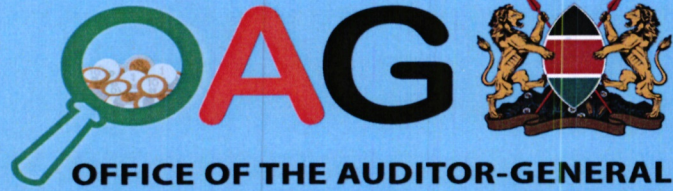


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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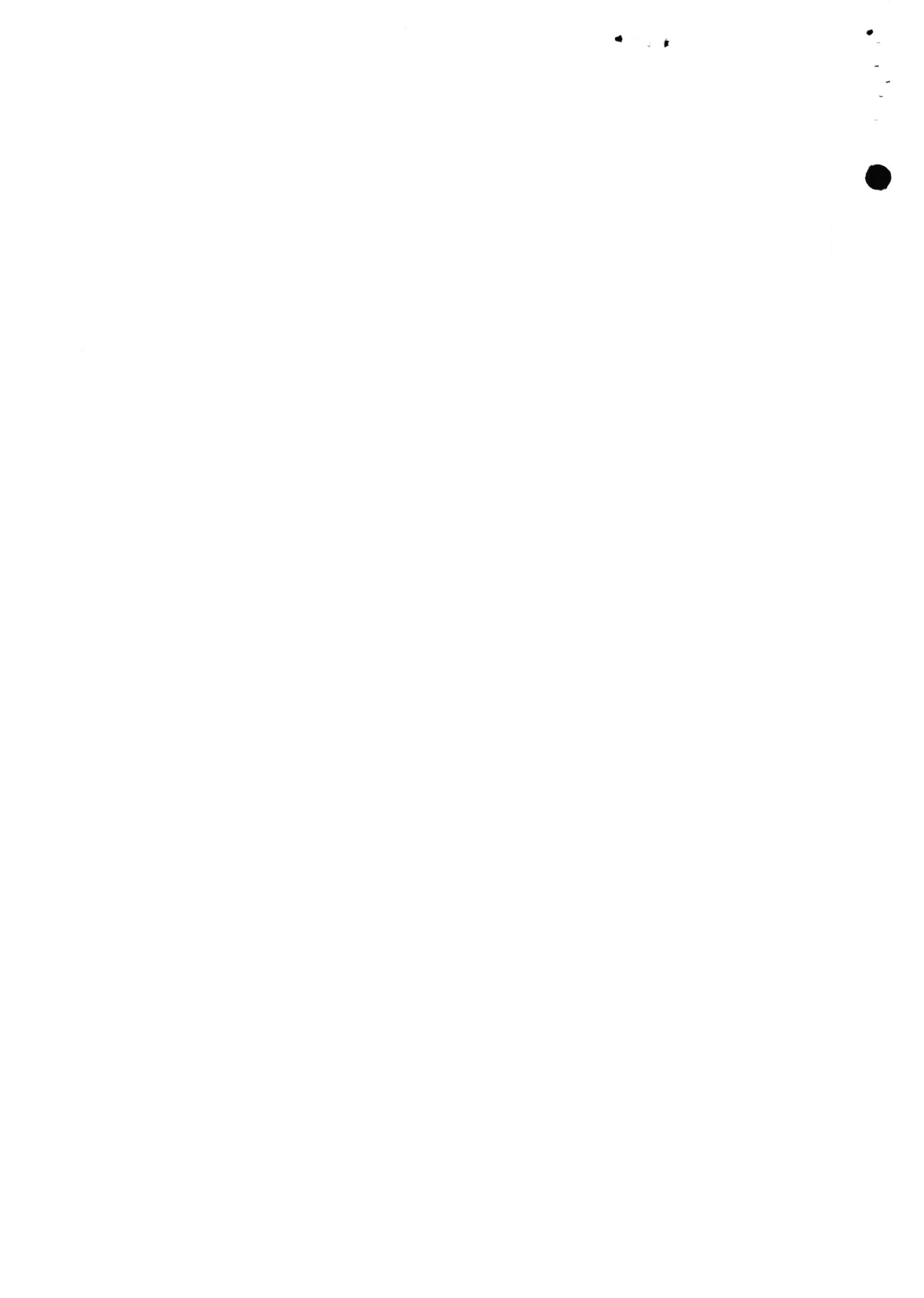
THE AUDITOR-GENERAL

ON

**REVENUE STATEMENTS – RECEIVER OF
REVENUE**

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

COUNTY GOVERNMENT OF MAKUENI





RECEIVER OF REVENUE
(County Government of Makueni)

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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



*Receiver of Revenue
County Government of Makueni
Revenue Statements for the Period Ended 30th June 2022*

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I. Key Entity Information and Management

(a) Background information

The revenue directorate is under the Department of Finance and Socio-economic Planning. At the County Executive Committee level, the receiver of revenue is represented by the County Executive Committee Member for Finance..., who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue was designated as a receiver on 28th February, 2020 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

(b) Principal activities

The receiver of revenue collects, accounts, reports and remits revenue to the County Revenue Fund (CRF), held at the Central Bank of Kenya.

(c) Key Management

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

- County Executive Committee Member for Finance – Damaris Kavoi
- Chief Officers, Planning, Budget and Revenue – Boniface Mutua
- Director/Receiver of Revenue – Stephen Thiong'o
- Head of Revenue Reporting - Elizabeth Mutheu

d) County Headquarters

County Headquarters Building
Off Wote-Makindu Highway
P.O. Box 78-90300
Makueni-Kenya

e) County Executive Contacts

Telephone: (254) 20 203 4944/2068236
E-mail: contact@makueni.go.ke
Website: www.makueni.go.ke

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f) Independent Auditors

Auditor General Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
NAIROBI, KENYA

g) Principal Legal Adviser

The Attorney General
State Law Office Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

h) County Executive Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank
Wote-Branch
3. Cooperative Bank of Kenya
Wote Branch

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I. Foreword by the CECM Finance and Economic Planning

Article 209 of the constitution gives powers to the county government to impose fees and charges to mobilize resources to finance her budget. Also section 109, of the PFMA 2012 assigns obligatory roles to the county treasury on matters relating to Revenue collection. Further the county, blue print 25 sets out strategic objectives geared towards empowering the Makueni county citizenry to be able to increase productivity and thereby enhance their economic wellbeing through saving and investment for wealth creation. The key drivers of this vision shall be informed by the county's ability to mobilize adequate resources and seeking strategic partnerships.

The county resources comprise of the equitable share, conditional allocations in form of either loans or grants and own source revenue. The county projected to generate Kshs 1,091,306,710 from own source revenue during the fiscal year which is 9.5% of the total projected revenue of Kshs 11,544,836,717 for the financial year 2021/2022. In absolute terms, the own source revenue realised was Kshs. 749,406,507 and in relative terms this comprised 69 per cent and 7.3 percent of the total own source revenue and total revenues realized respectively.

In summary, the revenue performance was as shown in table 1.

Table 1: Revenue Performance FY 2021/2022

Revenue source	Original Budget (kshs.)	Adjustments	Revenue Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Realization %
Equitable share from National Government	8,132,783,562	-	8,132,783,562	8,132,783,562	-	100%
County generated revenue	867,500,000	223,806,710	1,091,306,710	749,406,507	341,900,203	69%
Conditional Allocations	763,511,591	55,561,603	819,073,194	273,519,615	545,553,579	33%
Total OSR & Other Revenues FY 2021/22	9,763,795,153	279,368,313	10,043,163,466	9,155,709,685	887,453,781	91%
FY 2020/21 Reallocation Funds	-	1,501,673,251	1,501,673,251	2,382,846	1,499,290,405	0%
Total Budget Funding	9,763,795,153	1,781,041,564	11,544,836,717	9,158,092,530	2,386,744,187	79%



Damaris Kavoi

CECM Finance and Economic Planning

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County Government of Makueni

III. Management Discussion and Analysis

The constitution of Kenya empowers county governments to levy taxes, fines among other charges to finance its operations. However, Counties have continued to face challenges in meeting their targets. As part of the solution to this problem, Makueni County procured a revenue system in the FY 2017/2018 which saw the continuous improvement in revenue collection in the last five years as depicted table 1 and figure 1.

Table 2: Comparison of Revenue Targets and Actuals from FY 2016/2017 to FY 2021/2022

FINANCIAL YEAR	ESTIMATES	ACTUALS	VARIANCE	PERFORMANCE
	KSHS	KSHS	KSHS	%
2016/2017	330,000,000	219,073,418	110,926,582	66
2017/2018	600,000,000	322,104,226	277,895,774.30	54
2018/2019	758,190,000	511,702,072	246,487,928	68
2019/2020	655,235,126	465,939,456	189,295,670	71
2020/2021	1,093,000,000	527,527,341	565,472,659	48
2021/2022	1,091,306,710	749,406,507	341,900,203	69

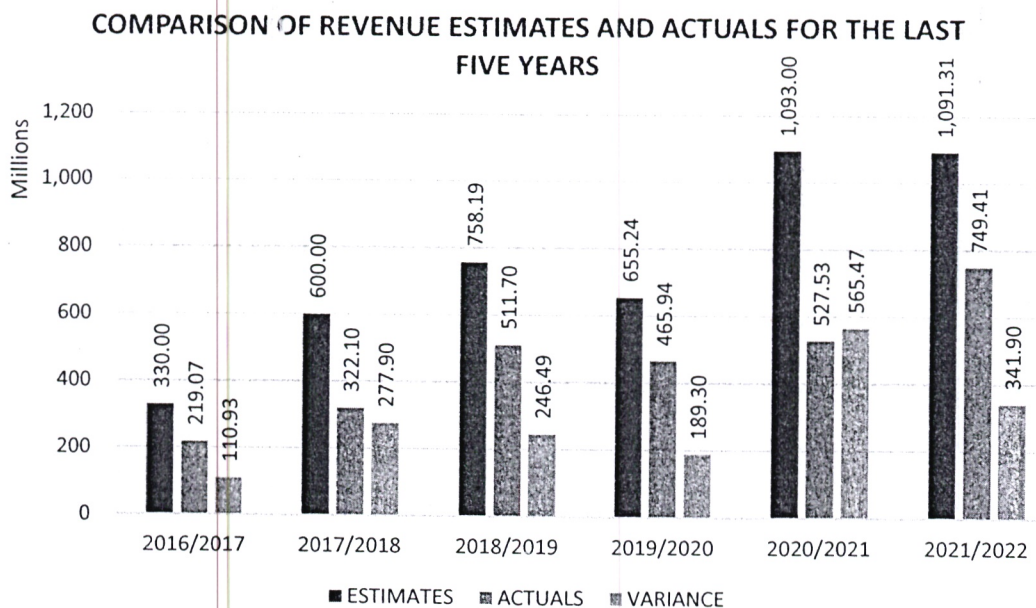


Figure 1: Comparison of Revenue Targets and Actuals from FY 2016/2017 to FY 2021/2022

The Revenue Directorate has had high staff turnover through natural attrition and new recruitment to replace the exiting staff. There has been 76 exiting staff through retirement from 2013 to date and 51 new recruitments in the same period. The county need to focus on continuous leveraging on technology in revenue management.

As part of staff development and retention the County continuously allocates finances for training of staff to ensure they are at par with the operational and professional requirement of their day to day operations. This is done through staff attending professional courses like, CPA courses and ICPAK trainings, group trainings in customer care and revenue enhancement strategic courses. In the FY 2021/2022, the County funded a group training of 60 revenue staff through KRA on strategies on revenue enhancement and other Staff in the reporting unit, attended ICPAK courses on financial reporting.

Makueni County comprises of 24 revenue collection administrative areas spread within the six administrative Sub Counties forease of operation. The revenue administrative areas are headed by revenue clerks who in turn report to Sub-County Receivers of Revenue.

Overtime, the county has been able to attract development partners funding in various capacities. The county has been funded by European Union, World Bank, who have funded capacity building activities and capital investments in the county.

IV. Statement of Performance against County Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity, shall prepare in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. The format includes a statement of the county government entity’s performance against predetermined objectives.

Strategic Development Objectives

The County’s 2018-2022 CIDP has identified five key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the National Government’s “Big Four”, SDGs and the MTP III. The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Makueni County’s 2018-2022 CIDP are:

CIDP overall goal ‘**Increased household income for sustainable livelihoods**’.

Below we present the progress made in attaining the objectives of the CIDP (2018 – 2022) for Makueni County.

1.	To increase productivity, addition and commercialization	agricultural value and	<ul style="list-style-type: none"> • Mango production increased from 274,741 MT to 337,730 MT • Green gram production increased by 14% and productivity increased from 2 bags per acre to 8 bags per acre • Dairy herd increased by 39% attributed to subsidized Artificial Insemination • Area under irrigation increased by 	The performance is attributed to prioritization of four (4) key value chains in the county; dairy, mango, poultry and green gram. The production is structured along the agro ecological zones.

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			28% from 5,448 Ha to 6,995 Ha	
2.	To increase availability and access to water		<ul style="list-style-type: none"> Households with access to improved water increased from 62,104 to 93,931 Households with access to piped water increased from 33,010 to 40,256 Proportion of households with access to improved sanitation increased from 56.4% to 85.3% The average distance to the nearest water point reduced from high of 8 km to 5 km during dry season and 3 km during wet season 	The improved access to water achieved through water harvesting initiative, (<i>kutwiikanyakiwu</i>) through construction of earth dams; sand dams; drilling of boreholes and extension of pipelines
3.	To enhance quality health care for all		<ul style="list-style-type: none"> Distance to the nearest health facilities reduced from 8km to average of 4.5 km Equipped all level IV health facilities with ICU equipment, theatre, X-ray and CT scan equipment NHIF uptake increased from 8% to 14% The proportion of children under one year fully immunized increased from 85% to 92% 	Continuous improvement of the health infrastructure, equipping and staffing has contributed to the achievements. Others include strengthening of the community health units and promotion of primary health care in the community.
4.	To economically empower youth, women and PWD		<ul style="list-style-type: none"> Annual sports tournaments for youth Developed 2 talent development centres Continuous training and capacity building of youth Youth employability programme reached over 16,318 youth Youth mentorship programme benefiting 14,619 youth Sexual and gender based violence – established gender based violence recovery centre, the cases reported and handled increased from 540 to 2,800 	Continuous advocacy, sensitization and awareness creation and collaboration with partners.
5.	To secure land tenure and urbanization		<ul style="list-style-type: none"> Developed and approved county spatial plan Issued over 100,000 title deeds Tree cover improved from 7.1% to 12.47% 	The initiatives implemented in collaboration with the national agencies World Bank Kenya Urban Support Programme (KUSP)

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		<ul style="list-style-type: none"> Established and operationalized Wote Municipality Urban infrastructure development in Wote Municipality – fresh produce market, bus park, Wote Green Park and Street/Market lighting 	
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Progress on attainment of Development Objectives from Annual Development Plan (*Adopted from Makueni County ADP*)

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Thematic Area: Water Resource Management				
Objective: To increase availability and access to water				
Water	To increase availability and access to safe water within 2 kms	Increased access to water	Proportion of HHs with access to potable water	44.2%
			Proportion of HHs in urban areas with access to piped water	16.5%
	To improve sanitation services in the county	Increased access to sanitation	No. of markets attended daily by cleaning agents	142
Thematic Area 2: Socio-Economic Development				
Objective:				
<ol style="list-style-type: none"> To enhance quality health care for all To economically empower youth, women and PWD 				
Health Services	To enhance access to preventive and promotive services	Improved maternal health	% of deliveries conducted by skilled personnel	88%

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			% of pregnant women attending at least 4 ANC visits	67%
		Child nutrition & Immunization	% of children under 1 year fully immunized	97%
			% of infants initiated to breastfeeding within first hour of birth	98%
			% of children 6-59 months supplemented with Vitamin A	79%
		Improved uptake of Reproductive Health services	% of Women in Reproductive Age practising modern Family planning services	54%
			Contraceptive prevalence rate	54%
Education	To enhance access to quality pre-primary education	Increased access to ECD	Enrolment for ECDE	Total – 35,842 Boys – 18,737 Girls – 17,105
	To enhance access to quality education and vocational training	Increased access and equity of students in tertiary education	Enrolment in CTTIs	Total – 4,698 Male – 2,842 Female – 1,856
Gender	To reduce economic and social deprivation among the vulnerable population	Improved social protection and livelihood of vulnerable groups	Number of students on full scholarship	Boys – 239 Girls – 21
		Increased access and utilization of special interest funds for women,	Total cumulative funds injected in the Tetheka Fund, Elderly	Kshs 4,163,124,500

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		youth and PWDs	Cash Transfer, OVC Cash Transfer, PWD Cash Transfer, Women Enterprise Fund and Uwezo Fund.	
Thematic Area: Lands and Urbanization				
Objective: To secure land tenure and urbanization				
Lands and urban development	To increase security of tenure through land survey	Enhanced land security and utilization	No. of land title deeds registered and issued	11,991
	To improve urban planning and infrastructural development	Improved county planning	No. of urban plans approved	10
Thematic Area: Community Economic Empowerment				
Objective: To increase agricultural productivity, value addition and commercialization				
Agriculture	To improve livestock and crop productivity	Increased value of livestock and livestock production	Quantity of milk produced	30,288,000. Litres
			No. of cattle inseminated	7,311 cattle
			Quantity of beef produced	2,662,090 Kgs
			% of HHs owning livestock	81.6%
			No. of eggs produced	35,564,010
Trade	To promote small scale businesses	Improved market access by traders	No. of registered business enterprises	6,481
	To revitalize the cooperative movement	Improved resource mobilization for investment in the county	No. of new cooperatives established	27
Thematic Area: Enablers				

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Objective: To strengthen the institutional capacity and capability for effective service delivery				
Macro	To accelerate economic growth	Reduced poverty levels	% of HHs below poverty level	34.8%
Road, Energy and Transport	To increase access to energy	Improved access to reliable energy	No. of new trading centres connected to electricity	9
			No of new households connected to electricity	19,542
	To enhance road network connectivity	Enhanced road network across the county	Kms of road gravelled	171.75
			Kms of roads opened	476.1

V. Statement of Receiver of Revenue's Responsibilities

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

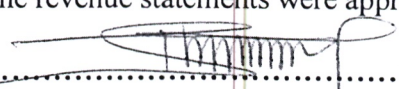
The Receiver of Revenue is responsible for the preparation and presentation of thereceiver of revenueaccount, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financialyear(period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,(ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the entity's receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS)and relevant legal framework of the Government of Kenya.The Receiver of Revenue is of the opinion that the entity's receiver of revenue account gives a true and fair view of the state of entity's receiver of revenue transactions during the financial year ended June 30, 2022, and of the entity's statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

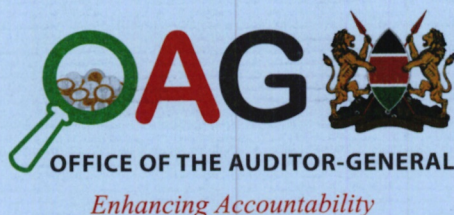
The Receiver of Revenue confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting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

Approval of the Revenue Statements

The revenue statements were approved and signed by the Receiver of Revenue on 21/02/2023


.....
Name: Stephen Thiong'o
County Receiver of Revenue
ICPAK Member Number: 18114

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS – RECEIVER OF REVENUE FOR THE YEAR ENDED 30 JUNE, 2022 – COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Opinion

I have audited the accompanying revenue statements of Receiver of Revenue – County Government of Makueni set out on pages 1 to 16, which comprise the statement of

Report of the Auditor-General on Revenue Statements – Receiver of Revenue for the year ended 30 June, 2022 – County Government of Makueni

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Shortfall in County Own Source Revenue

The statement of comparison of budget vs actual amounts reflects final approved budget and actual on comparable basis for county own source revenue of Kshs.1,091,306,710 and Kshs.749,406,507 resulting to under collection of Kshs.341,900,203 or 31%. The county Management did not demonstrate the measures being put in place to ensure prompt and full collection of own source revenue.

In the circumstances, the shortfall in collection of county own source revenue may hinder service delivery and implementation of earmarked projects and other county development plans.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue - County Government of Makueni ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using

the applicable basis of accounting unless the County Government either intends to liquidate the Receiver of Revenue - County Government of Makueni or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi


20 April, 2023

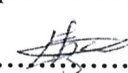
Receiver of Revenue
County Government of Makueni
Revenue Statements for the Period Ended 30th June 2022

VII. Statement of Receipts and Disbursements for the year ended 30th June 2022

County Own Source Revenue			
Cess	1	51,802,995	60,509,748
Single/Business Permits	2	129,297,699	137,520,500
Property Rent	3	11,899,035	12,932,570
Parking Fees	4	24,213,152	28,343,970
Market Fees	5	30,071,353	30,378,677
Advertising	6	13,861,690	8,922,600
Hospital Fees	7	350,150,674	157,124,503
Public Health Service Fees	8	19,273,400	13,306,000
Physical Planning and Development	9	17,042,710	21,046,131
Hire Of County Assets	10	3,182,695	3,084,384
Conservancy Administration	11	669,900	161,000
Administration Control Fees and Charges	12	39,145,213	18,963,593
Other Fines, Penalties, And Forfeiture Fees	13	389,830	
Miscellaneous receipts	14	58,406,161	35,233,665
Total County Own Source Revenue		749,406,507	527,527,341
Other Receipts			
Donations/Grants Not Received Through CRF			
Total Other Receipts		0	0
Total Receipts		749,406,507	527,527,341
Add: Balance b/f at the beginning of the year		2,633,462	2,755,398
Less: Amounts retained by hospital in form of AIA		(350,150,672)	143,430,159
Less: Amounts retained by Sand Authority in form of AIA		(24,513,581)	
Less: Disbursements To CRF		(369,187,633)	384,218,118
Balance Due for Disbursement		8,188,084	2,633,462

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 21/02/2023 and signed by:


Name: Stephen Thiong'o
County Receiver of Revenue
ICPAK Member Number: 18114

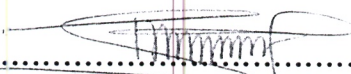

Name: Elizabeth Daniel
Head of Revenue Reporting


Receiver of Revenue
 County Government of Makueni
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VIII. Statement of Financial Assets and Liabilities AsAt 30th June 2022

Financial Assets			
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	15	8,188,084	2,633,462
Total Financial Assets		8,188,084	2,633,462
Financial Liabilities			
Payables-Due to CRF	16	8,188,084	2,633,462
Total Financial Liabilities		8,188,084	2,633,462

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21/02 2022 and signed by:


 Name: Stephen Thiong'o
 County Receiver of Revenue
 ICPAK Member Number: 18114


 Name: Elizabeth Daniel
 Head of Revenue Reporting

Receiver of Revenue
 County Government of Makueni
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IX. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2022


County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Cess	99,500,000		99,500,000	51,802,995	47,697,005	52
Single/Business Permits	140,100,000		140,100,000	129,297,699	10,802,301	92
Property Rent	109,200,000		109,200,000	11,899,035	97,300,965	11
Parking Fees	35,000,000	4,500,000	39,500,000	24,213,152	15,286,848	61
Market Fees	40,000,000	10,000,000	50,000,000	30,071,353	19,928,647	60
Advertising	15,000,000	5,000,000	20,000,000	13,861,690	6,138,310	69
Hospital Fees	190,000,000	90,000,000	280,000,000	350,150,674	(70,150,674)	125
Public Health Service Fees	70,000,000		70,000,000	19,273,400	50,726,600	28
Physical Planning and Development	20,000,000	6,156,710	26,156,710	17,042,710	9,114,000	65
Hire Of County Assets	7,200,000		7,200,000	3,182,695	4,017,305	44
Conservancy Administration	7,000,000		7,000,000	669,900	6,330,100	10
Administration Control Fees and Charges	61,700,000	5,000,000	66,700,000	39,145,213	27,554,787	59
Other Fines, - penalties, & Forfeiture Fees				389,830	(389,830)	
Miscellaneous Receipts	72,800,000	103,150,000	175,950,000	58,406,161	117,543,839	33
Total County Own Source Revenue	867,500,000	223,806,710	1,091,306,710	749,406,507	341,900,203	69
Other Receipts						
Donations /Grants Not Received Through CRF						


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Total Other Receipts						
Total Receipts	867,500,000	223,806,710	1,091,306,710	749,406,507	341,900,203	69

- (a) Makueni county has not received adequate rainfalls for the last two years hence under performance of many of the streams
- (b) The economy has not fully recovered from the Covid 19 effects
- (c) The county Health department automated its revenue system and went cashless hence the over realization
- (d) The OSR increased by 26 percent from Kshs 867,500,000 to Kshs1,091,306,710 in the revised revenue estimates. The adjustments from the original to the revised was occasioned by change in projected revenues from the various revenue streams. This subsequently resulted to an increase in the expected objectives and outputs in the budget. By closure of the Financial Year, the county managed to mobilise 68.7 percent of budgeted revenues which is an improvement from 51 percent recorded in FY 2020/21. The under collection was mainly due to underperformance in key revenue streams such as land rates. The county had planned to mobilise much of the revenues from land rates. However due to challenges in implementation of the policies the performance was off target by 94 percent.

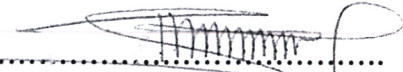
The County Receiver of revenue's financial statements were approved on 21/02/2023 and signed by:

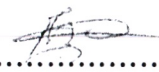

 Name: Stephen Thiong'o
 County Receiver of Revenue
 ICPAK Member Number: 18114


 Name: Elizabeth Daniel
 Head of Revenue Reporting

X. Statement of Arrears of Revenue as at 30th June 2022

Statement of Arrears of Revenue as at 30 th June 2022						
Property Rent	205,270,113	6,462,285	13,196,711	212,004,538	Implementation of valuation roll as a performance contract target	40%
Total Arrears	205,270,113	6,462,285	13,196,711	212,004,538		


Name: Stephen Thiong'o
Ag. County Receiver of Revenue
ICPAK Member Number: 18114


Name: Elizabeth Daniel
Head of Revenue Reporting

An ageing analysis of revenue in arrears has been shown on note 17 of the financial statements.

XI. Notes to the Financial Statements

Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 23rd June 2021 for the period 1st July 2021 to 30th June 2022 as required by law. In the year two supplementary budgets were processed and approved. Supplementary Budget (1) was approved on 5th October 2021 whereas Supplementary Budget (2) was approved on 5th May 2022. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

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

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year.

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2022.

Receiver of Revenue
County Government of Makueni
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

1. Cess

Farm produce		13,032,577	16,790,897
Quarrying		1,923,635	1,304,001
Livestock		3,705,045	4,237,650
Others (<i>Sand Authority</i>)		33,141,738	38,177,200
Total		51,802,995	60,509,748

2. Single /Business Permits

Business permit application fees			
Annual Business permit fees		129,103,310	135,702,000
Business permit penalties and interest		194,389	1,818,500
Total		129,297,699	137,520,500

3. Property Rent

County Housing			
Plot Rent		6,462,285	6,331,420
Stalls rent		781,400	1,940,650
Others(<i>Kiosks Renewal</i>)		4,655,350	4,660,500
Total		11,899,035	12,932,570

*Receiver of Revenue
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Revenue Statements for the Period Ended 30th June 2022*

Notes to the Financial Statements (Continued)

4. Parking Fees

Monthly toll/sticker fees		336,000	
Registration fees		1,588,200	2,781,340
Bus Park fees		22,288,952	25,562,630
Total		24,213,152	28,343,970

5. Market Fees

Market entry fees		22,788,801	23,709,924
Others (Stock market fees)		7,282,552	6,668,753
Total		30,071,353	30,378,677

6. Advertising

Branding		380,500	
Billboard advertising		11,670,190	8,723,700
others (<i>Masts</i>)		1,811,000	198,900
Total		13,861,690	8,922,600

*Receiver of Revenue
County Government of Makeni
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Notes to the Financial Statements (Continued)

7. Hospital Fees

Level 5 hospitals			
11 Hospitals Level 4		350,150,673.58	157,124,503.05
Total		350,150,673.58	157,124,503.05

8. Public Health Service Fees

Public health permit		19,273,400	13,306,000
Total		19,273,400	13,306,000

9. Physical Planning and Development

Change / Renewal of user		2,685,000	
Building plans approval		14,357,710.35	21,046,131
Total		17,042,710.35	21,046,131

10. Hire of County Assets

Agricultural Mechanisation Services (AMS)		585,590	677,600
Hire of County Halls		471,450	209,940
Conference facilities/Agricultural Training Centers (ATC)		2,125,655	2,196,844
Total		3,182,695	3,084,384

Receiver of Revenue
County Government of Makueni
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

11. Conservancy Administration

	2021/22	2020/21
Noise control	469,900	-
Others (Mineral prospecting fee)	200,000	161,000
Total	669,900	161,000

12. Administration Control Fees and Charges

	2021/22	2020/21
Weights and measures	1,490,013	1,357,053
Fire Services	442,800	249,200
Liquor licenses	3 7,212,400	17,357,340
Total	39,145,213	18,963,593

13. Other Fines, Penalties and Forfeitures

	2021/22	2020/21
Impounding Fees	107,635	-
Towing Fees	24,000	-
Others (General Penalties)	258,195	-
Total	389,830	-

14. Miscellaneous Receipts

	2021/22	2020/21
Others -Cooperative Audit Fee	54,750	234,490
-Makueni Processing Plant	36,173,135	28,174,180
-Communication Information Centre	204,950	103,500
-Veterinary Services fee	7,288,620	6,721,495
-Direct Credits	14,684,706	-
Total	58,406,161	35,233,665

*Receiver of Revenue
County Government of Makueni
Revenue Statements for the Period Ended 30th June 2022*

Notes to the Financial Statements (Continued)

15. Bank Balances

KCB Makueni County Revenue Account-114075719	7,119,142	-	7,119,142	2,246,590
KCB Directorate of Cooperatives Account-1168389127	271,062,00	-	271,062	216,312
KCB Makueni County Demonstration Revenue collection Account- 1169183565	797,880	-	797,880	170,560
Total	8,188,084	-	8,188,084	2,633,462

16. Payables- Due to CRF

Balance b/f at the beginning of the year		2,633,462	2,755,398
Amount collected during the year		366,899,434	356,625,052
Direct deposit from Sand Authority		7,842,821	27,471,130
Amounts disbursed to CRF during the year		369,187,633	384,218,118
Balance c/d at the end of the year		8,188,084	2,633,462

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year. The amount should be supported by the bank balances as per note 16 above.


17. Ageing Analysis of Revenue in Arrears

Property rent	-	13,196,711	-	198,807,828	212,004,538
Total	-	13,196,711	-	198,807,828	212,004,538

**Receiver of Revenue
County Government of Makeni
Revenue Statements for the Period Ended 30th June 2022**

XII. Appendices

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



1	Bar owners within the County	2021/2022	Half of invoice rate=Kshs 32,500,000	-COVID-19 Effecting operating hours	Schedule 4 of the Alcoholic Drinks control act 2010. -PFM Act 2012
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**Name: Stephen Thiong'o
County Receiver of Revenue
ICPAK Member Number: 18114
Date 21/02/2023**

Appendix 2: Progress on follow up of prior Year Auditor recommendations

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

BASIS FOR QUALIFIED OPINION				
1.	Variances Between Financial Statements and IFMIS Balances	The variance relate to funds transferred to County Assembly .The County Assembly IFMIS is not integrated with County Executive IFMIS and thus therefore County Executive IFMIS cannot reflect County Assembly IFMIS transactions	Not resolved	2022
2.	Expenditure on Stalled Project- Kamunyolo Water Earth Dam.	Delay in completion of the project was due to power connection challenges. This was later resolved and the project has since been completed.	Not resolved	2022
3.	Inaccuracies in Acquisition of Non-Financial Assets	Exclusion of Intangible assets in Annex 4 of the Financial Statements	Not Resolved	2022
EMPASIS OF MATTER				
1.	Failure to Meet Targets in County Executive's Own Generated Receipts	The county treasury has put in place various strategies to improve revenue collection during the 2019/20 financial year	Not Resolved	2022
2.	Delayed Exchequer Receipts	The release of Exchequer funds is within the domain of the National Treasury. The County Government would appreciate interventions geared towards timely and regular	Not resolved	2022

Receiver of Revenue
 County Government of Makueni
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		disbursement of funds to the counties.		
LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.	Unremitted Retirement Benefits Contributions	The outstanding debt relate to bills accrued by the Defunct Local Authorities The County Government has not yet received the documents from the defunct Local Authorities to subject the Liabilities to Audit review as per the recommendation of the IGRTS report and thus could not proceed to make arrangements to settle the bills.	Not Resolved	2022
2.	Failure to adhere to Personnel Emoluments Expenditure threshold.	the increased wage bill due to a number of factors such as Inherited workforce from the devolved functions, revision of house and hardship allowances etc.	Not Resolved	2022
3.	Non Compliance with Law on Ethnic Diversity in Employment	The Board in its advertisement encourages applications from all qualified candidates across the country however sometimes the adverts do not attract competitive applicants from other Counties	Not Resolved	2022
4.	Delayed Implementation of twenty-seven (27) solar powered high mast flood lights	The project was not completed during the audit period due to unforeseen circumstances the way forward was to extend the contract with 8 weeks up to 16th September 2021. The project has since been completed	Not resolved	2022

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5.	Extension of Contract Period without approval	Delay in Land acquisition for intake construction and Grid power connection delayed the project implementation. The contractor requested for Extension and approval for the same was granted.	Not resolved	2022
6.	Irregular Payment to Council of Governors	The Council of Governors made a resolution and provided the minutes to County Governments indicating the amounts to be contributed by each County Government.	Not resolved	2022
EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1	Weak internal controls for compensation of employees	Action strategy and process improvements have been developed to diminish the manual payroll. This office has continually requested for allocation of payroll numbers to eligible staff and integrated the employees to the IPPD system.	Not Resolved	2022

Bonif

Name: Boniface Mutua

Chief Officer: Finance and Planning

Date 21/02/2023

Appendix 3 - Reports Generated from IFMIS

The following Financial Reports generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. GOK Miscellaneous Receipts Register
- iii. FO30 (Bank reconciliations) for all bank accounts

