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REPORT

OF

THE AUDITOR-GENERAL

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ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI



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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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COUNTY REVENUE FUND

County Government of Makueni

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

*County Government of Makueni
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2025*

	Page No.
Table of contents	
1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. Statement by the CECM Finance	vi
4. Management Discussion and Analysis	xi
5. Overview of the County Revenue Fund Operations	xvi
6. Statement of Management Responsibility	xvii
7. Report of the Independent Auditor for the Year ended 30 th June 2025	xviii
8. Statement of Financial Performance for the year ended 30 June 2025.....	1
9. Statement of Financial Position as at 30 th June 2025.....	2
10. Statement of Changes in Net Assets for the year ended 30 June 2025.....	3
11. Statement of Cash Flows for the year ended 30 June 2025	4
12. Statement of Comparison of Budget Actual Amounts for the Year Ended 30 th June, 20-	5
13. Notes to the Financial Statements.....	6
14. Appendices	18

1. Acronyms and Definition of Key Terms

a. Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CE	County Executive
CECM	County Executive Committee Member
CG	County Government
CIDP	County Integrated Development Plan
COG	Council of Governors
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
KRB	Kenya Roads Board
Kshs	Kenya Shillings
MCA	Member of County Assembly
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
WB	World Bank

b. Definition of Key Terms

Fiduciary Management:	The key management personnel who had financial responsibility
Comparative Year	Prior period.
Current year	Reporting period

2. Key Entity Information and Management

a) Background information

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

b) Key Management Team

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

No.	Designation	Name
1.	CECM- Finance, Planning, Budget and Revenue	Damaris Kavoi
2.	Accounting Officer in charge of Financial Services	John Nguni
3.	Accounting Officer in charge of Socio-Economic Planning, Budget, Revenue, Monitoring and Evaluation	Boniface Musyoki
4.	Ag. Director Financial Accounting Services	Sylvia Mbevi

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM- Finance, Planning, Budget and Revenue	Damaris Kavoi
2.	Accounting Officer in charge of Financial Services	John Nguni
3.	Accounting Officer in charge of Socio-Economic Planning, Budget, Revenue, Monitoring and Evaluation	Boniface Musyoki
4.	Director Accounting Services	Sylvia Mbevi

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering;

- **Makueni County Assembly-** Performed its mandate in legislation and oversight arrangements to the County Executive through assembly business and different committees like approval of annual/supplementary budgets and Appropriation Bills/Acts, review and

recommendations of Auditor General reports on reports and financial statements, oversight of county projects, review and recommendations of periodic reports and financial statements, adoption of various reports amongst others.

- **Office of Controller of Budget (OCOB)**- Provided the required guidelines in budget execution, processed and approved fund requisitions and provided oversight in budget implementation.
- **The National Treasury (TNT)**- Processed exchequer funds, provided technical support especially on IFMIS, capacity training on e-GP and issued circulars to guide on the new quarterly accrual-based financial reporting templates and end of year procedures.
- **Public Sector Accounting Standards Board (PSASB)**- Developed and disseminated the Annual and quarterly accrual- based financial reporting templates, trained on the Cash-Accrual transition.
- **Commission on Revenue Allocation (CRA)**- The institution provided support in revenue allocation through recommendation on the Basis for Equitable Sharing of Revenue between the National and County Governments and highlight on the fourth basis for revenue sharing, assisting counties in developing their Tariffs and Pricing Policies and other recommendations concerning county government financing and financial management like recurrent expenditure budget ceilings to enable deliver essential services within the confines of the allocated budgets, given Kenya's prevailing challenges including inflation, the escalating cost of living and the unique requirements of specific regions.
- **Office of the Auditor General**- Carried out the FY 2023/24 financial audit and FY 2024/25 compliance audit to check and report on the prudent use of resources entrusted to the Makueni County Executive.
- **Development Partners**- They provided both funding and technical support to the development, implementation and monitoring of country-owned sector policies and strategies through the national government inform of conditional grants during the quarter.
- **Makueni County Audit Committee**- It reviewed the internal audit reports and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations to ensure proper public financial management.

e) County Headquarters

P.O. Box 78-90300
Office of the Governor Building
Off Wote-Makindu Road
WOTE – MAKUENI, KENYA

f) County Executive Contacts

Telephone: 020-2477000 | 0795717885 | 0780717885
E-mail: info@makueni.go.ke
Website: www.makueni.go.ke

g) County Bankers

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

h) Independent Auditor

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

i) Principal Legal Adviser

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

j) County Attorney

P.O. Box 78-90300
Office of the Governor Building
Off Wote-Makindu Road
WOTE – MAKUENI, KENYA

3. Statement by the CECM Finance

Pursuant to Section 164 of the Public Finance Management Act, 2012 an Accounting Officer for a County Government entity shall prepare Financial Statements in respect of the entity in formats prescribed by the Public Sector Accounting Standards Board. Section 164(4) of the PFM Act, 2012 requires that this report and statements are submitted to the Auditor General and copies delivered to The National Treasury, Controller of Budget and Commission for Revenue Allocation within three months after the end of each Financial Year.

The attached Financial Statements have been prepared in line with the requirements of the PFM Act 2012 and present a true and fair view of the state of affairs of the County Revenue Fund for the Twelve-Month period ending June 30, 2025.

a) Economic Outlook

According to Article 202 of the Constitution, revenues raised Nationally need to be shared equitably between National and County Governments to ensure that both levels of Government can perform their functions and that Kenyan citizens get the most out of public resources. The largest share of County revenue is collected at the National level and transferred to County Governments as inter-governmental fiscal transfers or the exchequer releases.

These transfers take the form of unconditional grants; that can be used to fund the general administration of the County Government and the performance of its functions which majorly is the equitable share, and conditional grants; used for a very specific purpose. These transfers are designed to fill the fiscal gap that is the difference between the revenue raising powers and expenditure responsibilities of Counties.

The County prepared budget projections for the financial year (FY) covering a period from 1st July 2024 to 30th June 2025 based on projections on the Equitable Share (the dominant source of revenue to the County), Conditional grants & development partners, Own Source Revenue and miscellaneous deposits. The County budgeted a total of Kshs. 11.58 billion in the FY 2024/25, with Kshs. 8.50 billion as equitable share, Kshs. 607.28 million as receipts from conditional grants & donors, Kshs. 1.50 billion from Own Source Revenue (OSR) and 1.01 billion from reallocation budget in the approved supplementary budgets.

The FY 2025/26 revenues are projected to be Kshs. 11.54 billion, with Kshs. 8.87 billion as equitable share, 1.18 billion as conditional allocations, grants and donor funds and 1.50 billion from Own Source Revenue.

b) Measures to Enhance Revenue Generation

The County Government of Makueni (CGM) is committed to ensuring that the revenue projections made at the beginning of each financial year are achieved. To this end, various measures have been instituted to enhance resource mobilization and guarantee the delivery of the envisaged development outcomes in the medium term.

At the national level, the Government of Kenya has continued to release all the expected exchequer funds, though at times disbursements have been delayed. The County has strengthened collaboration with the National Treasury to ensure timely exchequer releases so as to avoid service delivery interruptions. In addition, CGM continues to engage the National Government for additional funding through conditional allocations, loans, and grants, despite the fluctuations experienced over the years.

On external resource mobilization, the County has prioritized building the capacity of Sector Working Groups (SWGs) to develop funding proposals targeted at development partners. Periodic investment conferences and symposiums are also being organized to bring together stakeholders and potential partners in various sectors.

Domestically, the County has continued to implement revenue enhancement strategies which include:

- Leveraging on Technology for data and evidence based revenue mobilization including auto billing and e-permits. Through these interventions, the County aims to sustain and improve revenue performance to support service delivery and development programs.
- Restructuring the billing regime by introducing unified bill to ensure all related businesses activities for a single client is billed once. This will enhance efficiency in billing and consolidation of expected revenues from businesses and establishments within the county.
- Restructuring revenue administration from geographical approach to functional approach.

- Embracing data driven revenue mobilization by undertaking census of business establishments in the county to inform revenue forecasting.
- Introduction of full cashless payment for all revenue streams.
- Strengthening supervision and instituting regular rotation of staff.
- Identify, register and bill un-registered plot owners for payment of rates and regularize on-going developments that are not compliant.
- Sensitization of revenue payers on the importance of voluntary compliance.
- Training officers involved in revenue collection on customer handling and negotiation skills that will promote effective performance of their duties.

c) Revenue Performance

In the FY 2024/25, CRF received a total of Kshs 10.06 billion representing 87% of the anticipated revenues. Equitable share funds were received at 100%, Conditional Allocation funds at 53%, County Own generated receipts received into the CRF at 34% and Reallocation funds at 75% as shown in the table below.

Table: FY 2024/2025 CRF Receipts

Revenue Source	FY 2024/25 Approved Budget Estimates (1)	FY 2024/25 Approved Sup. Budget (2) Estimates	Actuals as of June 30, 2025	Balance	Perform ance (%)
Equitable Share	8,762,816,136	8,497,308,272	8,497,308,448	(176)	100%
Conditional Allocations, Loans and Grants	990,048,872	607,277,601	319,989,343	287,288,258	53%
County Own Generated Revenue	1,471,433,323	1,471,433,323	498,800,664	972,632,659	34%
FY 2023/24 Reallocation Funds	1,004,193,182	1,004,193,182	750,292,082	253,901,101	75%
Total	12,228,491,513	11,580,212,378	10,066,390,537	1,513,821,841	87%

The under collection on the Conditional allocation, Loans and grants was mainly due to non-remittance of Kshs. 113.7 million Community Health Promoters (CHPs) project funds from National Government Revenue not received in CRF and other grants/donor funds not received as disclosed in **Annex 5** of the financial statements.

The underperformance of OSR was occasioned by hospital AIA funds not received in the CRF account as well as shortfall in other OSR streams.

In the period under review, the revenue received into the CRF Account comprised mainly of Equitable Share amounting to Kshs. 8.50 billion (84%), with Conditional Allocations, Loans and Grants amounting to Kshs. 319.98 million (3%). In addition, CRF Reallocation Funds, which included the fund balance brought forward and FY 2023/24 returns to CRF, totalled Kshs. 750.29 million (8%), while County Own Source Revenue amounted to Kshs. 498.80 million (5%) of the total inflows.

This is as depicted in the chart below;

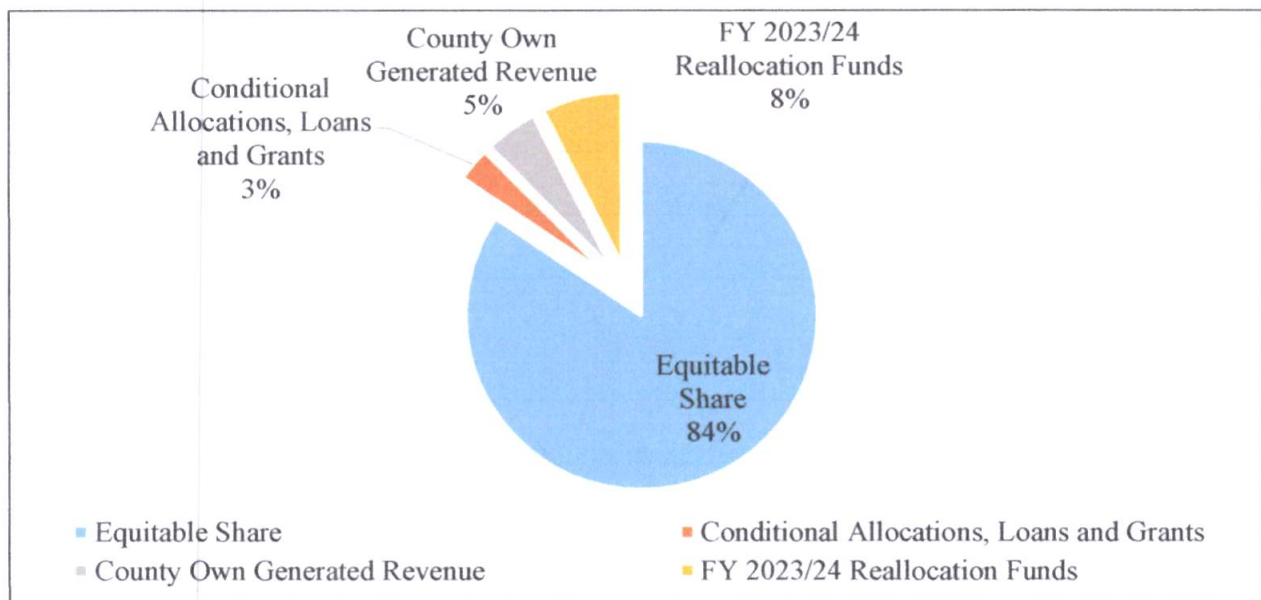


Figure: CRF receipts by source

d) Transfers from County Revenue Fund

During the period, transfers from the County Exchequer Account amounted to Kshs. 9.51 billion (82% of the Annual Budget). Transfers to the County Executive amounted to Kshs. 8.67 billion (81% of budget) & Kshs. 835.33 million (100% of budget) as transfers to the County Assembly. The exchequer account (CRF) had an opening fund balance of Kshs. 731.98 million. A summary of the fund transfers to County Executive and assembly is represented below;

Table: CRF Transfers Summary; County Executive and County Assembly

Entity	FY 2024/25 Approved Budget Estimates (1)	Transfers	%of Budget	%of total transfers
County Executive	10,742,471,512	8,674,598,107	81%	91%
County Assembly	837,740,866	835,333,568	100%	9%
Total	11,580,212,378	9,509,931,675	82%	100%

The transfers to County Executive represented 91% while to County Assembly 9% pf the total transfers as visualised in the figure below;

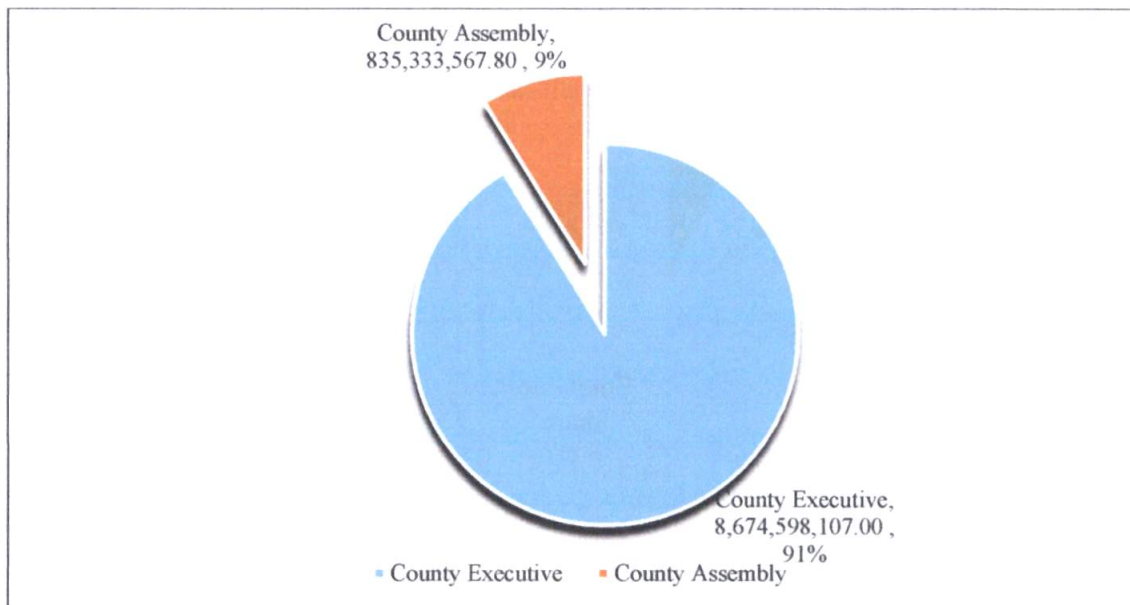


Figure: Transfers from CRF

All transfers from the County Revenue Account are subject to fund requisitions approvals by the Office of Controller of Budget (OCOB).

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CPA Damaris Mumo Kavoi
CECM - Finance, Planning, Budget & Revenue and Head of County Treasury
County Government of Makueni

4. Management Discussion and Analysis

During the reporting period, the County Revenue Fund (CRF) continued to serve as the primary account for receiving, holding, and disbursing public resources in line with the Public Finance Management Act.

a) Operational Performance

Operationally, the Fund performed satisfactorily, with steady inflows from the National Government and own revenue sources.

The Equitable Share was fully disbursed during the year, albeit with intermittent delays in monthly and quarterly exchequer releases. These delays posed challenges to timely implementation of planned activities and service delivery. To mitigate this, the County strengthened its engagement with the National Treasury to push for predictable transfers and enhance cash flow planning.

On Own Source Revenue (OSR), performance remained modest but showed gradual improvement. The County rolled out cashless collection platforms, strengthened surveillance and enforcement, and broadened its revenue base by diversifying revenue streams. Public sensitization efforts also contributed to improved willingness by residents to pay fees and charges.

The OSR streams under collection remained a serious challenge to the operations of the County. Out of Kshs. 1.29 billion recorded as County Government's OSR receipts, only Kshs. 498.80 million were from the local streams representing 39% of the total OSR and 34% of OSR annual estimates. The other component being AIA Hospital fees and which is not transferred to CRF account

The chart below depicts the operations of OSR collections transferred into CRF account over the last five (5) years.

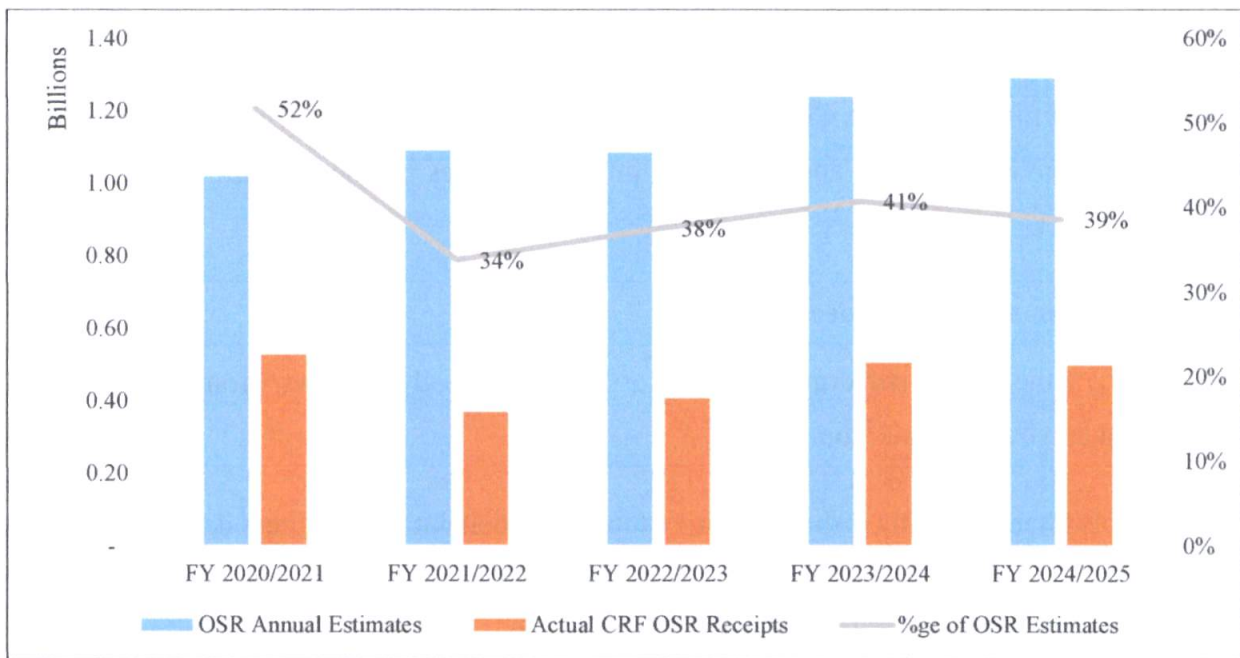


Figure: OSR transfers to CRF five-year trend

The County further engaged development partners and the National Government for conditional allocations, loans, and grants, though these remained relatively small and fluctuated compared to budgeted levels.

Table: Overall FY 2024/25 CRF Receipts

Item	Amount (Kshs. Million)	% of Total	Discussion
Equitable Share	8,497.31	84%	Main funding source; reliance remains high, underscoring limited fiscal autonomy.
Conditional Allocations/Loans/Grants	319.99	3%	Fluctuations observed; need for stronger engagement with National Gov't & partners.
CRF Reallocation Funds	750.29	7%	Includes brought-forward balances and returns; reflects prudent fiscal management.
Own Source Revenue (OSR)	498.80	5%	Performance improving but still below potential; requiring enforcement and diversification
Total Revenue	10,066.39	100%	—

Overall, the Fund's operational performance was positive, with enhanced governance and compliance measures, improved budget absorption, and gradual strengthening of resource mobilization strategies.

b) Financial Performance

Over the last five financial years, the County Revenue Fund has remained heavily reliant on the Equitable Share from the National Treasury, which consistently accounts for more than 80% of total revenues. While Own Source Revenue (OSR) has shown a gradual upward trend, its contribution to overall revenue remains below 10%, highlighting the need for more aggressive revenue mobilization strategies. Conditional allocations, loans, and grants have fluctuated over the years due to varying donor commitments and national government funding priorities.

Heavy dependence on the Equitable Share continues to expose the County to risks associated with delays and uncertainties in national transfers.

The chart below shows Revenue trends for last 5 years

Table: Revenue Trends (Kshs. Million)

Source of Revenue	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Equitable Share	7,464.93	8,132.78	8,132.78	8,455.46	8,497.31
Conditional Allocations/Grants	1,002.27	273.52	330.38	424.51	319.99
CRF Reallocation Funds	636.98	2.38	641.50	473.88	750.29
Own Source Revenue (OSR)	527.53	369.19	407.89	505.88	498.80
Total Revenue	9,632	8,778	9,513	9,860	10,066

Equitable Share rose steadily, maintaining its dominance in the revenue mix, conditional allocations declined due to reduced donor funding and restructuring of conditional grants with OSR disbursements into CRF fluctuating over the years.

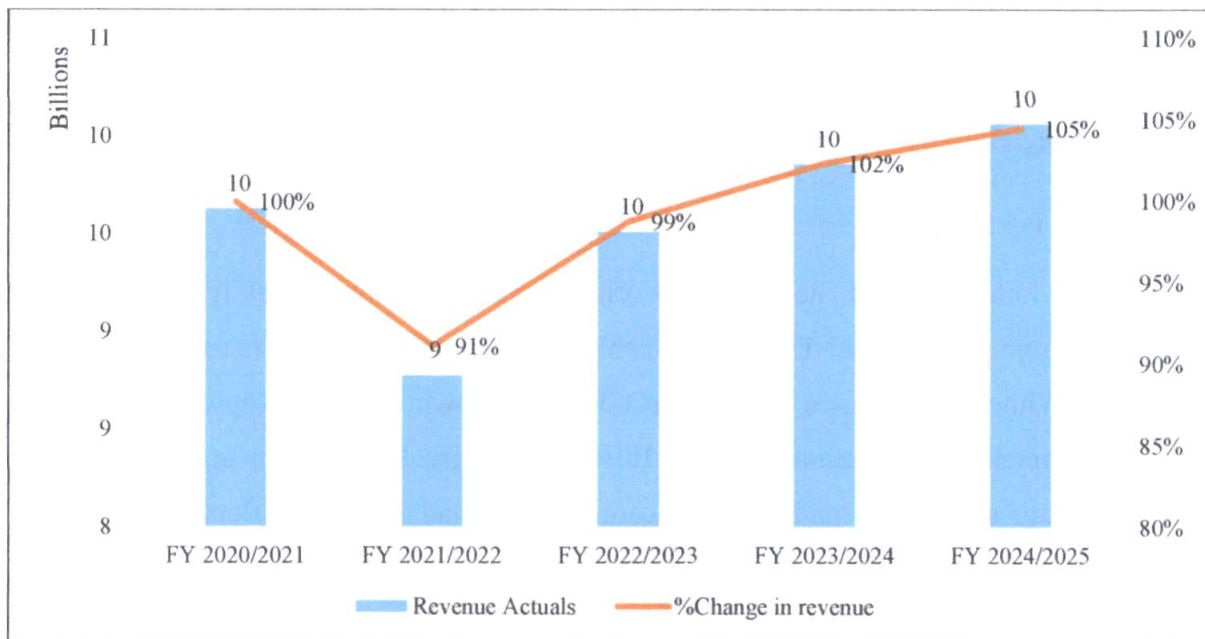


Figure: CRF Receipts Trend over the last five years

The revenue receipts into the CRF have overall increase of 5% from FY 2020/21 to FY 2024/25 as per the pattern above. Between FY 2024/25 and FY 2023/24 there has been change from 102% to 105% reflecting a slight increase of 3%.

Key Ratios (FY 2020/21 – FY 2024/25)

Indicator	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Equitable Share as a % of Total Revenue	78%	93%	85%	86%	84%
Conditional grants as a % of Total Revenue	10%	3%	3%	4%	3%
OSR as % of Total Revenue	5%	4%	4%	5%	5%

The County’s fiscal space remains constrained, with OSR consistently below 10%. The County is fully committed in ensuring growth in OSR local streams.

Transfers from CRF Trends

The Transfers from CRF have generally increased from 9.13 billion to 9.51 billion between financial years 2023/24 and 2024/25 as indicated in the chart below;

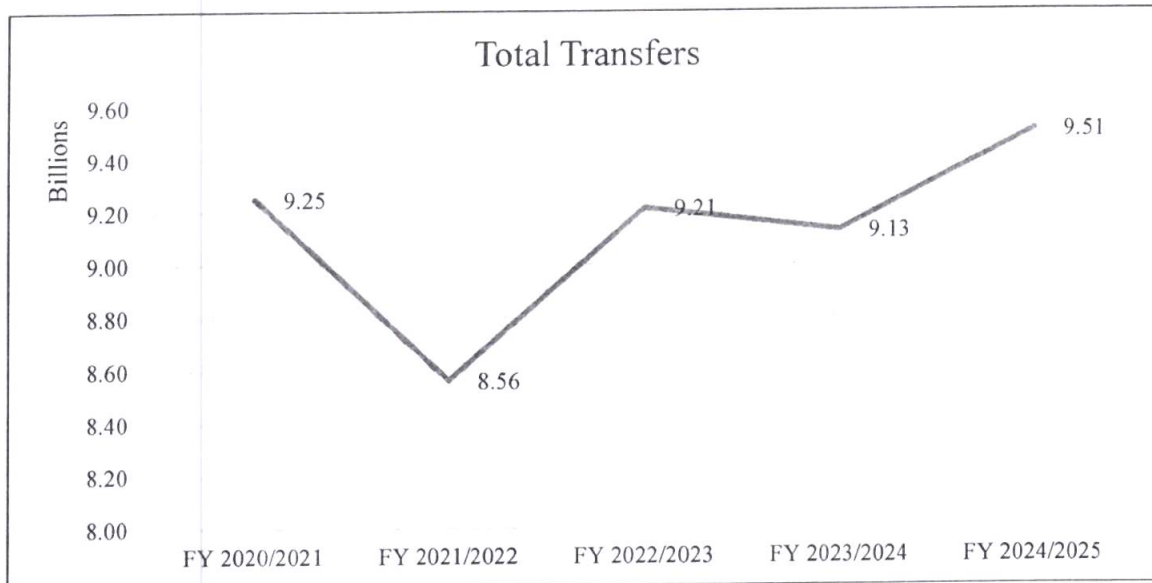


Figure: Transfers from CRF Trends

5. Overview of the County Revenue Fund Operations

a) Background

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

b) Receipts into the County Revenue Fund

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

c) Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County Appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts pursuant to Section 109 (6) of the PFM Act 2012. These entities are responsible for the administration of their respective approved budgets.

d) Financial Reporting requirements

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

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2025.



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CPA Damaris Mumo Kavoi
CECM - Finance, Planning, Budget and Revenue and Head of County Treasury

6. Statement of Management Responsibility

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

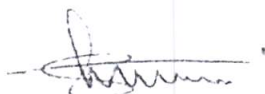
The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on *June 30, 2025*. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Accrual Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended *June 30, 2025*, and of its financial position as at that date.

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

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 27th August, 2025.



Name: CPA John Nguni
Chief Officer: Financial Services
County Government of Makueni

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund – County Government of Makueni set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund - County Government of Makueni as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Non-Disclosure of Receivables

The Receiver of Revenue financial statements under statement of revenue and disbursements reflects amount due to County Revenue Fund of Kshs.178,294,283. However, the County Revenue Fund reflects a Nil amount for receivables from the Receiver of Revenue resulting in unexplained variance of Kshs.178,294,283.

In the circumstances, the accuracy of the Nil receivables balance could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.11,580,212,378 and Kshs.10,066,390,537 respectively resulting to underfunding of Kshs.1,513,821,841 or approximately 13% of the budget.

The underfunding affected the implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter

described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

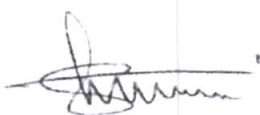

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

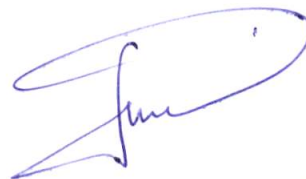
11 December, 2025

8. Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	FY 2024/2025
		Kshs.
Revenue from non-exchange transactions		
Exchequer releases	6	8,497,308,448
Transfers from other government agencies	7	297,536,051
Other grants	8	22,453,292
Return to CRF from County Entities	9	18,316,640
Non-Exchange Own Source Revenue	10	307,771,141
Revenue from exchange transactions		
Exchange Own Source Revenue	11	190,877,660
Total Revenue		9,334,263,233
Expenses		
Transfers to County Executive	12	8,674,598,107
Transfers to County Assembly	13	835,333,568
Other Transfers	14	-
Total Expenses		9,509,931,675
Surplus for the year		(175,668,442)



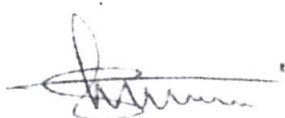
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Name: CPA John Nguni
Chief Officer – Financial Services
ICPAK Member No. 3440
Date: 26th August, 2025



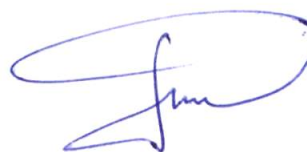
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Name: CPA Sylvia Mbevi
Ag. Director Accounting Services
ICPAK Member No. 16462
Date: 26th August, 2025

9. Statement of Financial Position as at 30th June 2025

Description	Note	FY 2024/2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	15	556,458,862	731,975,441
Receivables from Non-Exchange Transactions	16	-	-
Receivables from Exchange Transactions	17	1,253,945	1,405,808
Total Current Assets		557,712,807	733,381,249
Total Assets (A)		557,712,807	733,381,249
Liabilities			
Current Liabilities			
Accounts Payable	18	-	-
Total Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets(A-B)		557,712,807	733,381,249
Represented by:			
Accumulated Surplus		557,712,807	733,381,249
Net Assets		557,712,807	733,381,249



.....
Name: CPA John Nguni
Chief Officer – Financial Services
ICPAK Member No. 3440
Date: 27th August, 2025



.....
Name: CPA Sylvia Mbevi
Ag. Director Accounting Services
ICPAK Member No. 16462
Date: 27th August, 2025

10. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Accumulated Surplus
Opening Balance As at July 1, 2024	731,975,441
Adjustment to recognize assets/liabilities	1,405,808
Opening Balance as at July 1, 2024 (After Adjustments)	733,381,249
Surplus/(deficit) for the Period	(175,668,442)
Additions during the Period	-
Balance as at June 30, 2025	557,712,807

11. Statement of Cash Flows for the year ended 30 June 2025

		<i>FY 2024/2025</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Exchequer releases		8,497,308,448
Transfers from other government agencies		297,536,051
Other grants		22,453,292
Return to CRF from County Entities		18,316,640
Own Source Revenue		498,800,664
Total receipts		9,334,415,096
Payments		
Transfers to County Executive (operating activities)		(8,674,598,107)
Transfers to County Assembly (operating activities)		(835,333,568)
Other transfers		-
Total Payments		(9,509,931,675)
Net cash flows from/(used in) operating activities		(175,516,579)
Cash flows from investing activities		-
Net cash flows from/(used in) investing activities		-
Cash flows from financing activities		
Net cash flows from from/(used in) financing Activities		-
Net increase/(decrease) in cash & Cash equivalents		(175,516,579)
Cash and cash equivalents at 1 July, 2024	15	731,975,441
Cash and cash equivalents at 30 June, 2025	15	556,458,862

County Government of Makeni
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2025

12. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2025.

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a Kshs	b Kshs	c=a+b Kshs	d Kshs	e=c-d Kshs	f=d/c %
Budget carryovers from the previous year	-	985,876,542	985,876,542	731,975,441	253,901,101	74%
Receipts						
Exchequer releases	8,762,816,136	(265,507,864)	8,497,308,272	8,497,308,448	(176)	100%
Transfers from other government agencies	969,035,092	(384,511,271)	584,523,821	297,536,051	286,987,770	51%
Other grants	21,013,780	1,740,000	22,753,780	22,453,292	300,488	99%
Return to CRF from County Entities	-	18,316,640	18,316,640	18,316,640	-	100%
Own Source Revenue	1,444,578,171	26,855,152	1,471,433,323	498,800,664	972,632,659	34%
Total Revenue	11,197,443,179	382,769,199	11,580,212,378	10,066,390,537	1,513,821,841	87%
Payments						
Transfers to County Executive	10,294,805,013	447,666,499	10,742,471,512	8,674,598,107	2,067,873,405	81%
Transfers to County Assembly	902,638,166	(64,897,300)	837,740,866	835,333,568	2,407,298	100%
Other transfers	-	-	-	-	-	-
Total Payments	11,197,443,179	382,769,199	11,580,212,378	9,509,931,675	2,070,280,703	82%
Surplus				556,458,862		

Budget Notes

1. The under realization was as a result of underfunding of conditional allocations (51% above), under collection of OSR and unremitted hospital revenues (34% above) and non-refundable balances held at special purpose accounts not reflected in the budget carryovers from previous year (74% above).
2. Transfers to County Executive were 81% of the projected budget due to the late disbursement of funds into the CRF and underfunding of the conditional allocations not realized during the financial year and which majorly affected the County Executive programmes.
3. The changes between the original and final budget are as a result of reallocations within the budget during the financial year.

13. Notes to the Financial Statements

1. General Information

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the Makueni County Government and is domiciled in Kenya. The Fund's principal activity is receipt of all County Revenues.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012. The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cashflow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the Accounting officer on 27th August, 2025.

Basis of preparation

Reporting entity

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

Revenues

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

Expenses

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

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Own Source Revenue

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 26th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded two (2) additional appropriations on the 2024/2025 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note -*.

Financial liabilities

Classification

The Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) 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 amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year

e) Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

f) Currency

The financial statements are presented in Kenya Shillings (Kshs) are rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6. Exchequer releases

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

Description	FY 2024/2025 Kshs.
Equitable Share	8,497,308,448
Total	8,497,308,448

7. Transfers from other government agencies

Description	FY 2024/2025 Kshs.
Road Maintenance Levy	146,891,738
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	91,724,387
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	11,407,500
IDA (world bank) credit Kenya Urban Support Project (KUSP) -Urban institutional grant (UIG)	32,309,300
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant	15,203,126
Total	297,536,051

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

8. Other grants

Description	FY 2024/2025
	Kshs.
Nutrition International Grant	22,453,292
Total	22,453,292

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

9. Return to CRF from County Entities

Description	FY 2024/2025
	Kshs.
Recurrent Account (County Executive)	7,332,183
Development Account (County Executive)	5,194
Recurrent Account (County Assembly)	460
Development Account (County Assembly)	1,885,154
ASDSP SPA Account Online Closure (County Executive)	500,000
Imprest Accounts	8,593,650
Total	18,316,640

10. Non-Exchange Own Source Revenue

Description	FY 2024/2025
	Kshs.
Cess	27,713,566
Land Rates	28,276,264
Single/Business Permits	127,427,234
Conservancy Administration	5,994,400
Administration Control Fees and Charges	61,662,642
Other Fines, Penalties, And Forfeiture Fees	240,195
Public Health Service Fees	35,998,165
Physical Planning and Development	18,718,675
Donations/Grants Not Received Through CRF	1,740,000
Total	307,771,141

11. Exchange Own Source Revenue

Description	FY 2024/2025 Kshs.
Property Rent	7,374,400
Parking Fees	39,185,610
Market Fees	36,780,979
Advertising	27,603,873
Hire of County Assets	7,383,700
Miscellaneous receipts	72,549,098
Total	190,877,660

12. Transfers to County Executive

Description	FY 2024/2025 Kshs.
Recurrent Account	6,569,972,933
Development Account	1,649,639,922
Special Purpose Accounts	454,985,252
Total	8,674,598,107

13. Transfers to County Assembly

Description	FY 2024/2025
	Kshs.
Recurrent Account	816,395,851
Development Account	18,937,717
Special purpose accounts	-
Total	835,333,568

14. Other Transfers

Description	FY 2024/2025
	Kshs.
Others	-
Total	-

(Explain as per County Appropriation Act)

15. Cash and Cash equivalents

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number 1000170937)	556,458,862	731,975,441
Total	-	-

16. Receivables from Non-Exchange Transactions

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Receivables	-	-
Other non-exchange debtors	-	-
Less: impairment allowance	-	-
Net receivables	-	-

17. Receivables from Exchange Transactions

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Receivables from exchange transactions	1,253,945	1,405,808
Other debtors (exchange transactions)	-	-
Less: impairment allowance	-	-
Total	1,253,945	1,405,808

18. Accounts Payable

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Payables to County Executive	-	-
Payables to County Assembly	-	-
Other transfers	-	-
Total Accounts Payable	-	-

Notes to the financial statements

19. Disclosure of Balances in Revenue Collection Accounts

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

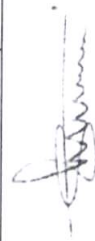
Name Of Bank, Account No. & Currency	Amount in bank account currency	Ex. rate (if in foreign currency)	Insert current FY	Opening Statement 1st July 2024
	Kshs	Kshs	Kshs	Kshs
KCB Makueni County Revenue Account- 1140751719	61,868	-	61,868	932,756
KCB Directorate of Cooperatives Account-1168389127	-	-	-	-
KCB Makueni County Demonstration Revenue collection Account- 1169183565	-	-	-	5,500
KCB Mkn County Sand Consv&Util A Rev Ac- 1173940030	1,868		1,868	
Cash in hand- Mpesa Makueni Sand Conservation Utility a/c	1,900		1,900	
Cash in hand- Mpesa Revenue Utility a/c	1,188,311		1,188,311	467,552
Total	1,253,946		1,253,946	1,405,808

14. Appendices

Appendix 1: Progress on follow up of Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Budgetary Control and Performance</p> <p>The budget was underfunded by kshs 1,322,608,528 or (12% of the budget). The deficit arose from actual revenue collections of Kshs. 9,859,726,573 against the projected budgetary target of Kshs. 11,182,335,101.</p>	<p>The underfunding was as a result of;</p> <p>a) Collected revenue not remitted to CRF account- This includes the opening Non-refundable bank balances held at special purpose accounts of Kshs 114,083,672, amount spend at source for leasing of medical equipment of kshs 124,723,404 and unremitted hospital revenues of Kshs 554,500,050</p> <p>b) Unrealized/under collected revenue - This includes the unrealized conditional allocations from the National Government revenue, Donors and Grants of Kshs 421,351,642 and Under collected OSR of Kshs 194,913,155</p> <p>The County is embracing collaborative efforts with various stakeholders to ensure that conditional allocations are received in full as well as implementing various strategies to enhance revenue collection</p>	Not Resolved	June 2026



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 Name: CPA John Nguni
 Chief Officer Finance
 ICPAK Member No. 3440
 Date: 27th August, 2025

Appendix 2. Analysis of Receipts from the National Treasury Exchequer Releases

FY 2024/2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	718,714,182	2,807,668,824	1,402,055,894	3,568,869,548	8,497,308,448
Road Maintenance Levy Fund	-	-	-	146,891,738	146,891,738
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	11,407,500	11,407,500
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	-	-	-	91,724,387	91,724,387
IDA (world bank) credit Kenya Urban Support Project (KUSP) -Urban institutional grant (UIG)	-	-	-	32,309,300	32,309,300
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant	-	-	-	15,203,126	15,203,126
Others Grants	-	-	-	-	-
Nutrition International Funds	10,000,000	10,000,000	2,453,292		22,453,292
Total	728,714,182	2,817,668,824	1,404,509,186	3,866,405,599	8,817,297,791

Appendix 3. Analysis of Receipts from Own Source Revenue per Quarter

(a) Non-Exchange own source revenue

FY 2024/2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	7,406,587	5,830,041	7,730,640	6,746,298	27,713,566
Land Rates	5,762,879	6,776,393	7,967,975	7,769,017	28,276,264
Single/Business Permits	11,604,229	4,747,160	72,404,922	38,670,923	127,427,234
Conservancy Administration	642,769	432,600	2,660,800	2,258,231	5,994,400
Administration Control Fees and Charges	7,039,793	5,626,221	21,385,842	27,610,786	61,662,642
Other Fines, Penalties, And Forfeiture Fees	21,269	24,844	69,060	125,022	240,195
Public Health Service Fees	3,409,871	1,915,426	17,069,351	13,603,517	35,998,165
Physical Planning and Development	4,437,940	3,597,907	6,831,415	3,851,413	18,718,675
Donations/Grants Not Received Through CRF				1,740,000	1,740,000
Total	40,325,337	28,950,592	136,120,005	102,375,207	307,771,141

County Government of Makueni
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2025
(b) Exchange own source revenue

Period 20-	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Property Rent	1,861,800	1,936,200	1,954,700	1,621,700	7,374,400
Parking Fees	8,332,120	8,079,140	15,047,370	7,726,980	39,185,610
Market Fees	9,531,727	9,119,419	8,820,485	9,309,348	36,780,979
Advertising	7,804,150	828,924	8,552,419	10,418,380	27,603,873
Hire of County Assets	5,530,055	852,375	584,870	416,400	7,383,700
Miscellaneous receipts	10,711,572	10,187,268	21,690,612	29,959,646	72,549,098
Total	43,771,424	31,003,326	56,650,456	59,452,454	190,877,660

Appendix 4: Analysis of Transfers from the County Revenue Fund

FY 2024/2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	555,287,860	2,362,235,332	1,627,336,836	2,025,112,905	6,569,972,933
County Executive -Dev	2,643,636	172,632,997	482,284,412	992,078,877	1,649,639,922
County Assembly -Rec	170,437,029	271,509,579	178,946,416	195,502,827	816,395,851
County Assembly -Dev	-	-	-	18,937,717	18,937,717
County Executive Special Purpose A/c	44,453,292	28,005,000	95,374,950	287,152,010	454,985,252
Total	772,821,817	2,834,382,908	2,383,942,614	3,518,784,336	9,509,931,675

Appendix 5: FY 2024/2025 Conditional Grants, Allocations and Donor Funds

Item	FY 2024/25 Approved Sup. Budget (2) Estimates	Actual (Received in CRF)	Unrealized
Community Health Promoters (CHPs) project	113,700,000	-	113,700,000
Basic Salary Arrears for County Government Health Workers.	30,568,273	-	30,568,273
Nutrition International	21,013,780	22,453,292	(1,439,512)
DANIDA Grant to Finance Primary Healthcare in Devolved context	11,407,500	11,407,500	-
Roads Maintenance Fuel Levy	-	146,891,738	(146,891,738)
UNICEF grant support - Capacity Building of ECDE Teachers	1,740,000	1,740,000	-
IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000	-	11,000,000
IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI) Grant	142,746,435	15,203,126	127,543,309
IDA world bank loan for the National Agricultural value chain development project(NAVCDP)	151,515,152	91,724,387	59,790,765
IDA (world bank) -Kenya Devolution support program II (KDSP II)	37,500,000	-	37,500,000
IDA (world bank) credit kenya urban support project (KUSP) -Urban institutional grant (UIG)	35,000,000	32,309,300	2,690,700
IDA world bank credit Kenya urban Support Project (KUSP) Urban development Grant (UDG)	40,167,542	-	40,167,542
SWEDEN -Kenya Agricultural business development project (KABDP)	10,918,919	-	10,918,919
Sub Total	607,277,601	321,729,343	285,548,258

-Road Maintenance Levy funds had not been budgeted for in the final FY 2024/25 budget but were received at the end of financial year.

-Nutrition international Funds were received in excess

-The UNICEF grant support was not received directly through CRF. It was part of OSR Receipts not directly received through CRF

Appendix 6: County Revenue Fund Trial Balance Report

Account Details	Debit (Dr.)	Credit (Cr.)
Revenue from non-exchange transactions	-	9,143,385,573
Revenue from exchange transactions	-	190,877,660
Transfers to County Executive	8,674,598,107	-
Transfers to County Assembly	835,333,568	-
Cash and Cash equivalents	556,458,862	731,975,441
Receivables from Exchange Transactions	1,253,945	1,405,808
Total	10,067,644,482	10,067,644,482