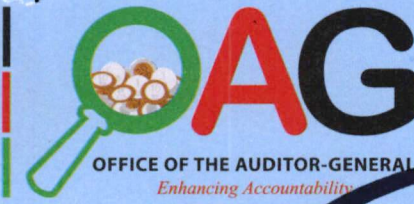


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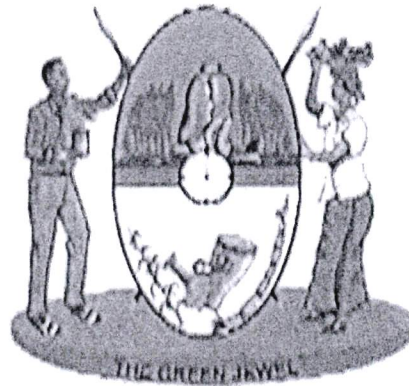
KAKAMEGA COUNTY REVENUE AGENCY
FUND

FOR TWENTY-FOUR (24) MONTHS PERIOD
ENDED 30 JUNE, 2024

~~NO~~
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**COUNTY GOVERNMENT OF KAKAMEGA
KAKAMEGA COUNTY REVENUE AGENCY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 24 MONTHS PERIOD ENDING
JUNE 30, 2024**

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

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024

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Kakamega County Revenue Agency Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

The Kakamega County Revenue Agency was established through an Act of the County Assembly, referred to as the Kakamega County Revenue Administration and Management Act, 2017, which established a legal and institutional framework to provide for effective administration of revenue collected by the County Government; the collection, receipt and management of the revenue; provide responsibilities for the Kakamega County revenue Agency Fund, other public offices and entities involved in revenue collection and for connected purposes.

The Kakamega County Revenue Agency (KCRA) Fund is established by and derives its authority and accountability from Kakamega County Revenue Administration and Management Act on 17th October 2017. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund are as follows;

- i. Responsible for the administration and enforcement of revenue laws in the County;
- ii. Assessment and collection of and accounting for all rates,taxes,fees and other charges payable by or under any law in the County;
- iii. Collect and account for all County revenues;
- iv. Ensure that all monies raised or collected by or on behalf of the County are paid into the County Revenue Fund;
- v. Prepare reports on revenue collected and owing in accordance with the relevant laws and procedures;
- vi. Advise the County Government on all matters relating to the imposition, administration and enforcement of County revenue laws, assessment and collection of rates, taxes, fees, and other charges and penalties thereof in line with Article 209 of the Constitution;
- vii. Perform such other functions as may be provided for under any other county revenue law or as the Agency may deem necessary for the proper discharge of its mandate.

**Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024**

c) Board of Trustees/Fund Administration Committee

SN	Name	Position
1	Dr CPA. Martin Mudambo	Chairman
2	Dr June Mwajuma (Chief Officer, Finance and Budget)	Member
3	CPA/CS Isaac Litali	Member
4	CPA Imelda Adhiambo	Member
5	Eng. Nashon Aseka	Member
6	CPA Caleb Mulogoli	Member
7	CS Vivianne Komwoyo(County Attorney)	Member
8	CS,CPA Christopher Ombunya(Chief Revenue Administrator /CEO)	Member

d) Key Management team

SN	Name	Position
1	CPA Livingstone Imbayi	CECM Finance
2	CS,CPA Christopher Ombunya	Chief Revenue Administrator/CEO
3	CPA Moureen Naliaka	Accountant
4	CPA Paul Wafula	Accountant
5	CHRP Jacklyne Othieno	Human Resources Officer
6	Truphena Matara	Planner
7	Gladys Atinya	Procurement Officer
8	Habibbah Litunya	ICT Officer

**Malakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024**

e) Fiduciary Oversight Arrangements

No	Entity	Role
1	Audit Committee and Finance committee activities	Provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations
2	Senate Committee Activities	Legislation, Oversight and Representation
3	County Assembly	Legislation, Oversight and Representation
4	Development partner oversight activities	Predominant roles played by development partners have been shown to include capacity building, project planning, lobbying and advocacy, others (including resource mobilization) and financing respectively
5	Controller of Budget	This role involves overseeing the implementation of the budgets of both national and county governments. The Controller of Budget in this role therefore monitors the use of public funds in-year and reports to Parliament

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024

		on how the funds have been utilized.
6	Office of the Auditor General	The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities. Article 229(6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way

f) Registered Offices

P.O. Box 36
 Sahajand Building
 Mumias Road
 Kakamega, KENYA

g) Fund Contacts

Telephone: (254) 705050506
 E-mail: CEO-kcra@kakamega.go.ke
 Website: www.kcra.co.ke

h) Fund Bankers

1. Central Bank of Kenya
 Haile Selassie Avenue
 P.O. Box 60000
 City Square 00200
 Nairobi, Kenya
2. KCB Bank Kenya
 Kakamega Branch
 Account Number- 1239305796



Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024

Key Entity and Management (Continued)

i) Independent Auditors

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




j) Principal Legal Adviser




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

k) County Attorney

Office of the County Attorney,
County Headquarters Annex, Room 112,
P.O. Box 36-50100,
KAKAMEGA, KENYA.
Email. kakamegalegal@gmail.com
County Government of Kakamega

3. Board of Directors

Name	Details of qualifications and experience
 <p>1. Dr. CPA Martin Mudambo Chairperson of the Board</p>	<p>He has 31years’ experience in Financial Accounting, Grants Management, Grants Monitoring and reporting, Organizational Development, Managing change, Strategic planning, Financial Management, Process costing, Institutional Assessment and Capacity Building, Monitoring and Evaluation for Social and Public Health Programs Fund and Pensions Portfolio Management, System. He previously served as Advisor Care Across Communities, Chief Executive office, Director Finance and Administration, Deputy Director (Institute of war and peace reporting), Grants Manager and Finance Director(Centre for Diseases Control and prevention) among others.</p> <p>He holds a Doctorate degree in leadership and Governance, Master of Business Administration (University of Nairobi), Bachelor of Commerce Accounting option (University of Nairobi) and he is a member of Chartered Institute of Management Accountants.</p>
 <p>2. Dr. Jeophita J. Mwajuma Chief Officer, Finance and Budget. Board Member</p>	<p>She has a depth experience of 12 years as a senior lecturer as well as senior management roles in various positions. She has previously served as the Chief Officer department of Environment, waste management and energy among other positions.</p> <p>She has undertaken a strategic leadership Development Programme, senior Management Course and an IFMIS training for AIE Holders at the Kenya School of Government.</p> <p>She currently serves as the Chief Officer Department of Finance and Budget in the County government of Kakamega from November 2022 to date</p> <p>She holds a Ph.D. in Environmental Microbiology, Masters of science degree in Microbiology and a Bachelor of Science degree (Botany/zoology) from Kenyatta University.</p>
 <p>3. CS. Vivianne M. Komwonyo County Attorney Board Member</p>	<p>She previously served in various capacities including Ag. County Attorney, Senior Legal Office County Government of Kakamega, Associate at Wetangula Adan & Makokha Advocates, Senior Litigation Counsel at Makokha Wattanga & Luyali Advocates, FIDA Kenya Probono Counsel.</p> <p>She currently serves as the County Attorney at the County Government of Kakamega</p> <p>She holds a Post Graduate Diploma (PDG) In Law, Bachelor of Laws, (LLB), Certified Secretary (CS), Notary Public, Senior Management, Advocate of the High Court of Kenya</p>

 <p>4. CPA. Caleb Mulogoli Board Member</p>	<p>Has over 15 years' experience with international NGO's supporting research and development activities, undertaking, accounting, financial, grant management, and administrative advisory and ensuring compliance to policies and procedures. Proficient with drafting of policies and procedures, tools, analytical models, reporting frameworks and understands the process of academic writing and reporting. Well versed in interpretation and application of various donor grant and contract rules, regulations, and financial management procedures; IFRS and IPSAS standards, the IPPF for Internal Auditors plus standard provisions for non-governmental organizations, among other multilateral standards and donor.</p> <p>He hold an MSc Finance degree accounting major (University of Nairobi) ,BSc Accounting degree(USIU-Africa),C.P.A (K) and a registered member of ICPAK, a Certified Secretary (CS) and a registered member of Institute of Certified Secretaries.</p>
 <p>5. CPA. Imelda Odongo Board Member</p>	<p>She is an accomplished administrator, trained in business management. She has practiced management over two decades in the oil industries, hospitality and Education sectors, handling complex management manuevors with strict deadline, with expertise in anticipating professional needs & proactively identifying & resolving problem.</p> <p>She has a wide range of experience spanning over a longer period having worked in various organizations in various roles including a Branch Manager of a Premier School of Management, the Kenya Institute of Management, Training Manager, Customers Relations Manager and a Consultant in various management core areas.</p> <p>She holds MBA in Finance and Marketing (JNIBM,Ujjain MP.India) and a Bachelor of Commerce in Accounting and Auditing (Bhopal University,MP.India) and in addition she is a Certified Public Accountant and a member of ICPAK</p>
 <p>6.CPA, CS Isaac Litali Board Member</p>	<p>He has over 40 years' experience in senior positions as a Senior Financial and Human Resources Manager/Director, a Company Secretary and Chief Executive Officer in various organizations including Total Kenya Ltd, The Nairobi Hospital, Karen Hospital and the Agricultural Sector Coordination Unit for Government Ministries. He also served on various Boards including being the Chairman of Bible Society of Kenya, Chairman of the Parents and Teachers Association of Sunshine Secondary School in Nairobi and a Board Member of the Africa Area Board of United Bible Societies, Chairman of Ripple Effect (Kenya), Treasurer of Ripple Effect (Africa Region).</p> <p>He is a Certified Public Accountant of Kenya (CPAK); Certified Public Secretary of Kenya (CPSK); and a holder of a Master of Business Administration (MBA) Degree from the University of Strathclyde, Glasgow, in Scotland, UK. He is also a Member of the Kenya Institute of Management (MKIM).</p>



7.Eng. Nashon Aseka,
Board Member



He has over 40 years' experience having served in different roles including Managing Director at Mumias Sugar, Head of Sugar Technology at Kenya Sugar Board, Lecturer of Sugar Technology at Masinde Muliro University of Science and Technology, Head of Projects and Business Development ,Head of Factory operations, production Manager and production superintendent at Mumias Sugar. He holds an MSC Building Services Engineering (Brunel University London),MBA Strategic Management(Henley Business School) and a BSC, Chemistry from the University of Nairobi.



8.CS,CPA Christopher Ombunya
Chief Revenue
Administrator/CEO
Ex-Officio Board Member

Currently serves the County Government of Kakamega as the Chief Revenue Administrator of the Revenue Agency having previously served as the Municipal Manager of Mumias. He holds a Masters of Business Administration (MBA) – finance option, Bachelor of commerce degree(BCOM) – finance option (Upper Second Class) and he is currently pursuing Doctorate of philosophy (PHD) in finance both from the University of Nairobi. Professionally, he is a Certified Secretary (CS), Certified Public Accountant (CPA), Certified Credit Professional (CCP) and a Certified Investment and Financial Analyst (CIFA). He is a member in good standing of ICPAK, ICPSK, ICIFA & CCG.

4. Management Team

Name	Details of qualifications and experience
 <p>1. CPA CS Christopher Ombunya Chief Revenue Administrator/CEO Ex-Officio Board Member</p>	<p>Currently serves the County Government of Kakamega as the Chief Revenue Administrator of the Revenue Agency having previously served as the Municipal Manager of Mumias. He holds a Masters of Business Administration (MBA) – finance option, Bachelor of commerce degree (BCOM) – finance option (Upper Second Class) and he is currently pursuing Doctorate of philosophy (PHD) in finance both from the University of Nairobi.</p> <p>Professionally, he is a Certified Secretary (CS), Certified Public Accountant (CPA), Certified Credit Professional (CCP) and a Certified Investment and Financial Analyst (CIFA).</p> <p>He is a member in good standing of ICPAK, ICPSK, ICIFA & CCG.</p>
 <p>2. CPA. MOUREEN NALIKA Accountant I</p>	<p>She has over 7 years' experience having served in different departments of the County Government of Kakamega. Currently serves as Accountant I of the Revenue Agency.</p> <p>She holds a Master of Business Administration (MBA) – finance option (Masinde Muliro University of Science & Technology), A Bachelor of Business Administration Finance Option (Maseno University)</p> <p>She is a Certified Public Accountant (CPA) and a member of ICPAK in good standing.</p> <p>She has undertaken a senior Management Course at the Kenya School of Government.</p>

5. Board Chairperson's Report

As the the Chair person overseeing the Agency under which the public fund was established, I am pleased to present an overview of the fund's activities and performance for the 24 months period ending June 30,2024. This forward note highlights key changes, a review of the fund's performance, future outlook, and other relevant matters that are crucial for stakeholders.

The Kakamega County Revenue Agency was established through an Act of the County Assembly, referred to as the Kakamega County Revenue Administration and Management Act, 2017, which established a legal and institutional framework to provide for effective administration of revenue collected by the County Government; the collection, receipt and management of the revenue; provide responsibilities for the Kakamega County Revenue Agency, other public offices and entities involved in revenue collection and for connected purposes.

Throughout the year, the fund underwent significant changes, particularly within the key management team. A strategic restructuring was undertaken to enhance governance, accountability, and operational efficiency. Notably, revenue collectors whose contracts had lapsed were renewed though for those who performed well, whereas the Chairperson and the board remained in office as well as new Accountant on transfer to assist spearhead strategic initiatives, ensuring the fund aligns with its mandate to serve the public effectively. These changes are expected to bring fresh perspectives and drive better outcomes for the fund.

Fund's Performance

The Fund's performance was top notch and demonstrated a strong performance over the last two years as all funds were utilised at over 90% as shown in Statement of Comparison of Budget and Actual Amounts for the 24 months Period ending 30th June 2024.

The fund demonstrated a strong performance over the past two year period, with significant progress made towards achieving its strategic goals. Despite facing challenges such as economic volatility and increased demand for financial support from various sectors, the fund maintained a steady growth trajectory. Key highlights include:

- ✓ An increase in the fund's assets by 15%, attributed to prudent investment strategies and enhanced revenue collection measures through .
- ✓ Successful implementation cashless collection of revenue and proper enforcement measures.
- ✓ Improved disbursement processes, resulting in a 20% reduction in turnaround time for fund applications and approvals.

However, it is important to acknowledge that the fund faced some challenges, including delays in project implementation due to external factors beyond our control. Measures are being put in place to address these issues in the coming year.

Future Outlook of the Fund

Looking ahead, the fund is poised for further growth and impact. Key priorities for the upcoming year include:

- ✓ Expanding the fund’s reach to underutilised streams, with a focus on inclusivity and equitable access to financial resources.
- ✓ Strengthening partnerships with both private and public sectors to leverage additional resources and expertise.
- ✓ Enhancing monitoring and evaluation frameworks to ensure that funded projects deliver measurable and sustainable benefits to the County at large.
- ✓ Introducing innovative financial products tailored to the evolving needs of our beneficiaries, aimed at fostering economic resilience and self-reliance.

The fund remains committed to transparency and accountability in all its operations. We have introduced quarterly performance reviews and a stakeholder feedback mechanism to ensure that the fund remains responsive to the needs of the Kakamega County Residents it serves. Furthermore, an independent audit of the fund’s accounts will be conducted, and the findings will be made publicly available to uphold our commitment to good governance.

Conclusion

In conclusion, the fund has made commendable strides in the past two year period, thanks to the dedication of the board, management team, and all stakeholders involved. As we move forward, our focus will remain on optimizing the fund’s impact, fostering sustainable development, and ensuring that we continue to meet the needs of our residents and County effectively. I extend my gratitude to all partners, beneficiaries, and the public for their continued support and trust in our efforts.

We look forward to another year of progress and collaboration as we work towards our shared goal of improving the lives of our people.

Name Dr.CPA Martin Mudambo Signature DRM DM Date 26/09/2024

Chairperson of the Board

6. Report of The Fund Administrator

I am pleased to present the Fund Administrator's report for the County Public Fund, providing an in-depth analysis of the fund's performance, physical progress, and future outlook. This report details our achievements, financial performance, implementation challenges, and strategic initiatives, offering a comprehensive view of the fund's journey and its impact on the overall objective of the fund and County at large.

Budget Performance Against Actual Amounts*

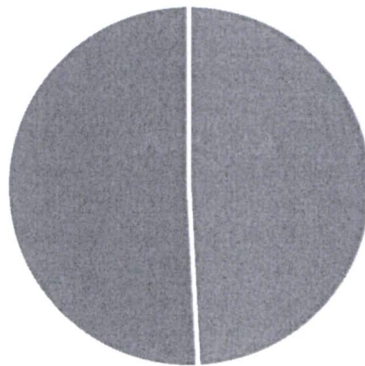
The fund's budget performance for the current year and cumulative to-date has shown mixed results across various programmes. The budget allocation for the current year was Ksh 133 million after a supplementary budget was passed by the County Assembly, while actual expenditures totaled Ksh 135 million.

Below is a summary of the budget performance by programme:

Description	Budget for 24 Months Period (Ksh)	Actual For 24 Months period (Ksh)	Performance Difference (Ksh)
Receipts	133,283,096	137,800,579	(4,517,483)
Total Receipts	133,283,096	137,800,579	(4,517,483)

Budget Performance Pie Chart

Chart Title



■ Budget for 24 Months Period (Ksh) ■ Actual For 24 Months period (Ksh)

Physical Progress Based on Outputs, Outcomes, and Impacts

Since its establishment, the Kakamega County Revenue agency Fund has made significant strides in achieving its intended outputs, outcomes, and impacts. Key achievements include:

- ✓ Increased revenue collection from 570Milion in 2015 to 1.3Billion in 2024
- ✓ Infrastructure Support: Roll out of cashless collection system in hospitals and other revenue streams
- ✓ Work in progress on valuation roll which at 90% completion..

***3. Programme Performance Review**

Each programme implemented by the fund has been critical in addressing specific agency needs:

- ✓ Revenue: Achieved 65% of its targets, with notable success in providing a system of collection revenue that can generate reports real-time.
- ✓ Infrastructure Support: Met 92% of its objectives, enhancing high revenue collections in last 5 years
- ✓ Board: Enhanced capacity building and strong customer relations within the agency

Value-for-Money Achievements*

The fund has consistently demonstrated value-for-money through cost-effective project implementation, competitive procurement processes, and continuous monitoring and evaluation. As a result, the fund achieved higher revenue collection target as opposed to earlier years of its existence

Implementation Challenges and Future Outlook*

Despite the successes, the fund faced challenges in achieving its strategic objectives, including:

- ✓ Budget Constraints: Limited budget allocations hindered the full implementation of planned activities.
- ✓ Procurement Delays: Prolonged procurement processes impacted the timely execution of projects.
- ✓ External Factors: Unforeseen events, such as weather disruptions and logistical challenges, affected implementation timelines.

Looking ahead, the fund has been allocated Ksh 70 million for Financial Year 2024/2025, with plans to undertake new initiatives in line with the strategic plan, including:

- Expansion network connectivity in rural areas to tap all revenue sources through cashless collection
- Robust enforcement especially in all sub counties.
- Enhanced monitoring and evaluation

Key Risk Management Strategies

To mitigate risks, the fund has implemented several risk management strategies:

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024

- ✓ Robust Monitoring and Evaluation: Regular monitoring to track project progress and address issues promptly.
- ✓ Stakeholder Engagement: Strengthening collaboration with local communities, government agencies, and private partners to enhance objectivity in revenue collection.
- ✓ Financial Controls: Tightened financial oversight and regular audits to ensure funds are utilized appropriately.

Conclusion

In conclusion, the Kakamega County Revenue Agency Fund has made commendable progress in achieving its mandate to improve on its core mandate of revenue collection and enhancement. The fund remains committed to overcoming challenges and capitalizing on opportunities to further its impact. With strategic planning and effective resource management, the fund will continue to be a catalyst for positive change in the County.



Eng. Joseck Maloba

Fund Administrator
Kakamega County Revenue Agency Fund

7. Statement of Performance Against the County Fund’s 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 Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for period 2022/2023 to 2026/2027 are to:

- i) To enhance revenue collection;
- ii) To ensure there is voluntary revenue compliance;
- iii) To develop revenue laws, policies and procedures to combat revenue leakages;
- iv) To ensure efficient and prudent revenue Management;
- v) To attract, develop and retain competent workforce;
- vi) To enhance good corporate governance
- vii) To enhance stakeholder’s participation in revenue collection;
- viii) To effectively and efficiently deliver quality services to residents;

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Objectives	Strategies
1.To enhance revenue collection	Expand revenue base
2. To ensure there is voluntary revenue compliance	Digitalization of revenue collection systems
3 To develop revenue laws, policies and procedures to combat revenue leakages	Strengthen legal and administrative structures to ensure compliance
4.To ensure efficient and prudent Revenue Management	Cost reduction, and Compliance with the PFM Laws and regulations

**Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024**

Objectives	Strategies
5. To attract, develop and retain competent workforce	Build human capital
6. To enhance good corporate governance	Create an effective control environment
7. To enhance stakeholders' participation in revenue collection	Relationship management
8. To effectively and efficiently deliver quality services to residents	Delivery of quality services

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
To enhance revenue collection	Expand revenue base.	<ul style="list-style-type: none"> • Identification of new revenue streams • Develop updated registers for SBP, Land rates, Advertisement • Reconciliation and reporting. • Conduct revenue mapping in all the 14 revenue collection units. • Establish a data management unit 	<ul style="list-style-type: none"> • New revenue streams reports. • Updated SBP, Land rates and Advertisement registers developed. 	BOARD CRA SRO ICT Data Analyst CECM Lands					

Wakamega County Revenue Agency Fund

Annual Report and Financial Statements for the 24 months period ending June 30, 2024

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
		<ul style="list-style-type: none"> • Develop standard operation (SOP) procedures for key revenue streams. • Completion of Valuation rolls for land rates collection. • Organize for the benchmarking activities 	<ul style="list-style-type: none"> • Reconciliation reports • Business mapping reports. • Data management unit exist. • Revenue streams SOPs developed • Valuation roll. • Benchmarking reports. 						
To ensure there is voluntary revenue compliance	Digitalization of revenue collection systems	<ul style="list-style-type: none"> • Automation and integration of revenue management system. 	<ul style="list-style-type: none"> • Fully automated Revenue management 	BOARD CRA ICT					

**Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024**

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
		<ul style="list-style-type: none"> • Develop online self-service portal • Develop automated messaging to taxpayers. • Develop an effective revenue payer's education model • Tax Clinics to sensitize revenue payers 	<ul style="list-style-type: none"> • Online self-service portal developed • Automated taxpayer messaging • Model developed • No. of sensitization clinics • Increase in revenue 						
To develop revenue laws, policies and procedures to combat revenue leakages	Strengthen legal and administrative structures to ensure compliance	<ul style="list-style-type: none"> • Develop and implement fully operational compliance structure • Develop and review revenue legal frameworks, policies and regulations 	<ul style="list-style-type: none"> • No. of policies and laws developed • Risk Management report 	BOARD COUNTY ATTORNEY CRA					

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
		<ul style="list-style-type: none"> Develop risk management policy Undertake continuous internal audits Develop intelligence gathering framework 	<ul style="list-style-type: none"> Audit report Compliance to legislation policies 	INTERNAL AUDIT					
To ensure efficient and prudent revenue Management	Cost reduction, and Compliance with the PFM Laws and regulations	<ul style="list-style-type: none"> Effective and consistent implementation of budgets Implement procurement plans Adhere to Financial regulations (PMF act), international financial reporting standards Staff rationalization Optimal use of resources Streamline and integrate business processes through automation Train Board, staff and stakeholders on change management Implement asset management system 	<ul style="list-style-type: none"> Expenditure and revenue ratios Procurement plan designed Improved level of compliance Level of automation Job evaluation conducted Ration of input to output 	BOARD CRA HRM &D FINANCE ICT					

Kakamega County Revenue Agency Fund

Annual Report and Financial Statements for the 24 months period ending June 30, 2024

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
To attract, develop and retain competent workforce	Build human capital	<ul style="list-style-type: none"> • Develop staff recruitment plan • Recruit staff to fill all vacant positions • Undertake staff training needs • Train staff on identified needs • Design staff motivation scheme and implement 	<ul style="list-style-type: none"> • Recruitment plan in place • No. of staff recruited • Training needs report • No. of staff trained • Develop staff motivation scheme and %of implementation 	BOARD CRA HRM &D					
To enhance good corporate governance	Create an effective control environment	<ul style="list-style-type: none"> • Finalize setting up governance structure • Operationalize the KCRA Tax Appeals Tribunal • Train board, key staff and stakeholders on good corporate governance • Develop change management training programme • Design governance 	<ul style="list-style-type: none"> • Full governance structure established • No. of trainings and trained • Service charter developed • Policies and 	BOARD CRA HRM &D COUNTY ATTORNEY INTERNAL AUDITOR					

Kakamega County Revenue Agency Fund

Annual Report and Financial Statements for the 24 months period ending June 30, 2024

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
		mechanisms e.g., policies, procedures and practices • Develop audit and risk management structures • Design organizational culture change programme • Train staff on organization culture change	procedures developed • Culture change programme developed and implemented • Training programme developed • No. of trainings conducted, and staff trained • Business processes streamlined						
To enhance stakeholders' participation in revenue collection	Relationship management	• Map stakeholders • Increase stakeholders 'awareness on revenue collection • Design incentives scheme for stakeholders	• Stakeholders mapping report • No. of Tax clinics	BOARD CRA HRM&D					

**Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024**

Objective	Strategies/initiatives	Activities	Indicator	Responsible Function /Position	Time frame				
					FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
		<ul style="list-style-type: none"> Organizer regular stakeholder consultations Design a feedback mechanism. Organize Corporate Social Responsibility activities 	<ul style="list-style-type: none"> No. of consultants Reduced No. of complaints No. of CSR Activities 	SRO					
To effectively and efficiently deliver quality services to residents	Delivery of quality services	<ul style="list-style-type: none"> Develop and implement KCRA service charter Undertake customer satisfaction surveys Automate the processes Digitize issuance of licenses Establish customer care desks. 	<ul style="list-style-type: none"> Service charter developed Survey undertaken – reports Level of automation 	BOARD CRA SERVICE DELIVERY ICT SRO					

8. Corporate Governance Statement

i) Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter

The fund is governed by the Board of Management with non-executive director as the Chairman of the fund. The board consists of 8 members spread across the County with three members coming from the County Executive. The board is in the process of preparing and coming up with Board Charter and in the financial year 2025/2026 the Board charter will be in place.

The composition of the Board is as under;

- i. Non-executive chairperson appointed by the Governor
- ii. The Chief Officer County Treasury
- iii. The County Attorney
- iv. The Chief Revenue Administrator (Ex-Officio)
- v. Four members appointed by Executive Committee Member of Finance

ii) Roles and functions of the Board of Management,

The Board provides strategic leadership and oversight to ensure the Fund's sustainability and long-term value creation. Its core functions include:

- Approving the Fund's strategic plans, budgets, and key policies.
- Monitoring financial performance and ensuring the integrity of financial reporting.
- Overseeing risk management frameworks and internal control systems.
- Ensuring compliance with legal, regulatory, and ethical standards.
- Appointing, guiding, and evaluating the performance of senior management.
- Safeguarding stakeholders' interests and ensuring responsible corporate conduct.
- To always be guided by 'Mwongozo' code of governance for state corporations.

iii) Induction, Training, And Development

New board members undergo a structured induction program aimed at familiarizing them with the Fund's operations, governance frameworks, strategic priorities, and industry context. This includes meetings with senior management, site visits, and orientation on key policies.

Continuous professional development is encouraged, and directors participate in regular trainings on governance practices, risk management, financial oversight, environmental and social governance (ESG) issues, and emerging regulatory changes. The Fund allocates resources annually to support director training.

iv). Board and members' performance

The Board conducts annual performance evaluations facilitated by the Nominations and Governance Committee. These assessments cover the performance of the Board as a whole, the committees, the Chairperson, and individual directors. The evaluation criteria include strategic leadership, quality of deliberations, effectiveness of committees, independence of judgment, and adherence to governance principles.

Findings and recommendations from the evaluation inform improvement plans, board development initiatives, and succession planning.

The findings are rated departmentally in the County Government as a whole.

v). Number of Fund Board meetings held and the attendance to those meetings by members,

The current Board was competitively recruited and sworn in, in the Financial Year 2022/2023 hence committees have been formed and hold quarterly meetings as guided by the act.

vi). Succession plan,

The Board of Directors are always competitively recruited and legally constituted after their term has ended and or if a member resigns or a member dies.

vii). Policy to manage conflict of interest

The fund maintains a comprehensive **Conflict of Interest guidelines from 'Mwongozo' code of conduct** requiring directors and senior executives to disclose any personal interests that may influence their objectivity. Directors abstain from deliberations or decisions where a conflict exists. A register of interests has been developed and will be maintained and reviewed annually. Breaches of the guidelines will attract disciplinary action in line with the Board Charter and legal frameworks.

viii). Board remuneration

Remuneration of directors is determined through a transparent process guided by the Salaries and Remuneration Commission and benchmarked against industry standards. Board remuneration typically includes, meeting allowances, and reimbursement of expenses incurred in the execution of duties. The SRC reviews the compensation structure periodically to ensure fairness, competitiveness, and alignment with shareholder/stakeholder expectations

ix). Ethics and Conduct

The Fund upholds the highest standards of ethical behavior. Directors and employees adhere to the **Code of Ethics and Business Conduct**, which guides professional behavior, integrity, confidentiality, anti-corruption measures, and respect for stakeholders. Regular ethics training is conducted, and mechanisms such as a

whistleblowing system (office of county administration of Justice) commonly known as Ombudsman are in place to facilitate reporting of unethical practices.

x). Governance audit

The Fund conducts an periodic **Governance Audit alongside other internal audits** as required by regulatory guidelines. The audit assesses compliance with governance standards across leadership, decision-making, risk management, stakeholder engagement, and ethical conduct. Recommendations from the audit are implemented to strengthen governance structures and practices. The County department of Audit has assigned a specific internal audit officer to the KCRA to perform such duties.

xi). Communication policy

A **Corporate Communications office** guides both internal and external communication. The office ensures that information shared with stakeholders is accurate, timely, and transparent. The Board oversees the communication framework, while management ensures proper disclosure of financial results, material information, and corporate developments especially through County Web. The Fund also maintains active communication channels through its website, Governors' press releases, reports, and stakeholder meetings especially through public participation forums.

xii). Terms of Reference of Committees

The Board is supported by several committees with clearly defined **Terms of Reference (TORs)**, including:

- **Audit and Risk Committee** – Oversees financial reporting, audit processes, and risk management.
- **Governance Committee** – Manages board appointments, evaluations, and governance policies.
- **Finance Human Resources and Administration Committee** – Handles compensation, staff welfare, and HR policies.
- **ICT** – Reviews systems and ICT issues.

Each committee reports to the Board and meets regularly to discharge its mandate.

xiii). Policy on related party transactions

The Fund has a **Related Party Transactions guideline especially from 'Mwongozo'** that ensures all dealings with related parties are conducted at arm's length and in the best interest of the Fund. Any proposed related party transaction must be disclosed, evaluated for fairness, and approved by the Board. Such transactions are transparently reported in the annual financial statements.

9. Management Discussion and Analysis

Operational and Financial Performance Overview

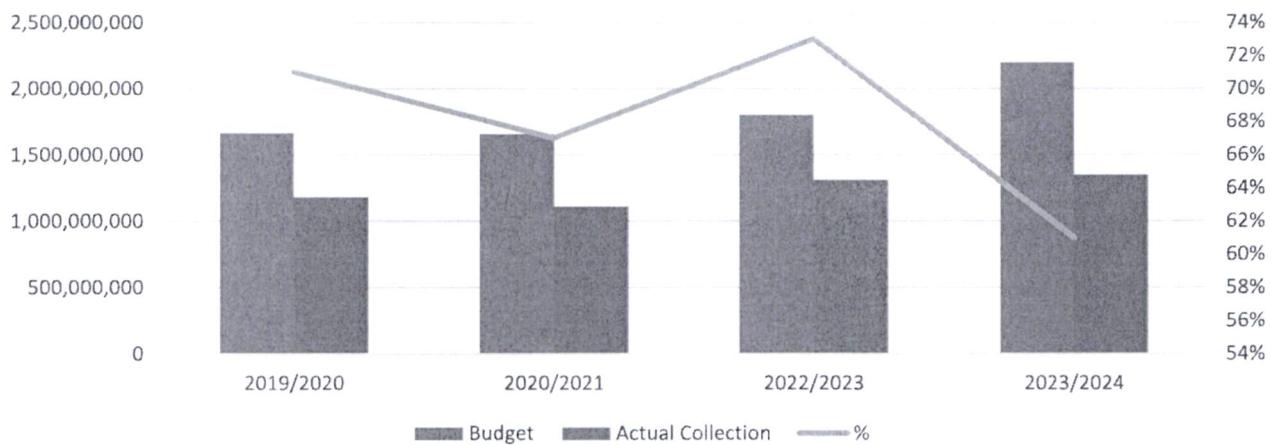
Over the last three to five years, the operational and financial performance of the Receiver of Revenue has been shaped by both internal and external factors influencing our revenue collection strategies and outcomes. The following is an analysis of the key performance indicators, including budgeted versus actual revenue collections, and an examination of the challenges encountered and the mitigating measures employed to address these challenges.

Revenue Collection Performance: A Five-Year Perspective

In the past five years, our county has demonstrated steady efforts to enhance revenue collection from various sources. Below is a comparison of budgeted revenue versus actual collections over this period:

Year	Budget	Actual Collection	Variance	%
2019/2020	1,666,143,695	1,180,228,345	485,915,350	71%
2020/2021	1,656,000,000	1,111,110,150	544,889,850	67%
2022/2023	1,800,000,000	1,309,679,898	490,320,102	73%
2023/2024	2,200,000,000	1,349,689,046	850,310,954	61%

REVENUE PERFORMANCE LAST 5 YEARS



As illustrated in the table, revenue collection showed an overall upward trend in the initial years, primarily driven by improved compliance mechanisms, expansion of the revenue base, and the introduction of automated systems to capture revenues more efficiently. However, there were periods where actual collections fell short of budgeted targets.



Analysis of Revenue Sources

Over the past five years, the main sources of revenue have remained consistent, with the bulk of collections derived from property rates, business permits, market fees, and service charges. The performance of these sources is as follows:

- ***Property Rates***: Contributed a steady Ksh 56,566,990 of total revenue, driven by ongoing property valuation and enforcement efforts. However, some collection challenges persisted due to disputes over property valuations and inadequate documentation.
- ***Business Permits***: An amount of Ksh 178,230,242 of the revenue collected was from Business permits. The introduction of e-permit systems led to an increase in compliance rates and faster processing times. However, small businesses struggled with compliance due to limited awareness and capacity issues.
- ***Market Fees and Service Charges***: These two categories contributed a combined Ksh. 24,253,668 of total revenue. Collection efforts were hampered by resistance from traders to new fee structures, but mitigation strategies such as stakeholder engagement and phased implementation helped address some of these concerns.

Key Challenges in Revenue Collection

The county's revenue collection efforts faced several challenges during the period under review:

1. ***Economic Disruptions***: The local economy faced multiple disruptions, including a decline in agricultural output due to adverse weather conditions, and fluctuations in the business environment caused by external factors such as inflation and global supply chain disruptions. These conditions affected businesses' ability to meet their revenue obligations.
2. ***Compliance and Enforcement Issues***: Low compliance levels, particularly in the informal sector, posed a significant challenge. Many small-scale businesses were either unaware of their obligations or deliberately avoided compliance due to perceived burdensome processes and costs.
3. ***Technological Gaps***: While the introduction of automation and e-systems was intended to streamline revenue collection, the rollout encountered resistance due to limited digital literacy among stakeholders, inadequate infrastructure in some areas, and frequent system downtimes.
4. ***Policy and Legislative Constraints***: Some policy and legislative frameworks were outdated and did not reflect current economic realities, making enforcement difficult. Additionally, changes in national policies and intergovernmental fiscal relations affected local revenue streams.

Mitigating Measures

To address these challenges, the county government adopted several measures aimed at improving revenue collection performance:

1. ***Economic Stimulus and Support Programs***: The county government introduced economic stimulus programs targeting key sectors such as agriculture and small-scale trade to revitalize the local economy. These programs were designed to enhance the capacity of businesses to meet their revenue obligations.
2. ***Enhanced Compliance and Awareness Campaigns***: The management embarked on a series of public awareness and education campaigns to promote compliance. Efforts included workshops, community engagements, and targeted outreach to the informal sector. Additionally, the county intensified enforcement measures through a combination of incentives for compliance and penalties for non-compliance.
3. ***Technological Upgrades and Capacity Building***: To overcome technological challenges, the county invested in upgrading its revenue management systems to enhance efficiency and reduce downtime. Furthermore, capacity-building initiatives were conducted for both county staff and stakeholders to improve digital literacy and acceptance of new systems.
4. ***Policy Reforms and Legislative Updates***: The county undertook a review of existing policies and regulations governing revenue collection to align them with current economic realities. This included revising fee structures, updating valuation rolls, and lobbying for supportive legislation at the national level to safeguard local revenue interests.

Conclusion

Despite the challenges encountered, the Receiver of Revenue has made significant strides in improving operational efficiency and financial performance. The management remains committed to implementing innovative strategies and collaborating with stakeholders to overcome existing challenges, enhance revenue collection, and achieve fiscal sustainability. Moving forward, we aim to build on these efforts and create a more resilient and responsive revenue collection framework that can adapt to changing economic conditions and continue to support the county's developmental objectives.

10. Environmental and Sustainability Reporting

1. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Overview of Global Political and Macroeconomic Trends Affecting Sustainability Priorities

The global sustainability landscape continues to be shaped by dynamic political and macroeconomic developments. Increasing geopolitical tensions, rising inflationary pressures, supply chain disruptions, and shifting trade patterns have influenced resource availability and operational costs. At the same time, global commitments to address climate change—such as the Paris Agreement—have accelerated national and regional policy actions on decarbonization, renewable energy adoption, and environmental protection.

Climate change remains a significant sustainability priority, with extreme weather patterns, water scarcity, and environmental degradation posing economic and social risks. These global pressures continue to influence our sustainability strategy, pushing the entity to enhance resilience, improve resource efficiency, adopt green technologies, and strengthen responsible business practices.

Our approach is aligned with notable international sustainability frameworks, including the United Nations Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 16 (Peace, Justice and Strong Institutions). These frameworks guide our priority-setting, monitoring, and reporting.

Fund's Sustainability Priorities and Policy Framework

The fund's sustainability efforts are anchored in a comprehensive Sustainability Policy Framework that integrates environmental stewardship, social responsibility, and strong governance (ESG). Our key sustainability priorities include:

Environmental Management – Promoting energy efficiency, waste reduction, climate resilience, and sustainable use of natural resources.

Social Impact – Advancing equity, diversity, community engagement (Public Participation), and inclusion of special interest groups.

Economic Sustainability – Ensuring prudent resource utilization guided by article 201 of the constitution, responsible procurement, and long-term value creation.

Governance and Ethics – Upholding transparency, accountability, and compliance with all laws and regulations.

Innovation and Green Growth – Encouraging adoption of environmentally friendly technologies and operational practices.

These priorities are embedded within our institutional policies, strategic plan, and annual performance targets in collaboration with all departments within the County.

2 Environmental performance

The Fund is guided by a comprehensive Environmental Management framework from the County Department of Environment that commits to minimizing negative environmental impacts and promoting sustainable use of resources. The framework is anchored on key pillars including:

Compliance with national environmental regulations and global environmental standards.

Reduction of carbon emissions and energy use.

Conservation of biodiversity and natural habitats.

Sustainable procurement and green infrastructure development.

Waste minimization through reduce–reuse–recycle principles.

Continuous monitoring, reporting, and improvement of environmental performance.

The framework is implemented across all departments and supported by an Environmental Management Committee responsible for coordination, enforcement, and periodic evaluation.

3 Employee Welfare

Hiring Policies and Inclusion Practices

The Fund is guided by County robust Human Resource Management Policy that emphasizes fairness, meritocracy, and equal opportunity during recruitment and selection. All hiring processes strictly adhere to national labor laws and the organization’s internal guidelines.

Key principles of the hiring policy include:

Equity and Inclusion: Recruitment processes consider gender balance (male, female, youth), and inclusion of Persons with Disabilities (PWDs) in line with national requirements on diversity and disability mainstreaming.

Fair Competition: All vacancies are advertised publicly to ensure broad access and equal opportunity.

Competency-Based Selection: Candidates are assessed through transparent and objective methods that focus on skills, experience, character, and organizational fit.

Stakeholder Engagement: Staff unions, employee representatives, and oversight bodies are consulted during the development and review of HR policies.



Regular Review: The HR policies are reviewed every three years, or earlier when regulatory changes, organizational restructuring, or emerging trends necessitate updates.

During the reporting period, the Fund continued to implement affirmative action measures to improve representation of women, youth, and PWDs in both technical and administrative roles.

4 Market Place Practices

a) Responsible Competition Practices

The organization is committed to maintaining a fair, transparent, and ethical operating environment in line with national laws, international best practices, and internal governance guidelines. Responsible competition is embedded within the Code of Conduct, Anti-Corruption Policy, Procurement Policy, and Service Delivery Charter.

1. Anti-Corruption and Ethical Conduct

The organization maintains a zero-tolerance policy on corruption, bribery, fraud, and abuse of office.

All employees undergo regular training on ethics, integrity, and anti-corruption laws.

A secure whistleblowing platform is in place to allow anonymous reporting of unethical behaviour without fear of retaliation.

Conflict of interest declarations are renewed annually and during critical decision-making processes.

2. Fair and Transparent Competition

All procurement is conducted through open and competitive tendering in compliance with public procurement laws.

Evaluation committees operate independently and follow standardized scoring criteria to maintain fairness.

The organization respects competitors by avoiding unfair practices such as false claims, undue influence, or restrictive deals.

3. Improved Service Delivery Practices

To enhance efficiency and citizen satisfaction, the organization has adopted multiple innovations, including:

Service Automation: Implementation of self-service platforms, e-portals, and mobile applications to streamline service delivery and reduce human interference.

Service Delivery Charter: This provides clear timelines, standards, and expectations for services offered to the public.

Cashless Payment Systems: Adoption of digital payment solutions to enhance transparency and reduce handling of cash.

Public Sensitization and Outreach: Regular communication via public barazas, community meetings, roadshows, radio and TV programs, and social media updates.

Brand Protection Mechanisms: Ensuring consistency in communication, trademarks, public-facing materials, and uniform branding across service stations.

These measures help foster responsible competition while improving customer satisfaction and reducing opportunities for fraud.

b) Responsible Supply Chain and Supplier Relations

The organization recognizes that suppliers are critical partners in delivering quality services. As such, it upholds responsible supply chain practices guided by the Procurement and Supply Chain Policy and national procurement regulations.

1. Good Business Practices

Procurement is conducted transparently through open tendering, request for quotation, framework agreements, and restricted tenders where justified.

Suppliers are treated fairly and evaluated based on merit, capacity, price competitiveness, and compliance with ethical standards.

2. Respect for Contractual Obligations

The organization honours contract terms, ensuring that deliverables, timelines, and quality specifications are followed.

Contract performance is monitored through structured supervision, site inspections, and evaluation reports.

3. Fair Payment Practices

Suppliers are paid promptly in accordance with contract terms to avoid undue financial pressure.

Dispute resolution mechanisms exist for suppliers to raise concerns relating to delayed payments, contract amendments, or performance issues.

4. Inclusion of Special Interest Groups

A deliberate effort is made to allocate a proportion of procurement contracts to local suppliers, women, youth, and persons with disabilities (PWDs) as guided by national affirmative action policies.

c) Responsible Marketing, Advertisement, and Engagement with Citizens

The organization is committed to ethical communication and responsible public engagement, ensuring that information shared with citizens is accurate, timely, and respectful.

1. Ethical Communication and Marketing Practices

All communication materials, public notices, and advertisements adhere to truthfulness, avoiding exaggerated claims or misleading statements.

Marketing content avoids discrimination, harmful stereotypes, or messaging that may cause public distress.

Adequate information is always provided to enable citizens to make informed decisions.

2. Public Outreach and Sensitization

Efforts to improve citizen engagement include:

Regular public forums, community meetings, and stakeholder consultations to gather feedback and address concerns.

Periodic briefs on the website, social media platforms, and mainstream media to share policy updates, service information, and program progress.

Translating key messages into multiple languages where necessary to respect diversity and enhance accessibility.

3. Respect for Consumers and Stakeholders

Data privacy policies ensure that customer information is protected from unauthorized use or disclosure.

A feedback and complaints-handling system allows citizens to report grievances and receive timely redress.

The organization ensures inclusivity by engaging women, youth, PWDs, and marginalized groups in public dialogues.

d) Product Stewardship and Awareness Creation

The organization is committed to safeguarding consumer rights and promoting public awareness on available services, safety measures, and redress mechanisms.

1. Protection of Consumer Rights and Interests

The organization ensures:

Health and Safety Safeguards: Products and services comply with established standards to protect the well-being of users.

Adequate Service Information: Clear instructions and guidelines are provided on accessing services such as health insurance, social security, identification documents, water or electricity connections, licensing, or other public services.

Data and Privacy Protection: Consumer information is handled under strict confidentiality in line with data protection laws.

Right to Redress: A functional dispute resolution framework ensures customer complaints are addressed through helpdesks, hotlines, email, social media, and physical service centers.

Representation Rights: Citizens are informed of their rights such as access to information, right to representation when arrested, right to peaceful assembly, and access to justice.

2. Awareness Creation

The organization undertakes continuous awareness efforts including:

Public education campaigns on service processes, safety standards, and consumer rights.

Collaboration with civil society, media, and community groups to disseminate accurate and timely information.

Periodic publication of brochures, FAQs, guidelines, and service manuals.

Roadshows, school outreach programs, exhibitions, and stakeholder workshops.

a) The Corporation being a County Corporation has trained its staff on Code of Conduct of public servants and the Ethics and Anti-corruption Act. It's funded by public funds and ensures high standards of corporate governance. Our products are fairly priced thus attracting traders from all sectors of the economy.

All fund's staffs conform and adhere to the public service code of conduct and remain neutral to political issues while delivering services to the public.

b) The fund being a public entity works within structures created by the National and County Governments that govern public procurement. It works within the confines of public procurement act and public finance management act and respects its suppliers and is open to scrutiny in the public procurement process. Our procurement officer is regularly allowed to attend trainings and workshops that help him improve skills in public procurement management.

V. Corporate Social Responsibility / Community Engagements

During the reporting period, the organization implemented a range of Corporate Social Responsibility (CSR) and community engagement initiatives aligned strictly with its core mandate and national development priorities. These interventions were designed to create sustainable impact, strengthen community partnerships, and promote social welfare while supporting the organization's long-term objectives.

1. CSR Activities Aligned to the Organization's Core Mandate

The organization focused on CSR initiatives that directly complement its operational mandate and sectoral responsibilities in collaborations with other agencies and departments. These included:

a) Mandate-Specific Social Investments

- **Capacity Building of Local Communities:** Training programs were conducted to empower community members with technical knowledge relevant to the entity's operations—for example, environmental conservation skills, entrepreneurship, water resource management, or public health awareness.
- **Support to Community-Based Initiatives:** The organization collaborated with local groups and institutions in service areas such as tree propagation, community maintenance of public infrastructure, and grassroots awareness.

b) Empowering Community Livelihoods Linked to the Mandate

- **Partnership Models:** The organization engaged communities in co-production of services—for example, seedling production, maintenance of local infrastructure, or collection of data within community projects.
- **Inclusive Projects:** Youth and women groups were involved in activities such as landscaping, site maintenance, environmental protection initiatives, or small-scale procurement opportunities relevant to the mandate.

2. Community Engagement and Public Participation

Public engagement remained a key pillar in ensuring that services and development projects met community needs and were implemented transparently. During the reporting period, the organization undertook multiple engagements including:

a) Community Sensitization and Civic Education

- Conducted **awareness forums** on service delivery processes such as registration, licensing, environmental regulations, identification processes, or access to social services.
- Participated in **local barazas (public meetings)** to explain ongoing projects, receive feedback, and ensure accountability.
- Facilitated community training on safety practices, environmental management, consumer rights, and emerging issues within the sector.

b) Public Participation in Planning and Budgeting

- Organized structured public participation forums as part of the planning and budgeting cycle to ensure community input influenced priorities.
- Engaged stakeholders in validating policies, regulatory proposals, and development projects to ensure inclusive decision-making.
- Ensured participation of marginalized and special interest groups, including women, youth, and persons with disabilities.

3. Charitable Giving and Social Support

The organization extended charitable support in line with its social responsibility obligations and emerging community needs.

a) Cash and Material Donations

- Provided support to vulnerable groups such as orphanages, community centers, and disaster-affected families in the form of **cash grants, food items, bedding, sanitary items, and clothing**.
- Donated operational materials such as seedlings, books, protective equipment, or tools depending on community requests and alignment with the organizational mandate.

b) Support to Community Infrastructure

- Contributed to the improvement or establishment of community infrastructure such as:
 - **Schools** (renovations, classroom equipment, water tanks)
 - **Water infrastructure** (shallow wells, borehole rehabilitation, protection of springs)
 - **Small roads and bridges** supporting access to public service areas
 - **Health facilities** support such as equipment donations or health outreach days.

These contributions strengthened community resilience and improved access to essential services.



Makamega County Revenue Agency Fund
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4. Social Investments and Long-Term Community Projects

The organization continued to invest in long-term community development programs aimed at creating lasting benefits.

Examples of long-term CSI projects include:

- **Tree Planting and Environmental Restoration:** Thousands of indigenous and fruit trees were planted in collaboration with local communities, schools, and environmental clubs.
- **Scholarships and Bursaries:** Underprivileged students were supported with tuition assistance and school supplies to promote equitable access to education.
- **Free Medical or Technical Clinics:** Specialist services such as free health check-ups, legal aid clinics, environmental clean-up events, or agricultural advisory clinics were held in various regions.

These initiatives contributed to improved community welfare and cultivated a positive relationship between the organization and stakeholders.

5. Impact of CSR Activities

The CSR and community engagement initiatives undertaken during the year achieved several positive outcomes:

- **Enhanced community trust and cooperation**, facilitating smoother implementation of development projects.
 - **Improved livelihoods**, particularly through skills development and livelihood support tied to the organization's mandate.
 - **Increased environmental resilience** through tree planting, restoration activities, and environmental education.
 - **Greater citizen awareness**, enabling communities to better utilize public services.
 - **Support for vulnerable groups**, contributing to social cohesion and community wellbeing.
-

6. Evidence of Community Engagement

Throughout the reporting period, the organization maintained documentation and verification of its activities, including:

- Attendance registers and signed minutes from **public participation forums**.
- Photographs and reports of **tree planting events, community training, and outreach programs**.
- A database of **scholarship beneficiaries and bursary recipients**.
- Financial reports showing **charitable contributions** and in-kind donations.
- Monitoring and evaluation reports assessing the effectiveness of community development projects.

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund are as follows;

- i. Responsible for the administration and enforcement of revenue laws in the County;
- ii. Assessment and collection of and accounting for all rates,taxes,fees and other charges payable by or under any law in the County;
- iii. Collect and account for all County revenues;
- iv. Ensure that all monies raised or collected by or on behalf of the County are paid into the County Revenue Fund;
- v. Prepare reports on revenue collected and owing in accordance with the relevant laws and procedures;
- vi. Advise the County Government on all matters relating to the imposition, administration and enforcement of County revenue laws, assessment and collection of rates, taxes, fees, and other charges and penalties thereof in line with Article 209 of the Constitution;
- vii. Perform such other functions as may be provided for under any other county revenue law or as the Agency may deem necessary for the proper discharge of its mandate.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page iv

Trustees

The members of the Board of Trustees who served during the year are shown on page iv. There were changes in the Board during the financial year. The entire Board of management was changed during the year 2022/2023 as new administration of the County Government of had been sworn in. New board chair was appointed by the Governor and other two County Executives including Chief Officer Finance, Chief Revenue Administrator.

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending June 30, 2024

Auditors

The Office of the Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Dr.CPA Martin Mudambo



Chair of the Fund Board of Directors

Date: ...26/09/2024...

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kakamega County Revenue Administration and Management Act 2017, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. 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 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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kakamega County Revenue Agency Act, 2017. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 26/09/ 2024 and signed on its behalf by:



Eng. Joseck Maloba

County Revenue Administrator

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY REVENUE AGENCY FUND FOR TWENTY-FOUR (24) MONTHS PERIOD ENDED 30 JUNE, 2024

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kakamega County Revenue Agency Fund set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2024 and the statement of performance, statement of changes

Report of the Auditor-General on Kakamega County Revenue Agency Fund for twenty-four (24) months period ended 30 June, 2024

in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the period 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 Kakamega County Revenue Agency Fund as at 30 June, 2024 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 Kakamega County Revenue Administration and Management Act, 2017, and 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 Kakamega County Revenue Agency Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.133,289,421 and Kshs.137,806,904 respectively, resulting to an over-funding of Kshs.4,517,483 or 3% above the budget. Similarly, the Fund incurred expenditure of Kshs.135,295,788 against a budget of Kshs.133,289,421 resulting to an over-expenditure of Kshs.2,012,691 or 2% of the budget.

In the circumstances, Management did not observe fiscal discipline in respect to the over-expenditure amounting to Kshs.2,012,691.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on page iii to xlii which comprise of Key Entity Information and Management, Board of Directors, Management Team, Board Chairperson's Report, Report of the Fund Administrator, Statement of

Performance Against County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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 and 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 conclusion 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, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements

The combined financial statements for the Fund for a twenty-four (24) months period covering financial years 2022/2023 and 2023/2024 were submitted to the Auditor-General on 30 September, 2024. This indicates that the financial statements for the year ended 30 June, 2023 were submitted twelve (12) months later to the Auditor-General, after the statutory deadline of 30 September, 2023.

This was contrary to Section 164(4)(a) of the Public Finance Management Act, 2012, which provides that within three (3) months after the end of each financial year, the Accounting Officer for an entity shall submit the entity's financial statements to the Auditor-General.

In the circumstances, Management was in breach of law.

2. Non-Compliance with Standard Financial Reporting Period Requirements

The first set of financial statements of the Fund were prepared for a twenty-four (24) months period ended 30 June, 2024 which combined two (2) distinct financial years. This was contrary to Regulation 97(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the accounts of the County

Government entities shall record transactions which take place during a financial year running from the 1st July to the 30th June.

In the circumstances, Management was in breach of law.

3. Lack of Quarterly Procurement Plan Implementation Reports

The Fund did not provide quarterly reports on the implementation of the Annual Procurement Plan for the period under review and did not provide evidence of submission of the quarterly reports to the County Executive Committee Member of Finance, for audit review. This was contrary to Regulation 40(6) of the Public Procurement and Asset Disposal Regulations, 2020 which requires an Accounting Officer to prepare quarterly reports on the implementation of the Annual Procurement Plan.

In the circumstances, Management was in breach of law.

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, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weaknesses in Governance Structures

The statement of financial performance reflects use of goods and services amounting to Kshs.131,693,4949, and as disclosed in Note 3 to the financial statements. The amount includes Board expenses of Kshs.23,954,609. However, during the period under review, the Board of Directors operated without an approved Board Charter, and did not have an Approved Annual Work Plan and calendar. In addition, a conflict-of-interest register was not provided for audit review, and the Board did not conduct an annual evaluation of its performance at the end of the period as required by the Mwongozo Guidelines.

Further, the Fund did not appoint a qualified Board Secretary as required by Section 5(1)(g) of the Kakamega County Revenue Administration and Management Act, 2017, which requires the appointment of a qualified person under the Certified Public Secretaries of Kenya Act, Cap 534. The Board of Management did not exist for the first twelve (12) months of the financial year 2022/2023, and the County Executive of Kakamega did not provide a satisfactory explanation for failure to constitute the Board within reasonable timelines after the commencement of the County Fund. In addition, the appointment letters and the gazette notice for appointment of Board members were not provided for audit verification.

In the circumstances, the effectiveness of governance of the Fund could not be confirmed.

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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the 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, the 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 also 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

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending
June 30, 2024

14. Statement of Financial Performance for the 24 months period Ending 30th June 2024

Description	Note	FY 2022/2023 & FY 2023/2024	FY 2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	137,800,579	0
		137,800,579	0
Revenue From Exchange Transactions			
Other Income	2	6,325	0
			0
Total Revenue		137,806,904	0
Expenses			
Use of goods and services	3	131,693,949	0
Finance cost	4	0	0
Depreciation	5	1,200,493	0
Total Expenses		132,894,442	0
Other Gains/Losses			
Gain/Loss on Disposal of Assets	6	0	0
Gain /Loss on fair value of investments	7	0	0
Surplus/(Deficit) for the Period		4,912,462	0

(The notes set out on pages 18 to 32 form an integral part of these Financial Statements)

Name: Eng. Joseck Maloba

Administrator of the Fund

Name: CPA Moureen Naliaka

Fund Accountant

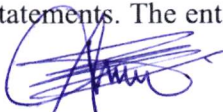
ICPAK Member Number: 25789

Kakamega County Revenue Agency Fund
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15. Statement of Financial Position As at 30 June 2024

Description	Note	FY 2022/2023 & FY 2023/2024	Comparative FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	8	2,511,116	0
Current Portion of Long- Term Receivables From Exchange Transactions	9	0	0
Inventories	10	0	0
Total current assets		2,511,116	0
Non-Current Assets			
Property, Plant and Equipment	11	2,401,346	0
Intangible Assets	12	0	0
Long Term Receivables from Exchange Transactions	13	0	0
Total non- current assets		2,401,346	0
Total Assets (A)		4,912,462	0
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	14	0	0
Total current liabilities		0	0
Non-Current Liabilities			
Social benefit liabilities	15	0	0
Total Liabilities (B)		0	0
Net Assets (A-B)		4,912,462	0
Represented By:			
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		4,912,462	0
Net Assets		4,912,462	0

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 26/09/2024 and signed by:


Name: Eng. Joseck Maloba


Name: CPA Moureen Naliaka

Administrator of the Fund

Fund Accountant
ICPAK Member Number: 25789

Kakamega County Revenue Agency Fund
Annual Report and Financial Statements for the 24 months period ending
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16. Statement of Changes in Net Assets for the 24 months period ending 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (Previous FY) 2022/2023	0	0	0	0
Surplus/(Deficit) For the Period	0	0	0	0
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June (Previous FY) 2022/2023	0	0	0	0
Balance As At 1 July (Current FY)2023/2024	0	0	0	0
Surplus/(Deficit) For the Period	0	0	4,912,462	4,912,462
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June (Current FY) 2023/2024	0	0	4,912,462	4,912,462

Kakamega County Revenue Agency Fund
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17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2022/2023 & FY 2023/2024	Comparative FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	137,800,579	0
Other income		6,325	
Total receipts		137,806,904	0
Payments			
Use of Goods and Services		131,408,416	0
Bank Charges		285,533	0
Total payments		131,693,949	0
Net cash flows from operating activities	16	6,112,955	0
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(3,601,839)	0
Net cash flows used in investing activities		(3,601,839)	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		2,511,116	0
Cash and cash equivalents at 1 July 2022		0	0
Cash and cash equivalents at 30 June 2024		2,511,116	0

Kakamega County Revenue Agency Fund
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18. Statement Of Comparison Of Budget And Actual Amounts For The 24 months Period ending June 30, 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	135,806,904	(2,523,808)	133,283,096	137,800,579	(4,517,483)	103%
Other income	6,325	0	6,325	6,325	0	100
Total Income	135,813,229	(2,523,808)	133,289,421	137,806,904	(4,517,483)	103%
Expenses						
Use of goods and services	131,306,904	(2,023,808)	129,283,096	131,693,949	(2,410,853)	102%
Purchase of Computers	4,500,000	(500,000)	4,000,000	3,601,839	398,161	90%
Total Expenditure	135,806,904	(2,523,808)	133,283,096	135,295,788	(2,012,691)	102%
Surplus For the Period	0	0	0	2,511,116	0	
Capital expenditure	0	0	0	0	0	

Budget notes

1. Over utilization was occasioned by extra cash disbursed by the County Treasury to enhance revenue mobilization strategy
2. The Changes was occasioned to provide for supplementary allocation on budget.
3. There was no difference between amounts in financial performance and that in statement of comparison of Budget and Actual Amounts, this is attributable to depreciation that was recognised in statement of financial performance and the net book value that is recognised in statement of financial performance.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Kakamega County Revenue Agency was established through an Act of the County Assembly, referred to as the Kakamega County Revenue Administration and Management Act, 2017, which established a legal and institutional framework to provide for effective administration of revenue collected by the County Government; the collection, receipt and management of the revenue; provide responsibilities for the Kakamega County Revenue Agency, other public offices and entities involved in revenue collection and for connected purposes

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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 2024.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Kakamega County Revenue Agency Fund
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Assets Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	Applicable 1st January 2026 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.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 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.

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IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 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.
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(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 21st June 2023. 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 Fund recorded additional appropriations of 133 Million on the FY 2023/2024 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. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

a) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. **(entity did not invest in any property)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). 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 entity 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 entity'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.

Summary of Significant Accounting Policies (Continued)

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 entity 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 xx.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity'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.

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements Continued

1. Transfers from County Government

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Transfers From County Govt. –FY 2023/2024	66,964,020	0
Transfers From County Govt. –FY 2022/2023	70,836,559	0
Total	137,800,579	0

2. Other Incomes

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Other Income	6,325	0
Total	6,325	0

3. Use of Goods and Services

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
General Office Expenses	9,190,672	0
Fuels	8,272,774	0
Insurance	417,254	0
Domestic travel	59,493,283	0
Boards expenses	23,954,609	0
Catering services	996,343	0
Telephone And Communication Expenses	5,600,353	0
Advertisement	8,062,965	0
Maint of other assets	126,260	0
Maintenance - motor vehicles & cycles	11,478,945	0
Other expenses	690,200	0
Uniform	2,726,200	0
Bank Charges	285,533	
Utilities	398,558	0
Total	131,693,949	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

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4. Finance cost

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Interest on income	0	0
Total	0	0

5. Depreciation and Amortization Expense

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Property Plant and Equipment	1,200,493	0
Total	1,200,493	0

6. Gain/(loss) on disposal of assets

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

7. Gain/ (loss) on Fair Value Investments

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

8. Cash and cash equivalents

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Current Account	2,511,116	0

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Total Cash And Cash Equivalents	2,511,116	0
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Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	Period ending June ,2024	FY 2021/2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1239305796	2,511,116	0
Grand Total		2,511,116	0

9. Receivables from exchange transactions

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	0	0

Additional disclosure on interest receivable

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

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10. Inventories

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
Total Inventories at The Lower of Cost and Net Realizable Value	0	0

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Notes To The Financial Statements (Continued)

11. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July FY 2022/2023	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30th June FY 2022/2023	0	0	0	0	0
At 1st July FY 2023/2024					
Additions	0	0	0	3,601,839	3,601,839
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30th June FY 2023/2024	0	0	0	3,601,839	3,601,839
Depreciation And Impairment					
At 1 st July FY 2022/2023	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June FY 2022/2023	0	0	0	0	0
At 1st July FY 2023/2024					
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0
At 30th June FY 2023/2024	0	0	0	(1,200,493)	(1,200,493)
Net Book Values					
At 30 th June FY 2022/2023	0	0	0	0	0
At 30 th June FY 2023/2024	0	0	0	2,401,346	2,401,346

Notes To The Financial Statements (Continued)

12. Intangible assets

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

Notes To The Financial Statements (Continued)

13. Long-term Receivables from exchange Transactions

14. Trade and other payables from exchange transactions

Description	Period ending June ,2024		FY 2021/2022	
	Kshs		Kshs	
Trade Payables	0		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	0		0	
Ageing analysis (Trade and other payables)	Current FY 2023/2024	% of the Total	Comparative FY2021/2022	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0		0	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

Notes To The Financial Statements (Continued)

15. Social Benefit Liabilities

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

16. Cash generated from operations.

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	4,912,462	0
Adjusted For:		
Depreciation	1,200,493	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance cost	0	0
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	6,112,955	0

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Notes To The Financial Statements (Continued)

17. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Transfers From Related Parties'	137,800,579	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Board Of Trustees	608,700	0
Key Management Compensation	0	0
Total	608,700	0

d) Due from related parties

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

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Other Disclosures Continued

e) Due to related parties

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

18. Contingent assets and contingent liabilities

Contingent Liabilities	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

Notes To The Financial Statements (Continued)

19. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes To The Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk on amounts due from

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

Notes To The Financial Statements (Continued)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

Notes To The Financial Statements (Continued)

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	Period ending June ,2024	FY 2021/2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

20. Events after the reporting period

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

21. Ultimate and Holding Entity

The entity is a County Public Fund established by Kakamega County Revenue Administration and Management Act 2017 under the Ministry of Finance ,Economic planning and ICT. Its ultimate parent is the County Government of Kakamega.

22. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations

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

This is the first set of financial report and statements as such there is no prior year audit issues

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)

Being 1st set of financial report and statements to be audited, the management has not received any prior year audit issues.

Fund Manager/Accounting Officer



Eng. Joseck Maloba

Chief Revenue Administrator

Date...26/09/2024.....

Kakamega County Revenue Agency Fund

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Annex II: Inter-Fund Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

There was no interfund disbursements

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 2024				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total							
<p>In confirm that the amounts shown above are correct as of the date indicated.</p> <p>Head of Accountants department of beneficiary Fund:</p> <p>Name <i>Maureen Naliaka</i> Sign <i>[Signature]</i> Date <i>26/09/2024</i></p>							

Kakamega County Revenue Agency Fund

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Kakamega County Revenue Agency Fund

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments