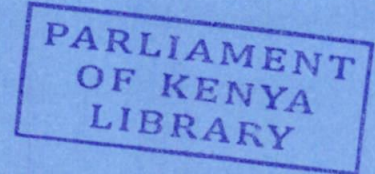
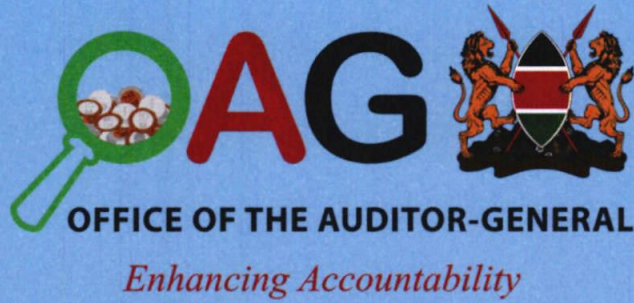


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE

FOR THE YEAR ENDED
30 JUNE, 2024

COUNTY GOVERNMENT OF MAKUENI

PAPERS LAID	
DATE	19/2/2025
TABLED BY	Majority leader
COMMITTED	
CLERK AT THE TABLE	Angela



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB
11 DEC 2024
RECEIVED



RECEIVER OF REVENUE
(County Government of Makueni)

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

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1 DEC 2024

Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

AIA	Appropriation In Aid
ATC	Agricultural Training Centres
CA	County Assembly
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
COB	Controller of Budget
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
FY	Financial Year
KSHS	Kenyan Shillings
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
POA	Performance Outcome Areas
PSASB	Public Sector Accounting Standards Board
REAP	Revenue Enhancement Action Plan
ROR	Receiver of Revenue
TADAT	Tax Administration Diagnostic Assessment Tool

b) Glossary of Terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2. Key Entity Information and Management

(a) Background information

The *receiver of revenue* is under the Department of Finance and Socio-economic Planning. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance and Socio-Economic Planning who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver on 17th October 2022, by the County Executive Committee member for Finance, in accordance with Section 157 of the PFM Act, 2012.

(b) Principal activities

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

(c) Key Management Team

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

S/no	Name	Designation	Department
1.	CPA Damaris Mumu Kavoi	County Executive Committee Member for Finance and Socio-Economic Planning	Finance and Socio-Economic Planning
2.	Boniface Musyoki Mutua	Chief Officer-Planning, Budget, Revenue, Monitoring & Evaluation	Finance and Socio-Economic Planning
3.	John Nguni	Chief Officer-Finance	Finance and Socio-Economic Planning
4.	Dr. Stephen Ndolo	Chief officer-Health Services	Health Services
5.	Jackson Charo Daudi	Chief Officer- Lands & Urban Planning	Lands & Urban Planning
6.	CPA Stephen Thiong'o Moses	Director/Receiver of Revenue	Finance and Socio-Economic Planning
7.	CPA Kiniva Benson Mwendwa	Deputy Director –Head of Revenue Reporting	Finance and Socio-Economic Planning

Key Entity information and Management (continued)

(d) County Headquarters

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

(e) County Government of Makueni Contacts

Telephone: (254) 202 034 944
E-mail: contact@makueni.go.ke
Website: www.makueni.go.ke

(f) Independent Auditor

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

(g) Principal Legal Adviser

Telephone: (254) 700 072 929
E-mail: communications@ag.go.ke
Website: www.statelaw.go.ke

(h) County Executive Bankers

1. Central Bank of Kenya
Telephone: (254) 202 860 000
Email: comms@centralbank.go.ke
Website: www.centralbank.go.ke
2. Kenya Commercial Bank- Wote Branch
Telephone: (254) 711 070 000
Email: ccarewote@kcbgroup.com
Website: www.kcbbankgroup.com

(i) County Attorney

Office of the Governor
Telephone: (254) 726 035 603
Email: county.attorney@makueni.go.ke
Website: www.makueni.go.ke

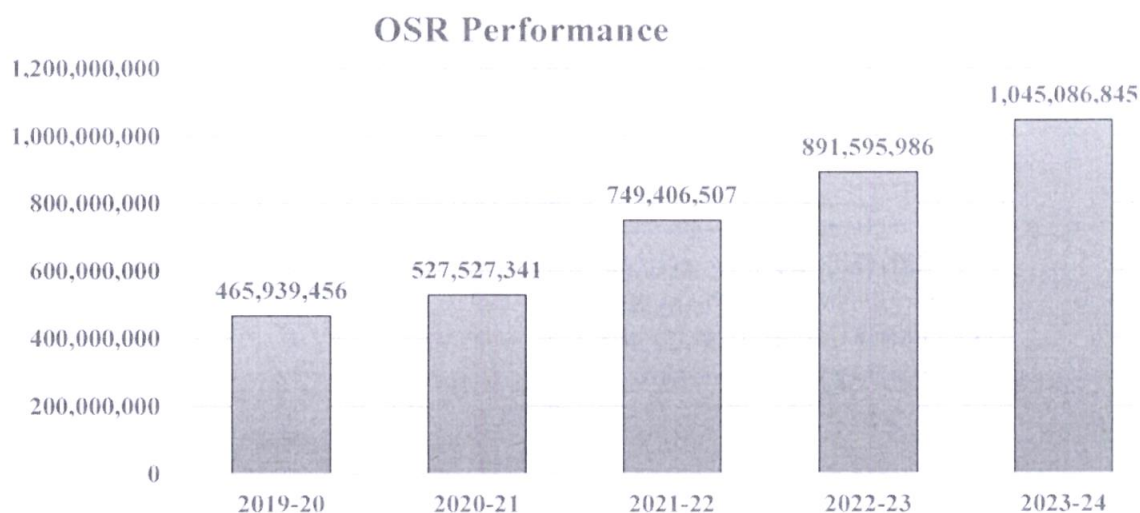
3. Foreword by the CECM Finance and Economic Planning

Article 209 of the Constitution of Kenya, 2010 gives powers to the county government to impose taxes, fees, and charges to mobilize resources to finance the budget. In addition, section 104(d), of the PFMA, 2012 assigns obligatory roles to the County Treasury on matters relating to resource mobilization.

The Public Finance Management Act Section 157 provides for the designation of county receiver of revenue who is mandated by section 165 to prepare the receiver of revenue financial statement in the manner prescribed by PSASB.

The third generation Makueni County Integrated Development Plan (CIDP) 2023-2027 sets out development priorities for five years. These priorities intend to empower the Makueni county citizenry to increase productivity and thereby enhance their economic well-being through saving and investment for wealth creation. The key driver in the realization of the priorities set out in the CIDP is depended on the ability of the county to mobilize adequate resources and seek strategic partnerships to accelerate development.

The county has progressively recorded steady growth in own source revenue since 2013 from a collection of less than Kshs 189,188,000 in 2013/2014 to 1,045,086,845 in the FY 2023/2024. Over the last three years, the county has managed to grow OSR by 39% from Kshs 749,406,507 in the FY 2021/22 to 1,045,086,845 in the FY 2023/2024. The OSR has grown by an average of 23% since FY 2019/20 to FY 2023/24 as shown in Figure 1 below. The proportion contribution of OSR funding of the county budget has also continued to grow standing at 11% in the FY 2023/2024 from a low of 4% in the FY2013/14. We envision to grow this proportion to 20% by the year 2027.



Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024

The Key strategies include optimizing land-based revenue, adopting a coordinated approach to business licensing, implementing unified billing, broadening revenue streams, automating revenue processes, and reducing leakages.

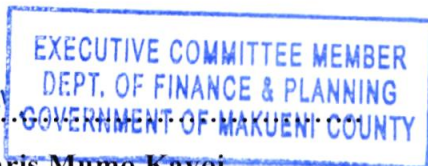
During the FY 2023/2024 the county projected to mobilise Ksh. 1,240,000,000.00 from own source revenue and realized a total of Kshs1,045,086,845 representing a performance of 84%. Despite the shortfall of 16%, there was a growth of 17% as compared to Ksh 891,595,987 realized in FY 2022/2023. The improvement in OSR compared with the previous year was attributable to several interventions such as instituting a unified auto billing and embracing cashless mode of payment that enabled customers to pay at their convenience. Additionally, the county conducted business census that instituted data driven collection mechanisms such as rapid results initiative to accelerate the collection as well as conducting customer sensitization to encourage voluntary payment.

During the Financial Year, Ksh 490,586,795 was disbursed to CRF while Kshs 554,500,050 was retained by hospitals as AIA pursuant to the provision of the Makueni County Health Services Act, 2017.

This trend in the growth of OSR will be maintained in the medium term as the county continually implements the revenue enhancement strategies among others, leveraging on technology by deepening automation, entrenching cashless mode of payment and increasing the number of streams generating revenue.

The management has suggested the following steps in the draft Finance Bill 2024 in order to alleviate tax payers of the weak economy and mobilise Kshs 1,444,578,170 as own source of revenue for the county in FY 2024–2025;

- Paying licenses and permits in instalments.
- Discounts for timely payments.
- Quarterly payments for new entrants.



CPA Damaris Mumo Kavoi

CECM Finance and Economic Planning

County Government of Makueni

4. Management Discussion and Analysis

The County Government is dedicated to improving resource mobilization as a key pillar to achieving the desired socio-economic transformation of the county. In the medium to long term the county has strived to reduce its over reliance on equitable revenue share transfers from the national government.

Since the equitable share has been increasing at a decreasing rate, the county has focused on initiating programmes to foster local economic expansion with anticipation that this will boost investment and thereby enhance revenue generation to drive the county's development agenda. Furthermore, the government has continued to actively establish and strengthen partnerships and collaborations with donors and private investors to access additional resources for accelerated county development.

Legal Framework

The Kenya Constitution under Article 209 gives power to county governments to impose certain taxes, fees, charges necessary for funding their development programmes and activities. Further, Section 132 of the Public Finance Management Act 2012 provides for the enactment of a Finance Act to guide the imposition of these taxes, fees and, charges. The receiver of revenue financial statement is prepared pursuant to the provisions of Section 165 of Public Financial Management Act 2012.

Policy and Revenue Administration.

An assessment of the system of tax administration of Makueni County, Kenya was undertaken using the Tax Administration Diagnostic Assessment Tool (TADAT) which provides an assessment baseline of tax administration performance that is used to determine reform priorities based on international standards. TADAT framework has nine Performance Outcome Areas (POAs) and 32 high level indicators critical to tax administration performance. The TADAT assessment has highlighted many areas where the tax system, relative to international good practice, is either inadequate or where performance is weak.

The Department has continued to implement the recommendations therein to improve tax administration in the county. A draft Revenue Enhancement Action Plan (REAP) has been done within the Financial Year and assessment of the nine POAs has been done and scored. In addition, a REAP matrix to address the gaps identified is in place and is been implemented.

*Receiver Of Revenue
County Government Of Makeni
Revenue Statements for the Period Ended 30th June 2024*

OSR Potential

County Own Source revenue collection accounts for less than 12 per cent of the total county budget. This leads to overreliance on the equitable share from the National Government and funds from development partners. According to the Commission on Revenue Allocation (CRA,2019) report, the county has a potential of Kshs 1.393 Billion against actual collection of Kshs 1,045,086,845 last financial year which is approximately 75% against county OSR potential. CRA Report (2019).

A data driven OSR potential has been settled at Kshs 1,444,578,170 for FY 2024/25 which is our current target and our eyes are focused on the same as county.

Own Source Revenue Performance

Own source revenue performance registered a growth of 17% from Kshs 891,595,987 recorded in FY 2022/23 to Kshs 1,045,086,845 in Financial Year 2023/24. The increase was attributed to collective efforts to enhance Own Source Revenue collection, increased surveillance, increased willingness of the populace to pay fees, upgrade of health centres to level 4 hospital, increased absorption of universal health coverage under national scheme and enhancing cashless collection and reporting of all revenues collected by County government entities.

The table below shows comparison of revenue estimates and actuals for the last five years as well as own source revenue trend for the period under review.

Financial Year	Estimates (Kshs)	Actuals (Kshs)	Performance (%)
2019/2020	655,235,126	465,939,456	71%
2020/2021	1,093,000,000	527,527,341	48%
2021/2022	1,091,306,710	749,406,507	69%
2022/2023	1,085,000,000	891,595,986	82%
2023/2024	1,240,000,000	1,045,086,845	84%

Receiver Of Revenue
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Key Challenges and mitigations instituted in OSR mobilization

Despite the improvement of over Kshs 154 Million in performance as compared to FY 2022/23, the county experienced a number of challenges that impeded full realization of OSR potential as tabulated below;

No.	Challenges	Mitigating Measures
1	Resistance by some business community on paying county dues	The county has carried out thorough sensitization on voluntary compliance through market clinics, media and roadshows
2	Staff shortage	The county has been temporary pooling staff in busy markets. Advertisement of ten revenue officers has been done. In addition, the county has configured the revenue system through auto billing which enable customers to pay at their comfort without human interaction.
3	Depressed economic conditions	The Management has proposed instalment and discounted payment of permits and licenses in the Finance Bill 2024.

*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*

5. Statement of Receiver of Revenue’s responsibilities

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


The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 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 statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the county government of Makueni receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the county government of Makueni receiver of revenue account gives a true and fair view of the state of county government of Makueni receiver of revenue transactions during the financial year ended June 30, 2024, and of the county government of revenue statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

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

Approval of the Revenue Statements

The *revenue* statements were approved and signed by the Receiver of Revenue on 27/09/2024


Name: CPA Stephen Thiong’o Moses
County Receiver of Revenue



REPUBLIC OF KENYA

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Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS - RECEIVER OF REVENUE FOR THE YEAR ENDED 30 JUNE, 2024 COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

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

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

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

REPORT ON THE REVENUE STATEMENTS

Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Makueni set out on pages 1 to 18 which comprise of the statement of financial assets and liabilities and statement arrears of revenue as at 30 June, 2024 and the statement of receipts and disbursements and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Makueni as at 30 June, 2024 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with, the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government of Makueni Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAIs 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 own source revenue budget and actual on comparable basis of Kshs.1,240,000,000 and Kshs.1,045,086,845 respectively, resulting to under collection of 194,913,155 or 16% of the budget. Management has not indicated the measures being undertaken to ensure prompt and effective collection of own source revenue.

In the circumstances, the shortfall in own source revenue collection may have affected implementation of planned activities and programs and impacted negatively on service delivery to the residents.

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 Matter

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Though the issues are indicated as resolved, no evidence was provided on how the issues were resolved and they could still be pending as at 30 June, 2024.

Other Information

Management is responsible for the other information set out on page iii to x which comprise of Key Entity Information and Management, Statement by CECM Finance and Economic Planning, Management Discussion and Analysis and Statement of Receiver of Revenue's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the financial statements of Receiver of Revenue - County Government of Makueni, 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 Other Information, I am required to report that fact. I have nothing to report in this regard.

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

Increase in Unpaid Revenue

The statement of arrears of revenue reflects outstanding land rates owed to the County Government totalling Kshs.480,889,614, an increase of Kshs.188,669,855 or 65% compared to an amount of Kshs.292,219,759 reported in the year ended 30 June, 2023. In addition, unpaid property rent totalled Kshs.9,344,100 an increase of Kshs.1,258,125 or 16% compared to Kshs.8,085,975 reported in the year ended 30 June, 2023. The unpaid Single Business Permits totalled Kshs.80,931,200, an increase of Kshs.20,228,300 or 92% compared to Kshs.22,030,900 reported in the year ended 30 June, 2023. Management did not provide an explanation as to why the County had not collected the outstanding invoices despite geo-mapping all the properties in the County.

Failure to collect all revenues due to the County Government impacts negatively on the cash flow position and effective service delivery.

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

Failure to Integrate Revenue Systems

The statement of receipts and disbursements reflects County own source revenue of Kshs.1,045,086,845. During the year under review the County Government had three revenue collection systems which included County Hospital Information Management System, Zizi and Lands Information Management system. However, the County Hospital Information Management System and Zizi had not been integrated to enable easier and accurate revenue reporting. In addition, the County could not account for revenue directly deposited into the Kenya Commercial Bank Revenue Account by a client unless prompted

deposited into the Kenya Commercial Bank Revenue Account by a client unless prompted by way of invoice from the Zizi system. This is indicative of human intervention which is prone to potential errors in revenue reporting.

Failure to integrate revenue systems may lead to inaccuracies in revenue reporting and losses.

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 Management and those Charged with Governance

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


18 December, 2024

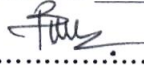
*Receiver Of Revenue
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Revenue Statements for the Period Ended 30th June 2024*

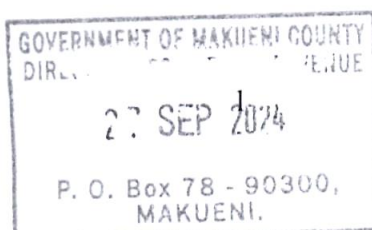
7. Statement of Receipts and Disbursements for the year ended 30th June 2024

	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
County Own Source Revenue			
Cess	1	25,310,790	19,490,595
Land Rates	2	28,007,916	26,660,498
Single/Business Permits	3	137,832,356	122,418,595
Property Rent	4	7,010,350	3,211,025
Parking Fees	5	37,526,583	25,997,996
Market Fees	6	37,463,585	28,850,257
Advertising	7	13,299,478	13,800,222
Hospital Fees	8	554,500,050	454,968,896
Public Health Service Fees	9	38,555,882	17,874,150
Physical Planning and Development	10	19,325,041	15,350,680
Hire Of County Assets	11	3,584,374	1,795,190
Conservancy Administration	12	6,298,855	6,456,430
Administration Control Fees and Charges	13	56,743,778	57,108,658
Other Fines, Penalties, And Forfeiture Fees	14	872,632	679,316
Miscellaneous receipts	15	78,755,175	96,933,479
Total County Own Source Revenue		1,045,086,845	891,595,987
Other Receipts			
Donations/Grants Not Received Through CRF	16	-	-
Total Other Receipts			
Total Receipts		1,045,086,845	891,595,987
Balance b/f at the beginning of the year		11,296,550	8,188,084
Transfer from Sand Authority Last FY		5,445,151	
Less: Amounts retained by hospitals in form of AIA		(554,500,050)	(454,968,896)
Less: Amounts held in Sand Authority			(25,590,131)
Disbursements To CRF		(505,877,688)	(407,888,330)
Bank charges	17	(45,000)	(40,164)
Balance Due for Disbursement		1,405,808	11,296,550

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 27/09 2024 and signed by:


Name: CPA Stephen Thiong'o Moses
County Receiver of Revenue
ICPAK M/No: 18114
(Ref: PFM ACT section 165, 2(a))


Name: CPA Kiniva Benson Mwendwa
Head of Revenue Reporting
ICPAK M/No: 16512

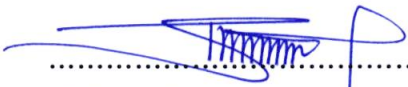


*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*


8. Statement of Financial Assets and Liabilities as at 30th June 2024

	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	18	938,256	8,691,560
Cash in Hand	19	467,552	2,604,990
Total Financial Assets		1,405,808	11,296,550
Total Financial Assets		1,405,808	11,296,550
Financial Liabilities			
Payables-Due to CRF	20	1,405,808	11,296,550
Total Financial Liabilities		1,405,808	11,296,550

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 27/09/2024 and signed by:



CPA Stephen Thiong'o Moses
 County Receiver of Revenue
 ICPAK M/NO. 18114



Name: CPA Kiniva Benson Mwendwa
 Head of Revenue Reporting
 ICPAK M/No: 16512



*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*

9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2024

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	21,500,000	6,500,000	28,000,000	25,310,790	2,689,210	90%
Land Rate	154,500,000	22,500,000	177,000,000	28,007,916	148,992,084	16%
Single/Business Permits	150,000,000	50,000,000	200,000,000	137,832,356	62,167,644	69%
Property Rent	3,500,000	4,200,000	7,700,000	7,010,350	689,650	91%
Parking Fees	35,000,000	11,000,000	46,000,000	37,526,583	8,473,417	82%
Market Fees	53,000,000	3,000,000	56,000,000	37,463,585	18,536,415	67%
Advertising	15,200,000	4,800,000	20,000,000	13,299,478	6,700,522	66%
Hospital Fees	510,000,000	(135,000,000)	375,000,000	554,500,050	-179,500,050	148%
Public Health Service Fees	25,000,000	8,000,000	33,000,000	38,555,882	-5,555,882	117%
Physical Planning and Development	50,000,000	(5,000,000)	45,000,000	19,325,041	25,674,959	43%
Hire Of County Assets	7,000,000	3,000,000	10,000,000	3,584,374	6,415,626	36%
Conservancy Administration	6,200,000	2,800,000	9,000,000	6,298,855	2,701,145	70%
Administration Control Fees and Charges	83,100,000	3,200,000	86,300,000	56,743,778	29,556,222	66%
Other Fines, Penalties, And Forfeiture Fees	1,000,000	-	1,000,000	872,632	127,368	87%
Miscellaneous Receipts	85,000,000	61,000,000	146,000,000	78,755,175	67,244,825	54%
Total County Own Source Revenue	1,200,000,000	40,000,000	1,240,000,000	1,045,086,845	194,913,155	84%
Other Receipts						
Donations /Grants Not Received Through CRF	-	-	-	-	-	-
Total Other Receipts						

*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
Total Receipts	1,200,000,000	40,000,000	1,240,000,000	1,045,086,845	194,913,155	84%

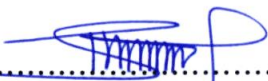
- (a) **Land Rates:** The under realization mostly was as a result of plot owners not clearing their dues on time and rate payers not owning their dues and voluntary paying for them.
- (b) **Single business permits:** under realization was as a result of business owners not complying on time, depressed economy among others. However, there was an improvement of over Kshs 15 million compared to last financial year.
- (c) **Parking fees:** Despite the streams registering major improvement as compared to last financial year performance, under realization was majorly due to depressed economy.
- (d) **Market Entrance Fee:** Despite the streams registering major improvement as compared to last financial year performance, under realization was majorly due to depressed economy and low production of farm produce within the county.
- (e) **Advertising.** The underperformance of this revenue is attributable to delayed payment by a major client, Safaricom PLC for the advertisement activities within the County, this was paid immediately after the year ended.
- (f) **Hospital Fees:** The over realization was due to increased NHIF uptake through on boarding of more health facilities in the program as well tightening controls and collections from Facility Improvement Fund.
- (g) **Public Health Fees:** The over realization was because of introduction of unified and auto billing which enables customers to receive a consolidated invoice for their dues and paying on time at their own convenience.
- (h) **Physical Planning and Development:** The stream performance fell short of the target mainly because of reduced economic activities in construction due to depressed economy. The performance was higher by approximately 27% as compared to the previous year when a collection of Kshs 15,350,680 was recorded.

*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*


- (i) **Hire of Country Assets:** The stream performance is dependent on the demand for hire of asset which was low during the year under review hence the shortfall.
- (j) **Conservancy;** The stream is an incidental cost attached to business permits and therefore affected by factors attributable to business permit stream.
- (k) . **Administration Control Fees and Charges:** The stream comprises regulatory services provided by the county whereby Alcoholic drinks control contributes approximately 80%. The crackdown on alcoholic drinks outlets coupled by a court case by traders in Wote municipality negatively affected performance of the stream hence the shortfall.
- (l) **Other Fines, Penalties, And Forfeiture Fees:** This was slightly below the target as compliance rate was higher.
- (m) **Miscellaneous Receipts:** The stream comprises of revenue from Makueni Fruit Development Authority and Sand Authority. The processing of the products during the year under review was low thereby affecting sales. The Authority is however diversifying into ready to drinks juice and water bottling to grow its revenues. Sand Authority revenue was affected by under development within the county.

The changes between original and final own source revenue estimates were because of change in projected revenues from the various revenue streams.

The County Receiver of revenue's financial statements were approved on 27/09 2024 and signed by:


.....
CPA Stephen Thiong'o Moses
County Receiver of Revenue
ICPAK M/No: 18114




.....
CPA Kiniva Benson Mwendwa
Head of Revenue Reporting
ICPAK M/No: 16512

*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*

10. Statement of Arrears of Revenue as at 30th June 2024

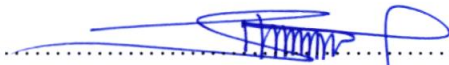
Classification Of Receipts	Balance as at The beginning of the current year (1 st July 2023) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2024 C	Total arrears as at 30 June 2024 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Land rates	292,219,759	-15,833,035	204,502,890	480,889,614	-Public sensitization to plot owners through market clinics, bulk sms, social media and mainstream media. -Issuance of demand notes. -Prosecution to attach properties to recover debts.	Over 30% is recoverable.
Property Rent	8,085,975	-3,370,975	4,629,100	9,344,100	-Issuance of legal notice by County Attorney to enhance compliance. -Public sensitization to plot owners through Municipalities.	Over 70% is recoverable.
Single Business Permit	22,030,900	-5,389,800	64,290,100	80,931,200	-Continuous reminders through bulk sms and market clinics. -Use of revenue champions in the markets to encourage voluntary compliance	Over 40% is recoverable.
Total Arrears	<u>322,336,634</u>	<u>-24,593,810</u>	<u>273,422,090</u>	<u>571,164,914</u>		


An ageing analysis of revenue in arrears has been shown on note 21 of these financial statements.

Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024

10 (a) Prior year Adjustments

Classification Of Receipts	Reported in audited Financial Statements FY 2022/2023	Adjusted Single Business Permit Arrears FY 2022/2023
Single Business Permit Arrears	0	22,030,900


.....
Name: CPA Stephen Thiong'o Moses
County Receiver of Revenue
ICPAK M/No: 18114
(Ref: PFM ACT section 165, 2(a))


.....
Name: CPA Kiniva Benson Mwendwa
Head of Revenue Reporting
ICPAK M/No: 16512



11. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

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

2. Recognition of Receipts

The county government of Makueni recognises all receipts from the various sources when the related cash has been received by the County government of Makueni.

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 26th June 2024 for the period 1st July 2024-1 to 30 June 2024 as required by law. There were two supplementary budgets passed by the County Assembly of Makueni on 20th November 2023 and 8th April 2024. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

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

5. Revenue in Arrears

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

6. Disbursements to CRF

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

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year-end with a significant impact on the revenue statements for the year ended June 30, 2024

*Receiver Of Revenue
County Government Of Makeni
Revenue Statements for the Period Ended 30th June 2024*

12. Notes to the Financial Statements

1. Cess

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Farm produce	16,489,285	13,777,120
Quarrying (Building Materials)	4,123,200	2,639,920
Livestock	4,698,305	3,073,555
Total	25,310,790	19,490,595

2. Land rates

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Land rates	22,010,416	22,222,548
Renewal fees	5,997,500	4,437,950
Total	28,007,916	26,660,498

3. Single /Business Permits

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Annual Business permit fees and application fees	136,776,600	122,089,290
Business permit penalties and interest	1,055,756	329,305
Total	137,832,356	122,418,595

4. Property Rent

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Stalls/kiosks rent	6,768,000	3,211,025
Others	242,350	
Total	7,010,350	3,211,025

*Receiver Of Revenue
County Government Of Makeni
Revenue Statements for the Period Ended 30th June 2024*

Notes to the Financial Statements (Continued)

5. Parking Fees

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Motorbike fees	372,000	
Registration fees	3,391,503	2,250,949
Reserved parking	1,236,840	
Bus Park fees	32,526,240	23,747,047
Total	37,526,583	25,997,996

6. Market Fees

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Market entry fees	16,446,445	21,947,089
Hawking fees	12,244,315	
Others (<i>stock market</i>)	8,772,825	6,903,168
Total	37,463,585	28,850,257

7. Advertising

Descriptions	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Branding	2,887,618	4,612,325
Outdoor Advertisement	9,914,050	9,187,897
Banners	120,000	
Posters	47,610	
Tent advertising	330,200	
Total	13,299,478	13,800,222

8. Hospital Fees

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Level 5 hospitals		
Level 4 hospitals	554,500,050	454,968,896
Total	554,500,050	454,968,896

*Receiver Of Revenue
County Government Of Makeni
Revenue Statements for the Period Ended 30th June 2024*

Notes to the Financial Statements (Continued)

9. Public Health Service Fees

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Public health permit	38,555,882	17,874,150
Total	38,555,882	17,874,150

10. Physical Planning and Development

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Change / Renewal of user	2,490,000	
Building plans approval	16,835,041	15,350,680
Total	19,325,041	15,350,680

11. Hire Of County Assets

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Agricultural Mechanisation Services	1,660,034	340,250
Hire of Machines and Equipment	179,400	
Hire of County Halls	146,000	520,000
Community Information Centres	555,900	268,890
Conference facilities/Agricultural Training Centers (ATC)	831,840	666,050
Others (County Recreational facilities)	211,200	-
Total	3,584,374	1,795,190

12. Conservancy Administration

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Conservancy	5,207,800	4,620,900
Noise control	475,500	1,785,530
Refuse disposal	50,000	50,000
Others (mineral Prospecting fees, tree cutting and public cemetery)	565,555	
Total	6,298,855	6,456,430

*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*

Notes to the Financial Statements (Continued)

13. Administration Control Fees and Charges

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Coop Audit services Fees	197,990	245,740
Weights and measures	1,390,380	1,116,075
Fire Services	2,286,850	829,500
Liquor licenses	45,208,580	46,830,100
Veterinary Health Fees	7,659,978	8,087,243
Total	56,743,778	57,108,658

14. Other Fines, Penalties and Forfeitures

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Impounding Fees	601,190	476,501
Others (General Penalties)	271,442	202,815
Total	872,632	679,316

15. Miscellaneous Receipts

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Other revenues- salary refund	52,300	3,550,000
Direct deposits	12,234,744	14,455,145
Makueni Sand Authority revenue	30,535,543	27,721,334
Makueni Fruit Development revenue	35,932,588	51,207,000
Total	78,755,175	96,933,479

16. Donations and Grants Not Received Through CRF

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Donations (<i>Specify Based on Source</i>)	0	0
Total	0	0

*Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024*

Notes to the Financial Statements (Continued)

17. Bank Charges

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Bank Charges & commissions	45,000	40,164
Total	45,000	40,164

18. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	FY 2023/2024	FY 2022/2023
			Kshs	Kshs
KCB Makueni County Revenue Account- 114075719	932,756		932,756	7,865,189
KCB Directorate of Cooperatives Account- 1168389127	0		0	235,940
KCB Makueni County Demonstration Revenue collection Account- 1169183565	5,500		5,500	590,432
TOTAL	938,256		938,256	8,691,561

18(a) Balance carried forward as at 30th June 2024 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
FT24190QRZHP	5,372,065	8 July 2024
Total	5,372,065	

Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024

Notes to the Financial Statements (Continued)

19. Cash in hand

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Mpesa Utility account 171777)	467,552	8,300
Cash on Transit-Mpesa Utility Account 171777		1,632,960
Cash in hand		963,730
Total	467,552	2,604,990

20. Payables- Due to CRF

Payables	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Balance b/f at the beginning of the year	11,296,550	8,188,084
Amount collected during the year	490,586,795	411,036,960
Transfer from Sand Authority Last FY	5,445,151	
Amounts disbursed to CRF during the year	-505,877,688	-407,888,330
Bank Charges	-45,000	-40,164
Balance c/d at the end of the year	1,405,808	11,296,550

21. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Land rates	121,069,824	111,292,917	91,762,497	156,764,375	480,889,614
Property rent	4,629,100	2,859,500	1,391,000	464,500	9,344,100
Single Business Permit	64,290,100	16,641,100			80,931,200
Total	<u>189,989,024</u>	<u>130,793,517</u>	<u>93,153,497</u>	<u>157,228,875</u>	<u>571,164,913</u>

Receiver Of Revenue
County Government Of Makueni
Revenue Statements for the Period Ended 30th June 2024

13 Appendices

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

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
1.	Makueni Handball association	26 th – 28 th January 2024	Kshs, 15,000	Boosting growth of Handball within Makueni County	Section 159 of the PFM Act 2012
2.	Kikoko Mission Hospital	17 th and 22 nd Feb 2024 1 st and 15 th March 2024 17 th April 2024 12 th May 2024 11 th June 2024	Kshs. 14,000	Free outreach for screening and detecting people with high blood pressure and other non-communicable diseases within Makueni County	Section 159 of the PFM Act 2012
3.	Homemedia Communication Limited	15 th and 16 th May 2024	Ksh. 12,200	Collaboration in sensitization of our revenue customers on modes and deadline of payments.	Section 159 of the PFM Act 2012
4.	Agricultural Society of Kenya	28 th May to 5 th June 2024	Ksh.16,200	To promote agricultural development, trade and cultural exchange within our region.	Section 159 of the PFM Act 2012
5.	State Department of Housing and Urban Development	21 st May 2024	Ksh. 517,569	To promote trade and urbanization in our market centres through the construction of ESP markets in Kikima, Kilala, Makindu and Kasikeu.	Section 159 of the PFM Act 2012

(PFM ACT section 165 subsection 4, 5)

Boxin 27/09/24

Sign and date
Accounting Officer



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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/LER/CGMKNRR/2022/2023(33)	Inaccuracies in the financial statements.	Appropriate adjustments done to address the inaccuracies	Resolved	
	Shortfall in OSR collection	Measures put in place to address future shortfall	Resolved	
	Irregular Expenditure at source	Instructions given to Sand Authority to ensure all revenue collected is transferred to CRF.	Resolved	
	Failure to remit revenue generated by Sand Authority	Instructions given to Sand Authority to ensure all revenue collected is transferred to CRF.	Resolved	

.....
 Name: CPA Stephen Thiong'o Moses

County Receiver of Revenue

ICPAK M/No: 18114

Date: 27/09/2024



.....
 Name: CPA Kiniva Benson Mwendwa

Head of Revenue Reporting

ICPAK M/No: 16512

Date: 27/09/2024