

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE

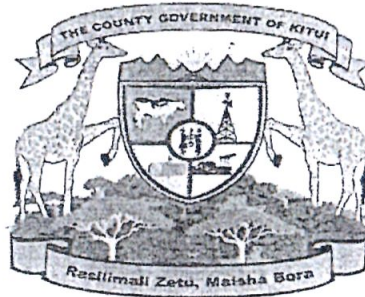
**FOR THE YEAR ENDED
30 JUNE, 2024**

COUNTY GOVERNMENT OF KITUI

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep. Mas. Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim

Revised 30th June 2024

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30684 - 00100, NAIROBI
MACHAKOS HUB.
11 DEC 2024
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RECEIVER OF REVENUE
County Government of Kitui

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. Acronyms and glossary of terms

a) Acronyms

CA	County Assembly
CECM	County Executive Committee Member
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue

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

The County Government of Kitui was established under the 2010 Constitution. It is located 170Km to the South East of Nairobi City. It covers an area of about 30,496 km². Kitui County shares its borders with seven counties; Tharaka-Nithi and Meru to the north, Embu to the northwest, Machakos and Makueni to the west, Tana River to the east and southeast, and Taita-Taveta to the south. Revenue Department is a function in County Treasury and the Ministry is headed by County Executive Committee Member (C.E.C.M).

(a) Background information

The *receiver of revenue* is under the Department Finance, Accounting and Revenue management in Kitui County Treasury. At the County Executive Committee level, the *receiver of revenue* is appointed by the County Executive committee member for County Treasury who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver in July 2023 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act

(b) Principal activities

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF) for Kitui County Government at Central Bank of Kenya A/C Number 1000171111

(c) Key Management Team

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

- County Executive Committee Member for County Treasury
- Chief Officer – Finance, Revenue Management and Accounting
- Chief Officers, in charge of Ministries Collecting revenue
- Director Revenue
- Deputy Director Revenue
- Assistant Director Revenue
- Head of Revenue Reporting

Key Entity information and Management (continued)

(d) County Headquarters

P.O. Box 33 – 90200, Kitui
Kitui County Headquarter Building

(e) Entity Contacts

Telephone: (254) 044-4422041, 4422304
E-mail: info@kitui.go.ke
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(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

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

(h) Bankers

Kenya Commercial Bank of Kenya
P.o Box 683 - 90200
Kitui - Kenya

Co-operative Bank of Kenya
P.O Box 11431 - 90200
Kitui - Kenya

Central Bank of Kenya
Haile Selassie Avenue
P.o Box 60,000 - 00200
Nairobi - Kenya

(i) County Attorney

Kitui County Solicitor
P.O. Box 33 – 90200, Kitui
Kitui County Headquarter Building

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3. Foreword By the CECM Finance and Economic Planning

It is my pleasure to forward the Government of Kitui County Receiver of Revenue Report for the year ended 30th June, 2024. The report presents the performance of the County Government of Kitui over the past financial year.

Pursuant to Section 164 of the Public Finance Management Act, an Accounting Officer for a County Government entity shall prepare Financial Statements in respect of the entity in formats prescribed by the Public Sector Accounting Standards Board. The attached Financial Statements which have been prepared in line with the requirements of (PFMA), 2012, outline the state of affairs of the County Government of Kitui for the twelve months period ending June 30th 2024.

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. The County also finances its operations through own source revenues (OSR) and continues to explore new and innovative ways of increasing revenue allocations.

In the year ended 30th June 2024, the County received KShs. 9.96 billion as the equitable share of the revenue raised nationally, collected KShs. 517.05 million as own-source revenue (OSR), Kshs. 571.25 million as conditional grants, and had a cash balance of Kshs. 2.01 billion from FY 2022/23. This translates to KShs. 13.06 billion total funds available for budget implementation during the period as shown in below table.

In FY 2023/2024, the County generated a total of Kshs. 517.05 million as own source revenue. This amount represents a 9.28 per cent increase compared to Kshs. 473.14 million raised in FY 2022/23.

S/No	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as a Percentage of Annual Budget Allocation
A	Equitable Share of Revenue raised Nationally	10,829,486,936	9,963,127,985	92.00
	Sub Total	10,829,486,936	9,963,127,985	92.00
B	Other Sources of Revenue			
1	Own Source Revenue	585,000,000	517,049,815.93	88.38
2	Conditional Grants	830,446,881	571,254,178	68.79
3	Balance B/f from FY 2022/23	2,012,204,897	2,012,204,897	100.00
	Other Revenue Sources			
	Sub Total	3,427,651,778	3,100,508,891	90.46
	Grand Total	14,257,138,714	13,063,636,876	91.63

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The increase in revenue can be attributed to enhanced internal controls, automation of revenue collection and sound management of revenue collection and revenue inspections within the county. Going forward, the revenue performance is bullish buoyed by a robust OSR e-collection system and synergy in decision making across the county leadership.

Mwika

27th / 11 / 2024

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Peter Mwikya Kilonzo
CECM Finance and Economic Planning
County Government of Kitui

4. Management Discussion and Analysis

This section covers the overall performance on budget implementation for the last Five years covering FY 2019/20-2023/24

Revenue Analysis

In FY 2019/20 the County governments approved second supplementary budget amounted to Kshs. 11.8 billion comprising of Kshs 4.39 billion (37.2 per cent) and Kshs 7.40 billion (62.8 percent) allocations for Development and Recurrent programmes respectively. To finance the budget, the County expected to receive KShs 8.83 (74.9 percent) billion as the equitable share of revenue raised nationally, KShs. 1.41 billion (12 per cent) as total conditional grants, generate KShs. 600 million (5.1 percent) from own sources of revenue, and the cash balance of kshs. 526.21 million (4.5 percent) from FY 2018/19. The County also expected to receive Kshs.425.93 million (3.6 per cent) as “other revenues” not contained in the CARA, 2019.

The FY 2019/20 revenue performance saw the County receive Kshs.8.07 billion as the equitable share of the revenue raised nationally, Kshs.701.73 million as total conditional grants, Kshs.120.36 million “other revenues” from National Government for COVID- 19 intervention, raised Kshs.408.29 million as own-source revenue and had a cash balance of Kshs.526.21 million from FY 2018/19. This translated to total funds available for budget implementation during the period of Kshs 9.8 billion.

In FY 2020/21, The County’s approved supplementary budget was Kshs.11.84 billion, comprising of Kshs.4.41 billion (37.2per cent) and Kshs.7.43 billion (62.8 per cent) allocation for development and recurrent programmes, respectively. To finance the budget, the County expected to receive Kshs.8.83 billion (74.6 per cent) as the equitable share of revenue raised nationally, Kshs.830.89 million (7 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent)from own sources of revenue, and a cash balance of Kshs.1.58 billion (13.3 per cent) from FY 2019/20.

In FY 2020/21, the County received Kshs.8.83 billion as the equitable share of the revenue raised nationally, Kshs.986.21 million as conditional grants, raised Kshs.326.45 million as own-source revenue, and had a cash balance of Kshs.1.58 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.11.7 billion.

In FY 2021/22, the County received Kshs.9.56 billion as the equitable share of the revenue raised nationally, Kshs.147.67 million as conditional grants, raised Kshs.361.27 million as own-source revenue, and had a cash balance of Kshs 769.55 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.10.84 billion

In FY2022/23, the County received Kshs.10.39 billion as the equitable share of the revenue raised nationally, Kshs.416.12 million as conditional grants, raised Kshs.473.14 million as own-source revenue, and had a cash

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balance of Kshs 1.12 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.12.40 billion.

In the current FY 2023/24 the County received KShs. 9.96 billion as the equitable share of the revenue raised nationally, collected KShs. 517.05 million as own-source revenue (OSR), Kshs. 571.25 million as conditional grants, and had a cash balance of Kshs. 2.01 billion from FY 2022/23. This translates to KShs. 13.06 billion total funds available for budget implementation during the period

The table below shows the revenue performance overview for the FY 2019/20-2022/23

Revenue Performance FY 2019/20-2022/2023

S/No	Revenue Category	2019/2020		2020/2021		2021/2022		2022/2023		2023/2024	
		Annual Budget Allocation(Kshs)	Actual Receipts (Kshs)	Annual Budget Allocation(Kshs)	Actual Receipts(kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)
A	Equitable Share of Revenue raised Nationally	8,830,350,000	8,070,939,900	8,830,350,000	8,830,350,000	10,393,970,413	9,562,452,911	10,393,970,413	10,393,970,413	10,829,486,936	9,963,127,985
	Sub Total	8,830,350,000	8,070,939,900	8,830,350,000	8,830,350,000	10,393,970,413	9,562,452,911	10,393,970,413	10,393,970,413	10,829,486,936	9,963,127,985
B	Other Sources of Revenue										
1	Own Source Revenue	600,000,000	408,282,164	600,000,000	326,450,311	800,000,000	361,271,342	420,000,000	473,138,520	585,000,000	517,049,816
2	Conditional Grants	1,412,759,294	701,730,863	830,888,396	986,206,249	505,225,110	147,670,520	374,080,509	416,198,252	830,446,881	571,254,178
3	Balance B/f from FY 2020/21	526,210,232	526,210,232	1,578,572,223	1,578,548,301	769,547,039	769,547,039	1,118,001,643	1,118,001,643	2,012,204,897	2,012,204,897
	Other Revenue Sources	425,929,437	120,358,000								
	Sub Total	2,964,898,963	1,756,581,259	3,009,460,619	2,891,240,861	2,074,772,149	1,278,488,901	1,912,082,152	2,007,338,415	3,427,651,778	3,100,508,891
	Grand Total	11,795,248,963	9,827,521,159	11,839,810,619	11,721,591,361	12,468,742,562	10,840,941,812	12,306,052,565	12,401,308,828	14,257,138,714	13,063,636,876

Overall year-over-year Expenditure review FY 2018/19-2022/23

In FY 2019/20 a total of Kshs.10.01 billion was spent on Development and Recurrent programmes. The expenditure comprised of Kshs.2.92 billion and Kshs.7.09 billion on development and recurrent activities respectively. Expenditure on Development programmes represented an absorption rate of 66.5 per cent while that incurred on recurrent programmes represented an absorption rate of 95.8 per cent.

During the 2020/21 reporting period, the County spent Kshs.10.51 billion on development and recurrent programmes. The expenditure comprised Kshs.3.45 billion and Kshs.7.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 78.4 per cent, while recurrent expenditure represented 94.9 per cent of the annual recurrent expenditure budget.

In FY 2021/22 the County spent Kshs.9.40 billion on development and recurrent programmes during the reporting period. This expenditure comprised of Kshs.2.73 billion and Kshs.6.67 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 67.0 per cent, while recurrent expenditure represented 90.9 per cent of the annual recurrent expenditure budget.

In FY 2022/23 the County spent Kshs.10.30 billion on development and recurrent programmes during the reporting period. This expenditure comprised of Kshs.2.10 billion and Kshs.8.20 billion on development and recurrent

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programmes, respectively. Expenditure on development programmes represented an absorption rate of 58.30 per cent, while recurrent expenditure represented 94.3 per cent of the annual recurrent expenditure budget.

In FY 2023/24 the County spent Kshs.12.42 billion on development and recurrent programmes during the reporting period. This expenditure comprised of Kshs.3.83 billion and Kshs.8.59 billion on development and recurrent programmes, respectively.

The table below illustrates summary of FY 2019/20-2023/24 budget and expenditure by economic classification

Description	2019/20			2020/21			2021/22			2023/2024		
	Budget Kshs Billions	Actual Expenditure Kshs Billions	Actual Expenditure AS % of funds Released	Budget Kshs Billions	Expenditure Kshs Billions	Actual Expenditure AS % of Funds Released	Budget Kshs Billions	Actual Expenditure Kshs Billions	Actual Expenditure AS % of Funds Released	Budget Kshs Billions	Actual Expenditure Kshs Billions	Actual Expenditure AS % of Funds Released
Total Recurrent Expenditure	7.4	7.09	95.8	7.43	7.06	94.9	7.34	6.67	90.9	8.87	8.58	96.73
Compensation to employees	4.67	4.65	99.7	4.71	4.68	99.3	4.75	4.61	97	5.39	5.36	99.44
Operations and Maintenance	2.74	2.44	89.1	2.72	2.38	87.5	2.58	2.06	79.6	3.48	3.22	92.53
Total Development	4.39	2.92	66.5	4.41	3.45	78.4	4.07	2.73	67	5.37	3.83	71.32
Development Expenditure	4.39	2.92	66.5	4.41	3.45	78.4	4.07	2.73	67	5.37	3.83	71.32
Total	11.8	10.1	84.9	11.84	10.51	88.8	11.41	9.4	82.4	14.24	12.41	87.15

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

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

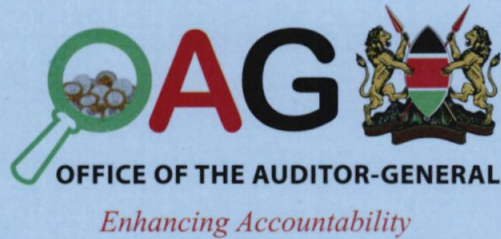
Approval of the Revenue Statements

The *revenue* statements were approved and signed by the Receiver of Revenue on 27/11/2024

.....
CPA JOHN MAKAU
County Receiver of Revenue

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of Receiver of Revenue- County Government of Kitui set out on pages 1 to 18 which comprise the statement of financial assets and liabilities and the statement of arrears of revenue as at 30 June, 2024 and the statements of receipts and disbursements, statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Kitui 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 Qualified Opinion

1. Long Outstanding Revenue Arrears

The statement of arrears of revenue reflects revenue in arrears amounting to Kshs.1,098,129,827 for land rate which as disclosed in Note 23 to the financial statements includes Kshs.843,609,676 which has been outstanding for more than one year. Management has not demonstrated any measures being taken to recover the revenue arrears.

In the circumstances, the recoverability and fair presentation of revenue in arrears amounting to Kshs.1,098,129,827 could not be confirmed.

2. Unsupported Revenue from Parking Fees

The statement of receipts and disbursements and as disclosed in Note 5 to the financial statements reflect parking fees totalling Kshs.17,166,242. However, the supporting schedules showing the details of parking spaces which formed the revenue generation base for the County were not provided for audit review.

In the circumstances, the accuracy and completeness of the parking fees amounting to Kshs.17,166,242 could not be confirmed.

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 Kitui Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue targets and actual on comparable basis of Kshs.585,000,000 and Kshs.517,049,816 respectively resulting to revenue target under-realization of Kshs.67,950,184 or 12% of the final targets.

The under-realization of revenue targets affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

Other Information

Management is responsible for the other information set out on pages iii to x which comprise of Key Entity Information and Management, Foreword by the County Executive Committee Member 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 Receiver of Revenue's, financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 Bank Revenue Collected

The statement of financial assets and liabilities and as disclosed in Note 22 to the financial statements reflect Payables-Due to County Revenue Fund balance of Kshs.2,704,184 which includes balances with collectors amounting to Kshs.3,794,256. This amount relates to revenue collected but not banked by the revenue collectors, but is being recovered through the payroll. Unbanked cash is an indication of lack of proper controls on revenue collection and banking, and contravenes Section 157(2) of the Public Finance Management Act 2012 which stipulates that a Receiver of County government revenue is responsible to the County Executive Committee member for finance for ensuring that the revenue for which the Receiver is responsible is collected or recovered and is accounted for.

In the circumstances, the effectiveness of internal controls on management of revenue collected 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 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 Receiver of Revenue's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

Those charged with governance are responsible for overseeing the Receiver of Revenue'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

19 December, 2024


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


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

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
County Own Source Revenue			
Cess	1	15,576,016.00	9,557,128.00
Land Rate	2	12,776,096.98	11,599,653.00
Single/Business Permits	3	86,654,679.00	76,558,410.00
Property Rent	4	2,917,240.00	2,805,640.00
Parking Fees	5	17,166,242.00	15,256,278.00
Market Fees	6	15,129,916.00	14,853,052.00
Advertising	7	20,407,450.00	22,953,545.00
Hospital Fees	8	264,558,059.00	274,835,744.00
Public Health Service Fees	9	7,750,650.00	4,101,950.00
Physical Planning and Development	10	14,678,554.00	8,352,476.00
Hire Of County Assets	11	13,154,441.00	3,967,822.00
Conservancy Administration	12	1,599,930.00	734,828.00
Administration Control Fees and Charges	13	43,465,701.00	24,891,789.00
Proceeds from sale of assets	14	-	-
Park Fees	15	-	-
Other Fines, Penalties, And Forfeiture Fees	16	192,240.00	116,290.00
Miscellaneous receipts	17	1,022,600.00	2,553,914.00
Total County Own Source Revenue		517,049,814.98	473,138,519.00
Other Receipts			
Donations/Grants Not Received Through CRF	18	-	-
Total Other Receipts		-	-
Total Receipts		517,049,814.98	473,138,519.00
Balance b/f at the beginning of the year **		1,805,102.00	6,677,197.76
Recoveries from collectors		-	603,635.75
Disbursements To CRF		(512,266,588.05)	(467,089,152.20)
Balances with Collectors		(3,794,256.15)	(11,395,086.25)
Bank Charges	19	(89,889.75)	(130,013.00)
Balance Due for Disbursement as at the end of the period		2,704,183.97	1,805,101.06

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

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 27/11/2024 and signed by:


.....
CPA JOHN MAKAU
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))


.....
CPA ROSELYNE MUNYASYA
Head of Revenue Reporting
ICPAK M/No 10949

*Receiver Of Revenue
County Government Of Kitui
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	20	2,657,063.04	1,468,018.04
Cash In Hand	21	47,120.00	337,084.00
Total Financial Assets		2,704,183.02	1,805,102.04
Financial Liabilities			
Payables-Due to CRF	22	2,704,183.97	1,805,102.00
Total Financial Liabilities		2,704,183.97	1,805,102.00

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 27th June 2024 and signed by:



.....
CPA JOHN MAKAU
County Receiver of Revenue



.....
CPA ROSELYNE MUNYASYA
Head of Revenue Reporting
ICPAK M/No

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	9,207,357.00	705,713.58	9,913,070.58	15,576,016.00	(5,662,945.42)	157.13
Land Rate	12,065,824.00	3,846,773.42	15,912,597.42	12,776,096.98	3,136,500.44	80.29
Single/Business Permits	77,459,550.00	5,597,393.71	83,056,943.71	86,654,679.00	(3,597,735.29)	104.33
Property Rent	2,824,047.00	186,312.09	3,010,359.09	2,917,240.00	93,119.09	96.91
Parking Fees	15,339,963.00	1,040,769.15	16,380,732.15	17,166,242.00	(785,509.85)	104.80
Market Fees	14,934,525.00	1,126,383.55	16,060,908.55	15,129,916.00	930,992.55	94.20
Advertising	23,129,726.00	1,658,167.18	24,787,893.18	20,407,450.00	4,380,443.18	82.33
Hospital Fees	280,950,821.00	61,437,085.00	342,387,906.00	264,558,059.00	77,829,847.00	77.27
Public Health Service Fees	5,612,490.00	2,500,430.00	8,112,920.00	7,750,650.00	362,270.00	95.53
Physical Planning and Development	8,743,193.00	2,486,100.96	11,229,293.96	14,678,554.00	(3,449,260.04)	130.72
Hire Of County Assets	9,794,433.00	1,050,041.45	10,844,474.45	13,154,441.00	(2,309,966.55)	121.30
Conservancy Administration	1,119,735.00	153,125.53	1,272,860.53	1,599,930.00	(327,069.47)	125.70
Administration Control Fees and Charges	29,616,908.00	2,151,160.36	31,768,068.36	43,465,701.00	(11,697,632.64)	136.82
Proceeds from sale of assets	-	-	-	-	-	-
Park Fees	-	-	-	-	-	-
Other Fines, Penalties, And Forfeiture Fees	116,928.00	9,139.79	126,067.79	192,240.00	(66,172.21)	152.49

Receiver of Revenue
County Government Of Kitui
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 %
Miscellaneous Receipts	9,084,500.00	1,051,404.13	10,135,904.13	1,022,600.00	9,113,304.13	10.09
Total County Own Source Revenue	500,000,000.00	84,999,999.89	585,000,000	517,049,815.98	67,950,184.91	88.38
Other Receipts						
Donations /Grants Not Received Through CRF	-		-	-	-	-
Total Other Receipts	-	-	-	-	-	-
Total Receipts	500,000,000.00	84,999,999.89	585,000,000	517,049,815.98	67,950,184.91	88.38

All the revenue streams with below 90% achievement were affected by;

Revenue Stream	% of Revenue Stream Realization	Reason for Less than 90% Realization
Miscellaneous Receipts	10.09	Affected by one of proceeds from insurance of vehicles
Hospital Fees	77.27	Affected by delays in NHIF insurance reimbursements
Land Rate	80.29	Lack of Valuation Roll which Could Upsize the Collections
Advertising	82.33	There was low adverts by companies due to low economy

The County Receiver of revenue's financial statements were approved on 27/11 2024 and signed by:


.....
CPA JOHN MAKAU
County Receiver of Revenue


.....
CPA ROSYLINE MUNYASYA
Head of Revenue Reporting
ICPAK M/No. 10949

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

Classification Of Receipts (Indicate As Applicable)	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 rate	843,096,397.00	(12,055,687.00)	267,089,117.00	1,098,129,827.00	Implementation of the valuation roll	Realizable
Total Arrears	843,096,397.00	(12,055,687.00)	267,089,117.00	1,098,129,827.00		

An ageing analysis of revenue in arrears has been shown on note 23 of these financial statements.

.....

 CPA JOHN MAKAU
 County Receiver of Revenue
 (Ref: PFM ACT section 165, 2(a))

.....

 CPA ROSYLINE MUNYASYA
 Head of Revenue Reporting
 ICPAK M/No.10949

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 Kitui. 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 Kitui. 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 *entity*.

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 19th June 2023 for the period 1st July 2023 to 30 June 2024 as required by law. There was *one* supplementary budget passed in the year. 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 Kitui
 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	6,824,460.00	3,658,190.00
Quarrying	8,751,556.00	5,898,938.00
Total	15,576,016.00	9,557,128.00

2. Land rates

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Land rates	6,325,222.31	5,115,169.44
Land penalties and interest	1,788,602.00	2,284,906.00
Arrears	4,662,272.67	4,199,577.56
Total	12,776,096.98	11,599,653.00

3. Single /Business Permits

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Business permit application fees	4,065,400.00	106,700.00
Annual Business permit fees	82,486,950.00	76,441,935.00
Business permit penalties and interest	102,329.00	9,775.00
Total	86,654,679.00	76,558,410.00

4. Property Rent

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Stalls/kiosks rent	2,917,240.00	2,805,640.00
Total	2,917,240.00	2,805,640.00

Receiver Of Revenue
County Government Of Kitui
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
Street parking fees	10,906,732.00	10,366,398.00
Enclosed parking	6,259,510.00	4,889,880.00
Total	17,166,242.00	15,256,278.00

6. Market Fees

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Market entry fees	5,830,486.00	7,163,842.00
Stock Fees	9,299,430.00	7,689,210.00
Total	15,129,916.00	14,853,052.00

7. Advertising

Descriptions	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Branding	10,924,090.00	17,070,645.00
Billboard advertising	5,263,500.00	3,027,300.00
Posters and Banners	505,500.00	268,200.00
Promotions	3,714,360.00	2,587,400.00
Total	20,407,450.00	22,953,545.00

8. Hospital Fees

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Level 4 hospitals	202,253,399.00	222,624,107.79
Sub County Hospitals	62,304,660.00	52,211,636.21
Total	264,558,059.00	274,835,744.00

(The total of Kshs. 264,558,059 in hospital fees excludes a total of Kshs. 157,064,988.11 comprising of Kshs. 35,322,787 for hospital waivers and exemptions and Kshs. 121,742,201.11 being unpaid NHIF reimbursement)

Receiver Of Revenue
 County Government Of Kitui
 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
Inspection of buildings/premises/Institutions	1,454,000.00	500,000.00
Inspection for issuance of hygiene license	3,683,618.00	2,001,950.00
Applications for medical examination	2,390,000.00	1,300,000.00
Sanitation inspection for schools	220,000.00	120,000.00
Others (Specify)	3,032.00	180,000.00
Total	7,750,650.00	4,101,950.00

10. Physical Planning and Development

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Building Inspection Fees	1,460,760.00	984,000.00
Signboards	1,572,000.00	477,400.00
Occupational Permits	27,000.00	65,000.00
Architectural designs by county officers	5,326,894.00	2,697,596.00
Land Administrative Fees	6,124,400.00	3,987,680.00
Survey fees	167,500.00	140,800.00
Total	14,678,554.00	8,352,476.00

11. Hire Of County Assets

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	1,384,018.00	41,000.00
Hire of County Halls and Stadia	165,615.00	111,000.00
Conference facilities/Agricultural Training Centers (ATC)	7,622,608.00	3,815,822.00
Agricultural Show	3,982,200.00	-
Total	13,154,441.00	3,967,822.00

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

Notes to the Financial Statement (Continued)

12. Conservancy Administration

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Sale of seedlings/ Agricultural goods	1,015,530.00	596,428.00
Public cemetery	17,900.00	15,200.00
Noise control	566,500.00	123,200.00
Total	1,599,930.00	734,828.00

13. Administration Control Fees and Charges

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Weights and measures	861,124.00	560,431.00
Fire Services	108,500.00	-
Liquor licenses	22,476,805.00	12,461,000.00
Meat Inspection	686,020.00	585,260.00
Veterinary Services	341,392.00	150,425.00
Livestock Movement Permit	601,340.00	431,888.00
Slaughter House Inspection	30,100.00	40,225.00
Dispatch Note & Flayer Licence	4,500.00	4,300.00
Slaughter Fees	2,598,455.00	1,816,130.00
Transportation Charges	15,671,600.00	8,842,130.00
Library Fees	85,865.00	-
Total	43,465,701.00	24,891,789.00

14. Proceeds from sale of assets.

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Receipts from Sale of Buildings	-	-
Receipts from Sale of Vehicles and Transport Equipment	-	-
Receipts from Sale of Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from Sale of Strategic Reserves Stocks	-	-
Receipts from Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

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

21. Cash in hand

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Mobile Money- Paybill Number 815815 (Safaricom)	47,120.00	337,084.00
Mobile Money- Paybill Number 415215 (Safaricom)	-	-
Total	47,120.00	337,084.00

22. Payables- Due To CRF

Payables	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Balance b/f at the beginning of the year	1,805,102.00	6,677,197.76
Recoveries	-	603,635.75
Amount collected during the period	517,049,814.98	473,138,519.00
Amounts disbursed to CRF during the period	(512,266,588.1)	(467,089,152.20)
Balances with Collectors	(3,794,256.15)	(11,395,086.25)
Bank Charges	(89,889.75)	(130,013.00)
Balance c/d at the end of the period	2,704,183.97	1,805,102.00

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year. The amount should be supported by the bank balances as per note 19 above.

23. 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 rate	254,520,151.00	183,474,639.00	149,049,816.00	511,085,221.00	1,098,129,827.00
Total	254,520,151.00	183,474,639.00	149,049,816.00	511,085,221.00	1,098,129,827.00

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
	Kitui County residents	2023/2024	35,322,787	Incapacity to pay due to poverty	Facility Improvement Fund Operation Manual 2002; and Financial Management and Procedures Manual for County Health Spending Units 2024.

(PFM ACT section 165 subsection 4, 5)



27th/11/2024

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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....


CPA JOHN MAKAU
 County Receiver of Revenue

Date 27th/11/2024

.....


CPA ROSYLINE MUNYASYA
 Head of Revenue Reporting

ICPAK M/No. 10949
 Date 27/11/2024