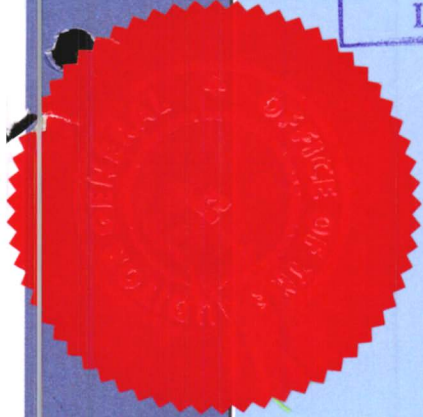
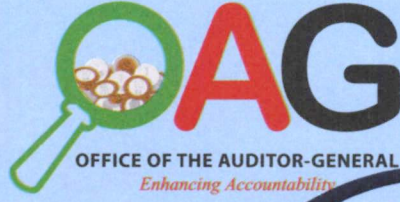


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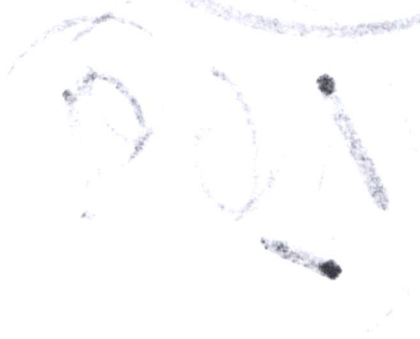
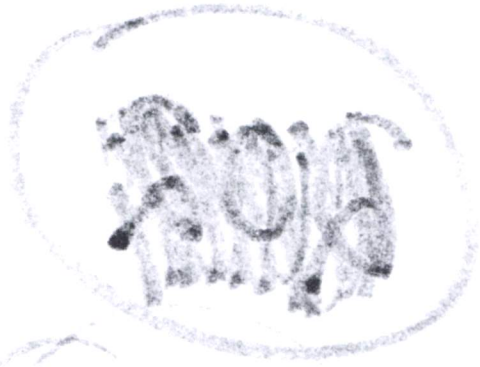
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**REPORT
OF
THE AUDITOR-GENERAL
ON
RECEIVER OF REVENUE
REVENUE STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE, 2025**

	PAPERS LAID
DATE	19/2/26
PREPARED BY	Dr. Adana Oleru
COMMITTEE	
CLERK AT THE TABLE	Mej

COUNTY GOVERNMENT OF KAKAMEGA



Revised 30th June 2025



RECEIVER OF REVENUE
(County Government of Kakamega)

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

**Transitional IPSAS Statements under the International Public Sector Accounting Standards
(IPSAS)**

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**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

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***Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025***

1. Acronyms and Definition of Key Terms

a) Acronyms

CA	County Assembly
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) Key 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. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver on 17th October 2017 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) among the following principle activities.

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

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

(c) Key Management Team

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

1	Hon. Benjamin O Andama	CECM Finance
2	Dr.Jeophita June Mwajuma	Chief officer Finance and Budget
3	ENG. Joseck Maloba	Chief Revenue Administrator/CEO
4	CPA Moureen Naliaka	Accountant
5	CPA Paul Wafula	Accountant
6	CHRP Jacklyne Othieno	Human Resources Officer
7	Truphena Matara	Planner
8	Gladys Atinya	Procurement Officer
9	Habibbah Litunya	ICT Officer

Key Entity information and Management (continued)

(d) County Headquarters

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

(e) Entity Contacts

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

(f) Independent Auditor

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

Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

(g) Bankers

1. KCB Bank Kenya Kakamega Branch
2. National Bank Kakamega Branch
3. Cooperative Bank Kakamega Branch
4. Equity Bank Kakamega Branch

(h) Principal Legal Adviser

Telephone: (254) 724914405

E-mail: treasury@kakamega.go.ke

Website: www.kakamega.go.ke

(i) County Attorney

Office of the County Attorney,

County Headquarters Annex, Room 112,

P.O. Box 36-50100,

KAKAMEGA, KENYA.

Email. kakamegalegal@gmail.com

County Government of Kakamega

3. Foreword By the CECM Finance and Economic Planning

It is my pleasure to present the annual report on the performance of the Receiver of Revenue for the financial year under review. This report offers a comprehensive overview of the revenue collection efforts and performance within our county, highlighting key developments, challenges, and opportunities that shaped our fiscal landscape over the past year.

Economic Outlook and Business Environment

The year under review presented a unique set of economic dynamics that influenced our revenue collection efforts. The general economic outlook was characterized by moderate growth, inflationary pressures, or slow recovery from a recession. These conditions, coupled with a fluctuating local business environment, significantly impacted our revenue collection trajectory.

On one hand, favourable government policies, increased investor confidence, or a rise in key local industries provided a boost to local businesses, subsequently driving an uptick in revenue from various sources. However, on the other hand, we faced significant impediments such as declining agricultural output, supply chain disruptions, or reduced consumer spending, which constrained our revenue potential.

Revenue Performance Overview

During the year under review, the Receiver of Revenue collected a total of **1.442 Billion** against a budgeted target of **2.2 Billion**. The sources of revenue were diverse, with the main contributors being property rates, trade licenses, market fees, Cess among others.

While we celebrate areas of strong performance, we must also address the areas where revenue collection fell short of expectations. The underperformance can largely be linked to economic downturn, legislative changes, or systemic challenges within the collection framework.

To mitigate these challenges and enhance future performance, several measures have been put in place. These include enhancing compliance and enforcement mechanisms, leveraging technology for efficient collection, broadening the revenue base, etc. Additionally, we are continuously

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

engaging with key stakeholders to create a conducive environment for business growth, which is essential for sustainable revenue generation.

Disbursements to the County Revenue Fund (CRF)

The total disbursements made to the County Revenue Fund (CRF) during the period amounted to **Ksh 558,020,166**, and the balance utilised as AIAs eg the facility improvement fund for the hospitals as such reflecting our commitment to ensuring that all revenues collected are promptly and efficiently directed towards their intended purposes. This has enabled the county government to continue delivering critical services and implementing key development projects that align with our strategic goals and the needs of our citizens.

Conclusion

As we look ahead, the county government remains committed to implementing robust strategies that will optimize revenue collection and support sustainable economic growth. The lessons learned from the past year will guide our efforts to improve our systems, address the existing challenges, and seize new opportunities that will benefit the people of our county.

I take this opportunity to express my gratitude to all stakeholders, including the citizens, businesses, and partners, for their cooperation and support in our revenue collection efforts. We look forward to another year of collaboration, innovation, and growth.



.....
**Hon. Benjamin O Andama
CECM Finance and Economic Planning
County Government of Kakamega**

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

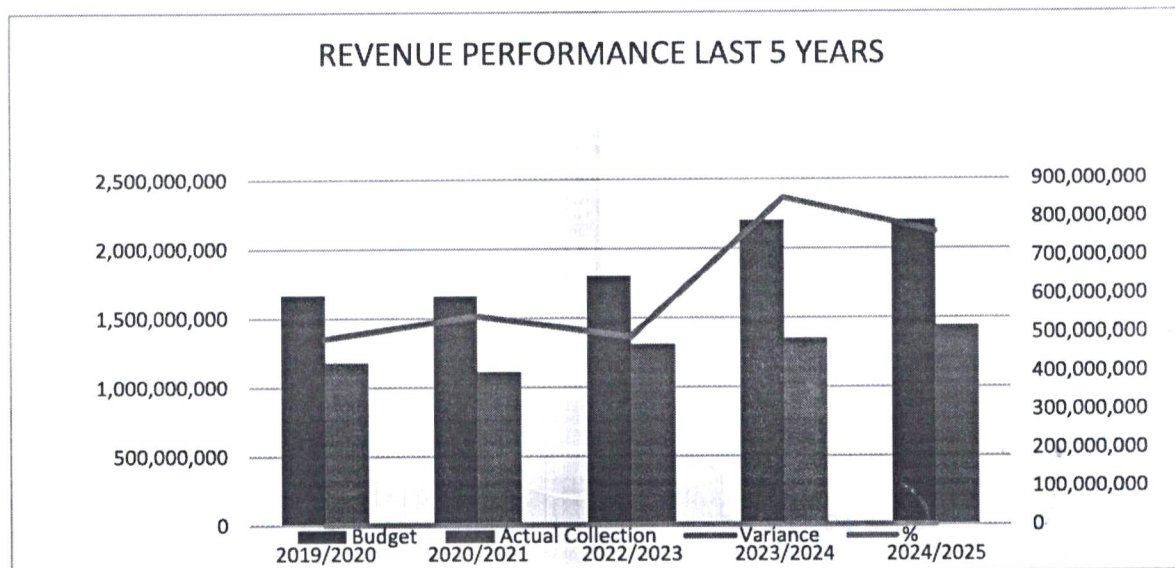
**4. Management Discussion and Analysis
Operational and Financial Performance Overview**

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

Revenue Collection Performance: A Five-Year Perspective

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

Year	Budget	Actual Collection	Variance	%
2019/2020	1,666,143,695	1,180,228,345	485,915,350	71%
2020/2021	1,656,000,000	1,111,110,150	544,889,850	67%
2022/2023	1,800,000,000	1,309,679,898	490,320,102	73%
2023/2024	2,200,000,000	1,349,689,046	850,310,954	61%
2024/2025	2,200,000,000	1,442,226,388	757,773,614	66%



As illustrated in the table, revenue collection showed an overall upward trend in the initial years, primarily driven by improved compliance mechanisms, expansion of the revenue base, and the

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

introduction of automated systems to capture revenues more efficiently. However, there were periods where actual collections fell short of budgeted targets.

Analysis of Revenue Sources

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

- ***Land Rates***: Contributed a steady **Ksh 31,703,001** of total revenue, driven by ongoing property valuation and enforcement efforts. However, some collection challenges persisted due to disputes over property valuations and inadequate documentation.
- ***Business Permits***: An amount of **Ksh 169,726,623** of the revenue collected was from Business permits. The introduction of e-permit systems led to an increase in compliance rates and faster processing times. However, small businesses struggled with compliance due to limited awareness and capacity issues.
- ***Market Fees and Service Charges***: These two categories contributed a combined **Ksh 25,584,499** of total revenue. Collection efforts were hampered by resistance from traders to new fee structures, but mitigation strategies such as stakeholder engagement and phased implementation helped address some of these concerns.

Key Challenges in Revenue Collection

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

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

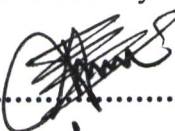
Mitigating Measures

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

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

Conclusion

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

Sign.....
Name... Joseph J. Maloba

County Receiver of Revenue

***Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025***

5. Statement of the 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the 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 Accrual Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and the relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *entity's receiver of revenue* account gives a true and fair view of the state of the *entity's receiver of revenue* transactions during the financial year ended June 30, 2025, and of the *entity's* statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the *Receiver of Revenue account* as well as the adequacy of the systems of internal financial control.

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

Approval of the Revenue Statements

The *revenue* statements were approved and signed by the Receiver of Revenue on 26th August, 2025

.....
Name.....  Joseph J. Malob
County Receiver of Revenue

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KAKAMEGA

PREAMBLE

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

- A. Report on transitional IPSAS Revenue Statements that considers whether the revenue 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 revenue 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 transitional IPSAS revenue statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Revenue 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 transitional IPSAS revenue statements of Receiver of Revenue - County Government of Kakamega set out on pages 1 to 44, which comprise

Report of the Auditor-General on Receiver of Revenue - Revenue Statements for the year ended 30 June, 2025 - County Government of Kakamega

of the statement of financial position as at 30 June, 2025 and the statement of revenue and disbursements, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Kakamega as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3/2025 of 4 April, 2025.

Basis for Qualified Opinion

1. Variances Between Revenue Statements Amounts and Data Extracted from the Revenue System

Review of revenue statements revealed variances in amounts in comparison with those stated in the supporting revenue system ledgers as detailed below:

Revenue Stream	Note to Revenue Statements	Revenue Statement Amount (Kshs)	System Ledger Amount (Kshs)	Variance (Kshs)
Farm Inputs	6	24,363,225	24,527,075	163,850
Slaughter House	6	8,221,590	5,185,450	3,036,140
Single/Business Permits	8	214,753,243	169,617,876	45,135,367
Noise Control	9	989,275	1,988,900	999,625
Fire Services	10	13,687,920	10,124,500	3,563,420
Parking Fees	15	57,080,909	20,532,850	36,548,059
Market Fees	16	25,584,499	25,668,570	84,071
Property Rent	17	17,931,610	27,180,389	9,248,779
Advertising	18	64,309,604	51,339,765	12,969,839
Hire of County Assets	20	1,420,750	1,624,000	203,250

The variances were not explained or reconciled.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of revenue and disbursements could not be confirmed.

2. Unsupported Land Rates Revenue

The statement of revenue and disbursements, and as disclosed in Note 7 to the revenue statements reflects an amount of Kshs.28,732,631 for land rates revenue. However, the supporting data on plot locations, plot numbers, respective owners, or land coordinates due to lack of precise geospatial data for the rated properties were not provided for audit review. Additionally, the land rates registers maintained at the sub-counties were poorly kept and did not contain details of land rates due, arrears, and penalties. Further, there was no evidence that the County Government made follow-ups on unpaid property rates.

In the circumstances, the accuracy and completeness of land rates revenue amounting to Kshs.28,732,631 could not be confirmed.

3. Unsupported Revenue from Dumpsite

The statement of revenue and disbursements and Note 9 to the revenue statements reflect conservancy administration revenue amounting to Kshs.1,000,775. A physical verification of county owned Rosterman dumpsite revealed that its management had been contracted to a local company. However, the contract agreement between the two parties was not provided for audit review, and the terms of engagement with the company on whether to process waste, or to collect revenue or both could not be confirmed.

Further, it was observed that the county had not assigned an officer to monitor the operations at the site, collect revenue and keep record of vehicles disposing garbage on the site.

In the circumstances, the accuracy and completeness of conservancy administration revenue amounting to Kshs.1,000,775 could not be confirmed.

4. Unrecorded Property Rent Revenue

The statement of revenue and disbursements and Note 17 to the revenue statements indicate property rent revenue amounting to Kshs.17,931,610. During the year under review, the county had two hundred and eleven (211) kiosks and two hundred and twenty (220) stalls within Kakamega municipality, which were rented at Kshs.500 and Kshs.1,000 per month respectively. However, physical inspection revealed that rent collection from twenty-two (22) kiosks within Kakamega municipality was omitted from the rent records.

In the circumstances, the accuracy and completeness of property rent revenue amounting to Kshs.17,931,610 could not be confirmed.

5. Undisclosed County Housing Rental Income

The statement of revenue and disbursements, and Note 17 to the revenue statements indicate property rent revenue amounting to Kshs.17,931,610, which further includes county housing rental income of Kshs.388,990. Review of the housing inventory indicated ownership of one hundred and forty-four (144) housing units, out of which fifty-one (51) units were confirmed to be uninhabitable during the year under review. The remaining ninety-three (93) units were fully occupied and based on applicable rental rates, the

annual chargeable rent for these units amounted to Kshs.7,380,000 resulting in an unexplained and unreconciled variance of Kshs.6,991,010.

Further, review of the payroll of the County Executive of Kakamega revealed that several employees occupied county houses and paid rent amounting to Kshs.1,918,750 through checkoff system. However, the earned and collected rental revenue was not disclosed in the revenue statements.

In the circumstances, the accuracy, completeness and occurrence of property rent revenue amounting to Kshs.17,931,610 could not be confirmed.

6. Unrecorded Land Rates Balance

The statement of financial position reflects receivables from non-exchange balance of Kshs.1,057,679,464 which, as disclosed in Note 32 to the revenue statements includes land rates balance of Kshs.1,012,652,844. However, fifteen (15) records were recorded in the supporting general ledgers but not recorded in the system-based master property register, indicating incomplete and inconsistent data between the two records. The master property register extracted from system contained 692 properties that were registered but not invoiced in the system.

In the circumstances, the accuracy, completeness and existence of land rates balance of Kshs.1,012,652,844 could not be confirmed.

7. Inaccuracy in the Disbursement to County Revenue Fund (CRF)

The statement of revenue and disbursements reflects disbursements to CRF amounting to Kshs.558,020,166. However, financial statements for County Revenue Fund reflects a corresponding revenue of Kshs.574,445,297 resulting to unreconciled variance of Kshs.16,425,131.

In the circumstances, the accuracy and completeness of disbursements to CRF amounting to Kshs.558,020,166 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government of Kakamega 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 revenue 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 - Under Collection of Revenue

The statement of comparison of budget and actual amounts reflects own source revenue budget and actual amounts of Kshs.2,200,000,000 and Kshs.1,442,226,386 respectively, resulting in under-collection by Kshs.757,773,614 or 34% of the budget.

The own source revenue under-collection impacted negatively on delivery of services and implementation of programs in the County.

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 revenue statements. Except for the effect of 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 previous year audit report, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. However, the issues had not been resolved and Management did not provide satisfactory reasons for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Designated Cess Collection Points

The statement of revenue and disbursement, and as disclosed in Note 6 to the revenue statements reflects an amount of Kshs. 120,391,111 in respect to cess revenue. However, audit review and inspection revealed that the county government had not gazetted or designated specific cess collection points. Instead, revenue officers were collecting cess at random locations, including non-official roadblocks and market entry points. This created inconsistencies in cess assessment and enforcement, and in some cases, collections were not recorded in the county revenue system.

Further, physical inspection on the quarries cess point on 2 September, 2025 revealed that only one lorry had been charged for the entire day, despite presence of many trucks full of materials leaving without being invoiced.

In addition, the site lacked a power for charging the electronic devices used in revenue collection with poor network which limited the effectiveness of automation and real-time receipting thus resulting to collecting revenue in cash.

In the circumstances, the effectiveness of cess revenue management could not be confirmed.

2. Failure to Bill Noise Control Permits for Gold Mining and Construction Sites

Revenue from noise control permits for crushing/construction/mining sites under the Kakamega County Finance Act, 2024 (Fourth Schedule) was set at Kshs.15,000 to Kshs.18,000 per crusher. However, the revenue statements for the year ended 30 June, 2025 indicated Nil revenue earned from these activities, despite gold mining activities in Shinyalu and Ikolomani sub-counties. Further, the accounting officer did not maintain data on the number of gold mines and processing factories established within the two sub-counties, and noise control permits issued did not specify the validity period. In addition, enforcement officers did not conduct follow-up to confirm whether permits were used.

In the circumstances, Management was in breach of Kakamega County Finance Act, 2024 (Fourth Schedule).

3. Failure to Operationalize Valuation Roll

The statement of revenue and disbursements and as disclosed in Note 7 to the revenue statements reflects land rates amount of Kshs.28,732,631. However, despite the development of a new valuation roll in the year 2021, the Receiver of Revenue continued to use the valuation roll developed in 2013 for billing land rates and property rent. This indicates that the contracted valuation roll was not put into use for revenue collection purposes.

In the circumstances, land/poll rates revenue management was ineffective.

4. Incomplete Building Approvals Register

During the year review, the department of physical planning maintained a register of approvals of building plans. However, the registers were incomplete and lacked information of the officers who approved the plans, the amounts for approvals, and status whether approval was granted or declined.

In the circumstances, the effectiveness of revenue collection management from the physical planning and development section could not be confirmed.

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 revenue 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 effect of the matters 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 overall governance were not effective.

Basis for Conclusion

1. Non-Integration of Existing Software Systems

Review of the Receiver of Revenue collection system disclosed that it had not been fully automated as County Health Information System (CHIS) being used by Level 4 and 5 hospitals had not been integrated to record and manage patient revenue collections.

Further, in the absence of integration with the County Revenue Management System, the completeness and accuracy of the reported hospital fees could not be confirmed. Additionally, detailed hospital debtor ledgers containing key information such as patient names, invoice numbers, invoice dates, reasons for payment (e.g., medical services rendered), and corresponding amounts were not provided for audit verification.

In the circumstances, the effectiveness of internal controls in respect to revenue management software system could not be confirmed.

2. Failure to Mark and Designate Street Parking Slots

The statement of revenue and disbursements and as disclosed in Note 15 to the revenue statements reflects an amount of Kshs.57,080,909 for revenue from parking fees. However, the Receiver of Revenue did not maintain a record of all parking slots upon which the revenue estimates were determined.

Additionally, physical inspection revealed that parking slots were not marked or designated in major towns of Kakamega county resulting to haphazard and double parking of motor vehicles, motorcycles, and tricycles.

In the circumstances, the internal controls on management of parking spaces in Kakamega County are very weak.

3. Inadequate Infrastructure at Sub-County Revenue Offices

Physical inspection of two sub-county revenue offices revealed that the offices lacked adequate infrastructure and equipment to support effective revenue collection. The offices did not have sufficient furniture, lockable cabinets for securing receipt books and cash, computers, printers, and internet connectivity, making it difficult to integrate with the County Revenue Management System.

Additionally, the few desktop computers in use experienced frequent power outages, and no backup power solutions were in place.

In the circumstances, the infrastructure at sub-county revenue offices was inadequate to assist in revenue collection management.

4. Unexplained Collection of Revenue in Cash

The statement of revenue and disbursements and as disclosed in Note 16 to the revenue statements reflects an amount of Kshs.25,584,499 in respect to market fees. However, during physical inspection of revenue collection in markets and two sub-county revenue offices on 2 September, 2025, it was observed that the revenue collection clerks were collecting cash from the vendors without issuing official receipts to payees, then prepared a single transaction receipt for the day's collections. Further, the Sub-County revenue offices were wholly depending on the information given by the field clerks which was subject to alteration.

In the circumstances, management of market fees collection was ineffective.

5. Non-Functional and Low Utilization of Point of Sale (POS) Devices

It was noted that the County executive procured a total of 216 Point of Sale (POS) gadgets to facilitate automated revenue collection. However, 28 of these devices were found to be non-functional due to several issues, including batteries that did not hold power, faulty printers, faulty or blocked batteries, devices showing processing errors or network failures, and units that were not charging.

Further, analysis of revenue collected through the POS devices revealed that nine (9) devices processed fewer than one hundred (100) transactions and collected a total of Kshs.5,291,226 during the year under review. This indicates low utilization and underperformance despite the devices remaining active throughout the year.

Additionally, some POS devices were allocated to officers who were not currently stationed in revenue office. Consequently, the devices were not effectively used for their intended purpose of facilitating real-time revenue collection in areas requiring such services.

This situation undermines the efficiency, transparency, and accountability of the revenue collection process.

6. Lack of Service Level Agreement

The statement of financial position and Note 34 to the financial statements indicate payables due to County Revenue Fund (CRF) balance of Kshs.1,082,027,767, which includes amount collected and not disbursed to CRF amounting to Kshs.15,947,669. However, it was observed that there was no Service Level Agreement (SLA) or a formal contract between the receiver of revenue and a local commercial bank outlining the timelines and procedures for transferring the collected funds held in the bank collection account. It was further noted that transfers from the collection account to the County

Revenue Fund (CRF) took an average of 12 days to be affected and there were delays extended to about 65 days.

Ordinarily, the expected remittance period from the collection account to the CRF account is within one to three days, depending on whether collections are on weekends or public holidays.

In the circumstances, the observed delay of up to three months was therefore excessive and indicates weaknesses in cash management and fund transfer controls.

7. Deficiencies in Information Communication Technology (ICT) Environment

It was observed that the County Executive of Kakamega operates a web-based revenue management system that collects revenue from various streams across the county on its behalf. The system stores sensitive, and critical client information. However, the County Executive and Receiver of Revenue had not developed and implemented critical policies including ICT policy, backup policy, data classification policy, and change management policy to provide clear guidance for protection of information assets, promote operational efficiency, and define standardized procedures for carrying out business activities.

In addition, other weaknesses were noted as follows:

i) Over-Reliance on Vendor

Review of the operations of Receiver of Revenue revealed that it relies heavily on the vendor to generate revenue reports. The revenue management system was fully controlled by the vendor, while County staff have limited capacity and no access to the backend.

Further at the database level, the Receiver of Revenue had not implemented adequate controls to monitor and review vendor activities. As a result, critical functions such as access to logs, changes made to the database, and other vendor-related activities are not independently reviewed by County ICT staff.

ii) Lack of Disaster Recovery Plans (DRP)

During the audit review, it was observed that Management had not developed a Disaster Recovery Plan (DRP) to mitigate the risk of disruption to critical business operations as no evidence was provided to confirm that data backups were being performed.

Additionally, backup procedures were not documented and there was no indication that the County had tested the backups to verify their reliability in the event of a system failure or disaster.

iii) Lack of On-Premise Data Center and Inadequate User Account

Audit review established that the County does not have an on-premise data centre but relies entirely on the vendor's infrastructure to host and manage revenue systems. Further, it was observed that user accounts in the web-based revenue management system were created without documented approval from the respective heads of

departments. In several cases, the ICT/Systems Administrator processed user creation requests directly without evidence of authorization or formal verification of the users' roles and responsibilities. Additionally, there was no standardized naming convention for user accounts, which hinders ease of administration and accountability for user activities within the system.

In the circumstances, the effectiveness of internal controls on ICT environment could not be confirmed.

8. Uncontrolled Motorcycles and Tricycles (Tuktuks) Operating Environment

The statement of receipts and disbursement as disclosed in Note 15 reflects a balance of Kshs.58,080,909 in respect of parking fees, which includes Kshs.2,807,957 for motorcycles and tricycles (tuk-tuks). However, review of the internal controls revealed that the accounting officer did not have data for the number of motorcycles and tricycles (tuk-tuks) operating in major towns. Consequently, the basis used in determining revenue from motorcycles and tricycles could not be established.

Further, it was noted that the county did not designate specific control areas of operation for motorcycles and tricycles (tuk-tuks) operators. This omission hinders ease of revenue collection, regularization, and control of the operating environment for these operators.

In the circumstances, the effectiveness of internal controls on management of motorcycles and tricycles parking fees revenue could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of revenue 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 revenue 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 going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue 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 revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi
05 December, 2025

Appendix I: Unresolved Prior Year Matters

S/No.	Financial Year	Title of Audit Issue
1	2023/2024	Unsupported Poll/Land Rates Arrears
2	2023/2024	Unsupported Poll/Land Rates Revenue
3	2023/2024	Unsupported Prior Year Adjustments
4	2023/2024	Unconfirmed Balance Due for Disbursement as at the End of the Period (Liquor) Appropriation in Aid
5	2023/2024	Inaccurate Disbursements to County Revenue Fund (CRF)
6	2023/2024	Budgetary Control and Performance-Under Collection of Revenue
7	2023/2024	Lack of a Valuation Roll
8	2023/2024	Non-remittance of Revenue Collected to the County Revenue Fund
9	2023/2024	Ineffective Management of County Housing Units
10	2023/2024	Internal Control Weaknesses in Information Communication Technology (ICT) Environment
11	2023/2024	Non-Integration of Revenue Collection System with Existing Systems
12	2023/2024	Failure to Demarcate Parking Spaces
13	2023/2024	Internal Control Weaknesses in Collection of Revenue from Physical Planning and Development

Receiver Of Revenue
County Government of Kakamega
Revenue Statements for the Period Ended 30th June 2025

7. Statement of Revenue and Disbursements for the year ended 30th June 2025

	Note	Period ended June 30th 2025
		Kshs
Revenue from non-exchange transactions		
Cess	6	120,391,111
Land Rates	7	28,732,631
Single/Business Permits	8	214,753,243
Conservancy Administration	9	1,000,775
Administration Control Fees and Charges	10	14,783,640
Other Fines, Penalties, And Forfeiture Fees	11	1,839,961
Public Health Service Fees	12	26,487,710
Physical Planning and Development	13	40,799,951
Donations/Grants Not Received Through CRF	14	0
Total Revenue from non-exchange transactions		448,789,022
Revenue from exchange transactions		
Parking Fees	15	57,080,909
Market Fees	16	25,584,499
Property Rent	17	17,931,610
Advertising	18	64,309,604
Hospital Fees	19	872,606,097
Hire of County Assets	20	1,420,750

Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

Sale of assets	21	0
Park Fees	22	0
Miscellaneous receipts	23	3,406,919
Total Revenue from exchange transactions		1,042,340,388
Total Revenues (a)		1,491,129,410
Disbursements		
Disbursements To CRF	24	(558,020,166)
Disbursements to another County Fund (FIF)	25	(897,573,107)
Bank charges	26	(40,880)
Waivers and exemptions	27	(0)
Bad debts written off	28	(0)
Provision for bad debts	29	(0)
Total Disbursements and other charges (b)		(1,455,634,153)
Other gains/(losses)		
Gain/Loss on foreign exchange transactions	30	0
Increase/Decrease in Dues to County Revenue Fund		35,495,257

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 26th August, 2025 and signed by:

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

.....

Name **Joseph J. Malob**
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

.....

Name **MOUREEN NALIKA**
Head of Revenue Reporting
ICPAK M/No **25789**

(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets, and the statement of financial position and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)

*Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025*

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

	Note	Period ended June 30th 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	31	15,947,669	29,355,436
		0	0
Receivables from non-Exchange transactions	32	1,057,679,464	1,015,623,214
Receivables from Exchange transactions	33	8,461,634	1,553,860
Total Current Assets		1,082,088,767	1,046,532,510
Total Assets			
Financial Liabilities			
Payables-Due to CRF	34	1,082,027,767	1,046,532,510
Revenue Received in Advance	35	61,000	0
		0	0
Total Financial Liabilities		1,082,088,767	1,046,532,510

Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

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 26th August, 2025 and signed by:



.....
Name **Joseph J Malob**
County Receiver of Revenue



.....
Name **MOUREEN NALIKA**
Head of Revenue Reporting
ICPAK M/No **25789**

Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

9. Statement of Cash Flows for the Year Ended 30th June, 2025

	Note	Period ended June 30 th 2025
		Kshs
Operating Activities		
Receipts		
Cess		120,391,111
Land Rate		31,703,001
Single/Business Permits		169,726,623
Conservancy Administration		1,000,775
Administration Control Fees and Charges		14,783,640
Other Fines, Penalties, And Forfeiture Fees		1,839,961
Public Health Service Fees		26,487,710
Physical Planning and Development		40,799,951
Donations/Grants Not Received Through CRF		0
Parking Fees		57,080,909
Market Fees		25,584,499
Property Rent		11,084,836
Advertising		64,309,604
Hospital Fees		872,606,097
Hire of County Assets		1,420,750
Sale of assets		0
Park Fees		0
Miscellaneous receipts		3,406,919
Total Receipts		1,442,226,386

Receiver Of Revenue
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Payments		
Disbursements To CRF		(558,020,166)
Disbursements to another County Fund (FIF)		(897,573,107)
Bank charges		(40,880)
Total Payments		(1,455,634,153)
Net Cash from operating Activities		(13,407,767)
Cash and Cash Equivalent as at 1 st July 2024	31	29,355,436
Cash and Cash Equivalent as at 30th June 2025	31	15,947,669

Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

10. Statement of Comparison of Budget vs Actual Amounts for Year Ended 30th June 2025


Receipts	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	429,855,371.00	0	429,855,371	120,391,111	309,464,260	28
Land Rate	85,041,266	0	85,041,266	31,703,001	53,338,265	37
Single/Business Permits	163,804,946	0	163,804,946	169,726,623	-5,921,677	104
Parking Fees	94,904,071	0	94,904,071	57,080,909	37,823,162	60
Market Fees	22,352,090	0	22,352,090	25,584,499.00	-3,232,409	114
Property Rent	14,807,633	0	14,807,633	11,084,836.00	3,722,797	75
Advertising	60,959,134	0	60,959,134	64,309,604	-3,350,470	105
Hospital Fees	771,000,000	0	771,000,000	872,606,097	-101,606,097	113
Public Health Service Fees	70,000,000	0	70,000,000	26,487,710	43,512,290	38
Physical Planning and Development	41,691,429	0	41,691,429	40,799,951	891,478	98
Hire of County Assets	30,692,050	0	30,692,050	1,420,750.00	29,271,300	5
Conservancy Administration	1,191,518	0	1,191,518	1,000,775.00	190,743	84
Administration Control Fees and Charges	146,892,992	0	146,892,992	14,783,640	132,109,352	10
Proceeds from sale of assets	75,000,000	0	75,000,000	0	75,000,000	0
Park Fees	0	0	0	0	0	0
Other Fines, Penalties, and Forfeiture Fees	220,000	0	220,000	1,839,961	-1,619,961	836


Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

Receipts	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	17,587,500	0	17,587,500	3,406,919	14,180,581	24
CILOR	174,000,000	0	174,000,000	0	174,000,000	0
Total County Own Source Revenue	2,200,000,000	0	2,200,000,000	1,442,226,386	757,773,614	66%
Other Receipts						
Donations /Grants Not Received Through CRF	0	0	0	0	0	0
Total Other Receipts	0	0	0	0	0	0
Total Receipts	2,200,000,000	0	2,200,000,000	1,442,226,386	757,773,614	66%

- (a) Overrealization on Single business Permits was due to proper mapping and enforcement
 (b) Hospital revenues increased due to prompt reimbursement of SHA rebates and embracing of Facility Improvement Fund
 (c) Underrealization on Proceeds from sale of assets was as a result of lack of disposal of any assets
 (d) Underrealization on Land rates was as a result of lack of implementation of valuation roll

The County Receiver of Revenue's financial statements were approved on 26th August, 2025 and signed by:


 Name **Joseph J. Malob**
 County Receiver of Revenue


 Name **MOUREEN NALIKA**
 Head of Revenue Reporting
 ICPAK M/No 25789

11. Notes to the Financial Statements

1. General Information

Kakamega Receiver of Revenue was appointed by the CEC member of Finance of Kakamega County Government in accordance with section 157 of the PFM Act. The Entity's principal activity is collection of revenue as outlined in the appointment letter and section 157 of the PFM Act.

2. 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) Transitional Financial statements and relevant legal framework of the County Government of *Kakamega*. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

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

The Financial statements were authorized for issue by the Accounting Officer on 26th August, 2025

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2024)

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**Receiver Of Revenue
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Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional applicati guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>State the expected impact of the standard to the Entity if relevant</p>

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. State the expected impact of the standard to the Entity if relevant
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. State the expected impact of the standard to the Entity if relevant
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. State the expected impact of the standard to the Entity if relevant

iii) Early adoption of standards

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

4. Significant Accounting Policies

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

i) Revenue from non-exchange transactions

Fees, taxes, fines and charges

The *Receiver of Revenue* recognizes revenues from fees, taxes, fines and charges when the event occurs and the asset recognition criteria is met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The *Receiver of Revenue* recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

Interest income

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

Dividends

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

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Rental income

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

iii) Budget

The County Revenue budget is developed on cash basis. The budget has 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 27th June ,2024 for the period 1st July 2024-1 to 30 June 2025. There was number of supplementary budgets 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.

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

iv) Cash and cash equivalents.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Revenue in Arrears

Revenue in arrears relate to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are presented as receivables from exchange and non- exchange transactions in the statement of financial position. These receivables are assessed for impairment on a continuous basis. The details of these arrears are presented as an appendix to the financial statements under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b).

vi) 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.

vii) Payables due to CRF

These relate to amounts yet to be disbursed to the County Revenue Fund at the end of the period. The amount also includes monies that are yet to be collected by the receiver of revenue at the end of the reporting period.

viii) Comparative Figures

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

ix) 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, 2025.

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all significant judgements, estimates and assumptions made:

Estimates and assumptions.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(include provisions applicable to your organization, e.g., provision for bad debts and how management estimates these provisions).

**Receiver Of Revenue
County Government of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements

6. Cess

Description	Period ended June 30th 2025
Farm produce(maize)	10,929,293
Quarrying	7,766,353
Cess on Factory (sugar)	62,567,045
Fish farming	169,430
Stock sales	5,613,495
Vertinary services	760,680
Farm input	24,363,225
Slaughter house	8,221,590
Total	120,391,111

7. Land rates

Description	Period ended June 30th 2025 Kshs
Land rates	28,732,631
Land penalties and interest	0
Arrears	0
Total	28,732,631

8. Single /Business Permits

Description	Period ended June 30th 2025 Kshs
Business permit application fees	0
Annual Business permit fees	214,753,243
Business permit penalties and interest	0
Business permit fees arrears	0
Total	214,753,243

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

9. Conservancy Administration

Description	Period ended June 30th 2025
	Kshs
Refuse disposal fees	0
Dumpsite fees	0
Sewerage fees	0
Sale of seedlings	0
Public cemetery	0
Disposal of carcasses	11,500
Noise control	989,275
Others (<i>Specify</i>)	0
Total	1,000,775

10. Administration Control Fees and Charges

Description	Period ended June 30th 2025
	Kshs
Weights and measures	1,095,720
Fire Services	13,687,920
Liquor licenses	0
Betting levy	0
Others (<i>Specify</i>)	0
Total	14,783,640

11. Other Fines, Penalties and Forfeitures

Description	Period ended June 30th 2025
	Kshs
Impounding Fees	1,839,961
Towing Fees	0
Others (<i>Specify</i>)	0
Total	1,839,961

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

12. Public Health Service Fees

Description	Period ended June 30th 2025
	Kshs
Inspection of buildings/premises/Institutions	0
Inspection for issuance of hygiene license	0
Vaccination: Yellow fever, Typhoid, etc	0
Applications for medical examination	0
Sanitation inspection for schools	0
Public health permit	26,487,710
Rodent Control/Fumigation	0
Others (<i>Specify</i>)	0
Total	26,487,710

Breakdown for the above is attached See Appendix (iv)

13. Physical Planning and Development

Description	Period ended June 30th 2025
	Kshs
Sale of County planning documents	0
Land valuation and registration fees	0
Change / Renewal of user	0
Building plans approval	40,377,951
Signboards	0
Occupational Permits	0
Enforcement / Demolition	0
Architectural designs by county officers	0
Hoarding fees	0
Survey fees	422,000
Total	40,799,951

Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025

Notes to the Financial Statements (continued)

14. Donations and Grants Not Received Through CRF

Description	Period ended June 30th 2025
	Kshs
Donations <i>(Specify Based on Source)</i>	0
Grants <i>(Specify Based on Source)</i>	0
Others <i>(Specify)</i>	0
Total	0

15. Parking Fees

Description	Period ended June 30th 2025
	Kshs
Street parking fees	15,308,514
Monthly toll/sticker fees	0
Motorbike fees	2,807,957
Registration fees	270,310
Reserved parking	0
Bus Park fees	38,694,128
Others <i>(Specify)</i>	0
Total	57,080,909

16. Market Fees

Description	Period ended June 30th 2025
	Kshs
Market entry fees	25,584,499
Hawking fees	0
Others <i>(Specify)</i>	0
Total	25,584,499

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

17. Property Rent

Description	Period ended June 30th 2025
	Kshs
County Housing	388,990
Ground rent	1,410,845
Public Toilet	490,525
Transfer of Property	129,000
Stalls/kiosks rent	15,512,250
Others (Specify)	0
Total	17,931,610

18. Advertising

Descriptions	Period ended June 30th 2025
	Kshs
Branding	46,943,600
Billboard advertising	5,834,343
Signage	8,498,161
Roadshows	165,500
Banners	1,515,500
Posters	142,500
Tent advertising	149,100
Street pole/clock advertising	1,035,900
others (Specify)	25,000
Total	64,309,604

19. Hospital Fees

Description	Period ended June 30th 2025
	Kshs
Level 5 hospitals & level 4	277,150,257
NHIF	593,967,340
Redcross	1,488,500
Total	872,606,097

Breakdown for the above is attached See Appendix (iv)

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

20. Hire Of County Assets

Description	Period ended June 30th 2025 Kshs
Agricultural Mechanisation Services (AMS)	0
Hire of Machines and Equipment	0
Hire of County Stadia	100,000
Hire of County Halls	161,930
Conference facilities/Agricultural Training Centers (ATC)	1,158,820
Others (<i>Specify</i>)	0
Total	1,420,750

21. Sale of assets.

	Period ended June 30th 2025 Kshs
Receipts from Sale of Buildings	0
Receipts from Sale of Vehicles and Transport Equipment	0
Receipts from Sale of Plant Machinery and Equipment	0
Receipts from Sale of Certified Seeds and Breeding Stock	0
Receipts from Sale of Strategic Reserves Stocks	0
Receipts from Sale of Inventories, Stocks and Commodities	0
Disposal and Sales of Non-Produced Assets	0
Total	0

22. Park Fees

Description	Period ended June 30th 2025 Kshs
Lodge Tariffs and levies	0
Park entry fees	0
Filming and Photography fees	0
Camping fees	0
Balloon landing fees	0
Others (<i>Specify</i>)	0
Total	0

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

23. Miscellaneous Revenues

Description	Period ended June 30th 2025
Dividends	0
Interest	0
Commissions	0
Direct credits	3,406,919
Total	3,406,919

24. Disbursements to CRF

Description	Period ended June 30th 2025 Kshs
Quarter 1	99,747,823
Quarter 2	85,400,000
Quarter 3	119,872,343
Quarter 4	253,000,000
Total	558,020,166

25. Disbursement to another County Fund

Description	Period ended June 30th 2025 Kshs
Quarter 1	143,101,455
Quarter 2	227,900,589
Quarter 3	232,686,296
Quarter 4	293,884,767
Total	897,573,107

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

26. Bank Charges

Description	Period ended June 30th 2025
	Kshs
Bank Charges & commissions	40,880
Total	40,880

27. Waivers and Exemptions

Description	Period ended June 30th 2025
	Kshs
Penalties	0
Interest	0
Others (<i>Specify</i>)	0
Total	0

28. Bad debts written off.

Description	Period ended June 30th 2025
	Kshs
Bad debts written off (<i>Specify revenue stream</i>)	0
Total	0

29. Provision for bad debts

Description	Period ended June 30th 2025
	Kshs
Provision for bad debts (<i>Specify revenue stream</i>)	0
Total	0

**Receiver Of Revenue
County Government Of Kakamega
Revenue Statements for the Period Ended 30th June 2025**

Notes to the Financial Statements (continued)

30. Gain/Loss on Foreign Exchange Transactions

Description	Period ended June 30th 2025
	Kshs
Gain or loss on foreign exchange transactions	0
Gain or loss on balances in foreign exchanges	0
Total	0

31. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currenc y)	Period ended June 30th 2025	Opening Statement 1 st July 2024
			Kshs	Kshs
Kakamega County Revenue collection account, Account No.KCB 1141473194	8,784,526	0	8,784,526	18,129,799
Kakamega County Revenue Cashless account,account no.1256775940	7,163,044	0	7,163,044	9,781,494
Kakamega county poultry and fisheries account, Account No. 1273609670	99	0	99	586,940
Cash at Hand	0	0	0	0
Farm input fund account	0	0	0	29,459
Farm inputs collection account cooperative	0	0	0	827,744
Total	15,947,669	0	15,947,669	29,355,436

**Receiver Of Revenue
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32. Receivables for non-exchange transactions

Description	Period ended June 30th 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Receivables		
Land rates	1,012,652,844	1,015,623,214
Single Business Permits	45,026,620	0
Sub total	0	
Less impairment Allowance	0	0
	0	
Total Current Receivables	1,057,679,464	1,015,623,214

Ageing analysis for Receivables from Non-exchange transactions

Description	Period ended June 30th 2025		Opening Statement 1 st July 2024	
	FY 2024/2025	% of the total	Opening Balance	% of the total
	Kshs		Kshs	
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment allowance/ provision	Period ended June 30th 2025
	Kshs
At the beginning of the year	0
Additional provisions during the year	0
Recovered during the year	0
Written off during the year	0
At the end of the year	0

Receiver Of Revenue
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Revenue Statements for the Period Ended 30th June 2025

33. Receivables from exchange transactions

Description	Period ended June 30th 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Total receivables		
Stalls/Kiosks	8,461,634	1,553,860
Less: impairment allowance	0	0
Total receivables	8,461,634	1,553,860

Ageing analysis for total receivables in exchange transactions

Description	Period ended June 30th 2025		Period ended June 30th 2024	
	Current FY	% of the total	Comparative FY	% of the total
	Kshs		Kshs	
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0		0	

Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	Period ended June 30th 2025
	Kshs
At the beginning of the year	0
Additional provisions during the year	0
Recovered during the year	0
Written off during the year	0
At the end of the year	0

Receiver Of Revenue
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Revenue Statements for the Period Ended 30th June 2025

34. Payables- Due To CRF

Payables	Period ended June 30th 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Amount collected yet to be disbursed to CRF	15,947,669	29,355,436
Less Revenues received in advance	(61,000)	0
Amount billed and yet to be collected for disbursement to CRF	1,066,141,098	1,017,177,074
Total Due to CRF	1,082,027,767	1,046,532,510

Movement Disclosure on Dues to CRF

Description	Amount
	Kshs
Opening Dues to CRF	1,046,532,510
Increase/Decrease in Dues to CRF	35,495,257
Closing Dues to CRF	1,082,027,767

35. Revenue received in advance

Description	Period ended, June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
<i>Kiosks /stalls</i>	61,000	0
Total	61,000	0

12. Appendices

Appendix 1: 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)
<p>Basis for Qualified Opinion</p> <p>1. Unsupported Poll/Land Rates Arrears</p>	<p>The statement of arrears of revenue reflects land/poll rate arrears amounting to Kshs.2,435,499,723. However, the detailed ageing analysis indicating who are defaulters and the dates arrears arose was not provided for audit. In addition, there was no evidence that receiver of revenue made attempts in following up on the uncollected property rates.</p> <p>In the circumstances, the accuracy, completeness and recoverability of the poll/land rates arrears amounting to Kshs.2,435,499,723 could not be confirmed.</p>	<p>Explanation on why the detailed ageing analysis indicating who are defaulters and the date's arrears arose was not provided for audit</p> <p>During audit, the management submitted the detailed land rates arrears report without ageing it. Management prepared and has submitted the aged analysis report for audit review.</p> <p>Explanation on why there was no evidence that receiver of revenue made attempts in following up on the uncollected property rates.</p> <p>Management has made several attempts in following up on uncollected property rates as follows;</p> <ul style="list-style-type: none"> i. Management has identified Property rates defaulters and issued demand notices to defaulters. ii. Deployed enforcement team to enhance collection. iii. Formed multisector committee including county administration 	<p>Awaiting Senate Resolution</p>	<p>6months</p>

**Receiver Of Revenue
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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)
		<p>and technical staff from the revenue department in each sub county.</p> <p>iv. Prepared a valuation roll which gives current values</p>		
<p>2. Unsupported Poll/Land Rates Revenue</p>	<p>The statement of receipts and disbursements, and as disclosed in Note 2 to the financial statements reflects land rates amount of Kshs.31,390,983. However, the county did not maintain a valuation roll which captures records of all properties within Kakamega County thus it was not possible to identify the numbers, descriptions, locations, measurement and values of rated properties. Further, management has no data on the plot location including the coordinates due to lack of a precise geospatial data for the properties. Therefore, the exact location, boundaries and extent of properties within the County are not clearly defined and documented thus compromising the accuracy and reliability of the records. In the circumstances, the accuracy and completeness of the poll/land rates amount of Kshs.31,390,983 could not be confirmed.</p>	<p>Explanation on why the County did not maintain a valuation roll which captures records of all properties within Kakamega County.</p> <p>At the time of audit the valuation roll was at its final stages and the report was in draft form which could not be handed over to the auditor. Management finalized the preparation of valuation roll and gazetted it.</p> <p>Explanation on why management has no data on the plot location including the coordinates due to lack of a precise geospatial data for the properties</p> <p>During the time of audit management had data from an outdated valuation roll that was done during defunct local authority. Valuation roll which captures the exact location, boundaries and extent of properties within the County is now in place and management has provided for the audit review.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

**Receiver Of Revenue
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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)
<p>3. Unsupported Prior Year Adjustments</p>	<p>The statement of receipts and disbursements for the year ended 30 June, 2024, reflects an amount of Kshs.28,400,623 in respect to prior year adjustments. However, no supporting documents were provided in support of the amount. In the circumstances, the accuracy and completeness of the prior year adjustments amounting to Kshs.28,400,623 could not be confirmed.</p>	<p>Explanation on why supporting documents were not provided in support of the amount of Kshs.28, 400,623 Management has noted and states that the prior year adjustments of Kshs. 28,400,623 was realized as follows: at the beginning of the financial year 2023/2024 Facility Improvement Fund (FIF) was established therefore the opening bank balance and the closing balance was not swiped to CRF it therefore guided KCRA to disclose only their collections. In addition, farm input account no 1240480695 though being an operations account it was erroneously reported as a collection account at the end of Fy 2022/2023. In order to ensure accuracy in financial reports, management passed a journal entry to reduce the balances by amount of Kshs.28,400,623 relating Level 4 and 5 hospitals and Farm inputs fund. Management has provided support schedule for your audit review</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>
<p>4. Unconfirmed Balance Due for Disbursement as at the End of the Period (Liquor) Appropriation in Aid</p>	<p>The statement of receipts and disbursements for the year ended 30 June, 2024, reflects an amount of Kshs.20,064,142 in respect to balance due for disbursement as at the end of the period (liquor) Appropriation in Aid. However, no supporting documents were provided in support of the amount.</p>	<p>The County has a Directorate of Alcoholic Drinks Fund which prepares its financial statements and is audited separately. The Kshs.20, 064,142 was a closing bank balance in the Directorate of alcoholic drinks bank statements which management had provided during audit. Management has resubmitted the Directorate of Alcoholic</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

**Receiver Of Revenue
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Revenue Statements for the Period Ended 30th June 2025**

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)
	In the circumstances, the accuracy and completeness of the balance due for disbursement as at the end of the period (liquor) Appropriation in Aid amounting to Kshs.20,064,142 could not be confirmed.	Drinks Bank statement from the National bank and Kenya Commercial Bank to support the amount.		
5. Inaccurate Disbursements to County Revenue Fund (CRF)	<p>The statement of receipts and disbursements reflects disbursements to CRF totaling Kshs.779,583,000. However, the statement of receipts and payments for the County Revenue Fund's financial statements reflects a corresponding receipt amounting to Kshs.761,783,000 in respect of own source revenue, resulting to unexplained variance of Kshs.17,800,000.</p> <p>In the circumstances, the accuracy and completeness of the disbursements to CRF amounting Kshs.779,583,000 could not be confirmed.</p>	<p>Explanation of variance of Kshs.17,800,000. The Kshs.17,800,000 was amount swiped from the Directorate of Alcoholic Drinks to the County Revenue Fund on 13th July 2023. This amount was recognized in the financial statement of County Executive in the FY 2022/2023 and County Receiver of Revenue recognized in its financial statement in FY 2023/2024.The transfer was made within the extended period of payments by the National Treasury thus causing the difference.</p>	Awaiting Senate Resolution	6 months

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)
<p>Emphasis of Matter</p> <p>Budgetary Control and Performance - Under Collection of Revenue.</p>	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totaling Kshs.2,200,000,000 and Kshs.1,349,689,046 respectively, resulting to under collection of Kshs.850,310,954 or 39% of the budget. The shortfall in revenue collection may be an indicator of revenue leakages and inefficiencies in revenue collection system.</p> <p>In the circumstances, the under collection of revenue affected implementation of the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>Explanation of under collection of Kshs.850, 310,954 or 39% of the budget The under collection of revenue is attributed to the following reasons for the streams listed;</p> <ul style="list-style-type: none"> i. Doctor's strike which affected the revenues expected from NHIF and County hospitals fees. ii. Closure of sugar factories for six months between July 2023 to December 2023 which lead to shortfall in expected revenue from agricultural produce cess. iii. Roll out of revenue automation system encountered resistance due to limited digital literacy and frequent system downtimes led to revenue shortfall <p>Management has attached a detailed analysis for the reasons of under collection on each revenue stream.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

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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)
Unresolved Prior Year Matters	The audit report for the year ended 30 June, 2023 highlighted several unsatisfactory matters. However, the issues had not been resolved as at 30 th June 2024 and no satisfactory explanation was provided for the delay in resolving the issues.	Management has implemented most of the recommendation made by the auditor in the prior year audit matters, a detailed schedule has been provided to show the progress on the implementation of the recommendations.	Awaiting Senate Resolution	6 months

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)
<p>Basis for Conclusion</p> <p>1. Lack of a Valuation Roll.</p>	<p>The statement of receipts and disbursements, and as disclosed in Note 2 to the revenue statements reflects land rates amount of Kshs.31,390,983. However, the county did not maintain a valuation roll, which captures records of all properties within Kakamega County, including the numbers, descriptions, locations, measurements and values of rated properties. Thus, the basis for arriving at ratable amounts could not be confirmed. This was contrary to Regulation 63(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county Government revenue and other public moneys relating to their county departments or agencies. In the circumstances, the effectiveness of land rates collection management could not be confirmed. In addition, Management was in breach of the law.</p>	<p>Explanation on why the county not maintaining a valuation roll, which captures records of all properties within Kakamega County, including the numbers, descriptions, locations, measurements and values of rated properties.</p> <p>At the time of audit the valuation roll was at its final stages and the report was in draft form which could not be handed over to the auditor. Management finalized the preparation of valuation roll and gazetted it.</p> <p>How management arrived at ratable amounts of Kshs.31, 390,983.</p> <p>In the absence of an updated valuation roll management applied the rate used by the defunct local authorities. From the FY 2024/2025 the new rates will be applied following the gazette valuation roll.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

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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)
<p>2. Non-remittance of Revenue Collected to the County Revenue Fund.</p>	<p>The statement of receipts and disbursements reflects an amount of Kshs.29,355,435 which was due for disbursement to the County Revenue Fund Account for the year ended 30 June, 2024. This was contrary to Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires prompt disbursement to the County Revenue Fund Account.</p> <p>In the circumstances, Management was in breach of the law</p>	<p>Explanation on non-disbursement of Kshs.29, 355,435 to County Revenue Fund</p> <p>The Kshs.29, 355,435 was received at the end of the financial year 2023/2024 in five revenue collection accounts which continuously receive revenues hence not possible to have a nil balance. The amount was transferred in the month of august 2024 to the County Revenue Fund.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

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)
<p>3. Ineffective Management of County Housing Units.</p>	<p>The statement of receipts and disbursements, and as disclosed in Note 4 to the revenue statements reflects property rent amount of Kshs.9, 370,965. Included in this amount is County Housing-House Rent amount of Kshs.594,637. However, the Receiver of Revenue does not maintain an updated housing units inventory. In the circumstances, it was not possible to confirm the total outstanding rent arrears, rent collections, and the occupation status of the units.</p> <p>Further, during the year under review, the County had a budget of Kshs.1,060,174 for rent income from county owned houses against actual revenue collection of Kshs.594,637 resulting in under-collection by Kshs.465,537 or 44% of the budget. The County Government had a total of one hundred and forty-four (144) housing units and according to Kakamega County Finance Policy 2023, Second Schedule, the annual chargeable rent for the 144 houses should have been Kshs.16,320,000 which results in under-budgeting by an amount of Kshs.15,259,826 and thus representing possible income not collected from the housing units.</p> <p>In the circumstances, the effectiveness of management of the county housing units could not be confirmed.</p>	<p>Explanation on why the Receiver of Revenue does not maintain an updated housing units inventory.</p> <p>The housing Units Inventory is updated monthly by department of Lands housing and physical planning which gives the information on total rent received and rent arrears. Management has provided housing units inventory for audit review.</p> <p>Explanation of under-collection of Kshs.465, 537 or 44% of the budget</p> <p>The under collection was due to some housing units being dilapidated and require renovation hence not occupied.</p> <p>Explanation of the under-budgeting by an amount of Kshs.15, 259,826</p> <p>Most of these houses are in dilapidated states and require renovation hence not Occupied. The County will budget for the revenue once renovation is done.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

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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)
<p>Basis for Conclusion</p> <p>1. Internal Control in Information Communication Technology Environment. (ICT)</p>	<p>1.1 Lack of Approved ICT Strategic Plan</p> <p>Review of ICT internal control environment of the Receiver of Revenue revealed that it does not have an approved ICT strategic plan and policy and has inadequate internal control policies for the implementation of revenue software and future ICT projects.</p> <p>In the circumstances, the effectiveness of ICT control environment could not be confirmed.</p>	<p>During audit period management was still in the process of developing an ICT strategic plan. Currently management has a draft ICT Strategic plan for audit review.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

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)
	<p>1.2. Non-Integration of Revenue Collection System with Existing Systems</p> <p>Review of the revenue collection system revealed that the system has not been integrated with Check Health Information System (CHIS) and Integrated Financial Management Information System (IFMIS).</p> <p>In absence of full integration of the systems, revenue collected could not be accounted for fully and could lead to leakages in revenue</p>	<p>Management will engage the National Treasury (Director IFMIS) to assist in integration of the revenue collection system.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

**Receiver Of Revenue
County Government of Kakamega
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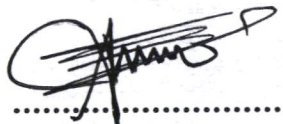
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2. Failure to Demarcate Parking Spaces.	<p>Physical verification of parking slots within the Central Business District of Kakamega town revealed that parking bays were not marked and demarcated. Further, business owners were paying for reserved parking space for a specific number of parking bays although there was no basis of confirming what constitutes a parking bay due to lack of marking and lack of parking inventory indicating the street, number of parking spaces, reserved parking and seasonal ticket holders.</p> <p>In addition, there wasn't enough personnel manning parking alleys and physical inspection of Kenyatta Avenue, in Kakamega Town in September 2024 revealed that only one parking attendant was manning both sections of the road along Kenyatta Avenue where vehicles were parked without parking tickets. It was also observed that there was inability to do real-time monitoring of GPS locations of vehicles by parking attendants using Sense Network revenue collection system.</p> <p>In the circumstances, the effectiveness of parking fees management and collection could not be confirmed.</p>	<p>Why the parking bays were not marked and demarcated The management of the agency in collaboration with the department of land and municipal manager is in the process of demarcating the parking slots and zones in the FY 2024/2025. The CEO has done a letter to the relevant departments to necessitate seamless workflow of demarcation of parking slots. This will in turn enable easy enforcement and verification of the parking slots hence quantify the collection of revenue.</p> <p>Reserved parking and seasonal Ticketing Traders such as banks, supermarkets and business entities pay for reserved parking slots. Khetias supermarket, Equity bank, NCBA Bank, Bank of Baroda, Columbus hotel among others paid reserved parking fees and were issued with system generated receipts for the same. Reserved parking is clearly identified because the owners of such businesses place a parking signage for the slots paid for. Traders who pay for monthly parking for example Yako wholesalers and Dixa agrovet are issued with stickers and they also have a copy of the receipts for the number of vehicles they paid. The stickers are indicated the number plates clearly which corresponds with the banking slip.</p>	Awaiting Senate Resolution	6 months

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)
		<p>Once the streets are marked, the Revenue office will keep a record of parking slots, reserved parking and seasonal parking.</p> <p>Kenyatta street inadequate personnel Fifteen Marshalls were deployed in Kakamega Municipality in October 2024 to help enforce revenue collection. Parking fees collection has improved gradually.</p> <p>Inability to do real-time monitoring of vehicles parked using sense network The management is sensitizing traders or vehicle owners to make use of USSD code to enable easy verification and meanwhile the agency is collaborating with ICT department to come up with an easy way of real time verification.</p>		


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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)
<p>3.Internal Control Weaknesses in Collection of Revenue from Physical Planning and Development.</p>	<p>The statement of receipts and disbursements reflects physical planning and development revenue amounting to Kshs.30, 485,141 and as disclosed in Note 10 to the revenue statements. However, the county executive has only four (4) physical planners for the twelve (12) sub-counties which makes it difficult for the officers to plan for sub-counties comprehensively. As a result, buildings are set up without the requisite county approvals and National Government funded projects are not subjected through the approval process contrary to Section 57(1) of the Physical and Land Use Planning Act, 2019. This in turn undermines orderly physical land use development, proper execution and implementation of approved development plans and public health and safety standards. Further, revenue collection from physical planning and development is not optimized.</p> <p>In addition, registers of documents submitted by applicants for development approval and registers for submitted certificates as per Section 62 (1) of the</p>	<p>To enhance development control and plan approval process, the department of Lands, Housing, Urban Areas and Physical Planning requested for employment of eleven Physical Planners and ten Building Inspectors in May 2023 a request that was approved by the cabinet. During the 9th Executive Committee meeting held on 25th July 2023 further approvals for employment of two planners was granted and the jobs advertised by the public service board, we are awaiting the outcome.</p> <p>Building plan registers for applications for plan approval are available at the physical planning offices. They are organized as per Sub County and we have provided sample photocopies of the same. The department of Lands has two building inspectors who issue enforcement notice to developers who don't comply with the planning requirements and prepare necessary reports. The executive have also included sub county Administrator as members of Building plan approval committee in order to enhance compliance.</p>	<p>Awaiting Senate Resolution</p>	<p>6 months</p>

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)
	<p>Physical and Land Use Planning Act, 2019 were not provided for audit review.</p> <p>It was also noted that the enforcement notices and reports to ascertain whether the County Government had made efforts towards stopping developments that commenced without requisite approval or efforts made towards the collection of the statutory fees were provided for audit review.</p> <p>In the circumstances, the effectiveness revenue collection management from Physical Planning and Development could not be confirmed</p>			


 Name: Joseph J. Malobg
 County Receiver of Revenue

Date


 Name: MOUREEN NALIKA
 Head of Revenue Reporting
 ICPAK M/No 25789
 Date: 26th August, 2025

Receiver Of Revenue
County Government of Kakamega
Revenue Statements for the Period Ended 30th June 2025

Appendix 2: Statement of Arrears of Revenue As at 30th June 2025

Classification Of Receipts (Indicate As Applicable)	Balance as at The beginning of the current year (1 st July 2024) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2025 C	Total arrears as at 30 June 2025 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	0	0	0	0	<i>e.g., the Governor has waived interest and penalties</i>	
Land rate	2,031,246,429.00	0	25,763,261	2,057,009,690	Issuing of demand notices	
Single/Business Permits	0	0	45,026,620	45,026,620	Enforcement and carrying out rapid response initiatives	
Property Rent	1,553,860	(816,970)	7,724,744	8,461,634	Issuing of demand notices	
Parking Fees	0	0	0	0		
Market Fees	0	0	0	0		
Advertising	0	0	0	0		
Hospital Fees	0	0	0	0		
Public Health Service Fees	0	0	0	0		
Physical Planning and Development	0	0	0	0		
Hire Of County Assets	0	0	0	0		
Conservancy Administration	0	0	0	0		
Administration Control Fees and Charges	0	0	0	0		
Park Fees	0	0	0	0		
Other Fines, Penalties, And Forfeiture Fees	0	0	0	0		
Miscellaneous	0	0	0	0		
Total Arrears	<u>2,032,800,289</u>	<u>(816,970)</u>	<u>78,514,625</u>	<u>2,110,497,944</u>		

Receiver Of Revenue
County Government of Kakamega
Revenue Statements for the Period Ended 30th June 2025

.....
Name **Joseph J. Malob**
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

.....
Name **MOUREEN NALIKA**
Head of Revenue Reporting
ICPAK M/No **25789**

Receiver Of Revenue
County Government of Kakamega
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Appendix 3: 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
Cess	0	0	0	0	0
Land rate	25,763,261	0	0	2,031,246,429	2,057,009,690
Single/business permits	45,026,620	0	0	0	45,026,620
Property rent	0	8,461,634	0	0	8,461,634
Parking fees	0	0	0	0	0
Market fees	0	0	0	0	0
Advertising	0	0	0	0	0
Hospital fees	0	0	0	0	0
Public health service fees	0	0	0	0	0
Physical planning and development	0	0	0	0	0
Hire of County Assets	0	0	0	0	0
Conservancy administration	0	0	0	0	0
Administration control fees and charges	0	0	0	0	0
Proceeds from sale of assets	0	0	0	0	0
Park fees	0	0	0	0	0
Other fines, penalties, and forfeiture fees	0	0	0	0	0
Miscellaneous receipts	0	0	0	0	0
Others (<i>Specify</i>)	0	0	0	0	0
Total (agree to statement of arrears above)	70,789,881	8,461,634	0	2,031,246,429	2,110,497,944

*Receiver Of Revenue
County Government of Kakamega
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Appendix 4: 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	Harrison Obulemire	2025	605,131	To enhance compliance	CECM Finance as per the PFM act
2	Jeremiah Okova	2025	444,317	To enhance compliance	CECM Finance as per the PFM act
3	Matilda Pamela Aleyo	2025	44,979	To enhance compliance	CECM Finance as per the PFM act
4	Peter Boswell Munala	2025	619,707	To enhance compliance	CECM Finance as per the PFM act
5	Daniel Choka	2025	499,991	To enhance compliance	CECM Finance as per the PFM act
6	Catherine K.M Madete	2025	65,800	To enhance compliance	CECM Finance as per the PFM act
SHA REIMBURSEMENT				Total	
Kakamega CGH				337,328,981	
Kakamega Funeral parlor				-	
Matunda Hosp.				10,626,038	
Matungu Hosp.				16,061,176	
Malava Hospital				44,951,448	
Lumakanda Hospital				16,355,572	
Mautuma Hospital				6,797,088	
Manyala Hospital				7,598,398	
Butere Hospital				29,841,163	
Navakholo Hospital				27,638,165	
Shibwe Hospital				15,023,683	
Iguhu Hospital				13,251,424	
Likuyani Hospital				18,979,899	


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Matete Hospital	11,007,698
Mumias Level 4 Hospital	8,028,646
Makunga Hospital	15,245,985
Kwisero Hospital	15,231,977
	593,967,340
LEVEL 4 & 5 CASH COLLECTION	
Kakamega CGH	125,218,954
Kakamega Funeral parlor	13,412,099
Matunda Hosp.	8,693,567
Matungu Hosp.	11,557,983
Malava Hospital	26,992,042
Lumakanda Hospital	8,505,125
Mautuma Hospital	2,264,596
Manyala Hospital	3,333,056
Butere Hospital	19,874,695
Navakholo Hospital	5,697,323
Shibwe Hospital	4,708,362
Iguhu Hospital	10,951,992
Likuyani Hospital	13,457,973
Matete Hospital	5,778,749
Mumias Level 4 Hospital	6,771,876
Makunga Hospital	4,001,923
Kwisero Hospital	5,929,942
	277,150,256
RED CROSS	
PUBLIC HEALTH	
Lurambi	3,920,363
Mumias East	1,532,063
Malava	3,741,450
Butere	2,326,573
Matungu	1,928,004

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Khwisero	959,745
Mumias West	2,494,349
Navakholo	1,012,950
Shinyalu	2,974,875
Ikolomani	1,668,926
Likuyani	2,209,736
Lugari	1,686,476
	26,455,510

(PFM ACT section 165 subsection 4, 5)



26th August, 2025

*Sign and date
Accounting Officer*