

REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF MACHAKOS





COUNTY REVENUE FUND

County Government of Machakos

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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County Government of Machakos
County Revenue Fund
For the financial year ended 30th June 2023

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1. Acronyms and glossary of 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
Kshs	Kenya Shillings

b) glossary of terms

Comparative FY	Comparative Prior Financial Year
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2. Key Entity Information and Management

a) Background information

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

b) Key Management Team

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

No.	Designation	Name
1.	CECM Finance and Economic planning	Hon. Onesmus Kuyu
2.	C.O Finance	Collins Adipo
3.	Director Accounting Services/Finance	Daniel Mutula

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Hon. Onesmus Kuyu
2.	Accounting Officer in charge of Finance	Collins Adipo
3.	Director Accounting Services/Finance	Daniel Mutula

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the county for the year ended 30th June 2023 were;

- Machakos County Assembly
- Controller of Budget
- Senate
- Office of Auditor General

e) County Headquarters

P.O. Box 1996 – 90100,
County Headquarters Building
Off Machakos Nairobi Highway
MACHAKOS, KENYA

f) County Contacts

Telephone: (254) 4420246
E-mail: machakostreasury@machakosgovernment.co.ke
Website: www.machakosgovernment.co.ke

g) County Bankers

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

h) Independent Auditor

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

i) Principal Legal Adviser

The Attorney General
P.O. Box 40112 - 00200
NAIROBI, KENYA

j) County Attorney

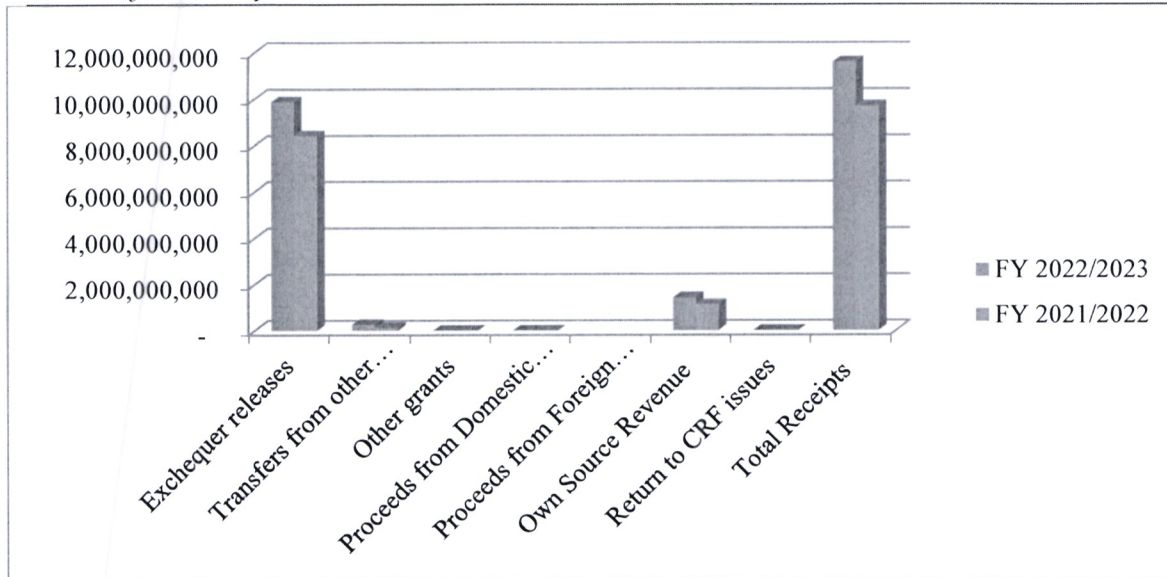
County Law Office
P.O.Box 1996 – 90100
MACHAKOS, KENYA

3. Statement by the CECM Finance

The County Revenue Fund budgeted to receive Kshs 12,544,591,439 comprising of Exchequer Kshs 9,895,288,567.00, Transfers Kshs 793,056,852.00, Own Source Revenue Kshs 1,850,610,939.00 and Returned CRF Issues Kshs 5,635,081.00. However, the actual receipts by 30th June, 2023 were Kshs 11,591,488,431.00 comprising of Exchequer Kshs 9,895,288,567.00, Transfers Kshs 260,773,524 Own Source Revenue Kshs 1,429,791,259.00 and Returned CRF Kshs 5,635,081.00 as at 30th June 2023. This translates to 92% of the total revenue budget.

Receipts	Final Budget for the period	Actual on Comparable Basis	% of Revenue Received
Exchequer releases	9,895,288,567	9,895,288,567	100%
Transfers from other government agencies	793,056,852	260,773,524	33%
Other grants		-	0%
Proceeds from Domestic Borrowing	-	-	0%
Proceeds from Foreign Borrowing	-	-	0%
Own Source Revenue	1,850,610,939	1,429,791,259	77%
Return to CRF issues	5,635,081	5,635,081	100%
Total Receipts	<u>12,544,591,439</u>	<u>11,591,488,431</u>	<u>92%</u>

The following is a graphical representation of the total revenue performance;



The county has come up with strategies to improve Own Source Revenue Collection including;

1. Complete automation and integration of all revenue streams
2. Staff motivation
3. Prioritizing the updating of the Valuation Roll
4. Increased enforcement in revenue collection.

Despite the achievement of the increase in Own Source revenue in FY 2022/23, we faced the following challenges;

- i. Delays in Exchequer disbursements leading to delays in projects implementation and payments.
- ii. High inflation leading to increased cost of living
- iii. Inadequate sensitization of key stakeholders on the different rates and charges

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CECM Finance and Economic Planning
County Government of Machakos

4. Management Discussion and Analysis

A. Financial performance of County Revenue Fund

The County Revenue Fund budgeted to receive Kshs 12,544,591,439 comprising of Exchequer Kshs 9,895,288,567.00, Transfers Kshs 793,056,852.00, Own Source Revenue Kshs 1,850,610,939.00 and Returned CRF Issues Kshs 5,635,081.00. However, the actual received by 30th June, 2023. was Kshs 11,591,488,431.00 comprising of Exchequer Kshs 9,895,288,567.00, Transfers Kshs 260,773,524 Own Source Revenue Kshs 1,429,791,259.00 and Returned CRF Kshs 5,635,081.00 as at 30th June 2023. This translates to 92% of the total revenue budget.

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Own Source Revenue	1,850,610,939	1,429,791,259	77%
Return to CRF issues	5,635,081	5,635,081	100%
Total Receipts	<u>12,544,591,439</u>	<u>11,591,488,431</u>	<u>92%</u>

B Operational and Financial Performance of the Fund

The report on the operational and financial performance of the fund for the last five-year period including performance against budgets is presented in the table below;

Revenue Sources	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Equitable Share	10,205	9,199	8,961	9,821	9,895	10,205	8,691	8,943	9,250	9,895
Conditional Grants	3,040	2,970	3226	1585	798	2007	2,194	1641	136	260
Own Source Revenue	1,720	1,161	1,299	1,683	1,850	1,557	1,376	1,296	1,118	1,429
Total County Allocation	14,965	13,330	13,486	13,089	12,544	13,769	12,261	11,880	10,504	11,591

The county managed to increase the own source revenue by 22% from Kshs 1,118,461,753 in FY 2021/2022 to Kshs 1,429,791,259 in FY 2022/2023.

5. Overview of the County Revenue Fund Operations

Background

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

Receipts into the County Revenue Fund

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

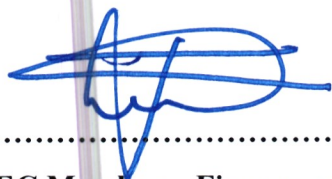
Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

Financial Reporting requirements

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

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2023.



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**CEC Member – Finance and Economic Planning
County Government of Machakos**

6. Statement of Management Responsibility

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

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2023 This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended June 30, 2023, and of its financial position as at that date.

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

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 29/09 2023.

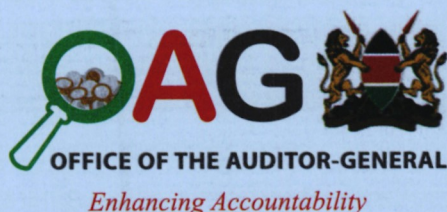
Signature _____
Name



Chief Officer Finance /Accounting Officer
County Government of Machakos

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 COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF MACHAKOS

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Machakos set out on pages 1 to 12, which comprise of the statement of receipts and payments and the statement of comparison of budget and actual amounts

Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2023 – County Government of Machakos

for the year ended 30 June, 2023 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 financial statements present fairly, in all material respects, the financial performance of County Revenue Fund - County Government of Machakos for the year then ended 30 June, 2023, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1. Variance in Transfers to County Executive Amounts

The statement of receipts and payments and, as disclosed in Note 8 to the financial statements, reflects transfers to County Executive of Kshs.9,176,212,851. However, the County Executive financial statements reflect receipts of Kshs.10,530,966,030 being transfers from CRF occasioning an unexplained and unreconciled variance of Kshs.1,354,753,179.

In the circumstances, the accuracy and completeness of the reported transfers to County Executive of Kshs.9,176,212,851 could not be confirmed.

1.2. Anomalies in Own Source Revenue

The statement of receipts and payments and, as disclosed in Note 6 to the financial statements, reflects an amount of Kshs.1,429,791,259 as own source revenue. However, review of the County Revenue Fund bank statements revealed revenue amounting to Kshs.1,392,641,680 deposited on account of own source revenue for the year under review resulting in an under-banking of Kshs.37,149,579 that has not been explained or reconciled.

Further, the reported own source revenue excludes balances in eleven (11) revenue accounts amounting to Kshs.5,079,331, being revenue deposited in the accounts but not transferred to the county revenue fund bank account contrary to Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the accuracy and completeness of own source revenue amounting to Kshs.1,429,791,259 could not be confirmed.

1.3. Variance in Comparative Return to CRF Issues

The statement of receipts and payments reflects comparative return to CRF issues of Kshs.1,011,417 which varies with the audited financial statements amount of

Kshs.821,174,784 resulting in a variance of Kshs.820,163,367 that has not been explained or reconciled.

In the circumstances, the accuracy and completeness of the comparative return to CRF issues of Kshs.1,011,417 could not be confirmed.

2. Non-Adherence to End of the Year Cut-Off Procedures

The statement of receipts and payments and, as disclosed in Note 2 to the financial statements, reflects an amount of Kshs.260,773,524 in respect of transfers from other government agencies which further, wrongly includes receipts from non-governmental agencies amounting to Kshs.11,000,000 and Kshs.8,590,313 all totalling Kshs.19,590,313 and being grants from Climate Change Fund and Danish International Development Agency (DANIDA), respectively.

In the circumstances, the transfers from other government agencies were overstated by Kshs.19,590,313.

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

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.12,544,591,439 and Kshs.11,591,488,431 respectively, resulting in underperformance of Kshs.953,103,008 or 8% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Machakos County.

My opinion is unmodified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit reports of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the standards prescribed by the financial reporting template issued by the Public Sector Accounting Standards Board (PSASB).

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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 of Conclusion

Presentation and Disclosure in the Financial Statements

Review of the financial statements revealed the following anomalies:

- i. Annexes 1 and 3 to the financial statements are blank.
- ii. Note 12 on disclosure of balances in revenue collection accounts is blank.

In the circumstances, the presentation of the financial statements does not comply with the financial reporting template prescribed by the Public Sector Accounting Standards Board (PSASB).

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis of Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the County Government is aware of the intention to dissolve the County or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2024

8. Statement of Receipts and Payments for the Year Ended 30th June 2023.

		2022/23	2021/22
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	9,895,288,567	8,429,319,897
Transfers from other government agencies	2	260,773,524	135,656,077
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5		
Own Source Revenue	6	1,429,791,259	1,118,461,753
Return to CRF issues	7	5,635,081	1,011,417
Total Receipts		<u>11,591,488,432</u>	<u>9,684,449,144</u>
Payments			
Transfers to County Executive	8	9,176,212,851	9,286,434,191
Transfers to County Assembly	9	1,132,140,390	1,048,995,897
Other Transfers	10	-	-
Total Payments		<u>10,308,353,241</u>	<u>10,335,430,088</u>
Net increase (decrease) in cash for the year		1,283,135,191	(650,980,944)
Add Opening fund balance b/f	11	169,182,423	820,163,367
Closing Fund balance for the period		1,452,317,614	169,182,423

Collins Adipo

Daniel Mutula

Name: Collins Adipo

Name: Daniel Mutula

Chief Officer - Finance

Director Accounting Services

ICPAK Member No: 30870

ICPAK Member No: 18377

Date: 29/09/2023

Date: 29/09/2023

County Government of Machakos
County Revenue Fund
For the financial year ended 30th June 2023

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2023.

Receipt/Payments	Original Budget	Adjustments	Final Budget	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.	
Receipts						
Exchequer releases	9,162,304,232	732,984,335	9,895,288,567	9,895,288,567	-	100%
Transfers from other government agencies	610,440,182	182,616,670	793,056,852	260,773,524	532,283,328	33%
Other conditional grants				-	-	0%
Proceeds from Domestic Borrowing		-	-		-	0%
Proceeds from Foreign Borrowing		-	-		-	0%
Own Source Revenue	1,823,571,545	27,039,394	1,850,610,939	1,429,791,259	420,819,680	77%
Return to CRF issues	-	5,635,081	5,635,081	5,635,081	-	100%
Total Receipts	11,596,315,959	948,275,480	12,544,591,439	11,591,488,431	953,103,008	92%
Payments						
Transfers to County Executive	10,270,689,778	765,555,480	11,036,245,258	9,176,212,851	1,860,032,407	83%
Transfers to County Assembly	1,325,626,181	182,720,000	1,508,346,181	1,132,140,390	376,205,791	75%

County Government of Machakos
 County Revenue Fund
 For the financial year ended 30th June 2023

Receipt/Payments	Original Budget a	Adjustments B	Final Budget c=a+b	Actual on Comparable Basis d	Budget Realization Difference e=c-d	% of Realization f=d/c %
Others	-	-	-	-	-	
Total Payments	11,596,315,959	948,275,480	12,544,591,439	10,308,353,241	2,236,238,198	82%
Balance	-	-	-	1,283,135,190	(1,283,135,190)	

The changes between the original and final are as a result of reallocations within the budget.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the Cash-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012.

The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

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

c) Receipts

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

The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer and own source revenue are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

d) Payments

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

Significant Accounting Policies (Continued)

e) Fund Balances

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

f) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. There were no restrictions on cash during the year.

11. Notes to the Financial Statements

1. Exchequer releases

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

	2022/23	2021/22
	Kshs.	Kshs.
Equitable Share (a)	9,895,288,567	8,429,319,897
Level 5 hospitals (b)		
Others (<i>Specify</i>) (c)		
Total (d=a+b+c)	9,895,288,567	8,429,319,897

2. Transfers from other government agencies**

Description	2022/23	2021/22
	Kshs.	Kshs.
Road Maintenance Levy		
Covid-19		
Development of Youth Polytechnics-State Department of TVETS		
User Fees Foregone -Ministry of Health		
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health		9,012,164
World Bank-NARIGP-State Department of Crop Development		
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	68,040,614	99,336,337
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	18,329,063	8,590,313
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation		
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	14,446,442	18,717,263
World Bank-Emergency Locust Response Project (ELRP) State Department of Crop Development	66,035,643	
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development		

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Description	2022/23	2021/22
	Kshs.	Kshs.
UNFPA-9th County Programme Implementation -Ministry of Health		
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution		
KfW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation, and Irrigation		
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	67,192,729	
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant	22,000,000	
Kenya Devolution Support Programme		
Kenya Urban Support Programme	4,729,034	
Total	260,773,524	135,656,077

3. Other grants**

Description	2022/23	2021/22
	Kshs.	Kshs.
Donor 1 (<i>Specify</i>)	-	-
Donor 2 (<i>Specify</i>)	-	-
Donor 3 (<i>Specify</i>)	-	-
Others (<i>Specify</i>)	-	-
	-	-

4. Proceeds from Domestic borrowing.

Description	2022/23	2021/22
	Kshs.	Kshs.
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-

County Government of Machakos
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Others (<i>Specify</i>)	-	-
Total	-	-

5. Proceeds from Foreign Borrowing

Description	2022/23	2021/22
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

6. Own Source Revenue

Description	2022/23	2021/22
	Kshs.	Kshs.
Cess	245,171,276	186,071,914
Land rate	204,509,754	169,415,389
Single/Business permits	296,575,576	279,702,729
Property rent	6,147,779	5,041,911
Parking fees	168,597,168	128,516,663
Market fees	13,253,012	7,249,032
Advertising	75,168,364	43,302,031
Hospital fees	-	-
Public health service fees	120,317,958	38,809,908
Physical planning and development	170,165,338	151,442,559
Hire of County Assets	463,760	66,200
Conservancy administration	32,793,134	28,861,227
Administration control fees and charges	93,159,069	76,906,093
Park fees	3,469,071	3,076,096
Proceeds from sale of assets	-	-
Other fines, penalties, and forfeiture fees	-	-
Miscellaneous	-	-
Others (<i>Specify</i>)	-	-
Total	1,429,791,259	1,118,461,753

Notes to the Financial Statements (Continued)

7. Return to CRF Issues

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	2022/23	2021/22
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	7,353	173,912
Development Account (<i>County Executive</i>)	1	835,777
Recurrent Account (<i>County Assembly</i>)	127,489	1,727
Development Account (<i>County Assembly</i>)	5,500,238	1
Others (<i>Specify</i>)		
Total	5,635,081	1,011,417

8. Transfers to County Executive

	2022/23	2021/22
	Kshs.	Kshs.
Recurrent Account	1,433,869,825	7,930,094,109
Development Account	7,358,213,987	1,060,967,496
Special purpose Accounts:		
Kenya Devolution Support Programme		161,906,472
Agriculture Sector Development Support Project (ASDSP)	14,446,442	25,539,462
DANIDA - Universal Healthcare in Devolved Units Programme	16,583,438	8,590,313
Kenya Climate Smart Agriculture Project (KCSAP)	98,040,614	99,336,339
Road Maintenance Levy Fund (KRB)		
Kenya Urban Support Programme	4,729,034	
World Bank – THSUCP	9,012,164	
World Bank – Emergency Locust Response Project	75,880,557	
National Agricultural Value Chain Development Project(NAVCDP)	67,192,729	
World Bank - Climate Change Programme	98,244,061	
Total	9,176,212,851	9,286,434,191

(Explain as per County Appropriation Act. These amounts should tally with corresponding receipts by the County Executive)

Notes to the Financial Statements (Continued)

9. Transfers to County Assembly

	2022/23	2021/22
	Kshs.	Kshs.
Recurrent Account	1,109,670,183	911,640,806
Development Account	22,470,207	137,355,091
Special purpose accounts	-	-
Others (<i>Specify</i>)	-	-
Total	1,132,140,390	1,048,995,897

10. Other Transfers

Description	2022/23	2021/22
	Kshs.	Kshs.
Agency Notices	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

11. Fund balance

	2022/23	2020/21
	Kshs.	Kshs.
County Exchequer Account - (CBK A/C 1000170751)	169,182,423	820,163,367
Total	169,182,423	820,163,367

Notes to the Financial Statements (Continued)

12. Disclosure of Balances in Revenue Collection Accounts

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

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	Insert current FY	Insert Comparative FY
			Kshs	Kshs
<i>Name Of Bank, Account No. & Currency</i>	xxx	xxx	xxx	xxx
<i>Name Of Bank, Account No. & Currency</i>	xxx	xxx	xxx	xxx
<i>Name Of Bank, Account No. & Currency</i>	xxx	xxx	xxx	xxx
<i>Name Of Bank, Account No. & Currency</i>	xxx	xxx	xxx	xxx
Total			xxx	xxx

(These balances should be reconciled by those reported by CRORs as balances due for disbursement to the CRF at the end of the reporting period.)

12. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



.....
Name
Chief Officer Finance
ICPAK Member No
Date

County Government of Machakos
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Annex 2. Analysis of Receipts from The National Treasury Exchequer Releases

Period 2022/2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,511,780,195	1,511,780,198	2,244,764,535	4,626,963,639	9,895,288,567
Level 5 Hospitals					-
DANIDA - Universal Healthcare in Devolved Units Programme				18,329,063	18,329,063
World Bank – THUSCP					
Kenya Devolution Support Programme					-
Youth Polytechnic support grant					-
Abolishment of user fees in health centres and dispensaries					-
Kenya Urban Support Programme				4,729,034	4,729,034
Agriculture Sector Development Support Project (ASDSP)			11,996,442	2,450,000	14,446,442
Kenya Climate Smart Agriculture Project (KCSAP)			68,040,614		68,040,614
National Agricultural Value Chain Development Project(NAVCDP)				67,192,729	67,192,729
World Bank-Emergency Locust Response Project (ELRP)			26,583,748	39,451,895	66,035,643
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA) I CCIS Grant			11,000,000	11,000,000	22,000,000
Total	1,511,780,195	1,511,780,198	2,362,385,339	4,770,116,360	10,156,062,091

County Government of Machakos
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Annex 3. Analysis Of Receipts from Own Source Revenue per Quarter

Period 20xx	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	XX	XX	XX	XX	XX
Land rate	XX	XX	XX	XX	XX
Single/Business permits	XX	XX	XX	XX	XX
Property rent	XX	XX	XX	XX	XX
Parking fees	XX	XX	XX	XX	XX
Market fees	XX	XX	XX	XX	XX
Advertising	XX	XX	XX	XX	XX
Hospital fees	XX	XX	XX	XX	XX
Public health service fees	XX	XX	XX	XX	XX
Physical planning and development	XX	XX	XX	XX	XX
Hire of County Assets	XX	XX	XX	XX	XX
Conservancy administration	XX	XX	XX	XX	XX
Administration control fees and charges	XX	XX	XX	XX	XX
Park fees	XX	XX	XX	XX	XX
Proceeds from sale of assets	XX	XX	XX	XX	XX
Other fines, penalties, and forfeiture fees	XX	XX	XX	XX	XX
Miscellaneous	XX	XX	XX	XX	XX
Others (<i>Specify</i>)	XX	XX	XX	XX	XX
Total	XX	XX	XX	XX	XX

County Government of Machakos
 County Revenue Fund
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Annex 4: Analysis of Transfers from the County Revenue Fund

Period -2022/2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,086,266,904	1,864,366,035	1,629,703,640	2,777,877,408	7,358,213,987
County Executive –Dev	-	130,150,520	75,759,161	1,227,960,144	1,433,869,825
County Assembly –Rec	155,026,733	252,249,351	249,392,484	453,001,615	1,109,670,183
County Assembly –Dev	-	5,465,955	-	17,004,252	22,470,207
Special Purpose A/c					-
Kenya Devolution Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	-	11,996,442	2,450,000	14,446,442
DANIDA - Universal Healthcare in Devolved Units Programme	2,434,688	-	-	14,148,750	16,583,438
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	68,040,614	30,000,000	98,040,614
Road Maintenance Levy Fund (KRB)	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	4,729,034	4,729,034
World Bank – THSUCP	-	-	9,012,164	-	9,012,164

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Period -2022/2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
World Bank – Emergency Locust Response Project	9,844,914	-	26,583,748	39,451,895	75,880,557
National Agricultural Value Chain Development Project(NAVCDP)	-	-	-	67,192,729	67,192,729
World Bank - Climate Change Programme	-	-		98,244,061	98,244,061
Total	1,253,573,239	2,252,231,861	2,070,488,253	4,732,059,888	10,308,353,241

