

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE

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

COUNTY GOVERNMENT OF MACHAKOS

| PAPERS LAID | |
|--------------------|----------------|
| DATE | 21/2/2024 |
| TABLED BY | Majoryly Whup. |
| COMMITTEE | |
| CLERK AT THE TABLE | Abdirahman |





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
20 DEC 2023
RECEIVED



RECEIVER OF REVENUE
(County Government of Machakos)

REVENUE STATEMENTS
FOR THE FINANCIAL 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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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 |

b) Glossary of terms

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

2. Key Entity Information and Management

(a) Background information

The *receiver of revenue* is under the Department of Finance and Revenue Collection. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance and Economic Planning, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on 20th July, 2018 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).

(c) Key Management

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

| No. | Designation | Name |
|-----|--|---------------------|
| 1. | County Executive Committee Member-Finance, Revenue and Economic Planning | Hon. Onesmus Kuyu |
| 2. | Accounting Officer – Finance | Mr. Collins Adipo |
| 3. | Accounting Officer -Revenue Management | Mr. Mike Senga |
| 4. | Accounting Officer – Economic Planning | Mr. Tobias Mutuku |
| 5. | Head of Accounting Services | Mr. Michael Musyoki |
| 6. | Chief Internal Auditor | Mr. Benjamin Nyika |
| 7. | Director of Budget | Ms. Stella Miriti |

(a) County Headquarters

Town Hall Building
Off Machakos Nairobi Highway
P.O. Box 1996-90100
Machakos, KENYA

(b) Entity Contacts

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

(c) Independent Auditors

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

(d) Principal Legal Adviser

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

(e) Bankers

Kenya Commercial Bank
Machakos Branch

Co-operative Bank of Kenya
Machakos Branch

Family Bank of Kenya
Machakos Branch

3. Foreword by the CECM Finance and Economic Planning

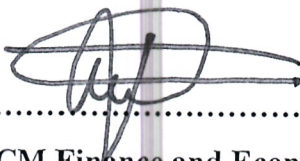
It is my pleasure to present the Machakos County Government Revenue Statements for the year ended 30th June 2023, which are in line with the Public Finance Management (PFM) Act, 2012. The Act requires final revenue accounts to be prepared, published, publicized and submitted to the County Assembly, Office of the Auditor General, the National Treasury, the Controller of Budget and Commission for Revenue Allocation within a period of three months after the end of each Financial Year.

Attached are the Revenue Statements which have been prepared in line with the requirements of the PFM Act 2012, which present a true and fair view of state of affairs of the County Government of Machakos for the year ended 30th June, 2023.

County Governments' Financing

In accordance with Article 202 of the Constitution of Kenya, the revenue raised nationally shall be shared equitably among the National Government and the County Governments. The County Governments equitable share of revenue raised nationally is determined every year through the County Allocation of Revenue Act. The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution of Kenya, 2010.

Moreover, the County Government of Machakos also finances its operations through Own Source Revenue (OSR) and has endeavoured to enhance the existing revenue sources as well as exploring new revenue sources. The county is keen on improving its revenue collection through enhanced enforcement, strict supervision and revenue automation. Revenue statements reports sources, projections and actuals of own source revenues.



.....
CECM Finance and Economic Planning
County Government of Machakos

4. Management Discussion and Analysis

A. Financial Performance

The receiver of revenue anticipates to receive Kshs 1,717,118,593.00 as at 30th June 2023. However, the entity managed to collect Kshs 1,429,791,259.00 which translates to 83% of the total Budget.

| Details | Annual Budget | Final Actual Cumulative to June 30 th , 2023 | Utilisation% |
|------------------|----------------------|---|--------------|
| | Kshs | Kshs | |
| Receipts | 1,717,118,593 | 1,429,791,259 | 83% |
| Payments | - | - | - |
| Surplus/ Deficit | <u>1,717,118,593</u> | <u>1,429,791,259</u> | <u>83%</u> |

B. Implementation Challenges and Emerging Issues:

The receiver of revenue targeted to collect 100% of the total revenue budget by the end of FY 2022/2023. However, the target was not achieved due to disruptions in electioneering period, drought and change in governing policies from former regime to current one which mostly affected the first and second quarter of the current FY.

5. Statement of Receiver of Revenue’s responsibilities

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

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

The Receiver of Revenue in charge accepts responsibility for the *entity’s receiver of revenue* accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *Machakos County’s receiver of revenue* account gives a true and fair view of the state of entity’s receiver of revenue transactions during the period ended 30th June, 2023, and of the entity’s statement of financial 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 Machakos County has complied fully with applicable Government Regulations and the terms of external financing covenants. 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

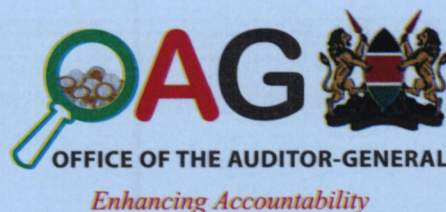
The *revenue* statements were approved and signed by the Receiver of Revenue on19/12.....
.....2023



.....
Collins Adipo
County Receiver of Revenue

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

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

Qualified Opinion

I have audited the accompanying financial statements of Receiver of Revenue - County Government of Machakos set out on pages 1 to 21, which comprise of the statement of

financial assets and liabilities and the statement of arrears of revenue as at 30 June, 2023 and the statement of receipts and disbursements, and statement of comparison of budget versus 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 financial statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Machakos as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, 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. Inaccuracy in Revenue Recognition

The statement of receipts and disbursements reflects total own source revenue of Kshs.1,429,791,259. However, review of the cashbooks revealed actual revenue collection of Kshs.1,383,356,138 resulting to a variance of Kshs.46,435,121. It was noted that this amount relates to revenue collected after the closure of the financial year but reported in the current period.

In the circumstances, accuracy, presentation and disclosure of own source revenue amount of Kshs.46,435,121 could not be confirmed.

2. Non-Disclosure of Land/ Poll Rates and Property Rent Arrears

The statement of receipts and disbursements reflects land / poll rates amount of Kshs.204,509,754 and property rent amount of Kshs.6,147,779 as disclosed in Notes 2 and 4 to the financial statements respectively. However, review of land rates and property rent revenue records revealed that various property and stall/kiosks owners had arrears of land rates and rent of Kshs.38,411,794,210 and Kshs.5,555,406 respectively which has not been disclosed in the financial statements. Further, there was no evidence of measures put in place to recover land rates and property rent arrears.

In the circumstances, the accuracy and completeness of land / poll rates amount of Kshs.204,509,754 and property rent of Kshs.6,147,779 could not be confirmed.

3. Un-Supported Public Health Service Fees

The statement of receipts and disbursements reflects public health service fees revenue of Kshs.120,317,958 as disclosed Note 9 to the financial statements. However, the

revenue was not adequately supported by way of Mpesa paybill and collection bank account statements.

In the circumstances, the accuracy and completeness of public health service fees amount of Kshs.120,317,958 could not be confirmed.

4. Failure to Reconcile Revenue Accounts

The statement of receipts and disbursements reflects total county own source revenue of Kshs.1,429,791,259 from twenty-nine (29) revenue streams in nine (9) Sub-Counties. However, reconciliations of the revenue collection accounts were not carried for the months of February, 2023 to June, 2023 and the cess revenue analysis schedules were not provided for audit. In addition, one commercial bank account had unexplained un-cleared balance of Kshs.944,715.

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

5. Inaccuracy of Payables Due to County Revenue Fund (CRF)

The statement of financial assets and liabilities reflects payables due to County Revenue Fund (CRF) balance of Kshs.5,039,951 as disclosed in Note 20 reflects to the financial statements. However, analysis of the eleven (11) revenue accounts revealed a balance of Kshs.5,079,331 that were due to CRF as at 30 June, 2023, resulting to an unexplained difference of Kshs.39,380.

In the circumstances, the accuracy and completeness of payables due to CRF balance of Kshs.5,039,951 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 Management in accordance with ISSAI 130 on 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 own source revenue budget of Kshs.1,717,118,593 and actual on comparable basis of Kshs.1,429,791,259 resulting to under collection of Kshs.287,327,334 or 17% of the final budget. Management has not explained the measures being put in place to ensure prompt and effective collection of own source revenue.

In the circumstances, the shortfall in revenue collection may affect the implementation of planned activities and programs and impacted negatively on service delivery.

My opinion is not modified in respect to this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.

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, 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

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, except for 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. Weak Internal Controls on County Housing Revenue Collection

Review of revenue records revealed property rent of Kshs.1,792,252 collected from County Housing. However, there was no complete inventory of houses owned by the County and the respective occupants. In addition, most tenants do not have tenancy agreements, no records of outstanding rent arrears or demand notices for the rent arrears.

In the circumstances, the effectiveness of internal controls on identification of county houses occupancy and collection of rent could not be confirmed.

2. Failure to Establish Regulations

The County Government has not established revenue administration regulations and guidelines. In addition, the Liquor Licensing Regulations, County Designated Parking Spaces Regulations, the County Trade License Regulations and Quarry Management Regulations have not been developed.

In the circumstances, the effectiveness of internal controls on revenue collection and enforcement 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 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 revenue 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 revenue 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 revenue statements, Management is responsible for assessing the Receiver of Revenue ability to sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve the Receiver of Revenue or 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 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 Receiver of Revenue 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 controls 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 Receiver of Revenue 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 Receiver of Revenue 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 Receiver of Revenue 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

05 February, 2024

*Receiver Of Revenue
County Government Of Machakos
Revenue Statements for the Period Ended 30th June 2023*

7. Statement of Receipts and Disbursements for the Year ended 30th June, 2023

| | Note | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|---|------|---------------------------------|---------------------------------|
| | | Kshs | Kshs |
| County Own Source Revenue | | | |
| Cess | 1 | 234,047,286 | 186,071,914 |
| Land/Poll Rate | 2 | 204,509,754 | 169,415,389 |
| Single/Business Permits | 3 | 296,575,576 | 279,702,729 |
| Property Rent | 4 | 6,147,779 | 5,041,911 |
| Parking Fees | 5 | 168,597,168 | 128,516,663 |
| Market Fees | 6 | 13,253,012 | 7,249,032 |
| Advertising | 7 | 75,168,364 | 43,302,031 |
| Hospital Fees | 8 | - | - |
| Public Health Service Fees | 9 | 120,317,958 | 38,809,908 |
| Physical Planning and Development | 10 | 170,165,338 | 151,442,559 |
| Hire Of County Assets | 11 | 463,760 | 66,200 |
| Conservancy Administration | 12 | 32,793,134 | 28,861,227 |
| Administration Control Fees and Charges | 13 | 104,283,059 | 76,906,093 |
| Park Fees | 14 | 3,469,071 | 3,076,096 |
| Other Fines, Penalties, And Forfeiture Fees | 15 | - | - |
| Miscellaneous receipts | 16 | - | - |
| Total County Own Source Revenue | | <u>1,429,791,259</u> | <u>1,118,461,753</u> |
| Other Receipts | | | |
| Donations/Grants Not Received Through CRF | 17 | - | - |

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2023

| | | | |
|---|--|------------------|------------------|
| Total Other Receipts | | - | - |
| Total Receipts | | 1,429,791,259.00 | 1,118,461,752.70 |
| Balance b/f at the beginning of the year 20i22 2023 | | - | - |
| Disbursements To CRF | | 1,429,791,259.00 | 1,118,461,752.70 |
| Balance Due for Disbursement as at the end of the period | | | |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 19/12 2023 and signed by:



.....
 Collins Adipo
 County Receiver of Revenue



.....
 Mark Yawatha
 Head of Revenue Reporting
 ICPAK M/No. 9317


8. Statement of Financial Assets and Liabilities as at June 30th, 2023

| | Note | Period as at June 30 th , 2023 | Audited Prior Year 2022 |
|------------------------------------|------|--|-------------------------------|
| | | Kshs | Kshs |
| Financial Assets | | | |
| Cash And Cash Equivalents | | | |
| | . | | |
| Bank Balances | 18 | 5,039,951 | - |
| Cash In Hand | 19 | - | - |
| | | | |
| Total Financial Assets | | <u>5,039,951</u> | - |
| | | | |
| Financial Liabilities | | | |
| | | | |
| Payables-Due to CRF | 20 | 5,039,951 | - |
| | | | |
| Total Financial Liabilities | | <u>5,039,951</u> | - |

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 19/12 2023 and signed by:



.....
 Collins Adipo
 County Receiver of Revenue



.....
 Mark Yawatha
 Head of Revenue Reporting
 ICPAK M/No. 9317

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2023*


9. Statement of Comparison of budget vs Actual Amounts for the Period Ended June 30th, 2023


| Receipt | Original annual Budget | Adjustments | Final Budget | Actual Cumulative to date (June 30 th , 2023) | % of realization of Revenue |
|---|------------------------|-------------|---------------|--|-----------------------------|
| | A | B | C=A+B | D | F=D/C % |
| | Kshs | Kshs | Kshs | Kshs | |
| County Own Source Revenue | 467,010,353 | | 467,010,353 | 234,047,286 | 52 |
| Cess | 313,010,337 | | 313,010,337 | 204,509,754 | 65 |
| Land/Poll Rate | 270,705,582 | | 297,744,975 | 296,575,576 | 98 |
| Single/Business Permits | 11,799,704 | | 11,799,704 | 6,147,779 | 52 |
| Property Rent | 146,703,267 | | 146,703,267 | 168,597,168 | 115 |
| Parking Fees | 14,146,559 | | 14,146,559 | 13,253,012 | 94 |
| Market Fees | 47,484,059 | | 47,484,059 | 75,168,364 | 158 |
| Advertising | | | | | |
| Hospital Fees | | | | | |
| Public Health Service Fees | 76,324,973 | | 76,324,973 | 120,317,958 | 158 |
| Physical Planning and Development | 208,458,673 | | 208,458,673 | 170,165,338 | 82 |
| Hire Of County Assets | 250,602 | | 250,602 | 463,760 | 185 |
| Conservancy Administration | 43,016,227 | | 43,016,227 | 32,793,134 | 76 |
| Administration Control Fees and Charges | 90,259,186 | | 90,259,186 | 104,283,059 | 103 |
| Park Fees | 849,611 | | 849,611 | 3,469,071 | 408 |
| Other Fines, Penalties, And Forfeiture Fees | | | | | |
| Miscellaneous Receipts | 60,067 | | 60,067 | | |
| Total County Own Source Revenue | 1,690,079,200 | - | 1,690,079,200 | 1,429,791,259 | 85 |
| Other Receipts | | | | | |

**Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2023**

| Receipt | Original annual Budget A | Adjustments B | Final Budget C=A+B | Actual Cumulative to date (June 30 th , 2023) D | % of realization of Revenue F=D/C % |
|--|-----------------------------|------------------|-----------------------|---|--|
| Donations /Grants Not Received Through CRF | | | | | |
| Total Other Receipts | - | | | | |
| Total Receipts | 1,690,079,200 | - | 1,717,118,593 | 1,429,791,259 | 83 |

The County Receiver of revenue's quarterly financial statements were approved on 19/12 2023 and signed by:

.....

Collins Adipo
 County Receiver of Revenue

.....

Mark Yawatha
 Head of Revenue Reporting
 ICPAK M/No. 9317


*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2023*

10. Statement of Arrears of Revenue as At June 30th 2023


| Classification Of Receipts (Indicate As Applicable) | Balance as at 1 st July 2022 | Arrears received during the period | Additions in arrears for the current period to June 30 th 2023 | Total arrears at end of the period June 30 th 2023 | Measures taken to recover the arrears | Assessment to the recoverability of arrears |
|---|---|------------------------------------|---|---|---------------------------------------|---|
| Cess | - | - | - | - | | |
| Land/Poll Rate | - | - | - | - | | |
| Single/Business Permits | - | - | - | - | | |
| Property Rent | - | - | - | - | | |
| Parking Fees | - | - | - | - | | |
| Market Fees | - | - | - | - | | |
| Advertising | - | - | - | - | | |
| Hospital Fees | - | - | - | - | | |
| Public Health Service Fees | - | - | - | - | | |
| Physical Planning And Development | - | - | - | - | | |
| Hire Of County Assets | - | - | - | - | | |
| Conservancy Administration | - | - | - | - | | |
| Administration Control Fees And Charges | - | - | - | - | | |
| Park Fees | - | - | - | - | | |
| Other Fines, Penalties, And Forfeiture Fees | - | - | - | - | | |

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2023*

| | | | | | | |
|---------------|---|---|---|---|---|---|
| Miscellaneous | - | - | - | - | - | - |
| Total Arrears | - | - | - | - | - | - |



 Collins Adipo
 County Receiver of Revenue



 Mark Yawatha
 Head of Revenue Reporting
 ICPAK M/No. 9317

11. Notes to the Financial Statements

Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

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

2. Recognition of Receipts

The County Government of Machakos recognises all receipts from the various sources when the related cash has been received by the County Government of Machakos.

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 31st May 2022 for the period 1st July 2022 to 30th June 2023 as required by law. There were two supplementary budgets passed in the period. A high-level assessment of the County's actual performance against the comparable budget during the period under review has been included in these financial statements.

4. Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

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

6. Disbursements to CRF

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

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2023

Notes to the Financial Statements

1. Cess

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|---------------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Farm produce | 14,081,514 | 7,358,762 |
| Quarrying | 189,782,165 | 146,802,687 |
| Livestock Transportation permit | 3,707,996 | 12,502,064 |
| Fish farming | - | - |
| Others (Sand) | 26,475,610 | 19,408,401 |
| Total | <u>234,047,286</u> | <u>186,071,914</u> |

2. Land/Poll rates

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|-----------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Land rates | 204,509,754 | 169,415,389 |
| Land penalties and interest | - | - |
| Arrears | - | - |
| Total | <u>204,509,754</u> | <u>169,415,389</u> |

3. Single /Business Permits

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|--|------------------------------|------------------------------|
| | Kshs | Kshs |
| Business permit application fees | - | - |
| Annual Business permit fees | 296,575,576 | 279,702,729 |
| Business permit penalties and interest | - | - |
| Business permit fees arrears | - | - |
| Total | <u>296,575,576</u> | <u>279,702,729</u> |

Notes to the Financial Statements (continued)

4. Property Rent

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|----------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| County Housing | 1,792,252 | 860,962 |
| Plot Rent | - | - |
| Tenancy Agreement | 116,933 | 84,000 |
| Transfer of Property | - | - |
| Stalls/kiosks rent | 4,238,594 | 4,096,949 |
| Others (Specify) | - | - |
| Total | <u>6,147,779</u> | <u>5,041,911</u> |

5. Parking Fees

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|---------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Street parking fees | 16,411,332 | 13,999,740 |
| Monthly toll/sticker fees | - | - |
| Motorbike fees | - | - |
| Registration fees | 11,204,510 | 3,414,930 |
| Reserved parking | - | - |
| Bus Park fees | 140,981,326 | 111,101,993 |
| Others (Specify) | - | - |
| Total | <u>168,597,168</u> | <u>128,516,663</u> |

6. Market Fees

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|-------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Market entry fees | 13,253,012 | 7,249,032 |
| Hawking fees | - | - |
| Others | - | - |
| Total | <u>13,253,012</u> | <u>7,249,032</u> |

Notes to the Financial Statements (Continued)

7. Advertising

| Descriptions | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|-------------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Branding | | |
| Billboard advertising | 75,168,364 | 43,302,031 |
| Signage | - | - |
| Roadshows | - | - |
| Banners | - | - |
| Posters | - | - |
| Tent advertising | - | - |
| Street pole/clock advertising | - | - |
| others (Specify) | - | - |
| Total | <u>75,168,364</u> | <u>43,302,031</u> |

8. Hospital Fees

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|-------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Level 5 hospitals | - | - |
| Level 4 hospitals | - | - |
| Others (Specify) | - | - |
| Total | <u>-</u> | <u>-</u> |

Notes to the Financial Statements (Continued)

9. Public Health Service Fees

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|---|------------------------------|------------------------------|
| | Kshs | Kshs |
| Inspection of Buildings/premises/Institutions | - | - |
| Inspection for issuance of hygiene license | - | - |
| Vaccination: Yellow fever, Typhoid, etc | - | - |
| Applications for medical examination | - | - |
| Sanitation inspection for schools | - | - |
| Public health permit | 120,317,958 | 38,809,908 |
| Rodent Control/Fumigation | - | - |
| Others (Specify) | - | - |
| Total | <u>120,317,958</u> | <u>38,809,908</u> |

10. Physical Planning and Development

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|--|------------------------------|------------------------------|
| | Kshs | Kshs |
| Sale of County planning documents | - | - |
| Land valuation and registration fees | - | - |
| Change / Renewal of user | - | - |
| Building plans approval | 162,826,953 | 147,655,443 |
| Signboards | - | - |
| Occupational Permits | - | - |
| Enforcement / Demolition | 7,338,385 | 3,787,116 |
| Architectural designs by county officers | - | - |
| Hoarding fees | - | - |
| Others (Specify) | - | - |
| Total | <u>170,165,338</u> | <u>151,442,559</u> |

Notes to the Financial Statements (Continued)

11. Hire Of County Assets

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|---|------------------------------|------------------------------|
| | Kshs | Kshs |
| Agricultural Mechanisation Services (AMS) | - | - |
| Hire of Machines and Equipment | - | - |
| Hire of County Stadia | - | - |
| Hire of County Halls | - | - |
| Conference facilities/Agricultural Training Centers (ATC) | 463,760 | 66,200 |
| Others (Specify) | - | - |
| Total | <u>463,760</u> | <u>66,200</u> |

12. Conservancy Administration

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|-----------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Refuse disposal fees | 32,406,484 | 28,320,120 |
| Dumpsite fees | - | - |
| Sewerage fees | - | - |
| Sale of seedlings | - | - |
| Public cemetery | - | - |
| Disposal of carcasses | - | - |
| Noise control | 386,650 | 541,107 |
| Others (Specify) | - | - |
| Total | <u>32,793,134</u> | <u>28,861,227</u> |

Account of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2023

13. Administration Control Fees and Charges

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|--------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Weights and measures | 886,880 | 263,750 |
| Fire Services | 17,154,355 | 14,145,202 |
| Liquor licenses | 72,373,670 | 61,556,386 |
| Betting levy | - | - |
| Salary Refunds/Advances | 2,448,444 | 858,716 |
| Animal Slaughter Fees | 11,123,990 | - |
| Others (Social services) | 295,720 | 82,039 |
| Total | <u>104,283,059</u> | <u>76,906,093</u> |

14. Park Fees

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|------------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Lodge Tariffs and levies | - | - |
| Park entry fees | - | - |
| Filming and Photography fees | 3,469,071 | 3,076,096 |
| Camping fees | - | - |
| Balloon landing fees | - | - |
| Others (Specify) | - | - |
| Total | <u>3,469,071</u> | <u>3,076,096</u> |

15. Other Fines, Penalties and Forfeitures

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Impounding Fees | - | - |
| Towing Fees | - | - |
| Others (Specify) | - | - |
| Total | <u>-</u> | <u>-</u> |

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2023

Notes to the financial statements (continued)

16. Miscellaneous Receipts

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Dividends | - | - |
| Interest | - | - |
| Commissions | - | - |
| Others (Specify) | - | - |
| Total | = | = |

17. Donations And Grants Not Received Through CRF

| Description | Period ended 30th June, 2023 | Period ended 30th June, 2022 |
|-------------------------------------|------------------------------|------------------------------|
| | Kshs | Kshs |
| Donations (Specify Based on Source) | - | - |
| Grants (Specify Based on Source) | - | - |
| Others (Specify) | - | - |
| Total | = | = |

18. Bank Balances

| Name of Bank, Account No. & currency | Amount in bank account currency (Ksh.) | Exc. rate (if in foreign currency) | Period ended 30th June, 2023 | Prior Year audited |
|--|--|------------------------------------|------------------------------|--------------------|
| | | | Kshs | Kshs |
| Kangundo Subcounty Revenue Account - ACC NO. 1144009111 | 191,320 | | 191,320 | - |
| Machakos County Health Revenue-Kathiani Level 4 - ACC NO. 1180862961 | - | | - | - |
| Kathiani SubCounty Revenue Account - ACC NO. 1146264518 | 110,420 | | 110,420 | - |
| Machakos County Liquor Licence Account - ACC NO. 1143572432 | - | | - | - |
| Machakos County Health Revenue-Mwala Level 4 - ACC NO. 1180862678 | 120,730 | | 120,730 | - |
| Machakos County Revenue-Mpesa - ACC NO. 1176017276 | 3,360,843 | | 3,360,843 | - |
| Machakos Town Revenue Account - ACC NO. 1144008484 | 120,092 | | 120,092 | - |

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2023

| | | | | |
|--|------------------|----------|------------------|----------|
| Masinga Sub-county Revenue Account - ACC NO. 1146264747 | 213,400 | | 213,400 | - |
| Matungulu Sub County Revenue - ACC NO. 1146264887 | 35,927 | | 35,927 | - |
| Machakos County Building Approvals - ACC NO. 1171824939 | 328,348 | | 328,348 | - |
| Machakos County Main Revenue Account - ACC NO. 1140764594 | 558,871 | | 558,871 | - |
| Total | 5,039,951 | - | 5,039,951 | - |

19. Cash in hand

| Description | As at 30th June 2023 | Prior Year audited |
|----------------------------------|----------------------|--------------------|
| | Kshs | Kshs |
| Cash Balance (<i>Location</i>) | - | - |
| Mobile Money | - | - |
| Others (<i>Specify</i>) | - | - |
| Total | - | - |

20. Payables- Due To CRF

| Payables | As at 30th June 2023 | Prior Year audited |
|---|----------------------|--------------------|
| | Kshs | Kshs |
| Balance B/f at the beginning of the year | - | - |
| Amount collected during the period | 1,434,831,209 | 1,118,461,753 |
| Amounts disbursed to CRF during the period | (1,429,791,258) | (1,118,461,753.00) |
| Balance c/d at the end of the period | 5,039,951 | - |

21. Ageing Analysis of Revenue in Arrears

| Description (indicate as applicable) | Less than 1 year | Between 1-2 years | Between 2-3 years | Over 3 years | Total |
|---|------------------|-------------------|-------------------|--------------|-------|
| Cess | - | - | - | - | - |
| Land/poll rate | - | - | - | - | - |
| Single/business permits | - | - | - | - | - |
| Property rent | - | - | - | - | - |
| Parking fees | - | - | - | - | - |
| Market fees | - | - | - | - | - |
| Advertising | - | - | - | - | - |
| Hospital fees | - | - | - | - | - |
| Public health service fees | - | - | - | - | - |
| Physical planning and development | - | - | - | - | - |
| Hire of County Assets | - | - | - | - | - |
| Conservancy administration | - | - | - | - | - |
| Administration control fees and charges | - | - | - | - | - |
| Park fees | - | - | - | - | - |
| Other fines, penalties, and forfeiture fees | - | - | - | - | - |
| Miscellaneous receipts | - | - | - | - | - |
| Others (Specify) | - | - | - | - | - |

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2023

Appendix

Appendix 1: Statement of Receipts and Disbursements Per Quarter

| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Cumulative to date | Comparative prior year for the period ended 30th June, 2022 |
|---|-------------|-------------|-------------|-------------|-----------------------------|---|
| | | | | | Period ended 30th June 2023 | |
| | | | | Kshs | Kshs | Kshs |
| County Own Source Revenue | | | | | | |
| Cess | 70,051,747 | 99,980,241 | 42,890,074 | 32,249,214 | 234,047,286 | 186,071,914 |
| Land/Poll Rate | 21,245,850 | 28,131,795 | 78,983,191 | 76,148,918 | 204,509,754 | 169,415,389 |
| Single/Business Permits | 6,080,195 | 15,398,203 | 80,040,695 | 195,056,483 | 296,575,576 | 279,702,729 |
| Property Rent | 202,675 | 2,050,315 | 1,970,237 | 6,147,779 | 6,147,779 | 5,041,911 |
| Parking Fees | 10,222,006 | 34,201,292 | 47,104,420 | 77,069,450 | 168,597,168 | 128,516,663 |
| Market Fees | 687,780 | 4,383,920 | 3,785,597 | 4,395,715 | 13,253,012 | 7,249,032 |
| Advertising | 1,842,700 | 3,624,486 | 23,193,945 | 46,507,233 | 75,168,364 | 43,302,031 |
| Hospital Fees | - | - | - | - | - | - |
| Public Health Service Fees | 5,084,219 | 22,036,344 | 49,835,050 | 43,362,345 | 120,317,958 | 38,809,908 |
| Physical Planning and Development | 79,246,053 | 43,189,035 | 35,633,073 | 12,097,177 | 170,165,338 | 151,442,559 |
| Hire Of County Assets | - | 1,622 | 10,000 | 452,138 | 463,760 | 66,200 |
| Conservancy Administration | - | 1,693,255 | 13,597,080 | 17,502,799 | 32,793,134 | 28,861,227 |
| Administration Control Fees and Charges | 754,650 | 6,590,620 | 11,724,275 | 74,089,524 | 104,283,059 | 76,906,093 |
| Park Fees | 2,440,470 | 558,894 | - | 469,707 | 3,469,071 | 3,076,096 |
| Other Fines, Penalties, And Forfeiture Fees | - | - | - | - | - | - |
| Miscellaneous receipts | - | - | - | - | - | - |
| Total County Own Source Revenue | 197,858,345 | 261,840,022 | 388,767,636 | 585,548,483 | 1,429,791,259 | 1,118,461,753 |
| Other Receipts | | | | | | |

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2023*

| | | | | | | |
|--|-------------|-------------|-------------|-------------|---------------|---------------|
| Donations/Grants Not Received Through CRF | - | - | - | - | - | - |
| Total Other Receipts | - | - | - | - | - | - |
| Total Receipts | 197,858,345 | 261,840,022 | 388,767,636 | 585,548,483 | 1,429,791,259 | 1,118,461,753 |
| Balance b/f at the beginning of the year 2022 2023 | - | - | - | - | - | - |
| Disbursements To CRF | 197,858,345 | 261,840,022 | 388,767,636 | 585,548,483 | 1,429,791,259 | 1,118,461,753 |
| Balance Due for Disbursement as at the end of the period | - | - | - | - | - | - |

