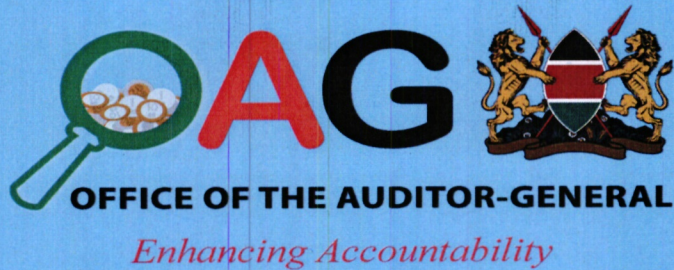


REPUBLIC OF KENYA



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COMMITTEE	-
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REPORT

OF

THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE COUNTY
GOVERNMENT OF HOMABAY**

**FOR THE YEAR ENDED
30 JUNE, 2022**





COUNTY GOVERNMENT OF HOMA BAY
RECEIVER OF REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2022

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

COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022

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COUNTY EXECUTIVE OF HOMA BAY

Reports and Financial Statements

For the year ended June 30, 2022

I. Key Entity Information and Management

(a) Background information

The *receiver of revenue* is under the Department of Finance, Economic Planning and Service Delivery. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, Economic Planning and Service Delivery, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver on 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 Homa Bay day-to-day management of revenue is under the following:

- County Executive Committee Member for Finance
- Chief Officer, Finance
- Director, Revenue...

(d) County Headquarters

P.O BOX 469-40300
HOMA BAY, KENYA

(e) Entity Contacts

Telephone: (254) 2038617565/55
E-mail: governorsofficeHoma Baycounty.go.ke
Website: www.Homa Bay.go.ke

COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) Bankers *(include all collection banks)*

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

2. Kenya Commercial Bank Ltd
Kencom House,
Moi Avenue,
P.O Box 48400-00100
Nairobi, Kenya.

II. Foreword by the CEC-M Finance, Economic Planning, and Service Delivery

It is my pleasure to present the Homa Bay County Receiver of Revenue financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the county Government over the past one year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Financing of the County Governments

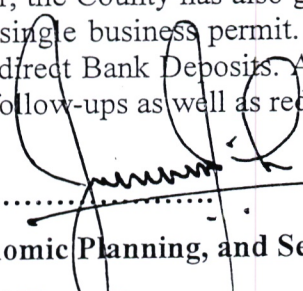
Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Homa Bay County included business permits, land rates, business plan approval, advertising fees, cesses, and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

REVENUE COLLECTION

The County has embarked on a paperless Revenue Service Delivery through the automation of its Revenue and Management Systems. Unstructured revenue which includes parking, market fees and cattle auction is now fully automated with 298 Point of Service (POS) machines distributed in all the eight sub-counties. Single Business Permit (SBP) is also fully automated and currently forms 60% of the structured revenue in the County. Moreover, the County has also gone cashless in various revenue streams such as parking fees and single business permit. All payments in these streams are done via M-Pesa Paybill and direct Bank Deposits. As a result, there has been an increase in prompt Supervision and follow-ups as well as reduced pilferages.

.....

CEC-M Finance, Economic Planning, and Service Delivery
County Government of Homa Bay

III. Statement of Performance against County Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government entity's performance against predetermined objectives.

The County Objectives as outlined in the second CIDP include;

- i. To enhance food security for sustained growth and employment
- ii. To implement reforms that will facilitate business and employment growth;
- iii. To enhance food security for sustained growth and employment;
- iv. To support value addition for employment creation;
- v. To empower the youth and women for employment creation;
- vi. To develop youth sports, culture, heritage and talents;
- vii. To modernize transport and logistics;
- viii. To improve access to adequate, affordable and reliable energy supply;
- ix. To expand road networks to facilitate agricultural transformation;
- x. To make water accessible to households and farmers;
- xi. To build a healthier county, provide quality and relevant education for all citizens;
- xii. To scale up social protection and further entrench devolution for better service delivery at all levels of the county government.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer shall prepare the financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, including a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives Adopted from Homa Bay County CIDP 2018-2022

The County's 2018-2022 CIDP has identified eleven key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022

The key development objectives of the 2nd County's 2018-2022 CIDP are to:

1. Expand investments in physical infrastructure to improve access to public transport, energy, water, sanitation and housing;
2. Fast-Track investment in manufacturing and value addition sector
3. Improve provision of health care with emphasis on universal healthcare coverage, reduction of mortality rates, broadening prevention, treatment and combating HIV/AIDS, malaria, tuberculosis and other communicable and non-communicable diseases.
4. Enhance agricultural production and productivity, food security and value addition;
5. Enhance early childhood and vocational skills development and access to quality education and training in the county;
6. Promote the development of sports, tourism and the blue economy within the County
7. Invest in science, innovation and technology particularly in areas of data generation and management; clean energy, nutrition and dietetics, artificial intelligence, computerized medicine, on-line education and virtual and augmented reality;
8. Improve climate change preparedness, adaptation and resilience;
9. Strengthen public finance management systems and implement procedures for enhanced access, efficiency and stability in the finance sector;
10. Support good governance and establish structures that enhance transparency, accountability and other national values and principles as outlined in the constitution; and
11. Undertake all the necessary additional measures to improve the entrepreneurial culture of local populations as well as growth and competitiveness of local businesses.

Progress on attainment of Strategic development objectives Adopted from Homa Bay County CIDP 2018-2022

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022

Department	Objective	Outcome	Indicator	Performance
Public Works, Roads & Transport	To develop and maintain safe roads and public transport across the entire county	Increased efficient transportation of people, goods and services	% of motorable and passable roads within the city	In FY 2021/22, the department of Public Works, Roads and Transport was able to maintain 724Kms of County roads, rehabilitated 500Kms of roads, constructed 7 bridges across the County, constructed 3 footbridges, maintained 5 machinery and 3 lorries in serviceable conditions and opened and gravelled 250Kms of new roads within the County.
Energy and Mining	To enhance access to affordable and reliable energy supply	Increased access to stable and reliable power supply	Number of markets and public institutions connected to power	During the financial year 2021/22, the department of Energy and Mining was able to supply, install and commission 140 solar market lights, develop the renewable energy policy document, prepare the engineering and architectural designs for the energy information centre, supply and deliver furniture for the energy centre.
	To explore and exploit existing mineral resources in the County	Improved exploration and exploitation of mineral resources in the county	Number mineral resource policy documents formulated	
Education and ICT	To provide quality EYE education to every child and enhance access to polytechnic/vocational education/training	Increase access, quality of Early Years Education and improved access to vocational training	Number of EYE and VTC centres constructed across the entire county	The department achieved the following during the 2021/22 financial year; Disbursement of bursary worth 50M to 22,110 orphans and vulnerable students Construction to completion of 13 ECDE classrooms, 22 classrooms are ongoing Completion of 1 VTC workshop at Ojijo Teko; Construction of 4-door latrines at Sero and St Paul Mboya VTCs; Equipping 10 VTCs with tools and learning equipment; Renovation of 6 VTCs at a cost of 1.5M for each
	To improve internet connectivity and integrate ICT into operations of all county sectors and learning institutions	Improved internet and intra-net connectivity and integration of ICT into operations of all county sectors and learning institutions	% of uptime on all county sectors and learning institutions	

COUNTY EXECUTIVE OF HOMA BAY

Reports and Financial Statements

For the year ended June 30, 2022

				Collaboration with partners for capacity building, WASH programs for learning institutions and to acquire learning materials and equipment
Lands, Housing, Urban	To provide a spatial framework that would	Improved spatial planning within the	% completion of the spatial	The department was able to notify the public on the preparation of the County
Development and Physical Planning	guide, develop, administer and manage land and its activities within the County	county towns and urban centres	planning framework	Spatial Plan (CSP), established 1 GIS lab, procured 8 number of satellite imageries (base maps), survey and demarcation of 12 markets within the County
	To improve suitable, conducive and affordable housing conditions in the County	Improved provision of affordable housing to all county residents	Number of households benefiting from the affordable housing scheme	80% works completed on the ABTC centre in Ndhiwa with only the ablution block, gate house and block shade remaining, 5 urban boundaries delineated awaiting approval, 13 slums areas documented for consideration under KISIP II programme.
Homa Bay Municipal Board	To promote effective development, management and maintenance of all municipal facilities	Improved provision of service delivery to all county residents	% of planned works completed	The department was able to achieve the following during the 2021/22 financial year; Construction works at the Homa Bay Municipal market completed up to 100% 8 roads within the municipality have been maintained/improved.

COUNTY EXECUTIVE OF HOMA BAY

Reports and Financial Statements

For the year ended June 30, 2022

Health Services	To provide essential medical services at sub-county hospitals and county referral facility	Increased access to essential medical services cost-effectively within health facilities	% increase of access to specialised diagnostic services	In the financial year 2020/21, the department of health managed to complete the construction of 6 modern maternity wards at Miniembo, Koliech, Nyaoga, Ringa, Nyandiwa and Nyadenda; renovation of 9 wards facilities at Ndiru, Nyambare, Nyarut, Nyangajo, Adiedo, Kadienge, Kosele, Sino and Omiro, construction of 10 new facilities at Ngolo, Oyombe, Adita, Abundu, Dudu, Got Agulu, Nyadiwa, Osiepe, Mbita Kalango and Goyo, acquisition of 2 fully-equipped ambulances at County referral and Oyugis sub county hospital, construction of 7 staff houses at Mkende, Ojunge, Randung, Nyawawa, Kichawa, Oriwo and Wiga health facilities, renovation of 2 staff houses at Nyamasi and Nyambare health facilities), completion of 9 health facilities at Miriu level 4, Imbo, Ngeta, Osure, Nduru, Wandiji, Kuge, Koduogo and Msare and construction of health administration block and drug store at 75 % in Homa Bay.
Agriculture, Livestock, Fisheries and Food Security	To increase agricultural productivity and output	Enhanced food security and improved livelihoods for county residents	Number of farmers supplied with farm inputs	The sector was able to achieve the following in the FY leading to 30 June 2022;
	To maximize contribution of fisheries to poverty reduction, food security and creation of wealth		Number of farmers onboarded under capture fisheries farming	A total of 78.5 acres of farm were ploughed using county tractors and Kshs.128, 875 revenue was collected, 7 Plant clinics were established and launched through joint support from Self
	To ensure food security in the county		% completion of works on post harvesting facility	Help Africa and the department in Mbita, Sindo, Rodi Kopany, Nyangweso, Ndhiwa, Oyugis and Kendu Bay,

COUNTY EXECUTIVE OF HOMA BAY

Reports and Financial Statements

For the year ended June 30, 2022

	To increase livestock productivity and output		Number of dairy farmers receiving extension services	Conducted training to groups and individual farmers in chicken husbandry. The training was conducted for 4 groups per sub county hence 32 groups, 40 animal health assistants and farmers were trained on poultry disease control especially vaccination,
				Vaccination of goats and sheep against PPR disease was conducted in Suba North, Suba South and Ndhiwa sub-counties covering about 7000 of these animals. The activity targeted the areas around Ruma National Park as a focal point of the disease, In the third quarter 534 heads of cattle were sprayed with insecticides to control tsetse fly and subsequently trypanosomiasis,
				Developed a bill of quantities for the construction of Oyugis slaughter house, Procurement and distribution of 8000 fingerlings to eight (8) farmers across the eight sub counties, Procurement and distribution of 229 bags of fish feeds to fish farmers across the eight sub counties, 40 fish farmers supplied with pond liners provided by the ABDP, BMU elections was conducted and training on responsible fisheries and governance skills done to them, Conducted 100 lake patrols in conjunction with the BMUs, Construction of produce post-harvest handling facility in Kigoto, Suba South which is currently at about 90% complete

COUNTY EXECUTIVE OF HOMA BAY

Reports and Financial Statements

For the year ended June 30, 2022

				(warehouse has been plastered awaiting flooring, fixing of doors and painting)
Trade, Industrialization, Co-operatives and Enterprise Development Services	To improve the business environment, promote growth of entrepreneurs and improvement in governance, marketing and investment within the Co-operative	Improved trading and market access in the County	Number of markets improved and new Co-operatives registered or strengthened	The department was able to construct 25 toilets in various markets within the County (63%).
	To stimulate industrial development through value addition, industrial research, technology and innovation and create enabling environment for investment	Improved County economy and wealth creation	% of works completed in select value addition plants	In the FY 2021/22, the department managed to achieve 70% of works both on the ongoing maize processing plant as well as the livestock feeds factory in Arujo.
Tourism, Gender, Sports, Youth, and Cultural Services	To map, preserve, develop, brand and promote niche products in tourism and local heritage, arts and cultural assets	Improved influx of both local and international tourists and developed tourism and cultural product for enhanced revenue earnings and economic empowerment of local community stakeholders	% increase in number of tourist, both local and international visiting tourist attraction sites within the county	In the FY years leading to 30 June 2022, the department successfully managed to hold the Miss Tourism County festival. The department also managed to develop a Youth policy document, The department has also developed and presented to the County Executive Committee the Gender Based Violence (GBV) Policy.
	To identify, nurture and promote sports talents for prospective earnings from sports	Identified, nurtured and promoted sports talents for prospective earnings from sports	% works completed on sports facilities across the county	75% completion of the ongoing works on the Homa Bay County Stadium.

COUNTY EXECUTIVE OF HOMA BAY

Reports and Financial Statements

For the year ended June 30, 2022

<p>Water, Environment and Natural Resources</p>	<p>To promote, conserve and protect the environment in a sustainable manner</p>	<p>Natural resources and the environment are sustainably managed for improved quality of life</p>	<p>% improvement in environmental safety and health of the citizens</p>	<p>The department achieved the following during the recent financial years; cleaned 6 market centres, purchased 1 waste truck, established 1 out of 120 tree nurseries planned within Homa-Bay Sub County and distributed seedlings to a total of 15 schools.</p>
	<p>To increase access to safe and sustainable water from 40% to 60% of the people of Homa Bay County by 2024</p>	<p>Sufficient water and sanitation for improved health and safety of the county population</p>	<p>Number of households accessing safe and clean water and sanitation services</p>	<p>Rehabilitated 12 urban water supply systems; drilled and equipped 43 boreholes across the entire County; 6 number of springs protected; 10 roof catchment tanks installed and 1 water pan desilted.</p>

COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022

IV. Statement of Receiver of Revenue's responsibilities

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

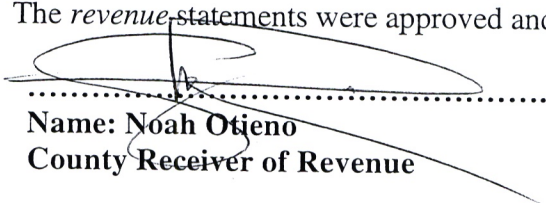
The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (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.

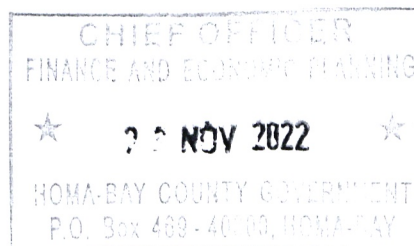
The Receiver of Revenue in charge accepts responsibility for the *entity's receiver of revenue* accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *entity's receiver of revenue* account gives a true and fair view of the state of *entity's receiver of revenue* transactions during the financial year ended June 30, 2022, and of the *entity's* statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the *receiver of revenue account* as well as the adequacy of the systems of internal financial control.

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

Approval of the Revenue Statements

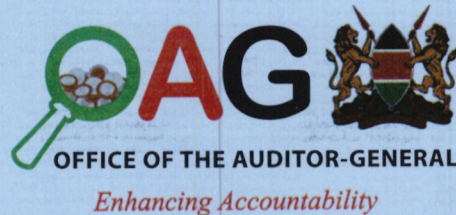
The *revenue* statements were approved and signed by the Receiver of Revenue on 2022


.....
Name: Noah Otieno
County Receiver of Revenue



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE COUNTY GOVERNMENT OF HOMABAY FOR THE YEAR ENDED 30 JUNE, 2022

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 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

Adverse Opinion

I have audited the accompanying revenue statements of Receiver of Revenue County Government of Homabay set out on pages 2 to 13, which comprise the statement of financial assets and liabilities as at 30 June, 2022, statement of receipts and disbursements and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory

Report of the Auditor-General on Receiver of Revenue County Government of Homabay for the year ended 30 June, 2022

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the revenue statements do not present fairly, the financial position of the Receiver of Revenue County Government of Homabay as at 30 June, 2022 and of its revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and the County Government Act, 2012.

Basis for Adverse Opinion

1. Presentation of the Revenue Statements

The revenue statements contain guidelines provided in the Annual Revenue Reporting Template for County Receivers of Revenue (June, 2022) which were not customized or where not applicable deleted. Some sections of the revenue statements contain 'xxx' and repeatedly refers the receiver of revenue as 'entity'. The headers in pages i to vi and 1 to 3 were incorrectly indicated as County Executive of Homabay, Reports and Financial Statements.

Management discussion and analysis report was not included in the revenue statements as required by the Revenue Reporting Template. The Statement of Performance against County Predetermined Objectives relates to the entire County financial and operational programmes including development projects undertaken instead of providing information relevant to the Receiver of Revenue.

Further, the statement of arrears of revenue was not included in the revenue statements. In addition, the date of approval of the revenue statements was not disclosed in the relevant sections.

In the circumstances, the revenue statements were not compliant with the Annual Revenue Reporting Template for County Receivers of Revenue (June, 2022), issued by the Public Sector Accounting Standards Board.

2. Variances between Statement of Receipts and Ledger Balances

The statement of receipts and disbursements reflects total county own source revenue of Kshs.311,995,474 for the year ended 30 June, 2022. However, comparison of the reported balances with the supporting schedules revealed unexplained and unreconciled variances as tabulated below:

Item	Amount as per Revenue Statement (Kshs.)	Amount as per Ledger (Kshs.)	Variance (Kshs.)
Market Dues	26,086,667	21,939,427	(4,147,240)
Other Fines, Penalties and Forfeiture Fees	2,190,482	1,311,450	(879,032)

Item	Amount as per Revenue Statement (Kshs.)	Amount as per Ledger (Kshs.)	Variance (Kshs.)
Cess	43,155,615	42,798,007	357,608
Hospital Fees	63,162,574	212,209,073	49,046,499
Parking Fees	21,409,984	20,911,643	498,341

In the circumstance, the accuracy and completeness of the total own source revenue of Kshs.256,005,322 for the year ended 30 June, 2022 could not be confirmed.

3. Rents and Rates Collected through Outdated Valuation Roll

The statement of receipts and disbursements reflects land/poll rate of Kshs.1,837,658 and property rent of Kshs.8,357,405 as disclosed in Note 2 and 4 to the revenue statements respectively. However, review of the land rate collection records revealed that the County's valuation roll had not been updated since 2003. In addition, the valuation roll did not include all the ratable properties in the County.

In the circumstances, the accuracy and completeness of the rents and rates of Kshs.10,195,063 for the year ended 30 June, 2022 could not be confirmed.

4. Revenue Automation System

The Management implemented a revenue collection system, in partnership with a local service provider with effect from 02 June, 2017 for a period of three years. However, information provided by Management revealed that the service provider closed the revenue collection system in the months April and May 2022 due to non-payment for the revenue automation services. It was therefore not clear how revenue was collected during the two months period.

Further, three hundred and thirty-two (332) Point of Sale (POS) machines were in use during the year but the terminal collection report indicated that only two hundred and twenty-six (226) machines collected revenue between 1 July, 2021 and 30 June, 2022. Revenue collected using the one hundred and six (106) machines not included in the report could therefore not be accounted for. The POS delivery documents and inventory register were not provided for audit review. In addition, the revenue collectors were not issued with official receipts upon surrender of revenue collected.

In the circumstances, it was not possible to confirm the integrity and reliability of the revenue automation system. In addition, the accuracy and completeness of County own source revenue of Kshs.311,995,474 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue County Government of Homabay 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 adverse opinion.

Key Audit Matters

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

Other Matter

Budgetary Controls and Performance

The statement of comparison of budget and actual amounts reflects actual revenue collected during the year of Kshs.311,995,474 against an approved budget of Kshs.319,805,192 resulting to under collection of Kshs.7,809,718 or 2% of the budget. In addition, revenue collection targets for ten (10) revenue streams were not achieved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Spending of Revenue at Source

The statement of receipts and disbursements reflects hospital fees of Kshs.163,162,574 as disclosed in Note 8 to the revenue statements. However, review of the revenue reports for sampled health facilities revealed that revenue amounting to Kshs.843,298 was spent at source. This was contrary to Section 109(2) of the Public Finance Management Act, 2012 which provides that the County Treasury for each County Government shall ensure that all money raised or received by or on behalf of the County Government is paid into the County Revenue Fund.

In the circumstance, Management was in breach of the law.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as 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 such 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 governance.

In preparing the revenue statements, Management is responsible for assessing the Receiver of Revenue's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate 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 revenue 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'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 revenue 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 revenue statements.

In addition to the audit of the revenue 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 revenue 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 revenue 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 revenue 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 judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the revenue 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's ability 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 revenue 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 revenue statements, including the disclosures and whether the revenue 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 revenue 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 February, 2023

COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022

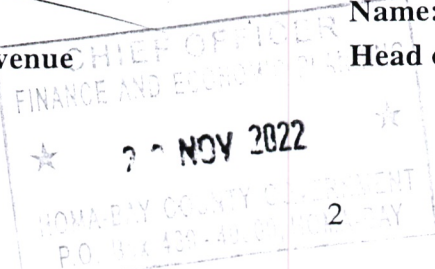
V. Statement of Receipts and Disbursements for the year ended 30th June 2022

	Note	2021/22
		Kshs
County Own Source Revenue		
Cess	1	43,155,615
Land/Poll Rate	2	1,837,658
Single/Business Permits	3	36,482,274
Property Rent	4	8,357,405
Parking Fees	5	21,409,984
Market Fees	6	26,086,667
Advertising	7	2,233,450
Hospital Fees	8	163,162,574
Public Health Service Fees	9	109,910
Physical Planning and Development	10	1,545,143
Hire Of County Assets	11	-
Conservancy Administration	12	147,080
Administration Control Fees and Charges	13	191,370
Park Fees	14	43,210
Other Fines, Penalties, And Forfeiture Fees	15	2,190,482
Miscellaneous receipts	16	5,042,651
Total County Own Source Revenue		311,995,474
Balance b/f at the beginning of the year	17	9,752,178
prior year adjustments	20	(1,440,044)
Disbursements To CRF	19	156,991,500
less: AIA Health	8	163,162,574
Balance Due for Disbursement	18	1,593,578

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on _____ 2022 and signed by:

.....
Name: Noah Otieno
County Receiver of Revenue
ICPAK M/No: 16596

.....
Name: David Akoko
Head of Revenue Reporting

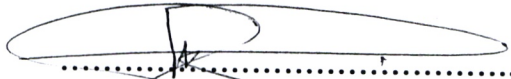


COUNTY EXECUTIVE OF HOMA BAY
Reports and Financial Statements
For the year ended June 30, 2022


VI. Statement of Financial Assets and Liabilities as at 30th June 2022

	Note	2021/22
		Kshs
Financial Assets		
Cash And Cash Equivalents		
Bank Balances	18	1,593,578
Cash Balances		
Total Cash And Cash Equivalents		1,593,578
Accounts Receivables – Outstanding Imprests		-
Total Financial Assets		1,593,578
Financial Liabilities		
Accounts Payables – Deposits And Retentions		-
Net Financial Assets		1,593,578
Represented By		
Fund Balance B/Fwd	17	9,752,178
Surplus/Deficit For The Year		
Prior Year Adjustment	20	(1,440,044)
Net Financial Position	18	1,593,578

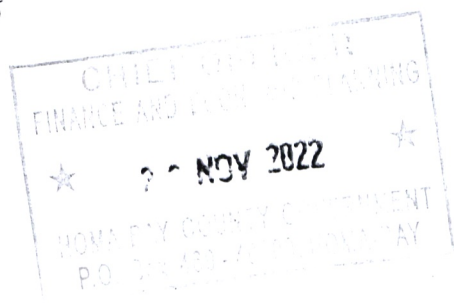
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2022 and signed by:



Name: Noah Otieno
 County Receiver of Revenue
 ICPAK M/No: 16596



Name: David Akoko
 Head of Revenue Reporting



*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

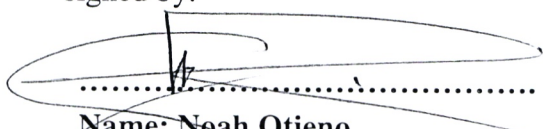
VII. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2022

Receipt	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 %
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Cess	23,110,521	5,000,000	28,110,521	43,155,615	(15,045,094)	1.54%
Land/Poll Rate	2,186,977	11,800	2,198,777	1,837,658	361,119	83.58%
Single/Business Permits	41,463,217	8,018,000	49,481,217	36,482,274	12,998,943	73.73%
Property Rent	11,473,680	1,010,931	12,484,611	8,357,405	4,127,206	66.94%
Parking Fees	20,840,510	1,951,350	22,791,860	21,409,984	1,381,876	93.94%
Market Fees	28,480,688	4,149,241	32,629,929	26,086,667	6,543,262	79.95%
Advertising	985,750	-	985,750	2,233,450	(1,247,700)	226.57%
Hospital Fees	126,682,193	27,829,371	154,511,564	163,162,574	(8,651,010)	105.60%
Public Health & veterinary Service Fees	273,845	-	273,845	109,910	163,935	40.14%
Physical Planning and Development	1,835,002	230,000	2,065,002	1,545,143	519,859	74.83%
Hire Of County Assets	8,906,440	1,000,000	9,906,440	-	9,906,440	0.00%
Conservancy Administration	740,500	902	741,402	147,080	594,322	19.84%
Administration Control Fees & Charges	944,820	-	944,820	191,370	753,450	20.25%
Park Fees	30,250	-	30,250	43,210	(12,960)	142.84%


Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022

Other Fines, Penalties, And Forfeiture Fees	-	-	-	2,190,482	(2,190,482)	0.00%
Miscellaneous Receipts	2,539,204	110,000	2,649,204	5,042,651	(2,393,447)	190.35%
Total County Own Source Revenue	270,493,597	49,311,595	319,805,192	311,995,474	7,809,718	97.56%

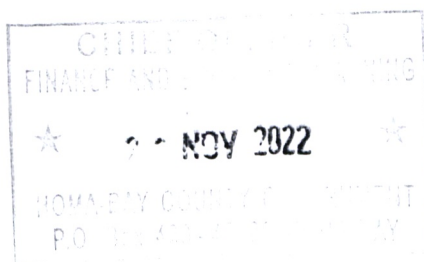
The County Receiver of revenue's financial statements were approved on _____ 2022 and signed by:



.....
Name: Noah Otieno
County Receiver of Revenue
ICPAK M/No: 16596



.....
Name: David Akoko
Head of Revenue Reporting



VIII. 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 Homa Bay. 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 *entity*. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on xxx for the period 1st July 2021 to 30 June 2022 as required by law. There was 2 number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

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. *(Include the receiver's actual policy on disbursements)*

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, 2022

*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

Notes to the Financial Statements (Continued)

1. Cess

Description	2021/22
	Kshs
Fish Farming	6,830,580
Livestock	357,609
Other Cess	18,606,064
Quarrying	17,361,363
Total	43,155,615

2. Land/Poll rates

Description	2021/22
	Kshs
land rates	1,837,658
Total	1,837,658

3. Single /Business Permits

Description	2021/22
	Kshs
Single Business Permit	35,170,824
Fines And Penalties	1,311,450
Totals	36,482,274

*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

4. Property Rent

Description	2021/22
	Kshs
County Housing	2,938,798
Other(Ground Rent)	3,556,769
Plot Rent	499,489
Tenancy Agreement	1,282,959
Transfer Of Property	79,390
TOTAL	8,357,405

*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

5. Parking Fees

Description	2021/22
	Kshs
Bus park fees	20,911,643
Motor bike fees	498,341
Total	21,409,984

6. Market Fees

Description	2021/22
	Kshs
Market Entry Fees	21,939,427
Slaughter House Fees	729,259
Stock Auction Fees	3,417,981
Total	26,086,667

7. Advertising

Descriptions	2021/22
	Kshs
Billboard advertising	2,233,450
Total	2,233,450

8. Health Sector Charges A-I-A

Description	2021/22
	Kshs
Level 4 hospitals	163,162,574
Total	163,162,574

*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

9. Public Health Service Fees

Description	2021/22
	Kshs
Veterinary charges	109,910
Total	109,910

10. Physical Planning and Development

Description	2021/22
	Kshs
Building Plan Approval	1,505,643
Site Value Rates	39,500
Others (Search Beacon)	-
Total	1,545,143

11. Hire of County Assets

Description	2021/22
	Kshs
Hire Of Machines And Equipment	-
Total	-

12. Conservancy Administration

Description	2021/22
	Kshs
Noise control	147,080
Total	147,080

*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

13. Administration Control Fees and Charges

Description	2021/22
	Kshs
Fire Services	191,370
Total	191,370

14. Park Fees

Description	2021/22
	Kshs
Landing Fees	43,210

15. Other Fines Penalties and Forfeitures

Description	2021/22
	Kshs
Other Fines Penalties and Forfeiture fees	12,190,482

16. Miscellaneous Receipts

Description	2021/22
	Kshs
Others	5,042,651
Total	5,042,651

17. BANK BALANCES

Ref	Amount (Kshs)	Date subsequently transferred
Description	2021/22	2020/21
Homa Bay County KCB-Revenue A/c NO.1140763555	1,593,578	9,752,178
Total	1,593,578	9,752,178

*Receiver Of Revenue
County Government Of Homa Bay
Revenue Statements for the Period Ended 30th June 2022*

Notes to the Financial Statements (Continued)

18. Balance carried forward as at 30th June 2022 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
Balance C/F	1,593,578	1 July 2022
Total	1,593,578	-

19. Disbursed to CRF Account

Description	2021/22
	Kshs
Amount Disbursed to CRF	156,991,500
TOTAL	156,991,500

20. Prior Year Adjustment

Description	2021/22
	Kshs
Prior Year Adjustment	1,440,044
TOTAL	1,440,044