

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE – REVENUE
STATEMENTS**

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

COUNTY GOVERNMENT OF MIGORI

PAPERS LAID	
DATE	19/03/2024
TABLED BY	ML
COMMITTEE	—
CLERK AT THE TABLE	Carolyne Chemw



**RECEIVER OF REVENUE
COUNTY GOVERNMENT OF MIGORI**

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 Economic Planning. 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* is designated as a receiver on Migori 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 Team

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

- County Executive Committee Member for Finance and Economic Planning
- Chief Officer, Finance and Economic Planning
- Director in Charge of Revenue
- County Revenue Officer

KEY ENTITY INFORMATION AND MANAGEMENT (continued)

(d) County Headquarters

P.O. Box 195-40400
Government Road
SUNA, KENYA

(e) Entity Contacts

Telephone: (254) 726319450/73
E-mail: info@migori.go.ke
Website: www.go.ke

(f) Independent Auditor

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

(g) Bankers

KCB Bank
Migori Branch
P.O. 54 – 40400
SUNA

3. FOREWORD BY THE CECM FINANCE AND ECONOMIC PLANNING

It gives me pleasure to present the County Government of Migori Revenue statement for the financial year ending 30th June 2023. The financial statements present the financial performance of own source revenue for county government over the past twelve months.

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

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the county governments. Each county government's equitably 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 own generated revenues which is collected within the county. Our key local revenue sources for Migori County included Single business permits, cesses, trade centre/market fees, approval of plans, cattle auction fees among others.



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CECM Finance and Economic Planning
County Government of Migori

4. MANAGEMENT DISCUSSION AND ANALYSIS

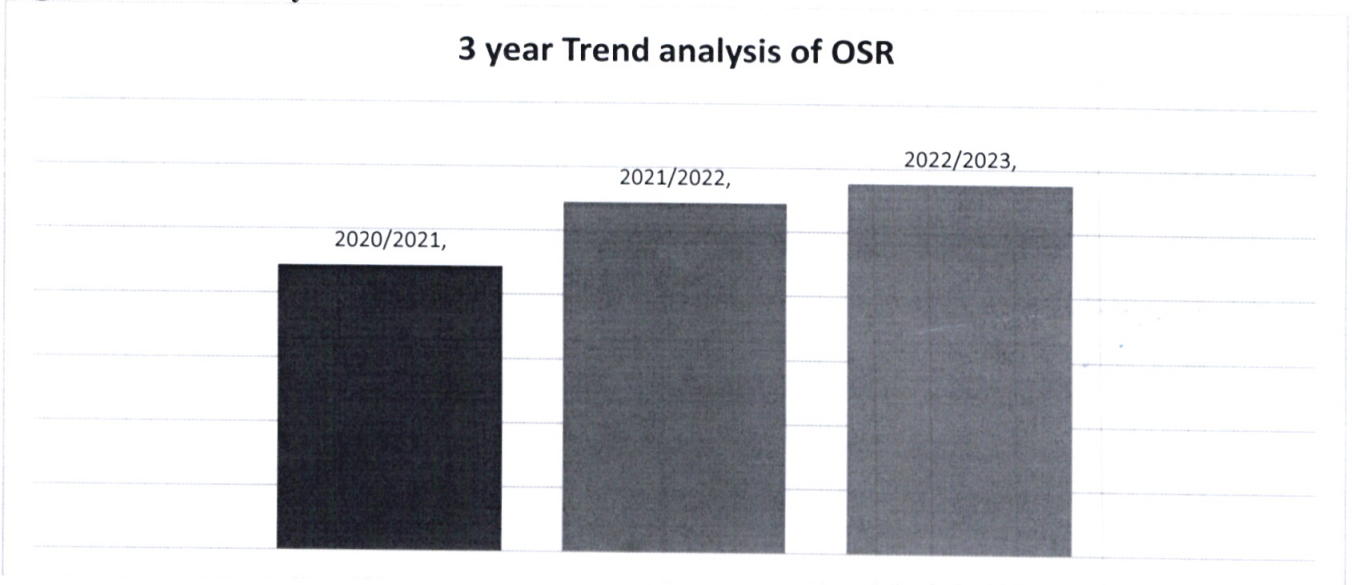
During the financial year 2022/2023, the County received **Kshs 406.3 million** from own source revenue compared to the previous year collection of **Kshs 386.6 million** representing 5% increase in revenue collection. However, we were unable to meet the target of **Kshs 600million**.

Below is a comparative analysis of revenue raised over the three financial years in the similar periods:

Table 1. Revenue analysis

YEAR 2020/2021	FY 2021/2022	FY 2022/2023
303.5million	386.6 million	406.3 million

Figure 1: Trend analysis



5. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

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

The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 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 *Migori'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 *Migori's receiver of revenue* account gives a true and fair view of the state of *Migori's receiver of revenue* transactions during the financial year ended June 30, 2023, 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 County Government of Migori 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

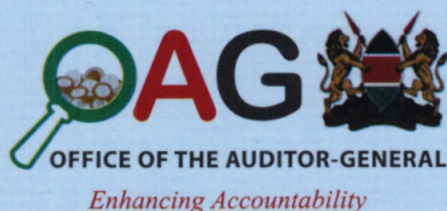
The revenue statements were approved and signed by the Receiver of Revenue on 29th September 2023


.....
Name

County Receiver of Revenue

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE – REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF MIGORI

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

Opinion

I have audited the accompanying revenue statements of Receiver of Revenue-County Government of Migori set out on pages 1 to 16, which comprise of the statement of receipts and disbursements , statement of financial assets and liabilities as at 30 June, 2023, statement of arrears of revenue and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Receiver of Revenue- Revenue Statements as at 30 June, 2023, and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

Statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects actual collection balance of Kshs.406,364,909 against an approved budget of Kshs.600,000,000 resulting to under collection of Kshs.193,635,091 (or 32%) of the budget.

There is need therefore for the Management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Migori County.

My opinion is however not modified in respect of the above matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Anomalies in the Revenue Automation System

As previously reported, Management implemented a revenue collection system. However, the following anomalies were noted in the deployment and management of the system:-

- i. The revenue targets have not been set on the Revenue Management System to compare actual verses targets.
- ii. The system allows collection of revenue through M-Pesa and Cash. However, Management did not provide for audit review M-Pesa statement as evidence that the collections were deposited in CRF account.
- iii. The system has not been enabled to capture all logs
- iv. There is no power backup for the desktop computers used by the administrators and cashiers.

In the circumstances, the effectiveness of the revenue automation system could not be confirmed.

2. Spending of Revenue at Source by Health Facilities

The statement of receipts and disbursements reflects balance due for disbursement of Kshs.171,575,909. Review of records revealed that only an amount of Kshs.53,466,000 was transferred to the County Revenue Fund bank account on 9 October, 2023 while the balance of Kshs.118,109,909 was spent at source by various hospitals. This is 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 circumstances, 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, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis 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 as to whether effective processes and systems of internal controls, risk management and overall governance was maintained in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's ability to sustain its 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 financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 judgment and maintain professional scepticism 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 controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Executives internal controls.
- 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 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 controls 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.


FCPA Nancy Gatungu, CBS
AUDITOR-GENERAL

Nairobi

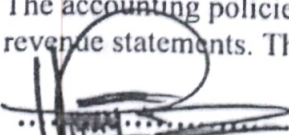
08 January, 2024

Receiver Of Revenue
County Government Of Migori
Revenue Statements for the Year Ended June 30, 2023

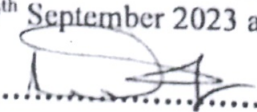
7. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
County Own Source Revenue			
Cess	1	49,214,703	62,213,187
Land Rate	2	7,610,962	4,100,692
Single/Business Permits	3	70,762,200	56,379,970
Property Rent	4	25,000	5,018,610
Parking Fees	5	47,269,296	53,942,810
Market Fees	6	55,524,115	48,532,080
Advertising	7	14,152,460	13,694,582
Hospital Fees	8	141,897,995	120,622,404
Public Health Service Fees	9	6,317,570	6,443,570
Physical Planning and Development	10	5,832,504	6,031,161
Hire Of County Assets	11	1,488,000	1,842,670
Conservancy Administration	12	0.00	411,700
Administration Control Fees and Charges	13	2,266,410	1,333,130
Proceeds from sale of assets	14	0.00	0.00
Park Fees	15	0.00	0.00
Other Fines, Penalties, And Forfeiture Fees	16	1,494,188	632,430
Miscellaneous receipts	17	2,509,505	5,487,550
Total County Own Source Revenue		406,364,908	386,686,546
Other Receipts			
Donations/Grants Not Received Through CRF	18	0	0
Total Other Receipts		0	0
Total Receipts		406,364,908	386,686,546
Balance B/F at the beginning of the year		107,531,327	32,123,581
Disbursements To CRF		(342,320,326)	(311,278,800)
Bank charges	19	(0)	(0)
Balance Due for Disbursement		171,575,909	107,531,327

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 29th September 2023 and signed by:


Name: Dr. Achuora John Oduo

Chief Officer -Finance and Economic Planning


Name: Erick Ochieng Jalangó
Director Accounting Services
ICPAK M/No:14959

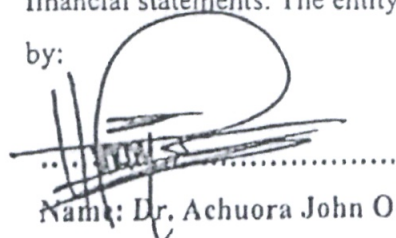
Receiver Of Revenue
 County Government Of Migori
 Revenue Statements for the Year Ended June 30, 2023

8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT JUNE 30, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	20	163,356,957	104,332,629
Cash in Hand	21	8,218,952	3,198,698
Total Financial Assets		171,575,909	107,531,327
Total Financial Assets		171,575,909	107,531,327
Financial Liabilities			
Payables-Due to CRF	22	171,575,909	107,531,327
Total Financial Liabilities		171,575,909	107,531,327

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 29th September 2023 and signed

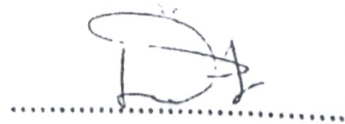
by:



.....

Name: Dr. Achuora John Odoyo

Chief Officer -Finance and Economic Planning



.....

Name: Erick Ochieng Jalangó
 Director Accounting Services
 ICPAK M/No:14959

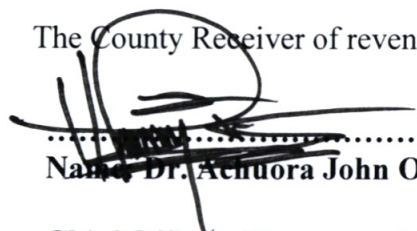
9. STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	130,751,000	-	130,751,000	49,214,704	81,536,296	38%
Land Rate	15,000,000	-	15,000,000	7,610,962	7,389,038	51%
Single/Business Permits	109,000,000	-	109,000,000	70,762,200	38,237,800	65%
Property Rent	427,000	-	427,000	25,000	402,000	6%
Parking Fees	114,839,000	-	114,839,000	47,269,296	67,569,704	41%
Market Fees	50,300,000	-	50,300,000	55,524,115	5,224,115	110%
Advertising	21,000,000	-	21,000,000	14,152,460	6,847,540	67%
Hospital Fees	105,000,000	-	105,000,000	141,897,995	36,897,995	135%
Public Health Service Fees	14,000,000	-	14,000,000	6,317,570	7,682,430	45%
Physical Planning and Development	22,824,000	-	22,824,000	5,832,504	16,991,496	26%
Hire of County Assets	637,000	-	637,000	1,488,000	851,000	234%
Conservancy Administration	0	-	-	-	-	


Receiver of Revenue
County Government of Migori
Revenue Statements for the Year Ended June 30, 2023

Administration Control Fees and Charges	10,546,000	-	10,546,000	2,266,410	8,279,590	21%
Proceeds from sale of assets	0	-	-	-	-	
Park Fees	0	-	-	-	-	
Other Fines, Penalties, And Forfeiture Fees	5,676,000	-	5,676,000	1,494,188	4,181,812	26%
Miscellaneous Receipts	0	-	-	2,509,505	2,509,505	
Total County Own Source Revenue	600,000,000	-	600,000,000	406,364,909	193,635,091	68%
Other Receipts					-	
Donations /Grants Not Received Through CRF						
Total Other Receipts						
Total Receipts	600,000,000	-	600,000,000	406,364,909	193,635,091	68%

The County Receiver of revenue's financial statements were approved on 29th September 2023 and signed by:



Name: Dr. Achuora John Odoyo
Chief Officer -Finance and Economic Planning



Name: Erick Ochieng Jalangó
Director Accounting Services
ICPAK M/No:14959


10. STATEMENT OF ARREARS OF REVENUE AS AT JUNE 30, 2023

Classification of Receipts	Balance as at 1 st July 2022	Arrears received during the year	Additions	Total arrears as at 30 th June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Single Business Permits	57,601,530		23,837,080	81,438,610	Continuous enforcement and automation	High
Advertising	4,968,012	2,938,704	0	2,029,308	Continuous enforcement and automation	High
Sugarcane Cess			50,000,000	50,000,000	Enforcement through meeting with management	High
Tobacco Cess			37,000,000	37,000,000	Enforcement through meeting with management	High
Land Rates			27,613,173	27,613,173	Continuous enforcement and automation	High
Total Arrears	62,569,542	2,938,704	138,450,253	198,081,091		

The County Receiver of revenue's financial statements were approved on 29th September 2023 and signed by:


.....
Name: **Dr. Achuora John Odoyo**

Chief Officer -Finance and Economic Planning


.....
Name: **Erick Ochieng Jalangó**
Director Accounting Services
ICPAK M/No:14959

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

11. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government **Migori**. 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*. 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.

2. Recognition of Receipts

Migori County recognises all receipts from the various sources when the related cash has been received by us.

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 of Migori for the period 1st July 2022-1 to 30 June 2023 as required by law. There were a 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.

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, 2023

*Receiver of Revenue
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12. NOTES TO THE FINANCIAL STATEMENTS

1. Cess

Description	2022-2023	2021-2022
	Kshs	Kshs
Farm produce	39,586,973	50,544,416
Quarrying	9,290,455	11,273,440
Livestock	0.00	0.00
Fish farming	337,275	395,330
Others (<i>specify</i>)	0.00	0.00
Total	49,214,703	62,213,187

2. Land rates

Description	2022-2023	2021-2022
	Kshs	Kshs
Land rates	7,610,962	4,100,692
Land penalties and interest	0.00	0.00
Arrears	0.00	0.00
Total	7,610,962.	4,100,692

3. Single /Business Permits

Description	2022-2023	2021-2022
	Kshs	Kshs
Single Business Permits	58,135,200	55,849,170
Distribution Permits	12,627,000	530,000
Total	70,762,200	56,379,970

4. Property Rent

Description	2022-2023	2021-2022
	Kshs	Kshs
Stalls/kiosks rent	0	5,018,610
<i>Hire of stadium</i>	25,000	0.00
Total	25,000	5,018,610

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Parking Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Buspark	30,034,191	40,009,920
Motorbike Fees	7,068,835	1,753,230
Entry/Exit	2,771,800	2,731,770
Taxi/Car	7,394,470	9,447,890
Total	47,269,296	53,942,810

6. Market Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Market entry fees	35,366,528	34,483,180
Auction Fees	16,232,337	14,048,920
Total	55,524,115	48,532,080

7. Advertising

Descriptions	2022-2023	2021-2022
	Kshs	Kshs
Branding & Bill Boards	14,152,460	13,694,582
Total	14,152,460	13,694,582

8. Hospital Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Medical Services	141,897,995	120,622,404
Total	141,897,995	120,622,404

9. Public Health Service Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Public Health Permit	6,317,570	6,443,570
Total	6,317,570	6,443,570

Receiver of Revenue
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Physical Planning and Development

Description	2022-2023	2021-2022
	Kshs	Kshs
Physical Planning	5,671,504	5,781,661
Survey	161,000	249,500
Total	5,832,504	6,031,161

11. Hire of County Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	213,000	0.00
Hire of Machines and Equipment	1,275,000	1,842,670
Total	1,488,00	1,842,670

12. Conservancy Administration

Description	2022-2023	2021-2022
	Kshs	Kshs
	0	0
	0	0

13. Administration Control Fees and Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Weights and measures	1,074,210	943,930
Fisheries	239,300	0
Coop Audit	163,800	272,000
veterinary	575,200	0
Others (<i>Specify</i>) NEMA, TOL	213,900	528,900
Total	2,266,410	1,744,830

14. Proceeds from sale of assets.

Description	2022-2023	2021-2022
	Kshs	Kshs
	0	0
	0	0

NOTES TO THE FINANCIAL STATEMENT (Continued)

15. Park Fees

Description	2022-2023	2021-2022
	Kshs	Kshs

16. Other Fines, Penalties and Forfeitures

Description	2022-2023	2021-2022
	Kshs	Kshs
Others (Specify) Penalties	1,494,188	632,430
Total	1,494,188	632,430

17. Miscellaneous Receipts

Description	2022-2023	2021-2022
	Kshs	Kshs
Others (Specify) Search, change of Business names	2,509,505	5,487,550
Total	2,509,505	5,487,550

18. Donations and Grants Not Received Through CRF

Description	2022-2023	2021-2022
	Kshs	Kshs
Donations (Specify Based on Source)	0	0
Grants (Specify Based on Source)	0	0
Others (Specify)	0	0
Total	0	0

19. Bank Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Charges & commissions	0	0
Total	0	0

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20. Bank Balances

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	2022-2023	2021-2022
			Kshs	Kshs
KCB Bank			20,510	2,715,851
Equity Bank			48,979,892	52,051,575
Hospital Accounts NHIF, LINDA MAMA			114,356,055.	49,565,203
Total			163,356,457	104,332,629

20 (a) Balance carried forward as at 30th June 2023 and subsequently transferred

	Date	Amount(Kshs)
KCB Balances transferred to CRF	02/07/2023	20,510
Equity Account Balances transferred to CRF	09/10/2023	48,979,892
		49,000,402

(This is a disclosure note indicating how the cash balance as at the end of the year has been subsequently disbursed to the CRF)

21. Cash in hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash Balance <i>Migori HQ</i>	8,218,952	3,198,698
Mobile Money	500.00	0.00
Total	8,219,452	3,198,698

22. Payables- Due To CRF

Payables	2022-2023	2021-2022
	Kshs	Kshs
Balance B/F at the beginning of the year	107,531,327	32,123,581
Amount collected during the year	406,364,908	386,686,545
Amounts disbursed to CRF during the year	(342,320,326)	(311,278,800)
Balance C/D at the end of the year	171,575,909	107,531,327

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

NOTES TO THE FINANCIAL STATEMENT (Continued)

23. Ageing Analysis of Revenue in Arrears

Classification of Receipts	Total Arrears	0-1year	1-2years	Over 2 Years
Single Business Permits	81,438,610	23,837,080	57,601,530	0
Advertising	2,029,308	0	2,029,308	0
Sugarcane CESS	50,000,000	50,000,000	0	0
Tobacco CESS	37,000,000	37,000,000	0	0
Land Rates	27,613,173	27,613,173	0	0
Total Arrears	198,081,091	138,450,253	59,630,838	0

Appendix 2: Progress on follow up of prior Year Auditor Recommendations.

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Rents and rates collected through outdated valuation	The management is in the process of preparing updated valuation roll for all major towns	In Progress	
2.0	Unsupported bank balance	The balances were cash held at equity bank which has since been transferred to CRF and facility fund account.	Resolved	
3.0	Unexplained Balance due for Disbursement	The balances were cash held at equity bank which has since been transferred to CRF and facility fund account.	Resolved	
4.0	Incomplete statement of Arrears of Revenue	Statement of arrears now completed	Resolved	
1.0	Supply, installation and implementation of a revenue management system	The management is working on the gaps identified	Work in progress	
2.0	Unutilized POS Equipment	The equipment are now in use	Resolved	

Guidance Notes:


- (i) Use the same reference numbers as contained in the external audit report.

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- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.


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Name: **Dr. Achuora John Odoyo**

Chief Officer -Finance and Economic Planning


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Name: **Erick Ochieng Jalangó**
Director Accounting Services
ICPAK M/No:14959