

REPUBLIC OF KENYA

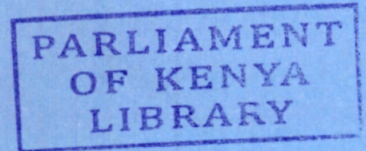


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF



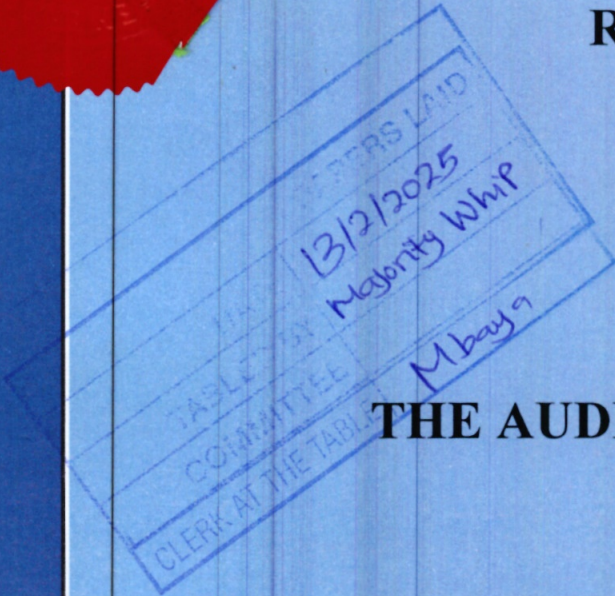
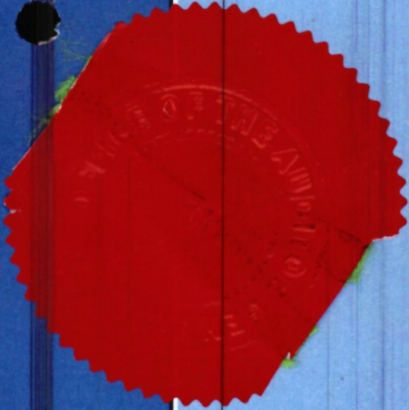
THE AUDITOR-GENERAL

ON

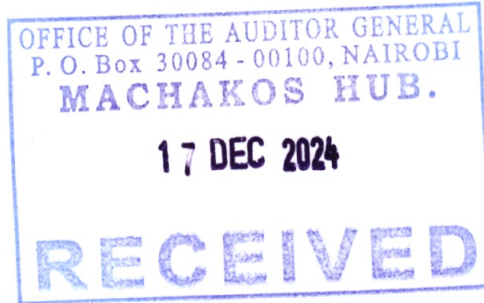
RECEIVER OF REVENUE

**FOR THE YEAR ENDED
30 JUNE, 2024**

COUNTY GOVERNMENT OF MACHAKOS



Restated



RECEIVER OF REVENUE
County Government of Machakos

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2024

**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, Revenue Management, Economic Planning and ICT. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, Revenue Management and Economic Planning, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on 9th May, 2023 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

(b) Principal activities

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF).

(c) Key Management

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

No.	Designation	Name
1.	County Executive Committee Member-Finance, Revenue Management, Economic Planning and ICT	Hon. Onesmus Kuyu
2.	Accounting Officer – Finance	CPA Julius Kasanga
3.	Accounting Officer -Revenue Management	Ms. Zipporah Mutunga
4.	Accounting Officer – Economic Planning	CPA Tobias Mutuku
5.	Head of Accounting Services	CPA Daniel Mutula
6.	Ag. Chief Internal Auditor	CPA Daniel Mumo
7.	Director of Budget	Ms. Stella Miriti
8.	Director of Revenue Management	CPA William Otieno
9.	Head of Revenue Reporting	CPA Mark Yawatha

(a) County Headquarters

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

(b) Entity Contacts

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

(c) Independent Auditors

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

(d) Principal Legal Adviser

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

(e) Bankers

Kenya Commercial Bank
Machakos Branch

Co-operative Bank of Kenya
Machakos Branch

Family Bank of Kenya
Machakos Branch

3. Foreword by the CECM Finance, Economic Planning, Revenue Management and ICT

Financial Performance

The receiver of revenue anticipated to receive **Kshs 4,106,879,461** (Own Source Revenue) as at 30th June 2024. However, through a Supplementary budget, the target was revised downwards to Kshs **3,432,286,060**. The entity managed to collect an amount of **Kshs. 1,605,460,343** by 30th June, 2024. The amount collected translated to **47 %** of the total revenue target.

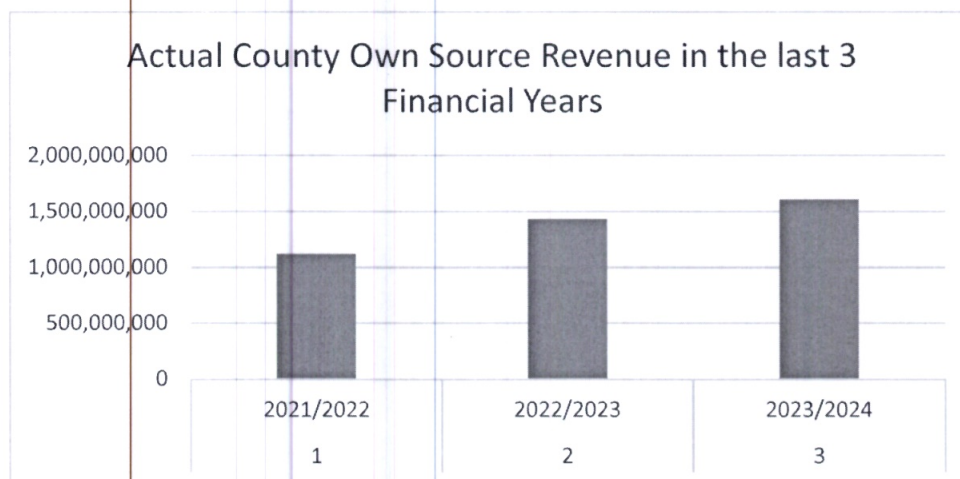
Annual Final Budget	Actual Cumulative to June 30th, 2024	% Utilisation
Kshs	Kshs	
3,432,286,060	1,605,460,343	47%

4. Management Discussion and Analysis

The receiver of revenue targeted to collect 100% of the total revenue budget by the end of FY 2023/2024. However, the target was not achieved due to unfavourable economic conditions suffered by most businesses across the County. Other challenges included revenue collection computer system (County Integrated Financial Operations Management System /CIFOMS) downtime during the FY 2023/2024. Inadequate collaboration between service providing department and the Revenue collecting Department also was an impediment in achieving the desired target..

To mitigate the above encountered challenges the management is in the final stages of procuring a new robust revenue collecting system. Coordination between all departments participating in revenue collection has been enhanced through inter departmental meetings and development of Standard operating procedures (SOPs). The County is also building capacity of all newly recruited revenue staff. With the above challenges however, Machakos county government OSR has continued to grow in the last 3 years as shown below

No	Financial year	Total collected Kshs
1	2021/2022	1,118,461,752
2	2022/2023	1,429,791,259
3	2023/2024	1,605,460,343



5. Statement of Receiver of Revenue's Responsibility

Section 166 (1) of the Public Finance Management Act, 2012 requires that, at the end of each year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 166 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue financial statements, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the period ended on 30th June, 2024. 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 period ended 30th June, 2024 and of the entity's statement of financial assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

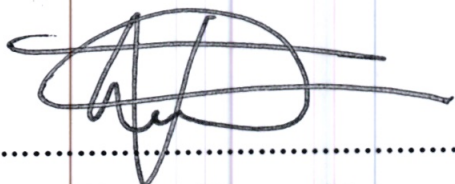
The Receiver of Revenue confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The

*Receiver of Revenue
County Government of Machakos
Annual Reports and Financial Statements for the Period Ended June 30th, 2024*

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

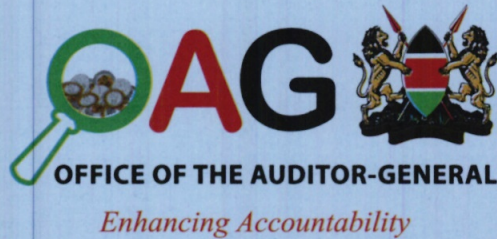
The revenue statements were approved and signed by the Receiver of Revenue on
.....17.12.....2024



.....
**CECM Finance, Revenue Management, Economic Planning and ICT
County Government of Machakos**

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - COUNTY GOVERNMENT OF MACHAKOS FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Machakos set out on pages 1 to 31 which comprise of the statement of financial assets and liabilities and statement of arrears of revenue as at 30 June, 2024 and the statement of receipts and disbursement and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Machakos as at 30 June, 2024 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 Qualified Opinion

1.0. Own Source Revenue

The statement of receipts and disbursements reflects County own source revenue totalling Kshs.1,578,877,300, however, the following issues were observed;

1.1. Administration Control Fees and Charges

Included in the own source revenue and as disclosed in Note 13 to the financial statements is administration control fees and charges amounting to Kshs.97,611,266 which includes Kshs.80,028,783 in respect of liquor licences from eight (8) sub-counties. A sample analysis of the approved list of licenses for Kalama sub-county revealed that one hundred and sixty-two (162) bar owners were each charged Kshs.1,000 for application fee. The total liquor licence fees together with application fees was Kshs.1,616,000. However, the supporting schedules provided for audit review for Kalama sub-county indicated a total collection of Kshs.1,129,600 resulting in unexplained variance of Kshs.486,400.

Although Management explained that the difference was due to licenses applied for but not paid due to various reasons such as closure of business and that the license period coverage was calendar year and not financial year, no evidence was provided to support the variance.

Further, analysis of the approved list of licenses for the other eight (8) sub-counties were not provided for audit review, hence it was not possible to establish the number of applicants, those approved and the resultant revenue.

In the circumstances, the accuracy and completeness of administration control fees and charges amounting to Kshs.97,611,266. could not be confirmed.

1.2. Property Rent

Included in the own source revenue and as disclosed in Note 4 to the financial statements is property rent totalling Kshs.6,469,986 which includes Kshs.1,548,303 in respect to county housing. However, review of records for a sample of 828 houses revealed a monthly rental income of Kshs.1,248,400 which translates to an annual income of Kshs.14,980,800, resulting in unexplained variance of Kshs.13,432,497. Although Management indicated that some of the houses are held by the National Government through the State Department of Housing & Urban Development and that they are yet to be handed over to Machakos County Government, no evidence was provided for audit review to confirm the same.

In the circumstances, the accuracy of property rent amounting to Kshs.6,469,986 could not be confirmed.

1.3. Variances Between the Financial Statement Balances and Bank Statement Balances

The statement of receipts and disbursements reflects County own source revenue totalling Kshs.1,578,877,300. However, review of bank statements revealed that the County received a total of Kshs.2,464,961,775 as own source revenue during the year under review resulting in a variance of Kshs.886,084,475. Although Management explained that the amount of Kshs.2,464,961,775 was an accumulation of all credit amounts in the commercial revenue accounts and that some of the credits were not from customers but inter-bank revenue transfers, no evidence in form of analysis was provided for audit review.

In the circumstances, the accuracy and completeness of own source revenue totalling Kshs.1,578,877,300 could not be confirmed.

2.0. Unconfirmed Cess Revenue

The statement of receipts and disbursements and as disclosed in Note 1 to the financial statements reflect cess revenue totalling Kshs.223,237,373. However, review of documents indicated that all quarries in Machakos County had not been gazetted. It was therefore not possible to establish whether revenue from all quarries were collected and remitted to the County Revenue Account. Although Management provided copies of revenue register from various collection centers, the monthly returns and reconciliations were not provided for audit review.

In the circumstances, the accuracy and completeness of cess revenue totalling Kshs.223,237,373 could not be confirmed.

3.0. Non-Disclosure of Bank Account

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.87,564,449 which as disclosed in Note 20 to the financial statements includes bank balances of Kshs.86,570,712 held in sixteen (16) bank accounts. However, review of records revealed that the County has seventeen (17) bank accounts

resulting in non-disclosure of one bank account held at a Commercial Bank. Although Management indicated that the bank account does not exist, no explanation was provided for inclusion of the account in the list provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.86,570,712 could not be confirmed.

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

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.3,432,286,060 and Kshs.1,605,460,343 respectively, resulting in an under-collection of Kshs.1,826,825,717 or approximately 53% of the budget. Although Management explained that the under-collection was due to County Information Financial Operation Management System (CIFOMS) downtime, lack of structured and information/data driven enforcement, lack of updated valuation roll, inadequate digitization of collection processes and possible leakages of revenue due to human factors, Management did not explain measures put in place to ensure optimal revenue collection.

The under-collection affected the implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness on Internal Controls, Risk Management and Governance. The issues have not been resolved. This is contrary to Section 149(2)(l) of

the Public Finance Management Act, 2012 which require the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the other information set out on pages iii to vii which comprise of Key Entity Information and Management, Foreword by the CECM Finance, Economic Planning, Revenue Management and ICT and Statement of Receiver of Revenue's Responsibility. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue-County Government of Machakos financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Payables Due to County Revenue Fund

The statement of financial assets and liabilities and as disclosed in Note 22 to the financial statements reflect payables due to County Revenue Fund (CRF) totaling Kshs.87,564,449 which relates to revenue collected during the year that was not transferred to the CRF account. This is contrary to Section 109(2) of the Public Finance Management Act, 2012, which mandates the prompt transfer of all revenue collected to the County Revenue Fund. Although Management indicated that the amount due was subsequently swept to the County Revenue Fund (CRF) account in the financial year 2024/2025, no explanation was provided for the delay in transmission.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe 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 to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

Receiver of Revenue
County Government of Machakos
Annual Reports and Financial Statements for the period ended 30th June, 2024

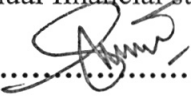
7. Statement of Receipts and Disbursements for the period ended 30th June, 2024

County Own Source Revenue	Note	Fy. 2023/2024	Comparative FY 2022/23
		Kshs	Kshs
Cess	1	223,237,373	245,635,036
Land Rate	2	304,758,653	204,509,754
Single/Business Permits	3	307,038,809	298,859,046
Property Rent	4	6,469,986	5,458,779
Parking Fees	5	162,407,583	168,597,168
Market Fees	6	28,555,000	18,292,963
Advertising	7	91,294,436	75,168,364
Hospital Fees	8	136,219,604	120,317,958
Public Health Service Fees	9	41,606,729	-
Physical Planning and Development	10	148,320,590	170,165,338
Hire of County Assets	11	-	-
Conservancy Administration	12	30,327,051	32,793,134
Administration Control Fees and Charges	13	97,611,266	93,848,069
Park Fees	15	1,030,220	1,185,601
Other Fines, Penalties, And Forfeiture Fees	16	-	-
Miscellaneous receipts	17	-	-
Assets Disposal	14	-	-
Total County Own Source Revenue		<u>1,578,877,300</u>	<u>1,434,831,210</u>
Other Receipts			
Other Revenue Not Received Through CRF (Facility Improvement Fund)	18	26,583,043	-
Total Other Receipts		<u>26,583,043</u>	<u>-</u>
Total Receipts		<u>1,605,460,343</u>	<u>1,434,831,210</u>
Balance B/f at the beginning of the Period		5,039,951	-
Disbursements To CRF		<u>(1,522,876,556)</u>	<u>(1,429,791,259)</u>
Bank Charges	19	(59,289)	-
Balance Due for Disbursement		<u>87,564,449</u>	<u>5,039,951</u>

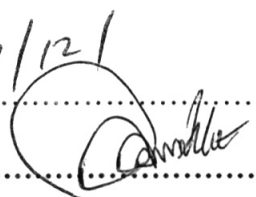
*Receiver of Revenue
County Government of Machakos
Revenue Statements For the year ended 30th June, 2024*

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

The Annual financial statements were approved on2024 and signed by:

.....


CPA Julius Kasanga
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

17/12/24
.....


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

8. Statement of Financial Assets and Liabilities as At June, 30th, 2024

Description	Note	Period ended 30th June, 2024	Comparative Period FY 2022/23
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	20	86,570,712	5,039,951
Cash In Hand	21	993,737	-
Total Financial Assets		<u>87,564,449</u>	<u>5,039,951</u>
Financial Liabilities			
Payables-Due to CRF	22	87,564,449	5,039,951
Total Financial Liabilities		<u>87,564,449</u>	<u>5,039,951</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 17th Dec.....2024 and signed by:

.....
 CPA Julius Kasanga
 County Receiver of Revenue

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

Receiver Of Revenue
 County Government of Machakos
 Annual Reports and Financial Statements for the Period Ended June 30th, 2024

9. Statement of Comparison of Budget vs Actual Amounts for the Period Ended June 30th, 2024

Receipts	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Cess	561,645,619	110,000,000	451,645,619	223,237,373	228,408,246	49%
Land/Poll Rate	468,920,046	-	468,920,046	304,758,653	164,161,393	65%
Single/Business Permits	694,177,105	274,593,402	419,583,703	307,038,809	112,544,894	73%
Property Rent	12,136,982	-	12,136,982	6,469,986	5,666,996	53%
Parking Fees	379,308,136	100,000,000	279,308,136	162,407,583	116,900,553	58%
Market Fees	29,605,554	-	29,605,554	28,555,000	1,050,554	96%
Advertising	167,136,697	30,000,000	137,136,697	91,294,436	45,842,261	67%
Hospital Fees	1,008,000,000	-	1,008,000,000	136,219,604	871,780,396	14%
Public Health Service Fees	-	-	-	41,606,729	-	100%
Physical Planning and Development	391,092,219	100,000,000	291,092,219	148,320,590	142,771,629	51%
Hire of County Assets	-	-	-	-	-	0%
Conservancy Administration	75,823,598	10,000,000	65,823,598	30,327,051	35,496,547	46%

Receiver Of Revenue

County Government of Machakos

Annual Reports and Financial Statements for the Period Ended June 30th, 2024

Administration Control Fees and Charges	216,315,996	50,000,000	166,315,996	97,611,266	68,704,730	59%
Park Fees	2,717,510	-	2,717,510	1,030,220	1,687,290	38%
Other Fines, Penalties, And Forfeiture Fees	-	-	-	-	-	0%
Miscellaneous receipts	-	-	-	-	-	0%
Assets Disposal	100,000,000	-	100,000,000	-	100,000,000	0%
Total County Own Source Revenue	<u>4,106,879,462</u>	<u>674,593,402</u>	<u>3,432,286,060</u>	<u>1,578,877,300</u>	<u>1,853,408,760</u>	<u>46%</u>
Other Receipts						
Other Revenue not received through CRF(FIF)	-	-	-	26,583,043	-	
Total Other Receipts	-	-	-	26,583,043	-	
Total Receipts	<u>4,106,879,462</u>	<u>674,593,402</u>	<u>3,432,286,060</u>	<u>1,605,460,343</u>	<u>1,826,825,717</u>	<u>47%</u>

The County Receiver of revenue's annual financial statements were approved on 17th Dec 2024 and signed by:

.....
CPA Julius Kasanga
County Receiver of Revenue

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

*Receiver Of Revenue
County Government of Machakos
Annual Reports and Financial Statements for the Period Ended June 30th, 2024*


Budgetary Notes

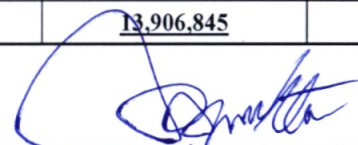
County government of Machakos OSR overall actual realization was 47%. This underperformance was mainly caused by the following:

- (a) County revenue system- County Information Financial Operation Management System (CIFOMS) downtime during the financial year 2023/2024 prompting the management to initiate procurement of a more rhombus Revenue system.*
- (b) Revenue infrastructural development and devolvement of billing and receipting services close to customers.*
- (c) Lack of structured and information/data driven enforcement could have led to reaching more customers.*
- (d) Lack of updated valuation roll led to reduced collection of land rate fees. Consequently, land ownership documents affected land rates and building approval fees.*
- (e) Inadequate digitization of collection processes led to reduced speed in collection together with possible leakages of revenue due to human factors.*

10. Statement of Arrears of Revenue as at 30th June, 2024

Classification Of Receipts	Balance as at 1 st July 2023	Arrears received during the period	Additions in arrears for the current period to 30 th June 2024	Total arrears as at end of the period 30 th June 2024	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	-	(-)	-	-		
Land/Poll Rate	-	(-)	-	-		
Single/Business Permits	-	(-)	-	-		
Property Rent	13,775,695	(276,800)	407,950	13,906,845		
Parking Fees	-	(-)	-	-		
Market Fees	-	(-)	-	-		
Advertising	-	(-)	-	-		
Hospital Fees	-	(-)	-	-		
Public Health Service Fees	-	(-)	-	-		
Physical Planning And Development	-	(-)	-	-		
Hire Of County Assets	-	(-)	-	-		
Conservancy Administration	-	(-)	-	-		
Administration Control Fees And Charges	-	(-)	-	-		
Park Fees	-	(-)	-	-		
Other Fines, Penalties, And Forfeiture Fees	-	(-)	-	-		
Miscellaneous	-	(-)	-	-		
Total Arrears	13,775,695	(276,800)	407,950	13,906,845		


 CPA Julius Kasanga
 County Receiver of Revenue
 (Ref: PFM ACT section 165, 2(a))


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

11. Notes to the Financial Statements

Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 12th July 2023 for the period 1st July 2023 to 30th June 2024 as required by law. There was three supplementary budgets passed in the period. A high-level assessment of the County's actual performance against the comparable budget during the period under review has been included in these financial statements.

4. Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

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

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its local bank account to the CRF account. All revenue collecting banks which include Family bank, KCB bank and Cooperative bank have instructions to sweep/ disburse all revenues collected on weekly basis.

On the other hand, Safaricom M-PESA Pay-bills rolls its collections to Family bank (Pay-bill 1616161) and KCB bank (Pay-bill 1616160) respectively on daily basis.

Total disbursements of **Kshs. 1,522,876,556** to the CRF account was as a result of the transfer arrangement made by management during the period 1st July 2023 to 30th June 2024

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended June 30th,2024*

Notes to the Financial Statements (Continued)

1. Cess

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Farm produce	49,212,296	14,081,514
Quarrying	133,176,334	189,782,165
Livestock	13,127,737	15,295,747
Fish farming	-	-
Others (<i>Sand</i>)	27,721,006	26,475,610
Total	<u>223,237,373</u>	<u>245,635,036</u>

2. Land rates

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Land rates	304,758,653	204,509,754
Land penalties and interest	-	-
Arrears	-	-
Total	<u>304,758,653</u>	<u>204,509,754</u>

3. Single /Business Permits

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Business permit application fees	-	-
Annual Business permit fees	307,038,809	298,859,046
Business permit penalties and interest	-	-
Business permit fees arrears	-	-
Total	<u>307,038,809</u>	<u>298,859,046</u>

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period ended June 30th, 2024

Notes to the Financial Statements (continued)

4. Property Rent

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
County Housing	1,548,303	1,792,252
Plot Rent	-	-
Tenancy Agreement	-	-
Transfer of Property	-	-
Stalls/kiosks rent	4,355,382	3,351,824
Others (<i>Interest & Penalty on Plot, Stall & House loan Repayment</i>)	566,301	314,703
Total	6,469,986	5,458,779

5. Parking Fees

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Street parking fees	19,274,217	16,411,332
Monthly toll/sticker fees	-	-
Motorbike fees	-	-
Registration fees	11,505,086	11,204,510
Reserved parking	-	-
Bus Park fees	131,628,280	140,981,326
Others (<i>Specify</i>)	-	-
Total	162,407,583	168,597,168

6. Market Fees

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Market entry fees	28,555,000	18,292,963
Hawking fees	-	-
Others	-	-
Total	28,555,000	18,292,963

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024*

Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Branding	-	-
Billboard advertising	91,294,436	75,168,364
Signage	-	-
Roadshows	-	-
Banners	-	-
Posters	-	-
Tent advertising	-	-
Street pole/clock advertising	-	-
others (<i>Specify</i>)	-	-
Total	<u>91,294,436</u>	<u>75,168,364</u>

8. Hospital Fees

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Level 5 hospitals	-	-
Level 4 hospitals	-	-
Others (All Hospitals and PH Services)	136,219,604	120,317,958
Total	<u>136,219,604</u>	<u>120,317,958</u>

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024

Notes to the Financial Statements (Continued)

9. Public Health Service Fees

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Inspection of Buildings/premises/Institutions	-	-
Inspection for issuance of hygiene license	-	-
Vaccination: Yellow fever, Typhoid, etc	-	-
Applications for medical examination	-	-
Sanitation inspection for schools	-	-
Public health permit	41,606,729	-
Rodent Control/Fumigation	-	-
Others (<i>Specify</i>)	-	-
Total	<u>41,606,729</u>	<u>-</u>

10. Physical Planning and Development

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Sale of County planning documents	-	-
Land valuation and registration fees	-	-
Change / Renewal of user	-	-
Building plans approval	142,656,104	162,826,953
Signboards	-	-
Occupational Permits	-	-
Enforcement / Demolition	5,664,486	7,338,385
Architectural designs by county officers	-	-
Hoarding fees	-	-
Others (<i>Specify</i>)	-	-
Total	<u>148,320,590</u>	<u>170,165,338</u>

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period ended June 30th, 2024

Notes to the Financial Statements (Continued)

11. Hire Of County Assets

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	-	-
Hire of Machines and Equipment	-	-
Hire of County Stadia	-	-
Hire of County Halls	-	-
Conference facilities/Agricultural Training Centers (ATC)	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

12. Conservancy Administration

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Refuse disposal fees	29,255,982	32,406,484
Dumpsite fees	-	-
Sewerage fees	-	-
Sale of seedlings	-	-
Public cemetery	-	-
Disposal of carcasses	-	-
Noise control	1,071,069	386,650
Others (<i>Specify</i>)	-	-
Total	<u>30,327,051</u>	<u>32,793,134</u>

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024

13. Administration Control Fees and Charges

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Weights and measures	811,724	886,880
Fire Services	14,415,031	17,154,355
Liquor licenses	80,028,783	72,373,670
Betting levy	-	-
Salary Refunds/Advances	228,067	2,448,444
Others (<i>Social services and Water sales</i>)	2,127,661	984,720
Total	97,611,266	93,848,069

14. Proceeds from sale of Assets.

	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Receipts from Sale of Buildings	-	-
Receipts from Sale of Vehicles and Transport Equipment	-	-
Receipts from Sale of Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from Sale of Strategic Reserves Stocks	-	-
Receipts from Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

15. Park Fees

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Lodge Tariffs and levies	-	-
Park entry fees	855,967	937,001
Filming and Photography fees	174,253	248,600
Camping fees	-	-
Balloon landing fees	-	-
Others (<i>Specify</i>)	-	-

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period ended June 30th, 2024

Total	<u>1,030,220</u>	<u>1,185,601</u>
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Notes to the financial statements (continued)

16. Other Fines, Penalties and Forfeitures

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Impounding Fees	-	-
Towing Fees	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

17. Miscellaneous Receipts

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Dividends	-	-
Interest	-	-
Commissions	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

18. Donations and Grants not Received Through CRF

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Donations (<i>Specify Based on Source</i>)	-	-
Grants (<i>Specify Based on Source</i>)	-	-
Other Revenue (Facility Improvement Fund)	26,583,043	-
Total	<u>26,583,043</u>	-

19. Bank Charges

Description	Period ended 30th June 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Bank Charges & Taxes	59,289	-
Total	<u>59,289</u>	-

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024

Notes to the Financial Statements (Continued)

20. Bank Balances

Name of Bank, Account No. & currency	Amount	Exc. Rate	Period ended 30th June, 2024	Comparative Period FY 2022/23
			Kshs	Kshs
<i>Machakos County Internal Revenue Account, Co-operative bank, Account No. 01141655622700</i>	Kshs	-	-	-
<i>Machakos County Main Revenue Account, cooperative bank, Account No. 0114550377700</i>	Kshs	-	25	-
<i>Machakos County Revenue Account, Cooperative Bank, Account No. 01141549052000</i>	Kshs	-	-	-
<i>Machakos County Revenue Account, KCB, Account No. 1140764594</i>	Kshs	-	5,243,358	558,871
<i>Machakos County Revenue M-PESA, KCB, Account No.1176017276</i>	Kshs	-	50,838,537	3,360,843
<i>Machakos County Building Approval Revenue Account, KCB, Account No. 1171824939</i>	Kshs	-	11,184,599	328,348
<i>Machakos Town Revenue, KCB, Account No.1144008484</i>	Kshs	-	2,877,849	120,092
<i>Machakos County Liqour License, KCB, Account No. 1143572432</i>	Kshs	-	-	-
<i>Kangundo Sub County Revenue, KCB, Account No.1144009111</i>	Kshs	-	10	191,320
<i>Kathiani Sub County Revenue, KCB, Account No. 1146264518</i>	Kshs	-	10	110,420
<i>Masinga Sub County Revenue, KCB, Account No1146264747</i>	Kshs	-	70	213,400
<i>Matungulu Sub County Revenue, KCB, Account No.1146264887</i>	Kshs	-	1,080,224	35,927
<i>Yatta Sub County Revenue, KCB, Account No.1146274335</i>	Kshs	-	355	-
<i>Mwala County Health Mwala L4, KCB, Account No. 1180862678</i>	Kshs	-	-	120,730
<i>Machakos County Health, Family Bank, Account No.073000052806</i>	Kshs	-	5,983,176	-
<i>Machakos County Revenue Account, Family Bank, Account No. 073000035792</i>	Kshs	-	9,362,499	-
Total			86,570,712	5,039,951

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024

Notes to the Financial Statements (Continued)

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

Ref	Amount (Kshs)	Date subsequently transferred
FT23205WQJ5Z (KCB)	10,353,900	24 th July 2023
Total	<u>10,353,900</u>	

Note:

The Due to CRF carried forward in Revenue Accounts on 30th June 2023 of Kshs. 5,039,951 was subsequently transferred as part of sweeping of Kshs. 10,353,900 on 24th July 2023.

21. Cash in hand

Description	Period ended 30th June, 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Cash Balance (<i>Location</i>)	-	-
Mobile Money (M-PESA Paybill 1616160)	301,972	-
Mobile Money (M-PESA Paybill 1616161)	691,765	-
Others (<i>Specify</i>)	-	-
Total	<u>993,737</u>	-

22. Payables- Due To CRF

Payables	Period ended 30th June, 2024	Comparative Period FY 2022/23
	Kshs	Kshs
Balance B/f at the beginning of the year	5,039,951	-
Amount collected during the period	1,605,460,343	1,434,831,210
Amounts disbursed to CRF during the period	(1,522,876,556)	1,429,791,259
Bank Charges	(59,289)	-
Balance c/d at the end of the period	<u>87,564,449</u>	<u>5,039,951</u>

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024*

Notes to the Financial Statements (Continued)

23. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years
Cess	-	-	-	-
Land/poll rate	-	-	-	-
Single/business permits	-	-	-	-
Property rent	407,950	-	-	13,775,695
Parking fees	-	-	-	-
Market fees	-	-	-	-
Advertising	-	-	-	-
Hospital fees	-	-	-	-
Public health service fees	-	-	-	-
Physical planning and development	-	-	-	-
Hire of County Assets	-	-	-	-
Conservancy administration	-	-	-	-
Administration control fees and charges	-	-	-	-
Park fees	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-
Miscellaneous receipts	-	-	-	-
Others (<i>Specify</i>)	-	-	-	-
Total (<i>agree to statement of arrears</i>)	<u>407,950</u>	<u>-</u>	<u>-</u>	<u>13,775,695</u>


Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024

Appendices

Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver .(fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
1	Land owners of new parcels and plot registration	15 th may to 15 th June 2024	100% waiver	Encourage registration of new parcels of land and payment of registration fee	-
2	Land owners with outstanding dues on plot rent in rural markets	15 th may to 15 th June 2024	100% waiver	Encourage registration of plots in rural markets and payment of registration fee	-
3	Land owners with interest and penalties on land rate	15 th may to 15 th June 2024	100% waiver	Encourage payment of land rates	-
4	Building owners without building plans regularisation and occupation certificates	15 th may to 15 th June 2024	100% waiver	Encourage regularisation of building plans and payment of building approval fees	-

(PFMACT section 165 subsection 4, 5)



Sign
 CPA Julius Kasanga/Accounting Officer

17.12.2024

Date

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024*

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
1	<p>Failure to Observe End of the Year Cut-Off Procedures</p> <p>The statement of receipts and disbursements reflects Kshs.1,429,791,259 in respect to own source revenue. However, review of the cashbooks for the year revealed that, the actual revenue collected as at 30 June, 2023 was Kshs. 1,383,356,138. The resulting variance of Kshs.46,435,121 was not revenue of the year under review</p> <p>In the circumstances, County own source revenue for the year ended 30 June, 2023 was overstated by Kshs.46,435,121.</p>	<p><i>The County closed its accounts on 20th July 2023 due to delayed disbursement of funds from the National Treasury. Therefore, all sweepings of own source revenue upto 20th July 2024 were recognized. Receipts relating to period between 1st to 20th July 2024 consist the kshs 46,435,121.</i></p>	Awaiting feedback from senate.	-
2	<p>Non-Disclosure of Outstanding Revenue Arrears.</p> <p>The statements of receipts and disbursements and as disclosed in Note 4 reflects property rent revenue of Kshs.6,147,779. However, review of property rent revenue records indicated</p>	<p><i>The Receiver of Revenue financial statements are prepared on IPSAS Cash Basis of Accounting. This basis requires that revenue be recognized when received i.e paid into revenue accounts and MPESA Paybills. Revenue in arrears shall be</i></p>	Awaiting feedback from senate.	

*Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
BASIS	<p>that various property owners had arrears of land rates totalling to Kshs.38,411,794,210 and stall/ kiosks rent totalling to Kshs.5,555,406 which was not disclosed in the financial statements. Further, there was no evidence of the measures the management has put in place to recover the stall/kiosks rent arrears. In the circumstances, the accuracy and completeness of rents and rates arrears could not be confirmed.</p>	<p><i>recognized when paid into revenue accounts and MPESA Paybills.</i></p>		
	<p>Un-Supported Revenue-Public Health Service Fees The statement of receipts and disbursement reflects County own source revenue of Kshs.1,429,791,259. Included in this amount and reflected under Note 9 is public Health Service fees revenue which is an amount of Kshs.120,317,958. However, the revenue was not supported by Mpesa paybill statement, bank collection account statements and documents supporting Hospital fees. In the circumstances, the accuracy of Public health</p>	<p><i>During the financial year under review (FY 2022/2023), all health revenue including public health and hospital fees were collected through the following Paybills. Each hospital in the county government of mchakos had its own paybill. From 11th October 2022, all health revenue including public health in all hospitals was being collected through paybill 1616160.</i></p>	<p>Awaiting feedback from senate.</p>	

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period ended June 30th, 2024

Reference No. on the external audit Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	fees of Kshs.120,317,958 could not be confirmed.			
	<p>Non- Disclosure of Bank Balance and Payables Due to CRF</p> <p>The statement of financial assets and liabilities under note 18 and 20 shows Nil bank balances and payables due to CRF respectively. However, the audit review revealed that there were eleven (11) revenue accounts with balance of Kshs.5,079,331 that were due to CRF as at 30th June 2023.</p> <p>In the circumstances, the accuracy of financial assets and liabilities could not be confirmed.</p>	<p><i>The Receiver of Revenue financial statements statement of financial assets and liabilities has been restated to include bank balances through Note 18 and Note 20. The restated financial statements now show amount due to CRF and the bank balance amount of Ksh.5,039,951. We provide extract of the restated financial statements for audit review.</i></p>	Awaiting feedback from senate.	
	<p>Misclassification of Revenue-Cess Fees.</p> <p>The statement of receipts and disbursements reflects County own source revenue of Kshs.1,429,791,259. Included in the amount and as disclosed in Note 1 is Cess revenue amounting to Kshs.245,171,276.</p> <p>However, audit review revealed that Livestock revenue amounting to Kshs.14,841,987 includes fees paid for slaughtering of</p>	<p><i>Livestock revenue under Note 1 Cess comprise of fees charged at the slaughter houses together with animal transportation fee (animal transportation permit) charged on various barriers. It is this element of animal transportation that made the management categorise this revenue as Cess.</i></p> <p><i>The revenues for Cess (Livestock) amounting to</i></p>	Awaiting feedback from senate.	

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Reference No. on the external audit Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>animals. This revenue stream has been misclassified. Additionally, analysis for the actual revenues collected per stream under Cess revenue, was not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of cess revenue amounting to Kshs.245,171,276 reported. could not be ascertained.</p>	<p><i>Kshs. 14,831,987 has since then been separated and reclassified under as Kshs 3,707,996 Livestock transportation fees under Cess Note 1 and Kshs. 11,123,990 as Animal slaughter fees under Administration Control Fees and Charges Note 13 The County Government Receiver of Receiver has restated financial statement for 2022/2023 correcting the misclassification.</i></p>		
	<p>Unreconciled Revenue Audit review of Machakos County government revenue revealed that an amount of Kshs.1,429,791,259 was collected as at 30 June, 2023 across twenty-nine (29) revenue streams in its nine (9) sub-counties. However, as at the time of the audit, reconciliations on the revenue collection bank accounts had not been done since February 2023. For instance, Family bank account had an actual balance of Kshs.33,380 and an un cleared balance of Kshs.944,715 totalling Kshs.978,095.</p>	<p><i>The county government has reconciled all revenue collection accounts and availed for review.</i></p>	<p>Awaiting feedback from senate.</p>	

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Reference No. on the external audit Report Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>In the circumstances, the accuracy of revenue Kshs.1,429,791,259 reported in the financial statements could not be confirmed.</p>			
<p>Key Audit Matters</p>	<p>Budget Control and Performance The statement of comparison of budget against actual amounts reflects total actual receipts of Kshs.1,429,791,259. However, the final budgeted amount was Kshs.1,717,118,593 resulting into a revenue shortfall of Kshs.260,287,941 or (15.4%) of the final budget. No explanation was given for the shortfall. The under- collection of revenue may have affected the planned activities and may impact negatively on service delivery to the public.</p>	<p><i>The County Government realized local revenue amounting to Ksh.1,429,791,259 out of the targeted collection of Ksh.1,690,079,200 resulting to a shortfall of Ksh. 260,287,941 representing 15.4% non-performance. This was occasioned by the Country's general election of August 2022 which brought the whole country into election mood almost bringing key activities like revenue management to a standstill. The County Government through sensitizing business fraternity within the County to pay levies, fees and licenses at will, beefing-up of revenue collection enforcement and revenue Rapid Results Initiative (RRI) among others, enabled the County to realize Ksh.970.8Million in the second half of FY 2023/2025 representing</i></p>	<p>Awaiting feedback from senate.</p>	

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BASIS		<p><i>67.8% of the reported period's total collection. Despite missing the revenue target by 15.4% during the period under review, the County tremendously improved on own source revenue collection by Ksh.311.3 Million representing 28% to Ksh. 1.4Billion increase as compared to the previous reporting period (2021/2022) where the own source revenue amounted to Ksh. 1.1Billion. The County Government endeavors to beef-up the above revenue collection strategies among others in the current financial year geared towards realizing the set target this financial year (2023/2024).</i></p>		
	<p>Unresolved Prior Year Matters In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to</p>	<p><i>The County Receiver of Revenue being a Government reporting entity prepares its financial statements using reporting template as issued by the Public Sector Accounting Standards Board. The County Government is committed to fully adopt the reporting templates and</i></p>	<p>Awaiting feedback from senate.</p>	

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Reference No. on the external audit Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	adhere to the provisions of the Public Sector Accounting Standards Board reporting template.	<i>guidelines so as to become compliant.</i>		
Lawfulness and effectiveness	<p>Presentation and Disclosure in the Financial Statements Review of the financial statements presented for audit by the management revealed errors in presentation and disclosures as follows:</p> <p>i. Statements of receipts and payment for the period ended 30 June, 2023 should read statement of receipts and disbursements for the year ended 30 June, 2023 as per reporting template.</p> <p>ii. The accounting policies on comparative figures and subsequent events are missing as per financial reporting template.</p>	<p>(i) <i>The Receiver of Revenue being a Government reporting entity prepares its financial statements using reporting template as issued by the Public Sector Accounting Standards Board. The County's Receiver of Revenue has been restated to read the correct headline- Statement of Receipts and Disbursement for the period ended 30th June 2023</i></p> <p>(ii) <i>Receiver of Revenue financial statements have been restated so as to disclose accounting policies adopted for both comparative figures and</i></p>	Awaiting feedback from senate.	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
BASIS				
	<p>(iii) Note 20 on payables due to CRF does not have prior year opening balance.</p> <p>(iv) Note 21 on ageing analysis of revenue in arrears is blank.</p>	<p><i>subsequent events per the template designed and issued by PSASB.</i></p> <p><i>Receiver of Revenue financial statements for financial year 2022/2023 have been restated.</i></p> <p><i>The receiver of revenue is prepared on IPSAS Cash basis of accounting. The basis requires that revenue is recognized when received i.e paid into revenue collection accounts and MPESA Paybills. Revenue in arrears is uncertain and shall be recognized when paid into revenue collection accounts and MPESA Paybills.</i></p>		
2	<p>Lack of Revenue Regulations.</p> <p>(i) Revenue administration regulations</p> <p>As at 30 June, 2023, Machakos County had collected revenue amounting to Kshs.1,429,791,259. However, the County did not have in place revenue administration regulations as</p>	<p><i>(i) The county Government of Machakos has the Finance Act, Machakos County liquor Licence Act, County Designated Parking Act and County Trade Licence Act. The County is in the process of preparing regulations for the above Acts.</i></p>	<p>Awaiting feedback from senate.</p>	

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Reference No. on the external audit Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>prescribed in the County Regulations Act. Hence, there are no guidelines to the provisions of revenue administration Act, 2015. Other regulations not developed include the Machakos County Liquor Licensing Regulations, County Designated parking spaces regulations and the County Trade License regulations.</p> <p>(ii)Management of Quarry Activities Regulations.</p> <p>Note 1 to the financial statements reflects Kshs.245,171,276 under Cess revenue. As at 30 June, 2023, Machakos County had three hundred and fifty-three (353) collection points both for natural resource and agricultural produce transportation fees (CESS). However, the County did not have in place regulations on quarry management Act which should provide; designated quarrying sites, measures for the rehabilitation of quarrying sites, the prescribed fees payable under the Act,</p>	<p><i>(ii)The county Government of Machakos has the Finance Act, Machakos County liquor Licence Act, County Designated Parking Act and County Trade Licence Act. The County is in the process of preparing regulations for the above Acts.</i></p>		

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Reference No. on the external audit Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>manner of public participation, application, notices, licenses and other documents for use under the Act and mode of revenue collection prescribed under the Act.</p> <p>In the circumstances, we could not ascertain whether revenue collected from the designated sites was charged in accordance with regulations and whether management of quarry was in accordance with the Act.</p>			
Internal Controls	<p>Weakness in Internal Controls Over Revenue Collection.</p> <p>Review of revenue records indicated that the County Executive collected property rent totalling Kshs.1,792,252 during the year under review. However, audit review revealed that there was no complete inventory of houses owned by the County and their owners. In addition, most tenants of the houses do not have tenancy agreements thus making it difficult to collect rent from them. Further, there was no</p>	<p><i>The County Government of Machakos has updated its inventory of houses owned by the County. Further, the County has a complete register of the tenants whom are County government employees. These tenants pay house rent via payroll deduction. Rent in arrears on the other hand has been computed and measure to recover put in place.</i></p>	<p>Awaiting feedback from senate</p>	

**Receiver of Revenue
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Revenue Statements for the Period ended June 30th, 2024**

Reference No. on the external audit Report Report BASIS	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>record of outstanding rent arrears, neither were notices given to demand for rent arrears from defaulting tenants.</p> <p>In the circumstances, completeness and accuracy of revenue collection from property rent could not be confirmed.</p>			

Guidance Notes:

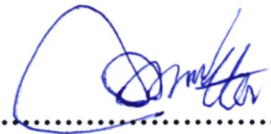
- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting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

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CPA Julius Kasanga

County Receiver of Revenue

Date: 17/12/24

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CPA Mark Yawatha

Head of Revenue Reporting
ICPAK M/No.9317

Date: 17th Dec 2024

