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REPORT

OF

THE AUDITOR-GENERAL

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RECEIVER OF REVENUE
REVENUE STATEMENTS

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MACHAKOS

28



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

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RECEIVED



RECEIVER OF REVENUE
County Government of Machakos

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional IPSAS Financial Statements

**Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025**

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1. Acronyms and Definition of Key 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) Key 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, Economic Planning, Revenue Management and ICT. At the County Executive Committee level, the receiver of revenue is represented by the County Executive Committee member for Finance, Economic Planning, Revenue Management and ICT, who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue is the Chief Officer Finance and 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 Team

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

No.	Designation	Name
1.	CEC Member -Finance, Economic Planning, Revenue Management and ICT	Hon. Onesmus Kuyu.
2.	Chief Officer, Finance	CPA Julius Kasanga.
3.	Chief Officer-Economic Planning and External Resources Mobilization	CPA Tobias Mutuku
4.	Ag. Chief Officer & Director-Revenue Management	CPA William Otieno
5.	Head of Accounting Services	CPA Dr. Bernard Muli, (PhD)
6.	Director of Budget	Stella Miriti
7.	Chief Internal Auditor	CPA Daniel Mumo
5.	Head of Revenue Reporting	CPA Samuel Ngila

Key Entity information and Management (continued)

(d) County Headquarters

Town Hall Building
Off Machakos Mombasa Highway
P.O. Box 1996-90100,
Machakos, Kenya.

(e) Entity Contacts

Telephone: (254)4420246
Email: machakostreasury@machakosgovernment.co.ke
Website: www.machakosgovernment.co.ke

(f) Independent Auditor

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

(g) Bankers

Kenya Commercial Bank
Machakos Branch.

Family Bank of Kenya
Machakos Branch.

(h) Principal Legal Adviser

The Attorney General,
State law Office,
Harambee Avenue
P.O. Box 40112-00200,
NAIROBI, KENYA

(i) County Attorney

County Law Office,
P.O. Box 1996-90100,
Machakos, Kenya

3. Foreword By the CECM Finance and Economic Planning

**Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025**

The Receiver of Revenue projected to collect **Kshs 3,925,793,065** Own Source Revenue by 30th June 2025. The entity had by 30th June, 2025 managed to collect **Kshs 2,116,411,126** translating to **54%** of the total projected Own Source Revenue collection. A Representation of annual Budget and actual collection is illustrated below:

Annual Final Budget	Actual Cumulative Revenue collected	% Collection
Kshs	Kshs	
3,925,793,065	2,116,411,126	54%

Table 1: Annual budget and total own source revenue collection

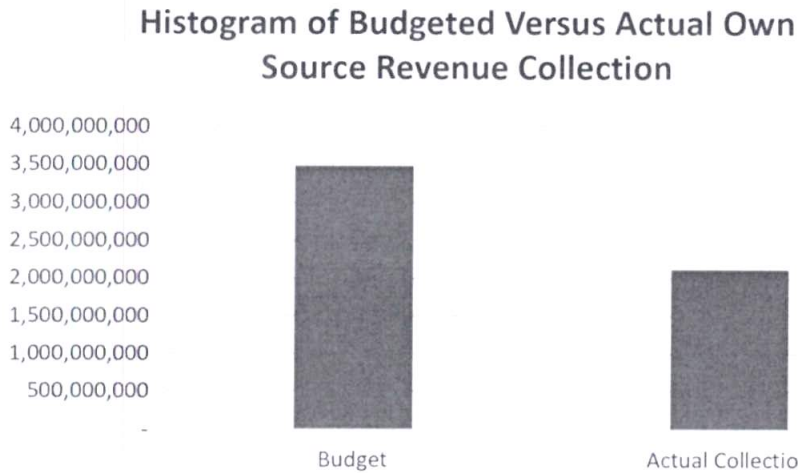


Figure 1: A Histogram of Budgeted versus Actual Own Source Revenue Collection.

Pie Chart of performance of main Revenue Streams

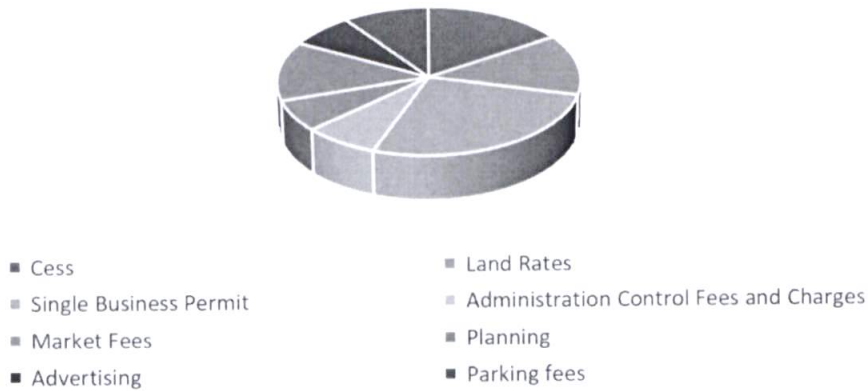


Figure 2: Pie Chart of Actual collection in major streams of Own Source Revenue.
The actual collection represents a 54% of the budgeted Own Source Revenue.

In the course of the year, own source revenue collection faced a number of challenges including Generation z protests and disruptions and changes in climatic conditions. However, the management is committed to structured improvements in revenue mapping and collection.

.....

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

**Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025**

4. Management Discussion and Analysis

Actual Own source revenue Budgets and Actual collection for the last five years is tabulated below in Millions and represented in a histogram:

Revenue Sources	FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		FY 2024/25	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Own Source Revenue	1,299	1,296	1,683	1,118	1,851	1,430	3,432	1,523	3,925	2,116

Table 1: Table of last 5-Years budget and actual Owns Source Revenue Collection.

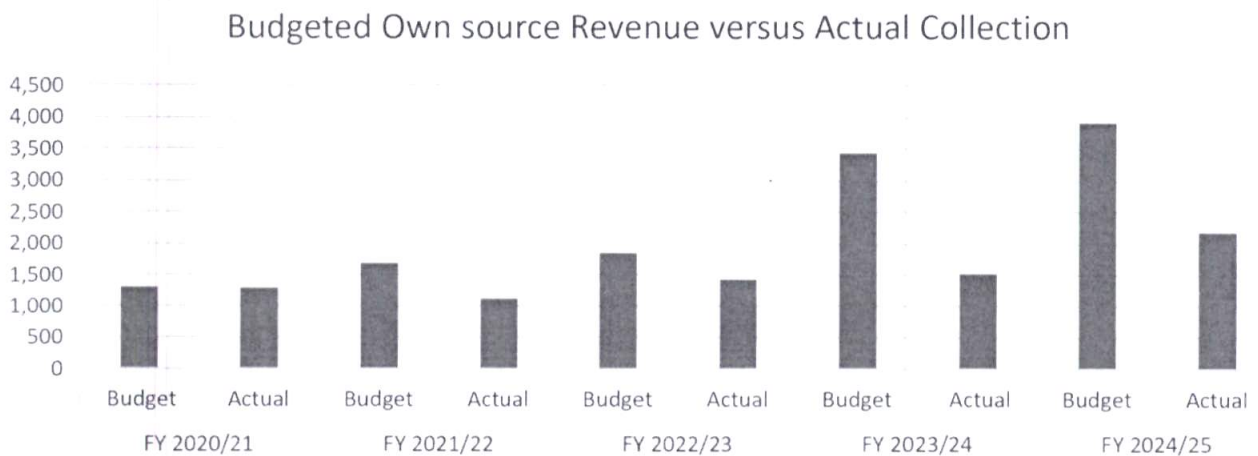


Figure 3: A histogram of Budgets and Actual Own Source Revenue Collection for the last five years.

The Machakos County Executive has implemented the following key and major strategic measures in order to enhance its own-source revenue collection targets;

- a. Own source Revenue mapping.
- b. Digitization of all revenue streams.
- c. creation of One Stop revenue collection shop/centers in mlolongo, Kyumbi, Githunguri and Joska.
- d. Valuation Roll for Property Taxation.
- e. Public Engagement and Sensitization.
- f. Fraud Proof Accountable Documents.

.....
CPA Julius Kasanga

County Receiver of Revenue

5. Statement of the 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 ended on 30th June, 2025. 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 Accrual Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and the 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 the entity’s receiver of revenue transactions during the financial year ended June 30, 2025, and of the entity’s statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the Receiver of Revenue account as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants. 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 on2025

.....
CPA Julius Kasanga

REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MACHAKOS

PREAMBLE

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

- A. Report on Revenue Statements that considers whether the revenue 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 revenue 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.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Revenue 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 aim to address the Auditor-General's statutory roles and responsibilities 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 transitional International Public Sector Accounting Standards (IPSAS) revenue statements of Receiver of Revenue - County Government of Machakos set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2025 and the statement of revenue and disbursements, statement

of cash flows 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 transitional International Public Sector Accounting Standards revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Machakos as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025.

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 - 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue targets and actual on comparable basis of Kshs.3,925,793,065 and Kshs.2,116,411,126 respectively resulting to revenue budget under-realization of Kshs.1,809,381,939 or approximately 46 % of the revenue budget.

The under-realization of revenue budget affected the planned activities 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. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the Other Information set out on pages iii to viii which comprise of Key Entity Information and Management, Foreword by the County Executive Committee Member Finance and Economic Planning, Management Discussion and

Analysis and Statement of Receiver of Revenue's responsibilities. The Other Information does not include the revenue statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue's 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 revenue 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

Unsatisfactory Management of Facility Improvement Financing (FIF) Accounts

During the year under review, Management operated two bank accounts for collection of revenue for hospitals (FIF) at Family Bank and Middle East Bank. Although, Management provided evidence of having closed the Family Bank account and funds transferred accordingly, the Middle East Bank was still operational. This was contrary to Section 5(1) and (2) of the Facilities Improvement Fund Act, 2023 which requires all Public Health Facilities to retain all monies raised or received by or on behalf of each Health Facility and that each Hospital shall open a Facility Improvement Financing Account which shall be paid all monies received by or on behalf of the respective Public Health Facility.

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

In preparing the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the revenue 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 revenue 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 revenue 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


11 December, 2025

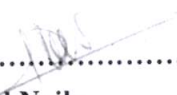
Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025

7. Statement of Revenue and Disbursements for the year ended 30th June, 2025

	Note	Period Ended 30 th June 2025
		Kshs
Revenue from non-exchange transactions		
Cess	6	221,156,746
Land Rates	7	181,168,927
Single/Business Permits	8	367,704,942
Conservancy Administration	9	40,233,195
Administration Control Fees and Charges	10	105,174,988
Other Fines, Penalties, And Forfeiture Fees	11	393,655
Physical Planning and Development	12	177,311,274
Total Revenue from non-exchange transactions		1,093,143,727
Revenue from exchange transactions		
Parking Fees	13	133,757,581
Market Fees	14	95,157,067
Property Rent	15	4,987,724
Advertising	16	100,240,155
Hospital Fees	17	688,525,707
Hire of County Assets	18	65
Park Fees	19	599,100
Total Revenue from exchange transactions		1,023,267,399
Total Revenues (a)		2,116,411,126
Disbursements		
Disbursements To CRF	20	(1,469,668,976)
Disbursement to Health Facilities	21	(688,525,707)
Bank charges	22	(19,822)
Total Disbursements and other charges (b)		(2,158,214,505)
Decrease in Dues to County Revenue Fund		(41,803,379)

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 04/12 2025 and signed by:

.....

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

.....

 CPA Samuel Ngila
 Head of Revenue Reporting
 ICPAK M/No. 21289

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2025

8. Statement of Financial Position as at 30th June, 2025

	Note	As at 30 th June, 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	23	39,086,029	80,889,408
Receivables from Non-Exchange Transactions	24	66,987,723	-
Receivables from Exchange Transactions	25	2,344,934	-
Total Current Assets		108,418,686	80,889,408
Total Assets		108,418,686	80,889,408
Financial Liabilities			
Payables-Due to CRF	26	108,418,686	80,889,408
Total Financial Liabilities		108,418,686	80,889,408

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 09/12 2025 and signed by:

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

.....
 CPA Samuel Ngila
 Head of Revenue Reporting
 ICPAK M/No. 21289

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025

9. Statement of Cash Flows for the Year Ended 30th June, 2025

	Note	Period Ended 30th June 2025
		Kshs
Operating Activities		
Receipts		
Cess		221,156,746
Land Rate		181,168,927
Single/Business Permits		367,704,942
Conservancy Administration		40,233,195
Administration Control Fees and Charges		105,174,988
Other Fines, Penalties, And Forfeiture Fees		393,655
Physical Planning and Development		151,038,374
Parking Fees		133,757,581
Market Fees		95,157,067
Property Rent		4,987,724
Advertising		100,240,155
Hospital Fees		688,525,707
Hire of County Assets		65
Park Fees		599,100
Total Receipts		2,116,411,126
Payments		
Disbursements To CRF		(1,469,668,976)
Disbursements to Health Facilities		(688,525,707)
Bank charges		(19,822)
Total Payments		(2,158,214,505)
Net Cash from operating Activities		(41,803,379)
Cash and Cash Equivalent as at 1 st July 2024	23	80,889,409
Cash and Cash Equivalent as at 30th June 2025	23	39,086,029

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025

10. Statement of Comparison of Budget versus Actual Amounts for Year Ended 30th June 2025

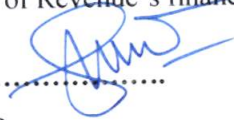
Receipts	Original Targets	Adjustments	Final Targets	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	A	B	C=(A+B)	D	E=(C-D)	F=D/C*100
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	783,233,796	48,337,015	831,570,811	221,156,746	610,414,065	27%
Land Rates	408,450,329	32,964,724	441,415,053	181,168,927	260,246,126	41%
Single/Business Permits	278,157,644	22,449,217	300,606,861	367,704,942	(67,098,081)	122%
Conservancy Administration	30,698,160	2,914,674	33,612,834	40,233,195	(6,620,361)	120%
Administration Control Fees and Charges	109,393,740	9,933,049	119,326,789	105,174,988	14,151,801	88%
Other Fines, Penalties, and Forfeiture Fees	327,045	79,184	406,229	393,655	12,574	97%
Physical Planning and Development	520,680,979	59,124,035	579,805,014	177,311,274	402,493,740	31%
Parking Fees	430,980,784	39,295,859	470,276,643	133,757,581	336,519,062	28%
Market Fees	93,096,829	7,513,548	100,610,377	95,157,067	5,453,310	95%
Property Rent	19,872,509	1,603,846	21,476,355	4,987,724	16,488,631	23%
Advertising	108,275,117	8,738,539	117,013,656	100,240,155	16,773,501	86%
Hire of County Assets	-	-	-	65	(65)	100%
Health Fees	687,000,000	216,877,867	903,877,867	688,525,707	215,352,160	76%
Park fees	5,794,576	-	5,794,576	599,100	5,195,476	10%
Total County Own Source Revenue	3,475,961,508	449,831,557	3,925,793,065	2,116,411,126	1,809,381,939	54%
Total Receipts	3,475,961,508	449,831,557	3,925,793,065	2,116,411,126	1,809,381,939	54%


Budget Notes:

- (i) The changes between the original and final budget are as a result of reallocations within the budget by Kshs 449,831,557.

**Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025**

The County Receiver of Revenue's financial statements were approved on 29/12 2025 and signed by:

.....

CPA Julius Kasanga
County Receiver of Revenue

.....

CPA Samuel Ngila
Head of Revenue Reporting
ICPAK M/No.21289

11. Notes to the Financial Statements

1. General Information

County Government of Machakos Receiver of Revenue was appointed by the CEC member of Finance of Machakos County Government in accordance with section 157 of the PFM Act. The Entity's principal activity is collection of Own Source Revenue as outlined in the appointment letter and section 157 of the PFM Act.

2. 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) Accrual 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.

Guiding note during the transition period

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPAS), or the entity has taken advantage of the transitional provisions under IPAS 33 and therefore these 1st/ 2nd /3rd year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

Elements not recognized

- 1. Revenue earned after implementation of Valuation roll registers*
- 2. Implementation of One-Stop per each sub-county for all revenue streams*
- 3. 100 percent recognition of revenue arrears for all streams*

Steps being taken towards full compliance with IPSAS Accrual)

- 1. Full implementation of valuation roll registers*
- 2. Training of all revenue officers on revenue reporting and recognition of revenue in arrears*
- 3. Adoption of one stop revenue collection shops per sub-counties*

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

The Financial statements were authorized for issue by the Accounting Officer on 26/8/2025

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2025

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46	<p>Applicable 1st January 2025</p>

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Standard	Effective date and impact:
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for</p>

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Standard	Effective date and impact:
& Evaluation of Mineral Resources	<p>and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early-adopt any new or amended standards in the financial year.

4. Significant Accounting Policies

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

i) Revenue from non-exchange transactions

Fees, taxes, fines and charges

The Receiver of Revenue recognizes revenues from fees, taxes, fines and charges when the event occurs and the asset recognition criteria is met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The Receiver of Revenue recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

iii) Budget

The County Revenue budget is developed on cash basis. The budget has 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 26th June, 2024 for the period 1st July 2024 to 30th June 2025. There was 2 number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

iv) 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. The cash and cash Equivalents for Machakos County Receiver of Revenue was balances in Revenue Collection Accounts and Paybills on 30th June, 2025.

Summary of Significant Accounting Policies (Continued)

v) Revenue in Arrears

Revenue in arrears relate to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are presented as receivables from exchange and non- exchange transactions in the statement of financial position. These receivables are assessed for impairment on a continuous basis. The details of these arrears are presented as an appendix to the financial statements under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b).

vi) Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account on weekly basis. Total disbursements to the CRF are as a result of the transfer arrangement during the year was Kshs 1,469,668,976 and Disbursements in Facility Improvement Fund (FIF) of Kshs 216,676,479.

vii) Payables due to CRF

These relate to amounts yet to be disbursed to the County Revenue Fund at the end of the period. The amount also includes monies that are yet to be collected by the receiver of revenue at the end of the reporting period. In the year ended 30th June, 2025 payables due to CRF amounted to Kshs 145,641,643.

viii) Comparative Figures

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

ix) 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, 2025

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The entity did not have any provisions during the year.

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2025
 Notes to the Financial Statements

6. Cess

Description	Period ended 30 th June 2025
	Kshs
Farm produce	44,617,159
Quarrying	118,385,051
Livestock	12,947,016
Sand Gravel	45,207,520
Total	221,156,746

7. Land Rates

Description	Period ended 30 th June 2025
	Kshs
Land Rates, Penalties & Interest	181,168,927
Total	181,168,927

8. Single /Business Permits

Description	Period ended 30 th June 2025
	Kshs
Business permit application, Permit & Penalties fees	367,704,942
Total	367,704,942

9. Conservancy Administration

Description	Period ended 30 th June 2025
	Kshs
Refuse disposal fees	36,827,445
Noise control	3,405,750
Total	40,233,195

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2025

Notes to the Financial Statements (continued)

10. Administration Control Fees and Charges

Description	Period ended 30 th June 2025
	Kshs
Weights and measures	240,215
Fire Services	38,292,498
Liquor licenses	60,842,130
Water sales (Boreholes Drilling Fees)	2,066,500
Social Services	2,980,470
Salary Refunds	753,175
Total	105,174,988

11. Other Fines, Penalties and Forfeitures

Description	Period ended 30 th June 2025
	Kshs
Interest & Penalties on Plot and Stall Rent	393,655
Total	393,655

12. Physical Planning and Development

Description	Period ended 30 th June 2025
	Kshs
Building plans approval	139,926,626
Occupational Permits	26,272,900
Enforcement / Demolition	11,111,748
Total	177,311,274

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025

Notes to the Financial Statements (continued)

13. Parking Fees

Description	Period ended 30 th June 2025
	Kshs
Street parking fees	19,667,610
Monthly toll/sticker fees	7,222,601
Bus Park fees	106,867,370
Total	133,757,581

14. Market Fees

Description	Period ended 30 th June 2025
	Kshs
Market entry fees	95,157,067
Total	95,157,067

15. Property Rent

Description	Period ended 30 th June 2025
	Kshs
County Housing	1,448,150
Plot Rent	3,508,579
House Loan repayment	30,995
Total	4,987,724

16. Advertising

Descriptions	Period ended 30 th June 2025
	Kshs
Billboard Advertising	62,210,835
Promotions (Roadshows, Banners and Posters)	10,806,700
Branding	27,222,620
Total	100,240,155

17. Hospital Fees

Description	Period ended 30 th June 2025
	Kshs
Machakos Level 5 and All Level 4 Hospitals	688,525,707
Total	688,525,707

N/B: Hospital Fees is collected from Level 5 and 4 health facilities and is always swept back to those Health Facilities.

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2025

Notes to the Financial Statements (continued)

18. Hire of County Assets

Description	Period ended 30 th June 2025
	Kshs
Conference facilities/Agricultural Training Centers (ATC)	65
Total	65

19. Park Fees

Description	Period ended 30 th June 2025
	Kshs
Maruba Park Fees	599,100
Total	599,100

20. Disbursements to CRF

Description	Period ended 30 th June 2025
	Kshs
Quarter 1	193,170,510
Quarter 2	190,047,174
Quarter 3	612,022,292
Quarter 4	474,429,000
Total	1,469,668,976

21. Disbursement Facilities to Health

Description	Period ended 30 th June 2025
	Kshs
Disbursement to Mahakos Level 5 and all Level 4 Facilities	688,525,707
Total	1,469,668,976

22. Bank Charges

Description	Period ended 30 th June 2025
	Kshs
Bank Charges & commissions	19,822
Total	19,822

Receiver of Revenue
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Notes to the Financial Statements (continued)
23. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	Period Ended 30th June, 2025	Opening Statement 1st July 2024
			Kshs	Kshs
Machakos County Revenue Account, KCB Account 1140764594	Kshs	-	992	5,243,358
Machakos County Revenue -MPESA Account, KCB 1176017276	Kshs	-	28,111,339	50,838,537
Machakos County Buildings Approval Revenue Account, KCB 1171824939	Kshs	-	9,646,406	11,184,599
Matungulu Sub-County Revenue, KCB 1146264887	Kshs	-	1,172,272	1,080,124
Machakos Town Revenue, KCB, Account No.1144008484	Kshs	-	-	2,877,849
Machakos County Main Revenue Account, cooperative bank, Account No. 0114550377700	Kshs	-	-	25
Yatta Sub County Revenue, KCB, Account No.1146274335	Kshs	-	-	355
Kangundo Sub County Revenue, KCB, Account No.1144009111	Kshs	-	-	10
Kathiani Sub County Revenue, KCB, Account No. 1146264518	Kshs	-	-	10
Masinga Sub County Revenue, KCB, Account No1146264747	Kshs	-	-	70
Machakos County Revenue Account, Family Bank, Account No. 073000035792	Kshs	-	-	9,362,499
Mobile Money (M-PESA Paybill 1616160)	Kshs	-	155,020	301,972
Total			39,086,029	80,889,408

24. Receivables from Non-Exchange Transactions

Description	Period Ended 30th June, 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Receivables		
Land Rates	13,977,579	-
Single Business Permit	53,010,144	-
Total Current Receivables	66,987,723	-

Receiver of Revenue
County Government of Machakos
Revenue Statements for the Period Ended 30th June 2025

Notes to the Financial Statements (continued)

Ageing analysis of Receivables from Non-Exchange Transactions

Description	Period Ended 30 th June, 2025		Opening Statement 1 st July 2024	
	Current FY	% of the total	Opening Balance	% of the total
	Kshs		Kshs	
Less than 1 year	66,987,723	100%	-	-
Total	66,987,723	100%	-	-

25. Receivables from Exchange Transactions

Description	Period Ending 30th June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Property Rent	2,344,934	407,950
Total	2,344,934	407,950

Ageing analysis of Receivables from Exchange Transactions

Description	Period Ended 30th June 2025		Opening Statement 1 st July 2024	
	Current FY	% of the total	Opening Balance	% of the total
	Kshs		Kshs	
Less than 1 year	1,936,984	83%	-	-
Between 1- 2 years	407,950	17%	-	-
Total (a+b)	2,344,934	100%	-	-

26. Payables- Due To CRF

Payables	Period ended 30 th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Amount collected yet to be disbursed to CRF	39,086,029	80,889,408
Amount billed and yet to be collected for disbursement to CRF	69,332,657	-
Total Due to CRF	108,418,686	80,889,408

Receiver of Revenue
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Notes to the Financial Statements (continued)

Movement Disclosure on Dues to CRF

Description	Amount
	Kshs
Opening Dues to CRF	80,889,408
Increase in Dues to CRF	27,529,278
Closing Dues to CRF	108,418,686

12. Appendices

Appendix 1: 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:	Time frame :
1	<p>Own Source Revenue The statement of receipts and disbursements reflects County Own source revenue totalling Ksh.1,578,877,300, however, the following issues were observed;</p> <p>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 licences 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 Ksh.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 differences was due to licenses applied for but not paid due to various reasons such as closure of</p>	<p>Management Response The management reported the actual amount of liquor fee collected of Ksh.1,129,600. The variance of ksh.486,400 is not an understatement of revenue but rather some of the liquor outlets applied, were approved but never paid the liquor charges due to various reasons such as closure of business. Additionally, some outlets pay outside the reporting period (1st July-30th June) but still inside the calendar year (1st January -31st December) because liquor charges follow calendar year instead of financial reporting period. Attached, find a reconciliation schedule/report of Kalama Sub- County Liquor licensing fees for audit review. The management provided hard copies</p>	Not Resolved	30 th June, 2026

Receiver of Revenue
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>business and that the license period coverage was calendar year and not financial year, no evidence was provided to support the variance.</p> <p>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.</p> <p>In the circumstances, the accuracy and completeness of administration control fees and charges totalling Kshs.97,611,266 could not be confirmed.</p>	<p>from the Eight Sub-counties for audit review. However, we also submit soft copies of the approved list of applicants for the other Eight (9) sub-counties for further review.</p> <p>The management has also fully digitized all liquor licensing module. The outlets are maintained as asset register in the system</p>		
	<p>1.2 Property Rent</p> <p>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 ksh.1,248,400 which translates to an annual income of ksh.14,980,800, resulting in unexplained variance of Ksh.13,432,497. Although management indicated that some of the houses are held by the National Government through the State Department of Housing and Urban Development and that they are yet to be handed over to Machakos County Government, no evidence was provided for audit the same.</p>	<p>The sampled list of 828 houses projected to generate monthly rental income of ksh.1,248,400 are currently held by National Government through State Department of Housing & Urban Development. The National Government is yet to handover the house to Machakos County Government. However, we have engaged the State Department of Housing & Urban Development -National Government to have the houses reverted back to County Government through several</p>	Not Resolved	30 th June, 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>In the circumstances, the accuracy and completeness of property rent totalling Kshs.6,469,986 could not be confirmed.</p>	<p>correspondences. Attached, find copies of the letters between County Government of Machakos and the State Department of Housing & Urban Development -National Government.</p> <p>The County Government of Machakos through Department of housing and Urban Development-Machakos County can authentically confirm that it manages 637 housing units with an estimated monthly rental income of ksh.732,530. Annually, the county government expects annual rent income of ksh.8,790,360. During the Fy.2023/2024, we collected ksh.6,469,986 for both housing units and stalls. The variance of Ksh.2,320,374 is a result of unpaid rents and occupancy fluctuations whereby some house remains vacant for a long period. Attach, find both lists of the 828 and 637 housing units held by National and Machakos County Governments for</p>		

Receiver of Revenue
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
		audit review. In addition, the management on boarded the 735 (637 houses+ 98 stalls) county houses and stalls into the Revenue management system (RMS) for targeted enforcement and ensure compliance on rental payments. Attached, find screen shot of the RMS system-House and stalls rent module.		
	<p>1.3 Variances between The Financial Statements Balances and the Bank Statement Balances</p> <p>The statements 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 Ksh.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 credits 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.</p> <p>In the circumstances, the accuracy and</p>	<p>The management provided a detailed analysis for the MPESA-paybills and all interbank transfers for your audit review. The management has initiated the following staff training measures in collaboration with National Treasury and Council of Governors to the Financial Reporting Unit (FRU) in Finance Department since January 2025.</p>	Not resolved	30 th June, 2026

Receiver of Revenue
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	completeness of own source revenue totalling Kshs.1,578,877,300 could not be confirmed.			
2	<p>Unconfirmed Cess Revenue The Statement of Receiver and Disbursement 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 registers from various collection centres, the monthly returns and reconciliations were not provided for audit review. In the circumstances, the accuracy and completeness cess revenue totalling Kshs.223,237,373 could not be confirmed</p>	The management has provided copies of revenue registers, monthly cess returns and reconciliation reports for audit review. The management has already initiated process of gazetting the 47 quarries. Attached, find gazette notice intent send to Government printer on 12 th June 2025 for review.	Not Resolved	30 th June, 2026
3	<p>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 Ksh.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</p>	The management operated sixteen (16) revenue collection bank accounts disclosed in note 20-Bank Balances of the audited ROR-2023/2024 financial report. The management amended the list to correct a typing error of Mwala County Health Mwala L4 KCB Account No.118086678 which had been captured twice with a wrong Account Number 1180862961. Therefore, the 1180862961	Not Resolved	30 th June, 2025

Receiver of Revenue
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>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.</p> <p>In the circumstances, the accuracy and completeness of cash and cash balance of Kshs.86,570,712 could not be confirmed.</p>	<p>does not belong to Machakos County. In addition, the management has closed Seven (7) out of the fourteen revenue accounts. The remaining accounts are;</p> <ol style="list-style-type: none"> 1. Machakos County Health Revenue Account (FIF)-073000052806. 2. Machakos County Revenue Account-1140764594. 3. Machakos County Revenue-Mpesa-1176017276. 4. Machakos County Buildings Approval Revenue Account, KCB 1171824939. 5. Matungulu Sub-County Revenue, KCB 1146264887. 		
4	<p>Emphasis of matter Budget Control and Performance</p> <p>The statements 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 Operations Management System (CIFOMS) down-times, lack of structured and information /data driven enforcement, lack of</p>	<p>The Machakos County Executive has implemented the following key and major strategic measures in order to enhance its own-source revenue collection targets;</p> <ul style="list-style-type: none"> • Own source Revenue mapping • Digitization of all revenue streams. • One Stop revenue collection shop/centers • Valuation Roll for Property Taxation • Public engagement and sensitization • Use of fraud proof accountable 	Not Resolved	30 th June, 2026

Receiver of Revenue
 County Government of Machakos
 Revenue Statements for the Period Ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>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.</p> <p>The under-collection affected the implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.</p>	documents.		
5	<p>Other matter Unresolved Prior Year Matters</p> <p>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 of Effectiveness in Internal Controls, Risk Management and Governance. The issues have not been resolved. This is contrary to Section 149(2)(I) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issue resulting from an audit that remained outstanding.</p>	<p>The county appeared before the senate on 12th October 2024 and we are awaiting recommendations from senate. We hereby attach the current status of the actions which the management has taken in Fy.2024/2025</p>	Not Resolved	30 th June, 2026

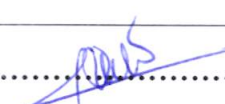
Receiver of Revenue
 County Government of Machakos
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>Lawfulness and effectiveness Payables Due to County Revenue Fund (CRF) The 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.</p>	<p>The management acknowledges receipt of Ksh.87,564,449 into revenue collection accounts. The payables were transferred to Machakos CRF Account in the month of July, 2024. The management endeavors to transfer on time all revenues to CRF account to avoid disruption of public service delivery.</p>	Not Resolved	30 th June, 2026

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CPA Julius Kasanga
 County Receiver of Revenue

Date.....*04/12/2025*.....

.....


CPA Samuel Ngila
 Head of Revenue Reporting

ICPAK M/No. 21289
 Date.....*04/12/2025*.....

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Appendix 2: Statement of Arrears of Revenue As at 30th June, 2025

Classification of Receipts	Balance as at the beginning of the current year (1 st July 2024) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2025 C	Total arrears as at 30 June 2025 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Property Rent	13,775,695	(13,775,695)	2,344,934	2,344,934	The management had written Demand letters. The amount was excluded in amended Financial statements after audit in previous year.	
Single Business Permit	-	-	53,010,144	53,010,144	Management has planned for enforcement in the following year.	
Land Rates	-	-	13,977,579	13,977,579	The management had written Demand letters. The amount was excluded in amended Financial statements after audit in previous year.	
Total Arrears	<u>13,775,695</u>	<u>(13,775,695)</u>	<u>66,987,723</u>	<u>66,987,723</u>		

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

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 CPA Samuel Ngila
 Head of Revenue Reporting
 ICPAK M/No. 21289

Appendix 3: Ageing Analysis of Revenue in Arrears

Appendix 4: 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

(PFM ACT section 165 subsection 4, 5)



Sign and date
Accounting Officer