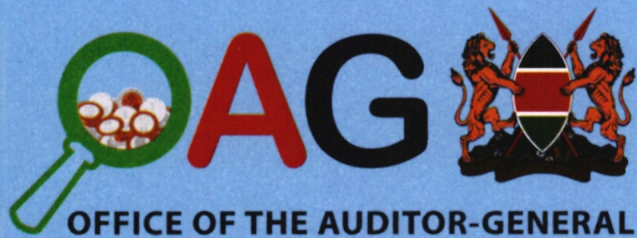


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

PARLIAMENT  
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**OF**

**THE AUDITOR-GENERAL**

**ON**

**RECEIVER OF REVENUE**

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

**COUNTY GOVERNMENT OF  
MANDERA**

OFFICE OF THE AUDITOR GENERAL  
NORTH EASTERN REGIONAL OFFICE

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**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF MANDERA**



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**COUNTY GOVERNMENT OF MANDERA**

**RECEIVER OF REVENUE**

**REVENUE STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

---

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

*Receiver of Revenue*  
*County Government of Mandera*  
*Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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***Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023***

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*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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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**

Mandera County is constituted as per the constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The governor is supported by the county executive committee in carrying out the mandate as stipulated in the constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CECM for Finance is financial reporting at the county level.

### **Vision**

To be a regionally competitive and self-reliant county

### **Mission**

To strategically position ourselves as a county guided by innovative competitiveness in order to achieve progressive, wealthy, healthy, cohesive and secure county.

### **Motto**

A county with unlimited opportunities and endless possibilities

### **Core Values**

- Integrity
- Innovativeness
- Professionalism
- Team work
- Equity
- Transparency
- Accountability
- Respect for rule of law

#### **(a) Background information**

The receiver of revenue is under the Department of Revenue Services. At the County Executive Committee level, the receiver of revenue is represented by the County Executive committee member for Finance and Economic Planning, who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue is designated as a receiver 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).

**Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023**

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**(c) Key Management Team**

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

No.	Name	Designation
1.	Ibrahim Mohamed Adan	CEC, Finance and Economic Planning and ICT
2.	Abdikadir Mohamed Tache	Chief Officer, Accounting and Financial Services
3.	Ibrahim Nurrow Issack	Chief Officer, Revenue Services
4.	Abass M. Noor	Director, Revenue Services

**(d) Mandera County Headquarters**

P.O. Box 13-70300

County Headquarters Building

Mandera-Isiolo Road

Mandera, KENYA

**(e) County Government of Mandera's Receiver of Revenue**

**Contacts**

Telephone: (+254) 722466499

E-mail: [info@mandera.go.ke](mailto:info@mandera.go.ke)

Website: [www.mandera go.ke](http://www.mandera.go.ke)

**(f) Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P. O. Box 30084

GPO 00100

Nairobi, Kenya

**(g) Principal Legal Adviser**

The County Attorney

County Headquarters

P.O. Box 13-70300

**MANDERA, KENYA**

*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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**(h) Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
  
2. Kenya Commercial Bank  
Mandera Branch.  
P.O. Box 275-70300  
**MANDERA, KENYA.**
  
3. Equity Bank of Kenya  
Mandera Branch.  
P.O. Box 75104  
**MANDERA, KENYA**
  
4. National Bank of Kenya  
Mandera Branch.  
P.O. Box 379-70300  
**MANDERA, KENYA**

**(i) County Attorney**

The County Attorney  
County Headquarters  
P.O. Box 13-70300  
**MANDERA, KENYA**



*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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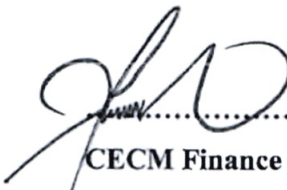
**3. Foreword by the CECM Finance and Economic Planning**

It's my pleasure to present the second Mandera County Receiver of Revenue Financial Statements for the financial year ended 30<sup>th</sup> June, 2023 in compliance with the relevant Public Finance Management regulations.

During the year under review, Mandera County budgeted to raise Kshs. 290,436,786. The County's revenue sources included Cess collections, Land/Poll Rates, Single/Business Permits, Property Rent, Parking Fees, Market Fees, Hospital Fees, Public Health Service Fees, Physical Planning and Development and Hire of County Assets.

The County encountered numerous challenges such as recurring droughts that affected livestock and farm production, insecurity threats from Alshabaab militants that made some targeted revenue collection spots inaccessible, border closure between Kenya and Somalia that limited movement of goods and trading activities in the region amongst other limiting factors. These challenges hindered revenue collection efforts by weakening the county's' economic conditions and the citizen's ability to pay levies. Accordingly, the total revenue collected was Kshs. 123,310,531 against a collection of Kshs.132,899,851 attained in the financial year 2021/2022. The County's entire collection of Kshs.123,310,531 was disbursed to the Mandera County Revenue Fund account to be utilized in implementation of planned programmes.

To enforce more revenue collections in the financial year 2023/2024 and subsequent financial periods appropriate mechanisms will be put in place by the receiver of revenue.

  
.....  
**CECM Finance and Economic Planning**  
**County Government of Mandera**

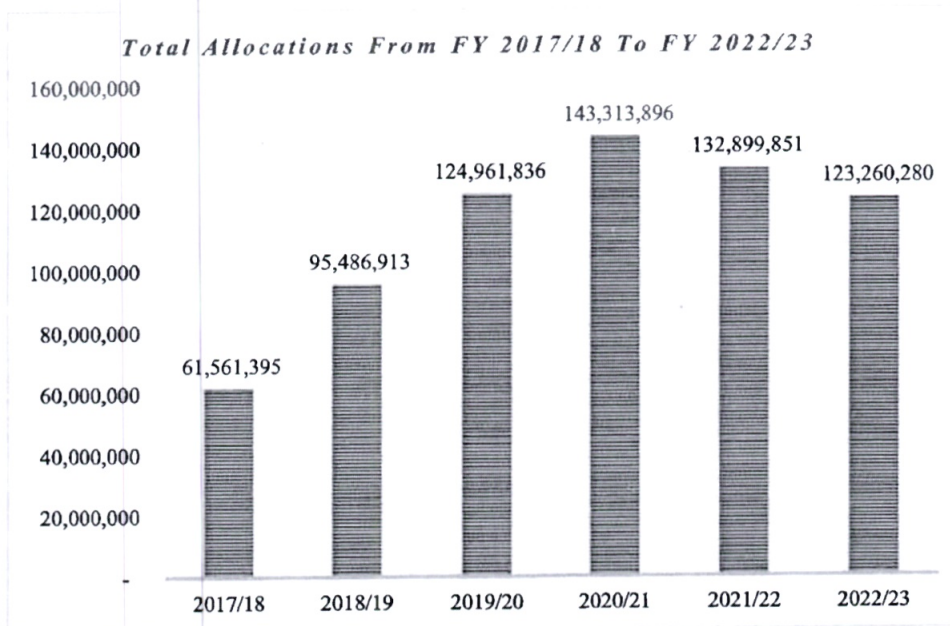
*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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**4. Management Discussion and Analysis**

**Financial and Operational Performance Analysis**

Mandera County Receiver of Revenue has been making upward progressive improvements in revenue collection during the successive five financial years save for the financial year 2021/2022 and the year under review which recorded a drop in collection as highlighted in the table below.



The CROR's financial performance for the year 2022/2023 encountered numerous challenges such as recurring droughts in the County, frequent border closures between the three countries of Kenya, Somalia and Ethiopia; insecurity threats from Al-shabaab militants, closure of quarries, the adverse impact of the coronavirus and locust reinvasion and related challenges that threatened to obstruct the CROR's performance.

During the 2022/2023 financial year, the main local revenue sources covered Cess collections, Land/Poll Rates, Single/Business Permits, Property Rent, Parking Fees, Market Fees, Hospital Fees, Public Health Service Fees, Physical Planning and Development and Hire of County Assets. The total revenue realized was Kshs. 123,310,531 against the budgeted amount of Kshs. 290,436,786. The revenues were disbursed to the Mandera County Revenue Fund Account as required by the Public Finance Management laws and utilized to undertake planned government programmes.

**Receiver of Revenue**  
**County Government of Mandera**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023**

The CROR collections were as tabulated in the table below:

<b>County Own Source Revenue</b>	<b>Total Collections</b>
Cess	29,928,380.00
Land/Poll Rate	23,922,170.00
Single/Business Permits	11,808,102.00
Property Rent	23,809,570.00
Parking Fees	1,558,005.00
Market Fees	189,895.00
Hospital Fees	27,534,403.00
Public Health Service Fees	476,322.00
Physical Planning and Development	3,972,684.00
Hire Of County Assets	30,000.00
Administration Control Fees and Charges	81,000.00
<b>Total County Own Source Revenue</b>	<b>123,310,531.00</b>

As indicated by the above diagram, the biggest portion of revenue attained were from the following streams; Cess collections, Hospital fees, Lands/Plot rates, Property rents, and Single business permits while the worst performing streams were Public Health Service Fees, markets fees, Administration Control Fees and Charges, and hire of county assets.

**Statutory requirements**

During the financial year, the Fund satisfactorily met all its statutory requirements.

**Risks**

The major risks facing the CROR include the following:

**Technology risks:** Emerging possible risk of cyber-attacks and Slow connectivity to core IT system. This will greatly hamper the success of our automated systems. The system will be protected by firewalls and investment in other IT security features.

**Reputational risks:** Poor collection and delayed disbursement of revenue by the CROR. The CROR will reinforce its compliance efforts to be safe from this risk.

**Operational risks:** Highlighted internal audit/regulatory issues.

**Compliance risks:** Litigation by stakeholders.

**Financial risks:** Delay in funding

*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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**Outlook**

The performance of the CROR could be negatively affected by many factors in the forthcoming financial period. These includes changes in leadership/management, the country's general economic conditions, insecurity related problems, political related challenges amongst other issues. It's envisioned, however, that cordial relations and collaboration between all stakeholders will boost the performance. Further, the CROR will continue complying with the existing legal frameworks in place as required by law.

**Receiver of Revenue**  
**County Government of Mandera**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023**

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**5. Statement of Receiver of Revenue's responsibilities**

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

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the County Government of Mandera'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 County Government of Mandera's receiver of revenue account gives a true and fair view of the state of County Government of Mandera's receiver of revenue transactions during the financial year ended June 30, 2023, and of the County Government of Mandera's receiver of revenue 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 County Government of Mandera's receiver of revenue has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The revenue statements were approved and signed by the Receiver of Revenue on \_\_\_\_\_  
2023



.....  
**Name: Ibrahim Issack Nurrow**  
**County Receiver of Revenue**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF MANDERA**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that the entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE REVENUE STATEMENTS**

#### **Opinion**

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Mandera set out on pages 1 to 14, which comprise of the statement of

financial assets and liabilities as at 30 June, 2023, and the statement of receipts and disbursements 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 revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Mandera as at 30 June, 2023 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Mandera County Finance Act, 2021 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1.0 Own Generated Revenue**

##### **1.1 Under Collection of Own Generated Revenue**

The statement of comparison of budget and actual amounts indicates that the Management had budgeted to collect own generated revenue amounting to Kshs.290,436,786. However, the total own generated revenue reported as collected during the year was Kshs.123,310,531, resulting in a shortfall of Kshs.167,126,255 or 58% of the budgeted amount. The under collection implies unrealistic revenue targets or failure to put in place measures to prevent pilferage of collected revenue by the Management.

The under collection of revenue adversely affected budget execution and the overall performance of the County Government programmes.

## 1.2. Decline Trend in County Own Generated Revenue

During the year under review, Management had budgeted to collect local revenues totaling Kshs.290,436,786. However, audit review of revenue records and bank statements revealed that the Management collected only Kshs.123,310,531 resulting to a shortfall of Kshs.167,126,255 or 58% of the budgeted amount. Review of performance for the past three (3) years indicated a declining trend in local revenue against the budget as shown in the table below: -

Year	Budgeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Variance Percentage (%)
2020-2021	200,037,792	143,313,898	56,723,894	28.4%
2021-2022	200,037,792	132,899,851	67,137,941	33.6%
2022-2023	290,436,786	123,310,531	167,126,265	57.5%

As depicted by the trend, the percentage of revenue decline more than doubled in the financial year 2022/2023 as compared to the financial year 2020/2021. This could be an indication that adequate measures have not been instituted by Management to monitor and control revenue collection and to ensure that all revenue streams are captured, and or seal leakage and porosity in the management of revenue collection.

Management did not provide satisfactory explanations on why it continued to retain high revenue targets despite the fact that the actual revenue collected was far below the budgeted targets and what measures it intends to put in place to stop the downward trend of revenue collection.

### REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

#### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### Basis for Conclusion

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



# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## Basis for Conclusion

### Weak Revenue Collection System Controls

As previously reported, the Receiver of Revenue collects revenue through an automated revenue collection system provided by a Company for all income streams. Review of the records indicated that the revenue department used 290 Point of Sale (POS) machines for revenue collection. However, the state of these POS devices revealed that eighty (80), one hundred thirty-three (133) and seventy-seven (77) were active, faulty and not in use respectively. In addition, the following anomalies were noted: -

- i. There was no evidence of effort by the Receiver of Revenue to repair the faulty gadgets.
- ii. The Receiver of Revenue has not updated the valuation roll and still uses valuation roll prepared by the defunct Town Council of Mandera.
- iii. The system is unable to generate transactions for each revenue stream to support the monthly totals.
- iv. The system has no front-end service portal to enable the County citizens to access and procure county services, register individual profiles and manage their accounts.

Further, revenue is collected using an ICT based revenue collection system with thirteen (13) streams and transmitted to three (3) revenue collection bank accounts via M-Pesa Pay Bills systems. Revenue ledgers are manually extracted from bank statements and M-Pesa statements. In addition, the revenue collection system does not have in-built or linked to revenue recognition and reporting module which can produce periodical financial reports needed for internal management and control purposes or for external analysis purposes.

In the circumstances, Management controls on the revenue collection and the reliability of the revenue collection system could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report.

However, future events or conditions may cause the Office to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Office to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

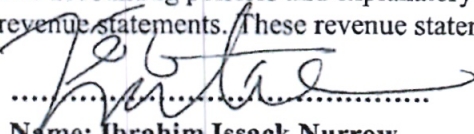
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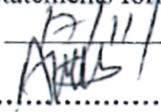
*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

**7. Statement of Receipts and Disbursements for the year ended 30th June 2023**

	Note	2022/23 Kshs	2021/22 Kshs
<b>County Own Source Revenue</b>			
Cess	1	29,928,380	37,039,868
Land Rate	2	23,922,170	28,188,138
Single/Business Permits	3	11,808,102	10,537,400
Property Rent	4	23,809,570	24,474,327
Parking Fees	5	1,558,005	1,303,080
Market Fees	6	189,895	148,899
Hospital Fees	7	27,534,403	29,072,568
Public Health Service Fees	8	476,322	574,227
Physical Planning and Development	9	3,972,684	842,000
Hire Of County Assets	10	30,000	169,400
Administration Control Fees and Charges	11	81,000	549,944
<b>Total County Own Source Revenue</b>		<b>123,310,531</b>	<b>132,899,851</b>
<b>Other Receipts</b>			
Donations/Grants Not Received Through CRF		-	-
<b>Total Other Receipts</b>		-	-
<b>Total Receipts</b>		<b>123,310,531</b>	<b>132,899,851</b>
Balance b/f at the beginning of the year		-	-
<b>Disbursements To CRF</b>		<b>123,268,177</b>	<b>132,899,851</b>
Bank charges	12	42,354	-
<b>Balance Due for Disbursement</b>		-	-

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 12/11/2023 and signed by:

  
 Name: Ibrahim Issack Nurrow  
 County Receiver of Revenue  
 (Ref: PFM ACT section 165, 2(a))

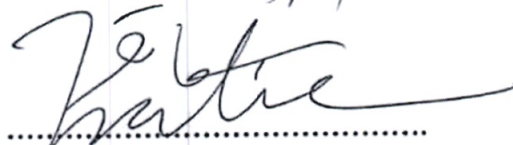
  
 Name: Ahmed Adan Mohamed  
 Head of Revenue Reporting  
 ICPAK M/No 24402

*Receiver of Revenue  
County Government of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*


**8. Statement of Financial Assets and Liabilities As at 30<sup>th</sup> June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances	13	-	-
<b>Total Financial Assets</b>		-	-
<b>Total Financial Assets</b>		-	-
<b>Financial Liabilities</b>			
Payables-Due to CRF		-	-
<b>Total Financial Liabilities</b>		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Government of Mandera's receiver of revenue financial statements were approved on 11/11, 2023 and signed by:



.....  
Name: Ibrahim Issack Nurrow  
County Receiver of Revenue



.....  
Name: Ahmed Adan Mohamed  
Head of Revenue Reporting  
ICPAK M/No 24402

*Receiver Of Revenue  
County Government Of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

**9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30<sup>th</sup> June 2023**

<b>Receipt</b>	<b>Original Targets</b>	<b>Adjustments</b>	<b>Final Targets</b>	<b>Actual On Comparable Basis</b>	<b>Budget Realization Difference</b>	<b>% Of Realization</b>
	<b>A</b>	<b>B</b>	<b>C=A+B</b>	<b>D</b>	<b>E=C-D</b>	<b>F=D/C %</b>
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>County Own Source Revenue</b>						
Cess	68,521,868	4,072,209	72,594,078	29,928,380	42,665,698	41%
Land Rate	55,000,000	6,322,582	61,322,582	23,922,170	37,400,412	39%
Single/Business Permits	26,000,000	4,406,690	30,406,690	11,808,102	18,598,588	39%
Property Rent	50,745,201	11,358,611	62,103,813	23,809,570	38,294,243	38%
Parking Fees	2,265,000	383,891	2,648,891	1,558,005	1,090,886	59%
Market Fees	1,708,000	289,486	1,997,486	189,895	1,807,591	10%
Advertising	-	-	-	-	-	-
Hospital Fees	35,000,000	9,691,704	44,691,704	27,534,403	17,157,301	62%
Public Health Service Fees	4,057,716	1,240,352	5,298,068	476,322	4,821,746	9%
Physical Planning and Development	3,000,000	890,323	3,890,323	3,972,684	(82,361)	102%
Hire Of County Assets	1,218,000	378,761	1,596,761	30,000	1,566,761	2%
Administration Control Fees and Charges	7,921,001	(4,034,609)	3,886,392	81,000	3,805,392	2%
<b>Total County Own Source Revenue</b>	<b>255,436,786</b>	<b>35,000,000</b>	<b>290,436,786</b>	<b>123,310,531</b>	<b>167,126,257</b>	<b>42%</b>
<b>Other Receipts</b>	-	-	-	-	-	-
<b>Total Receipts</b>	<b>255,436,786</b>	<b>35,000,000</b>	<b>290,436,786</b>	<b>123,310,531</b>	<b>167,134,655</b>	<b>42%</b>

The low collection was as a result of the following challenges

Insecurity related problems caused by Alshabaab in major parts of the county.

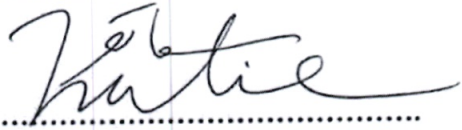
Persistent and recurring drought in the region.

Closure of the Kenya-Somalia border as well as the Kenya-Ethiopia border due to insecurity related challenges

**Receiver Of Revenue**  
**County Government Of Mandera**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023**

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The County Receiver of Revenue's financial statements were approved on 12/11/, 2023  
and signed by:



.....  
**Name: Ibrahim Issack Nurrow**  
**County Receiver of Revenue**



.....  
**Name: Ahmed Adan Mohamed**  
**Head of Revenue Reporting**  
**ICPAK M/No 24402**



*Receiver Of Revenue  
County Government Of Mandera  
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**10. Statement of Arrears of Revenue As at 30th June 2023**

<b>Classification Of Receipts</b>	<b>Balance as at The beginning of the current year (1<sup>st</sup> July 2022) A</b>	<b>Arrears received during the year. B</b>	<b>Additions in arrears for the current year to June 30, 2023 C</b>	<b>Total arrears as at 30 June 2023 D=A+(B)+C</b>	<b>Measures taken to recover the arrears</b>	<b>Assessment to the recoverability of arrears</b>
<b>Total Arrears</b>	-	-	-	-	-	-

There were no arrears of revenue as at 30 June 2023



.....  
Name: Ibrahim Issack Nurrow  
County Receiver of Revenue  
(Ref: PFM ACT section 165, 2(a))



.....  
Name: Ahmed Adan Mohamed  
Head of Revenue Reporting  
ICPAK M/No 24402

## **11. Significant Accounting Policies**

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

### **1. Statement of Compliance and Basis of Preparation**

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government of Mandera receiver of revenue. 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 receiver of revenue. The accounting policies adopted have been consistently applied to all the years presented.

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

### **2. Recognition of Receipts**

The receiver of revenue recognises all receipts from the various sources when the related cash has been received by the receiver of revenue.

### **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 within the timelines for the period 1st July 2022 to 30 June 2023 as required by law. There were three(3) supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

### **4. Cash and cash equivalents**

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

*Receiver Of Revenue  
County Government Of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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**5. Revenue in Arrears**

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

**6. Disbursements to CRF**

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

**7. Comparative Figures**

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

**8. Subsequent Events**

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

*Receiver Of Revenue  
County Government Of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

**12. Notes to the Financial Statements**

**1. Cess**

Description	2022/23	2021/22
	Kshs	Kshs
Farm produce	1,106,559	854,705
Quarrying	1,027,900	1,326,056
Livestock	9,561,123	8,273,813
Miraa movement	6,658,820	12,693,123
Barriers	4,633,063	4,583,413
Slaughter fees and charges	6,162,515	5,893,958
Income from water	778,400	3,414,800
<b>Total</b>	<b>29,928,380</b>	<b>37,039,868</b>

**2. Land rates**

Description	2022/23	2021/22
	Kshs	Kshs
Land rates	23,922,170	28,188,138
<b>Total</b>	<b>23,922,170</b>	<b>28,188,138</b>

**3. Single /Business Permits**

Description	2022/23	2021/22
	Kshs	Kshs
Annual Business permit fees	11,808,102	10,537,400
<b>Total</b>	<b>11,808,102</b>	<b>10,537,400</b>

**4. Property Rent**

Description	2022/23	2021/22
	Kshs	Kshs
County Housing	960,500	1,638,417
Transfer of Property	15,802,550	15,358,460
Stalls/kiosks rent	7,046,520	7,477,450
<b>Total</b>	<b>23,809,570</b>	<b>24,474,327</b>

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**Notes to the Financial Statements (Continued)**

**5. Parking Fees**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Street parking fees	1,558,005	1,303,080
<b>Total</b>	<b>1,558,005</b>	<b>1,303,080</b>

**6. Market Fees**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Market entry fees	189,895	148,899
<b>Total</b>	<b>189,895</b>	<b>148,899</b>

**7. Hospital Fees**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Level 4 hospitals	27,534,403	29,072,568
<b>Total</b>	<b>27,534,403</b>	<b>29,072,568</b>

**8. Public Health Service Fees**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Public health permit	476,322	574,227
<b>Total</b>	<b>476,322</b>	<b>574,227</b>

**9. Physical Planning and Development**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Building plans approval	3,972,684	842,000
<b>Total</b>	<b>3,972,684</b>	<b>842,000</b>

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County Government Of Mandera  
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**Notes to the Financial Statement (Continued)**

**10. Hire Of County Assets**

Description	2022/23	2021/22
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	30,000	169,400
<b>Total</b>	<b>30,000</b>	<b>169,400</b>

**11. Administration Control Fees and Charges**

Description	2022/23	2021/22
	Kshs	Kshs
Others ( <i>Tender fees</i> )	81,000	549,944
<b>Total</b>	<b>81,000</b>	<b>549,944</b>

**12. Bank Charges**

Description	2022/23	2021/22
	Kshs	Kshs
Bank Charges & Commissions	42,354	-
<b>Total</b>	<b>-</b>	<b>-</b>

**13. Bank Balances**

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	2022/23	2021/22
			Kshs	Kshs
KCB,1140759469, Kshs.	-	-	-	-
National Bank of Kenya, 01042097914300, Kshs.	-	-	-	-
Equity Bank, 1000260858505, Kshs.	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

No Balance carried forward as at 30<sup>th</sup> June 2023 and subsequently transferred to CRF

*Receiver Of Revenue  
County Government Of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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**Notes to the Financial Statement (Continued)**

**14. Payables- Due To CRF**

<b>Payables</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance b/f at the beginning of the year	-	-
Amount collected during the year	123,268,177	132,899,851
Amounts disbursed to CRF during the year	<b>123,268,177</b>	<b>132,899,851</b>
<b>Balance c/d at the end of the year</b>	-	-

**Notes to the Financial Statement (Continued)**

**15. Ageing Analysis of Revenue in Arrears**

There were no arrears of revenue as at 30 June 2023



*Receiver Of Revenue  
County Government Of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023*

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16. Appendices

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

There were no Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

*(PFM ACT section 165 subsection 4, 5)*



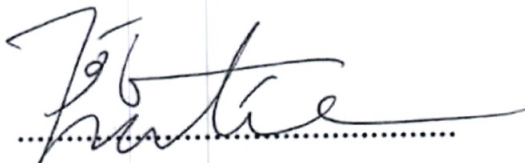
*Sign and date  
Accounting Officer*

**Receiver Of Revenue  
County Government Of Mandera  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023**

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

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Presentation of financial statement	Omission of ICPAK member number by signatory	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024
Un-analysed balances and note to the financial statements	Balances disclosed not supported with detailed schedules	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024
Inadequate maintenance of revenue collection cashbook	Cashbook not adequately documented	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024
Under collection of budgeted revenue	Shortfall in revenue collection	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024
Revenue Management System	Faulty Gadgets used	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024



Name: Ibrahim Issack Nurrow  
County Receiver of Revenue

Date: 17/11/2023



Name: Ahmed Adan Mohamed  
Head of Revenue Reporting

ICPAK M/No 24402

Date: 17/11/2023