

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RECEIVER OF REVENUE- REVENUE  
STATEMENTS**

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

**COUNTY GOVERNMENT OF THARAKA NITHI**

# REPUBLIC OF KENYA



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## COUNTY GOVERNMENT OF THARAKA NITHI



### RECEIVER OF REVENUE REVENUE STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE, 30<sup>th</sup> 2023

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

**COUNTY GOVERNMENT OF THARAKA NITHI**  
**COUNTY TREASURY**



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Email: [treasury@tharakanithi.go.ke](mailto:treasury@tharakanithi.go.ke)

**REF: TNCG/ACC/VOL.II/36**



P. O. BOX 10-60406

KATHWANA

**Date: 20<sup>th</sup> July, 2023**

The Auditor General  
Office of Auditor General  
Embu Hub  
P.O Box 113 - 60100  
**EMBU**

**RE: THARAKA NITHI COUNTY RECEIVER OF REVENUE**  
**STATEMENTS FY 2022/23**

In accordance to Public Financial Management Act 2012, Section 165, we hereby submit Tharaka Nithi County Revenue Statements for the Financial Year ended 30<sup>th</sup> June 2023.

Kindly find enclosed copy of the report for your necessary action

Thank you

Lawrence K. Ileri Rweria

**CECM- Finance and Economic Planning**

cc

- The Clerk, County Assembly Tharaka Nithi
- The Director General, Accounting Services and Quality Assurance
- The Commission on Revenue Allocation
- The Controller of Budget

**Receiver of Revenue**  
**County Government of Tharaka Nithi**  
**Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

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**Receiver of Revenue  
County Government of Tharaka Nithi  
Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

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**1. Acronyms and Glossary of Terms**

|       |  |
|-------|--|
| CA    | County Assembly                                  |
| B/F   | Brought Forward                                  |
| 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                              |

*a) Glossary of terms*

|                      |   |
|----------------------|---|
| Comparative FY       | Comparative Prior Financial Year                              |
| Fiduciary Management | The key management personnel who had financial responsibility |

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

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

The **Receiver of Revenue** is under the Department of Revenue and Resource Mobilization. At the County Executive Committee level, the **Receiver of Revenue** is represented by the County Executive committee member for Finance, Economic Planning and Revenue Mobilization, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on 04<sup>th</sup> April 2023 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act, 2012.

### **(b) Principal Activities**

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

### **(c) Key Management**

The County Government of Tharaka Nithi day-to-day management is under the following key organs:

- County Executive Committee Member Finance, Economic Planning and Revenue Mobilization
- Chief Officer Revenue and Resource Mobilization
- Director Revenue
- Director Accounting Services

### **(d) Entity Headquarters**

County Headquarters Building  
Kathwana Town  
P.O. Box 10-60406  
**KATHWANA**

### **(e) County Executive Contacts**

Telephone: 1513  
Email: [info@tharakanithi.go.ke](mailto:info@tharakanithi.go.ke)  
Website: [www.tharakanithicounty.go.ke](http://www.tharakanithicounty.go.ke)

### **(f) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 – 00100 GPO  
**NAIROBI**

### **(g) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**Receiver of Revenue**  
**County Government of Tharaka Nithi**  
**Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

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**(h) County Attorney**

The County Attorney  
County Government Tharaka Nithi  
P.O. Box 10- 60406  
**KATHWANA**

**(i) Entity Bankers**

i. Co-operative Bank of Kenya

Chuka Branch  
P.O Box 101 - 60400  
**CHUKA**

ii. Trans Nation Sacco Society Limited

Chuka Branch  
P.O Box 15-60400  
**CHUKA**

iii. Equity Bank (K) Limited

Chuka Branch  
P.O Box 213 - 60400  
**CHUKA**

### 3. FOREWARD BY THE CEC MEMBER FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Tharaka Nithi – Receiver of Revenue Report and Financial Statements for the financial year ended **30<sup>th</sup> June 2023**. The Financial Statements present the financial performance of the Receiver of Revenue over the past twelve months.

During the year under review, the total own sources revenue amounted to Ksh. 286,737,650 (Ksh 234,293,360 FY 2021/22) against approved budget of Ksh. 380,000,000 translating to 75% performance level.

The amount remitted to County Revenue Fund (CRF) during the financial year amounted to Ksh. 263,519,874 (Ksh. 239,381,562 FY 2021/22 which included balances brought forward from previous year of Ksh. 10,821,177. The amount yet to be remitted as at end of the year amount to Ksh. 33,922,721

The County Government Own Sources of Revenue recorded significant improvement from the previous year with and the recovery is expected to continue in the following year as more effort is made to achieve the set target. The County has instituted mechanism to seal off leakages of revenue and also persuading the public to honour their bills.

Finally, I take this opportunity to thank His Excellency Governor Muthomi Njuki, Members of County Assembly, county government of Tharaka Nithi employees and all stakeholders including tax payers for supporting the government in its execution of its mandate.

Thank you very much and God bless Tharaka Nithi County



Sign.....

**Lawrence K. Ileri Rweria**

**CECM – Finance, Economic Planning and Resource Mobilization**



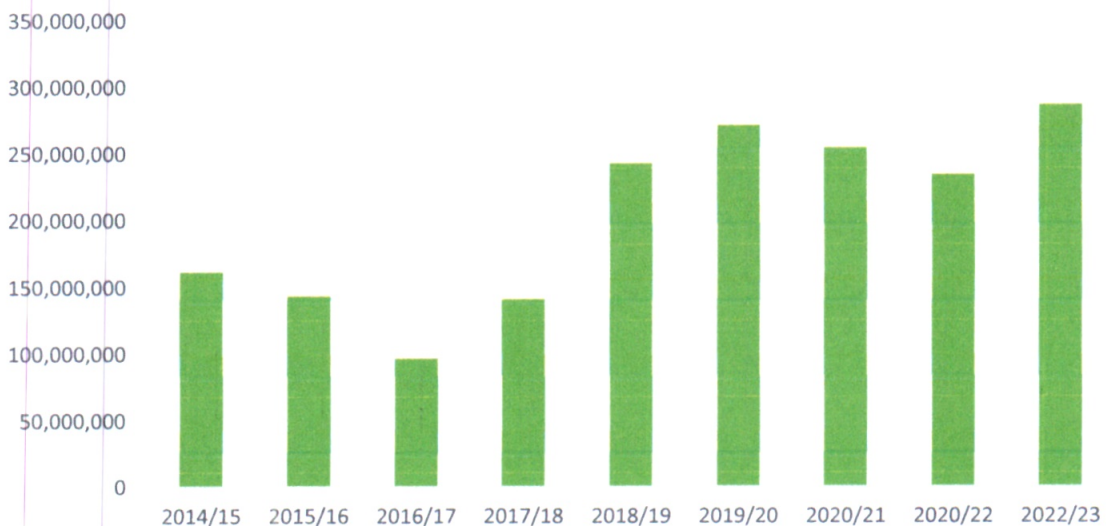
**4. MANAGEMENT DISCUSSION AND ANALYSIS**

County Government of Tharaka Receiver of Revenue, Revenue Statements for the financial year ended **30<sup>th</sup> June 2023**. The Statements present the financial performance of the County Government over the past twelve months.

The County finances its operations through own generated revenues. These are revenues collected within the County as approved under County Finance Act. The key own source revenue for Tharaka Nithi County included business permits, land rates, building plan approval, advertising fees, cess and various other administrative charges. The County continues to explore new and more innovative ways of increasing its own source of revenue collections.

During the period under review, our own sources of revenue amounted to Ksh. 286,737,650 (Ksh.234,293,360 FY 2021/22). The Own Sources of revenue has recorded significant recovery from compared with previous years with the highest revenue collection recorded.

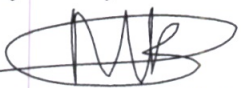
The chart below shows the performance on revenue over last nine years.

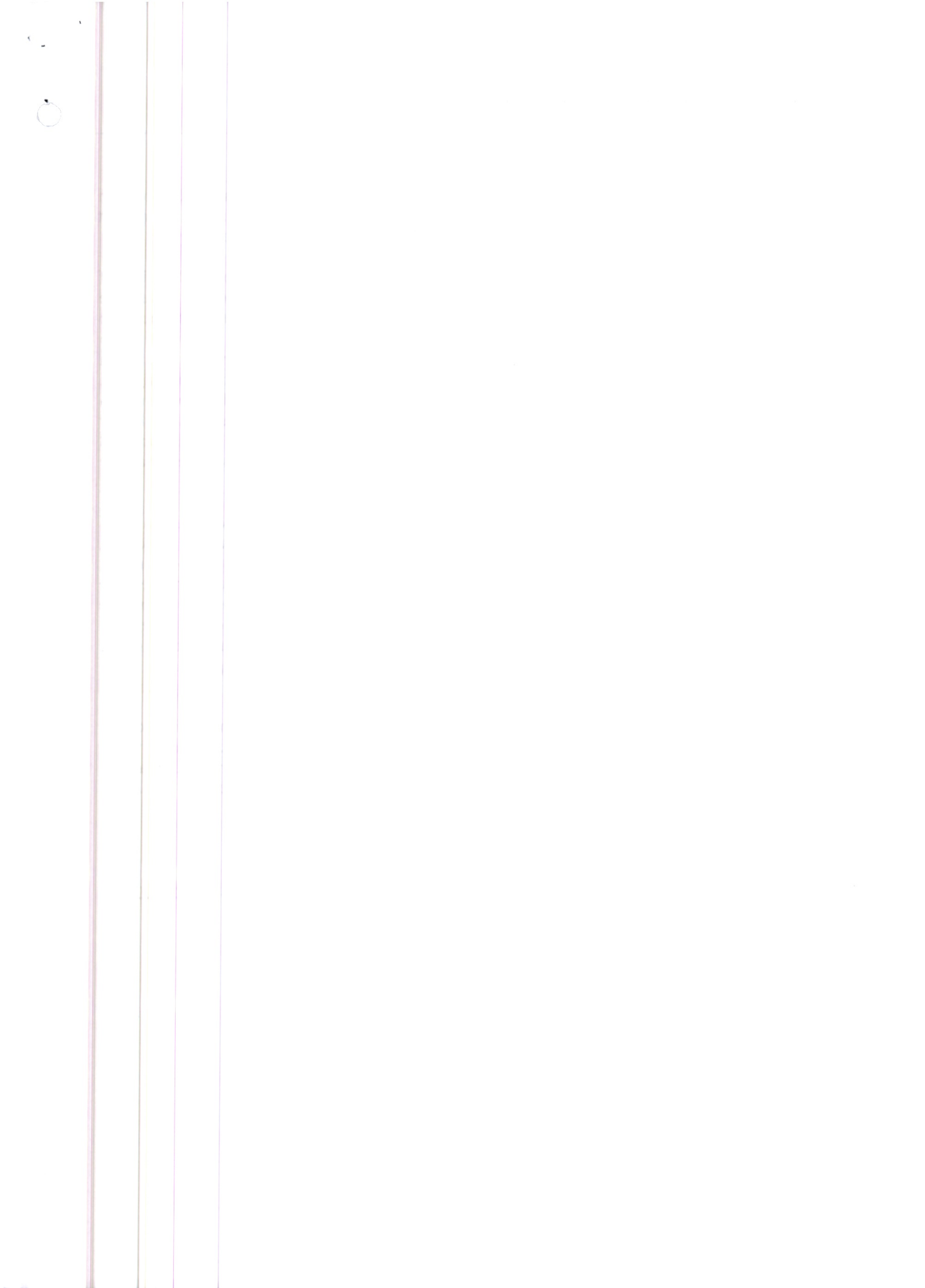


***Recommended Way Forward***

The county government will continue exploring more revenue streams and also enhance collection by enforcing and sealing any leakages

Thank you very much and God bless Tharaka Nithi County

  
**Sign**.....  
Moses Bundi  
**Receiver of Revenue**



## **5. STATEMENT OF MANAGEMENT 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 give 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 **30<sup>th</sup> June, 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 financial position 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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue accepts responsibility for the County Government of Tharaka Nithi financial statements, 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). The Receiver of Revenue is of the opinion that the Receiver of Revenue Account give a true and fair view of the state of County Government's transactions during the financial year ended **30<sup>th</sup> June, 2023**, and of the County Government's Statement of Assets and Liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Receiver of Revenue Accounts as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

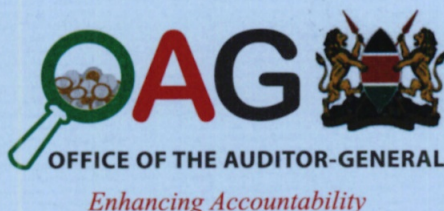
The Revenue Statements were approved and signed by the Receiver of Revenue on **20<sup>th</sup> July 2023**



**Moses Bundi**  
**County Receiver of Revenue**

# REPUBLIC OF KENYA

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

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

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Tharaka Nithi County Executive - Receiver of Revenue set out on pages 1 to 31, which comprise the statement of financial

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*Report of the Auditor-General on Receiver of Revenue – Revenue Statements for the year ended 30 June, 2023 – County Government of Tharaka Nithi*

assets and liabilities as at 30 June, 2023 and statement of receipts and disbursements, statement of arrears of revenue and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tharaka Nithi County Executive - Receiver of Revenue as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012, and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Unsupported Revenue**

The statement of receipts and disbursements reflects receipts totaling Kshs.286,737,650. However, review of records revealed unsupported revenue as detailed below:

#### **1.1 Rent / Lease of County Houses and Stalls**

The statement of receipts and disbursements and as disclosed in Note 5 to the financial statements reflects rent/ lease of County houses and stalls amount of Kshs.2,892,341. However, details of houses and stalls owned by the County Government were not provided for audit verification.

Further, the statement of arrears of revenue reflects stalls rent arrears balance of Kshs.3,198,777 which had not been recovered as at 30 June, 2023.

In addition, the County collected only Kshs.2,892,341 from County houses and stalls against an approved budget of Kshs.4,700,420, representing 62% revenue realization. The Management did not provide plausible explanation for the under-performance of revenue collection.

In the circumstances, the accuracy and completeness of the receipts totaling to Kshs.2,892,341 could not be confirmed.

#### **1.2 Barter Market and Slaughter Fees**

The statement of receipts and disbursements and as disclosed in Note 4 to the financial statements reflects barter market and slaughter fees amount of Kshs.9,688,716 collected

via Mpesa platform. However, the Mpesa statements for the period under review were not provided for audit verification.

In the circumstances, the accuracy and completeness of receipts of Kshs.9,688,716 could not be confirmed.

### **1.3 Miscellaneous Receipts**

The statement of receipts and disbursements and as disclosed in the Note 15 to the financial statements reflects miscellaneous receipts amount of Kshs.714,453, collected via Mpesa platform. However, the amount was not supported with Mpesa statements and revenue monitoring reports.

In the circumstances, the accuracy and completeness of the receipts amount of Kshs.714,453 could not be confirmed.

### **1.4 Livestock and Agriculture Produce Cess**

The statement of receipts and disbursements and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.1,720,230 in respect to livestock and agriculture produce cess. However, detailed reports showing revenue collection from livestock and agriculture produce cess, respective cess collection points/stations, the categories of cess charged, approved fees and charges in respect to cess fee collection were not provided for audit.

In the circumstances, the accuracy and completeness of the receipts amount of Kshs.1,720,230 could not be confirmed.

### **1.5 Property Fee**

The statement of receipts and disbursements and as disclosed in Note 9 to the financial statements reflects Kshs.2,178,508 in respect to property rent. However, the amount was not supported with tenancy agreements, monthly rental receipt books and details of houses and stalls owned by the County.

In addition, the County collected property fees of only Kshs.2,178,508 against an approved budget of Kshs.17,300,000 representing only 13% revenue realization. The Management did not provide a plausible explanation for the underperformance of revenue from property fees.

In the circumstances, the accuracy and completeness of the receipts totaling Kshs.2,178,508 could not be confirmed.

## **1.6 Technical Services (Building Plan Approval)**

The statement of receipts and disbursements and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.4,246,180 in respect of technical services, being revenue from building plans approval. However, the Management did not provide records showing the nature and the number of building plans approved, amount invoiced, approved fees and charges schedule used and receipts issued in respect to revenue from building plan approvals.

Further, receipts from building plans approval declined by Kshs.494,387 from an amount of Kshs.4,740,567 reported in the financial year 2021/2022 to Kshs.4,246,180 representing 12% decrease in revenue whose cause has not been explained.

In the circumstances, the accuracy and completeness of technical services fees amount of Kshs.4,246,180 could not be confirmed.

## **1.7 Hospital Fees**

The statement of receipts and disbursements and as disclosed in Note 8 to the financial statements reflects Kshs.125,046,463 in respect to hospital fees. However, the Management did not provide monthly reconciliations of the revenue collected by the revenue officers, making it difficult to track the movement of cash from the cashiers to the County Revenue Fund Account.

In the circumstances, the accuracy and completeness of the hospital fees amount of Kshs.125,046,463 could not be confirmed.

## **1.8 Single Business Permit and Advertisement**

The statement of receipts and disbursements and as disclosed in Note 3 to the financial statements reflects single business permit and advertisement amount of Kshs.69,084,571. Field visit across the County in the month of August, 2023 revealed that there were bill boards and posters placed along major roads and towns. The Management did not however, provide records of revenue collected from the posters and bill boards.

In the circumstances, the accuracy and completeness of the receipts of Kshs.69,084,571 for the year ended 30 June, 2023 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.380,000,000 and Kshs.286,737,650 respectively resulting to a revenue shortfall of Kshs.93,262,350 or 25% of the budget.

The revenue shortfall of Kshs.93,162,350 affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is however not modified in respect of these matters.

### **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 Tharaka Nithi County - Receiver of Revenue is responsible for the other information which comprise of Key Entity Information and Management, the Board of Directors, Foreword by the CEC Member Finance and Economic Planning, Management Discussion and Analysis and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### **Conclusion**

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



## **Basis for Conclusion**

### **1.0 Delayed Transfer of Collected Revenue to County Revenue Fund Account**

The statement of receipts and disbursements reflects total revenue of Kshs.286,737,650. Further, bank and cash balance brought forward was Kshs.10,821,177 resulting to total available balance of Kshs.297,558,827. However, the Receiver of Revenue disbursed Kshs.263,519,874 to the County Revenue Fund, as at 30 June, 2023, leaving a balance of Kshs.33,922,721. Thus, Receiver of Revenue failed to promptly disburse the amount received into the County Revenue Fund Account, contrary to the Regulation 81(1) & (2) of the Public Finance Management (County Governments) Regulations, 2015, which states that receivers of revenue shall promptly deposit into the County Exchequer Account all receipts due to the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

In the circumstances, the Receiver of Revenue was in breach of the law.

### **2.0 Natural Resources Excavation Cess**

The statement of receipts and disbursements and as disclosed in Note 7 to the financial statements reflects natural resources excavation cess revenue of Kshs.37,432,401, against an approved budget of Kshs.55,084,200, representing 68% revenue realization. The Management did not provide plausible explanation for the under-performance of the revenue collection.

The revenue shortfall affected implementation of the planned activities and programs and may have impacted negatively on services delivery to the public.

### **3.0 Parking Fees**

The statement of receipts and disbursements and as disclosed in Note 1 to the financial statements reflects parking fees receipts of Kshs.8,684,840 against a budget of Kshs.19,900,390. Further, the annual collection for parking fees of Kshs.8,684,840 means that average monthly collection was Kshs.723,000, which may be low given the number of sub counties.

The revenue shortfall affected implementation of the planned activities and programs and may have impacted negatively in services delivery to the public.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 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, except for the matters 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

### 1. Lack of Risk Assessment on Revenue Management

During the year under review, the Receiver of Revenue collected an amount of Kshs.286,737,650 from various sources of own revenue against budgeted receipts of Kshs.380,000,00 resulting to under collection of Kshs.93,262,350 or 25% of the budget. However, management did not have a formal risk assessment policy on revenue. In addition, there was no evidence of periodic risk assessments performed for revenue to identify threats, assess vulnerability, and design automated systems that could enhance revenue collection.

In the circumstances, the effectiveness of internal control system on revenue management could not be confirmed.

### 2. Lack of Approvals, Procedures and Guidelines on the Use of MPESA Pay Bills and Hospital Management Systems

As previously reported, the County Executive operated Safaricom M-PESA pay bill numbers for revenue collection in hospitals. However, the Management did not provide the approvals from the County Treasury for pay bill numbers opening and operation. Further, the Management did not provide details of the users of the pay bill numbers and their access rights together with the approved guidelines on the use of the pay bill numbers.

In addition, the Management did not provide a monthly pay bill statements and monthly reconciliations to facilitate an audit trail of the revenue collected from the pay bill numbers to the commercial banks and eventual transfer to the County Revenue Fund Account (CRF).

Review of the Hospital Management Systems at Chuka Level 5 Hospital revealed that cancellation or reversal of transactions in the system were done by the ICT Director. However, it was noted that requests for the approval of the same were done manually and no reason was provided for the reversal or cancellations of the transactions. Also, the cancelled or reversed transactions could not be confirmed in the patient's statements.

The management failed to carry out necessary measures to ensure revenue collection was effective.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the 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 overall 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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Receiver of Revenue's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Receiver of Revenue to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Receiver of Revenue to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**


**30 January, 2024**

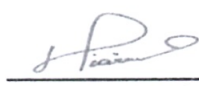
**Receiver of Revenue**  
**County Government of Tharaka Nithi**  
**Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

**7. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023**

|  |             | <b>2022/2023</b>     | <b>2021/2022</b>     |
|--|-------------|----------------------|----------------------|
| <b>County Own Sources of Revenue</b>               | <b>Note</b> | <b>Ksh</b>           | <b>Ksh</b>           |
| Parking Fees                                       | 1           | 8,684,840            | 8,309,270            |
| Plot Rents and Stand Premium                       | 2           | 2,789,883            | 3,089,795            |
| Single Business Permits and Advertisement          | 3           | 69,084,571           | 47,924,142           |
| Barter Market and Slaughter Fees                   | 4           | 9,688,716            | 7,545,149            |
| Rent / Lease County Houses and Stalls              | 5           | 2,892,341            | 3,274,326            |
| Livestock and Agriculture Produce Cess             | 6           | 1,720,230            | 519,120              |
| Natural Resources Excavation Cess                  | 7           | 37,432,401           | 30,257,630           |
| Hospital Fees                                      | 8           | 125,046,463          | 104,417,746          |
| Property Fees                                      | 9           | 2,178,508            | 1,332,700            |
| Technical Services (Building Plan Approval)        | 10          | 4,246,180            | 4,740,567            |
| Administration Fees and Charges                    | 11          | 1,737,626            | 1,282,284            |
| Tourism (Mt. Kenya Lodge)                          | 12          | -                    | 276,200              |
| Liquor License                                     | 13          | 14,558,000           | 13,374,511           |
| Veterinary Services                                | 14          | 5,963,438            | 7,628,620            |
| Miscellaneous Receipts                             | 15          | 714,453              | 321,300              |
| <b>Total Receipts</b>                              |             | <b>286,737,650</b>   | <b>234,293,360</b>   |
| Bank and Cash Balance at the Beginning of the Year |             | 10,821,177           | 15,987,134           |
| Less: Bank Charges                                 |             | (116,232)            | (77,755)             |
| <b>Disbursements To CRF</b>                        |             | <b>(263,519,874)</b> | <b>(239,381,562)</b> |
| <b>Balance Due for Disbursement</b>                |             | <b>33,922,721</b>    | <b>10,821,177</b>    |

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial Statements. The Revenue Statements were approved on 20<sup>th</sup> July 2023 and signed by:

  
Moses Bundi  
County Receiver of Revenue

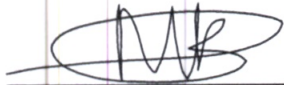
  
CPA. E.K Nduati  
Director Accounting Services  
ICPAK Reg No.6720

Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year 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         |
|------------------------------------|------|-------------------|-------------------|
|                                    |      | Ksh               | Ksh               |
| <b>Financial Assets</b>            |      |                   |                   |
| <b>Cash and Cash Equivalents</b>   |      |                   |                   |
| Bank Balances                      | 16   | 33,795,485        | 10,344,270        |
| Cash in Hand                       | 17   | 127,236           | 476,907           |
| <b>Total Financial Assets</b>      |      | <b>33,922,721</b> | <b>10,821,177</b> |
| <b>Total Financial Assets</b>      |      | <b>33,922,721</b> | <b>10,821,177</b> |
| <b>Financial Liabilities</b>       |      |                   |                   |
| Payables-Due to CRF                | 18   | 33,922,721        | 10,821,177        |
| <b>Total Financial Liabilities</b> |      | <b>33,922,721</b> | <b>10,821,177</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Tharaka Nithi County Receiver of Revenue Financial Statements were approved on **20<sup>th</sup> July 2023** and signed by:



Moses Bundi  
 Receiver of Revenue



CPA. Nduati E.K.  
 Director Accounting Services  
 ICPAK Reg.No.6720

Receiver of Revenue  
County Government of Tharaka Nithi  
Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

9. STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2023

| Receipts                                  | Original Budget    | Adjustments       | Final Budget       | Actual on Comparable Basis | Budget Realisation Difference | % of Realisation |
|---|--------------------|-------------------|--------------------|----------------------------|-------------------------------|------------------|
|   | a                  | B                 | c=a+b              | D                          | e=c-d                         | f=d/c %          |
| <b>County Own Source Revenue</b>          | Ksh                | Ksh               | Ksh                | Ksh                        | Ksh                           |                  |
| Parking Fees                              | 16,900,390         | 3,000,000         | 19,900,390         | 8,684,840                  | (11,215,550)                  | 44%              |
| Plot / Land Rates & Rents                 | 7,654,990          | 2,000,000         | 9,654,990          | 2,789,883                  | (6,865,107)                   | 29%              |
| Single Business Permit                    | 60,500,000         | 8,000,000         | 68,500,000         | 69,084,571                 | 584,571                       | 101%             |
| Barter Market Entrance and Slaughter Fees | 20,831,200         | -                 | 20,831,200         | 9,688,716                  | (11,142,484)                  | 47%              |
| Rent / Lease County Houses and Stalls     | 4,700,420          | -                 | 4,700,420          | 2,892,341                  | (1,808,079)                   | 62%              |
| Livestock and Agriculture Produce Cess    | 2,500,000          | -                 | 2,500,000          | 1,720,230                  | (779,770)                     | 69%              |
| Natural Resources Excavation Cess         | 55,084,200         |                   | 55,084,200         | 37,432,401                 | (17,651,799)                  | 68%              |
| Hospital Fees                             | 112,800,000        | 10,000,000        | 122,800,000        | 125,046,463                | 2,246,463                     | 102%             |
| Property Fees                             | 10,000,000         | 7,300,000         | 17,300,000         | 2,178,508                  | (15,121,492)                  | 13%              |
| Technical Services                        | 4,500,000          | (600,000)         | 3,900,000          | 4,246,180                  | 346,180                       | 109%             |
| Administration Fees and Charges           | 12,850,800         |                   | 12,850,800         | 1,737,626                  | (11,113,174)                  | 14%              |
| Tourism (Mt. Kenya Lodge)                 | 978,000            | -                 | 978,000            | -                          | (978,000)                     | 0%               |
| Weights and Measures                      | 300,000            | -                 | 300,000            | -                          | (300,000)                     | 0%               |
| Liquor License                            | 16,000,000         | 2,000,000         | 18,000,000         | 14,558,000                 | (3,442,000)                   | 81%              |
| Veterinary Services                       | 300,000            | 8,300,000         | 8,600,000          | 5,963,438                  | (2,636,562)                   | 69%              |
| Co-operative Services                     | 100,000            | -                 | 100,000            | -                          | (100,000)                     | 0%               |
| Miscellaneous                             | 24,000,000         | (10,000,000)      | 14,000,000         | 714,453                    | (13,285,547)                  | 5%               |
| <b>Total</b>                              | <b>350,000,000</b> | <b>30,000,000</b> | <b>380,000,000</b> | <b>286,737,650</b>         | <b>(93,262,350)</b>           | <b>75%</b>       |

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

Tharaka Nithi County Receiver of Revenue Financial Statements were approved on **20<sup>th</sup> July 2023** and signed by:



Moses Bundi  
Director Revenue



CPA. Nduati E.K  
Director Accounting Services  
ICPAK Reg. No. 6720



Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

10. STATEMENT OF ARREARS OF REVENUE AS AT 30<sup>th</sup> JUNE 2023

| Classification of Receipts | Balance as at 30 <sup>th</sup> June 2022 | Arrears received during the Year | Additions in arrears During the Year | Total arrears as at 30 <sup>th</sup> June 2023 | Measures taken to recover the arrears | Assessment to the recoverability of arrears |
|----------------------------|--|----------------------------------|--------------------------------------|--|---------------------------------------|---|
| Land / Plot Rent           | 51,624,279                               | 2,789,883                        | 5,018,998                            | 53,853,394                                     | Pubic sensitization and enforcement   | High  |
| Stalls Rent                | 5,090,168                                | 2,892,341                        | 1,000,950                            | 3,198,777                                      |                                       | High  |
| <b>Total Arrears</b>       | <b>56,714,447</b>                        | <b>5,682,224</b>                 | <b>6,019,948</b>                     | <b>57,052,171</b>                              |                                       |   |

**Note:**

Only above two (2) revenue streams are accrued and cumulative. All other revenue streams are payable upon client seeking County services or operating levied business.

The ageing analysis of revenue in arrears has been shown on Note 19 of these Financial Statements

Tharaka Nithi County Receiver of Revenue Financial Statements and Explanation Notes were approved on **20<sup>th</sup> July 2023** and signed by:



Moses Bundi  
 Receiver of Revenue



CPA. Nduati E.K.  
 Director Accounting Services  
 ICPAK Reg. No. 6720

**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 Tharaka Nithi. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

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

**2. Recognition of Receipts**

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

**3. Budget**

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 14<sup>th</sup> June 2022 for the period 01<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 as required by law. There have been no 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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Revenue in Arrears**

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

**6. Disbursements to CRF**

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account on weekly basis. Total disbursements to the CRF are as a result of the transfer arrangement during the financial year amount to Ksh. 263,519,874 (FY 2021/22 Ksh. 239,381,562)

**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 30<sup>th</sup> June, 2023

Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30 June, 2023

12. NOTES TO THE FINANCIAL STATEMENTS

1. PARKING FEES

| Description           | 2022/2023        | 2021/2022        |
|-----------------------|------------------|------------------|
|                       | Ksh              | Ksh              |
| Vehicles Parking Fees | 8,684,840        | 8,309,270        |
| <b>Total</b>          | <b>8,684,840</b> | <b>8,309,270</b> |

2. PLOT RENT

| Description  | 2022/2023        | 2021/2022        |
|--------------|------------------|------------------|
|              | Ksh              | Ksh              |
| Plot Rent    | 2,789,883        | 3,089,795        |
| <b>Total</b> | <b>2,789,883</b> | <b>3,089,795</b> |

3. SINGLE BUSINESS PERMITS

| Description                 | 2021/2022         | 2020/2021         |
|-----------------------------|-------------------|-------------------|
|                             | Ksh               | Ksh               |
| Annual Business Permit Fees | 56,850,255        | 43,925,142        |
| Advertisement               | 12,234,316        | 3,999,000         |
| <b>Total</b>                | <b>69,084,571</b> | <b>47,924,142</b> |

4. BARTER MARKET ENTRANCE AND SLAUGHTER FEE

| Description       | 2022/2023        | 2021/2022        |
|-------------------|------------------|------------------|
|                   | Ksh              | Ksh              |
| Market entry fees | 9,688,716        | 7,545,149        |
| <b>Total</b>      | <b>9,688,716</b> | <b>7,545,149</b> |

5. RENT / LEASE OF COUNTY HOUSES AND STALLS

| Description        | 2022/2023        | 2021/2022        |
|--------------------|------------------|------------------|
|                    | Ksh              | Ksh              |
| Stalls/kiosks rent | 2,892,341        | 3,274,326        |
| <b>Total</b>       | <b>2,892,341</b> | <b>3,274,326</b> |

Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. LIVESTOCK AND AGRICULTURE PRODUCE CESS

| Description              | 2022/2023        | 2021/2022      |
|--------------------------|------------------|----------------|
|                          | Ksh              | Ksh            |
| Agriculture Farm Produce | 1,720,230        | 519,120        |
| <b>Total</b>             | <b>1,720,230</b> | <b>519,120</b> |

7. NATURAL RESOURCES EXCAVATION CESS

| Descriptions                | 2022/2023         | 2021/2022         |
|-----------------------------|-------------------|-------------------|
|                             | Ksh               | Ksh               |
| Stone, Murram and Sand Cess | 37,432,401        | 30,257,630        |
| <b>Total</b>                | <b>37,432,401</b> | <b>30,257,630</b> |

8. HOSPITAL FEES

| Description           | 2022/2023          | 2021/2022          |
|-----------------------|--------------------|--------------------|
|                       | Ksh                | Ksh                |
| Hospital Service Fees | 122,312,863        | 102,726,546        |
| Public Health         | 2,733,600          | 1,691,200          |
| <b>Total</b>          | <b>125,046,463</b> | <b>104,417,746</b> |

9. PROPERTY FEES

| Description                       | 2022/2023        | 2021/2022        |
|-----------------------------------|------------------|------------------|
|                                   | Ksh              | Ksh              |
| Application for Property Transfer | 1,199,508        | 952,200          |
| Minutes Search                    | 979,000          | 380,500          |
| <b>Total</b>                      | <b>2,178,508</b> | <b>1,332,700</b> |

10. TECHNICAL SERVICES FEES

| Description             | 2022/2023        | 2021/2022        |
|-------------------------|------------------|------------------|
|                         | Ksh              | Ksh              |
| Building Plans Approval | 4,246,180        | 4,740,567        |
| <b>Total</b>            | <b>4,246,180</b> | <b>4,740,567</b> |

Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. ADMINISTRATIVE FEES AND CHARGES

| Description                           | 2022/2023        | 2021/2022        |
|---------------------------------------|------------------|------------------|
|                                       | Ksh              | Ksh              |
| Fire Services                         | 287,800          | 12,800           |
| Fines and Penalties                   | 373,936          | 634,388          |
| Hire of County Equipment / Lorry      | 572,919          | -                |
| Other Administrative Fees and Charges | 502,971          | 635,096          |
| <b>Total</b>                          | <b>1,737,626</b> | <b>1,282,284</b> |

12. TOURISM FEES

| Description     | 2022/2023 | 2021/2022      |
|-----------------|-----------|----------------|
|                 | Ksh       | Ksh            |
| Park Entry fees | -         | 276,200        |
| <b>Total</b>    | <b>-</b>  | <b>276,200</b> |

13. LIQUOUR LICENSES

| Descriptions    | 2022/2023         | 2021/2022         |
|-----------------|-------------------|-------------------|
|                 | Ksh               | Ksh               |
| Liquor licenses | 14,558,000        | 13,374,511        |
| <b>Total</b>    | <b>14,558,000</b> | <b>13,374,511</b> |

14. VETERINARY SERVICES

| Description         | 2022/2023        | 2021/2022        |
|---------------------|------------------|------------------|
|                     | Ksh              | Ksh              |
| Veterinary Services | 5,963,438        | 7,628,620        |
| <b>Total</b>        | <b>5,963,438</b> | <b>7,628,620</b> |

15. MISCELLANEOUS RECEIPTS

| Description           | 2022/2023      | 2021/2022      |
|-----------------------|----------------|----------------|
|                       | Ksh            | Ksh            |
| Unclassified Receipts | 714,453        | 3,200          |
| Surrender of Imprest  | -              | 318,100        |
| <b>Total</b>          | <b>714,453</b> | <b>321,300</b> |

Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. BANK BALANCES

| Name of Bank, Account No. & currency  | Account Number | 2022/2023         | 2021/2022         |
|---|----------------|-------------------|-------------------|
|   |                | Ksh               | Ksh               |
| Tharaka Nithi Revenue Acct. - Equity Bank   | 0210260871230  | 15,688,212        | 4,362,125         |
| Tharaka Nithi Revenue Account - Trans<br>Nation Sacco                             | 68260800224701 | 777,309           | 133,431           |
| Magutuni Hospital Account - KCB   | 01129976870    | -                 | 403,676           |
| Chuka District Hospital Account – KCB   | 01103743147    | -                 | 1,147,589         |
| Tharaka South District Hospital Management<br>Board (Marimanti Hosp) - Co-op Bank | 01141058220502 | -                 | 4,296,160         |
| Kibung'a Sub District Hospital - Co-op Bank                                       | 01141057871700 | -                 | 1,289             |
| Chuka Dist. Hospital Account - Family Bank  | 054000011533   | 13,843,617        | -                 |
| Kibung'a Sub District Hospital - Family Bank                                      | 054000011534   | 5,963             | -                 |
| Tharaka South Dist. Hospital - Family Bank  | 054000011535   | 2,135,767         | -                 |
| Magutuni Hospital Account - Family Bank   | 054000011536   | 1,344,617         | -                 |
| <b>Total</b>  |                | <b>33,795,485</b> | <b>10,344,270</b> |

Receiver of Revenue  
County Government of Tharaka Nithi  
Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH IN HAND

|                               | 2022/2023      | 2022/2023      | 2021/2022      | 2021/2022      |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | Cash at Hand   | Mpesa Balances | Cash at Hand   | Mpesa Balances |
| Marimati Level Four Hospital  | -              | 744            | -              | 122,866        |
| Tharaka South Sub County      | 9,300          | 2,380          | 81,180         | 3,500          |
| Tharaka North Sub County      | 56,600         | 2,600          | 21,570         | 9,350          |
| Mwimbi Sub County             | 630            | 200            | 1,300          | 5,600          |
| Muthambi Sub County           | -              | -              | -              | 3,525          |
| Igamba Ngombe Sub County      | 5,800          | 4,430          | 5,710          | 11,640         |
| Chogoria Town                 | 2,300          | -              | 3,540.00       | 600            |
| Marimati Town                 | 14,150         | 90             | 2,400          | 9,591          |
| Chuka Sub County              | 9,540          | 1,750          | 8,200          | 21,974         |
| Chuka Town                    | 7,330          | -              | 6,430          | 34,410         |
| Chuka General Hospital        | -              | 8,397          | 2,420          | 101,558        |
| Kibunga Sub District Hospital | -              | -              | -              | 2,830          |
| Magutuni Hospital             | -              | 995            | -              | 3,204          |
| Veterinary Services           | -              | -              | 8,860          | -              |
| Physical Planning             | -              | -              | -              | 2,649          |
| Public Health                 | -              | -              | -              | 2,000          |
| <b>Total Cash in Hand</b>     | <b>105,650</b> | <b>21,586</b>  | <b>141,610</b> | <b>335,297</b> |

18. PAYABLES- DUE TO CRF

| Payables                                  | 2021/2023         | 2021/2022         |
|---|-------------------|-------------------|
|   | Ksh               | Ksh               |
| Balance B/f at the beginning of the Year  | 10,821,177        | 15,987,134        |
| Amount collected during the Year          | 286,737,650       | 234,293,360       |
| Bank Charges                              | (116,232)         | (77,755)          |
| Amounts disbursed to CRF during the Year  | (263,519,874)     | (239,381,562)     |
| <b>Balance C/d at the End of the Year</b> | <b>33,922,721</b> | <b>10,821,177</b> |

*This relates to amounts yet to be disbursed to the County Revenue Fund at the end of the financial year*



Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. AGEING ANALYSIS OF REVENUE IN ARREARS

| Description (indicate as applicable) | Less than        | Between           | Over 3 years      | Total             |
|--------------------------------------|------------------|-------------------|-------------------|-------------------|
|                                      | 1 year           | 1-3 years         |                   |                   |
| Land / Plot Rent                     | 5,018,998        | 9,600,250         | 39,243,146        | 53,862,394        |
| Stalls Rent                          | 550,200          | 779,250           | 1,860,327         | 3,189,777         |
| <b>Total</b>                         | <b>5,569,198</b> | <b>10,379,500</b> | <b>41,103,473</b> | <b>57,052,171</b> |

Receiver of Revenue  
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13. APPENDICES

Appendix I: 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 |
|------|--|---|---|-------------------------------|--|
|      |  |   |   |                               |  |
|      |  |   |   |                               |  |
|      |  |   |   |                               |  |
|      |  |   |   |                               |  |

No Waivers or variation of fees and charges was grated during the FY 2022/223

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



----- 20<sup>th</sup> July 2023  
Igantious Mugambi  
Chief Officer Revenue Mobilization

**Receiver of Revenue**  
**County Government of Tharaka Nithi**  
**Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

**Appendix II: 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 for the Financial Year 2021/2022

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status: (Resolved / Not Resolved)</b> | <b>Timeframe: (Put a date when you expect the issue to be resolved)</b> |
|---|--|--|--|---|
| 1. Unsupported Revenue<br><br>1.1 Parking Fee     | The statement of receipts and disbursements and as disclosed in Note 1 to the financial statements reflects parking fees receipts of Kshs.8,309,270. However, records provided for audit review reflected revenue amounting to Kshs.8,289,320 resulting to unexplained variance of Kshs.19,950. Further, the Management did not provide daily, weekly and monthly revenue reports, invoicing records, banking slips, revenue cash book and revenue control sheets in respect to revenue from vehicle parking.<br><br>In the circumstances, the accuracy and completeness of the parking fees of Ksh. 8,309,270 could not be confirmed. | The Management takes note of the audit findings and necessary records and schedules shall be availed for audit review. | Not Resolved                             | 30 <sup>th</sup> September 2023   |
| 1.2 Plot / Land Rates and Rent and Stand Premium  | The statement of receipts and disbursements and as disclosed in Note 2 to the financial statement reflects an amount of Kshs.3,089,795 in respect to receipts from land rates. However, daily, weekly and  |  | Not Resolved                             | 30 <sup>th</sup> September 2023   |

Receiver of Revenue  
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| Reference No. on the external audit Report | Issue / Observations from Auditor  | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|--|--|--------------------------------------|---|
|  | <p>monthly revenue reports, banking slips, receipt books, revenue cash books and daily revenue monitoring reports were not provided for audit. In addition, the statement of arrears of revenue as at 30 June, 2022 reflects a balance of Ksh. 51,624,279 in respect to land / plot rate arrears. Further, the Management did not provide details of the plots, their location, the plot owners ad age analysis of the duration the rates have remained outstanding.</p> <p>In the circumstances, the accuracy and completeness of plot / land rates and premium of Ksh. 3,089,795 could not be confirmed.</p> |  |                                      |   |
| 1.3 Single Business Permit                 | <p>The statement of receipts and disbursements and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.47,924,142 in respect to single business permit. Whereas revenue summaries reflect receipts of Kshs.38,368,217 resulting to unexplained variance of Kshs.9,555,925. Further, the Management did not provide records of invoicing, daily revenue report, receipt books utilised in revenue collection, amount of outstanding revenue from single</p>   | <p>The Management confirms the actual revenue in respect of Single Business Permit during the year under review amount to Ksh. 47,924,142, comprising of Ksh. 43,925,142 and Ksh. 3,999,000 for single business permits and advertisements respectively. The</p> | Not Resolved                         | 30 <sup>th</sup> September 2023                                     |

**Receiver of Revenue  
County Government of Tharaka Nithi  
Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|--|--|--|---|
|   | <p>business permit and daily / weekly revenue control sheets.</p> <p>In addition, the balance of Ksh.47,924,142 includes an amount of Ksh. 3,999,000 in respect of advertisement whose supporting documents including daily, weekly and monthly control sheets were not provided for audit. In addition, a spot check across the County in the month of June 2022 revealed that there several campaign bill boards and posters placed along major roads and towns, but the management did not provide records of revenue collected from the said posters and bills boards.</p> <p>In the circumstances, the accuracy and completeness of the receipts of Ksh. 47,924,142 from single business permit for the year ended 30 June, could not be confirmed.</p> | <p>variance as contained on the summary schedule was error of summation, whereas the report generated from IFMIS has correct figure.</p> <p>The Management takes note of the audit findings and necessary records and schedules regarding the single business permits shall be availed for audit review.</p> |  |   |
| 1.4 Barter Market and Slaughter Fees              | The statement of receipts and disbursements reflects market fees of Kshs.7,545,149 as disclosed in Note 4 to the financial statements. However, supporting documents such as revenue cash book, daily, weekly or monthly revenue reports, receipt books, banking slips or Mpesa statements and daily revenue   | The Management takes note of the audit findings and necessary records and schedules regarding the barter market and slaughter fees shall be availed for audit review.  | Not Resolved                                 | 30 <sup>th</sup> September 2023   |

Receiver of Revenue  
 County Government of Tharaka Nithi  
 Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023

| Reference No. on the external audit Report   | Issue / Observations from Auditor   | Management comments   | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
|  | <p>monitoring reports were not provided for audit. Further, receipts from barter market ad slaughter fees declined by Ksh. 4,502,041 from Ksh. 12,047,190 reported by the County Executive in the financial year 2020/2021 to Ksh. 7,545,149 representing 37% decline. No explanation was provided for the significant decrease in actual revenue during the year.</p> <p>In the circumstances, the accuracy and completeness of receipts of Ksh. 7,545,149 in respect of barter market and slaughter fees could not be confirmed.</p>  | <p>The decline in revenue receipt can be attributed to prevailing draught that adversely affected agriculture produces within the county.</p>                                       |                                      |   |
| 1.5 Rent / Lease of County Houses and Stalls | <p>The statement of receipts and disbursements and as disclosed in Note 5 to the financial statements reflects and amount of Ksh.3,274,326 in respect to rent / lease of County houses and stalls. However, revenue cash book, daily, weekly or monthly revenue reports, tenancy agreements and monthly rental receipt books, banking slips and details of houses and stalls owned by the County Government. Further, the statement of arrears of revenue in the financial statement reflects a balance of Ksh. 5,090,168 in respect to rent / lease of County houses and stalls.</p> | <p>The Management takes note of the audit findings and necessary records and schedules regarding the rent / lease of county houses and stalls shall be availed for audit review</p> | Not Resolved                         | 30 <sup>th</sup> September 2023                                     |

**Receiver of Revenue  
County Government of Tharaka Nithi  
Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|--|--|--|---|
|   | In the circumstances, it was not possible to ascertain the accuracy and completeness of receipts totalling to Ksh. 3,274,326 in respect to rent / lease of County house and stalls   |  |  |   |
| 1.6 Livestock and Agriculture Produce Cess        | <p>The statement of receipts and disbursements reflects an amount of Ksh.519,120 in respect of livestock and agriculture produce cess as disclosed in Note 6 to the financial statements. However, detailed report showing daily revenue collection from livestock and agriculture produce cess, respective cess collection point / station, the categories of cess charged, approved fees and charges in respect to cess fees, invoices and receipts issued and daily banking analysis in respect to revenue collected from cess were not provided for audit</p> <p>In addition, the receipts from livestock and agriculture produce cess declined by Ksh. 1,916,673 from an amount of Ksh. 2,435,793 in the financial year 2020/2021 to an amount of Ksh. 519,120 or 79% decline whose cause has not been explained.</p> | <p>The Management takes note of the audit findings and necessary records and schedules regarding the agricultural produce cess shall be availed for audit review.</p> <p>The decline in revenue receipt can be attributed to prevailing draught that adversely affected agriculture produces within the county</p> | Not Resolved                                 | 30 <sup>th</sup> September 2023   |

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 County Government of Tharaka Nithi  
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| Reference No. on the external audit Report | Issue / Observations from Auditor   | Management comments   | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
|  | In the circumstances, the accuracy and completeness of receipts amount of Ksh. 519,120 could not be confirmed.  |   |                                      |   |
| 1.7 Natural Resources Excavation Cess      | <p>As disclosed in Note 7 to the financial statements, the statement of receipts and disbursements reflects natural resources excavation cess revenue of Ksh. 30,257,630. However, the Management did not provide reports to show daily revenue collection from natural resources excavation cess, respective cess collection points / stations, the categories of cess charged, approves fees and charges in respect to cess fee and charges in respect to cess fees, invoices and receipts issued and daily banking analysis in respect to revenue collected from cess.</p> <p>Further, receipts from natural resources excavation cess declined by Ksh. 21,157,747 from an amount of Ksh. 51,415,377 reported by the County Executive for the year 2020/2021 to Ksh. 30,257,630 representing 41% decline whose cause has not been explained.</p> | The Management takes note of the audit findings and necessary records and schedules regarding the natural resources' excavation cess shall be availed for audit review. | Not Resolved                         | 30 <sup>th</sup> September 2023                                     |



**Receiver of Revenue  
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| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|--|--|--|---|
|   | In the circumstances, the accuracy and completeness of receipts amount of Ksh. 30,257,630 for the year ended 30 June, 2022 could not be confirmed  |  |  |   |
| 1.8 Hospital Fees                                 | <p>The statement of receipts and disbursements and as disclosed in Note 8 to the financial statements reflects Ksh. 104,417,746 in respect to hospital fees which includes Ksh. 1,691,200 in respect to public health which was not supported with revenue cash book, daily, weekly and monthly revenue reports, receipt books, banking slips or Mpesa statements and daily revenue monitoring reports.</p> <p>In the circumstances, the accuracy and completeness of public health fees of Ksh. 1,691,200 could not be confirmed.</p> | The Management takes note of the audit findings and necessary records and schedules regarding the hospital fees shall be availed for audit review.           | Not Resolved                                 | 30 <sup>th</sup> September 2023   |
| 1.9 Technical Services Fees                       | The statement of receipts and disbursements and reflects an amount of Ksh.4,740,567 as disclosed in Note 10 to the financial statement, in respect of technical services which represent revenue from building plans approval. However, the Management did not provide records showing the nature and the number of building plans approved, amount invoiced,  | The Management takes note of the audit findings and necessary records and schedules regarding the technical services fees shall be availed for audit review. | Not Resolved                                 | 30 <sup>th</sup> September 2023   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor  | Management comments | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |        |                     |         |  |              |                                 |
|--|--|---------------------|--------------------------------------|---|--------|---------------------|---------|--|--------------|---------------------------------|
|  | <p>approved fees and charges schedule used, receipts issued and daily banking analysis in respect to revenue from building plans approvals.</p> <p>Further, receipts from building plans approval declined by Ksh. 1,560,963 from an amount of Ksh. 6,301,530 reported by the County Executive in the financial year 2020/2021 to Ksh. 4,740,567 representing 25% decrease in revenue whose cause for the decline has not been explained.</p> <p>In the circumstances, it was not been possible to confirm the accuracy and completeness of technical services fees of Ksh. 4,740,567.</p> |                     |                                      |   |        |                     |         |  |              |                                 |
| 1.10 Administration Fees and Charges       | <p>The statement of receipts and disbursements and as disclosed in Note 11 to the financial statements reflects an amount of Ksh. 1,282,284 in respect administration fees and charges. Which comprised of the following revenue streams;</p> <table border="1" data-bbox="584 1251 1133 1369"> <thead> <tr> <th>Description</th> <th>Amount (Ksh)</th> </tr> </thead> <tbody> <tr> <td>Fire Services</td> <td>12,800</td> </tr> <tr> <td>Fines and Penalties</td> <td>634,388</td> </tr> </tbody> </table>  | Description         | Amount (Ksh)                         | Fire Services   | 12,800 | Fines and Penalties | 634,388 | The Management takes note of the audit findings and necessary records and schedules regarding the administrative fees and charges shall be availed for audit review. | Not Resolved | 30 <sup>th</sup> September 2023 |
| Description                                | Amount (Ksh)   |                     |                                      |   |        |                     |         |  |              |                                 |
| Fire Services                              | 12,800   |                     |                                      |   |        |                     |         |  |              |                                 |
| Fines and Penalties                        | 634,388  |                     |                                      |   |        |                     |         |  |              |                                 |

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 County Government of Tharaka Nithi  
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| 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) |                  |  |  |  |
|--|---|---------------------------------------|-----------------------------------|--|------------------|--|--|--|
|  | <table border="1" data-bbox="600 421 1144 563"> <tr> <td data-bbox="600 421 862 523">Other Administrative Fees and Charges</td> <td data-bbox="862 421 1144 523">635,096</td> </tr> <tr> <td data-bbox="600 523 862 563"><b>Total</b></td> <td data-bbox="862 523 1144 563"><b>1,282,284</b></td> </tr> </table> <p data-bbox="577 603 1144 1193">However, receipts books, daily / weekly revenue collection control sheets, approved fees and charges, assessment reports of the business operated, invoicing, daily banking records and comprehensive schedule showing how the revenue was received and accounted for were not provided for audit. In addition, receipts from administration fees and charges declined by Ksh. 9,713,302 from an amount of Ksh. 10,995,586 reported by the County Executive in the financial year 2020/2021 to Ksh. 1,282,284 in the current year. This represents 88% decline in revenue from administrative fees and charges which has not been explained.</p> <p data-bbox="577 1241 1144 1372">In the circumstances, the accuracy and completeness of administrative fees and charges of Ksh. 1,282,284 could not be confirmed.</p> | Other Administrative Fees and Charges | 635,096                           | <b>Total</b>   | <b>1,282,284</b> |  |  |  |
| Other Administrative Fees and Charges      | 635,096   |                                       |                                   |  |                  |  |  |  |
| <b>Total</b>                               | <b>1,282,284</b>  |                                       |                                   |  |                  |  |  |  |

Receiver of Revenue  
 County Government of Tharaka Nithi  
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| Reference No. on the external audit Report | Issue / Observations from Auditor   | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
|  |   |  |                                      |   |
| 1.11 Tourism Fees                          | <p>The statement of receipts and disbursements reflects and amount of Ksh. 276,200 in respect to tourism fees and as disclosed in Note 14 to the financial statements. However, the daily / weekly or monthly revenue reports, invoicing records, banking slips, revenue cash book and daily revenue control sheets to support the reported balance of revenue from park fees were not provided for audit. Further, receipts from park entry fee declined by Ksh. 459,830 from an amount of Ksh.736,030 reported in the financial year 2020/2021 to Ksh.276,200 during the year under review, representing a 62% decrease in revenue. Reasons for the decline was not indicated in the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the receipts amounting to Ksh. 276,200 as reflected in the financial statement could not be confirmed.</p> | <p>The Management takes note of the audit findings and necessary records and schedules regarding the tourism fees shall be availed for audit review.</p> <p>The decline can be attributed to harsh economic condition that has resulted to low tourist visits.</p> | Not Resolved                         | 30 <sup>th</sup> September 2023                                     |

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| <b>Reference No. on the external audit Report</b>        | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>   | <b>Status: (Resolved / Not Resolved)</b> | <b>Timeframe: (Put a date when you expect the issue to be resolved)</b> |
|--|---|--|--|---|
| 1.12 Miscellaneous Receipts                              | <p>The statement of receipts and disbursements and as disclosed in the Note 17 to the financial statement reflects an amount of Ksh.321,300 in respect to miscellaneous receipts. However, the balance was not supported with revenue cash book, daily, weekly or monthly revenue reports and receipt books, banking slips or Mpesa statements and daily revenue monitoring reports.</p> <p>In the circumstances, the accuracy and completeness of the receipts amounting to Ksh. 321,300 could not be confirmed.</p>   | The Management takes note of the audit findings and necessary records and schedules regarding miscellaneous receipts shall be availed for audit review.  |  |   |
| 2.0 Unaccounted for Receipts from Hospital Services Fees | <p>The statement of receipts and disbursements and as disclosed in the Note 8 to the financial statement reflects an amount of Ksh.104,417,746 in respect to hospital fees which includes Ksh. 102,726,546 being hospital service fees. However, the summaries reflected revenue totalling to Ksh. 113,396,887 resulting to an explained variance of Ksh. 10,670,341. Further, the balance was not supported with records such as revenue control books, banking slips in respect to cash received by cashiers and cash books. In addition, daily, weekly and monthly</p> | The Management confirms the actual revenue in respect of Hospital Service Fees during the year under review amounting to Ksh. 104,417,746 comprising of hospital fees of Ksh. 102,726,546 and public health fees of Ksh. 1,691,200. The variance as contained on the summary schedule was error of summation, whereas the report | Not Resolved                             | 30 <sup>th</sup> September 2023   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor   | Management comments  | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
|  | <p>reconciliations of cash collected by the cashiers and respective banking were not provided for audit review making it difficult to track the movement of cash from cashiers to the County Revenue Fund.</p> <p>In the circumstances, the accuracy and completeness of the hospital service fees amount of Ksh. 102,726,546 could not be confirmed.</p>   | <p>generated from IFMIS has correct figure.<br/><b>Annex III</b></p> <p>The Management takes note of the audit findings and necessary records and schedules regarding hospital service fees shall be availed for audit review.</p>   |                                      |   |
| 3.0 Unconfirmed Comparative Balances       | <p>The Management prepared the first set of the financial statements in respect of Tharaka Nithi County Receiver of Revenue in the current financial year (2021/2022). However, the statement of receipts and disbursement reflects Ksh. 15,987,134 in respect to balances brought forward in the beginning of the year whereas the Receiver of Revenue did not prepare previous year's financial statements. Further, the financial statements reflected comparative balances which could not be confirmed.</p> <p>In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June,2022 could not be confirmed.</p> | <p>In accordance with Section 164 of the PFM Act 2012, an accounting officer for a County Government entity shall prepare financial statements at the end of the year in respect of the entity; the financial statements should contain information and non – financial performance of the entity and is in form that complies with the standards prescribed and</p> | Not Resolved                         | 30 <sup>th</sup> September 2023                                     |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments   | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---|--------------------------------------|---|
|  |                                   | <p>published by the by the Public Accounting Standards Board from time to time.</p> <p>During the year under review, the reporting template was revised with introduction of new sets of financial Statements among them Receiver of Revenue was prepared for the first time as per National Treasury circular AG:4/16/3 Vol II (66) dated 06<sup>th</sup> July 2022.</p> <p>The comparative figures were derived from the audited County Executive Financial Statements for the year ended 30 June, 2021</p> |                                      |   |
| <b>OTHER AUDIT MATTERS</b>                 |                                   |   |                                      |   |

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| Reference No. on the external audit Report | Issue / Observations from Auditor  | Management comments   | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|--|---|--------------------------------------|---|
| 1. Budgetary Control and Performance       | <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual amount on comparable basis of Ksh.350,000,000 and Ksh. 234,293,360 respectively resulting to revenue shortfall of Ksh. 115,706,640 or 33% of the budget. In addition, review of the approved estimates for the year ended 30 June, 2022 established that the County Executive did not budget for revenue from hire of hall and lorry, motorcycles operators, school inspection, food premises and private schools contrary to the provision of the seventh and eighth schedule of Tharaka Nithi County Finance Act, 2019.</p> <p>In the circumstances, the revenue shortfall of Ksh. 115,706,640 may have affected planned development programs that were meant to improve service delivery to the public.</p> | <p>The management wish to acknowledge the shortfall in revenue collections from own sources of revenue during the year under review.</p> <p>The low performance in revenue collection can be attributed to prevailing draught that has ravaged the county coupled with harsh economic conditions in the country that has adversely affected the revenue realization.</p> <p>The County has however, embarked on aggressive revenue mobilization intended to revert the declining trend though enhanced public persuasion and enforcement of defaulters.</p> | Not Resolved                         | 30 <sup>th</sup> September 2023                                     |



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**County Government of Tharaka Nithi**  
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| 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) |
|---|---|---|-----------------------------------|--|
| <b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>            |   |   |                                   |  |
| 1. Delayed Remittance to County Revenue Fund Account                                | <p>The statement of receipts and disbursements reflects Kshs.234,293,360 in respect to total revenue received by the Receiver of Revenue during the year. In addition, there was a bank balance of Kshs.15,987,134 in respect to the previous year resulting to total available balance of Kshs.250,280,494. However, the Receiver of Revenue had disbursed only Ksh. 239,381,562 to the County Revenue Fund leaving a balance of Ksh. 10,821,177 as at 30 June, 2022. It was not clear why the Receiver of Revenue failed to promptly disburse the amount received onto the County Revenue Fund account contrary to Regulation 81(1)(2) of the Public Finance Management (County Government) Regulations, 2015 which states that receivers of revenue shall promptly deposit into the County Exchequer account all receipts due to the County revenue.</p> <p>In the circumstances, the Receiver of Revenue is in breach of the law.</p> | <p>The Management acknowledges holding cash and balances amounting to Ksh. 10,821,177 as at 30<sup>th</sup> June 2022 (Ksh. 15,987,134 FY 2020/21)</p> <p>There was delay by NHIF to remit hospital insurance claims with Ksh. 2 Million received on 30<sup>th</sup> June 2022.</p> <p>The Management has taken note of the audit findings and will ensure the revenue collected is deposited into CRF without delay.</p> | Not Resolved                      | 30 <sup>th</sup> September 2023                                  |
| <b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b> |   |   |                                   |  |

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| <b>Reference No. on the external audit Report</b>                             | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>  | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|---|---|--|---|
| 1. Lack of Approvals, Procedures and Guidelines on the Use of MPESA Pay Bills | <p>The County Executive operated Safaricom M-PESA pay bill number for revenue collection in hospitals. However, the Management did not provide the list of the pay bill numbers and respective approvals from the County treasury in respect to their opening and operation. Further, the Management did not provide details of the users of the pay bill numbers and their access rights together with the approved guidelines on the use of the pay bill numbers.</p> <p>In addition, the receipts collected from the hospital paybill numbers were forwarded to another paybill number identified as the main / mother pay bill number from which the revenue collected is transferred to a revenue collection account in a commercial Bank. However, the Management did not provide a monthly paybill statement for the mother pay bill and there were no monthly reconciliations to facilitate an audit trail of the movement of the revenue collected from the pay bill numbers to the commercial bank and eventual transfer to County Revenue Fund Account (CRF)</p> | <p>The management takes note of the audit findings and documentation of procedures and guidelines on use of mobile money services has been initiated.</p> <p>The mobile money services statements shall be provided for audit review.</p> | Not Resolved                                 | 30 <sup>th</sup> September 2023   |

**Receiver of Revenue**  
**County Government of Tharaka Nithi**  
**Revenue Statement for the Financial Year Ended 30<sup>th</sup> June, 2023**

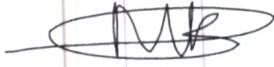
| <b>Reference No. on the external audit Report</b>                          | <b>Issue / Observations from Auditor</b>   | <b>Management comments</b>   | <b>Status: (Resolved / Not Resolved)</b> | <b>Timeframe: (Put a date when you expect the issue to be resolved)</b> |
|--|--|--|--|---|
|  |  |  |  |   |
| 2. Failure to Maintain NHIF and Corporate Claims Reconciliation Statements | The County Government hospitals offered services and made claims to the National Hospital Insurance Fund for settlement, the Management did not provide records detailing all the billings, paid up claims and outstanding claims to be settled by NHIF in respect to the year under audit. In addition, the County Level 4 hospital offered services to corporate clients. However, contract agreements, summary reconciliation statements, and bank deposit slips in respect to corporate clients were not provided for audit review. It was therefore not possible to determine the amount of revenue collected from the corporate clients and whether the money was paid into the County Revenue Fund. | The Management takes note of missing records as per the audit findings and necessary documents shall be availed for audit review | Not Resolved                             | 30 <sup>th</sup> September 2023   |

**Receiver of Revenue  
County Government of Tharaka Nithi  
Revenue Statement for the Financial Year Ended 30 June, 2023**

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***Guidance Notes:***

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



Moses Bundi  
Receiver of Revenue

**Date: 20<sup>th</sup> July 2023**



CPA Nduati E.K.  
Director Accounting Services  
ICPAK Reg. No. 6720

**Date: 20<sup>th</sup> July 2023**