

REPUBLIC OF KENYA



*Enhancing Accountability*

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COMMITTEE	
CLERK AT THE TABLE	Angela

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RECEIVER OF REVENUE**

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

**COUNTY GOVERNMENT OF  
TURKANA**

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OF KENYA  
LIBRARY



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**RECEIVER OF REVENUE  
COUNTY GOVERNMENT OF TURKANA**

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

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

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

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**1. Acronyms and glossary of terms**

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue

b) Glossary of terms

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

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**2. Key Entity Information and Management**

**(a) Background information**

The Turkana County Receiver of Revenue is under the Department of Revenue. At the County Executive Committee level, the Turkana County Receiver of Revenue is represented by the County Executive committee member for Finance and Economic planning, who is responsible for the general policy and strategic direction of the receiver of revenue. The County Executive Committee member for Finance, in accordance with section 157 of the PFM Act, designates the receiver of revenue as a receiver on county government revenue.

**(b) Principal activities**

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

**(c) Key Management Team**

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

- County Executive Committee Member for Finance
- Chief Officer, Finance
- Chief Officers, in charge of departments collecting revenue
- Director, Revenue
- Head of Revenue Reporting...

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**Key Entity information and Management (continued)**

**(d) County Headquarters**

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Kenya

**(e) Entity Contacts**

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

**(f) Independent Auditor**

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

**(g) Principal Legal Adviser**

Office of the County Attorney  
Telephone: (254) 720982310  
E-mail: [Erastus.ethekon@turkana.go.ke](mailto:Erastus.ethekon@turkana.go.ke)  
Website: [www.turkana.go.ke](http://www.turkana.go.ke)

**(h) Bankers (Kenya Commercial Bank-Lodwar branch)**

Telephone: (054)2221082/221083 Mobile:((254)700881391  
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Website: [www.kcb.co.ke](http://www.kcb.co.ke)

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

The performance of own source revenue for the period was fair and the actual collection was Ksh177, 717,810.95 representing 90% realization. The collection can be attributed to cashless mode of collection and automation of most revenue streams, which was embraced by the staff hence, minimised leakages and pilferages.

The county performed as follows in the last three years

Financial Year	Target	Achieved	%Realized	CRF Disbursement
2022/2023	198,000,000	177,717,811	90%	174,374,614
2021/2022	180,000,000	204,349,844	114%	204,060,527
2020/2021	180,000,000	182,858,171	102%	182,858,170
2019/2020	175,000,000	178,840,112	102%	178,840,112

The county has been making complete disbursement to the CRF from its collection account at KCB Lodwar.

The automated system also ensured all collections were automated resulting into timely revenue and real time processing of reports.

However, there has been a slight drop in collection which can highly be attributed to the electioneering period and majorly increased insecurity along the Kainuk Border and the international corridors which always earn the county revenue in-terms of cess, additionally, there has been a general decline in the construction in the county as major county projects have been completed.

County departments have an obligation to oversee revenue collection accruing from their respective units to achieve departmental targets. The streams vary from department to department and collectors are assigned for the purposes of collection, accounting and reporting.

**Mitigating measures**

The department has plans underway to collect streams, which have been underperforming through:

- i) Passing an act in the county assembly to ensure that all county machines hired accrue revenue to the department.
- ii) Activate revenue streams that have been dormant due to elections and a recessive economy.
- iii) Engage the public more to embrace cashless mode of payments to minimize revenue leakages

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



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

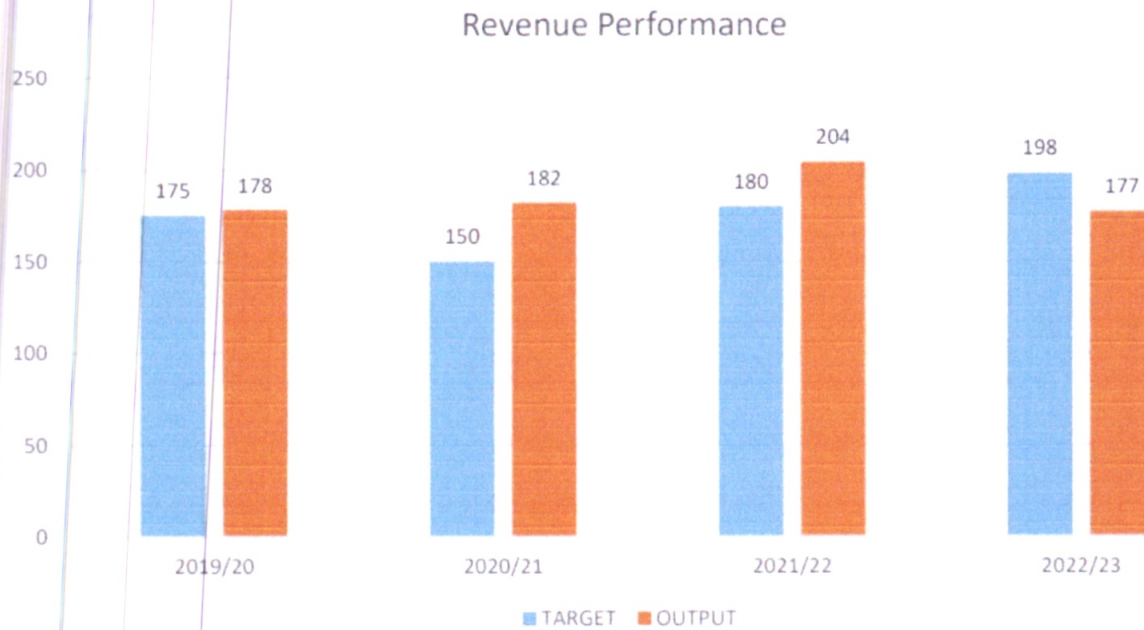
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**4. Management Discussion and Analysis**

The department has been performing well thereby contributing to fulfilment of budget-planned estimates for implementing County programmes and developments.

For the last three years, the department has maintained an upward trajectory of revenue collected thanks to gradual use of automation, which improves efficiency and effectiveness besides sealing revenue leakages.

The graph below shows the performance of revenue collection for the last four years.



In the Financial year 2019/20, the department collected Kshs.178, 840,112

In the Financial year 2020/21, the department collected Kshs. 182,858,171

In the Financial year 2021/22, the department collected Kshs. 204,349,844

In the Financial year 2022/23, the department collected Kshs. 177,717,811

The department has a robust plan of meeting relevant departments and passing legislations, which will legalize collection for dormant streams and have a legal basis to charge specific revenues.

The department of trade in partnership with the department have put market, days in various wards to help boost revenue collection which was not there before.



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**Analysis of revenue performance per stream**

MINISTRY	REVENUE STREAM	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
		FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
TRADE	Single Business Permit	24,337,650	35,088,370	28,575,300	36,072,300	37,850,080	46,158,143
	MARKET FEE(Barter, Fish, Market Stall Fees, Offloading)	4,984,720	3,743,790	3,753,240	3,994,430	17,211,475	7,809,870
	Weights And Measures	169,200	681,000	1,004,530	718,320	188,800	71,520
	Trade Fair	-	-	1,942,620	-		
	Single Business Permit - Refugees	-	-	2,950,050	2,520,400	3,168,932	2,357,207
LANDS	ROYALTY( Murram, Hardcore, Sand, Ballast, Exploitation, Burrow Pit)	29,879,869	22,060,957	26,192,352	21,303,206	18,184,040	11,572,821
	ADVERTISEMENT(Sign Post, Sign Boards)	127,400	1,061,760	461,500	1,040,460	146,200	5,061,383
	PARKING FEE (All Vehicles)	2,734,450	4,098,640	1,052,320	2,527,700	2,631,560	2,763,210
	Land Survey/Application/ Building Approval	10,501,600	16,219,619	13,303,442	14,307,015	10,093,550	8,899,540
	House Rent/Kiosks/Stalls	1,636,390	902,950	2,864,480	2,199,210	1,346,600	3,100,000
TRANSPORT	CESS( Transport , Charcoal						
	Cess,Hide & Skin, Firewood, Miraa Cess)	37,398,850	43,267,800	41,907,005	50,906,505	71,547,848	65,687,966
PASTORAL	SLAUGHTER/AUCTION FEE(Small And Big Animals)	3,292,290	4,747,660	5,518,270	8,625,460	10,086,300	8,363,695
ROADS	TRANSPORT OPERATION FEE (Taxi, Bodaboda, Matatu, Canter, Lorry, And Buses)	9,562,230	5,955,940	9,670,280	8,702,667	801,450	148,400
HEALTH	LIQUOR LICENCES(Liquer SBP And Application Fee )	45,000	102,500	5,558,904	1,186,000	179,850	1,131,000
	HEALTH(LCRH, Public Health & Cost Sharing)	420,080	31,186,737	26,679,450	18,979,079	14,885,692	2,133,270
FINANCE	OTHER FEES AND CHARGES(Hides And Skins)	19,201,009	5,911,028	4,249,368	4,093,598	3,134,846	3,780,775
	Corporates	-	-	5,126,801	5,190,849	12,860,621	8,679,011
TOURISM	Charcoal Cess/Permits	-	-	1,066,780	44,000	32,000	
ENVIRONMENT	Environment	120,500	207,500	5,000	-		
<b>TOTAL</b>		<b>144,411,238</b>	<b>175,236,251</b>	<b>181,881,692</b>	<b>182,411,199</b>	<b>204,349,844</b>	<b>177,717,811</b>

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

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

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

The Receiver of Revenue in charge accepts responsibility for the entity's receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the entity's receiver of revenue account gives a true and fair view of the state of entity's receiver of revenue transactions during the financial year ended June 30, 2023 and of the entity's statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

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

**Approval of the Revenue Statements**

The revenue statements were approved and signed by the Receiver of Revenue on ... 5/12/2023 ... 2023

.....  
Name Nakam Helen  
County Receiver of Revenue

# REPUBLIC OF KENYA

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NAIROBI

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

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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 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, 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 Revenue Statements of Receiver of Revenue - County Government of Turkana set out on pages 1 to 17, which comprise the statement of

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

In my opinion, 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 Receiver of Revenue - County Government of Turkana 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 Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Accuracy of Revenue from Property Rent, Physical Planning and Development**

The statement of receipts and disbursements includes revenue receipts of Kshs.3,100,000 and Kshs.2,451,800 in respect of property rent and physical planning and Development respectively. However, lease agreements, rent assessment/valuation reports and records of rent arrears for the County's rented houses/kiosks/stalls; and register of received land survey/application/building approval applications, summary of issued invoices during the year, field inspection and enforcement reports were not provided for audit review.

In the circumstances, the accuracy and completeness of the revenue from property rent and physical planning and development of Kshs.5,551,800 could not be confirmed.

#### **2. Accuracy of the Statement of Arrears of Revenue**

The statement of arrears of revenue reflects a balance of Kshs.6,820,660 as at 30 June, 2023, comprising of uncollected single business permit revenue arrears for the year under review of Kshs.2,387,008 and arrears brought forward from prior years of Kshs.4,433,652. However, the detailed analysis of the arrears was not provided for audit to establish their completeness and aging analysis. In addition, records of arrears in respect of land rates, property rent, advertising, hospital fees and other revenue streams were not provided for audit review.

In the circumstances, the accuracy and completeness of the statement of arrears of revenue of Kshs.6,820,660 as at 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 Receiver of Revenue - County Government of Turkana 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.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the other information set out on page iv to ix which comprise of Key Entity Information and Management, forward by CECM Finance and Economic Planning, Management Discussion and Analysis, and Statement of Receiver of Revenue 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 and 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, 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. Local Revenue Under Collection**

Turkana County Executive local revenue collections from various revenue streams for the year ended 30 June 2023 amounted to Kshs.177,717,811 representing a 90% performance against the budgeted amount of Kshs.198,000,000 resulting in under-collection of Kshs.20,282,189 or 10% of budgeted amount. Further, the local revenue collections amount of Kshs.177,717,811 for the year reduced by Kshs.26,632,033 from Kshs.204,349,844 collected in year ended 30 June 2022 and the management has not provided measures being put in place to ensure that local revenue targets are met to enhance service delivery to the residents of Turkana County.

In the circumstances, under collection of local revenue negatively affects the execution of planned programs and activities and therefore results in non-delivery of services to the residents of Turkana County.

## **2. Delay in Transfer of Own Source Revenue to CRF**

The statement of receipts and payments reflects disbursement to County Revenue Fund amount of Kshs.174,374,614 for the year ended 30 June 2023. However, the amount of Kshs.174,374,614 was transferred into the county revenue fund in eighteen (18) tranches as indicated in the **Appendix I** instead of on a weekly basis, contrary to Regulation 81(2) of the Public Finance Management (County Government) Regulations, 2015 which states that the receivers of revenue shall promptly pay the revenue received into 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 Management was in breach of the law and affected funding of approved budget as funds are held outside CRF for longer periods than required.

## **3. Non Compliance with the Reporting Template**

The independent Auditor details on page v erroneously reflect the name Kenya National Audit Office.

Management have not complied with the Kenya Accounting Standards Board Reporting Template.

The audit was conducted in accordance with the International Standards of 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards of 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 the Management and those Charged with Governance**

The 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Receiver of Revenue to cease to sustain its services.



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

I communicate with 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

12 February, 2024

## Appendix I - Transfer of Funds from County Receiver of Revenue

	<b>Date Deposited</b>	<b>Amount (Kshs.)</b>
1	31/08/2022	9,000,000
2	22/09/2022	8,400,000
3	3/10/2022	5,900,000
4	1/11/2022	10,790,000
5	9/11/2022	3,400,000
6	30/11/2022	8,500,000
7	8/12/2022	3,630,274
8	16/12/2022	2,916,881
9	23/12/2022	2,870,000
10	24/01/2023	17,900,000
11	1/2/2023	9,888,000
12	16/02/2023	12,068,000
13	24/02/2023	5,798,000
14	18/03/2023	13,500,000
15	5/4/2023	11,795,000
16	28/04/2023	15,018,459
17	24/05/2023	16,000,000
18	26/06/2023	17,000,000
	<b>Total</b>	<b>174,374,614</b>

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

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

	Note	FY 2022/2023	Comparative FY 2021/2022
		Kshs	Kshs
<b>County Own Source Revenue</b>			
Cess	1	76,938,507	90,565,338
Land Rate	2	6,447,740	10,093,550
Single/Business Permits	3	48,515,350	41,019,012
Property Rent	4	3,100,000	1,346,600
Parking Fees	5	2,763,210	2,631,560
Market Fees	6	7,809,870	17,211,475
Advertising	7	5,061,383	146,200
Hospital Fees	8	-	12,240,912
Public Health Service Fees	9	2,133,270	2,644,780
Physical Planning and Development	10	2,451,800	-
Hire Of County Assets	11	1,000	-
Conservancy Administration	12	238,680	-
Administration Control Fees and Charges	13	22,048,001	26,450,417
Park Fees	14	209,000	-
<b>Total County Own Source Revenue</b>		<b>177,717,811</b>	<b>204,349,844</b>
Balance b/f at the beginning of the year		346,710	88,410
<b>Disbursements To CRF</b>		<b>(174,374,614)</b>	<b>(204,060,527)</b>
Bank charges	15	(21,771)	(31,017)
<b>Balance Due for Disbursement</b>		<b>3,668,136</b>	<b>346,710</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 5/12/2023 and signed by:

*Narcan Hellen*

.....  
 Name *Narcan Hellen*  
 County Receiver of Revenue  
 (Ref: PFM ACT section 165, 2(a))

*Lopelem Peter*

.....  
 Name *LOPELEM PETER*  
 Head of Revenue Reporting  
 ICPAK M/No *22331*

Receiver Of Revenue  
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8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2023

	Note	FY 2022/2023 Kshs	FY 2021/2022 Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances	16	3,529,656	127,010
Cash In Hand	17	138,480	219,700
<b>Total Financial Assets</b>		<b>3,668,136</b>	<b>346,710</b>
<b>Total Financial Assets</b>		<b>3,668,136</b>	<b>346,710</b>
<b>Financial Liabilities</b>			
Payables-Due to CRF	18	3,668,136	346,710
<b>Total Financial Liabilities</b>		<b>3,668,136</b>	<b>346,710</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 5/12/2023 and signed by:

*Nakany - 8*  
 Name *Nakany Heller*  
 County Receiver of Revenue

*[Signature]*  
 Name *LOPELON PETER*  
 Head of Revenue Reporting  
 ICPAK M/No *22 331*

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

Receipt	Original Targets	Adjustments	Final Targets	Actual On	Budget	% Of Realization
				Comparable Basis	Realization Difference	
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs		Kshs
<b>County Own Source Revenue</b>						
Cess	89,180,268	-	89,180,269	76,938,507	12,241,762	86%
Land Rate	17,554,561	-	17,554,563	6,447,740	11,106,823	37%
Single/Business Permits	36,557,529	-	36,557,529	48,515,350	- 11,957,822	133%
Property Rent	1,887,917	-	1,887,917	3,100,000	- 1,212,083	164%
Parking Fees	961,522	-	961,522	2,763,210	- 1,801,688	287%
Market Fees	3,196,230	-	3,196,230	7,809,870	- 4,613,640	244%
Advertising	416,900	-	416,900	5,061,383	- 4,644,483	1214%
Public Health Service Fees	24,119,393	-	24,119,393	2,133,270	21,986,123	9%
Physical Planning and Development	-	-	-	2,451,800	- 2,451,800	0%
Hire Of County Assets	4,301,385	-	4,301,385	1,000	4,300,385	0%
Conservancy Administration	4,534	-	4,534	238,680	- 234,146	5265%
Administration Control Fees and Charges	17,916,512	-	17,916,512	22,048,001	- 4,131,489	123%
Park Fees		-	-	209,000	- 209,000	0%
Other Fines, Penalties, And Forfeiture Fees	1,903,251	-	1,903,251	-	1,903,251	0%
<b>Total County Own Source Revenue</b>	<b>198,000,000</b>	<b>-</b>	<b>198,000,003</b>	<b>177,717,811</b>	<b>20,282,192</b>	<b>90%</b>

Receiver Of Revenue  
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Commentary on Over-realization

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization	Remarks
	A	B	C=A+B	D	E=C-D	F=D/C %	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Single/Business Permits	36,557,529	-	36,557,529	48,515,350	11,957,822	133%	Full automation of the permits and segmenting the permits to wards made collections easier and payments are strictly online.
Property Rent	1,887,917	-	1,887,917	3,100,000	1,212,083	164%	Proper enforcement on collection
Parking Fees	961,522	-	961,522	2,763,210	1,801,688	287%	Proper enforcement on collection on permits
Market Fees	3,196,230	-	3,196,230	7,809,870	4,613,640	244%	Proper enforcement on collection on markets
Advertising	416,900	-	416,900	5,061,383	4,644,483	1214%	The collection was included in the permits which made it easier to collect
Conservancy Administration	4,534	-	4,534	238,680	234,146	5265%	Proper enforcement on collection
Administration Control Fees and Charges	17,916,512	-	17,916,512	22,048,001	4,131,489	123%	Proper management of slaughter houses and promotion of livestock business by the Livestock department

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Commentary on under-utilization


Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization	EXPLANATIONS
	A	B	C=A+B	D	E=C-D	F=D/C %	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Cess	89,180,268	-	89,180,269	76,938,507	12,241,762	86%	Construction in the county has slowed down as major projects are complete. Weighbridge patrols have made transporters shy away as penalties are huge on road users. Insecurity along the highways hampered transportation of goods
Land Rate	17,554,561	-	17,554,563	6,447,740	11,106,823	37%	Land survey was stopped at Lodwar Municipality(Highest earner) because of land regularization
Public Health Service Fees	24,119,393	-	24,119,393	2,133,270	21,986,123	9%	Lack of commodities and delays by the public health department to issue licences.

**Receiver Of Revenue  
County Government Of Turkana  
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Physical Planning and Development	-	-	-	2,451,800	2,451,800	0%	The targets were set inclusive in the land rates targets
Hire Of County Assets	4,301,385	-	4,301,385	1,000	4,300,385	0%	No County machines hired reported any revenue
Park Fees	-	-	-	209,000	1,694,251	11%	Insecurity has hampered local and international tourists
Other Fines, Penalties, And Forfeiture Fees	1,903,251	-	1,903,251	-	-	0%	The targets were set inclusive in the administration control fees and Charges

The County Receiver of revenue's financial statements were approved on 5/12/2023 and signed by:

  
 Name Nakam Helen  
 County Receiver of Revenue

  
 Name LOPELEM PETER  
 Head of Revenue Reporting  
 ICPAK M/No 22331



Receiver Of Revenue  
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10. Statement of Arrears of Revenue as at 30th June 2023

Classification Of Receipts	Balance as at The beginning of the current year (1 <sup>st</sup> July 2022)	Arrears received during the year.	Additions in arrears for the current year to June 30, 2023	Total arrears as at 30 June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
	A	B	C	D=A+(B)+C		
(Indicate As Applicable)						
Single/Business Permits	4,433,652	-	2,387,008	6,820,660	The department shall engage the assembly on recovery of revenue in arrears	Not done
<b>Total revenue in arrears</b>	<b>4,433,652</b>	<b>-</b>	<b>2,387,008</b>	<b>6,820,660</b>		

*Naikany*

Name *Naikany Helen*  
 County Receiver of Revenue  
 (Ref: PFM ACT section 165, 2(a))

*W. Peter*

Name *W. Peter*  
 Head of Revenue Reporting  
 ICPAK M/No 2233

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

## **11. Significant Accounting Policies**

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

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

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

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

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

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

### **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 Turkana for the period 1st July 2022 to 30th June 2023 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

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

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

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

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**5. Revenue in Arrears**

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

**6. Disbursements to CRF**

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. Total disbursements to the CRF are because of the transfer arrangement during the year. As per the communication of CECM Finance to revenue collection, account at KCB.

**7. Comparative Figures**

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

**8. Subsequent Events**

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

**9. Adjusted Closing balance**

The cashbook Mpesa paybill closing balance for December 2022 is kshs 703,040 which includes kshs 508,410 of revenue collected in December but received on 01 January, 2023 and paybill closing balance of kshs 194,630.

## 12. Notes to the Financial Statements

### 1. Cess

Description	2022/2023	2021/2022
	Kshs	Kshs
Quarrying	11,572,821	19,017,490
Transport	65,365,686	71,547,848
<b>Total</b>	<b>76,938,507</b>	<b>90,565,338</b>

### 2. Land rates

Description	2022/2023	2021/2022
	Kshs	Kshs
Land rates and Surveys	6,447,740	10,093,550
<b>Total</b>	<b>6,447,740</b>	<b>10,093,550</b>

### 3. Single /Business Permits

Description	2022/2023	2021/2022
	Kshs	Kshs
Annual Business permit fees	48,515,350	41,019,012
<b>Total</b>	<b>48,515,350</b>	<b>41,019,012</b>

### 4. Property Rent

Description	2022/2023	2021/2022
	Kshs	Kshs
County Housing	3,100,000	1,346,600
<b>Total</b>	<b>3,100,000</b>	<b>1,346,600</b>

### 5. Parking Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Bus Park fees	2,763,210	2,631,560
<b>Total</b>	<b>2,763,210</b>	<b>2,631,560</b>

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Notes to the Financial Statements (Continued)

6. Market Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Others (Barter)	7,809,870	17,211,475
<b>Total</b>	<b>7,809,870</b>	<b>17,211,475</b>

7. Advertising

Descriptions	2022/2023	2021/2022
	Kshs	Kshs
Billboard advertising	5,061,383	146,200
<b>Total</b>	<b>5,061,383</b>	<b>146,200</b>

8. Hospital Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Level 4 hospitals	-	12,240,912
<b>Total</b>	<b>-</b>	<b>12,240,912</b>

9. Public Health Service Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Inspection for issuance of hygiene license	2,133,270	2,644,780
<b>Total</b>	<b>2,133,270</b>	<b>2,644,780</b>

10. Physical Planning and Development

Description	2022/2023	2021/2022
	Kshs	Kshs
Building plans approval	2,451,800	-
<b>Total</b>	<b>2,451,800</b>	<b>-</b>

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Notes to the Financial Statements (Continued)

11. Hire Of County Assets

Description	2022/2023	2021/2022
	Kshs	Kshs
Others (Chairs)	1,000	-
<b>Total</b>	<b>1,000</b>	<b>-</b>

12. Conservancy Administration

Description	2022/2023	2021/2022
	Kshs	Kshs
Dumpsite fees	238,680	-
<b>Total</b>	<b>238,680</b>	<b>-</b>

13. Administration Control Fees and Charges

Description	2022/2023	2021/2022
	Kshs	Kshs
Weights and measures	71,520	188,800
Fire Services	22,000	-
Liquor licenses	1,131,000	179,850
Slaughter house fees	8,363,695	10,086,300
Others (Corporates)	8,679,011	12,860,621
Others (Charges)	3,780,775	3,134,846
<b>Total</b>	<b>22,048,001</b>	<b>26,450,417</b>

14. Park Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Lodge Tariffs and levies	209,000	-
<b>Total</b>	<b>209,000</b>	<b>-</b>

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 County Government Of Turkana  
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Notes to the Financial Statement (Continued)

15. Bank Charges

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank Charges & commissions	21,771	31,017
<b>Total</b>	<b>21,771</b>	<b>31,017</b>

16. Bank Balances

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	2022/2023	2021/2022
			Kshs	Kshs
KCB Lodwar Branch A/c no.1140763687-Kes	3,529,656	-	3,529,656	127,010
<b>Total</b>	<b>3,529,656</b>	<b>-</b>	<b>3,529,656</b>	<b>127,010</b>

16. (a) Balance carried forward as at 30<sup>th</sup> June 2023 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
Disbursement 1	3,668,136	10 July 2023
<b>Total</b>	<b>3,668,136</b>	

17. Cash in hand

Description	2022/2023	2021/2022
Mobile Money-Mpesa paybill 4232323	138,480	219,700
<b>Total</b>	<b>138,480</b>	<b>219,700</b>

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Notes to the Financial Statement (Continued)

18. Payables- Due To CRF

Payables	2022/2023	2021/2022
	Kshs	Kshs
Balance b/f at the beginning of the year	346,710	88,410
Amount collected during the year	177,717,811)	204,349,844
Amounts disbursed to CRF during the year	(174,374,614)	( 204,060,527)
<b>Balance c/d at the end of the year</b>	<b>3,668,136</b>	<b>346,710</b>

19. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Single/business permits		6,820,660			6,820,660
<b>Total</b>		6,820,660			6,820,660



20. Appendices

**Appendix 1: Progress on follow up of prior Year Auditor Recommendations.**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Incorrect comparative figures.</b></p> <p>1.1 The statement of receipts and disbursements reflects comparative cess revenue of kshs80,980,350 while the audited 2020/2021 audited revenue statements reflect kshs 59,677,144 resulting to an unexplained variance of kshs 21,303,206</p> <p>1.2 The statement of receipts and disbursements reflects comparative nil amount on miscellaneous receipts while 2020/2021 audited revenue statements reflect balance kshs 2,606,295 resulting to an unexplained variance of kshs 2,606,295</p> <p>1.3 The statement of financial assets and Liabilities reflects comparative nil balance on payables due to CRF while the 2020/2021 audited revenue statements reflect ksh 3,000 resulting to an unexplained variance of ksh 3,000.</p>	<p>The comparative balances of the revenue sources have been amended with the balances in the audited financial statements of the County Executive.</p>	<p>Resolved</p>	
	<p><b>Non-compliance with the reporting template</b> The revenue statement presented for audit omitted the GOK IFMIS comparison trial</p>		<p>Resolved</p>	

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

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)
	balance,GOK Miscellaneous receipts reister and FO 30 (Bank reconciliation)for all bank accounts as required by the reporting template. This is contrary to section68(1)of the Public Finance Management (County Government)regulations,2015 which states that the annual,quarterly,and monthly statement by a receiver of revenue submitted to the county Treasury under section 158(3)and 165 of the Act,Shall be in the format gazetted by the cabinet secretary.This also contravened the National Treasury circular Ref AG4/16/3 Vol .2(66) of 06 July,2022 that issued revised revenue statement reporting template for state organs and public entities effective 30 June,2022			
1.	<b>Unrealized revenue</b> During the year under review,single business permit invoices amounting to kshs 46,058,811 were issued out of which only kshs 41,625,159 was collected resulting to unrealized revenues of kshs 4,433,652.Management has not explained the measures put in place to recover the outstanding business permit in arrear		Not resolved	January 2024
2.	Revenue recording weakness The statement of receipts and disbursement reflect own source revenue collections of kshs 204,349,844 which includes kshs 10,093,550 collected from land and poll rate and building		Not resolved	1 <sup>st</sup> July 2023

Receiver Of Revenue  
 County Government Of Turkana  
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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)
	plans charges.,However,counter book used to record these services omitted critical details of nature of transactions,size,type and location of land and buildings. In addition,the county physical and land use development plan was not provided for audit. In the circumstances,the internal controls on revenue collection from land and poll rate and building plans could not be confirmed			

*Naricom*

.....  
 Name *Naricom Helton*  
 County Receiver of Revenue

Date *5/12/2023*

*WPKM*

.....  
 Name *WPKM PETER*  
 Head of Revenue Reporting

ICPAK M/No *22331*

Date *5/12/2023*