

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	9/5/2024
TABLED BY	Sen. Orwoge
COMMITTEE	—
CLERK AT THE TABLE	Cherop

OF

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

**RECEIVER OF REVENUE – REVENUE
STATEMENTS**

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

COUNTY GOVERNMENT OF TRANS NZOIA



RECEIVER OF REVENUE
(County Government of Trans nzoia)

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

*Receiver Of Revenue
County Government Of Trans_nzoia
Revenue Statements for the Period Ended 30th June 2023*

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***Receiver Of Revenue
County Government Of Trans-nzoia
Revenue Statements for the Period Ended 30th June 2023***

1. Acronyms and glossary of terms

a) Acronyms

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

b) Glossary of terms

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

2. Key Entity Information and Management

(a) Background information

The Receiver of Revenue is under the Department of Finance and Economic Planning. At the County Executive Committee level, the Receiver of Revenue is represented by the County Executive committee member for Finance who is responsible for the general policy and strategic direction of the Receiver of Revenue. The Receiver of Revenue is designated as a receiver on 30th June 2023 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

(b) Principal activities

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

(c) Key Management Team

The County Government of Trans-Nzoia's 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...

Receiver Of Revenue
County Government Of Trans-nzoia
Revenue Statements for the Period Ended 30th June 2023

(d) County Headquarters

P.O. Box 4211-30200
County Head Quarter Building
Moi Avenue
KITALE KENYA

(e) County Executive Bankers

Telephone: (054) 30301/2
E-mail: countyoftranszoia@gmail.com
Website: wwwtranszoia.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

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O BOX 40112
City Square 00200
NAIROBI, KENYA

(h) Bankers

Kenya Commercial Bank (KCB)- Kitale Branch A/C :1284890635
Equity Bank – Kitale Branch A/C: 0330260729452
SBM Bank – Kitale Branch A/C: 0402380769001, 0402380766001, 0402380770001,
0402380771001, 0402380772001, 0402380772001.

(i) County Attorney

Trans- nzoia County Attorney
P.O. Box 4211-30200
County Head Quarter Building
Moi Avenue
KITALE, KENYA

3. Foreword By the CECM Finance and Economic Planning

The County's Own Source Revenue (OSR) is an integral part of the County's resource envelope contributing about 6% of the revenue receipts each financial year. In the financial year 2022/2023, the total of OSR was Ksh 493,306,859/=against budget of Ksh.629,500,000/=representing 78%. over the years revenue has performed below par but continually improved. In 2021/2022 the total OSR collection was Ksh379,000,000/=compared to Ksh 493,306,859/= collected in the year 2022/2023.

The reasons for under collection include;

1. Incomplete automation of revenue collection.
2. Lack of an updated valuation roll.
3. Lack of reliable businesses register.
4. Inadequate revenue collection staff.

It is planned and anticipated that the Own Sources Revenue (OSR) collection will improve in the current financial year because the Department of Finance and Economic Planning has started the procurement of a new and all-round revenue collection system. The process should be complete before the end of the second quarter of the financial year just in time to take advantage of the peak collection which is in the third quarter.

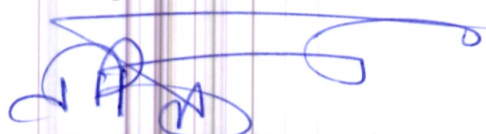
The system will also address the issue of updating the businesses register.

At the same time, the preparation of an updated valuation roll is completed and will be rolled out before the end of the second quarter.

Additionally, in intend for recruitment of revenue collection staff has been submitted to the County Public Service Board. Hopefully, the recruitment process will be completed before the end of the second quarter.

In effect therefore the county is poised to meet its OSR collection targets and probably surpass it.

Further improvements including development of county revenue collection strategy paper and carrying out revenue mapping are planned. It is the county's deliberate effort to reduce over reliance on the exchequer.



CPA Bonface Wanyonyi

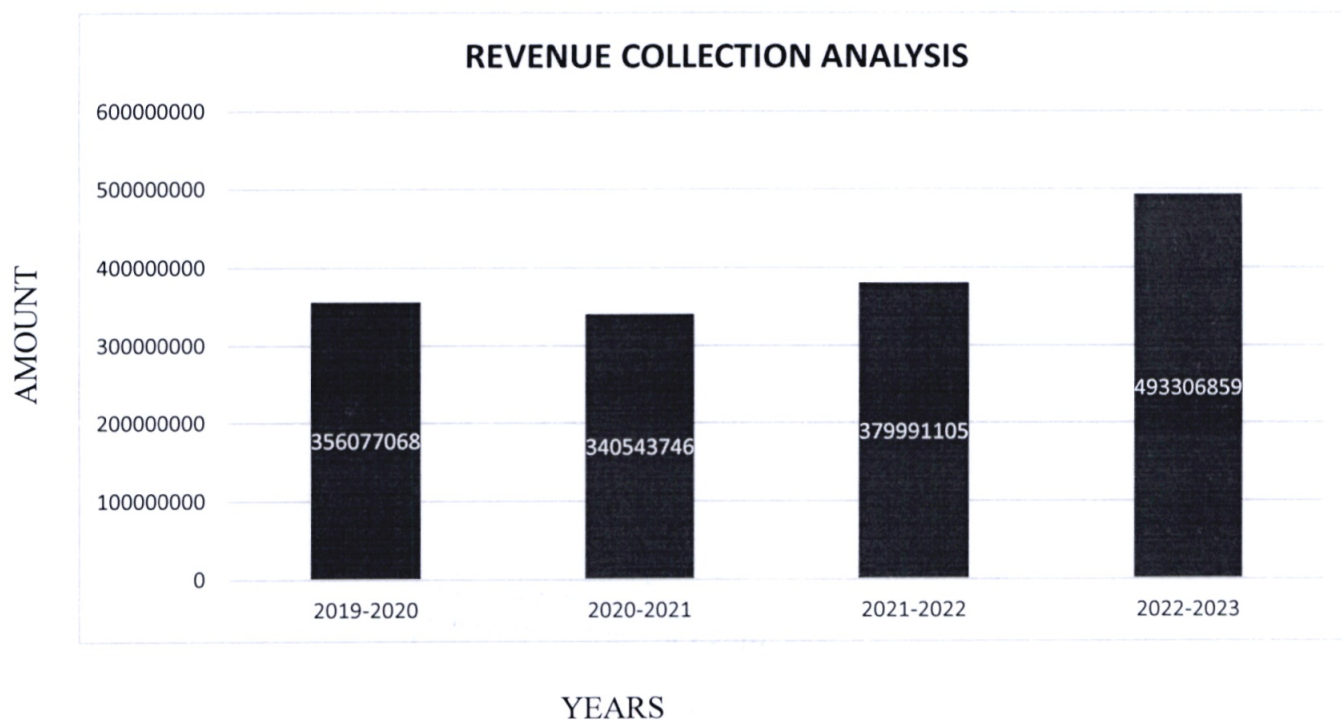
CECM: Finance and Economic Planning



4. Management Discussion and Analysis

The biggest challenge of many counties is the collection of own source revenue. Trans Nzoia county is no exception. From the graph below, the county has continually missed its budgeted revenue target due to various reasons ranging from inadequate staffing, outdated working documents like the valuation roll, incomplete revenue mapping and automation. That, notwithstanding, concerted efforts have been expedited translating to an improvement in revenue collection. As indicated below, OSR collection dipped in the financial year 2020/2021 owing to the adverse effects of the Covid 19 pandemic. In the following financial year, there was an improvement of Kshs 39,447,359/=. In the following year (2022/2023) there was further improvement where an additional Kshs 113,315,754/=.

It is intended that this trend is maintained or improved even more. Some of the strategies envisioned include, acquisition of a new and robust revenue collection automated system, carrying out a comprehensive revenue mapping, completion of and implementation the updated valuation roll, recruitment of more revenue collection staff, and updating the tax payers register. More still, the directorate has started establishment subcounty revenue offices which will serve tax payers at the convenience of their regions.



Challenges encountered in revenue collection and the mitigation factors

- Lack of updated valuation roll. The last valuation roll was prepared in 2006.
- Challenge in enforcing revenue defaulters/offenders. Lack of county court has resulted to increase in tax defaulters. e.g SBP, Land rates etc. currently county government of Trans-Nzoia is constructing county court and will be operational soon.
- Pending court cases affecting revenue. e.g petition no: 385 of 2013 on cess. This has resulted to refusal to pay cess by flower growers, coffee/Tea growers etc. establishment of county court will fast track pending court cases relating to revenue.
- Lack of infrastructure to support devolution of systems to sub-county and ward level e.g lack of operational sub-county revenue offices.
- Casual revenue collectors. The collectors constitute a half of revenue collectors. County is in the process of employing revenue collectors on P&P terms.
- Political interference to operations of revenue collection. Due to political goodwill with the current administration, we believe this challenge will be resolved.
- Challenges that come with procured revenue collection systems e.g lack systems support by vendors, crashing of systems, hackers etc
- Unforeseen natural calamities e.g Covid-19, floods, El Nino, drought etc. County should put in place emergency measures to counter emerging cases.
- Lack of an updated tax payers register
- Incomplete revenue collection automation
- Inadequate civic education and awareness creation on tax obligations for tax payers

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 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 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.

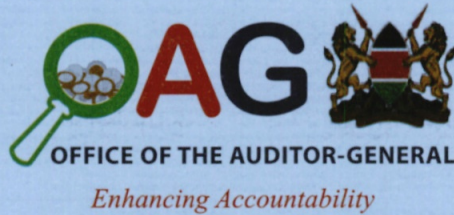
Approval of the Revenue Statements

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

.....

Pius Mumbilo
County Receiver of Revenue


REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE – REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF TRANS NZOIA

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, 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 REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Receiver of Revenue - County Government of Trans Nzoia 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

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

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 Trans Nzoia 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Balance Brought Forward

The statement of receipts and disbursements reflects balance brought forward at the beginning of the year of Kshs.39,794,932. This balance was not supported by cash books, bank balance certificates and bank reconciliation statements.

In the circumstances, the accuracy, completeness and existence of the balance could not be confirmed.

2. Unconfirmed Bank Balance

The statement of financial assets and liabilities reflects bank balance of Kshs.57,148,256. This balance was not supported by cash books, bank balance certificates and bank reconciliation statements.

In the circumstances, the accuracy, completeness and existence of the bank balance of Kshs.57,148,256 as at 30 June, 2023 could not be ascertained.

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 Trans Nzoia 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

Own Generated Revenue Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total county own source revenue final budget of Kshs.629,500,000 against actual receipts of Kshs.493,306,859 resulting to revenue under collection of Kshs.136,193,141 or 22% of the budgeted amount. Further, out of the thirteen (13) revenue streams, only six (6) achieved or surpassed the target while the remaining seven (7) did not achieve the targets. The County Treasury has not indicated the strategies it intends to formulate and implement to enhance own source revenue collection.

Consequently, the under collection of own source revenue negatively affected the execution of planned programs and activities and service delivery to the residents of Trans Nzoia County.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on pages ii to viii 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, 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. Failure to Transfer Own Source Revenue from Commercial Banks to CRF Within Stipulated Timeliness

The statement of receipts and disbursement reflects total county own source revenue of Kshs.493,306,859. Review of bank statements for the revenue collection accounts revealed the own source revenue collected were not transferred/swept to County Revenue Fund account within five (5) working days after receipt and in some instances only transferred after one (1) or two (2) months. This was contrary to Section 81(2) of the Public Finance Management (County Governments) 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.

Consequently, Management was in breach of the law.

2. Revenue Spent at Source

The statement of assets and liabilities reflects accounts receivables of Kshs.7,100,000 being amount transferred from the revenue collection account to the imprest account. This represents revenue funds that were irregularly spent at source through imprest system. No explanation was given as to why the funds were spent at source contrary to Paragraph 5.3 of the County Finance Accounting and Reporting Manual that requires all funds collected to be banked intact in an agreed commercial bank account for onward transfer to the County Revenue Fund.

Consequently, the Management was in breach of the County Finance Accounting and Reporting Manual guidelines.

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

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

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

Management is aware of the 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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 control 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 control 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 control 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 control.
- 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 ability of Receiver of Revenue to sustain 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 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 control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

28 March, 2024

**Receiver Of Revenue
County Government Of Trans-nzoia
Revenue Statements for the Period Ended 30th June 2023**

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

County Own Source Revenue			
Cess	1	44,177,710	
Land Rate	2	31,592,094	
Single/Business Permits	3	70,190,610	
Property Rent	4	8,605,361	
Parking Fees	5	63,786,652	
Market Fees	6	17,718,150	
Advertising	7	17,663,652	
Hospital Fees	8	213,285,125	
Public Health Service Fees	9	5,410,593	
Physical Planning and Development	10	4,505,500	
Hire Of County Assets	11	349,212	
Conservancy Administration	12	5,757,635	
Administration Control Fees and Charges	13	10,324,934	
Total County Own Source Revenue		493,306,859	
Total Receipts		493,306,859	
Balance b/f at the beginning of the year		39,794,932	
Disbursements To CRF		(295,819,000)	
Bank charges	14	(26,079)	
Facility Improvement Fund (FIF)		(173,008,456)	
Balance Due for Disbursement		64,248,256	

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 30th June 2023 and signed by:

.....
Pius Munialo
 County Receiver of Revenue
 (Ref: PFM ACT section 165, 2(a))



.....
Emmanuel Masungu
 Chief Officer Finance
 ICP/IK/M/No 19966



*Receiver Of Revenue
County Government Of Trans-nzoia
Revenue Statements for the Period Ended 30th June 2023*

8. Statement of Financial Assets and Liabilities As at 30th June 2023

	Note	FY 2022-2023 Kshs	FY 2021-2022 Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	15	57,148,256	
Total Financial Assets		57,148,256	
Account receivable	16	7,100,000	
Total Financial Assets		64,248,256	
Financial Liabilities			
Payables-Due to CRF	17	64,248,256	
Total Financial Liabilities		64,248,256	

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 30th June 2023 and signed by:



.....
Pius Munialo
County Receiver of Revenue



.....
Emmanuel Masungu
Chief Officer Finance
ICPAK M/No 19966

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

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	Budget Realization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	36,300,000	-	36,300,000	44,117,710	(7,817,710)	122%
Land Rate	45,000,000	-	45,000,000	31,592,094	13,407,906	70%
Single/Business Permits	70,300,000	-	70,300,000	70,190,610	(190,610)	100%
Property Rent	8,000,000	-	8,000,000	8,605,361	(605,361)	108%
Parking Fees	80,000,000	-	80,000,000	63,786,285	16,213,715	80%
Market Fees	16,450,000	-	16,450,000	17,718,150	(1,268,150)	108%
Advertising	15,000,000	-	15,000,000	17,663,652	(2,663,652)	118%
Hospital Fees	300,000,000	-	300,000,000	213,285,123	86,714,877	71%
Public Health Service Fees	2,400,000	-	2,400,000	5,410,593	(3,010,593)	225%
Physical Planning and Development	12,100,000	-	12,100,000	4,505,500	7,594,500	37%
Hire Of County Assets	5,500,000	-	5,500,000	349,212	5,150,788	6%
Conservancy Administration	9,500,000	-	9,500,000	5,757,635	3,744,365	61%
Administration Control Fees and Charges	24,850,000	-	24,850,000	10,342,934	14,953,967	42%
Park fees	100,000	-	100,000	-	100,000	0%
Hydrological investigation and drilling of boreholes	2,000,000	-	2,000,000	-	2,000,000	0%
Licensing of extractive resources	2,000,000	-	2,000,000	-	2,000,000	0%
Total County Own Source Revenue	629,500,000	-	629,500,000	493,306,859	136,193,141	78%

The County Receiver of revenue's financial statements were approved on 30th June 2023 and signed by:



Bus Munialo
County Receiver of Revenue



Emmanuel Masungu
Chief Officer Finance
ICPAK M/N 19966

10. Statement of Arrears of Revenue As at 30th June 2023

Classification Of Receipts (Indicate As Applicable)	Balance as at The beginning of the current year (1 st July 2022) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2023 C	Total arrears as at 30 June 2023 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
					e.g., the Governor has waived interest and penalties	
Land rate				20,020,184,186		
Property Rent				6,765,969		
Total Arrears				<u>20,026,950,155</u>		

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 Trans-nzoia. The financial statements comply with and conform to the form of presentation prescribed by the International 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 18th May, 2023 for the period 1st July 2022 to 30 June 2023 as required by law. There was 2 (two) 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.

5. Revenue in Arrears

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

6. Disbursements to CRF

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

7. Comparative Figures

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

8. Subsequent Events

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

*Receiver Of Revenue
County Government Of Trans-nzoia
Revenue Statements for the Period Ended 30th June 2023*

12. Notes to the Financial Statements

1. Cess

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Farm produce	42,978,600	-
Quarrying	219,400	-
Livestock (Stock yard)	626,340	-
Forest	144,370	-
Coffee movement permit	149,000	-
Total	44,117,710	-

2. Land rates

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Land rates	30,061,994	-
Amalgamation	5,000	-
Transfer fee	236,260	-
Subdivision	36,000	-
Clearance certificate	611,000	-
Ground rent	641,840	-
Total	31,592,094	-

3. Single /Business Permits

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Business permit application fees	2,803,850	-
Annual Business permit fees	67,081,010	-
Amusement permit fee	305,750	-
Total	70,190,610	-

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4. Property Rent

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
County Housing	193,600	-
Stalls/kiosks rent	8,411,761	-
Total	8,605,361	-

5. Parking Fees

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Street parking fees	22,729,785	-
Motorbike fees	5,513,700	-
Clamping fee	488,000	-
Reserved parking	2,401,000	-
Bus Park fees	30,224,700	-
Seasonal parking	2,277,600	-
Impounding fee	151,500	-
Total	63,786,285	-

6. Market Fees

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Market entry fees	17,715,150	-
Hawking fees	3,000	-
Total	17,718,150	-

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7. Advertising

Descriptions	FY 2022-2023 Kshs	FY 2023-2024 Kshs
Branding	8,687,952	-
Billboard advertising	1,593,000	-
Signage	146,500	-
Roadshows	4,804,000	-
Banners	10,500	-
Posters	250,200	-
Tent advertising	1,793,000	-
Street pole/clock advertising	22,000	-
Advertisement forms	356,500	-
Total	17,663,652	-

8. Hospital Fees

Description	FY 2022-2023 Kshs	FY 2021-2022 Kshs
NHIF Reimbursement	138,790,709	-
Hospital fee (FIF)	74,494,414	-
Total	213,285,123	-

9. Public Health Service Fees

Description	FY 2022-2023 Kshs	FY 2021-2022 Kshs
Public health permit	3,752,683	-
Toilets	1,596,910	-
Public cemetery	61,000	-
Totals	5,410,593	-

10. Physical Planning and Development

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
Change /Renewal of user	208,000	-
Building plans approval	1,770,300	-
Signboards	155,500	-
Site visit	357,000	-
Fire compliance certificate	561,500	-
Occupational Permits	42,000	-
Subdivision of agricultural land	211,500	-
Architectural designs by county officers	210,500	-
Hoarding fees	114,500	-
Survey fee	254,500	-
Building approval fee	620,200	-
Total	4,505,500	-

11. Hire Of County Assets

Description	FY 2022-2023	FY 2021-2022
	KSh	KSh
Agricultural Mechanisation Services (AMS)	265,612	-
ploughing	42,000	-
Hire of County Stadia	41,000	-
Hire of County Halls		-
Total	349,212	-

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12. Conservancy Administration

Description	FY2022-2023	FY2021-2022
	Kshs	Kshs
Refuse disposal fees	5,137,130	-
Sale of seedlings	548,005	-
Noise control	70,500	-
Total	5,755,635	-

13. Administration Control Fees and Charges

Description	FY2022-2023	FY2021-2022
	Kshs	Kshs
Weights and measures	344,001	-
Fire Services	1,729,000	-
Liquor licenses	5,104,000	-
Slaughter house	640,400	-
Meat inspection fee	1,596,965	-
Audit of co-operative	481,967	-
Not assigned	6,510	-
Refund to revenue account	99,280	-
Unallocated mpesa transaction	18,230	-
Governance salary refund	304,581	-
Totals	10,324,934	-

14. Bank Charges

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Bank Charges & commissions	26,097	-
Total	26,097	-

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Revenue Statements for the Period Ended 30th June 2023

15. Bank Balances

Name of Bank, Account No. & Currency	Amount	Ex. rate (if in foreign currency)	FY 2022-2023	FY 2021-2022
			Kshs	Kshs
KCB A/C 12848900635			11,293,743.86	818,110.90
Equity Bank A/C 0330260729452			7,637,576.21	14,726,807.91
SBM				
A/C 0402380769001-Cherangany			6,627,850	4,765,695
A/C 0402380766001- Saboti			8,998,150	7,183,060
A/C 0402380770001- Kwanza			1,464,128	7,260,538
A/C 0402380771001 - Matunda			4,072,600	3,326,550
A/C 0402380772001- Kapsara			1,714,170	1,714,170
A/C 0402380774001-Endebess			15,340,037.5	-
Total			57,148,255.57	39,794,931

16. Account receivable

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Account receivable	7,100,000	-
Total	7,100,000	-

17. Payables- Due To CRF

Payable	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Balance b/f at the beginning of the year	39,794,932	-
Amount collected during the year	493,306,859	-
Amounts disbursed to CRF during the year	(295,819,000)	-
Bank charges	(26,079)	-
Facility Improvement Fund (FIF)	(173,008,456)	-
Balance c/d at the end of the year	64,248,256	-

18. 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
Land rate				20,020,184,186	20,020,184,186
Property rent		6,765,969			6,765,969
Total		6,765,969		20,020,184,186	20,026,950,155

19. Appendices

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

	Name of person / organisation benefiting from waiver/variation	Year in which waiver/variation relates	Amount of variation/waiver (fee or charge)	Reasons for waiver/variation	The law under which the variation/waiver was granted
1	Motorbikes stickers	2022-2023	From Sh3,600 p.a to Sh500 p.a	To attract more clients	Executive order
2	Market fee	2022-2023	From Sh40 to Sh 20 per day	To attract more clients	Executive order
3	Land rates	2022-2023	On penalties	To attract more clients	Gazette

(PFM ACT section 165 subsection 4, 5)



 Sign and date
 Accounting Officer

**Receiver Of Revenue
County Government Of Trans-nzoia
Revenue Statements for the Period Ended 30th June 2023**



Revenue Statement for the Period Ended 30th June 2023

Revenue Statement for the Period Ended 30th June 2023



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

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

Reference Number in the Audit Report	Issue/Observations from Auditor	Management comments	Status (Resolved/Not Resolved)	Date when you expect the issue to be resolved

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.



Pius Munialo
 County Receiver of Revenue
 P. O. Box 4211 - 30200, KITALE

Date



Emmanuel Masongo
 Chief Officer Finance
 ICPAK M/No 19966
 P. O. Box 4211 - 30200, KITALE

Date

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