

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE -
REVENUE STATEMENTS**

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

COUNTY GOVERNMENT OF KIAMBU



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**RECEIVER OF REVENUE
COUNTY GOVERNMENT OF KIAMBU**

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 Kiambu
Revenue Statements for the Period Ended 30th June 2023*

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***Receiver Of Revenue
County Government Of Kiambu
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 was designated as a receiver of revenue on 29th December 2020 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) and revenue collections from health facilities that are remitted to the Facility Improvement Fund.

(c) Key Management

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

- CEC Member for Finance and Economic planning – Nancy Kirumba
- Chief Officer, Finance and Economic Planning – CPA William Kimani
- Chief Officer, Revenue, ICT, Procurement and internal Audit – CPA Zachariah Gitau
- Director Revenue and head of Revenue Reporting- CPA Henry Waweru
- County Attorney – Waithira Waiyaki

(d) Kiambu County Headquarters

P.O. Box 2344-00900
Municipal Hall
Kiambu, Kenya.

(e) Kiambu County Contacts

Telephone: (254) 067858108
E-mail: info@kiambu.go.ke

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

(f) Independent Auditors

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

(g) Principal Legal Adviser

The County Attorney
P.O. Box 2344-00900
Municipal Hall
Kiambu, Kenya

(h) Bankers

- i. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

- ii. Co-operative bank of Kenya
Kiambu Branch
P.O. Box 1064-00900
Kiambu.
Tel.254-066-2022720

- iii. Kenya Commercial Bank
Kiambu Branch
P.O. Box 81-00900
Kiambu

- iv. Family Bank
Kiambu Branch
P.O. Box 354-0100
Thika

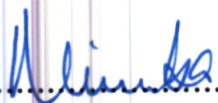
3. Foreword by the CECM Finance and Economic Planning

Revenue collected for the FY 2022/2023 up to 30th June 2023 is Kshs 3.608 billion compared to Kshs 3.149 billion collected for the same period last financial year 2021/2022. This translates to an increase of Kshs 459 million or 15 percent.

The improvement in performance, has been attributed to strategies implemented by the management to increase revenue during FY 2022/2023. These measures include; County Revenue Enhancement weeks where all the county senior officers led by H. E the Governor, Deputy Governor, CECMs, COs and Directors are assigned sub counties where they inspect the development approvals and business permits among others fees and charges and sensitize the public on the need to comply.

The major sources of revenue for the county as at 30th June 2023 are Health Services - 1.182 billion, (FY 2021/2022 Kshs 1,103 million), Physical Planning - Kshs 603 million, (FY 2021/2022 Kshs 634 million), Land Rates – Kshs 350 million, (FY 2021/2022 Kshs 353 million), Parking Fees – Kshs. 334 million, (FY 2021/2022 Kshs 328 million), Single business permits - Kshs 352 million, (FY 2021/2022 Kshs 286 million), Public Health Service Fees - Kshs 166 million, (FY 2021/2022 Kshs 100 million) and Conservancy Administration fees - Kshs 88 million, (FY 2021/2022 Kshs 67 million).

Revenue collected is disbursed to the County Revenue Fund (CRF) and Facility Improvement Fund (FIF) on a weekly basis. The total amount collected from the Sub counties and Liquor licenses FY 2022/2023 was Kshs 2.426 billion while Kshs 1.182 billion were collected by the Health Facilities for the Facility Improvement Fund (FIF) account as per the requirements of the Kiambu County Health Services Act 2019.

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**Nancy Kirumba
CECM Finance and Economic Planning
County Government of Kiambu**

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4. Management Discussion and Analysis

a. REVENUE COLLECTION, MANANGEMENT AND OPERATIONS

The overall revenue management and operations at the county is headed by the chief officer in charge of revenue, director revenue and the revenue accountants at the headquarters.

Revenue is collected at the twelve (12) sub counties, which are headed by the sub county administrators' and sub county finance officers with purpose of collecting revenue.

The revenue performance for the last two (2) years in the sub county's is as stipulated below.

SUB COUNTY COLLECTION

SUB COUNTY	FY 2022/2023	FY 2021/2022
Thika Sub county	469,425,840.31	455,782,797.89
Juja Sub county	369,641,735.00	270,378,478.52
Ruiru Sub County	452,987,165.00	465,016,545.15
Kiambu Sub county	301,642,020.00	244,577,161.00
Gatundu North Sub County	27,143,515.00	12,828,916.39
Gatundu south Sub County	34,914,355.00	27,592,534.67
Limuru Sub county	138,690,190.00	113,576,801.92
Kiambaa Sub County	115,405,555.00	87,250,934.87
Githunguri Sub County	59,782,050.00	45,047,810.25
Lari Sub County	31,908,150.00	23,545,880.41
Kikuyu Sub County	196,107,145.00	130,713,784.99
Kabete Sub County	95,427,740.00	78,819,766.84
TOTAL	2,293,076,460.31	1,955,131,412.90

LIQUOR COLLECTIONS	133,529,837.00	215,914,466.00
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Liquor revenue is collected by the department of administration and public service through the directorate of alcoholic drinks control which is governed by Kiambu county alcoholic drinks control Act,2018 (Revised 2022). During the period under review the county collected Kshs. 133.5 million compared to the same period in the previous year of Kshs. 215.9 million.

The health services revenue is collected from the three (3) level 5 hospitals and eleven (11) level 4 hospitals. The performance for the period under review is as follows;

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HOSPITAL COLLECTIONS

HEALTH FACILITY	FY 2022/2023	FY 2021/2022
Wangige Hospital	10,168,819.00	8,520,369.00
Thika Level 5 Hospital	233,968,908.00	232,009,025.00
Ruiru Hospital	32,729,692.00	29,045,364.25
Nyathuna Hospital	1,506,960.00	1,660,118.00
Lussingetti Hospital	4,339,669.00	2,545,323.00
Limuru Hospital	33,933,337.00	18,139,602.00
Lari Hospital	6,069,652.00	6,965,669.00
Kihara Hospital	18,623,862.00	15,281,849.00
Kigumo Hospital	4,239,480.00	4,664,416.00
Kiambu Level 5 Hospital	206,844,444.00	200,912,316.00
Karuri Hospital	5,017,937.00	4,908,840.00
Karatu Hospital	1,226,968.00	1,649,350.00
Igegania Hospital	14,192,348.00	10,565,293.25
Gatundu Level 5 Hospital	88,002,086.00	83,948,636.25
TOTAL	660,864,162.00	620,816,170.70

NHIF REBATES	521,297,694.00	357,992,046.95
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Summary of the revenue collected in the past two years is as tabulated below;

Revenue FY 2022/2023 (Kshs.)	Revenue FY2021/2022 (Kshs.)
3,608,767,153.31	3,149,854,096.60

The period under review recorded an improvement compared to the previous year. The improvement in performance, has been as a result of strategic measures to ensure increase in revenue collection and ensuring that all loopholes leading to revenue loss are sealed.

Statement of Performance against County Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives.

The County's 2018-2022 CIDP has identified seven (7) key strategic development objectives on revenue collection. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key objective of the revenue directorate as per Kiambu county 2018-2022 CIDP is to enhance resource mobilisation and streamline the revenue collection through the following strategies;

- Revenue mapping
- Revise fees, rates and levies
- Reduce revenue leakages and seal loopholes.
- Broaden the fees, rates and levies base
- Adopt appropriate technology in revenue collection
- Enhance capacity of revenue collectors
- Sensitisation of public on fees, rates and levies compliance

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Progress on attainment of Development Objectives from Annual Development Plan.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Department	Objective	Outcome	Indicator	Performance
Finance and Economic Planning	Revenue and resource mobilization	Increased county revenue	Amount in Kshs collected annually as internal revenue	3.608 billion

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 the period ending June 30, 2023. These 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 county, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the county, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the county’s receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the county’s receiver of revenue account gives a true and fair view of the state of county’s receiver of revenue transactions during the period ending June 30, 2023, and of the county’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 county 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.

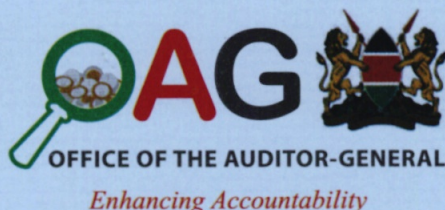
Approval of the Revenue Statements

The revenue statements were approved and signed by the Receiver of Revenue on **30th August 2023**.


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CPA Zachariah Gitau
County Receiver of Revenue

REPUBLIC OF KENYA

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NAIROBI

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

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 Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

An unmodified opinion does not necessarily mean that 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

Adverse Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Kiambu set out on pages 1 to 28, which comprise of the statement of

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the revenue statements do not present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Kiambu as at 30 June, 2023, and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and does not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The statement of receipts and disbursements and Note 20 to the financial statements reflects disbursements to County Revenue Fund amounting to Kshs.2,424,936,833 which differs with the revenue received from the County Receiver of Revenue amounting to Kshs.2,426,605,897 as reflected in the statement of receipts and payments of the County Revenue Fund. The variance of Kshs.1,669,064 was not reconciled.

In the circumstances, the accuracy and completeness of the revenue statements as presented could not be confirmed.

2. Variances Between Revenue Statements and Kiambu Pay Records

The statement of receipts and disbursements reflects total County own source revenue of Kshs.3,608,767,153. Included in the amount are disbursements of Kshs.1,182,161,856 to Facility Improvement Fund (FIF) and Kshs.2,424,936,833 to County Revenue Fund. Further, analysis of the billing and receipts report from the Kiambu Pay Revenue System revealed total billings of Kshs.2,277,977,354 and total receipts of Kshs.14,810,610,695 which varies with the reported revenue of Kshs.3,608,767,153. Management explained that the total receipts of Kshs.14,810,610,695 were not own source revenue generated for the year but an aggregate of various duplicate lump sum bills in the individual receipts issued. However, it was not clear why the revenue system could not produce accurate revenue receipts report for the year under review.

In the circumstances, the accuracy and completeness of total county own source revenue of Kshs.3,608,767,153 could not be confirmed.

3. Unsupported Own Source Revenue

The statement of receipts and disbursements reflects total County own source revenue of Kshs.3,608,767,153 as disclosed in Note 1-16 to the financial statements. However,

the supporting schedules for the itemized revenue components were not provided for audit as detailed below:

No.	Revenue Stream	Amount (Kshs.)
1.	Cess	113,838,661
2.	Land/Poll Rate	350,185,735
3.	Single/Business Permits	351,943,207
4.	Property Rent	22,431,374
5.	Parking Fees	334,347,143
6.	Market Fees	8,789,222
7.	Advertising	111,442,045
8.	Hospital Fees	1,182,161,856
9.	Public Health Service Fees	166,425,549
10.	Physical Planning and Development	603,139,463
11.	Hire of County Assets	836,060
12.	Conservancy Administration	88,041,830
13.	Administration Control Fees and Charges	222,619,222
14.	Park Fees	969,668
15.	Other Fines, Penalties and Forfeiture Fees	3,170,400
16.	Miscellaneous Receipts	48,425,718

In the circumstances, the accuracy and completeness of the total own source revenue of Kshs.3,608,767,153 could not be confirmed.

4. Inconsistencies in Revenue Arrears

The statement of arrears of revenue as at 30 June, 2023 reflects total revenue arrears of Kshs.4,744,682,548 for land rate and property rent. However, the Kiambu Pay Revenue System reflects total revenue arrears of Kshs.8,579,317,749 relating to housing, land rate, business register and stalls resulting to unexplained variance of Kshs.3,834,635,201. Further, Management did not provide aging analysis of the revenue arrears of Kshs.4,744,682,548.

In the circumstances, the accuracy and completeness of the revenue arrears amount of Kshs.4,744,682,548 could not be confirmed.

5. Unrecorded Liquor Revenue

The Kiambu Pay Revenue Collection System reflected total receipts from liquor license fees of Kshs.35,308,200. However, the liquor fees collection account bank statement reflects total receipts of Kshs.133,529,837 for the year under review resulting to unreconciled variance of Kshs.98,221,637.

In the circumstances, the accuracy and completeness of liquor revenue amounting to Kshs.35,308,200 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government

of Kiambu Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final own source revenue budget of Kshs.4,436,821,507 and actual revenue amounting to Kshs.3,608,767,153 resulting to revenue under collection of Kshs.828,054,354 or 19% of the budget. Further, the statement reflects final own source revenue budget of Kshs.4,436,821,507 out of which receipts of Kshs.2,988,291,374 differed with the approved budget amount of Kshs.3,065,615,115 resulting to unreconciled variance of Kshs.77,323,741 as detailed below;

Receipts	Statement of Budget vs Actual Amount (Kshs.)	Approved Budget Amount (Kshs.)	Variance (Kshs.)
Cess	217,660,838	156,832,634	60,828,204
Hospitals Fees and Public Health Service Fee	1,201,798,980	1,310,388,412	108,589,432
Physical Planning and Development	873,678,890	910,939,476	37,260,586
Administration Control Fees and Charges	561,602,050	540,636,040	20,966,010
Advertising	133,550,616	146,818,553	13,267,937

The under-collection of revenue implies that some programs budgeted for in the year were not realized due to lack of funds which negatively impacted on service delivery to the residents of Kiambu County.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Audit Issues

In the audit report of the previous year, several matters were raised under the Report of the Revenue Statement and Report on Effectiveness of Internal Control, Risk Management and Governance. Appendix 2 on progress on follow-up of prior year

Auditor's recommendations indicate that most of the issues have been resolved. However, Management has not provided evidence on how the resolution was arrived at.

Therefore, the matters remain unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Receipt Own Source Revenue Collected

The statement of receipts and disbursements indicates that Kiambu County Government collected a total of Kshs.3,608,767,153 as own source revenue. Included in the amount is a total of Kshs.48,425,718, which was money paid into the County bank account and not receipted. The Receiver of Revenue contravened Regulation 63(1)(c) of the Public Finance Management (County Governments) Regulations, 2015 by failing to issue official receipts for money paid to the County Government.

In the circumstances, Management was in breach of the law.

2. Missing Invoice Number with a Possible Revenue Loss

The statement of receipts and disbursements indicates that during the year under review, physical planning and land rates streams contributed revenue of Kshs.603,139,463 and Kshs.350,185,735 respectively. Analysis of the invoices from the two revenue streams revealed a total of 29,369 gaps with a possible combined revenue loss of Kshs.1,531,236,000. Missing invoices could be a result of the collusion to cancel high-value invoices and replace them with low-value amounts. Kiambu Pay system only maintained paid invoices and therefore it was not possible to confirm the status of the missing invoices. This was contrary to Section 117(1) and (3) of the Public Finance Management Act, 2012 which states that accountable documents whether manual or electronic shall be under strict control at all times. Where the accountable documents are in electronic form, the Accounting Officer shall ensure appropriate mechanisms are put in place for safeguarding and tracking them.

In the circumstances, Management was in breach of the law.

3. Irregular Reversals in Revenue Collection Accounts

Examination of Kiambu County revenue collection accounts revealed irregular reversals of collected and banked revenue without respective approval as detailed below:

Bank Name	Account No.	Amount (Kshs.)
Liquor Account	01141371543516	(3,184,989)
Kikuyu Sub-County	01141371543514	(6,577,419)
Githunguri Sub-County	01141371543512	(117,968)
Kiambaa Sub-County	01141371543511	(20,480)
Limuru Sub-County	01141371543510	(30,560)
Gatundu South Sub-County	01141371543509	(31,000)
Gatundu North Sub-County	01141371543508	(209,000)
Total		(10,171,416)

This was contrary to Regulation 63(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which requires that “an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public money relating to their County departments or agencies.

In the circumstances, Management was in breach of the law.

4. Kiambu Pay System Receipts Integrity

During the year under review, the Kiambu Pay system generated 501,012 receipts valued at Kshs.2,277,993,464. The system was unable to generate sequential serialized receipt numbers during the year under review for ease of tracking missing records. The receipts numbers were generated randomly per month, per revenue stream and maintained in two formats: 02201157B2303R000062 or 022268C202306/0000154 each with a fluctuating length of between 18 and 21 characters. The format contravenes Section 3 of the Public Finance Management Act, 2012 which requires appropriate mechanisms to be put in place for safeguarding and tracking receipts.

Further, there were seven (7) receipts with the description “testing” implying that the live system was used for testing purposes, which may interfere with the integrity of the receipts records.

In the circumstances, Management was in breach of the law.

5. Failure to Provide Reasons for not Meeting Revenue Targets to CEC Finance

Review of the budget implementation status report for the year under review revealed that the Receiver of Revenue did not manage to collect revenue as planned in the budget and the respective Accounting Officers did not provide reports outlining the reasons for not collecting the revenue as shown in the table below;

Own Source Revenue Stream	Target (Kshs.)	Collection (Kshs.)	Variance (Kshs.)	%
Agriculture, Livestock and Fisheries	60,828,204	40,209,220	20,618,984	33.9
Physical Planning Unit	1,048,263,855	748,533,502	299,730,353	28.59
Cess Management Unit	156,832,634	65,911,033	90,921,601	57.97

Own Source Revenue Stream	Target (Kshs.)	Collection (Kshs.)	Variance (Kshs.)	%
Housing Management Unit	27,478,865	23,568,132	3,910,733	14.23
Land Rates Management Unit	599,889,714	398,533,520	201,356,194	33.57
Market Management Unit	55,043,525	8,296,562	46,746,963	84.93
Vehicle Parking Management Unit	380,731,615	308,621,876	72,109,739	18.94
Liquor Licenses Management Unit	433,681,180	133,529,237	300,151,943	69.21

This was contrary to Section 63(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer or Receiver of Revenue who experience difficulty in collecting revenues due to the County Government to report the circumstance to the County Executive Committee Member without delay.

In the circumstances, Management was in breach of the law.

6. Accumulated Uncollected Ground Rent, House Rent and Land Rates Arrears and Penalties

During the year under review, the County Government collected a total amount of Kshs.391,204,532 from land rates and penalties as per the revenue system details. Analysis of the properties' data maintained by the Kiambu Pay system revealed that the County had net accumulated arrears and penalties on properties totalling Kshs.4,582,461,144. However, the ground rent and land rates arrears have not been collected to date and the County has not put appropriate actions to recover the arrears.

Further, analysis of the data on houses maintained by the Strathmore System revealed that the County uncollected house rent of Kshs.128,077,565, and stalls rent arrears of Kshs.34,056,499 all amounting to Kshs.162,134,064 as at 30 June, 2023.

This was contrary to Section 63(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that "an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public money relating to their County departments or agencies and adequate measures, including legal action where appropriate, are taken to obtain payment.

In the circumstances, Management was in breach of the law.

7. Property Records Lacking Critical Details

Review of property records in the Kiambu Pay System Database revealed that 4,890 properties had no plot numbers and 42,716 properties had no block numbers. This was contrary to Regulation 110(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer for a County Government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Duplicate Bank Transaction Numbers

Analysis of the receipts transaction file for the Kiambu Pay system revealed duplicate bank transaction numbers totalling Kshs.201,878,935. The system had been configured to fetch payments from the bank and receipts per billing. Duplicate bank transaction numbers pose a risk of receipting unpaid services since it is difficult to substantiate paid for services from unpaid services and from duplicated records.

Under the circumstances, the effectiveness of internal control measures put in place could not be ascertained.

2. Receipts with Zero Collection

Analysis of the transaction file for the Kiambu Pay system revealed three (3) zero receipts, which were not among the exempted services from payment.

In the circumstances, it was not possible to confirm the effectiveness of controls in relation to Kiambu County revenue collection system.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 Receiver of Revenue's 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Receiver of Revenue to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 March, 2024

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*


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


Receipt	Note	2022/23	2021/22
		Kshs	Kshs
County Own Source Revenue			
Cess	1	113,838,661.10	172,072,983.00
Land/Poll Rate	2	350,185,734.65	365,132,621.00
Single/Business Permits	3	351,943,207.00	253,092,504.00
Property Rent	4	22,431,374.20	20,707,015.00
Parking Fees	5	334,347,143.00	328,221,548.00
Market Fees	6	8,789,222.00	3,395,624.00
Advertising	7	111,442,045.00	107,434,999.00
Hospital Fees	8	1,182,161,856.00	978,808,217.60
Public Health Service Fees	9	166,425,549.25	100,104,982.00
Physical Planning and Development	10	603,139,463.00	457,790,580.00
Hire Of County Assets	11	836,060.00	403,490.00
Conservancy Administration	12	88,041,830.00	67,575,504.00
Administration Control Fees and Charges	13	222,619,222.15	288,762,175.00
Park Fees	14	969,668.00	3,012,552.00
Other Fines, Penalties, And Forfeiture Fees	15	3,170,400.00	3,339,301.00
Miscellaneous receipts	16	48,425,717.96	-
Total County Own Source Revenue		3,608,767,153.31	3,149,854,096.60
Other Receipts			
Donations/Grants Not Received Through CRF	17	-	-
Total Other Receipts		-	-

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

Total Receipts		3,608,767,153.31	3,149,854,096.60
Balance b/f at the beginning of the year		155,611.30	24,692,851.00
Disbursements To CRF		(2,424,936,832.85)	(2,737,662,324.60)
Disbursements To Hospital Fund Account		(1,182,161,856.00)	(436,729,011.70)
Balance Due for Disbursement		1,824,075.76	155,611.30

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



.....
CPA Zachariah Gitau
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))


.....
CPA Henry Waweru
Head of Revenue Reporting
ICPAK M/No; 5921

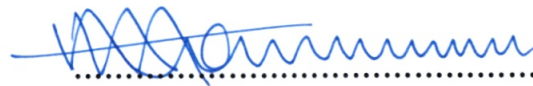
8. Statement of Financial Assets and Liabilities as At 30th June 2023

	Note	2022/23	2021/22
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	18	1,824,076.26	155,611.30
Cash In Hand	19	-	-
Total Financial Assets		1,824,076.26	155,611.30
Financial Liabilities			
Payables-Due to CRF	20	1,824,076.26	155,611.30
Total Financial Liabilities		1,824,076.26	155,611.30

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



 CPA Zachariah Gitau
 County Receiver of Revenue



 CPA Henry Waweru
 Head of Revenue Reporting
 ICPAK M/No; 5921

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

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

Receipt	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Cess	217,660,838.00	-	217,660,838.00	113,838,661.10	103,822,176.90	52%
Land/Poll Rate	599,889,714.00	-	599,889,714.00	350,185,734.65	249,703,979.35	58%
Single/Business Permits	305,567,452.00	-	305,567,452.00	351,943,207.00	(46,375,755.00)	115%
Property Rent	27,478,865.00	-	27,478,865.00	22,431,374.20	5,047,490.80	82%
Parking Fees	380,731,615.00	-	380,731,615.00	334,347,143.00	46,384,472.00	88%
Market Fees	55,043,525.00	-	55,043,525.00	8,789,222.00	46,254,303.00	16%
Advertising	133,550,616.00	-	133,550,616.00	111,442,045.00	22,108,571.00	83%
Hospital Fees	801,798,980.00	-	801,798,980.00	1,182,161,856.00	(380,401,976.67)	147%
Public Health Service Fees	200,000,000.00	200,000,000.00	400,000,000.00	166,425,549.25	233,574,450.75	42%
Physical Planning and Development	773,678,890.00	100,000,000.00	873,678,890.00	603,139,463.00	270,539,427.00	69%
Hire Of County Assets	110,000.00	-	110,000.00	836,060.00	(726,060.00)	760%
Conservancy Administration	79,708,962.00	-	79,708,962.00	88,041,830.00	(8,332,868.00)	110%
Administration Control Fees and Charges	561,602,050.00	-	561,602,050.00	222,619,222.15	338,982,827.85	40%
Park Fees	-	-	-	969,668.00	(969,668.00)	-

Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023

Other Fines, Penalties, And Forfeiture Fees	-	-	-	3,170,400.00	(3,170,400.00)	-
Miscellaneous Receipts	-	-	-	48,425,717.96	(48,420,481.20)	-
Total County Own Source Revenue	4,136,821,507.00	300,000,000.00	4,436,821,507.00	3,608,767,153.31	828,054,353.69	81%
Other Receipts						
Donations /Grants Not Received Through CRF	-	-	-	-	-	
Total Other Receipts	-	-	-	-	-	
Total Receipts	4,136,821,507.00	300,000,000.00	4,436,821,507.00	3,608,767,153.31	828,054,353.69	81%

1. Overrealization of Targets

• **Single Business Permits**

- Issuance of invoices in advance starting December 2022 in a bid to inform and remind business owners to pay business permits as per the deadline and follow up was carried out to ensure that residents paid as advised.
- In addition His Excellency the Governor issued waivers to all residents who had arrears from previous years which encouraged them to pay current years business permit fees.

• **Hospital Fees**

The management introduced the cashless method of payment (m-pesa) that has eliminated cash as a method of payment; which was susceptible to loss of revenue. By going cashless the facilities were able to seal these loopholes hence the increase in revenue collected.

- ***Hire of County Assets***

Increased activities that involved hiring County grounds and halls led to an increase in revenues collected for FY 2022/2023 hence surpassing the set targets.

- ***Conservancy Administration***

Management directed that payments and issuance of business permits must be accompanied by payment of solid waste fees by the respective businesses. This meant that solid waste charges must be included while billing for business permits which eventually led to an increase in revenue hence surpassing the target.

2. Under realization of Targets


The main reasons for under achievement of targets by the other revenue streams is over budgeting and under performance by the respective departments in terms of revenue collection. However measures have been put in place to ensure that all departments work towards achieving the set targets.

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

10. Statement of Arrears of Revenue as At 30th June 2023

Classification Of Receipts	Balance as at 1st July 2022	Revenue received during the year	Arrears Received in FY 2022/2023	Additions in arrears for the current year to 30th June, 2023	Total arrears as at 30th June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Land/Poll Rate	3,889,875,781.58	232,471,079.21	117,714,655.44	1,042,771,097.03	4,582,461,143.96	Sensitizethe public to pay	
Property Rent	139,720,362.00	21,726,859.20	704,515.00	44,932,416.20	162,221,404.00	Update the payroll	
Total Arrears	4,029,596,143.58	254,197,938.41	118,419,170.44	1,087,703,513.23	4,744,682,547.96		


.....
CPA Zachariah Gitau
County Receiver of Revenue


.....
CPA Henry Waweru
Head of Revenue Reporting
ICPAK M/No; 5921

11. Notes to the Financial Statements

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

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

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. 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.

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

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

6. Disbursements to CRF

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

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 end of period as at 30th June 2023 with a significant impact on the revenue statements for the period ended 30th June 2023.

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

Notes to the Financial Statements (Continued)

1. Cess

Description	FYE2022/23	FYE2021/22
	Kshs	Kshs
Agriculture Revenue	569,000.00	3,861,352.90
Quarrying	49,187,100.00	127,151,335.45
Veterinary Services	44,181,174.00	41,028,095.00
Fish farming	4,604.00	8,500.00
Cess fees	19,896,783.10	-
Movement Permits	-	23,700.00
Total	113,838,661.10	172,072,983.35

2. Land/Poll rates

Description	2022/23	2021/22
	Kshs	Kshs
Land rates	164,070,259.55	162,074,511.39
Land penalties and interest	54,467,390.00	56,657,020.25
Arrears received	117,714,655.44	128,092,039.96
Miscellaneous	12,701,257.66	-
Land Valuation Services	-	16,894,550.00
Contribution In Lieu of Rates	1,172.00	-
Transfer fees	353,500.00	-
Transaction of Land	877,500.00	1,414,500.00
Total	350,185,734.65	365,132,621.60

3. Single /Business Permits

Description	2022/23	2021/22
	Kshs	Kshs
Business permit application fees	26,463,000.00	15,545,338.00
Annual Business permit fees	325,480,207.00	231,810,051.00
Business permit penalties and interest	-	1,955,435.00
Business permit fees arrears	-	61,780.00
Registration fees	-	3,687,900.00
Withdrawal – Business permit	-	32,000.00
Total	351,943,207.00	253,092,504.00

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

Notes to the Financial Statements (continued)

4. Property Rent

Description	2022/23	2021/22
	Kshs	Kshs
House and Stalls Rents	21,726,859.20	20,016,934.00
Arrears received	704,515.00	690,081.00
Total	22,431,374.20	20,707,015.00

5. Parking Fees

Description	2022/23	2021/22
	Kshs	Kshs
Reserved Parking	24,043,400.00	20,929,290.00
Parking Fees	3,643,310.00	-
On Street Parking	122,490,200.00	146,559,511.00
Penalties and Fines	330,500.00	271,900.00
Unclamping Charges	2,803,750.00	4,869,000.00
Enclosed Bus Park	181,035,983.00	155,591,847.00
Total	334,347,143.00	328,221,548.00

6. Market Fees

Description	2022/23	2021/22
	Kshs	Kshs
Market entry fees	8,789,222.00	3,395,624.00
Hawking fees	-	-
Others (<i>Specify</i>)	-	-
Total	8,789,222.00	3,395,624.00

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	2022/23	2021/22
	Kshs	Kshs
Branding	15,670,985.00	25,536,809.56
Billboard advertising	11,018,180.00	25,439,151.21
Signage	34,359,643.00	31,849,641.68
City Clock	255,000.00	-
Illuminated Signage	47,800.00	-
LED Screen Advertisement	11,000.00	-
Roadshows	-	-
Banners	722,500.00	772,905.00
Guard Rail Advertisement	1,300.00	-
Posters	-	1,252,300.10
Canvas canopy	1,716,846.00	391,306.00
Street pole/clock advertising	12,421,631.00	461,600.00
Handbills/Fliers	5,789,913.00	6,153,938.83
Display of flags	397,410.00	378,910.00
Advertisement Application fees	-	553,022.00
Advertisement	10,852,755.00	-
Advertisement on Hoarding	-	69,800.00
Business Encroachment	-	4,000.00
Property Numbering	-	-
Street display	-	14,571,614.62
Vehicle Branding	18,177,082.00	-
Total	111,442,045.00	107,434,999.00

8. Hospital Fees

Description	2022/23	2021/22
	Kshs	Kshs
Level 5 hospitals	528,815,438.00	516,869,977.20
Level 4 hospitals	132,048,724.00	103,946,193.50
NHIF	521,297,694.00	357,992,046.95
Total	1,182,161,856.00	978,808,217.65

*Receiver of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023*

Notes to the Financial Statements (Continued)

9. Public Health Service Fees

Description	2022/23	2021/22
	Kshs	Kshs
Inspection of buildings/premises/Institutions	15,709,900.00	4,935,009.00
Public Health Approval of Building Plans	5,707,900.00	-
Public Health Occupation Permit	991,000.00	132,386.00
Inspection for issuance of hygiene license	-	80,401,251.00
Inoculation Center Services	71,500.00	-
Inspection, sampling and analysis	2,858,350.00	-
Medical Certificate	31,205,078.25	14,621,836.00
Food, Drugs and Non food Hygiene Permit	101,635,100.00	-
Rodent Control/Fumigation	30,100.00	14,500.00
Public Health Charges	8,216,621.00	-
Total	166,425,549.25	100,104,982.00

10. Physical Planning and Development

Description	2022/23	2021/22
	Kshs	Kshs
Sale of County planning documents	-	17,371,777.00
Land valuation and registration fees	25,982,590.00	8,326,070.00
Change of user/Extension of user/Extension of lease	75,359,405.00	84,524,762.00
Building Plans and Permits	101,586,634.00	248,449,942.00
Vetting and Approval of Buildings	536,000.00	-
Occupational Permits	14,172,862.00	9,793,879.00
Enforcement / Demolition	305,000.00	191,000.00
Posters	893,954.00	-
Hoarding fees		8,698,728.00
Land surveying	15,036,207.00	3,180,003.00
Physical Planning Charges	363,272,851.00	72,137,175.00
Wayleave charges	589,000.00	5,117,244.00
Annual wayleave space rent on road reserve	5,027,010.00	-

Over of Revenue
County Government of Kiambu
Revenue Statements for the Period Ended 30th June 2023

Approval fee for installation of Communicate Equipment	376,900.00	-
Penalties for non approval	1,050.00	-
Total	603,139,463.00	457,790,580.00

Notes to the Financial Statements (Continued)

11. Hire of County Assets

Description	2022/23	2021/22
	Kshs	Kshs
Hire of County Stadia/Grounds	836,060.00	403,490.00
Total	836,060.00	403,490.00

12. Conservancy Administration

Description	2022/23	2021/22
	Kshs	Kshs
Refuse disposal fees	-	53,119,304.00
Dumpsite fees	-	9,365,300.00
Sewerage fees	-	1,643,000.00
Sale of seedlings	-	-
Public cemetery	362,500.00	119,500.00
Waste Charges	2,664,600.00	-
Disposal of carcasses	-	-
Tipping Charges	9,988,900.00	-
Noise control	-	1,996,900.00
Application for Demolition Permit	-	5,500.00
Garbage Collection Fees	71,139,830.00	-
Soil, Water and Forestry Conservation	-	1,326,000.00
Environment fees	3,886,000.00	-
Total	88,041,830.00	67,575,504.00

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13. Administration Control Fees and Charges

Description	2022/23	2021/22
	Kshs	Kshs
Weights and measures	4,149,540.00	900,413.00
Fire Services	81,258,020.00	61,449,697.00
Road Engineering Fees	722,000.00	-
Liquor licenses	133,529,837.00	215,914,466.00
Public Lottery	19,800.00	
Betting levy	-	72,650.00
Private Lotteries/Funfair	41,800.00	-
Pool Table	811,550.00	-
Registration of self help group	584,000.00	394,000.00
Administrative fees	241,317.00	3,634,341.00
Registration of Education Institutions	2,000.00	-
Professional Income	1,259,458.00	1,252,750.00
Fees for co-operatives services	-	1,520,946.00
Demurrage Charge	500.00	3,622,912.00
Total	222,619,222.00	288,762,175.00

14. Park Fees

Description	2022/23	2021/22
	Kshs	Kshs
Lodge Tariffs and levies	-	-
Park entry fees	-	-
Filming and Photography fees	-	-
Camping fees	-	-
Tourism	969,668.00	3,012,552.00
Others (<i>Specify</i>)	-	-
Total	969,668.00	3,012,552.00

15. Other Fines, Penalties and Forfeitures

Description	2022/23	2021/22
	Kshs	Kshs
Impounding Fees	3,170,400.00	3,339,301.00
Towing Fees	-	-
Others (<i>Specify</i>)	-	-
Total	3,170,400.00	3,339,301.00

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16. Miscellaneous Receipts

Description	2022/23	2021/22
	Kshs	Kshs
Unreceipted Revenue	48,425,717.96	-
Interest	-	-
Commissions	-	-
Others (Specify)	-	-
Total	48,425,717.96	-

Notes to the Financial Statements (Continued)

17. Donations and Grants Not Received Through CRF

Description	2022/23	2021/22
	Kshs	Kshs
Donations <i>(Specify Based on Source)</i>	-	-
Total	-	-

18. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	2022/23	2021/22
			Kshs	Kshs
Co-operative Bank of Kenya Account No 01141371543502	Kshs.	-	1,818,239.50	155,095.00
Kenya Commercial Bank Account No. 1164796372	Kshs.	-	5,836.76	516.30
Total	Kshs.	-	1,824,076.26	155,611.30

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18 (a) Balance carried forward as at 30th June 2023 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
Co-operative Bank	1,818,239.00	01-July-23
KCB Bank	5,836.76	01-July-23
Total	1,824,075.76	

19. Cash in hand

Description	2022/23	2021/22
	Kshs	Kshs
Cash Balance (<i>Location</i>)	-	-
Mobile Money	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

20. Payables- Due To CRF

Payables	2022/23	2021/22
	Kshs	Kshs
Balance b/f at the beginning of the year	155,611.30	24,692,851.00
Amount collected during the year	3,608,767,153.31	3,149,854,096.60
Amounts disbursed to CRF during the year	(2,424,936,832.85)	(2,737,662,324.60)
Amount transferred Facility Improvement Fund (FIF)	(1,182,161,856.00)	(436,729,011.70)
Balance c/d as at 30th June 2023	1,824,075.76	155,611.30

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year.

Notes to the Financial Statements (Continued)

21. 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
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Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted
1	PCEA Booth High School	FY 2022/2023	679,180.00	Sponsorship	C.E.C.M Finance & Economic
2	National Cooperative Housing Union	FY 2022/2023	9,798,250.00	Affordable Housing Program	C.E.C.M Finance & Economic
3	Martha Kagendo Nabea Muoki	FY 2022/2023	26,078.00	Persons Living with Disability	C.E.C.M Finance & Economic
4	Apec Consortium Limited	FY 2022/2023	570,000.00	Road Project	C.E.C.M Finance & Economic
5	Christian Church International	FY 2022/2023	150,000.00	Religious Institution	C.E.C.M Finance & Economic
6	John Nzyoka Mutiso	FY 2022/2023	3,500.00	Persons Living with Disability	C.E.C.M Finance & Economic
7	George Kimundui Ng'ang'a	FY 2022/2023	22,000.00	Persons Living with Disability	C.E.C.M Finance & Economic
8	Redeemed Gospel Church	FY 2022/2023	39,400.00	Religious Institution	C.E.C.M Finance & Economic
9	Siri Gurdwara Thika	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
10	Kiambu County Pastor's Fellowship	FY 2022/2023	35,000.00	Religious Institution	C.E.C.M Finance & Economic
11	Kuza Kipawa/Sima ma na mtoto	FY 2022/2023	65,000.00	Non-Profit Organization	C.E.C.M Finance & Economic
12	ACK St. Luke's Makongeni Parish	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic

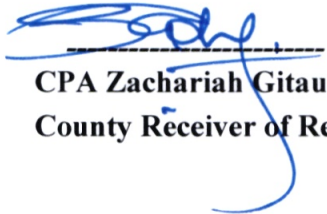
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13	Solomon Richard Ndung'u	FY 2022/2023	1,000.00	Persons Living with Disability	C.E.C.M Finance & Economic
14	Anglican Church of Kenya	FY 2022/2023	15,400.00	Religious Institution	C.E.C.M Finance & Economic
15	Ven Canon Catherine Kang'ethe	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
16	Wonders Tabernacle Church	FY 2022/2023	15,000.00	Religious Institution	C.E.C.M Finance & Economic
17	Kingdom Seekers Fellowship	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
18	African Independent Pentecostal Church	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
19	ACK Mugumo-ini Parish	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
20	ACK Mt Kenya South Diocese	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
21	St. Patrick's Catholic Church	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
22	Society of Christian Doctrine	FY 2022/2023	7,000.00	Religious Institution	C.E.C.M Finance & Economic
23	Winners Chapel International Thika	FY 2022/2023	15,500.00	Religious Institution	C.E.C.M Finance & Economic
24	Makongeni Corps	FY 2022/2023	3,500.00	Religious Institution	C.E.C.M Finance & Economic
25	PCEA Wangige Church	FY 2022/2023	150,600.00	Religious Institution	C.E.C.M Finance & Economic
26	Mugutha Baptist Church	FY 2022/2023	40,000.00	Religious Institution	C.E.C.M Finance & Economic

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27	Kalimoni Mission Hospital	FY 2022/2023	48,050.00	Religious Institution	C.E.C.M Finance & Economic
28	Redeemed Gospel Church - Central Mount	FY 2022/2023	148,750.00	Religious Institution	C.E.C.M Finance & Economic
29	Gospel Assemblies of Kenya	FY 2022/2023	73,504.00	Religious Institution	C.E.C.M Finance & Economic
30	PCEA Kikuyu Hospital	FY 2022/2023	910,606.00	Critical Health Services	C.E.C.M Finance & Economic

(PFMACT section 165 subsection 4, 5)


CPA Zachariah Gitau
County Receiver of Revenue

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Appendix 2: Progress on follow up of prior Year Auditor recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
4.1	<p>Management has provided summaries showing the amounts disclosed under the various streams, no detailed schedules supporting individual revenue streams have been provided for audit verification.</p> <p>Consequently, the accuracy and completeness of the reported revenue under county own generated revenue of Kshs.3,149,854,096 could not be confirmed.</p>	The supporting schedules were extracted from the Revenue systems and have been forwarded to your office in soft copy for verification.	Resolved	
4.2	The statement of receipts and disbursements shows that Kshs.2,712,969,473 was disbursed to CRF during the year. However, review of the County Revenue Fund's financial statements shows that Kshs.2,713,124,569 was received from own source revenue resulting to unexplained variance of Kshs.155,096.	The Kshs. 155,096.00 relate to uncleared cheque in the Cooperative Bank of Kenya Revenue collection account no. 01141371543502 which was recognized as revenue but was not disbursed to County Revenue Funds Account by the closure of the financial year.	Resolved	

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4.3	<p>Analysis of the data in relation to house maintained by the Strathmore system revealed that the county as at 30 June 2021, uncollected house rent arrear in relation to house and land rent stood at Kshs. 4,104,648,847. The uncollected amount that equals to 10% of own generated revenue of Kshs. 3,149,854,096.60.</p>	<p>The outstanding house rents, rates & grounds rent were inherited from the defunct local authorities. Efforts have been put in place to collect the arrears including giving waivers. Further the county has been using outdated valuation rolls. We are in the process of introducing new rating regime since the County have new valuation & rating Act & the regulations which have been approved by the County Assembly and are awaiting implementation by the County Executive.</p>	Unresolved	5 Years
4.4	<p>The vendor had access to the database local administrative accounts, which grants excess manipulative privileges into the revenue records held by the database of the Kiambu Pay System.</p> <p>Consequently, arising from the above observation the accuracy and completeness of the revenue records and reports thereafter held and produced by the new revenue system respectively could not be ascertained.</p>	<p>Routine and scheduled system update will adhere to the policy that has been formalized and each upgrade moving forward will be subjected to the Software Update Procedure. The policy will require that any subsequent update will be notified and approved by Chief Officer, Director and System administrator.</p> <p>Vendor will be allowed access to Live environment only when making updates. Changes done will be documented and verified.</p>	Resolved	

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4.5	<p>Review of the Kiambu pay revenue collection system internal controls revealed lack of segregation of duties where we noted that a user had both the rights to initiate receipts canceling and approving it. The user had full control of the process from ended to ended meaning a weak system internal control override. In view of foregoing, the integrity of the receipts reported by the Kiambu revenue system cannot be fully relied for reporting the revenue collections</p>	<p>The system has role-based security setup where each officer is assigned roles depending of the user function in the system. The system provides over eighty (80) different roles for each sub-county to ensure effective checks and balances in the utilization of the system. However, some of the sub-counties lacks adequate capacity to separate roles and provide single role to an officer. The county will endeavor to provide adequate revenue staff to each sub-county to separate roles to each staff.</p>	Resolved	
4.6	<p>Examination of the rent balances indicated that the tenants had accrued rent amounting to Kshs.11,512,634 despite having more than one house. Therefore, the county Government incurs an opportunity cost arising from forgone income opportunities from tying their cash as arrears with defaulting tenants who owns more than on house.</p>	<p>The system has role-based security setup where each officer is assigned roles depending of the user function in the system. The system provides over eighty (80) different roles for each sub-county to ensure effective checks and balances in the utilization of the system. viability to some of the small sun counties.</p>	Resolved	

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4.7	<p>The statement of Asset and Liabilities reported a balance of Kshs.155,611.30 Cash and Cash Equivalents as at 30 June 2022 held at two(2) Bank accounts. Audit examination of documents provided in support of the balance revealed the following observations;</p> <p>1. Cooperative bank - Kiambu County Revenue. Bank reconciliations for eleven (11) months covering 1 July 2021 to 31 May 2022, certificate of bank balance and board of survey report have not been provided for audit verification.</p> <p>2. KCB bank - Kiambu County Revenue. Bank reconciliations for eleven (11) months covering 1 July 2021 to 31 May 2022, certificate of bank balance and board of survey report have not been provided for audit verification.</p>	<p>1) The certificate of bank balance and the board of survey reports are hereby attached.</p> <p>2) The certificate of bank balance and the board of survey reports are hereby attached.</p>	Resolved	
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4.8	<p>During the year under review, Kiambu county government migrated revenue collection systems to one centralized system called Kiambu pay. The system is a web based hosted by county running on Microsoft SQL database and window server. Review of the critical security configurations around the database and the operating system revealed anomalies the revenue database, Kiambu county is extremely exposed to external and internal threats as it holds critical data and information on revenue collection. Further, the two security breaches to the database casts doubts on reliability of the new revenue system to generate accurate and complete revenue reports.</p>	<p>KiambuPay is a customized system that has entailed a lot in development even as the county continues to use the system. This requires access to the database by the developer. The county takes note that “sa” user widely used and it will be deactivated as suggested and in return establish another account with same rights to be used when need arise. The use of VPN and firewall has however enhanced system security.</p>	Resolved	
4.9	<p>Review of the revenue collected using mobile money revealed that only one pay bill was used to collected revenue across the sub-counties and on daily basis collection swiped to main revenue account. It was therefore difficult to account the mobile money to respective sub-counties and revenue stream. The county government did</p>	<p>The M-pesa paybill number is fully integrated with the Kiambu Pay revenue system. This means that all the payments done through m-pesa are received, reported and receipted automatically by the system in real time. This has greatly reduced dependence on customer messages for confirmation</p>	Resolved	

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	<p>not maintain a reconciliation statements for the mobile money collection account.</p> <p>Further, it was noted that Mobile money had not been integrated with the revenue collection system to allow for transactions to be seamlessly accepted and recorded into the system, instead respective revenue officers confirms payments from customers phone for receipting. The manual process may compromise the integrity of data leading to misstatement of the revenue of misclassification of revenue type.</p>	<p>of payments for receipting purposes.</p> <p>The design of the system does not require multiple paybill numbers as the revenue analysis is done by the system and NOT by the paybill. Each sub-county is able to identify their revenue collection, revenue streams collection as well the fees and charges. This design simplifies the need to have several paybill numbers where each will require reconciliation and eliminates the need to citizen to have several numbers of paybill especially when paying for different services in different sub-county. The county has not lost any of the required management report from the use of one paybill which is also integrated with USSD which in return would have required to have 11 USSD and are expensive to maintain while adding no economic value.</p>		
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5.0	A comparison between recomputed own generated revenue and the reported revenue for the year ended June 2022 showed variances. Therefore, the completeness of the reported revenue could be ascertained as it was understated by Kshs. 29,850,451	The revenue reported as per sub counties cashbook was Kshs. 1,952,253,665.50 As per the breakdown below	Resolved	
5.1	Kiambu county government had automated revenue collection for the period ended June 2022 by consolidating all revenue system into called system called Kiambu pay. Comparative analysis of two reports generated from Kiambu pay, the receipts and revenue summary reports revealed inconsistency between the two reports	The system is designed to recognize bill/invoices as means of processing the payment and the receipt is issued. Several invoices can be receipted using a single transaction and therefore giving rise to situation whereby many invoices will bear the same receipt number and the total amount received from all invoices processed being indicated on the receipt.	Resolved	

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Appendix 3 - Reports Generated From IFMIS

The following Financial Reports generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. GOK Miscellaneous Receipts Register
- iii. FO30 (Bank reconciliations) for all bank accounts