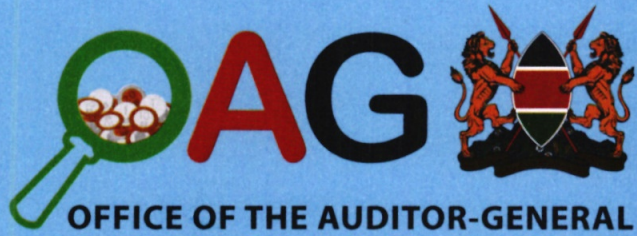


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

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RECEIVER OF REVENUE

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

COUNTY GOVERNMENT OF TANA RIVER



RECEIVER OF REVENUE
(County Government of Tana River)

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 Tana River
Revenue Statements for the Period Ended 30th June 2023***

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1. Acronyms and glossary of terms

a) Acronyms

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

b) Glossary of terms

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

(Entity to insert all the relevant acronyms and key terms used in the annual report and financial statements)

2. Key Entity Information and Management

[County government of Tana River]

(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 ..., 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 1st July 2022 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 Tana River' day-to-day management of revenue is under the following:

- County Executive Committee Member for Finance – CPA Brenda Mokaya
- A.g. Chief Officer, Finance –CPA Mariam Bunu
- Chief Officers, in charge of departments collecting revenue ...
- Director, Revenue –Kase Ddaiddo
- Head of Revenue Reporting...Kase Ddaiddo

Key Entity information and Management (continued)

(d) County Headquarters

P.O. Box 29 70101
Trade House/
County Council Road
Hola, KENYA

(e) Entity Contacts

Telephone: N/A
E-mail: tanarivercounty.go.ke
Website: www.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
Harambee Avenue
P.O Box 40112-00200
City Square
Nairobi, Kenya

(h) Bankers

Kenya Commercial Bank
P.O Box 100-70101
Hola.
Telephone: (254) 20 2287000
Website: www.kcbgruo.com

3. Foreword By the CECM Finance and Economic Planning

The performance of Receiver of Revenue for the financial year 2022/2023 was fair since the collection was about 74% of the target. During the year, we experienced challenges which include:

a) Political interference

The revenue unit faced challenges in collecting revenue due to the fact that some of politicians mobilizing the members of the public not to pay taxes to the county government. This has really affected our collection hence struggling to meet set targets.

b) No enactment of the law for revenue raising measures (finance Act)

The bills that support revenue collection such as the finance bill and enforcement bills are normally delayed to be passed and become an Act by the county Assembly. For example, the Finance Act that was in use was that of 2020. We faced challenges in enforcing some of revenue streams that came into existence but were not captured in the Finance Act. Some of rates that we were charging were reviewed upwards but we could not enforce the rule due to the fact the finance act that was in use was out-dated.

c) Climate change

Tana River County depends mostly on agricultural produce and livestock. In the financial year 2022/2023, the county experienced a prolonged drought which affected the agricultural produce as well as the livestock business as most of the livestock moved in search of green pastures. This affected revenue collection hence low collection.

d) External forces

Most of the companies that were quarrying gypsum in our County relocated their mining activities to other counties reasons known to them.

The National Government imposed a lot of controls to the extracting companies' hence minimum control and interaction between the companies and the county government hence affecting the maximum revenue collection.

e) No valuation roll

Some of our tax payers are reluctant to pay their dues to the fact that the county has no valuation role that determines how a certain figure is arrived at, for example when collecting Land rates.

Economically, Tana River County is a growing county which depends mostly on agricultural and livestock businesses. During the year under review, the county experienced a drastic change of climate

resulting to prolonged drought which affected most of the businesses in the other streams. Most of the running businesses were closed resulting to low collection of revenue.

The impediments during the year under review are as follows:

a) Delay in enactment of bills

The bills that support revenue collection such as the finance bill and enforcement bills are normally delayed to be passed and become an Act by the county Assembly. For example, the Finance Act that is currently in is the 2020 Finance Act while the 2022 Finance bill is yet to be enacted.

b) Mobility

The revenue unit has only one vehicle in operation. This hinders swift mobility hence making it difficult to conduct field surveys hence low revenue collection.

c) Elections

During the election period, revenue unit faced challenges in collecting revenue due to some of politicians mobilizing the members of the public not to pay taxes to the county government. This really affected revenue collection hence struggling to meet set targets.

Accelerators of revenue collection include the following measures:

a) Capacity building

We are budgeting for training of the revenue staffs in order to improve their skills on matters of revenue thus improving performance

The local business environment depends on the economy of the area which normally does better during high seasons and affected during low seasons. The prolonged drought during the year under review has immensely affected the collection of revenue.

The Tana River County government has got twelve sources of revenue as follows:

- 1) Land rates
- 2) Business permits
- 3) Cess
- 4) Plot rents
- 5) Administrative services fees
- 6) County's natural resources exploitation

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

- 7) Market / Trade Centre fees
- 8) Vehicle parking fees
- 9) Housing
- 10) Environment & conservancy administration
- 11) Slaughter houses administration
- 12) Technical services

The target for the year was kshs 87,846,000 (eighty seven million eight hundred and forty six thousand). We managed to collect kshs 64,041,750 (sixty four million, forty one thousand seven hundred and fifty) and kshs 59,176,171 (fifty nine million one hundred and seventy six thousand one hundred and seventy one) was disbursed to CRF.



.....
CECM Finance and Economic Planning
County Government of Tana River

4. Management Discussion and Analysis

The performance of Receiver of Revenue for the financial year 2022/2023 was fair since the collection was about 75% of the target. During the year, we experienced challenges which include:

a) Political interference

The revenue unit faced challenges in collecting revenue due to the fact that some of politicians mobilizing the members of the public not to pay taxes to the county government. This has really affected our collection hence struggling to meet set targets.

b) No Finance Act

The bills that support revenue collection such as the finance bill and enforcement bills are normally delayed to be passed and become an Act by the county Assembly. For example, the Finance Act that was in use was that of 2020. We faced challenges in enforcing some of revenue streams that came into existence but were not captured in the Finance Act. Some of rates that we were charging were reviewed upwards but we could not enforce the rule due to the fact the finance act that was in use was out-dated.

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Most of the companies that were quarrying gypsum in our County relocated their businesses to other counties reasons known to them.

The National Government imposed a lot of controls to the extracting companies' hence minimum control and interaction between the companies and the county government hence affecting the maximum revenue collection.

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Some of our tax payers are reluctant to pay their dues to the fact that the county has no valuation role that determines how a certain figure is arrived at, for example when collecting Land rates.

Economically, Tana River County is a growing county which depends mostly on agricultural and livestock businesses. During the year under review, the county experienced a drastic change of climate resulting to prolonged drought which affected most of the businesses in the other streams. Most of the running businesses were closed resulting to low collection of revenue.

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e) Mobility

The revenue unit has only one vehicle in operation. This hinders swift mobility hence making it difficult to conduct field surveys hence low revenue collection.

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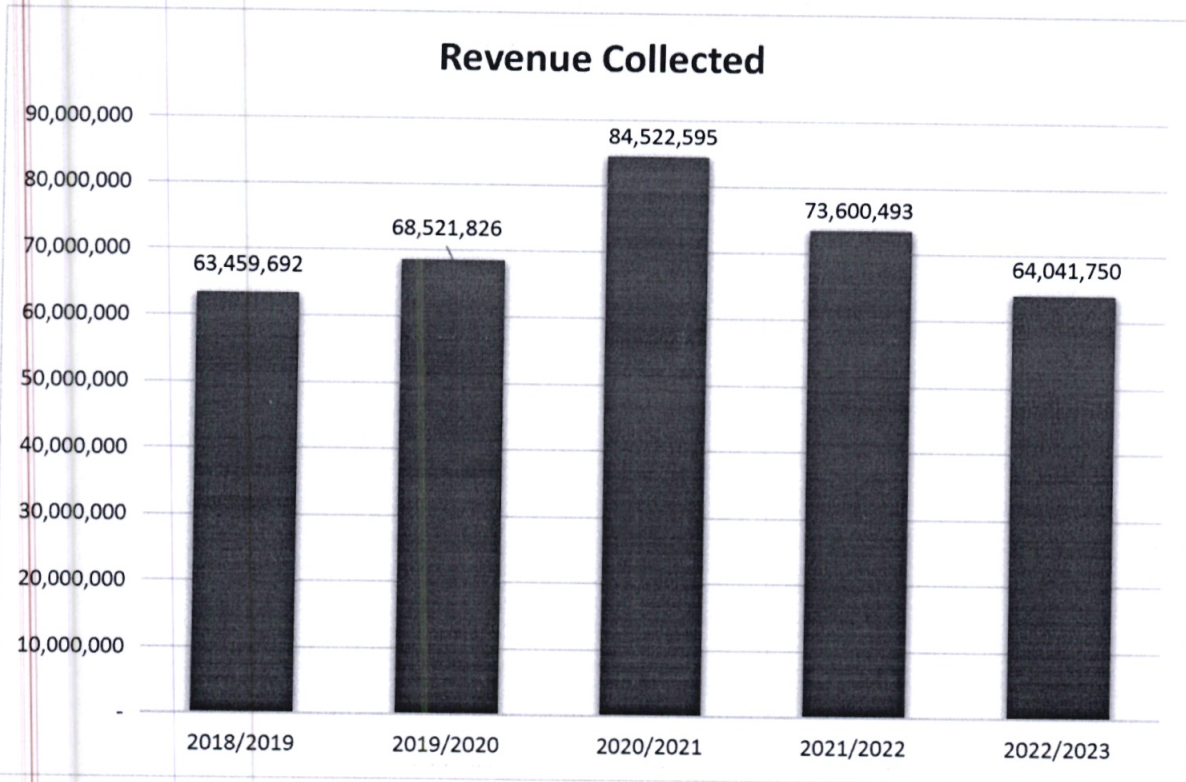
We would like to have a budget that will cater for the training of our staffs in order to improve the skills of our staffs on matters of revenue thus improving performance

The local business environment depends on the economy of the area which normally does better during high seasons and affected during low seasons. The prolonged drought during the year under review has immensely affected the collection of revenue.

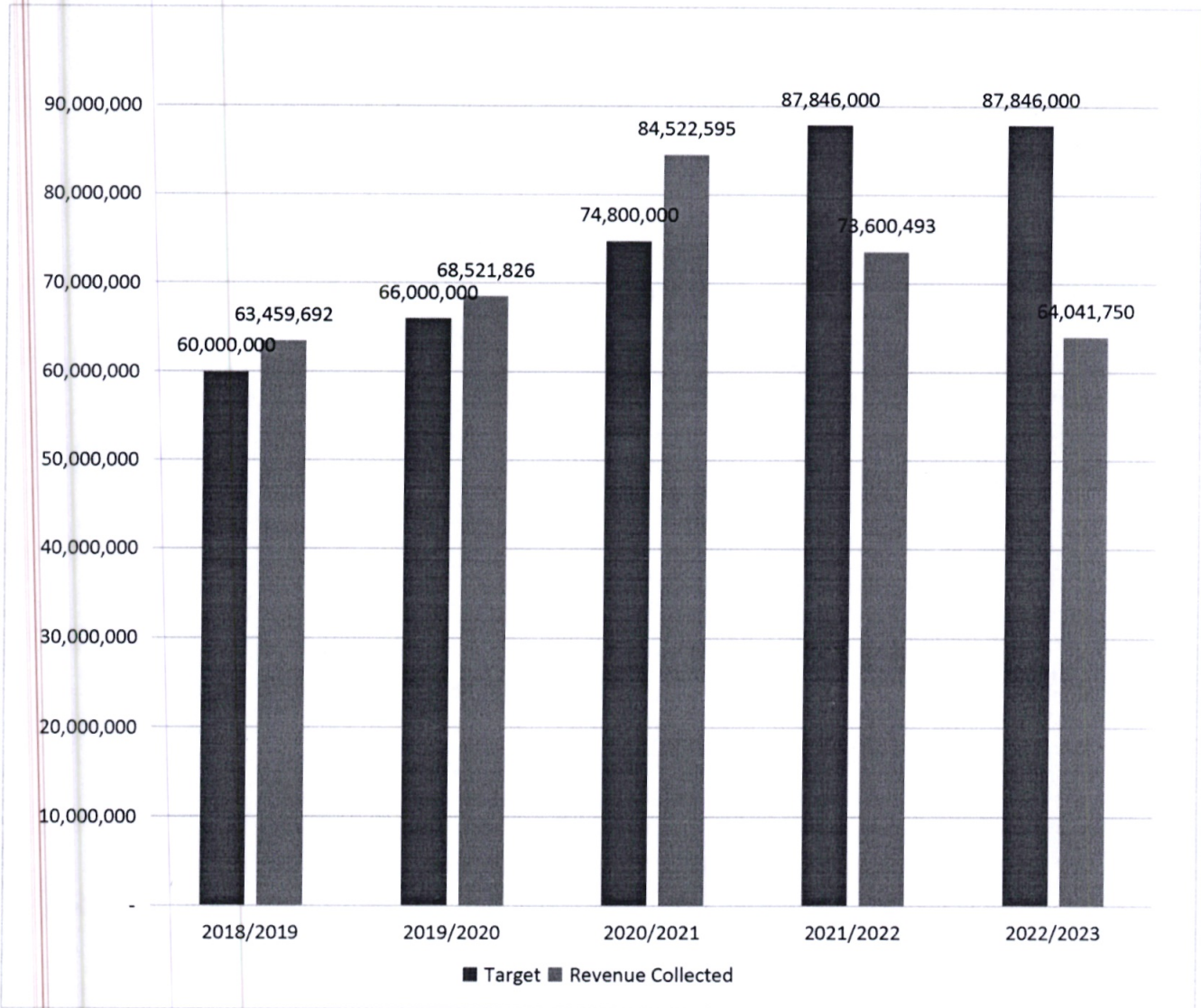
The target for the year was kshs 87,846,000 (eighty seven million eight hundred and forty six thousand). We managed to collect kshs 64,041,750 (sixty four million, forty one thousand seven hundred and fifty) and kshs 59,176,171 (fifty nine million one hundred and seventy six thousand one hundred and seventy one) was disbursed to CRF.

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

The chart below summarizes the Revenue collection for the last five financial years



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



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.

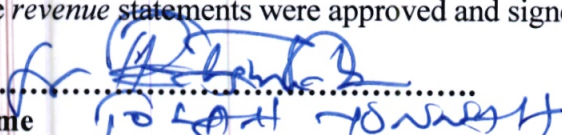
The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (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 *Tana River county 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 *Tana River county receiver of revenue* account gives a true and fair view of the state of *Tana River county receiver of revenue* transactions during the financial year ended June 30, 2023, and of the *Tana River County government* 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 *Tana River County government* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

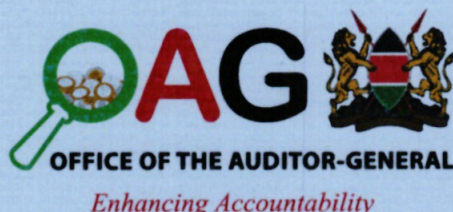
Approval of the Revenue Statements

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


.....
Name
County Receiver of Revenue

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

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 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 control, 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 Tana River set out on pages 1 to 15, which comprise of the statement of financial assets and liabilities, and statement of arrears of revenue as at 30 June, 2023,

Report of the Auditor-General on Receiver of Revenue for the year ended 30 June, 2023 - County Government of Tana River

and the statement of receipts and disbursements, 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 Tana River 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 with the provisions of the Public Finance Management Act, 2012, and the County Governments Act, 2012.

Basis for Adverse Opinion

1. Failure to Prepare Prior Year Revenue Statements

The revenue statements for the previous year were not prepared and submitted for audit contrary to Regulation 101(4) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor-General with a copy to the County Treasury, the Controller of Budget and The National Treasury. In addition, the revenue statements for the year under review do not reflect comparative balances for the previous year.

In the circumstances, the accuracy and completeness of the revenue statements could not be confirmed and the Management was in breach of the law.

2. Inaccuracies in the Revenue Statements

Review of the revenue statements revealed the following anomalies:

- i. The statement of receipts and disbursements reflects unexplained variances in receipts and disbursements under various items and corresponding schedules as indicated below:

Revenue Stream	Revenue Statements (Kshs)	Schedules (Kshs)	Variance (Kshs)
Cess	12,084,700	12,596,670	511,970
Single Business Permit	18,010,000	18,270,870	260,870
Property Rent	1,210,800	1,585,000	374,200
Market Fees	2,650,827	2,427,566	223,261
County's Natural Resources Exploitation	13,325,000	13,625,000	300,000

Report of the Auditor-General on Receiver of Revenue for the year ended 30 June, 2023 - County Government of Tana River

- ii. The statements of receipts and disbursements reflects bank charges of Kshs.17,471 while the actual bank charges as indicated in the collection bank account statement was Kshs.16,385 resulting to a variance of Kshs.1,086 which has not been explained.
- iii. The statements of receipts and disbursements reflects disbursements to CRF totalling to Kshs.59,176,171 while the corresponding receipts in the statement of receipts and payments in CRF amount to Kshs.59,173,171 resulting to an unexplained variance of Kshs.3,000.
- iv. The statement of arrears of revenue reflects Kshs.Nil total arrears while Note 13 to the revenue statements reflects total arrears of Kshs.184,646,253 resulting to a variance of Kshs.184,646,253 which has not been explained.

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

3. Unsupported County Own Source Revenue

The statement of receipts and disbursements reflects County own source revenue amounting to Kshs.64,041,750. However, daily/weekly revenue registers indicating actual transactions of revenue collections such as revenue source, date and amount which are linked to monthly schedules were not provided for audit review. In addition, review of the revenue records revealed the following inadequacies.

i. Unsupported Cess Revenue Amount

Included in the total County own source revenue is Kshs.12,084,700 in respect of cess revenue. The Tana River County Finance Act, 2020 revealed that cess charges were to be paid by all vehicles carrying goods entering and offloading in Tana River County. However, the County has two (2) weigh bridges out of which one was under construction and the other one was complete but not functional. In the circumstances, the basis for collection of cess could not be confirmed.

ii. Unconfirmed Revenue Amount on Single Business Permits

Included in the total County own source revenue and Note 3 to the revenue statements is revenue from single business permits of Kshs.18,010,000. However, the revenue was not supported with formal applications for single business permits and detailed analysis of revenue collected daily showing date, mode of payment and payees. In addition, sources of revenue from the single business permit stream could not be confirmed since the ledger provided for audit was not categorized as business permit application fees, annual business permit fees, business permit penalties and interest, business permit fees arrears as required by the reporting template.

iii. Lack of a Valuation Roll for Collection of Land Rates

The statement of receipts and disbursements reflects land/poll rates revenue amounting to Kshs.5,573,330 and as disclosed in Note 2 to the revenue statements. However, the County updated valuation roll was not provided for audit review.

iv. Unsupported Parking Fees

The statement of receipts and disbursements reflects parking fees of Kshs.1,490,000 and as disclosed in Note 5 of the revenue statements. However, this amount was not supported with a register of all designated parking slots/bays within the County and the serial numbers of revenue machines issued to each collector of revenue.

v. Unconfirmed Revenue from Property Rent

The statement of receipts and disbursements reflects property rent totalling to Kshs.1,210,800 and as disclosed in Note 4 to the revenue statements. However, the revenue amount was not supported with a register of plots which generated property rent.

In the circumstances, the accuracy and completeness of County own source revenue of Kshs.64,041,750 could not be confirmed.

4. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and liabilities reflects a bank balance of Kshs.6,012,709 and as disclosed in Note 12 to the revenue statements. However, the amount was not supported with a certificate of bank balance.

In the circumstances, the accuracy and completeness of bank balance of Kshs.6,012,709 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 Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

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. Collection of Revenue Without a Finance Act

The statement of receipts and disbursements reflects County own source revenue amount of Kshs.64,041,750. However, Management used the Finance Act,2020 as a basis to collect revenue. This was contrary to Section132 (1) and 133 of the Public Finance Management Act, 2012 provides that, each financial year, the County Executive Member for Finance shall, with the approval of the County Executive Committee, make a pronouncement of the revenue raising measures for the County Government and that not later than ninety days after passing the Appropriation Bill, the County Assembly shall consider and approve the Finance Bill with or without amendments.

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

2. Irregular Engagement of Casual Employees in Revenue Collection

Review of the staff list for Receiver of Revenue provided for audit verification revealed that Management had sixty-nine (69) staff members out of which fifty-seven (57) were on contract, ten (10) on permanent basis, one (1) on secondment while one (1) was on probation. Interview with the revenue collection officers at Hola revenue collection office revealed that the staff had been engaged for more than ten (10) years without being absorbed by the County Government on permanent basis. This was contrary to Section 37 of the Employment Act, 2007 which states that notwithstanding any provisions of this Act, where a casual employee (a) works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or (b) performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more.

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

3. Non-Automation of Revenue Collection

Interview with the Director of revenue revealed that the County Receiver of Revenue does not have a revenue collection system but instead revenue was collected manually using miscellaneous receipts. The Management did not automate their revenue collection system to minimize revenue leakages contrary to Regulation 22 1(b) of The Public Finance Management (County Governments) Regulation, 2015 which states that accounting officers are responsible for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

4. Uncollected Revenue from National Irrigation Authority, KETRACO, and ADC Galana Ranch

The statement of arrears of revenue reflects a balance of Kshs.200,000 arrears in revenue. However, ageing analysis of revenue in arrears as disclosed in Note 15 to the revenue statements reflects a closing balance of Kshs.184,646,253 for land rates which is owed by three parastatals as analyzed below:

	Name of the entity	Amount (Kshs.)
1	National Irrigation Authority	176,820,000
2	KETRACO	867,830
3	ADC Galana Ranch	6,958,423
	Total	184,646,253

However, no evidence of efforts to collect the revenue in arrears was provided for audit review. This was contrary to Section 157 (2) of the Public Finance Management Act, 2012 which provides that a receiver of county government revenue is responsible to the County Executive Committee Member for finance for ensuring that the revenue for which the receiver is responsible is collected or recovered and is accounted for.

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

5. Effectiveness of Identification, Collection, and Accounting for County Own Source Revenue

Statement of receipts and disbursements reflects total County own source revenue of Kshs.64,041,750 out of which Kshs.59,176,171 was transferred to County Revenue Fund (CRF) while the statement of comparison of budget and actual amounts reflects a final budget of Kshs.87,846,000. However, a review of the bank statements for the year under review revealed that only Kshs.65,265,529 was collected resulting in an under collection of revenue of Kshs.22,580,471 or 25% of the approved budget. In addition, this amount of Kshs.65,265,529 differs with Kshs.64,041,750 reflected in the statement of receipts and disbursements. This was contrary to Regulation 63(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an accounting officer and 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 moneys relating to their county departments or agencies.

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 section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 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


08 February, 2024

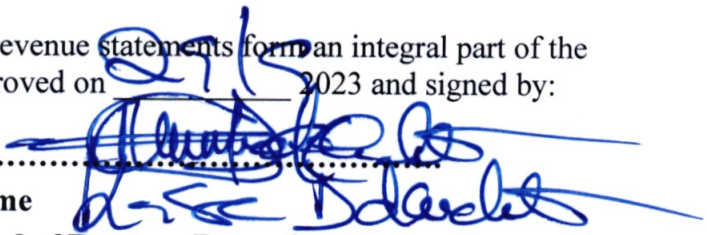
Receiver of Revenue
 County Government of Tana River
 Revenue Statements for the Period Ended 30th June 2023

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

	Note	Period ended 30 June 2023
		Kshs
County Own Source Revenue		
Cess	1	12,084,700
Land/Poll Rate	2	5,573,330
Single/Business Permits	3	18,010,000
Property Rent	4	1,210,800
Parking Fees	5	1,490,000
Market Fees	6	2,650,827
County's natural resources exploitation	7	13,325,000
Hospital Fees	8	3,385,020
Technical services	9	6,312,073
Total County Own Source Revenue		64,041,750
Other Receipts		-
Total Receipts		64,041,750
Balance b/f at the beginning of the year **		1,164,601
Disbursements To CRF		(59,176,171)
Bank charges		(17,471)
Balance Due for Disbursement as at the end of the period		6,012,709

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 29/5/2023 and signed by:


 Name James Mwangi
 County Receiver of Revenue
 (Ref: PFM ACT section 165, 2(a))



 Name David K. Mwangi
 Head of Revenue Reporting
 ICPAK M/No


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

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

	Note	Period as at June 2023 Kshs
Financial Assets		
Cash And Cash Equivalents		
Bank Balances	12	6,012,709
Total Financial Assets		6,012,709
Financial Liabilities		
Payables-Due to CRF	13	6,012,709
Total Financial Liabilities		6,012,709

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tana River county government Receiver of Revenue financial statements were approved on 29th 2023 and signed by:


 Name Joseph Mwangi
 County Receiver of Revenue


 Name David Mwangi
 Head of Revenue Reporting
 ICPAK M/No

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


Receipt	Original annual Budget	Adjustments	Final Budget	Actual Cumulative to date June 30,2023	% Of realization of revenue
	A	B	C=A+B	D	F=D/C %
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	
Cess	28,067,862	-	28,067,862	12,084,700	43%
Land/Poll Rate	4,514,752	-	4,514,752	5,573,330	123%
Single/Business Permits	9,170,590	-	9,170,590	18,010,000	196%
Property Rent	2,116,290	-	2,116,290	1,210,800	57%
Parking Fees	987,602	-	987,602	1,490,000	151%
Market Fees	2,116,290	-	2,116,290	2,650,827	125%
County's natural resources exploitation	12,824,717	-	12,824,717	13,325,000	104%
Hospital Fees	14,108,600	-	14,108,600	3,385,020	24%
Public Health Service Fees	2,398,462	-	2,398,462	-	0%
Technical services	6,137,241	-	6,137,241	6,312,073	103%
Conservancy Administration	818,299	-	818,299	-	0%
Administration Control Fees and Charges	2,539,548	-	2,539,548	-	0%
Housing	352,715	-	352,715	-	0%
receipts from sale of incidental goods	1,693,032	-	1,693,032	-	0%
Total County Own Source Revenue	87,846,000	-	87,846,000	64,041,750	72.90229521
Other Receipts	-	-	-	-	0%
Total Other Receipts	-	-	-	-	0
Total Receipts	87,846,000	-	87,846,000	64,041,750	72.90229521

[Provide below a commentary on significant under realisation (below 90% of realisation) and any over realisation]

- a) Political interference
- b) No Finance Act
- c) Climate change

d) External forces

The County Receiver of revenue's financial statements were approved on 29/5 2023 and signed by:



.....
Name Joseph Mwangi
County Receiver of Revenue



.....
Name Joseph Mwangi
Head of Revenue Reporting
ICPAK M/No

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

Classification Of Receipts (Indicate As Applicable)	Balance as at 1st July 2022	Arrears received during the period	Additions in arrears for the current period to xx(state the period)	Total arrears as at end of the period 30 June,2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	-	-	-	-		
Land/Poll Rate	-	200,000	-	-		
Single/Business Permits	-	-	-	-		
Property Rent	-	-	-	-		
Parking Fees	-	-	-	-		
Market Fees	-	-	-	-		
Advertising	-	-	-	-		
Hospital Fees	-	-	-	-		
Public Health Service Fees	-	-	-	-		
Physical Planning And Development	-	-	-	-		
Hire Of County Assets	-	-	-	-		
Conservancy Administration	-	-	-	-		
Administration Control Fees And Charges	-	-	-	-		
Park Fees	-	-	-	-		
Other Fines, Penalties, And Forfeiture Fees	-	-	-	-		
Miscellaneous	-	-	-	-		
Total Arrears	-	200,000	-	-		

An ageing analysis of revenue in arrears has been shown on note 13 of these financial statements.


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


.....
Name **Karo Dede**
Head of Revenue Reporting
ICPAK M/No

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

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

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 17th October 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There was xxx 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. *(Include the receiver's actual policy on disbursements)*

7. Comparative Figures

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

8. Subsequent Events

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

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

12. Notes to the Financial Statements

1. Cess

Description	Period ended June 2023
	Kshs
Farm produce	12,084,700.00
Total	12,084,700.00

2. Land rates

Description	Period ended June 2023
	Kshs
Land rates	5,573,330
Total	5,573,330

3. Single /Business Permits

Description	Period ended June 2023
	Kshs.
Annual Business permit fees	18,010,000
Total	18,010,000

4. Property Rent

Description	Period ended June 2023
	Kshs
Plot Rent	1,210,800
Total	1,210,800

5. Parking Fees

Description	Period ended June 2023
	Kshs
Monthly toll/sticker fees	1,100,000
Bus Park fees	390,000
Total	1,490,000

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

Notes to the Financial Statements (continued)

6. Market Fees

Description	Period ended June 2023
	KShs
Market entry fees	2,650,827
TOTAL	2,650,827

7. County's Natural Resources Exploitation

Description	Period ended June 2023
	Kshs
Quarrying	13,325,000.00
Total	13,325,000.00

8. Hospital Fees

Description	Period ended June 2023
	Kshs
Level 4 hospitals	3,385,020
Total	3,385,020

9. Technical Services

Description	Period ended June 2023
	Kshs
Building plans approval	6,312,073
Total	6,312,073

10. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	As at 30 Jun-23 Kshs
KCB Bank, 1140754033, (Kshs)	6,012,709	-	6,012,709
Total	6,012,709	-	6,012,709

Description	As at 30 June 2023 Kshs
Cash Balance (<i>Cashbook</i>)	6,012,708.98
Total	6,012,708.98

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

11. Payables- Due To CRF

Payables	As at 30 June 2023
	Kshs
Balance b/f at the beginning of the year	1,164,600.63
Amount collected during the period	64,041,750.25
Amounts disbursed to CRF during the period	(59,176,171.30)
bank charges	(17,471.00)
Balance c/d at the end of the period	6,012,708.58

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year. The amount should be supported by the bank balances as per note 10 above.

12. Bank charges

Description	Period ended June 2023
	Kshs
bank charges and commissions	17,471
Total	17,471

Notes to the Financial Statement (Continued)

13. 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
Cess	-	-	-	-	-
Land/poll rate	-	-	-	184,646,253	184,646,253
Single/business permits	-	-	-	-	-
Property rent	-	-	-	-	-
Parking fees	-	-	-	-	-
Market fees	-	-	-	-	-
Advertising	-	-	-	-	-
Hospital fees	-	-	-	-	-
Public health service fees	-	-	-	-	-
Physical planning and development	-	-	-	-	-
Hire of County Assets	-	-	-	-	-
Conservancy administration	-	-	-	-	-
Administration control fees and charges	-	-	-	-	-
Park fees	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-
Others (<i>Specify</i>)	-	-	-	-	-
Total (agree to statement of arrears)		-	-	184,646,253	184,646,253

14. Appendices

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

(PFM ACT section 165 subsection 4, 5)



 Sign and date
 Accounting Officer


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

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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.



Name T. K. M. Mwangi
County Receiver of Revenue

Date



Name Wase D. D. D.
Head of Revenue Reporting
ICPAK M/No

Date