

REPUBLIC OF KENYA



Enhancing Accountability

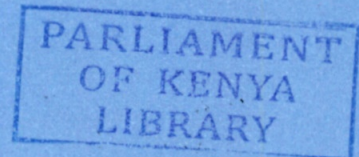
REPORT

OF

PAPERS LAID	
DATE	12/03/2024
TABLED BY	S-MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
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THE AUDITOR-GENERAL

ON



**RECEIVER OF REVENUE –
REVENUE STATEMENTS**

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

**COUNTY GOVERNMENT OF
VIHIGA**

COUNTY GOVERNMENT OF VIHIGA

OFFICE OF THE AUDITOR GENERAL
RECEIVED

★ 08 JAN 2024 ★

P. O. BOX 1188, KISUMU



**RECEIVER OF REVENUE
COUNTY GOVERNMENT OF VIHIGA**

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 Vihiga
Revenue Statements for the Period Ended 30th June 2023

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County Government of Vihiga
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

2. Key Entity Information and Management

(a) Background information

- (b) This is the Second Annual Report and Financial Statement for Receiver of Revenue to be prepared by the County Government of Vihiga since 2013 when the implementation of devolved form of government came to place and the Second during the implementation of the 2018-2023 CIDP.
- (c) The preparation of the report generally involves the review and analysis of county's Own generated Receipts.
- (d) 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 on 3rd August 2020 by the County Executive Committee Member for Finance, in accordance with section 157 of the PFM Act.

(e) Principal activities

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

(f) Key Management Team

The County Government of Vihiga's day-to-day management of revenue is under the following:

- County Executive Committee Member for Finance – Dr Boston Jairus Amayi
- Chief Officer, Finance – CPA James Atemba
- Director, Revenue – CPA Essery Ngati
- Head of Revenue Reporting – Willys Mogesi



Key Entity information and Management (continued)

(g) County Headquarters

P.O. Box 344 - 50300
Vihiga County Headquarters – Mbale
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(h) Entity Contacts

E-mail: treasury@vihiga.go.ke
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(i) Independent Auditor

Auditor General
Kenya National Audit Office
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GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The County Attorney
Vihiga County Headquarters
P.O. Box 344- 50300
Maragoli Kenya
Website: www.vihiga.go.ke

(k) Bankers

Central Bank of Kenya
Haile Selassie Avenue

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P.O. Box 60000

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Nairobi, Kenya

(l) Kenya Commercial Bank
Mbale – Branch

P.o Box 1123- 50300

Maragoli - Kenya

(m) Co-operative Bank of Kenya
Mbale Branch

P.o. Box 816-50300

Maragoli- Kenya

(n) Equity Bank of Kenya
Mbale Branch

P.o Box, 545 -50300

Maragoli- Kenya

Website: www.go.ke



3. Foreword by the CECM Finance and Economic Planning

The financial year 2022/2023 was a hard period economically. The global economy has not fully recovered from the devastating effects of covid-19 pandemic and the global wars thereto affecting businesses. The prevailing political environment and the activities such as demonstrations by the opposition wing in the country also had their own fair share of negative effects on the normal operations of business activities in the county and country as a whole.

The County Government of Vihiga had set a target of Kshs. 284,073,208 to be realized from own source revenue. The County realized actual revenue collection of Kshs.229,848,536 representing 80% collection performance.

Out of the total collection of Kshs. 229,848,536 realized as own source revenue, a total of Kshs. 106,807,182 was disbursed to the CRF account while a total of Kshs. 122,493,101 comprising of collections from National Hospital Insurance Fund Kshs. 66,506,910 Hospital fees and charges Kshs. 53,239,465 and Public Health services Kshs. 2,746,726 being Appropriation in Aid.

Key Highlights on the Financial Year 2022/2023 Revenue Performance.

a) The stability witnessed in the County referral hospital and the Sub-county hospitals during the financial year 2022/2023 brought about a significant improvement of revenue collection from hospital fees and charges as demonstrations were halted by the opposition mass action came to an end,where a total of Kshs. 53,239,465 was collected compared to Kshs. 48,981,050 collected during the financial year 2021/2022.

b) Significant performance was witnessed in Tea Cess stream a new source,where the county collected a total of Kshs. 2,576,435.00 compared to the amount of Kshs. 1,940,636 realised during the last Financial Year 2021/2022.

d) Parking Fees had a slight drop compared to last Financial year which had a collection of Kshs. 31,063,100 compared to Kshs 35,198,018 realised in the Financial Year 2021/2022, however a new stream of Motorbike stickers was introduced nearly at the end of the Financial year that will boost the parking collection fees going forward which realised a total collection of Kshs 21,800.

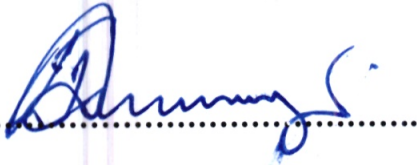
The County however failed to meet budgeted revenue collection in various revenue streams during the financial year 2022/2023 which is a matter of concern that needs to be addressed during the year 2023/2024. These

Receiver of Revenue
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revenue streams included: Building plans approval and physical planning, land rates, market and trade fees and Single Business Permits among others.

Conclusion.

The County Government of Vihiga continues to put in place structures to enhance own source revenue generation. These measures are aimed at addressing revenue leakages in the system by having rolled out Automation of Revenue Collection, bringing on board competent staff with the right skills to competently handle the role of revenue collection and offering training to the revenue staff in order to equip them with skills necessary to undertake effective revenue collection.



CECM Finance and Economic Planning

County Government of Vihiga



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

4. Management Discussion and Analysis

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA).

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Vihiga County includes business permits, land rates, business plan approval, advertising fees, cesses, parking fees and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County intends to take towards improving its revenue collections include:

- 1) Automation of revenue collection system – The County has rolled out Automation of Revenue collection system. This will reduce revenue leakages.
- 2) Review of the finance Act 2022 and Trade licensing Act 2017. This will align revenue rates with those charged by other counties in the region.
- 3) Introduction and innovation of more new revenue streams such as Motorbike stickers, Tea Cess among others.
- 4) Employment of county more revenue clerks and enforcement officers to enhance capacity of revenue section
- 5) Allocation of more vehicles to the revenue section to enhance service delivery

a) Revenue

In the year ended 30th June 2023, the County had projected revenues of Kshs 6,488,021,712 consisting of Kshs.284,073,208 from own sources, Kshs 5,483,330,684 from Equitable Share, Kshs 720,617,820 from domestic and foreign grants.

Out of the projected revenue, the County was able to realize Kshs 5,472,745,376 in actual revenues. The county did not meet its projected local revenue targets as it collected Kshs 229,848,536 out of the projected Ksh 284,073,208, translating to 80% realization. The 80% realization was due to improvement in certain streams in revenue collection such as N.H.I.F, Advertising, and Parking Fees among others.

Table 1: Revenue performance in FY 2022/2023

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realization (%)
Equitable Share	5,483,330,684	5,472,745,376	99.8%
Domestic and Foreign Grants	720,617,820	555,104,851	77%
Own generated revenues	284,073,208	229,848,536	80.9%
Total	6,488,021,712	6,257,698,763	96.5%

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

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 Revenue Collection accounts, 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 2022-2023 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 County Government of Vihiga's revenue collection 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 Government of Vihiga's Revenue Collection account gives a true and fair view of the state of county government of Vihiga Revenue collection account transactions during the financial year ended June 30, 2023, and of the County Government of Vihiga 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 revenue statement as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the county government of Vihiga 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 Vihiga County Government revenue statements were approved and signed by the Receiver of Revenue on 15 July 2023

Sign..... 

Name..... EVERETT NGATI

County Receiver of Revenue



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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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 VIHIGA

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 FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Receiver of Revenue - Revenue Statements set out on pages 1 to 16, which comprise of the statement of receipts and

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Receiver of Revenue - Revenue Statements 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 comply with the County Government Act, 2012 and the Public Finance Management Act 2012.

Basis for Qualified Opinion

1. Variances in Farm Produce Cess Revenue

The statement of receipts and disbursements reflects an amount of Kshs.5,003,685 as disclosed in Note 1 to the financial statements. However, review of the supporting schedules and bankings for eight (8) months revealed farm produce tea cess receipts amounting to Kshs.3,157,151 and Kshs.2,576,435 respectively, resulting in an unexplained variance Kshs.580,715.

In the circumstances, the accuracy and completeness of cess revenue amount of Kshs.5,003,685 could not be confirmed.

2. Inaccuracies in Market Fees Revenue

The statement of receipts and disbursements reflects total receipts of Kshs.107,355,435. However, included in this amount is market fees amount of Kshs.13,840,932 while Note 6 for the same amount reflects Kshs.13,340,932 resulting to unexplained variance of Kshs.500,000.

	Account item	Notes	Balance as per the statement of Receipts and Disbursements (Kshs.)	Supporting Schedules Balance (Kshs.)	Difference (Kshs.)
1	Property Rent	4	8,343,202	7,032,473	1,902,558
2.	Market Fees	6	13,840,932	13,340,932	500,000
3.	Miscellaneous receipts	15	1,490,005	2,625,516	1,135,511
4.	Conservancy Administration	12	143,200	90,200	53,000

In the circumstances, the completeness and accuracy of own source revenue amount of Kshs.107,355,435 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 - Revenue Statements 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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget versus actual amounts for the year, reflects final county revenue budget and actual on comparable basis of Kshs.177,134,862 and Kshs.107,355,435.00 respectively resulting to an under-collection of Kshs.69,779,427.00 or 39% of the budget.

In the circumstances, the under- collection affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unexplained Significant Decrease in Revenue Collection

Review of the statement of receipts and disbursements for the year ended 30 June, 2023 revealed significant decrease in revenue collection from Kshs.120,012,772 in 2021/2022 to Kshs.107,355,435 during the year under review. This was mainly contributed by the revenue streams listed below;

Revenue stream	2022/2023 (Kshs.)	2021/2022 (Kshs.)	Variance (Kshs.)
Land /Poll Rate	1,526,368.	2,569,263	(1,042,895)
Single/Business Permits	19,949,842	22,405,402	(2,455,560)
Parking fees	31,063,100.	35,198,018	(4,134,918)
Market Fees	13,840,932	14,624,916	(783,984)
Advertising	11,080,552	15,780,090	(4,699,538)
Veterinary Service Fees	2,271,634	3,158,030	(886,396)
Hire of County Assets	368,350	405,960	(37,610)
Administration Control Fees and Charges	4,122,900	5,779,720	(1,656,820)
Total	84,223,677.20	99,921,399.00	(15,697,722)

No reason was provided for this significant drop in the revenues.

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

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

Basis for Conclusion

1. Failure to Surrender FM Radio Advertising Receipts

The statement of receipts and disbursements reflects receipts of Kshs.10,699,772 from advertising which as disclosed in Note 7 to the financial statements includes income from advertising through FM Radio of Kshs.380,780. The cash book balance as at 30 June reflected a balance of Kshs.110,197 which was not transferred to the County Revenue Fund Account contrary to Regulation 63(4) of the Public Finance Management (County Government) Regulation 2015 which states that all Public Moneys collected by a receiver of revenue or collector of revenue or collected and retained by a County Government entity, shall be paid into a designated bank account of the County Government and shall not be used by any public officer in any manner between the time of their receipt and payment into the bank except as provided by law.

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

2. Non-Remittance of Farm Produce Cess

The statement of receipts and disbursements reflects Cess of Kshs.5,003,685 which as disclosed in Note 1 to the financial statements includes farm produce of Kshs.3,157,151.25 which was paid into the County Revenue Fund Account instead of Tea Cess Development Fund Account Contrary to Section 12(4) of the Vihiga County Tea Cess Act 2019 which states that the funds collected shall be remitted on monthly basis to the Vihiga Tea Cess Development Account

In the circumstances, Management was in breach of the law

3. Failure to Account for Revenue in Arrears

Statement of arrears of revenue as at 30 June, 2023 reflects opening balance during the year amount of Kshs.38,352,635. Arrears received during the year amount of Kshs.9,511,902 and total arrears as at 30 June, 2023 amount of Kshs.28,840,733 out of which Kshs.27,441,089 and Kshs.1,399,644 was in respect of land /poll rate and county housing and stalls.

However, no detailed ageing analysis of the individuals and firms owing the County Government was provided in the notes to the financial statements to confirm the period

in arrears. In addition to this irregularity, Kshs.9,511,902 reported in the statement of arrears as arrears received during the year was not reflected in any register or cash book.

In the circumstances, the County may lose revenue if the arrears are not recovered and properly documented.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Non-Automation of Revenue Collection System

During the year under review, the County Government had not automated collection of all its internally generated revenue except for Vihiga Sub County, the other four (4) sub counties in Vihiga continued to rely on manual revenue collection method which was prone to abuse. Although revenue automation was implemented in July, 2023, no report was shared to confirm the impact automation has had in the last four (4) months (July-October, 2023).

In the circumstances, the effectiveness of the county revenue collection system could not be confirmed.

2. Inadequate Internal Controls on Revenue Collection

Review of the accountable documents maintained in the office of the Director of Revenue revealed ineffective controls where receipts issued and returned were supposed to be recorded in a register indicating details such as the name of issuing and receiving officer and their signatures, receipt book serial numbers, date of issue and the dates when they were returned. The dates the books were completed and returned were not recorded. Dates the registers were audited was also not recorded. Further, the cash books did not contain details of the receipt numbers in the year under audit.

This is contrary to regulation 117(1) and (2) of the Public Finance Management (County Government) regulations, 2015 which provides that accountable documents including receipt books whether manual or electronic shall be under strict control at all times and the County Executive Member of Finance shall keep the stock of accountable documents whether manual or electronic under lock and key, and issue them in accordance with the daily needs of the service, and keeping an accurate up to date of their use by means of continuity control sheets.

In the circumstances, inadequate control of receipt books may encourage collectors of revenue to use unofficial receipts to collect revenue resulting to possible loss of public funds.

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 financial statements, Management is responsible for assessing the Receiver of Revenue's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 Receiver of Revenue's financial reporting process, reviewing the effectiveness of how the 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the 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 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, SBS
AUDITOR-GENERAL

Nairobi

25 January, 2024

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

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

	Note	FY 2022-23	FY 2021-2022
		Kshs	Kshs
County Own Source Revenue			
Cess	1	5,003,685.00	4,551,241.00
Land/Poll Rate	2	1,526,368.00	2,569,263.00
Single/Business Permits	3	19,949,841.00	22,405,402.00
Property Rent	4	8,343,201.55	8,726,464.00
Parking Fees	5	31,041,300.00	35,198,018.00
Market Fees	6	13,840,932.00	14,624,916.00
Advertising	7	10,699,772.00	15,780,090.00
Hospital Fees	8	-	-
Vetrinary Services Fees	9	2,445,693.60	3,158,030.00
Physical Planning and Development	10	5,676,900.00	5,171,970.00
Hire of County Assets	11	1,552,010.00	405,960.00
Conservancy Administration	12	143,200.00	13,200.00
Administration Control Fees and Charges	13	3,959,526.85	5,779,720.00
Other Fines, Penalties, And Forfeiture Fees	14	1,683,000.00	1,423,800.00
Miscellaneous receipts	15	1,490,005.00	204,698.00
Sub-Total Own Source Revenue		107,355,435.00	120,012,772.00
Other Receipts			
A.I. A			
Donations/Grants Not Received Through CRF	16	-	-
Total Other Receipts		-	-
Total Receipts		107,355,435.00	120,012,772.00
Balance b/f at the beginning of the year		1,199,456.00	1,373,505.00
Disbursements To CRF		106,807,182.00	123,660,856.00
Balance Due for Disbursement		1,747,709.00	1,199,456.00

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

NOTE: Total Collected own source revenue of Kshs 229,848,536 includes Kshs 122,493,101 AIA that does not go through CRF i.e NHIF, Public Health and Hospital fees. As shown below

Public Health Service		2,746,726.00
Facility Improvement Fund		53,239,465.00
NHIF Receipts		66,506,910.00
TOTAL A.I. A		122,493,101.00

TOTAL OWN SOURCE REVENUE 229,848,536.00

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 15 July 2023 and signed by:

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

.....
 Name **MOGESI WILLIS**
 Head of Revenue Reporting
 ICPAK M/No



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

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

	Note	2022/23 Kshs	2021/22 Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	17	1,747,709	1,199,456
Cash in Hand	18	-	-
Total Financial Assets		1,747,709	1,199,456
Total Financial Assets		1,747,709	1,199,456
Financial Liabilities			
Payables-Due to CRF	19	1,747,709	1,199,456
Total Financial Liabilities		1,747,709	1,199,456

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on ___15 July_____ 2023 and signed by:

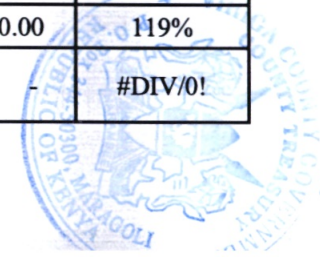
.....
Name **ESSEBY NGATI**
County Receiver of Revenue

.....
Name **MOGESI WILLY**
Head of Revenue Reporting
ICPAK M/No

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

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

Receipt	Original Budget	Adjustments	Final Budget	Actual oComparable 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	3,611,000.00	-	3,611,000.00	5,003,685.00	- 1,392,685.00	139%
Land/Poll Rate	4,623,487.00	-	4,623,487.00	1,526,368.00	3,097,119.00	33%
Single/Business Permits	35,688,589.00	-	35,688,589.00	19,949,841.00	15,738,748.00	56%
Property Rent	7,033,409.00	-	7,033,409.00	8,343,201.55	- 1,309,792.55	119%
Parking Fees	45,281,352.00	-	45,281,352.00	31,041,300.00	14,240,052.00	69%
Market Fees	30,821,886.00	-	30,821,886.00	13,840,932.00	16,980,954.00	45%
Vetrinary Services Fees	6,210,802.00	-	6,210,802.00	2,387,673.60	3,823,128.40	38%
Advertising	9,200,208.00	-	9,200,208.00	10,699,772.00	- 1,499,564.00	116%
Physical Planning and Development	10,637,000.00	-	10,637,000.00	5,676,900.00	4,960,100.00	53%
Hire of County Assets	5,410,677.00	-	5,410,677.00	1,552,010.00	3,858,667.00	29%
Conservancy Administration	5,345,452.00	-	5,345,452.00	143,200.00	5,202,252.00	3%
Administration Control Fees and Charges	10,500,000.00	-	10,500,000.00	4,017,546.85	6,482,453.15	38%
Other Fines, Penalties, And Forfeiture Fees	1,271,000.00	-	1,271,000.00	1,683,000.00	- 412,000.00	132%
Miscellaneous Receipts	1,500,000.00	-	1,500,000.00	1,490,005.00	9,995.00	99%
Sub-Total County Own Source Revenue	177,134,862.00	-	177,134,862.00	107,355,435.00	69,779,427.00	61%
Other Receipts	-	-	-	-	-	#DIV/0!
Public Health Service	4,886,746.00	-	4,886,746.00	2,746,726.00	2,140,020.00	56%
Facility Improvement Fund	46,051,600.00	-	46,051,600.00	53,239,464.50	- 7,187,864.50	116%
NHIF Receipts	56,000,000.00	-	56,000,000.00	66,506,910.00	- 10,506,910.00	119%
Donations /Grants Not Received Through CRF	-	-	-	-	-	#DIV/0!



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

Total Other Receipts	106,938,346.00	-	106,938,346.00	122,493,100.50	- 15,554,754.50	115%
Grand Total Receipts	284,073,208.00		284,073,208.00	229,848,535.50	54,224,672.50	81%


Grand Own Source Receipts; 229,848,536/=


NOTE: Total Collected own source revenue of Kshs 229,848,536 includes Kshs 122,493,101 AIA that does not go through CRF i.e NHIF, Public Health and Hospital fees. As shown below

Public Health Service		2,746,726.00
Facility Improvement Fund		53,239,464.50
NHIF Receipts		66,506,910.00
		122,493,100.50

TOTAL RECEIPTS 229,848,536.00

The County Receiver of revenue's financial statements were approved on 15 July 2023 and signed by:

.....

Name ESSEMU NGATI
County Receiver of Revenue

.....

Name MOGESI WILLETS
Head of Revenue Reporting
ICPAK M/No

8. 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 year	Additions in arrears for the current year to June 30, 2023	Total arrears as at 30 June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Land/Poll Rate	28,517,959.00	1,526,368.00	-	26,991,591.00	issuance of invoices	A positive response towards Payment of Land Rates.
County Housing and Stalls	9,834,676.00	7,985,533.55	-	1,849,142.45	issuance of invoices	A positive response towards Payment of Housing.
Total Arrears	38,352,635.00	9,511,901.55	-	28,840,733.45		

An ageing analysis of revenue in arrears has been shown on note 20 of these financial statements.



9. 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 Vihiga. 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 Vihiga County Government. 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 Vihiga County Government.

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 14 July 2023 for the period 1st July 2022 to 30 June 2023 as required by law. There was 3 number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

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

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

5. Revenue in Arrears

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

6. Disbursements to CRF

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

7. Comparative Figures

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

8. Subsequent Events

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



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

10. 9Notes to the Financial Statements

1. Cess

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Farm produce(Tea Cess)	2,576,435.00	1,940,636.00
Quarrying	500.00	16,950.00
Livestock	2,426,750.00	2,593,655.00
Total	5,003,685.00	4,551,241.00

2. Land rates

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Land rates	1,526,368.00	2,569,263.00
Total	1,526,368.00	2,569,263.00

3. Single /Business Permits

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Annual Business permit fees	19,949,841.60	22,405,402.00
Total	19,949,841.60	22,405,402.00

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

Notes to the Financial Statements (continued)

4. Property Rent

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
County Housing Rent	6,271,933.55	8,726,464.00
County Stalls	1,713,600.00	-
Ground Rent	357,668.00	-
Total	8,343,201.55	8,726,464.00

5. Parking Fees

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
STREET PARKING FEE	4,798,350.00	35,198,018.00
BUS PARK FEE	26,242,950.00	-
Total	31,041,300.00	35,198,018.00

6. Market Fees

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Market entry fees	13,340,932.00	14,624,916.00
Total	13,340,932.00	14,624,916.00



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

Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	FY 2022/23	FY 2021/22
	Kshs	Kshs
Billboard advertising	2,534,559.00	13,135,459.00
Wall & Vehicle Branding	7,784,433.00	-
Fm Radio Receipts	380,780.00	2,644,631.00
Total	10,699,772.00	15,780,090.00

8. Hospital Fees

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
NHIF Receipts	-	
Level 4 hospitals	-	-
Total	-	-

9. Public Health Service Fees

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Vetrinary Fees	2,387,673.60	3,158,030.00
Total	2,387,673.60	3,158,030.00

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

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Plan Approval	2,947,501.00	4,831,970.00
Physical Planning	1,221,500.00	-
Land Boundary Disputes	246,000.00	340,000.00
Change of User/Plot Transfer	61,479.00	-
Search Fees	2,000.00	-
Renovation	78,500.00	-
Way Leave Application	21,120.00	-
Sign Posts	101,400.00	-
Scrutiny Mechanical	358,700.00	-
Scrutiny Electrical	638,700.00	-
Total	5,676,900.00	5,171,970.00

11. Hire of County Assets

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Hire of Machines and Equipment	960,180.00	405,960.00
Toilet Charges	591,830.00	-
Hire of County Halls	-	-
Total	1,552,010.00	405,960.00



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

Notes to the Financial Statement (Continued)

12. Conservancy Administration

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Noise control	143,200.00	13,200.00
Total	143,200.00	13,200.00

13. Administration Control Fees and Charges

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Weights and measures	261,600.00	314,300.00
Liquor licenses	3,541,429.85	3,590,970.00
WATER SUPPLY & ADMIN	842,567.00	1,874,150.00
Motorbyke Stickers	21,800.00	
Group Registration	-	300.00
Total	4,667,396.85	5,779,720.00

14. 14. Other Fines, Penalties and Forfeitures

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Impounding & Impound Fees	881,000.00	1,423,800.00
Hoarding	6,000.00	
Fire Inspection	796,000.00	-
Total	1,683,000.00	1,423,800.00

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

Notes to the Financial Statement (Continued)

15. Miscellaneous Receipts

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Miscellaneous income	1,490,005.00	204,698.00
Total	1,490,005.00	204,698.00

Notes to the Financial Statement (Continued)

16. Donations and Grants Not Received Through CRF

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Donations	0.00	0.00
Grants	0.00	0.00
Total	0.00	0.00

17. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	FY 2022/23	FY 2021/22
			Kshs	Kshs
K.C.B, 1140749552. (Ksh.)	Kshs	-	1,637,512.00	1,155,081
K.C.B, 1226509320. (Ksh.)	Kshs		110,197.00	44,375
Total		-	1,747,709.00	1,199,456



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

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

Ref	Amount (Kshs)	Date subsequently transferred
	1,747,709.00	4TH JUL2023
Total	1,747,709.00	4TH JUL 2023

(This is a disclosure note indicating how the cash balance as at the end of the year has been subsequently disbursed to the CRF)

Notes to the Financial Statement (Continued)

18. Cash in hand

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Cash Balance (Location-kcb,coop banks)	-	-
Mobile Money	-	-
Total	-	-

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

19. Payables- Due To CRF

	FY 2022/23	FY 2021/22
	Kshs	Kshs
Balance b/f at the beginning of the year	1,199,456.00	1,368,505.00
Amount collected during the year	107,355,435.00	120,012,772.00
Amounts disbursed to CRF during the year	106,807,182.00	119,740,596.00
Balance c/d at the end of the year	1,747,709.00	1,199,456.00

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 19 above.



Notes to the Financial Statement (Continued)

20. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Land/poll rate	5,645,000.00	1,773,632.00	6,055,000.00	13,517,959	26,991,591
Property rent(Stalls/Houses)	899,142.00	950,500.00	-	-	1,849,642
Total (agree to statement of arrears)					28,841,233

21. 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 benefiting 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
	N/A	N/A	N/A	N/A	N/A

(PFM ACT section 165 subsection 4, 5)



Sign and date
Accounting Officer



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

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
A.3	Lack of Accounting and procedural Manual for Revenue	The Management still relyng on PFM ACT & Finance Acts,Going forward adopt an Accounting & procedural Manual For Revenue.	Not Resolved.	31ST DEC 2024
B.3	Failure to account for Revenue in Arrears	To come up with a robust detailed aging analysis of Revenue in Arrears,since mapping has been done and a Valuation roll too.	Not Resolved.	30TH JUL 2025
B.3	Non Remittance of Farm Produce of Farm Produce (Tea) Cess to tea Cess Development Account,instead of County Revenue Fund.	to form Tea Board which will oversee the Tea Cess Act operationalised that requires the remittance of the Tea Cess Collection to the Vihiga tea cess development Account.	Not Resolved.	30TH JAN 2025

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

C.1	Non-Automation of revenue Collection System.	Automation has now been rolled in the FY 2023/2024. going forward the management will give a comprehensive report on the impacts of Automation since inception.	Resolved	
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Guidance Notes:

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

.....
 Name ESSERI NGATI
 County Receiver of Revenue

Date

.....
 Name MOGEE WILLIS
 Head of Revenue Reporting

ICPAK M/No

Date

