

REPUBLIC OF KENYA



*Popularised by  
the Hon Wadhvani  
Mog  
Thursday 7/6/2018*

OFFICE OF THE AUDITOR-GENERAL



PARLIAMENT  
OF KENYA  
LIBRARY

OFFICE  
S/No: .....  
07 JUN 2018  
PAPER LAID

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS ON  
REVENUE STATEMENTS OF STATE  
DEPARTMENT FOR INTERIOR**

**FOR THE YEAR ENDED  
30 JUNE 2017**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
29 SEP 2017  
**RECEIVED**

**STATE DEPARTMENT FOR INTERIOR**

**REVENUE STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
*JUNE 30, 2017*

---

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

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

**Table of Content**

**page**

<b>1. KEY ENTITY INFORMATION AND MANAGEMENT.....</b>	<b>2</b>
<b>11. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES.....</b>	<b>4</b>
<b>111. STATEMENT OF RECEIPTS AND TRASFERS.....</b>	<b>5</b>
<b>IV. STATEMENT OF ARREARS IN REVENUE AS AT 30 JUNE 2017.....</b>	<b>6</b>
<b>V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2017.....</b>	<b>7</b>
<b>VI. SIGNIFICANT ACCOUNTING POLICIES.....</b>	<b>9</b>
<b>1. FEES ON USE OF GOODS AND ON PERMISSION TO USE GOODS OR TO PERFORM SERVICES AND ACTIVITIES.....</b>	<b>11</b>
<b>2. SALE OF GOODS AND SERVICES.....</b>	<b>12</b>
<b>3. RECEIPTS FROM SALE OF NON FINANCIAL ASSETS.....</b>	<b>13</b>
<b>4. BALANCE CARRIED FORWARD.....</b>	<b>14</b>
<b>VII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....</b>	<b>16</b>

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

The *State Department for Interior* is under the Ministry of Interior and Coordination of National Government At cabinet level, the *State Department for Interior* is represented by the Cabinet Secretary for Interior, who is responsible for the general policy and strategic direction of the *State Department for Interior*. The *State Department for Interior* was appointed as a receiver on 30<sup>th</sup> June 2016.

Principal activities

The receiver of revenue collects revenue from the Issue of Licence Fees, Registration of births & deaths, Immigration Visa and other Consular fees, Passport Fees, Work Permit Fees, Id Card Fees, Certificate of Good Conduct Fees, Hire of Security and other Immigration Fees. Revenue collected is remitted to the National Treasury.

Key Management

The *department's day-to-day* management is under the following key organs:

Cabinet Secretary – Hon. Dr. Fred Matiang'i.  
Permanent Secretary - Dr.(Eng.) Karanja Kibicho, CBS  
Senior Management;  
Principal Secretary- Coordination Josephat Oyiela Mukoba MBS  
Senior Chief Finance- Officer Alice W.Gichu  
Senior Assistant Accountant General – Thomas Gitau Njogu

Entity Headquarters

P.O. Box 30510  
Harambee Building/House/Plaza  
Harambee Avenue/Road/Highway  
Nairobi, KENYA

Entity Contacts

Telephone: (254) 020-2227411  
E-mail: [ps.interior@kenya.go.ke](mailto:ps.interior@kenya.go.ke)  
Website: [www.interior-coordination.go.ke](http://www.interior-coordination.go.ke)

Independent Auditors

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

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

Principal Legal Adviser  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
NAIROBI, Kenya

**Bankers**

Central Bank of Kenya  
Haile Selassia Avenue  
City Square 00200  
Nairobi, Kenya

Kenya Commercial Bank  
Head Office  
Kencom House  
P.O Box 48400  
Nairobi, Kenya

National Bank of Kenya  
Harambee Avenue  
P.O Box 72866  
Nairobi Kenya

STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017

II. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

The Principal Secretary in charge of the *State Department for Interior* is responsible for the preparation and presentation of the *department's revenue account*, which gives a true and fair view of the state of affairs of the *department* for and as at the end of the financial year (period) ended on June 30, 2017. 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 financial position 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 *department*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the *State Department for Interior* accepts responsibility for the *department's 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 Principal Secretary is of the opinion that the *department's revenue* account gives a true and fair view of the state of *department's revenue* transactions during the financial year ended June 30, 2017, and of the *department's* financial position as at that date. The Principal Secretary charge of the *State Department for Interior* further confirms the completeness of the accounting records maintained for the *department's revenue*, which have been relied upon in the preparation of the *department's revenue* account as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the *State Department for Interior* confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the *department's revenue* accounts have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The *revenue* statements were approved and signed by the Principal Secretary on 29<sup>TH</sup> SEPT 2017

-----  
DR (ENG) KARANJA KIBICHO, CBS  
Principal Secretary

-----  
THOMAS G. NJOGU  
Senior Assistant Accountant General

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.oagkenya.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS OF STATE DEPARTMENT FOR INTERIOR FOR THE YEAR ENDED 30 JUNE 2017

---

#### REPORT ON THE REVENUE STATEMENTS

##### Qualified Opinion

I have audited the accompanying revenue statements of State Department for Interior set out on pages 5 to 22, which comprise the statement of arrears of revenue as at 30 June 2017, and the statement of revenues and transfers and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the revenue statements present fairly, in all material respects, the nil arrears of as at 30 June 2017 and revenue performance of State Department for Interior for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion section of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### Basis for Qualified Opinion

###### 1. Inaccuracy of the Revenue Statement

The statement of receipts and transfers reflects total non-tax receipts of Kshs.10,752,953,005 which differs with the amount of Kshs.10,562,478,476 shown in the trial balance. The resulting difference of Kshs.190,474,529 has not been explained or reconciled.

###### 2. Revenue from Hire of Security Services

**2.1.** Although, Security of Government Buildings (SGB) unit offers security services to Kenya Revenue Authority(KRA), records show that KRA did not pay for the services during the period starting January 2016 to June 2017 contrary to Regulation 64(1)(a) and (b) of the

---

*Report of the Auditor-General on the Financial Statements of Revenue Statements of State Department of Interior for the year ended 30 June 2017*

Public Finance Management (National Government) Regulations, 2015. In addition, the State Department does not maintain record of staff deployed to provide security services to KRA offices and field stations.

Further, the hire of security services was not paid for in advance during the year under review contrary to section 57(6) (1) of the National Police Service (NPS) standing orders.

**2.2.** Although the Regional Commander for Administration Police Service, Nairobi, appears to have collected revenue totalling Kshs.11,241,747 during the year under review, the accuracy and completeness of this figure cannot be confirmed in the absence of:

(i) Deployment registers and books of account as required under regulation 64(6) of the Public Finance Management (National Government) Regulations, 2015 and section 57 (4) of the NPS standing orders; and

(ii) Documentary evidence relating to revenue collected from Standard Chartered Bank - Harambee Avenue, Standard Chartered Bank - Kenyatta Avenue and Safaricom Offices at Sarit Centre, where armed Administration Police Officers have been guarding.

**2.3.** Examination of records maintained at the Rapid Deployment Unit (RDU), shows that revenue totalling Kshs.6,178,050 was irregularly spent at source contrary to regulation 64(4) of Public Finance Management (National Government) Regulations, 2015 as follows:

<b>Station</b>	<b>Irregular Deductions (Kshs.)</b>
RDU	726,450
Sub county AP commander- Ndhiwa	561,000
Sub county AP commander- Mbita	1,799,000
Sub county AP commander- Homabay	1,178,000
Sub county AP commander- Siaya	1,544,300
Sub county AP commander- Rachuonyo South	369,300
<b>Total</b>	<b>6,178,050</b>

In addition, Kenya Gazette Notice No. 955 dated 09 February 2007 requires that charges for hire of security for police officers ranked as constable is Kshs.100 per hour. However, the officer in charge of Rapid Deployment Unit (RDU) charged a firm at the rate of Kshs.50 per hour, resulting in a loss of Kshs.876,000.

### **3. Revenue from issuance of Police Clearance Certificates**

According to Note 1 to the revenue statements, the State Department collected an amount of Kshs.373,272,300 against certificate of good conduct (certificates of police clearance) in the financial year 2016/2017. The amount includes Kshs.55,130,292 and Kshs.318,142,008.00 surrendered by DCI headquarters and DCI county offices respectively.

However, audit inspection undertaken at the Directorate of Criminal investigations (DCI) headquarters indicate that 639,546 police clearance certificates were issued at an application fee of Kshs.1,000 each during the year under review bringing the total amount due from issue of police clearance certificates to Kshs.639,546,000. The difference of Kshs.266,273,700 between the amount collectable of Kshs.639,546,000 and amount recorded of Kshs.373,272,300 has not been explained or reconciled.

#### **4. Undisclosed Revenue Collected from Issue of Work Permits**

Although Note 1 to the revenue statements discloses that an amount of Kshs.4,038,858,777 was collected from work permit fees in 2016/2017 financial year, records maintained at Work Permit Section show that 2,964 work permits valued at Kshs.521,660,000 were issued without miscellaneous receipts. In the circumstances, it is not possible to confirm that the amount of Kshs.521,660,000 was received, accounted for and deposited into the revenue account.

In addition, records show that various blank work permit books were issued to the Work Permit Section. However, 965 blank work permits have not been accounted for.

#### **5. Unaccounted Revenue Collected through e-Citizen**

Although indications are that e-Citizen has enhanced delivery of services to the citizens and public, no documentary evidence has been provided to confirm that revenue collected through e-Citizen during the year under review was transferred to the Principal Secretary who is the receiver of revenue for the State Department.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of State Department for Interior in accordance with ISSAI 30 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. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no Key Audit Matters to communicate in my report.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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 such 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.

In preparing the financial statements, management is responsible for assessing the State Department's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the State Department's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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.

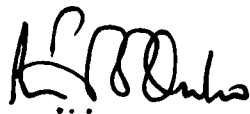
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the State Department's 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 going concern 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 State Department's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department's to cease sustaining 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 State Department 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 Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**08 May 2018**


**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

**III. STATEMENT OF RECEIPTS AND TRANSFERS**

	Note	2016/2017 Kshs	2015/2016 Kshs
<b>NON TAX RECEIPTS</b>			
Fees on use of Goods/Services	1	10,743,639,804	10,177,309,165
Sale of Goods and Services	2	490,116	673,780
Receipts from Sale of Non Financial Assets	3	8,823,085	-
<b>TOTAL NON TAX RECEIPTS</b>		10,752,953,005	10,177,982,945
<b>TOTAL RECEIPTS COLLECTED</b>		10,752,953,005	10,177,982,945
<b>TRANSFERS TO EXCHEQUER ACCOUNT</b>		(10,748,375,972)	(10,295,678,563)
<b>BALANCE BROUGHT FORWARD</b>		-	117,695,618.20
<b>BALANCE CARRIED FORWARD</b>	4	4,577,033	0

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<sup>TH</sup> SEPT 2017 and signed by:

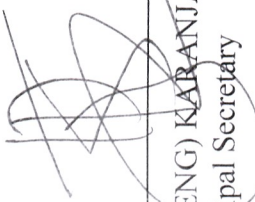
  
 DR (ENG) KARANJA KIBICHO, CBS  
 Principal Secretary


  
 THOMAS G. NJOGU  
 Senior Assistant Accountant General

STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017

IV. STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2017

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2015	Amount in arrears for the immediate previous year to 30 June 2016	Amount in arrears for the current year to June 30, 2017	Total arrears as at 30 June 2017	Measures taken to recover the arrears	Assessment to the recoverability of arrears
<b>Non Tax Revenues</b>						
Fees on Use of Goods and services						
Social security contributions						
Property Income						
Fines, penalties and Forfeitures						
Receipts from sale of non financial assets						
<b>Total arrears</b>	-	-	-	-	-	-

  
DR (ENG) KARANJA KIBICHO, CBS  
Principal Secretary

  
THOMAS G. NJOGU  
Senior Assistant Accountant General

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017**

**V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE PERIOD ENDED 30 JUNE 2017**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
<b>Non tax receipts</b>					
Fees on use of Goods/Services					
License Fees	1,937,185.00	-	2,755,136.00	71,714,407.00	68,959,271.00
Registration of births & deaths	0	133,894,812.00	133,894,812.00	134,076,281.00	181,469.00
Immigration visa & other consular fees	2,656,275,124.00	-	2,656,275,124.00	3,203,663,996.65	547,388,872.65
Passport fees	10,576,220.00	-	10,576,220.00	1,047,089,020.50	1,036,512,800.50
Port permit fees	2,075,914,128.00	-	2,075,914,128.00	4,038,858,777.05	1,962,944,649.05
Cards fees	12,461,477.00	-	12,461,477.00	44,153,100.00	31,691,623.00
Other immigration fees	551,664,751.00	-	551,664,751.00	1,177,110,665.00	625,445,914.00
Certificate of good conduct	274,782,113.00	-	274,782,113.00	373,272,300.00	98,490,187.00
Fire of security	241,299,267.00	-	241,299,267.00	653,701,256.85	412,401,989.85
<b>TOTAL</b>	<b>5,824,910,265.00</b>		<b>5,959,623,028.00</b>	<b>10,743,639,804.05</b>	<b>4,784,016,776.05</b>
<b>Use of Goods and Services</b>					
Use of Tender Documents	76,049,370.00	73,766,762.00	2,282,608.00	490,116.00	-1,792,492.00
Receipts from Sale of Non Financial Assets					
Receipts from the Sale of Vehicles and Transport Equipment	1,370,537.00	-	1,370,537.00	1,577,800.00	207,263.00
Receipts from the Sale of Inventories, Stocks and Commodities	888,258,075.00	-	888,258,075.00	7,245,284.00	-881,012,791.00
<b>TOTAL</b>	<b>889,628,612.00</b>		<b>889,628,612.00</b>	<b>8,823,085.00</b>	
Other Non tax receipts	6,790,588,247.00	-	6,851,534,248.00	10,752,953,005.00	
<b>Total receipts</b>	<b>6,790,588,247.00</b>	<b>-</b>	<b>6,851,534,248.00</b>	<b>10,752,953,005.00</b>	<b>3,901,418,757.00</b>

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

The Original budget was wrongly captured. However the actual position is as reflected in the statements .  
The National Treasury has been advised to review the Estimates accordingly.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per  
IPSAS 1.9.23.)

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

**VI. SIGNIFICANT ACCOUNTING POLICIES**

The principle 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 Government of Kenya. 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 *department*. 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 Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *department*.

**2. Recognition of Revenue**

The *Department for Interior* recognises all revenues from the Issue of Licence Fees, Registration of births & deaths, Immigration Visa and other Consular fees, Passport Fees, Work Permit Fees, Id Card Fees, Certificate of Good Conduct Fees, Hire of Security and other Immigration Fees. Revenue is recognised when the event occurs and the related cash has actually been received by the *department*.

**3. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in to these revenue 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 amounts held at the Central Bank of Kenya.

**5. Revenue in Arrears**

This relates to revenue earned and is yet to be received or collected by the receiver of revenue.

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

**6.Comparative Figures**

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

**7. 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, 2017.

**8. Statement of Arrears of Revenue**

The statement of arrears of revenue is not a requirement as per the IPSAS Cash Standard. The IPSAS Cash Standard encourages disclosure of accrual based balances since it's a transitional standard to accrual basis of accounting. The PFM Act, 2012 section 82,2b and section 69(c) of the PFM Regulations 2015 requires a Receiver of Revenue to prepare a statement on revenue of arrears due but not yet collected at the end of the period. This statement has been disclosed under section IV of these financial statements.

STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT

FOR FINANCIAL YEAR ENDED 30, JUNE 2017

I. FEES ON USE OF GOODS AND ON PERMISSION TO USE GOODS OR TO PERFORM SERVICES AND ACTIVITIES

TYPES OF REVENUE	2016/2017	2015/2016
Licence Fees	71,714,407.00	15,780,850.00
Registration of births & deaths	134,076,281.00	75,123,141.35
Immigration visa & other consular fees	3,203,663,996.65	2,632,208,598.65
Passport fees	1,047,089,020.50	896,067,355.85
Work permit fees	4,038,858,777.05	5,604,654,567.45
Id cards fees	44,153,100.00	22,433,780.00
Other immigration fees	1,177,110,665.00	139,502,522.35
Certificate of good conduct	373,272,300.00	350,078,533.35
Hire of security	653,701,256.85	441,459,815.85
<b>TOTALS</b>	<b>10,743,639,804.05</b>	<b>10,177,309,164.85</b>

Licence fee - Increase in public gaming and Lottery.

Reg. of births -Increase due to election period .

Good conduct -Increase as it is a requirement in most organizations for employment /Recruitment and introduction of online payment.

Hire of security -Increased need for security for organizations and public.

Visa/ Passport/ W/Permit and other Immig Fees - Increase due to introduction of online Payment

STATE DEPARTMENT FOR INTERIOR  
 REVENUE STATEMENT  
 FOR FINANCIAL YEAR ENDED 30, JUNE 2017

2. SALE OF GOODS AND SERVICES

	2016/2017	2015/2016
Administrative Fees and Charges	-	-
Incidental Sales by Non-Market Establishments	-	-
Sale of Tender Documents	490,116.05	673,780.00
<b>Total Revenue</b>	<b>490,116.05</b>	<b>673,780.00</b>
<b>Balance brought forward</b>	-	-
Transfers to Exchequer account	490,116.05	673,780.00
<b>Balance carried forward</b>	-	-

STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT

FOR FINANCIAL YEAR ENDED 30, JUNE 2017

3. RECEIPTS FROM SALE OF NON FINANCIAL ASSETS

	2016/2017	2015/2016
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	1,577,800.00	-
Receipts from the Sale of Inventories, Stocks and Commodities	7,245,284.75	-
Receipts from the Sale of Intangible Non-Produced Assets	-	-
<b>Total Revenue</b>	<b>8,823,084.75</b>	-
<b>Balance brought forward</b>	-	-
Transfers to the exchequer account	8,823,084.75	-
<b>Balance carried forward</b>	-	-

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017**

**4. BALANCES CARRIED FORWARD**

<b>Balance carried forward yet to be transferred</b>	
1.	1,893,250.00
2.	2,683,783.00
	<b>4,577,033.00</b>

Notes to the Quarterly Balance brought forward yet to be transferred.

The total amount of kshs 1,893,250.00 was erroneously deposited in the Deposit Account instead of the Revenue Account and efforts are being made to transfer the same.  
The amount of kshs 2,683,783.00 was the total amount of unpaid cheques and transaction reversals.



**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**

**VII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	-The statement lacked the key entity information and date of approval of the statement. - Differences between Actuals and Estimates not explained.	The format of the financial statements was corrected and differences explained as required.		Resolved	N/A
2.1	The statement reflected Kshs. 10,177,309,165.00 as total collection while trial balance reflected Kshs. 9,816,403,654.00 resulting in a difference of Kshs. 360,905,511.00.	It is true the Revenue statement differed with the amount reflected in the Trial balance. The difference between the two was as a result of system complication as the amounts were captured in Accounts Receivables. It was put to the attention of the IFMIS department.		Resolved	N/A
2.2	DCI headquarters reflected application fees of Kshs. 543,108,000.00 while the statement reflected a collection of Kshs 350,078,533.35 resulting in a loss of Kshs.	DCI Headquarters collected Kshs. 249,767,884.80. DCI county offices collected Kshs. 100,310,648.55. DCI entered into an MOU with Postal Corporation to		Resolved	N/A

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	193,029,466.65.	collect revenue in respect of police clearance certificates. They had collected Kshs 64,000,000.00 and Kenya Police OCPD collected 129,029,466.65. So far the two amounts had not been remitted to the Directorate.			
2.3	Although the Revenue statement reflected Kshs. 2,632,208,598.65 against Immigration Visa and other consular fees, the amounts could not be confirmed due to poor record keeping of documents at the Immigration Offices at Jomo Kenyatta and Moi International Airports.	The statement is prepared on a cash basis and not accrual basis, hence the analysis of Kshs 2,632,208,598.65 is a true reflection of the Immigration visa and consular fees, derived from individual deposits as reflected in the bank statement of the ministry of Interior.		Resolved	N/A
2.4	Revenue amounting to Kshs. 77,925,416.00 was collected at various County and Sub-County Administration police offices from Hire of police services. However the revenue collected cannot be	The Revenue collected could not be confirmed due to non maintenance of the aforementioned documents.  So the County and Sub County commanders were directed to adhere to the requirements.		Not Resolved	

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.5	<p>confirmed since the department does not keep Miscellaneous Receipts, F.O 17 and the same not posted to cash book and IFMIS Ledger, hence not reflected in the revenue statement.</p> <p>Bank reconciliation statements at Kilifi Sub-County (Bahari), for Account number 1145222625 KCB, Kilifi show that revenue received through cheque no. 829 of Kshs. 1,538,800.00 for Hire of Security was not surrendered. Bank statements and bank certificates were not availed for verification.</p>	<p>The money was surrendered, as the necessary documents which had raised queries i.e RTS, Bank Reconciliation and bank statements confirmed the District Accountant surrendered Kshs. 1,538,700.00 via RTS dated 1/4/2016. The amount was also credited to the Ministry of Interior account number 1000209585 on 1/4/2016, thus no Revenue was lost.</p>		Resolved	N/A
2.6	<p>Revenue records at District Accountants office Likoni show that Kshs. 1,606,180.00 was received for Hire of Security. However bank statements show Kshs 863,300.00 was</p>	<p>The revenue in question was erroneously indicated to have been collected from Administration Police Service whereas it belongs to Civil Registration Department. Copies of KCB deposit</p>		Resolved	N/A

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.7	<p>surrendered, resulting in a loss of Kshs. 742,880.00.</p> <p>Revenue records at Sub-County Administration office ,Kwale shows that Kshs 1,575,020.00 was collected from Hire of Security services .</p> <p>However records show Kshs. 705,000.00 was surrendered, resulting in loss of Kshs. 870,020.00</p>	<p>slips made to Immigration &amp; Registration are available. Thus no revenue was lost.</p> <p>It was noted that part of revenue collected was used to pay lunch allowances to officers guarding bank premises.</p> <p>However , the Sub – County AP Commander confirmed that he was not aware officers lunch allowances should not be deducted from the same. He promised to liase with respective bank managers on the same.</p>		Resolved	N/A
2.8	<p>Examination of Counter Receipt Book Register (CRB) at Kilifi Sub-County(Bahari) indicates that eight(8) Miscellaneous Receipt books were issued at DCIO Kilifi.</p> <p>However verification revealed that they were not received, therefore revenue collected using</p>	<p>The said books were actually issued by the District Treasury Kilifi and accounted for as below.</p> <p>1. No. 6456001-6456050 . Issued to DCIO Kilifi, collected revenue from 7/6/2015 to 22/6/2015 of Kshs 50,000.00 and banked at KCB Kilifi Account no. 1119759730 on 30/6/2015.</p>		Resolved	N/A

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30,JUNE 2017**


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	these books was lost.	<p><b>2. No. 6456151-6456200.</b> Issued to DCIO Kilifi, collected revenue from 2/6/2015-29/6/2015 of Kshs. 50,000.00 and banked at KCB Kilifi Account no. 1119759730 on 29/6/2015.</p> <p><b>3. No. 9207451-9207500.</b> Issued to DCIO Kilifi, collected revenue from 18/5/2015-23/5/2015 of Kshs. 50,000.00 and banked at KCB Kilifi Account no. 1119759730 on 5/8/2015.</p> <p><b>4. No. 9263501-9263550.</b> Issued to DCIO Kilifi, collected revenue from 2/6/2015-10/6/2015 of Kshs. 50,000.00 and banked at KCB Kilifi Account no. 1119759730 on 14/6/2015.</p> <p><b>5. No. 9263551-9263600.</b> Issued to CCIO Kilifi, collected revenue from 3/6/2016-7/6/2016 of Kshs</p>			

**STATE DEPARTMENT FOR INTERIOR  
REVENUE STATEMENT  
FOR FINANCIAL YEAR ENDED 30, JUNE 2017**


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>50,000.00 and banked at KCB Kilifi Account no. 1119759730.</p> <p>6. No. 9151551-9151600. Issued to CCIO Kilifi, collected revenue from 29/6/2016-5/7/2016 of 50,000.00 and banked at KCB Kilifi Account no. 1119759730.</p>			
2.9	<p>Available records showed that NSSF Kisumu paid Kshs 4,408,500.00 to Sub-County AP Commander Kisumu Central for provision of armed security services on their plot at Milimani.</p> <p>However fake receipts were issued and money not surrendered to the ministry.</p>	-----		Not Resolved	
3.0	<p>Huduma Centers collect revenue on behalf of PS State Department of Interior, being the designated receiver of revenue.</p> <p>However the revenue</p>	<p>Huduma Kenya Summit agreed that any charges for services provided in Huduma Centers be paid through the PostaPay Electronic payment gateway.</p>		Not Resolved	

STATE DEPARTMENT FOR INTERIOR  
 REVENUE STATEMENT  
 FOR FINANCIAL YEAR ENDED 30, JUNE 2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	collected has not been surrendered and transferred to the Exchequer	Therefore the PostaPay Payment Gateway and Accountable documents used to collect funds are being reconciled.			

  
 DR (ENG) KARANJA KIBICHO, CBS  
 Principal Secretary

Date... 29<sup>TH</sup> SEPT 2017

  
 THOMAS G. NJOGU  
 Senior Assistant Accountant General

Date... 29.09.17