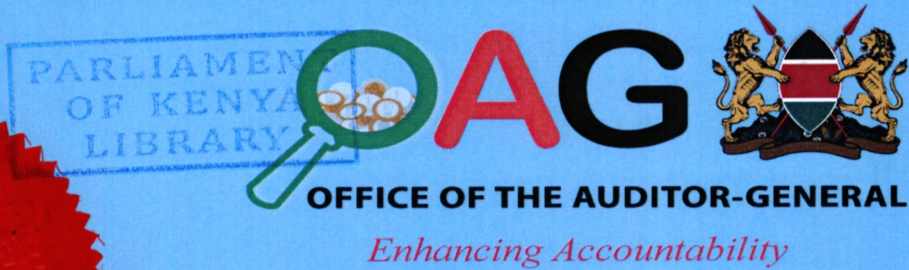


REPUBLIC OF KENYA



# REPORT

OF

**THE AUDITOR-GENERAL**

ON

**E-CITIZEN REVENUE ACCOUNTABILITY  
STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

THE NATIONAL ASSEMBLY  
PAPER NO. D

DATE: 26 APR 2023

TABLED BY:	Hon. Naomi Wago Deputy Majority Whip
CLERK AT THE TABLE:	Finlay Muriuki

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
★ 21 FEB 2023 ★  
NATIONAL TREASURY OFFICE  
TREASURY BUILDING



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**THE NATIONAL TREASURY**  
**E-Citizen Revenue Accountability Statement**  
**For the Financial Year ended 30<sup>th</sup> June 2019**

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

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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Table of Contents

<b>I. KEY ENTITY INFORMATION AND MANAGEMENT .....</b>	<b>iii</b>
<b>II. GOVERNMENT DIGITAL PAYMENTS UNIT .....</b>	<b>ix</b>
<b>III. STATEMENT OF RESPONSIBILITY .....</b>	<b>xi</b>
<b>IV. REPORT OF THE INDEPENDENT AUDITORS .....</b>	<b>xii</b>
<b>V. STATEMENT OF REVENUE COLLECTIONS AND TRANSFERS FOR THE YEAR ENDED 30 JUNE 2019 .....</b>	<b>1</b>
<b>VI. STATEMENT OF FINANCIAL ASSETS AS AT 30<sup>TH</sup> JUNE 2019 .....</b>	<b>2</b>
<b>VII. ACCOUNTING POLICIES.....</b>	<b>3</b>
<b>VIII. NOTES TO THE ACCOUNTABILITY STATEMENTS.....</b>	<b>4</b>
<b>IX. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS .....</b>	<b>9</b>
<b>X. APPENDICES .....</b>	<b>10</b>

# **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **1. NATIONAL TREASURY INFORMATION AND MANAGEMENT**

#### **(a) Background Information**

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury and Planning, who is responsible for the general policy and strategic direction of the Ministry with the assistance of the Chief Administrative Secretary.

#### **Vision**

“Excellence in economic and public financial management, and development planning”

#### **Mission**

“To provide leadership in economic and public financial management, and development planning for shared growth through formulation, implementation and monitoring of economic, financial and development policies”

#### **Core Values**

The National Treasury is committed to providing quality services to all and is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency and Teamwork.

#### **Mandate of the National Treasury**

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Orders No.2/2013 and No.1/2018. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;
- Mobilize domestic and external resources for financing national and county government budgetary requirements;

## **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;
- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments
- Assist county governments to develop their capacity for efficient, effective and transparent financial management; and
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities.

### **Role of the National Treasury in the Devolved System of Government**

The National Treasury is mandated by law to:

- Strengthen financial and fiscal relations between the National Government and County Governments and support for county governments in performing their functions;
- Issue guidelines on the preparation of county development planning;
- Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations;
- Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation and;
- Administer the Equalization Fund.

### **(b) Key Entity Information and Management**

The National Treasury day-to-day management is under the following key offices;

#### **Office of the Principal Secretary**

This office is responsible for the administration of the National Treasury operations. In addition, the Principal Secretary is charged with the responsibility of providing advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility.

#### **Organizational Structure of the National Treasury**

The National Treasury is organized into four (4) technical Directorates headed by Directors General and (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. The Directorates and Departments are as follows:

#### **Directorate of Budget, Fiscal and Economic Affairs**

## **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following five (5) Technical Departments each headed by a Director:

- Budget Department;
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department;
- Inter-Governmental Fiscal Relations Department
- Public Procurement Department.

### **Directorate of Accounting Services and Quality Assurance**

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Accounting Services;
- Internal Audit Services Department;
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries.
- Government Digital Payments Unit.

### **Directorate of Portfolio Management**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Investment and Public Enterprises;
- National Assets and Liabilities Management;
- Pensions Department.
- Public Private Partnership Unit.
- Public Investment Management Unit

### **Directorate of Public Debt Management Office**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Resource Mobilization (Front Office);
- Debt Policy, Strategy and Risk Management (Middle Office);
- Debt Recording and Settlement (Back Office).

### **Directorate of Administrative and Support Services (Common Shared Services)**

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into twelve (12) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury.

The functions include:

- Accounting,
- Finance,
- Human Resource Management and Development,
- Central Planning and Project Monitoring,

## **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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- Supply Chain Management,
- Legal,
- Public Communications,
- General Administration,
- Records Management;
- Internal Audit;
- ICT
- Government Clearing Agency

### **(d) Fiduciary Oversight Arrangements**

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

#### **Internal Audit Unit**

The National Treasury has an internal Audit Unit charged with the responsibility of identifying risks in the management and day to day operations of the Ministry through the risk based audits. The Unit reports directly to the accounting officer on a regular basis.

#### **Audit Committees**

In line with the Public Finance Management Act, the National Treasury has established a Ministerial Audit Committee comprising five members, three of whom are independent. The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations.

Further, the National Treasury established an audit committee comprising officers from all departments of the Ministry, under the chairmanship of the Senior Chief Finance Officer. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee prepares responses to all audit queries for presentation to the relevant committees of parliament.

#### **Project Implementation Committee**

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

#### **Parliamentary Activities**

In order to effectively manage the parliamentary activities relating to the Ministry, the National Treasury has established a Committee and designated a liaison officer to coordinate the activities under the Office of the Cabinet Secretary in consultation with the Office of the Chief Administrative Secretary.

## **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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### **Development Partner Oversight**

To effectively manage Official Development Assistance to the Government, the National Treasury has under the Public Debt Management a Department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

Other fiduciary oversight arrangements include the following committees with specific objectives;

### **Top Management and Senior Management Committees**

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed Top Management and Senior Management Committees comprising of Directors General and Heads of Departments respectively. The Committees receive reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner.

### **Public Financial Management Sector Working Group**

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

### **Budget Implementation Steering Committee**

In order to effectively monitor the implementation of the National Government budget implementation, The National Treasury has established a steering Committee Chaired by the Cabinet Secretary, National Treasury and Planning. The Principal Secretaries for the National Treasury and State Department of Planning provide general oversight in the Budget implementation.

### **Budget Implementation Technical Committee**

The Committee is chaired by the Principal Administrative Secretary and comprises the Directors General and various Heads of Department. The Committee is responsible for monitoring the actual implementation of the identified measures and programmes and reporting detailed progress on the same regularly.

### **Budget Implementation Ministerial Committee**

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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**Monitoring and Evaluation**

The Ministry undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

**(e) The National Treasury Headquarters**

P.O. Box 30007- 00100,  
Treasury Building,  
Harambee, Avenue  
Nairobi Kenya

**The National Treasury Contacts**

Telephone: (254)020-2252299  
Email: [info@treasury.go.ke](mailto:info@treasury.go.ke)  
Website: [www.treasury.go.ke](http://www.treasury.go.ke)

**(f) The National Treasury Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

# **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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## **II. GOVERNMENT DIGITAL PAYMENTS UNIT**

### **1.1 Background Information**

The Government Digital Payments taskforce was established via Gazette Notice No.3299 of 13 May, 2015. Gazette Notice No.3299 of 2015 was revoked on 12 January, 2018 through Gazette Notice No.400 which established the Government Digital Payments System Implementation Steering Committee.

Mandate of the Government Digital Payments System Implementation Steering Committee.

The Mandate of the task force is to implement Government Digital Payments Programme so as to ensure that individuals and businesses are enabled to make payments for the government services electronically through all available channels.

The core functions of the committee as derived from the Gazette Notice include;

- Co-ordinate and provide strategic leadership in the development and implementation of the Government Digital Payments Programme;
- Develop and review policy, legislative and any other recommendations on the implementation of the Government Digital Payments Programme for the approval of Cabinet or any other authorized;
- Promote participation of stakeholders including the private sector, especially youth enterprises in provision and facilitation of Government Digital Payment Services;
- Continuously identify and catalogue all in-bound payments made to Government Ministries, Departments and Agencies;
- Review existing Ministries, Departments and Agencies in-bound payment leg business procedures and workflows and develop technical requirements, service charters and timelines for automation of the same;
- Implement the business process re-engineering and automation of the payment leg processes within Ministries and Agencies;
- Identify and approve the establishment of all Government Digital Payments delivery channels including online and mobile platforms, attendant technology infrastructure and equipment;
- Review and build technical and human capacity for running Government Digital Payment Systems and propose requisite technical capacity and staffing skills levels for effective and efficient Digital Payments service delivery;
- Develop and operationalize the Government Digital Payments Gateway platform and framework and requisite service delivery standards;
  
- Access content and data within the respective Ministries, Departments and Agencies custody to facilitate Government Digital Payment platforms;
- Source, commit and deploy financial, human and other resources necessary for the implementation of the Government Digital Payments Programme;
- Identify and commission technical services and partners including liaising and partnering with entities in the domestic and international public and private sector for the implementation of Digital payments in Government;

## **E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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- Carry out a public education campaign on the migration to Government digital Payments platform; and
- Perform any other function necessary to ensure effective implementation and co-ordination of the Government Digital Payments Programme and realization of its objectives.

### **2.2 Key Management**

The Government Digital Payments secretariat is responsible for day-to-day management of the programme.

The Government Digital Payments Secretariat consist of;

- The Head of Secretariat; and
- Members of the Secretariat;

Functions of the Government Digital Payments Secretariat include;

- The day to day implementation of the Government Digital Payments programme;
- The implementation of the decisions of the Committee on Government Digital Payments;
- The management and co-ordination of the operations, staff, finances and physical facilities to support the Government Digital Payments programme;
- The preparation of reports of the Committee;
- Monitoring and evaluating the performance of the Government Digital Payments programme; and
- To perform any other function as may be directed by the Committee.

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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**III. STATEMENT OF RESPONSIBILITY**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of The National Treasury is responsible for the preparation and presentation of the Government Digital Payments Unit accounts, which give a true and fair view of the state of affairs of The Unit's account for and as at the end of the financial year (period) ended on June 30<sup>th</sup>, 2019. 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 status of the Unit by the National Treasury; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the revenue report, and ensuring that they are free from material misstatements, whether due to error or fraud.


The Accounting Officer in charge of The National Treasury accepts responsibility for the Government Digital Payments Unit Accountability Statements, which has been prepared on the Cash Basis Method 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 Accountability statements of the Government Digital Payments Unit give a true and fair view of the performance of the Unit during the financial year ended June 30<sup>th</sup>, 2019. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for the Unit, which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

The Accounting Officer confirms that the Unit has complied fully with applicable Government Regulations. Further the Accounting Officer confirms that this report has been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

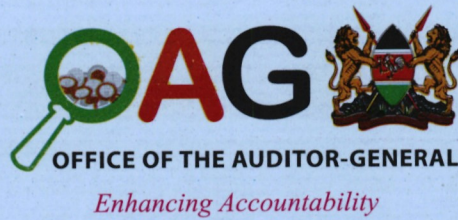
**Approval of the Revenue Accountability Statements**

The Revenue Accountability Statements of the Government Digital Payments Unit were approved and signed by the Accounting Officer on ..... 2023.

Signature: \_\_\_\_\_  
**Dr. Chris Kiptoo, CBS**  
**Principal Secretary,**  
**The National Treasury**

Signature:  \_\_\_\_\_  
**Silas O. Oswe**  
**Ag. Director Government**  
**Digital Payments Unit**

# REPUBLIC OF KENYA



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## **REPORT OF THE AUDITOR-GENERAL ON E-CITIZEN REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2019 – THE NATIONAL TREASURY**

### **REPORT ON REVENUE STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying revenue statements of E-Citizen Revenue Accountability Statements set out on pages 1 to 9 which comprise of the statement of financial assets as at 30 June, 2019, and the statement of revenue collections and transfers, for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the revenue statements do not present fairly, in all material respects, the financial position of the E-Citizen Revenue Accountability Statement as at 30 June, 2019, and of its revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

#### **Basis for Adverse Opinion**

##### **1. Unreconciled Transfers to Entities**

The statement of revenue collection and transfers reflects transfers amounting to Kshs.19,305,603,892 to Receivers of Revenue, County Revenue Fund and Semi-Autonomous Government Agencies. Review of records revealed that the balances include transfers to three entities which differ significantly with confirmed receipts by the respective entities as follows;

- i) The statement reflects transfers to National Government receivers of revenue balance of Kshs.14,280,080,391 as disclosed in Note 7 to the financial statements. However, the balance includes transfers to Business Registration Service of Kshs.805,045,360 which differ by an amount of Kshs.38,018,100 from the confirmed receipts reflected in the Service records of Kshs.767,027,260.

- ii) The statement reflects transfers to Semi-Autonomous Government Agencies balance of Kshs.1,881,506,211 which, as disclosed in Note 9 to the financial statements, includes amounts of Kshs.1,289,010,155 in respect of transfers to the National Transport and Safety Authority (NTSA). In addition, further transfers to the National Transport and Safety Authority (NTSA) of Kshs.65,570,214 were made as disclosed in Note 11 to the financial statements bringing the total transfers to the Authority to Kshs.1,354,580,369. However, the balance differs by an amount of Kshs.6,585,026 with the confirmed receipts reflected in the Agency records of Kshs.1,361,165,395.
- iii) The statement reflects transfers to State Department for Interior of Kshs.9,203,964,392 as disclosed in Note 7 to the financial statements and a further Kshs.2,043,411,032 as disclosed in Note 11 to the financial statements all totalling to Kshs.11,247,375,424. However, the balance differs with the confirmed receipted amount of Kshs.10,931,929,468 by an amount of Kshs.315,445,956 reflected in the Department's records.

In absence reconciliation, the accuracy and completeness of transfers to the three entities could not be confirmed.

## **2. Unconfirmed Cash and Cash Equivalents Balance**

The statement of financial assets reflects cash and cash equivalent balance of Kshs.1,379,133,269 which, as disclosed in Note 13 to the financial statements includes bank balances amounting to Kshs.1,191,328,719 from six (6) bank accounts. However, review of the balances reflected in the financial statements revealed that they were drawn directly from the certificate of bank balances which had not been reconciled to the cash book balances. In addition, bank reconciliation statements for the six (6) bank accounts were not provided for audit.

Further, although Management maintained six (6) bank accounts during the year, only two (2) cash books were provided for audit review which were not uniquely identified by account name, account number and bank name making it impossible to relate the cash books to respective bank accounts with some entries in the cash books outside the reporting period.

In the circumstances, the accuracy and completeness of bank balances amounting to Kshs.1,191,328,719 could not be confirmed.

## **3. Unsupported Payable Balance**

The statement of financial assets and as disclosed in Note 14 to the financial statements reflect account payables balance of Kshs. 1,379,133,269 out of which Kshs.348,652,209 relates to prior year balance which has not been supported by any documentary evidence.

In the circumstances, the completeness and validity of prior year balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The National Treasury 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 adverse opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, I confirm that public resources were not applied lawfully and in an effective way.

### **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing The National Treasury '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 National Treasury or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


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

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

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

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



  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 March, 2023


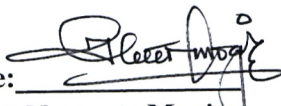
**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

**V. STATEMENT OF REVENUE COLLECTIONS AND TRANSFERS FOR THE  
YEAR ENDED 30 JUNE 2019**

Particulars	Notes	2018/2019	2017/2018
		Kshs	Kshs
<b>Revenue</b>			
Receiver of Revenue Receipts	1	13,878,909,256	10,152,306,445
Counties Revenue Fund (CRF)	2	960,107,594	886,430,727
Semi Autonomous Government Agencies	3	1,872,427,674	1,009,221,637
Commission (Convenience fees)	4	302,655,419	210,982,808
Collections in USD	5	2,112,434,337	1,863,087,395
<b>Total Revenue</b>		<b>19,126,534,280</b>	<b>14,122,029,012</b>
Balance b/f	6	1,209,550,671	728,944,916
<b>Total Funds Available for Transfer</b>		<b>20,336,084,951</b>	<b>14,850,973,928</b>
<b>Transfers</b>			
National Government Receiver of Revenues	7	14,280,080,391	9,766,306,696
Counties Revenue Fund (CRF)	8	968,817,261	877,307,252
Semi Autonomous Government Agencies	9	1,881,506,211	966,876,475
Commission (Convenience fees)	10	65,020	524,336
Transfers USD Equivalent	11	2,175,129,735	2,030,399,905
Commission (Convenience fees) USD Equivalent	12	5,274	8,593
<b>Total transfers</b>		<b>19,305,603,892</b>	<b>13,641,423,257</b>
<b>Unremitted funds</b>		<b>1,030,481,059</b>	<b>1,209,550,671</b>
Signature:  Silas O. Oswe Ag. Director Government Digital Payments Unit		Signature:  CPA Peter Nyamete Mogire Deputy Accountant General Government Digital Payment	

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

**VI. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE, 2019**

Particulars	Notes	2018/2019	2017/2018
		Kshs	
<b>FINANCIAL ASSETS</b>			
<b>CASH AND CASH EQUIVALENT</b>			
Bank Balances	<b>13</b>	1,379,133,269	1,476,873,408
<b>Total</b>		<b>1,379,133,269</b>	<b>1,476,873,408</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Payables</b>	<b>14</b>		
Account payables KSHS		896,715,110	1,013,084,050
Account payables- USD Equivalent		133,765,950	196,466,621
Prior Year Balance		348,652,209	267,322,737
<b>Total</b>		<b>1,379,133,269</b>	<b>1,476,873,408</b>
<div style="display: flex; justify-content: space-between; align-items: flex-start; padding: 10px;"> <div style="width: 45%;"> <p>Signature: </p> <p>Silas O. Oswe Ag. Director Government Digital Payments Unit</p> </div> <div style="width: 45%;"> <p>Signature: </p> <p>CPA Peter Nyamete Mogire Deputy Accountant General Government Digital Payment</p> </div> </div>			

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

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**VII. ACCOUNTING POLICIES**

**a. Reporting Entity**

The National Treasury has prepared the Revenue Accountability Statements

**b. Basis of Preparation**

The Revenue Accountability Statements comply with the requirement of the Public Financial Management Act of 2012 and the cash basis of International Public Accounting Standards.

The Revenue Accountability Statements are presented in Kenya Shillings (Kshs), being the currency of legal tender in Kenya that is the functional and reporting currency of the Government of Kenya.

**c. Reporting Periods**

The Government of Kenya Fiscal Year runs from 1<sup>st</sup> July to 30<sup>th</sup> June. The Revenue Accountability Statements covers the financial period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019. The comparative figures reflect the 12 months ended 30<sup>th</sup> June 2018.

**d. Significant accounting policies**

The Revenue Accountability Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

**(i) Receipts**

Revenue is recognized at the point of collection.

**(ii) Transfers**

The transfers relates to payments made from the collection accounts to various Receivers of revenue, County Revenue fund (CRF) and to Agencies appropriation in aid (A.I.A) accounts.

**(iii) Cash and equivalents**

Cash and equivalents comprises of cash in transit

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

**VIII. NOTES TO THE ACCOUNTABILITY STATEMENTS**

<b>1. Receiver of Revenue Receipts</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Business Registration Services	766,811,860	683,948,363
Ministry of Lands And Physical Planning Revenue Collection	497,024,622	346,839,550
Ministry of Mining	3,948,050	2,943,860
Registrar of Motor Vehicles	2,671,147,091	1,881,801,802
Civil Registration Department	8,128,511	1,079,600
Directorate of Criminal Investigations	948,762,000	628,853,000
Department of Immigration	8,983,087,122	6,606,840,270
<b>Total</b>	<b>13,878,909,256</b>	<b>10,152,306,445</b>
<b>2. Counties Revenue Fund (CRF)</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Mombasa County Government Revenue Fund Account	783,182,208	704,277,076
Kisumu County Government Revenue Fund Account	172,209,452	123,861,483
Nyeri County Revenue Fund	4,715,934	58,292,168
<b>Total</b>	<b>960,107,594</b>	<b>886,430,727</b>
<b>3. Semi Autonomous Government Agencies</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
NTSA Revenue Collection Account	1,295,700,530	973,167,625
National Construction Authority	576,727,144	36,054,012
<b>Total</b>	<b>1,872,427,674</b>	<b>1,009,221,637</b>
<b>4. Commission (Convenience fees) -KSHS</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Commission (Convenience fees)	302,655,419	210,982,808
<b>Total</b>	<b>302,655,419</b>	<b>210,982,808</b>
<b>5. Collections in USD</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Department of Immigration	1,942,753,846	1,761,092,020
NTSA Revenue Collection Account	65,600,803	60,338,159
National Construction Authority	62,282,624	3,865,866
Commission (Convenience fees) USD	41,797,064	37,791,351
<b>Total</b>	<b>2,112,434,337</b>	<b>1,863,087,395</b>

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

<b>6. Opening balances</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Balance b/f</b>		
Mombasa County Government Revenue Fund Account	10,291,932	2,765,224
Kisumu County Government Revenue Fund Account	1,424,777	
Nyeri County Revenue Fund	270,427	98,437
Business Registration Services	42,399,400	78,060,001
Ministry of Lands And Physical Planning Revenue Collection	16,865,665	2,705,075
Ministry of Mining	233,000	1,000
Registrar of Motor Vehicles	116,834,955	24,255,285
Civil Registration Department	7,740	12,080
Directorate of Criminal Investigations	43,480,000	4,658,000
Department of Immigration	386,028,520	110,158,090
NTSA Revenue Collection Account	20,949,850	14,658,700
National Construction Authority	36,054,012	
	<b>674,840,278</b>	<b>237,371,892</b>
<b>Balance b/f USD</b>		
State Department for Interior-Dep- Of Immigration-USD	153,305,678	360,179,989
National Transport and Safety Authority (NTSA)-USD	1,512,320	3,607,735
National Construction Authority- AIA-USD	3,865,865	
	<b>158,683,863</b>	<b>363,787,724</b>
<b>Commission (Convenience fees)</b>		
Balance B/F kshs prior periods	127,785,300	127,785,300
Balance B/F kshs 2017/2018	210,458,472	
Balance B/F usd 2017/2018	37,782,758	
	<b>376,026,530</b>	<b>127,785,300</b>
<b>Total balance B/f</b>	<b>1,209,550,671</b>	<b>728,944,916</b>
<b>Transfers</b>		

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

<b>7. National Government Receiver of Revenues</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Registrar of Motor Vehicles - NTSA	2,769,580,086	1,789,222,132
Civil Registration Department	7,925,781	1,083,940
Directorate of Criminal Investigations	976,808,950	590,031,000
State Department for Interior	9,203,964,392	6,330,969,840
Ministry of Lands Housing & Urban Development	512,574,772	332,678,960
Business Registration Services	805,045,360	719,608,964
Ministry of Mining	4,181,050	2,711,860
<b>Total</b>	<b>14,280,080,391</b>	<b>9,766,306,696</b>
<b>8. Counties Revenue Fund (CRF)</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Mombasa	790,645,683	696,750,368
Kisumu	173,185,217	122,436,706
Nyeri	4,986,361	58,120,178
<b>Total</b>	<b>968,817,261</b>	<b>877,307,252</b>
<b>9. Semi-Autonomous Government Agencies</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
National Transport and Safety Authority (NTSA)	1,289,010,155	966,876,475
National Construction Authority	592,496,056	-
<b>Total</b>	<b>1,881,506,211</b>	<b>966,876,475</b>
<b>10. Commission (Convenience fees) and other charges</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Commission (Convenience fees) and other charges	65,020	524,336
<b>Total</b>	<b>65,020</b>	<b>524,336</b>
<b>11. Transfers (USD ) -Equivalent</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
State Department for Interior	2,043,411,032	1,967,966,330
National Transport and Safety Authority	65,570,214	62,433,574
National Construction Authority	66,148,489	
<b>Total</b>	<b>2,175,129,735</b>	<b>2,030,399,905</b>
<b>12. Commission (Convenience fees-USD) and other charges</b>		

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Commission (Convenience fees-USD) and other charges	5,274	8,593
<b>Total</b>	<b>5,274</b>	<b>8,593</b>
<b>13. E-Citizen - Bank Balance KES</b>		
<b>Bank Account</b>	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
E-Citizen Settlement Account- KES KCB A/C No.1210376342	656,842,476	113,207,706
E-Government Collection Control -KES KCB A/C No. 1175659223	395,110,548	373,626,263
Equity-eCitizen KES A/C No. 0810269849061	2,785,692	5,533,270
E-Citizen 206206 - Balance held Safaricom	187,804,550	789,706,007
	<b>1,242,543,266</b>	<b>1,282,073,246</b>
E-Citizen Settlement Account- USD KCB A/C No.1210376358	112,988,574	177,489,894
E-Government Collection Control -USD KCB A/C No. 1175659568	16,195,489	17,308,155
Equity-eCitizen USD A/C No. 081075804631	7,405,940	2,113
	<b>136,590,003</b>	<b>194,800,162</b>
<b>Total</b>	<b>1,379,133,269</b>	<b>1,476,873,408</b>
<b>14. Account payables</b>		
	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Business Registration Services	4,165,900	42,399,400
Ministry of Lands And Physical Planning Revenue Collection	1,315,515	16,865,665
Ministry of Mining	0	233,000
Registrar of Motor Vehicles	18,401,960	116,834,955
Civil Registration Department	210,470	7,740
Directorate of Criminal Investigations	15,433,050	43,480,000
Department of Immigration	165,151,250	386,028,520
Mombasa County Government Revenue Fund Account	2,828,457	10,291,932
Kisumu County Government Revenue Fund Account	449,012	1,424,777
Nyeri County Revenue Fund	-	270,427
NTSA Revenue Collection Account	27,640,225	20,949,850
National Construction Authority	20,285,100	36,054,012
Commission (Convenience fees)	302,590,399	210,458,472
Commission Prior years (Convenience fees) KES	338,243,772	127,785,300
	<b>896,715,110</b>	<b>1,013,084,050</b>
Department of Immigration-USD	52,648,492	153,305,678
NTSA Revenue Collection Account -USD	1,542,909	1,512,320
National Construction Authority-USD	0	3,865,866

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT  
DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

Commission (Convenience fees) USD	41,791,790	37,782,758
Commission Prior years (Convenience fees) USD	37,782,758	
	<b>133,765,950</b>	<b>196,466,621</b>
Prior Year Balance	348,652,209	<b>267,322,737</b>
<b>Total</b>	<b>1,379,133,269</b>	<b>1,476,873,408</b>


**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

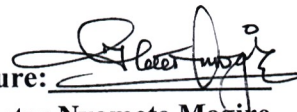
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**IX. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS**

The following table below shows the summary of issues raised by the external auditor, and management comments that were provided to the auditor. However, we have no Issue / Observations from Auditor to resolve since the Revenue Accountability Statement has not been audited from inception.

<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>
N/A	N/A	N/A	N/A	N/A	N/A

Signature:   
**Silas O. Oswe**  
**Ag. Director**  
**Government Digital Payments Unit**

Signature:   
**CPA Peter Nyamete Mogire**  
**Deputy Accountant General**  
**Government Digital Payment**

**E-CITIZEN REVENUE ACCOUNTABILITY STATEMENT (GOVERNMENT DIGITAL PAYMENTS UNIT) FOR THE YEAR ENDED JUNE 30, 2019**

**X. APPENDICES**

<b>MINISTRIES,COUNTIES,DEPARMENTS AND AGENCIES ON e-CITIZEN PLATFORM</b>		
<b>S/NO</b>	<b>NAME OF THE AGENCY</b>	<b>ADDRESS</b>
1	Mombasa County Government	Mombasa City
2	Kisumu County Government	Kisumu City
3	Nyeri County Government	Nyeri Town
4	Business Registration Services	316 Upper Hill Chambers, NAIROBI
5	Ministry Of Lands And Physical Planning	Ardhi House, Nairorbi
6	Ministry Of Mining	Ministry of Works Building,Nairobi
7	National Transport and Safety Authority	316 Upper Hill Chambers, NAIROBI
8	Civil Registration Department	Hass Plaza, Upper Hill-Nairobi
9	Directorate Of Criminal Investigations	Kiambu Rd, Nairobi
10	Department Of Immigration	Nyayo House, Nairobi
11	National Construction Authority	KCB Towers, Kenya Rd, Nairobi
12	Higher Education Loans Board	Anniversary Towers ,Nairobi
13	National Environment Management Authority	MRHQ+J28, Popo Road, Nema Building,Nairobi
14	State Law Office And Department Of Justice	Sheria House, Harambee Avenue, Nairobi
15	Kenya National Qualifications Authority	Nacosti Building, 4th Floor Nairobi
16	Narok County Government	Narok Town