

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 27 FEB 2024

DAY: WEDNESDAY

TABLED
BY:

Hon Naomi Wago, MP
Deputy majority Whip

CLERK-AT
THE-TABLE:

Inzoga Mwale

PARLIAMENT
OF KENYA
LIBRARY

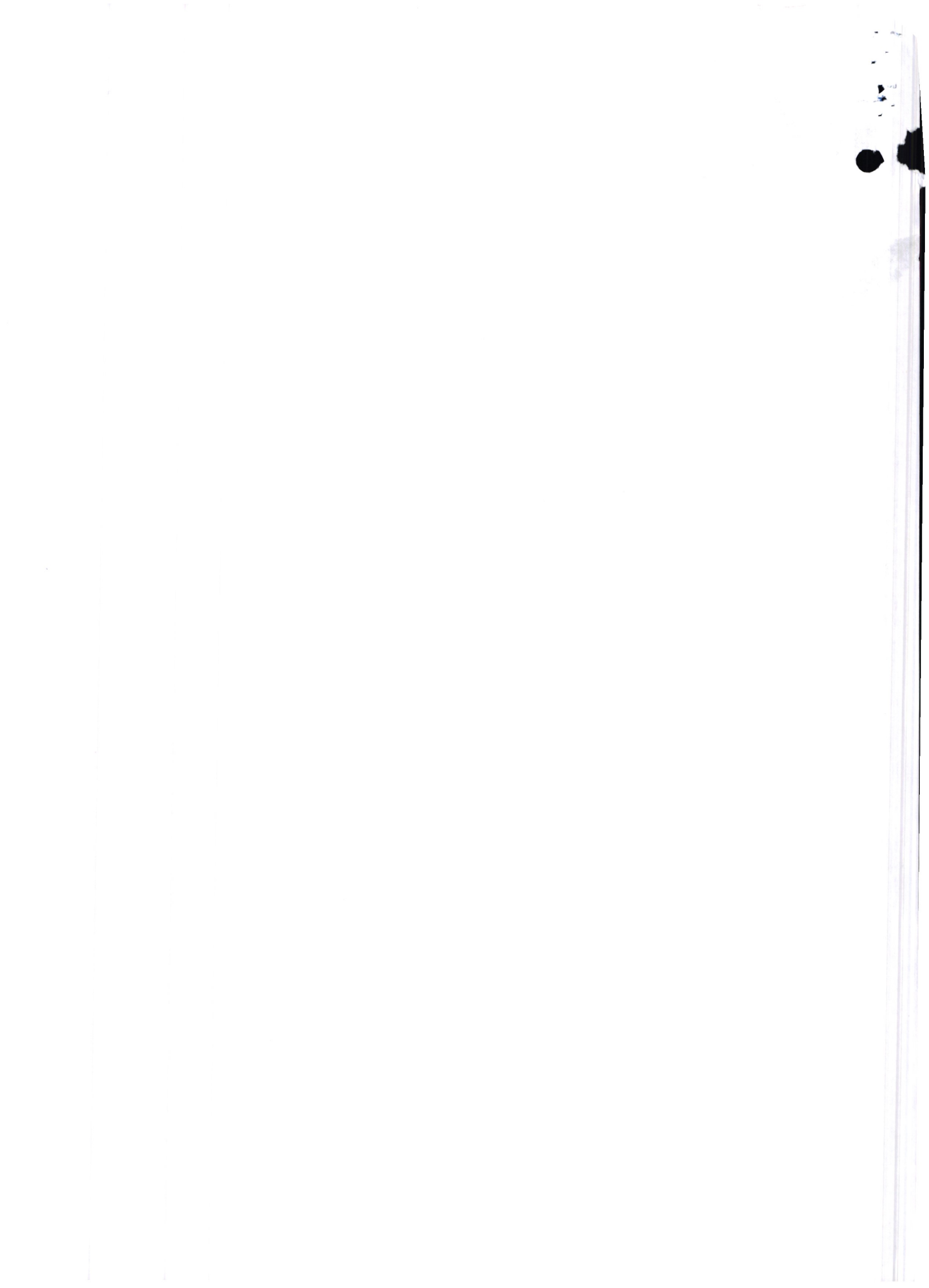
THE AUDITOR-GENERAL

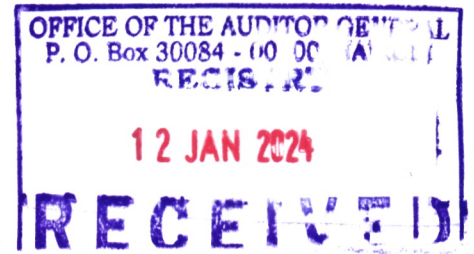
ON

REVENUE STATEMENTS

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

**STATE DEPARTMENT FOR INTERIOR AND
CITIZEN SERVICES**



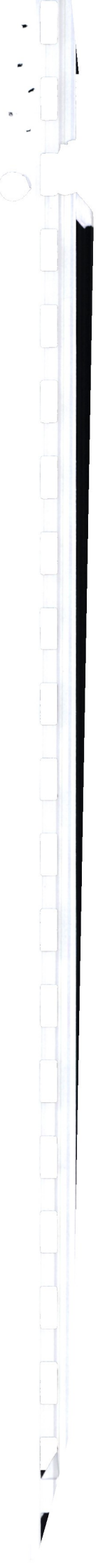


**STATE DEPARTMENT FOR INTERIOR
AND
CITIZEN SERVICES**

REVENUE STATEMENTS

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

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



**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

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**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

ACRONYMS AND GLOSSARY OF TERMS.

IPSAS	International Public Sector Accounting Standards.
PSASB	Public Sector Accounting Standards Board.
PFM	Public Finance Management.
PAC	Public Accounts Committee
NT	National Treasury.
ROR	Receiver of Revenue
SGB	Security of Government Building
KPS	Kenya Police Service
DCI	Directorate of Criminal Investigations
IPRS	Integrated Population Registration Services.
CRS	Civil registration Services.

**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

1. 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 30th June 2016.

Principal activities

The receiver of revenue collects revenue from Licence Fees for Firearms Licensing Board and Betting Control and Licensing Board, 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, Verification Fees and other Immigration Fees. Revenue collected is remitted to the National Treasury.

Key Management

- **Cabinet Secretary**
- Prof. Kithure Kindiki.
-
- **Principal Secretary**
- Dr. Raymond Omollo, Ph.D
-
- **Inspector General Of Police**
- Japheth Koome.
-
- **Director , Directorate of Criminal Investigation**
- Mohammed Amin.
-
- **Ag: Director , Betting Control and Licensing Board.**
- P.K Mbugi , OGW
-
- **Director , Directorate of Civil Registration.**
- Janet Mucheru.
-
- **Director , National Registration Bureau**
- Reuben Kimotho , OGW
-
- **Chairman, Firearms Licensing Board**
- Charles M. Mukindia.
-
- **Senior Chief Finance Officer**
- John O. Nyabwari.
-
- **Deputy Accountant General**
- Fredrick Muhul.

Entity Headquarters

Harambee Building/House/Plaza
Harambee Avenue/Road/Highway

**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

Nairobi, KENYA

Entity Contacts

P.O. Box 30510

Telephone: (254) 020-2227411

E-mail: ps.interior@kenya.go.ke

Website: 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

Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

NAIROBI, Kenya

Bankers

Central Bank of Kenya

Haile Selassie 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

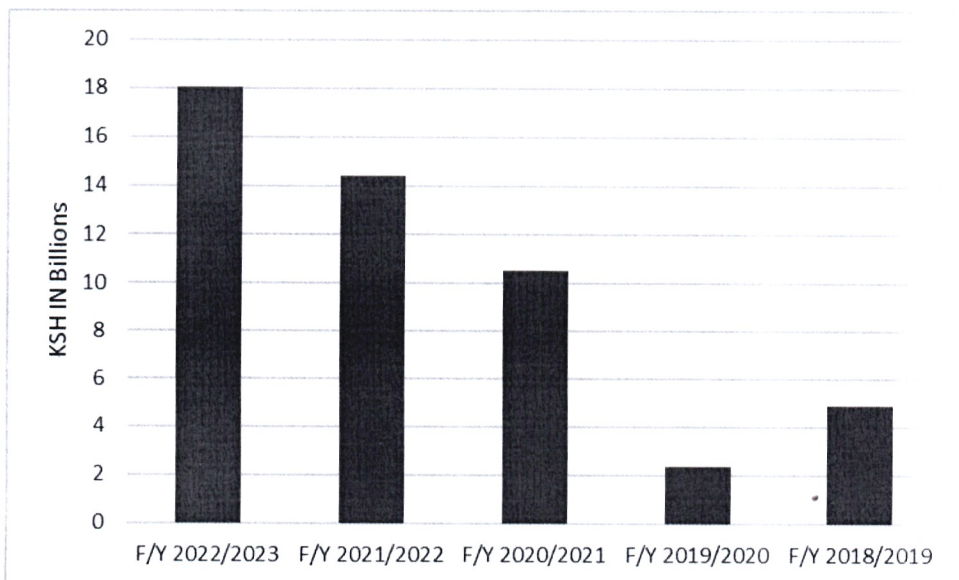
**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

2. MANAGEMENT DISCUSSION AND ANALYSIS

The summary of revenue received by the State Department of Interior and Citizen services for previous five financial years is as stated below.

1. 2022 - 2023 – Kshs. 18,045,073,078.45
2. 2021 - 2022 - Kshs. 14,423,267,174.70
3. 2020 - 2021 - Kshs. 10,549,698,979.05
4. 2019 -2020 – Kshs. 2,366,608,612.54
5. 2018 – 2019 – Kshs. 4,879,570,266.60

The collections are thus presented as below.



**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

3. 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.

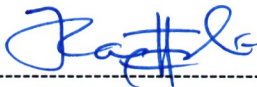
The Principal Secretary in charge of the *State Department for Interior & Citizen Services* is responsible for the preparation and presentation of the *department's revenue account*, which gives a true and fair view of the state of affairs of the *department* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the 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 & Citizen Services* 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, 2023, and of the *department's* financial position as at that date. The Principal Secretary charge of the *State Department for Interior & Citizen Services* 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 & Citizen Services* 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 29/9/2023



DR. RAYMOND OMOLLO
Principal Secretary



FREDRICK MUHUL
Deputy Accountant General
ICPAK NO. 6591

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the revenue statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of the State Department for Interior and Citizen Services set out on pages 8 to 23, which comprise of the statement of

Report of the Auditor-General on Revenue Statements for the year ended 30 June, 2023 - State Department for Interior and Citizen Services

financial assets and liabilities, statement of receipts and disbursements and the statement of arrears of revenue as at 30 June, 2023, and the 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 financial position and arrears of revenue as at 30 June, 2023 of the State Department for Interior and Citizen Services and the revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Arrears of Revenue

As disclosed in Note 7 to the revenue statements, the statement of arrears of revenue reflects arrears amounting to Kshs.875,049,489 as at 30 June, 2023. The arrears of revenue include a total of Kshs.631,156,762 representing 72% of total arrears that has been outstanding for over a year as shown in the table below;

Description	Less than 1 Year (Kshs.)	Between 1-2 Years (Kshs.)	Between 2-3 Years (Kshs.)	Over 3 Years (Kshs.)	Total (Kshs.)
Security of Government Buildings (SGB)	77,226,000	74,749,500	70,685,000	195,343,500	418,004,000
Kenya Police Service (KPS) Nairobi Area	-	-	-	517,600.00	517,600
Certificate of Good Conduct (DCI)	-	-	-	206,527,800.00	206,527,800
Kenya Police Service HQs	166,666,725	83,333,362	-	-	250,000,088
Total	243,892,725	158,082,862	70,685,000	402,388,900	875,049,488
Percentage of Arrears Outstanding for the Period	28%	18%	8%	46%	100%

Further, the statement of arrears of revenue does not include an assessment on the recoverability of the arrears.

In the circumstances, the recoverability of the arrears of Kshs.875,049,489 owed by various Government Agencies could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Interior and Citizen Services Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other

ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the State Department'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 State Department or 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 State Department's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 January, 2024

**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

6. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

	NOTES	2022 - 2023 Kshs.	2021 - 2022 Kshs.
NON-TAX RECEIPTS			
Fees on use of goods / Services	1	173,141,004.40	198,953,214.00
Sale of goods and Services	2	17,846,135,341.65	14,197,040,956.85
Other receipts not classified	3	18,560,537.40	18,511,903.85
Receipts from Sale of Non-Financial Assets.	4	7,236,195.00	8,761,100.00
TOTAL NON-TAX RECEIPTS		18,045,073,078.45	14,423,267,174.70
TOTAL RECEIPTS		18,045,073,078.45	14,423,267,174.70
DISBURSEMENT TO EXCHEQUER ACCOUNT		18,045,073,078.45	14,423,267,174.70
BALANCE DUE FOR DISBURSEMENT		0	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 30/9/2023 and signed by:



DR. RAYMOND OMOLLO
Principal Secretary



FREDRICK MUHUL
Deputy Accountant General
ICPAK NO. 6591

**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FINANCIAL YEAR ENDED 30 JUNE, 2023**

7. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2023

	NOTES	2022 - 2023 Kshs.	2021 - 2022 Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	NIL	NIL
TOTAL FINANCIAL ASSETS		N/A	N/A
TOTAL FINANCIAL ASSETS		N/A	N/A
FINANCIAL LIABILITIES			
Payables Due to Exchequer	6	NIL	NIL
TOTAL FINANCIAL LIABILITIES		NIL	NIL

8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ACTIVITY	ORIGINAL TARGETS	ADJUSTMENTS	FINAL TARGETS	ACTUAL	% REALISED
Licenses under Betting Lotteries & Gaming Act.	246,339,720.00	(13,047,158.00)	233,292,562.00	173,141,004.40	74 %
Licence Fees	73,279,341.00	(20,925,400.00)	52,353,941.00	93,642,900.00	179 %
Registration of Births and Deaths	178,532,277.00	(6,776,236.00)	171,756,041.00	166,615,590.00	97 %
Identity Card Fees	113,796,729.00	(218,265,522.00)	96,042,176.00	66,108,350.00	69 %
Certificate of Good Conduct Fees	1,304,073,033.00	(218,265,522.00)	1,085,807,511.00	1,286,788,000.00	119 %
Hire of Security Service Fees	1,014,241,707.00	(116,627,256.00)	897,614,451.00	807,902,746.40	90 %
Immigration Visas and Other Consular Fees	4,524,149,996.00	(569,034,953.00)	3,955,115,043.00	5,693,303,169.35	144 %
Passport Fees	2,663,916,257.00	(17,383,161.00)	2,646,533,096.00	3,031,437,800.00	115 %
Work Permit Fees	8,191,772,211.00	(1,014,186,748.00)	7,177,585,463.00	6,598,808,195.90	92 %
Other Immigration Fees	1,056,183,407.00	(179,729,577.00)	876,453,830.00	-	0 %
Verification Fees	165,227,772.00	113,274,503.00	278,502,275.00	101,109,590.00	36 %
Sale of Tender Documents	718,148.00	20,967.00	739,115.00	419,000.00	57 %
Sundry Revenue	316,893,260.00	22,597,799.00	339,491,059.00	18,560,537.40	5 %
Sale of Vehicles & Transport Equipment	0	0	0	7,236,195.00	0 %
TOTALS	19,849,123,858.00	2,238,348,267.00	17,811,286,563.00	18,045,073,078.45	101 %

The above revenue statement was approved on 30/9/2023 and signed by:



DR. RAYMOND OMOLLO
 Principal Secretary



FREDRICK MUHUL
 Deputy Accountant General
 ICPAK NO. 6591


9. STATEMENT OF ARREARS OF REVENUE AS AT JUNE 30, 2023 (KSHS)

Classification of Receipts	Balance as at July 1, 2021	Arrears received during the year.	Addition for current year to June 30, 2022	Total arrears as at June 30, 2022	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Non Tax Revenues						
Hire of Security –(SGB) Security of Government Buildings	340,778,000.00	0	77,226,000.00	418,004,000.00	Follow up and Commitment letter by KRA to pay the arrears.	Awaiting PAC report.
Hire of Security – (KPS) Kenya Police Service – (Nairobi Area)	517,600.00	0	0	517,600.00	KPS following up with sub county	Awaiting PAC report
Good Conduct Fees – (DCI) Kenya Postal Corporation	206,527,800.00	0	0	206,527,800.00	The Revenue in arrears is under investigation by DCI	Awaiting PAC report.
Hire of Security –(KPS) HQS		200,730,296.75	250,000,088.70	250,000,088.70	CBK - Revenue already invoiced	CBK already invoiced.
TOTAL ARREARS	547,823,400.00	200,730,296.75	327,226,088.70	875,049,488.70		

The above revenue statement was approved on 30/06/2023 and signed by:



DR. RAYMOND OMOLLO
 Principal Secretary


 FREDRICK MUHUL
 Deputy Accountant General
 ICPAK NO. 6591

**STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE, 2023**

10. 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 & Citizen Services* recognises all revenues from the Issue of Licence Fees under Firearms Licensing Board, Betting Control and Licensing Board, 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, Verification Fees 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 & CITIZEN SERVICES
REVENUE STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE, 2023**

6. Disbursement to the exchequer

The Receiver of Revenue has a daily arrangement for sweeping of funds from its bank account to the exchequer. Total disbursements to the exchequer are as a result of the sweeping arrangement during the year.

7. Comparative Figures

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

8. Subsequent Events

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


STATE DEPARTMENT FOR INFORMATION & CITIZEN SERVICES
 REVENUE STATEMENTS
 FOR FINANCIAL YEAR ENDED 30 JUNE, 2023

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

Description	Original Estimates	Revised Estimates	Actual	% Realised
Licenses under Betting Lotteries & Gaming Act.	246,339,720.00	233,292,562.00	173,141,004.40	74 %
Total Fees			173,141,004.40	
Balance brought forward			0	
Transfers to Exchequer Account			173,141,004.40	
Balance carried forward			0	

Betting, Lotteries and Gaming Licence – The target was not met because the companies reduced promotion of Products and services due to the increased political activities in the country and slow economic growth. This affected prize Promotions and competitions which contribute in the revenue generation.

These revenue statements were approved on 30/9/2023 and signed by:



 DR. RAYMOND OMOLLO
 Principal Secretary



 FREDRICK MUHUL
 Deputy Accountant General
 ICPAK NO. 6591

STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
REVENUE STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE, 2023

2 . SALE OF GOODS AND SERVICES


Description	Original Estimates	Revised Estimates	Actual	% Realized
Licence Fees	73,279,341.00	52,353,941.00	93,642,900.00	179 %
Registration of Births and Deaths	178,532,277.00	171,756,041.00	166,615,590.00	97 %
Identity Card Fees	113,796,729.00	96,042,176.00	66,108,350.00	69 %
Certificate of Good Conduct Fees	1,304,073,033.00	1,085,807,511.00	1,286,788,000.00	119 %
Hire of Security Service Fees	1,014,241,707.00	897,614,451.00	807,902,746.40	90 %
Immigration Visas and Other Consular Fees	4,524,149,996.00	3,955,115,043.00	5,693,303,169.35	144 %
Passport Fees	2,663,916,257.00	2,646,533,096.00	3,031,437,800.00	115 %
Work Permit Fees	8,191,772,211.00	7,177,585,463.00	6,598,808,195.90	92 %
Other Immigration Fees	1,056,183,407.00	876,453,830.00	-	0 %
Verification Fees	165,227,772.00	278,502,275.00	101,109,590.00	36 %
Sale of Tender Documents	718,148.00	739,115.00	419,000.00	57 %
Total Revenue	19,285,890,878.00	17,238,502,942.00	17,846,135,341.65	101%
Balance brought forward			0	
Transfers to the Exchequer account			17,846,135,341.65	
Balance carried forward			0	

- Immigration Visa Fees** – After the Covid pandemic, we have experienced an increase in tourism and movements around the world, so the Visa Fees exceeded the set targets.
- Passport Fees** - Many Kenyans are currently looking for employment opportunities abroad , hence the increase in issue of Passports passports and the revenue received.
- Sale of Tender documents** - There was under collection because most applications are done online.
- Work Permit and Other Immigration Fees** – The Immigration Department receives Revenue through Ecitizen platform in three (3) portals :- 1. Passport Management System portal.
2. Visa Management System portal.
3. Foreign National Portal. – The Work Permit and Other Immigration fees are merged under this Ecitizen Portal.

The overall under collection in the two items was due to the uncertainty during the Election period, affecting issue of Work Permits.

- 5. Identity Card Fees – The projected amount of Kshs. 96,042,176.00 was estimated against average number of prior years applications, hence the variance with actual receipts of Kshs. 66,108,350.00
- 6. Verification Fees – The set targets were not met because of a technical failure in the system whereby the clients could not deposit funds in the float account.

These revenue statements were approved on 30/9/2023 and signed by:


.....
DR. RAYMOND OMOLLO
Principal Secretary



.....
FREDRICK MUHUL
Deputy Accountant General
ICPAK NO. 6591

STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
 REVENUE STATEMENTS
 FOR FINANCIAL YEAR ENDED 30 JUNE, 2023

3. OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

Description	Original Estimates	Revised Estimates	Actual	% Realized
Miscellaneous Revenue				
Sundry Revenue	316,893,260.00	339,491,059.00	18,560,537.40	5 %
Total Revenue			18,560,537.40	
Balance brought forward			0	
Transfers to the Exchequer account			18,560,537.40	
Balance carried forward			0	

These revenue statements were approved on 30/9/2023 and signed by:



 DR. RAYMOND OMOLLO
 Principal Secretary



 FREDRICK MUHUL
 Deputy Accountant General
 ICPAK NO. 6591




STATE DEPARTMENT FOR INTERIOR & CITIZEN SERVICES
 REVENUE STATEMENTS
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4. RECEIPTS FROM SALE OF NON FINANCIAL ASSETS

Description	Original Estimates	Revised Estimates	Actual	% Realized
Receipts from the Sale of Vehicles and Transport Equipment	0	0	7,236,195.00	0%
Total Revenue			7,236,195.00	
Balance brought forward			0	
Transfers to the Exchequer account			7,236,195.00	
Balance carried forward			0	

Receipts from sale of Motor Vehicles - There were no projections for the Financial year 2022-2023

These revenue statements were approved on 30/9/2023 and signed by:


 DR. RAYMOND OMOLLO
 Principal Secretary


 FREDRICK MUHUL
 Deputy Accountant General
 ICPAK NO. 6591

5. BANK BALANCES

Name of Bank, Account No. & Currency	Amount in bank Account currency	Exc. Rate (if in foreign currency)	2021-2022 Kshs.	2020-2021 Kshs.
CENTRAL BANK OF KENYA 1000457422 Kenya Shillings	NIL	N/A	NIL	NIL
CENTRAL BANK OF KENYA 1000387197 Kenya Shillings	NIL	N/A	NIL	NIL
Total			NIL	NIL

Note :

IPRS holds an IPRS Float Deposit Control Account No. 1222933888 at Kenya Commercial Bank (KCB) and as at 30/6/2022 the bank balance was Kshs. 20,687,641.25

5(a) Balance carried forward as at 30th June 2022 and subsequently transferred

Ref.	Amount Kshs.	Date subsequently transferred
	N/A	N/A

6. PAYABLES-DUE TO EXCHEQUER

Payables	2022-2023 Kshs.	2021-2022 Kshs.
Balance b/f at the beginning of the year	0	0
Amounts disbursed to Exchequer during the year	18,045,073,078.45	14,423,267,174.70
Balance c/d at the end of the year	0	0
Total	0	0

7. AGEING ANALYSIS OF REVENUE IN ARREARS.

Description	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
(SGB) Security of Government Buildings	77,226,000.00	74,749,500.00	70,685,000.00	195,343,500.00	418,004,000.00
(KPS) Nairobi Area	0	0	0	517,600.00	517,600.00
Certificate Of Good Conduct (DCI)	0	0	0	206,527,800.00	206,527,800.00
(KPS) HQS	166,666,725.80	83,333,362.90	0	0	250,000,088.70
TOTALS	243,892,725.80	158,082,862.90	70,685,000.00	402,388,900.00	875,049,488.70
	28 %	18 %	8 %	46 %	





**REVENUE STATEMENTS
FOR FINANCIAL YEAR ENDED 30 JUNE, 2023**

APPENDIX 2. 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.

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)
1(a)	Long Outstanding arrears Uncollected Revenue for Hire of Security Services rendered to KRA from January 2016 to October 2019 by Security of Government Buildings.(SGB) of Kshs. 246,827,500.00	The amount in question has not been paid to date and the KRA Management has factored the debt for funding request to the National Treasury. Awaiting PAC report on the same.	HAU, CIPU	Unresolved	2023/2024
1(b)	Nairobi Area Police offered security services to banks in Nairobi Region however there is no evidence to confirm the payment of Kshs. 517,600.00	The amount of Kshs. 517,600.00 in arrears arose due to non submission of revenue by UBA bank for provision of service by officers from makadara sub county police commander. Awaiting PAC report on the same.	HAU, KPS	Unresolved	2023/2024
1(c)	The Statement of arrears of Revenue as at 30 th June 2021 reflects an amount of Kshs. 206,527,800.00 that has been long outstanding Revenue for DCI under Postal Corporation	The issue is under investigation by DCI. We are currently waiting for the PAC report on the same.	HAU, DCI	Unresolved	2023/2024



STATE DEPARTMENT FOR INSURANCE & CITIZEN SERVICES

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)

