

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE- REVENUE
STATEMENTS**

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

COUNTY GOVERNMENT OF THARAKA NITHI

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF THARAKA NITHI



RECEIVER OF REVENUE

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE, 30th 2023

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

COUNTY GOVERNMENT OF THARAKA NITHI
COUNTY TREASURY



Telephone: 0800720370

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REF: TNCG/ACC/VOL.II/36



P. O. BOX 10-60406

KATHWANA

Date: 20th July, 2023

The Auditor General
Office of Auditor General
Embu Hub
P.O Box 113 - 60100
EMBU

RE: THARAKA NITHI COUNTY RECEIVER OF REVENUE
STATEMENTS FY 2022/23

In accordance to Public Financial Management Act 2012, Section 165, we hereby submit Tharaka Nithi County Revenue Statements for the Financial Year ended 30th June 2023.

Kindly find enclosed copy of the report for your necessary action

Thank you

Lawrence K. Ileri Rweria

CECM- Finance and Economic Planning

cc

- The Clerk, County Assembly Tharaka Nithi
- The Director General, Accounting Services and Quality Assurance
- The Commission on Revenue Allocation
- The Controller of Budget

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

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1. Acronyms and Glossary of Terms

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

a) Glossary of terms

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

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The **Receiver of Revenue** is under the Department of Revenue and Resource Mobilization. At the County Executive Committee level, the **Receiver of Revenue** is represented by the County Executive committee member for Finance, Economic Planning and Revenue Mobilization, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* was designated as a receiver on 04th April 2023 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act, 2012.

(b) Principal Activities

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

(c) Key Management

The County Government of Tharaka Nithi day-to-day management is under the following key organs:

- County Executive Committee Member Finance, Economic Planning and Revenue Mobilization
- Chief Officer Revenue and Resource Mobilization
- Director Revenue
- Director Accounting Services

(d) Entity Headquarters

County Headquarters Building
Kathwana Town
P.O. Box 10-60406
KATHWANA

(e) County Executive Contacts

Telephone: 1513
Email: info@tharakanithi.go.ke
Website: www.tharakanithicounty.go.ke

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

**Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023**

(h) County Attorney

The County Attorney
County Government Tharaka Nithi
P.O. Box 10- 60406
KATHWANA

(i) Entity Bankers

- i. Co-operative Bank of Kenya
Chuka Branch
P.O Box 101 - 60400
CHUKA

- ii. Trans Nation Sacco Society Limited
Chuka Branch
P.O Box 15-60400
CHUKA

- iii. Equity Bank (K) Limited
Chuka Branch
P.O Box 213 - 60400
CHUKA

3. FOREWARD BY THE CEC MEMBER FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Tharaka Nithi – Receiver of Revenue Report and Financial Statements for the financial year ended **30th June 2023**. The Financial Statements present the financial performance of the Receiver of Revenue over the past twelve months.

During the year under review, the total own sources revenue amounted to Ksh. 286,737,650 (Ksh 234,293,360 FY 2021/22) against approved budget of Ksh. 380,000,000 translating to 75% performance level.

The amount remitted to County Revenue Fund (CRF) during the financial year amounted to Ksh. 263,519,874 (Ksh. 239,381,562 FY 2021/22 which included balances brought forward from previous year of Ksh. 10,821,177. The amount yet to be remitted as at end of the year amount to Ksh. 33,922,721

The County Government Own Sources of Revenue recorded significant improvement from the previous year with and the recovery is expected to continue in the following year as more effort is made to achieve the set target. The County has instituted mechanism to seal off leakages of revenue and also persuading the public to honour their bills.

Finally, I take this opportunity to thank His Excellency Governor Muthomi Njuki, Members of County Assembly, county government of Tharaka Nithi employees and all stakeholders including tax payers for supporting the government in its execution of its mandate.

Thank you very much and God bless Tharaka Nithi County



Sign.....

Lawrence K. Ileri Rweria

CECM – Finance, Economic Planning and Resource Mobilization

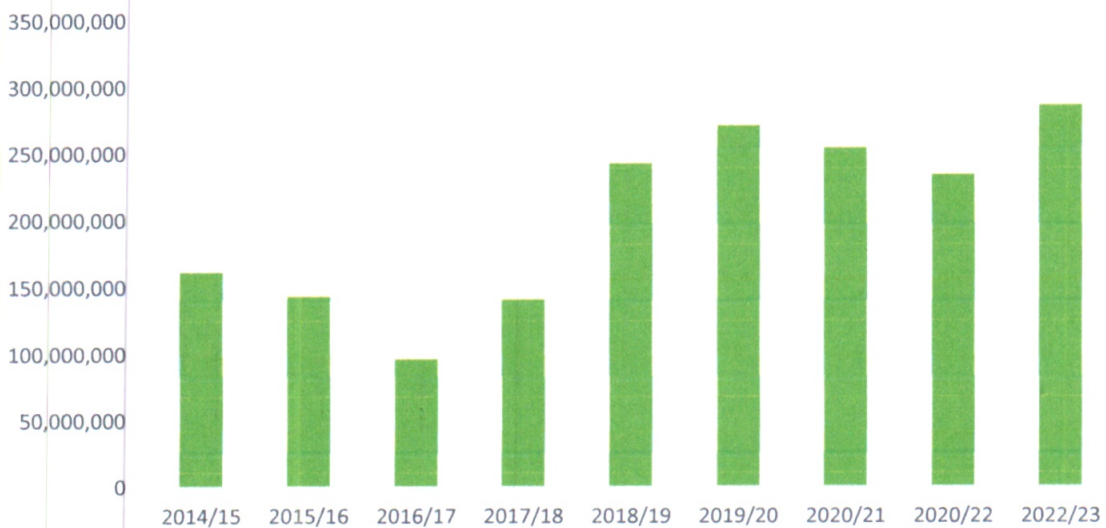
4. MANAGEMENT DISCUSSION AND ANALYSIS

County Government of Tharaka Receiver of Revenue, Revenue Statements for the financial year ended **30th June 2023**. The Statements present the financial performance of the County Government over the past twelve months.

The County finances its operations through own generated revenues. These are revenues collected within the County as approved under County Finance Act. The key own source revenue for Tharaka Nithi County included business permits, land rates, building plan approval, advertising fees, cess and various other administrative charges. The County continues to explore new and more innovative ways of increasing its own source of revenue collections.

During the period under review, our own sources of revenue amounted to Ksh. 286,737,650 (Ksh.234,293,360 FY 2021/22). The Own Sources of revenue has recorded significant recovery from compared with previous years with the highest revenue collection recorded.

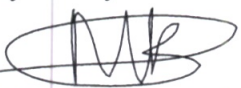
The chart below shows the performance on revenue over last nine years.

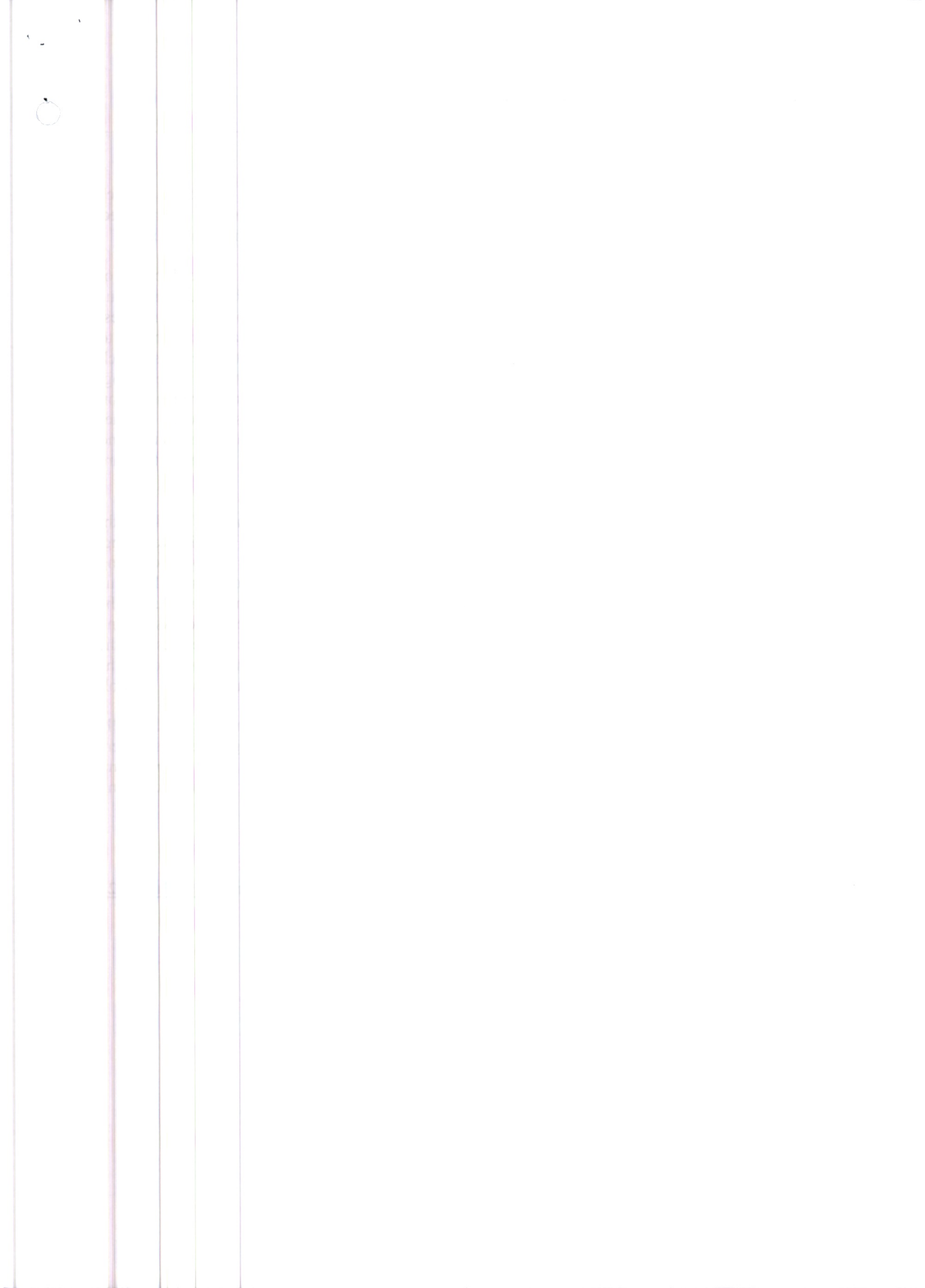


Recommended Way Forward

The county government will continue exploring more revenue streams and also enhance collection by enforcing and sealing any leakages

Thank you very much and God bless Tharaka Nithi County


Sign.....
Moses Bundi
Receiver of Revenue



5. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a Receiver of Revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.

The Receiver of Revenue is responsible for the preparation and presentation of the Receiver of Revenue Account, which give a true and fair view of the state of affairs of the Receiver of Revenue for and as at the end of the financial year ended on **30th June, 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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue accepts responsibility for the County Government of Tharaka Nithi financial statements, 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). The Receiver of Revenue is of the opinion that the Receiver of Revenue Account give a true and fair view of the state of County Government's transactions during the financial year ended **30th June, 2023**, and of the County Government's Statement of Assets and Liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Receiver of Revenue Accounts as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the County Government of Tharaka Nithi has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the Statements 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 financial statements

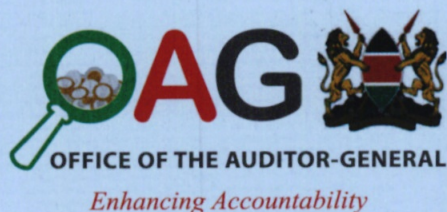
The Revenue Statements were approved and signed by the Receiver of Revenue on **20th July 2023**



Moses Bundi
County Receiver of Revenue

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE – REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF THARAKA NITHI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tharaka Nithi County Executive - Receiver of Revenue set out on pages 1 to 31, which comprise the statement of financial

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tharaka Nithi County Executive - Receiver of Revenue as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Revenue

The statement of receipts and disbursements reflects receipts totaling Kshs.286,737,650. However, review of records revealed unsupported revenue as detailed below:

1.1 Rent / Lease of County Houses and Stalls

The statement of receipts and disbursements and as disclosed in Note 5 to the financial statements reflects rent/ lease of County houses and stalls amount of Kshs.2,892,341. However, details of houses and stalls owned by the County Government were not provided for audit verification.

Further, the statement of arrears of revenue reflects stalls rent arrears balance of Kshs.3,198,777 which had not been recovered as at 30 June, 2023.

In addition, the County collected only Kshs.2,892,341 from County houses and stalls against an approved budget of Kshs.4,700,420, representing 62% revenue realization. The Management did not provide plausible explanation for the under-performance of revenue collection.

In the circumstances, the accuracy and completeness of the receipts totaling to Kshs.2,892,341 could not be confirmed.

1.2 Barter Market and Slaughter Fees

The statement of receipts and disbursements and as disclosed in Note 4 to the financial statements reflects barter market and slaughter fees amount of Kshs.9,688,716 collected

via Mpesa platform. However, the Mpesa statements for the period under review were not provided for audit verification.

In the circumstances, the accuracy and completeness of receipts of Kshs.9,688,716 could not be confirmed.

1.3 Miscellaneous Receipts

The statement of receipts and disbursements and as disclosed in the Note 15 to the financial statements reflects miscellaneous receipts amount of Kshs.714,453, collected via Mpesa platform. However, the amount was not supported with Mpesa statements and revenue monitoring reports.

In the circumstances, the accuracy and completeness of the receipts amount of Kshs.714,453 could not be confirmed.

1.4 Livestock and Agriculture Produce Cess

The statement of receipts and disbursements and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.1,720,230 in respect to livestock and agriculture produce cess. However, detailed reports showing revenue collection from livestock and agriculture produce cess, respective cess collection points/stations, the categories of cess charged, approved fees and charges in respect to cess fee collection were not provided for audit.

In the circumstances, the accuracy and completeness of the receipts amount of Kshs.1,720,230 could not be confirmed.

1.5 Property Fee

The statement of receipts and disbursements and as disclosed in Note 9 to the financial statements reflects Kshs.2,178,508 in respect to property rent. However, the amount was not supported with tenancy agreements, monthly rental receipt books and details of houses and stalls owned by the County.

In addition, the County collected property fees of only Kshs.2,178,508 against an approved budget of Kshs.17,300,000 representing only 13% revenue realization. The Management did not provide a plausible explanation for the underperformance of revenue from property fees.

In the circumstances, the accuracy and completeness of the receipts totaling Kshs.2,178,508 could not be confirmed.

1.6 Technical Services (Building Plan Approval)

The statement of receipts and disbursements and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.4,246,180 in respect of technical services, being revenue from building plans approval. However, the Management did not provide records showing the nature and the number of building plans approved, amount invoiced, approved fees and charges schedule used and receipts issued in respect to revenue from building plan approvals.

Further, receipts from building plans approval declined by Kshs.494,387 from an amount of Kshs.4,740,567 reported in the financial year 2021/2022 to Kshs.4,246,180 representing 12% decrease in revenue whose cause has not been explained.

In the circumstances, the accuracy and completeness of technical services fees amount of Kshs.4,246,180 could not be confirmed.

1.7 Hospital Fees

The statement of receipts and disbursements and as disclosed in Note 8 to the financial statements reflects Kshs.125,046,463 in respect to hospital fees. However, the Management did not provide monthly reconciliations of the revenue collected by the revenue officers, making it difficult to track the movement of cash from the cashiers to the County Revenue Fund Account.

In the circumstances, the accuracy and completeness of the hospital fees amount of Kshs.125,046,463 could not be confirmed.

1.8 Single Business Permit and Advertisement

The statement of receipts and disbursements and as disclosed in Note 3 to the financial statements reflects single business permit and advertisement amount of Kshs.69,084,571. Field visit across the County in the month of August, 2023 revealed that there were bill boards and posters placed along major roads and towns. The Management did not however, provide records of revenue collected from the posters and bill boards.

In the circumstances, the accuracy and completeness of the receipts of Kshs.69,084,571 for the year ended 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Tharaka Nithi County Executive - Receiver of Revenue Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.380,000,000 and Kshs.286,737,650 respectively resulting to a revenue shortfall of Kshs.93,262,350 or 25% of the budget.

The revenue shortfall of Kshs.93,162,350 affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

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

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.

Other Information

The Tharaka Nithi County - Receiver of Revenue is responsible for the other information which comprise of Key Entity Information and Management, the Board of Directors, Foreword by the CEC Member Finance and Economic Planning, Management Discussion and Analysis and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Delayed Transfer of Collected Revenue to County Revenue Fund Account

The statement of receipts and disbursements reflects total revenue of Kshs.286,737,650. Further, bank and cash balance brought forward was Kshs.10,821,177 resulting to total available balance of Kshs297,558,827. However, the Receiver of Revenue disbursed Kshs.263,519,874 to the County Revenue Fund, as at 30 June, 2023, leaving a balance of Kshs.33,922,721. Thus, Receiver of Revenue failed to promptly disburse the amount received into the County Revenue Fund Account, contrary to the Regulation 81(1) & (2) of the Public Finance Management (County Governments) Regulations, 2015, which states that receivers of revenue shall promptly deposit into the County Exchequer Account all receipts due to the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

In the circumstances, the Receiver of Revenue was in breach of the law.

2.0 Natural Resources Excavation Cess

The statement of receipts and disbursements and as disclosed in Note 7 to the financial statements reflects natural resources excavation cess revenue of Kshs.37,432,401, against an approved budget of Kshs.55,084,200, representing 68% revenue realization. The Management did not provide plausible explanation for the under-performance of the revenue collection.

The revenue shortfall affected implementation of the planned activities and programs and may have impacted negatively on services delivery to the public.

3.0 Parking Fees

The statement of receipts and disbursements and as disclosed in Note 1 to the financial statements reflects parking fees receipts of Kshs.8,684,840 against a budget of Kshs.19,900,390. Further, the annual collection for parking fees of Kshs.8,684,840 means that average monthly collection was Kshs.723,000, which may be low given the number of sub counties.

The revenue shortfall affected implementation of the planned activities and programs and may have impacted negatively in services delivery to the public.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Assessment on Revenue Management

During the year under review, the Receiver of Revenue collected an amount of Kshs.286,737,650 from various sources of own revenue against budgeted receipts of Kshs.380,000,00 resulting to under collection of Kshs.93,262,350 or 25% of the budget. However, management did not have a formal risk assessment policy on revenue. In addition, there was no evidence of periodic risk assessments performed for revenue to identify threats, assess vulnerability, and design automated systems that could enhance revenue collection.

In the circumstances, the effectiveness of internal control system on revenue management could not be confirmed.

2. Lack of Approvals, Procedures and Guidelines on the Use of MPESA Pay Bills and Hospital Management Systems

As previously reported, the County Executive operated Safaricom M-PESA pay bill numbers for revenue collection in hospitals. However, the Management did not provide the approvals from the County Treasury for pay bill numbers opening and operation. Further, the Management did not provide details of the users of the pay bill numbers and their access rights together with the approved guidelines on the use of the pay bill numbers.

In addition, the Management did not provide a monthly pay bill statements and monthly reconciliations to facilitate an audit trail of the revenue collected from the pay bill numbers to the commercial banks and eventual transfer to the County Revenue Fund Account (CRF).

Review of the Hospital Management Systems at Chuka Level 5 Hospital revealed that cancellation or reversal of transactions in the system were done by the ICT Director. However, it was noted that requests for the approval of the same were done manually and no reason was provided for the reversal or cancellations of the transactions. Also, the cancelled or reversed transactions could not be confirmed in the patient's statements.

The management failed to carry out necessary measures to ensure revenue collection was effective.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Receiver of Revenue or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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 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 Receiver of Revenue's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Receiver of Revenue to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Receiver of Revenue to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

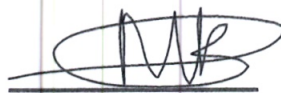
30 January, 2024

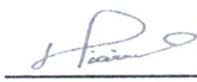
Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

7. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 30th JUNE 2023

		2022/2023	2021/2022
County Own Sources of Revenue	Note	Ksh	Ksh
Parking Fees	1	8,684,840	8,309,270
Plot Rents and Stand Premium	2	2,789,883	3,089,795
Single Business Permits and Advertisement	3	69,084,571	47,924,142
Barter Market and Slaughter Fees	4	9,688,716	7,545,149
Rent / Lease County Houses and Stalls	5	2,892,341	3,274,326
Livestock and Agriculture Produce Cess	6	1,720,230	519,120
Natural Resources Excavation Cess	7	37,432,401	30,257,630
Hospital Fees	8	125,046,463	104,417,746
Property Fees	9	2,178,508	1,332,700
Technical Services (Building Plan Approval)	10	4,246,180	4,740,567
Administration Fees and Charges	11	1,737,626	1,282,284
Tourism (Mt. Kenya Lodge)	12	-	276,200
Liquor License	13	14,558,000	13,374,511
Veterinary Services	14	5,963,438	7,628,620
Miscellaneous Receipts	15	714,453	321,300
Total Receipts		286,737,650	234,293,360
Bank and Cash Balance at the Beginning of the Year		10,821,177	15,987,134
Less: Bank Charges		(116,232)	(77,755)
Disbursements To CRF		(263,519,874)	(239,381,562)
Balance Due for Disbursement		33,922,721	10,821,177

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial Statements. The Revenue Statements were approved on **20th July 2023** and signed by:


Moses Bundi
County Receiver of Revenue



CPA. E.K Nduati
Director Accounting Services
ICPAK Reg No.6720


Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30th JUNE 2023

	Note	2022/2023	2021/2022
		Ksh	Ksh
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	16	33,795,485	10,344,270
Cash in Hand	17	127,236	476,907
Total Financial Assets		33,922,721	10,821,177
Total Financial Assets		33,922,721	10,821,177
Financial Liabilities			
Payables-Due to CRF	18	33,922,721	10,821,177
Total Financial Liabilities		33,922,721	10,821,177

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Tharaka Nithi County Receiver of Revenue Financial Statements were approved on **20th July 2023** and signed by:


 Moses Bundi
 Receiver of Revenue


 CPA. Nduati E.K.
 Director Accounting Services
 ICPAK Reg.No.6720

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

9. STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2023

Receipts	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	a	B	c=a+b	D	e=c-d	f=d/c %
County Own Source Revenue	Ksh	Ksh	Ksh	Ksh	Ksh	
Parking Fees	16,900,390	3,000,000	19,900,390	8,684,840	(11,215,550)	44%
Plot / Land Rates & Rents	7,654,990	2,000,000	9,654,990	2,789,883	(6,865,107)	29%
Single Business Permit	60,500,000	8,000,000	68,500,000	69,084,571	584,571	101%
Barter Market Entrance and Slaughter Fees	20,831,200	-	20,831,200	9,688,716	(11,142,484)	47%
Rent / Lease County Houses and Stalls	4,700,420	-	4,700,420	2,892,341	(1,808,079)	62%
Livestock and Agriculture Produce Cess	2,500,000	-	2,500,000	1,720,230	(779,770)	69%
Natural Resources Excavation Cess	55,084,200	-	55,084,200	37,432,401	(17,651,799)	68%
Hospital Fees	112,800,000	10,000,000	122,800,000	125,046,463	2,246,463	102%
Property Fees	10,000,000	7,300,000	17,300,000	2,178,508	(15,121,492)	13%
Technical Services	4,500,000	(600,000)	3,900,000	4,246,180	346,180	109%
Administration Fees and Charges	12,850,800	-	12,850,800	1,737,626	(11,113,174)	14%
Tourism (Mt. Kenya Lodge)	978,000	-	978,000	-	(978,000)	0%
Weights and Measures	300,000	-	300,000	-	(300,000)	0%
Liquor License	16,000,000	2,000,000	18,000,000	14,558,000	(3,442,000)	81%
Veterinary Services	300,000	8,300,000	8,600,000	5,963,438	(2,636,562)	69%
Co-operative Services	100,000	-	100,000	-	(100,000)	0%
Miscellaneous	24,000,000	(10,000,000)	14,000,000	714,453	(13,285,547)	5%
Total	350,000,000	30,000,000	380,000,000	286,737,650	(93,262,350)	75%

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial Statements.

Tharaka Nithi County Receiver of Revenue Financial Statements were approved on **20th July 2023** and signed by:



Moses Bundi
 Director Revenue



CPA. Nduati E.K
 Director Accounting Services
 ICPAK Reg. No. 6720

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

10. STATEMENT OF ARREARS OF REVENUE AS AT 30th JUNE 2023

Classification of Receipts	Balance as at 30 th June 2022	Arrears received during the Year	Additions in arrears During the Year	Total arrears as at 30 th June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Land / Plot Rent	51,624,279	2,789,883	5,018,998	53,853,394	Pubic sensitization and enforcement	High
Stalls Rent	5,090,168	2,892,341	1,000,950	3,198,777		High
Total Arrears	56,714,447	5,682,224	6,019,948	57,052,171		

Note:

Only above two (2) revenue streams are accrued and cumulative. All other revenue streams are payable upon client seeking County services or operating levied business.

The ageing analysis of revenue in arrears has been shown on Note 19 of these Financial Statements

Tharaka Nithi County Receiver of Revenue Financial Statements and Explanation Notes were approved on **20th July 2023** and signed by:



Moses Bundi
 Receiver of Revenue



CPA. Nduati E.K.
 Director Accounting Services
 ICPAK Reg. No. 6720

11. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government of Tharaka Nithi. 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 County Government of Tharaka Nithi. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 14th June 2022 for the period 01st July 2022 to 30th June 2023 as required by law. There have been no supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Revenue in Arrears

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

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account on weekly basis. Total disbursements to the CRF are as a result of the transfer arrangement during the financial year amount to Ksh. 263,519,874 (FY 2021/22 Ksh. 239,381,562)

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 30th June, 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30 June, 2023

12. NOTES TO THE FINANCIAL STATEMENTS

1. PARKING FEES

Description	2022/2023	2021/2022
	Ksh	Ksh
Vehicles Parking Fees	8,684,840	8,309,270
Total	8,684,840	8,309,270

2. PLOT RENT

Description	2022/2023	2021/2022
	Ksh	Ksh
Plot Rent	2,789,883	3,089,795
Total	2,789,883	3,089,795

3. SINGLE BUSINESS PERMITS

Description	2021/2022	2020/2021
	Ksh	Ksh
Annual Business Permit Fees	56,850,255	43,925,142
Advertisement	12,234,316	3,999,000
Total	69,084,571	47,924,142

4. BARTER MARKET ENTRANCE AND SLAUGHTER FEE

Description	2022/2023	2021/2022
	Ksh	Ksh
Market entry fees	9,688,716	7,545,149
Total	9,688,716	7,545,149

5. RENT / LEASE OF COUNTY HOUSES AND STALLS

Description	2022/2023	2021/2022
	Ksh	Ksh
Stalls/kiosks rent	2,892,341	3,274,326
Total	2,892,341	3,274,326

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. LIVESTOCK AND AGRICULTURE PRODUCE CESS

Description	2022/2023	2021/2022
	Ksh	Ksh
Agriculture Farm Produce	1,720,230	519,120
Total	1,720,230	519,120

7. NATURAL RESOURCES EXCAVATION CESS

Descriptions	2022/2023	2021/2022
	Ksh	Ksh
Stone, Murrum and Sand Cess	37,432,401	30,257,630
Total	37,432,401	30,257,630

8. HOSPITAL FEES

Description	2022/2023	2021/2022
	Ksh	Ksh
Hospital Service Fees	122,312,863	102,726,546
Public Health	2,733,600	1,691,200
Total	125,046,463	104,417,746

9. PROPERTY FEES

Description	2022/2023	2021/2022
	Ksh	Ksh
Application for Property Transfer	1,199,508	952,200
Minutes Search	979,000	380,500
Total	2,178,508	1,332,700

10. TECHNICAL SERVICES FEES

Description	2022/2023	2021/2022
	Ksh	Ksh
Building Plans Approval	4,246,180	4,740,567
Total	4,246,180	4,740,567

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. ADMINISTRATIVE FEES AND CHARGES

Description	2022/2023	2021/2022
	Ksh	Ksh
Fire Services	287,800	12,800
Fines and Penalties	373,936	634,388
Hire of County Equipment / Lorry	572,919	-
Other Administrative Fees and Charges	502,971	635,096
Total	1,737,626	1,282,284

12. TOURISM FEES

Description	2022/2023	2021/2022
	Ksh	Ksh
Park Entry fees	-	276,200
Total	-	276,200

13. LIQUOUR LICENSES

Descriptions	2022/2023	2021/2022
	Ksh	Ksh
Liquor licenses	14,558,000	13,374,511
Total	14,558,000	13,374,511

14. VETERINARY SERVICES

Description	2022/2023	2021/2022
	Ksh	Ksh
Veterinary Services	5,963,438	7,628,620
Total	5,963,438	7,628,620

15. MISCELLANEOUS RECEIPTS

Description	2022/2023	2021/2022
	Ksh	Ksh
Unclassified Receipts	714,453	3,200
Surrender of Imprest	-	318,100
Total	714,453	321,300

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. BANK BALANCES

Name of Bank, Account No. & currency	Account Number	2022/2023	2021/2022
		Ksh	Ksh
Tharaka Nithi Revenue Acct. - Equity Bank	0210260871230	15,688,212	4,362,125
Tharaka Nithi Revenue Account - Trans Nation Sacco	68260800224701	777,309	133,431
Magutuni Hospital Account - KCB	01129976870	-	403,676
Chuka District Hospital Account – KCB	01103743147	-	1,147,589
Tharaka South District Hospital Management Board (Marimanti Hosp) - Co-op Bank	01141058220502	-	4,296,160
Kibung’ a Sub District Hospital - Co-op Bank	01141057871700	-	1,289
Chuka Dist. Hospital Account - Family Bank	054000011533	13,843,617	-
Kibung’ a Sub District Hospital - Family Bank	054000011534	5,963	-
Tharaka South Dist. Hospital - Family Bank	054000011535	2,135,767	-
Magutuni Hospital Account - Family Bank	054000011536	1,344,617	-
Total		33,795,485	10,344,270

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH IN HAND

	2022/2023	2022/2023	2021/2022	2021/2022
	Cash at Hand	Mpesa Balances	Cash at Hand	Mpesa Balances
Marimati Level Four Hospital	-	744	-	122,866
Tharaka South Sub County	9,300	2,380	81,180	3,500
Tharaka North Sub County	56,600	2,600	21,570	9,350
Mwimbi Sub County	630	200	1,300	5,600
Muthambi Sub County	-	-	-	3,525
Igamba Ngombe Sub County	5,800	4,430	5,710	11,640
Chogoria Town	2,300	-	3,540.00	600
Marimati Town	14,150	90	2,400	9,591
Chuka Sub County	9,540	1,750	8,200	21,974
Chuka Town	7,330	-	6,430	34,410
Chuka General Hospital	-	8,397	2,420	101,558
Kibunga Sub District Hospital	-	-	-	2,830
Magutuni Hospital	-	995	-	3,204
Veterinary Services	-	-	8,860	-
Physical Planning	-	-	-	2,649
Public Health	-	-	-	2,000
Total Cash in Hand	105,650	21,586	141,610	335,297

18. PAYABLES- DUE TO CRF

Payables	2021/2023	2021/2022
	Ksh	Ksh
Balance B/f at the beginning of the Year	10,821,177	15,987,134
Amount collected during the Year	286,737,650	234,293,360
Bank Charges	(116,232)	(77,755)
Amounts disbursed to CRF during the Year	(263,519,874)	(239,381,562)
Balance C/d at the End of the Year	33,922,721	10,821,177

This relates to amounts yet to be disbursed to the County Revenue Fund at the end of the financial year

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. AGEING ANALYSIS OF REVENUE IN ARREARS

Description (indicate as applicable)	Less than	Between	Over 3 years	Total
	1 year	1-3 years		
Land / Plot Rent	5,018,998	9,600,250	39,243,146	53,862,394
Stalls Rent	550,200	779,250	1,860,327	3,189,777
Total	5,569,198	10,379,500	41,103,473	57,052,171

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30 June, 2023

13. APPENDICES

Appendix I: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted

No Waivers or variation of fees and charges was grated during the FY 2022/223

(PFMACT section 165 subsection 4, 5)



----- 20th July 2023
Igantious Mugambi
Chief Officer Revenue Mobilization

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Appendix II: PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for the Financial Year 2021/2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Unsupported Revenue 1.1 Parking Fee	The statement of receipts and disbursements and as disclosed in Note 1 to the financial statements reflects parking fees receipts of Kshs.8,309,270. However, records provided for audit review reflected revenue amounting to Kshs.8,289,320 resulting to unexplained variance of Kshs.19,950. Further, the Management did not provide daily, weekly and monthly revenue reports, invoicing records, banking slips, revenue cash book and revenue control sheets in respect to revenue from vehicle parking. In the circumstances, the accuracy and completeness of the parking fees of Ksh. 8,309,270 could not be confirmed.	The Management takes note of the audit findings and necessary records and schedules shall be availed for audit review.	Not Resolved	30 th September 2023
1.2 Plot / Land Rates and Rent and Stand Premium	The statement of receipts and disbursements and as disclosed in Note 2 to the financial statement reflects an amount of Kshs.3,089,795 in respect to receipts from land rates. However, daily, weekly and		Not Resolved	30 th September 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>monthly revenue reports, banking slips, receipt books, revenue cash books and daily revenue monitoring reports were not provided for audit. In addition, the statement of arrears of revenue as at 30 June, 2022 reflects a balance of Ksh. 51,624,279 in respect to land / plot rate arrears. Further, the Management did not provide details of the plots, their location, the plot owners ad age analysis of the duration the rates have remained outstanding.</p> <p>In the circumstances, the accuracy and completeness of plot / land rates and premium of Ksh. 3,089,795 could not be confirmed.</p>			
1.3 Single Business Permit	<p>The statement of receipts and disbursements and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.47,924,142 in respect to single business permit. Whereas revenue summaries reflect receipts of Kshs.38,368,217 resulting to unexplained variance of Kshs.9,555,925. Further, the Management did not provide records of invoicing, daily revenue report, receipt books utilised in revenue collection, amount of outstanding revenue from single</p>	<p>The Management confirms the actual revenue in respect of Single Business Permit during the year under review amount to Ksh. 47,924,142, comprising of Ksh. 43,925,142 and Ksh. 3,999,000 for single business permits and advertisements respectively. The</p>	Not Resolved	30 th September 2023

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>business permit and daily / weekly revenue control sheets.</p> <p>In addition, the balance of Ksh.47,924,142 includes an amount of Ksh. 3,999,000 in respect of advertisement whose supporting documents including daily, weekly and monthly control sheets were not provided for audit. In addition, a spot check across the County in the month of June 2022 revealed that there several campaign bill boards and posters placed along major roads and towns, but the management did not provide records of revenue collected from the said posters and bills boards.</p> <p>In the circumstances, the accuracy and completeness of the receipts of Ksh. 47,924,142 from single business permit for the year ended 30 June, could not be confirmed.</p>	<p>variance as contained on the summary schedule was error of summation, whereas the report generated from IFMIS has correct figure.</p> <p>The Management takes note of the audit findings and necessary records and schedules regarding the single business permits shall be availed for audit review.</p>		
1.4 Barter Market and Slaughter Fees	The statement of receipts and disbursements reflects market fees of Kshs.7,545,149 as disclosed in Note 4 to the financial statements. However, supporting documents such as revenue cash book, daily, weekly or monthly revenue reports, receipt books, banking slips or Mpesa statements and daily revenue	The Management takes note of the audit findings and necessary records and schedules regarding the barter market and slaughter fees shall be availed for audit review.	Not Resolved	30 th September 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>monitoring reports were not provided for audit. Further, receipts from barter market ad slaughter fees declined by Ksh. 4,502,041 from Ksh. 12,047,190 reported by the County Executive in the financial year 2020/2021 to Ksh. 7,545,149 representing 37% decline. No explanation was provided for the significant decrease in actual revenue during the year.</p> <p>In the circumstances, the accuracy and completeness of receipts of Ksh. 7,545,149 in respect of barter market and slaughter fees could not be confirmed.</p>	The decline in revenue receipt can be attributed to prevailing draught that adversely affected agriculture produces within the county.		
1.5 Rent / Lease of County Houses and Stalls	The statement of receipts and disbursements and as disclosed in Note 5 to the financial statements reflects and amount of Ksh.3,274,326 in respect to rent / lease of County houses and stalls. However, revenue cash book, daily, weekly or monthly revenue reports, tenancy agreements and monthly rental receipt books, banking slips and details of houses and stalls owned by the County Government. Further, the statement of arrears of revenue in the financial statement reflects a balance of Ksh. 5,090,168 in respect to rent / lease of County houses and stalls.	The Management takes note of the audit findings and necessary records and schedules regarding the rent / lease of county houses and stalls shall be availed for audit review	Not Resolved	30 th September 2023

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, it was not possible to ascertain the accuracy and completeness of receipts totalling to Ksh. 3,274,326 in respect to rent / lease of County house and stalls			
1.6 Livestock and Agriculture Produce Cess	<p>The statement of receipts and disbursements reflects an amount of Ksh.519,120 in respect of livestock and agriculture produce cess as disclosed in Note 6 to the financial statements. However, detailed report showing daily revenue collection from livestock and agriculture produce cess, respective cess collection point / station, the categories of cess charged, approved fees and charges in respect to cess fees, invoices and receipts issued and daily banking analysis in respect to revenue collected from cess were not provided for audit</p> <p>In addition, the receipts from livestock and agriculture produce cess declined by Ksh. 1,916,673 from an amount of Ksh. 2,435,793 in the financial year 2020/2021 to an amount of Ksh. 519,120 or 79% decline whose cause has not been explained.</p>	<p>The Management takes note of the audit findings and necessary records and schedules regarding the agricultural produce cess shall be availed for audit review.</p> <p>The decline in revenue receipt can be attributed to prevailing draught that adversely affected agriculture produces within the county</p>	Not Resolved	30 th September 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the accuracy and completeness of receipts amount of Ksh. 519,120 could not be confirmed.			
1.7 Natural Resources Excavation Cess	<p>As disclosed in Note 7 to the financial statements, the statement of receipts and disbursements reflects natural resources excavation cess revenue of Ksh. 30,257,630. However, the Management did not provide reports to show daily revenue collection from natural resources excavation cess, respective cess collection points / stations, the categories of cess charged, approves fees and charges in respect to cess fee and charges in respect to cess fees, invoices and receipts issued and daily banking analysis in respect to revenue collected from cess.</p> <p>Further, receipts from natural resources excavation cess declined by Ksh. 21,157,747 from an amount of Ksh. 51,415,377 reported by the County Executive for the year 2020/2021 to Ksh. 30,257,630 representing 41% decline whose cause has not been explained.</p>	The Management takes note of the audit findings and necessary records and schedules regarding the natural resources' excavation cess shall be availed for audit review.	Not Resolved	30 th September 2023

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the accuracy and completeness of receipts amount of Ksh. 30,257,630 for the year ended 30 June, 2022 could not be confirmed			
1.8 Hospital Fees	<p>The statement of receipts and disbursements and as disclosed in Note 8 to the financial statements reflects Ksh. 104,417,746 in respect to hospital fees which includes Ksh. 1,691,200 in respect to public health which was not supported with revenue cash book, daily, weekly and monthly revenue reports, receipt books, banking slips or Mpesa statements and daily revenue monitoring reports.</p> <p>In the circumstances, the accuracy and completeness of public health fees of Ksh. 1,691,200 could not be confirmed.</p>	The Management takes note of the audit findings and necessary records and schedules regarding the hospital fees shall be availed for audit review.	Not Resolved	30 th September 2023
1.9 Technical Services Fees	The statement of receipts and disbursements and reflects an amount of Ksh.4,740,567 as disclosed in Note 10 to the financial statement, in respect of technical services which represent revenue from building plans approval. However, the Management did not provide records showing the nature and the number of building plans approved, amount invoiced,	The Management takes note of the audit findings and necessary records and schedules regarding the technical services fees shall be availed for audit review.	Not Resolved	30 th September 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)						
	<p>approved fees and charges schedule used, receipts issued and daily banking analysis in respect to revenue from building plans approvals.</p> <p>Further, receipts from building plans approval declined by Ksh. 1,560,963 from an amount of Ksh. 6,301,530 reported by the County Executive in the financial year 2020/2021 to Ksh. 4,740,567 representing 25% decrease in revenue whose cause for the decline has not been explained.</p> <p>In the circumstances, it was not been possible to confirm the accuracy and completeness of technical services fees of Ksh. 4,740,567.</p>									
1.10 Administration Fees and Charges	<p>The statement of receipts and disbursements and as disclosed in Note 11 to the financial statements reflects an amount of Ksh. 1,282,284 in respect administration fees and charges. Which comprised of the following revenue streams;</p> <table border="1" data-bbox="584 1251 1133 1369"> <thead> <tr> <th>Description</th> <th>Amount (Ksh)</th> </tr> </thead> <tbody> <tr> <td>Fire Services</td> <td>12,800</td> </tr> <tr> <td>Fines and Penalties</td> <td>634,388</td> </tr> </tbody> </table>	Description	Amount (Ksh)	Fire Services	12,800	Fines and Penalties	634,388	The Management takes note of the audit findings and necessary records and schedules regarding the administrative fees and charges shall be availed for audit review.	Not Resolved	30 th September 2023
Description	Amount (Ksh)									
Fire Services	12,800									
Fines and Penalties	634,388									

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 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor		Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Other Administrative Fees and Charges	635,096			
	Total	1,282,284			
	<p>However, receipts books, daily / weekly revenue collection control sheets, approved fees and charges, assessment reports of the business operated, invoicing, daily banking records and comprehensive schedule showing how the revenue was received and accounted for were not provided for audit. In addition, receipts from administration fees and charges declined by Ksh. 9,713,302 from an amount of Ksh. 10,995,586 reported by the County Executive in the financial year 2020/2021 to Ksh. 1,282,284 in the current year. This represents 88% decline in revenue from administrative fees and charges which has not been explained.</p>				
	<p>In the circumstances, the accuracy and completeness of administrative fees and charges of Ksh. 1,282,284 could not be confirmed.</p>				

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.11 Tourism Fees	<p>The statement of receipts and disbursements reflects and amount of Ksh. 276,200 in respect to tourism fees and as disclosed in Note 14 to the financial statements. However, the daily / weekly or monthly revenue reports, invoicing records, banking slips, revenue cash book and daily revenue control sheets to support the reported balance of revenue from park fees were not provided for audit. Further, receipts from park entry fee declined by Ksh. 459,830 from an amount of Ksh.736,030 reported in the financial year 2020/2021 to Ksh.276,200 during the year under review, representing a 62% decrease in revenue. Reasons for the decline was not indicated in the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the receipts amounting to Ksh. 276,200 as reflected in the financial statement could not be confirmed.</p>	<p>The Management takes note of the audit findings and necessary records and schedules regarding the tourism fees shall be availed for audit review.</p> <p>The decline can be attributed to harsh economic condition that has resulted to low tourist visits.</p>	Not Resolved	30 th September 2023

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.12 Miscellaneous Receipts	<p>The statement of receipts and disbursements and as disclosed in the Note 17 to the financial statement reflects an amount of Ksh.321,300 in respect to miscellaneous receipts. However, the balance was not supported with revenue cash book, daily, weekly or monthly revenue reports and receipt books, banking slips or Mpesa statements and daily revenue monitoring reports.</p> <p>In the circumstances, the accuracy and completeness of the receipts amounting to Ksh. 321,300 could not be confirmed.</p>	The Management takes note of the audit findings and necessary records and schedules regarding miscellaneous receipts shall be availed for audit review.		
2.0 Unaccounted for Receipts from Hospital Services Fees	<p>The statement of receipts and disbursements and as disclosed in the Note 8 to the financial statement reflects an amount of Ksh.104,417,746 in respect to hospital fees which includes Ksh. 102,726,546 being hospital service fees. However, the summaries reflected revenue totalling to Ksh. 113,396,887 resulting to an explained variance of Ksh. 10,670,341. Further, the balance was not supported with records such as revenue control books, banking slips in respect to cash received by cashiers and cash books. In addition, daily, weekly and monthly</p>	The Management confirms the actual revenue in respect of Hospital Service Fees during the year under review amounting to Ksh. 104,417,746 comprising of hospital fees of Ksh. 102,726,546 and public health fees of Ksh. 1,691,200. The variance as contained on the summary schedule was error of summation, whereas the report	Not Resolved	30 th September 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>reconciliations of cash collected by the cashiers and respective banking were not provided for audit review making it difficult to track the movement of cash from cashiers to the County Revenue Fund.</p> <p>In the circumstances, the accuracy and completeness of the hospital service fees amount of Ksh. 102,726,546 could not be confirmed.</p>	<p>generated from IFMIS has correct figure. Annex III</p> <p>The Management takes note of the audit findings and necessary records and schedules regarding hospital service fees shall be availed for audit review.</p>		
3.0 Unconfirmed Comparative Balances	<p>The Management prepared the first set of the financial statements in respect of Tharaka Nithi County Receiver of Revenue in the current financial year (2021/2022). However, the statement of receipts and disbursement reflects Ksh. 15,987,134 in respect to balances brought forward in the beginning of the year whereas the Receiver of Revenue did not prepare previous year's financial statements. Further, the financial statements reflected comparative balances which could not be confirmed.</p> <p>In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June,2022 could not be confirmed.</p>	<p>In accordance with Section 164 of the PFM Act 2012, an accounting officer for a County Government entity shall prepare financial statements at the end of the year in respect of the entity; the financial statements should contain information and non – financial performance of the entity and is in form that complies with the standards prescribed and</p>	Not Resolved	30 th September 2023

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>published by the by the Public Accounting Standards Board from time to time.</p> <p>During the year under review, the reporting template was revised with introduction of new sets of financial Statements among them Receiver of Revenue was prepared for the first time as per National Treasury circular AG:4/16/3 Vol II (66) dated 06th July 2022.</p> <p>The comparative figures were derived from the audited County Executive Financial Statements for the year ended 30 June, 2021</p>		
OTHER AUDIT MATTERS				

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual amount on comparable basis of Ksh.350,000,000 and Ksh. 234,293,360 respectively resulting to revenue shortfall of Ksh. 115,706,640 or 33% of the budget. In addition, review of the approved estimates for the year ended 30 June, 2022 established that the County Executive did not budget for revenue from hire of hall and lorry, motorcycles operators, school inspection, food premises and private schools contrary to the provision of the seventh and eighth schedule of Tharaka Nithi County Finance Act, 2019.</p> <p>In the circumstances, the revenue shortfall of Ksh. 115,706,640 may have affected planned development programs that were meant to improve service delivery to the public.</p>	<p>The management wish to acknowledge the shortfall in revenue collections from own sources of revenue during the year under review.</p> <p>The low performance in revenue collection can be attributed to prevailing draught that has ravaged the county coupled with harsh economic conditions in the country that has adversely affected the revenue realization.</p> <p>The County has however, embarked on aggressive revenue mobilization intended to revert the declining trend though enhanced public persuasion and enforcement of defaulters.</p>	Not Resolved	30 th September 2023

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1. Delayed Remittance to County Revenue Fund Account	<p>The statement of receipts and disbursements reflects Kshs.234,293,360 in respect to total revenue received by the Receiver of Revenue during the year. In addition, there was a bank balance of Kshs.15,987,134 in respect to the previous year resulting to total available balance of Kshs.250,280,494. However, the Receiver of Revenue had disbursed only Ksh. 239,381,562 to the County Revenue Fund leaving a balance of Ksh. 10,821,177 as at 30 June, 2022. It was not clear why the Receiver of Revenue failed to promptly disburse the amount received onto the County Revenue Fund account contrary to Regulation 81(1)(2) of the Public Finance Management (County Government) Regulations, 2015 which states that receivers of revenue shall promptly deposit into the County Exchequer account all receipts due to the County revenue.</p> <p>In the circumstances, the Receiver of Revenue is in breach of the law.</p>	<p>The Management acknowledges holding cash and balances amounting to Ksh. 10,821,177 as at 30th June 2022 (Ksh. 15,987,134 FY 2020/21)</p> <p>There was delay by NHIF to remit hospital insurance claims with Ksh. 2 Million received on 30th June 2022.</p> <p>The Management has taken note of the audit findings and will ensure the revenue collected is deposited into CRF without delay.</p>	Not Resolved	30 th September 2023
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				

Receiver of Revenue
 County Government of Tharaka Nithi
 Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Lack of Approvals, Procedures and Guidelines on the Use of MPESA Pay Bills	<p>The County Executive operated Safaricom M-PESA pay bill number for revenue collection in hospitals. However, the Management did not provide the list of the pay bill numbers and respective approvals from the County treasury in respect to their opening and operation. Further, the Management did not provide details of the users of the pay bill numbers and their access rights together with the approved guidelines on the use of the pay bill numbers.</p> <p>In addition, the receipts collected from the hospital paybill numbers were forwarded to another paybill number identified as the main / mother pay bill number from which the revenue collected is transferred to a revenue collection account in a commercial Bank. However, the Management did not provide a monthly paybill statement for the mother pay bill and there were no monthly reconciliations to facilitate an audit trail of the movement of the revenue collected from the pay bill numbers to the commercial bank and eventual transfer to County Revenue Fund Account (CRF)</p>	<p>The management takes note of the audit findings and documentation of procedures and guidelines on use of mobile money services has been initiated.</p> <p>The mobile money services statements shall be provided for audit review.</p>	Not Resolved	30 th September 2023

Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2. Failure to Maintain NHIF and Corporate Claims Reconciliation Statements	The County Government hospitals offered services and made claims to the National Hospital Insurance Fund for settlement, the Management did not provide records detailing all the billings, paid up claims and outstanding claims to be settled by NHIF in respect to the year under audit. In addition, the County Level 4 hospital offered services to corporate clients. However, contract agreements, summary reconciliation statements, and bank deposit slips in respect to corporate clients were not provided for audit review. It was therefore not possible to determine the amount of revenue collected from the corporate clients and whether the money was paid into the County Revenue Fund.	The Management takes note of missing records as per the audit findings and necessary documents shall be availed for audit review	Not Resolved	30 th September 2023

**Receiver of Revenue
County Government of Tharaka Nithi
Revenue Statement for the Financial Year Ended 30 June, 2023**

Guidance Notes:

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



Moses Bundi
Receiver of Revenue

Date: 20th July 2023



CPA Nduati E.K.
Director Accounting Services
ICPAK Reg. No. 6720

Date: 20th July 2023