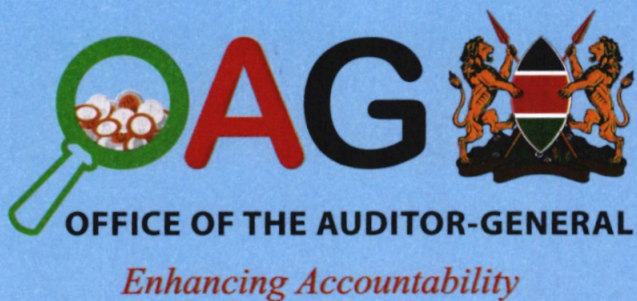
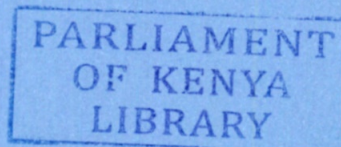


REPUBLIC OF KENYA



REPORT
OF
THE AUDITOR-GENERAL

ON



RECEIVER OF REVENUE – REVENUE STATEMENTS

FOR THE YEAR ENDED
30 JUNE, 2023

COUNTY GOVERNMENT OF KISII

PAPERS LAID	
DATE	21/3/2024
TABLED BY	Del. Maj. W. W. W. W.
COMMITTEE	CPIC
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RECEIVER OF REVENUE
COUNTY GOVERNMENT OF KISII

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

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1. ACRONYMS AND GLOSSARY OF TERMS

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
CPA	Certified Public Accountant
CECM	County Executive Member
ICT	Information Communication Technology
ICPAK	Certified Public Accountant of Kenya

b) Glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility
Asset	A resource with future economic benefits to an entity
Liability	Is what the entity owes third parties

**2. KEY ENTITY INFORMATION AND
MANAGEMENT**

Background information

The receiver of revenue is under the Department of Finance, Accounting Services & Revenue Management. At the County Executive Committee level, the receiver of revenue is represented by the County Executive member, Finance Economic Planning & ICT, 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 15th March 2023 by the County Executive Committee Member for Finance Economic Planning & ICT, in accordance with section 157 of the PFM Act.

(a) Principal activities

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

(b) Key Management Team

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

- County Executive Committee Member for Finance – Mr. Kennedy Abincha
- Chief Officer, Finance – Mr. Erick Mobegi (PhD)
- Director, Revenue – Mr. Charles Bonuke
- Head of Revenue Reporting – CPA Lydia Moindi

Key Entity information and Management (continued)

(c) County Headquarters

P.O. Box 4550-40200
Kisii Building/House/Plaza
Kisii-Keroka Road/Highway
KISII, KENYA

(d) Entity Contacts

Telephone: (254) 58203005
E-mail: info@kisii.go.ke
Website: www.kisii.go.ke

(e) Independent Auditor

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

(f) Principal Legal Adviser

The Attorney General
State Law Office
P.o.Box 40112
City Square 00200

(g) Bankers

Kenya Commercial Bank
Kisii Branch
P.O.Box 48400
Nairobi, Kenya

(h) County Attorney

The Office the County Attorney
County Government of Kisii
P.o.Box 4550
Kisii, Kenya

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

3. FOREWORD BY THE CECM FINANCE, ECONOMIC PLANNING AND ICT

In the Budget estimates for the Financial Year 2022/2023, Kisii County Government expected to collect Kshs 750M from the following 22 Revenue streams as follows:

Table: 1 Budget estimates for the financial year 2022/2023

Receipt	Original Targets	Adjustments	Final Targets
	A	B	C=A+B
	Kshs	Kshs	Kshs
County Own Source Revenue			
Cess	11,000,000	10,000,000	21,000,000
Land Rate	25,000,000	-	25,000,000
Single/Business Permits	180,000,000	30,000,000	210,000,000
Property Rent	20,000,000	5,000,000	25,000,000
Parking Fees	151,000,000	15,000,000	166,000,000
Market Fees	80,000,000	20,000,000	100,000,000
Advertising	60,000,000	10,000,000	70,000,000
Physical Planning and Development	70,000,000	10,000,000	80,000,000
Hire Of County Assets	3,500,000	-	3,500,000
Conservancy Administration	5,000,000	-	5,000,000
Administration Control Fees and Charges	31,000,000	-	31,000,000
Proceeds from sale of assets	10,000,000	-	10,000,000
Miscellaneous Receipts	3,500,000	-	3,500,000
TOTAL	650,000,000		750,000,000

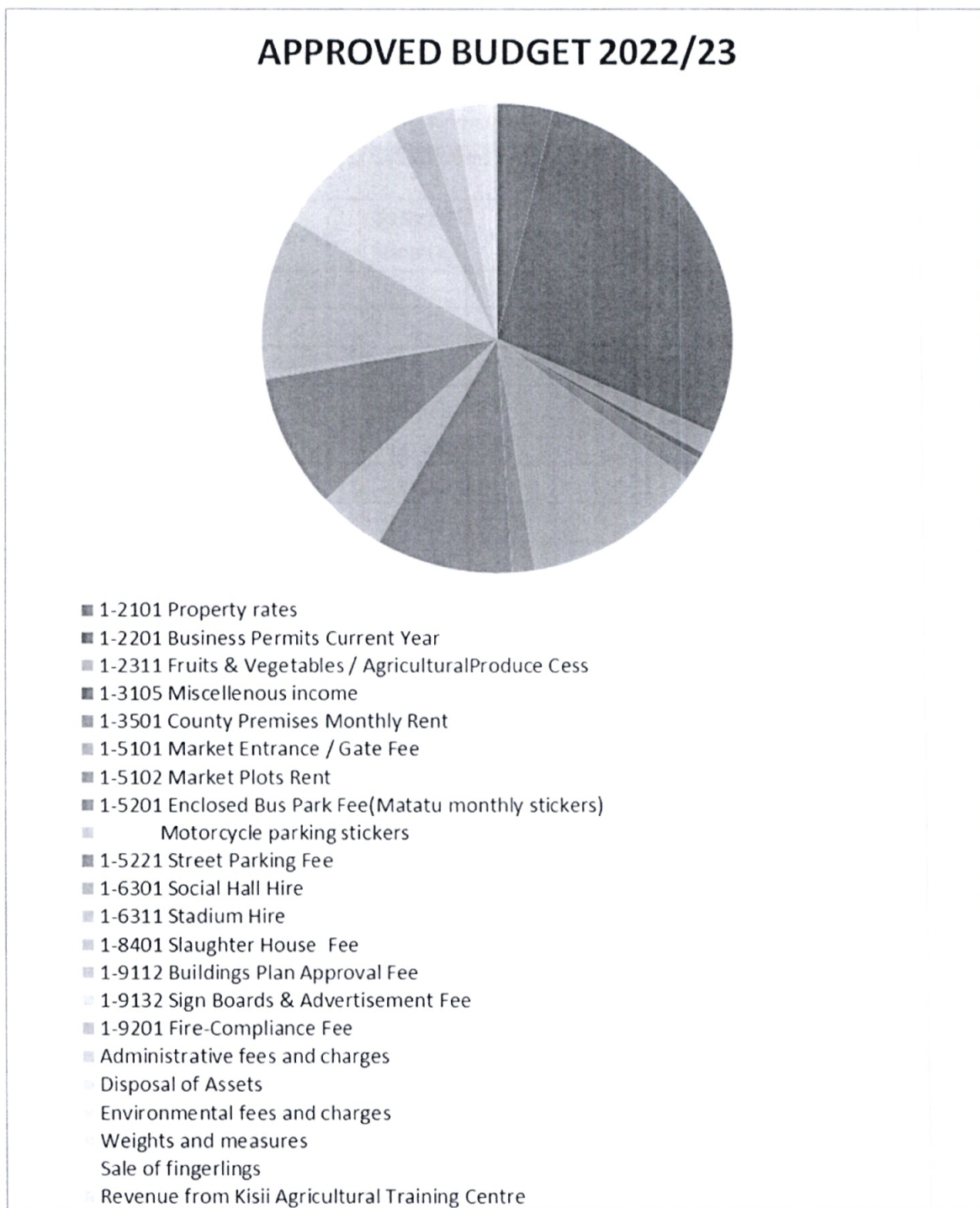


Figure: 1

The actual revenue collected was Kshs 415,285,664 which represented 55% of the budget estimates. The Budget estimates against actual collection for the year was represented in the pie-chart

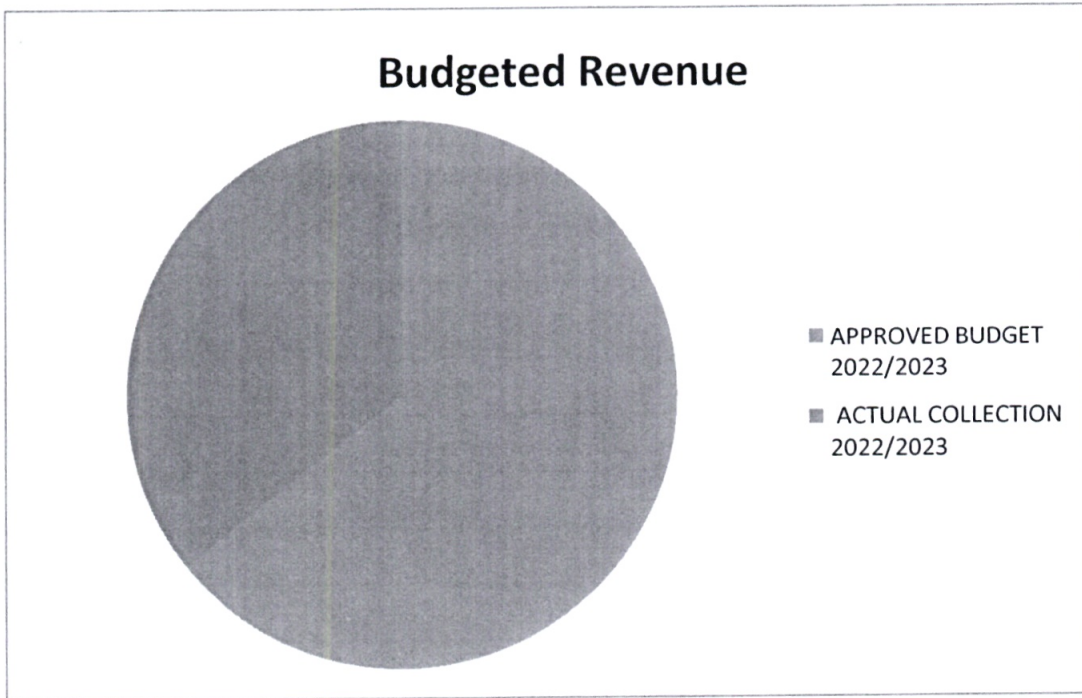


Figure: 2

During the financial year 2022/2023, Kshs 413,988,597 was transferred from the revenue collection account in Kenya Commercial Bank into the County Revenue Collection Account in the Central Bank of Kenya (CBK) where as Ksh. 1,595,312.00 was outstanding as at the financial year end. This was subsequently transferred on 4th of July 2023.

.....

CECM Finance and Economic Planning
County Government of Kisii

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

4. MANAGEMENT DISCUSSION AND ANALYSIS

Own source revenues Budget estimates against actual revenues collected have been analyzed in tables and graphs as shown below in table 2 and figure 2 respectively as follows;

Table: 2 Budget estimates against actual revenues collected

Financial year	Budget Estimates	Actual Collection	Actual collection as % of Budget
2018/2019	950,000,000	489,080,174	51
2019/2020	870,000,000	478,209,672	55
2020/2021	650,000,000	399,505,292	61
2021/2022	700,000,000	400,297,869	57
2022/2023	750,000,000	415,285,664	55

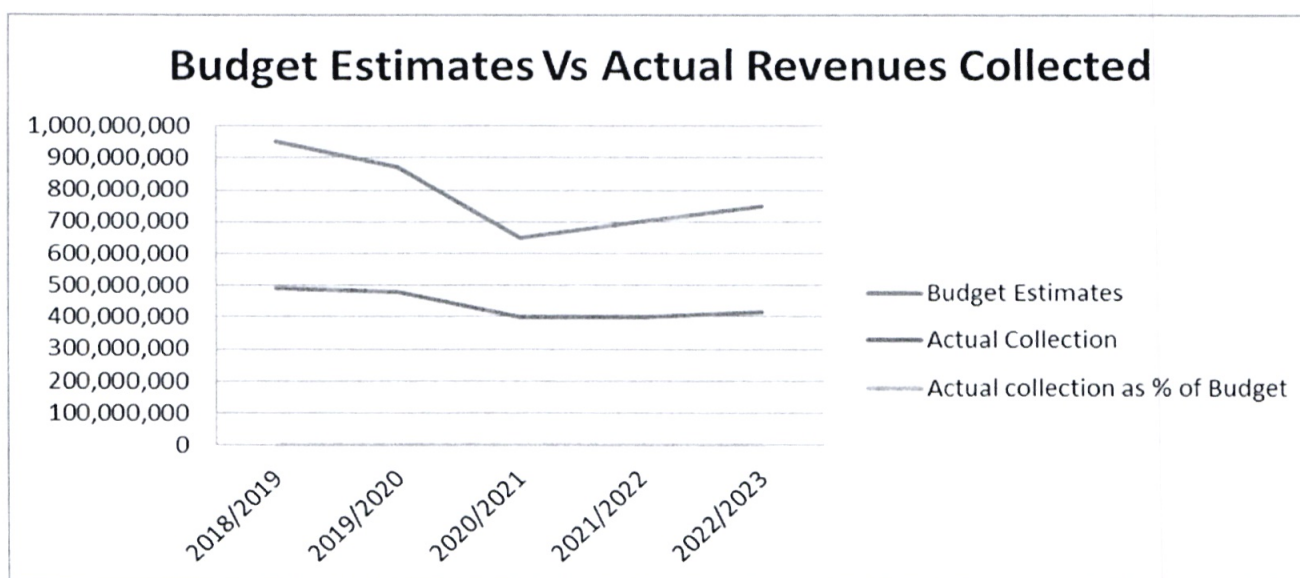


Figure: 3

It is important to note that revenue targets have not been achieved over the years. For the financial year 2018/2019 and the financial year 2019/2020, the collection included Facility improvement fund which was separated as from the financial year 2020/2021.

5. STATEMENT OF RECEIVER OF REVENUE’S RESPONSIBILITIES

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

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year (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 statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the Kisii County Government’s receiver of 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 Receiver of Revenue is of the opinion that the County Government of Kisii’s receiver of revenue account gives a true and fair view of the state of County Government of Kisii’ transactions during the financial year ended June 30, 2023, and the statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the County Government of Kisii has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Revenue Statements

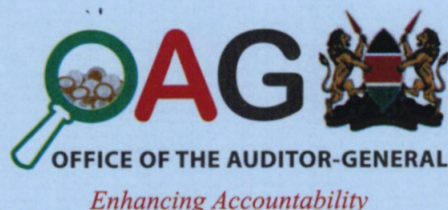
The revenue statements were approved and signed by the Receiver of Revenue on 30th November 2023



.....
**Name: Charles Bonuke
County Receiver of Revenue**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 KISII

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of the Receiver of Revenue – Revenue Statements set out on pages 1 to 18, which comprise of the statement of

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

financial assets and liabilities as at 30 June, 2023, statement of arrears of revenue as at 30 June, 2023, statement of receipts and disbursements 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 revenue statements present fairly, in all material respects, the financial position of the Receiver of Revenue – County Government of Kisii as at 30 June, 2023, and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unexplained Variance in County Own Source Revenue Amount

The statement of receipts and disbursements reflects total County own source revenue of Kshs.415,285,664, while the revenue streams report generated from the system shows total revenue of Kshs.143,032,158, resulting in an unexplained variance of Kshs.272,258,506.

In the circumstances, the accuracy and completeness of the total County own source revenue of Kshs.415,285,664 for the year ended 30 June, 2023 could not be confirmed.

2. Long Outstanding Land Rates

The statement of arrears of revenue reflects land rates balance as at 30 June, 2023 of Kshs.495,446,662 which, as disclosed in Note 23. to the financial statements. The balance includes an amount of Kshs.339,950,436 that had been outstanding for more than three years and a further amount of Kshs.59,447,444 relating to the year under review. Management has indicated that out of the outstanding arrears of Kshs.495,446,662, only Kshs.57,634,758 was collectible, leaving an uncollectible balance of Kshs.437,811,904 due to the following reasons:

Reason	Amount (Kshs.)
Duplicated and multiple accounts	83,104,856
Non-regularized market plots (still having freehold titles but are in the system)	52,410,466
Temporal allotment numbers (after lease titles were issued, they remained active in the system).	207,310,898
Plots with names minus lease numbers	10,284,321
Reclaimed land (grabbed Government land but later gotten back)	63,894,118
Disputed and caveated plots	11,430,672

Reason	Amount (Kshs.)
Transferred, amalgamated and sub-divided plots (original numbers still retained in the system).	9,376,573
Total	437,811,904

However, Management has not provided documents to support the above reasons on why the arrears of Kshs.437,811,904 are uncollectible.

In addition, the County has been using the 1988 valuation roll to determine the amount to be paid as revenue to the County. This implies that the County is losing revenue due to long over due outstanding land rates and outdated valuation roll since the land prices have significantly changed over the years.

In the circumstances, the accuracy, completeness and recoverability of land rates balance of Kshs.495,446,662 could not be confirmed.

3. Unsupported Revenue-Administration Control Fees and Charges

The statement of receipts and disbursements reflects administration control fees and charges amount of Kshs.25,123,410 which, as disclosed in Note 13 to the financial statements, includes revenue from weights and measures of Kshs.1,864,852 whose supporting schedule reflects it as a monthly fees which is not the case. However, the ledger showing the dates and the individuals or businesses from whom the fees were received was not provided for audit.

In the circumstances, the accuracy and completeness of the weights and measures revenue of Kshs.1,864,852 for the year ended 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue – Revenue Statements Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final revenue budget and actual on comparable basis amounts of Kshs.750,000,000 and Kshs.415,285,664 respectively, resulting in an under collection of Kshs.334,714,336 (or 45% of the budget).

Further, the basis of the budget amount of Kshs.750,000,000 has not been explained, given that the revenue collection in the last five years had never surpassed Kshs.489,080,174 and the revenue collected in the previous year was only Kshs.400,297,869. Therefore, the revenue target appear to have been exaggerated.

In addition, the County did not collect any income under park fee and disposal of assets revenue streams in unexplained circumstances.

The under collection of revenue constrained the execution of planned activities and delivery of services to the residents of Kisii County. Further, the exaggerated revenue targets may lead to staff disillusionment when they fail to meet the target.

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023 as disclosed in Progress on Follow Up of Prior Year Auditor Recommendations section of the financial statements. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues.

My opinion is however not modified in respect of the above matters.

Key Audit Matters

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

REPORT 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 matter 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

Unauthorized Deductions in the County Revenue Collection Account

Audit review of the bank statements of the Kenya Commercial Bank revenue collection account revealed that deductions totaling Kshs.2,446,800 relating to bank charges, penalties and reversals were made in the account, contrary to Section 109(2) of the Public Finance Management Act, 2012 which requires the funds to be transferred intact to the County Exchequer account. In addition, the deduction of bank charges by Kenya Commercial Bank amounts to a double payment since the bank receives a commission for managing the revenue collection for the County together with Riverbank Solutions Limited.

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

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, 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. Uncollected Revenue - Property Rates

The statement of comparison of budget and actual amounts reflects own source revenue budget amount of Kshs.750,000,000 which includes Kshs.25,000,000 expected from land rates, while the statement of receipts and disbursements reflects land rates amount of Kshs.10,115,712, resulting in a shortfall of Kshs.14,884,288 from land rates (or 59% of the budgeted revenue).

Further, review of the County Executive's electronic records indicated that the Management had not collected long outstanding property rates, inclusive of interest and penalties, totaling Kshs.148,719,938, which were owed by plot owners within Kisii Municipality and other areas in the County. However, records provided in the previous year's audit indicated that the outstanding land rates were Kshs.435,999,218 as at 30 June, 2022. It's unclear what happened to the variance of Kshs.287,279,280 since the amount has not been declared as part of the revenue collected in the year under review. In addition, the valuation rolls used in the collection of land rates were those used by the defunct local authorities.

In the circumstances, Management did not institute effective internal controls to ensure collection of property rates and safeguard of collected rates.

2. Weakness in Revenue Collection System

Review of the Information Communication Technology control environment confirmed that Management procured a revenue collection and management system on 17 November, 2016. However, review of the system revealed that the invoicing function was done manually and no electronic record was kept within the system and hence the invoices raised could not be matched with the amount paid into the bank account, leading to unaccounted invoices. Further, the system could only produce revenue reports in terms of revenue streams and not customer names, leading to a loss of audit trail from invoicing, payment of revenue into the bank and final reporting.

In the circumstances, the effectiveness of the internal controls on revenue collection systems could not be confirmed.

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Receiver of Revenue 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

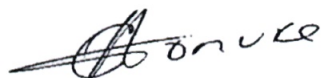
23 January, 2024

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

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

	Note	2022/23	2021/22
		Kshs	Kshs
County Own Source Revenue			
Cess	1	11,527,870	6,581,298
Land Rate	2	10,115,712	12,845,291
Single/Business Permits	3	108,438,178	98,927,699
Property Rent	4	9,632,557	10,695,047
Parking Fees	5	87,294,000	114,090,333
Market Fees	6	44,696,320	43,836,640
Advertising	7	52,609,610	40,396,514
Hospital Fees	8	-	-
Public Health Service Fees	9	-	-
Physical Planning and Development	10	43,765,457	39,769,261
Hire Of County Assets	11	851,000	2,063,145
Conservancy Administration	12	21,231,550	5,581,300
Administration Control Fees and Charges	13	25,123,410	25,510,340
Proceeds from sale of assets	14	-	-
Park Fees	15	-	-
Other Fines, Penalties, And Forfeiture Fees	16	-	-
Miscellaneous receipts	17	-	1,000
Total County Own Source Revenue		415,285,664	400,297,869
Other Receipts			
Donations/Grants Not Received Through CRF	18	-	-
Total Other Receipts		-	-
Total Receipts		415,285,664	400,297,869
Balance b/f at the beginning of the year		334,564	4,591,315
Disbursements To CRF		413,988,596	404,554,619
Bank charges	19	36,320	-
Balance Due for Disbursement		1,595,312	334,565

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 30th November 2023 and signed by:



.....
**Name: Charles Bonuke
County Receiver of Revenue**



.....
**Name: CPA Lydia Moindi
Head of Revenue Reporting
ICPAK M/No 25350**

Receiver Of Revenue
 County Government Of Kisii
 Revenue Statements for the Period Ended 30th June 2023

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

	Note	2022/23	2021/22
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	20	1,595,312	334,564
Cash In Hand	21	-	-
Total Financial Assets		1,595,312	334,564
Total Financial Assets		1,595,312	334,564
Financial Liabilities			
Payables-Due to CRF	22	1,595,312	334,565
Total Financial Liabilities		1,595,312	334,565

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th November 2023 and signed by:



.....
 Name: Charles Bonuke
 County Receiver of Revenue



.....
 Name: CPA Lydia Moindi
 Head of Revenue Reporting
 ICPAK M/No 25350

Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023

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

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	11,000,000	10,000,000	21,000,000	11,527,870	9,472,130	54.89
Land Rate	25,000,000	-	25,000,000	10,115,712	14,884,288	40.46
Single/Business Permits	180,000,000	30,000,000	210,000,000	108,438,178	101,561,822	51.64
Property Rent	20,000,000	5,000,000	25,000,000	9,632,557	15,367,443	38.53
Parking Fees	151,000,000	15,000,000	166,000,000	87,294,000	78,706,000	52.59
Market Fees	80,000,000	20,000,000	100,000,000	44,696,320	55,303,680	44.70
Advertising	60,000,000	10,000,000	70,000,000	52,609,610	17,390,390	75.16
Physical Planning and Development	70,000,000	10,000,000	80,000,000	43,765,457	36,234,543	54.71
Hire Of County Assets	3,500,000	-	3,500,000	851,000	2,649,000	24.31
Conservancy Administration	5,000,000	-	5,000,000	21,231,550	(16,231,550)	424.63
Administration Control Fees and Charges	31,000,000	-	31,000,000	25,123,410	5,876,590	81.04
Proceeds from sale of assets	10,000,000	-	10,000,000	-	10,000,000	-
Miscellaneous Receipts	3,500,000	-	3,500,000	-	3,500,000	-
Total County Own Source Revenue	650,000,000	100,000,000	750,000,000	415,285,664	334,714,336	55.37
Other Receipts	-	-	-	-	-	-
Donations /Grants Not Received Through CRF	-	-	-	-	-	-
Total Other Receipts	-	-	-	-	-	-
Total Receipts	650,000,000	100,000,000	750,000,000	415,285,664	334,714,336	55.37

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

Notes:

- The financial year 2022/2023 witnessed a lot of incitement to nonpayment of taxes from Politicians not to pay taxes to the county. In our case it was a transitional period. This mainly affected fruit and vegetable Cess, property rates, single business permit, plot rent, parking fees, markets, advertisement and plan approval.
- Pending court cases which affected the collections and enforcement of single business permit, and advertisement.
- The environmental fees and charges were mainly because it was invoiced together with Single Business permit.
- Increment in revenue from weights and measures was as a result beefed up enforcement
- The government had anticipated disposing some assets, but the process did not kick off

The County Receiver of revenue's financial statements were approved on 30th November 2023 and signed by:



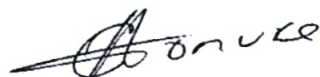
.....
**Name: Charles Bonuke
County Receiver of Revenue**



.....
**Name: CPA Lydia Moindi
Head of Revenue Reporting
ICPAK M/No 25350**

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

Classification Of Receipts	Balance as at The beginning of the current year (1 st July 2022)	Arrears received during the year.	Additions in arrears for the current year to June 30, 2023	Total arrears as at 30 June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
	A	B	C	D=A+(B)+C		
Land rate	438,107,019	2,107,801	59,447,444	495,446,662	Issuance of demand notices	Some arrears are unrecoverable due to various reasons
Total Arrears	438,107,019	2,107,801	59,447,444	495,446,662		



.....
 Name: Charles Bonuke
 County Receiver of Revenue



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 Name: CPA Lydia Moindi
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An ageing analysis of revenue in arrears has been shown on note 23 of these financial statements.

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 Kisii. 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. 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.

2. Recognition of Receipts

The receiver of revenue 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 30th June 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There were two supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

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

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

5. Revenue in Arrears

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

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. The county has a twice weekly policy of transferring money from the county's commercial bank to the CRF. Total disbursements to the CRF are as a result of the transfer arrangement during the year.

7. Comparative Figures

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

8. Subsequent Events

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

Receiver Of Revenue
 County Government Of Kisii
 Revenue Statements for the Period Ended 30th June 2023

12. NOTES TO THE FINANCIAL STATEMENTS

1. Cess

Description	2022/2023	2021/2022
	Kshs	Kshs
Farm produce	11,189,366.5	6,270,797
Others (<i>sell of finger lings</i>)	338,503.5	310,501
Total	11,527,870	6,581,298

2. Land rates

Description	2022/2023	2021/2022
	Kshs	Kshs
Land rates	7,085,124	6,142,074
Land penalties and interest	922,787	2,039,977
Arrears	2,107,801	4,663,240
Total	10,115,712	12,845,291

3. Single /Business Permits

Description	2022/2023	2021/2022
	Kshs	Kshs
Business permit application fees	2,989,219	5,925,110
Annual Business permit fees	104,915,041	92,624,628
Business permit penalties and interest	533,918	377,961
Total	108,438,178	98,927,699

4. Property Rent

Description	2022/2023	2021/2022
	Kshs	Kshs
County Housing	5,457,310	5,012,500
Plot Rent	4,175,247	5,682,547
Total	9,632,557	10,695,047

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

Notes to the Financial Statements (continued)

5. Parking Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Street parking fees	31,764,300	36,937,820
Motorbike fees	2,684,400	13,737,813
Reserved parking	9,642,000	4,249,000
Bus Park fees	43,203,300	59,165,700
Total	87,294,000	114,090,333

6. Market Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Market entry fees	44,696,320	43,836,640
Total	44,696,320	43,836,640

7. Advertising

Descriptions	2022/2023	2021/2022
	Kshs	Kshs
Branding	2,026,800	1,766,500
Billboard advertising	46,827,600	37,666,275
Signage	3,370,940	678,500
Banners	86,000	52,000
Posters	195,270	94,740
Street pole/clock advertising	103,000	138,500
Total	52,609,610	40,396,515

8. Hospital Fees

Description	2022/2023	2021/22
	Kshs	Kshs
Level 5 hospitals	-	-
Level 4 hospitals	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Receiver Of Revenue
 County Government Of Kisii
 Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (Continued)

9. Public Health Service Fees

Description	2022/2023	2021/22
	Kshs	Kshs
Inspection of buildings/premises/Institutions	-	-
Inspection for issuance of hygiene license	-	-
Vaccination: Yellow fever, Typhoid, etc	-	-
Applications for medical examination	-	-
Sanitation inspection for schools	-	-
Public health permit	-	-
Rodent Control/Fumigation	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

10. Physical Planning and Development

Description	2022/2023	2021/22
	Kshs	Kshs
Change / Renewal of user	240,000	-
Building plans approval	18,766,715	39,769,261
Architectural designs	24,758,742	-
Total	43,765,457	39,769,261

11. Hire Of County Assets

Description	2022/2023	2021/2022
	Kshs	Kshs
Hire of County Stadia	765,000	-
Hire of County Halls	86,000	63,000
Conference facilities/Agricultural Training Centre (ATC)	-	2,000,145
Total	851,000	2,063,145

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

Notes to the Financial Statement (Continued)

12. Conservancy Administration

Description	2022/2023	2021/2022
	Kshs	Kshs
Waste Management Fee	16,288,750	-
Noise pollution	140,500	-
Environmental permit	4,802,300	5,581,300
Total	21,231,550	5,581,300

13. Administration Control Fees and Charges

Description	2022/2023	2021/2022
	Kshs	Kshs
Weights and measures	1,864,852	832,940
Fire Services	21,329,500	21,120,700
Administrative fees and Charges	1,312,208	3,050,800
Others (Slaughter fees)	616,850	505,900
Total	25,123,410	25,510,340

14. Proceeds from sale of assets.

Description	2022/2023	2021/22
	Kshs	Kshs
Receipts from Sale of Buildings	-	-
Receipts from Sale of Vehicles and Transport Equipment	-	-
Receipts from Sale of Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from Sale of Strategic Reserves Stocks	-	-
Receipts from Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

Receiver Of Revenue
 County Government Of Kisii
 Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

15. Park Fees

Description	2022/2023	2021/2022
	Kshs	Kshs
Lodge Tariffs and levies	-	-
Park entry fees	-	-
Filming and Photography fees	-	-
Camping fees	-	-
Balloon landing fees	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

16. Other Fines, Penalties and Forfeitures

Description	2022/2023	2021/2022
	Kshs	Kshs
Impounding Fees	-	-
Towing Fees	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

17. Miscellaneous Receipts

Description	2022/2023	2021/2022
	Kshs	Kshs
Others (<i>Specify</i>)	-	1,000
Total	-	1,000

18. Donations And Grants Not Received Through CRF

Description	2022/2023	2021/2022
	Kshs	Kshs
Donations (<i>Specify Based on Source</i>)	-	-
Grants (<i>Specify Based on Source</i>)	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

19. Bank Charges

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank Charges & commissions	36,320	-
Total	36,320	-

20. Bank Balances

Name of Bank, Account No. & currency	FY	Exc. rate (if in foreign currency)	FY
	2022/2023		2021/2022
	Kshs		Kshs
KCB 1140758519 (Kes)	1,595,312	-	334,564
Total	1,595,312	-	334,564

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

Ref	Amount (Kshs)	Date subsequentl y
Disbursement 1	1,595,312	4 July 2023
Total	1,595,312	

21. Cash in hand

Description	2022/2023	2021/22
	Kshs	Kshs
Cash Balance (<i>Location</i>)	-	-
Mobile Money	-	-
Others (<i>Specify</i>)	-	-

Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

22. Payables- Due To CRF

Description	2022/2023	2021/22
	Kshs	Kshs
Balance b/f at the beginning of the year	334,564	4,591,315
Amount collected during the year	415,285,664	400,297,869
Amounts disbursed to CRF during the year	413,988,596	404,554,619
Bank charges	36,320	-
Balance c/d at the end of the year	1,595,312	334,565



Notes to the Financial Statement (Continued)

23. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Land rate	59,447,444	53,081,976	42,966,806	339,950,436	495,446,662
Total	59,447,444	53,081,976	42,966,806	339,950,436	495,446,662



24. Appendices

Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

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

Accounting Officer
Date: 26th September 2023

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

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

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

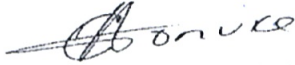
Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unsupported Revenue	The revenue is now supported as per the schedules	Resolved	
2.0	Long Outstanding land rates	The management is in the process of reviewing its valuation roll	Not Resolved	July 2024
Other matters	Budgetary Control and performance	The county set a realistic budget of 650,000,000 where it intends to complete the valuation roll and collection of the long outstanding arrears.	Resolved	
Report on lawfulness and effectiveness in the use of public resources	Unauthorized deductions in the county revenue collection Account	The county has communicated to the bank to do a reversal of the same	Not Resolved	December 2023
Report on effectiveness of internal controls, risk management and governance	Weakness in Revenue Collection System	The county is in the process of acquiring the new system which will resolve this weaknesses	Not resolved	July 2024

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.

**Receiver Of Revenue
County Government Of Kisii
Revenue Statements for the Period Ended 30th June 2023**

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



.....
Name: Charles Bonuke
County Receiver of Revenue

.....
Name: CPA Lydia Moindi
Head of Revenue Reporting
ICPAK M/No 25350

Date 30th November 2023

Date 30th November 2023