

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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OF

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

**RECEIVER OF REVENUE –
REVENUE STATEMENT**

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

**COUNTY GOVERNMENT OF
NAROK**



RECEIVER OF REVENUE
(County Government of Narok)

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 Narok
Revenue Statements for the Period Ended 30th June 2023***

**Receiver Of Revenue
County Government Of Narok
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

b) 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

Narok County is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct Town Council of Narok, defunct County Council of Narok and defunct County Council of Trans Mara. It also provides the services that were transferred from the National Government. The county is headed by the Governor, who is responsible for the general policy and strategic direction of the County Government of Narok.

The Governor is supported by the Executive Committee in carrying out the mandate as stipulated in the Constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CEC – Finance is ensuring proper Public Finance management practices are in place, Budgeting, and budgetary control as well as financial reporting for the County Government entities as well as at the County level.

Vision

“Economic Transformation for a Shared Prosperity.”

Mission

“To enhance sustained Socio-economic growth through optimal utilization of resources to improve the quality of life for County residents.”

Core Values

Narok County upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity, professionalism, and teamwork.

Background information

The *receiver of revenue* is under the Department of Finance, Economic Planning. At the County Executive Committee level, the *receiver of revenue* is represented by the County Executive committee member for Finance, who is responsible for the general policy and strategic direction of the *receiver of revenue*. The *receiver of revenue* is designated as a receiver by the County Executive Committee member for Finance, 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 Narok's *day-to-day* management of revenue is under the following:

No.	Designation	Name
1.	CEC, Finance and Economic Planning	Mr. David Parsalunye Muntet
2	Accounting Officer-Finance and Economic Planning	CPA Peter Ntiamput Naing'isa
3	Accounting Officer-Health and Sanitation	Mrs Jane Cheptarus Kiok
4	Accounting Officer-Lands, Physical Planning and Urban Development	Mr. David Naisho
5	Accounting Officer- Tourism	Mr. Samuel Leposo Dorko
6	Director, Revenue	CPA Moses Minchil
7	Head of Revenue Reporting	CPA Joseph Nkoirein

Key Entity information and Management (continued)

(c) County Headquarters

P.O. Box 898-20500
Mau-Narok Road
Narok, KENYA

(d) Entity Contacts

Telephone: (020-268 8929/03)
E-mail: finance@narok.go.ke
Website: www.narok.go.ke

(e) Independent Auditor

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

(f) Principal Legal Adviser

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

(g) Bankers

Kenya Commercial Bank
Narok Branch
P. O Box 406-20500
Narok, Kenya

Cooperative Bank of Kenya
Narok Branch
P. O. Box 632-20500
Narok


(h) County Attorney

Narok County Government Attorney
P.O. Box 898-20500
Mau-Narok Road
Narok, KENYA

3. Foreword by the CECM Finance and Economic Planning

It is my pleasure to present the county government of Narok Receiver of Revenue for the year ended 30th June 2023. The receiver of revenue is prepared in accordance with the provisions of the public finance management Act, 2012 section 165 and the cash basis accounting under the international public sector accounting standard (IPSAS). The receiver of revenue is required by Law to prepare the statement of Receipt and disbursement, statement of assets and Liabilities, statement of revenue arrears and a statement showing the comparison of Budget and actual revenue performance. The county government of Narok collected a total of 3,067,671,084 Kenya shillings in the year ending 30th June 2023. This represents 68% of the total revenue budgeted to be collected in the year under review. It also represents an increase of 129% in comparison to Own source revenue collected in the previous year ending 30th June 2022 that was totalling to 1,334,563,666 Kenya shilling. An increase in revenue in the year under review can be attributed to the peaceful transition of power in the just concluded 9th of August 2022 General elections that saw the ushering in of the new regime, hence, creating an enabling business environment that saw heightened economic activities in the county. Other main factors include top management support, facilitation and regular barrier checks.

The top four major revenue streams include to Park fees which amounted to 2,779,024,930 Kenya shilling up from 1,073,556,700 Kenya shilling in the previous financial year, Cess revenue amounting to 155,863,093 Kenya shilling, Hospital fees of 46,384,910 Kenya shilling and Land rates of 37,183,843 Kenya shilling. The county government disbursed a total of 2,969,338,112 Kenya shillings to County revenue fund in the year under review up from 1,219,951,537 Kenya shilling disbursed in the year ending June 2022. This is an increase of 143.4%. Despite the good performance in the financial year under review compared to previous financial year, the county did not collect the revenue as per the budgeted estimate. This was majorly contributed by the prolonged drought experienced at the beginning of the year. The county has instituted several measures to increase the revenue collection to at least 85% in the financial year 2023/2024. The notable milestone is the automation of all revenue collection outside the Mara which will serve to curb and seal all loopholes of losing revenue.


DAVID P. MUNTET
CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING

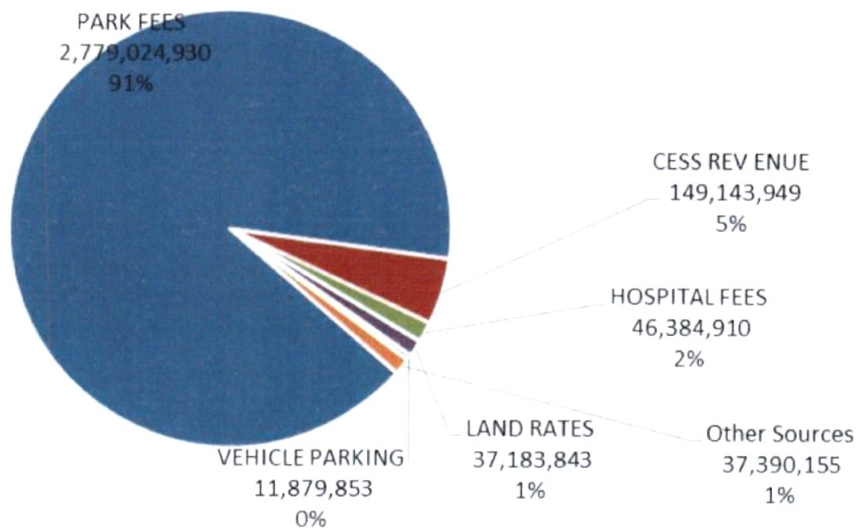
4. Management Discussion and Analysis

In line with the national Bottom-Up Transformation Agenda (BETA), the County Government endeavors to meet the requirements so as to foster growth at the grassroots. In this regard therefore, the county government of Narok has strived to maximize revenue collection without adversely affecting investment which may further affect economic development. The efforts the County has put in place to enhance revenue collection include, automation, up skilling and training of revenue officers, and continuous monitoring of revenue streams to ensure efficiency.

The top five streams of revenue collected in the year ended 30th June 2023 are shown in the pie chart below.

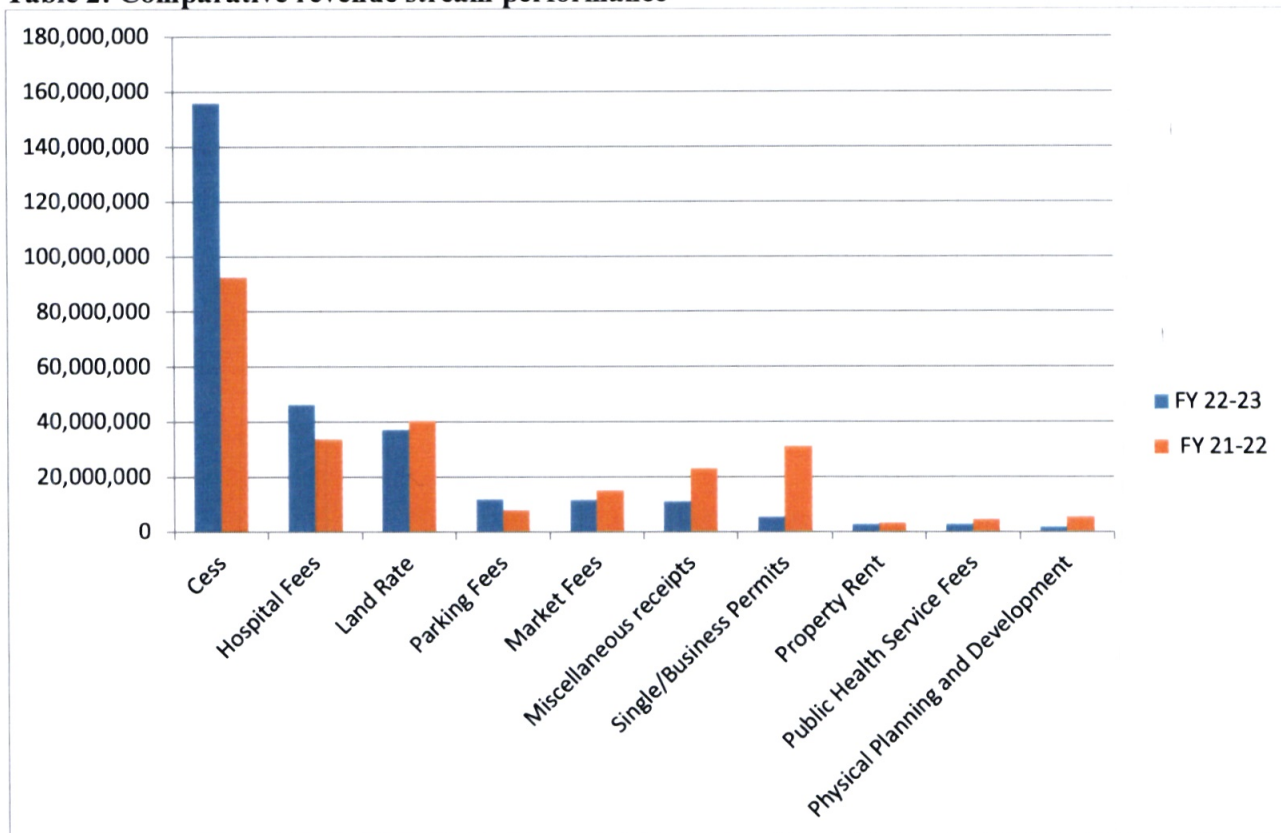
Table1: Top five revenue streams FY 22-23

Top Streams of Own Source Revenue in FY 2022/23



The main challenges that have been affecting revenue collection over the years are adverse climatic changes that have resulted to prolonged drought thus affecting livestock and crop production. This in turn has contributed to dismal performance on cesses and slaughter fees. Out-dated Valuation Rolls has been a contributing factor on low performance from Land rates. However, the County government is keen to ensure that new valuation rolls are put to use.

Table 2: Comparative revenue stream performance



The park fees recorded the highest stream of revenue at Kenya shillings 2.8billion. Table 2 above shows a comparative revenue performance for other various streams of revenue for the year ended 30th June 2023. Cess, Hospital Fees and Parking fees recorded a considerable improvement whereas the rest of revenues streams recorded a drop.

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.

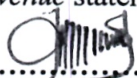
The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (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 *Narok'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 *Narok's receiver of revenue* account gives a true and fair view of the state of *Narok's receiver of revenue* transactions during the financial year ended June 30, 2023, and of the *Narok's* 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 Narok 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 26th September 2023


.....
Name: CPA Moses Minchil
County Receiver of Revenue

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - REVENUE STATEMENT FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF NAROK

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 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, 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 REVENUE STATEMENTS

Adverse Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - Revenue Statements set out on pages 1 to 12, which comprise the statement of financial assets

and liabilities and the statement of receipts and disbursements, 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, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the revenue statements do not present fairly, the financial position of Receiver of Revenue - Revenue Statements 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 do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Non-Preparation of the Statement of Arrears of Revenue

The financial statements prepared and presented for audit did not have the statement of arrears of revenue as at 30 June, 2023. This is contrary to the framework and template issued by the Public Sector Accounting Standards Board for preparation of revenue statements for the County Government receiver of revenue.

In the circumstances, it was not possible to establish the revenue arrears as at 30 June, 2023.

2. Under Collection of Revenue

The statement of receipts and disbursements reflects total county own source revenue of Ksh.3,067,671,084. This is indicative of revenue growth of Kshs.1,733,104,418 or 130% from the prior year collection of Kshs.1,334,563,666. However, there were notable decline in some of the revenue sources totaling to Kshs.52,127,727 as analysed below for which management has not explained;

No	Source	2023 Collection (Kshs.)	2022 Collection (Kshs.)	Revenue Decline (Kshs.)	%
1	cess	37,183,843	40,500,206	(3,316,363)	8
2	Single Business Permit	5,475,400	31,185,571	(25,710,171)	82
3	Property Rent	2,764,250	3,339,319	(575,069)	17
4	Market Fees	11,655,811	14,918,398	(3,262,587)	23
5	Public Health Service Fees	2,732,000	4,516,802	(1,784,802)	40
6	Physical Planning and Development	1,856,544	5,548,881	(3,692,337)	67
7	Conservancy Administration	268,100	1,821,000	(1,552,900)	85
8	Administration Control	799,400	907,440	(108,040)	12
9	Other Fines and Penalties	5,400	84,000	(78,600)	94
10	Miscellaneous Receipt	11,107,350	23,154,208	(12,046,858)	52
	Total	73,848,098	125,975,825	(52,127,727)	41%

In the circumstances, the accuracy and completeness of the revenue from the above sources amounting to Kshs.73,848,098 for the year ended 30 June, 2023 could not be confirmed.

3. Unsupported Cess Revenue

The statement of receipts and disbursements reflects Cess revenue of Kshs.155, 863,093 and as disclosed under Note 1 to the revenue statements. However, the revenue summary provided for audit review reflects a balance of Kshs.149,143,949 resulting to an overstatement of Kshs.6,719,144.

In the circumstances, the accuracy and completeness of the cess revenue of Kshs.155,863,093 could not be confirmed.

4. Unsupported Parking Fees

The statement of receipts and disbursements reflects parking fees of Kshs.11,879,853 and as disclosed in Note 5 of the revenue statements. However, the amount was unsupported by way of serialized receipt books, register of parking bays, collection control sheets, and cashbooks. Further, the supporting monthly summaries to the revenue reflects an amount of Kshs.10,398,700 resulting to an unreconciled variance of Kshs.1,481,153.

In the circumstance the accuracy and completeness of the reported parking fees of Kshs.11,879,853 for the year ended 30 June, 2023 could not be confirmed.

5. Unsupported Market Entry Fee Receipts

The statement of receipts and disbursements reflects market entry fee receipts of Kshs.11,655,811 and as disclosed in Note 6 to the revenue statements. However, the amount was not supported by way of accounting documentation such as register of all markets in the County, register of all slaughterhouses, receipt book numbers issued to collect revenue, collection control sheets and cashbooks.

In the circumstance, the accuracy and completeness of the market entry fees of Kshs.11,655,811 for the year ended 30 June, 2023 could not be confirmed.

6. Inaccurate Hospital Fees

The statement of receipts and Disbursements reflects hospital fees of Kshs.46,384,910 and as disclosed in Note 8 to the revenue statements. However, collection summaries provided for audit revealed that Hospital fees collected amounted to Kshs.107,989,702 resulting to understatement on reported revenue of Kshs.61,114,022. Further, the Kshs.46,384,910 collected under Facility Improvement Funds was not transferred into the County Revenue Fund as required under the Law but were instead spent at source.

In the circumstances, the completeness and accuracy of the reported hospital fees of Kshs.46,384,910 for the year ended 30 June, 2023 could not be determined.

7. Unsupported Physical Planning and Development

The statement of receipts and disbursements reflects Physical planning and Development fee receipts of Kshs.1,856,544 and as disclosed in Note 10 of the revenue statements. However, the receipts were not supported by way of accounting documentation such as register of all approvals in the County, register of all physical planning, receipt book numbers issued to collect revenue, collection control sheets and cashbooks.

In the circumstance, the accuracy and completeness of the Physical planning and development fees of Kshs.1,856,544 for the year ended 30 June, 2023 could not be confirmed.

8. Unsupported Conservancy Administration Revenue

The statement of receipts and disbursements reflects revenue from conservancy administration of Kshs.268,100 and as disclosed under Note 11 to revenue statements. However, the amount was not supported by either receipts, schedules or statements.

In the circumstance, the accuracy and completeness of the Conservancy Administration Fees of Kshs.268,100 for the year ended 30 June, 2023 could not be confirmed.

9. Unsupported Administration Control Fees and Charges

The statement of receipts and disbursements reflects administration control fees and charges (weights and measures) of Kshs.799,400 that are not supported by way of relevant accounting documentation such as receipt book numbers issued to collect revenue, collection control sheets and cashbooks, bank statements, and revenue statements.

In the circumstances, the accuracy and completeness of the Administration Control Fees and Charges could not be confirmed.

10. Unsupported Park Entry Fees

The statement of receipts and disbursement reflects Park Fees of Kshs.2,779,024,930 and as disclosed in Note 13 to the revenue statements. However, records provided for audit revealed that the County Government contracted a private company to collect and account for the revenue. However, the firm was not appointed as a designated receiver of revenue. This is contrary to section 61 of Public Finance Management-County Government Regulation 2015.

Further, the reported amount was not supported by daily, quarterly and monthly park entry schedules or statements generated and reconciliation of collections and banking's. In addition, schedule of designated entry points to the park, Inventory and serial numbers of revenue collection machines used at the Park was not provided for audit examination.

In the circumstance, the accuracy and completeness of the park fees amount of Kshs.2,779,024,930 for the year ended 30 June, 2023 could not be confirmed.

11. Unsupported Miscellaneous Receipts

The statement of receipts and disbursements reflects miscellaneous receipts of Kshs.11,107,350 that are not supported by relevant accounting documentation such as receipt book numbers issued to collect revenue, collection control sheets and cashbooks.

In the circumstance, the accuracy and completeness of the miscellaneous receipts amount of Kshs.11,107,350 for the year ended 30 June, 2023 could not be confirmed.

12. Discrepancy of Disbursements to CRF

The statement of receipts and disbursements reflects disbursements to County Revenue Fund (CRF) of Kshs.2,969,338,112. However, analysis of the four revenue bank accounts maintained by the County revealed transfers of Kshs.3,061,029,161 resulting to an unexplained and unreconciled variance of Kshs.91,691,049. Further, analysis of the US Dollar (USD) collection account revealed that a debit transfer of USD 2,834,730 amounting to Kshs.425,209,500 could not be traced to the CRF account.

In the circumstances, the accuracy and completeness of the disbursements to County Revenue Fund (CRF) of Kshs.2,969,338,112 for the year ended 30 June, 2023 could not be confirmed.

13. Unsupported Bank Charges

The Statement of Receipts and Disbursements reflects bank charges of Kshs.95,688 as disclosed in under Note 16 to the revenue statements. However, the amount was not supported by payment schedule and journals and other accounting documentation contrary to Section 104(1) of the Public Finance Management Act (County Government Regulations), 2015.

Consequently, the accuracy and completeness of bank charges of Kshs.95,688 for the year ended 30 June 2023 could not be confirmed.

14. Unconfirmed Cash and Bank Balances

The statement of financial assets and liabilities and as disclosed in Note 17 to the revenue statements reflects bank balance of Kshs.150,934,233 in relation to four (4) bank accounts maintained by the Receiver of Revenue. However, management did not provide cashbooks, certificates of bank balances and boards of survey reports for audit verification.

In the circumstances, the accuracy and fair statement of bank balances of Kshs.150,934,233 as at 30 June, 2023 could not be confirmed.

15. Discrepancy in Unremitted CRF Balance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis reflects unremitted CRF balance of Kshs.311,813,069

from the prior year which differs with audited balance of Kshs.177,914,851 resulting to an unexplained and unreconciled variance of Kshs.133,898,218.

In the circumstances, the accuracy of the reported unremitted CRF balance of Kshs.311,813,069 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - Revenue Statement 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.4,516,596,907 and Kshs.3,067,671,084 respectively resulting to under-collection of Kshs.1,137,112,754 or 25% of the budget.

In the circumstances, the shortfall in collection of County own source revenue affected implementation of planned activities and programs and impacted negatively on service delivery to the residents.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Adverse Opinion and Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Incomplete Revenue Statements - Unresolved Prior Year Matters

The statement of Receiver of Revenue-Revenue Statements for the year under review do not include a progress note on the follow-up of prior years' Auditor general's recommendations. This is contrary to the Public Sector Accounting Standards Board (PSASB) reporting template for the Receiver of Revenue- Revenue Statements.

In the circumstance, the revenue statements as prepared and presented for audit are not in accordance with the PSASB reporting framework.

2. Ineffectiveness of Own Source Revenue Identification, Collection and Accounting

2.1. Appointment of Receiver of Revenue

The Narok County Government does not have a duly appointed Receiver of Revenue. This is in breach of Section 157(1) of the Public Finance Management Act 2012 (County Government) that states that the County Executive Committee Member for Finance shall in writing designate person(s) to be responsible for collecting, receiving and accounting for such County Government revenues as the County Executive Member for Finance may specify in their letter of designation. The current holder of the office (Director of Revenue) is therefore not validly appointed.

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

2.2. Lack of a County Revenue Raising Strategy

The County Integrated Development plan (CIDP) for 2018-2023 does not have the revenue raising strategies as required by Section 108(4) (c) of the County Government Act, 2012 that requires a County Integrated Development Plan to include revenue raising strategies.

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

2.3. Under Achievement of Targets not Reported

The County Government of Narok did not meet its revenue targets by 27% or 1.1 billion in the year under audit. However, the Receiver of Revenue did not report on the deficiencies and challenges in revenue collection & accounting to the CEC Finance as required by regulations 63(2) of the Public Finance Management (County Government) regulations 2015 that requires that where there are difficulties in revenue collection, an Accounting Officer or Receiver of Revenue shall report the circumstances to the CEC Finance.

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

3. Non-Operationalization of County Healthcare Services Improvement Fund

The County Assembly of Narok passed the County Healthcare Services Improvement Fund Act, 2017 on 24 June, 2017 and an amended County Healthcare Services Improvement Fund Act, 2020 to facilitate the establishment and administration of a Fund to manage Level 4 health facilities through the appointment of a Health Services Board. The County Executive appointed a Board to manage these facilities on 10 May, 2023. Consequently, the health services operated for 10 months of the financial year ended 30 June, 2023 without a substantive Board. In addition, at the time of audit in there was no evidence that the Board held any meeting as required by the law.

In the circumstances, Management was in breach of the law for operating the health facilities for ten months without the Board.

4. Late Disbursements of Collected Revenue

The statement of financial assets and liabilities as at 30 June, 2023 reflects payables due to County Revenue Fund and as disclosed under Note 18 of Kshs.150,934,233. Management did not disburse revenue from Receiver of Revenue to County Revenue Fund regularly as required under Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires revenue collected to be paid into the County Revenue Fund (CRF) not later than five (5) days after the receipt. No satisfactory explanations were given for failure to transfer the funds into the CRF account on regular basis.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Adverse Opinion and 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 governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

The County Executive did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015. Additionally, it was noted that the County Executive lacks disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. The management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Further, the management did not perform formal risk assessments during the financial year audited.

Consequently, Management may not be in a position to allocate adequate resources to mitigate the risks.

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 the International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 intention to terminate the Receiver of Revenue or to cease its 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 financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Receiver of Revenue's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Receiver of Revenue to cease 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 control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 February, 2024

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

7. Statement of Receipts and Disbursements for the year ended 30th June 2023

	Note	FY 22-23	FY 21-22
		Kshs	Kshs
County Own Source Revenue			
Cess	1	155,884,943	94,220,833
Land Rate	2	37,183,843	40,500,206
Single/Business Permits	3	5,475,400	31,185,571
Property Rent	4	2,764,250	3,339,319
Parking Fees	5	11,879,853	7,941,182
Market Fees	6	11,633,961	13,448,198
Advertising	7	670,200	552,200
Hospital Fees	8	46,384,910	33,787,126
Public Health Service Fees	9	2,732,000	4,516,802
Physical Planning and Development	10	1,856,544	5,548,881
Conservancy Administration	11	268,100	1,821,000
Administration Control Fees and Charges	12	799,400	907,440
Park Fees	13	2,779,024,930	1,073,556,700
Other Fines, Penalties, And Forfeiture Fees	14	5,400	84,000
Miscellaneous receipts	15	11,107,350	23,154,208
Total County Own Source Revenue		3,067,692,934	1,334,563,666
Total Receipts		3,067,692,934	1,334,563,666
Balance b/f at the beginning of the year		99,081,860	63,302,723
Disbursements To CRF		(2,969,338,112)	(1,219,951,537)
Bank charges	16	(95,688)	
Balances in health		(46,384,910)	(78,832,992)
Balance Due for Disbursement		150,956,083	99,081,860

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 26th September 2023 and signed by:

.....
Name: CPA Moses Minchil
County Receiver of Revenue
ICPAK M/No 11576
(Ref: PFM ACT section 165, 2(a))

.....
Name: CPA Joseph Nkoirien
Head of Revenue Reporting
ICPAK M/No 12178

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

8. Statement of Financial Assets and Liabilities As at 30th June 2023

	Note	FY 22-23	FY 21-22
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	17	150,934,233	99,081,859
Total Financial Assets		150,934,233	99,081,859
Total Financial Assets		150,934,233	99,081,859
Financial Liabilities			
Payables-Due to CRF	18	150,934,233	99,081,859
Total Financial Liabilities		150,934,233	99,081,859

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 26th September 2023 and signed by:

.....
Name: CPA Moses Minchil
County Receiver of Revenue
ICPAK M/No 11576

.....
Name: CPA Joseph Nkoirien
Head of Revenue Reporting
ICPAK M/No 12178

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

9. Statement of Comparison of budget vs Actual Amounts for the Period 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	237,965,355	185,301,475	423,266,830	155,884,943	267,403,737	37%
Land Rate	124,579,118	30,000,000	154,579,118	37,183,843	117,395,275	24%
Single/Business Permits	128,930,945	55,744,554	184,675,499	5,475,400	179,200,099	3%
Property Rent	66,906,375	8,399,041	75,305,416	2,764,250	72,541,166	4%
Parking Fees	102,370,133	20,000,000	122,370,133	11,879,853	110,490,280	10%
Market Fees	92,133,120	0	92,133,120	11,633,961	80,499,159	13%
Advertising	7,733,183	(3,110,372)	4,622,811	670,200	3,952,611	14%
Hospital Fees	42,143,933	130,000,000	172,143,933	46,384,910	125,759,023	27%
Public Health Service Fees	2,820,586	80,000,000	82,820,586	2,732,000	80,088,586	3%
Physical Planning and Development	18,803,128	-	18,803,128	1,856,544	16,946,584	10%
Hire of County Assets	12,839,476	(3,399,041)	9,440,435	-	9,440,435	0%
Conservancy		-				12%

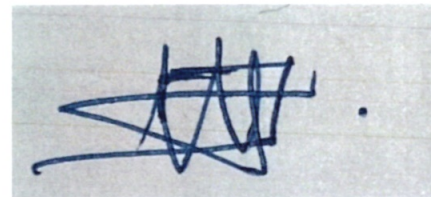
**Receiver Of Revenue
County Government Of Narok
Revenue Statements for the Period Ended 30th June 2023**

Administration	2,252,143		2,252,143	268,100	1,984,043	
Administration Control Fees and Charges	6,995,397	-	6,995,397	799,400	6,195,997	11%
Proceed from sale of assets	18,510,157	10,000,000	28,510,157	-	28,510,157	0%
Park Fees	1,544,314,883	1,110,000,000	2,654,314,883	2,779,024,930	(124,710,047)	105%
Other Fines, Penalties, And Forfeiture Fees	5,602,509	-	5,602,509	5,400	5,597,109	0%
Miscellaneous Receipts	15,929,560	151,018,181	166,947,741	11,107,350	155,840,391	7%
Balance brought forward	-	-	311,813,069			
Total County Own Source Revenue	2,430,830,000	1,773,953,838	4,516,596,907	3,067,671,084	1,137,112,754	68%
Total Receipts	2,430,830,000	1,773,953,838	4,516,596,907	3,067,671,084	1,137,112,754	68%

The County Receiver of revenue's financial statements were approved on 26th September 2023 and signed by:



.....
Name: CPA Moses Minchil
County Receiver of Revenue
ICPAK M/No 11576



.....
Name: CPA Joseph Nkoirien
Head of Revenue Reporting
ICPAK M/No 12178

10. 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 Narok. 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 Narok. 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 Narok.

2. Recognition of Receipts

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

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 9th May 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.

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. 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 Narok
Revenue Statements for the Period Ended 30th June 2023*

11. Notes to the Financial Statements

1. Cess

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Produce Cess	49,585,978	33,584,287
Sugar cane cess	44,719,472	20,409,027
Tea Produce	3,250,118	7,951,045
Cattle cess	14,526,931	5,765,009
Sheep & Goat cess	17,257,543	6,233,979
Quarry cess	18,168,227	11,927,083
Slaughter fees	21,850	1,470,200
sand cess	8,354,824	6,880,203
TOTAL	155,884,943	94,220,833

2. Land rates

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Land rates	37,183,843	40,500,206
TOTAL	37,183,843	40,500,206

3. Single /Business Permits

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Annual Business permit fees	5,313,000	31,185,571
Business permit fees arrears	60,300	-
Business permit penalties and interest	18,900	-
Business permit application fees	83,200	-
TOTAL	5,475,400	31,185,571

Notes to the Financial Statements (continued)

4. Property Rent

Description	FY 22-23	FY 21-22
	Kshs	Kshs
County Housing	2,764,250	2,961,319
Plot rent	-	48,000
Transfer of property	-	330,000
TOTALS	2,764,250	3,339,319

5. Parking Fees

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Bus park	6,373,203	5,453,345
street & taxis	5,506,650	2,487,837
TOTALS	11,879,853	7,941,182

6. Market Fees

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Barter Market Cess	11,633,961	13,448,198
TOTALS	11,633,961	13,448,198

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

Notes to the Financial Statements (Continued)

7. Advertising

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Sign boards	670,200	552,200
TOTALS	670,200	552,200

8. Hospital Fees

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Hospital revenue	46,384,910	33,787,126
TOTALS	46,384,910	33,787,126

9. Public Health Service Fees

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Drugs and vaccines/ Public Health	2,732,000	4,516,802
TOTALS	2,732,000	4,516,802

10. Physical Planning and Development

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Change of name/ Transfer fees	627,000	
Survey fees	-	10,000
Plan approval fees	1,151,044	2,448,456
Change of user	78,500	3,090,425
TOTALS	1,856,544	5,548,881

Notes to the Financial Statement (Continued)

11. Conservancy Administration

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Refuse collection fees	268,100	1,821,000
TOTALS	268,100	1,821,000

12. Administration Control Fees and Charges

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Weights and Measures	799,400	907,440
TOTALS	799,400	907,440

13. Park Fees

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Lodge Tarrifs	182,342,405	34,770,037
Park Entry fees	2,569,932,620	995,370,590
Filming fes	8,000,000	14,280,000
Serena Levies	-	24,629,173
Balloon landing fees	18,749,905	4,506,900
TOTALS	2,779,024,930	1,073,556,700

14. Other Fines, Penalties and Forfeitures

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Impounding charges	5,400	84,000
TOTALS	5,400	84,000

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

Notes to the Financial Statement (Continued)

15. Miscellaneous Receipts

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Miscellaneous income	11,107,350	23,154,208
TOTALS	11,107,350	23,154,208

16. Bank Charges

Description	FY 22-23	FY 21-22
	Kshs	Kshs
Bank Charges & commissions	95,688	0
Total	95,688	0

17. Bank Balances

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	FY 22-23	FY 21-22
			Kshs	Kshs
Narok county revenue Collection Account-Coop 010141338976600	1,144,688	1	1,144,688	(600)
Narok county revenue Collection Account-KCB 1140091263	3,379,536	1	3,379,536	92,104,148
Narok county revenue Collection Account-USD-KCB 1143225325	USD 897,721.6	140.39	126,034,197	54
Narok County Debt Collection A/c KCB 1180435494	20,375,812	1	20,375,812	6,978,257
Total			150,934,233	99,081,859

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

Notes to the Financial Statement (Continued)

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

Ref	Amount (Kshs)	Date subsequently transferred
Disbursement 1	1,144,688	4-Jul-23
Disbursement 2	149,789,545	17-Aug-23
Total	150,934,233	

18. Payables- Due To CRF

Payables	FY 22-23	FY21-22
	Kshs	Kshs
Balance b/f at the beginning of the year	99,081,859	63,302,723
Amount collected during the year	3,067,671,084	1,334,563,666
Amounts disbursed to CRF during the year	(2,969,338,112)	(1,219,951,537)
Amounts in Health	(46,384,910)	(78,832,992)
Bank Charges	(95,688)	
Balance c/d at the end of the year	150,934,233	99,081,859