

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE – REVENUE
STATEMENTS

FOR THE YEAR ENDED
30 JUNE, 2024

COUNTY GOVERNMENT OF TANA RIVER

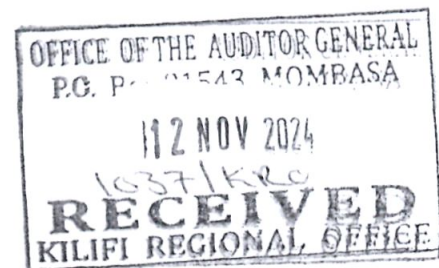
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RECEIVER OF REVENUE
(County Government of Tana River)

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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



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Table of Contents	Page
1. Acronyms and glossary of terms.....	ii
2. Key Entity Information and Management	iii
3. Foreword By the CECM Finance and Economic Planning	v
4. Management Discussion and Analysis	vi
5. Statement of Receiver of Revenue’s responsibilities.....	x
6. Report of the Independent Auditor on the County Government Tana River Receiver of Revenue for the year ended 30 th June 2024.....	xi
7. Statement of Receipts and Disbursements for the year ended 30th June 2024.....	1
8. Statement of Financial Assets and Liabilities As at 30 th June 2024.....	2
TRIAL BALANCE AS AT 30TH JUNE 2024.....	3
9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30 th June 2024.....	4
10. Statement of Arrears of Revenue As at 30th June 2024.....	6
11. Significant Accounting Policies.....	8
12. Notes to the Financial Statements.....	10
13. Appendices.....	16

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

(a) Background information

The Receiver of Revenue is under the Department of Finance and Economic Planning. At the County Executive Committee level, the Receiver of Revenue is represented by the County Executive committee member for Finance and Economic Planning who is responsible for the general policy and strategic direction of the Receiver of Revenue. The Receiver of Revenue is designated as a receiver on 1st July 2022 by the County Executive Committee member for Finance, in accordance with Section 157 of the PFM Act.

(b) Principal activities

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

(c) Key Management

The day-to-day management of revenue within the County Government of Tana River is under the following:

- County Executive Committee Member for Finance and Economic Planning
- County Chief Officer, Finance and Economic Planning
- County Chief Officers, in charge of departments collecting revenue
- Director, Revenue
- Head of Revenue Reporting

(d) County Headquarters

P.O. Box 29 - 70101

Trade House

County Council Road

Hola, Kenya

(e) Entity Contacts

Telephone: (254) 73062600

E-mail: info@tanariver.go.ke

Website: www.tanariver.go.ke

(f) Independent Auditors

Auditor-General
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Nairobi, Kenya

(g) Principal Legal Adviser

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

(h) Bankers

KCB Bank Kenya Limited,
Hola Branch,
P.O Box 100 – 70101,
Hola
Telephone: (254) 20 2287000
E-mail: mgropshola@kcbgroup.com
Website: ke.kcbgroup.com

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*

3. Foreword By the CECM Finance and Economic Planning

It is my pleasure to present the Financial Statement for the Receiver of Revenue for the year ended 30th June 2024. The financial statement presents the true and fair view of the financial performance of the Receiver of Revenue over the past year.

The designation of a Receiver of Revenue for the County Government is provided for under Section 157 of the PFM Act 2012. The Receiver of Revenue is responsible for collecting, receiving and accounting for County Government revenue.

In the year under review, the performance of the Receiver of Revenue was above average. The County projected to collect Kshs. 96,630,600 and collected Kshs. 90,174,516, which translates to a 7% underperformance. All the revenue collected was disbursed to the County Revenue Fund except Kshs. 1,672,075. The underperformance in revenue collection was as a result of the slump in economic activities and weather-related shocks like floods which occur in November 2023 and March 2024. The County is not able to optimally collect revenue due to the absence of a supportive legal framework including the Finance Act and other principal laws. The enactment of such laws is a priority area in the FY 2024/2025

I take this opportunity to thank H.E the Governor and the entire County Executive Committee for offering leadership and support in formulating policies and in mobilizing County departments in support of mobilization and administration of revenue from County's own sources. I also thank the Receiver of Revenue for coordination of revenue administration.



.....
CPA Brenda Mokaya
CECM, Finance and Economic Planning
County Government of Tana River

4. Management Discussion and Analysis

Projected Revenue

In the FY 2023/24, the County projected to collect Kshs. 96,630,600 as shown in the Budget Estimates as illustrated in Table 1 below. The top sources of revenue are Cess (37.17%), exploitation of County's natural resources (16.89%) and business permits (13.77%).

Source of County Own Revenue	Projected Revenue		Variance from Target	
	Amount (Kshs.)	%	Actual Revenue Mobilized (Kshs.)	%
Cess	35,916,070	37.17%	18,617,000	52%
Land Rate	5,299,478	5.48%	5,772,534	109%
Single/Business Permits	13,307,853	13.77%	21,309,900	160%
Property Rent	1,749,000	1.81%	608,000	35%
Parking Fees	816,200	0.84%	1,621,600	199%
Market Fees	1,749,000	1.81%	4,371,180	250%
Hospital Fees	3,956,827	4.09%	3,785,117	96%
Public Health Service Fees	1,982,200	2.05%	401,017	20%
Physical Planning and Development	5,072,100	5.25%	2,041,336	40%
Housing	291,500	0.30%	4,060,432	1393%
Conservancy Administration	676,280	0.70%	-	0%
Administration Control Fees and Charges	2,098,800	2.17%	671,200	32%
Receipts from sale of incidental goods	1,693,032	1.75%	-	0%
County natural resources exploitation	16,324,618	16.89%	23,519,800	144%
Miscellaneous Receipts	5,697,642	5.90%	3,395,400	60%
Total County Own Source Revenue	96,630,600	100.00%	90,174,516	93%

Table 1: Performance of Own Source Revenue in the FY 2023/24

Revenue Collected

In the period under review, Kshs. 90,174,516 was collected as shown in Figure 1 below. A bulk of the revenue was collected from business permits (160%), Cesses (52%) and exploitation of county's natural resources (144%). No revenue was collected from the sale of incidental goods.

i. Cess

We did not meet the target for cess since the county rely mostly on agricultural products and during the year under review, most agricultural products were affected by floods hence the low collection in cess.

ii. Land rate

The county conducted sensitization to the public on the importance of paying land rates to the government and this led to increase in collection.

iii. Single Business Permits

In Single Business Permits, we managed to beat the target by 160% since new businesses were opened during the year under review.

iv. Parking Fees

The number of vehicles that operate within the county increased which in return led to more collection on parking fees.

v. Market Fees

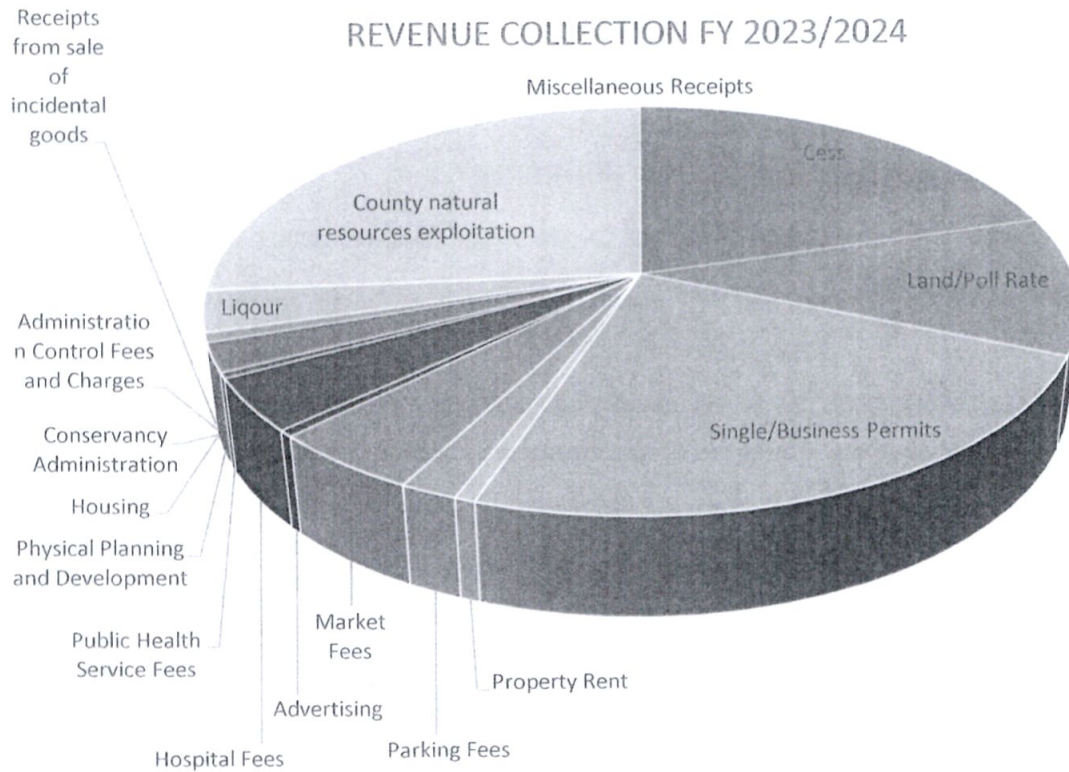
There was a boom in the livestock market which led to higher revenue collection in the market fees.

vi. County's Natural Resources exploitation

There was a massive extraction of gypsum in Tana North and for this reason, we managed to collect more revenue in the Natural Resources.

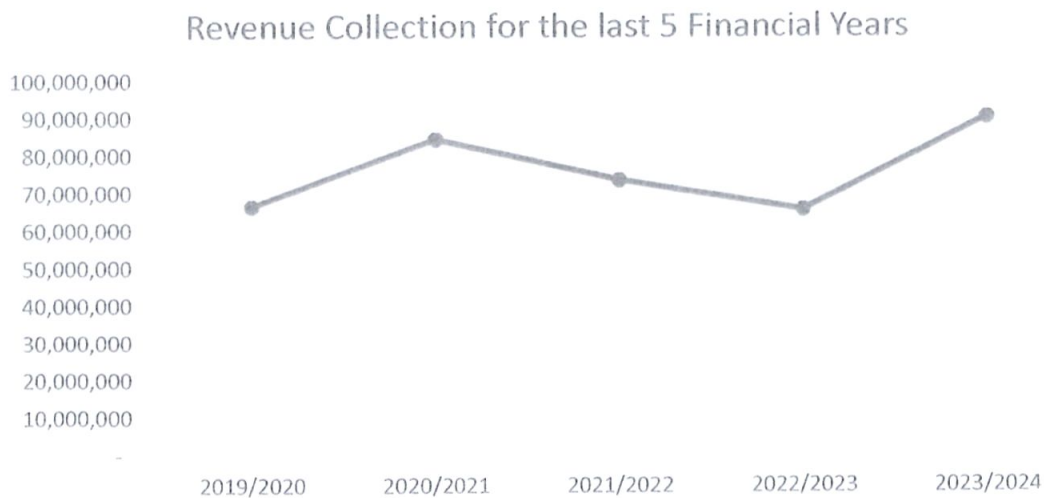
vii. Miscellaneous Receipts

The revenue collected under Miscellaneous receipts is Liquor Licencing and advertising.



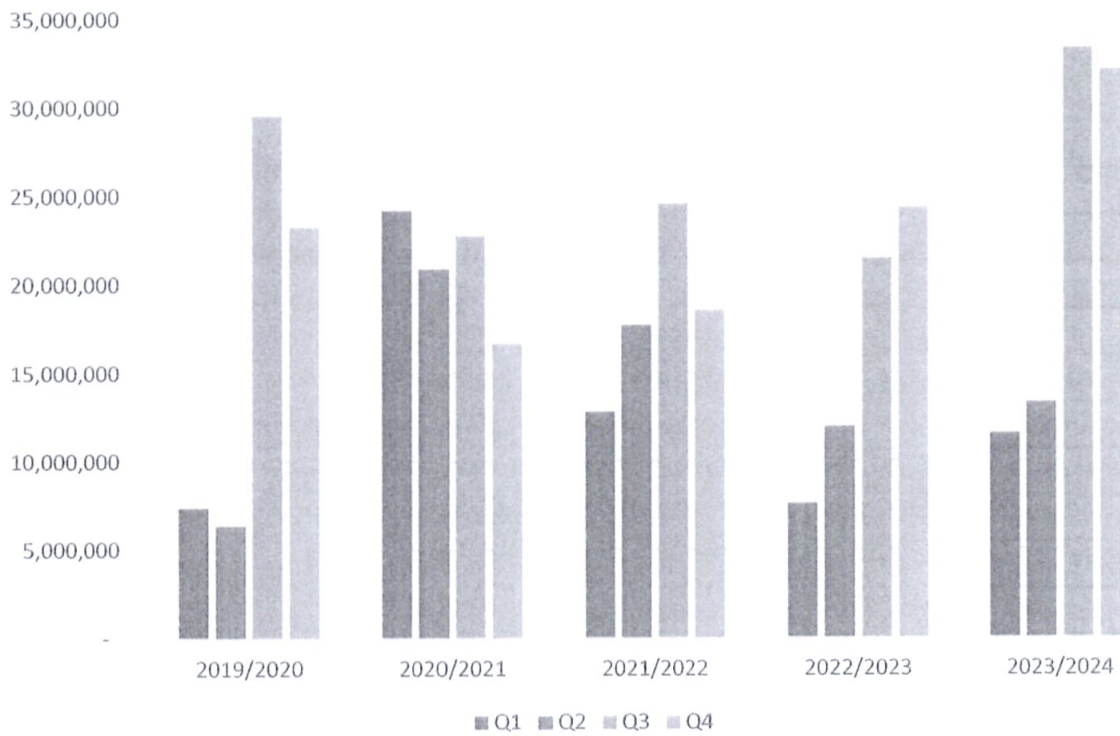
Revenue Analysis Over Five Years

Revenue collection was at Kshs. 66,582,433 in FY 2019/20 which grew to Kshs. 84,522,595 in FY 2020/21 but shrunk to Kshs. 73,600,493 in FY 2021/22. In 2022/2023 the collection was 65,625,529 and grew to 90,174,516 in 2023/2024 FY period is as shown below:



**Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024**

REVENUE COLLECTION OVER THE LAST 5 FISCAL YEARS



It may be observed that more revenue is collected in the second half of the financial year than in the first half. This is attributed to some streams in which revenue is collected in the second half of the financial year including business permits.

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.

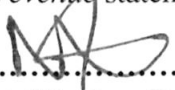
The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) 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 County government of Tana River’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 Tana River’s *receiver of revenue* account gives a true and fair view of the state of County government of Tana River’s *receiver of revenue* transactions during the financial year ended June 30, 2024, and of the County government of Tana River’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 Tana River 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 8/11/2024


.....
CPA Mariam Bunu
County Receiver of Revenue

REPUBLIC OF KENYA

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Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE – REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF TANA RIVER

PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 - County Government of Tana River set out on pages 1 to 17, which comprise of the statement of

Report of the Auditor-General on Receiver of Revenue – Revenue Statements County Government of Tana River for the year ended 30 June, 2024

financial assets and liabilities and statement of arrears of revenue as at 30 June, 2024, and the statement of receipts and payments, 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 discussed in the Basis for Adverse Opinion section of my report, the revenue statements do not present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Tana River as at 30 June, 2024 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 provisions of Public Finance Management Act, 2012 and County Government Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The statement of receipts and disbursements reflects amounts that differed with the supporting schedule as detailed below:

Revenue Stream	Statement of Receipts and Disbursements (Kshs)	Supporting Schedule Kshs.	Variances Kshs.
Physical planning & Development	2,041,336	1,853,572	187,764
Public health service fees	401,017	428,217	27,200
Housing	4,060,432	0	4,060,432
Single business permit	21,309,900	41,505,873	20,195,973
Land rates	5,772,534	19,045,594	13,273,060
Cess	18,617,000	24,629,709	6,012,709

Further, Note 2 to the financial statements reflects land rate revenue amount of Kshs.5,772,534 that differed with the trial balance amount of Kshs.9,832,966 resulting to an unexplained variance of Kshs.4,060,432.

In the circumstances, the accuracy and completeness of the statement of receipts and disbursements could not be confirmed.

2. Unsupported County Own Source Revenue

The statement of receipts and disbursements reflects County own source revenue amount of Kshs.90,174,516. However, daily/weekly revenue registers indicating actual transactions of revenue collections such as revenue source, date and amount which are

linked to monthly schedules were not provided for audit. In addition, review of the revenue records revealed the following inadequacies.

i. Unsupported Cess Revenue Amount

Included in the total County own source revenue is Kshs.18,617,000 in respect of cess revenue. The Tana River County Finance Act, 2020 revealed that cess charges were to be paid by all vehicles carrying goods entering and offloading in Tana River County. However, the County has two (2) weigh bridges that are not functional.

In the circumstances, the basis for collection of cess revenue could not be confirmed.

ii. Unsupported Revenue on Single Business Permit

The statement of receipts and disbursements reflects single business permits amount of Kshs.21,309,900 and as disclosed in Note 3 to the financial statements. However, the revenue was not supported with formal applications for single business permits and detailed analysis of revenue collected daily showing date, mode of payment and payees.

In addition, sources of revenue from the single business permit stream could not be confirmed since the ledger provided for audit was not categorized as business permit application fees, annual business permit fees, business permit penalties and interest, business permit fees arrears as required by the reporting template.

iii. Lack of a Valuation Roll for Collection of Land Rates

The statement of receipts and disbursements reflects land rates revenue amount of Kshs.5,772,534 and as disclosed in Note 2 to the financial statements. However, the County does not have a valuation register and therefore the basis of revenue assessment could not be confirmed.

iv. Unsupported Parking Fees

The statement of receipts and disbursements reflects parking fees of Kshs.1,621,600 and as disclosed in Note 5 of the revenue statements. However, this amount was not supported with a register of all designated parking slots/bays within the County and the serial numbers of revenue machines issued to each collector of revenue.

v. Unsupported Revenue on Property Rent

The statement of receipts and disbursements reflects property rent amount of Kshs.608,000 and as disclosed in Note 4 to the financial statements. However, list of rented properties, occupancy rates and rent chargeable were not provided for audit. Further, the rent reduced from the prior year amount of Kshs.1,210,800 to Kshs.608,000 resulting to net decrease of Kshs.602,800 but no explanation was provided by Management for the significant decrease.

vi. Unsupported Revenue on Natural Resource Exploitation

The statement of receipts and disbursements reflects County Natural resources exploitation revenue amount of Kshs.23,519,800 and as disclosed in Note 11 to the financial statements. However, quantity of mined minerals, revenue assessment, collection and accounting records in respect of natural resource revenue were not provided for audit.

vii. Unsupported Hospital Revenue-Facility Improvement Fund

The statement of receipts and disbursements reflects Hospital fees amount of Kshs.3,785,117 and as disclosed in Note 8 to the financial statements. However, the revenue was not supported with daily collection receipt books, revenue collection control sheets, bank deposit slips and reconciliation reports upon their surrender.

viii. Unsupported Market Fees

The statement of receipts and disbursements reflects market fees amounting to Kshs.4,371,180 and as disclosed in Note 6 to the financial statements. However, receipts books, revenue collection control sheets and deposit slips were not provided for audit review.

In the circumstances, the accuracy and completeness of County own source revenue amount of Kshs.90,174,516 could not be confirmed.

3. Uncollected Land Rate Revenue

The statement of arrears of revenue reflects land rate arrears amount of Kshs.184,646,253. However, records provided for audit reflects land rate arrears of Kshs.222,438,360 resulting to an unreconciled variance of Kshs.37,792,107. Further, Management did not indicate the measures being taken to recover the outstanding land rate arrears.

In the circumstances, the accuracy, completeness and recoverability of land rate arrears of Kshs.184,646,253 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government of Tana River 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 final receipts budget and actual on comparable basis of Kshs.96,630,600 and Kshs.90,174,516 respectively resulting to revenue shortfall of Kshs.6,456,084.

The under-collection of revenue affected the planned activities and may have impacted negatively on service delivery to the public.

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. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in the use of Public Resources. However, the issues remained unresolved contrary to Section 149(2)(l) of Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

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

Other Information

The Management is responsible for the other information set out on page ii, to x, which comprise of Key Entity Information and Management, Foreword by the County Executive Committee Member Finance and Economic Planning, Management Discussion and Analysis and Statement of Receiver of Revenue's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue's statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of

Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Collection of Revenue Without a Finance Act

The statement of receipts and disbursements reflects County own source revenue amount of Kshs.90,174,516. However, Management used the Finance Act, 2020 as a basis to collect revenue. This was contrary to Section 132(1) and 133 of the Public Finance Management Act, 2012 which provides that, in each financial year, the County Executive Member for Finance shall, with the approval of the County Executive Committee, make a pronouncement of the revenue raising measures for the County Government and that not later than ninety days after passing the Appropriation Bill, the County Assembly shall consider and approve the Finance Bill with or without amendments.

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

2. Delayed Transfer of Own Source Revenue to County Revenue Fund

The statement of receipts and disbursements reflects own source revenue amount of Kshs.90,174,516. However, examination of transfers from the County's revenue collection account to the County Revenue Fund (CRF) revealed delays of up to sixty-three (63) days before the transfer of the said collections contrary to Regulation 81(2) of the Public Finance Management (County Government) Regulations, 2015 which provides that the Receiver of Revenue shall promptly pay the revenue received into the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

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

3. Non-Automation of Revenue Collection

Interview with the Director of revenue revealed that the County Receiver of Revenue does not have a revenue collection system but instead revenue was collected manually using miscellaneous receipts. Management did not automate their revenue collection system to minimize revenue leakages contrary to Regulation 22(1)(b) of the Public Finance Management (County Governments) Regulation, 2015 which states that Accounting Officers are responsible for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

4. Irregular Use of Revenue at Source

Note 16 to the financial statements reflects a garnishee expenditure of Kshs.1,930,200 against the revenue collection account. This expenditure was in breach of Section 109(2) of the Public Finance Management Act, 2012, which requires that all money raised or received by or on behalf of the County Government be paid into the County Revenue

Fund, unless excluded by this Act or another Act of Parliament and is payable into another county public fund established for a specific purpose. Furthermore, no explanation, supporting documentation, or schedule was provided to substantiate this transfer.

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

5. Uncollected Revenue from National Irrigation Authority, KETRACO and ADC

As previously reported, the statement of arrears of revenue amount of Kshs.184,646,253 in respect of land rates is owed by three parastatals as detailed below:

Particulars	Arrears Amount (Kshs)
National Irrigation Authority	176,820,000
KETRACO	867,830
ADC Galana Ranch	6,958,423
Total	184,646,253

However, no evidence of efforts to collect the revenue arrears was provided by Management. This was contrary to Section 157(2) of the Public Finance Management Act, 2012 which provides that the Receiver of County Government Revenue is responsible to the County Executive Member for Finance for ensuring that the revenue for which the receiver is responsible is collected or recovered and accounted for.

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

6. Presentation and Disclosures Errors in the Financial Statement Presentation

The financial statements on page 3 reflects a trial balance which is not provided for in the reporting template. Further, the Notes to the statement are not sequential from Note 14.

In the circumstances, Management did not comply with the Public Sector Accounting Standards Board reporting template requirements.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, because of the significance of the matters discussed in the Basis

for Adverse Opinion, I confirm that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024

7. Statement of Receipts and Disbursements for the year ended 30th June 2024

	Note	Period ended 30 June 2024	Period ended 30 June 2023
		Kshs	Kshs
County Own Source Revenue			
Cess	1	18,617,000	12,084,700
Land/Poll Rate	2	5,772,534	5,573,330
Single/Business Permits	3	21,309,900	18,010,000
Property Rent	4	608,000	1,210,800
Parking Fees	5	1,621,600	1,490,000
Market Fees	6	4,371,180	2,650,827
Housing	7	4,060,432	-
Hospital Fees	8	3,785,117	3,385,020
Public Health Service Fees	9	401,017	-
Physical Planning and Development	10	2,041,336	6,312,073
County's Natural Resources Exploitation	11	23,519,800	13,325,000
Administration Control Fees and Charges	12	671,200	-
Miscellaneous Receipts	13	3,395,400	-
Total County Own Source Revenue		90,174,516	64,041,750
Other Receipts			
Total Other Receipts		-	-
Total Receipts		90,174,516	64,041,750
Balance b/f at the beginning of the year **		6,012,709	1,164,601
Disbursements To CRF		(92,568,520)	9,176,171)
Bank charges		(16,430)	(17,471)
Garnishee Transfer		(1,930,200)	-
Balance Due for Disbursement as at the end of the period		1,672,075	6,012,709

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 8/11/ 2024 and signed by:

.....
CPA Mariam Bunu
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

.....
Kase Ddaiddo
Head of Revenue Reporting
ICPAK M/No


**Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024**

8. Statement of Financial Assets and Liabilities As at 30th June 2024

	Note	Period as at June 2024	Audited Prior Year 2023
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Cash In Hand	15	1,672,075	6,012,709
Total Financial Assets		1,672,075	6,012,709
Financial Liabilities			
Payables-Due to CRF	16	1,672,075	6,012,709
Total Financial Liabilities		1,672,075	6,012,709

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 8/11/ 2024 and signed by:


.....
CPA Mariam Bunu
County Receiver of Revenue


.....
Kase Ddaiddo
Head of Revenue Reporting
ICPAK M/No

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*

**TRIAL BALANCE AS AT 30TH
JUNE 2024**

Description	Note	Debit	Credit
		KShs	KShs
Balance B/F			
- Bank			6,012,709
Receipts			
Cess	1		18,617,000
Land/Poll Rate	2		9,832,966
Single/Business Permits	3		21,309,900
Property Rent	4		608,000
Parking Fees	5		1,621,600
Market Fees	6		4,371,180
Advertising	7		454,400
Hospital Fees	8		3,785,117
Public Health Service Fees	9		401,017
Physical Planning and Development	10		2,041,336
County's Natural Resources Exploitation	11		23,519,800
Administration Control Fees and Charges	12		671,200
Liquor licences	13		2,941,000
Disbursement to CRF		92,568,520	
Garnishee Transfer		1,930,200	
Bank charges		16,430	
Balance c/d		1,672,075	
		96,187,225	96,187,225

Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024

9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2024

Receipt	Original annual Budget	Adjustments	Final Budget	Actual Cumulative to date June 30,2024	% Of realization of revenue
	A	B	C=A+B	D	F=D/C %
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	
Cess	35,916,070	-	35,916,070	18,617,000	52%
Land/Poll Rate	5,299,478	-	5,299,478	5,772,534	109%
Single/Business Permits	13,307,853	-	13,307,853	21,309,900	160%
Property Rent	1,749,000	-	1,749,000	608,000	35%
Parking Fees	816,200	-	816,200	1,621,600	199%
Market Fees	1,749,000	-	1,749,000	4,371,180	250%
Hospital Fees	3,956,827	-	3,956,827	3,785,117	96%
Public Health Service Fees	1,982,200	-	1,982,200	401,017	20%
Physical Planning and Development	5,072,100	-	5,072,100	2,041,336	40%
Housing	291,500	-	291,500	4,060,432	1393%
Conservancy Administration	676,280	-	676,280	-	-
Administration Control Fees and Charges	2,098,800	-	2,098,800	671,200	32%
Receipts from sale of incidental goods	1,693,032	-	1,693,032	-	-
County natural resources exploitation	16,324,618	-	16,324,618	23,519,800	144%
Miscellaneous Receipts	5,697,642	-	5,697,642	3,395,400	60%
Total County Own Source Revenue	96,630,600	-	96,630,600	90,174,516	93%
Other Receipts	-	-	-	-	-
Donations /Grants Not Received Through CRF	-	-	-	-	-
Total Other Receipts	-	-	-	-	-
Total Receipts	96,630,600	-	96,630,600	90,174,516	93%

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*

The County Receiver of revenue's financial statements were approved on 8/11/ 2024 and signed by:


.....

CPA Mariam Bunu
County Receiver of Revenue


.....

Kase Ddaiddo
Head of Revenue Reporting
ICPAK M/No

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*

10. Statement of Arrears of Revenue As at 30th June 2024

Classification Of Receipts (Indicate As Applicable)	Balance as at 1st July 2023	Arrears received during the period	Additions in arrears for the current period to June 30 2024	Total arrears as at end of the period 30 June,2024	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	-	-	-	-		
Land/Poll Rate	184,646,253	-	-	184,646,253		
Single/Business Permits	-	-	-	-		
Property Rent	-	-	-	-		
Parking Fees	-	-	-	-		
Market Fees	-	-	-	-		
Advertising	-	-	-	-		
Hospital Fees	-	-	-	-		
Public Health Service Fees	-	-	-	-		
Physical Planning And Development	-	-	-	-		
Hire Of County Assets	-	-	-	-		
Conservancy Administration	-	-	-	-		
Administration Control Fees And Charges	-	-	-	-		
Park Fees	-	-	-	-		
Other Fines, Penalties, And Forfeiture Fees	-	-	-	-		
Miscellaneous	-	-	-	-		
Total Arrears	184,646,253	-	-	184,646,253		

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*



.....
CPA Mariam Bunu
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))



.....
Kase Ddaiddo
Head of Revenue Reporting
ICPAK M/No

An ageing analysis of revenue in arrears has been shown on note 17 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 Tana River. 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 Tana River. 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 Tana River.

2. Recognition of Receipts

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

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 7th August 2023 for the period 1st July 2024 to 30 June 2024 as required by law. There was number of 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, 2024.

12. Notes to the Financial Statements

1. Cess

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Farm produce	18,617,000	12,084,700
Total	18,617,000	12,084,700

2. Land rates

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Land rates	5,772,534	5,573,330
Total	5,772,534	5,573,330

3. Single /Business Permits

Description	Period ended June 2024	Period ended June 2023
	Kshs.	Kshs.
Annual Business permit fees	21,309,900	18,010,000
Total	21,309,900	18,010,000

Notes to the Financial Statements (continued)

4. Property Rent

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Plot Rent	608,000	1,210,800
Total	608,000	1,210,800

5. Parking Fees

Description	Period ended June 2024	Period ended June 2023
	Kshs	KShs
Monthly toll/sticker fees	1,621,600	1,100,000
Bus Park fees	-	390,000
Total	1,621,600	1,490,000

6. Market Fees

Description	Period ended June 2024	Period ended June 2023
	KShs	KShs
Market entry fees	4,371,180	2,650,827
TOTAL	4,371,180	2,650,827

7. Housing

Descriptions	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Housing	4,060,432	-
Total	4,060,432	-

8. Hospital Fees

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Level 4 hospitals	3,785,117	3,385,020
Total	3,785,117	3,385,020

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*

Notes to the Financial Statements (Continued)

9. Public Health Service Fees

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Inspection for issuance of hygiene license	401,017	-
Total	401,017	-

10. Physical Planning and Development

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Building plans approval	2,041,336	6,312,073
Total	2,041,336	6,312,073

11. County's Natural Resources Exploitation

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Gypsum	23,519,800	13,325,000
Total	23,519,800	13,325,000

Notes to the Financial Statement (Continued)

12. Administration Control Fees and Charges

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Weights and measures	27,200	-
Fire Services	294,000	-
Plot Application	145,000	-
Plot Tranfer	205,000	-
Total	671,200	-

13. Miscellaneous Receipts

Description	Period ended June 2024	Period ended June 2023
	Kshs	Kshs
Liquor licenses	2,941,000	-
Advertising	454,400	-
Total	3,395,400	-

14. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	As at 30 Jun-24	Prior Year audited
			Kshs	Kshs
KCB Bank, 1140754033 & Kshs	25	1	25	6,012,709
Total	25	1	25	6,012,709

20 (a) Balance carried forward as at 30th June 2024 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
Disbursement 1	5,960,465	10 July 2024
Total	5,960,465	

Receiver Of Revenue
 County Government of Tana River
 Revenue Statements for the Period Ended 30th June 2024

15. Cash in hand

Description	As at 30 June 2024	Prior Year audited
	Kshs	Kshs
Cash Balance (<i>Cashbook</i>)	1,672,075	6,012,709
Mobile Money	-	-
Others (<i>Specify</i>)	-	-
Total	1,672,075	6,012,709

16. Payables- Due To CRF

Payables	As at 30 June 2024	Prior Year audited
	Kshs	Kshs
Balance b/f at the beginning of the year	6,012,709	1,164,601
Amount collected during the period	90,174,516	64,041,750
Amounts disbursed to CRF during the period	(92,568,520)	(59,176,171)
Bank Charges	(16,430)	(17,471)
Garnishee Transfer	(1,930,200)	-
Balance c/d at the end of the period	1,672,075	6,012,709

*Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024*

17. 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
Cess	-	-	-	-	-
Land/poll rate	-	-	-	184,646,253	184,646,253
Single/business permits	-	-	-	-	-
Property rent	-	-	-	-	-
Parking fees	-	-	-	-	-
Market fees	-	-	-	-	-
Advertising	-	-	-	-	-
Hospital fees	-	-	-	-	-
Public health service fees	-	-	-	-	-
Physical planning and development	-	-	-	-	-
Hire of County Assets	-	-	-	-	-
Conservancy administration	-	-	-	-	-
Administration control fees and charges	-	-	-	-	-
Total (agree to statement of arrears)	-	-	-	184,646,253	184,646,253

*Receiver Of Revenue
 County Government of Tana River
 Revenue Statements for the Period Ended 30th June 2024*

13. 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 from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted

(PFM ACT section 165 subsection 4, 5)

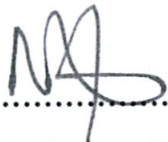
SIGNATURE..........DATE...8/11/2024.....
 CPA Mariam Bunu
 County Receiver of Revenue

**Receiver Of Revenue
County Government of Tana River
Revenue Statements for the Period Ended 30th June 2024**

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:	Timeframe:
1.	Failure to prepare prior year Revenue statements	The prior year Revenue statements were prepared	Resolved	30.06.2024
2.	Inaccuracies in the Revenue statements	The Revenue statements were amended	Resolved	30.06.2024
3.	Unsupported County Own Source Revenue	The management is still working on this matter	Not Resolved	30.06.2025
4.	Unsupported Cash and Cash Equivalent	The Certificate of Balance was provided	Resolved	30.06.2023



CPA Mariam Bunu
County Receiver of Revenue

Date... 8/11/2024



Kase Ddaiddo
Head of Revenue Reporting

ICPAK M/No

Date... 8/11/2024