

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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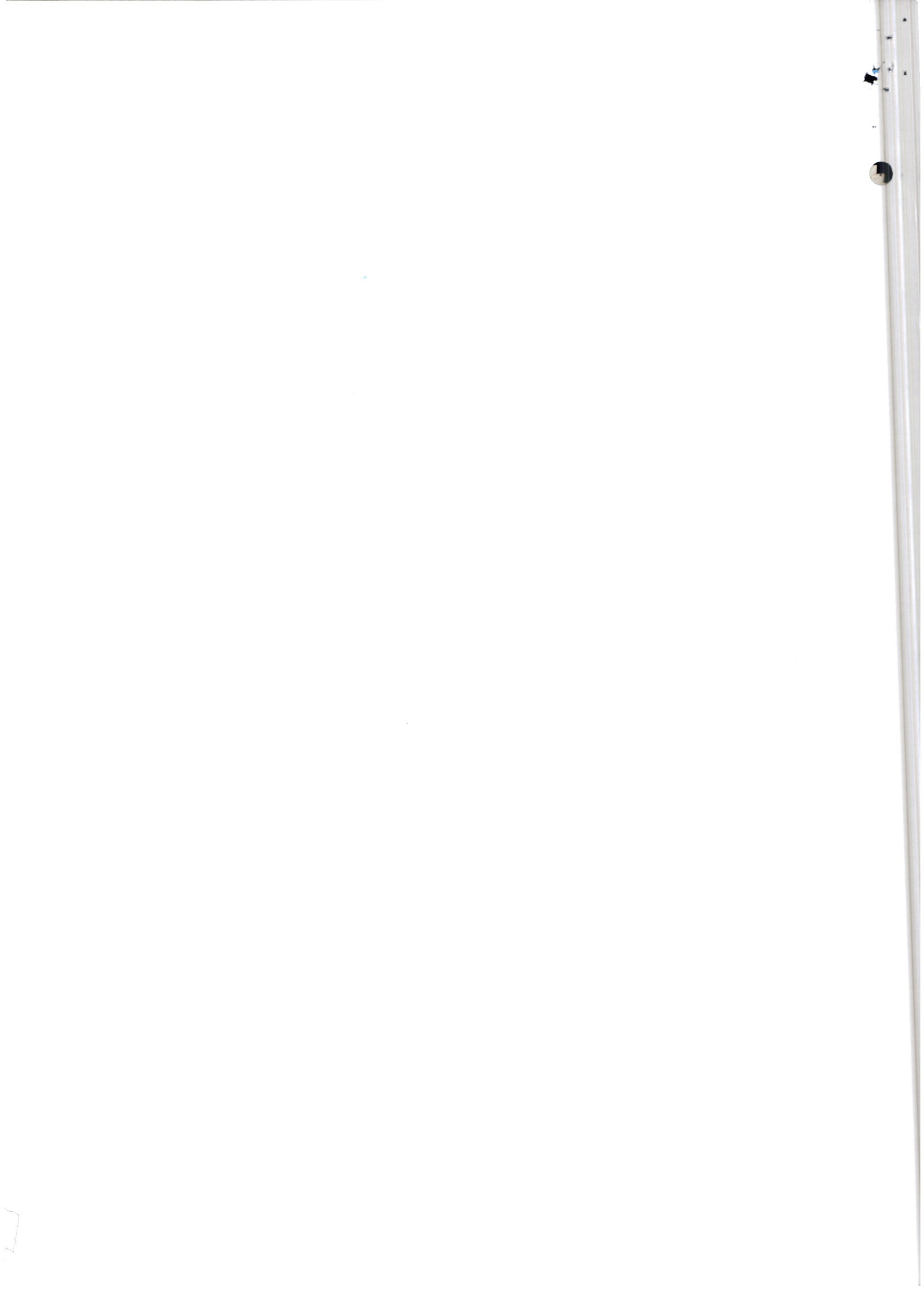
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THE AUDITOR-GENERAL

ON

**REVENUE STATEMENTS
STATE DEPARTMENT FOR INTERIOR**

**FOR THE YEAR ENDED
30 JUNE 2018**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
28 SEP 2018
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STATE DEPARTMENT FOR INTERIOR

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

**STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

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**STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

I. KEY ENTITY INFORMATION AND MANAGEMENT

The *State Department for Interior* is under the Ministry of Interior and Coordination of National Government At cabinet level, the *State Department for Interior* is represented by the Cabinet Secretary for Interior, who is responsible for the general policy and strategic direction of the *State Department for Interior*. The *State Department for Interior* was appointed as a receiver on 30th June 2016.

Principal activities

The receiver of revenue collects revenue from the Issue of Licence Fees, Registration of births & deaths, Immigration Visa and other Consular fees, Passport Fees, Work Permit Fees, Id Card Fees, Certificate of Good Conduct Fees, Hire of Security and other Immigration Fees. Revenue collected is remitted to the National Treasury.

Key Management

- **Cabinet Secretary**
- Dr. Fred Matiang'i, PhD , EGH
-
- **Chief Administrative Secretary**
- Patric Ole Ntutu.
-
- **Principal Secretary**
- **State Department for Interior**
- Dr.(Eng.) Karanja Kibicho, CBS
-
- **Principal Secretary**
- **Immigration, Border Control and Citizen Services**
- Major Gen (Rtd) Dr. Gordon O. Kihalangwa , CBS.
-
- **Principal Secretary**
- **State Department for Correctional Services**
- Zeinab A. Hussein (Mrs) CBS
-
- **Inspector General Of Police**
- Joseph K Boinnet, MGH, NSC (AU)
-
- **Secretary, Internal Security**
- A.N. Gathecha, EBS
-
- **Secretary, National Administration**
- A.A. Osiya, EBS
-
- **Senior Chief Finance Officer**
- Alice W. Gichu
-
- **Senior Assistant Accountant General**
- James K. Karori.

**STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

Entity Headquarters

Harambee Building/House/Plaza
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Independent Auditors

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

Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
NAIROBI, Kenya

Bankers

Central Bank of Kenya
Haile Selassia Avenue
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank
Head Office
Kencom House
P.O Box 48400
Nairobi, Kenya

National Bank of Kenya
Harambee Avenue
P.O Box 72866
Nairobi Kenya

**STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

II. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

The Principal Secretary in charge of the *State Department for Interior* is responsible for the preparation and presentation of the *department's revenue account*, which gives a true and fair view of the state of affairs of the *department* for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *department*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary in charge of the *State Department for Interior* accepts responsibility for the *department's revenue* accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the *department's revenue* account gives a true and fair view of the state of *department's revenue* transactions during the financial year ended June 30, 2018, and of the *department's* financial position as at that date. The Principal Secretary charge of the *State Department for Interior* further confirms the completeness of the accounting records maintained for the *department's revenue*, which have been relied upon in the preparation of the *department's revenue* account as well as the adequacy of the systems of internal financial control.

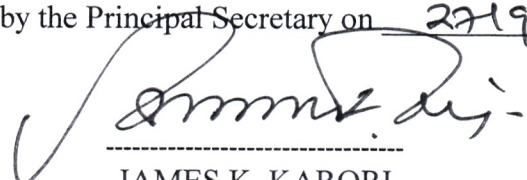
The Principal Secretary in charge of the *State Department for Interior* confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the *department's revenue* accounts have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Revenue Statements

The *revenue* statements were approved and signed by the Principal Secretary on 27th 2018



DR (ENG) KARANJA KIBICHO, CBS
Principal Secretary



JAMES K. KARORI
Senior Assistant Accountant General
ICPAK Member No. 3972

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS OF STATE DEPARTMENT FOR INTERIOR FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of the State Department for Interior set out on pages 5 to 21, which comprise the statement of arrears in revenue as at 30 June 2018, the statement of receipts and transfers and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the revenue statements present fairly, in all material respects, the nil arrears of revenue of the State Department for Interior as at 30 June 2018, and the revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Licence Fees

1.1. Uncollected Fuel Storage Tanks Annual Licence Fees

Records maintained at Nairobi County Commissioner's offices at Nyayo House show that two hundred and eighty (280) petrol stations had been licensed to pay fuel storage tanks annual licence fee of Kshs.4,000 per station.

However, audit review found that out of the two hundred and eighty (280) registered petrol stations, only seventy-six (76) paid their annual licence fees in 2017/2018 financial year, resulting in uncollected revenue amounting to Kshs.816,000 from two hundred and four (204) petrol stations. The uncollected amount has for unclear reasons not been disclosed or reflected in the statement of arrears of revenue as at 30 June 2018.

Further audit inspection and verification exercise within Nairobi County of sampled petrol stations revealed that a total of twenty-five (25) operational petrol stations were

not registered by Nairobi County Commissioner for collection of fuel storage tanks annual license fees and thus, denying the Government revenue amounting to Kshs.100,000. Although only a sample of petrol stations was verified, indications are that the extent of loss of revenue could be higher if the entire population of the petrol stations was examined.

The Department for Interior has explained that Section 14(5) of the Petroleum Act,1947 had been used as a basis for collecting the revenue but it was later realized on 16 May 2017 that there was no legislation governing the revenue collection. However, the Department continued to collect the annual licence fees from petrol stations even after 16 May 2017 during 2017/2018 financial year.

2. Variance Between the Revenue Statements and Actual Receipts under Certificate of Good Conduct

As disclosed in Note 1 to the revenue statements under fees on use of goods and services, revenue amounting to Kshs.674,327,058 was collected in respect of Certificate of Good Conduct during the year ended 30 June, 2018. However, examination of revenue records maintained at Directorate of Criminal Investigations Department showed that revenue collected under Certificate of Good Conduct during the year was Kshs.713,835,000, resulting in unreconciled difference of Kshs.39,507,942.

Further review of a response from the Directorate of Criminal Investigations revealed that out the revenue amounting to Kshs.69,296,850 collected by Postal Corporation of Kenya at Huduma Centers, only Kshs.25,281,850 was remitted to Central Bank of Kenya, resulting in unremitted revenue of Kshs.44,015,000.

The State Department for Interior has explained that the amount of Kshs.69,296,850 collected by the Postal Corporation of Kenya on behalf of Directorate of Criminal Investigations comprised Kshs.51,290,000 and Kshs.18,006,850 remitted during 2017/2018 and 2016/2017 financial years, respectively to Central Bank of Kenya. However, no documentary evidence has been provided to support this explanation.

Consequently, it has not been possible to confirm the completeness and accuracy of the revenue amounting to Kshs.674,327,057 in respect of Certificate of Good Conduct included in the statement of receipts and transfers for the year ended 30 June 2018.

3. E-Citizen Services

Although the E-citizen services have enhanced revenue collection, a comparison of the revenue amounts as disclosed in Note 1 to the revenue statements with E-citizen collections/remittances during 2017/2018 financial year revealed unreconciled differences as tabulated below:

	Revenue Source	Account No.	Revenue Statements Amounts/ (Kshs.)	E-citizen Revenue Remittances (Kshs.)	Difference (Kshs.)
1	Registration of Births and Deaths	1420224	322,004,210.00	12,969,220.00	309,034,990.00
2	Passport Fees	1420226	3,302,454,035.70	890,278,500.00	2,412,175,535.70
3	Other immigration Fees	1420229	5,514,205,683.00	4,881,343,880.00	632,861,803.00
4	Certificate of Good conduct	1420234	674,327,057.70	369,752,850.00	304,574,207.70
		Total	9,812,990,986.40	6,154,344,450.00	3,658,646,536.40

No explanation has been given for the above unreconciled differences.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of State Department for Interior in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the revenue statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the revenue statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion 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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of the State Department for Interior to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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:

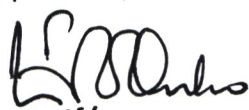
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the State Department for Interior to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

21 February 2019

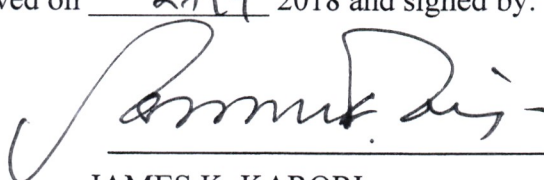
STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018

III. STATEMENT OF RECEIPTS AND TRANSFERS

	Note	2017/2018 Kshs	2016/2017 Kshs
NON TAX RECEIPTS			
Fees on use of Goods/Services	1	11,906,002,448	10,743,639,804
Sale of Goods and Services	2	1,394,688	490,116
Receipts from Sale of Non Financial Assets	3	4,694,950	8,823,085
Other Receipts not Classified Elsewhere	4	4,129,297	-
TOTAL NON TAX RECEIPTS		11,916,221,383	10,752,953,005
TOTAL RECEIPTS COLLECTED		11,916,221,383	10,752,953,005
TRANSFERS TO EXCHEQUER ACCOUNT		(11,902,043,868)	(10,748,375,972)
BALANCE BROUGHT FORWARD		4,577,033	-
Prior year Adjustment	5	(583,073)	
BALANCE CARRIED FORWARD	6	18,171,475	4,577,033

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 27/9 2018 and signed by:


DR (ENG) KARANJA KIBICHO, CBS
Principal Secretary



JAMES K. KARORI
Senior Assistant Accountant General
ICPAK Member No. 3972



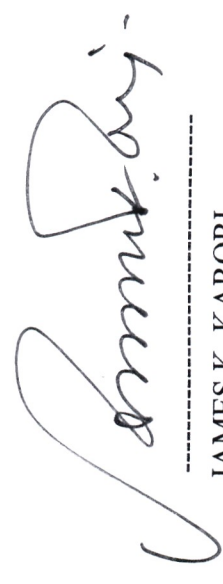
**REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

IV. STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2018

Classification of Revenue	Accumulated amount in arrears from prior periods to June 2016	Amount in arrears for the immediate previous year to 30 June 2017	Amount in arrears for the current year to June 30, 2018	Total arrears as at 30 June 2018	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Non Tax Revenues						
Fees on Use of Goods and services						
Social security contributions						
Property Income						
Fines, penalties and Forfeitures						
Receipts from sale of non financial assets						
Total arrears	Nil	Nil	Nil	Nil	Nil	Nil



DR (ENG) KARANJA KIBICHO, CBS
 Principal Secretary



JAMES K. KARORI
 Senior Assistant Accountant General
 ICPAK Member No. 3972



REVENUE STATEMENT

FOR FINANCIAL YEAR ENDED 30 JUNE, 2018

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2018

	Original budget 2017-2018	Adjustments 2017-2018	Final budget 2017-2018	Actual on comparable basis 2017-2018	Performance difference 2017-2018
Non tax receipts					
Fees on use of Goods/Services					
Licence Fees	18,296,053.00	-	18,296,053.00	344,000.00	(17,952,053.00)
Registration of births & deaths	145,905,054.00	-	145,905,054.00	322,004,210.00	176,099,156.00
Immigration visa & other consular fees	3,282,272,662.00	-	3,282,272,662.00	3,302,454,035.70	20,181,373.70
Passport fees	979,320,147.00	-	979,320,147.00	1,115,906,360.00	136,586,213.00
Work permit fees	6,058,170,162.00	-	6,058,170,162.00	1,650,000.00	(6,056,520,162.00)
Id cards fees	28,459,546.00	-	28,459,546.00	120,766,773.00	92,307,227.00
Other immigration fees	127,249,941.00	-	127,249,941.00	5,514,205,683.00	5,386,955,742.00
Certificate of good conduct	511,268,901.00	-	511,268,901.00	674,327,057.70	163,058,156.70
Hire of security	372,281,335.00	-	372,281,335.00	854,267,574.30	481,986,239.30
East African Community Tourist Visa Fees	113,938,323	-	113,938,323.00	-	(113,938,323.00)
Unspent AIE	-	-	-	76,754.25	76,754.25
TOTAL					
	11,637,162,124.00		11,637,162,124.00	11,906,002,447.95	268,840,323.95
Sale of Goods and Services					
Sale of Tender Documents	781,169.00	-	781,169.00	1,394,688.00	613,519.00
Receipts from Sale of Non Financial Assets					
Receipts from the Sale of Vehicles and Transport Equipment		-		4,694,950.00	4,694,950.00
Receipts from the Sale of Inventories, Stocks and Commodities		-		-	
Other Receipts not Classified Elsewhere	-	-	-	4,129,297.00	4,129,297.00
TOTAL					
	-	-	-	10,218,935.00	
Total Non tax receipts	11,637,943,293.00	-	11,637,943,293.00	11,916,221,382.95	278,278,089.95
Total receipts	11,637,943,293.00	-	11,637,943,293.00	11,916,221,382.95	278,278,089.95



REVENUE STATEMENT

FOR FINANCIAL YEAR ENDED 30 JUNE, 2018

Licence fee---The Betting Control & Licencing Board had been detached from State Department of Interior hence the fall of Revenue
Reg. of births---The upward trend was occasioned by the Ministry of Education notice for all students to acquire birth certificates.
Good conduct---Good conduct certificate is a requirement for recruitment of security officers which took place between January and March 2018:
Hire of security---Security was a major concern in the year 2017 and part of 2018 due to insecurity experienced during elections hence the increase.
Visa/ Passport/ W/Permit and other Immig. Fees---Increase is due to the Online services that have been devolved to the sub-county level.

On overutilization.

The Original budget was wrongly captured. However the actual position is as reflected in the statements .



**STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

VI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *department*. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of Revenue

The *Department for Interior* recognises all revenues from the Issue of Licence Fees, Registration of births & deaths, Immigration Visa and other Consular fees, Passport Fees, Work Permit Fees, Id Card Fees, Certificate of Good Conduct Fees, Hire of Security and other Immigration Fees. Revenue is recognised when the event occurs and the related cash has actually been received by the *department*.

3. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the revenue statements. The revenue budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in to these revenue statements.

4. Cash and cash equivalents

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

5. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue.



**STATE DEPARTMENT FOR INTERIOR
REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

6. Comparative Figures

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

7. 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, 2018.

8. Statement of Arrears of Revenue

The statement of arrears of revenue is not a requirement as per the IPSAS Cash Standard. The IPSAS Cash Standard encourages disclosure of accrual based balances since it's a transitional standard to accrual basis of accounting. The PFM Act, 2012 section 82,2b and section 69(c) of the PFM Regulations 2015 requires a Receiver of Revenue to prepare a statement on revenue of arrears due but not yet collected at the end of the period. This statement has been disclosed under section IV of these financial statements.

REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018

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

TYPES OF REVENUE	2017/2018	2016/2017
Licence Fees	344,000.00	71,714,407.00
Registration of births & deaths	322,004,210.00	134,076,281.00
Immigration visa & other consular fees	3,302,454,035.70	3,203,663,996.65
Passport fees	1,115,906,360.00	1,047,089,020.50
Work permit fees	1,650,000.00	4,038,858,777.05
Id cards fees	120,766,773.00	44,153,100.00
Other immigration fees	5,514,205,683.00	1,177,110,665.00
Certificate of good conduct	674,327,057.70	373,272,300.00
Hire of security	854,267,574.30	653,701,256.85
Unspent AIE	76,754.25	-
TOTALS	11,906,002,447.95	10,743,639,804.05

Increased use of ICT / E-Citizen portals has enhanced revenue collection as it is convenient to clients as they can access the services through their mobile phones.

The increase is also attributed to the Revenue inspection done during the year.

REVENUE STATEMENT**FOR FINANCIAL YEAR ENDED 30 JUNE, 2018****2. SALE OF GOODS AND SERVICES**

	2017/2018	2016/2017
Administrative Fees and Charges	-	-
Incidental Sales by Non-Market Establishments	-	-
Sale of Tender Documents	1,394,687.50	490,116.05
Total Revenue	1,394,687.50	490,116.05
Balance brought forward	-	-
Transfers to Exchequer account	1,394,687.50	490,116.05
Balance carried forward	-	-



REVENUE STATEMENT**FOR FINANCIAL YEAR ENDED 30 JUNE, 2018****3. RECEIPTS FROM SALE OF NON FINANCIAL ASSETS**

	2017/2018	2016/2017
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	4,694,950.00	1,577,800.00
Receipts from the Sale of Inventories, Stocks and Commodities	-	7,245,284.75
Receipts from the Sale of Intangible Non-Produced Assets	-	-
Total Revenue	4,694,950.00	8,823,084.75
Balance brought forward	-	-
Transfers to the exchequer account	4,694,950.00	8,823,084.75
Balance carried forward	-	-



**REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

4. OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

	2017/2018	2016/2017
Miscellaneous Revenue		
Sundry Revenue	4,129,297.00	-
Total Revenue	4,129,297.00	-
Balance brought forward	-	-
Transfers to the Exchequer account	4,129,297.00	-
Balance carried forward	-	-

**REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

5. PRIOR YEAR ADJUSTMENT

The prior year adjustments of Kshs. 587,073.00 was as a result of Revenue erroneously captured twice in the 2016/2017 Financial Year.



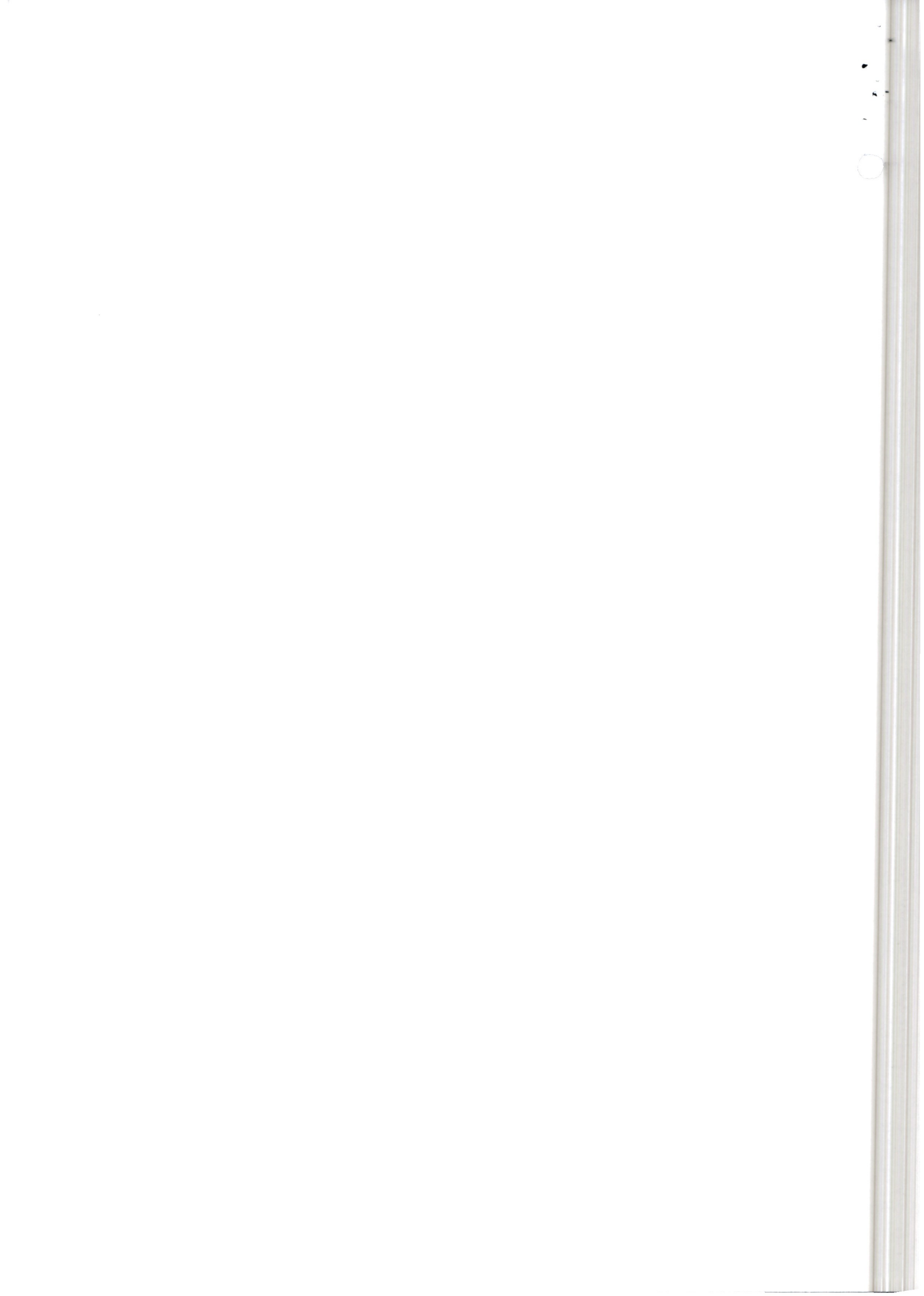
**REVENUE STATEMENT
FOR FINANCIAL YEAR ENDED 30 JUNE, 2018**

6. BALANCES CARRIED FORWARD

Balance carried forward yet to be transferred	
1. Q1-	88,660.00
2. Q2-	32,000.00
Q3-	135,200.00
Q4-	15,814,905.00
2016/2017-	2,100,710.00
TOTAL -	18,171,475.00

The amount of Kshs. 2,356,570.00 is the total amount of unpaid cheques.

The amount of Kshs. 15,814,905.00 is the total amount in KCB revenue account as at 30th June 2018 not transferred.



A REPORT OF WAIVERS AND VARIATIONS OF TAXES, FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE PERIOD.

Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver	Reasons for waiver/ variation	The law in terms of which the variation was granted
N/A	N/A	N/A	N/A	N/A

(PFM ACT section 82 sub section 4, 5)



VII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	The Revenue Statement reflected receipts totalling Kshs. 10,752,953,005.00 which differ with Kshs 10,562,478,475.90 in Trial Balance resulting in unexplained difference of Kshs. 190,474,528.95	Receipts totalling to Kshs 190,474,529.10 were erroneously omitted in IFMIS system. The omitted amounts have been captured under the relevant Revenue items.	HAU	Resolved	-
2.1	SGB – offers security to KRA but records show that KRA did not pay for the services from Jan. 2016 to June 2017. Further the hire of security was not paid in advance as required. In addition the dept. does not maintain records of staff deployed to provide security for the same.	KRA did not pay for the services for the period stated. However demand for settlement of account was appropriately executed as per demand letter .Lack of payment in advance was an omission. Records of staff deployed are properly maintained.	NPS	Resolved	-
2.2	Revenue from Hire of Security by Regional Commander of Kshs 11,241,747.00 could not be confirmed due to lack of: (i) Deployment registers and books of accounts (ii) Revenue from Standard	Deployment registers and books of accounts were made available for verification. Evidence of revenue collected could not be obtained APS records because the premises were secured by officers from Kenya Police Service.	APS	Resolved	-



REVENUE STATEMENT

FOR FINANCIAL YEAR ENDED 30 JUNE, 2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.3	Chartered Bank and Safaricom where police were guarding. Records at RDU show that revenue amounting to Kshs. 6,178,050.00 was spent at source. In addition RDU charged a security firm Kshs 50.00 per constable per hour instead of Kshs 100.00 resulting in a loss of Kshs 876,000.00	According to an MOU between the APS and eight companies, APS personnel attached to cash-in-transit operations are entitled to daily subsistence allowance paid by the companies. That is the amount in question, and a proportional amount paid to government as revenue for hire of security. Further RDU charged Brinks security Kshs 50.00 instead of Kshs 100.00 as per the MOU, balance of Kshs 50.00 totalling Kshs 876,000.00 was paid to officers as subsistence allowance. However a demand notice has been issued to Brinks for the outstanding amount which the company has undertaken to honour.	APS	Resolved	-
3.0	Inspection at DCI Hqs. Indicate that 639,546 police clearance certificates were issued amounting to Kshs 639,546,000.00 against amount recorded as 373,272,300.00 in the Revenue Statement, hence an	The difference is as a result of non- remittance of revenue collected by Postal Corporation of Kenya at Huduma Centres. The matter is now under investigation by DCI.	DCI	Resolved	-



Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.0	<p>unexplained difference of Kshs. 266,273,700.00</p> <p>Records maintained at Work Permits department show that 2,964 work permits valued at Kshs 521,660,000.00 were issued without miscellaneous receipts, hence impossible to confirm if the amount was received and deposited in the Revenue Account .In addition 965 blank work permits have not been accounted for.</p>	<p>During the year in review the position of work permits issued can be summarized as below: No. of permits issued – 19,908 No. of permits paid for-16,944 No. of permits issued and not paid for - 2,964 The unpaid for are cases that the applicants qualified for exemption from payment of prescribed fees. Further, some of the blank work permit serial numbers have been accounted for and the rest are cancelled work permit sheets.</p>	Immigration Department	Resolved	-
5.0	<p>There is no evidence that Revenue collected through E-Citizen were transferred to Principal Secretary who is the Receiver of Revenue.</p>	<p>During the 2016/17 financial year amounts collected through E-citizen were reported in the Revenue Statement under different types of Revenue. Amounts reported are verifiable and can be confirmed through: - CBK Revenue Account Statements. - Summary of monthly collections. - The Pesa flow Schedule. - Batch analysis.</p>	DCI Immigration Department.	Resolved	-



REVENUE STATEMENT

FOR FINANCIAL YEAR ENDED 30 JUNE, 2018

DR (ENG) KARANJA KIBICHO, CBS
Principal Secretary
Date.....

JAMES K. KARORI
Senior Assistant Accountant General
Date.....
ICPAK Member No. 3972



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