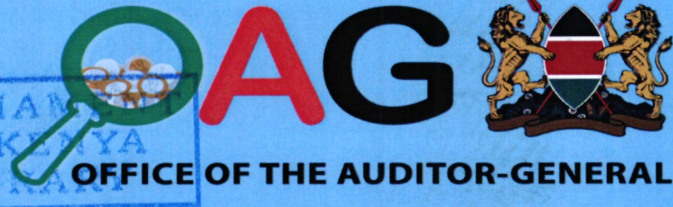
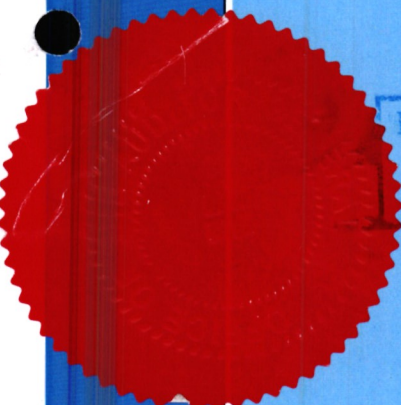


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REPORT

OF

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE (RECURRENT)

**FOR THE YEAR
ENDED 30 JUNE, 2022**

THE NATIONAL TREASURY

THE NATIONAL ASSEMBLY	
DATE: 18 APR 2023	TUESDAY
TABLED BY: Hon. Owen B. Mwangi Deputy Leader, Majority	
CLERK-AT-THE-TABLE: Ann Shubuko	





THE NATIONAL TREASURY AND PLANNING

RECEIVER OF REVENUE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 2022

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

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Table of Content	page
I. NATIONAL TREASURY INFORMATION AND MANAGEMENT	iii
II. FOREWORD BY THE CABINET SECRETARY	xi
III. STATEMENT BY THE PRINCIPAL SECRETARY	xvi
IV. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xxi
V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xxvi
VI. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES	xxviii
VII. REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL TREASURY RECEIVER OF REVENUE	xxx
VIII. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 30 JUNE 2022	1
IX. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2022	2
X. STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2022	3
XI. SIGNIFICANT ACCOUNTING POLICIES	6
XII. .NOTES TO THE FINANCIAL STATEMENTS	8
XIII. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS	20
XIV. APPENDIX I- SCHEDULE OF ARREARS OF NON-TAX REVENUE HEAD 4510000 LOAN REDEMPTION RECEIPTS DUE AND UNCOLLECTED AS AT 30/6/2022	21
APPENDIX II-SCHEDULE OF ARREARS OF REVENUE HEAD 1410000 LOAN INTEREST RECEIPTS DUE AND UNCOLLECTED AS AT 30/6/2022	26
APPENDIX III REPORT OF WAIVERS AND VARIATIONS OF TAXES, FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE YEAR	31
Appendix IV- REPORTS GENERATED FROM IFMIS	119

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

I. NATIONAL TREASURY INFORMATION AND MANAGEMENT

Background Information

The National Treasury was established via the Executive Order No. 2 of May 2013. The basis for establishment of the National Treasury is found in Article 225 (i) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury and Planning, who is responsible for the general policy and strategic direction of the Ministry with the assistance of the Chief Administrative Secretary.

Vision

“Excellence in economic and public financial management, and development planning”.

Mission

“To provide leadership in economic and public financial management, for shared growth through formulation, implementation and monitoring of economic and financial policies”.

Core Values

The National Treasury is guided by the following core values: Customer Focus, Results Oriented, Stakeholder Participation, Professionalism, Accountability, Integrity and Transparency and Teamwork all geared towards excellence in service delivery.

Mandate of the National Treasury

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Orders No.2/2013 and No.1/2018. The National Treasury will be executing its mandate in consistency with any other legislation as may be developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- Formulate, implement and monitor macro-economic policies involving expenditure and revenue;
- Manage the level and composition of national public debt, national guarantees and other financial obligations of national government;
- Formulate, evaluate and promote economic and financial policies that facilitate social and economic development in conjunction with other national government entities;

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

- Mobilize domestic and external resources for financing national and county government budgetary requirements;
- Design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting.
- In consultation with the Accounting Standards Board, ensure that uniform accounting standards are applied by the national government and its entities;
- Develop policy for the establishment, management, operation and winding up of public funds;
- Prepare the annual Division of Revenue Bill and the County Allocation of Revenue Bill;
- Strengthen financial and fiscal relations between the national government and county governments and encourage support for county governments;
- Assist county governments to develop their capacity for efficient, effective and transparent financial management;
- To prepare the National Budget, execute/implement and control approved budgetary resources to MDAs and other Government agencies/entities; and
- Coordination and integration of public ports, railway and pipeline services.

Role of the National Treasury in the Devolved System of Government

The National Treasury is mandated by law to:

- Strengthen financial and fiscal relations between the National Government and County Governments and support for county governments in performing their functions;
- Issue guidelines on the preparation of county development planning;
- Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations;
- Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation and;
- Administer the Equalization Fund.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

(b) Key Management

The National Treasury day-to-day management is under the following key offices;

Office of the Principal Secretary

The Office of the Principal Secretary is responsible for the day-to-day administration of the National Treasury operations and is the accounting officer. In addition, the Principal Secretary is charged with the responsibility of providing advice to the Cabinet Secretary in order to enhance efficiency and collective responsibility.

Organizational structure of the National Treasury

The National Treasury is organized into five (5) technical Directorates headed by Director Generals and (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary. Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. In addition, the Treasury has two independent departments namely Public Procurement and Internal Auditor General both of which are headed by Directors. The Directorates and Departments are as follows:

Directorate of Budget, Fiscal and Economic Affairs

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a director:

- Budget Department;
- Macro and Fiscal Affairs Department
- Financial and Sectoral Affairs Department;
- Inter-Governmental Fiscal Relations Department

Directorate of Accounting Services and Quality Assurance

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Accounting Services;
- Financial Management Information Systems (FMIS)
- National Sub-County Treasuries.
- Government Digital Payments Unit.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Directorate of Portfolio Management

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following four (4) Technical Departments each headed by a Director:

- Government Investment and Public Enterprises;
- National Assets and Liabilities Management;
- Pensions Department.
- Public Investment Management Unit

Directorate of Public Debt Management Office

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- Resource Mobilization (Front Office);
- Debt Policy, Strategy and Risk Management (Middle Office);
- Debt Recording and Settlement (Back Office).

Directorate of Public Private Partnership Unit

The Directorate is headed by a Director General, reporting to the Principal Secretary on matters relating to Public Private Partnership.

Directorate of Administrative and Support Services (Common Shared Services)

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into twelve (12) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury. The functions include:

- Accounting,
- Finance,
- Human Resource Management and Development,
- Central Planning and Project Monitoring,
- Supply Chain Management,
- Legal,
- Public Communications,
- General Administration,
- Records Management;

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

- Internal Audit;
- ICT
- Government Clearing Agency

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

NO.	Designation	Name
1.	Principal Secretary	FCPA Dr. Julius Muia, CBS
2.	Principal Administrative Secretary	Mr. Amos Gathecha, EBS
3.	Director General, BFEA	Mr. Albert Mwenda, MBS
4.	Director General, Accounting Services	Mr. Bernard Ndung'u, MBS
5.	Director General, PIPM	Eng. Stanley Kamau, EBS
6.	Director General, PDMO	Dr. Haron Sirma, EBS
7.	Director General, PPP	Mr. Christopher Kirigua, MBS
8.	Director, Macro and Fiscal Affairs Department	Mr. Musa Gathanje, MBS
9.	Director, Budget Department	Mr. Francis Anyona, OGW
10.	Director, Financial and Sectoral Affairs Department	Prof. Galgalo Barako, OGW
11.	Director, Public Procurement Department	Mr. Eric Korir
12.	Director, Intergovernmental Fiscal Relations Department	Mr. Albert Mwenda, MBS
13.	Deputy Internal Auditor General	Ms. Jane Micheni
14.	Ag Director, Government Accounting Services Department	Mr. Jona Wala
15.	Ag Director, National Sub County Treasuries	Mr. Francis Kariuki, OGW
16.	Director, Financial Management Information System	Mr. Stanley Kamunguya, MBS
17.	Director, National Assets and Liability Management	Mrs. Veronicah Okoth
18.	Director, Government Investment and Public Enterprises	Mr. Kennedy Ondieki
19.	Director, Pensions Department	Mr. Michel Kagika, EBS
20.	Director, Resource Mobilization Department	Mr. Moses Kanagi
21.	Director, Debt Policy, Strategy & Risk Management Department	Mr. Daniel Ndolo, MBS
22.	Ag Director, Debt Recording and Settlement Department	Mr. George Kariuki
23.	Secretary Administration	Mr. Hiram Kahiro, MBS
24.	Head, Accounts Division	Mr. Nemwel Motanya
25.	Head, Finance	Mr. Ambrose Ojango
26.	Head, SCM	Mr. Aggrey Kituyi
27.	Head, Internal Audit Unit	Mr. Esther Ngeru
28.	Director, Human Resource Management and Development	Ms. Susan Mucheru
29.	Director, Information Communication and Technology	Mrs. Lynn Nyongesa
30.	Head, Central Planning and Project Monitoring Unit	Mr. Antony Muriu, HSC
31.	Head, Public Communications	Ms. Catherine Njoroge
32.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Julius Mutua

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

(d) Fiduciary Oversight Arrangements

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

Internal Audit Unit

The National Treasury has an internal Audit Unit charged with the responsibility of identifying risks in the management and day to day operations of the Ministry through the risk-based audits. The Unit reports directly to the Accounting Officer on a regular basis.

Audit Committees

In line with the Public Finance Management Act, the National Treasury has established a Ministerial Audit Committee comprising five members, three of whom are independent. The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations.

Further, the National Treasury established an audit committee comprising officers from all departments of the Ministry, under the chairmanship of the Senior Chief Finance Officer. The Committee reviews and analyses all audit queries and makes recommendations on how to reduce fiduciary risks. In addition, the committee prepares responses to all audit queries for presentation to the relevant committees of parliament.

Project Implementation Committee

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

Parliamentary Activities

In order to effectively manage the parliamentary activities relating to the Ministry, the National Treasury has established a committee and designated a liaison officer to coordinate the activities under the Office of the Cabinet Secretary in consultation with the Office of the Chief Administrative Secretary.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Development Partner Oversight

To effectively manage Official Development Assistance to the Government, the National Treasury has under the Public Debt Management a department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

Other fiduciary oversight arrangements include the following committees with specific objectives;

Top Management Committee and Other Committees

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed Top Management Committee comprising of Director Generals. The Committee receives reports from departments, builds consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner. Additionally, the Treasury constituted Ad hoc Committees to handle specific assignments in the Financial Year 2021/22.

Public Financial Management Sector Working Group

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

Budget Implementation Steering Committee

In order to effectively monitor the implementation of the National Government budget implementation, The National Treasury has established a steering Committee chaired by the Cabinet Secretary, National Treasury and Planning. The Principal Secretaries for the National Treasury and State Department of Planning provide general oversight in the Budget implementation.

Budget Implementation Technical Committee

The Committee is chaired by the Principal Administrative Secretary and comprises the Director Generals and various Heads of Department. The Committee is responsible for monitoring the actual implementation of the identified measures and programmes and reporting detailed progress on the same regularly.

Budget Implementation Ministerial Committee

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Monitoring and Evaluation

The Ministry undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

The National Treasury Headquarters

P.O. Box 30007- 00100,
Treasury Building,
Harambee, Avenue
Nairobi Kenya

The National Treasury Contacts

Telephone: (254)020-2252299
Email: Communication@treasury.go.ke
Website: www.treasury.go.ke

The National Treasury Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Independent Auditors

Auditor-General
Office of the Auditor-General
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P.O Box 30084
GPO 00100
Nairobi, Kenya

Principal Legal Adviser

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

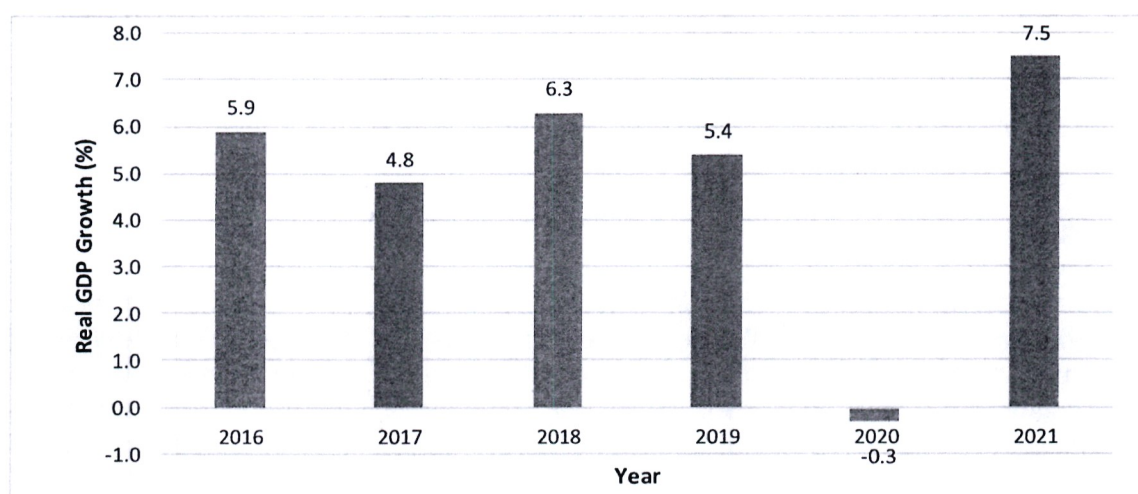
**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

II. FOREWORD BY THE CABINET SECRETARY

In accordance with Section 12 of the Public Finance Management Act, 2012, the National Treasury is responsible for coordinating the country's economic and financial management. Overall, the National Treasury has continued to maintain a policy environment that is conducive to economic growth and development of the country.

The Kenyan economy demonstrated remarkable resilience to the COVID-19 shock and expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020 (**Chart 1**). This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

Chart 1: Annual Real GDP Growth Rates

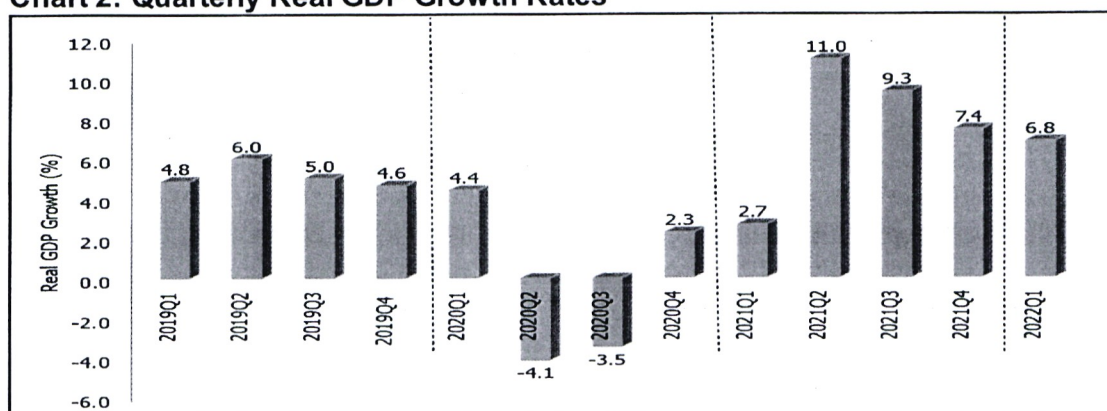


Data Source: National Treasury: Quarterly Economic and Budgetary Review, September, 2022

In the first quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021 (**Chart 2**). The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance sectors.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Chart 2: Quarterly Real GDP Growth Rates



Data Source: National Treasury: Quarterly Economic and Budgetary Review, September, 2022

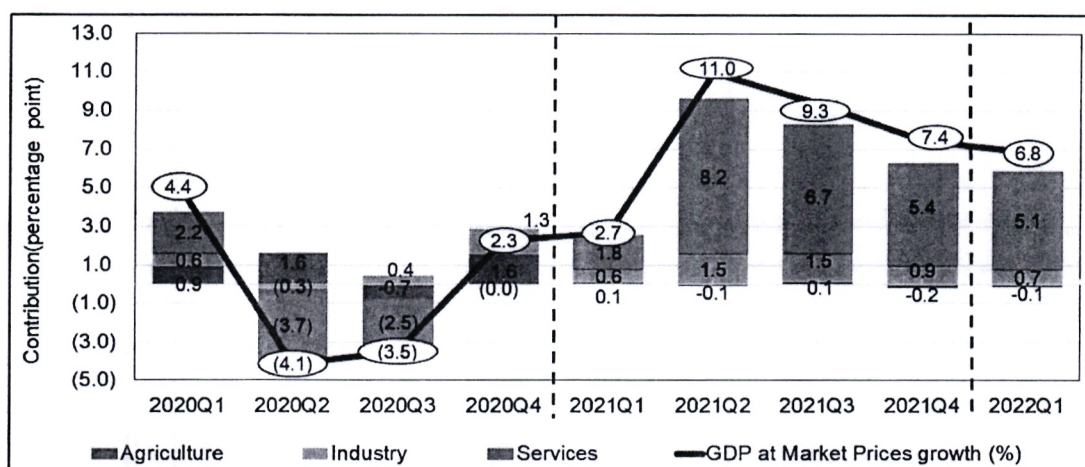
Sectoral Growth rates

Activities in agriculture, forestry and fishing sector remained subdued in the first quarter of 2022 mainly attributed to depressed rainfall during the fourth quarter of 2021 as well as delayed onset of rains during the first quarter of 2022, thereby leading to reduced agricultural production. The sector is estimated to have contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. The poor performance of the sector was mainly due to the significant decline in horticultural exports and tea production. The sector's performance was however cushioned from a steeper slump by the increase in production of cane, milk, and coffee. The sector's contribution to GDP growth was -0.1 percentage points in the first quarter of 2022 compared to 0.1 percentage points contribution in the same quarter in 2021 (Chart 3).

The biggest contribution to the growth was recorded in the Services Sector. The recovery of activities in the services sector continued in the first quarter of 2022. The sector grew by 9.1 percent in the first quarter of 2022 compared to a growth of 3.2 percent in the same quarter in 2021. The strong growth was largely characterized by significant recovery in transportation and Storage (8.1 percent), accommodation and food services (56.2 percent) and Professional, Administrative and Support Services (14.9 percent). The sector was also supported by strong growths in financial and insurance services (14.4 percent), and wholesale and retail trade (8.7 percent). The services sector contributed 5.1 percentage point to real GDP growth in the first quarter of 2022 compared to the 1.8 percentage point contribution in the same quarter in 2021.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Chart 3: Sectoral contributions to Real GDP Growth



Data Source: National Treasury: Quarterly Economic and Budgetary Review, September, 2022

Additionally, activities in the manufacturing sub-sector were more vibrant in the first quarter of 2022 compared to the same quarter in 2021. The sub-sector grew by 3.7 percent in the first quarter of 2022 compared to a 2.1 percent growth in 2021. The improved performance was supported by both the food and non-food components. The food component that registered substantial growth was processing of coffee while the non-food component growth was supported by substantial growth in cement production.

Inflation

The year-on-year inflation rate increased to 7.9 percent in June 2022 (slightly above the 7.5 percent upper bound) from 6.3 percent in June 2021 mainly due to higher food and fuel prices. Notwithstanding this, the increase was moderated by Government measures to stabilize fuel prices, lower electricity tariffs and subsidies on fertilizer prices. Additionally, the recent waiver of import duties and levies on white maize, the subsidy on retail prices of sifted maize flour, and the reduction in VAT on LPG will further moderate domestic prices. Overall annual average inflation remained within Government target range at 6.3 percent in June 2022 compared to the 5.3 percent recorded in June 2021.

Exchange Rates

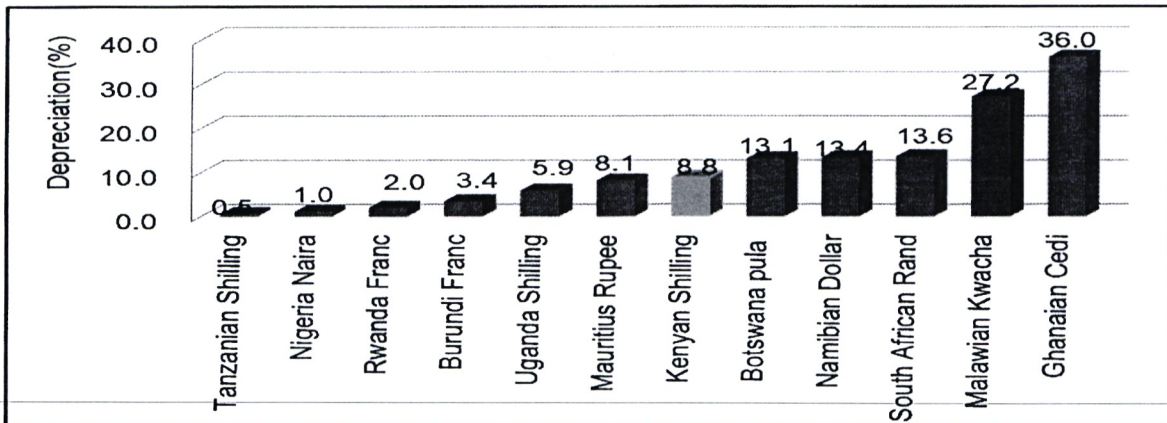
The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening of the US Dollar. The Kenya Shilling to the US Dollar exchanged at Kshs.. 117.3 in June 2022 compared to Kshs.. 107.8 in June 2021. Over the

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

same period, the Euro exchanged at Kshs.. 124.1 compared to Kshs.. 130.1 while the Sterling Pound exchanged at Kshs.. 144.8 compared to Kshs.. 151.5.

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 8.8 percent against the US Dollar (**Chart 4**). The depreciation rate of the Kenya Shilling was lower than that of Botswana pula, Namibian Dollar, South African Rand, Malawi Kwacha and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports.

Chart 4. Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (June, 2021 to June, 2022)



Data Source: National Treasury: Quarterly Economic and Budgetary Review, September, 2022

Overall, leading economic indicators including interest rates, Foreign Exchange Reserves balance of payments and, money and credit for the fourth quarter of 2021 and the first quarter of 2022 recorded stable performance and point to strong recovery from the adverse impact of the COVID-19 pandemic.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Going forward, the National Treasury is committed to promoting Growth enabling investments through the implementation of the Economic Recovery Strategy. Specifically, the National Treasury will:

1. Scale-up the COVID-19 response;
2. Reduce debt vulnerabilities through revenue-driven fiscal consolidation plan that target to stabilize the debt to GDP ratio and subsequently put it on a downward path;
3. Support structural and governance reforms while addressing weaknesses in state-owned enterprises; and,
4. Strengthen monetary policy framework and support financial stability.



HON. (AMB.) LUKUR YATANI, EGH
CABINET SECRETARY/NATIONAL TREASURY & PLANNING

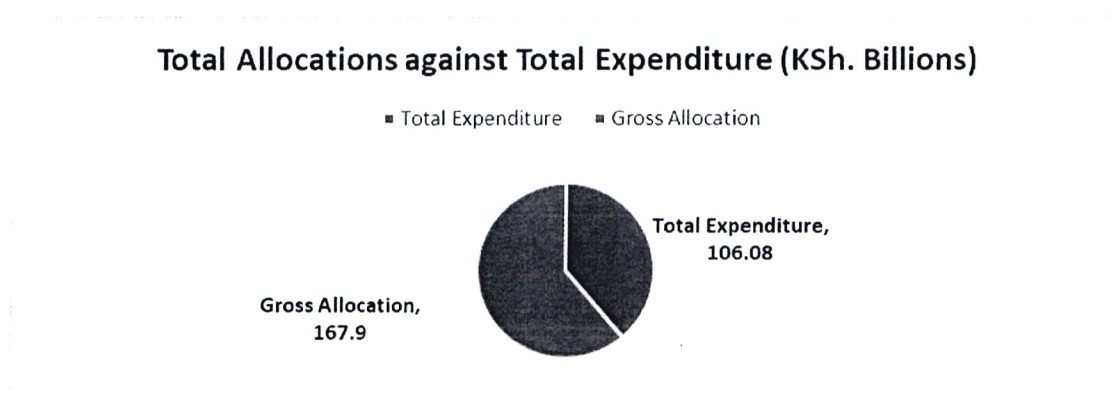
**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

III. STATEMENT BY THE PRINCIPAL SECRETARY

Budget performance

The National Treasury expenditure for the FY 2021/22 stood at Kshs. 106.08 billion against an approved budget of Kshs. 167.9 billion translating to an overall absorption rate of 63 percent as demonstrated in that pie chart below.

Chart 5: Total Allocation against Total Expenditure (Kshs. Billion)



The National Treasury implemented the 2021/22 budget within five economic classifications/programmes. These were General Administration, Planning and Support Services, Public Financial Management, Economic and Financial Policy Formulation and Management, Market Competition and Creation of an Enabling Business Environment, Government Clearing Services, Rail Transport and Marine Transport. The latter two programmes were transferred to the National Treasury by an executive directive that merged the ports, rail and pipeline services.

As demonstrated in the bar chart below, Market Competition and Creation of Enabling Business Environment Programme had the highest absorption at 100 percent followed by Economic and Financial Policy Formulation and Management at 82 percent, General Administration at 78 percent, Marine Transport 75 percent, Government Clearing Service at 71 percent, Rail Transport at 68 percent, and Public Financial Management at 38 percent. The 100 percent absorption rate in Market Competition and Creation of an Enabling Business Environment programme is attributed to transfers to Semi Autonomous Government Agencies (SAGAs) under the National Treasury which implemented this programme.

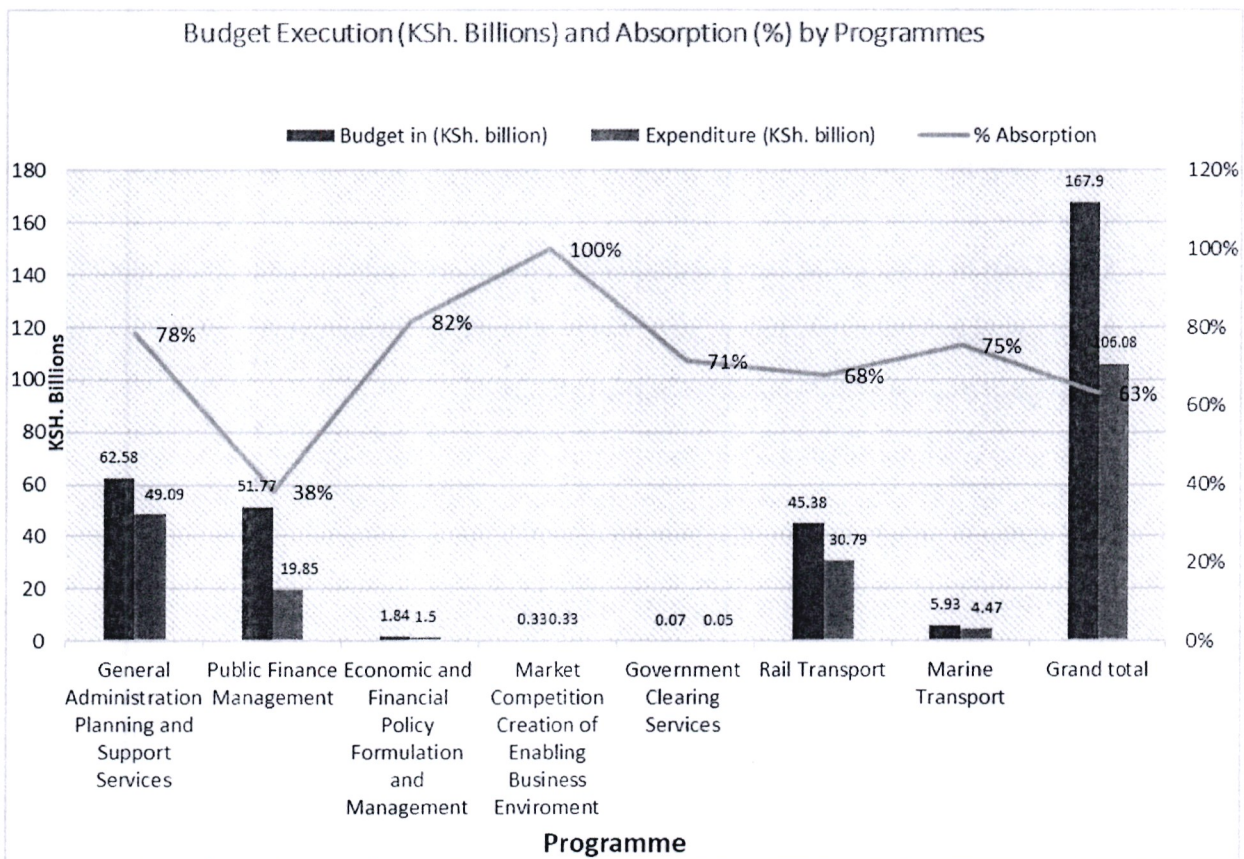
The low absorption rate in Public Financial Management programme relates to lower than anticipated execution on the following sub-programmes; Resource Mobilization, Budget Formulation, Coordination and Management, and Government Investment and Assets. The underperformance in Resource Mobilization sub-programme is attributed to a number of factors relating to implementation of externally funded projects. These include delay in granting of letter of 'no objection' from Development Partner funding Aid Effectiveness project, delay in

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

restructuring and signing of contracts under the Infrastructure Finance for Public Private Partnerships project, lengthy procurement processes relating to Global Fund commodities, and delay in approval of County Allocation of Revenue Act 2021 to enable execution of budget under the Kenya Financing Locally-led Climate Action Programme.

Under Budget formulation sub-programme, the Equalization Fund budgetary allocation for FY 2021/22 of Kshs. 6,825,317,433 was not transferred to the Equalization Fund bank account due to lack of an appropriate legal framework that enable disbursement of funds to beneficiaries counties. Under the Government Investments and Assets sub-Programme, Kenya Airways did not place a request for the transfer of Kshs. 13.9 billion initially earmarked for the entity by the closure of the Financial Year.

Chart 6: Budget Execution (Kshs. Billions) and proportion (%) by Programme



Key Achievements

Enhanced Revenue Collection

The economic recovery underway coupled with improved business environment resulted to a strong rebound in revenue collection. As at end June 2022, ordinary revenues amounted to Kshs.1.919 trillion recording an above target collection of Kshs. 67.5 billion. This performance is a growth of 22.9 percent over the previous year

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Other key achievements during the period under review are as follows;

- i. Developed the Draft National Tax Policy to guide tax administration and revenue collection. The policy sets out broad parameters on tax policy and related tax matters in Kenya, with the objectives of providing policy guidance on the collection, enforcement and administration of tax laws; the basis for review and development of tax laws; guidelines to stakeholders including investors on tax policy matters; guiding principles for the Kenyan tax system; and a legal framework for granting tax incentives to various sectors of the economy;
- ii. Developed the draft information security (PFM Systems) policy to provide guidelines for the holistic management of information security risks within PFM systems operational environment including but not limited to Information Security governance, cyber security management, systems and applications security, communication security and human resource security;
- iii. Facilitated the National Police Service by leasing 3,400 vehicles towards enhancing security;
- iv. Developed the processes and procedures manual for Credit Guarantee Scheme;
- v. Mobilized over Kshs.10 billion for HIV, TB and Malaria interventions;
- vi. Developed the debt risk management framework;
- vii. Mobilized external resources amounting to Kshs.14 billion for the purposes of financing COVID 19 vaccine acquisition, procurement, deployment and other related health interventions aimed at mitigating the effects of COVID 19 Pandemic;
- viii. Developed the e- Government Procurement System.

Emerging Issues

The emerging issues that have impacted the operations of the National Treasury include;

- Transition to new Government will require re-alignment of the existing plans and strategies to accommodate Emerging Priorities under the new administration.
- Leveraging on ICT innovations in the delivery of services to the citizenry.
- Change in Government Policies that led to adjustment in the implementation of planned programmes and projects.
- Eastern Europe Conflict: - the ongoing conflict in Eastern Europe, has presented global shocks and challenges in the form of rising global energy, fertilizer and food prices.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Challenges

Some of the challenges the National Treasury faced while implementing the 2021/22 budget include:-

- **Inflationary pressures**

The country experienced inflationary shocks that pushed the year-on-year inflation rate above the upper bound target due to higher food and fuel prices occasioned by global increases in prices of imported commodities.

- **Shortage of Key Technical Staff**

Despite recruitment of staff across certain cadres such as Economists and Accountants, the National Treasury continues to experience staff shortage across all cadres. This is mainly attributed to natural attrition. The planned recruitment and promotion of staff by the appointing authorities has been slow hence affecting service delivery and succession management initiatives.

- Shortage of office space especially for key technical staff; and,
- Inadequate resourcing of the Monitoring and Evaluation function;

To surmount the above emerging issues and challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry undertook the following: -

- Continued to implement borrowing policy that provides for domestic borrowing to plug the financing gap created by non-performing revenue,
- The effects of the Eastern Europe Conflict on inflation and cost of living were moderated by the Government's interventions including:
 - i) Subsidizing fuel pump prices;
 - ii) Waiving of taxes, fees and charges on maize and animal feeds imported into the country;
 - iii) Setting aside Kshs.. 3.0 billion in April-June, 2022 for a fertiliser subsidy to support farmers during the last planting season, with a further Kshs.. 2.7 billion set aside for the next planting season in October, 2022.
 - iv) Reducing electricity tariffs by 15 percent to lower the cost of power.
- Continued to implement succession planning towards progressively filling in staff shortage, continued training and timely promotions.
- Engaged other development partners for concessional loans and grants as well as pursued strategies to finance government projects.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Recommendations

- Increasing allocation to the National Treasury to facilitate effective mobilization of resources to finance public expenditure particularly towards facilitation and implementation of post COVID-19 Economic Recovery Strategy and emerging Government priorities;
- Reforms in Public Financial Management and taxation shall be sustained to enable the National Treasury to mobilize adequate financial resources and enhance absorption capacity;
- Sustained implementation of succession planning, especially with respect to recruitment of key technical staff;
- Strengthening Monitoring and Evaluation Framework and capacity;
- Continued leveraging on ICT to ensure timely delivery of targets;
- Enhancing working environment and sustained refurbishment of offices to provide accommodation of staff.
- Prioritization of ongoing projects and fast tracking to ensure timely completion.

Going forward, the National Treasury will implement a risk management strategy that will identify, monitor and control risks associated to its activities. This will include government investments and cash flows, banking, money markets and capital market transactions as well as borrowing.



**JULIUS M. MUIA, PhD, CBS
PRINCIPAL SECRETARY/ NATIONAL TREASURY**

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

IV. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives. The key development objectives of the National Treasury's 2018-2022 Plan are to:

- a) Strengthen organization capacity for quality service delivery;
- b) Enhance mobilization, allocation and utilization of public resources;
- c) Ensure stable and sustainable macro-economic environment;
- d) Ensure market structures that encourage competition and orderly conduct of business;

Progress on Attainment of Strategic Development Objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

MDA Program	Strategic Objective	Outcome	Indicator	Performance
General Administration, Planning and Support Services.	To enhance institutional and human resource capacity for quality delivery of services	Efficient and effective service delivery	No. of vehicles leased	3,528 security vehicles were leased for the National Police Service towards enhancing security
			Government Investments Management Information System (GIMIS)	Developed one Government Investments Management Information System (GIMIS)
			% level of compliance to PSSS	On Boarded and maintained all Permanent and Pensionable (P&P) Public servants of age 45 years and below in the Public Service

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

MDA Program	Strategic Objective	Outcome	Indicator	Performance
				Super Annuation Scheme (PSSS)
			No. of Pension claims processed	27,117 pensions claims have been processed within 60 days of submission.
Public Financial Management	To increase the reliability, stability and soundness of the financial sector	Increased reliability and soundness of the financial sector	Annual National Budget presented to Parliament by 30th April 2022	Budget presented to parliament.
			Amount mobilized in Kshs.. (Billion)	A total of Kshs.. 112.1 billion worth of private capital was mobilized following private sector investments of four PPP projects. namely: Road Annuity Lot 15,18; Nairobi Expressway and KDF Housing Project.
			No. of PPP projects approved	Four (4) PPP projects were approved namely: Road Annuity Lot 15,18; Nairobi Expressway and KDF Housing Project.
			No. of Registered AGPO Enterprises	Registered 20,488 AGPO Enterprises
			No. of Strategies	Developed one Medium Term debt strategy.
			No. of VFM Audits reports	Conducted 205 Value for Money Audits due to increased requests for special audit by MDAs.
Economic and	To ensure a	Stable	Real GDP	6.8 %

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

MDA Program	Strategic Objective	Outcome	Indicator	Performance
Financial Policy Formulation and Management	stable macroeconomic environment	macroeconomic environment	growth rate (%)	
			Inflation rate (%)	7.9%
			Months of import cover	4.9 months of import cover
			% of fiscal deficit	(6.4) % of GDP
			No. of Policies	Developed the Kenya Digital Finance Policy 2022, Draft National Insurance Policy 2021, Kenya credit and Draft Guarantee Policy 2022.
			County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB)	Prepared the County Allocation of Revenue Bill (CARB) 2022 & Division of Revenue Bill (DORB) 2022.
			No. of Clients accessing Agricultural Finance Corporation loans	A total of 193,516 client outreach was achieved in both wholesale and retail lending
Value Capital injected into the Credit Guarantee Scheme (CGS) in Kshs. (Billions)	The Government allocated an initial seed capital of Kshs..3 billion toward the inaugural CGS for MSME. As at 31st July, 2022, the Scheme had facilitated private sector lending to the 11 sectors of the economy, as designated by CBK.			

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

MDA Program	Strategic Objective	Outcome	Indicator	Performance
				MSMEs across 46 counties had benefited from credit facilities guaranteed under the Scheme. All categories of MSMEs have been able to access credit under the Scheme. During the same period, approximately Kshs. 4.03 billion was lent out to target beneficiaries.
			No. of legal frameworks on financial services sector developed	38 Counties have established their County Climate Change Funds (CCCFs) and opened special purpose accounts to receive the Program Grants.
			No. of Counties with CCF operationalized for the FY 2021/22	40 counties have developed county climate change laws i.e., County Climate Change Acts and County Climate Change Fund Acts. In addition, twelve (12) counties have developed County Climate Finance Polices.
Market Competition and Creation of an Enabling Business Environment	To promote and sustain competition	Sustained high productivity and competitive markets	% of consumer complaints on competition investigated	100% of the consumer complaints investigated and 64% Consumer cases concluded
			% of Merger and acquisitions applications determined	97%
			Merger,	Developed one (1)

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

MDA Program	Strategic Objective	Outcome	Indicator	Performance
			Restrictive Trade Practices (RTPs) and Consumer protection guidelines	Restrictive Trade Practices and one (1) Consumer Protection Guideline
			RTP Cases concluded as a % of total Investigation	60%
			% of cases on bid rigging concluded	100%
			% Implementation of framework on consumer protection in Digital Financial Sector	100%

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The National Treasury's core values include customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Guided by the above principles, we undertaken the following:

i. Sustainability Strategy and Profile

To ensure economic sustainability, the National Treasury has put in place several measures geared towards protecting the economy. Some of them include; National Tax Policy to guide tax administration and revenue collection. The policy sets out broad parameters on tax policy and related tax matters in Kenya, with the objectives of providing policy guidance on the collection, enforcement and administration of tax laws; the basis for review and development of tax laws; guidelines to stakeholders including investors on tax policy matters; guiding principles for the Kenyan tax system; and a legal framework for granting tax incentives to various sectors of the economy; Going forward into the medium term, the Government will continue in its fiscal consolidation path with the overall fiscal deficit being maintained broadly at the levels outlined in the Budget Policy Statement (BPS). A Debt Risk Management Framework was also developed to ensure debt is maintained within sustainable levels. Towards, holistic management of information security of the PFM Systems, a draft information security (PFM Systems) policy has been developed. The Policy provides guidelines for operational environment including but not limited to Information Security governance, cyber security management, systems and applications security, communication security and human resource security. Additionally, the National Treasury developed the processes and procedures manual for Credit Guarantee Scheme to guide in the implementation of the Scheme.

Overall, leading economic indicators including interest rates, Foreign Exchange Reserves balance of payments and, money and credit for the fourth quarter of 2021 and the first quarter of 2022 recorded stable performance and point to strong recovery from the adverse impact of the COVID-19 pandemic. stable performance and point to strong recovery from the adverse impact of the COVID-19 pandemic.

Going forward, the National Treasury is committed to promoting Growth enabling investments through the implementation of the Economic Recovery Strategy. Specifically, the National Treasury will: Scale-up the COVID-19 response; Reduce debt vulnerabilities through revenue-driven fiscal consolidation plan that target to stabilize the debt to GDP ratio and subsequently put it on a downward path; Support structural and governance reforms while addressing weaknesses in state-owned enterprises; and, strengthen monetary policy framework and support financial stability.

ii. Environmental performance

The National Treasury has constituted a committee comprising officers from the key Departments of the Ministry to oversee all matters relating to environmental sustainability. The

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Committee has since developed a ministerial policy on the same in line with the National Policy on environmental management and participated in planting trees in Machakos county thus contributing towards the 10 percent tree cover initiative.

iii. Employee welfare

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a Department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee and Departmental Training Committees that processes all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. In addition, a committee on occupational safety and health has been established to follow up of the safety conditions in the work place. In order to attract and retain competent officers, the National Treasury conducted capacity building for the staff in various technical subjects and recruited officers at the entry grade to fill skills gaps and enhance human resource capacity. In addition, the National Treasury continued to implement succession management plan by declaring vacant posts to be filled by the Public Service Commission. Further, the National Treasury has continued to build the capacity on the online staff appraisal management system in collaboration with the Public Service Commission to ensure seamless implementation of the system.

iv. Market place practices

The National Treasury is responsible for promoting fair trade practices in the economy. To ensure effective implementation of this function assigned by the Constitution, one of the programmes implemented by the Treasury is ensuring that existing market structures encourage competition and orderly conduct of business in order to support high productivity and competitive markets. This is undertaken mainly by the Competition Authority of Kenya, a State Corporation under the National Treasury.

v. Community Engagements

To mitigate technological hazards, terrorism, fire and natural disasters, the National Treasury engaged a professional security services firm contracted for purposes of enhancing security in the Ministry. The National Treasury continued to improve security within the building and its environs by use of CCTV cameras installed at the Treasury Building and at the entrances and maintained firefighting facilities at the premises in collaboration with the State Department for Public Works.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

VI. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of each year, the National Treasury shall prepare an account of the revenue received and collected by the national treasury during the financial year.

The Principal Secretary in charge of the National treasury is responsible for the preparation and presentation of the National treasury account, which gives a true and fair view of the state of affairs of the National treasury for and as at the end of the period ended on 30 June, 2022. 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 National treasury; (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 National treasury; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

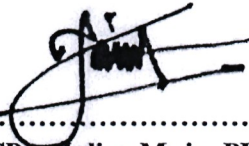
The Principal Secretary in charge of the National treasury accepts responsibility for the National treasury's accounts, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that the National treasury's account gives a true and fair view of the state of National treasury's transactions during the period ended 30th June 2022, and of the National treasury's financial position as at that date. The Principal Secretary in charge of the National treasury further confirms the completeness of the accounting records maintained for the National treasury, which have been relied upon in the preparation of the National treasury account as well as the adequacy of the systems of internal financial control.

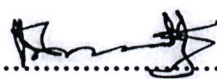
The Principal Secretary in charge of the National treasury confirms that the National treasury has complied fully with applicable Government Regulations and the terms of external financing covenants and that the National Treasury's funds received during the period were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the National treasury's accounts has been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Approval of the Revenue Statements

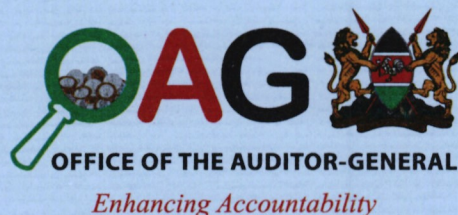
The revenue statements were approved and signed by the Principal Secretary on 30th sept. 2022


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FCPA, Julius Muia, PHD CBS
Principal Secretary
National Treasury


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Nemwel M. Motanya
Head of Accounting Unit
ICPAK M/No: 2367

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE (RECURRENT) FOR THE YEAR ENDED 30 JUNE, 2022 - THE NATIONAL TREASURY

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Opinion

I have audited the accompanying revenue statements of Receiver of Revenue (Recurrent) for The National Treasury set out on pages 1 to 20, which comprise of the statement of financial assets and liabilities and statement of arrears of revenue as at 30 June, 2022, and the statement of receipts and disbursements for the year then ended,

Report of the Auditor-General on Receiver of Revenue (Recurrent) for the year ended 30 June, 2022 - The National Treasury

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, the revenue statements present fairly, in all material respects, the revenue position of the Receiver of Revenue (Recurrent) for the year ended 30 June, 2022, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The National Treasury Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

As disclosed in Note 5 to the revenue statements, fees on licenses under the Traffic Act and Petroleum Development Levy realized in the period under review was Kshs.4,424,032,458 and Kshs.26,132,322,347 respectively, against estimated revenues of Kshs.5,106,206,554 and Kshs.37,132,000,000 resulting in under- collections of Kshs.682,174,096 or 13% and Kshs.10,999,677,653 or 30%, respectively. Further, as disclosed in Note 8 to the revenue statements, sundry revenue realized in the period under review was Kshs.275,548,422 against estimated revenue of Kshs.902,639,669 resulting to under-collection of Kshs.627,091,247 or 69%.

The under-collection may have impacted negatively on funding the budgets of the various public entities and therefore affecting development and service delivery to the public.

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, I confirm that, nothing 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, revenue 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 Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of the report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Long Outstanding Arrears of Revenue

As discussed in the prior year, Part X of the revenue statements reflects total tax arrears amounting to Kshs.1,558,258,572,271 as analyzed in the Kenya Revenue Authority debt portfolio. The balance includes an amount of Kshs.177,788,000,000 categorized as long outstanding legacy debts. These debts date back to 1992 and relate to penalties, interest, prior debt, estimated assessment debt and other debts that are subject to other factors such as data corrections, objections and appeal processes.

Further, the statement of arrears of revenue as at 30 June, 2022 reflects non-tax revenues arrears of Kshs.79,955,123,344 comprising of loan redemption amounting to Kshs.38,078,376,052 and loan interest amounting to Kshs.41,876,747,292. Included in the balance is an amount of Kshs.54,100,388,350 which has been outstanding for more than two years.

Although Management provided various reasons for the non-receipt of the revenues and explained measures in place to improve the outstanding debt arrears position, it is not clear why some unrecovered long outstanding balances continue to be retained in the revenue statements.

In the circumstances, the existence of an effective mechanism to ensure full realization of the outstanding arrears of revenue could not be established.

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 control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of the revenue 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 revenue 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 overall governance.

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

Management is also responsible for the submission of the revenue 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 revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue 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 National Treasury's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the revenue 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 the revenue statements.

In addition to the audit of the revenue 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 revenue 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 revenue statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 revenue 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 revenue 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 National Treasury's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the revenue 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 National Treasury to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the revenue statements, including the disclosures, and whether the revenue 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 Receiver of Revenue (Recurrent) to express an opinion on the revenue 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


13 January, 2023

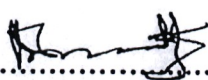
**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

VIII. STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Item	Year ended 30 June 2022 KSh	Year ended 30 June 2021 KSh
TAX RECEIPTS			
Taxes on Income, Profits and Capital Gains	1	879,963,120,730	696,591,128,639
Taxes on financial and capital transactions (stamp duty)	2	13,358,299,444	12,954,576,664
Taxes on Goods and Services	3	776,860,719,333	629,856,657,670
Taxes on International Trade & Transactions	4	169,292,153,811	148,117,856,418
TOTAL TAX RECEIPTS		1,839,474,293,318	1,487,520,219,390
NON -TAX RECEIPTS			
Fees on use of Goods/Services (Traffic & PDL)	5	30,556,354,805	29,801,237,328
Social Security Contributions	6	224,575,477	245,235,556
Property Income	7	41,942,114,728	50,499,781,627
Other Receipts (Miscellaneous)	8	275,584,422	215,172,860
Receipts from Sale of Non- Financial Assets	9	158,695	5,577,701
Proceeds from domestic Borrowings	10	5,129,847,351	6,258,788,627
Total Non -tax receipts		78,128,635,477	87,025,793,699
Total Receipts		1,917,602,928,795	1,574,546,013,089
Disbursements to Exchequer Account		1,891,470,606,448	1,549,344,518,145
Transfer to PDL		26,132,322,347	25,201,494,945
Balance due for Disbursement		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th Sept. 2022 and signed by:

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 FCPA Julius Muia, PHD, CBS
 Principal Secretary
 National Treasury

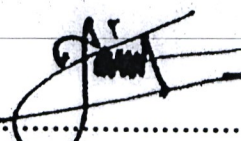
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 Nemwel M. Motanya
 Head of Accounting Unit
 ICPAK M/No: 2367

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

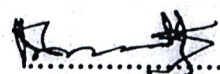
IX. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2022

FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11	39	39
TOTAL FINANCIAL ASSETS		39	39
TOTAL FINANCIAL ASSETS		39	39
FINANCIAL LIABILITIES			
Payables-Due to Exchequer	12	39	39
TOTAL FINANCIAL LIABILITIES		39	39

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements:



FCPA Julius Muia, PHD, CBS
Principal Secretary
National Treasury



Nemwel M. Motanya
Head of Accounting Unit
ICPAK M/No: 2367

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

X. STATEMENT OF ARREARS OF REVENUE AS AT 30 JUNE 2022

	Balance as at June 2021 Kshs.	Arrears Received /Accounted During the Year Kshs.	Additions in Arrears for the Current Year to 30th June 2022 Kshs.	Total Arrears as at June 2022 Kshs	Measures taken to recover the arrears
1. Tax Revenues					
Tax on income profits and capital gains	1,197,677,507,185	(387,672,276,601)	389,136,873,264	1,199,142,103,848	
Taxes on goods and services	389,505,145,211	(160,356,575,373)	117,055,368,877	346,203,938,714	
Taxes on International Trade and Transactions	13,950,370,047	(11,283,237,088)	10,245,397,200	12,912,530,159	
Total Tax Revenues	1,601,133,022,443	(559,312,089,062)	516,437,639,341	1,558,258,572,721	
2. Non-tax Receipt					
Loan redemption	38,078,376,052	15,534,077,671	53,612,453,722	38,078,376,052	Refer to detailed Summary
Loan Interest	30,261,268,672	35,936,810,027	5,939,937,265	41,876,747,292	Refer to detailed Summary
Total Non-Tax Revenue	68,339,644,724	51,470,887,698	59,552,390,987	79,955,123,344	
Total Arrears	1,669,472,667,167	(507,841,201,364)	575,990,030,328	1,638,213,696,065	

An ageing analysis of revenue in arrears has been shown on Note 13 of these financial statements. Assessment to the recoverability of arrears.



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**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

Kenya Revenue Authority Debt Portfolio as at June 2022 (Kshs. Millions)

Classification of Revenue	Description of Debt	Cumulative Amount of Arrears as at 30th June, 2021			Additional Arrears for the year	Cumulative Arrears as at 30th June, 2022			
		Principal	Penalty	Interest		Total	Principal	Penalty	Interest
Domestic Taxes	Legacy System Debt	83,882	18,941	74,965	-	83,882	18,941	74,965	177,788
	iTax System Debt	910,088	219,928	279,379	-41,837	869,107	194,679	303,772	1,367,558
Sub Total		993,970	238,869	354,344	-41,837	952,989	213,620	378,737	1,545,346
International Trade Taxes	Customs Debt			13,950	-1,037	7,006	4650	1257	12,913
Total		993,970	238,869	354,344	-42,874	959,995	218,270	379,993	1,558,259

Notes

- (i) **Customs debt** - Total Debt has been established to be Kshs.12.912M including Kshs. 8.330M worth of hardcore debts at the Corporate Taxpayer Account Management Division.
- (ii) **Legacy system debt** (Kshs.177,789M)-Legacy Debts generally comprise of old debts which have reducing probabilities of being collected.
- The uncollectable debts from Legacy system constitutes all penalties and interest (Kshs. 93,906M), 1992 and Prior debt (Kshs. 4,766M), estimated assessment debt (Kshs.14,320M) and other debt cases that are subject to key factors including data corrections, objections and appeal processes (Court/TAT/ADR) that is not be collectable.
- Legacy Debts generally comprise of old debts which have reducing probabilities of being collected.
- (iii) **iTax debt** - The total iTax Debt amounting to Kshs.1,367,558M excludes erroneous iTax debt amounts worth Kshs.134,110 M.
- The current iTax debt stock also constitutes 14%(Kshs.194,679M) and 23%(Kshs.303,772M) of Penalties and Interests respectively.
 - From the continuous debt validation exercise that Debt Units have been undertaking, a bulk share of iTax Debt is uncollectable due to the huge ledger corrections being undertaken, Setoffs/Waivers backlogs being cleared, objections and appeal processes (Court/TAT).

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022

Measures in Place to Improve Outstanding Debt Arrears

1. Linking of IFMIS, iTax and CBK systems to avoid build up of invalid PAYE debts due to lack of uncredited payments in iTax.
2. Continuous strengthening of the Corporate Taxpayer Account Management Division that is charged with debt management by improving structures and staff capacity (numbers and training).
3. Automation and roll out of debt module in iTax to transform the overall debt management.
4. Establishment of a full time project team to fast track debt validation of legacy system debts and creation of specific debt validation teams at TSOs.
5. Strengthening of the tax appeal processes including objections, ADR and TAT to enhance timely resolution of the many cases tying huge debts

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

XI. 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 National Treasury. The accounting policies adopted have been consistently applied to all the periods 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 National Treasury.

2. Recognition of Receipts

The National Treasury recognises all receipts from the various sources when the related cash has been received by the National Treasury.

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 period under review has been included in 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. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 which is a memorandum statement.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Disbursements to the Exchequer

The Receiver of Revenue has a daily arrangement for sweeping of funds from its bank account to the Exchequer account. Total disbursements to the exchequer are as a result of the sweeping arrangement during the period.

7. Comparative Figures

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

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TAXES ON INCOME, PROFITS AND CAPITAL GAINS

Income Tax from Individuals (PAYE)	435,926,543,418	455,128,669,232	462,356,803,661	102
Income from Corporations (Other Enterprises)	399,325,248,924	381,561,928,188	417,606,317,069	109
Other Income Tax	-	-	-	
Less: Refunds	(780,000,000)	-	-	
Total Revenue	834,471,792,342	836,690,597,420	879,963,120,730	105
Balance brought forward				
Transfers to the Exchequer account			879,963,120,730	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

- (i) 1110101- Income tax from individuals (PAYE) – Actual collection of Kshs. 455.1 billion which was above the revised target of Kshs. 462.4 billion by Kshs. 7.3 billion (1.6 % above target) attributed to the gradual recovery in the job market emanating from economic recovery and reversal of PAYE top rate from 25% to 30% in January 2021.
- (ii) 1110201- Income tax from Corp (OIT)- Actual collection Kshs. 417.6 billion against revised estimate of Kshs. 381.6 billion indicating a surplus of Kshs.36.0 billion (9.4 % above target) on account of increased instalment remittances from various sectors driven by economic recovery.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TAXES ON FINANCIAL AND CAPITAL TRANSACTIONS

Immovable Property (Stand Premia on Town Plots, Land Rent)	-	-	-	-
Second-hand Motor Vehicle Purchase Tax	222,938,507	259,626,344		
Capital gains tax	-	-		
Stamp Duty	6,767,702,071	13,368,759,848	13,358,299,444	100
Other Property Taxes	-	-	-	
Less: Refunds	(3,000,000)	(3,000,000)		
Total Revenue on Property	6,987,640,578	13,625,386,192	13,358,299,444	
Balance brought forward	-	-	-	
Transfers to the Exchequer account			13,358,299,444	
Balance carried forward				-

Commentary on Actual Revenue against the Revised Estimates

1.1160101- Stamp duty – Actual collection of Kshs. 13.4 billion compared to the revised estimate of Kshs. 13.4 billion, therefore, on target.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. TAXES ON GOODS AND SERVICES

VAT on Domestic Goods and Services	269,031,036,751	269,061,175,611.00,	244,926,288,969	91
VAT on Imported Goods and Services	223,916,180,072	265,086,031,201	278,171,348,432	105
VAT Refund	(20,040,000,000)	(20,040,000,000)		
VAT Remissions				
Total VAT	472,907,216,823	514,107,206,812	523,097,637,401	102
Excise Receipts	241,529,666,202	256,370,221,253	253,763,081,933	99
Refunds	(480,000,000)	(480,000,000)		
Anti- adulteration levy	3,432,286,834.00)	3,008,221,773		
Other taxes on goods and services- Cement Levy	-	-		
Total Revenue from Taxes on goods and services	713,956,883,025	773,005,549,838	776,860,719,333	101
Balance brought forward				
Transfers to the Exchequer account				
Balance carried forward			776,860,719,333	

Commentary on Actual Revenue against the Revised Estimates

- i. 1140101- The actual VAT on domestic goods and services collected was Kshs. 244.9 billion against a revised estimate of Kshs. 269.0 billion, 4.1 billion (1.6 percent) below target. This implies an underperformance of 1.6% which is within the accepted limit of ±5% forecast error margin. The VAT however grew compared to the last financial year on account of enhanced compliance effort by KRA and economic recovery.
- ii. 1140201- VAT on Imported goods and services- the actual collection was Kshs. 278.1 billion, which was above revised target of Kshs. 265.1 by Kshs. 13.0 billion on account of growth in import values driven by depreciating exchange rate and increase in world commodity prices.
- iii. 1140301- Excise taxes- the actual excise taxes collected was Kshs. 253.8 billion which was Kshs. 2.1 billion below the revised estimate of Kshs. 255.9 billion. This implies an underperformance of 0.8% which is within the accepted limit of ±5% forecast error and this was mainly on account of excise on oil.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS (CUSTOMS)

Customs Duties	119,134,111,962.00	116,049,300,658.00	118,871,006,017	102.48
Customs Duties Refunds	(180,000,000.00)	(180,000,000.00)	0	
Other Taxes on International Trade and Transactions (Import Declaration and Inspection Fees)	31,881,118,151.00	42,614,691,563.00	50,421,147,794	118.32
Total Revenue	150,835,230,113.00	158,483,992,221.00	169,292,153,811	106.82
Balance brought forward				
Transfers to the Exchequer account			169,292,153,811	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

- I. 1150101-Custom Duties- The actual customs duties collected recorded an over performance of Kshs. 3 billion, 2.5% above the Revised estimate of Kshs. 115.9 billion on account of growth in import values.
- II. 1150401-Other Taxes on International Trade Transactions (IDF) – The actual collection was above the revised estimate by Kshs. 7.8 billion, 18.3%. The over performance is attributed to the increase in the import values which grew by 28 percent.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FEES ON USE OF GOODS AND SERVICES

Licences under Traffic Act	4,117,483,776	5,106,206,554	4,424,032,458	86.64
Licences under the Communication Act				
Licences under Betting, Lotteries and Gaming Act				
Mineral Export Licensing □				
Prospecting Fee				
Petroleum Development Levy (PDL)	11,997,000,000	37,132,000,000	26,132,322,347	70.38
Roads Maintenance Levy (RML)				
Total Fees	16,114,483,776	42,238,206,554	30,556,354,805	
Balance brought forward				
Transfers to the Exchequer account			4,424,032,458	
Transfer To PDL			26,132,322,347	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

- I. 1420201-Fees under Traffic Act, 1140506 – License under Traffic Act, Second Hand M.V Purchase tax: Revised estimate of Kshs. 5.1 billion against the actual of Kshs.s. 4.4 billion, an under performance of Kshs.0.7 billion (13.4%).
- II. 1140703- Petroleum Development Levy (PDL) – the actual collection of Kshs.26.1 billion against the revised estimate of Kshs. 37.1 billion. This implies an under performance of 11 billion, 29.6 % attributed to decline in the volume of petrol, diesel and paraffin by 0.9%, 12% and 33.5%, respectively.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. SOCIAL SECURITY CONTRIBUTIONS

Contributions from Government Employees to Social and Welfare Schemes within Government	192,982,553.00	153,930,774.00	224,575,477	145.89
Total Contributions			224,575,477	
Balance brought forward			-	
Transfers to the Exchequer account			224,575,477	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

- I. Contribution from Government Employees to Social and Welfare Schemes within Government -Actual collection to Kshs. 224.6 million against a revised estimate of Kshs.153.9 million. This was Kshs.70.7 million (45.9 %) above the target mainly attributed to increased contributions by the members.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. PROPERTY INCOME

Interest	1,980,965,931.00	2,199,976,060.00	1,613,363,273	73.34
Dividends from Central Bank of Kenya (CBK)	0	5,500,000,000.00	5,500,000,000	100
Other Profits and Dividends	29,996,038,311.00	29,431,930,404.00	33,597,402,873	132.9
Surplus funds from Regulatory Authorities	0	2,777,185,000.00	896,187,900	32.27
Rent of Land	690,000,108.00	541,793,950.00	315,343,006	58.20
Directors fees			19,817,675	
TOTAL PROPERTY INCOME	32,667,004,350.00	40,450,885,414.00	41,942,114,728	117.28
Balance brought forward			-	
Transfers to the Exchequer account			41,942,114,728	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

- i. **1410101: Loan Interest:** Revised estimates of Kshs. 2.2 billion against actual receipts of Kshs. 1.6 billion shows an under collection of Kshs. 0.6 billion (27%) due to delayed payments.
- ii. **1410202: Dividends from Central Bank of Kenya (CBK):** Revised estimates of Kshs. 5.5 billion against actual receipts of Kshs.. 5.5 billion hence the item was on target.
- iii. **1410202: Other Profits & Dividend:** The budgeted dividend in the revised estimates of Kshs. 29.6 billion against actual receipts of Kshs. 33.5 billion shows an over collection of Kshs. 3.9 billion. The increase is mainly attributable to remittances by the Safaricom Ltd and Kenya Pipeline Company.
- iv. **1410203: Surplus Funds** Revised estimates Kshs. 2.8 billion against actual receipts of Kshs. 896.2 million shows an under collection of Kshs. 1.9 billion.
- v. **1410401-Land Rent –** Revised estimate of Kshs. 541.8 million against the actual of Kshs. 315.3 million shows revenue underperformance of Kshs. 226.5 million. This implies a shortfall of about 41.8% against the target which is attributed to reduced land transactions due the uncertain operating environment.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. OTHER RECEIPTS NOT CLASSIFIED ELSEWHERE

Miscellaneous Revenue			
Sundry Revenue	842,575,837.00	902,639,669.00	275,584,422
Total Revenue			30.53
Balance brought forward			-
Transfers to the Exchequer account			275,584,422
Balance carried forward			-

Commentary on Actual Revenue against the Revised Estimates

- i. 1450101- Sundry Revenue- Revised estimate of Kshs. 902.6 million against the actual receipts of Kshs. 275.5 million. This shows a deficit of Kshs. 627. billion (69.55% below the target). This revenue item includes the 3% commission on payroll deductions and sundry revenues and is forecasted as a holding for any receipts not envisaged at budget time. It is usually assigned a conservative figure based on historical trends.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RECEIPTS FROM SALE OF NON-FINANCIAL ASSETS

Receipts from the Sale of Inventories, Stocks and Commodities	-	-	158,695
Receipts from the Sale of Intangible Non-Produced Assets	-	-	-
Total Revenue	-	-	158,695
Balance brought forward	-	-	-
Transfers to the Exchequer account	-	-	158,695
Balance carried forward	-	-	-

Commentary on Actual Revenue against the Revised Estimates

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. PROCEEDS FROM DOMESTIC BORROWINGS

Borrowing within General Government	1,452,904,948	1,452,904,948	5,129,847,351	353
Borrowing from Monetary institutions (CBK)				
Borrowings from Commercial Banks				
Borrowings from other domestic financial institutions				
Borrowings from other domestic creditors				
Domestic Accounts Payable				
Total Proceeds from domestic borrowings			5,129,847,351	
Balance brought forward			-	
Transfers to the Exchequer account			5,129,847,351	
Balance carried forward			-	

Commentary on Actual Revenue against the Revised Estimates

4510201: Loan Redemption: Revised estimates of Kshs. 1.45 billion against actual receipts of Kshs. 5.13 billion, shows an over collection of Kshs. 3.68 billion. This was mainly attributed to payment KENGEN since they paid the whole amount of Kshs. 5.7 billion being the moratorium that had been given in the 2020/21 FY.

RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
 REVENUE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. BANK BALANCES

CENTRAL BANK OF KENYA			39	
Total			39	

(a) Balance carried forward as at 30th June 2022 and subsequently transferred

1	-	N/A
2	-	3 July
Total	NIL	

12. PAYABLES- DUE TO EXCHEQUER

Balance b/f at the beginning of the year	39	39
Amounts disbursed to Exchequer during the period	1,891,470,606,448	1,549,344,518,145
Balance c/d at the end of the period	39	39
Total	1,891,470,606,448	1,549,344,518,145

This relates to amounts yet to be disbursed to the exchequer at the end of the financial period. The amount should be supported by the bank balances as per note 12 above.

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. AGEING ANALYSIS OF TAX REVENUE ARREARS

	2021 Year ended (Ksh)	2020 Year ended (Ksh)	2019 Year ended (Ksh)	2018 Year ended (Ksh)	2017 Year ended (Ksh)
Taxes on income profits and capital gains	389,136,061,812	163,882,409,255	407,226,074,462	2,388,975,558,319	1,199,142,103,848
Taxes on property					
Taxes on goods and services	117,056,180,328	79,249,842,304	90,101,745,085	59,796,170,998	346,203,938,714
Taxes on international transactions	1,483,677,950	2,183,619,956	915,650,809	8,330,581,444	12,912,530,159
Other taxes					
Fees on use of goods and services	-	-	-	-	-
Social security contributions	-	-	-	-	-
Property income	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Receipts from sale of non-financial assets					
TOTAL (agree to statement of arrears)	507,675,920,090	245,314,871,515	498,243,470,356	307,024,310,761	1,558,258,572,722

**RECEIVER OF REVENUE (RECURRENT)-THE NATIONAL TREASURY
REVENUE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022**

XIII. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS

There were no noted and outstanding audit matters issues during the previous audits as indicated on the table below.

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)
2020/2021	Long outstanding arrears of revenue	N/A	N/A	Not resolved	N/A

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