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REPORT

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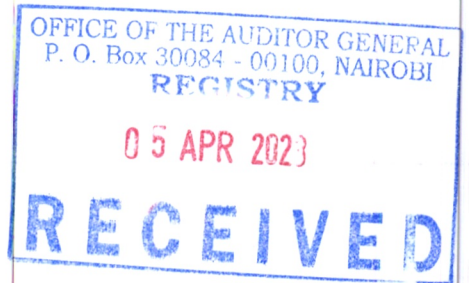
THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE - REVENUE
STATEMENTS**

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

COUNTY GOVERNMENT OF MURANG'A



RECEIVER OF REVENUE
(County Government of Murang'a)

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

17 NOV 2022

*Receiver Of Revenue
County Government Of xx
Revenue Statements for the Period Ended 30th June 2022*

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**Receiver Of Revenue
County Government Of xx
Revenue Statements for the Period Ended 30th June 2022**

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I. Key Entity Information and Management

(a) Background information

The receiver of revenue is under the Department of Finance, IT and Economic Planning. At the County Executive Committee level, the receiver of revenue is represented by the County Executive committee member for Finance, IT and Economic Planning, who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue is designated as a receiver on 2021 by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

(b) Principal activities

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

(c) Key Management

The County Government of Murang'a day-to-day management of revenue is under the following:

- County Executive Committee Member for Finance, IT and Economic Planning – Mr David W Waweru
- Chief Officer, Finance, IT and Economic Planning – Mr Peter G Kahora
- Chief Officers, in charge of departments collecting revenue – Mr Edwin K Kimuyu
- Director, Revenue – Mr Thomas W Gakahu

(d) County Headquarters

P.O. Box 52 - 10200
Fort Hall
County HQ Murang'a
Town, KENYA

(e) Entity Contacts

Telephone: : (254) 2030271
E-mail: info@Murang'a.go.ke
Website: www.Murang'a.go.ke

Receiver Of Revenue
County Government Of xx
Revenue Statements for the Period Ended 30th June 2022

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) Bankers

- i. Kenya Commercial Bank - Murang'a
- ii. Equity Bank – Murang'a
- iii. Family Bank - Murang'a
- iv. Co-operative Bank - Murang'a

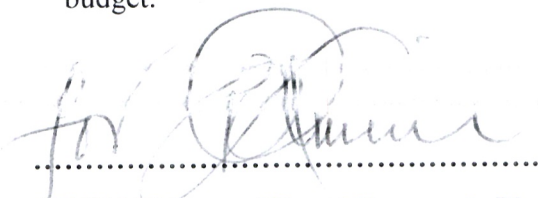
II. Foreword by the CECM Finance and Economic Planning

The financial year 2021-2022 marks the 4th year of the implementation of the 2nd generation CIDP 2018-2022. During the period under review, the County Government just like the other institutions encountered a myriad of challenges in revenue mobilization that were to a great extent as a result of the prolonged effects of Covid 19 pandemic. The general economic recession led to closure of businesses that were a source of county revenue in terms of single business permit. This resulted to a marginal decline in own source revenue over the period. During the last financial year, the revenue collected amounted to kshs **520,317,425** compared to **627,164,598** collected in the previous year in a similar period, a drop of 17%. Revenue is divided into several streams, however there are six main revenue streams namely Single Business Permits, Hospital fee, Land rate and Plot rent, Cess, Barter Market and Bus Park. The six Streams Combined generates about 72% of the County's total revenue.

On top of the economic crisis and high cost of living, the period under review was a political season due the general elections, which were later held in August 2022. The politicians especially those who were vying for elective posts contributed in discouraging the tax payers from paying the County taxes which greatly affected revenue collection.

All the same the County Government has a new leadership in office that is working in improving revenue mobilization so that maximum revenue is collected. Already the process of revenue automation has started and the County Government is in the piloting stage. On full roll out revenue is expected to significantly increase due to the sealed loop holes that are associated with manual collection that results to pilferage.

The County Government will also explore on new sources of revenue as well as enhance efficiency in collection, in order to maximize its collection which will go a long way in meeting the County budget.



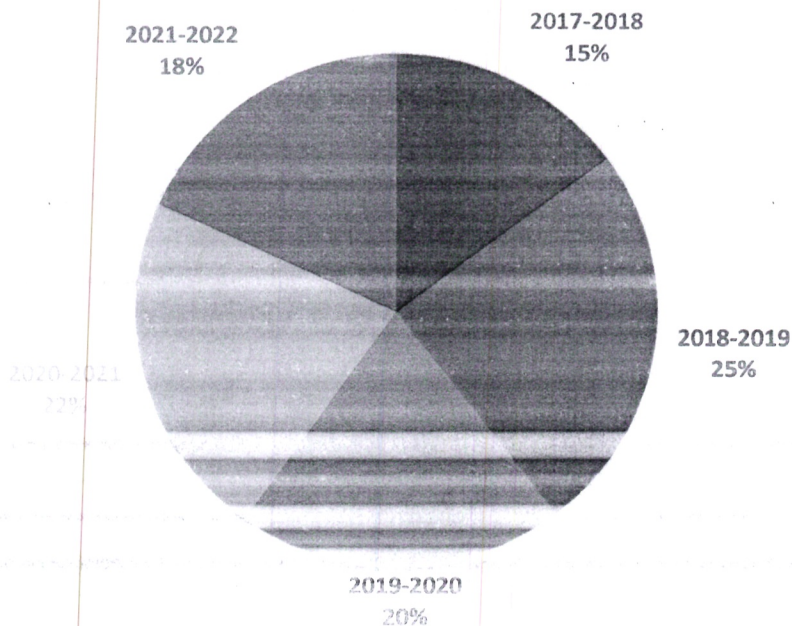
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CECM Finance, IT and Economic Planning
County Government of Murang'a

III. Management Discussion and Analysis

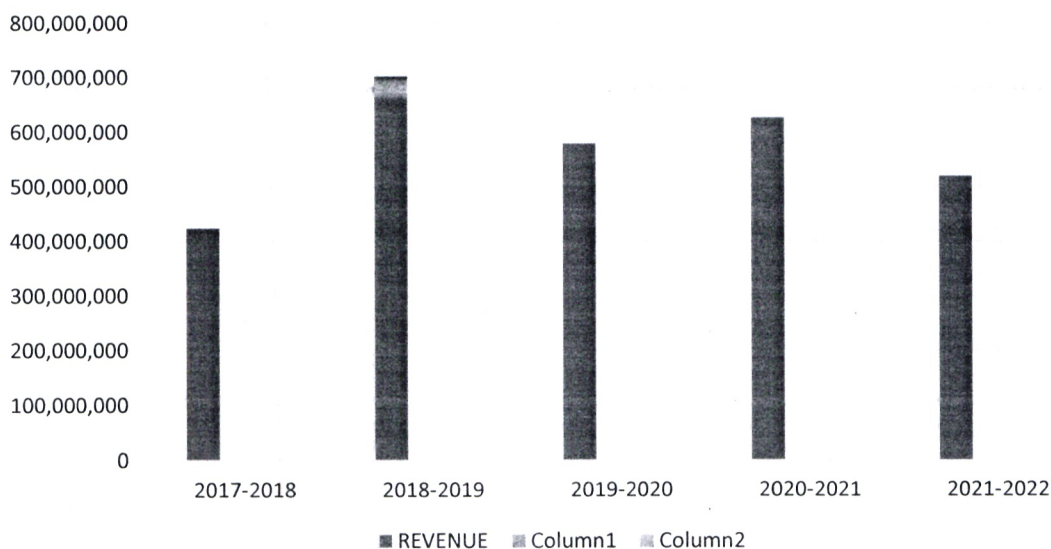
Within the just concluded CIDP implementation cycle, the performance of Receiver of Revenue has been assessed as steady save for the interruptions of operations that were brought about by the effects of the covid-19 pandemic. The receiver of revenue mobilized revenue from a series of revenue streams that are narrowed down to thirty two in number. Among these revenue streams, there are six main revenue streams namely Single Business Permits, Hospital fee, Land rate and Plot rent, Cess, Barter Market and Bus Park. The six Streams Combined generates about 72% of the County's total revenue. The revenue trend over the last five years is as follows;

YEAR	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
AMOUNT	424,597,965	704,030,460	580,301,421	627,164,598	520,317,425

REVENUE TREND



REVENUE TREND 5 YEARS



As observed in the trend analysis above, the decline in revenue between financial years 2019 – 2020 was occasioned by the Covid -19 Pandemic that resulted to general economic meltdown, witnessed across the country. The following financial year, 2020-2021 as the Covid -19 restrictions were eased, there was improved collection of 8%. However as we crossed to the next financial year, 2021 -2022 which was the Country’s election year, the political wave greatly affected the revenue mobilization both current and aspiring politicians incited members of the public against paying the requisite fees, the political tension coupled with the global economic crisis, as manifested by the skyrocketed fuel prices and high cost of living resulted to a decline in revenue by 17%.

The low collection is expected in the Current financial year due to the deteriorating economic situation in the Country and also the change in the County Leadership and management occasioned by the General elections held in August 2022.

IV. Statement of Performance against County Predetermined Objectives

Guidance

Refer to the CIDP which informs the annual budget and the annual development plan and report on the extent of the county executive's progress in attaining the development plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the County in implementation of its CIDP. Enumerate all the objectives of the County as per the CIDP.

Introduction

Section 164 (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 County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives (Adopted from County Government of Murang'a)

The County's 2021-2022 CIDP has identified key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the County's 2018-2022 CIDP are to;

Below we present the progress made in attaining the objectives of the CIDP (2018-2022) for Murang'a County.

**Receiver Of Revenue
County Government Of xx
Revenue Statements for the Period Ended 30th June 2022**

Department/Revenue item	Objective as per CIDP(To Collect the amounts stated as per each revenue stream.	Performance/Progress made up since the start of CIDP planning period up to date	Remarks: Notable decline in each stream due to political season and low economic era.
Licenses	199,800,260	106,214,073	
Plot Rent/Land Rates	62,656,433	52,727,019	
Other Cess Revenue	505,747,331	37,553,539	Intended to sell milk factory to famers and raise 500M but did not manage
House Rent/Stall/Hall	10,692,643	3,864,556	
Bus Park Fee	58,283,217	26,647,768	
Parking Fee	36,006,941	21,125,468	
Barter Market Fee	64,122,153	42,663,662	
Plan Approval	46,688,886	2,837,038	
Self Help Group	3,799,978	998,187	
Morgue. Fee	2,198,191	1,589,982	
Sub Division/Transfer	20,907,542	4,760,952	
Liquor	37,436,897	16,098,213	
Motor Bikes	15,778,941	1,075,519	
Slaughter	1,836,043	1,013,666	
Building Materials & Other Cess	77,213,171	33,045,131	
Advertisement	10,903,729	11,312,809	Increased due to political activity
Education & Poly	1,331,071	45,350	
Other Land Based Revenue	10,307,180	2,507,105	
Sale of Forms	12,275,493	5,366,238	
Conservancy	20,816,800	12,160,977	
Impounding Fees	6,088,487	1,653,322	
Penalties	2,331,230	2,121,027	
Fire Fighting	22,789,252	14,014,973	
Land Housing & Physical. Planning	13,687,500	2,246,989	
Mariira Farm	2,176,672	140,662	

**Receiver Of Revenue
County Government Of xx
Revenue Statements for the Period Ended 30th June 2022**

Department/Revenue item	Objective as per CIDP (To Collect the amounts stated as per each revenue stream.	Performance/Progress made up since the start of CIDP planning period up to date	Remarks: Notable decline in each stream due to political season and low economic era.
Cooperatives (Audit)	785,996	272,106	
Livestock(A.I)	17,557,395	153,290	
Meat Inspection	14,794,725	12,318,686	
Vet. Clinical Services	5,991,291	657,090	
Hospitals /H.C	173,541,390	81,250,808	
Public Health	39,485,756	18,825,282	
Weight & Measures	1,967,406	3,055,938	Included the charges in the licence payment hence maximum collection.
Sub-Total	1,500,000,000	520,317,425	0

Progress on attainment of Development Objectives from Annual Development Plan (Adopted from Murang'a County ADP).

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.

V. Statement of Receiver of Revenue's responsibilities

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

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year ended on June 30, 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 statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the entity's receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the entity's receiver of revenue account gives a true and fair view of the state of entity's receiver of revenue transactions during the financial year ended June 30, 2022, and of the entity's statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

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

Approval of the Revenue Statements

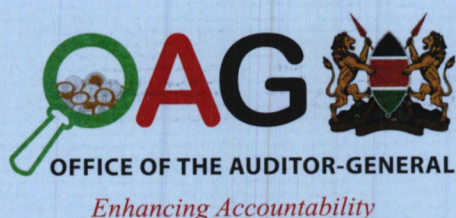
The revenue statements were approved and signed by the Receiver of Revenue on 28th September 2022



.....
Name Thomas W Gakahu
County Receiver of Revenue

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF MURANG'A

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Murang'a set out on pages 1 to 19, which comprise of the statement of

Report of the Auditor-General on Receiver of Revenue - Revenue Statements for the year ended 30 June, 2022 - County Government of Murang'a

financial assets and liabilities as at 30 June, 2022 and the statement of receipts and disbursements, statement of arrears of revenue and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Murang'a as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

Long Outstanding Arrears of Revenue

The statement of arrears of revenue reflects land/poll rate, other fines, penalties and forfeiture fees balance of Kshs.234,436,315. However, as disclosed in Note 22 to the financial statements, the balance relates to the financial year 2020/2021 and earlier years. Although, Management has attributed the arrears to revenue collection through the manual payment register, an ineffective Local Authority Integrated Financial Management and Operations System (LAIFOM) inherited from the defunct Local Authorities and failure to update the finance bill. The Management seem not to have put in place measures to reconcile, validate and recover the revenue arrears.

Further, review of revenue records maintained at various County hospitals revealed that inpatient and capitation receipt arrears due from the National Hospital Insurance Fund (NHIF) totalling to Kshs.78,333,040 relating to Murang'a Level IV Hospital and five other sub county hospitals have neither been collected nor included in the statement of arrears.

In the circumstances, the accuracy, completeness and recoverability of revenue arrears totalling to Kshs.234,436,315 as at 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to kshs.1,500,000,000 and Kshs.520,317,425 respectively resulting to under collection of Kshs. 979,682,575 or 65% of the budget. The shortfall in revenue may be an indicator of revenue leakages and inefficiencies in revenue collection system.

In the circumstances, the under-performance of the budget affected the planned activities and may have impacted negatively on service delivery to the citizens of Murang'a County.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Inefficiencies in Collection of Street Parking Fees

Note 5 to the financial statements reflect parking fees balance of Kshs.48,848,755, which includes street parking fee of Kshs.21,125,468. However, a review of the revenue collection process at the Municipality of Murang'a revealed that records for all the parking slots including the reserved slots were not maintained. Further, the parking slots were not clearly demarcated, numbered and assigned to a specific revenue collector for ease of revenue collection. This is contrary to Regulation 63(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county Government revenue and other public moneys relating to their county departments or agencies.

In the circumstances, Management was in breach of the law and the efficiency and effectiveness in collection of parking fees could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk Management and overall governance were not effective.

Basis for Conclusion

1. Irregular Waivers at Murang'a Level 4 Hospital

Note 8 to the financial statements reflects hospital fees balance of Kshs.82,840,790, which includes level 4 hospitals balance of Kshs.81,250,808. However, review of waiver register maintained at Murang'a level 4 Hospital revealed that waivers totalling to Kshs.8,896,198 were granted to inpatient and outpatient persons under medical treatment without an approved policy or guidelines on waivers.

In the circumstances, the regularity and authenticity of waiver granted of Kshs.8,896,198 could not be ascertained.

2. Failure to Establish an Alcoholic Drinks Control Board and Sub-County Drinks Regulation Committees

Note 13 to the financial statements reflects administration control fees and charges balance of Kshs.33,169,124, which includes liquor licenses balance of Kshs.16,098,213. However, the Management did not provide records and evidence for review on the establishment of the Alcoholic Board and Sub-County Committees who are ordinarily charged with licensing of alcoholic drinks within the County Government of Murang'a. This is contrary to Section 9(1) (a) of Murang'a County Alcoholic Drinks Control Act, 2014 which require that there shall be, for every sub-county, a committee known as Sub-County Alcoholic Drinks Regulation Committee which shall issue licenses in accordance with this act. Further, Section 10(1) and (2) states that there is established Murang'a County Alcoholic Drinks Controls Board and the Board shall be responsible for issuing licenses for manufacture, importation and distribution of alcoholic drinks within the county.

In the circumstances, the effectiveness of governance and control on production, sale, distribution and promotion of alcohol in Murang'a County could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk Management and governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal 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 Receiver of Revenue policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Receiver of Revenue to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Receiver of Revenue to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


20 April, 2023


**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022**

VII. Statement of Receipts and Disbursements for the year ended 30th June 2022

	Note	2021/22 Kshs	2020/21 Kshs
County Own Source Revenue			
Cess	1	70,598,670	0
Land/Poll Rate	2	0	0
Single Business Permits	3	111,580,311	0
Property Rent	4	56,591,575	0
Parking Fees	5	48,848,755	0
Market Fees	6	42,663,662	0
Advertising	7	11,312,809	0
Hospital Fees	8	82,840,790	0
Public Health Service Fees	9	18,825,282	0
Physical Planning and Development	10	12,352,084	0
Hire Of County Assets	11	0	0
Conservancy Administration	12	12,160,977	0
Administration Control Fees and Charges	13	33,169,124	0
Park Fees	14	0	0
Other Fines, Penalties, And Forfeitures	15	3,774,349	0
Miscellaneous receipts	16	1,315,643	0
Livestock Related Fees	17	14,283,394	0
Sub-Total		520,317,425	0
Other Receipts			
Donations/Grants not received through CRF	18	0	0
Total Other Receipts		0	0
Total Receipts		520,317,425	0
Balance b/f at the beginning of the year		23,351,919	0
Disbursements To CRF		(541,405,744)	(0)
Balance Due for Disbursement		2,263,600	0

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 28th September 2022 and signed by:


 Name Thomas W Gakahu
 County Receiver of Revenue
 (Ref: PFM ACT section 165, 2(a))


 Name Edwin K Kimuyu
 Head of Revenue Reporting
 ICPAK M/No 8181

**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022**

Statement of Financial Assets and Liabilities as at 30th June 2022

	Note	2021/22	2020/21
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	19	2,263,600	0
Cash In Hand	20	0	0
Total Financial Assets		2,263,600	0
Total Financial Assets		2,263,600	0
Financial Liabilities		0	0
Payables-Due to CRF	21	2,263,600	0
Total Financial Liabilities		2,263,600	0

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 28th September 2022 and signed by:



.....
Name Thomas W Gakahu
County Receiver of Revenue



.....
Name Edwin K Kimuyu
Head of Revenue Reporting
ICPAK M/No 8181

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*

VIII. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2022

Receipt	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C%
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Licenses	199,800,260	0	199,800,260	106,214,073	93,586,187	53.16
Plot Rent/Land Rates	62,656,433	0	62,656,433	52,727,019	9,929,414	84.15
Other Cess Revenue	505,747,331	0	505,747,331	37,553,539	468,193,792	7.43
House Rent/Stall/Hall	10,692,643	0	10,692,643	3,864,556	6,828,087	36.14
Bus Park Fee	58,283,217	0	58,283,217	26,647,768	31,635,449	45.72
Parking Fee	36,006,941	0	36,006,941	21,125,468	14,881,473	58.67
Barter Market Fee	64,122,153	0	64,122,153	42,663,662	21,458,491	66.53
Plan Approval	46,688,886	0	46,688,886	2,837,038	43,851,848	6.08
Self Help Group	3,799,978	0	3,799,978	998,187	2,801,791	26.27
Morgue. Fee	2,198,191	0	2,198,191	1,589,982	608,209	72.33
Sub Division/Transfer	20,907,542	0	20,907,542	4,760,952	16,146,590	22.77
Liquor	37,436,897	0	37,436,897	16,098,213	21,338,684	43.00
Motor Bikes	15,778,941	0	15,778,941	1,075,519	14,703,422	6.82
Slaughter	1,836,043	0	1,836,043	1,013,666	822,377	55.21
Building Materials & Other Cess	77,213,171	0	77,213,171	33,045,131	44,168,040	42.80
Advertisement	10,903,729	0	10,903,729	11,312,809	-409,080	103.75
Education & Polytechnic	1,331,071	0	1,331,071	45,350	1,285,721	3.41
Other Land based Revenue	10,307,180	0	10,307,180	2,507,105	7,800,075	24.32
Sale of Forms	12,275,493	0	12,275,493	5,366,238	6,909,255	43.72
Conservancy	20,816,800	0	20,816,800	12,160,977	8,655,823	58.42
Impounding Fees	6,088,487	0	6,088,487	1,653,322	4,435,165	27.15
Penalties	2,331,230	0	2,331,230	2,121,027	210,203	90.98
Fire Fighting	22,789,252	0	22,789,252	14,014,973	8,774,279	61.50

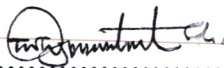
**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022**

Land Housing & Physical. Planning	13,687,500	0	13,687,500	2,246,989	11,440,511	16.42
Mariira Farm	2,176,672	0	2,176,672	140,662	2,036,010	6.46
Cooperatives (Audit)	785,996	0	785,996	272,106	513,890	34.62
Livestock(A.I)	17,557,395	0	17,557,395	153,290	17,404,105	0.87
Meat Inspection	14,794,725	0	14,794,725	12,318,686	2,476,039	83.26
Vet. Clinical Services	5,991,291	0	5,991,291	657,090	5,334,201	10.97
Hospitals /H.C	173,541,390	0	173,541,390	81,250,808	92,290,582	46.82
Public Health	39,485,756	0	39,485,756	18,825,282	20,660,474	47.68
Weight & Measures	1,967,406	0	1,967,406	3,055,938	-1,088,532	155.33
Sub-Total	1,500,000,000	0	1,500,000,000	520,317,425	979,682,575	34.69

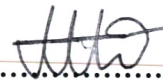
[Provide below a commentary on significant under realisation (below 90% of realisation) and any over realisation]

- The County intended to Dispose off to the farmers its milk factory and realize kshs 500M budgeted under Other Source Revenue. However this had not been completed at the end of financial year.
- The year under review was the year the country conducted general elections. The political wave significantly affected the revenue collection.
- The Effects of Covid 19 were very live during the year under review and hence general economic recession in the Country affected the revenue collection.

The County Receiver of revenue's financial statements were approved on 28TH September 2022 and signed by:



.....
**Name Thomas W Gakahu
County Receiver of Revenue**



.....
**Name Edwin K Kimuyu
Head of Revenue Reporting
ICPAK M/No 8181**

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*

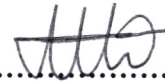
5. Statement of Arrears of Revenue As At 30th June 2022

Classification Of Receipts (Indicate As Applicable)	Balance as at 1st July 2021	Arrears received during the year	Additions in arrears for the current year to June 30, 2022	Total arrears as at 30 June 2022	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	0	0	0	0		
Land Rate/ Plot Rent	0	0	0	228,203,680	Issued demand invoices, proposal to do a waiver on penalties	
Single/Business Permits	0	(0)	0	0		
Property Rent	0	(0)	0	0		
Parking Fees	0	(0)	0	0		
Market Fees	0	(0)	0	0		
Advertising	0	(0)	0	0		
Hospital Fees	0	(0)	0	0		
Public Health Service Fees	0	(0)	0	0		
Physical Planning And Development	0	(0)	0	0		
Hire Of County Assets	0	(0)	0	0		
Conservancy Administration	0	(0)	0	0		
Administration Control Fees And Charges	0	(0)	0	0		
Park Fees	0	(0)	0	0		
Other Fines, Penalties, And Forfeiture Fees	0	(0)	0	6,232,635		
Miscellaneous	0	(0)	0	0		
Total Arrears	0	(00)	00	234,436,315		

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*



.....
Name Thomas W Gakahu
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))



.....
Name Edwin K Kimuyu
Head of Revenue Reporting
ICPAK M/No 8181

An ageing analysis of revenue in arrears has been shown on note 21 of these financial statements.

IX. Notes to the Financial Statements

Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

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

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 20th June 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include revenue collection accounts held at Commercial banks. Kshs 2,231,350 at Equity, kshs 31,863 at KCB and kshs 387 at Cooperative bank.

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

This is plot rent and property rates that had not been received by the close of the financial year. This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b) which is a memorandum statement.

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. The disbursements are normally transferred after two weeks by the commercial bank to CBK.

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2022

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

1. Cess

Description	2021/22	2020/21
	Kshs	Kshs
Farm produce	0	0
Quarrying, Building materials	33,045,131	0
Livestock	0	0
Fish farming	0	0
Others (<i>sand, quarry dust, usable soil</i>)	37,553,539	0
Total	70,598,670	0

2. Land/Poll rates

Description	2021/22	2020/21
	Kshs	Kshs
Land rates	0	0
Land penalties and interest	0	0
Arrears	0	0
Total	0	0

3. Single /Business Permits

Description	2021/22	2020/21
	Kshs	Kshs
Business permit application fees	5,366,238	0
Annual Business permit fees	106,214,073	0
Business permit penalties and interest	0	0
Business permit fees arrears	0	0
Total	111,580,311	0

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*

Notes to the Financial Statements (continued)

4. Property Rent

Description	2021/22	2020/21
	Kshs	Kshs
County Housing	0	0
Plot Rent	52,727,019	0
Tenancy Agreement	0	0
Transfer of Property	0	0
Stalls/kiosks rent	3,864,556	0
Others (<i>Specify</i>)	0	0
Total	56,591,575	0

5. Parking Fees

Description	2021/22	2020/21
	Kshs	Kshs
Street parking fees	21,125,468	0
Monthly toll/sticker fees	0	0
Motorbike fees	1,075,519	0
Registration fees	0	0
Reserved parking	0	0
Bus Park fees	26,647,768	0
Others (<i>Specify</i>)	0	0
Total	48,848,755	0

6. Market Fees

Description	2021/22	2020/21
	Kshs	Kshs
Market entry fees	42,663,662	0
Hawking fees	0	0
Others (<i>Specify</i>)	0	0
Total	42,663,662	0

Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	2021/22	2020/21
	Kshs	Kshs
Branding	0	0
Billboard advertising	11,312,809	0
Signage	0	0
Roadshows	0	0
Banners	0	0
Posters	0	0
Tent advertising	0	0
Street pole/clock advertising	0	0
others (<i>Specify</i>)	0	0
Total	11,312,809	0

8. Hospital Fees

Description	2021/22	2020/21
	Kshs	Kshs
Level 5 hospitals	0	0
Level 4 hospitals	81,250,808	0
Others (<i>Morgue Fees</i>)	1,589,982	0
Total	82,840,790	0

9. Public Health Service Fees

Description	2021/22	2020/21
	Kshs	Kshs
Inspection of buildings/premises/Institutions	0	0
Inspection for issuance of hygiene license	0	0
Vaccination: Yellow fever, Typhoid, etc	0	0
Applications for medical examination	0	0
Sanitation inspection for schools	0	0
Public health permit	18,825,281	0
Rodent Control/Fumigation	0	0
Others (<i>Specify</i>)	0	0
Total	18,825,281	0

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

Description	2021/22	2020/21
	Kshs	Kshs
Sale of County planning documents	0	0
Land valuation and registration fees	0	0
Change / Renewal of user	2,246,989	0
Building plans approval	2,837,038	0
Signboards	0	0
Occupational Permits	0	0
Other land based revenue	2,507,105	0
Architectural designs by county officers	0	0
Hoarding fees	0	
Sub division, Transfer of ownership	4,760,952	0
Total	12,352,084	0

11. Hire Of County Assets

Description	2021/22	2020/21
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	0	0
Hire of Machines and Equipment	0	0
Hire of County Stadia	0	0
Hire of County Halls	0	0
Conference facilities/Agricultural Training Centers (ATC)	0	0
Others (<i>Specify</i>)	0	0
Total	0	0

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statement (Continued)

12. Conservancy Administration

Description	2021/22	2020/21
	Kshs	Kshs
Refuse disposal fees	12,160,977	0
Dumpsite fees	0	0
Sewerage fees	0	0
Sale of seedlings	0	0
Public cemetery	0	0
Disposal of carcasses	0	0
Noise control	0	0
Others (<i>Specify</i>)	0	0
Total	12,160,977	0

13. Administration Control Fees and Charges

Description	2021/22	2020/21
	Kshs	Kshs
Weights and measures	3,055,938	0
Fire Services	14,014,973	0
Liquor licenses	16,098,213	0
Betting levy	0	0
Others (<i>Specify</i>)	0	0
Total	33,169,124	0

14. Park Fees

Description	2021/22	2020/21
	Kshs	Kshs
Lodge Tariffs and levies	0	0
Park entry fees	0	0
Filming and Photography fees	0	0
Camping fees	0	0
Balloon landing fees	0	0
Others (<i>Specify</i>)	0	0
Total	0	0

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022

Notes to the financial statements (continued)

15. Other Fines, Penalties and Forfeitures

Description	2021/22	2020/21
	Kshs	Kshs
Impounding Fees	1,653,322	0
Towing Fees	0	0
Others (<i>penalties</i>)	2,121,027	0
Total	3,774,349	0

16. Miscellaneous Receipts

Description	2021/22	2020/21
	Kshs	Kshs
Dividends	0	0
Interest	0	0
Commissions	0	
Education & Polytechnic	45,350	0
Self Help Group	998,187	0
Cooperative Audit	272,106	
Total	1,315,643	0

17. Livestock Related Fees

Description	2021/22	2020/21
	Kshs	Kshs
Artificial Insemination	153,290	0
Meat Inspection	12,318,686	0
Vet. Clinical Services	657,090	0
Slaughter	1,013,666	0
Others (Mariira Farm - milk sale)	140,662	0
Total	14,283,394	0

Receiver Of Revenue
 County Government Of Murang'a
 Revenue Statements for the Period Ended 30th June 2022

18. Donations And Grants Not Received Through CRF

Description	2021/22	2020/21
	Kshs	Kshs
Donations (Specify Based on Source)	0	0
Grants (Specify Based on Source)	0	0
Others (Specify)	0	0
Total	0	0

Notes to the Financial Statements (Continued)

19. Bank Balances

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2021-2022	2020-2021
			Kshs	Kshs
Kcb-Murang'a Municipal Revenue Collection A/C No.1140745859			31,863	0
Equity-Murang'a C. Revenue A/C 0220273464893			2,231,350	0
Family-Murang'a County Revenue Collection A/C 006000031309			0	0
Co-Op Bank- Murang'a County Revenue Collection A/C 01141574897400			387	0
Total			2,263,600	0

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

Ref	Amount (Kshs)	Date subsequently transferred
	2,263,600	1 July 2022
Total	2,263,600	

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*

20. Cash in hand

Description	2021/22	2020/21
	Kshs	Kshs
Cash Balance (<i>Location</i>)	0	0
Mobile Money	0	0
Others (<i>Specify</i>)	0	0
Total	0	0

21. Payables- Due To CRF

Payables	2021/22	2020/21
	Kshs	Kshs
Balance b/f at the beginning of the year	23,351,919	0
Amount collected during the year	520,317,425	0
Amounts disbursed to CRF during the year	(541,405,744)	0
Balance c/d at the end of the year	2,263,600	0

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year. The amount should be supported by the bank balances as per note 16 above.

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*

Notes To the Financial Statements (Continued)

22. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Cess	0	0	0	0	0
Land/poll rate	0	0	0	228,203,680	0
Single/business permits	0	0	0	0	0
Property rent	0	0	0	0	0
Parking fees	0	0	0	0	0
Market fees	0	0	0	0	0
Advertising	0	0	0	0	0
Hospital fees	0	0	0	0	0
Public health service fees	0	0	0	0	0
Physical planning and development	0	0	0	0	0
Hire of County Assets	0	0	0	0	0
Conservancy administration	0	0	0	0	0
Administration control fees and charges	0	0	0	0	0
Park fees	0	0	0	0	0
Other fines, penalties, and forfeiture fees	0	0	0	6,232,635	0
Miscellaneous receipts	0	0	0	0	0
Others (Specify)	0	0	0	0	0
Total (agree to statement of arrears)	0	0	0	234,436,315	0

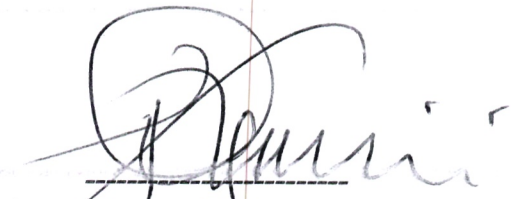
*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022*

X. Appendices

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

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

(PFMACT section 165 subsection 4, 5)



Sign and date
Accounting Officer

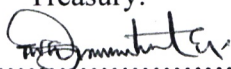
Appendix 2: Progress on follow up of prior Year Auditor recommendations

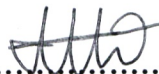
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Return of Used Books to the Stores	All the used books have been returned	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.





Name Thomas W Gakahu
County Receiver of Revenue
Date 28/9/2022

Name Edwin K Kimuyu
Head of Revenue Reporting
Date

***Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2022***

Appendix 3 - Reports Generated From IFMIS

The following Financial Reports generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. GOK Miscellaneous Receipts Register
- iii. FO30 (Bank reconciliations) for all bank accounts

