

REPUBLIC OF KENYA

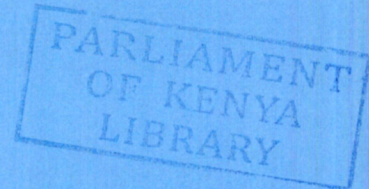


Enhancing Accountability

PAPERS LAID	
DATE	25/5/2023
TABLED BY	Naj-header
COMMITTEE	-
CLERK AT THE TABLE	Charig

REPORT

OF



THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE - REVENUE
STATEMENTS**

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

COUNTY GOVERNMENT OF WAJIR

OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE

22 DEC 2022

RECEIVED
P. O. BOX 88-70100 GARISSA

REPUBLIC OF KENYA



WAJIR COUNTY GOVERNMENT



WAJIR COUNTY GOVERNMENT
RECEIVER OF REVENUE

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)

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

Table of Contents	Page
I. Key Entity Information and Management	iii
II. Foreword by the CECM Finance and Economic Planning.....	vi
III. Management Discussion and Analysis	vii
IV. Statement of Performance against County Predetermined Objectives	ix
V. Statement of Receiver of Revenue's responsibilities	xiii
VI. Report of the Independent Auditors on the Wajir County Receiver of Revenue.....	xiv
VII. Statement of Receipts and Disbursements for the year ended 30th June 2022.....	1
VIII. Statement of Financial Assets and Liabilities As At 30 th June 2022	2
IX. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30 th June 2022	3
X. Statement of Arrears of Revenue As At 30th June 2022	5
XI. Notes to the Financial Statements	7
XII. Appendices.....	17

I. Key Entity Information and Management

Wajir County is constituted as per the constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The governor is supported by the county executive committee in carrying out the mandate as stipulated in the constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CECM for Finance is financial reporting at the county level.

Vision

To be a regionally competitive and self- reliant county

Mission

To strategically position ourselves as a county guided by innovative competitiveness in order to achieve progressive, wealthy, healthy, cohesive and secure county.

Motto

A county with unlimited opportunities and endless possibilities

Core Values

- Integrity
- Innovativeness
- Professionalism
- Team work
- Equity
- Transparency
- Accountability
- Respect for rule of law

(a) Background information

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

No.	Name	Designation
1.	Abdihakim Billow Noor	CEC, Finance and Economic Planning and ICT
2.	Mohamud Sokor	Chief Officer, Accounting and Financial Services
3.	Abdirahman Adan Edow	Chief Officer, Revenue Services
4.	Abdisalan Yarrow Adan	Director, Revenue Services

(d) WajirCounty Headquarters

P.O. Box
County Headquarters Building
Wajir Road
Wajir, KENYA

(e) Entity Contacts

Telephone: +254723579980
E-mail: info@wajir.go.ke
Website: www.wajir go.ke

(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 and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

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

(h) Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Kenya Commercial Bank

Wajir Branch.

3. Equity Bank of Kenya

Wajir Branch.

4. National Bank of Kenya

Wajir Branch.

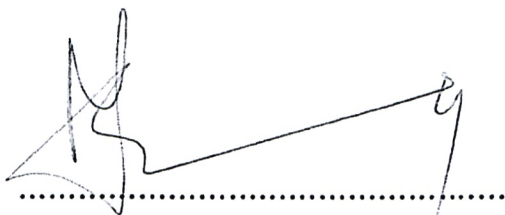
II. Foreword by the CECM Finance and Economic Planning

It's my pleasure to present the first Wajir County Receiver of Revenue Financial Statements for the financial year ended 30th June, 2022 in compliance with the relevant Public Finance Management regulations.

During the year under review, Wajir County budgeted to raise Kshs. 100,000,000. The County's revenue sources included Cess collections, Land/Poll Rates, Single/Business Permits, Property Rent, Market Fees, Hospital Fees, Public Health Service Fees and Physical Planning and Development. The County encountered numerous challenges such as recurring droughts that affected livestock and farm production, insecurity threats from Alshabaab militants that made some targeted revenue collection spots inaccessible, border closure between Kenya and Somalia that limited movement of goods and trading activities in the region amongst other limiting factors. These challenges hindered revenue collection efforts by weakening the county's economic conditions and the citizen's ability to pay levies.

Accordingly, the total revenue collected was Kshs. 52,415,625 against a collection of Kshs. 66,264,717 attained in the financial year 2020/2021. The County's entire collection of Kshs. 52,415,625 was disbursed to the Wajir County Revenue Fund account to be utilized in implementation of planned programmes.

To enforce more revenue collections in the financial year 2022/2023 and subsequent financial periods appropriate mechanisms will be put in place by the receiver of revenue.



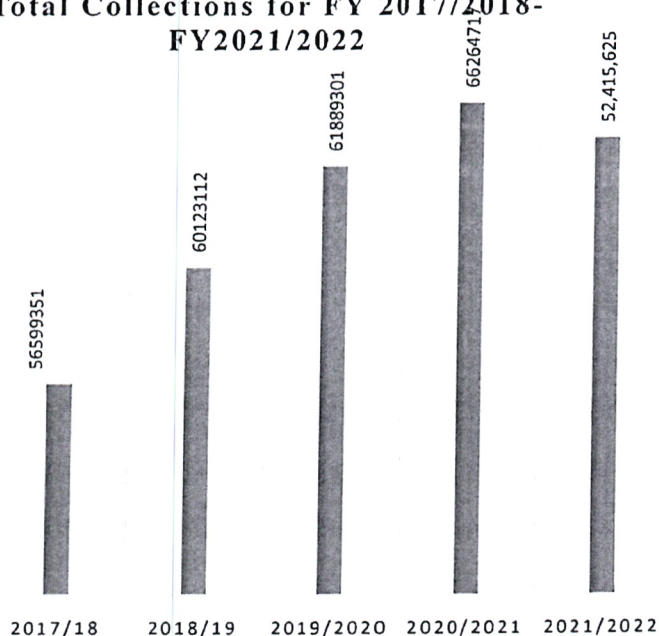
**CECM Finance and Economic Planning
Wajir County Government**

III. Management Discussion and Analysis

Financial and Operational Performance Analysis

WajirCounty Receiver of Revenue has been making upward progressive improvements in revenue collection during the successive five financial years safe for the financial year under review which recorded a drop in collection as highlighted in the table below.

**Total Collections for FY 2017/2018-
FY2021/2022**



The CROR's financial performance for the year 2021/2022 remained strong despite encountering numerous challenges such as recurring droughts in the County, frequent border closures between the three countries of Kenya, Somalia and Ethiopia; insecurity threats from Al-shabaab militants, , the adverse impact of the coronavirus and locust reinvasion and related challenges that threatened to obstruct the CROR's performance.

During the 2021/2022 financial year, the main local revenue sources covered Cess collections, Land/Poll Rates, Single/Business Permits, Property Rent, Market Fees, Hospital Fees, Public Health Service Fees and Physical Planning and Development. The total revenue realized was Kshs. 52,415,625.00 against the budgeted amount of Kshs.100,000,00. The revenues were disbursed to the Wajir County Revenue Fund Account as required by the Public Finance Management laws and utilized to undertake planned government programmes.

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

The CROR collections were as tabulated in the table below:

County Own Source Revenue	Total Collections
Cess	26,923,090.00
Land/Poll Rate/ rent	2,214,700.00
Single/Business Permits	8,969,900.00
Slaughter Fees	1,398,300.00
Market Fees	563,100.00
Conservancy	136,750.00
Hospital Fees- Medical Certificates	365,100.00
Others misc revenue	-
House Rents	
Survey Fees	898,425.00
Building Materials	2,815,920.00
Cereals	809,400.00
Cost Sharing	7,058,070.00
Hire of County Assets	0.00
Veterinary Department	262,870.00
Total County Own Source Revenue	52,415,625.00

As indicated by the above diagram, the biggest portion of revenue attained were from the following streams; Cess collections, Lands/Plot rates and Single business permits while the worst performing streams were physical conservancy, hospital fees, and veterinary department.

During the financial year, the Fund satisfactorily met all its statutory requirements.

Risks

The major risks facing the CROR include the following:

Technology risks: Emerging possible risk of cyber-attacks and Slow connectivity to core IT system. This will greatly hamper the success of our automated systems. The system will be protected by firewalls and investment in other IT security features.

Reputational risks: Poor collection and delayed disbursement of revenue by the CROR. The CROR will reinforce its compliance efforts to be safe from this risk.

Operational risks: Highlighted internal audit/regulatory issues.

Compliance risks: Litigation by stakeholders.

Financial risks: Delay in funding

Outlook

Despite the strong performance in 2021/2022, the performance of the CROR could be negatively affected by many factors in the forthcoming financial period. These include changes in leadership/management, the country's general economic conditions, insecurity related problems, political related challenges amongst other issues. It's envisioned, however, that cordial relations and collaboration between all stakeholders will boost the performance. Further, the CROR will continue complying with the existing legal frameworks in place as required by law.

IV. Statement of Performance against County Predetermined Objectives

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 Wajir County CIDP*)

The Wajir County Government's 2018-2022 CIDP has identified ten 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 Wajir County Government's 2018-2022 CIDP are to:

1. To improve peace and security within Wajir County. Wajir shares international borders with Ethiopia and Somalia, and has suffered the effects of cross-border conflicts, as well as the impact of the global problem of violent extremism and terrorism. We seek an inclusive society in line with SDG goal number 16. No meaningful development can occur without peace and security, that must be enjoyed by both residents and investors. Our dream is a safe and secure peaceful environment, which is favourable for the implementation of life-transforming and sustainable development projects.

2. To improve access to quality and affordable health services. This objective aims at improving life expectancy and promoting healthy lives for all ages in line with SDG goal number 3. The need for increased sustainability, accessibility and improvement of quality care in the health sector is paramount. The county aspires to achieve universal healthcare for all, including cross-border patients. This will ultimately reduce the burden of diseases, enhance wellness and hence lead to increased productivity and reduced poverty levels. We envisage a county that will be able to respond to health disasters and emergencies not only in Wajir County, but the Wajir Triangle as well, to cover the regional hub for referral health services in a radius of 500 kilometres comprising sections of Ethiopia and Somalia.
3. To improve access to clean and safe water and sanitation, in line with SDG goal number 6. Water is a basic right and our dream is to achieve improved water sources, which are less prone to contamination and hence are safer. Access to safe drinking water is critical for the health of individuals and households. We seek to extend improved water sources like piped water, rain harvested water, borehole water and water from protected wells. The primary goal is to reduce the amount of time and energy spent in search of water. The goal is for pastoralists not to travel more than a kilometre in search of water.
4. To transform livestock sector from a way of life to a viable economic activity. We aspire to revitalise the livestock sector, create disease-free zones, improve livestock breeds. We will also strive to improve linkages with value-added products to cushion farmers from losses occasioned by drought and climate change, and create a regional market that will fetch competitive prices for our pastoralists. This is in line with SDG goal number 8.
5. To improve resilient infrastructure in line with SDG goal number 9. Improving accessibility and easy movement of people and goods within the county is one sure indicator of development. Wajir County is over 1,200 kilometres away from the capital city of Nairobi, and over 1900 kilometres from the main port of Mombasa, making costs of transportation of goods prohibitive. Achieving this goal will increase linkages with the neighbouring countries of Ethiopia and Somalia, access to markets for products from neighbouring countries, such as fresh produce, miraa and other factors of production. This will eventually lead to a reduction in the cost of production. The result will be improved productivity, opening up of business opportunities, industrialisation and a boost in incomes. It will also lead to a reduction in the cost of goods in Wajir County. Improved transport infrastructure eases access to basic facilities like hospitals and schools.

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

6. To improve food security from 59 percent to 80 percent by 2022 in line with SDG goal number 2, with the objective of ending hunger and improving nutrition. Availability of pasture and water improves the health and body condition of livestock, which leads to increased production and an upsurge in livestock. The ultimate benefit is a boost of the pastoral communities' purchasing power. Meanwhile, improving irrigation and acreage under crop production is vital for the improvement of Wajir's food security. We must reduce the risk of malnutrition across the county even during long dry spells.

7. To improve access to inclusive quality education in line with SDG goal number 4, as well as relevant skills training to fill the capacity needs gaps in the county. We seek to improve literacy levels from 30 to 70 per cent by 2022, increase access to basic education and promote life-long learning.

8. To engage the youth and equip them with vocational skills, as well as farming and entrepreneurial skills to shield them from the vulnerability of falling into the radicalisation and violent extremism trap. This objective is in line with SDG goal number 16 of peaceful and inclusive societies.

9. To carry out natural resource mapping. This will uniquely position Wajir County to sustainably exploit its ecosystem and extractives to spur economic growth and transform the lives of residents. This is in line with SDG goal number 15.

10. To align our development priorities with the economic blueprint of the Frontier Counties Development Council to be able to tap into global, public, private partnerships and economies of scale. This will help in attracting investments and encouraging innovations that will open up the region for major infrastructural projects to create jobs, attract skilled labour and improve living standards in line with SDG goals number 9 and 17.

Challenges experienced in FY 2021/2022

1. **Insecurity:** Many border towns suffered attacks from external Al Shabaab assailants during the financial period. These aspects of insecurity negatively affect socio-economic lives of the locals and scare away investors.

2. **Recurring drought:** Prolonged drought led to the diversion of development budgets to respond to emergency relief cases. This was done by distributing food stuff and provision of water trucking services to the affected communities.

3. **High cost of goods and services:** The geographical location of Wajir at about 1200km from Nairobi, coupled with poor road network, insecurity and poor communication network has

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

continuously posed a big threat to movement of goods and services to the county. This has seen most of the goods doubled on prices and being scarce due to the high demand and low supply.

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

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 thereceiver of revenueaccount, which gives a true and fair view of the state of affairs of the receiver of revenuefor and as at the end of the financialyear(period) 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 Revenuein charge accepts responsibility for the Wajir County Government'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. TheReceiver of Revenueis of the opinion that theWajir County Government'sreceiver of revenue account gives a true and fair view of the state of Wajir County Government'sreceiver of revenue transactions during the financial year ended June 30, 2022, and of the Wajir County Government'sstatement of assets and liabilities as at that date. The Receiver of Revenuefurther confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenueaccountas well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the Wajir County Government Receiver of Revenue 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.

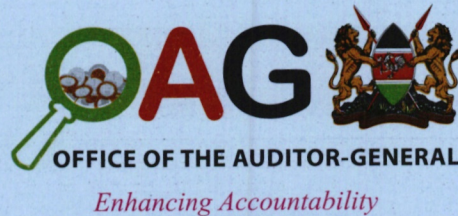
Approval of the Revenue Statements

The revenuestatements were approved and signed by the Receiver of Revenue on 20th September2022.


.....
Abdihakim Billow
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 WAJIR

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

Adverse Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Wajir set out on pages 1 to 18, which comprise of the statement of 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

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

and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion Section of my report, the revenue statements do not present fairly, the financial position of Receiver of Revenue - County Government of Wajir as at 30 June, 2022 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Adverse Opinion

1. Presentation of the Revenue Statements

The revenue statements provided for audit revealed inconsistencies in notes referenced on the statement of receipts and disbursements and the actual notes in the financial statements as detailed below:

No.	F S Note	The Actual Note	The Item Being Referenced
1	5	6	Market Fees
2	6	5	Conservancy
3	11	15	Cost Sharing
4	12	11	Hire of County Assets
5	13	14	Veterinary Department

In addition, the statement of financial assets and liabilities did not have explanatory notes. Further, the statements of assets and liabilities reflects a bank balance of Kshs.14,245,125 while Note 16 to the financial statements reflects a nil bank balance. Bank reconciliations statements (FO30) were also not attached to the revenue statements as required while the statement of receipts and disbursements and the statements of arrears of revenues contains guidance note with some sections reflecting as 'xx' balances.

In the circumstances, the accuracy and completeness of the revenue statements for the year ended 30 June, 2022 could not be confirmed.

2. Unreconciled Variances between Revenue Statements and the Ledger

Comparison of revenue statements balances and the supporting schedules, revealed variances which were not explained or reconciled as detailed below:

Source	Amount as per Statement of Receipts and Disbursements (Kshs.)	Amount as per Ledger (Kshs.)	Variance (Kshs.)
Cess	26,923,090	26,701,290	221,800
Land/Poll Rate/ Rent	2,214,700	1,955,757	258,943
Single/Business Permits	8,969,900	9,174,943	(205,043)
Slaughter Fees	1,398,300	1,392,000	6,300
Market Fees	563,100	-	563,100
Conservancy	136,750	-	136,750
Hospital Fees-Medical Certificates	365,100	420,500	(55,400)
Survey Fees	898,425	0	898,425
Building Materials	2,815,920	2,887,800	(71,880)
Cereals	809,400	1,020,800	(211,400)
Cost Sharing	7,058,070	8,085,260	(1,027,190)
Veterinary Department	262,870	263,800	(930)

Further, the revenue reflected in the statements were not supported by miscellaneous receipt books, the daily, weekly and monthly revenue summaries. As a result, there was no audit trail for the amounts reported in the cash analysis book, the revenue statements and bankings for each revenue stream. In addition, the statement of receipts and disbursements reflects comparative balances which were not supported. The Management did not disclose in the statement of receipts and disbursements revenue balances brought forward at the beginning of the year and the disbursements made to County Revenue Fund during the year under review.

In the circumstances, the accuracy and completeness of County own source revenue of Kshs.52,415,625 reflected in the revenue statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue – County Government of Wajir. 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 adverse 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

Under-Collection of Revenue

The statement of comparison of budget and actual amounts reflects total own generated revenue budget for the year of Kshs.100,000,000. However, the total own generated revenue collected during the year was Kshs.52,415,625 resulting in a shortfall of Kshs.47,584,375, representing 47.5% of the budgeted amount. The under collection implies unrealistic revenue targets or failure to put in place measures to collect revenue.

It was further noted that the County own source revenue had declined to Kshs.52,415,625 from Kshs.65,109,972 collected in the financial year 2020/2021.

The continued decline in revenue collection and under collection of budgeted amounts affected implementation of budgeted activities.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Collection of Revenue Without a Finance Act

During the year under review, the Executive collected revenue amounting to Kshs.52,415,625 from own sources revenue. However, it was noted that the County Finance Bill submitted to the County Assembly setting out the revenue raising measures for the County Government was not approved by the County Assembly. This was contrary to Section 133 of the Public Finance Management Act, 2012 which requires that, not later than ninety days after passing the Appropriation Bill, the County Assembly shall consider and approve the Finance Bill with or without amendments.

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

2. Delay in Transfer of Receipts to County Revenue Fund

The statement of receipts and disbursements reflects receipts of Kshs.52,415,625. Review of bank statements revealed total transfers to the County Revenue Fund account of Kshs.39,000,000 as at 30 June, 2022, resulting to a balance of Kshs.13,415,625 which was not transferred as at 30 June, 2022. This was contrary to Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires the receivers of revenue to promptly pay the revenue received into the County Revenue Fund as soon as possible and in any case not later than five (5) working days after receipt thereof. In addition, review of the bank statements revealed revenue amounting to

Kshs.51,999,662 was banked during the year against total revenue of Kshs.52,415,625 reported resulting to under-banking of Kshs.412,963.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance Section of my Report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weakness in Internal Controls

Review of the internal controls on revenue collection revealed that cash collection receipts were not labelled according to the type of fees they were used to collect except for receipts for livestock cess and single business permit. In addition, the receipt books contained the personal number of a former Director of Revenue as the official contact. Further, reconciliation between revenue collected and revenue banked was not done.

In the circumstances, it was not possible to confirm whether the internal controls on revenue collection were effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 these 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 Receiver of Revenue's ability to continue to sustain its services, disclosing as applicable, matters related to the 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 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 Receiver of Revenue's financial reporting process, reviewing the effectiveness of how the 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 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 these 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 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 Receiver of Revenue'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 Receiver of Revenue 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 the Receiver of Revenue 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

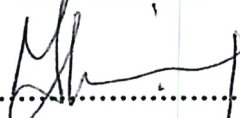
28 April, 2023

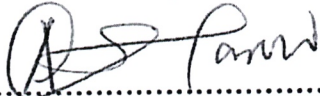
*Receiver Of Revenue
County Government Of Wajir
Revenue Statements for the Period Ended 30th June 2022*

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

	Note	2021/22	2020/21
		Kshs	Kshs
County Own Source Revenue			
Cess	1	26,923,090.00	32,598,530.00
Land/Poll Rate/ rent	2	2,214,700.00	2,807,175
Single/Business Permits	3	8,969,900.00	6,255,400
Slaughter Fees	4	1,398,300.00	2,951,000.00
Market Fees	5	563,100.00	354,550
Conservancy	6	136,750.00	430,980.00
Hospital Fees- Medical Certificates	7	365,100.00	297,700
Othermisc revenue		-	39,500
House Rents			989,100.00
Survey Fees	8	898,425.00	4,267,041
Building Materials	9	2,815,920.00	5,425,400
Cereals	10	809,400.00	849,050
Cost Sharing	11	7,058,070.00	6,556,106
Hire of County Assets	12	0.00	2,384,960
Veterinary Department	13	262,870.00	58,225.00
Total County Own Source Revenue		52,415,625.00	66,264,717
Other Receipts			
Donations/Grants Not Received Through CRF	17	-	-
Total Other Receipts		-	-
Total Receipts		52,415,625.00	66,264,717.00
Balance b/fat the beginning of the year		-	-
Disbursements To CRF			
Balance Due for Disbursement		14,245,125.00	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 20th September 2022 and signed by:


 Name: Abdihakim Billow
 County Receiver of Revenue
 (Ref: PFM ACT section 165, 2(a))


 Name: Abdisalan Yarrow
 Head of Revenue Reporting

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

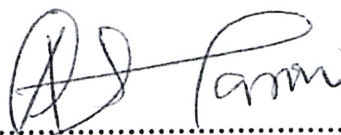
VIII. Statement of Financial Assets and Liabilities As At 30th June 2022

	Note	2021/22	2020/21
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances		14,245,125.00	0
Cash In Hand			
Total Financial Assets		14,245,125.00	0
Total Financial Assets		14,245,125.00	0
Financial Liabilities			
Payables-Due to CRF		14,245,125.00	0
Total Financial Liabilities		0	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 20th September 2022 and signed by:



.....
Name: Abdihakim Billow
County Receiver of Revenue



.....
Name: Abdisalan Yarrow
Head of Revenue Reporting

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

IX. Statement of Comparison of budget vsActual 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	
Cess	52,000,000	-	52,000,000	26,455,190.00	25,544,810.00	51%
Land/Poll Rate	5,000,000	-	5,000,000	2,214,700.00	2,785,300.00	44%
Single/Business Permits	19,500,000	-	19,500,000	8,969,900.00	10,530,100.00	46%
Slaughter Fees	3,000,000	-	3,000,000	1,398,300.00	1,601,700.00	47%
Conservancy	500,000	-	500,000	136,750.00	363,250.00	27%
Market Fees	1,100,000	-	1,100,000	563,100.00	536,900.00	51%
Hospital Fees- Medical Certificate	800,000	-	800,000	365,100.00	434,900.00	46%
Survey Fees	1,400,000	-	1,400,000	898,425.00	501,575.00	64%
Building Materials	5,372,293	-	5,372,293	2,815,920.00	2,556,373.00	52%
Cereals	1,544,196	-	1,544,196	809,400.00	734,796.00	52%
Conservancy Administration	0	-	0	0.00	0.00	0%
Hire of County Assets	282000	-	282000	549,944.00	-267,944.00	195%
Veterinary Department	501,511		501,511	262,870.00	238,641.00	52%
Cost Sharing	9,000,000		9,000,000	6,976,026.00	2,023,974.00	78%
Total County Own Source Revenue	100,000,000.00	-	100,000,000	52,415,625.00	47,584,375.00	52%

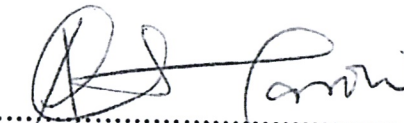
*Receiver Of Revenue
County Government Of Wajir
Revenue Statements for the Period Ended 30th June 2022*

The low collection was as a result of the following challenges

- (a) Insecurity related problems caused by Alshabaab in major parts of the county.
- (b) Persistent and recurring drought in the region.
- (c) Adverse impact of covid-19 and locust re-invasion in the county.
- (d) Closure of the Kenya-Somalia border as well as the Kenya-Ethiopia border due to insecurity related challenges

The County Receiver of revenue's financial statements were approved on 20th September 2022 and signed by:


.....
Name: ABDIHAKIM BILLOW
County Receiver of Revenue


.....
Name: ABDISALAN YAROW
Head of Revenue Reporting

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

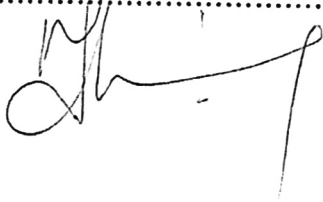
X. Statement of Arrears of Revenue asat 30thJune 2022

.....

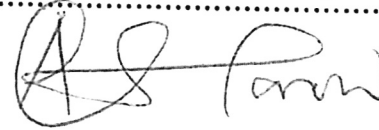
Classification OfReceipts (Indicate As Applicable)	Balance as at 1 st July 20xx ⁻¹	Arrears received during the year	Additions in arrears for the current year to June 30, 2022	Total arrears as at 30 June 2022	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	0	0	0	0		
Land/Poll Rate	0	0	0	0		
Single/Business Permits	0	0	0	0		
Slaughter Fees	0	0	0	0		
Conservancy	0	0	0	0		
Market Fees	0	0	0	0		
Hospital Fees	0	0	0	0		
Survey Fees	0	0	0	0		
Building Materials	0	0	0	0		
Cereals	0	0	0	0		
Conservancy Administration	0	0	0	0		
Administration Control Fees and Charges	0	0	0	0		
Veterinary Department	0	0	0	0		
Cost Sharing	0	0	0	0		
Total Arrears	0	0	0	0		

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

Name: Abdihakim Noor
County Receiver of Revenue

.....


Name: Abdisalan Yarow
Head of Revenue Reporting

.....


XI. 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 Wajir. 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 Wajir County Receiver of Revenue. 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 Revenue Department.

2. Recognition of Receipts

The Wajir County Receiver of Revenue recognises all receipts from the various sources when the related cash has been received by the entity.

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. 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.

5. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b) which is a memorandum statement.

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year.

7. Comparative Figures

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

8. Subsequent Events

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

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

1. Cess

Description	2021/22	2020/21
	Kshs	Kshs
Stock Auction Fees	7,658,190.00	8,992,750.00
Stock Export Fees	928,100.00	1,785,500.00
Miraa Cess	17,868,900.00	19,411,180.00
Arabic Gum	467,900	2,409,100
Total	26,923,090.00	32,598,530.00

2. Land/Poll rates and rent

Description	2021/22	2020/21
	Kshs	Kshs
Land rent	2,214,700.00	2,807,175.00
Land penalties and interest	0	0
Arrears	0	0
Total	2,214,700.00	2,807,175.00

3. Single Business Permits

Description	2021/22	2020/21
	Kshs	Kshs
Business permit application fees	0	0
Annual Business permit fees	8,969,900.00	6,255,400.00
Business permit penalties and interest	0	0
Business permit fees arrears	0	0
Total	8,969,900.00	6,255,400.00

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

4. Slaughter Fees

Description	2021/22	2020/21
	Kshs	Kshs
Slaughter Fees	1,397,300.00	2,176,700.00
Hides and Skins	1,000.00	774,300
Total	1,398,300.00	2,951,000.00

5. Conservancy

Description	2021/22	2020/21
	Kshs	Kshs
Conservancy	136,750.00	249,730.00
Total	136,750.00	249,730.00

6. Market Fees

Description	2021/22	2020/21
	Kshs	Kshs
Market entry fees	563,100.00	354,550.00
Hawking fees	-	-
Total	563,100.00	354,550.00

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

7. Hospital Fees

Descriptions	2021/22	2020/21
	Kshs	Kshs
Medical Certificate	365,100.00	297,700.00
Total	365,100.00	297,700.00

8. Survey Fees

Description	2021/22	2020/21
	Kshs	Kshs
Survey Fees	898,425.00	4,048,041.00
Total	898,425.00	4,048,041.00

9. Building Materials

Description	2021/22	2020/21
	Kshs	Kshs
Building Materials	2,815,920.00	5,425,400.00
Total	2,815,920.00	5,425,400.00

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

10. Cereals

Description	2021/22	2020/21
	Kshs	Kshs
Cereals	809,400.00	849,050.00
Total	809,400.00	849,050.00

11. Hire Of County Assets

Description	2021/22	2020/21
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	0.00	0.00
Hire of Machines and Equipment		2,384,960.00
Conference facilities/Agricultural Training Centers (ATC)	-	-
Total	0.00	2,384,960.00

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

12. Conservancy Administration

Description	2021/22	2020/21
	Kshs	Kshs
Refuse disposal fees	0	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
Total	0	0

13. Administration Control Fees and Charges

Description	2021/22	2020/21
	Kshs	Kshs
Weights and measures	-	-
Fire Services	-	-
Liquor licenses	-	-
Betting levy	-	-
Others ((<i>Tender fees</i>))	0	0.00
Total	0.00	0.00

14. Veterinary Department

Description	2021/22	2020/21
	Kshs	Kshs
Veterinary- Meat Inspection fees	262,870.00	58,225.00
Total	262,870.00	58,225.00

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

15. Cost Sharing

Description	2021/22	2020/21
	Kshs	Kshs
Cost Sharing	7,058,070.00	6,556,106.00
Total	7,058,070.00	6,556,106.00

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

16. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	2021/22 Kshs	2020/21 Kshs
Name of Bank, Account No. & currency	0	0	0	0
Name of Bank, Account No. & currency	0	0	0	0
Name of Bank, Account No. & currency	0	0	0	0
Total	0	0	0	0

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

Ref	Amount (Kshs)	Date subsequently transferred
Balance b/f	0	0
Total	0	0

18. Cash in hand

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

19. Payables- Due To CRF

Payables	2021/22 Kshs	2020/21 Kshs
Balance b/f at the beginning of the year	0	0
Amount collected during the year	0	0
Amounts disbursed to CRF during the year	(0)	0
Balance c/d at the end of the year	0	0

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year.

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

20. 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	0	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	0	0
Miscellaneous receipts	0	0	0	0	0
Others (<i>Specify</i>)	0	0	0	0	0
Total	0	0	0	0	0


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

XII. Appendices

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

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

(PFM ACT section 165 subsection 4, 5)

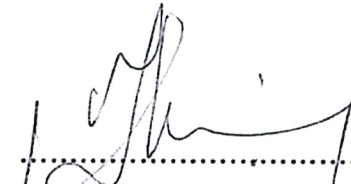

MOHAMUD SOKOR
Date:
Accounting Officer

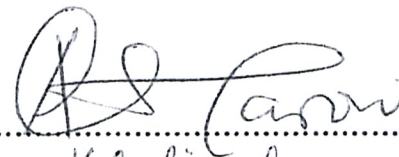
**Receiver Of Revenue
County Government Of Wajir
Revenue Statements for the Period Ended 30th June 2022**

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)


 Name: **ABDIHAKIM BILAL**
 County Receiver of Revenue
 Date:.....


 Name: **Abdisalan Farow**
 Head of Revenue Reporting
 Date:.....

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