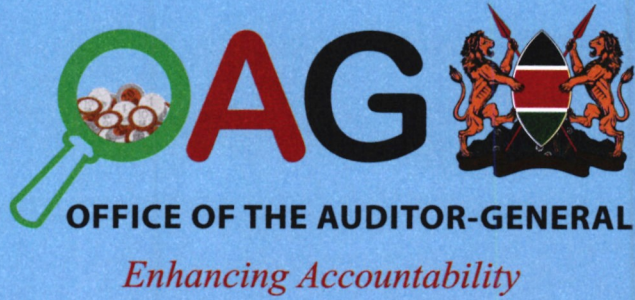


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

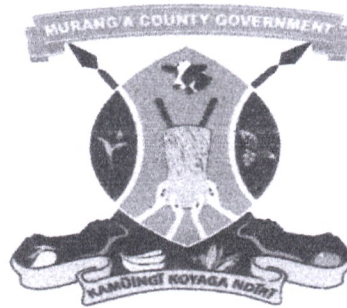
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RECEIVER OF REVENUE

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF MURANG'A



RECEIVER OF REVENUE
(County Government of Murang'a)

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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



Receiver Of Revenue
County Government Of Muranga
Revenue Statements for the Period Ended 30th June 2023

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*Receiver Of Revenue
County Government Of Muranga
Revenue Statements for the Period Ended 30th June 2023*

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I. Key Entity Information and Management

(a) Background information

The Receiver of revenue is under the Department of Finance and Economic Planning. At the County Executive Committee level, the Receiver of revenue is represented by the County Executive committee member for Finance and Economic Planning, who is responsible for the general policy and strategic direction of the receiver of revenue. The Receiver of revenue was designated as a Receiver on 12th May 2023 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 and Economic Planning – Prof Kiarie Mwaura
- Chief Officer, Finance and Economic Planning – Mr Peter G Kahora
- Chief Officer, in charge of Department collecting Revenue – Ms Judy N Mbaru
- 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 Muranga
Revenue Statements for the Period Ended 30th June 2023*

(f) Independent Auditors

Auditor General
Office of the Auditor General
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 2022-2023 marks the 5th year of the implementation of the 2nd generation CIDP 2018-2022. During the period under review, the County Government transited to a new administration as a result of the national elections conducted in August 2022. Some of the challenges encountered in revenue mobilization included political campaigns effect that translated to declined revenue in the first half year. The general economic recession led to decline in substantial decline in a majority of the revenue streams during the first half. After assumption of office the new government embarked on a remarkable exercise of revenue automation whereby the cash handling was eliminated 100%. This resulted to a substantial increase in revenue collection in the second half of the year. The impact of revenue automation bore fruits as own source revenue collected during the financial year, amounted to kshs 682,310,169 compared to 520,317,425 collected in the previous year. This translates to an increase of 31%. 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 74% of the County's total revenue.

On top of the economic crisis and high cost of living, political situation during the election period, the county government managed to recover the lost revenue during the first half of the year. The Automation exercise, mapping of revenue streams, setting of targets jointly with the revenue staff coupled with staff motivation has greatly enhanced revenue mobilization.

The new leadership in place is working tirelessly to improve revenue mobilization so that maximum revenue is collected. Upon full roll out of other related systems including, Land management system and Health management system, 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.


.....

Prof Kiarie Mwaura
CECM Finance and Economic Planning
County Government of Muranga's

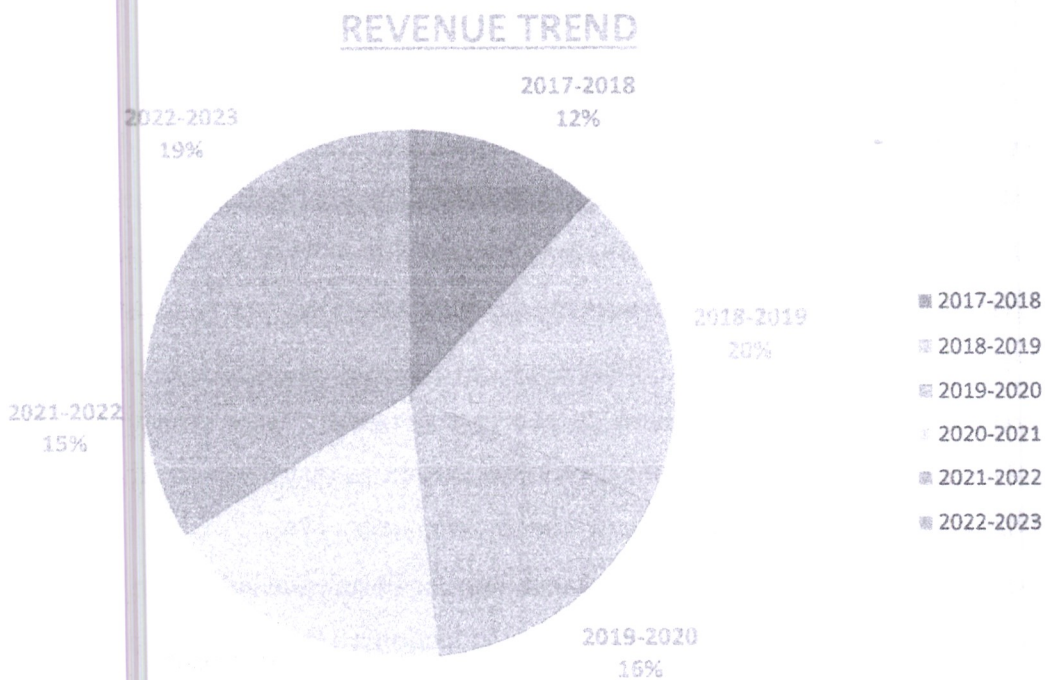
*Receiver Of Revenue
County Government Of Muranga
Revenue Statements for the Period Ended 30th June 2023*

III. Management Discussion and Analysis

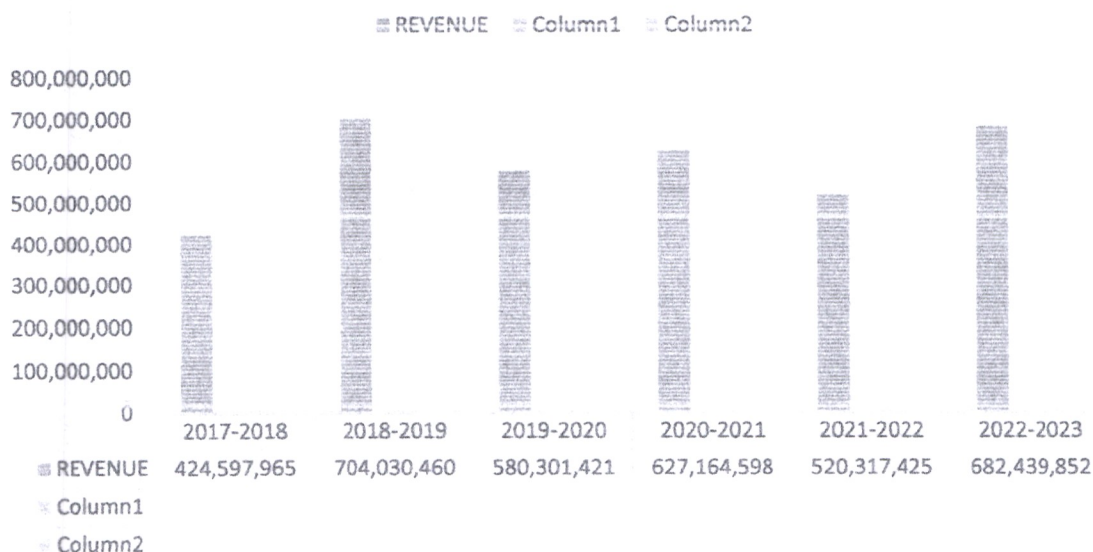
Within the just concluded CIDP implementation cycle, the performance of Receiver of Revenue has been assessed as steady save for the interruptions of operations that were brought about by the effects of the covid-19 pandemic and political situation. The receiver of revenue mobilized revenue from a series 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 six years is as follows;

YEAR	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
AMOUNT	424,597,965	704,030,460	580,301,421	627,164,598	520,317,425	682,310,169



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%..

In the just concluded year there was a remarkable increase in revenue collection due to automation of the revenue collection that eliminated manual cash collection a 31% increase was recorded.

A higher collection is expected in the Current financial year. The County government is in the process of putting in place full-automated systems in lands and health, which are expected to enhance further the revenue collection. Revenue is expected to increase by 24.6% in the current year as compared to the collection in the just ended financial year.

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 2023-2027 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 2023-2027 CIDP are to;

- a) Transform socio-economic state of the county for sustainable development and for the benefit of all.
- b) Increase agricultural production, productivity and value addition
- c) Improve Universal Health Care;
- d) Education sector interventions, including school-feeding programme
- e) Community-based development projects of roads and ECDE infrastructure;

The progress made in attaining the objectives of the CIDP (2023-2027) will be presented after one year as this is the first year of implementation.

*Receiver Of Revenue
County Government Of Muranga
Revenue Statements for the Period Ended 30th June 2023*

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 increase in majority of streams due to Automation.
Cess	203,525,842	72,703,641	
Land/Poll Rate	0	0	
Single Business Permits	306,199,940	214,814,773	
Property Rent	163,145,395	53,204,735	
Parking Fees	140,823,956	46,920,561	
Market Fees	122,993,200	35,172,310	
Advertising	32,613,206	4,293,552	
Hospital Fees	238,818,117	124,611,367	
Public Health Service Fees	54,270,588	5,959,571	
Physical Planning and Development	35,608,887	43,852,969	
Hire Of County Assets	0	0	
Conservancy Administration	35,058,353	1,117,107	
Administration Control Fees and Charges	95,621,817	55,908,832	
Park Fees	0	0	
Other Fines, Penalties, And Forfeitures	10,880,817	3,235,088	
Miscellaneous receipts	19,262,906	1,238,741	
Livestock Related Fees	41,176,976	19,276,921	
Sub-Total	1,500,000,000	682,310,169	

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.

**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023**

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 financial statements, 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, 2023. 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 Murang'a County, (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 Murang'a County, (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 Murang'a County Receiver of Revenue financial statements, 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 Murang'a County Receiver of Revenue financial statements gives a true and fair view of the state of entity's receiver of revenue transactions during the financial year ended June 30, 2023, and of Murang'a County'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 Murang'a County 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.

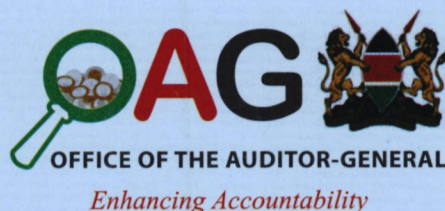
Approval of the Revenue Statements

The revenue statements were approved and signed by the Receiver of Revenue on 26th September 2023


.....
**Name Judy N Mbaru
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 FOR THE YEAR ENDED 30 JUNE, 2023 - 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 Revenue Statements that considers whether the revenue statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the revenue statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk Management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE REVENUE STATEMENTS

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 the statement of financial assets and liabilities as at 30 June, 2023, 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 revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Murang'a as at 30 June, 2023, 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

1.0 Inaccuracies in the Revenue Statements

1.1 Unsupported Financial Statements Adjustment

The amended revenue statements for the year ended 30 June, 2023 reflects total county own source revenue balance of Kshs.682,310,169, while the original revenue statements submitted for audit reflect Kshs.682,439,852 resulting to a variance of Kshs.129,683. However, the adjustment was not supported, and approved journal voucher was not provided for audit explaining the reasons for the adjustment.

In the circumstances, the accuracy and completeness of the total own source revenue balance of Kshs.682,310,169 could not be confirmed.

1.2 Variance Between Receiver of Revenue Statements Balance and the County Revenue Fund Financial Statements

The statement of receipts and disbursements reflects disbursements to County Revenue Fund of Kshs.684,492,269. However, this balance is at variance with the reported County Revenue Fund (CRF) financial statements balance of Kshs.682,260,619 resulting to an unexplained and unreconciled variance of Kshs.2,231,650.

In the circumstances, the accuracy and completeness of disbursements to County Revenue Fund balance of Kshs.684,492,269 could not be confirmed.

2. Long Outstanding Arrears of Revenue

The statement of arrears of revenue reflects total outstanding revenue of Kshs.87,434,762 in respect of land rates/ plot rent and dormant plot arrears. However, as disclosed in Note 22 to the revenue statements, the balance includes revenue arrears of Kshs.76,625,972 relating to the financial year 2021/2022 and earlier years. Management did not demonstrate adequate measures to recover the arrears.

In the circumstances, the accuracy, completeness and recoverability of revenue arrears totalling to Kshs.87,434,762 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 revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Shortfall in Own Source Revenue Collection

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.682,310,169 respectively resulting to under-collection of Kshs.817,689,831 or 55% of the budget. The shortfall in revenue is an indicator of revenue leakages and inefficiencies in revenue collection system.

In the circumstances, the under-collection of revenue affected the planned activities and may have impacted negatively on services delivery to the public.

My opinion is not modified on the effects of the above matter.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for 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

1. Irregular Waivers at Murang'a Level 4 Hospital

As reported in the previous year, Note 8 to the revenue statement reflects hospital fees balance of Kshs 124,611,367 which includes level 4 hospitals balance of Kshs 123,750,039. However, review of waiver register maintained at Murang'a Level 4 Hospital revealed that waiver totalling to Kshs.11,833,676 were granted to inpatient and outpatient persons under medical treatment without an approved policy or guidelines on waivers. Further, the details of the waivers were not included in appendix 1 to the revenue

statements as required by the reporting template issued by the Public Sector Accounting Standards Board.

In the circumstances, the regularity and authenticity of waiver granted of Kshs.11,833,676 could not be confirmed.

2. Lack of Official Appointment of Revenue Collectors

Review of records provided for audit revealed that during the year under review, county employees collected and accounted for revenue without official appointments by the County receiver of revenue contrary to Section 158(1) of the Public Finance Management Act, 2012 which requires that a receiver of revenue for a county government may authorize any public officer employed by that county government or any of its entities to be a collector of revenue for the purpose of collecting revenue for that county government and remitting it to the receiver.

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

3. Failure to Use Updated Valuation Roll

Review of records provided for audit revealed that during the year under review, the Management used a valuation roll inherited from the defunct Municipal Council of Murang'a. Further, information provided by Management indicated that the new valuation roll had been finalized but had not been to use. This was contrary to Regulation 63(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states 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, the County was denied the opportunity to raise more revenue from land rates and land rent. In addition, 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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 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 governance.

In preparing the revenue statements, Management is responsible for assessing the Receiver of Revenue's ability to sustain services, disclosing, as applicable, matters related to sustainability of service and using the applicable basis of accounting unless the Management is aware of intension 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 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 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 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2024

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023

VII. Statement of Receipts and Disbursements for the year ended 30th June 2023

	Note	2022/23 Kshs	2021/22 Kshs
County Own Source Revenue			
Cess	1	72,703,641	70,598,670
Land/Poll Rate	2	0	-
Single Business Permits	3	214,814,773	111,580,311
Property Rent	4	53,204,735	56,591,575
Parking Fees	5	46,920,561	48,848,755
Market Fees	6	35,172,310	42,663,662
Advertising	7	4,293,552	11,312,809
Hospital Fees	8	124,611,367	82,840,790
Public Health Service Fees	9	5,959,574	18,825,282
Physical Planning and Development	10	43,852,969	12,352,084
Hire Of County Assets	11	0	-
Conservancy Administration	12	1,117,107	12,160,977
Administration Control Fees and Charges	13	55,908,832	33,169,124
Park Fees	14	0	-
Other Fines, Penalties, And Forfeitures	15	3,235,088	3,774,349
Miscellaneous receipts	16	1,238,741	1,315,643
Livestock Related Fees	17	19,276,921	14,283,394
Sub-Total		682,310,169	520,317,425
Other Receipts			
Donations/Grants not received through CRF	18	-	-
Total Other Receipts		-	-
Total Receipts		682,310,169	520,317,425
Balance b/f at the beginning of the year		2,263,600	23,351,919
Disbursements To CRF		(684,492,269)	(541,405,744)
Balance Due for Disbursement		81,500	2,263,600

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 26th September 2023 and signed by:

.....
Name Judy N Mbaru
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

.....
Name Thomas W Gakahu
Head of Revenue Reporting
ICPAK M/No 7484

**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023**

Statement of Financial Assets and Liabilities as at 30th June 2023

	Note	2022/23	2021/22
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	19	81,500	2,263,600
Cash In Hand	20	-	-
Total Financial Assets		81,500	2,263,600
Total Financial Assets		81,500	2,263,600
Financial Liabilities			-
Payables-Due to CRF	21	81,500	2,263,600
Total Financial Liabilities		81,500	2,263,600

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 26th September 2023 and signed by:

.....
Name Judy N Mbaru
County Receiver of Revenue

.....
Name Thomas W Gakahu
Head of Revenue Reporting
ICPAK M/No 7484

**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023**


VIII. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2023


Receipt	Original Budget		Adjustments		Final Budget		Actual On Comparable Basis		Budget Realization Difference		% Of Realization	
	A	Kshs	B	Kshs	C=A+B	Kshs	D	Kshs	E=C-D	Kshs	F=D/C%	
County Own Source Revenue												
Cess	203,525,842		-		203,525,842		72,703,641		130,822,201		35.72	
Land/Poll Rate	0		-		0		0		0		0.00	
Single Business Permits	306,199,940		-		306,199,940		214,814,773		91,385,167		70.16	
Property Rent	163,145,395		-		163,145,395		53,204,735		109,940,660		32.61	
Parking Fees	140,823,956		-		140,823,956		46,920,561		93,903,395		33.32	
Market Fees	122,993,200		-		122,993,200		35,172,310		87,820,890		28.60	
Advertising	32,613,206		-		32,613,206		4,293,552		28,319,654		13.17	
Hospital Fees	238,818,117		-		238,818,117		124,611,367		114,206,750		52.18	
Public Health Service Fees	54,270,588		-		54,270,588		5,959,574		48,311,014		10.98	
Physical Planning and Development	35,608,887		-		35,608,887		43,852,969		-8,244,082		123.15	
Hire Of County Assets	0		-		0		0		0		0.00	
Conservancy Administration	35,058,353		-		35,058,353		1,117,107		33,941,246		3.19	
Administration Control Fees and Charges	95,621,817		-		95,621,817		55,908,832		39,712,985		58.47	
Park Fees	0		-		0		0		0		0.00	
Other Fines, Penalties, And Forfeitures	10,880,817		-		10,880,817		3,235,086		7,645,731		29.73	
Miscellaneous receipts	19,262,906		-		19,262,906		1,238,741		18,024,165		6.43	
Livestock Related Fees	41,176,976		-		41,176,976		19,276,921		21,900,055		46.81	
Sub-Total	1,500,000,000		-		1,500,000,000		682,310,169		817,689,831		45.50	

**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023**

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

- (a) On land rates and plot rent, most customers took advantage of automation and failed to pay as payment was being made online. In the previous years the amount was tagged to SBP thus enabling significant collection.
 - (b) Part of the year under review was the year the country conducted general elections. The political wave significantly affected the revenue collection.
 - (c) Various streams including conservancy, sale of forms, fire and weight and measures had significant amount captured during license payment, which was done online.
 - (d) The County had over ambitious revenue target since over the time such an amount has never been realised.
- The County Receiver of revenue's financial statements were approved on 26TH September 2023 and signed by:

.....

Name Judy N Mbaru
County Receiver of Revenue

.....

Name Thomas W Gakahu
Head of Revenue Reporting
ICPAK M/No 7484

Revenue Of Revenue
Coastal Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023

5. Statement of Arrears of Revenue as At 30th June 2023

Classification Of Receipts (Indicate As Applicable)	Balance as at 1 st July 2022	Arrears received during the year	Additions in arrears for the current year to June 30, 2023	Total arrears as at 30 June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Cess	-	-	-	-		
Land Rate/ Plot Rent	42,562,242	(10,519,893)	14,879,222	46,921,571	Issued demand invoices, proposal to do a waiver on penalties	
Single/Business Permits	-	(-)	-	-		
Property Rent	-	(-)	-	-		
Parking Fees	-	(-)	-	-		
Market Fees	-	(-)	-	-		
Advertising	-	(-)	-	-		
Hospital Fees	-	(-)	-	-		
Public Health Service Fees	-	(-)	-	-		
Physical Planning And Development	-	(-)	-	-		
Hire Of County Assets	-	(-)	-	-		
Conservancy Administration	-	(-)	-	-		
Administration Control Fees And Charges	-	(-)	-	-		
Park Fees	-	(-)	-	-		
Dormant plot arrears	40,513,191	(-)	-	40,513,191		
Miscellaneous	-	(-)	-	-		
Total Arrears	83,075,433	(10,519,893)	14,916,824	87,434,762		

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023*

.....
Name Judy N Mbaru
County Receiver of Revenue
(Ref: PFM ACT section 165, 2(a))

.....
Name Thomas W Gakahu
Head of Revenue Reporting
ICPAK M/No 7484

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 28th June 2022 for the period 1st July 2022 to 30 June 2023 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 27,100 at Equity, kshs 4,400 at KCB and kshs 50,000 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, 2023

Receiver Of Revenue
 County Government Of Murang'a
 Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (Continued)

1. Cess

Description	2022/23	2021/22
	Kshs	Kshs
Farm produce	0	0
Quarrying, Building materials	40,059,246	33,045,131
Livestock	0	0
Fish farming	0	0
Others (sand, quarry dust, usable soil)	32,644,395	37,553,539
Total	72,703,641	70,598,670

2. Land/Poll rates

Description	2022/23	2021/22
	Kshs	Kshs
Land rates	0	0
Land penalties and interest	0	0
Arrears	0	0
Total	0	0

3. Single /Business Permits

Description	2022/23	2021/22
	Kshs	Kshs
Business permit application fees	10,094,340	5,366,238
Annual Business permit fees	204,720,433	106,214,073
Business permit penalties and interest	0	0
Business permit fees arrears	0	0
Total	214,814,773	111,580,311

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (continued)

4. Property Rent

Description	2022/23	2021/22
	Kshs	Kshs
County Housing	0	0
Plot Rent	50,447,179	52,727,019
Tenancy Agreement	0	0
Transfer of Property	0	0
Stalls/kiosks rent	2,757,556	3,864,556
Others (Specify)	0	0
Total	53,204,735	56,591,575

5. Parking Fees

Description	2022/23	2021/22
	Kshs	Kshs
Street parking fees	15,908,355	21,125,468
Monthly toll/sticker fees	0	0
Motorbike fees	1,041,139	1,075,519
Registration fees	0	0
Reserved parking	0	0
Bus Park fees	29,971,067	26,647,768
Others (Specify)	0	0
Total	46,920,561	48,848,755

6. Market Fees

Description	2022/23	2021/22
	Kshs	Kshs
Market entry fees	35,172,310	42,663,662
Hawking fees	0	0
Others (Specify)	0	0
Total	35,172,310	42,663,662

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (Continued)

7. Advertising

Descriptions	2022/23	2021/22
	Kshs	Kshs
Branding	0	0
Billboard advertising	4,293,552	11,312,809
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	4,293,552	11,312,809

8. Hospital Fees

Description	2022/23	2021/22
	Kshs	Kshs
Level 5 hospitals	0	0
Level 4 hospitals	123,750,039	81,250,808
Others (<i>Morgue Fees</i>)	861,328	1,589,982
Total	124,611,367	82,840,790

9. Public Health Service Fees

Description	2022/23	2021/22
	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	5,959,574	18,825,281
Rodent Control/Fumigation	0	0
Others (<i>Specify</i>)	0	0
Total	5,959,574	18,825,281

Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

Description	2022/23	2021/22
	Kshs	Kshs
Sale of County planning documents	0	0
Land valuation and registration fees	0	0
Change / Renewal of user	2,577,113	2,246,989
Building plans approval	20,387,791	2,837,038
Signboards	0	0
Occupational Permits	0	0
Other land based revenue	17,029,689	2,507,105
Architectural designs by county officers	0	0
Hoarding fees	0	0
Sub division, Transfer of ownership	3,858,376	4,760,952
Total	43,852,969	12,352,084

11. Hire Of County Assets

Description	2022/23	2021/22
	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 2023

Notes to the Financial Statement (Continued)

12. Conservancy Administration

Description	2022/23	2021/22
	Kshs	Kshs
Refuse disposal fees	1,117,107	12,160,977
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 (Specify)	0	0
Total	1,117,107	12,160,977

13. Administration Control Fees and Charges

Description	2022/23	2021/22
	Kshs	Kshs
Weights and measures	429,615	3,055,938
Fire Services	772,003	14,014,973
Liquor licenses	54,707,214	16,098,213
Betting levy	0	0
Others (Specify)	0	0
Total	55,908,832	33,169,124

14. Park Fees

Description	2022/23	2021/22
	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 (Specify)	0	0
Total	0	0

*Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023*

Notes to the financial statements (continued)

15. Other Fines, Penalties and Forfeitures

Description	2022/23	2021/22
	Kshs	Kshs
Impounding Fees	1,446,447	1,653,322
Towing Fees	0	-
Others (<i>penalties</i>)	1,788,639	2,121,027
Total	3,235,086	3,774,349

16. Miscellaneous Receipts

Description	2022/23	2021/22
	Kshs	Kshs
Dividends	-	-
Interest	-	-
Sale of forms	471,066	-
Education & Polytechnic	5,350	45,350
Self Help Group	636,214	998,187
Cooperative Audit	126,111	272,106
Total	1,238,741	1,315,643

17. Livestock Related Fees

Description	2022/23	2021/22
	Kshs	Kshs
Artificial Insemination	147,167	153,290
Meat Inspection	7,380,070	12,318,686
Vet. Clinical Services	10,197,776	657,090
Slaughter	1,493,411	1,013,666
Others (Mariira Farm - milk sale)	58,497	140,662
Total	19,276,921	14,283,394

Receiver Of Revenue
 County Government Of Murang'a
 Revenue Statements for the Period Ended 30th June 2023

18. Donations And Grants Not Received Through CRF

Description	2022/23	2021/22
	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)	2022-2023	2021-2022
			Kshs	Kshs
Kcb-Murang'a Municipal Revenue Collection A/C No.1140745859			4,400	31,863
Equity-Murang'a C. Revenue A/C 0220273464893			27,100	2,231,350
Family-Murang'a County Revenue Collection A/C 006000031309			0	0
Co-Op Bank- Murang'a County Revenue Collection A/C 01141574897400			50,000	387
Total			81,500	2,263,600

19 (a) Balance carried forward as at 30th June 2023 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
	81,500	1 July 2023
Total	81,500	

**Receiver Of Revenue
County Government Of Murang'a
Revenue Statements for the Period Ended 30th June 2023**

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)
	Collection of revenue done manually	Automation done eliminating cash handling	Resolved	
	Irregular Waivers at Hospital	Management has put a system of granting waivers that is done through the HMS system online	Resolved	
	Absence of cash books for the revenue accounts	Cash Books are now in place	Resolved	
	Huge balances of Plot rent that are not reconciled	Data on plot rent and land rates being cleansed. Have updated substantial part	Partially resolved	To be fully resolved by 30 th June 2024.

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.

.....
Judy N Mbaru

.....
Thomas W Gakahu

Name Judy N Mbaru
County Receiver of Revenue
Date

Name Thomas W Gakahu
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