

REPUBLIC OF KENYA



Enhancing Accountability

PAPER **REPORT**

| | |
|--------------------|------------------|
| DATE | 27-02-2024 |
| TABLED BY | MAJORITY LEADER |
| COMMITTEE | FINANCE & BUDGET |
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PARLIAMENT
OF KENYA
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THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE

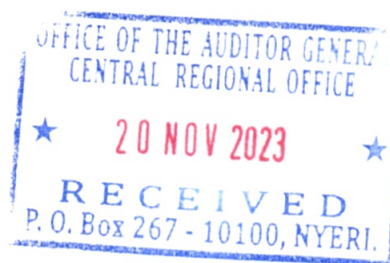
**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF NYERI



RECEIVER OF REVENUE
(County Government of Nyeri)

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 Nyeri
Revenue Statements for the Period Ended 30th June 2023**

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Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

1. Acronyms and glossary of terms

a) Acronyms

| | |
|-------|--|
| CA | County Assembly |
| COB | Controller of Budget |
| CRF | County Revenue Fund |
| FY | Financial Year |
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OSR | Own Source Revenue |
| PFMA | Public Finance Management Act |
| PSASB | Public Sector Accounting Standards Board |
| ROR | Receiver of Revenue |
| CECM | County Executive Committee Member |
| PFM | Public Financial Management Act |
| ICT | Information communication and technology |
| H.R | Human Resource |
| IGTRC | Intergovernmental Relations Technical Committee |
| CILOR | Contribution in Lieu of Rates |

**Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023**

b) Glossary of terms

Comparative FY

Comparative Prior Financial Year 2021-2022

Fiduciary Management

The key management personnel who had financial responsibility

2. Key Entity Information and Management

The County Government of Nyeri 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.

Vision: A Wealthy County with a Healthy and Secure people for shared prosperity.

Mission: To create, enhance and sustain an environment that unlocks the potential of the people of Nyeri to achieve progressive socio-economic growth by running an open and inclusive government.

(a) Background information

The County Receiver of Revenue is under the Department of Finance, Economic Planning and ICT. At the County Executive Committee level, the Receiver of Revenue is represented by the County Executive Committee Member for Finance, Economic Planning and ICT who is responsible for the general policy and strategic direction of the Receiver of Revenue. The County Receiver of Revenue was appointed as a Receiver on 13th February, 2018 by the County Executive Committee Member for Finance, in accordance with section 157 of the PFM Act 2012.

(b) Principal activities

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

(c) Key Management

The County Government of Nyeri day-to-day management of revenue is under the following:

- County Executive Committee Member for Finance, Economic Planning and ICT - Mr. Robert Thuo Mwangi
- Chief Officer in charge of Finance, Accounting Services and ICT - Mr. John Mungai Ngugi
- Director, Revenue/ Receiver of Revenue - Ms. Rehema M. Salim
- Head of Revenue Reporting - Ms. Teresa N. Maina

Key Entity information and Management (continued)

(d) County Headquarters

P.O. BOX 1112-10100
Town Hall Building
Kenyatta Road/Highway
NYERI, KENYA
Telephone: (254) 0612030700
E-mail: info@nyericounty@gmail.com
Website: www.nyeri.go.ke.

(e) Independent Auditors

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

(f) Principal Legal Adviser

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

(g) Bankers

Cooperative Bank of Kenya - Nyeri 01141666594400
Kenyatta Road Nyeri
P.O Box 840-10100
Nyeri, Kenya

Equity Bank Nyeri Branch - 0110280843674
P.O Box 2064 Nyeri
Nyeri, Kenya

Kenya Commercial Bank Nyeri Branch A/C 1140760319
Kenyatta Street
P.O Box 840-10100
Nyeri, Kenya

(h) County Attorney

P.O. BOX 1112-10100
Town Hall Building
Kenyatta Road/Highway
Nyeri, Kenya

3. Foreword by the CECM Finance, Economic Planning and ICT

The County Executive Committee Member for Finance in Section 104 (D) of the PFM Act 2012 is responsible for mobilization of resources for funding the budgetary requirements of the County Government and putting in place mechanisms to raise revenue and resources. Under section 109, the CECM for Finance is mandated to establish a County Revenue Fund and shall ensure that all monies raised or received or on behalf of the County Government is paid into the County Revenue Fund. Under section 157

(1) The CECM for Finance shall, in writing, designate persons to be responsible for collecting, receiving and accounting for such County Government revenue as the CECM for Finance may specify in their letters of appointment.

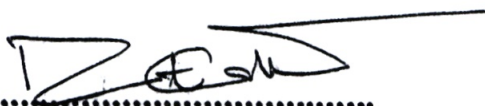
(2) A Receiver of County Government revenue is responsible to the CECM for Finance in ensuring that the revenue is collected, recovered and accounted for.

The section 165. (1) Of the PFM Act 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.

Preparation of these accounts is in accordance with the guidelines, standard, and format prescribed by the Public Sector Accounting Standard Board. The Receiver of Revenue report provide a true and fair view of the revenue accounts of the County as at 30th June, 2023.

Budget Execution Historical Performance and Outlook:

In the fiscal year 2022/2023, the County's funding of this budget was expected from Equitable Share Ksh. 6,229,016,859, Kshs 579,455,247.00 from donor funding and Local Revenue Kshs. 800,000,000. Local revenue was expected to contribute 11% in financing the FY 2022- 2023 budget. The actual local revenue collected and receipted in the financial year 2022/23 is Kshs. 610,737,307, this does not include the amount collected from the Hospital services fees that are managed through the Hospital Fund with an actual collection of Kshs. 469,529,432. If aggregated with Local revenue the total amount collected as Own Source Revenue (OSR) is Kshs. 1,080,266,739 which records the highest revenue collection since devolution.



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**CECM Finance, Economic Planning and ICT
County Government of Nyeri**

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

4. Management Discussion and Analysis

The County Government of Nyeri under its operation structure has placed the Revenue Directorate under the department of Finance, Economic Planning & ICT. The Director of Revenue is the appointed Receiver of Revenue. There are Sub County Revenue officers who collect and account for revenue from the Sub Counties. In the office of the director there is a team tasked to oversee the day-to-day operations of the sub counties that includes reconciliation of the reported revenue against amounts banked and also undertakes impromptu inspections and monitoring of the field operations. Nyeri County operates a cashless revenue management system, "NyeriPay", that facilitates real time-monitoring of revenue collected and allows timely action in case of adverse performance. Over the past 5 years, the County has endeavoured to enhance OSR collection to enable financing of the budget for service delivery. In the financial year 2022-2023 OSR was expected to finance 11% of the County overall budget of Kshs 7,608,172,106.

The table below illustrates revenue performance for the past five (5) financial years.

TOTAL ACTUAL REVENUE COLLECTION FOR THE COUNTY IN KSHS.

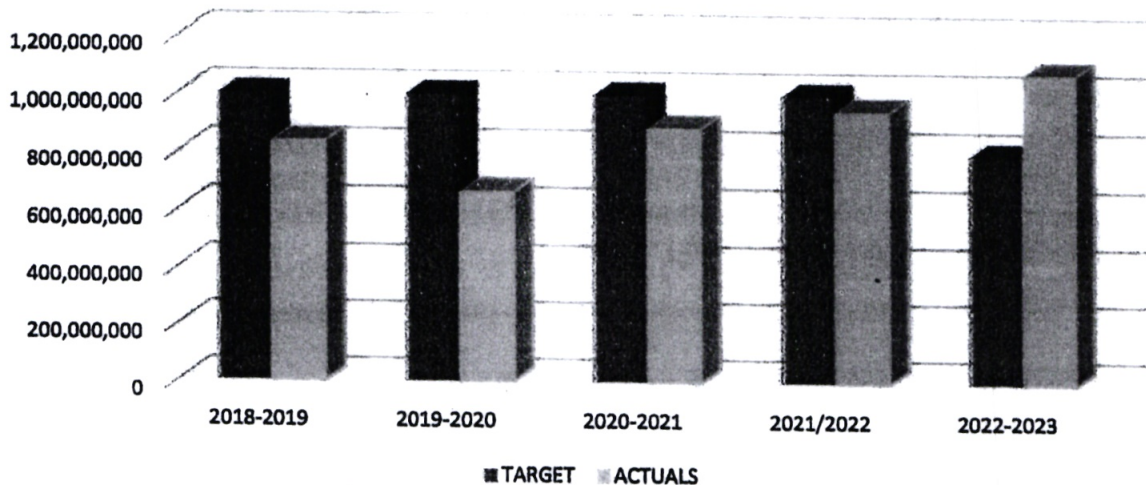
COMPARISON OF ACTUALS AGAINST THE TARGET

The following is an analysis of OSR Collections for the past five (5) financial years

| DESCRIPTION | TARGET | ACTUALS | VARIANCE | %PERFORMANCE |
|------------------|----------------------|-------------|---------------|--------------|
| 2018-2019 | 1,000,000,000 | 837,394,937 | (162,605,063) | 83.7 |
| 2019-2020 | 1,000,000,000 | 663,800,035 | (336,199,965) | 66.4 |
| 2020-2021 | 1,000,000,000 | 886,940,834 | (113,059,166) | 88.7 |
| 2021/2022 | 1,000,000,000 | 948,313,629 | (51,686,371) | 94.8 |
| 2022-2023 | 800,000,000 | 610,737,307 | 280,266,739 | 135 |
| | Health Services Fund | 469,529,432 | | |

NB: Revenue collected for the Financial Year 2022/23 does not include the Hospital services fees of Kshs. 469,529,432 that would make the total collections of Kshs. 1,080,266,739

Comparisons of the own source revenue actuals against the target



- Revenue collected and reported under ROR for the Financial Year 2022/23 does not include the Hospital services fees of Kshs. 469,529,432 that would make the total collections of Kshs. 1,080,266,739
- As demonstrated above revenue has been growing progressively over the years except for 2019-2020 that was largely affected by the effects of Covid-19 pandemic and introduction of Universal Health Care (UHC).

A. Implementation Challenges and Emerging Issues:

- i. Hard economic conditions including low rainfall has led to low income that eventually translates to low revenue collections.
- ii. General elections that were held in August 2022 affected the performance of quarter 1 since there was no political good will that could enable enforcement of revenue.
- iii. Some of the businesses that closed during Covid-19 pandemic especially under hospitality Industry have not been able to recover.
- iv. Late disbursement by National Government to Counties delayed implementation of some of the projects. Those that were meant for construction and were not implemented affected some revenue streams like cess fees.

The above challenges affected both structured and non-structured revenues. The structured revenues were affected since most of the clients were not able to meet their obligation while the unstructured revenues were avoided since they are voluntary sought services.

B. Compliance and Governance

- i. Lack of valid valuation roll affects revenue collection since the outdated or invalid valuation rolls are not enforceable. However, the County is in the process of setting a Valuation Court to solve the issues and also undertaking out of court negotiations with the rate payers.
- ii. Default by the Government to remit Contribution in Lieu of Rates (CILOR) amounting Kshs. 846,748,219 classified under default/material arrears in statutory/financial obligations. This impacts negatively on service delivery and achievement of OSR target.

**Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023**

5. 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 ROR is responsible for the preparation and presentation of the ROR account, which gives a true and fair view of the state of affairs of the ROR for and as at the end of the financial year (period) 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 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.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The ROR in charge accepts responsibility for the entity's ROR accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The ROR is of the opinion that the entity's ROR account gives a true and fair view of the state of entity's ROR transactions during the financial year ended June 30, 2023, and of the entity's statement of assets and liabilities as at that date. The ROR further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the ROR account as well as the adequacy of the systems of internal financial control.

The ROR confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The ROR 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

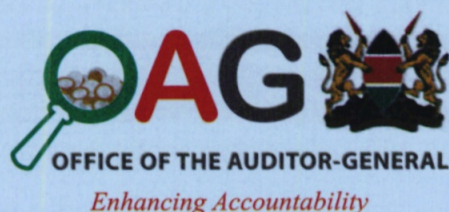
The Revenue statements were approved and signed by the Receiver of Revenue on 26th September 2023

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**Name: Rehema Salim
County Receiver of Revenue**

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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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 NYERI

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Nyeri set out on pages 1 to 22, which comprise of 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 effects of the matter 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 Nyeri 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

Long Outstanding Arrears of Revenue

The statement of arrears of revenue reflects total arrears balance of Kshs.1,418,262,002 as at 30 June, 2023. However, as disclosed in Note 23 to the financial statements, the balance includes arrears of revenue totalling Kshs.1,255,749,426 relating to financial year 2021/2022 and prior years and no measures were put in place to recover the revenue arrears.

In the circumstances, the accuracy, completeness and recoverability of revenue arrears totalling Kshs.1,418,262,002 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 Nyeri Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance - Under Collection of Revenue

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.800,000,000 and Kshs.610,737,307 respectively resulting to under collection of Kshs.189,262,693 or 24% of the budget. The shortfall in revenue may be an indicator of revenue leakages and inefficiencies in revenue collection system.

In the circumstances, the under-performance of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, various issues were raised under Report on Financial Statements, Other Matter and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues were not resolved as indicated under annex 2 to the financial statements under progress on follow up of prior year auditor's recommendations. No explanation was provided for failure to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Operationalize Valuation Roll

As reported in the previous year, the Management procured the services of a firm at a contract price of Kshs.25,334,400 to develop valuation roll during the financial year 2019/2020. However, the evidence of operationalization of the valuation roll during the year under review was not provided for audit review. 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 opportunity to raise more revenue from land rates and land rent. In addition, 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 financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Receiver of Revenue's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the 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 financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Receiver of Revenue policies and procedures may deteriorate.

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

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

20 December, 2023

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

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

| STATEMENTS OF RECEIPTS AND DISBURSEMENTS | Note | 2022-2023 Kshs | 2021-2022 Kshs |
|---|------|----------------------|----------------------|
| County Own Source Revenue | | | |
| Cess | 1 | 40,915,390 | 57,551,167 |
| Land Rate | 2 | 51,086,122 | 50,014,771 |
| Single/Business Permits | 3 | 113,010,516 | 104,516,416 |
| Property Rent | 4 | 57,305,619 | 56,425,814 |
| Parking Fees | 5 | 105,123,959 | 111,757,461 |
| Market Fees | 6 | 12,915,433 | 14,511,659 |
| Advertising | 7 | 35,145,105 | 36,322,165 |
| Hospital Fees | 8 | - | 342,378,883 |
| Public Health Service Fees | 9 | 10,740,387 | 13,113,820 |
| Physical Planning and Development | 10 | 42,615,604 | 38,017,361 |
| Hire Of County Assets | 11 | 6,551,360 | 9,145,092 |
| Conservancy Administration | 12 | 31,327,370 | 34,342,865 |
| Administration Control Fees and Charges | 13 | 95,446,410 | 68,517,134 |
| Proceeds from sale of assets | 14 | - | - |
| Park Fees | 15 | - | - |
| Other Fines, Penalties, And Forfeiture Fees | 16 | 2,261,030 | 4,272,751 |
| Miscellaneous receipts | 17 | 6,293,003 | 7,426,270 |
| Total County Own Source Revenue | | 610,737,307 | 948,313,629 |
| Other Receipts | | | |
| Donations/Grants/Health Service Fund Not Received Through CRF | 18 | - | (342,378,883) |
| Banked revenue not receipted to be recognised after receipting* | | 21,892,780 | 2,555,709 |
| unreceipted revenue due to cutoff dates 1st July to 20th July 2022 | | | 36,436,287 |
| Total Other Receipts | | 21,892,780 | (303,386,887) |
| Total Receipts | | 632,630,087 | 644,926,742 |
| Balance b/f at the beginning of the year | | 4,999,676 | 2,476,312 |
| Disbursements To CRF | | (600,136,596) | (642,322,033) |
| bank charges | | (102,860) | (81,345) |
| Revenue transferred to CRF collected in the year 2022-2023 1st-20th July 2023 | 19 | (36,436,287) | - |
| Balance Due for Disbursement | | 954,020 | 4,999,676 |

Note: Banked revenue not receipted to be recognized after receipting* This due to increased cashless payment introduced by Counties where the clients Bank and do not provide enough details to the bank nor provide the slip immediately after receipting. At times clients will erroneously deposit money to County accounts hence reversed later. Therefore, the amount is not recognizable before receipting.

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: Rehema Salim

County Receiver of Revenue

ICPAK M/No. 10653

.....
Name: Teresa Maina

Head of Revenue Reporting

**Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023**

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

| Statement of Financial Assets and Liabilities as at 30 th June 2023 | | | |
|--|----|----------------|------------------|
| Financial Assets | | | |
| Cash And Cash Equivalents | | | |
| Bank Balances | 20 | 954,021 | 4,999,676 |
| Cash In Hand | 21 | - | - |
| Total Financial Assets | | 954,021 | 4,999,676 |
| Total Financial Assets | | 954,021 | 4,999,676 |
| Financial Liabilities | | | |
| Payables-Due to CRF | 22 | 954,021 | 4,999,676 |
| Total Financial Liabilities | | 954,021 | 4,999,676 |

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: Rehema Salim
County Receiver of Revenue
ICPAK M/No. 10653

.....
Name: Teresa Maina
Head of Revenue Reporting

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

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

| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| County Own Source Revenue | | | | | | |
| Cess | 71,330,144 | - | 71,330,144 | 40,915,390 | 30,408,754 | 57 |
| Land Rate | 62,222,839 | - | 62,222,839 | 51,086,122 | 11,136,717 | 82 |
| Single/Business Permits | 128,415,000 | - | 128,415,000 | 113,010,516 | 15,404,484 | 88 |
| Property Rent | 57,300,000 | 10,000,000 | 67,300,000 | 57,305,619 | 9,994,381 | 85 |
| Parking Fees | 118,881,907 | 7,000,000 | 125,881,907 | 105,123,959 | 20,757,948 | 84 |
| Market Fees | 26,000,000 | 4,000,000 | 30,000,000 | 12,915,433 | 17,084,567 | 43 |
| Advertising | 37,182,998 | 8,000,000 | 45,182,998 | 35,145,105 | 10,037,893 | 78 |
| Hospital Fees | - | - | - | - | - | 0 |
| Public Health Service Fees | 14,247,807 | 3,000,000 | 17,247,807 | 10,740,387 | 6,507,420 | 62 |
| Physical Planning and Development | 39,966,051 | 10,000,000 | 49,966,051 | 42,615,604 | 7,350,447 | 85 |
| Hire Of County Assets | 10,050,000 | 3,000,000 | 13,050,000 | 6,551,360 | 6,498,640 | 50 |
| Conservancy Administration | 41,492,600 | 10,000,000 | 51,492,600 | 31,327,370 | 20,165,230 | 61 |
| Administration Control Fees and Charges | 77,212,064 | 40,000,000 | 117,212,064 | 95,446,410 | 21,765,654 | 81 |
| Proceeds from sale of assets | - | - | - | - | - | 0 |
| Park Fees | - | - | - | - | - | 0 |
| Other Fines, Penalties, And Forfeiture Fees | 8,118,590 | 2,000,000 | 10,118,590 | 2,261,030 | 7,863,560 | 22 |
| Miscellaneous Receipts | 7,580,000 | 3,000,000 | 10,580,000 | 6,293,003 | 4,286,997 | 59 |
| Total County Own Source Revenue | 700,000,000 | 100,000,000 | 800,000,000 | 610,737,307 | 189,262,693 | 76 |
| Other Receipts | | | | | | |
| Donations /Grants Not Received Through CRF | - | - | - | - | - | - |
| Total Other Receipts | - | - | - | - | - | - |
| Total Receipts | 700,000,000 | 100,000,000 | 800,000,000 | 610,737,307 | 189,262,693 | 76 |

NB: Revenue collected for the Financial Year 2022/23 does not include the Hospital services fees of Kshs. 469,529,432 that would make the total collections of Kshs. 1,080,266,739. The County Receiver of revenue's financial statements were approved on 26th Sept 2023 and signed by:

.....

Name: Rehema Salim
County Receiver of Revenue
ICPAK M/No. 10653

.....

Name: Teresa Maina
Head of Revenue Reporting

**Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023**

10. Statement of Arrears of Revenue as at 30th June 2023

| Classification Of Receipts (In Shillings As Applicable) | Balance as at The beginning of the current year (1st July 2022) A | Arrears received during the year B | Additional in arrears for the current year to June 30, 2023 C | Total arrears as at 30 June 2023 D=A+B+C | Measures taken to recover the arrears | Assessment to the recoverability of arrears |
|--|--|---|--|---|---|--|
| Land rate | 553,681,420 | 56,197,127 | 24,656,013 | 522,140,306 | 1. Land rate waivers on accumulated penalties 2. withholding business licences for businesses on plots with land rate arrears 3. issuance of demand notices to all land rate defaulters | Due to the contested valuation Roll done by the defunct Municipal council of Nyeri the County has embarked on out of court negotiation with the rate payers which might largely affect the outstanding amount. |
| Property Rent | 28,586,580 | 51,568,614 | 72,355,511 | 49,373,477 | | Most of the arrears relates to abandoned stalls that had been allocated by defunct Local Authorities and abandoned even before devolution awaiting IGTRC finalization of the process so that they can be removed |
| Contribution in Lieu of rates | 790,222,361 | - | 56,525,858 | 846,748,219 | | The outstanding amount may not be recovered due to lack of a clear policy guideline |
| Total Arrears | 1,372,490,361 | 107,765,740 | 153,537,381 | 1,418,262,002 | | |

The amount disclosed as Land rates arrears is subject to change due to implementation of the provision of the Rating Act Cap 267 section 16(3-4) that has not been fully reviewed to establish the accuracy and completeness of the figures.


.....

Name: Rehema Salim
County Receiver of Revenue

ICPAK M/No. 10653
(Ref: PFM ACT section 165, 2(a))


.....

Name: Teresa Maina
Head of Revenue Reporting

11. Significant 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 Nyeri. 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 *entity*. 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 *entity*.

2. Recognition of Receipts

The *entity* recognises all receipts from the various sources when the related cash has been received and 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. The original budget was approved by the County Assembly in June 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There was 2 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.

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

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, 2023

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

12. Notes to the Financial Statements

1. Cess

| | | |
|---------------------------|-------------------|-------------------|
| Quarrying | 40,913,989 | 57,349,273 |
| Livestock | 1,401 | 201,894 |
| Fish farming | - | - |
| Others (<i>specify</i>) | - | - |
| Total | 40,915,390 | 57,551,167 |

2. Land rates

| | | |
|-----------------------------|-------------------|-------------------|
| Land rates | 32,367,956 | 34,280,471 |
| Land penalties and interest | 15,971,573 | 12,558,689 |
| Arrears | 2,746,594 | 3,175,611 |
| Total | 51,086,122 | 50,014,771 |

3. Single /Business Permits

| | | |
|--|--------------------|--------------------|
| Business permit application fees | 2,787,000 | 2,820,000 |
| Annual Business permit fees | 105,616,015 | 96,838,050 |
| Business permit penalties and interest | 2,796,115 | 2,438,548 |
| Business permit fees arrears | 1,811,386 | 2,419,818 |
| Total | 113,010,516 | 104,516,416 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (continued)

4. Property Rent

| Description | | |
|--|-------------------|-------------------|
| County Housing | 25,632,869 | 21,878,370 |
| Plot Rent | 5,111,005 | 4,460,215 |
| Tenancy Agreement | - | - |
| Transfer of Property | 626,000 | 685,500 |
| Stalls/kiosks rent | 23,207,269 | 26,959,515 |
| Others (<i>Specify</i>) House and stalls penalties | 2,728,476 | 2,442,214 |
| Total | 57,305,619 | 56,425,814 |

5. Parking Fees

| Description | | |
|---------------------------|--------------------|--------------------|
| Street parking fees | 24,715,889 | 29,576,794 |
| Monthly toll/sticker fees | - | - |
| Motorbike fees | - | - |
| Registration fees | - | - |
| Reserved parking | 6,300,000 | 5,950,000 |
| Bus Park fees | 74,108,070 | 76,230,667 |
| Others (<i>Specify</i>) | - | - |
| Total | 105,123,959 | 111,757,461 |

6. Market Fees

| Description | | |
|---------------------------|-------------------|-------------------|
| Market entry fees | 12,188,763 | 13,580,379 |
| Hawking fees | 726,670 | 931,280 |
| Others (<i>Specify</i>) | - | - |
| Total | 12,915,433 | 14,511,659 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (Continued)

7. Advertising

| | | |
|-------------------------------|-------------------|-------------------|
| Branding | 16,492,510 | 10,340,810 |
| Billboard advertising | 10,877,580 | 9,680,499 |
| Signage | 2,696,065 | 2,822,990 |
| Roadshows | 696,150 | 10,648,750 |
| Banners | 246,500 | 152,250 |
| Posters | 202,800 | 165,200 |
| Tent advertising | 438,000 | 504,000 |
| Street pole/clock advertising | 2,248,500 | 1,890,666 |
| Business Promotions | 1,247,000 | 117,000 |
| Total | 35,145,105 | 36,322,165 |

8. Hospital Fees

| | | |
|----------------------|----------|--------------------|
| Level 5 hospitals | - | - |
| Level 4 hospitals | - | - |
| Hospital Health Fund | - | 342,378,883 |
| Total | - | 342,378,883 |

9. Public Health Service Fees

| | | |
|---|-------------------|-------------------|
| Inspection of buildings/premises/Institutions | 1,651,040 | 2,242,500 |
| Inspection for issuance of hygiene license | 1,798,947 | 2,564,153 |
| Vaccination: Yellow fever, Typhoid, etc | 537,900 | 501,700 |
| Applications for medical examination | - | - |
| Sanitation inspection for schools | - | - |
| Public health permit | - | - |
| Rodent Control/Fumigation | - | - |
| Medical charges from Hospitals | - | 2,679,617 |
| Medical certificate | 6,752,500 | 5,125,850 |
| Total | 10,740,387 | 13,113,820 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

| Description | | |
|--|-------------------|-------------------|
| Sale of County planning documents | 450,000 | 490,100 |
| Land valuation and registration fees | - | - |
| Change / Renewal of user | 7,025,863 | 7,431,349 |
| Building plans approval | 16,093,932 | 13,248,160 |
| Building Inspection | 5,865,500 | 6,956,000 |
| Signboards | - | - |
| Occupational Permits | 2,081,750 | 2,498,000 |
| Enforcement / Demolition | 377,760 | 387,130 |
| Architectural designs by county officers | - | - |
| Hoarding fees | 892,299 | 645,122 |
| Others (Specify) Application for plot transfer | 9,828,500 | 6,361,500 |
| Total | 42,615,604 | 38,017,361 |

11. Hire Of County Assets

| Description | | |
|---|------------------|------------------|
| Agricultural Mechanisation Services (AMS) | 389,085 | 1,129,735 |
| Hire of Machines and Equipment | - | - |
| Hire of County Stadia/halls | 799,500 | 657,000 |
| Conference facilities/Agricultural Training Centers (ATC) | 4,749,523 | 6,415,824 |
| Others (Specify) Lease of county assets | 613,252 | 942,533 |
| Total | 6,551,360 | 9,145,092 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

12. Conservancy Administration

| | | |
|--|-------------------|-------------------|
| Refuse disposal fees | 30,657,400 | 33,843,470 |
| Dumpsite fees | - | - |
| Sewerage fees | - | - |
| Sale of seedlings | - | - |
| Public cemetery | 103,100 | 107,300 |
| Disposal of carcasses | - | - |
| Noise control | 357,250 | 218,500 |
| Others (<i>Specify</i>) Public toilets | 209,620 | 173,595 |
| Total | 31,327,370 | 34,342,865 |

13. Administration Control Fees and Charges

| | | |
|--|-------------------|-------------------|
| Weights and measures | 3,205,360 | 3,235,260 |
| Fire Services | 14,765,900 | 13,544,750 |
| Liquor licenses | 60,186,170 | 32,917,322 |
| Application for Liquor | 1,402,000 | 792,000 |
| Other application fees | 3,352,320 | 3,520,440 |
| Betting levy | - | - |
| Debt clearance certificate | 1,211,000 | 1,568,500 |
| Audit Fee | 1,608,860 | 1,573,500 |
| Veterinary charges | 6,900,980 | 6,159,527 |
| Right - of way/way-leave fee (KPLN, Telkom, etc) | 1,490,130 | 3,325,420 |
| Agricultural fees | 450,690 | 1,015,515 |
| Fish Farming | - | 6,300 |
| Others (<i>Specify</i>)Nursery School fees | 873,000 | 858,600 |
| Total | 95,446,410 | 68,517,134 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

14. Proceeds from sale of assets.

| | | |
|---|---|---|
| Receipts from Sale of Buildings | - | - |
| Receipts from Sale of Vehicles and Transport Equipment | - | - |
| Receipts from Sale of Plant Machinery and Equipment | - | - |
| Receipts from Sale of Certified Seeds and Breeding Stock | - | - |
| Receipts from Sale of Strategic Reserves Stocks | - | - |
| Receipts from Sale of Inventories, Stocks and Commodities | - | - |
| Disposal and Sales of Non-Produced Assets | - | - |
| Total | - | - |

15. Park Fees

| | | |
|------------------------------|---|---|
| Lodge Tariffs and levies | - | - |
| Park entry fees | - | - |
| Filming and Photography fees | - | - |
| Camping fees | - | - |
| Balloon landing fees | - | - |
| Others (<i>Specify</i>) | - | - |
| Total | - | - |

16. Other Fines, Penalties and Forfeitures

| | | |
|--|------------------|------------------|
| Impounding Fees | 1,447,730 | 1,995,435 |
| Towing/Obstruction Fees | 762,300 | 2,265,406 |
| Others (<i>Specify</i>) Cess enforcement | 51,000 | 11,910 |
| Total | 2,261,030 | 4,272,751 |

**Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023**

Notes to the Financial Statement (Continued)

17. Miscellaneous Receipts

| | | |
|--|------------------|------------------|
| Dividends | - | - |
| Interest | - | - |
| Sale of County Assets | 1,008,005 | - |
| Commissions | 4,821,533 | 6,321,797 |
| Miscellaneous | 421,466 | 1,033,723 |
| Others (Specify) Documents search | 42,000 | 70,750 |
| Total | 6,293,003 | 7,426,270 |

18. Donations and Grants Not Received Through CRF

| | | |
|-------------------------------------|----------|----------|
| Donations (Specify Based on Source) | - | - |
| Grants (Specify Based on Source) | - | - |
| Others (Specify) | - | - |
| Total | - | - |

19. Bank Charges

| | | |
|----------------------------|----------------|---------------|
| Bank Charges & commissions | 102,860 | 81,345 |
| Total | 102,860 | 81,345 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

20. Bank Balances

| Name of Bank / Account No. / Branch | Amount | 2022-2023 | 2021-2022 |
|---|--------|----------------|------------------|
| | | Kshs | Kshs |
| EQUITY BANK 0110280843674 | - | 11,350 | 147,145 |
| K.C.B. REVENUE 1140760319 | - | 646,375 | 2,670,099 |
| COOPERATIVE BANK OF KENYA 01141666594400 | - | 296,296 | 288,985 |
| HEALTH CHARGES | - | - | 576 |
| Cash in transit | - | - | 1,892,871 |
| Total | - | 954,021 | 4,999,676 |

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

| Ref | Amount | |
|----------------|--------|---|
| Disbursement 1 | - | - |
| Disbursement 2 | - | - |
| Total | - | - |

21. Cash in hand

| Description | | |
|-------------------------|---|---|
| Cash Balance (Location) | - | - |
| Mobile Money | - | - |
| Others (Specify) | - | - |
| Total | - | - |

**Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023**

Notes to the Financial Statement (Continued)

22. Payables- Due to CRF

| | 2022/23 | 2021/22 |
|---|------------------|------------------|
| Balance b/f from commercial banks | 4,999,676 | 2,476,312 |
| B/F from CRF | - | 3,360,283 |
| Amount collected during the year | 596,193,799 | 641,566,434 |
| Bank Charges | (102,860) | (81,320) |
| Amounts disbursed to CRF during the year | 600,136,596 | 642,322,033 |
| Cash in transit | - | - |
| Balance c/d at the end of the year | 954,019 | 4,999,676 |

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year. The amount should be supported by the bank balances as per note 19 above.

Receiver of Revenue
 County Government of New York
 Revenue Statements for the Period Ended 30th June 2023

Notes to the Financial Statement (Continued)

23. Aging Analysis of Revenue in Arrears

| | 1 Year | 2 Years | 3 Years | Over 3 Years | Total |
|---------------------------------------|-------------|-------------|-------------|--------------|---------------|
| Land rate | 99,516,083 | 106,503,391 | 129,766,119 | 186,354,713 | 522,140,306 |
| Property rent | 6,470,635 | 6,280,788 | 7,234,794 | 29,387,260 | 49,373,477 |
| Contribution in lieu of rates | 56,525,858 | 56,525,858 | 56,525,858 | 677,170,645 | 846,748,219 |
| Total (agree to statement of arrears) | 162,512,576 | 169,310,037 | 193,526,771 | 892,912,618 | 1,418,262,002 |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023

24. Appendices

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

| Waiver Summary FY 2022-2023 (Finance, Economic Planning & ICT) | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total |
|--|------------|-----------|-----------|------------|-------------|
| Beneficial | | | | | |
| Single Business Permit (Person Living with Disability) | 104,730 | 81,170 | - | 20,740 | 206,640 |
| Liquor License/Bar owners | 1,811,683 | 334,500 | - | 41,755 | 2,187,938 |
| Land rates Penalties | - | - | 1,466,174 | - | 1,466,174 |
| Land rates Waiver of Interest & Penalties | - | - | - | 53,117,267 | 53,117,267 |
| Shops, Stall and House rents | 1,362,502 | - | - | 2,016,618 | 3,379,120 |
| Vehicle | 944,250 | 63,000 | 172,000 | 48,000 | 1,227,250 |
| Market Banda's | 2,511 | - | - | - | 2,511 |
| Cess | 5,612,000 | 5,720,000 | 3,360,000 | 1,600,000 | 16,292,000 |
| Private Schools | 30,000 | - | - | - | 30,000 |
| Kiawara, Majengo & King'ong'o Phase 3 Loan | - | - | - | 27,606,363 | 27,606,363 |
| Institutions/Others | 156,100 | 58,000 | 81,500 | 327,000 | 622,600 |
| Total | 10,023,776 | 6,256,670 | 5,079,674 | 84,777,743 | 106,137,863 |

(PFM ACT section 165 subsection 4, 5)



Sign and date
Accounting Officer

Receiver of Revenue
County Government of Nyeri
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) |
|--|---|---|----------------------------------|--|
| 4.1 | <p>The Receiver of Revenue (County Government of Nyeri) Revenue Statements for the financial year ended 30 June, 2022 did not comply with the Annual Financial Reporting Template for County ROR for 2021-2022 issued June 2022 provided by the Public Sector Accounting Standards Board on the following areas:</p> <ol style="list-style-type: none"> 1) The Foreword by the CECM Finance, Economic Planning and ICT was not numbered and hence the subsequent numbering does not tally with the table of contents numbering. 2) The key entity information and management i.e. (e) Entity contacts, was not numbered. 3) The statement of comparison of budget versus actual amounts for the period Ended 30 June, 2022 was not signed by the county receiver of revenue. | <p>Issues 1,2,3 will be amended in the next financial year statements.</p> | Pending senate | |
| 4.2 | <p>The statement of receipts and disbursements for the year ended 30 June, 2022 reflects unreceipted revenue of Kshs 1,802,058 and unreceipted revenue due to cut off dates 1st July to 20th July 2022 of Kshs 33,910,975 all totalling to Kshs 35,713,033 of money paid to the County Government of Nyeri without issuance of official receipts contravening Section 63 (1) (c) of the Public Finance Management, County governments Regulations, 2015.</p> | <p>NB*The unreceipted revenue was revised from Kshs 35,713,033 to Kshs 38,991,996. The Unreceipted amount was due to the cut off dates of 20th July 2022. The revenue receipted as at 30th June 2022 was 605,934,746. It's important to note that the County operates a cashless system where the clients pay to the bank or mobile money before any receipt is issued. However, some of the clients deposit money giving insufficient information making it difficult for the County to receipt immediately.</p> | Pending senate | |

Receiver of Revenue
 County Government of Nyeri
 Revenue Statements for the Period Ended 30th June 2023

| Reference No. on the external audit Report | Issue / Observations from Audit | Management comments | Status: (Resolved/ Not Resolved) | Timeframe (Put a date when you expect the issue to be resolved) |
|--|---|---|----------------------------------|---|
| | | The unreceipted amount is broken into two categories; 1. Kshs. 36,436,287 being revenue transferred to CRF in the month of July 2022 and 2. Kshs 2,555,709 being unreceipted amounts in the commercial banks. This can be attributed to the closure of the year adjustments where payments were done from C.R.F after 30th June 2022. | | |
| 4.3 | The statement of comparison of actuals against targets for the year ended 30 June, 2022 reflects actual receipts amounting to Kshs. 6,976,057,959 against budgeted receipts of Kshs. 8,751,328,181 resulting in a shortfall of Kshs. 1,775,270,222. The under collection of the budget by an amount of Kshs.1,775,270,222 translate to equivalent services budgeted for but not delivered to the Nyeri County residents. | More clarification since the statement of comparison of actuals against targets does not correspond to the figures indicated. | Pending senate | |
| 4.4 | As reported in the audit reports of the year ending 30 June 2020, the County Government of Nyeri procured the services of M/s Acumen valuers Ltd at a contract price of Kshs. 25,334,400 to develop Valuation Roll for 2019. However, at the time of the audit in August 2022, the valuation Roll was not in operation following the objections raised by the public on issue of applicable rate on land which had not been resolved by the Court. This led to land owners in the County delaying payment of land rates, thereby, denying the County Government of Nyeri opportunity to raise more revenue from land rates. The continued delay in resolving the dispute has led loss of revenue and opportunity costs in projects which could have been implemented. | The issue is being addressed by the department of Lands, Housing and Physical Planning. | Pending senate | In progress |
| 4.5 | According to Nyeri County Revenue Administration Act 2014, (No. 4 of | House with UHN no. 0622A-00004 and 0622A-00001 were | Resolved | |

Receiver of Revenue
County Government of Nyeri
Revenue Statements for the Period Ended 30th June 2023


| 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) |
|--|--|--|----------------------------------|--|
| | <p>2014) – Schedule VII the rent for: - Three-bedroom house with a SQ at ring-road estate should be charged at Kshs. 30,000 per month, however, James Wachuhi Muturi, UHN no: 0622A-00004, tenancy number- HTA1909-00002 is charged at the rate of Kshs. 18,000. This result to loss of Kshs. 144,000 revenue from this house annually. - Three-bedroom house at ring-road estate should be charged at Kshs. 22,000 per month, however, UHN no:0622A-00002,0622A-00001 and 0622A-00002 were charged at a rate of Kshs. 16,000 each per month. This result to loss of Kshs. 72,000 revenues from this house annually.</p> <p>Further, the county government of Nyeri provided a total of 1539 list of houses rented, however, 51 Houses were zero rated and the audit could not confirm the amount charged to the houses.</p> | <p>noted to have been wrongly charged in the system. This has been rectified, arrears calculated and the tenant invoiced and an advice for recovery of arrears given to the HRM for recovery.</p> <p>House with UHN no. 0622A-00002 was indicated to have been charged Kshs. 16,000 instead of Kshs. 22,000 as monthly rent. However, the house rent had been earlier updated and the tenant was paying Kshs. 22,000 as monthly rent as shown on the attached house statement.</p> <p>The 51 zero rated houses in question are Kiawara Site and Service and Majengo. These were Development Schemes by the defunct Nyeri Municipal Council. The beneficiaries were to repay the loan used to finance the infrastructure and survey work for the scheme as per the attached. No further payment of house rent was required upon clearance of the debt hence the zero-standard rent.</p> | | |
| 4.6 | <p>The Statement of Receipts and Disbursements and the notes to the revenue statement for the year ended June 30, 2022 had notable errors as highlighted below:</p> <ol style="list-style-type: none"> 1) The public health service fees amount of Kshs 10,434,203 disclosed in the statement of receipts and disbursements differed with the amount disclosed in note 9 of Kshs 13,113,820 by Kshs. 2,679,617. 2) The Hospital fees disclosed in note 8 of the revenue statement total was casted incorrectly. | <ol style="list-style-type: none"> 1. Issue Noted and rectified. 2. issue noted and rectified. 3. The issue of comparative figures will be addressed in the financial year 2022/23 since this was the first time that the ROR Reporting template was introduced. | Pending senate | |

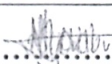
Receiver of Revenue
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| | <p>The correct casted figure should be Kshs. 342,378,883.</p> <p>3) The notes to the revenue statement (notes 1 to 20) had comparative figures for 2020/2021 while the statement of receipts and disbursements for the year ended 30th June 2022 and the Statement of financial assets and liabilities as at 30th June 2022 lacked comparative figures for 2020/2021. Therefore, the revenue statement lacked consistency in its presentation.</p> | | | |
| 4.7 | <p>During the year under review, the County Government of Nyeri own generated revenue amounted to Kshs. 605,934,746.45 out of which Kshs. 50,428,239.78 was revenue from land rates. However, scrutiny of the schedules provided for land rate arrears revealed an outstanding land rates, penalty and interest amounting to Kshs. 6,239,815,111.</p> <p>Further, the County does not appear to have put enough effort to ensure recoverability of the outstanding balance such as instituting legal actions against the long-time defaulters. Under the circumstances the audit could not confirm whether the county government of Nyeri was at a position of recovering the outstanding land rates and penalty interest amounting to Kshs. 6,239,815,111.</p> | <p>The county government of Nyeri has made tremendous effort towards the collection of the outstanding arrears in various ways some of the measures includes; 100% Waivers on penalties, Issuance of demand notices, withholding of licenses for businesses whose plots has arrears. However, the delay in taking any action on rates was due to the delayed process of the transition authority and later the inter-governmental committee that was handling transfer of assets and liabilities. The rates outstanding is majorly due to the disputed valuation Roll which is not enforceable due to objections raised by the public on land rates applicable which have not been resolved by Valuation Court. There are various court cases e.g. Nyeri High Court Petition no. 17 of 2015. Further, the land rates accumulated penalties is Kshs 6,008,176,794.84 Out of the total Kshs 6,239,815,110.72</p> | Pending senate | |

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|--|----------------------------------|---|----------------------------------|--|
| | | <p>This is against the Rating act cap 267 section 16(3-4) that states as follows: “(3) The rating authority shall charge simple interest at the rate of three per centum per mensem or at such other rate as the Minister shall by notice in the Gazette prescribe on any sum remaining unpaid after the day on which the same was payable and for the purposes of this subsection a part of a month shall be counted as one month. (4) Notwithstanding subsection (3), the interest charged shall not exceed the principal amount of the rate owing.” However, we had not implemented the above changes since we were waiting for the resolutions of the appointed inter-governmental committee on transfer of assets and liabilities having considered the materiality of the amount involved. Some of the outstanding arrears are more than ten times the value of the properties involved hence the amount is not recoverable. This is a problem with almost all the Counties hence frequent granting of waiver on penalties. However, the county government of Nyeri has now implemented the provisions of the Act.</p> | | |

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 Name: Rehema Salim
 County Receiver of Revenue
 ICPAK M/No. 10653
 Date: 26th September, 2023

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 Name: Teresa Maina
 Head of Revenue Reporting
 Date: 26th September, 2023

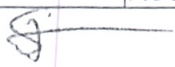
Appendix 3: Reports Generated From IFMIS
 a) FO30 Bank Reconciliations for all Bank Accounts

| F.O. 30 | | | |
|----------------------------------|--|-----|------------|
| COUNTY GOVERNMENT OF NYERI | | | |
| JUNE 2023 | | | |
| Bank Name:KCB BANK | | | |
| Account Number: 1140760319 | | | |
| BANK RECONCILIATION | | | |
| For the month of June 2023 | | | |
| | | Ksh | Ksh |
| Balance as per Bank certificate: | | | 646,375.00 |
| Less: | | | |
| 1 | Payments in cash book not yet recorded in bank statement (Unpresented cheques) | | - |
| 2 | Receipts in bank statement not yet recorded in cash book | | - |
| Add: | | | |
| 3 | Payments in bank statement not yet recorded in cash book | | - |
| 4 | Receipts in cashbook not yet recorded in bank statement | | - |
| Balance as per Cash book | | | 646,375.00 |
| | ACTUAL CASH BOOK BALANCE | | 646,375.00 |



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| F.O. 30 | | | | |
|----------------------------------|--|-----|-----|------------|
| COUNTY GOVERNMENT OF NYERI | | | | |
| JUNE 2023 | | | | |
| Bank Name: COOPERATIVE BANK | | | | |
| Account Number: 01141666594400 | | | | |
| BANK RECONCILIATION | | | | |
| For the month of June 2023 | | | | |
| | | Ksh | Ksh | Ksh |
| Balance as per Bank certificate: | | | | 296,295.53 |
| Less: | | | | |
| | 1 Payments in cash book not yet recorded in bank statement (Unpresented cheques) | | 0 | |
| | 2 Receipts in bank statement not yet recorded in cash book | | | |
| Add: | | | | |
| | 3 Payments in bank statement not yet recorded in cash book | | | |
| | 4 Receipts in cashbook not yet recorded in bank statement | | | |
| Balance as per Cash book | | | | 296,295.53 |
| ACTUAL CASH BOOK BALANCE | | | | 296,295.53 |



| F.O. 30 | | | | |
|----------------------------------|--|-----|-----|-----------|
| COUNTY GOVERNMENT OF NYERI | | | | |
| JUNE 2023 | | | | |
| Bank Name: EQUITY BANK | | | | |
| Account Number: 0110280843674 | | | | |
| BANK RECONCILIATION | | | | |
| For the month of June 2023 | | | | |
| | | Ksh | Ksh | Ksh |
| Balance as per Bank certificate: | | | | 11,350.00 |
| Less: | | | | |
| | 1 Payments in cash book not yet recorded in bank statement (Unpresented cheques) | | 0 | |
| | 2 Receipts in bank statement not yet recorded in cash book | | - | - |
| Add: | | | | |
| | 3 Payments in bank statement not yet recorded in cash book | | - | |
| | 4 Receipts in cashbook not yet recorded in bank statement | | - | 0 |
| Balance as per Cash book | | | | 11,350.00 |
| ACTUAL CASH BOOK BALANCE | | | | 11,350.00 |

