

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

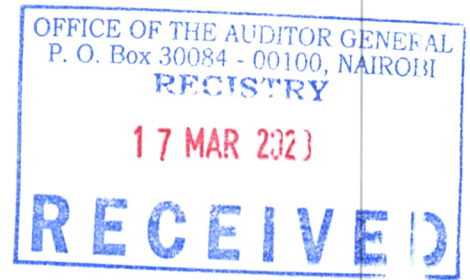
**ON**

**RECEIVER OF REVENUE**

**FOR THE YEAR ENDED**

**30 JUNE, 2022**

**COUNTY GOVERNMENT OF KISII**



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**RECEIVER OF REVENUE**  
**COUNTY GOVERNMENT OF KISUMU**  
**REVENUE STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

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

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## **I. FUND'S 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 is designated as a receiver by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

### **(b) Principal activities**

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

### **(c) Key Management**

The County Government of Kisii's day-to-day management of revenue is under the following:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	CECM Finance and Economic Planning	Kennedy Abincha
2.	Accounting Officer in charge of Finance	Isaiah O. Miencha
3.	Chief officer Revenue	Benard Omosa
4.	Director Revenue	Amon Ondara
5.	Head of Revenue Reporting	Lydia Moindi

**(d) County Headquarters**

P.O. Box 4550-40200  
Kisii Building/House/Plaza  
Kisii-Keroka Road/Highway  
KISII, KENYA

**(e) Entity Contacts**

Telephone: (254) 58203005  
E-mail: [info@kisii.go.ke](mailto:info@kisii.go.ke)  
Website: [www.kisii.go.ke](http://www.kisii.go.ke)

**(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  
P.o.Box 40112  
City Square 00200

**(h) Bankers**

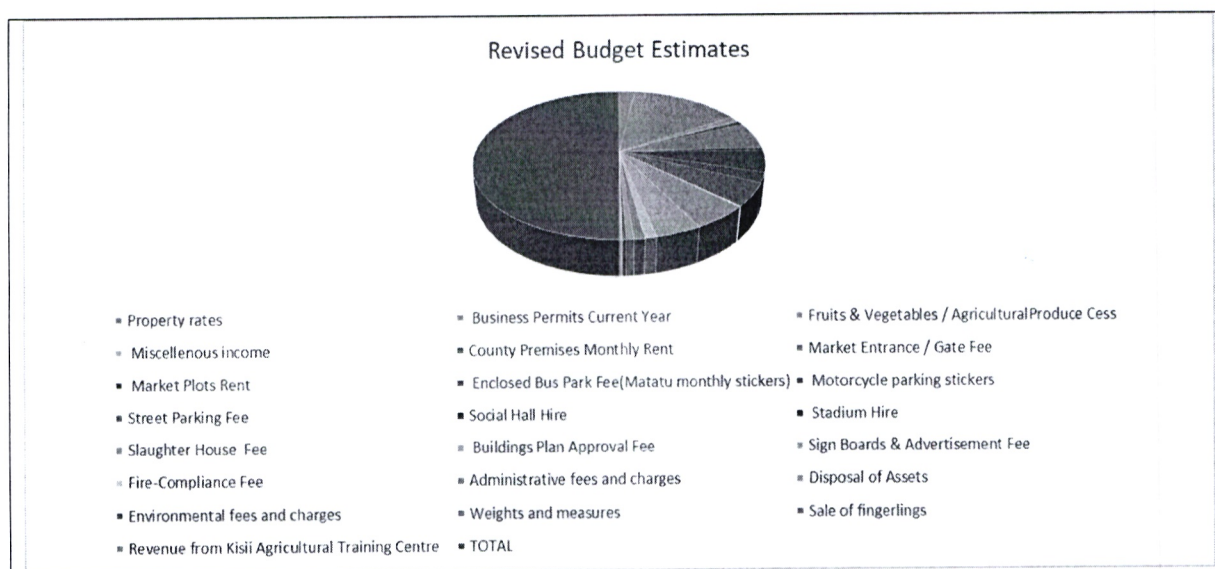
Kenya Commercial Bank  
Kisii Branch  
P.O.Box 48400  
Nairobi, Kenya

**II. FOREWORD BY THE COUNTY EXECUTIVE COMMITTEE MEMBER (CECM) - FINANCE AND ECONOMIC PLANNING**

In the Budget estimates for the Financial Year 2021/2022, Kisii County Government expected to collect Kshs 700M from the following 22 Revenue streams as follows:

**Table: 1 Budget estimates for the financial year 2021/2022**

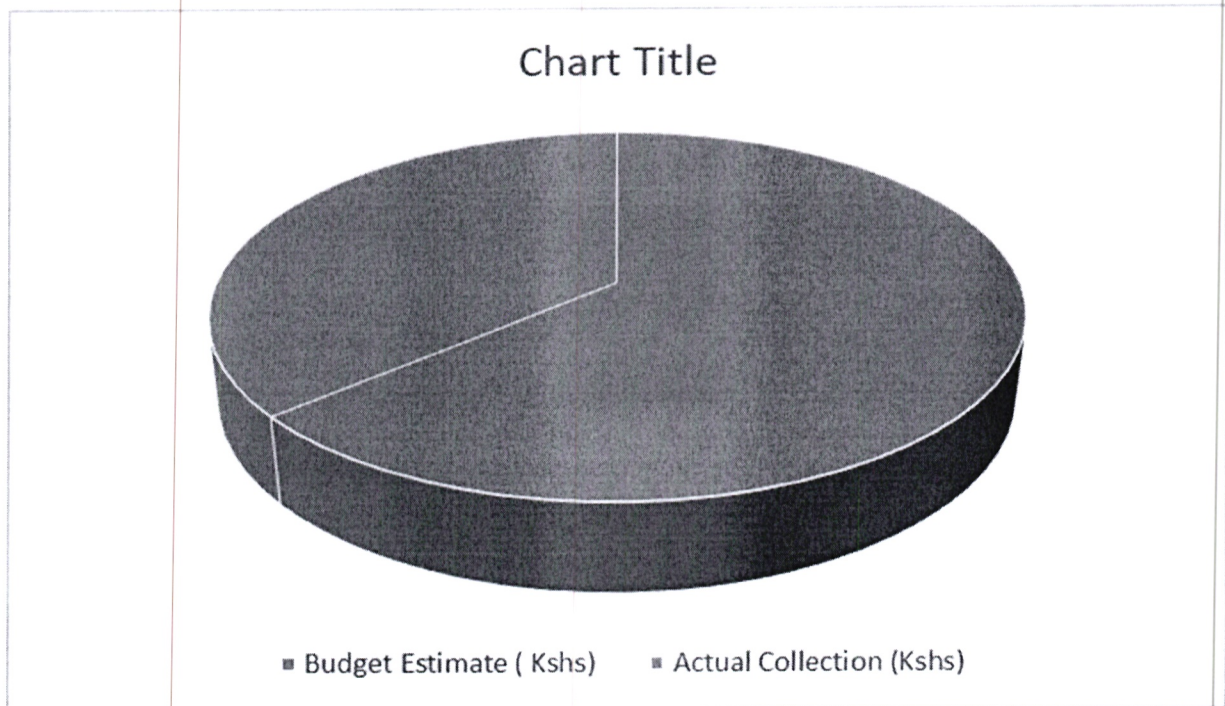
Receipt	Original Budget A	Adjustments B	Final Budget C=A+B
County Own Source Revenue	Kshs.	Kshs.	Kshs.
Cess	16,000,000	-	16,000,000
Land/Poll Rates	30,000,000	-	30,000,000
Single/Business Permits	200,000,000	-	200,000,000
Property Rent	22,000,000	-	22,000,000
Parking Fees	165,000,000	-	165,000,000
Market Fees	80,000,000	-	80,000,000
Advertising	60,000,000	-	60,000,000
Physical Planning and Development	85,000,000	(10,000,000)	75,000,000
Hire of County Assets	3,500,000	-	3,500,000
Conservancy Administration	5,000,000	-	5,000,000
Disposal of assets	-	10,000,000	10,000,000
Administration Control Fees and Charges	30,500,000	-	30,500,000
Miscellaneous receipts	3,000,000	-	3,000,000
<b>Total</b>	<b>700,000,000</b>	<b>-</b>	<b>700,000,000</b>



**Figure: 1**

Receiver of Revenue  
County Government of Kisii  
Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

The actual revenue collected was Kshs.400,297,869 which represented 57% of the budget estimates. The Budget estimates against actual collection for the year was represented in the pie-chart:



**Figure: 2**

During the financial year 2021/2022, Kshs 404,554,619 was transferred from the revenue collection account in Kenya Commercial Bank into the County Revenue Collection Account in the Central Bank of Kenya (CBK).

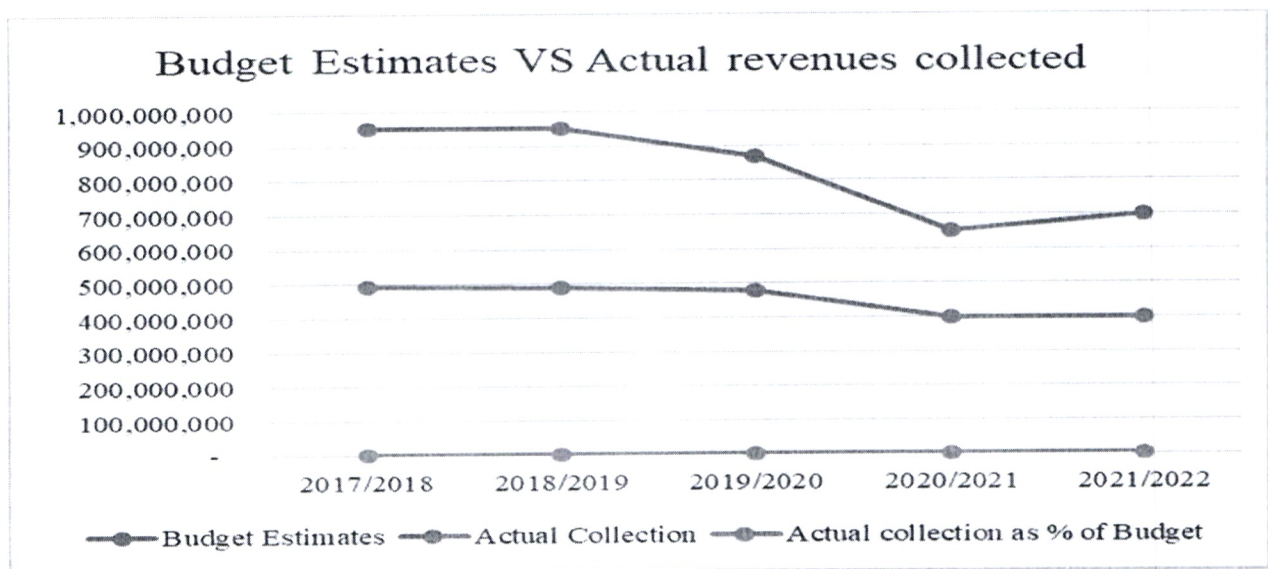
.....  
**CECM Finance and Economic Planning**  
**County Government of Kisii**

**III. MANAGEMENT DISCUSSION AND ANALYSIS**

Own source revenues Budget estimates against actual revenues collected have been analyzed in tables and graphs as shown below in table 2 and figure 2 respectively as follows;

**Table: 2 Budget estimates against actual revenues collected**

Financial year	Budget Estimates Kshs.	Actual Collection Kshs.	Actual collection as % of Budget
2017/2018	950,000,000	490,929,866	52
2018/2019	950,000,000	489,080,174	51
2019/2020	870,000,000	478,209,672	55
2020/2021	650,000,000	399,505,292	61
2021/2022	700,000,000	400,297,869	57



**Figure: 3**

It is important to note that revenue targets have not been achieved over the years. In the financial year 2017/2018 to financial year 2019/2020, the collection included Facility improvement fund which was separated as from the financial year 2020/2021.



#### **IV. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES**

##### **Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government entity's performance against predetermined objectives.

##### **Strategic development objectives**

The County's 2018-2022 CIDP has identified eight key strategic development objectives. Broadly, these objectives have been identified through 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 synthesized product of the aforementioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

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

- i. To coordinate provision of responsive and effective services to the public
- ii. Ensure healthy lives and promote well-being for all at all ages.
- iii. To ensure that the County is food secure and residents are economically empowered
- iv. To reverse the declining trend of water availability, increase access to clean water and sanitation
- v. To promote access to quality education and relevant training through provision of educational infrastructure and strengthened strategic partnerships and linkages.
- vi. To promote sustainable urban development
- vii. To improve trading environment
- viii. To develop and maintain infrastructure within the County for sustainable economic growth and development.

##### **Summary of Performance of The CIDP (2018-2022)**

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

Receiver of Revenue  
 County Government of Kisii  
 Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

<b>Department</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Public Works, Roads & Transport	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	% of motor able and passable roads within the city	270 km of roads tarmacked, 2000 km gravelled and 15 footbridges.
	To develop and maintain street and security lighting infrastructure	Increased public safety and security	% reduction of crime	Street lighting was undertaken in 45 wards and there has been substantive reduction in crime rates
<b>Education</b>	To increase ECDE net enrolment ratio	Increased literacy levels	% increase in enrolment	ECDE net enrolment ratio increased from 100.8% in 2014 to 110.8% in 2020.
<b>Health Services</b>	To reduce incidences of preventable illnesses and mortality at the County level	Reduction of HIV related mortality and new infections	% reduction of HIV-related mortality	HIV infections reduced from 8.6% to 4.4% in 2022.
	To improve health status of the individual, household and the community at the County	Increased access to specialised curative diagnostic interventions	% increase of access to specialised diagnostic services	<ul style="list-style-type: none"> <li>- No. of beds per 1000 population increased to 45 which is higher than the WHO recommendation of 30 beds per 10,000 populations.</li> <li>- No. health facilities increased from 162 to 269</li> </ul>

Receiver of Revenue  
 County Government of Kisii  
 Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

Department	Objective	Outcome	Indicator	Performance
				facilities in 2021. - Fully immunized children rose from 66.9% to 78.8%. - % of malaria prevalence decreased from 15% to 5% in 2021. - KTRH is now offering specialized medical services including renal, CT scan, MRI, X-ray services, etc.
<b>Agriculture and Livestock</b>	To reduce poverty levels	Reduced Poverty levels	-% growth - Contribution of the sector to CGP	-Earnings from the sector at current prices increased from Kshs 68.7 billion in 2018 to Kshs 89.2% in 2021 registering 30% growth. -Contribution of the sector to CGP increased from 40% to 45% in 2020.
<b>Water and Environment</b>	To increase no. of households with piped water	Increased no. of households with piped water	No. of households connected with	No. of households with piped water

Receiver of Revenue  
 County Government of Kisii  
 Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

Department	Objective	Outcome	Indicator	Performance
			piped water.	increased from 0.4% to 1.0% in 2021.
	To Increase no. of households connected with source of power	Increased no. of households with electricity	No. of households connected with electricity.	-Connection with electricity increased from 29.5% to 39.3% in 2021. - Use of solar increased form 12.3% to 20.5% in 2021.

**1. Sustainability strategy and profile**

The County has also engaged in capacity building of its human resource to ensure that they remain competitive and relevant in a competitive market

Socially the county has built the people’s park to ensure that the people enjoy improved and quality life by experiencing nature and engaging in physical activities enabling them to relax.

**2. Environmental performance**

The county government passed legislation in the County Assembly for the cutting of eucalyptus trees which have adversely affected the water table. The county has also encouraged the replacement of eucalyptus trees which have no effect to water table.

Through the ministry of environment water and natural resources, the county has initiated spring protection works and rehabilitation of water schemes.

It has also embarked on recovery of riparian land by partnering with other government agencies such as NEMA

**3. Employee welfare**

The County Government of Kisii provides equal employment opportunities to the citizen through advertisement of vacancies on its website and local media for easy access of the applicants. It also strives to attain the gender balance in the recruitment process.

The County Government of Kisii has consistently increased capacity building of its employees in equipping them on their career development. This involves necessary skills to enable them discharge their duties and responsibilities in an ever changing working environment.

It also takes care of employee’s welfare through provision of comprehensive medical insurance scheme.

**4. Market place practices-**

The county has installed high mast solar streetlights in all major markets to enable a 24 hour economy. In empowering its citizens, the County through the department of trade, tourism and industrialization has constructed market stalls and shades to make business possible. The county has also constructed a banana and avocado processing plant to enable the locals' access easy market of their locally grown produce

**5. Community Engagements**

The county has engaged in the construction of peoples' recreational park whose objective is to offers an opportunity for social groups as well as individuals of all ages to meet and interact.

The park also offers an opportunity for reduction of crime and juvenile delinquency. It has also provided an opportunity for people to experience nature and engage in physical activities and relax.

**6. Others**

(The organization gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organization promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives).

**V. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES**

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

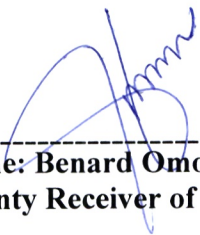
The Receiver of Revenue is responsible for the preparation and presentation of the Receiver of Revenue account, which gives a true and fair view of the state of affairs of the Receiver of Revenue for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the County's receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the County's receiver of revenue account gives a true and fair view of the state of County's Receiver of Revenue transactions during the financial year ended June 30, 2022, and of the 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 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 ..... 13/3/2023

  
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Name: Benard Omosa  
County Receiver of Revenue

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - COUNTY GOVERNMENT OF KISII FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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 FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying revenue statements of the Receiver of Revenue - County Government of Kisii set out on pages 1 to 13, which comprise of the statement of financial assets and liabilities and statement of arrears of revenue as at 30 June, 2022, and the statement of receipts and disbursements 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

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

all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

## **Basis for Qualified Opinion**

### **1.0 Unsupported Revenue**

The statement of receipts and disbursements and Note 13 to the financial statements reflects administration control fees and charges amount of Kshs.25,510,340 which included weights and measures receipts of Kshs.832,940. However, a schedule to support the balance of Kshs.832,940 was not provided for audit review.

In the circumstances, the accuracy and completeness of the weights and measures receipts of Kshs.832,940 could not be confirmed.

### **2.0 Long Outstanding Land Rates**

The statement of arrears of revenue reflects land rate arrears of Kshs.435,999,218. Included in the balance are long outstanding arrears of Kshs.381,943,700 which Management had classified as uncollectible.

Further, the County Government had been using the 1988 valuation roll to determine the amount to be paid as revenue to the County. This implies that the County was losing revenue since the land prices had significantly changed over the period.

In the circumstances, the accuracy, completeness and recoverability of land rates balance of Kshs.435,999,218 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 Kisii Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects revenue budget and actual on comparable basis amounts of Kshs.700,000,000 and Kshs.400,297,869 respectively, resulting in under collection of Kshs.299,702,131 or 43% of the budget.



In addition, the basis of the revenue budget amount of Kshs.700,000,000 was not explained given that the revenue collection in the last five years had never surpassed Kshs.491,000,000 and the revenue collection in the previous year was Kshs.399,505,292. Therefore, the revenue target was unrealistic.

In the circumstances, the undercollection of revenue may have affected the County Government's planned activities and adversely impacted on service delivery to the residents of the County.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unauthorized Deductions in the County Revenue Collection Account**

Audit review of the bank statements of the Kenya Commercial Bank revenue collection account revealed that deductions totalling Kshs.2,093,723 relating to bank charges, penalties and reversals were made in the account, contrary to Section 109(2) of the Public Finance Management Act, 2012 which requires the funds to be transferred intact to the County Exchequer account.

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

### **Basis for Conclusion**

#### **Weakness in Revenue Collection System**

Review of the Information Communication Technology control environment confirmed that Management procured a revenue collection and management system on

17 November, 2016. However, review of the system revealed that the invoicing function was done manually and no electronic record was kept within the system and hence the invoices raised could not be matched with the amount paid into the bank account, leading to unaccounted invoices. Further, the system could only produce revenue reports in terms of revenue streams and not customer names, leading to a loss of audit trail from invoicing, payment of revenue into the bank and final reporting.

In the circumstances, the effectiveness of the internal controls on revenue collection systems could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, the Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund 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 Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am

required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

03 May, 2023

Receiver of Revenue  
 County Government of Kisii  
 Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

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

	Note	2021/22
		Kshs
<b>County Own Source Revenue</b>		
Cess	1	6,581,298
Land/Poll Rate	2	12,845,291
Single/Business Permits	3	98,927,699
Property Rent	4	10,695,047
Parking Fees	5	114,090,333
Market Fees	6	43,836,640
Advertising	7	40,396,515
Hospital Fees		-
Public Health Service Fees		-
Physical Planning and Development	8	39,769,261
Hire Of County Assets	9	2,063,145
Conservancy Administration	10	5,581,300
Administration Control Fees and Charges	11	25,510,340
Park Fees		-
Other fines, Penalties & forfeitures		-
Miscellaneous receipts	12	1,000
<b>Total County Own Source Revenue</b>		<b>400,297,869</b>
<b>Other Receipts</b>		
Donations/Grants Not Received Through CRF		-
<b>Total Other Receipts</b>		-
<b>Total Receipts</b>		<b>400,297,869</b>
Balance b/f at the beginning of the year		4,591,314
<b>Disbursements To CRF</b>		<b>(404,554,619)</b>
<b>Balance Due for Disbursement</b>		<b>334,564</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 15/3/2023 and signed by:

.....  
 Name: Benard Omosa  
 County Receiver of Revenue

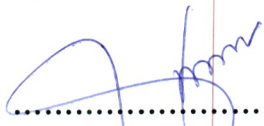
.....  
 Name: CPA Lydia Moindi  
 Head of Revenue Reporting  
 ICPAK M/No: 25350


Receiver of Revenue  
 County Government of Kisii  
 Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

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

	Note	2021/2022
		Kshs.
<b>Financial Assets</b>		
<b>Cash and Cash Equivalents</b>		
Bank Balances	13	334,564
<b>Total Financial Assets</b>		<b>334,564</b>
<b>Financial Liabilities</b>		
Payables-Due to CRF	14	334,564
<b>Total Financial Liabilities</b>		<b>334,564</b>

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 13/3/ 2023 and signed by:

  
 .....  
**Name: Benard Omosa**  
**County Receiver of Revenue**

  
 .....  
**Name: CPA Lydia Moindi**  
**Head of Revenue Reporting**  
**ICPAK M/No: 25350**

**IX. STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

Receipt	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Realization Difference	% of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
<b>County Own Source Revenue</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	
Cess	16,000,000	-	16,000,000	6,581,298	9,418,702	41
Land/Poll Rates	30,000,000	-	30,000,000	12,845,291	17,154,709	43
Single/Business Permits	200,000,000	-	200,000,000	98,927,699	101,072,301	49
Property Rent	22,000,000	-	22,000,000	10,695,047	11,304,953	49
Parking Fees	165,000,000	-	165,000,000	114,090,333	50,909,667	69
Market Fees	80,000,000	-	80,000,000	43,836,640	36,163,360	55
Advertising	60,000,000	-	60,000,000	40,396,515	19,603,485	67
Physical Planning and Development	85,000,000	(10,000,000)	75,000,000	39,769,261	35,230,739	53
Hire of County Assets	3,500,000	-	3,500,000	2,063,145	1,436,855	59
Conservancy Administration	5,000,000	-	5,000,000	5,581,300	(581,300)	112
Disposal of assets	-	10,000,000	10,000,000	-	10,000,000	-
Administration Control Fees and Charges	30,500,000	-	30,500,000	25,510,340	4,989,660	84
Miscellaneous receipts	3,000,000	-	3,000,000	1,000	2,999,000	0
<b>Total County Own Source Revenue</b>	<b>700,000,000</b>	<b>-</b>	<b>700,000,000</b>	<b>400,297,869</b>	<b>299,702,131</b>	<b>57</b>
<b>Total Receipts</b>	<b>700,000,000</b>	<b>-</b>	<b>700,000,000</b>	<b>400,297,869</b>	<b>299,702,131</b>	<b>57</b>

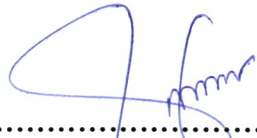
Receiver of Revenue  
County Government of Kisii  
Revenue Statements for the Year Ended 30<sup>th</sup> June 2022

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**Notes:**

- The financial year 2021/2022 witnessed a lot of incitement to nonpayment of taxes from Politicians not to pay taxes to the county. In our case it was a transitional period. This mainly affected fruit and vegetable cess, property rates, single business permit, plot rent, parking fees, markets, advertisement and plan approval.
- Pending court cases which affected the collection and enforcement of single business permit, and advertisement.
- The environmental fees and charges was mainly a wind fall from telecommunications masts and laying of fibre optic cables across the county.
- Increment in revenue from weights and measures and fire compliance was as a result beefed up enforcement
- The stadium was under renovation hence no revenue was realized.
- The government had anticipated disposing some assets, but the process did not kick off.

The County Receiver of revenue's financial statements were approved on 13/3/ 2023 and signed by:



.....

**Name: Benard Omosa**  
**County Receiver of Revenue**



.....

**Name: CPA Lydia Moindi**  
**Head of Revenue Reporting**



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

<b>Classification of Receipts (Indicate As Applicable)</b>	<b>Balance as at 1<sup>st</sup> July 2021</b>	<b>Arrears received during the year</b>	<b>Additions in arrears for the current year to June 30, 2022</b>	<b>Total arrears as at 30 June 2022</b>	<b>Measures taken to recover the arrears</b>	<b>Assessment to the recoverability of arrears</b>
Land/Poll Rate	387,580,482	4,663,240	53,081,976	435,999,218	Issuance of demand notices	some arrears are unrecoverable due to various reasons
<b>Total Arrears</b>	<b>387,580,482</b>	<b>4,663,240</b>	<b>53,081,976</b>	<b>435,999,218</b>		

An ageing analysis of revenue in arrears has been shown in note 15 of these financial statements.

## **XI. NOTES TO THE FINANCIAL STATEMENTS**

### **Accounting Policies**

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

#### **1. Statement of Compliance and Basis of Preparation**

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Kisii 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 Kisii County Government.

#### **2. Recognition of Receipts**

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

#### **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 30<sup>th</sup> June, 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was one number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

#### **4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily

convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include revenue collection accounts held at Commercial banks.

#### **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 weekly transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year.

#### **7. Comparative Figures**

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

#### **8. Subsequent Events**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1. Cess**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs.</b>
Farm produce	6,270,797
Others (sell of fingerlings)	310,501
<b>Total</b>	<b>6,581,298</b>

**2. Land/Poll Rate**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs.</b>
Land rates	6,142,074
Land penalties and interest	2,039,977
Arrears	4,663,240
<b>Total</b>	<b>12,845,291</b>

**3. Single /Business Permits**

<b>Description</b>	<b>2021/22</b>
	<b>Kshs.</b>
Business permit application fees	5,925,110
Annual Business permit fees	92,624,628
Business permit penalties and interest	377,961
<b>Total</b>	<b>98,927,699</b>

**4. Property Rent**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs.</b>
County Premises Monthly Rent	5,012,500
Market Plots Rent	5,682,547
<b>Total</b>	<b>10,695,047</b>

#### 5. Parking Fees

Description	2021/2022
	Kshs.
Street parking fees	36,937,820
Monthly toll/sticker fees	-
Motorbike fees	12,178,900
Registration fees	1,384,869
Reserved parking	4,249,000
Bus Park fees	59,165,700
Others (Motorbike arrears)	174,044
<b>Total</b>	<b>114,090,333</b>

#### 6. Market Fees

Description	2021/22
	Kshs
Market entry fees	43,836,640
<b>Total</b>	<b>43,836,640</b>

#### 7. Advertising

Descriptions	2021/2022
	Kshs.
Branding	1,766,500
Billboard advertising	37,666,275
Signage	678,500
Banners	52,000
Posters	94,740
Street pole/clock advertising	138,500
<b>Total</b>	<b>40,396,515</b>

#### 8. Physical Planning and Development

Description	2021/2022
	Kshs.
Building plans approval	39,769,261
<b>Total</b>	<b>39,769,261</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Hire Of County Assets**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs.</b>
Hire of County Halls	63,000
Conference facilities/Agricultural Training Centers (ATC)	2,000,145
<b>Total</b>	<b>2,063,145</b>

**10. Conservancy Administration**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs.</b>
Others (Environmental permits)	5,581,300
<b>Total</b>	<b>5,581,300</b>

**11. Administration Control Fees and Charges**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs.</b>
Weights and measures	832,940
Fire Services	21,120,700
Others (slaughter)	505,900
Impounding Fees	3,050,800
<b>Total</b>	<b>25,510,340</b>

**12. Miscellaneous Receipts**

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs</b>
Others	1,000
<b>Total</b>	<b>1,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13. Bank Balances**

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	2021/22
			Kshs
KCB Kisii Revenue Collection Account No 1140758519-Kes	334,564	-	334,564
<b>Total</b>	<b>334,564</b>	-	<b>334,564</b>

**12 (a) Balance carried forward as at 30<sup>th</sup> June 2022 and subsequently transferred**

Ref	Amount (Kshs)	Date subsequently transferred
KCB Kisii Revenue Collection Account No 1140758519	334,564	5 July 2022
<b>Total</b>	<b>334,564</b>	

**14. Payables- Due To CRF**

Payables	2021/22
	Kshs
Balance b/f at the beginning of the year	4,591,314
Amount collected during the year	400,297,869
Amounts disbursed to CRF during the year	404,554,619
<b>Balance c/d at the end of the year</b>	<b>334,564</b>

**15. Ageing Analysis of Revenue in Arrears**

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Cess	-	-	-	-	-
Land/poll rate	53,081,976	42,966,806	40,669,978	299,280,458	435,999,218
<b>Total (agree to statement of arrears)</b>	<b>53,081,976</b>	<b>42,966,806</b>	<b>40,669,978</b>	<b>299,280,458</b>	<b>435,999,218</b>

**XII. APPENDICES**

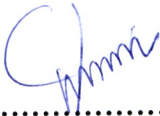
**APPENDIX 1: A REPORT OF WAIVERS AND VARIATIONS OF FEES OR CHARGES GRANTED BY THE RECEIVER OF REVENUE DURING THE YEAR.**

<b>S/No</b>	<b>Name of person / organisation benefitting from waiver/ variation</b>	<b>Year in which waiver/ variation relates</b>	<b>Amount of variation/ waiver (fee or charge)</b>	<b>Reasons for waiver/ variation</b>	<b>The law in terms of which the variation/waiver was granted</b>
	None	N/A	N/A	N/A	N/A



**APPENDIX 2: PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR RECOMMENDATIONS**

The financial statements were prepared for the first time in the current year hence no audit was carried out in the previous year.



.....

**Name: Benard Omosa**

**County Receiver of Revenue**

**Date: 13/3/2023** .....



.....

**Name: CPA Lydia Moindi**

**Head of Revenue Reporting**

**Date: 13/3/2023** .....