REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE-REVENUE STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2024

COUNTY GOVERNMENT OF MANDERA

OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE
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COUNTY GOVERNMENT OF MANDERA

RECEIVER OF REVENUE

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024

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

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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

b) Glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2. Key Entity Information and Management

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

Vision

To be a regionally competitive and self- reliant county

Mission

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

Motto

A county with unlimited opportunities and endless possibilities

Core Values

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

(a) Background information

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

(b) Principal activities

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

(c) Key Management Team

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

No.	Name	Designation
1.	Ibrahim Mohamed Adan	CEC, Finance, Economic Planning and ICT
2.	Abdikadir Mohamed Tache	Chief Officer, Accounting and Financial Services
3.	Ibrahim Nurrow Issack	Chief Officer, Revenue Services
4.	Abdirizack Ibrahim Hassan	Director, Revenue Services

(d) Mandera County Headquarters

P.O. Box 13-70300
County Headquarters Building
Mandera-Isiolo Road
Mandera, KENYA

(e) County Government of Mandera's Receiver of Revenue Contacts

Telephone: (+254) 720,544,242
E-mail: info@mandera.go.ke
Website: www.mandera go.ke

(f) Independent Auditor

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

(g) Principal Legal Adviser

The County Attorney
County Headquarters
P.O. Box 13-70300
MANDERA, KENYA

(h) Bankers

I. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

II. Kenya Commercial Bank
Mandera Branch.
P.O. Box 275-70300
MANDERA, KENYA

III. Equity Banka of Kenya
Mandera Branch.
P.O Box 75104
MANDERA, KENYA

IV. National Bank of Kenya
Mandera Branch.
P.O Box 379-70300
MANDERA, KENYA

(i) County Attorney
The County Attorney

County Headquarters

P.O. Box 13-70300

MANDERA, KENYA

3. Foreword By the CECM Finance and Economic Planning

It's my pleasure to present the Mandera County Receiver of Revenue Financial Statements for the financial year ended 30th June, 2024 in compliance with the relevant Public Finance Management regulations.

During the year under review, Mandera County budgeted to raise Kshs. 330,533,846. The County's revenue sources included Cess collections, Land/Poll Rates, Single/Business Permits, Property Rent, Parking Fees, Market Fees, Hospital Fees, Public Health Service Fees, Physical Planning and Development, and Hire of County Assets.

The County encountered numerous challenges such as recurring droughts that affected livestock and farm production, insecurity threats from Alshabaab militants that made some targeted revenue collection spots inaccessible, border closure between Kenya and Somalia that limited movement of goods and trading activities in the region amongst other limiting factors. These challenges hindered revenue collection efforts by weakening the county's' economic conditions and the citizen's ability to pay levies. Accordingly, the total revenue collected was Kshs. 169,040,486 against a collection of Kshs. 123,310,531 attained in the financial year 2022/2023. The collection includes Kshs. 10,765 that was balance as at the end of financial year 2023/2024. In total Kshs. 168,989,984 was disbursed to the Mandera County Revenue Fund account to be utilized in implementation of planned programmes.

To enforce more revenue collections in the financial year 2024/2025 and subsequent financial periods appropriate mechanisms will be put in place by the receiver of revenue.

.....

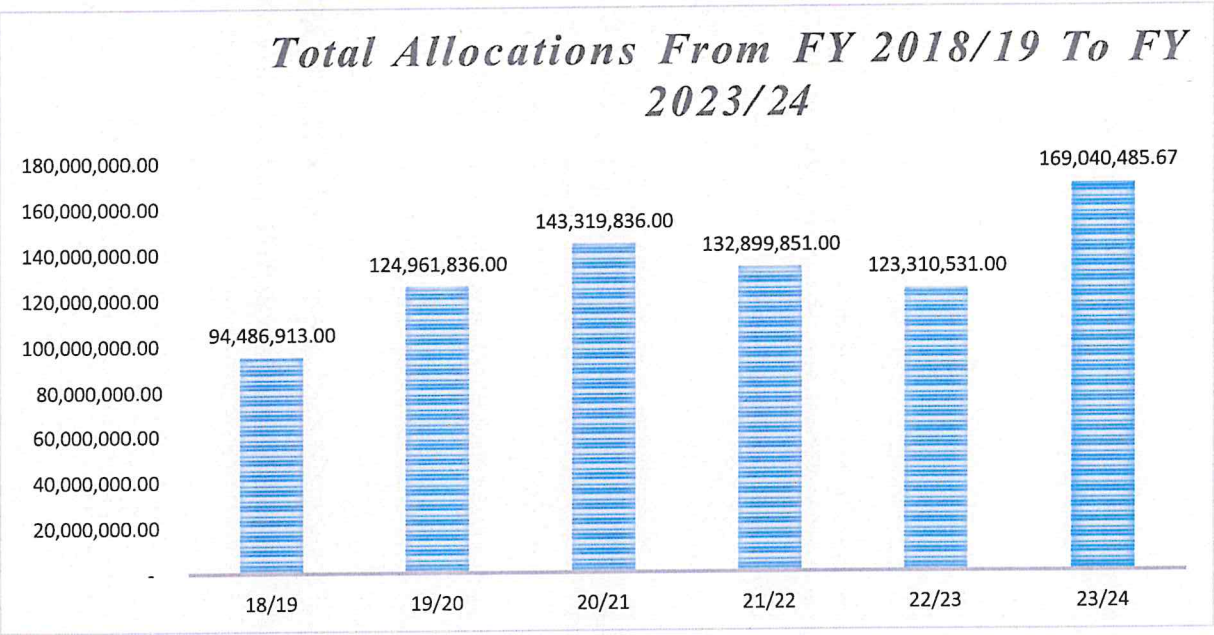
CECM Finance and Economic Planning

County Government of Mandera

4. Management Discussion and Analysis

Financial and Operational Performance Analysis

Mandera County Receiver of Revenue has been making upward progressive improvements in revenue collection during the successive five financial years safe for the financial year 2021/2022 and 2022/2023 which recorded a drop in collection as highlighted in the table below.



The CROR's financial performance for the year 2023/2024 encountered numerous challenges such as recurring droughts in the County, frequent border closures between the three countries of Kenya, Somalia and Ethiopia; insecurity threats from Al-Shabaab militants, closure of quarries, the adverse impact of the coronavirus and locust reinvasion and related challenges that threatened to obstruct the CROR's performance.

During the 2023/2024 financial year, the main local revenue sources covered Cess collections, Land/Poll Rates, Single/Business Permits, Property Rent, Parking Fees, Market Fees, Hospital Fees, Public Health Service Fees, Physical Planning and Development, Administration and Control Fees (tender fees) and Hire of County Assets. The total revenue realized was Kshs. 169,040,486 against the budgeted amount of Kshs. 330,533,846. The revenues were disbursed to the Mandera County Revenue Fund Account as required by the Public Finance Management laws and utilized to undertake planned government programmes.

The CROR collections were as tabulated in the table below:

County Own Source Revenue	Total Collections
Cess	39,829,650
Land/Poll Rate	42,578,746
Single/Business Permits	15,716,074
Property Rent	24,325,931
Parking Fees	867,665
Market Fees	566,340
Hospital Fees	25,903,057
Public Health Service Fees	2,987,849
Physical Planning and Development	264,001
Hire Of County Assets	364,000
Administration Control Fees and Charges	15,637,173
Total County Own Source Revenue	**169,040,486**

As indicted by the above diagram, the biggest portion of revenue attained were from the following streams; Lands/Plot rates, Cess collections, Hospital fees, Property rents, Administration and Control Fees (tender fees) and Single Business Permits while the worst performing streams were Physical Planning and Development, Hire of County Assets and Market Fees.

Statutory requirements

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

Risks

The major risks facing the CROR include the following:

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

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

Operational risks: Highlighted internal audit/regulatory issues.

Compliance risks: Litigation by stakeholders.

Financial risks: Delay in funding

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 Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year ended on June 30, 2024. 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 Government of Mandera'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 Government of Mandera's receiver of revenue account gives a true and fair view of the state of County Government of Mandera's receiver of revenue transactions during the financial year ended June 30, 2024, and of the County Government of Mandera's receiver of revenue 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 Government of Mandera's receiver of revenue has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Revenue Statements

The revenue statements were approved and signed by the Receiver of Revenue on 28/10/, 2024.

.....

Name: Ibrahim Issack Nurrow
County Receiver of Revenue

REPUBLIC OF KENYA

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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE-REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF MANDERA

PREAMBLE

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

A. Report on 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 the 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Mandera set out on pages 1 to 14, which comprise of the statement of financial assets and liabilities and the statement of arrears of revenue as at

30 June, 2024, statement of receipts and disbursements for the year then ended 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, the revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Mandera as at 30 June, 2024 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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 Mandera Management in accordance with ISSAI 130 on the 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted own generated revenue receipts and actual on comparable basis of Kshs.330,533,846 and Kshs.169,072,559 respectively resulting in a shortfall of Kshs.161,461,287 or 49% of the budgeted receipts. The under collection could be indicative of unrealistic revenue targets or failure to put in place measures to prevent revenue pilferages by Management.

The under collection of own source revenue adversely affected the funding of planned activities and the overall performance of the County Government programmes.

My opinion is not modified in respect of this matter.

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. Except for the matter described in the Emphasis of Matter section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page iv to ix which comprise of Key Entity Information and Management, Foreword by the CECM Finance and Economic Planning, Management Discussion and Analysis and the Statement of Receiver of Revenue's Responsibilities. The Other Information does not include the revenue statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Late Transfer of Revenue to County Revenue Fund

The statement of receipts and disbursements reflects amount of Kshs.168,989,984 in respect of disbursements to County Revenue Fund. Review of revenue records revealed that there were several instances of delays in transfer of revenue collected to the County Revenue Fund with some instances taking up to two (2) months. This was contrary to Regulation 81(2) of the Public Finance Management (County Government) Regulations, 2015 which requires that the receivers of revenue shall promptly pay the revenue received into the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on the 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 governance were not effective.

Basis for Conclusion

Weak Controls over Collection of Outstanding Land Rates

The statement of arrears of revenue reflects total arrears on land rates and property rent of Kshs.110,523,774 and Kshs.369,600 respectively all totalling Kshs.110,893,374. The total arrears include an amount of Kshs.99,805,074 that has been outstanding for more than one (1) year. However, there was no evidence of Management having put in place strategies to recover the outstanding rates as provided for under Section 63(1) of Management (County Governments) Regulations, 2015 which requires a Receiver of Revenue to ensure 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.

Failure to collect the outstanding rates may have negatively impacted services delivery to the residents of Mandera.

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

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of revenue statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the revenue statements, Management is responsible for assessing the Receiver of Revenue's ability to continue to sustain 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 cease operations.

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

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

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that

effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2024

7. Statement of Receipts and Disbursements for the year ended 30th June 2024

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
County Own Source Revenue			
Cess	1	39,829,650	29,928,380
Land Rate	2	42,578,746	23,922,170
Single/Business Permits	3	15,716,074	11,808,102
Property Rent	4	24,325,931	23,809,570
Parking Fees	5	867,665	1,558,005
Market Fees	6	566,340	189,895
Hospital Fees	7	25,903,057	27,534,403
Public Health Service Fees	8	2,987,849	476,322
Physical Planning and Development	9	264,001	3,972,684
Hire Of County Assets	10	364,000	30,000
Administration Control Fees and Charges	11	15,637,173	81,000
Total County Own Source Revenue		**169,040,486**	**123,310,531**
Other Receipts		-	-
Total Receipts		**169,040,486**	**123,310,531**
Balance b/f at the beginning of the year		-	-
Disbursements To CRF		**168,989,984**	**123,268,177**
Bank charges	12	39,737	42,354
Balance Due for Disbursement		**10,765**	**-**

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 28/10/ 2024 and signed by:

.....

Name: Ibrahim Issack Nurrow
County Receiver of Revenue

.....

Name: Ahmed Adan Mohamed
Head of Revenue Reporting
ICPAK M/No 24402

8. Statement of Financial Assets and Liabilities As at 30th June 2024

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	**13**	10,765	-
Total Financial Assets		10,765	-
Total Financial Assets		**10,765**	**-**
Financial Liabilities			
Payables-Due to CRF	**14**	10,765	-
Total Financial Liabilities		**10,765**	**-**

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 28/10/2024 and signed by:

.....
Name: Ibrahim Issack Nurrow
County Receiver of Revenue

.....
Name: Ahmed Adan Mohamed
Head of Revenue Reporting
ICPAK M/No 24402

9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2024

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	84,115,943	(6,000,000)	78,115,943	39,829,650	38,286,293	51%
Land Rate	71,055,477	-	71,055,477	42,610,819	28,444,658	60%
Single/Business Permits	35,232,729	-	35,232,729	15,716,074	19,516,655	45%
Property Rent	71,960,702	-	71,960,702	24,325,931	47,634,770	34%
Parking Fees	3,069,313	-	3,069,313	867,665	2,201,648	28%
Market Fees	2,314,519	-	2,314,519	566,340	1,748,179	50%
Hospital Fees	51,785,008	-	51,785,008	25,903,057	25,881,951	49%
Public Health Service Fees	6,138,958	-	6,138,958	2,987,849	3,151,109	6%
Physical Planning and Development	4,507,780	-	4,507,780	264,001	4,243,779	20%
Hire Of County Assets	1,850,193	-	1,850,193	364,000	1,486,193	50%
Administration Control Fees and Charges	4,503,226	-	4,503,226	15,637,173	(11,133,947)	347%
Total County Own Source Revenue	**336,533,846**	**(6,000,000)**	**330,533,846**	**169,072,559**	**161,461,287**	**51%**
Other Receipts	-	-	-			

The increase in collection was as a result of the following measures put in place

Enhanced collection of Administration Control Fees and Charges (tender fees), robust collection of land rates in the whole County, single business permit collection was enhanced. Also, we identified Mandera Municipality and Elwak Municipality as receivers of revenue where they were operating in some streams hence better collection.

Still there were some problems like insecurity related issues caused by Alshabaab in major parts of the County. Closure of the Kenya-Somalia border as well as the Kenya-Ethiopia border due to insecurity related challenges.

The County Receiver of Revenue's financial statements were approved on 28/10/, 2024 and signed by:

.....

Name: Ibrahim Issack Nurrow
County Receiver of Revenue

.....

Name: Ahmed Adan Mohamed
Head of Revenue Reporting
ICPAK M/No 24402

10. Statement of Arrears of Revenue As at 30th June 2024

Classification Of Receipts	Balance as at The beginning ofthe current year (1st July 2023) A	Arrears received during the year. B	Additions in arrears for the current year to June 30, 2024 C	Total arrears as at 30 June 2024 D=A+(B)+C	Measures taken to recover the arrears	Assessment to the recoverability of arrears
Land rate	99,805,074	0	10,718,700	110,523,774	Develop polices to encourage recoverability	Enhanced land mobilization to recover arrears and prompt payment in future
Property Rent- House Rent	0	0	369,600	369,600	Timely deductions	
Total Arrears	**99,805,074**	**0**	**11,088,300**	**110,893,374**		

.....

Name: Ibrahim Issack Nurrow
County Receiver of Revenue

.....

Name: Ahmed Adan Mohamed
Head of Revenue Reporting
ICPAK M/No 24402

10. 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 Mandera receiver of revenue. 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 receiver of revenue. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of Receipts

The receiver of revenue recognises all receipts from the various sources when the related cash has been received by the receiver of revenue.

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 within the timelines for the period 1st July 2023 to 30 June 2024 as required by law. There was a supplementary budget passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

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

5. Revenue in Arrears

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

6. Disbursements to CRF

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

7. Comparative Figures

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

8. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2024

11. Notes to the Financial Statements

1. Cess

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Farm produce	2,446,021	1,106,559
Quarrying	1,106,400	1,027,900
Livestock	11,667,680	9,561,123
Miraa movement	6,205,400	6,658,820
Barriers	13,809,823	4,633,063
Slaughter fees and charges	3,703,189	6,162,515
Income from water	891,137	778,400
Total	**39,829,650**	**29,928,380**

2. Land rates

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Land rates	42,578,746	23,922,170
Total	**42,578,746**	**23,922,170**

3. Single /Business Permits

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Annual Business permit fees	15,716,074	11,808,102
Total	**15,716,074**	**11,808,102**

4. Property Rent

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
County Housing	507,190	960,500
Transfer of Property	16,401,101	15,802,550
Stalls/kiosks rent	7,417,640	7,046,520
Total	**24,325,931**	**23,809,570**

5. Parking Fees

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Street parking fees	867,665	1,558,005
Total	**867,665**	**1,558,005**

6. Market Fees

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Market entry fees	566,340	189,895
Total	**566,340**	**189,895**

7. Hospital Fees

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Level 4 hospitals	25,903,057	27,534,403
Total	**25,903,057**	**27,534,403**

8. Public Health Service Fees

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Public health permit	2,987,849	476,322
Total	**2,987,849**	**476,322**

9. Physical Planning and Development

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Building plans approval	264,001	3,972,684
Total	**264,001**	**3,972,684**

10. Hire Of County Assets

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	364,000	30,000
Total	**364,000**	**30,000**

11. Administration Control Fees and Charges

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Others (*Tender Fees)*	15,637,173	81,000
Total	**15,637,173**	**81,000**

12. Bank Charges

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank Charges & commissions	39,737	42,354
Total	**39,737**	**42,354**

13. Bank Balances

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	FY 2023/24	FY 2022/23
			Kshs	Kshs
KCB,1140759469, Kshs.	-	-	8	-
National Bank of Kenya, 01042097914300, Kshs.	-	-	5,002	-
Equity Bank, 1000260858505, Kshs.	-	-	564	-
Mandera Municipality, National Bank, 7700522510, Kshs.	-	-	5,130	-
Mandera Municipality, Equity Bank, 1000284926514, Kshs.	-	-	61	-
Elwak Municipality, National Bank, 7716422650, Kshs.	-	-	0	-
Total	-	-	**10,765**	-

14. Payables- Due To CRF

Payables	FY 2023/24	FY 2022/23
	Kshs	Kshs
Balance b/f at the beginning of the year	-	-
Amount collected during the year	169,000,749	123,268,177
Amounts disbursed to CRF during the year	(168,989,984)	(123,268,177)
Balance c/d at the end of the year	**10,765**	-

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 rate	8,262,700	6,454,200	16,166,413	79,640,461	110,523,774
Single/business permits	-	-	-	-	-
Property rent-House Rent	-	-	-	-	-
Parking fees	-	-	-	-	-
Market fees	369,600	-	-	-	369,600
Advertising	-	-	-	-	-
Hospital fees	-	-	-	-	-
Public health service fees	-	-	-	-	-
Physical planning and development	-	-	-	-	-
Hire of County Assets	-	-	-	-	-
Conservancy administration	-	-	-	-	-
Administration control fees and charges	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Park fees	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-
Others	-	-	-	-	-
Total	**8,632,300**	**6,454,200**	**16,166,413**	**79,640,461**	**110,893,374**

12. Appendices

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

There were no Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.

(PFM ACT section 165 subsection 4, 5)

Sign and date 28/10/2024
Accounting Officer

Appendix 2: Progress on follow up of prior Year Auditor Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from the Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.0 Revenue Under Collection.	The shortfall in revenue collection.	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally.	Not resolved.	30 June 2025.
1.1 Non-Compliance with IPSAS 23 on Revenue Recognition and Reporting	Delayed Revenue Recognition.	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally.	Not resolved.	30 June 2025.

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Name: Ibrahim Issack Nurrow

County Receiver of Revenue

Date 28/10/2024

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Name: Ahmed Adan Mohamed

Head of Revenue Reporting

ICPAK M/No 24402

Date: 28/10/2024