Republic of Kenya

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

GOVERNMENT OF KENYA

DRAFT REVENUE MANAGEMENT AUDIT PROGRAMS FOR NATIONAL GOVERNMENT

SEPTEMBER 2026

Republic of Kenya

PSASB
PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

REVENUE MANAGEMENT

Audit Program No.:	Period Under Review:	Department:
Prepared By:		
Reviewed By:		

(To be customised for each Program)

Revenue Management

Audit Objective: To establish whether there is proper collection, accounting and safe custody of revenue/AIA	
Risk; Litigation due to collection of unauthorized revenues	
Expected Internal Controls	**Audit Test**
Approved legislation on imposition tax or licensing fee	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on approval of the imposition tax or licensing fee • If the control is not documented, enquire from process owner how it is meant to be executed.

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	TEST OF IMPLEMENTATION • Select one revenue stream • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the listing of all the revenue streams • Confirm that not tax is imposed except as provided by a legislation *Art. 210 of the Const. of Kenya* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.
Collection of revenue by unauthorized officers	
Expected Internal Controls	**Audit Test**
Appointment of receivers and collectors of revenue	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on appointment of receivers and collectors of revenue • If the control is not documented, enquire from process owner how it is meant to be executed.

	TEST OF IMPLEMENTATION • Select one appointment of receiver/collector of revenue • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Confirm that all receivers of revenue are designated by the CS for Finance *Sec. 75(1) of the PFM Act* • Confirm that all revenue is collected and accounted for *Sec. 75(2) of the PFM Act* • Where an officer makes collection confirm that such an officer has been formally appointed in writing by a Receiver of Revenue to be a Collector of Revenue *Sec. 76(1) of the PFM Act* • Where any other officer collects revenue and such an officer has not been designated as a receiver or collector of revenue, such an officer surrenders the revenue to the receiver of collector of revenue within three days *Sec. 76(2) of the PFM Act* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.
Loss of revenue through theft, embezzlement and misappropriation, undercharging or non-collection	
Expected Internal	**Audit Test**

Controls	
Use of automated systems	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on use of automated systems • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select one revenue stream • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the listing of all the revenue streams • Obtain the bank statements and extract of receipts from Automated Revenue Management Systems • Confirm that all revenues are collected through the adopted automated system *Sec. 12(1(e)) of the PFMA* • Confirm that all receipts in Automated Revenue Management Systems are in the bank statements

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	• Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.
Expected Internal Controls	**Audit Test**
Regulated collection, custody and issue of Point-of-Sale Gadgets	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on collection, custody and issue of Point-of-Sale Gadgets • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select one PoS gadget • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Verify to establish that there is a register of all POS gadgets, where applicable • Verify & confirm that appropriate authority was used to issue POS gadgets to users

	• Verify to confirm that issues are made to an individual person by name who should personally acknowledge receipt of the POS gadget • Establish the safe custody of unused gadgets • Establish the status of POS gadgets (Functional or damaged). • For the damaged POS gadgets, establish the reasons for the damage and put controls in place to reduce accelerated damage. • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans. **Source of criteria; Sec. 79(2(c)) of PFMA**
Expected Internal Controls	**Audit Test**
Regulated collection, custody and issue of accountable documents	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on collection, custody and issue of accountable documents • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select one accountable document

	• Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Verify to establish that form S12 is duly issued and approved to collect receipt books from Government Printer • Verify & establish entry of receipt of books and other accountable documents from Govt. Press in the CRB register using issue notes from Government Printers • Verify & confirm that appropriate authority was used to issue accountable documents to users • Verify to confirm that issues are made to an individual person by name who should personally acknowledge receipt of accountable documents • Establish the safe custody of partly used and unused accountable documents • Where the entity government has adopted an automated revenue collection system, confirm that no MR Books are in circulation • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans. **Source of criteria; Reg. 118 of NGPFMR**
Expected Internal Controls	**Audit Test**

Approved Tariff Structure	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on revenue assessment • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain the applicable Tariff Structure • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the revenue transactions list • Confirm that there exists an approved tariff structure *NGPFMR 66(2)* • Sample the major sources of revenue and confirm that the revenues are assessed and charged according to the approved tariff structure • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.

Expected Internal Controls	Audit Test
Timely banking	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on banking of revenue • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select one F.O 17 Receipt Voucher • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Ascertain that no collections are used at source but banked intact • Confirm the bank pay-in-slips are reflected in the bank statement • Determine the period between receipts and banking with a view to confirming there were no delays • Reconcile actual collection as per Collection Control Sheet (CCS) with the cash surrenders or banking as appropriate

	• Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans. **Source of criteria; Reg. 64(4) of NGPFMR**
Expected Internal Controls	**Audit Test**
Approved waivers and exemptions	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on approval of waivers and exemptions • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select one waiver/exemption transaction • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the listing of waiver/exemptions

	• Confirm that a record of each waiver/exemption is made together with the reason thereof *Sec. 77(a) of the PFM Act* • Confirm that no State Officer is excluded from payment of a tax, fee or charge by reason of the office of the State Officer or the nature of work of the State Officer *Sec. 77(b) of the PFM Act* • Confirm that the waiver/exemption has been authorized by an Act of Parliament *Sec. 77(c) of the PFM Act* • Confirm that requests for waivers made to the Cabinet Secretary are personally signed off by the Accounting Officer and with each page initialized *Guidelines/Framework for requesting, processing and granting tax exemptions/waiver/variation/remission on a national tax, fee or charge dated18/10/2018* • Confirm that waivers are disclosed in the financial statements *Sec. 82(4) of the PFMA, 2015* • Confirm that the report on waivers includes *Sec. 82(5) of the PFMA, 2015*; ✓ Full name of each person benefiting from the waiver or variation. ✓ The amount of tax, fee or charge is affected by the waiver or variation. ✓ The year to which the waiver or variation relates. ✓ The reasons for waiver or variation; and ✓ The legislation in terms of which the waiver was authorized. Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.

Risk; Collections or over-collections made in error	
Expected Internal Controls	**Audit Test**
Approved revenue refunds	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on revenue refunds • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain on revenue refund transaction • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OPERATING EFFECTIVENESS** • Obtain the listing of revenue refunds • Confirm that any refunds are provided for under an expenditure item appropriated by Parliament in an Appropriation Act *PFM Reg. 68(3) of 2015*

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	• Confirm that the receiver of revenue or collector of revenue prepares estimates of refunds from taxes or fees or charges for the following financial year, and submits the budget to the Cabinet Secretary for consideration and inclusion in the budget *PFM Reg. 68(5) of 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.
Objective; To establish the extent of the revenue arrears (accounts receivables)	
Risk; Inaccurate revenue arrears	
Expected Internal Controls	**Audit Test**
Report on revenue arrears	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on reporting on revenue arrears • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMETATION** • Obtain the Revenue Statements • Confirm that the design documented under TOD is implemented as documented.

	• Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the Revenue Statements for the period under review and review the reported revenue arrears • Confirm that disclosed arrears agree with the arrears as per the Revenue Arrears Reconciliation Statement • Establish that there is segregation of duties among the following; ✓ Person maintaining revenue arrears records ✓ Revenue collector ✓ Person with record adjustment rights Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans. **Source of criteria; Reg. 65(2(c)), 69, 137(2(f)) of NGPFMR**
Expected Internal Controls	**Audit Test**
Reconciliation of revenue arrears records	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on reconciliation of revenue arrears records

	• If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Obtain one Revenue Arrears Reconciliation Statements • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the revenue reconciliation statements and confirm that regular reconciliations are undertaken • Reperform the reconciliation to ensure that the reconciliations are accurate • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans. **Source of criteria; Reg. 107(2(c)) of NGPFMR**
Audit Objective; To ascertain validity and authenticity of transactions in bank accounts	
Risk; Erroneous/Fraudulent receipts	
Expected Internal Controls	**Audit Test**

Monthly bank reconciliations	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on the bank reconciliations • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select one Bank Reconciliation Statement • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the ledger that contains all the bank accounts. Sample the bank accounts related to payments and the related months to be reviewed • Confirm that monthly bank reconciliations are undertaken and submitted to the National Treasury and a copy to the Office of the Auditor General *Reg. 90(1) of the NGPFMR, 2015* • Confirm the bank reconciliations are also undertaken when responsibility for the bank account or cheque book is handed over to another officer *Reg. 90(2) of the NGPFMR, 2015* • Confirm that the identified discrepancies during reconciliation are noted, investigated and corrected, including updating the cash book *Reg. 90(3) of the NGPFMR, 2015*

	• Confirm that bank related charges are expensed and cleared through a voucher in the books of accounts *Treasury Circular No. AG.20/047/Vol.VII(118) dated 31st May 2005 and Reg. 99(3) of the NGPFMR, 2015* • Re-perform the bank reconciliations to confirm the accuracy Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.
Audit Objective; Final accounts are accurate, complete and with adequate disclosure	
Risk; Inaccurate financial reporting	
Expected Internal Controls	**Audit Test**
Approved Reporting Template for Receiver of Revenue	**TEST OF DESIGN** • Establish the key requirements of laws, regulations, guidelines, manuals and circulars on revenue reporting • If the control is not documented, enquire from process owner how it is meant to be executed. **TEST OF IMPLEMENTATION** • Select Revenue Statement

	• Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVESS** • Confirm that quarterly and annual revenue statements are prepared in accordance with the approved revenue reporting template *PFM Reg. 65(2,3) and 68 of 2015* • Confirm that the quarter revenue statements are prepared by 15th of the subsequent quarter and submitted to the National Treasury, with a copy to the Auditor-General and Parliament *PFM Reg. 65(4) of 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.
Risk; Improper classification of transactions	
Expected Internal Controls	**Audit Test**
Approved Standard Chart of Accounts	**TEST OF DESIGN** • Establish the key requirements of laws and regulations, on the use of Standard Chart of Accounts • If the control is not documented, enquire from process owner how it is meant to be executed.

	TEST OF IMPLEMENTATION • Obtain the Approved Budget • Confirm that the design documented under TOD is implemented as documented. • Walkthrough and document the process flow/ map. Note any gaps in implementation **TEST OF OPERATING EFFECTIVENESS** • Obtain the Approved Budget, Transaction Records and the Approved Revenue Statements • Confirm that the entity's budget estimates are appropriately prepared, accounted for and reported in accordance with the Government of Kenya budget classification and standard chart of accounts issued by the National Treasury *Reg. 41. (1) and 99(1) of the NGPFMR, 2015* • Confirm that the appropriate classifications of the revenue estimates and actual receipts are as much as practicable designed to support financial and economic reporting requirements in the PFM Act and generally accepted international standards (Identify cases of wrong or inappropriate classification) *Reg. 41(2) of the NGPFMR, 2015* • Carry out other tests of operating effectiveness aligned to specific entity policies, procedures, service delivery standards, minutes of meetings and strategic plans.

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