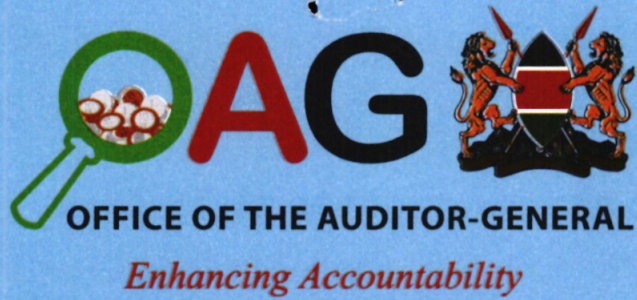
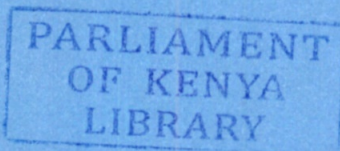


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF KISII

PAPERS LAID	
DATE	20/8/24
TABLED BY	Sen. Kingua
COMMITTEE	—
CLERK AT THE TABLE	Polyarp.



COUNTY REVENUE FUND
COUNTY GOVERNMENT OF KISII

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

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

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

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County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

1. Acronyms and glossary of terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
Kshs	Kenya Shillings

b) glossary of terms

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

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

2. Key Entity Information and Management

a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

b) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Designation	Name
1.	CECM Finance and Economic planning	Kennedy O. Abincha
2.	C.O Finance	Isaiah O. Miencha
3.	Director Accounting Services/Finance	John N. Nyandanyi

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Kennedy Abincha
2.	Accounting Officer in charge of Finance	Isaiah O. Miencha
3.	Director Accounting Services/Finance	John N. Nyandanyi

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2023 were:

i. County Assembly of Kisii County

The responsibilities of the County Assembly of Kisii were as follows:

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation

ii. Audit Committee

The functions and responsibilities of the audit committee were as follows:

- To obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of the County Executive's reporting functions to ensure the integrity of financial reports.
- To monitor the effectiveness of the County Executive's performance management and performance information.
- To provide strong and effective oversight of County Executive's internal audit function.
- To provide effective liaison and facilitate communication between management and external audit.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

iii. Public Accounts and Investment Committee of the Senate

The main function of the Senate Public Accounts and Investment Committee is to invite the Governor to appear before it to adduce evidence on the reports of the Auditor-General.

iv. Budget and Appropriations Committee

Budget and Appropriations Committee approves expenditure budget of the County Executive for the execution of governance.

v. Development Partners

Development partners monitor implementation of development projects funded by them to ensure that they achieve the intended objectives.

vi. Controller of Budget

The office of the Controller of Budget authorizes withdrawal of funds in accordance with the approved budget.

vii. Office of the Auditor General

The Office of the Auditor General carries out statutory audit on the activities of the county.

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

e) County Headquarters

P.O. Box 4550- 40200
Kisii Municipal Building
Kisii- Keroka Road
Kisii, KENYA

f) County Contacts

Telephone: (254) 582030005
E-mail: info@kisii.go.ke
Website: www.kisii.go.ke

g) County Bankers

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

h) Independent Auditors

Auditor General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General
State Law Office
P.o.Box 40112
City Square 00200

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

3. Statement by the CECM Finance

In the year ended 30 June 2023, the County had projected revenues of Kshs.11,113,855,495 consisting of Kshs.750,000,000 from own sources and Kshs.10,363,855,495 from CARA. A Graphical Representation of the Revenue Budget is as shown below:

Revenue Budget

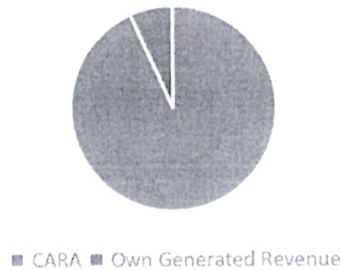


Figure 1: Kisii County revenue sources in FY 2022/2023.

- CARA revenues continue to form the largest part of our revenue budget, contributing 93.25% towards our budget. Our own generated revenues formed 6.75% of our budget.
- Out of the projected revenue, the County was able to realize Kshs.10, 331,361,446 in actual revenues, representing 92.9% performance. In the table below, we present an analysis of revenue performance during the year.

Table 1: Revenue Performance from Different Sources in FY 2021/2023

Revenue Classification	Revenue Budget(Kshs)	Actual (Kshs)	Realization (%)
CARA	10,363,855,495	9,917,372,849	95.6%
Own Generated Revenues	750,000,000	413,988,596	5.5%
Total	11,113,855,495	10,331,361,445	92.9%

CECM Finance and Economic Planning
 County Government of Kisii

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

4. Management Discussion and Analysis

Revenues for the last four years have been analyzed per source as follows in table 1.

Table 1: Analysis of revenues for the last 4 years

Source of Revenue	2022/2023	2021/2022	2020/2021	2019/2020
	Kshs.	Kshs.	Kshs.	
Exchequer Releases	9,605,816,471	8,182,732,547	9,657,935,981	7,934,953,302
Transfers from other Government entities	311,539,240	393,918,451	372,418,644	322,627,955
Own Source revenue	413,988,596	404,554,619	399,505,292	478,209,672
Return to CRF issues	17,138	2,181,303	6,691,939	-
Total (d=a+b+c)	10,331,361,445	8,983,386,920	10,436,551,856	8,735,790,929

5. Overview of the County Revenue Fund Operations

Background

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

Receipts into the County Revenue Fund

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Other receipt includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2023.



CEC Member – Finance and Economic Planning
County Government of Kisii

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on 30 June 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (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 County Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended 30 June 2023, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). Further, Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 19/12/2023.

Signature

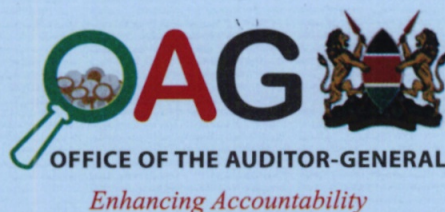
Name: Isaiah O. Miencha

Chief Officer -Finance

County Government of Kisii

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KISII

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 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

Opinion

I have audited the accompanying financial statements of County Revenue Fund-County Government of Kisii set out on pages 1 to 11, which comprise of the statement of receipts and payments and statement of comparison of budget and actual amounts for the year

ended 30 June, 2023, 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 financial statements present fairly, in all material respects, the financial position of the County Revenue Fund-County Government of Kisii as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund-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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis amounts of Kshs.11,113,855,495 and Kshs.10,331,361,445 respectively, resulting in an under-funding of Kshs.782,494,050 or 7% of the budget. Similarly, the Fund transferred Kshs.8,095,867,128 out of the approved budget of Kshs.11,113,855,495, resulting in under-transfer of Kshs.3,017,988,367 or 27% of the budget.

The under-funding and under-transfer affected the planned activities and may have impacted negatively on service delivery to the public.

2. Late Exchequer Releases

The statement of receipts and payments reflects exchequer releases amount of Kshs.9,605,816,471 which includes Kshs.2,268,040,000 received by the County Government from the National Treasury in the month of June, 2023, which comprised Kshs.800,484,706, Kshs.756,013,333 and Kshs.711,541,961 received on 9 June, 2023, 20 June, 2023 and 26 June, 2023 respectively. Consequently, the funds could not be utilized by the end of the financial year.

In the circumstances, late exchequer releases may have had adverse effects on the implementation of the planned activities and projects by the County Government.

My opinion is not modified in respect of these matters.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing 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

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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether processes and systems of internal control, risk management and overall governance was maintained 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 such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the 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 controls 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

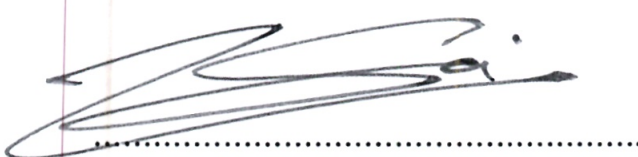
Nairobi

14 February, 2024

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2023

8. Statement of Receipts and Payments for the Year Ended 30th June 2023.

		2022/2023	2021/2022
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	9,605,816,471	8,182,732,547
Transfers from other government agencies	2	311,539,240	393,918,451
Own Source Revenue	3	413,988,596	404,554,619
Return to CRF issues	4	17,138	2,181,303
Total Receipts		10,331,361,445	8,983,386,920
Payments			
Transfers to County Executive	5	6,779,072,657	8,834,065,468
Transfers to County Assembly	6	1,316,794,471	960,962,827
Other Transfers(exchequer recovery for over-issue on NARIGP)	7	-	49,741,439
Total Payments		8,095,867,128	9,844,769,734
Net increase/ (decrease) in cash for the year		2,235,494,317	(861,382,814)
Add Opening fund balance b/f	8	68,418,940	929,801,754
Closing Fund balance for the year	8	2,303,913,257	68,418,940



Name: Isaiah O. Miencha

Chief Officer - Finance

NAC Member: 316537

Date: 19/12/2023



Name: John N. Nyandanyi.

Director Accounting Services

ICPAK Member No: 13733

Date: 19/12/2023

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2023

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2023.

Receipt/Payments	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 %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer releases	10,678,784,500	(727,377,648)	9,951,406,852	9,605,816,471	345,590,381	97
Transfers from other government agencies	585,867,053	(173,435,548)	412,431,505	311,539,240	100,892,265	76
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-	-
Own Source Revenue	650,000,000	100,000,000	750,000,000	413,988,596	336,011,404	55
Return to CRF issues	17,138	-	17,138	17,138	-	100
Total Receipts	11,914,668,691	(800,813,196)	11,113,855,495	10,331,361,445	782,494,050	93
Payments						
Transfers to County Executive	10,404,688,244	(800,813,196)	9,603,875,048	6,779,072,657	2,824,802,391	71
Transfers to County Assembly	1,509,980,447	-	1,509,980,447	1,316,794,471	193,185,976	87
Total Payments	11,914,668,691	(800,813,196)	11,113,855,495	8,095,867,128	3,017,988,367	73
Balance	-	-	-	2,235,494,317	(2,235,494,317)	-

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

- a) Exchequer releases under-receipts were due to late disbursement of funds from the exchequer.
- b) Transfers from other government agencies under receipts were due to late disbursement of funds from the exchequer.
- c) Own Source Revenue under receipts were due to a difficult economic environment
- d) Transfers to County Executive underutilization was due to late disbursement of funds.
- e) Transfers to County Assembly underutilization was due to late disbursement of funds.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the Cash-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012.

The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

c) Receipts

Receipts include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer and own source revenue are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

d) Payments

Payments are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

Significant Accounting Policies (Continued)

e) Fund Balances

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

f) Restriction on Cash

Restricted cash represents amounts that are limited/ restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. There were no other restrictions on cash during the year.

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

11. Notes to the Financial Statements

1. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Equitable Share (a)	9,605,816,471	8,182,732,547
Level 5 hospitals (b)	-	-
Others (Specify) (c)	-	-
Total (d=a+b+c)	9,605,816,471	8,182,732,547

2. Transfers from other government agencies

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Road Maintenance Levy	-	-
COVID-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	-
User Fees Foregone -Ministry of Health	-	-
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	62,692,134
World Bank-NARIGP-State Department of Crop Development	172,091,140	178,410,506
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development	-	-
DANIDA Grant -Primary Health care in devolved context - Ministry of Health	25,045,875	8,625,375
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	-	-
UIG-Urban Institutional Grant	-	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	10,517,407	15,683,290
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	-	-
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-	-
UNFPA-9th County Programme Implementation -Ministry of Health	-	-
KDSP-Kenya Devolution Support Programme-Level II	-	128,507,146

County Government of Kisii
County Revenue Fund
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Description	2022/2023	2021/2022
KUSP-Kenya Urban Support Programme	2,339,915	-
EU Grant (Instruments for Devolution Advice and Support-(IDEAS)-State Department of Devolution	12,352,246	-
National Agricultural Value Chain Development Project (NAVCDP)-WORLD BANK CREDIT	67,192,657	-
KFW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation, and Irrigation	-	-
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	-	-
Finance for locally –led climate action programme (FLOCCA)	22,000,000	-
Total	311,539,240	393,918,451

3. Own Source Revenue

Description	2022/2023	2021-2022
	Kshs.	Kshs.
Property rates	10,115,712	12,845,291
Business Permits Current Year	108,439,178	98,927,699
Fruits & Vegetables / Produce Cess	11,188,467	6,270,797
Miscellaneous income	-	1,000
County Premises Monthly Rent (Offices, etc.)	5,457,310	5,012,500
Market Entrance / Gate Fee	44,293,177	43,836,640
Market Plots Rent	4,175,247	5,682,547
Enclosed Bus Park Fee	43,200,800	59,165,700
Motorcycle parking stickers	2,684,400	13,737,813
Street Parking Fee	41,099,400	41,186,820
Social Hall Hire	86,000	63,000
Stadium Hire	765,000	-
Slaughtering Fee	616,850	505,900
Buildings Plan Approval Fee	43,424,505	39,769,261
Sign Boards & Advertisement Fee	52,609,610	40,396,515
Fire-Compliance Fee	21,329,500	21,120,700
Administration Service fee	1,312,208	3,050,800
Environmental fees and charges	21,231,550	5,581,300

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

Weight and Measures	1,621,180	832,940
Sales of fingerlings	338,502	310,501
Revenue from Agricultural Training Centre	-	2,000,145
Devolved function revenues	-	4,256,750
Total	413,988,596	404,554,619

4. Return to CRF Issues

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Recurrent Account (County Executive)	10,877	1,451
Development Account (County Executive)	6,212	2,173,801
Recurrent Account (County Assembly)	48	6,051
Development Account (County Assembly)	1	-
Total	17,138	2,181,303

5. Transfers to County Executive

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Recurrent Account	6,174,522,057	6,726,322,925
Development Account	260,468,388	1,529,375,987
Special Purpose Accounts	344,082,212	578,366,556
Total	6,779,072,657	8,834,065,468

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2023

Notes to the Financial Statements (Continued)

6. Transfers to County Assembly

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Recurrent Account	1,271,165,323	897,322,807
Development Account	45,629,148	63,640,020
Special purpose accounts	-	-
Total	1,316,794,471	960,962,827

7. Other Transfers

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Exchequer recovery for over-issue	-	49,741,439
Total	-	49,741,439

8. Fund balance

Description	2022/2023	2021/2022
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number 1000170565))	2,303,913,257	68,418,940
Total	2,303,913,257	68,418,940

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

Notes to the Financial Statements (Continued)

9. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2022/2023	2021/2022
			Kshs	Kshs
KCB Kisii County Revenue Collection Acc. No.1140758519	-	-	1,595,312	334,564
Total			1,595,312	334,564

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2023

12. Annexes

Annex 1: Progress on follow up of Auditor's Recommendations

Reference No. On the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
N/A	Budget Control and Performance	The issue is being addressed since we received the report of the Auditor-General late	Not resolved	30th January, 2024



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 Name : Isaiah O. Miencha
 Chief Officer- Finance
 NAC Member:316537
 Date 19/12/2023

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2023

Annex 2 . Analysis Of Receipts from The National Treasury Exchequer Releases

Period 2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	2,179,097,256	1,467,555,294	1,467,555,294	4,491,608,627	9,605,816,471
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	25,045,875	25,045,875
World Bank – THUSCP	-	-	-	-	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)	421,309	-	130,789,987	40,879,844	172,091,140
Kenya Devolution Support Programme	-	-	-	-	-
Finance for locally led climate action programme (FLOCCA)			11,000,000	11,000,000	22,000,000
National Agriculture value chain development (NAVCPD)-WORLD BANK CREDIT				67,192,657	67,192,657
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	2,339,915	2,339,915
Agriculture Sector Development Support Project (ASDSP)	-	-	-	-	-
EU Grant (Instruments for Devolution Advice and Support-(IDEAS)-State Department of Devolution	-	12,352,246	-	-	12,352,246
Agriculture Sector Development Support Project (ASDSP)			10,517,407	-	10,517,407
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	-	-
Total	2,179,518,565	1,479,907,540	1,619,862,688	4,638,066,918	9,917,355,711

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2023

Annex 3. Analysis Of Receipts from Own Source Revenue per Quarter

Period 2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	1,202,632	935,968	2,316,807	7,071,562	11,526,969
Land rate	668,509	332,338	4,614,992	4,499,873	10,115,712
Single/Business permits	4,683,205	2,245,045	58,116,805	43,394,123	108,439,178
Property rent	1,567,413	1,537,524	2,459,900	4,067,720	9,632,557
Parking fees	18,362,150	16,048,700	27,160,950	25,412,800	86,984,600
Market fees	9,645,220	9,867,077	11,889,590	12,891,290	44,293,177
Advertising	1,964,700	907,870	21,939,000	27,798,040	52,609,610
Hospital fees	-	-	-	-	-
Public health service fees	-	-	-	-	-
Physical planning and development	8,989,685	6,441,907	11,474,936	16,517,977	43,424,505
Hire of County Assets	33,000	98,000	200,000	520,000	851,000
Environmental Fees and Charges	872,500	515,500	10,536,950	9,306,600	21,231,550
Administration control fees and charges	1,998,320	1,135,818	11,304,630	10,440,970	24,879,738
Park fees	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total	49,987,334	40,065,747	162,014,560	161,920,955	413,988,596

County Government of Kisii
 County Revenue Fund
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Annex 4: Analysis of Transfers from the County Revenue Fund

Period (2022/23)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Recurrent	1,223,203,704	1,744,093,586	965,856,284	2,241,368,483	6,174,522,057
County Executive -Development	85,540,480	-	-	174,927,908	260,468,388
County Assembly -Recurrent	89,313,307	239,493,908	199,823,969	742,534,139	1,271,165,323
County Assembly -Development	-	22,127,103	-	23,502,045	45,629,148
Special Purpose - Universal health care	62,692,134	-	-	-	62,692,134
Special Purpose - SIDA/ASDSP	-	2,750,000	9,525,128	3,742,279	16,017,407
Special Purpose - NARIGP	-	421,309	130,789,987	40,678,714	171,890,010
Special Purpose - EU IDEAS	-	-	-	19,352,246	19,352,246
Special Purpose - DANIDA	-	8,856,000	-	9,778,500	18,634,500
Special Purpose – UDG	-	-	-	-	-
Special Purpose – UIG	-	-	-	2,339,915	2,339,915
Special Purpose – KDSP	-	-	-	-	-
Special Purpose - Youth Polytechnic	-	-	-	12,156,000	12,156,000
Special Purpose – CLIMATE CHANGE	-	10,000,000	-	31,000,000	41,000,000
Special Purpose - Recurrent accounts	-	-	-	-	-
Special Purpose - Recurrent accounts	-	-	-	-	-
Total	1,460,749,625	2,027,741,906	1,305,995,368	3,301,380,229	8,095,867,128