

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

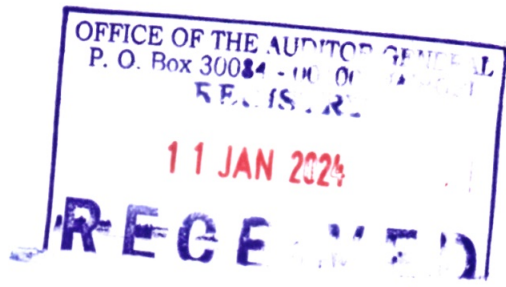
COUNTY REVENUE FUND

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

**COUNTY GOVERNMENT OF
GARISSA**

PAPERS LAID	
DATE	29/07/2023
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
CLERK AT THE TABLE	POLYCARP

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COUNTY REVENUE FUND
COUNTY GOVERNMENT OF GARISSA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023.

County Government of Garissa
County Revenue Fund
Annual Report and Financial Statements for the Financial Year ended 30th June, 2023.



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1. 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

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

- CECM Finance and Economic planning
- C.O Finance
- Director Accounting Services/Finance

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	Abass Ismail Khaar
2.	Accounting Officer in charge of Finance	Adan Harun Abdi
3.	Director Accounting Services/Finance	CPA Abdi Ali Nuriye

d) Fiduciary Oversight Arrangements

The County Assembly Accounts and Investment Committee has the responsibility of examining the County Government accounts particularly those reporting on appropriation granted by the County Assembly to meet public expenditure. The Committee also follows up on the audit report from the Office of The Auditor General.

The County has Audit Committees and Head of Internal Audit who reports on:

1. Adequacy and effectiveness of CGE's internal control system
2. Adequacy and effectiveness of the entity's risk management
3. Likely causes of any weaknesses observed, implications and agreed remedies

The Controller of Budget also monitors and controls on the budget limits.

e) County Headquarters

Telephone: (254) 0462102604

P.O Box 563-70100

County Headquarters- Lamu Road

E-mail: garissacounty@gmail.com

Website: www.garissa.go.ke

f) County Contacts

Telephone: (254) 0462102604

E-mail: garissacounty@gmail.com

Website: www.garissa.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 County Attorney

Office of the Governor

P.O. Box 563-70100

GARISSA, KENYA

2. Statement by the CECM Finance and Economic Planning

In our pursuit to improve on transparency and accountability in Public Financial Management, I present the financial statements for the financial year 2022/2023 of the County Executive of Garissa. The County Executive of Garissa has and will continue to manage its finances in accordance with the principles of fiscal responsibilities as spelt out in the Public Finance Management Act, 2012.

The report compares actual performance against budgeted revenues and expenditure and also provides the recommendation to the County Executive for improvement of budget execution. The County Executive of Garissa has developed strategic partnership with the public by involving them in development of the County Integrated Development Plan (CIDP) which highlights the programmes and projects to be implemented in successive county budgets. In this regard the County Executive of Garissa has been able and continues to put more emphasis into development activities which are responsive to the citizens' needs.

FINANCING OF THE COUNTY GOVERNMENTS

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation (CRA) and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for County Government of Garissa included business permits, land rates, advertising fees, livestock cesses and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

Automation of revenue collection system at Garissa County Referral Hospital. The County has also procured a land management system which will boost collection of land and buildings related taxes.

FINANCIAL PERFORMANCE

Revenue

In FY 2022/2023 the County approved supplementary budget amounted to **Kshs 9,370,153,475** Comprising of **Kshs 6,556,233,182** and **Kshs. 2,813,920,293** for Recurrent and Development expenditure respectively.

To Finance the budget, the county expected to receive **Kshs 8,561,389,232** as equitable share of revenue raised nationally including Balance of June Allocation for FY 21-22, **Kshs 651,226,989** as Conditional Grants from National Government Revenue And Donors, **Kshs 130,000,000** as Own Source Revenue and **Kshs 27,563,139** being cash balances from previous FY (2021/22).

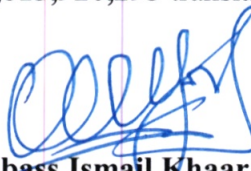
Table 1 Summary of County Fiscal Performance

REVENUE CLASSIFICATION	REVENUE BUDGET	ACTUAL	REALISATION %
EQUITABLE SHARE	8,561,389,232	8,561,389,232	100%
PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS	651,226,989	607,613,734	93%
OWN SOURCE REVENUE	130,000,000	81,999,052	63%
BALANCE BROUGHT FORWARD	27,563,139	27,563,139	100%
TOTAL	9,370,153,475	9,278,565,157	99%

Source: Garissa County Treasury

Budget Performance

The total expenditure for the year amounted to **Kshs 8,165,473,960** against the budget of **Kshs 9,370,153,475.00** translating to utilisation level of **87%**. **Kshs 6,449,430,545** was spent on recurrent expenditure against the budget of **Kshs 6,556,233,182** translating to utilisation level of **98%** while **Kshs 1,716,043,415** was spent on development expenditure against the budget of **Kshs 2,813,920,293** translating to utilisation level of **61%**.



Abass Ismail Khaar

CECM Finance and Economic Planning

County Government of Garissa

3. Management Discussion and Analysis

The County Government of Garissa received all equitable share of revenue amounting to Kshs 8,561,389,232 including balance of June, 2022 which was carried forward to the successive year. However, the National Treasury should ensure that funds are released on time to ensure prompt and timely service delivery.

4. 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 June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the 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 June 30, 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

County Government of Garissa


County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30th June 2023.

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 29/9 2023.


Adan Harun Abdi
Chief Officer - Finance
County Government of Garissa

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.

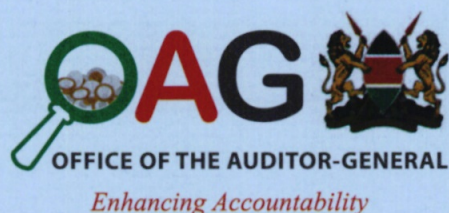
This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2023.



Adan Harun Abdi
Chief Officer - Finance
County Government of Garissa

REPUBLIC OF KENYA

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Anniversary Towers
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Garissa set out on pages 1 to 10, which comprise of the statement of

Report of the Auditor-General on County of Revenue Fund for the year ended 30 June, 2023 - County Government of Garissa

receipts and payments and the 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Revenue Fund - County Government of Garissa as at 30 June, 2023 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Closing Fund Balance

The statement of receipts and payments reflects a closing fund balance of Kshs.1,091,985,636 which includes an opening fund balance brought forward from 2021/2022 financial year of Kshs.7,839,087. However, the statement reflects a closing fund balance for the 2021/2022 financial year of Kshs.15,689,587 resulting in an unexplained variance of Kshs.8,300,500.

In the circumstances, the accuracy of the fund balance of Kshs.1,091,985,636 could not be confirmed.

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 Garissa Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenue budget and actual on comparable basis of Kshs.9,370,153,475 and Kshs.9,267,054,422 respectively, resulting in an under-funding of Kshs.122,922,604 or 1% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis

of Kshs.1,187,245,602 and Kshs.1,084,146,549 resulting in under-absorption of Kshs.103,099,053 or 1 % of the budget.

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

2. Late Exchequer Issues

The statement of receipts and payments reflects total exchequer receipts of Kshs.8,561,389,232, transfers from other Government agencies of Kshs.603,842,587, own source revenue of Kshs.81,999,052 and return to County Revenue Fund (CRF) issues of Kshs.19,823,551, all totalling to Kshs.9,267,054,422. It was however, noted that exchequer releases totalling to Kshs.2,021,439,125 were received in the month of June, 2023, thus denying the Management a chance to spend the monies as earmarked in the approved budget

The underperformance of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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

in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Funds ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the sustainability of services basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 controls 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 continue 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

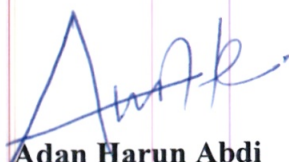

FCPA Nancy Gatundu, CBS
AUDITOR-GENERAL

Nairobi

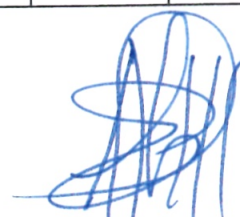
21 December, 2023

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

		2022/23	2021/22
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	8,561,389,232	7,293,035,276
Transfers from other government agencies	2	603,842,587	384,317,973
Other grants	3		
Proceeds from Domestic Borrowing	4		
Proceeds from Foreign Borrowing	5		
Own Source Revenue	6	81,999,052	71,397,500
Return to CRF issues	7	19,823,551	1,312,232
Total Receipts		9,267,054,422	7,750,062,981
Payments			
Transfers to County Executive	8	7,279,605,452	7,817,005,554
Transfers to County Assembly	9	903,302,421	944,999,912
Other Transfers	10		
Total Payments		8,182,907,873	8,762,005,466
Net increase (decrease) in cash for the year		1,084,146,549	(1,011,942,485)
Add Opening fund balance b/f	11	7,839,087.30	1,027,632,072
Closing Fund balance for the period	11	1,091,985,636	15,689,587



Adan Harun Abdi
Chief Officer - Finance
ICPAK Member No
Date:



CPA Abdi Ali Nuriye
Director Accounting Services
ICPAK Member No: 29047
Date:

8. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June, 2023.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts						
Exchequer releases	8,588,926,486	-	8,588,926,486	8,561,389,232	27,537,254	100%
Proceeds from Domestic and Foreign Grants	651,226,989	-	651,226,989	603,842,587	47,358,517	93%
Own Source Revenue	130,000,000	-	130,000,000	81,999,052	48,000,948	63%
Total Receipts	9,370,153,475	-	9,370,153,475	9,267,054,422	122,922,604	99%
Payments						
Transfers to County Executive	7,279,605,452	-	7,279,605,452	7,279,605,452	0	100%
Transfers to County Assembly	903,302,421	-	903,302,421	903,302,421	0	100%
Total Payments	8,182,907,873	-	8,182,907,873	8,182,907,873	0	-
Balance	1,187,245,602		1,187,245,602	1,084,146,549	103,099,053	100%

- (a) County Own Source Revenue was at 63% due to under collections resulting from land rates.
- (b) Proceeds from Domestic and Foreign Grants was at 93% due to non-receipt of wsdp funds
- (c) Return to CRF issues was at 72% due to the small amount transfers to CRF.

9. 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 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.

County own source revenue is recognized as receipts when the funds are received in the County Exchequer Account.

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.

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.

10. 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:

	2022/23	2021/22
	Kshs.	Kshs.
Equitable Share (a)	8,561,389,232	7,293,035,276
Level 5 hospitals (b)	-	-
Total (d=a+b+c)	8,561,389,232	7,293,035,276

2. Proceeds From Domestic And Foreign Grants

Description	2022-2023	2021-2022
	Kshs	Kshs
Proceeds from Domestic and foreign grants received through exchequer		
DANIDA	19,786,411	0
Transforming Health Sector-Universal Care Programme (THS-UCP)	8,824,500	0
Kenya Climate Smart Agriculture Project (KCSAP)	75,269,050	140,468,243
Kenya Urban Support Project (KUSP)	2,339,915	0
Agricultural Sector Development Support Programme (ASDSP II)	0	6,000,000
Kenya Devolution Support Programme(KDSP)	0	0
Water and Sanitation World Bank Grant (IDA-WSDP)	396,669,191	223,166,949
Garissa County Climate Change (FLLoCA)	22,000,000	0
Emergency Locust Response Project (ELRP)	78,953,520	14,682,781
Grand Total	603,842,587	384,317,973

3. Other Grants

	2022-2023	2021-2022
	Kshs.	Kshs.
Donor 1 (<i>Specify</i>)	-	-
Donor 2 (<i>Specify</i>)	-	-
Donor 3 (<i>Specify</i>)	-	-
Others (<i>Specify</i>)	-	-
	-	-

4. Proceeds From Domestic Borrowing

	2022-2023	2021-2022
	Kshs.	Kshs.
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Notes to the Financial Statements (Continued)

5. Proceeds From Foreign Borrowing

	2022-2023	2021-2022
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

6. Own Source Revenue

	2022-2023	2021-2022
	Kshs	Kshs
RECEIPTS		
Rents	16,690,472	13,908,727
Sales of Market Establishments	1,029,648	935,109
Receipts from Administrative Fees and Charges	6,231,514	5,418,708
Receipts from Administrative Fees and Charges - Collected as AIA	4,248,058	3,693,642
Fines, Penalties and Forfeitures	12,434,955	8,289,970
Other Receipts Not Classified Elsewhere	9,772,879	8,483,402
Business Permits	9,645,851	8,768,955
Cess	8,764,484	7,967,713
Administrative Services Fees	3,522,383	3,144,985
Market/Trade Centre Fee	2,504,982	2,226,431
Public Health Facilities Operations	2,075,664	2,947,545
Environment & Conservancy Administration	1,216,968	1,105,329
Slaughter Houses Administration	2,339,831	3,125,323
Technical Services Fees	1,521,363	1,381,662
TOTAL	81,999,052	71,397,500

Notes to the Financial Statements (Continued)

7. Return To CRF Issues

	2022/23	2021/22
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	-	19,787,241.65
Development Account (<i>County Executive</i>)	-	3,769.05
Recurrent Account (<i>County Assembly</i>)	-	29,399.35
Development Account (<i>County Assembly</i>)	-	3,141.30
Others (<i>Specify</i>)	-	-
Total	-	19,823,551.35

8. Transfers To County Executive

	2022/23	2021/22
	Kshs.	Kshs.
Recurrent Account	5,557,326,780	5,899,159,947
Development Account	1,296,881,906	1,126,945,697
Special purpose Accounts	425,396,766	790,899,910
Total	7,279,605,452	7,817,005,554

Notes to the Financial Statements (Continued)

9. Transfers To County Assembly

	2022/23	2021/22
	Kshs.	Kshs.
Recurrent Account	863,302,421	906,415,094
Development Account	40,000,000	38,584,818
Special purpose accounts	-	-
Total	903,302,421	944,999,912

10. Other Transfers

Description	2022/23	2021/22
	Kshs.	Kshs.
Agency Notices	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

11. Fund Balance

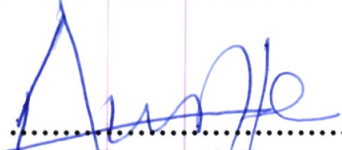
	2022/23	2021/22
	Kshs.	Kshs.
County Exchequer Account - 1000171499 CBK	1,071,985,636.90	7,839,087
Total	1,071,985,636.90	7,839,087

11. Annexes

Annex 1: Progress On Follow up of Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)


.....
Adan Harun Abdi
Chief Officer Finance
ICPAK Member No
Date

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	1,942,167,000	1,981,803,063	1,981,803,063	2,655,616,105	8,561,389,232
DANIDA - Universal Healthcare in Devolved Units Programme	19,786,411				19,786,411
World Bank – THUSCP	8,824,500				8,824,500
Garissa County Climate Change Fund (FLLoCA)	22,000,000				22,000,000
Abolishment of user fees in health centres and dispensaries					
Kenya Urban Support Programme (KUSP)	2,339,915				2,339,915
Agriculture Sector Development Support Project (ASDSP)					
Kenya Climate Smart Agriculture Project (KCSAP)	75,269,050				75,269,050
Water and Sanitation Development Project (WSDP)	396,669,191				396,669,191
Emergency Locust Response Project (ELRP)	78,953,520				78,953,520
TOTAL					9,165,231,819

Annex 3: 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 -Rec	1,118,514,860	1,666,782,123	946,903,130	1,825,121,667	5,557,326,780
County Executive -Dev	-	21,000,000	272,700,000	1,003,181,906	1,296,881,906
County Assembly -Rec	225,363,696	194,636,304	213,872,163	229,430,258	863,302,421
County Assembly -Dev	10,000,000	-	20,000,000	10,000,000	40,000,000
Special Purpose A/c (All donor funded accounts)	-	14,682,781	343,720,019	66,993,966	425,396,766
Total	2,345,457,635	1,250,687,191	3,028,003,535	2,137,857,105	8,182,907,873