

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

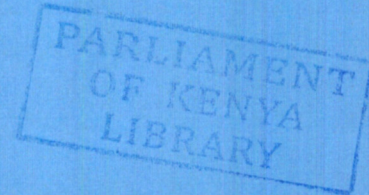
THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2022**

GOVERNMENT OF BUNGOMA







COUNTY REVENUE FUND
COUNTY GOVERNMENT OF BUNGOMA

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022.

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

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1. Key Entity Information and Management

a) Background information

The County is constituted as per the Constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

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 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	- CPA Esther N. Wamalwa
2.	Accounting Officer in charge of Finance	- Dinah Makokha
3.	Director Accounting Services/Finance	- CPA Ambrose Makokha

d) Fiduciary Oversight Arrangements

i. County Assembly of Bungoma County

The responsibilities of the County Assembly of Bungoma 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;
- 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 Committee

The main function of the Public Accounts Committee is to invite the County Executive's Accounting Officer 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.

e) C County Executive of Bungoma Headquarters

P.O. Box 437-50200,
Former Municipal Buildings,
Moi Avenue Street
Bungoma, KENYA

f) County Executive of Bungoma Contacts

Telephone: 055-30343
E-mail: info@bungoma.go.ke
Website: www.bungoma.go.ke

g) County Executive of Bungoma Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000

City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank,
P.O. Box 201-50200
Bungoma.
3. Equity Bank Ltd,
P. O. Box 2450-50200,
Bungoma.
4. Co-operative Bank of Kenya Ltd,
P.O. Box 1964-50200,
Bungoma.
5. National Bank of Kenya,
P.O. Box 25-50200,
Bungoma.

h) Independent Auditors

Auditor-General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

a) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

2. Statement by the CECM Finance

It is my pleasure to present the County Government of Bungoma financial statements on county revenue Fund for the year ended 30th June 2022. The financial statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010, under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

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 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 Bungoma County included business permits, land rates, cesses, market fees, parking fees, Administrative service fees, public health facilities' fees, Appropriation in Aids (AIA) among others.

Financial Performance

a) Revenue

In the year ended 30 June 2022, the County had projected revenues of Kshs.14,454,364,385 consisting of Kshs.1,488,336,493 from own sources and Kshs.12,966,027,892 from CARA.

During the year, the county received a total of ksh 11,250,654,869 of which the ksh 10,659,435,192 is from the equitable share, ksh 230,090,028 from Donations & grants and ksh 359,292,947 is the local revenue transmitted into the Fund account.

County Government of Bungoma
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

- CARA revenues continue to form the largest part of our revenue budget, contributing 90% towards our budget. Our own generated revenues formed 10% of our budget.
- Out of the projected revenue, the County was able to realize Kshs.11, 250,654,869 in actual revenues, representing 78% performance. In the table below, we present an analysis of revenue performance during the year

REVENUE CLASSIFICATION	Revenue Budget(KShs)	Actual (KShs)	Realization (%)
Cara	12,966,027,892.00	10,889,525,220.45	84%
own generated revenues	1,488,336,493.00	361,129,649.00	24%
Total	14,454,364,385.00	11,250,654,869.45	78%



CPA. CHRISPINUS BARASA.
CPA ICPAK NO. 19812
CECM: FINANCE AND ECONOMIC PLANNING.
COUNTY GOVERNMENT OF BUNGOMA.

3. Management Discussion and Analysis

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 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 Bungoma County included business permits, land rates, cesses, market fees, parking fees, Administrative service fees, public health facilities' fees, Appropriation in Aids (AIA) among others.

Operational of the 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.

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 Performance

The total county equitable share (Exchequer Releases) has been increasing annual since 2019/2020 as per the table below:

Description	Actual Payments	Actual Payments	Actual Payments	Actual Payments
	2021/22Ksh	2020/21 Ksh	2019/20 Ksh	2018/19 Ksh
Exchequer releases	10,659,435,192	9,658,503,900	8,128,796,100	8,949,000,000
Proceeds from Domestic a	230,090,028	951,324,308	775,480,328	847,714,454
Transfers from Other Government Entities		-	532,496,156	293,788,933
County Own Generated R	359,292,947	402,614,761	860,080,583	860,080,583
Returned CRF issues	1,836,702	8,423,773	1,554,123	1,043,241
Total Revenue	11,250,654,869	11,020,866,742	10,298,407,291	10,951,627,211

County Government of Bungoma
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2022

During the financial year 2021/22 we had expected to receive a total of ksh 10,659,435,192, equitable share from the national government ,which we received the whole amount despite the delay receipt of the last bunch of the funds.

Donations and grants during the year had budgeted to tune of ksh 1,009,618,168 in the original approved budget, which was increased to ksh 2,067,149,799 after the first Supplementary, but as at the lapse of the financial statement, we had only received ksh 230,090,028 only of 14% of the budget, thus delay project implementation.

	Original Budget	supplimentray	Final Budget	Actual (KShs)	Realization(%)
Conditional grants -Development Partners	856,320,296	776,773,518	1,633,093,814	230,090,028	14%
Conditional grants -National Government	153,297,872	280,758,113	434,055,985	-	0%
Total	1,009,618,168	1,057,531,631	2,067,149,799	230,090,028	11%

Challenges

Implementation challenges of strategic objectives for the County Government included the following: - Inadequate and delayed Government funding to sectors, High poverty level, Political interference in project prioritization and implementation, Inadequate Infrastructure, Inadequate capacity of contractors, Lack of Industrial land, Delay of procurement process, the Covid-19 pandemic, Political activity with the year among other challenges.

e) Future Outlook

In the financial year 2022/2023, the County Government has a total budget of Kshs.12,914,280,380 of which, the equitable share amount is Kshs.10,659,435,192 , Donations & grants of ksh 856,320,296 and the Local collections & AIA of ksh 1,383,726,908, with the hope of get funds on time for timely implementation of county projects.

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, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the 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, 2022, 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. 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 _____ 2022.



Dinah Makokha
Chief Officer Finance

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

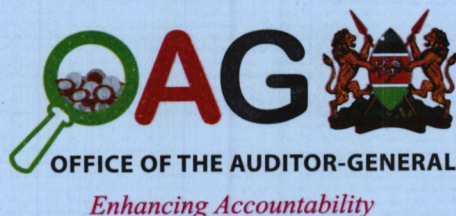
The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2022.



Dinah Makokha
Chief Officer Finance

REPUBLIC OF KENYA



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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, 2022 - COUNTY GOVERNMENT OF BUNGOMA

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.
- B. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Bungoma set out on pages 1 to 7, which comprise of the statement of

Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2022 – County Government of Bungoma

receipts and payments and statement of comparison of budget and actual amounts for the year ended 30 June, 2022, 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.

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

Basis for Qualified Opinion

1. Unexplained Receipts

The statement of receipts and payments reflects total receipts of Kshs.11,250,654,869 for the year ended 30 June, 2022. However, the County Revenue Fund bank statements reflects total receipts of Kshs.10,316,401,802. The variance of Kshs.934,253,067 was not explained or reconciled.

In the circumstances, the accuracy and completeness of the receipts totalling Kshs.11,250,654,869 could not be confirmed.

2. Unsupported Payments

The statement of receipts and payments reflects total payments of Kshs.10,614,043,797. However, the County Revenue Fund bank statements reflects payments totalling Kshs.10,128,388,662. The variance of Kshs.485,655,135 was not explained nor reconciled.

In the circumstances, the accuracy and completeness of the total payments of Kshs.10,614,043,797 could not be confirmed.

3. Unsupported Opening Balance

The statement of receipts and payments reflects opening fund balance of Kshs.230,677,452 which was not supported by a cash book nor a bank statement.

In the circumstance, the accuracy, completeness and validity of the opening fund balance of Kshs.230,677,452 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 Bungoma Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.13,712,839,494 and Kshs.11,250,654,869 respectively, resulting in under-funding of Kshs.2,462,184,625 or 18% of the budget.

Similarly, the statement reflects total actual expenditure of Kshs.10,614,043,797 against approved budget of Kshs.13,712,839,494 resulting in under-performance of Kshs.3,098,795,697 or 23% of the budget.

The under-funding and under-performance affected 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

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 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 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 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 overall 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 Management is aware of the intention to terminate the Fund or to cease its 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 financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015, and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material

misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Fund's 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:

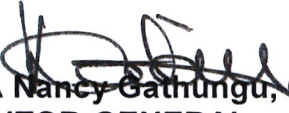
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 March, 2023

County Government of Bungoma

County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30th June 2022

7. Statement of Receipts and Payments Statement for the year ended 30th June,2022.

		2021/22
	Notes	Kshs.
RECIPTS		
Exchequer releases	1	10,659,435,192
Transfers from other government agencies	2	230,090,028
Own Source Revenue	3	359,292,947
Return to CRF issues	4	1,836,702
Total Receipts		11,250,654,869
PAYMENTS		
Transfers to County Executive	5	9,651,301,605
Transfers to County Assembly	6	962,742,192
Other Transfers		-
Total Payments		10,614,043,797
Net increase (decrease) in cash for the year		636,611,072
Add Opening fund balance b/f	7	230,677,452
Closing Fund balance for the period	7	867,288,525



Chief Officer
Name: Dinah Makokha



Director Accounting services
Name: Ambrose Makokha
ICPAK Member Number: 7929

8. Statement of Comparison of Budget Actual Amounts for the year ended 30th June 2022.

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	10,659,435,192	230,673,452	10,890,108,644	10,659,435,192	230,673,452	98%
Transfers from other government agencies	1,009,618,166	1,057,531,633	2,067,149,799	230,090,028	1,837,059,770	11%
Own Source Revenue	500,000,000	246,811,602	746,811,602	359,292,947	387,518,655	48%
Return to CRF issues		8,769,449	8,769,449	1,836,702	6,932,747	21%
Total Receipts	12,169,053,358	1,543,786,136	13,712,839,494	11,250,654,869	2,462,184,624	82%
Payments						
Transfers to County Executive	11,227,873,853	1,456,786,136	12,684,659,989	9,651,301,605	3,033,358,383	76%
Transfers to County Assembly	941,179,505	87,000,000	1,028,179,505	962,742,192	65,437,313	94%
Total Payments	12,169,053,358	1,543,786,136	13,712,839,494	10,614,043,797	3,098,795,696	77%
Balance	-	-	-	636,611,072	(636,611,072)	

(a) Less percentage on own source receipt, Transfers from other Government agencies is due to impact on covid-19 to the economy and political interference

(b) The increase of Kshs.1,543,786,136 from original to final budget was due to additional funds allocated in supplementary estimates and Approved by assembly.

The County Executive's financial statements were approved on _____ 2022 and signed by:



Chief Officer
 Name: Dinah Makokha



Director Accounting services
 Name: Ambrose Makokha
 ICPAK Member Number: 7929

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:

	2021/22
	Kshs.
Equitable Share (a)	10,659,435,192
Total (d=a+b+c)	10,659,435,192

2. Transfers from other government agencies**

	2021/22
	Kshs.
DANIDA- Universal healthcare in devolved units(THUSP	9,852,563
World Bank-NARIGP-State Department of Crop Development	198,424,757
Agricultural Sector Development Support Programme II (ASDSP II)-State Depa	21,812,708
TOTAL	230,090,028

3. Own Source Revenue

Description	2021/22
	Kshs.
Cess	41,302,577
Land/Poll rate	21,379,076
Single/Business permits	87,932,428
Property rent	15,749,535
Parking fees	72,436,640
Market fees	44,005,092
Advertising	21,331,893
Public health service fees	5,540,632
Physical planning and development	11,488,211
Hire of County Assets	317,703
Conservancy administration	11,852,405
Administration control fees and charges	25,016,044
Other fines, penalties, and forfeiture fees	385,725
Miscellaneous	554,987
Total	359,292,947

Notes to the Financial Statements (Continued)

4. Return to CRF Issues

	2021/22
	Kshs.
	8
Recurrent Account (<i>County Executive</i>)	1,525,080
Development Account (<i>County Executive</i>)	45,371
Recurrent Account (<i>County Assembly</i>)	266,243
Development Account (<i>County Assembly</i>)	1,836,702
Total	

All closing balances at the end of the financial year should be swept back to CRF

5. Transfers to County Executive

	2021/22
	Kshs.
	7,710,680,839
Recurrent Account	1,642,117,708
Development Account	298,503,058
Special purpose Accounts	9,651,301,605
Total	

6. Transfers to County Assembly

	2021/22
	Kshs.
	921,175,971
Recurrent Account	41,566,221
Development Account	962,742,192
Total	

7. Fund balance

	2021/22
	Kshs.
	867,288,525
County Exchequer Account - (<i>CBK Account number 1000171518</i>)	867,288,525
Total	

11. Annexes

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

It's the first time we are report on the CRF fund statement.



.....
Dinah Makokha
Chief Officer Finance

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

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Equitable Share	1,758,806,806	2,664,858,797.00	1,758,806,806.00	4,476,962,783	10,659,435,192
DANIDA - Universal Healthcare in Devolved Units Programme				9,852,563	9,852,563
National Agricultural & Rural Inclusive Growth Project (NARIGP)				198,424,757	198,424,757
Agriculture Sector Development Support Project	2,500,000			19,312,708	21,812,708
Total	1,761,306,806	2,664,858,797	1,758,806,806	4,704,552,811	10,889,525,220

Annex 3: Analysis of Transfers from the County Revenue Fund

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
County Executive -Rec	1,421,973,144	1,965,664,175	1,660,946,700	2,662,096,820	7,710,680,839
County Executive -Dev		592,595,641	267,485,062	782,037,005	1,642,117,708
County Assembly -Rec	92,549,169	260,893,343	322,900,927	244,832,532	921,175,971
County Assembly -Dev			20,000,000	21,566,221	41,566,221
Special Purpose A/c					-
Word Bank-NARIGP-State Department of Crop Development				225,737,849	225,737,849
DANIDA- Universal healthcare in devolved units(THUSP)				9,852,563	9,852,563
Agricultural Sector Development Support Programme II (A		2,500,000		30,312,708	32,812,708
Development of Youth Polytechnics-State Department of TVETS				30,099,938	30,099,938
Total	1,514,522,313	2,821,653,159	2,271,332,689	4,006,535,636	10,614,043,797

Annex 4: Bank Reconciliation/FO 30 Reports.

RECONCILIATION MONTH: JUNE, 2022		F.O 30
Account number : 1000171518		
Account name : : BUNGOMA COUNTY REVENUE FUND-KES		
	Balance as per bank statement on 30.06.2022	448,380,035.45
Add	Receipts in cashbook not in bank statement	946,719,829.45
		1,395,099,864.90
Less:	Transfers in Cashbook not in the bank statement	527,811,340.35
	Balance as per cashbook on 30.06.2022	867,288,524.55
I certify that I have verified the bank balances in the cashbook with the bank statement and confirm the above reconciliation is correct.		
	Prepared by	
.....
Signature	Designation	Date

Annex 5: Trial Balance.

COUNTY GOVERNMENT OF BUNGOMA		
CRF STATEMENT TRIAL BALANCE AS AT 30TH JUNE, 2022		
	Current Period 2021-2022	
Description	Debit	Credit
	KShs.	KShs.
Exchequer releases		
Equitable Share	0	10,659,435,192
Sub Total	-	10,659,435,192
Transfers from other government agencies		
DANIDA- Universal healthcare in devolved units(THUSP		9,852,563
Word Bank-NARIGP-State Department of Crop Development		198,424,757
Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development		21,812,708
Sub Total	-	230,090,028
Own Source Revenue		
Transfers To CrF From local Collection		359,292,947
Sub Total	-	359,292,947
Return to CRF Issues		
Executive Recurrent		8
Executive Development		1,525,080
Assembly Recurrent		1,452
Assembly Recurrent		43,919
Assembly Development		266,243
Sub Total	-	1,836,702

County Government of Bungoma
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2022

Transfers to County Executive		
Executive Recurrent	7,710,680,839	
Executive Development	1,642,117,708	
Special purpose Accounts		
Road Maintenance Levy		
Covid-19		
Development of Youth Polytechnics-State Department of TVETS	30,099,938	
User Fees Foregone -Ministry of Health		
DANIDA- Universal healthcare in devolved units(THUSP	9,852,563	
Word Bank-NARIGP-State Department of Crop Development	225,737,849	
Agricultural Sector Development Support Programme II (ASDSP II)-State	32,812,708	
Kenya Urban support Programme		
Kenya Devolution Spport Programme		
Sub Total Special Purpose account	298,503,058	-
Sub Total Trans to Excutive	9,651,301,605	-
Transfers to County Assembly		
Recurrent Account	921,175,971	
Development Account	41,566,221	
Sub Total Trans to Assembly	962,742,192	-
Bank Accounts Balances		
1. Central Bank of Kenya Account No. 1000171518	867,288,525	230,677,452
Sub Total	867,288,525	230,677,452
Total	11,481,332,322	11,481,332,322
The Statement has been prepared, reviewed and approved by the following:		
.....	
Signature.	Designation	
	
	Date.	