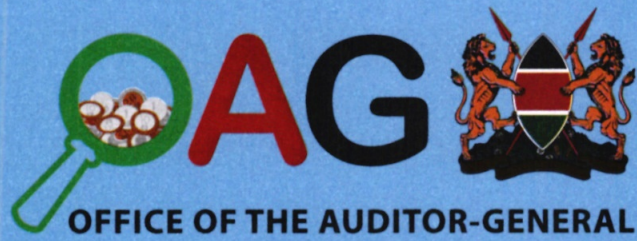


REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

OF

**THE AUDITOR-GENERAL**

ON

**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT  
OF TANA RIVER**

|                    |             |
|--------------------|-------------|
|                    | PAPERS LAID |
| DATE               | 7/8/24      |
| TABLED BY          | SMC         |
| COMMITTEE          |             |
| CLERK AT THE TABLE | Chung       |



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P.O. Box 81543, MOMBASA  
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**COUNTY REVENUE FUND**

*County Government of Tana River*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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

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**1. Acronyms and glossary of terms**

*a) Acronyms*

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

*b) glossary of terms*

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

## 2. Key Entity Information and Management

### 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:

| 1. | CECM Finance and Economic planning   | CPA Brenda Mokaya       |
|----|--------------------------------------|-------------------------|
| 2. | C.O Finance                          | CPA Mariam Abdalla Bunu |
| 3. | Director Accounting Services/Finance | CPA Tolah Berhe Yonnah  |

### 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:

| 1. | CECM Finance and Economic Planning      | CPA Brenda Mokaya       |
|----|---|-------------------------|
| 2. | Accounting Officer in charge of Finance | CPA Mariam Abdalla Bunu |
| 3. | Director Accounting Services/Finance    | CPA Tolah Berhe Yonnah  |

### d) Fiduciary Oversight Arrangements

County Assembly of Tana River

County Executive Committee

Tana River County Executive Audit Committee

Senate Public Accounts Committee

Office of the Controller of Budget

Office of the Auditor General

Development Partners Oversight

**e) County Headquarters**

P.O. Box 29 - 70101

Trade House

Council Road

Hola, Kenya.

**f) County Contacts**

Telephone: (254) 73062600

E-mail: [info@tanariver.go.ke](mailto:info@tanariver.go.ke)

Website: [www.tanariver.go.ke](http://www.tanariver.go.ke)

**g) County Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

Nairobi, Kenya

**h) Independent Auditor**

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 and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

### 3. Statement by the CECM Finance

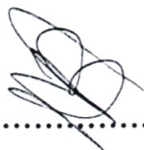
During the financial year under review, the county had four sources of funding namely: conditional allocations from both national government and from development partners; equitable share from the (revenue raised nationally; county own source revenue; and a balance from last financial year.

During the FY 2022/2023, the exchequer release of the equitable share revenue to the County government of Tana River amounted to Kshs. 7,050,681,467. This translated to 93% percent of the allocation. The deviation (balance of the allocation) was received after the closure of the financial year. Additionally, Kshs.1.080 Billion was appropriated in the FY 2022/2023 budget estimates as balance carried forward from the FY 2021/22.

The total amount of County's own source revenue collected in the FY 2022/23 amounted to KShs. 65,265,529. However by 30<sup>th</sup> June 2023 only kshs.59,176,171 had been swept to the County Revenue Fund. This represented a 26% per cent decrease on the annual own source revenue target of KShs 87.85 million.

For the FY 2022/2023, The County achieved an overall absorption on the Budget allocation of 74 percent with an average of 85 percent for recurrent and 55 percent for development. Overall, the departments were more efficient in the absorption of their recurrent budgets than in their development budgets with all departments absorbing more of their respective recurrent than development budgets. The four County departments with the least absorption rates are: Trade, Tourism, Wildlife and Corporative Development (0%), Public Service, Administration and Citizen Participation (9%), Hola Municipality (31%), Lands and Physical Planning (18%), Education, Medical Services, Public Health and Sanitation which both absorbed 17% of their development budgets respectively.

The overall under absorption was a result of non-remittance of June equitable share disbursement which was released in July, 2023 (FY 2023/2024).



.....  
**CECM Finance and Economic Planning**  
**County Government of Tana River**

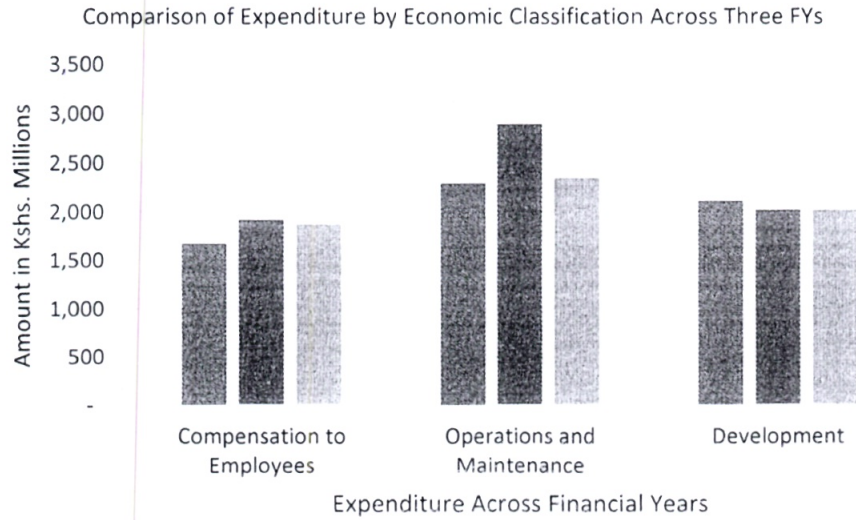


#### 4. Management Discussion and Analysis

The budget deviated from the CFSP by an average factor of 27 percent. This deviation was caused by the balance brought forward (Kshs. 1.080billion) from the previous financial year and conditional grant allocations (Kshs. 241.5 million) which were not allocated to specific departments in the ceiling; reason being ceilings were prepared based on total non-discretionary revenue (Equitable Share and Own Source Revenue).

In the Supplementary Budget Estimates for the FY 2022/23, the total recurrent expenditure amounted to Kshs.5,468,742,765 which constitutes 69% of the total expenditure. Of this amount, the Compensation to employees amounts Kshs.2,075,223,161 of the total expenditure translating to 26%(and 32% of the total revenue) while expenditure for operations and maintenance amounts to Kshs.3,393,519,604 translating to 43% of the County total budget estimates. The total development expenditure in the supplementary estimates for the FY 2022-2023 amounts to Kshs.2,511,274,441 translating to 31% of the total expenditure. The allocation was distributed amongst various departments to implement programmes aimed at cultivating a conducive environment for the expansion of economic activities within the county. Majority of the funds were allocated to the Department of Roads, Transport, Public Works, Housing and Urbanization and for the settlement of pending bills.

Considering actual expenditure, the largest amount of the development budget in the FY 2022/2023 was spent in the Department of Roads, Public Works, Housing and Urbanization (Kshs. 609.64 billion out of the Kshs. 1.638 billion spent). The department played a key role in the settlement of pending bills. This is in an effort to comply with the Intergovernmental Budget and Economic Council (IBEC) resolutions, and the PFM regulations, 2015, Section 41 (2) on debt service payment. During the FY 2022/2023, the County spent Kshs 5.735 billion, which was 98 per cent of the total funds released. Of the KShs.5.735 billion spent, a total of KShs. 4.613 billion was spent on recurrent expenditures while KShs. 1.122 billion was spent on development activities. The recurrent expenditure comprised of Kshs. 1.767 billion for Personnel Emoluments and Kshs. 2.846 billion for Operation and Maintenance. Figure 4 presents a comparison between the total expenditure in the FY 2021/22 and the FY 2022/2023.



The overall absorption rate for the period under review was 74 percent; 71 percent being for recurrent and 81 percent for development expenditure. The Department of Education had the rate for development expenditure at 156%, with the Department of Water, Environment, and Natural Resources having the highest absorption rate for recurrent expenditure at 101 percent. The lowest absorption rates were recorded in the departments of trade (35 percent absorption for development expenditure) and Special Programs (16 percent absorption for recurrent expenditure).

Thanks.

## **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. Receipts include 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 30<sup>th</sup> June 2023.



.....  
**CEC Member – Finance and Economic Planning**  
**County Government of Tana River**

## 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 to 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 at the County Treasury 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 Revenue Fund; (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 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 30/09/2023.

Signature 

Name: Mariam Abdalla Bunu

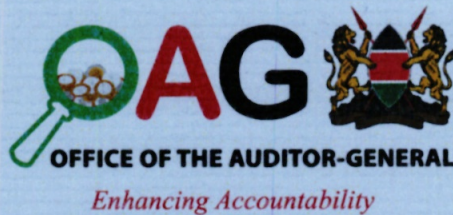
Chief Officer Finance /Accounting Officer

County Government of Tana River

ICPAK Member No.: 20519

# 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 - COUNTY GOVERNMENT OF TANA RIVER FOR THE YEAR ENDED 30 JUNE, 2023

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### 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 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 Tana River set out on pages 1 to 13, which comprise of the statement of

receipts and payments and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 County Revenue Fund - County Government of Tana River 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 with the provisions of the Public Finance Management Act, 2012, and the County Governments Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Failure to Conform to the Disclosure in the Revised Template by PSASB**

The statement of comparison of budget and actual amounts did not conform to the disclosure requirements of the International Public Sector Accounting Standards Board format which requires the entity to provide a commentary on significant under realization (below 90% of realization). There was no explanation on whether the changes between the original and final budget were as a result of reallocations within the budget or other causes as per IPSAS 1.7.23.

In the circumstances, the disclosure in the financial statements did not conform to the International Public Sector Accounting Standards Board format.

#### **2. Unreconciled Variances in Receipts on Transfers from Other Government Agencies**

The statement of receipts and payments and Note 2 to the financial statements reflects receipts in respect of transfers from other Government agencies totalling to Kshs.222,227,697. Review of the amounts received and amounts transferred from the County Executive in respect of seven (7) agencies revealed a variance of Kshs.103,270,697 which has not been explained as indicated below:

| <b>Description</b>   | <b>Amount</b>                  |                             |                             |
|--|--------------------------------|-----------------------------|-----------------------------|
|  | <b>Transferred<br/>(Kshs.)</b> | <b>Received<br/>(Kshs.)</b> | <b>Variance<br/>(Kshs.)</b> |
| DANIDA - Universal Healthcare in Devolved Units Programme      | 25,393,152                     | 18,733,152                  | 6,660,000                   |
| IDEAS LED Project  | 49,017,637                     | 19,563,267                  | 29,454,370                  |
| National Agricultural Value Chain Development Project (NAVCDP) | 67,192,729                     | 67,192,729                  | 0                           |
| Kenya Climate Smart Agriculture Project (KCSAP)                | 87,386,194                     | 82,386,194                  | 5,000,000                   |

| Description   | Amount                 |                     |                     |
|---|------------------------|---------------------|---------------------|
|   | Transferred<br>(Kshs.) | Received<br>(Kshs.) | Variance<br>(Kshs.) |
| Financing Locally –Led Climate Action (FFLoCA)            | 61,000,000             | 22,000,000          | 39,000,000          |
| Youth Polytechnic Support Grant VTC                       | 20,656,327             | 0                   | 20,656,327          |
| Agriculture Sector Development Support Project (ASDSP II) | 12,512,439             | 10,012,439          | 2,500,000           |
| <b>Total</b>  | <b>323,158,478</b>     | <b>219,887,781</b>  | <b>103,270,697</b>  |

In the circumstances, the accuracy and completeness of the receipts in respect of transfers from other Government agencies could not be confirmed.

### 3. Unreconciled Transfers to the County Assembly

The statement of receipts and payments and Note 6 to the financial statement reflects transfers to County Assembly totalling to Kshs.997,412,490 while the corresponding receipts in the statement of receipts and payments by the Tana River County Assembly totalled to Kshs.947,412,490 resulting to unexplained variance of Kshs.50,000,000.

In the circumstances, the accuracy and completeness of the payments on transfers to County Assembly 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 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.

#### 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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue sustaining 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 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 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 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 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.

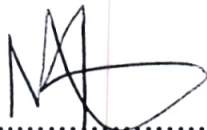
  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

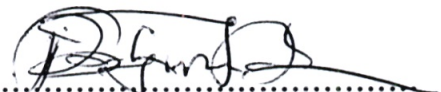
**17 January, 2024**

**8. Statement of Receipts and Payments for the Year Ended 30<sup>th</sup> June 2023.**

| Receipts                                      |          |                        |                        |
|---|----------|------------------------|------------------------|
| Exchequer releases                            | 1        | 7,050,681,467          | 6,503,832,312          |
| Transfers from other government agencies      | 2        | 222,227,697            | 345,322,919            |
| Own Source Revenue                            | 3        | 59,173,171             | 72,260,813             |
| Return to CRF issues                          | 4        | 852,597                | 280,234                |
| <b>Total Receipts</b>                         |          | <b>7,332,934,932</b>   | <b>6,921,696,278</b>   |
| Payments                                      |          |                        |                        |
| Transfers to County Executive                 | 5        | 5,828,406,567          | 7,007,153,505          |
| Transfers to County Assembly                  | 6        | 997,412,490            | 884,949,935            |
| <b>Total Payments</b>                         |          | <b>(6,825,819,057)</b> | <b>(7,892,103,440)</b> |
| Net increase/ (decrease) in cash for the year |          | <b>507,115,875</b>     | <b>(970,407,161)</b>   |
| Add Opening fund balance b/f                  | 7        | <b>534,508,860</b>     | <b>1,504,916,022</b>   |
| <b>Closing Fund balance for the year</b>      | <b>7</b> | <b>1,041,624,735</b>   | <b>534,508,860</b>     |



.....  
**Name:** Mariam Abdalla Bunu  
**Chief Officer - Finance**  
**ICPAK Member No.:** 20519  
**Date:**.....



.....  
**Name:** Tolah Berhe Yonnah  
**Director Accounting Services**  
**ICPAK Member No.:** 4824  
**Date:**.....

County Government of Tana River  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

**9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30<sup>th</sup> June, 2023.**

|  |                      |                   |                      |                      |                      |            |
|--|----------------------|-------------------|----------------------|----------------------|----------------------|------------|
| <b>Receipts</b>                          |                      |                   |                      |                      |                      |            |
| Exchequer releases                       | 7,585,190,328        | -                 | 7,585,190,328        | 7,050,681,467        | 534,508,861          | 93%        |
| Transfers from other government agencies | 106,767,803          | (62,000,000 )     | 44,767,803           | -                    | 44,767,803           | -          |
| Other conditional grants                 | 160,554,458          | 100,806,019       | 261,360,477          | 222,227,697          | 39,132,780           | 85%        |
| Own Source Revenue                       | 87,846,000           | -                 | 87,846,000           | 59,173,171           | 28,672,829           | 67%        |
| Return to CRF issues                     | 845,328              | 7,268             | 852,597              | 852,597              | -                    | 100%       |
| <b>Total Receipts</b>                    | <b>7,941,203,917</b> | <b>38,813,287</b> | <b>7,980,017,205</b> | <b>7,332,934,932</b> | <b>647,082,273</b>   |            |
| <b>Payments</b>                          |                      |                   |                      |                      |                      |            |
| Transfers to County Executive            | 6,827,807,166        | 38,813,287        | 6,866,620,453        | 5,828,406,567        | 1,038,213,886        | 85%        |
| Transfers to County Assembly             | 1,113,396,751        | -                 | 1,113,396,752        | 997,412,490          | 115,984,262          | 90%        |
| <b>Total Payments</b>                    | <b>7,941,203,917</b> | <b>38,813,287</b> | <b>7,980,017,205</b> | <b>6,825,819,057</b> | <b>1,154,198,148</b> | <b>86%</b> |
| <b>Balance</b>                           | <b>0</b>             | <b>0</b>          | <b>0</b>             | <b>507,115,875</b>   | <b>(507,115,875)</b> |            |

## **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.

**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 or there were no restrictions on cash during the year.

**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:

|                     |                      |                      |
|---------------------|----------------------|----------------------|
|                     |                      |                      |
| Equitable Share (a) | 7,050,681,467        | 6,503,832,312        |
| <b>Total</b>        | <b>7,050,681,467</b> | <b>6,503,832,312</b> |

**2. Transfers from other government agencies**

|   |            |             |
|---|------------|-------------|
|   |            |             |
| 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                       | -          | 106,548,424 |
| World Bank-NARIGP-State Department of Crop Development  | -          | -           |
| World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development                            | 82,386,194 | 172,556,523 |
| DANIDA Grant -Primary Health care in devolved context -Ministry of Health   | 18,733,152 | 6,486,563   |
| IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation       | -          | -           |
| SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development           | 10,012,439 | 23,239,900  |
| IDA Kenya Urban Support Programme-Hola Municipality Development grant   |            | 36,491,510  |
| 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 | 2,339,914  | -           |
| UNFPA-9th County Programme Implementation - Ministry of Health  | -          | -           |

County Government of Tana River  
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 For the financial year ended 30<sup>th</sup> June 2023

|  |                    |                    |
|--|--------------------|--------------------|
| EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution  | 19,563,267         | -                  |
| 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                      | 67,192,729         | -                  |
| (IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of Environment and Climate Change. | 22,000,000         | -                  |
| <b>Total</b>   | <b>222,227,697</b> | <b>345,322,919</b> |

**3. Own Source Revenue**

|   |                   |                   |
|---|-------------------|-------------------|
| Cess  | 11,396,670        | 23,211,033        |
| Land rate                                   | 4,073,330         | 3,776,748         |
| Single/Business permits                     | 17,172,670        | 16,934,242        |
| Property rent                               | 1,585,000         | 1,013,225         |
| Parking fees                                | 1,490,000         | 2,657,358         |
| Market fees                                 | 2,427,566         | 1,542,143         |
| Advertising                                 | -                 | -                 |
| County's natural resources                  | 12,325,000        | 15,406,457        |
| Hospital fees                               | 3,382,020         | -                 |
| Physical planning and development           | -                 | -                 |
| Slaughterhouses' administration             | -                 | 1,838,740         |
| Hire of County Assets                       | -                 | -                 |
| Conservancy administration                  | -                 | 838,700           |
| Administration control fees and charges     | -                 | 912,494           |
| Park fees                                   | -                 | -                 |
| Proceeds from sale of assets                | -                 | -                 |
| Other fines, penalties, and forfeiture fees | -                 | -                 |
| Technical services fees                     | 5,320,915         | 519,889           |
| Others ( <i>Specify</i> )                   | -                 | 3,609,784         |
| <b>Total</b>                                | <b>59,173,171</b> | <b>72,260,813</b> |



**Notes to the Financial Statements (Continued)**

**4. Return to CRF Issues**

|   |                   |                |
|---|-------------------|----------------|
|   |                   |                |
| Recurrent Account ( <i>County Executive</i> )   | 142,166.85        | 48,450         |
| Development Account ( <i>County Executive</i> ) | 703,161.05        | 231,389        |
| Recurrent Account ( <i>County Assembly</i> )    | 426.10            | 12             |
| Development Account ( <i>County Assembly</i> )  | 6,843.05          | 383            |
| Others  | -                 | -              |
| <b>Total</b>                                    | <b>852,597.05</b> | <b>280,234</b> |

**5. Transfers to County Executive**

|                          |                      |                      |
|--------------------------|----------------------|----------------------|
|                          |                      |                      |
| Recurrent Account        | 4,608,358,979        | 4,408,897,097        |
| Development Account      | 1,014,223,159        | 1,660,158,841        |
| Special Purpose Accounts | 183,761,277          | 493,493,621          |
| County Funds             |                      | 444,603,946          |
| Others                   | 22,063,152           | -                    |
| <b>Total</b>             | <b>5,828,406,567</b> | <b>7,007,153,505</b> |

**Notes to the Financial Statements (Continued)**

**6. Transfers to County Assembly**

| Recurrent Account        | 727,314,112        | 587,596,752        |
|--------------------------|--------------------|--------------------|
| Development Account      | 270,098,378        | 297,353,183        |
| Special purpose accounts | -                  | -                  |
| Others                   | -                  | -                  |
| <b>Total</b>             | <b>997,412,490</b> | <b>884,949,935</b> |

**7. Fund Balance**

| County Exchequer Account - 1000171332 | 1,041,624,735        | 534,508,861        |
|---------------------------------------|----------------------|--------------------|
| <b>Total</b>                          | <b>1,041,624,735</b> | <b>534,508,861</b> |

**Notes to the Financial Statements (Continued)**

**8. 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.

| [REDACTED]                                       |     |   |                  |                  |
|--|-----|---|------------------|------------------|
|  |     |   | Kshs             | Kshs             |
| Kenya Commercial Bank, Account No.<br>1140754033 | KES | - | 6,012,708        | 1,164,600        |
| <b>Total</b>                                     |     |   | <b>6,012,708</b> | <b>1,164,600</b> |

*(These balances should be reconciled by those reported by CRORs as balances due for disbursement to the CRF at the end of the reporting period.)*

**9. 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 that were provided to the auditor;

|   |                                 |  |          |     |
|---|---------------------------------|--|----------|-----|
|   |                                 |  |          |     |
| 1 | Unsupported comparative figures | Being the first time the report has been prepared there were no opening balances | Resolved | N/A |

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National/ County Treasury.



.....  
**Name:** Mariam Abdalla Bunu

**Chief Officer Finance**

**ICPAK Member No.:** 20519

**Date:** 30/09/2023

County Government of Tana River  
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**Annex 2. Analysis Of Receipts from The National Treasury Exchequer Releases**

|   |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Equitable Share   | 1,077,187,447        | 1,077,187,447        | 1,599,460,147        | 3,296,846,426        | 7,050,681,467        |
| Level 5 Hospitals   | -                    | -                    | -                    | -                    | -                    |
| DANIDA - Universal Healthcare in Devolved Units Programme   | -                    | -                    | -                    | 18,733,152           | 18,733,152           |
| World Bank – THUSCP   | -                    | -                    | -                    | -                    | -                    |
| National Agric. Value chain Development Project(NAVCDP)     | -                    | -                    | -                    | 67,192,729           | 67,192,729           |
| Agriculture Sector Development Support Project (ASDSP)      | -                    | -                    | 6,512,439            | 3,500,000            | 10,012,439           |
| Youth Polytechnic support grant                             | -                    | -                    | -                    | -                    | -                    |
| Abolishment of user fees in health centres and dispensaries | -                    | -                    | -                    | -                    | -                    |
| Kenya Urban Support Programme                               | -                    | -                    | -                    | 2,339,915            | 2,339,915            |
| IDEAS LED   | -                    | 14,411,681           | 5,151,586            | -                    | 19,563,268           |
| Kenya Climate Smart Agriculture Project (KCSAP)             | -                    | -                    | 82,386,194           | -                    | 82,386,194           |
| Financing Locally –Led Climate Action(FLLoCA)               | -                    | -                    | 11,000,000           | 11,000,000           | 22,000,000           |
| Others (Specify)  |                      |                      |                      |                      |                      |
| <b>Total</b>  | <b>1,077,187,447</b> | <b>1,091,599,128</b> | <b>1,704,510,366</b> | <b>3,399,612,222</b> | <b>7,272,909,164</b> |

*(Amend appropriately as per the current year CARA)*

County Government of Tana River  
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**Annex 3. Analysis Of Receipts from Own Source Revenue per Quarter**

|   |                  |                  |                  |                   |                      |
|---|------------------|------------------|------------------|-------------------|----------------------|
| Cess  | 2,314,000.00     | 3,743,786.00     | 3,288,914.00     | 2,049,970.00      | 11,396,670.00        |
| Land rate                                   | -                | -                | -                | 4,073,330.00      | 4,073,330.00         |
| Single/Business permits                     | 3,689,700.00     | 2,384,000.00     | 2,376,500.00     | 8,722,470.00      | 17,172,670.00        |
| Property rent                               | -                | -                | -                | 1,585,000.00      | 1,585,000.00         |
| Parking fees                                | 124,500.00       | 393,700.00       | 126,900.00       | 844,900.00        | 1,490,000.00         |
| Market fees                                 | 240,300.00       | 190,200.00       | 765,890.00       | 1,231,176.00      | 2,427,566.00         |
| County natural resources                    | -                | 1,518,904.00     | -                | 10,806,096.00     | 12,325,000.00        |
| Hospital fees                               | -                | -                | -                | 3,382,020.00      | 3,382,020.00         |
| Public health service fees                  | -                | -                | -                | -                 | -                    |
| Physical planning and development           | -                | -                | -                | -                 | -                    |
| Hire of County Assets                       | -                | -                | -                | -                 | -                    |
| Conservancy administration                  | -                | -                | -                | -                 | -                    |
| Administration control fees and charges     | -                | -                | -                | -                 | -                    |
| Park fees                                   | -                | -                | -                | -                 | -                    |
| Proceeds from sale of assets                | -                | -                | -                | -                 | -                    |
| Other fines, penalties, and forfeiture fees | -                | -                | -                | -                 | -                    |
| Technical services fees                     | -                | -                | -                | 5,320,915.00      | 5,320,915.00         |
| Others ( <i>Specify</i> )                   | -                | -                | -                | -                 | -                    |
| <b>Total</b>                                | <b>6,368,500</b> | <b>8,230,590</b> | <b>6,558,204</b> | <b>38,015,877</b> | <b>59,173,171.00</b> |

County Government of Tana River  
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 For the financial year ended 30<sup>th</sup> June 2023

**Annex 4: Analysis of Transfers from the County Revenue Fund**

|                               |   |                      |                      |                      |                      |
|-------------------------------|---|----------------------|----------------------|----------------------|----------------------|
| County Executive -Rec         | - | 1,327,053,702        | 1,426,176,838        | 1,855,128,439        | 4,608,358,979        |
| County Executive -Dev         | - | 7,327,000            | 155,840,245          | 851,055,914          | 1,014,223,159        |
| County Assembly -Rec          | - | 273,433,264          | 240,109,558          | 167,992,073          | 681,534,895          |
| County Assembly -Dev          | - | 60,000,000           | 105,779,217          | 150,098,378          | 315,877,595          |
| Special Purpose A/c (Specify) | - | 10,830,000           | 82,386,194           | 112,608,235          | 205,824,429          |
| <b>Total</b>                  | - | <b>1,678,643,966</b> | <b>2,010,292,052</b> | <b>3,136,883,039</b> | <b>6,825,819,057</b> |