

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

**COUNTY GOVERNMENT
OF TRANS NZOIA**



COUNTY REVENUE FUND

COUNTY GOVERNMENT OF TRANS NZOIA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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

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*County Government of Trans Nzoia
County Revenue Fund
For the financial year ended 30th June 2023*

1. Acronyms and glossary of terms

a) Acronyms

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

b) Glossary of terms

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

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:

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

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	-CPA Bonface Wanyonyi Cosmas
2.	Accounting Officer in charge of Finance	-CPA Ashton Mulupi
3.	Director Accounting Services/Finance	-CPA Benard Madegwa

d) Fiduciary Oversight Arrangements

- i) *Trans Nzoia County Audit & Finance Committee*; Reviewed the internal audit reports and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations.
- ii) *Senate Committee Activities*: Reviewed the audit reports and made recommendations for implementation
- iii) *Trans Nzoia County Assembly*; Were in charge of oversight and enacting the various legislations that were done during the financial year. The Assembly also approved the budgets for the year.
- iv) *Development partner oversight activities*; They did follow-up on project implementation and made recommendations

*County Government of Trans Nzoia
County Revenue Fund
For the financial year ended 30th June 2023*

- v) **Controller of Budget;** The COB was responsible for processing of requisitions for funds, providing required guidelines in budget execution and oversight in budget implementation.
- vi) **Office of the Auditor General;** Responsible for external audits, advice and recommendations on financial management and internal controls

e) Users of Financial Statements

- Office of the Controller of Budget
- Office of the Auditor General
- The National Treasury
- Commission on Revenue Allocation
- The County Assembly of Trans Nzoia
- The General Public

f) County Headquarters

P.O. Box 4211-30200

County Head Quarter Building

Moi Avenue

KITALE, KENYA

g) County Contacts

Telephone: (254) 054-30301/2

E-mail: countyoftransnzoia@gmail.com

Website: www.transnzoia.go.ke

h) County Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

i) Independent Auditor

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

j) Principal Legal Adviser

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

*County Government of Trans Nzoia
County Revenue Fund
For the financial year ended 30th June 2023*

3. Statement by the CECM Finance

I take this opportunity to present the Trans Nzoia County Revenue Fund Financial Statements and Report for the period ended 30th June 2023. The Financial Statements presents the financial performance of the County Government Over the past financial year.

Section 164(1) of the PFM Act, 2012, states that at the end of each financial year the accounting officer for the County Government entity shall prepare Financial Statements in respect of the entity in formats prescribed by the public sector accounting standard Board.

Sub section 4 states that within three months after the end of each financial year, the accounting officer of the entity shall: (a) submit the entity's financial statement to the Auditor General and (b) deliver a copy of the statement to the relevant County Treasury, the controller of Budget and the Commission of Revenue Allocation. The attached financial statement which has been prepared in line with the requirement of PFMA 2012, Presents a true and fair view of the state of affairs of Trans Nzoia County Revenue Fund for twelve months' period ending 30 June 2023.

County Governments' Financing

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 of Revenue Allocation and approved by parliament in accordance with article 217 of the constitution.

The other way of financing the County's operation is through own generated revenues and the County Executive of Trans Nzoia continues to explore new innovative ways of increasing its local revenue collections in her goal to improve revenue collection in the County.

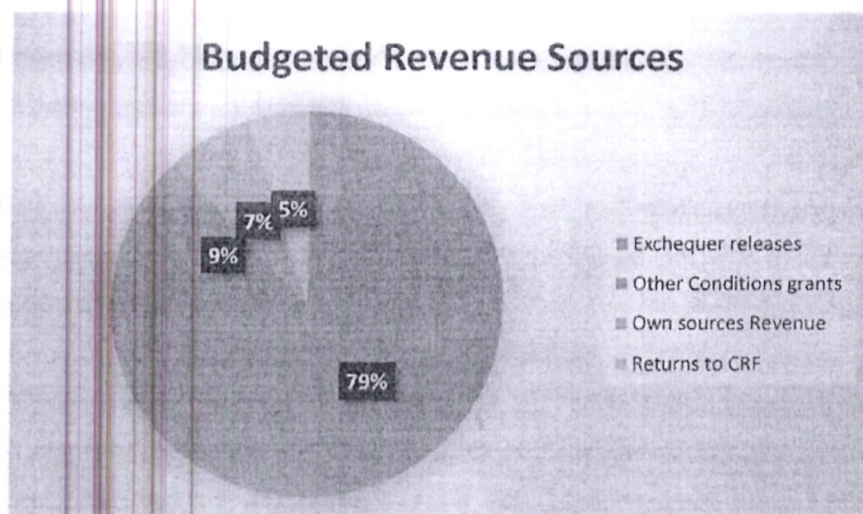
Financial Performance

A. Revenue

For the year ended 30 June 2023, the County Government of Trans Nzoia had projected revenues of Kshs 9,116,779,675 consisting of Kshs 7,186,157,670 from exchequer releases, Kshs 867,984,356 from other conditional grants, Kshs 629,500,000 from the Own Source revenue and Kshs 433,040,494 from the reallocation budget.

Exchequer releases 79%
 Other Conditions grants 9%
 Own sources Revenue 7 %
 Returns to CRF 5%

The budgeted revenue performance is represented in the chart below:



Budgeted Revenue Performance

Out of the projected revenue, the County realize Kshs. 8,351,964,347 in actual revenues representing 92% performance. The difference in the budget was a result of revenue under collection in own source revenue and the donor funds.

Table 1: Revenue Performance in the Financial in FY 2022/2023

Revenue Classification	Revenue Budget (Kshs)	Adjustment	Final Budget	Actual (Kshs)	Realization
Exchequer Releases	7,186,157,670	574,892,612	7,761,050,282	7,761,050,282	100%
Conditional grants	867,984,356	(175,501,052)	692,483,304	294,997,910	43%
Own Source Revenue	629,500,000	-	629,500,000	295,819,000	47%
Return to CRF issues	-	33,648,934	33,648,934	33,648,934	100%
Total	8,683,642,026	433,040,494	9,116,682,520	8,385,516,126	92%

B. Transfers or requisitions

The Trans Nzoia County Executive and County Assembly requisitioned Kshs. 6,843,514,627 and 909,439,764 respectively during the financial year 2022/2023 that was spent on the acquisition of Assets, use of goods and services, other grants and transfers, and personnel emoluments.

Own Source Revenue

The County's revenue collection increased by Kshs 111,966,055 from Kshs 183,852,945 to Kshs 295,819,000 in the current year. The County will explore ways of enhancing revenue collection to make sure that it is improved.

The major streams of own source revenue are land rates, cess, single business permits, income from health facilities, motorbike stickers, slaughterhouse operations fees, building plan approvals, outdoor advertisements, liquor fees, refuse collections vehicle parking fees market, and trade centre fees, enclosed bus park fees, public toilets, market stalls, and fire inspections


The County executive requested Kshs 5,210,541,804 for the current vote while Kshs 1,632,972,823 was requested under the development vote totalling Kshs 6,843,514,627. The Trans Nzoia County Assembly requisitioned Kshs. 733,979,843, and Kshs 175,459,921 for the recurrent and Development votes respectively making a total of Kshs. 909,439,764.

C. Operational Performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee Member. All departments work together towards achieving operational efficiency.

As I conclude, I take this opportunity to thank H.E the Governor and the Deputy Governor for their leadership and guidance in achieving the County vision for the citizens of Trans Nzoia. I appreciate my colleague's, the CECM in charge of other departments together with the Chief officers who we have worked together to ensure Trans Nzoia County Government achieves its vision and mission.

Finally, I thank all staffs in the County for their continued commitment and dedication through hard work in delivering services to the people of the County of Trans Nzoia.


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**CECM Finance and Economic Planning
County Executive of Trans Nzoia**

4. Management Discussion and Analysis

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all monies raised or received by or on behalf of the County Government. The CRF of County Government of Trans Nzoia is under the organ of the CECM Finance and Economic Planning. The monies from the CRF are only withdrawn when and if approved by the Controller of Budget, and as a charge against the fund provided by an Act of Parliament or by legislation of the County or as authorized by an appropriation by legislation of the County.

Usually, a projection of expected receipts is done representing the year's budget amounts. The transfers of the funds received are majorly classified into transfers to County Executive and County Assembly. The Budget, actual receipts and transfers to and from the CRF for the last 4 years is as tabulated below:

FY	Total Budget	Actual Receipts	% Realisation	Total Transfers	County Executive	County Assembly	%transfers
2019/2020	7,974,386,342	6,618,185,669	83%	6,453,732,447	5,865,754,539	587,977,908	98%
2020/2021	8,396,207,368	7,411,640,175	88%	6,949,954,327	6,279,438,844	670,515,483	94%
2021/2022	9,305,304,756	7,603,352,785	82%	7,569,801,002	6,797,247,547	772,553,455	99%
2022/2023	9,116,779,675	8,351,867,192	92%	7,752,954,391	6,843,514,627	909,439,764	93%

The chart below represents the actual receipts and transfers from the CRF:

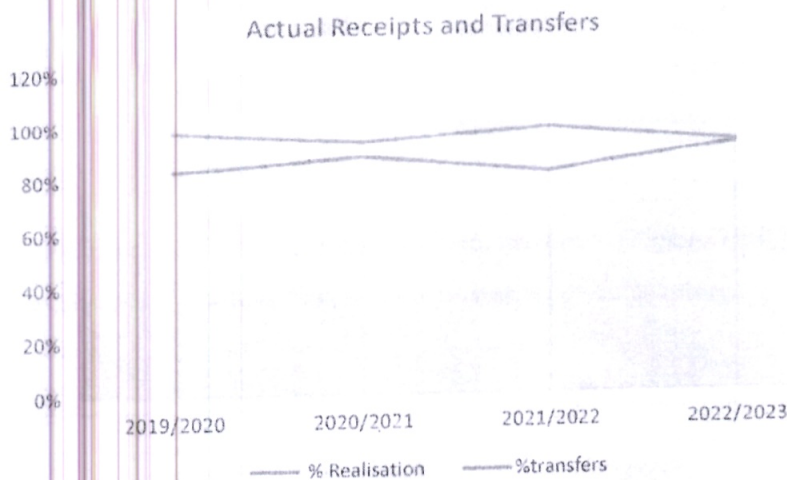


Chart 1: Actual Receipts & Transfers

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

The equitable share received by the County Government of Trans Nzoia for the past 4 years is as presented in the table below:

Financial Year	Equitable Share		%
	Estimates	Actual	
2019/2020	5,740,905,620	5,264,914,200	92%
2020/2021	5,760,300,000	5,760,300,000	100%
2021/2022	7,186,157,670	6,611,265,058	92%
2022/2023	7,761,050,282	7,761,050,282	100%

The chart below represents the budgeted equitable share vis a vis the actuals received:

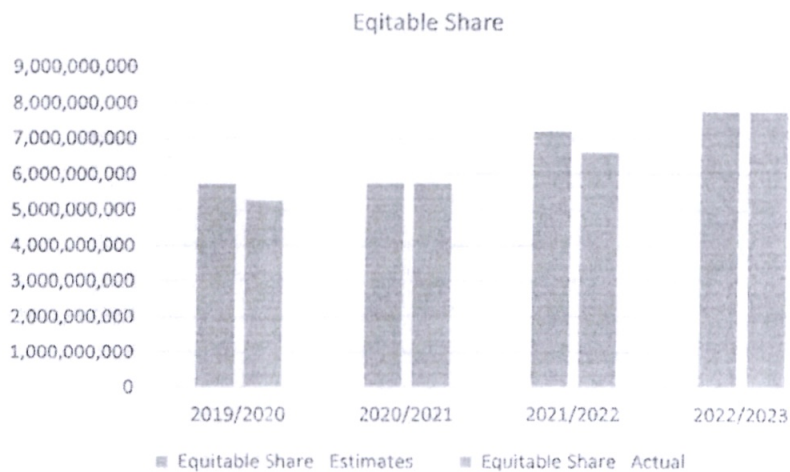


Chart 2: Budgeted and Actual Equitable Share

Other receipts received by the County Government are from donors and own generated revenue. The table below shows the performance from the two sources by the County Government of Trans Nzoia.

Financial Year	Grants			OSR		
	Estimates	Receipts	%	Estimates	Receipts	%
2019/2020	1,425,513,944	996,850,137	70%	500,000,000	356,077,068	71%
2020/2021	1,020,086,969	815,500,629	80%	493,799,500	340,453,746	69%
2021/2022	724,984,356	232,219,336	32%	529,500,000	183,852,949	35%
2022/2023	692,483,304	294,997,910	43%	629,500,000	295,819,000	47%

The chart below shows performance for both the Grants and Own Source Revenue.

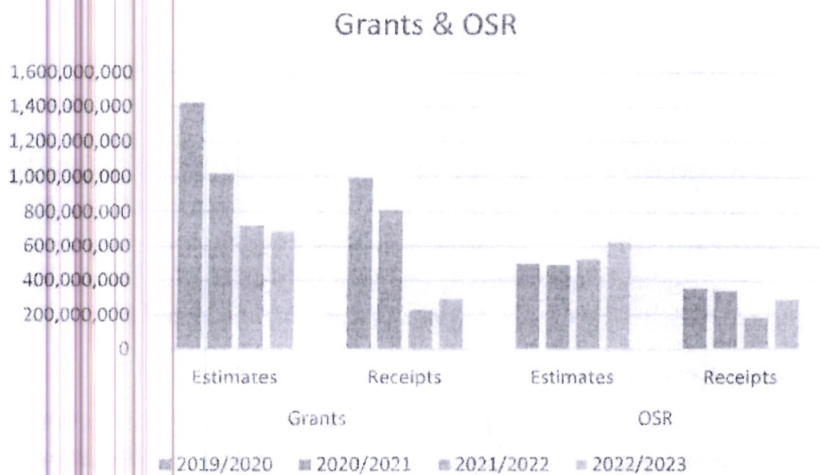


Chart 3: Grants & OSR

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 30th June 2023.



**CEC Member – Finance and Economic Planning
County Government of Trans Nzoia**

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, 20xx*, 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 30/09 2023.

Signature  _____

Name *Ashton Mutupi*

Chief Officer Finance /Accounting Officer
County Government of Trans Nzoia

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Trans Nzoia set out on pages 1 to 10, which comprise of the statement of receipts and payments, and the statement of comparison of budget and actual amounts

for the year ended 30 June, 2023, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial performance of the County Revenue Fund - County Government of Trans Nzoia for the year ended 30 June, 2023 in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund - County Government of Trans Nzoia Management in accordance with ISSAI 130 on the 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts and actual on comparable basis amounting to Kshs.9,116,682,520 and Kshs.8,385,516,126 respectively resulting to an underfunding of Kshs.731,166,394 or 8% of the budget. Similarly, the Fund disbursed Kshs.7,752,954,391 against an approved budget of Kshs.9,116,682,520 resulting to an under-disbursement of Kshs.1,363,728,129 or fifteen (15) percent of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 of Conclusion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 of Conclusion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions 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 controls, 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 Financial Reporting Standards/International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 March, 2024

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

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

		Period Ended June 30, 2023	Insert Comparative FY2021/2022
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	7,761,050,282	6,611,265,058
Transfers from other government agencies	2	294,997,910	232,219,336
Own Source Revenue	3	295,819,000	183,852,945
Return to CRF issues	4	97,155	166,052
Total Receipts		8,351,964,347	7,027,503,391
Payments			
Transfers to County Executive	5	6,843,514,627	6,797,247,547
Transfers to County Assembly	6	909,439,764	772,553,455
Total Payments		(7,752,954,391)	(7,569,801,002)
Net increase/ (decrease) in cash for the year		599,009,956	(542,297,611)
Add Opening fund balance b/f	7	33,551,779	575,849,390
Closing Fund balance for the year	7	632,561,735	33,551,779

.....
 Name: Ashton Mulupi
 Chief Officer - Finance /Economic Planning
 ICPAK Member No. 23689
 Date: 30/09/2023

.....
 Name: Benard L. Madegwa
 Director Accounting Services
 ICPAK Member No. 17944
 Date: 30/9/2023

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

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer releases	7,186,157,670	574,892,612	7,761,050,282	7,761,050,282	-	100%
Transfers from other government agencies	867,984,356	(175,501,052)	692,483,304	294,997,910	397,485,394	43%
Own Source Revenue	629,500,000	-	629,500,000	295,819,000	333,681,000	47%
Return to CRF issues	-	33,648,934	33,648,934	33,648,934	-	100%
Total Receipts	8,683,642,026	433,040,494	9,116,682,520	8,385,516,126	731,166,394	92%
Payments						
Transfers to County Executive	7,722,341,433	461,040,494	8,183,381,927	6,843,514,627	1,339,867,300	84%
Transfers to County Assembly	961,300,593	(28,000,000)	933,300,593	909,439,764	23,860,829	97%
Total Payments	(8,683,642,026)	(433,040,494)	(9,116,682,520)	(7,752,954,391)	(1,505,677,401)	85%
Balance	-	-	-	632,561,735	(632,561,735)	-

-The under realisation was as a result of unrealised conditional allocation and under collection of OSR

-The changes between the original and final budget are as a result of reallocations within the budget during the financial year.

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

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

d) Payments

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

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

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:

Description	Period Ended June 30, 2023 Kshs.	Comparative FY 2021/2022 Kshs.
Equitable Share (a)	7,761,050,282	6,611,265,058
Level 5 hospitals (b)	-	-
Others (Specify) (c)	-	-
Total (d=a+b+c)	7,761,050,282	6,611,265,058

2. Transfers from other government agencies**

Description	Period Ended June 30, 2023 Kshs.	Comparative FY 2021/2022 Kshs.
Word Bank-NARIGP-State Department of Crop Development	192,666,098	211,327,048
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	18,529,875	6,381,375
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	9,462,022	14,510,913
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	50,000,000	-
KUSPUDG CE	2,339,915	-
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of	22,000,000	-
Total	294,997,910	232,219,336

These include other government grants released through other government entities such as the National Government MDAs.

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

3. Own Source Revenue

Description	Period Ended	Comparative
	June 30, 2023	FY2021/2022
	Kshs.	Kshs.
Rates	25,782,951	18,376,334
Cess	38,342,370	5,664,317
Single/Business permits	42,884,860	41,806,350
Cemetery charges	61,000	22,300
Hire of stadium	41,000	131,700
Audit Cooperative	481,967	315,250
Motorbike fees	-	4,100,100
Property Rent	8,411,761	-
Income from Health	84,800,000	20,900,000
Livestock Auction fees	-	240,885
Fire inspection	1,729,000	3,685,900
Noise Control pollution fees	70,500	71,500
Market stalls	-	2,699,210
Enclosed Bus Park fees	35,706,200	29,759,800
Market / trade Centre fee	17,718,150	9,565,565
Vehicle parking fee	-	19,140,200
Salary/other payments refund	403,861	-
Refuse collection	-	4,084,065
Tree harvesting permit	548,005	294,990
Conservancy administration	5,139,130	-
Weight and measures fees	-	258,960
Liquor fees	5,104,000	5,714,900
Agricultural mechanization	-	108,540
Advertisement, trade names billboard and signs	17,663,652	10,610,695
Building plans clearance and completion certificates	-	4,049,185
Miscellaneous	2,442,143	-
Survey fees	4,505,500	98,445
Coffee Movement permit	149,000	169,752
Slaughter house operation fees	2,237,040	1,053,327
Toilet	1,596,910	930,675
Total	295,819,000	183,852,945

County Government of Trans Nzoia
County Revenue Fund

For the financial year ended 30th June 2023

(The total of own source revenue should tally with disbursements from county receivers of revenue)

4. Return to CRF Issues

Description	Period Ended	Comparative
	June 30, 2023	FY2021/2022
	Kshs.	Kshs.
Recurrent Account (County Executive)	45,646	9,820
Development Account (County Executive)	51,469	131,032
Recurrent Account (County Assembly)	40	-
Development Account (County Assembly)	-	-
Others (Specify)	-	25,200
Total	97,155	166,052

These were balances at the end of the financial year which had to be returned to the CRF

5. Transfers to County Executive

Description	Period Ended	Comparative
	June 30, 2023	FY2021/2022
	Kshs.	Kshs.
Recurrent Account	4,727,396,839	4,535,012,985
Development Account	1,632,972,823	2,262,234,562
FLLOCA CE	38,000,000	-
CE KDSP	159,099,887	-
CE ASDSP Total	28,843,397	-
NARIGP	232,714,641	-
CE KUSP UDG	2,339,915	-
DANIDA	22,147,125	-
Total	6,843,514,627	6,797,247,547

These amounts are equivalent to the receipts by the County Executive

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

6. Transfers to County Assembly

Description	Period Ended June 30, 2023	Comparative FY2021/2022
	Kshs.	Kshs.
Recurrent Account	733,979,843	676,650,593
Development Account	175,459,921	95,902,862
Special purpose accounts	-	-
Others (<i>Specify</i>)	-	-
Total	909,439,764	772,553,455

These amounts are equivalent to the receipts by the County Assembly

7. Fund balance

Description	Period Ended June 30, 2023	Comparative FY2021/2022
	Kshs.	Kshs.
County Exchequer Account - (<i>CBK Account number</i> 1000171596)	632,561,739	33,551,783
Total	632,561,739	33,551,783

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.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	FY2022/2023	FY2021/2022
			Kshs	Kshs
Equity Bank- 0330260729452	7,637,576.21	-	7,637,576.21	15,732,025
Kenya Commercial Bank-1284890635	11,293,746.86	-	11,293,746.86	-
Total	18,931,323.07		18,931,323.07	15,732,025

(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.)

12. 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;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported own source revenue	The ledgers in support of own source revenue of Kshs. 183,852,949 is included in the ledgers provided under the CRF Account. These ledgers are in support of all the figures included in all the Notes to Financial Statements and hence statement of receipts and payments	Resolved	2023
2.	Inaccuracies in financial statements	The error has since been corrected in the Financial Statements	Resolved	2023
3.	Budgetary control and performance	In deed there was an under-funding of Kshs 1,701,854,856 and subsequent under-disbursement of Kshs 1,735,503,754. This was due to late or non-disbursement of the exchequer releases from the National Treasury. However, the same have appropriately been reallocated to the current financial year and the services and programs envisaged will be fully offered and implemented	Resolved	2023

.....
 Name
 Chief Officer Finance
 ICPAK Member No
 Date

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

Annex 2: Trial Balance

COUNTY GOVERNMENT OF TRANS NZOIA
COUNTY REVENUE FUND TRIAL BALANCE
FOR THE YEAR ENDED 30TH JUNE, 2023

Account No and Description	Current Period	
	Debit	Credit
	Kshs	Kshs
Exchequer releases	7,761,050,282	
Transfers from other government agencies	294,997,910	
Own Source Revenue	295,819,000	
Return to CRF Issues	97,154	
Fund balance b/d	33,551,783	
Transfers to County Executive		6,843,514,627
Transfers to County Assembly		909,439,764
Fund balance c/d		632,561,739
Total	8,385,516,130	8,385,516,130

The Statement has been prepared, reviewed and approved by the following:

Prepared by: *Bridgid Kiboro* Sign.....*[Signature]*.....
 Reviewed by: Sign.....*[Signature]*.....
 Approved by: Sign.....

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

Annex 3. Analysis of Receipts from The National Treasury Exchequer Releases

Period 20xx	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,760,608,619	610,823,400	1,760,608,640	3,629,009,623	7,761,050,282
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	18,529,875	18,529,875
CE KISIP II	-	-	-	50,000,000	50,000,000
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	111,538,939	81,127,159	192,666,098
FLLOCA CE	-	-	11,000,000	11,000,000	22,000,000
Kenya Urban Support Programme	-	-	-	2,339,915	2,339,915
Agriculture Sector Development Support Project (ASDSP)	-	-	9,462,022	-	9,462,022
Total	1,760,608,619	610,823,400	1,892,609,601	3,792,006,572	8,056,048,192

-This is appropriately amended as per the current year CARA

Annex 4. Analysis of Receipts from Own Source Revenue per Quarter

Period 2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	18,127,467.00	4,537,432.00	3,968,510.00	11,708,961.00	38,342,370.00
Land rate	3,610,480.00	1,788,453.00	10,424,519.00	9,959,499.00	25,782,951.00
Single/Business permits	4,587,280.00	1,600,430.00	21,074,850.00	15,622,300.00	42,884,860.00
Property rent	5,855,150.00	902,751.00	1,060,330.00	593,530.00	8,411,761.00
Parking fees	8,850,300.00	10,489,500.00	5,791,100.00	10,575,300.00	35,706,200.00
Market fees	3,079,540.00	4,792,610.00	5,553,810.00	4,292,190.00	17,718,150.00
Advertising	2,499,500.00	1,403,452.00	10,838,200.00	2,922,500.00	17,663,652.00
Hospital fees	-	-	72,400,000.00	12,400,000.00	84,800,000.00
Physical planning and development	1,007,600.00	1,638,000.00	1,619,400.00	240,500.00	4,505,500.00
Conservancy administration	354,750.00	69,000.00	3,172,930.00	1,542,450.00	5,139,130.00
Other fines, penalties, and forfeiture fees	84,500.00	78,000.00	369,000.00	108,000.00	639,500.00
Miscellaneous	-	24,740.00	-	-	24,740.00
Liquor license	1,000,000.00	893,000.00	2,815,000.00	396,000.00	5,104,000.00
Fire and disaster management	125,000.00	35,000.00	1,224,500.00	344,500.00	1,729,000.00
Public toilets	353,170.00	452,380.00	474,840.00	316,520.00	1,596,910.00
Meat inspection/Slaughter house operations	408,455.00	722,525.00	370,090.00	735,970.00	2,237,040.00
cattle auction	160,050.00	162,030.00	159,780.00	144,480.00	626,340.00
Tree harvesting permit	130,925.00	118,380.00	191,100.00	107,600.00	548,005.00
Audit fee	65,380.00	50,380.00	125,850.00	240,357.00	481,967.00
Weight and measures	59,570.00	180,011.00	59,700.00	44,720.00	344,001.00
Amusement permit	28,750.00	16,000.00	168,500.00	92,500.00	305,750.00
AMS	48,800.00	4,800.00	97,330.00	157,282.00	308,212.00
House rent	61,400.00	36,800.00	64,000.00	31,400.00	193,600.00

County Government of Trans Nzoia

County Revenue Fund

For the financial year ended 30th June 2023

agriculture coffee fee	-	67,000.00	64,000.00	18,000.00	149,000.00
Excessive noise and vibration control	3,000.00	43,500.00	15,000.00	9,000.00	70,500.00
Cemetery fee	19,500.00	24,000.00	12,000.00	5,500.00	61,000.00
Hire of stadium	-	18,000.00	11,000.00	12,000.00	41,000.00
Hire of stadium	99,280.00	120,618.00	856.00	183,107.00	403,861.00
Total	50,619,847.00	30,268,792.00	142,126,195.00	72,804,166.00	295,819,000.00

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

Annex 5: Analysis of Transfers from the County Revenue Fund

Period -20xx	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	995,184,172	842,528,953	1,048,786,753	1,840,896,961	4,727,396,839
County Executive -Dev	-	30,041,150	127,151,956	1,475,779,717	1,632,972,823
County Assembly -Rec	123,338,836	203,170,735	166,920,191	240,550,081	733,979,843
County Assembly -Dev	-	30,543,344	-	144,916,577	175,459,921
Transfer CE KDSP	-	105,802,077	-	53,297,810	159,099,887
Transfer CE ASDSP	-	19,381,375	9,462,022	-	28,843,397
NARIGP	-	33,548,543	111,538,939	87,627,159	232,714,641
DANIDA	-	-	-	22,147,125	22,147,125
FLLOCA CE	-	-	-	38,000,000	38,000,000
KUSP UDG CE	-	-	-	2,339,915	2,339,915
Total	1,118,523,008.00	1,265,016,177	1,463,859,861	3,905,555,345	7,752,954,391