

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED
30 JUNE, 2023

COUNTY GOVERNMENT OF MANDERA

OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE

27 NOV 2023

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Revised on 30th June, 2023.

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF MANDERA



COUNTY GOVERNMENT OF MANDERA

COUNTY REVENUE FUND

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 Mandera
County Revenue Fund
For the financial year ended 30th June 2023

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

1. Acronyms and glossary of terms

a) Acronyms

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

b) glossary of terms

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

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

2. Key Entity Information and Management

a) Background information

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

b) Key Management Team

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

No.	Designation	Name
1.	CECM Finance and Economic planning	Ibrahim Mohamed Adan
2.	C.O Finance	Abdikadir Mohamed Tache
3.	Director Accounting Services/Finance	Hassan Mohamed Abdow
4.	Chief Finance Officer	Ahmedsalim Ali Osman

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	Ibrahim Mohamed Adan
2.	Accounting Officer in charge of Finance	Abdikadir Mohamed Tache
3.	Director Accounting Services/Finance	Hassan Mohamed Abdow
4.	Chief Finance Officer	Ahmedsalim Ali Osman

d) Fiduciary Oversight Arrangements

The key fiduciary oversight of Mandera County Government was under the following organs;

- Mandera County Assembly
- Controller of Budget
- Public Accounts Committee
- Budget and Appropriations Committee
- Finance Committee
- Audit Committee

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

e) Mandera County Headquarters

P.O. Box 13-70300
County Headquarters Building
Mandera-Isiolo Road
Mandera, KENYA

f) County Contacts

Telephone: (+254) 720 779 808
E-mail: info@mandera.go.ke
Website: www.mandera 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
P.O. Box 40112

j) County Attorney

The county Attorney
The County Headquarters
Shafshafey Mandera
P.O. Box 13-70300
MANDERA, KENYA

3. Statement by the CECM Finance

It's my pleasure to present Mandera County Revenue Fund's financial statements and reports for the 2022/2023 financial period ending 30th June, 2023. The report highlights the performance of the County Revenue Fund for the year under review and indicates the revenue collected the sources of revenue and the disbursements made from the CRF.

County Governments have multiple sources of revenues including equitable share from the Commission for Revenue Allocation (CARA), Grants from Development Partners and Own Source Revenue (OSR). During the 2022/2023 financial year, the total revenue realized amounted to Kshs.12,443,647,178. The main revenue sources encompassed exchequer releases, Transfers from other government agencies, Proceeds from Foreign Borrowing, and the County's Own Source Revenue.

The largest chunk of revenue from the CRF was disbursed to Mandera County executive to support the implementation of the County's budgeted plans, projects, programmes (both recurrent and development activities) and facilitate effective and efficient service delivery. The rest of the disbursement was made to the Mandera County Assembly.

A few challenges were encountered during the period. This ranged from delay in approval of fund requests, late disbursements of the exchequer by the National Treasury and IFMIS connectivity related hitches that slowed implementation of activities at the County level.

Overall, the revenue performance was satisfactory during the 2022/2023 financial year and we envisage an enhanced performance in the forthcoming financial period.

Sign..........

CECM Finance and Economic Planning
County Government of Mandera

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

4. Management Discussion and Analysis

Introduction

This Management's Discussion and Analysis discusses the Mandera County Revenue Fund's financial and operating performance, risks facing the fund's performance and outlook from management's viewpoint.

Overview

The Mandera County Revenue Fund is established in compliance with the requirement of Article 207 of the Kenyan Constitution. The Fund exists to receive all money raised or received on behalf of the County Government of Mandera. However, this excludes any money that an Act of Parliament may exclude from being paid reasonably to the Fund.

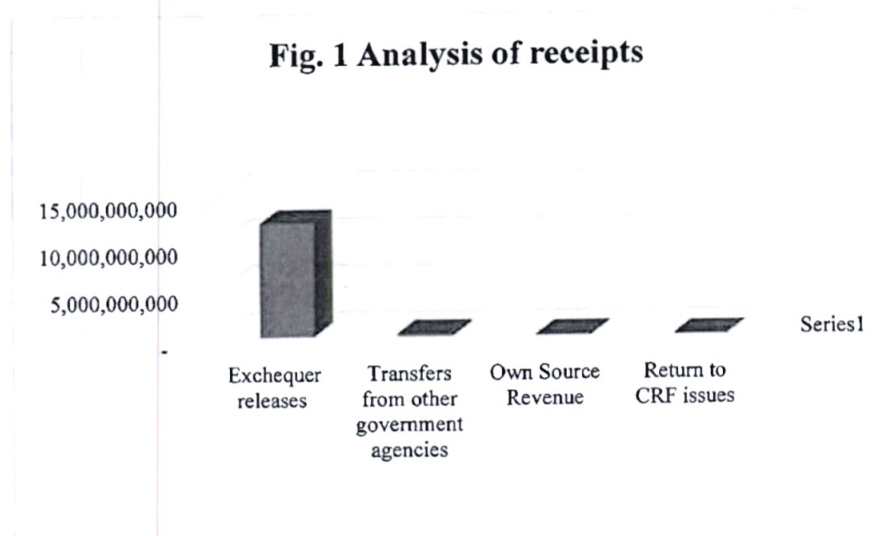
The Mandera County Treasury is in charge of the Fund and ensures that all money raised or received by or on behalf of the county government of Mandera is paid into the Fund, except money that— is excluded front payment into that Fund because of a provision of the Public Finance Management Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose; may, according to other legislation, the PFM Act or County legislation, be retained by the county government entity which received it for the purposes of defraying its expenses; or is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.

All the sources of county government revenue in Kenya should be deposited in the County Revenue Fund. Funds excluded from the Fund include the appropriation in aid (AIA). AIA is received by county departments when they offer services and they can retain that money to cover their expenses. The CEC in charge of Finance in the County has to report to the Commission on Revenue Allocation and the Controller of Budget on the performance of the County Revenue Fund which is kept in the County Exchequer Account. Any withdrawal from the revenue fund has to be approved by the Controller of Budget. The controller of Budget checks whether the money requested is for a project contained in the work plans prepared by sectors every month. The project has to be contained in the budget.

Financial and Operational Performance Analysis

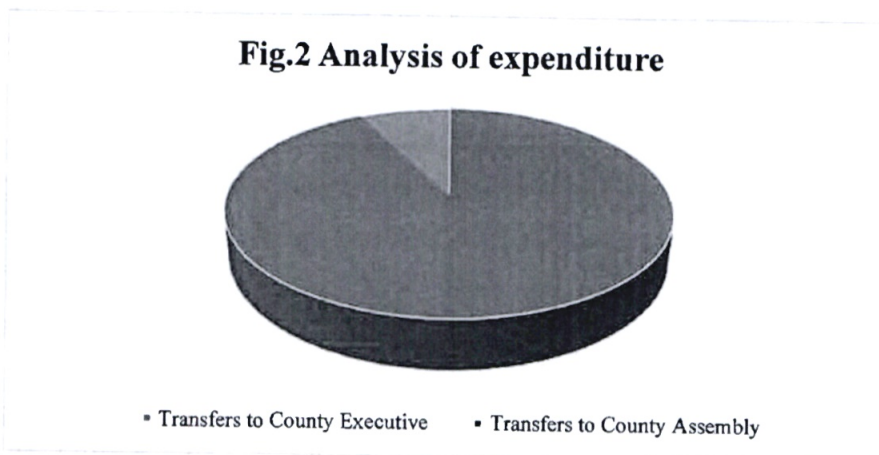
The CRF's financial performance for the year 2022/2023 remained strong despite amid a few hindrances such as delay in disbursement of the equitable share by the National Treasury and related challenges that threatened to obstruct the Fund's performance.

During the 2022/2023 financial year, the main revenue sources encompassed exchequer releases, Transfers from other government agencies, Proceeds from Foreign Borrowing, and the County's Own Source Revenue. The total revenue received in the CRF was Kshs.12,443,647,178. This comprised of Kshs 12,085,613,204 from exchequer releases, Kshs.234,755,829 as Transfers from other government agencies, Kshs.123,268,177from own source revenue and Kshs. 9,968 as return to CRF issues.



The funds were expended as highlighted in the figure below:

Fig.2 Analysis of expenditure



As indicated by the above diagram, the biggest portion of revenue from the CRF was disbursed to Mandera County executive to support the implementation of the County's budgeted programmes (both recurrent and development activities) and facilitate effective and efficient service delivery while the rest of the transfer was made to fund Mandera County Assembly's operational undertakings.

During the financial year, the Fund satisfactorily met all its statutory requirements.

Risks

The major risks facing the Fund include the following:

Technology risks: Emerging possible risk of cyber-attacks and Slow connectivity to core IT system.

Reputational risks: Delayed disbursement of funds.

Operational risks: Highlighted internal audit/regulatory issues.

Compliance risks: Litigation by stakeholders.

Financial risks: Delay in funding

Outlook

Despite excellent performance in 2022/2023, the performance of the County Revenue Fund could be negatively affected by many factors in the forthcoming financial period. These includes changes in the allocation of revenue to counties, the country's economic conditions, availability of funds and adherence to disbursement timelines by the National Treasury, political related challenges amongst other issues. It's envisioned, however, that cordial relations and collaboration with the National Treasury and other stakeholders will keep boosting performance. Further, the Fund will continue complying with the existing legal frameworks in place as required by law.

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.



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**CEC Member – Finance and Economic Planning
County Government of Mandera**

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

6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation 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 17/11/ 2023.

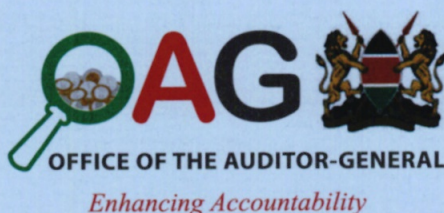
Signature _____

Name : Abdikadir Mohamed Tache

Chief Officer Finance /Accounting Officer
County Government of Mandera

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 MANDERA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the County Revenue Fund - County Government of Mandera set out on pages 1 to 13, which comprise the statement of receipts and payments and statement of comparison of budget and actual

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

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

Key Audit Matters

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

Other Matter

Late Exchequer Issues

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects total actual receipt of Kshs.12,443,647,178. The balance includes exchequer receipt of Kshs.12,085,613,204 and Kshs.358,033,974 proceeds from domestic and foreign grants. It was however, noted that the exchequer release and proceeds from domestic and foreign grants amounting to Kshs.2,853,547,563 were received in June, 2023.

Due to late remittances by the National Treasury, the County Government of Mandera could not undertake the planned and budgeted programs and thereby impacting negatively on service delivery. The under-performance of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

19 December, 2023

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

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

		2022/23	2021/22
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	12,085,613,204	10,295,151,992
Transfers from other government agencies	2	234,758,204	241,181,601
Proceeds from Foreign Borrowing	3	0	5,880,000
Own Source Revenue	4	123,268,177	132,899,851
Return to CRF issues	5	9,968	27,249
Total Receipts		12,443,649,553	10,675,140,693
Payments			
Transfers to County Executive	6	11,002,912,245	10,802,208,013
Transfers to County Assembly	7	927,322,404	849,173,172
Total Payments		11,930,234,649	11,651,381,185
Net increase/ (decrease) in cash for the year		513,414,904	(976,240,492)
Add Opening fund balance b/f		11,615,026	987,855,518
Closing Fund balance for the year	9	525,029,930	11,615,026

Name: Abdikadir Mohamed Tache
 Chief Officer - Finance

ICPAK Member No.....

Date..... 17/11/2023

Name: Ahmedsalim Ali Osman
 Chief Finance Officer

ICPAK Member No..... 21985

Date..... 17/11/2023

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

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

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
Receipt/Payments	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer releases	11,362,636,153	734,592,077	12,097,228,230	12,085,613,204	11,615,026	100%
Transfers from other government agencies	-	326,178,972	326,178,972	234,758,204	91,420,768	72%
Own Source Revenue	255,436,786	35,000,000	290,436,786	123,268,177	167,168,609	42%
Return to CRF issues		9,968	9,968	9,968	0	
Total Receipts	11,618,072,939	1,095,781,017	12,713,853,956	12,443,649,553	270,204,403	98%
Payments						
Transfers to County Executive	10,305,729,232	1,245,781,017	11,551,510,249	11,002,912,245	548,598,004	95%
Transfers to County Assembly	1,312,343,707	(150,000,000)	1,162,343,707	927,322,404	235,021,303	80%
Total Payments	11,618,072,939	1,095,781,017	12,713,853,956	11,930,234,649	783,619,307	94%
Balance				513,414,904	(513,414,904)	

The local revenue collection underperformed during the 2022/2023 financial period due to the following reasons:

- (a) Prolonged drought throughout the financial year that reduced livestock sales
- (b) Insecurity problem such as the threats from Al-shabaab
- (c) Adverse impacts of coronavirus and locust invasion in the previous financial period
- (d) Inadequate legal frameworks

Adequate measures will be put in place to improve the own source revenue collection efforts and ultimately achieve the annual revenue targets.

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 Mandera
County Revenue Fund
For the financial year ended 30th June 2023

Significant Accounting Policies (Continued)

e) Fund Balances

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

f) Restriction on Cash

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

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

11. Notes to the Financial Statements

1. Exchequer releases

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

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Equitable Share	12,085,613,204	10,295,151,992
Total	12,085,613,204	10,295,151,992

2. Transfers from other government agencies**

	2022/2023	2021/2022
	Kshs.	Kshs.
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	54,187,185
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	81,191,951	145,484,885
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	32,885,438	11,325,188
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	7,276,885	10,522,896
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	89,064,015	19,661,447
Kenya Urban Support Project (KUSP)	2,339,915	-
Financing Locally –Led Climate Action Program (Filoca)	22,000,000	-
Total	234,758,204	241,181,601

3. Proceeds from Foreign Borrowing

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Others (<i>Specify</i>)	-	5,880,000.00
Total	-	5,880,000.00

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

Notes to the Financial Statements (Continued)

4. Own Source Revenue

	2022/2023	2021/2022
	Kshs	Kshs
County Own Source Revenue		
Cess	29,928,380	37,039,868
Land Rate	23,922,170	28,188,138
Single/Business Permits	11,808,102	10,537,400
Property Rent	23,809,570	24,474,327
Parking Fees	1,558,005	1,303,080
Market Fees	189,895	148,899
Hospital Fees	27,534,403	29,072,568
Public Health Service Fees	476,322	574,227
Physical Planning and Development	3,930,330	842,000
Hire Of County Assets	30,000	169,400
Administration Control Fees and Charges	81,000	549,944
Total County Own Source Revenue	123,268,177	132,899,851

5. Return to CRF Issues

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	601	2,337
Development Account (<i>County Executive</i>)	1,469	23,587
Recurrent Account (<i>County Assembly</i>)	5,523	1,324
Development Account (<i>County Assembly</i>)	2,374	-
Total	9,968	27,249

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

Notes to the Financial Statements (Continued)

6. Transfers to County Executive

	2022/2023	2021/2022
	Kshs.	Kshs.
Recurrent Account	7,309,973,703	6,744,774,933
Development Account	3,438,060,484	3,621,675,934
THS Account	0	54,187,185
KCASP Account	110,191,951	145,484,885
PHC Account	19,258,875	17,744,813
ASDSP Account	23,024,024	10,522,896
LOCUST Account	89,064,015	19,661,447
KDSP Account	0	141,844,646
KUSP Account	2,339,193	46,311,274
FIlloCA Account	11,000,000	-
Total	11,002,912,245	10,802,208,013

7. Transfers to County Assembly

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Recurrent Account	885,157,164	807,194,892
Development Account	42,165,240	41,978,280
Total	927,322,403	849,173,172

8. Fund balance

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Mandera County Revenue Fund-Kes A/C No: 1000171472	525,029,930	11,615,026
Total	525,029,930	11,615,026

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

Notes to the Financial Statements (Continued)

9. Disclosure of Balances in Revenue Collection Accounts

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

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2022/2023	2021/2022
			Kshs	Kshs
<i>Mandera County -Revenue Acc 1000260858505</i>		-	0	0
<i>Mandera County - Revenue 1042097914300</i>		-	0	0
<i>Mandera County - Revenue 1140759469</i>		-	0	0
Total		-	0	0

(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.)

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

12. Annexes

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

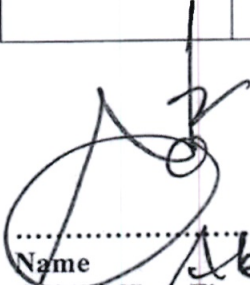
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor;

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	Non-Realized Revenue Targets	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024
2	Late Exchequer Issues	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024

Name

Chief Officer Finance

Date


 Abraham M. Tache
 17/11/2023

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

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

Period (2022/23)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Equitable Share	1,846,413,127	2,741,643,735	1,846,413,129	5,651,143,213	12,085,613,204
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	0	0	0	32,885,438	32,885,438
Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	0	0	35,854,202	53,209,813	89,064,015
Kenya Urban Support Programme	0	0	0	2,339,915	2,339,915
Agriculture Sector Development Support Project (ASDSP)	0	0	7,276,885	0	7,276,885
Kenya Climate Smart Agriculture Project (KCSAP)	0	0	81,191,951	0	81,191,951
FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM (FLLOCA)	0	0	11,000,000	11,000,000	22,000,000
Return to CRF issues	2,070	0		7,897	9,967
Total	1,846,415,197	2,741,643,735	1,981,736,167	5,750,586,276	12,320,381,375

County Government of Mandera

County Revenue Fund

For the financial year ended 30th June 2023

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

Period 2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	6,017,879	7,181,013	7,230,173	9,499,315	29,928,380
Land rate	4,299,753	2,579,700	10,701,700	6,341,017	23,922,170
Single/Business permits	774,200	182,700	8,146,702	2,704,500	11,808,102
Property Rent	5,890,000	6,500,800	4,500,000	6,918,770	23,809,570
Parking fees	250,800	394,450	376,260	536,495	1,558,005
Market fees	46,000	48,600	50,690	44,605	189,895
Advertising	-	-	-	-	-
Hospital fees	7,056,359	6,746,598	6,799,450	6,931,996	27,534,403
Public health service fees	18,900	113,500	278,522	65,400	476,322
Physical planning and development	574,400	394,300	1,831,590	1,130,040	3,930,330
Hire of County Assets(rent)	-	0	10,000	20,000	30,000
Administration control fees and charges	-	-	61,600	19,400	81,000
Total	24,928,291	24,141,661	39,986,687	34,211,538	123,268,177

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

Annex 4: Analysis of Transfers from the County Revenue Fund

Period -2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,529,473,089	1,754,648,337	1,121,659,861	2,904,192,416	7,309,973,703
County Executive -Dev	0	1,098,080,690	565,564,993	1,774,414,801	3,438,060,484
County Assembly	129,978,597	130,254,508	225,091,307	441,997,991	927,322,403
KCASP Account	0	0	0	110,191,951	110,191,951
PHC Account	0	0	0	19,258,875	19,258,875
ASDSP Account	0	0	23,024,024	0	23,024,024
LOCUST Account	0	0	35,854,202	53,209,813	89,064,015
KUSP Account	0	0	0	2,339,193	2,339,193
FilloCA Account	0	0	0	11,000,000	11,000,000
Total	1,659,451,686	2,982,983,535	1,971,194,387	5,316,605,040	11,930,234,648