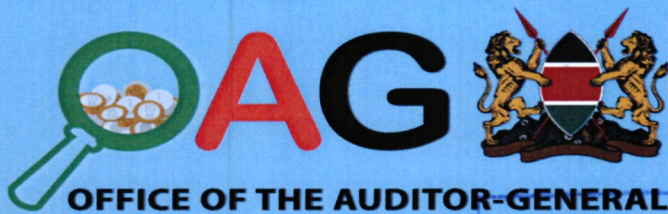


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

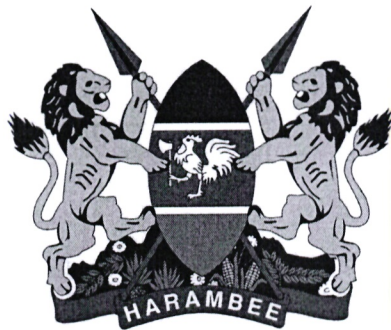
**ON**

**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT OF KISII**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
17 MAR 2023  
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**COUNTY REVENUE FUND  
COUNTY GOVERNMENT OF KISII**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

---

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

County Revenue Fund  
County Government of Kisii  
Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June,2022.

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## 1. KEY FUND'S INFORMATION AND MANAGEMENT

### a) Background Information

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

### b) Key Management

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

- Office of the County Executive Committee Member Finance and Economic planning
- Chief Officer Finance
- Director Accounting Services/Finance

### c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Kennedy Abincha
2.	Accounting Officer in charge of Finance	Isaiah O. Miencha
3.	Director Accounting Services/Finance	John N. Nyandanyi

### d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30<sup>th</sup> June 2022 were:

#### i. County Assembly of Kisii County

The responsibilities of the County Assembly of Kisii were as follows:

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;
- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation

**ii. Audit Committee**

The functions and responsibilities of the audit committee were as follows:

- To obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of the County Executive's reporting functions to ensure the integrity of financial reports.
- To monitor the effectiveness of the County Executive's performance management and performance information.
- To provide strong and effective oversight of County Executive's internal audit function.
- To provide effective liaison and facilitate communication between management and external audit.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

**iii. Public Accounts and Investment Committee of the Senate**

The main function of the Senate Public Accounts and Investment Committee is to invite the Governor to appear before it to adduce evidence on the reports of the Auditor-General.

**iv. Budget and Appropriations Committee**

Budget and Appropriations Committee approves expenditure budget of the County Executive for the execution of governance.

**v. Development Partners**

Development partners monitor implementation of development projects funded by them to ensure that they achieve the intended objectives.

**vi. Controller of Budget**

The office of the Controller of Budget authorizes withdrawal of funds in accordance with the approved budget.

**vii. Office of the Auditor General**

The Office of the Auditor General carries out statutory audit on the activities of the county.

**e) County Headquarters**

P.O. Box 4550- 40200  
Kisii Municipal Building  
Kisii- Keroka Road  
Kisii, KENYA

**f) County Contacts**

Telephone: (254) 582030005  
E-mail: [info@kisii.go.ke](mailto:info@kisii.go.ke)  
Website: [www.kisii.go.ke](http://www.kisii.go.ke)

**g) County Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

The Attorney General  
State Law Office  
P.O. Box 40112  
City Square 00200  
NAIROBI, KENYA

**2. STATEMENT BY THE COUNTY EXECUTIVE COMMITTEE MEMBER (CECM)  
 - FINANCE AND ECONOMIC PLANNING**

In the year ended 30 June 2022, the County had projected revenues of Kshs.12,590,694,978 consisting of Kshs.700,000,00 from own sources and Kshs 11,890,694,978 from CARA.

A Graphical Representation of the Revenue Budget is as shown below:

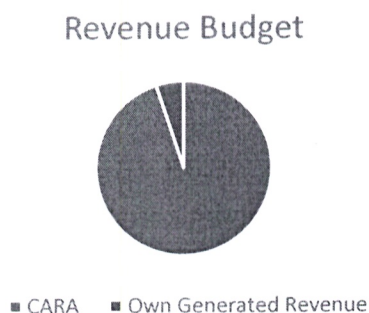
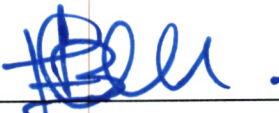


Figure 1: Kisii County revenue sources in FY 2021/2022.

- CARA revenues continue to form the largest part of our revenue budget, contributing 95.5% towards our budget. Our own generated revenues formed 4.5% of our budget.
- Out of the projected revenue, the County was able to realize Kshs.8,983,386,920 in actual revenues, representing 71% performance: In the table below, we present an analysis of revenue performance during the year.

**Table 1: Revenue Performance from Different Sources in FY 2021/2022**

Revenue Classification	Revenue Budget(Kshs)	Actual (Kshs)	Realization (%)
CARA	11,890,694,978	8,578,832,300	72%
Own Generated Revenues	700,000,000	404,554,620	58%
<b>Total</b>	<b>12,590,694,978</b>	<b>8,983,386,920</b>	<b>71%</b>



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**CECM Finance and Economic Planning**  
**County Government of Kisii**

### 3. MANAGEMENT DISCUSSION AND ANALYSIS

Revenues for the last four years have been analyzed per source as follows in table 1.

**Table 1: Analysis of revenues for the last 4 years**

Source of Revenue	2021/2022	2020/2021	2019/2020	2018/2019
	Kshs.	Kshs.		
Exchequer Releases	8,182,732,547	9,657,935,981	7,934,953,302	7,960,623,730
Transfers from other Government entities	-	372,418,644	322,627,955	229,515,722
Own Source revenue	404,554,619	399,505,292	478,209,672	489,080,174
Return to CRF issues	2,181,303	6,691,939	-	-
<b>Total</b>	<b>8,983,386,920</b>	<b>10,436,551,856</b>	<b>8,735,790,929</b>	<b>8,502,621,854</b>

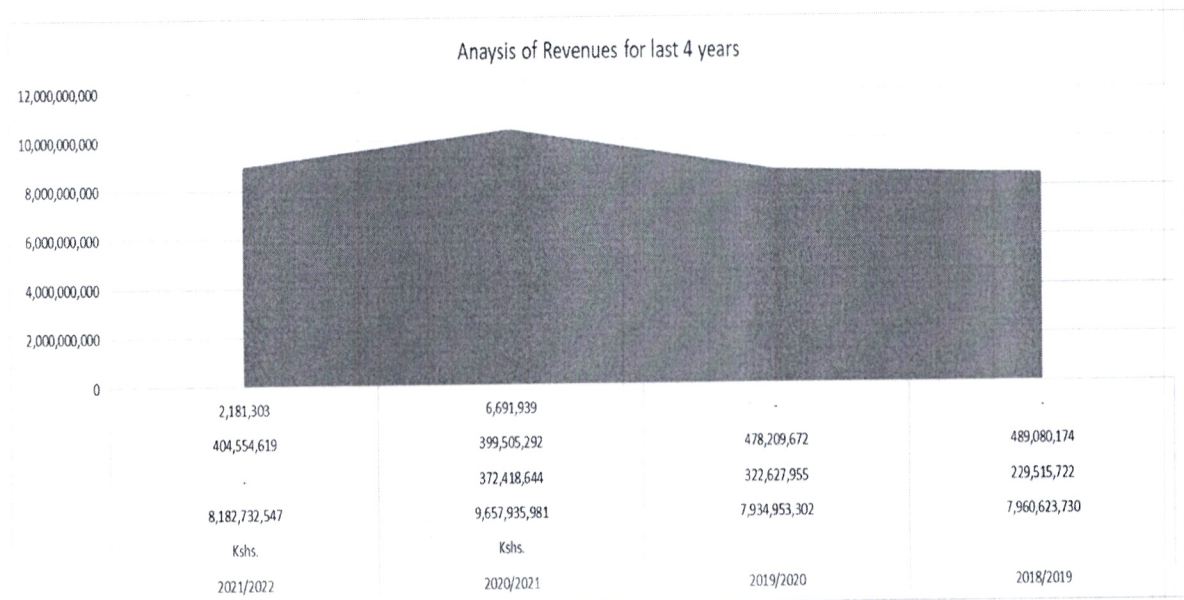


Figure 1: Graphical representation of revenues for last 4 years

#### **4. STATEMENT OF MANAGEMENT RESPONSIBILITY**

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 require that a County Revenue Fund established by the Constitution, an Act of Parliament or County legislation shall prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

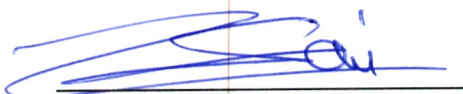
The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on 30 June 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended 30 June 2022, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (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 13/3/ 2023.



**Name: Isaiah O. Miencha**  
**Chief Officer - Finance**  
**County Government of Kisii**

## **5. OVERVIEW OF THE COUNTY REVENUE FUND OPERATIONS**

### **Background**

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

### **Receipts into the County Revenue Fund**

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Other receipt includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

### **Transfers from the County Revenue Fund**

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

### **Financial Reporting requirements**

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

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



**Name: Isaiah O. Miencha**  
**Chief Officer - Finance**  
**County Government of Kisii**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KISII**

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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 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 Kisii set out on pages 1 to 8, which comprise of the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of the County Revenue Fund - County Government of Kisii as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund - County Government of Kisii 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**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.12,590,694,978 and Kshs.8,983,386,920 respectively, resulting in underfunding of Kshs.3,607,308,058 or 29% of the budget. Similarly, the statement reflects total payments of Kshs.9,844,769,734 out of the budget of Kshs.12,590,694,978, resulting in underpayment of Kshs.2,745,925,244 or 22% of the budget.

The underfunding and under-expenditure affected planned activities and may have adversely impacted service delivery to the residents of Kisii County.

## **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 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 of 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 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, the Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease 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 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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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.

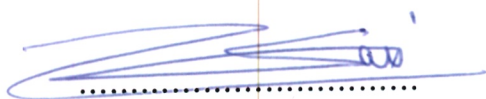
  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**25 April, 2023**

**7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2022**

	Notes	2021/2022
		Kshs.
<b>Receipts</b>		
Exchequer releases	1	8,182,732,547
Transfers from other government agencies	2	393,918,451
Own Source Revenue	3	404,554,619
Return to CRF issues	4	2,181,303
<b>Total Receipts</b>		<b>8,983,386,920</b>
<b>Payments</b>		
Transfers to County Executive	5	8,834,065,468
Transfers to County Assembly	6	960,962,827
Other Transfers (exchequer recovery for over-issue on NARIGP)	7	49,741,439
<b>Total Payments</b>		<b>9,844,769,734</b>
Net increase (decrease) in cash for the year		<b>(861,382,814)</b>
Add Opening fund balance b/f		929,801,754
<b>Closing Fund balance for the year</b>	<b>8</b>	<b>68,418,940</b>



Name: Isaiah O. Miencha  
 Chief Officer - Finance  
 NAC Member: 316537  
 Date: 13/3/2023



Name: John N. Nyandanyi  
 Director Accounting Services  
 ICPAK Member: 13733  
 Date: 13/3/2023

**8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022.**

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	
Exchequer releases	10,995,518,426	-	10,995,518,426	8,182,732,547	2,812,785,879	74
Other conditional grants	892,995,249	-	892,995,249	393,918,451	499,076,798	44
Own Source Revenue	700,000,000	-	700,000,000	404,554,619	295,445,381	58
Return to CRF issues	2,181,303	-	2,181,303	2,181,303	-	100
<b>Total Receipts</b>	<b>12,590,694,978</b>	<b>-</b>	<b>12,590,694,978</b>	<b>8,983,386,920</b>	<b>3,607,308,058</b>	<b>71</b>
<b>Payments</b>						
Transfers to County Executive	11,534,953,370	(45,843,974)	11,489,109,396	8,834,065,468	2,655,043,928	77
Transfers to County Assembly	1,055,741,608	45,843,974	1,101,585,582	960,962,827	140,622,755	87
Others	-	-	-	49,741,439	(49,741,439)	-
<b>Total Payments</b>	<b>12,590,694,978</b>	<b>-</b>	<b>12,590,694,978</b>	<b>9,844,769,734</b>	<b>2,745,925,244</b>	<b>78</b>
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(861,382,814)</b>	<b>861,382,814</b>	

- a) Exchequer releases under-realization by 26% was due to late disbursement of funds from the exchequer.
- b) Other conditional grants were under-realized by 56% due to late disbursement of funds from the exchequer.
- c) Own source revenue was under-realized by 24% as a result of
- d) Transfers to County Executive were under-realized by 23% due to late disbursement of funds.
- e) Transfers to County Assembly were under-realized by 13% due to late disbursement of funds.

## **9. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Statement of Compliance and Basis of Preparation**

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

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

### **b) Reporting Entity**

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

### **c) Receipts**

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

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

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

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

### **d) Payments**

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

### **e) Fund Balances**

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

**Significant Accounting Policies (Continued)**

**f) Restriction on Cash**

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

## 10. NOTES TO THE FINANCIAL STATEMENTS

### 1. Exchequer releases

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

	<b>2021/2022</b>
	<b>Kshs.</b>
Equitable Share	8,182,732,547
<b>Total</b>	<b>8,182,732,547</b>

### 2. Transfers from Other Government Agencies

	<b>2021/2022</b>
	<b>Kshs.</b>
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	62,692,134
Word Bank-NARIGP-State Department of Crop Development	178,410,506
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	8,625,375
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	15,683,290
KDSP-Kenya Devolution Support Programme-Level II	128,507,146
<b>Total</b>	<b>393,918,451</b>

### 3. Own Source Revenue

	<b>2021/2022</b>
	<b>Kshs.</b>
Property rates	12,845,291
Business Permits Current Year	98,927,699
Fruits & Vegetables / Produce Cess	6,270,797
Miscellaneous income	1,000
County Premises Monthly Rent (Offices, etc.)	5,012,500
Market Entrance / Gate Fee	43,836,640
Market Plots Rent	5,682,547
Enclosed Bus Park Fee	59,165,700

County Revenue Fund  
 County Government of Kisii  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

	<b>2021/2022</b>
	<b>Kshs.</b>
Motorcycle parking stickers	13,737,813
Street Parking Fee	41,186,820
Social Hall Hire	63,000
Slaughtering Fee	505,900
Buildings Plan Approval Fee	39,769,261
Sign Boards & Advertisement Fee	40,396,515
Fire-Compliance Fee	21,120,700
Administration Service fee	3,050,800
Environmental fees and charges	5,581,300
Weight and Measures	832,940
Sales of fingerlings	310,501
Revenue from Agricultural Training Centre	2,000,145
Devolved function revenues	4,256,750
<b>Total</b>	<b>404,554,619</b>

**4. Return to CRF Issues**

	<b>2021/2022</b>
	<b>Kshs.</b>
Recurrent Account (County Executive)	1,451
Development Account (County Executive)	2,173,801
Recurrent Account (County Assembly)	6,051
<b>Total</b>	<b>2,181,303</b>

**5. Transfers to County Executive**

	<b>2021/2022</b>
	<b>Kshs.</b>
Recurrent Account	6,726,322,925
Development Account	1,529,375,987
Special purpose Accounts	578,366,556
<b>Total</b>	<b>8,834,065,468</b>

**6. Transfers to County Assembly**

	<b>2021/2022</b>
	<b>Kshs</b>
Recurrent Account	897,322,807
Development Account	63,640,020
<b>Total</b>	<b>960,962,827</b>

**7. Other Transfers**

	<b>2021/2022</b>
	<b>Kshs.</b>
Exchequer recovery for over-issue	49,741,439
<b>Total</b>	<b>49,741,439</b>

**8. Fund balance**

	<b>2021/2022</b>
	<b>Kshs.</b>
County Exchequer Account - (CBK Account number 1000170565)	68,418,940
<b>Total</b>	<b>68,418,940</b>

**11. ANNEXES**

**ANNEX 1: PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMMENDATIONS**

The financial statements were prepared for the first time in the current year hence no audit was carried out in the previous year.



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**Name: Isaiah O. Miencha**  
**Chief Officer - Finance**  
**NAC Member: 316537**

**Date...** 13/3/2023 .....

**ANNEX 2 . ANALYSIS OF RECEIPTS FROM THE NATIONAL TREASURY EXCHEQUER RELEASES**

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Equitable Share	1,467,555,293	2,223,568,627	2,223,568,627	2,268,040,000	<b>8,182,732,547</b>
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	8,625,375	<b>8,625,375</b>
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	178,410,506	<b>178,410,506</b>
Kenya Devolution Support Programme	128,507,146	-	-	-	<b>128,507,146</b>
Conditional Allocation Universal Healthcare	-	-	-	62,692,134	<b>62,692,134</b>
Agriculture Sector Development Support Project (ASDSP)	-	2,500,000	-	13,183,290	<b>15,683,290</b>
<b>Total</b>	<b>1,596,062,439</b>	<b>2,226,068,627</b>	<b>2,223,568,627</b>	<b>2,530,951,305</b>	<b>8,576,650,998</b>

**ANNEX 3: ANALYSIS OF TRANSFERS FROM THE COUNTY REVENUE FUND**

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
County Executive -Recurrent	1,168,800,323	2,278,216,697	1,199,686,647	2,079,619,258	<b>6,726,322,925</b>
County Executive -Development	229,026,486	536,973,982	270,401,706	492,973,813	<b>1,529,375,987</b>
County Assembly -Recurrent	147,193,056	313,232,681	137,517,292	299,379,778	<b>897,322,807</b>
County Assembly -Development	-	15,000,000	28,429,745	20,210,275	<b>63,640,020</b>
Special Purpose - Universal health care	33,464,154	-	-	-	<b>33,464,154</b>
Special Purpose - SIDA/ASDSP	-	2,500,000	-	15,933,290	<b>18,433,290</b>
Special Purpose - NARIGP	-	-	-	210,483,680	<b>210,483,680</b>
Special Purpose - EU IDEAS	-	16,140,145	7,000,000	-	<b>23,140,145</b>
Special Purpose - DANIDA	-	13,514,625	-	-	<b>13,514,625</b>
Special Purpose – UDG	24,227,795	-	-	65,751,721	<b>89,979,516</b>
Special Purpose – KDSP	45,000,000	-	-	128,507,146	<b>173,507,146</b>
Special Purpose - Youth Polytechnic	-	15,844,000	-	-	<b>15,844,000</b>
<b>Total</b>	<b>1,647,711,814</b>	<b>3,191,422,130</b>	<b>1,643,035,390</b>	<b>3,312,858,961</b>	<b>9,795,028,295</b>