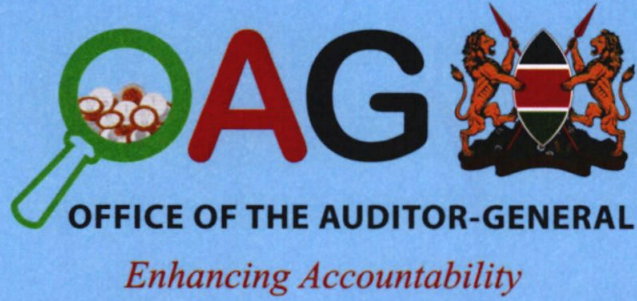
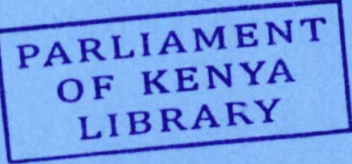


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED
30 JUNE, 2024

COUNTY GOVERNMENT OF KISII

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Maj Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



COUNTY REVENUE FUND
COUNTY GOVERNMENT OF KISII

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2024

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

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2024

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1. Acronyms and glossary of terms

a) Acronyms

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

b) glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Fiduciary Management	The key management personnel who had financial responsibility

KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1.	Finance and Economic Planning	Management of County Treasury and Planning
2.	Agriculture and Livestock and Fisheries	Overseeing County Agriculture, animal husbandry and Fish farming
3.	Medical Services and Public Health	Deals with Preventive, curative and overall wellness of human health in the County
4.	Youth, Sports, Culture, Arts and Social Services	Deals with development of sports infrastructure, event programs, talent identification and development, training and overall sports healthy and safety in the County
5.	Trade, Tourism, Industry and Marketing	Formulation, implementation of County trade development policy and promotion of retail and wholesale markets.
6.	Public Service, Administration, Participation and office of the Governor	Responsible for developing County Staffing norms, grading and determining optimal staff levels and other stakeholder engagement
7.	Lands, Physical planning, Housing and urban development	Promote and facilitate development of decent housing in sustainable environment in the County.
8.	Education, technical training, innovation & manpower development	Develops and monitors training programs for TVET and ECDE

No.	Department	Major Responsibility
9.	Water, Energy, Environment, Natural Resources and Climate change	Promote County enforcement of environmental, natural resources management, water, sanitation and energy supply services, legislation, rules and regulations.
10.	Infrastructure, roads and public works	Design, develop and maintain infrastructure through quality public works services to all County Government entities and the general public

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	Kennedy Abincha Okemwa
2.	C.O Finance	Vincent Okemwa Nyagwara
3.	Director Accounting Services/Finance	John NyalajiNyandanyi

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance, Economic Planning and ICT Services	Mr. Kennedy Okemwa Abincha
2.	Accounting Officer- Finance, Accounting Services & Revenue Management	Mr. Vincent NyangwaraOkioma
3.	Accounting Officer-Economic Planning and ICT Services	CPA Edwin Orina Atege
4.	Accounting Officers-Public Service, County Administration and Participatory Development, Office of the Governor	DavinsOnusoNgoge Mr. Wilfred OkariKenyanaya
5.	Accounting Officer-Lands, Accounting Officer-Physical Planning, Housing and Urban Development	Dr. Kennedy Ben MwengeiOmbaba
6.	Accounting Officer-Water, Environment, Natural Resources and Climate change	Mr. Cleophas Odira Okioi
7.	Accounting Officer-Infrastructure, Energy and Public Works	Mr. Vincent NyangwaraOkioma
8.	Youth, Sports, Culture, Arts and Special Services	CPA Emmanuel Masese Prof. Justus NyamweyaNyagwencha
9.	Accounting Officer-Education, Technical Training, Innovation and Social Sciences	Mr. Erick KiageMobegi
10.	Accounting Officers-Agriculture, Fisheries, Livestock Development and Irrigation	Mrs Agnes Kemunto Choti
11.	Accounting Officer-Trade, Tourism, Industry and Marketing	Dr. Isaiah OnsarigoMiencha Mr. James Marochi
12.	Accounting Officer-Medical Services, Public Health and Sanitation	Mrs. Caren Orori

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2024 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

e) County Headquarters

P.O. Box 4555-40200

Kisii Building/House/Plaza

Kisii-Keroka Road/Highway

KISII, KENYA

f) County Contacts

Telephone: (254) 58203005

E-mail: info@kisii.go.ke

Website: 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 Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General

State law office and department of Justice

Anniversary Towers, University Way

P.O. Box 30084

County Government of Kisii
County Revenue Fund
For the financial year ended 30th June 2024

GPO 00100

NAIROBI, KENYA

j) County Attorney

P.o Box 4550-40200

1. STATEMENT BY CECM FINANCE

A. Functions of the County Government as per the County Government Act.

The Kisii County Government shall ensure adherence to the functions of the County governments as set out in Section 5 of the County Governments Act which states;

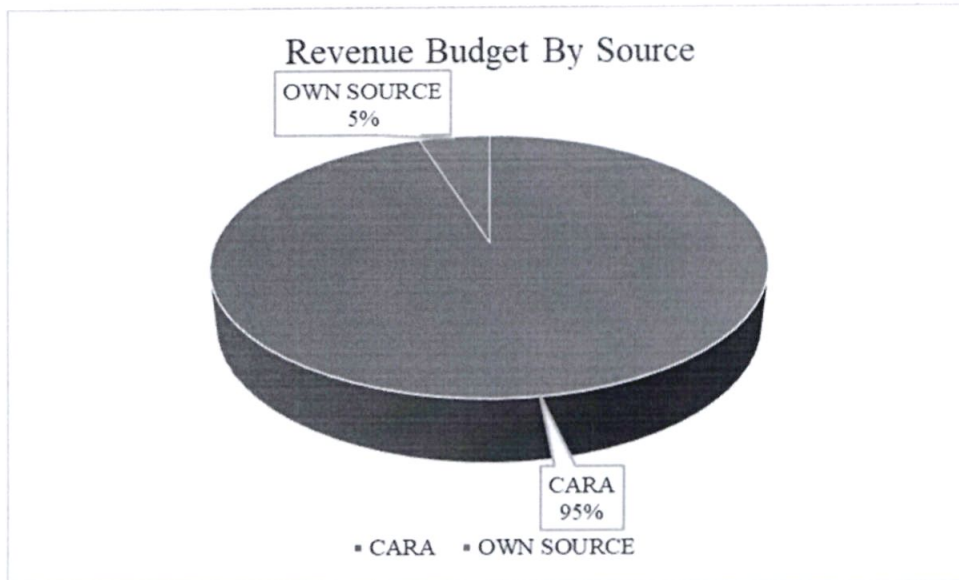
- 1) A county government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament.
- 2) Without prejudice to the generality of subsection (1), a county government shall be responsible for—
 - a) county legislation in accordance with Article 185 of the Constitution;
 - b) exercising executive functions in accordance with Article 183 of the Constitution;
 - c) functions provided for in Article 186 and assigned in the Fourth Schedule of the Constitution;
 - d) any other function that may be transferred to county governments from the national government under Article 187 of the Constitution;
 - e) any functions agreed upon with other county governments under Article 189(2) of the Constitution; and
 - f) Establishment and staffing of its public service as contemplated under Article 235 of the Constitution.
- 3) A county government may seek assistance from the Kenya Law Reform Commission in the development or reform of county legislation under subsection (2)(a).

The Kisii County Government shall ensure adherence to the principles of public finance set out in Chapter Twelve of the Constitution and the fiscal responsibility principles provided in Section 107 of the PFM Act.

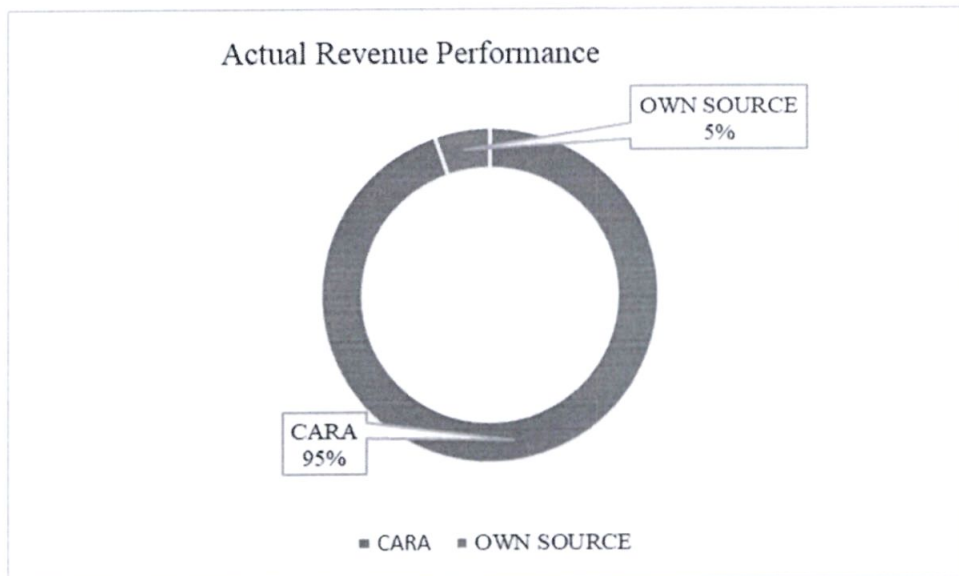
B. Budget performance against actual amounts for current year and for cumulative to-date based on programmes

a) Revenue

In the year ended 30 June 2024, the County had projected revenues of Kshs. 13,260,121,884 consisting of Kshs. 650,000,000 from own sources and Kshs 12,610,121,884. from CARA. A Graphical Representation of the Revenue Transfer is as shown below:



Out of the revenue budget of Kshs 13,260,121,884, Kshs 9,450,097,748 was realized comprising of Kshs 8,948,760,475 and 501,337,273 being CARA and own source revenue respectively as analyzed in the chart below.



The County Government transferred into the County Executive Kshs8,284,558,775 of revenue comprising of equitable share, own source revenue and grants as analyzed below.

Revenue stream	Amount (Kshs)
EQUITABLE SHARE	7,691,269,858
NAVCDP	210,000,001
CLIMATE CHANGE	334,613,486
ASDSP	1,668,601
DANIDA	40,543,875
NARGIP	6,462,954
Total	8,284,558,775

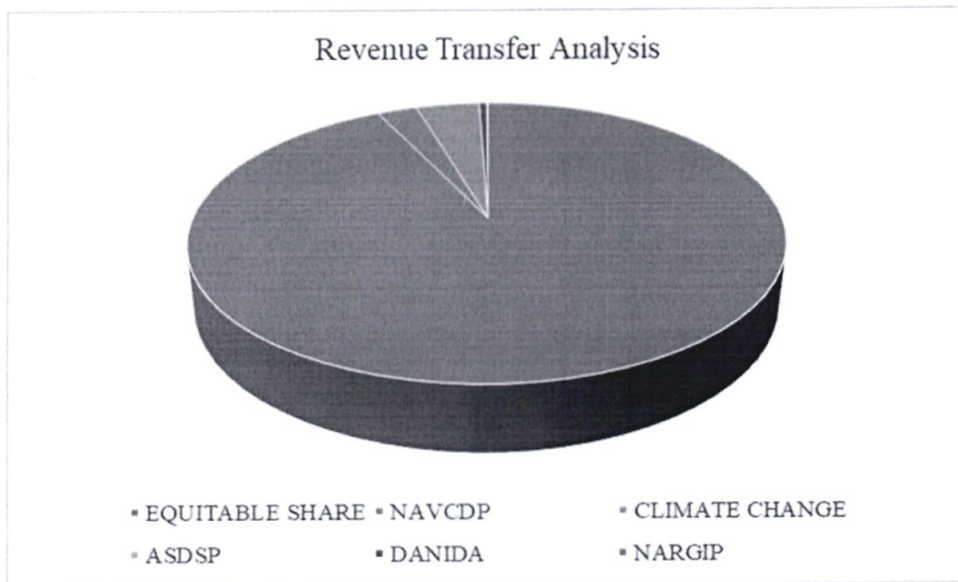


Figure 1: Kisii County revenue sources in FY 2023/2024.

(Sign)

CECM Finance and Economic Planning
County Government of Kisii

2. 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	2023/2024	2022/2023	2021/2022	2020/2021
	Kshs.	Kshs.	Kshs.	Kshs.
Exchequer Releases	8,517,901,520	9,605,816,471	8,182,732,547	9,657,935,981
Transfers from other Government entities	409,057,757	311,539,239	-	372,418,644
Own Source revenue	501,337,272	413,988,597	404,554,619	399,505,292
Return to CRF issues	21,801,198	17,138.05	2,181,303	6,691,939
Total (d=a+b+c)	9,450,097,747	10,331,361,445.05	8,983,386,920	10,436,551,856

3. 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 2024.



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

4. STATEMENT OF MANAGEMENT RESPONSIBILITY

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation 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, 2024. 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, 2024, 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

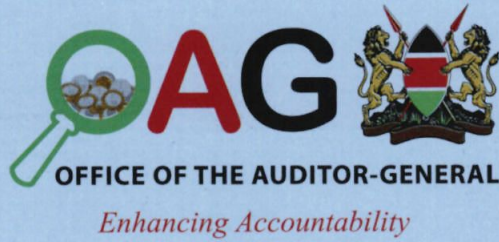
The County Revenue Fund's financial statements were approved and signed on 30/09 2024.

Signature  _____

Name Vincent Nyang'wara

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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, 2024 – COUNTY GOVERNMENT OF KISII

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 the 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; and
- 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, risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Kisii set out on pages 1 to 10, which comprise the statement of receipts

and payments and the statement of comparison of budget and actual amounts for the year ended 30 June, 2024 and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Variances in Own Source Revenue Amount

The statement of receipts and payments reflects receipts from own source revenue of Kshs.501,337,273 as disclosed in Note 3 to the financial statements which differs with the corresponding disbursements to County Revenue Fund (CRF) in the Receiver of Revenue statement of receipts and disbursements of Kshs.501,823,902 resulting in an unexplained variance of Kshs.486,629.

In the circumstances, the accuracy and completeness of the reported own source revenue amount of Kshs.501,337,273 could not be confirmed.

2. Variance in Opening Fund Balance

The statement of receipts and payments reflects opening fund balance of Kshs.2,308,306,629 which differs with audited fund closing balance of Kshs.2,303,913,258 resulting in an unreconciled variance of Kshs.4,393,371.

In the circumstances, the accuracy and fair presentation of the reported opening fund balance of Kshs.2,308,306,629 could not be confirmed.

3. Variance in Exchequer Releases Amount

The statement of receipts and payments reflects exchequer releases of Kshs.8,517,901,520 as disclosed in Note 1 to the financial statements. However, review of records revealed that exchequer receipts during the year amounted to Kshs.8,284,558,775, resulting in an unreconciled variance of Kshs.233,342,745.

In the circumstances, the accuracy and completeness of the exchequer releases of Kshs.8,517,901,520 could not be confirmed.

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

Government of 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 qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.13,260,121,884 and Kshs.9,450,097,748 respectively, resulting in an underperformance of Kshs.3,810,024,136 or 29% of the budget. Further, the statement reflects own source revenue budget amount of Kshs.650,000,000 and actual on comparable basis amount of Kshs.501,337,273, resulting in under-collection of revenue of Kshs.148,662,727, or 23% of the own source revenue budget.

In addition, the following own source revenue streams with budgeted amount of Kshs.511,500,000 and actual collection of Kshs.322,721,078 indicated significant revenue under collection amounting to Kshs.188,778,922. No satisfactory explanation was provided for the shortfall and measures put in place to address the deficiencies.

Item	Final Approved Budget (Kshs)	Actual Revenue (Kshs)	Variance (Kshs)
Property rates	25,000,000	18,617,268	6,382,732
Business Permits Current Year	200,000,000	169,415,835	30,584,165
Market Entrance / Gate Fee	90,000,000	38,931,270	51,068,730
Enclosed Bus Park Fee (Matatu monthly stickers)	76,000,000	37,955,140	38,044,860
Motorcycle parking stickers	30,000,000	14,063,842	15,936,158
Street Parking Fee	50,000,000	34,657,566	15,342,434
Social Hall Hire	500,000	65,800	434,200
Fire-Compliance Fee	15,000,000	5,781,216	9,218,784
Administrative fees and charges	14,000,000	2,549,191	11,450,809
Disposal of Assets	10,000,000	0	10,000,000
Sale of fingerlings	1,000,000	683,950	316,050
Total	511,500,000	322,721,078	188,778,922

The unrealized receipts and under transfer affected the planned activities and may have adversely impacted on services delivery to the residents of Kisii County.

2. Late Exchequer Releases

The statement of receipts and payments reflects exchequer releases amount of Kshs.8,517,901,520 and as disclosed in Note 1 to the financial statements. Included in the amount is exchequer releases of kshs.1,620,253,006 received in late June, 2024.

The delay in disbursements of funds by the National Treasury adversely affected implementation of projects for the financial year.

My opinion is not modified in respect of these matters.

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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior year Matters

Two (2) issues raised under the Report on Financial Statements in the audit report of the previous year remained unresolved as at 30 June, 2024. Management has not provided reasons for failure to resolve the prior year audit matters. Further, one of the prior year issues has not been disclosed in the Progress on Follow Up of Auditor's Recommendations section of the financial statements, contrary to the requirements of the Public Sector Accounting Standards Board.

Other Information

The Management is responsible for the other information set out on page iii to xvi which comprises Key Entity Information and Management, Statement by the CECM Finance, Management Discussion and Analysis and Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the County Revenue Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effect of matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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

Unspent Cash Balance

The statement of receipts and payments reflects closing fund balance of Kshs.2,216,215,537 which represents revenue collected but not spent. Failure to expend funds in a timely manner could negatively impact on service delivery to the residents of Kisii County.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 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 the 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 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless the Management is aware of the intention 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.

Management is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2024.

		2023/2024	2022/2023
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	8,517,901,520	9,605,816,471
Transfers from other government agencies	2	409,057,757	311,539,240
Own Source Revenue	3	501,337,273	413,988,597
Return to CRF issues	4	21,801,198	17,138
Total Receipts		9,450,097,747	10,331,361,446
Payments			
Transfers to County Executive	5	8,284,558,775	6,779,072,657
Transfers to County Assembly	6	1,257,630,064	1,316,794,471
Total Payments		9,542,188,839	8,095,867,128
Net increase (decrease) in cash for the year		(92,091,092)	2,235,494,318
Add Opening fund balance b/f	7	2,308,306,629	68,418,940
Closing Fund balance for the period	7	2,216,215,537	2,303,913,258



Name: Vincent Nyang'wara
 Chief Officer - Finance

Date: 16/12/2024



Name: John Nyandanyi
 Director Accounting Services

ICPAK Member No. 13733
 Date: 16/12/24

7. STATEMENT OF COMPARISON OF BUDGET ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2024.

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	11,576,759,320	92,488,121	11,669,247,441	8,517,901,520	3,151,345,921	73%
Other conditional grants	1,561,151,896	- 642,078,651	919,073,245	409,057,757	510,015,488	45%
Own Source Revenue	650,000,000		650,000,000	501,337,273	148,662,727	77%
Return to CRF issues	21,801,198	-	21,801,198	21,801,198	-	100%
Total Receipts	13,809,712,414	549,590,530	13,260,121,884	9,450,097,748	3,810,024,136	71%
Payments						
Transfers to County Executive	10,404,688,244	- 800,813,196	9,603,875,048	8,284,558,775	2,687,469,261	86%
Transfers to County Assembly	1,509,980,447		1,509,980,447	1,257,630,064	140,622,755	83%
Total Payments	11,914,668,691	800,813,196	11,113,855,495	9,542,188,839	2,828,092,016	86%
Balance	1,895,043,723	251,222,666	2,146,266,389	(92,091,091)	981,932,120	

Budget Notes

1. Exchequer releases: the underperformance by 27% was occasioned by delay in disbursement of funds from the national treasury.
2. Other conditional grants: the under performance by 45% was due to partial disbursement of grants from the donors.

- 3.** Own source revenue: non realization of own source revenue by 23% was due to unattained revenue projections.
- 4.** Transfer to county Executive: the underperformance by 14% was due to delayed disbursement of funds from the National Treasury.
- 5.** Transfer to County Assembly: underperformance by 17% was due to delayed disbursement of funds from the National Treasury.

8. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

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

d) Payments

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

Significant Accounting Policies (Continued)

e) Fund Balances

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

f) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation or *There were no restrictions on cash during the year.* (Entity to indicate the amount of funds restricted for use or relating to conditional allocations.)

9. 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	2023-2024	2022-2023
	Kshs.	Kshs.
Equitable Share (a)	8,517,901,520	9,605,816,471
Level 5 hospitals (b)	-	-
Total	8,517,901,520	9,605,816,471

2. Transfers from other government agencies**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
DANIDA - Universal Healthcare in Devolved Units	14,206,500	25,045,875
Word Bank-NARIGP-State Department of Crop Development	4,261,826	172,091,140
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	1,668,601	10,517,407
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	12,352,246
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	132,807,344	67,192,657
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of..	256,113,486.00	22,000,000
KUSP-Kenya Urban Support Programme	-	2,339,915
Total	409,057,756.85	311,539,239.8

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

Notes to the Financial Statements (Continued)

3. Own Source Revenue

Description	2023 -2024	2022– 2023
	Kshs	Kshs
Property rates	18,617,268	10,115,712
Business Permits Current Year	169,415,835	108,439,178
Fruits & Vegetables / Agricultural Produce Cess	10,523,666	11,188,467
County Premises Monthly Rent	5,816,050	5,457,310
Market Entrance / Gate Fee	38,931,270	44,293,177
Market Plots Rent	5,136,678	4,175,247
Enclosed Bus Park Fee(Matatu monthly stickers)	37,955,140	43,200,800
Motorcycle parking stickers	14,063,842	2,684,400
Street Parking Fee	34,657,566	41,099,400
Social Hall Hire	65,800	86,000
Stadium Hire	17,000	765,000
Slaughter House Fee	721,700	616,850
Buildings Plan Approval Fee	46,928,889	43,424,505
Sign Boards & Advertisement Fee	78,212,796	52,609,610
Fire-Compliance Fee	5,781,216	21,329,500
Administrative fees and charges	2,549,191	1,312,208
Disposal of Assets	-	21,231,550
Environmental fees and charges	28,601,391	1,621,180
Weights and measures	2,658,025	338,503
Sale of fingerlings	683,950	
TOTAL	501,337,273	413,988,597

4. Return to CRF Issues

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	4,935,665	10,876.55
Development Account (<i>County Executive</i>)	12,659,635	6,212.20
Recurrent Account (<i>County Assembly</i>)	-	47.75
Development Account (<i>County Assembly</i>)	4,205,898	1.55
Others (<i>Specify</i>)	-	
Total	21,801,198	17,138.05

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2024

Notes to the Financial Statements (Continued)

5. Transfers to County Executive

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Recurrent Account	6,706,596,367	6,174,522,057
Development Account	984,673,491	260,468,388
Special Purpose Accounts	593,288,917	344,082,212
Others (<i>Specify</i>)	-	
Total	8,284,558,775	6,779,072,657

6. Transfers to County Assembly

Description	FY 2023-2024	FY 2022-202
	Kshs.	Kshs.
Recurrent Account	1,220,476,917	1,271,165,323
Development Account	37,153,147	45,629,148
Special purpose accounts	-	-
Total	1,257,630,064	1,316,794,471

(Explain as per County Appropriation Act. These amounts should tally with corresponding receipts recorded by the County Assembly)

7. Fund balance

Description	2023-2024	2022-2023
	Kshs.	Kshs.
KISII COUNTY REVENUE FUND- (<i>CBK Account number 1000170565</i>)	2,216,215,537	2,303,913,258
Total	2,216,215,537	2,303,913,258

Notes to the Financial Statements (Continued)

8. Disclosure of Balances in Revenue Collection Accounts

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

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2023-2024	2022-2023
			Kshs	Kshs
KCB Kisii County Revenue Collection Acc. No.1140758519	-	-	2,142,444	1,595,312
Total			2,142,444	1,595,312

(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.)

10. 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.	Budgetary Control and Performance	The issue is being addressed	Not Resolved	June,30,2025

.....
 Name Vincent Nyang'wara
 Chief Officer Finance

Date.....16/10/2024.....

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

Period 2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	786,980,032	2,268,354,210	2,314,647,152	3,147,920,126	8,517,901,520
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	14,206,500.00	14,206,500.00
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	4,261,825.85	-	4,261,826.85
Agriculture Sector Development Support Project (ASDSP)	-	500,000	1,168,601	-	1,668,601
Financing locally lead climate action	-	-	-	256,113.486	256,113.486
NAVCDP			132,807,344		132,807,344
Total	786,980,032	2,268,854,210	2,452,884,992	3,418,240,112	8,926,959,276

County Government of Kisii
 County Revenue Fund
 For the financial year ended 30th June 2024

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

Revenue Stream	Total Q1	Total Q2	Total Q3	Total Q4	Grand Total
Property rates	611,414	6,612,487	3,439,084	7,954,283	18,617,268
Business Permits Current Year	9,059,633	3,078,697	17,934,600	139,342,905	169,415,835
Fruits & Vegetables / Agricultural Produce Cess	1,125,185	3,367,189	3,165,827	2,865,466	10,523,666
County Premises Monthly Rent	1,893,800	1,264,750	1,057,200	1,600,300	5,816,050
Market Entrance / Gate Fee	11,509,570	10,542,782	8,875,800	8,003,118	38,931,270
Market Plots Rent	1,662,088	978,265	1,046,625	1,449,700	5,136,678
Enclosed Bus Park Fee(Matatu monthly stickers)	10,913,800	9,244,531	7,592,108	10,204,701	37,955,140
Motorcycle parking stickers	6,850,394	3,665,900	2,287,798	1,259,750	14,063,842
Street Parking Fee	8,561,950	7,493,220	8,309,900	10,292,496	34,657,566
Social Hall Hire	27,000	26,000	8,000	4,800	65,800
Stadium Hire	-	14,000	-	3,000	17,000
Slaughter House Fee	159,350	160,800	184,500	217,050	721,700
Buildings Plan Approval Fee	9,691,744	15,810,936	10,021,114	11,405,096	46,928,889
Sign Boards & Advertisement Fee	7,836,390	2,255,600	15,689,041	52,431,764	78,212,796
Fire-Compliance Fee	2,009,500	-	3,140,000	631,716	5,781,216
Administrative fees and charges	1,041,935	839,245	577,740	90,271	2,549,191
Environmental fees and charges	1,919,400	860,000	4,605,800	21,216,191	28,601,391
Weights and measures	837,605	633,440	273,800	913,180	2,658,025
Sale of fingerlings	139,825	257,653	120,806	165,666	683,950
Total	75,850,583	67,105,495	88,329,743	270,051,453	501,337,273

Annex 4: 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	1,390,207,123	2,089,277,491	488,910,069	2,738,201,684	6,706,596,367
County Executive -Dev	-	48,662,795	44,524,901	891,485,795	984,673,491
County Assembly -Rec	223,552,839	470,175,155	57,120,939	482,944,694	1,233,793,627
County Assembly -Dev	-	-	-	23,836,437	23,836,437
Special Purpose A/c (Specify)	-	-	-	-	-
Kisii County Primary Health Care Account	-	-	-	40,543,875.00	40,543,875.00
CBK Kisii county Agric& Rural Growth	-	-	-	6,462,954.00	6,462,954.00
Kisii County ASDSP Account	-	-	-	1,668,601.00	1,668,601.00
CBK Kisii County Climate Change Fund Floca	-	-	-	334,613,486.00	334,613,486.00
CBK Kisii County Value chain	72,192,657	-	-	137,807,344.00	210,000,001
Total	1,685,952,619	2,608,115,441	590,555,909	4,519,757,526	9,542,188,839