

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**COUNTY GOVERNMENT OF MANDERA
COUNTY REVENUE FUND**

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

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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 2022

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Mandera County Government
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

**Mandera County Government
County Revenue Fund**

Annual Report and Financial Statements for the financial year ended 30th June 2022

	Page No.
Table of contents	
1. Key Entity Information and Management	ii
2. Statement by the CECM Finance.....	v
3. Management Discussion and Analysis	vii
4. Statement of Management Responsibility	x
5. Overview of the County Revenue Fund Operations.....	xi
6. Report of the Independent Auditor on the CRF of Mandera County Government.....	xii
7. Statement of Receipts and Payments Statement for the year ended 30th June,2022.....	1
8. Statement of Comparison of Budget Actual Amounts for the year ended 30th June, 2022.....	2
9. Significant Accounting Policies.....	3
10. Notes to the Financial Statements	5
11. Annexes	10

Mandera County Government
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

1. 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

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

No.	Designation
1.	CECM, Finance and Economic Planning and ICT
2.	Chief Officer, Accounting and Financial Services
3.	Chief Finance Officer
4.	Accountant General /Head of Treasury

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	Sulekha Harun Hulbale
2.	Accounting Officer in charge of Finance	Alinoor Mohamed Ali
3.	Chief Finance Officer	Ahmedsalim Ali Osman
4.	Ag. Head of Treasury/Director Accounting Services	Idris Haji Deis

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

Mandera County Government

County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30th June 2022

e) County Headquarters

P.O. Box 13-70300

County Headquarters Building

Mandera-Isiolo Road

Mandera, KENYA

f) County Contacts

Telephone: (+254) 722466499

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 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 county Attorney

The County Headquarters

Shafshafey Mandera

P.O. Box 13-70300

MANDERA, KENYA

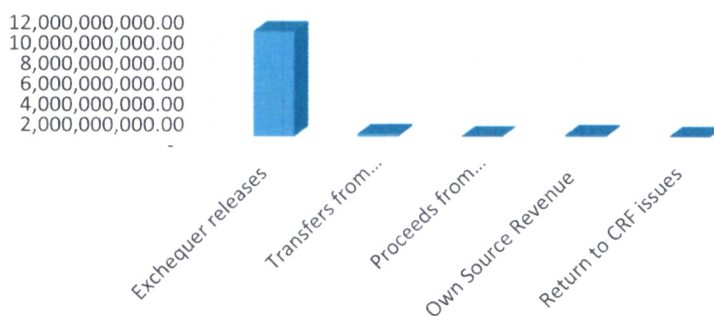
Mandera County Government
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

2. Statement by the CECM Finance

It's my pleasure to present Mandera County Revenue Fund's financial statements and reports for the 2021/2022 financial period ending 30th June, 2022. 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.

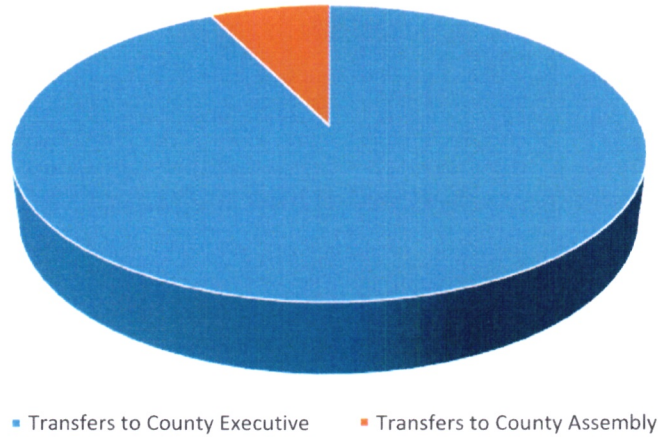
County Governments have multiple sources of revenues including equitable share from the Commission for Revenue Allocation (CARA), Grants from Development Partners and Own Source Revenue (OSR). During the 2021/2022 financial year, the total revenue realized amounted to Kshs. 10,675,140,693.05. The main revenue sources encompassed exchequer releases, Transfers from other government agencies, Proceeds from Foreign Borrowing, and the County's Own Source Revenue.

Fig.1 Total receipts



The County had an opening balance of Kshs. 987,855,517.70 from the FY 2020/2021. Together with the revenue raised during the reporting period, the total funds available for disbursement from the CRF account was Kshs. 11,662,996,210.75 which was expended as highlighted in the figure below:

Fig.2 Total Disbursements



The largest chunk of revenue from the CRF is 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 2021/2022 financial year and we envisage an enhanced performance in the forthcoming financial period.

Sign.....

CECM Finance and Economic Planning
County Government of Mandera

Mandera County Government
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

3. 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.

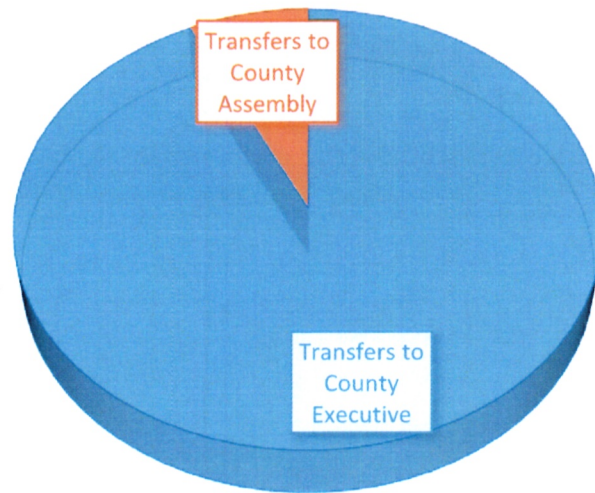
All the sources of county government revenue in Kenya should be deposited in the County Revenue Fund. Funds excluded from the Fund include the appropriation in aid (AIA). AIA is received by county departments when they offer services and they can retain that money to cover their expenses. The CEC in 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 2021/2022 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 2021/2022 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. 10,675,140,693.05.

The County Revenue Fund had an opening balance of Kshs. 987,855,517.70 from the FY 2020/2021. Together with the revenue raised during the reporting period, the total funds available for disbursement from the CRF was Kshs. 11,662,996,210.75. The funds were expended as highlighted in the figure below:



As indicted 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.

Mandera County Government
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

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 2021/2022, 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.

Mandera County Government
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

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 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 June 30, 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 June 30, 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 Mandera County Revenue Fund's financial statements were approved and signed on 06-09-2022 2022.

Signature _____

Name: **Alinoor Mohamed Ali**

Chief Officer; Accounting and Financial Services - Mandera County Government

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.

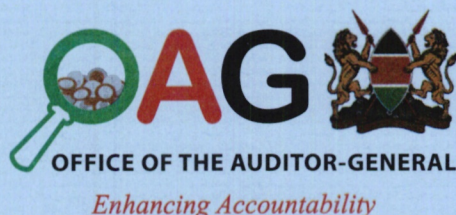
This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2022.



.....
Name: Alinoor Mohamed Ali
Chief Officer – Accounting and Financial Services

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

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 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 County Government of Mandera County Revenue Fund set out on pages 1 to 12, which comprise the statement of receipts

Report of the Auditor-General on County Government of Mandera County Revenue Fund for the year ended 30 June, 2022

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of County Government of Mandera Revenue Fund as at 30 June, 2022 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply 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 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

1. Non-Realized Revenue Targets

The total budgeted annual revenue for County Government of Mandera was projected at Kshs.13,283,669,212 comprising of Kshs.12,016,070,704 from the national equitable share, Kshs.1,067,560,717 from other conditional grants and projected local sources of Kshs.200,037,792. A comparison of budget against actual revenue received during the year showed variances as shown below: -

Item	Approved Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption %
Exchequer Releases	12,016,070,704	10,295,151,992	1,720,918,712	86
Other Conditional Grants	1,067,560,717	247,061,601	820,499,116	23
County Own Generated Receipts	200,037,792	132,899,851	67,137,941	66
Total	13,283,669,212	10,675,113,443	2,608,555,769	80

The shortfall on target annual revenue of Kshs.2,608,555,796 or 20% of the annual budget must have affected the expected service delivery to the county residents during the year under review.

2. Late Exchequer Issues

The statement of budget and actual amount reflects total actual receipts of Kshs.10,675,140,693. The balance includes exchequer receipts of Kshs.10,295,151,992 and proceeds from domestic and foreign grants of Kshs.379,988,701. It was however noted that exchequer receipts and proceeds from domestic and foreign grants amounting to Kshs.1,977,978,402 were received in June, 2022 as analyzed below: -

Date Received – CRF Bank Statement	Details	Amount (Kshs.)
15 June, 2022	Exchequer Issue	1,007,134,434
17 June, 2022	Exchequer Issue	951,182,521
16 June, 2022	Grants	19,661,447
Total		1,977,978,402

Due to late remittances by National Treasury, the County Government of Mandera could not undertake the planned and budgeted programs and thereby impacting negatively on service delivery. The underperformance 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

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 as 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 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

27 January, 2023

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

7. Statement of Receipts and Payments Statement for the year ended 30th June,2022.

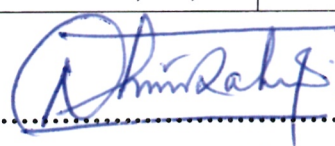
		2021/2022	2020/2021
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	10,295,151,992	11,102,123,700
Transfers from other government agencies	2	241,181,601	1,057,040,126
Other Receipts	3	5,880,000	-
Own Source Revenue	4	132,899,851	143,313,898
Return to CRF issues	5	27,249	107,619
Total Receipts		10,675,140,693	12,302,585,342
Payments			
Transfers to County Executive	6	10,802,208,013	10,722,447,245
Transfers to County Assembly	7	849,173,172	803,919,523
Total Payments		11,651,381,185	11,526,366,768
Net increase (decrease) in cash for the year		(976,240,492)	776,218,574
Add Opening fund balance b/f	8	987,855,518	211,636,943
Closing Fund balance for the period	8	11,615,026	987,855,517



Name: Alinoor Mohamed Ali
 Chief Officer – Accounting and Financial Services

ICPAK Member No: 9001

Date: 06-09-2022



Name: Ahmedsalim Ali Osman
 Chief Finance Officer

ICPAK Member No:21986

Date: 06-09-2022

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

8. Statement of Comparison of Budget Actual Amounts for the year ended 30th 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 %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts						
Exchequer releases	11,979,650,320	36,420,384	12,016,070,704	10,295,151,992	1,720,918,712	86%
Other conditional grants	1,075,282,933	(7,722,216)	1,067,560,717	247,061,601	820,499,116	23%
Own Source Revenue	200,037,792	-	200,037,792	132,899,851	67,137,941	66%
Return to CRF issues				27,249	27,249	
Total Receipts	13,254,971,045	28,698,167	13,283,669,212	10,675,140,693	2,608,583,018	80%
Payments						
Transfers to County Executive	12,171,669,306	28,698,167	12,200,367,473	10,802,208,013	1,398,159,460	89%
Transfers to County Assembly	1,083,301,739	-	1,083,301,739	849,173,172	234,128,567	78%
Total Payments	13,254,971,045	28,698,167	13,283,669,212	11,651,381,185	1,632,288,028	88%
Balance				(976,240,492)	976,294,990	

The local revenue collection underperformed during the 2021/2022 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.

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

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.

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. There were no other restrictions on cash during the year.

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

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:

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Equitable Share (a)	10,295,151,992	11,102,123,700
Level 5 hospitals (b)	-	-
Others (<i>Specify</i>) (c)	-	-
Total (d=a+b+c)	10,295,151,992	11,102,123,700

2. Transfers from other government agencies

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Road Maintenance Levy	-	304,694,480
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	15,049,894
User Fees Foregone -Ministry of Health	-	25,474,920
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	54,187,185	144,346,590
Kenya Devolution Support Programme	-	45,000,000
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	145,484,885	238,632,573
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	11,325,188	29,070,000
Kenya Devolution Support Programme Level II	-	141,844,646
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	10,522,896	16,549,177
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	19,661,447	-
Kenya Urban Support Project (KUSP)	-	96,377,846
UNFPA-9th County Programme Implementation - Ministry of Health	-	-

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

Description	2021/2022	2020/2021
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	-
Total	241,181,601	1,057,040,126

These include other government grants that do not pass through the Exchequer.

3. Other Receipts

Description	2021/22	2020/21
	Kshs.	Kshs.
Claims from Insurance	5,880,000	-
Total	5,880,000	-

These are funds received from development partners directly through CRF

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

4. Own Source Revenue

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Hospital Collection	29,072,568	28,024,398
Land Rents	28,188,138	32,613,102
Single Business Permit	10,537,400	13,755,110
Miraa Movements	12,693,123	12,641,585
Barriers	4,583,413	4,603,919
Land Transfers	15,358,460	14,536,900
Slaughter Fees And Charges	5,893,958	6,446,830
Livestock Markets	1,975,058	3,986,140
Markets Stalls	5,891,650	6,698,907
Tender And Quantity Surveying Fees	210,944	1,715,000
Livestock Movement	6,298,755	4,487,777
Income From Water Management	3,414,800	2,903,550
Agriculture Mechanization Services	169,400	444,000
Others	339,000	530,000
Public Health	574,227	1,659,041
Market Shades	1,585,800	1,694,100
Stores	-	240,371
Bus park/Taxis	1,303,080	1,279,574
Building Plan	842,000	1,123,800
Rental Income	1,638,417	1,609,950
Produce Cess	854,705	1,301,157
Income From Quarries	1,326,056	1,018,687
Lease / Rental Of Council's Infrastructure Assets	-	-
Infrastructure assets	-	-
Market Gates	148,899	-
Other Receipts Not Classified Elsewhere	-	-
Total	132,899,851	143,313,898

County Government of Mandera
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2022

Notes to the Financial Statements (Continued)

5. Return to CRF Issues

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	2,337	53,038
Development Account (<i>County Executive</i>)	23,587	54,581
Recurrent Account (<i>County Assembly</i>)	1,324	-
Development Account (<i>County Assembly</i>)	-	-
Others (<i>Specify</i>)	-	-
Total	27,249	107,619

6. Transfers to County Executive

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Recurrent Account	6,744,774,933	6,248,270,949
Development Account	3,621,675,934	3,512,292,032
Transforming Health Systems Universal Program (THSUP) Account	54,187,185	184,721,590
Kenya Climate Smart Agricultural Program (KCASP) Account	145,484,885	267,756,246
Primary Health Care (PHC) Account	17,744,813	-
Agricultural Sector Development Support Program (ASDSP) Account	10,522,896	22,049,177
Emergency Locust Response Program (ELRP) Account	19,661,447	-
Kenya Devolution Support Program (KDSP) Account	141,844,646	45,000,000
Kenya Urban Support Program (KUSP) Account	46,311,274	50,066,573
Village Polytechnic Account	-	15,049,894
Road Maintenance Fuel Levy (RMLF) Account	-	377,240,784
Total	10,802,208,013	10,722,447,245

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

Notes to the Financial Statements (Continued)

7. Transfers to County Assembly

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Recurrent Account	807,194,892	803,919,523
Development Account	41,978,280	-
Special purpose accounts	-	-
Others (<i>Specify</i>)	-	-
Total	849,173,172	803,919,523

8. Fund balance

Description	2021/2022	2020/2021
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number 1000171472)	987,855,518	211,636,943
Total	987,855,518	211,636,943

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

11. Annexes

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

There was no prior year issue raised by the external auditor as the fund's financial statement is audited for the first time in the financial year 2021/2022.



.....
Name: Alinoor Mohamed Ali
Chief Officer Accounting and Financial Services
ICPAK Member No: 9001
Date:..... 06-09-2022

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

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

Period (2021/22)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,846,413,129	2,797,595,650	2,797,595,650	2,853,547,563	10,295,151,992
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	11,325,188	11,325,188
World Bank – THUSCP	-	-	-	54,187,185	54,187,185
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	19,661,447	19,661,447
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	2,500,000	-	8,022,896	10,522,896
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	145,484,885	145,484,885
Water and Sanitation Development Project	-	-	-	-	-
Total	1,846,413,129	2,800,095,650	2,797,595,650	3,092,229,164	10,536,333,593

County Government of Mandera
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June 2022

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 -Rec	1,447,689,045	2,016,459,426	1,419,448,705	1,861,177,757	6,744,774,933
County Executive -Dev	107,499,300	1,513,586,862	358,799,309	1,641,790,463	3,621,675,934
County Assembly -Rec	157,557,808	251,782,723	109,815,357	288,039,004	807,194,892
County Assembly -Dev	-	-	-	41,978,280	41,978,280
Transforming Health Systems for Universal Care Project (THUSP)	-	-	-	54,187,185	54,187,185
World Bank Kenya Climate Smart Agriculture (KCSAP) -	-	-	-	145,484,885	145,484,885
DANIDA Grant -Primary Health care in devolved context	-	-	-	17,744,813	17,744,813
SIDA Agricultural Sector Development Support Programme II (ASDSP II)	-	-	-	10,522,896	10,522,896
Word Bank-Emergency Locust Response Project (ILRP	-	-	-	19,661,447	19,661,447
Kenya Devolution Support Programme Level II	141,844,646	-	-	-	141,844,646
Kenya Urban Support Project (KUSP)	46,311,274	-	-	-	46,311,274
Total	1,900,902,073	3,781,829,011	1,888,063,371	4,080,586,730	11,651,381,185

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