

REPUBLIC OF KENYA



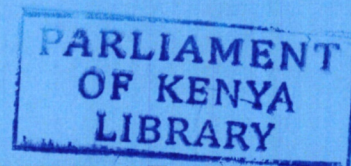
Enhancing Accountability



REPORT

PAPERS LAID	
DATE	31/5/2023
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OF



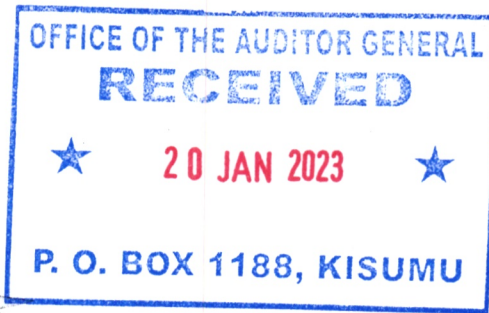
THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

**COUNTY GOVERNMENT
OF KISUMU**



COUNTY REVENUE FUND

(County Government of Kisumu)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022.

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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:

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

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	Mr. George Okongo
2.	Accounting Officer in charge of Finance	Wilson Opondo Abiero
3.	Director Accounting Services/Finance	CPA Keziah Okoth

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering;

- *Audit and Finance committee activities*
- *Senate Committee Activities*
- *County Assembly*
- *Development partner oversight activities*
- *Controller of Budget*
- *Office of the Auditor General*

(Provide a brief explanation on fiduciary activities undertaken during the financial year)

- ***Audit and finance committee activities***

The Internal Audit Department of the County Government of Kisumu ensures that the internal controls exist and are adhered to. The Internal Audit reports directly to the County Audit Committee.

- ***Parliamentary committee activities***

- ***County Assembly***

Assembly, Pursuant to the Constitution of Kenya, 2010 and the County Government Act, 2012, has fiduciary oversight role over the execution of the functions of the County Government; under Article 8(1) c) of the County Government Act, 2012, it approves the budget and expenditure of the county government in accordance with article 207 of the Constitution of Kenya; it approves the borrowings of the County Government in accordance with article 212 of the Constitution of Kenya, 2010;

- ***Development partner oversight activities***

e.) County Headquarters

County Government of Kisumu

P.O. Box 2738 – 40100,

KISUMU.

f.) County Contacts

Email: treasury@kisumu.go.ke

Website: www.kisumu.go.ke

Prosperity House 2nd floor

Telephone: (254) XXXXXXXX

e) County Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

f) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

g) Principal Legal Adviser

The County Attorney

Omollo -Agar Road

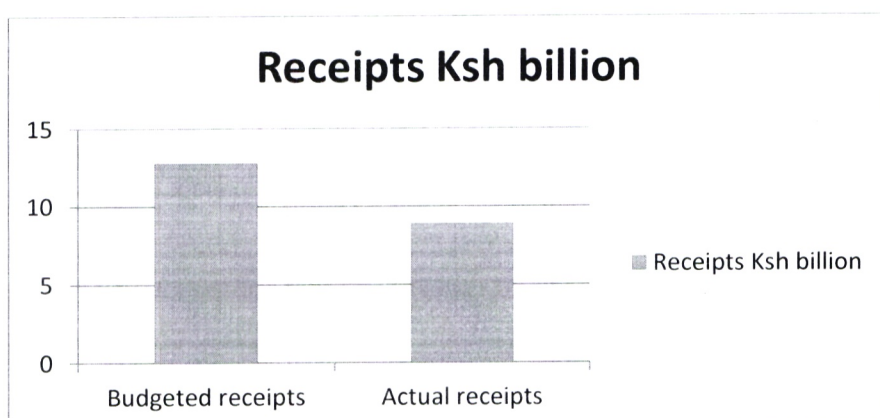
P.O. Box 2738

KISUMU, KENYA

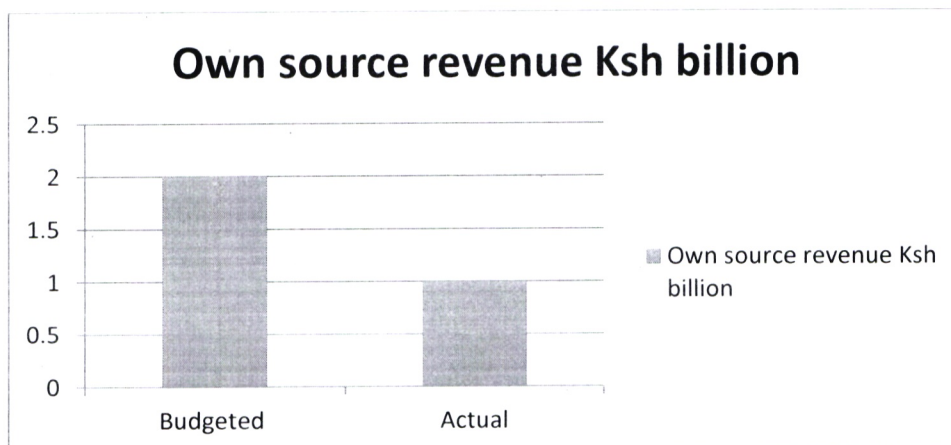
2. Statement by the CECM Finance

This report presents the performance of Kisumu County Revenue fund during the financial year 2021/2022. In compliance with the PFM Act sec 109 the County ensured all money raised or received by or on behalf of the County was paid into the County Revenue Fund, that all money authorized to be paid by the County Government or any of its entities for a public purpose was paid from the account without due delay and that the County Treasury obtained written approval of the Controller of Budget before withdrawing money from the Fund.

1. Revenue collection

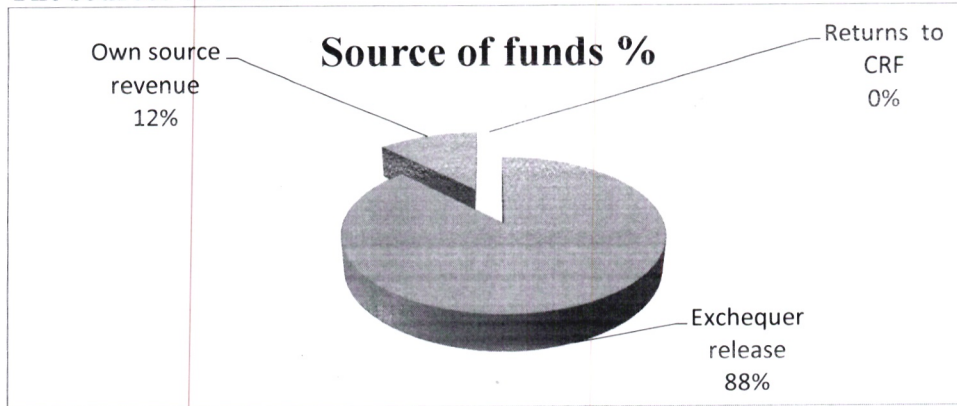


During the year ended 30th June 2022, the County budgeted receipts were Kshs 12 billion. The actual receipts were Kshs 8.9 billion.



The County collected Kshs 1,199,145,037 as own source revenue against a projection of Kshs 1,984,000,000.

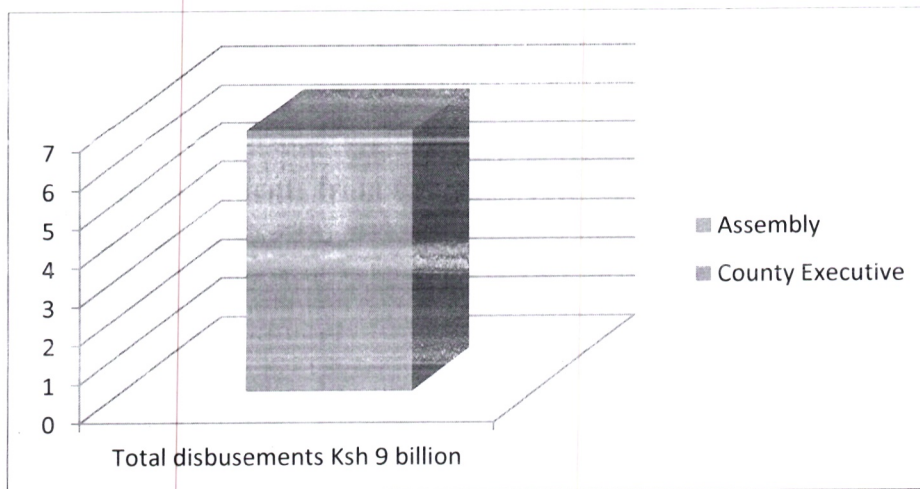
The sources of funds



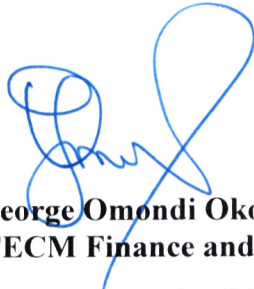
The County’s main source of funds is from exchequer at 88%. Own source revenue contributes 12% of receipts in the Revenue account. The County did not receive any funds from Government agencies during the year.

2. Disbursements from County Revenue fund

During the financial year, the county Transfers from CRF Totalised to Kshs9.2 billion against a budget of Ksh 12 billion. The County Executive received Ksh 8.4 billion and the County Assembly received Ksh 852 million.



In conclusion, the County undertakes to enhance its own source revenue to generate more funds for its future programs to reduce reliance on National Government. All disbursement to Departments and the Assembly shall be made in a timely manner to support their operations.



George Omondi Okong'o
CECM Finance and Economic Planning
COUNTY GOVERNMENT OF KISUMU

3. Management Discussion and Analysis

Overview of CRF performance in FY 2017-2022

Receipts

In the last five years the County Revenue fund has had varied performance in terms of expectations and realization of receipts. This is shown below

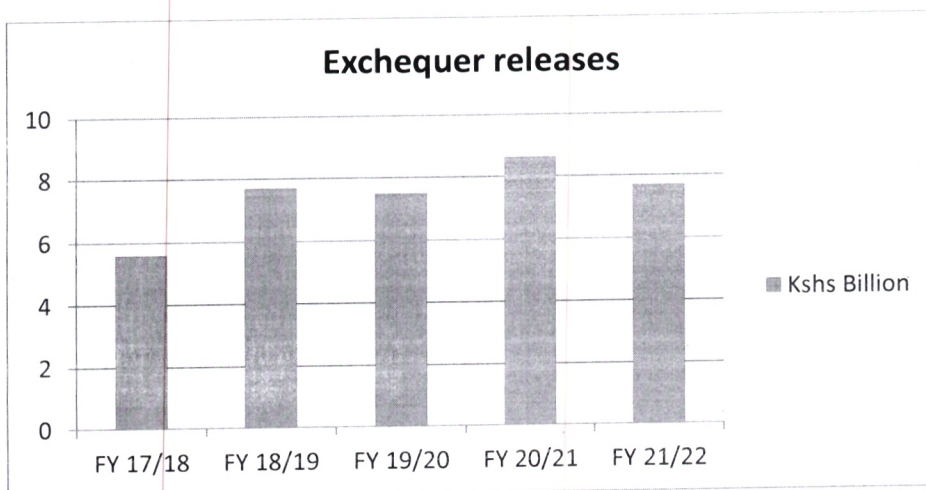
Financial Year	Budgeted	Actual	Variation	Realization %
17/18	9,214,720,064	7,110,477,654	2,104,242,077	77%
18/19	11,139,973,171	8,920,654,818	2,219,318,353	80%
19/20	11,499,036,874	8,733,502,114	2,765,534,761	76%
20/21	11,968,434,257	10,176,279,174	1,792,155,083	85%
21/22	12,177,852,473	8,947,393,994	1,437,319,553	73%

Estimated receipts have gradually increased from Ksh 9 billion to Ksh 12 billion while actuals has been fluctuated from Ksh 7 billion to Ksh 10 billion then to Ksh 8.9 billion. The best performance was in FY 20/21 where actual revenue realized was 85% of estimated receipts This good performance can be attributed to receipts of previous year exchequer releases during the year. The least performance is in FY 21/22 with 73% of realized revenue. This is attributed to under collection of own source revenue, unrealistic budgetary revenues and non- receipt of exchequer receipts.

Composition of receipts

The County Revenue Fund received receipts from exchequer releases, own source revenue and conditional grants. During the past five years the performance of these revenues have been as follows –

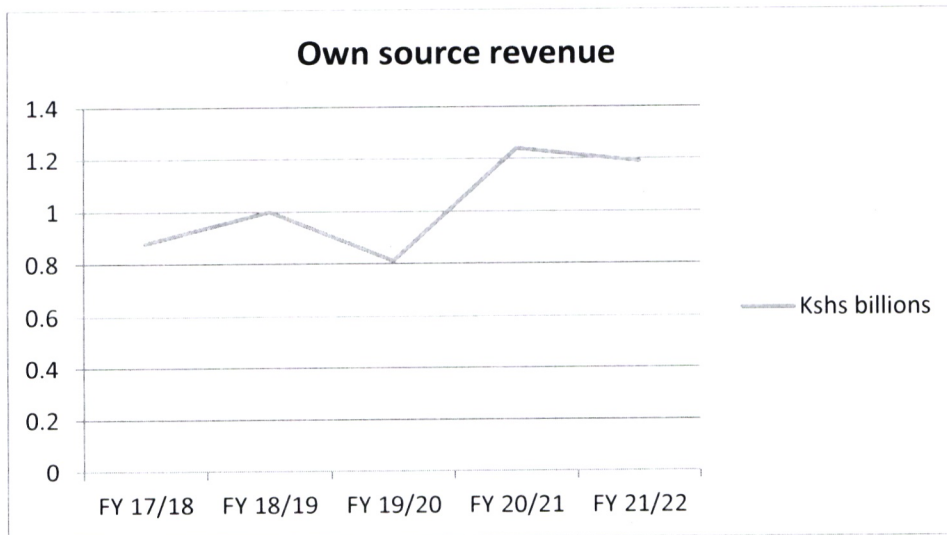
Exchequer Releases from FY 17-22



There has been a gradual increase of receipts from the Exchequer from Ksh 5 billion to Kshs 8 billion. This can be attributed mainly to increase in equitable share. The year 21/22 realized the

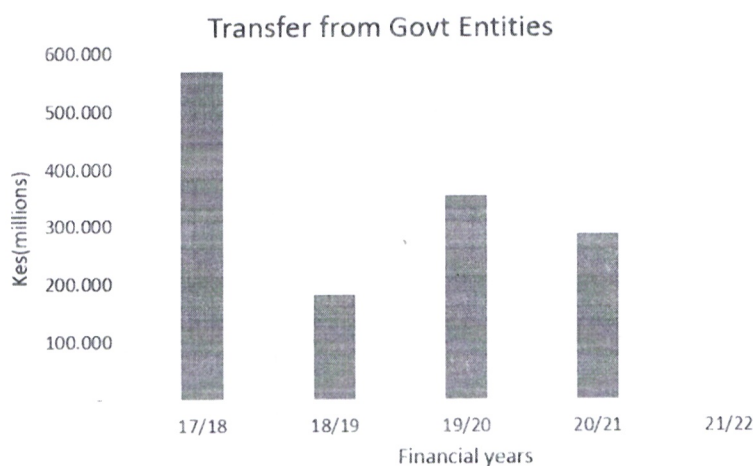
highest receipts of Ksh 10 billion from Kshs 8.7 billion the previous year. The growth arose from increase of 35% in own source revenue. Receipts in FY 21/22 decreased by Ksh 1 billion due to non- receipts of conditional grants and transfer from government agencies.

Own source revenue



During the FY 17/18 revenue generated was Ksh 800 million which has grown to a peak of Ksh 1.2 billion (33% growth) in 20/21. This growth was realized in revenue generated from hospital fees and advertising fees. The FY 21/22 realized a slight dip in revenues to Ksh 1.1 billion. The decrease in revenue in FY 19/20 from Ksh 1 billion to Ksh 810 million (20%) has been attributed to the impact of Covid-19 mitigating measures.

Transfer from government entities



The County received the highest receipts of transfer in the FY 17/18 of Kshs 569 million. In the FY 21/22 there was no receipt of government transfers. This affected implementation of development programs during the year.

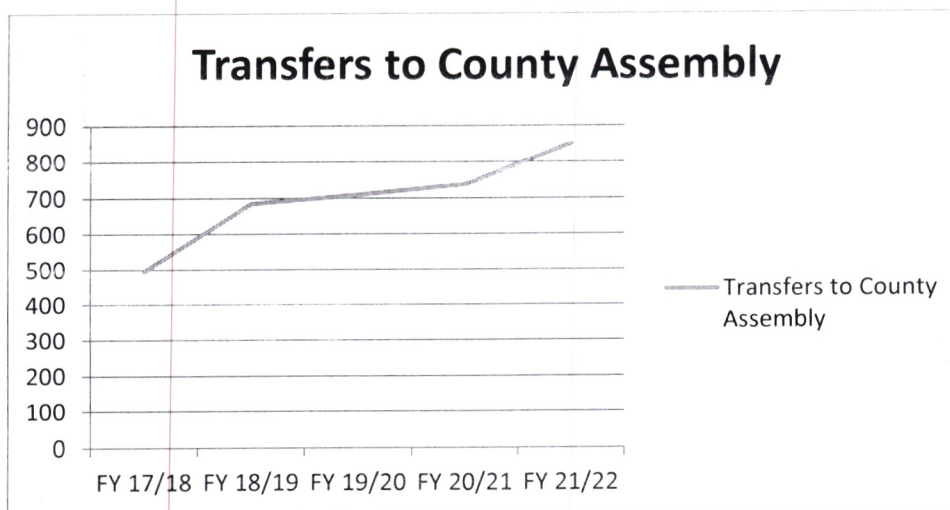
Payments

Absorption of Funds

	Budgeted estimates	Actual transfer to County Executive	Variance	% realization
FY 17/18	9,214,720,064	6,146,065,496	3,068,654,568	66%
FY 18/19	11,139,973,371	9,069,941,945	2,070,031,426	81%
FY 19/20	11,499,036,874	8,204,175,984	3,294,860,890	71%
FY 20/21	11,968,434,257	7,585,461,416	4,382,972,841	63%
FY21/22	11,248,535,017	8,404,407,350	2,844,127,667	75%

The amount of transfers made from the County Revenue Fund relies on receipts from Exchequer releases, own source revenue and transfers from government agencies. Shortfalls have a negative impact on utilization of funds. This has been the case for the all financial years under review. The highest utilization of funds was in FY 18/19 (81%). This was due to timely receipt of equitable share revenue and transfer from government agencies. The lowest absorption rate was during the FY20/21(63%). This was due to unrealized budgetary receipts from domestic and foreign grants that had a shortfall of Kshs 1.4 billion. Shortfall of own source revenue has been a common occurrence in all the financial year. This had a negative impact on planned development programs.

Transfers to County Assembly



Transfers to the County Assembly have gradually increased from Kshs 495 million in FY 17/18 to Kshs 894 million(44%) in FY 21/22. This growth has been realized due to increased allocation to County Assemblies by legislation. These transfers have been affected by late disbursement of funds from National Treasury during the end of the financial year. This occurred in Fy 19/20 to Fy 21/22.

In conclusion, the County needs to improve on meeting its budgetary targets to realize its objectives. This will include enhancing own source revenue and drawing a realistic budget. The National Treasury should support the County by releasing funds in a timely manner for proper cash flow plans management.



Wilson Opondo Abiero
CHIEF OFFICER FINANCE

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 County Revenue Fund's financial statements were approved and signed on 30th Sept, 2022.

Signature _____



Name : Wilson Opondo Abiero

Chief Officer - Finance

County Government of Kisumu

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.

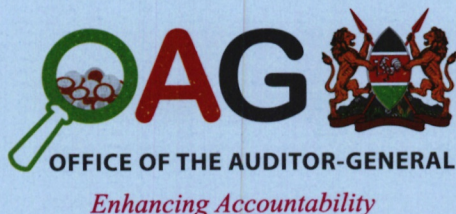
Financial Reporting requirements

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: Wilson Opondo Abiero
Chief Officer – Finance

REPUBLIC OF KENYA



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

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

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

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 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 set out on pages 1 to 10, which comprise of the statement of receipts 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, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the statement of receipts and payments for the year ended 30 June, 2022, and the statement of comparison of budget and actual amounts for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

Fund Balance

The statement of receipts and payments reflects a fund balance of Kshs.1,733,026,958 and opening balance of Kshs.2,131,924,346 as disclosed in Note 7 to the financial statements. However, the balance reported in the County Government of Kisumu Executive's financial statements is Kshs.773,964,398, resulting in unexplained variance of Kshs.959,062,560.

In the circumstances, the accuracy and validity of the financial statements as at 30 June, 2022 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 – Kisumu County 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.

Other Matter

Delay of Exchequer Releases

Review of records maintained by the County Executive in relation to Exchequer releases revealed that the County Executive received Equitable Share of Revenue totalling to Kshs.7,384,048,098. However, amount totalling to Kshs.1,404,574,367 which is 19% of the total receipts was received between 26 May and 17 June, 2022. No reason has been provided for the delay in the disbursement of the funds.

The delay in Exchequer releases may have resulted in low absorption of the budget and this may have affected the development programmes of the County Government and provision of services to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 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 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 the 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

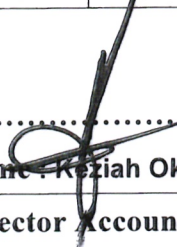
Nairobi

17 April, 2023

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

		2021/22	2020/21
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	7,658,076,861	8,641,655,246
Transfers from other government agencies	2	0	286,441,381
Other grants			
Proceeds from Domestic Borrowing			
Proceeds from Foreign Borrowing			
Own Source Revenue	3	1,199,145,037	1,248,063,960
Return to CRF issues	4	1,034,742	118,587
Total Receipts		8,858,256,640	10,176,279,174
Payments			
Transfers to County Executive	5	8,404,407,350	8,928,096,627
Transfers to County Assembly	6	852,746,678	738,793,294
Other Transfers			
Total Payments		9,257,154,028	11,227,107,454
Net increase (decrease) in cash for the year		(398,897,388)	1,050,828,280
Add Opening fund balance b/f	7	2,131,924,346	1,081,096,066
Closing Fund balance for the period	7	1,733,026,958	2,131,924,346

.....

 Name: Wilson Opondo Abiero
 Ag. Chief Officer - Finance
 ICPAK Member No
 Date: 30th Sept, 2022.

.....

 Name: Reziah Okoth
 Director Accounting Services
 ICPAK Member No. 4499
 Date: 30th Sept, 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 %
Receipts	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Exchequer releases	10,162,176,294	(687,823,144)	9,474,353,150	7,658,076,861	1,816,276,289	80
Transfers from other government agencies						
Other conditional grants						
Proceeds from Domestic Borrowing						
Proceeds from Foreign Borrowing						
Own Source Revenue	1,984,000,003	0	1,984,000,003	1,199,145,037	784,854,975	60
Return to CRF issues	719,499,320	0	719,499,320	1,034,742	718,464,578	
Total Receipts	12,865,675,617	(687,823,144)	12,177,852,473	8,858,256,640	3,319,595,842	72
Payments						
Transfers to County Executive	11,936,358,161	(687,823,144)	11,248,535,017	8,404,407,350	2,844,127,667	75
Transfers to County Assembly	929,317,456	0	929,317,456	852,746,678	76,570,778	92
Others						
Total Payments	12,865,675,617	(687,823,144)	12,177,852,473	9,257,154,028	2,920,698,445	76
Balance				(398,897,388)		

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.

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:

	2021/22	2020/21
	Kshs.	Kshs.
Equitable Share (a)	7,384,048,098	7,424,330,400
DANIDA	7,573,500	19,440,000
World Bank-Kenya Devolution Support Programme(KDSP)		45,000,000
Conditional Allocations-Development of Youth Polytechnics		45,349,894
World Bank Grant for THS	51,445,867	56,177,888
Level 5 conditional Grant		369,017,340
Conditional allocations compensation for user fees foregone		21,299,489
EU Grant for instruments for devolution advice (IDEAS)	31,676,176	
IDA (World Bank) Climate Smart Agri Project (KCSAP)	160,534,810	229,626,281
IDA (World Bank) Kusp (UDG)		420,678,540
Sweden ASDSP	22,798,410	10,735,414
EU Water tower protection and Climate change mitigation(SEACAP)		0
UNICEF		0
Level 5 hospitals (b)		
Others (<i>Specify</i>) (c)		
Total (d=a+b+c)	7,658,076,861	8,641,655,246

2. Transfers from other government agencies**

	2021/22	2020/21
	Kshs.	Kshs.
Road Maintenance Levy	0	203,758,537
KDSP Level 2 for Covid-19-Ministry of Devolution	0	82,682,844
Development of Youth Polytechnics-State Department of TVETS		
User Fees Foregone -Ministry of Health		

County Government of Kisumu

County Revenue Fund

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

	2021/22	2020/21
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health		
World Bank-NARIGP-State Department of Crop Development		
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development		
DANIDA Grant -Primary Health care in devolved context - Ministry of Health		
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation and Irrigation		
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development		
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development		
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development		
UNFPA-9th County Programme Implementation -Ministry of Health		
EU Grant (Instruments for Devolution Advice and Support-(IDEAS)-State Department of Devolution		
KfW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation and Irrigation		
TOTAL	0	286,441,381

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

3. Own Source Revenue

Description	2021/22	2020/21
	Kshs.	Kshs.
Cess	12,126,727	15,132,613
Land/Poll rate	97,322,161	131,977,762
Single/Business permits	174,027,421	180,419,311
Property rent	18,176,177	24,766,887
Parking fees	159,818,700	188,575,320

County Government of Kisumu

County Revenue Fund

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

Market fees	59,712,910	67,223,506
Advertising	123,654,332	106,350,456
Hospital fees	452,052,685	313,213,516
Public health service fees	4,271,630	71,526,600
Physical planning and development	26,841,190	96,748,603
Hire of County Assets	906,200	1,025,100
Conservancy administration	1,323,590	1,124,120
Administration control fees and charges	18,500,000	1,477,530
Park fees	0	15,375,955
Other fines, penalties, and forfeiture fees	222,801	
Miscellaneous	50,188,513	33,126,681
Others (<i>Specify</i>)		
Total	1,199,145,037	1,248,063,960

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

Notes to the Financial Statements (Continued)

4. Return to CRF Issues

Recurrent Account (<i>County Executive</i>)	5,360	20,196
Development Account (<i>County Executive</i>)	293,636	98,391
Recurrent Account (<i>County Assembly</i>)	735,746	0
Development Account (<i>County Assembly</i>)	0	0
Others (<i>Specify</i>)		
Total	1,034,742	118,587

(*Explain why*)

5. Transfers to County Executive

	Kshs.	Kshs.
Recurrent Account	6,974,691,423	5,843,786,341

County Government of Kisumu

County Revenue Fund

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

Development Account	1,429,715,927	3,084,310,286
Special purpose Accounts		
Others (<i>Specify</i>)		
Total	8,404,407,350	8,928,096,627

(*Explain as per County Appropriation Act*)

Notes to the Financial Statements (Continued)

6. Transfers to County Assembly

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	764,317,456	738,793,294
Development Account	88,429,222	0
Special purpose accounts		
Others (<i>Specify</i>)		
Total	852,746,678	738,793,294

(*Explain as per County Appropriation Act*)

7. Fund balance

	2021/22	2020/21
	Kshs.	Kshs.
County Exchequer Account - (<i>CBK Account number 1000171488</i>)	1,733,026,958	2,131,924,346
Total	1,733,026,958	2,131,924,346

11. 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)

.....
Name : Ag. Wilson Opondo Abiero
ICPAK Member No
Date: 30th Sept.2022

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

Descriptions	Quarter 1	Quarter 2	Quarter 3	Quarter4	Total
Equitable share CRF	1,324,312,974.00	2,006,534,809.00	1,324,312,974.00	2,728,887,341.00	7,384,048,098.00
DANIDA	0.00	0.00	0.00	7,573,500.00	7,573,500.00
World Bank-Kenya Devolution Support Programme(KDSP)		0.00	0.00	0.00	0.00
Conditional Allocations-Development of Youth Polytechnics	0.00	0.00	0.00	0.00	0.00
World Bank Grant for THS	0.00	0.00	0.00	51,445,866.45	51,445,866.45
WORLD BANK Grant for Devolution advice	0.00	0.00	0.00	0.00	0.00
Level 5 conditional Grant	0.00	0.00	0.00	0.00	0.00
Conditional allocations compensation for user fees foregone	0.00	0.00	0.00	0.00	0.00
Conditional allocations for leasing of medical equipment	0.00	0.00	0.00	0.00	0.00
Conditional allocations for RMLF	0.00	0.00	0.00	0.00	0.00
EU Grant for instruments for devolution advice (IDEAS)		0.00	0.00	0.00	0.00
IDA (World Bank) Climate Smart Agri Project (KCSAP)	0.00	0.00	0.00	160,534,810.30	160,534,810.30
IDA (World Bank) Kusp (UDG)	0.00	0.00	0.00	0.00	0.00
IDA (World Bank) Kusp (urban Institutional Grant)	0.00	0.00	0.00	0.00	0.00
UHC Funds	0.00	0.00	0.00	0.00	0.00
Sweden ASDSP	0.00		0.00	22,798,410.00	22,798,410.00
EU Water tower protection and Climate change mitigation(SEA	0.00	0.00	0.00		0.00
UNICEF					0.00
COVID-19 FUND	0.00	0.00	0.00	0.00	0.00
World Bank-Kenya Informal Settlement Improvement Project(K	0.00	0.00	0.00	0.00	0.00
Total share of National Revenue	1,324,312,974.00	2,006,534,809.00	1,324,312,974.00	2,971,239,927.75	7,626,400,684.75

Annex 3: Analysis of Transfers from the County Revenue Fund

Period (2021/22)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,134,619,233	2,321,474,175	1,456,115,093	2,062,482,922	6,974,691,423
County Executive -Dev	0	352,074,412	236,569,792	841,071,723	1,429,715,927
County Assembly -Rec	103,491,575	233,445,168	178,546,000	263,834,713	764,317,456
County Assembly -Dev	0	0	0	88,429,222	88,429,222
Special Purpose A/c (Specify)					
Total	1,238,110,808	2,906,993,755	1,871,230,885	3,255,818,580	9,257,154,028

CLP - Annex 3



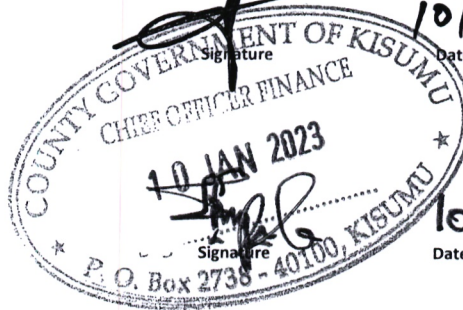
THE COUNTY GOVERNMENT OF KISUMU
Office of the County Treasury

General Journal

Date	Account Title and Explanations	Debit (kshs)	Credit (kshs)
10/1/2023	Revenue Bank Being correction of understated revenue realised in the FY 2021/2022	31,676,176.00	31,676,176.00
	Total	31,676,176.00	31,676,176.00

Prepared by: MAURICE OKOTH

Approved by: WILSON ABIERO



10/01/2023

10/01/2023