

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

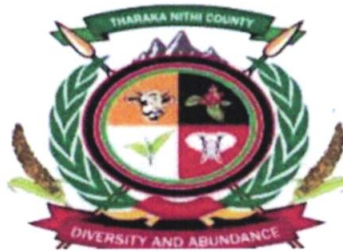
**COUNTY REVENUE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**COUNTY GOVERNMENT OF  
THARAKA-NITHI**

PAPERS LAID	
DATE	27/2/2025
TABLED BY	Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Angela

# REPUBLIC OF KENYA



## COUNTY GOVERNMENT OF THARAKA NITHI

### COUNTY REVENUE FUND

## ANNUAL REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED

**30<sup>th</sup> JUNE, 2024**

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

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## 1. Acronyms and Glossary of Terms

ASDSP	Agriculture Sector Support Programme
B/F	Brought Forward
CA	County Assembly
CARA	County Revenue Allocation Act
CBK	Central Bank of Kenya
CECM	County Executive Committee Member
COB	Controller of Budget
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
ECDE	Early Child Development Education
FS	Financial Statement
FLLoCA	Financing Locally Led Climate Action
FY	Financial Year
IFMIS	Integrated Financial Management Information System
IPSAS	International public Sector Accounting Standards
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Program
KWASH P for R	Kenya Water Sector and Sanitation
PFMA	Public Finance Management Act, 2012
PSAB	Public Sector Accounting Standards Board
THSUCP	Transforming Health System for Universal Care Project
UDG	Urban Development Grant
UIG	Urban Institutional Grant

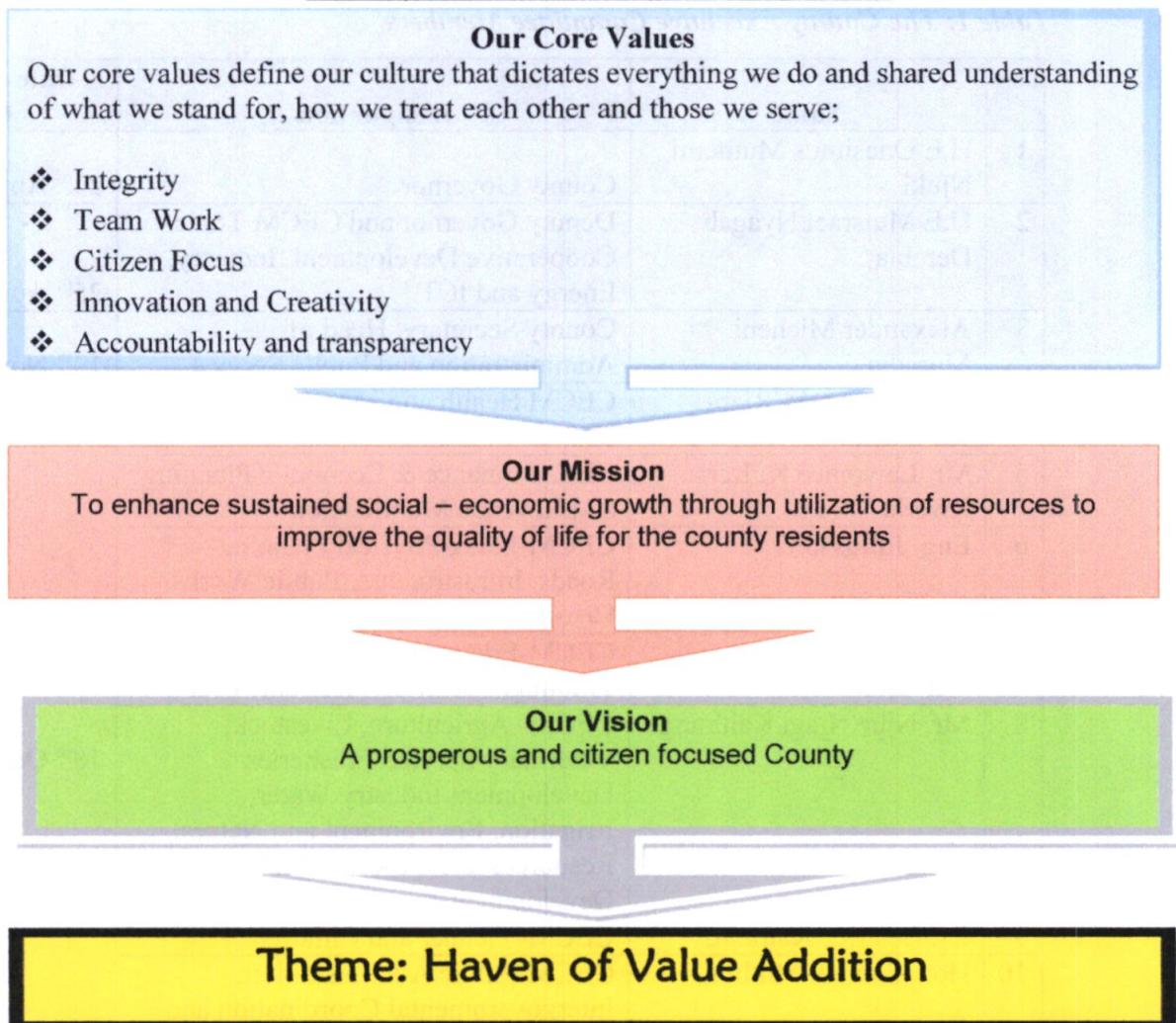
## 2. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

Tharaka-Nithi County (County Number 013) is one of the 47 counties constituted as per the Constitution of Kenya, 2010 located in Kenya's former Eastern Province. The County has six (6) Sub Counties namely Chuka, Igambang'ombe, Maara, Muthambi, Tharaka South and Tharaka North. The County covers approximately 2,609 Km<sup>2</sup> with human population of 393,177 as per 2019 census.

County Government of Tharaka Nithi is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction as per Fourth Schedule of Constitution of Kenya 2010.

### County Government of Tharaka Nithi



The county is headed by the County Governor **H.E Onesimus Muthomi Njuki** who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution.

**b) Key Management**

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

- The Office of the Governor
- Finance, Economic Planning and Revenue Mobilization
- Medical Services and Public Health
- Roads, Infrastructure and Public Works and Urban Development
- Land, Environment, Physical Planning and Natural Resources
- Agriculture, Livestock, Veterinary, Fisheries and Co-operative Development
- Water and Irrigation
- Education, Vocational Training, Youth, Sports, Culture and Tourism
- Public Service, Administration and Devolution Affairs

**Table 1: The County Executive Committee Members**

	<b>Name</b>	<b>Designation</b>	<b>Date of Holding Office</b>
1	H.E Onesimus Muthomi Njuki	County Governor	23 <sup>rd</sup> August 2017
2	H.E Muisrael Nyagah Derebia	Deputy Governor and CECM Trade, Cooperative Development, Industry, Energy and ICT	25 <sup>th</sup> August 2022
3	Alexander Micheni Muratha	County Secretary, Head of Administration and Public Service	14 <sup>th</sup> November 2022
4	Dr Gichuiya M'Riara Nthuranku	CECM Health and Medical Services & ICT	18 <sup>th</sup> October 2022
5	Mr. Lawrence K. Ileri Rweria	CECM Finance & Economic Planning and Revenue Mobilization	
6	Eng. Julius Giti	CECM-Land, Physical Planning Roads, Infrastructure, Public Works, Urban Development, Housing	
7	Mrs. Dorothy I.K. Naivasha	CECM-Education, Vocational Training, Social Services and Tourism	
8	Mr. Njue Njagi Kaithungu	CECM- Agriculture, Livestock, Veterinary Services, Fisheries Development Industry Water, Irrigation, Environment and Natural Resources and Co-operative Development.	
9	Dr. Beatrice Kathomi	CECM- Gender and Children	
10	Hon. Samuel Muthini	CECM-Public Administration, Intergovernmental Coordination and Devolution Affairs	
11	Ms. Moreen Nyambura	CECM – Youth, Sports, Culture and Tourism	

**c) Fiduciary Management**

The key management personnel who held office during the year ended **30<sup>th</sup> June 2024** and who had direct fiduciary responsibility were:

**Table 2: Fiduciary Responsibility**

	<b>Name</b>	<b>Designation</b>
1	Lawrence Ileri Rweria	CECM – Finance and Economic Planning
2	Wycliffe Kinyua Kabinga	Chief Officer – Finance and Economic Planning
3	Aggrey Karani	Chief Officer – Medical Services and ICT
4	Rose Gakii Micheni	Chief Officer – Public Health and Sanitation
5	Faith Kalunda Kyuga	Chief Officer – Roads, Infrastructure, Public Works and Urban Development
6	Peter Kimathi Njeru	Chief Officer – Agriculture, Livestock and Co-operatives
7	Ignatius Mugambi Kigwari	Chief Officer – Revenue and Resource Mobilization
8	Jonathan Mwiti Nyaga	Chief Officer – Education and Vocational Training
9	Kelly Karimi Rwigi	Chief Officer – Gender, Children and Social Services
10	James Mbae Karuku	Chief Officer – Land, Physical Planning and Housing
11	Loise Wanja Mutua	Chief Officer – Water and Irrigation
12	Peterson Mwirigi Kathanya	Chief Officer – Environment and Natural Resources
13	Gibson Gikundi Nkonge	Chief Officer – Public Admin, Intergovernmental Coordination and Devolution Affairs
14	Wilberforce Muriungi Ntwiga	Chief Officer- Youth and Sports
15	Anthony G. Kiruja	Chief Officer- Fisheries
16	Irene Nkirote Muriungi	Chief Officer- Culture and Tourism
17	Benson Kimathi Njeru	Chief Officer- Energy, Trade and Industry

**d) Fiduciary Oversight Arrangements**

➤ **County Executive Audit Committee**

The county executive in accordance to PFM Act, 2012 Section 155 (5) and PFM Regulations, 2015 Section 167 appointed members to Internal Audit Committee for a period of three years with effect from 10<sup>th</sup> July 2023 Gazette Notice 8295 published on 15<sup>th</sup> July 2023.

**Table 3: Audit Committee Members**

<b>No</b>	<b>Name</b>	<b>Position</b>
1	Washington Muthomi Kithinji	Chairman
2	Julius Mutinda	Member
3	Naftary Muthomi	Member
4	Saturnina Mutegi	Member
5	Lawrence Mutugi Micheni	Member Representing County Treasury

➤ **County Budget and Economic Forum (CBEF)**

The County Executive in accordance to PFM Act, 2012 Section 137 (1) and (2) C appointed members to County Budget and Economic Forum for a period till new government will be appointing new members with effect from 1<sup>st</sup> July 2023 as per gazette Notice No. 8496 dated 9<sup>th</sup> June 2023

*Table 4: CBEF Members*

No	Name	Position
1	H.E Onesmas Muthomi Njuki	Governor / Chairman
2	All CEC Members	Members
3	Charles Murithi Kithinji	Member
4	Faith Njeri	Member
5	Justus Mwiti Kanga	Member
6	Kellen Karimi Karingi	Member
7	Dr. Purity Muthoni Nkoroi	Member
8	Albano Kiania	Member
9	Bishop Samuel Njagi	Member
10	Dorcasius Nyaga	Member
11	Dr. Stanley Gitonga Mbaka	Member

Other Fiduciary Oversight Bodies include:

- County Assembly of Tharaka Nithi
- Senate of Kenya - Public Accounts and Investment Committee

**e) Entity Headquarters**

County Headquarters Building  
Kathwana Town  
P.O. Box 10-60406

**KATHWANA**

**f) County Executive Contacts**

Telephone: **0800720370**  
Email: [info@tharakanithi.go.ke](mailto:info@tharakanithi.go.ke)  
Website: [www.tharakanithicounty.go.ke](http://www.tharakanithicounty.go.ke)

**g) Entity Bankers**

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

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**j) The County Attorney**

The County Attorney  
County Government of Tharaka Nithi  
P.O. Box 10 - 60406  
**KATHWANA**

### 3. STATEMENT BY THE CECM FINANCE

It is my pleasure to present the County Government of Tharaka Nithi – County Revenue Fund, Report and Financial Statements for the year ended **30<sup>th</sup> June, 2024**

During the period under review, the Fund total revenue amounted to **Ksh. 5,213,546,579** comprising of exchequer releases, transfer from other government agencies, own sources of revenue swipe to CRF, unspent balances returned to CRF and balances brought forward. This was against the approved revenue budget of Ksh. 6,500,496,127 representing 80% level of performance.

The payments from the Fund amounted to **Ksh. 5,204,013,807** been transfers to County Executive and County Assembly. This was against the approved revenue budget of Ksh. 6,500,496,127 representing 80% level of performance.

Finally, I take this opportunity to thank His Excellency Governor Muthomi Njuki, Members of County Assembly, county government of Tharaka Nithi employees and all stakeholders including tax payers for supporting the government in its execution of its mandate.

Thank you very much and God bless Tharaka Nithi County



Sign.....10<sup>th</sup> July 2024

**Lawrence K. Ireri Rweria**

**CECM – Finance, Economic Planning and Revenue Mobilization**

#### **4. MANAGEMENT DISCUSSION AND ANALYSIS**

##### **(i) Financing of the County Governments**

The major source of budget financing is equitable share of revenue. Article 202 of the Constitution of Kenya 2010, provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County receives funding from conditional grants from National Government and international development partners namely World Bank and Danish International Development Agency (DANIDA). Such grants include ELRP, FLOCCA, ASDSP, KCSAP and KUSP, KWASH, NVCDP, DRIVE, ABDP and Aggregated Industrial Park.

The County also finances its operations through own generated revenues. These are revenues collected within the County as approved under County Finance Act. The key own source revenue for Tharaka Nithi County included business permits, land rates, business plan approval, advertising fees, cess and various other administrative charges. The County continues to explore new and more innovative ways of increasing its own source of revenue collections.

Amount of unspent fund balances relate to money that was not utilized during the previous financial year. Such balances are carried forward and re-appropriated during the subsequent financial year.

The table below analyses the revenue realization for the year ended **30<sup>th</sup> June, 2024**

County Government of Tharaka Nithi  
 County Revenue Fund  
 Annual Report and Financial Statements  
 For the Year ended 30 June, 2024

**Table: 5 Summary of Revenue Realization**

	Source of Revenue	Original Budget (Ksh)	Budget Supplementary Adjustment (Ksh)	Revised Approved Budget FY (Ksh)	Actual Cumulative Receipts (Ksh)	Level of Realization (%)
1	Equitable Share of Revenue	4,378,234,821	-	4,378,234,821	4,027,976,038	92%
2	Danida Grant	7,161,000	7,695,750	14,856,750	7,161,000	48%
3	ASDSP Grant	1,785,670		1,785,670	2,285,670	128%
4	Community Health Promoters	0	22,137,500	22,137,500	-	0%
5	Kenya Climate Smart Agriculture (KCSAP)	90,000,000		90,000,000	-	0%
6	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000		250,000,000	195,112,952	78%
7	Aggregated Industrial Parks	250,000,000	(100,000,000)	150,000,000	-	0%
8	Livestock Value Chain	28,647,360		28,647,360	-	0%
9	De-Resking and Value Chain Enhancement (DRIVE)	63,341,980		63,341,980	-	0%
10	KWASH PforR	213,000,000	(113,000,000)	100,000,000	-	0%
11	Aquaculture Business Development Programme	12,810,384		12,810,384	-	0%
12	Equalization Fund	77,518,042	(77,518,042)	0	-	0%
13	Leasing of Medical Equipment	124,723,404		124,723,404	-	0%
14	Emergency Locust Response Project	105,805,161		105,805,161	104,620,428	99%
15	Kenya Informal Settlement Project	80,000,000	12,630,231	92,630,231	92,630,231	100%
16	Supplement of Construction of HQ	103,160,000	-	103,160,000	-	0%
17	Financing Local Led Climate Action	136,000,000	69,050,000	205,050,000	104,989,776	51%
18	Crop Subsidy Program	-	71,299,830	71,299,830	-	0%
19	Own Sources of Revenue	400,000,000	50,670,000	450,670,000	448,844,478	100%
20	Return to CRF	-	-	-	138,106	100%
21	Unspent Balance Brought Forward	-	253,643,267	253,643,267	229,787,900	91%
	<b>Total Budget</b>	<b>6,322,187,822</b>	<b>196,608,536</b>	<b>6,518,796,358</b>	<b>5,213,546,579</b>	<b>80%</b>



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

### **Background**

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

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

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

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

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

### **Financial Reporting requirements**

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

This statement therefore covers the operations of the County Exchequer Account for the financial year ended **30<sup>th</sup> June 2024**.

Signature: 

Lawrence K. Ileri Rweria

**CECM – Finance, Economic Planning and Revenue Mobilization  
County Government of Tharaka Nithi**

**Date: 10<sup>th</sup> July 2024**

## **6. STATEMENT OF MANAGEMENT RESPONSIBILITY**

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

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at **30<sup>th</sup> June, 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 Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Chief 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 period ended **30<sup>th</sup> June, 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 Chief Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (*where applicable*). Further, Chief 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 **10<sup>th</sup> July 2024**



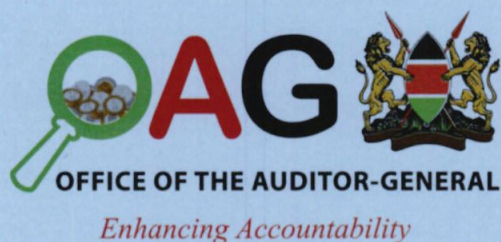
**Signature** \_\_\_\_\_

Wycliffe Kinyua Kabinga

**Chief Officer – Finance and Economic Planning**  
**County Government of Tharaka Nithi**

# 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 THARAKA-NITHI**

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### PREAMBLE

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

- A. Report on 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.
- 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 internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Revenue Fund – County Government of Tharaka-Nithi set out on pages 1 to 10, which comprise of the statement

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*Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2024 - County Government of Tharaka-Nithi*

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, the financial statements present fairly, in all material respects, the financial performance of County Revenue Fund – County Government of Tharaka Nithi as at 30 June, 2024 in accordance with International Public Sector Accounting standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund – County Government of Tharaka Nithi Management in accordance with ISSAI 130 on the 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final budget on total receipts and actual on comparable basis of Kshs.6,518,796,358 and Kshs.5,213,546,579 respectively resulting to underfunding of Kshs.1,305,249,779 or 20%. Similarly, the Fund spent Kshs.5,204,013,807 against actual receipts of Kshs.5,213,546,579 resulting to underutilization of Kshs.9,532,772 or 0.2% of the actual receipts.

The underfunding and underutilization affected the implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **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. There were no key audit matters to report in the year under review.

### **Other Information**

The Management is responsible for the other information set out on page ii to vi which comprise of Fund Key Information and Management, Statement by the CEC Member,

Finance and Economic Planning, Fund Management Discussion and Analysis, Overview of the County Revenue Fund – County Government of Tharaka Nithi Operations and the Statement of Fund Management responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Revenue Fund – County Government of Tharaka Nithi 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE 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.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 THE 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 controls, 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 Basi) 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 continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply 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**

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 for 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 ISSAIs 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

19 December, 2024

**8. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE, 2024**

		2023/2024	2022/2023
	Notes	Ksh.	Ksh.
<b>Receipts</b>			
Equitable Share	1	4,027,976,038	4,551,334,482
Transfers from other Government Agencies	2	506,800,057	238,795,699
Own Source Revenue	3	448,844,478	263,519,894
Return to CRF issues	4	138,106	57,891
<b>Total Receipts</b>		<b>4,983,758,679</b>	<b>5,053,707,966</b>
<b>Payments</b>			
Transfers to County Executive	5	4,686,907,742	4,472,918,005
Transfers to County Assembly	6	517,106,065	534,983,755
<b>Total Payments</b>		<b>5,204,013,807</b>	<b>5,007,901,760</b>
Net increase (decrease) in cash for the Year		<b>(220,255,128)</b>	<b>45,806,206</b>
Add: Opening fund Balance	7	229,787,900	183,981,694
<b>Closing Fund Balance for the Year</b>		<b>9,532,772</b>	<b>229,787,900</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Tharaka Nithi County Revenue Fund Financial Statements were approved on 10<sup>th</sup> July 2024 and signed by:



Wycliffe Kinyua Kabinga  
 Chief Officer, Finance and Economic Planning



CPA. E.K Nduati  
 Director Accounting Services  
 ICPAK Reg.No.6720

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**9. STATEMENT OF COMPARISON OF BUDGET ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2024**

Receipt/Payments	Original Budget A	Adjustments B	Final Budget e=a+b	Actual on Comparable Basis d	Budget Realization Difference e=c-d	% of Realization f=d/c %
<b>Receipts</b>	Ksh.	Ksh.	Ksh.	Ksh.	Ksh/	
Exchequer releases	4,378,234,821	0	4,378,234,821	4,027,976,038	(350,258,783)	92%
Transfers from other Gov. Agencies	1,543,953,001	(107,704,731)	1,436,248,270	506,800,057	(929,448,213)	35%
Own Source Revenue	400,000,000	50,670,000	450,670,000	448,844,478	(1,825,522)	100%
Return to CRF issues	-	-	-	138,106	138,106	100%
Unspent Balances Brought Forward	-	253,643,267	253,643,267	229,787,900	(23,855,367)	91%
<b>Total Receipts</b>	<b>6,322,187,822</b>	<b>196,608,536</b>	<b>6,518,796,358</b>	<b>5,213,546,579</b>	<b>(1,305,249,779)</b>	<b>80%</b>
<b>Payments</b>						
Transfers to County Executive Recurrent	3,256,637,907	564,477,076	3,821,114,983	3,519,592,930	(301,522,053)	92%
Transfers to County Executive Development	2,461,033,319	(327,868,540)	2,133,164,779	1,167,314,812	(965,849,967)	55%
Transfers to County Assembly Recurrent	544,516,596		544,516,596	512,296,065	(32,220,531)	94%
Transfers to County Assembly Development	60,000,000	(40,000,000)	20,000,000	4,810,000	(15,190,000)	24%
<b>Total Payments</b>	<b>6,322,187,822</b>	<b>196,608,536</b>	<b>6,518,796,358</b>	<b>5,204,013,807</b>	<b>(1,314,782,551)</b>	<b>80%</b>
<b>Surplus / (Deficit)</b>	-	-	-	9,532,772		

## **10. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

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

### **c) Receipts**

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

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

Transfers from the exchequer 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.

**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. Equitable Share Revenue**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Ksh</b>	<b>Ksh.</b>
Exchequer Release Quarter 1	722,408,746	1,032,478,656
Exchequer Release Quarter 2	1,094,558,706	695,342,768
Exchequer Release Quarter 3	722,408,746	695,342,768
Exchequer Release Quarter 4	1,488,599,840	2,128,170,290
<b>Total</b>	<b>4,027,976,038</b>	<b>4,551,334,482</b>

**2. Transfers from Other Government Agencies**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Ksh.</b>	<b>Ksh.</b>
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development	-	98,599,181
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	7,161,000	12,624,750
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	2,285,670	16,071,032
Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	104,620,428	67,160,821
Financing Locally Led Climate Action (FLLoCA)	104,989,776	22,000,000
Kenya Informal Settlement Improvement Project (KISIP)	92,630,231	20,000,000
Kenya Urban Support Programme (KUSP)	-	2,339,915
National Agriculture Value Chain Dev. Project (NAVCDP)	195,112,952	-
<b>Total</b>	<b>506,800,057</b>	<b>238,795,699</b>

*Notes to The Financial Statements (Continued)*

**3. Own Source Revenue**

	2023/2024	2022/2023
	Ksh	Ksh.
<b>RECEIPTS</b>		
Transfer Revenue Quarter 1	56,940,645	38,583,231
Transfer Revenue Quarter 2	119,849,661	42,581,386
Transfer Revenue Quarter 3	101,735,598	78,823,456
Transfer Revenue Quarter 4	170,318,574	103,531,821
<b>Total</b>	<b>448,844,478</b>	<b>263,519,894</b>

**4. Return to CRF Issues**

	2023/2024	2022/2023
	Ksh	Ksh.
Recurrent Account ( <i>County Executive</i> )	2,492	3,395
Development Account ( <i>County Executive</i> )	17,487	25,343
Recurrent Account ( <i>County Assembly</i> )	1	29,123
Development Account ( <i>County Assembly</i> )	2,169	30
KCSAP ( <i>County Executive</i> )	1,957	-
Imprest Account ( <i>County Executive</i> )	114,000	-
<b>Total</b>	<b>138,106</b>	<b>57,891</b>

**5. Transfers to County Executive**

	2023/2024	2022/2023
	Ksh.	Ksh.
Recurrent Account	3,399,746,404	3,555,681,099
Development Account	865,295,762	703,136,957
Kenya Climate Smart Agriculture Project	-	98,599,181
Agriculture Sector Support Programme	2,285,670	16,071,032
Emergency Locust Response Project	104,620,428	67,160,821
Primary Health Care (Danida)	14,856,750	4,929,000
Financing Locally Led Climate Action (FLLoCA)	104,989,776	25,000,000
Kathwana Municipality Urban Development Grant	-	2,339,915
National Agriculture Value Chain Dev. Project	195,112,952	-
<b>Total</b>	<b>4,686,907,742</b>	<b>4,472,918,005</b>

*Notes to The Financial Statements (Continued)*

**6. Transfers to County Assembly**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Ksh</b>	<b>Ksh.</b>
Recurrent Account	512,296,065	515,913,643
Development Account	4,810,000	19,070,112
<b>Total</b>	<b>517,106,065</b>	<b>534,983,755</b>

**7. Fund Bank Account Balance**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Ksh</b>	<b>Ksh.</b>
County Exchequer Account - (CBK A/c No. 1000171707)	9,532,772	229,787,900
<b>Total</b>	<b>9,532,772</b>	<b>229,787,900</b>

**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;

<b>Account and Bank Name</b>	<b>Account Number</b>	<b>2023/20224</b>	<b>2022/2023</b>
		<b>Ksh</b>	<b>Ksh</b>
Tharaka Nithi Revenue Acct. - Equity Bank	0210260871230	(346)	15,688,212
Tharaka Nithi Revenue Account - Trans Nation Sacco	68260800224701	189,919	777,309
Magutuni Hospital Account - KCB	01129976870	0	669
Chuka District Hospital Account - KCB	01103743147	0	98
Tharaka Nithi Revenue Account - Family Bank	054000015859	654,938	-
Tharaka Nithi FIF Revenue Account - Family Bank	054000011532	1,035,056	-
Chuka District Hospital Account - Family Bank	054000011533	2,123	13,843,617
Kibung'a Sub District Hospital - Family Bank	054000011534	301	5,963
Tharaka South District Hospital - Family Bank	054000011535	6,198	2,135,767
Magutuni Hospital Account - Family Bank	054000011536	3,151	1,344,617
Tharaka Nithi Asset Disposal Deposit Acct- Co-op	01100003308001	999	-
Cash at Hand	Board of Survey	255,190	141,610
Balance Mpesa Accounts	Utility Bills	147,880	335,297
<b>Total</b>		<b>2,295,409</b>	<b>34,273,158</b>

**12. Appendices**

**I. Progress On Follow Up of Prior Year Auditor’s Recommendation**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved. Audit Report FY 2022/2023

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)
<b>OTHER MATTERS</b>				
1. Budgetary Control Performance	<p>The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects budgeted receipts of Ksh. 5,681,363,406 and actual on comparable basis of Ksh. 5,237,689,660 resulting to an underfunding of Ksh. 443,673,746 or 8% of the budget.</p> <p>Similarly, the Fund expended Ksh. 5,007,901,760 against an approved budget of Ksh. 5,681,363,406 resulting to under expenditure of Ksh. 673,461,646 or 12% of the budget.</p> <p>The underfunding and underperformance affected the planned activities and may have</p>	<p>The Management takes note of the audit find on under realization of revenue amounting to Ksh. 443,673,746 which is attributable to donor funded grants under Kenya Climate Smart Agriculture project which was under funded by Ksh. 146,244,178, Transforming Health Systems Ksh. 32,039,102 and under collection in own</p>	Not Resolved	30 <sup>th</sup> June 2024

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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)
	impacted negatively on service delivery to the public.	sources of revenue by an amount of Ksh. 225,519,894  The County Government has put elaborate plans to ensure the budgeted revenue is received in full in particular the own generated sources of revenue.		
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
1. Delayed Remittances of Revenue to the County Revenue Fund Account	The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Ksh. 263,519,894 in respect to own source revenue. However, review of the county revenue collection bank accounts revealed that a balance of Ksh. 34,273,158 remained held in the accounts as at 30 June, 2023 whereas it was supposed to be promptly deposited into the County Revenue Fund Account. This was contrary to Regulations 81 (1) & (2) of the Public Finance Management (County Government)	The Management confirms holding an amount of Ksh. 33,922,791 (not Ksh. 34,273,158 as indicated on the audit report) in the revenue collection commercial bank accounts as at 30 <sup>th</sup> June 2023.  The delay was occasioned by system	Resolved	06 <sup>th</sup> July 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	Regulations, 2015 which states that the Receiver of Revenue shall promptly deposit into the County Exchequer Account all receipts due to the County Revenue Fund and Receivers of Revenue should promptly pay the revenue received into the County Revenue Fund, as soon as possible and in any case not later than five (5) days after receipt thereof.	failure at revenue collection commercial bank which resulted to transfer failed on 30 <sup>th</sup> June 2023. We confirm all the amounts were duly swept and reflected on County Revenue Account on the following business day on 4 <sup>th</sup> July 2023.		



Wycliff Kinyua Kabinga  
 Chief Officer – Finance and Economic Planning

**Date: 10<sup>th</sup> July 2024**

**II. Analysis of Receipts from The National Treasury Exchequer Releases**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Amount
Revenue	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
Equitable Share	722,408,746	1,094,558,706	722,408,746	1,488,599,840	4,027,976,038
National Agriculture Value Chain Dev. Project (NAVCDP)			195,112,952		195,112,952
DANIDA Grant -Primary Health Care in Devolved Units				7,161,000	7,161,000
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development		500,000	1,785,670		2,285,670
World Bank-Emergency Locust Response Project (ELRP)				104,620,428	104,620,428
Financing Locally Led Climate Action (FLLoCA)				104,989,776	104,989,776
Kenya Informal Settlement Improvement Project (KISIP)			40,000,000	52,630,231	92,630,231
<b>Total</b>	<b>722,408,746</b>	<b>1,095,058,706</b>	<b>959,307,368</b>	<b>1,758,001,275</b>	<b>4,534,776,095</b>

**III. Analysis of Receipts from Own Source Revenue Per Quarter**

<b>Receipt/Payments</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total Ksh</b>
Parking Fees	2,546,456	1,871,898	5,129,761	10,275,468	19,823,583
Plot Rents and Stand Premium	857,690	1,240,500	1,798,785	2,055,474	5,952,449
Single Business Permit, Advertisement and Promotion Fees	7,093,130	15,192,252	40,598,378	36,606,674	99,490,434
Barter Market / Entrance Fee / Slaughter Fees	4,318,731	6,946,831	4,209,981	2,458,591	17,934,134
Rent / Lease County Houses and Stalls	1,382,050	1,572,092	520,579	733,561	4,208,282
Livestock and Agriculture Produce Cess	806,660	906,000	5,355,060	750,920	7,818,640
Natural Resources Excavation Cess	14,709,292	14,736,192	11,692,949	14,689,190	55,827,623
Hospital Fees and Charges	18,250,000	62,775,238	26,588,936	82,518,077	190,132,251
Property Fees (Transfer, Search and Adjudication)	768,717	576,000	2,229,656	821,896	4,396,269
Technical Services and Plan Approvals	1,604,741	1,234,008	521,574	1,344,111	4,704,434
Administration Fees and Charges	167,000	45,000	20,460	10,409	242,869
Liquor License	2,008,350	3,958,550	375,803	16,271,608	22,614,311
Veterinary Services	1,765,771	2,307,500	2,671,121	1,551,328	8,295,720
Miscellaneous Receipts	662,057	6,487,600	22,555	165,382	7,337,594
<b>Total</b>	<b>56,940,645</b>	<b>119,849,661</b>	<b>101,735,598</b>	<b>170,252,689</b>	<b>448,778,593</b>

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**IV. Analysis of Transfers from The County Revenue Fund**

Revenue	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Amount
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
County Executive Recurrent Account	625,560,195	903,801,458	652,231,583	1,218,153,168	3,399,746,404
County Executive Development Account	151,546,471	146,095,909	192,132,338	375,521,044	865,295,762
National Agriculture Value Chain Dev. Project (NAVCDP)			2,285,670		2,285,670
Agriculture Sector Support Programme (ASDSP)			195,112,952		195,112,952
Emergency Locust Response Project				104,620,428	104,620,428
Primary Health Care (Danida)		7,695,750		7,161,000	14,856,750
Financing Locally Led Climate Action (FLLoCA)	11,000,000			93,989,776	104,989,776
County Assembly - Recurrent	119,678,918	148,298,032	88,762,749	155,556,366	512,296,065
County Assembly - Development				4,810,000	4,810,000
<b>Total</b>	<b>907,785,584</b>	<b>1,205,891,149</b>	<b>1,130,525,292</b>	<b>1,959,811,782</b>	<b>5,204,013,807</b>