

REPUBLIC OF KENYA



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REPORT

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OF

PARLIAMENT
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THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

**COUNTY GOVERNMENT OF
SIAYA**



COUNTY REVENUE FUND
COUNTY GOVERNMENT OF SIAYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022.

County Government of Siaya
County Revenue Fund
Annual Report and Financial Statements for the Financial Year ended 30th June,2022.

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COUNTY EXECUTIVE OF SIAYA

Reports and Financial Statements For the year ended June 30, 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:

- 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	Hon.Cleophas Ombogo
2.	Accounting Officer in charge of Finance	CPA, Hezbon K Mariwa
3.	Director Accounting Services/Finance	Mr.Jacktone OumaOdinga

d) Fiduciary Oversight Arrangements

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

1. Siaya County Assembly;
2. Public Accounts and Investments Committee;and
3. Budget and AppropriationsCommittee.

COUNTY EXECUTIVE OF SIAYA

Reports and Financial Statements For the year ended June 30, 2022

a. County Executive headquarters

P.O. Box 803 - 40600
Siaya County Headquarters,
Siaya, Kenya.

b. County Executive contacts

Telephone: (254) 792 631 619

E-mail: info@siaya.go.ke

Website: www.siaya.go.ke

c. County Executive bankers

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

d. Independent Auditors

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

e. Principal Legal Adviser

The Attorney General State
Law Office Harambee
Avenue P.O. Box 40112
City Square 00200 Nairobi,
Kenya

COUNTY EXECUTIVE OF SIAYA

Reports and Financial Statements For the year ended June 30, 2022

1. FORWARD BY THE CECM FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Siaya financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the Siaya County Revenue Fund over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

a. Financing of the County Governments

Article 202 of the Constitution of Kenya 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 also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Siaya County included business permits, land rates, business plan approval, plot rents, cesses and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

- 1) Automation of revenue collection system – the County is currently in the process of sourcing for competent firm to undertake full automation of its revenue collection.
- 2) Consultancy on revenue potential – the County has engaged its staff through a centralized committee to study the County revenue potential and advise the County on new streams of revenue and ways of enhancing the current streams to achieve their full potential.

b. Financial Performance

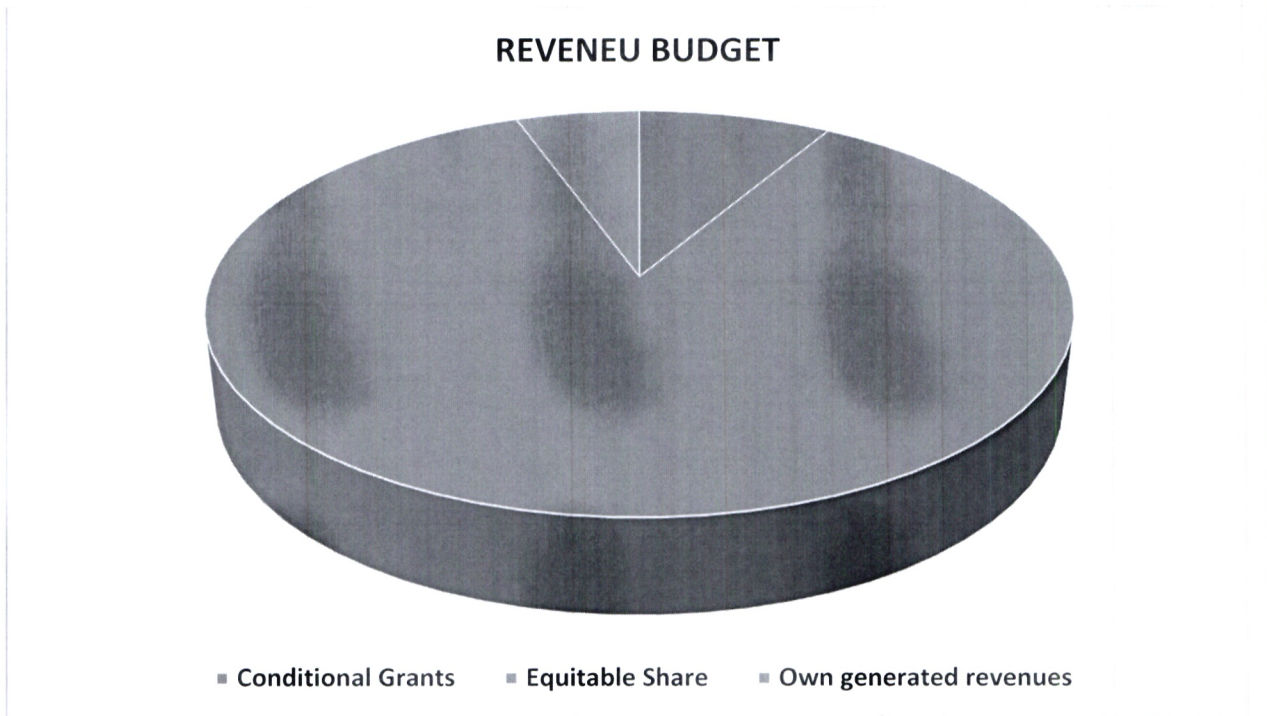
i. Revenue

In the year ended 30th June 2022 the County had projected revenues of Kshs. 8,105,403,629.00 consisting of Kshs. 445,445,551.00 from own sources and Kshs. 6,966,507,531 from Equitable share and Kshs. 693,450,547.00 from conditional Grants.

COUNTY EXECUTIVE OF SIAYA

Reports and Financial Statements For the year ended June 30, 2022

A graphical representation of the revenue budget is as shown below:



COUNTY EXECUTIVE OF SIAYA

Reports and Financial Statements For the year ended June 30, 2022

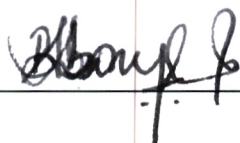
Figure 1: Siaya County revenue sources in FY2021/2022

CARA revenues consisting of equitable shares and Conditional grants continue to form the largest part of our revenue budget, contributing 85 % towards our budget. Our own generated revenues formed 5% of our budget.

Out of the projected revenue, the County was able to realize Kshs.7, 884,939,562.00 in actual revenues, representing 88% performance. This good performance was as a result of high realization of CARA revenues. It should be noted however that during the year, own generated revenues increased from 80% to 100 % from the previous year. In the table below, we present an analysis of revenue performance during the year.

Table 1: Revenue performance in FY 2021/20

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realization (%)
CARA	7,659,958,078	7,438,559,934.78	83%
Own generated revenues	445,445,551	446,379,626.98	5%
Total	8,105,403629	7,884,939,562	88%



County Executive Committee Member for Finance and Economic
Planning County Government of Siaya

COUNTY EXECUTIVE OF SIAYA

Reports and Financial Statements for the year ended June 30, 2022

2. Management Discussion and Analysis

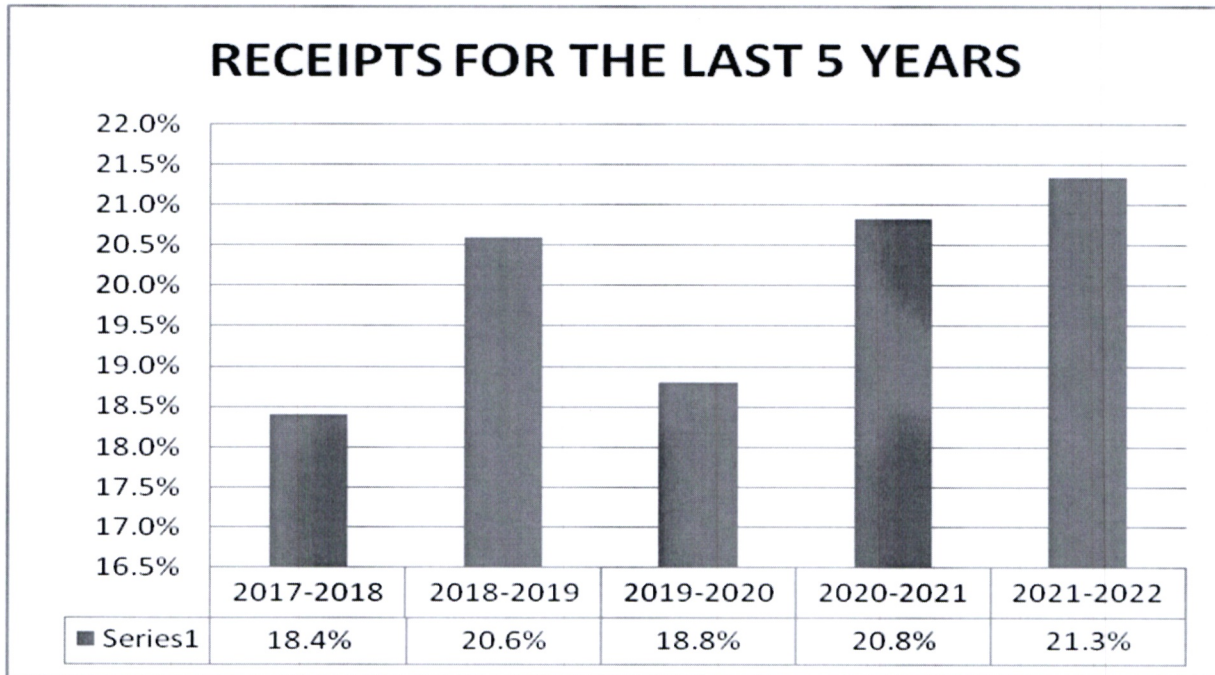


Figure 2: Receipts for the last 5 years

- In the financial year 2019-2020 there were late disbursements that were not reported during that year which were later recognized in the year 2020-2021. This resulted into a decrease in receipts reported in the financial 2019-2020 and an increase in receipts for the financial year 2020-2021.
- In the financial year 2020-2021 there was an increases on own source revenue by 29% from there previous year 2019-2020 resulting into an increase in receipts during that year.
- In the financial year 202-2022 there was an increases on own source revenue by 14% from there previous year 2020-2021 resulting into an increase in receipts during that year
- Amendment of Division revenue bill resulted into an increase in CARA for counties, Siaya county being one of the counties experienced an increase in CARA allocation thus an increase in receipts for the year.

3. 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.

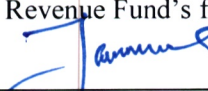
The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2022. This responsibility includes: (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 23/12/2022.

Signature 
Name ; Jacktone Odinga
Ag. Chief Officer - Finance

4. 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.

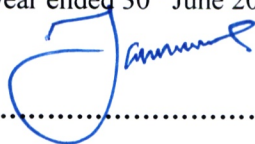
Transfers from the County Revenue Fund

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.

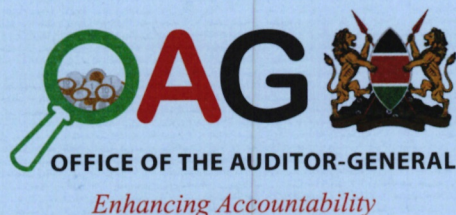


.....

A.g. Chief Officer Finance
Name: Ouma Jacktone Odinga

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 SIAYA

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

Adverse Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Siaya set out on pages 1 to 13, which comprise of the statement of

receipts and payments and statement of comparison of budget and actual amounts for the year ended 30 June, 2022, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial performance of the County Revenue Fund - County Government of Siaya for the year ended 30 June, 2022, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Adverse Opinion

1. Unsupported Revenues

1.1 County Revenue Sources

The statement of receipts and payments reflects an amount of Kshs.164,513,308 in respect of County own generated revenue as disclosed in Note 4 to the financial statements. However, the financial statements of the County Executive of Siaya and the receiver of revenue statement for the year ended 30 June, 2022 both reflect County own generated revenue of Kshs.446,379,626. The variance of Kshs.281,866,318 had not been explained or reconciled.

1.2 Unsupported Receipts

The statement of receipts and payments reflects amounts of Kshs.6,901,502,676, Kshs.299,670,053 and Kshs.87,257,707 relating to exchequer releases, proceeds from domestic and foreign grants and transfers from other government entities respectively. However, no documentary evidence was provided to support the receipts.

In the circumstances, the accuracy and completeness of the receipts totalling Kshs.7,288,430,436 could not be confirmed.

2. Unsupported Opening Fund Balance Brought Forward

The statement of receipts and payments reflects an opening fund balance brought forward of Kshs.727,221,000. However, Note 7 to the financial statement reflects a balance of Kshs.383,169,902 resulting to an unexplained and unreconciled variance of Kshs.344,051,098. Further, no documentary evidence was provided to support the balance.

In the circumstances, the accuracy and completeness of the balance could not be confirmed.

3. Transfers from Other Government Entities

The statement of receipts and payments reflects an amount of Kshs.87,257,707 in respect of transfers from other Government entities which, as disclosed in Note 3 to the

financial statements, relates to amounts from Road Maintenance Levy Fund. However, the amount was not reflected in the financial statements of the County Executive of Siaya.

In the circumstances, the accuracy and completeness of the amount could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm 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 standard requires 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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain services. If I conclude that a material uncertainty exists, I

am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

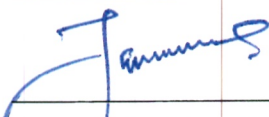
20 April, 2023


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

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

	Note	FNY 2021/2022	FNY 2020/2021
			Kshs
RECEIPTS			
Exchequer releases	1	6,901,502,676.00	
Proceeds from Domestic and Foreign Grants	2	299,670,053.00	
Transfers from Other Government Entities	3	87,257,707.00	
County Own Generated Revenues	4	164,513,307.98	
Return to CRF issues	5	0.00	
TOTAL RECEIPTS		7,452,943,743.98	
PAYMENTS			
Transfers to County Executive	6	6,907,883,902.50	
Transfers to County Assembly	7	889,110,940.00	
Other Transfers			
Total Payments		7,796,994,842.50	
Net increase (decrease) in cash for the year		-344,051,098.52	
Add Opening fund balance b/f	8	727,221,000.40	
Closing Fund balance for the period	8	383,169,902.00	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 23/12 2022 and signed by:


 Ag. Chief Officer Finance
 Name: Ouma Jacktone Odinga

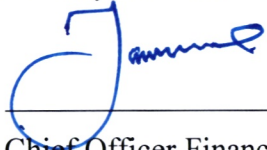

 Head of Accounting Services
 Name: Geoffrey Ochieng
 ICPAK Number:16035

7. Statement of Comparison of Budget Actual Amounts for the year ended 30th June, 2022.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on comparable basis	budget utilization difference	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Exchequer releases	9,018,361,619.00	-1,186,963,138	7,831,398,481	6,901,502,676.00	929,895,805	88.13
Proceeds from Domestic and Foreign Grants	693,450,547.00	-	693,450,547	299,670,053.00	243,650,995	43.21
Transfers from Other Government Entities	-	-	-	87,257,707.00	-87,257,707	
County Own Generated Revenues	445,445,551.00	-	445,445,551	164,513,307.98	-934,076	36.93
TOTAL	10,157,257,717.00	-1,186,963,138.00	8,970,294,579.00	7,452,943,743.98	1,085,355,017.00	83.08
PAYMENTS		-	-		-	
Transfers to County Executive	8,609,983,710	-807,476,393	7,802,507,317	6,907,883,903	66,764,385	88.53
Transfers to County Assembly	1,547,274,007	-379,486,745	1,167,787,262	889,110,940	-1,323,086	76.14
TOTAL	10,157,257,717.00	-1,186,963,138.00	8,970,294,579.00	7,796,994,842.50	65,441,299.00	86.92

- (a) The low utilization of the development budget was as a result of delays in commencement of procurement processes. As a result, commencement of some projects delayed.
- (b) The total budget figure for the financial year of Kshs 8,970,294,579 included a brought forward of Kshs.864,890,950
- (c) Included in the exchequer releases budget are balances brought forward of Kshs. 2,051,854,088 for initial budget and kshs. 864,890,950 for supplementary budget respectively

The County Executive's financial statements were approved on 23/12 2022 and signed by:



Ag. Chief Officer Finance
Name: Ouma Jacktone Odinga



Head of Accounting Services
Name: Geoffrey Ochieng
ICPAK Number: 16035

8. Significant Accounting Policies

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

Transfers from the exchequer 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.

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9. Notes to the Financial Statements

1. Exchequer releases

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

	2021-2022	2020-2021
	KShs	KShs
Total Exchequer Releases for quarter 1	1,641,789,492.00	
Total Exchequer Releases for quarter 2	1,741,626,882.00	
Total Exchequer Releases for quarter 3	1,149,473,742.00	
Total Exchequer Releases for quarter 4	2,368,612,560.00	
Total	6,901,502,676.00	

2. Transfers from other government agencies

Description	2021-2022	2020-2021
	KShs	KShs
Proceeds from Domestic and foreign grants received through exchequer		
DANIDA - Universal Healthcare in Devolved Units Programme	6,416,438.00	
World Bank – THUSCP	75,727,981.00	
National Agricultural & Rural Inclusive Growth Project (NARIGP)		
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)	11,872,947.00	
Kenya Climate Smart Agriculture Project (KCSAP)	205,652,687.00	
TOTAL	299,670,053.00	

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

3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2021-2022	2020-2021
	KShs	KShs
Transfers from Central Government entities		
Road maintenance levy fund	87,257,707.00	
Covid-19 Fund		
Doctors Allowance-Frontline Healthcare Workers Allowance		
TOTAL	87,257,707.00	

** These are funds received from development partners directly through CRF

3. Own Source Revenue

	2021-2022	2020-2021
	KShs	KShs
RECEIPTS		
Business Permits / Cesses	59,808,201.00	
Plot Rates	3,743,905.00	
Plot Rents	10,861,170.00	
Ground Rents	549,700.00	
Kiosk/Stall Rents	2,811,562.00	
Other miscellaneous revenues	1,694,755.00	
Transfers fees	67,580.00	
Donations		
Sand cess	1,839,574.00	
Other revenues from financial assets loans		
Market/Trade Centre fees	37,452,522.00	
Bus Park	11,582,898.00	
Parking fee	6,221,253.00	
Boda Boda	-	
Housing/house rent	11,500.00	
Sugar cess	1,207,212.98	
Fish Cess	2,554,059.00	
Plan Approval(Engineers)	3,229,591.00	
School Fees		

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Plan Approval (Physical Planning)	4,692,550.00	
Weights and measures	764,810.00	
Trade Incomes	199,430.00	
Public Health Services		
Hospital revenue		
Linda Mama		
NHIF/Capitation		
Environment and Conservancy Administration(NEMA)	151,960.00	
Slaughter Houses Administration Fee	562,640.00	
Vetenary Services	3,766,780.00	
Advertisement charges	5,598,650.00	
External Service Fees (Hall Hire)	-	
Liquor Licence	644,675.00	
Fire Inpection fee	93,030.00	
Agricultural Income	4,700.00	
Cattle Auction	3,036,450.00	
Tractor Hire	119,330.00	
Burial fee	10,000.00	
Clearance Certificate	200,000.00	
Site Fee	3,000.00	
Survey Fee	826,600.00	
Private Estate Fee	4,000.00	
Impounding Fee	199,220.00	
Other Receipts Not Classified Elsewhere(Private Estate)	-	
TOTAL	164,513,307.98	

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

4. Return to CRF Issues

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)		
Development Account (<i>County Executive</i>)		
Recurrent Account (<i>County Assembly</i>)		
Development Account (<i>County Assembly</i>)		
Total		

5. Transfers to County Executive

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	4,202,930,257.38	
Development Account	2,243,499,980.12	
Emergency Fund	80,000,000.00	
Siaya County Bursary Fund	72,400,000.00	
Agriculture Sector Dev Support Program (ASDSP)	2,500,000.00	
Kenya Urban Support Program (KUSP)	13,069,989.00	
Siaya County Bursary Fund	77,600,000.00	
Agriculture Sector Dev Support Program (ASDSP)	5,500,000.00	
Fuel Levy Fund	62,785,347.00	
Kenya Climate Smart Agriculture Project	5,000,000.00	
Universal Health Care	3,637,125.00	
Agriculture Sector Dev Support Program (ASDSP)	11,872,947.00	
Kenya Climate Smart Agriculture Project	127,088,257.00	
Total	6,907,883,902.50	

(Explain as per County Appropriation Act)

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Notes to the Financial Statements (Continued)

6. Transfers to County Assembly

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	758,500,401	
Development Account	130,610,539	
Special purpose accounts		
Others (<i>Specify</i>)		
Total	889,110,940	

(Explain as per County Appropriation Act)

7. Other Transfers

Description	2021/22	2020/21
	Kshs.	Kshs.
Agency Notices		
Others (<i>Specify</i>)		
Total		

(Explain as per County Appropriation Act)

8. Fund balance

	2021/22	2020/21
	Kshs.	Kshs.
County Exchequer Account - (<i>CBK Account number 1000171464</i>)	383,169,902.05	
Total	383,169,902.05	

10. Annexes

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor;

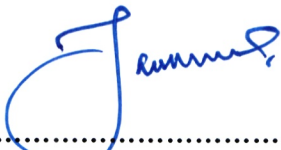
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Unsupported Adjustment - Budgeted Exchequer Releases</p> <p>The summary statement of appropriation- recurrent and development combined reflects a final budget of Kshs 8,106,977,580 under Exchequer releases. However, the budgeted amount had been arrived at after a negative adjustment of Kshs 341,576,215 which has not been explained</p>	<p><i>Management Response</i></p> <p>The negative adjustment of Kshs. 341,576,215 from 2019/20 original budget to supplementary budget can be explained through the summary in the table below</p> <p>The deficit in BF from FY 2018/19 of Kshs. 495,526,215 was attributed to the following factors;</p> <p>Non receipt of Kshs. 200,000,000 for lease of medical equipment.</p> <p>Non realized Own Source Revenue (OSR) of Kshs. 135,331,978</p> <p>Non-receipt of Kshs. 160,194,237 for other conditional grants</p>	Report is under discussion at the County Assembly	
4.0	<p>Undisclosed Transfers of Other Government Units</p> <p>The statement of receipts and payments reflects transfers to other governmental entities of Kshs.858,267,464 while the supporting schedules for the expenditure reflected an amount of Kshs.1,082,246,513 resulting to a variance of</p>	<p><i>We note your findings and wish to state that Transfers of Kshs.1,082,246,513 is comprised of Kshs.223,979,042 being transfers of Grants received from Donors and the National Government to</i></p>	Report is under discussion at the County Assembly	

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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)
	Kshs.223,979,049 which had not been explained or reconciled	<i>Various Commercial bank Accounts (These Accounts are not established as Other government Units but rather operational Accounts) , and Kshs. 858,267,464 which was transferred to County Assembly (which is established as Other Government Units) in full and expensed as per the expenditure codes provided in the budget</i>		
1.0	<p>1.0 Budgetary Control and Performance</p> <p>The summary statement of appropriation – recurrent and development combined for the year ended 30 June, 2020 reflects final receipts budget and actual on comparable basis totaling Kshs. 8,881,773,924 and Kshs. 6,133,453,887 respectively, resulting to an under- funding of Kshs. 2,748,320,038 or 31% of the budget. Similarly, the County Executive spent Kshs. 6,117,545,831 against an approved budget of Kshs. 8,881,773,924 resulting to an under- expenditure of Kshs. 2,764,228,093 or 31% of the budget. The underfunding and under performance constrained</p>	<p><i>We note your observation and wish to state as follows</i></p> <p><i>The under collection of own source revenue was attributed by Covid-19 pandemic which affected various revenue streams i.e parking, market fees and etc</i></p> <p><i>The National Treasury did not release exchequer on time hence affecting our budget performance</i></p>	Report is under discussion at the County Assembly	

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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)								
	execution of planned activities and delivery of services to the residents of Siaya County.											
2.0	<p>2.0 Late Exchequer Releases Note 1 to the financial statements reflects total Exchequer releases of Kshs. 5,688,553,543, out of which an amount of Kshs. 1,129,430,250 or 20% was received by the County Government from the National Treasury during the month of June as detailed below:</p> <table border="1"> <thead> <tr> <th>Date Funds Received in the Bank Account</th> <th>Amount (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>15- Jun-20</td> <td>608,154,750</td> </tr> <tr> <td>24- Jun-20</td> <td>521,275,500</td> </tr> <tr> <td>Total</td> <td>1,129,430,250</td> </tr> </tbody> </table>	Date Funds Received in the Bank Account	Amount (Kshs.)	15- Jun-20	608,154,750	24- Jun-20	521,275,500	Total	1,129,430,250	<p><i>We note your observation and wish to state as follows</i> <i>The under collection of own source revenue was attributed by Covid-19 pandemic which affected various revenue streams i.e parking, market fees and etc</i> <i>The National Treasury did not release exchequer on time hence affecting our budget performance</i></p>	Report is under discussion at the County Assembly	
Date Funds Received in the Bank Account	Amount (Kshs.)											
15- Jun-20	608,154,750											
24- Jun-20	521,275,500											
Total	1,129,430,250											



 Ag. Chief Officer Finance
 Name: Ouma Jacktone Odinga

Annex 2 .Analysis O fReceipts from The National Treasury Exchequer Releases

Period (2020/21)	Quarter 1 (Kshs)	Quarter 2 (Kshs)	Quarter 3 (Kshs)	Quarter 4 (Kshs)	Total (Kshs)
Equitable Share	1,641,789,492.00	1,741,626,882.00	1,149,473,742.00	2,368,612,560.00	6,901,502,676.00
Level 5 Hospitals					-
DANIDA - Universal Healthcare in Devolved Units Programme		-		6,416,438.00	6,416,438.00
World Bank – THUSCP			-	75,727,981.00	75,727,981.00
National Agricultural & Rural Inclusive Growth Project (NARIGP)					-
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)			-	11,872,947.00	11,872,947.00
Kenya Climate Smart Agriculture Project (KCSAP)				205,652,687.00	205,652,687.00
Water and Sanitation Development Project					-
Construction of County Headquarters					-
Fuel Levy		87,257,707.00			87,257,707.00
TOTAL	1,641,789,492.00	1,828,884,589	1,149,473,742	2,668,282,613	7,288,430,436

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	966,070,303.38	1,112,161,105.00	927,952,571.00	1,196,746,278.00	4,202,930,257.38
County Executive -Dev	480,000,000.00	478,449,756.00	349,012,617.00	936,037,607.00	2,243,499,980.00
County Assembly -Rec	85,243,430.00	218,908,432.00	242,987,309.00	211,361,230.00	758,500,401.00
County Assembly -Dev	-	27,735,509.00	19,621,700.00	83,253,330.00	130,610,539.00
Special Purpose A/c (Specify)	77,600,000.00	76,922,472.00	152,400,000.00	154,531,193.00	461,453,665.00
Total	1,608,913,733.38	1,914,177,274.00	1,691,974,197.00	2,581,929,638.00	7,796,994,842.38