



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY GOVERNMENT OF LAIKIPIA - COUNTY REVENUE FUND

FOR THE YEAR ENDED 30 JUNE, 2022







OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE - ISIOLO

23 JUN 2022

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**COUNTY REVENUE FUND
COUNTY GOVERNMENT OF LAIKIPIA**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022.

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

b) Key Management

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

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

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	Murungi Ndai
2.	Accounting Officer in charge of Finance	Paul Njenga
3.	Director Accounting Services/Finance	Mary Wachiuri

d) Fiduciary Oversight Arrangements

County Assembly of Laikipia
County Executive Committee
Laikipia County Executive Audit Committee
Senate Public Accounts Committee
Office of the Controller of Budget.
Office of the Auditor-General
Development Partners Oversight

- e) **County Headquarters**
P.O. Box 1271 - 10400
Interim County Headquarter Building
Kenyatta Avenue
Nanyuki, Kenya
- f) **County Contacts**
Telephone: +254 740031031
E-mail: reports.treasury@laikipia.go.ke
Website: www.laikipia.go.ke
- g) **County Bankers**
Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
- h) **Independent Auditors**
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA
- i) **Principal Legal Adviser**
- (a) **The Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (b) **County Legal Adviser**
P.O. Box 1271 - 10400
Interim County Headquarter Building
Kenyatta Avenue
Nanyuki, Kenya

2. STATEMENT BY THE CECM FINANCE

I am pleased to present the inaugural annual financial statements for Laikipia County Revenue Fund for the financial year ended 30th June 2022. The preparation of these financial statements emphasize and demonstrate the commitment with which the Laikipia County government upholds its values and in line with the Kenyan Constitution 2010 and Public Finance Management Act of accountability, transparency, integrity, professionalism efficiency among others. The financial statements have been prepared in accordance with Article 207 of the Kenyan Constitution 2010 and Sections 109 and 167 of the PFM Act of 2012.

The purpose of the county Revenue Fund as envisioned by the Kenyan Constitution Article 207 and sec 109 of the PFM Act of 2012 is to receive all monies raised or received by or on behalf of the county government. The Law tasks the responsibility of administering the County Revenue Fund on behalf of the county Government to the County treasury of the executive arm of the county government. This provision has been strictly adhered to by the Laikipia County Government.

The County Revenue Fund held at the Central bank of Kenya being a critical fund of the county government as it holds the resources required for discharging the mandate of the county government and the County Assembly to its citizens is administered in strict adherence to the dictates of the law establishing it. This is achieved by ensuring funds withdrawn from it are in accordance with the County appropriation Act in force during the financial year and that all withdrawals are authorised by the Controller of Budget.

Operational performance

Receipts

During the FY 2021/22 the Revenue Budget for Laikipia County was kshs 8,316,835,801. The revenue realised amounted to kshs 5,818,590,146 representing 70%. Equitable share posted 92%, own source revenue 69% while Transfers from other government agencies (grants) registered 28% realisation. Proceeds from domestic Borrowing (Laikipia County Infrastructure Bond) did not materialise as at the end of the FY 2021/22. The unrealised revenue of Kshs 2,498,245,655 (representing 30%) was attributed to undisbursed June 2022 equitable share partial release of grants, unrealised infrastructure bond and own source revenue. More details of the reasons for

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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

under realisation of revenue are given below the statement of comparison Budget versus Actual.

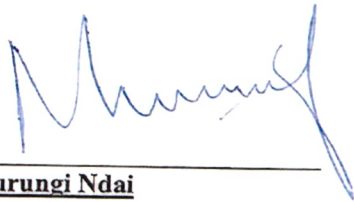
Below is a table to further illustrate the revenue performance within the FY 2021/22.

Table 1: Detailed analysis of the revenue budget & amounts realised FY 2021/22

Description	Original Budget 2021/22	2021/22 Approved Budget Estimates	Total Amounts Realised in 2021/22	Variances in FY 2021/22
	A	B	C	D = B-C
Equitable Share	5,136,265,679	5,136,265,679	4,725,364,426	410,901,253
County Own Source Revenue	1,006,000,000	1,313,813,276	902,354,455	411,458,821
Hospital revenue	350,000,000	451,000,000	398,880,236	52,119,764
Vocational training centres	25,000,000	25,000,000	29,755,791	(4,755,791)
Other local sources	631,000,000	837,813,276	473,718,428	364,094,848
Domestic Grants	153,297,872	-	1,499,400	(1,499,400)
Laptrust	-	-	1,499,400	(1,499,400)
Medical leasing equipment	153,297,872	-	-	-
Foreign Grants	594,808,504	594,808,504	164,382,987	430,425,517
Kenya Urban Support Project (KUSP)	-	-	-	-
Kenya Urban Institutional Grant (KUIG)	-	-	-	-
Kenya Climate Smart Agriculture Project (KCSAP)	349,961,100	349,961,100	95,323,024	254,638,076
EU IDEAS LED	15,626,168	15,626,168	18,744,940	(3,118,772)
UNICEF Primary Health Care Grant	-	-	11,797,412	(11,797,412)
KDSP Level 1 - capacity building	-	-	-	-
KDSP Level 2 – investment	167,353,974	167,353,974	-	167,353,974
Transforming Health Care Systems (THSUCP)	28,777,132	28,777,132	28,389,361	387,771
Agricultural Sector Development Support Programme (ASDSP)	23,833,630	23,833,630	5,500,000	18,333,630
DANIDA Grant	9,256,500	9,256,500	4,628,250	4,628,250
County Infrastructure bond	1,247,627,355	1,247,627,355	-	1,247,627,355
County Infrastructure bond	1,247,627,355	1,247,627,355	-	1,247,627,355
	-	-	-	-
Opening Balances	-	24,320,987	24,988,878	(667,891)
Laikipia County Revenue Fund	-	24,320,987	24,229,276	91,711
Returns to CRF	-	-	759,602	(759,602)
GRAND TOTAL	8,137,999,410	8,316,835,801	5,818,590,146	2,498,245,655

Transfers to County Assembly & Executive

The transfer to County Executive and County Assembly budget for the FY 2021/22 was Kshs 8,316,835,801. During the financial year, cumulative transfers of Kshs 5,813,018,579 were successfully transferred to the county assembly (kshs 537,745,275) and County Executive (kshs 5,275,273,304). Total transfers to county assembly stood at 99.98% while total transfers to county Executive stood at 68%. The underutilisation of transfers was attributed to the under realisation of revenue as described above. A breakdown of transfers is further analysed under the statement of management discussion and analysis.



Murungi Ndai

**CECM Finance, Economic Planning and County Development
County Government of Laikipia**

3. MANAGEMENT DISCUSSION AND ANALYSIS

County Revenue Fund is under this report treated as an entity itself for the purpose of preparing its report and financial statement. The purpose of this fund is to ensure that all funds relating to the county are channeled through it for the purpose of tracking and controlling expenditure out of the fund.

The various sources of funds for this fund are:

- i. National Government: Fund from the National Government includes equitable share and grants received through different ministries.
- ii. Foreign Donors: This includes Danida fund and European Union among others.
- iii. Domestic Donors: this refers to donations received from local organizations which changes from one financial period to the other.
- iv. World Bank: Grants from world bank are channeled through various government departments depending with programmes that are being funded
- v. County own Source of Revenue. This refers to revenues that are collected as fees and charges levied by county from different receivable activities.
- vi. Disposal of Assets: This is occasional revenue that is only realised when one of the county entities disposes off some of its old and unusable assets.

Withdrawals from this account for the purpose of expenditure are done through the office of the controller of budget which is aimed at ensuring that all expenditures are within the county budget. During the financial year ended 30th June, 2022, the Fund received Kshs. 5,794,360,870 and disbursed Ksh. 5,813,018,579 to both Laikipia County Executive and Laikipia County Assembly.

This being the first report and financial statement, the statements of Financial Performance and notes to the financial statement don't have comparative period figures. However, for the purpose of management discussion and analysis report, additional one-year comparative figures have been included

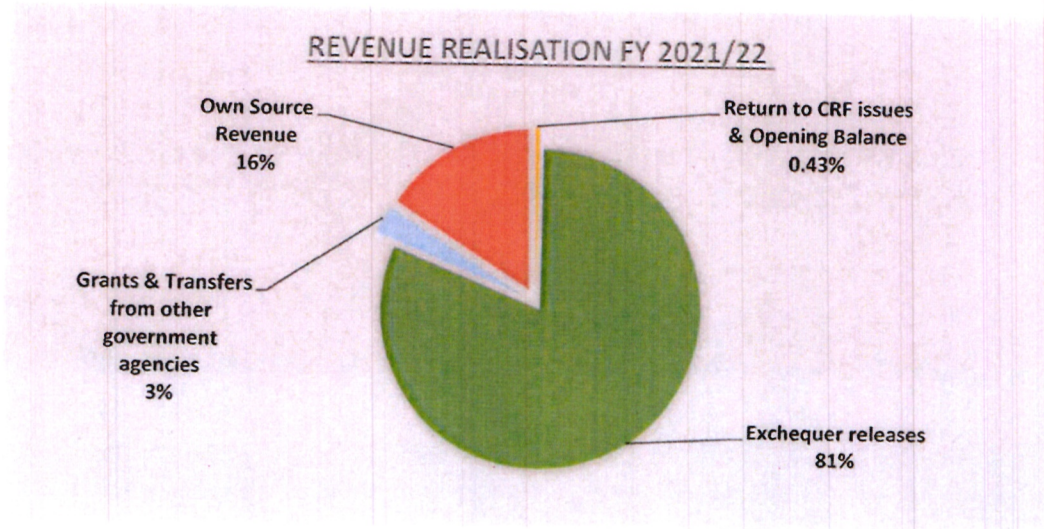
Revenue.

Table2. Comparative revenue realisation between FY 2021/22 & FY 2020/21

Details	2021/22	2020/21
	Kshs.	Kshs.
Receipts		
Exchequer releases	4,725,364,426	4,407,634,793
Grants & Transfers from other government agencies	165,882,387	887,462,254
Own Source Revenue	902,354,455	840,396,633
Proceeds from Domestic Borrowing	-	-
Return to CRF issues	759,602	1,989,102
Opening Balance CRF Balance	24,229,276	-
Total Receipts	5,818,590,147	6,137,482,782

As per the table, the highest source of revenue in the current period was Exchequer releases with Ksh. 4,725,364,426 making 81% of the total revenue followed by Own Source Revenue with Kshs. 902,354,455 making 16%.

Graph showing contribution of each receipts type to total receipts.



Transfers to County Assembly & Executive

Table3. Transfers budget utilisation FY 2021/22

Details	Approved Budget FY 2021/22	Transfers 2021/22	% Utilisation
	Kshs,	Kshs.	Kshs.
Transfers to County Executive	7,778,978,535	5,275,273,304	68%
Transfers to County Assembly	537,857,266	537,745,275	99.98%
Total Payments	8,316,835,801	5,813,018,579	70%

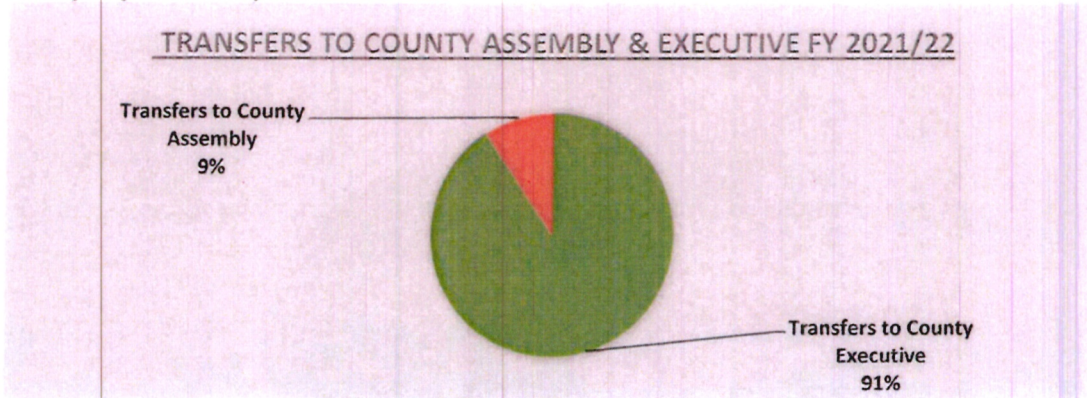
From the table, it is notable that performance against budget was low as a result of decreased revenue as described above. The same also affected the actual performance for the period when compared with actual performance of the previous period.

Payments involves transfer to both County Executive and County Assembly and for which the percentage transfer is indicated in the below graph.

Table4. Comparative transfers between FY 2021/22 & FY 2020/21

Details	Transfers 2021/22	Transfers 2020/21
	Kshs.	Kshs.
Transfers to County Executive	5,275,273,304	5,544,104,214
Transfers to County Assembly	537,745,275	567,592,777
Total Payments	5,813,018,579	6,111,696,991

Transfers from County Revenue Fund.



4. STATEMENT OF MANAGEMENT RESPONSIBILITY

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

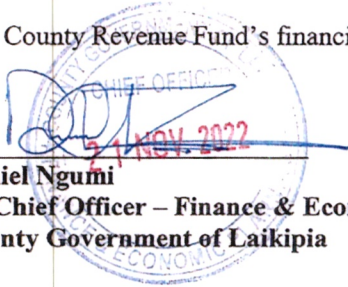
The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended June 30, 2022, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, the 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 _____ 2022.



Daniel Ngumi
Ag Chief Officer – Finance & Economic Planning
County Government of Laikipia

5. OVERVIEW OF THE COUNTY REVENUE FUND OPERATIONS

Background

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

Receipts into the County Revenue Fund

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

Transfers from the County Revenue Fund

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

Financial Reporting requirements

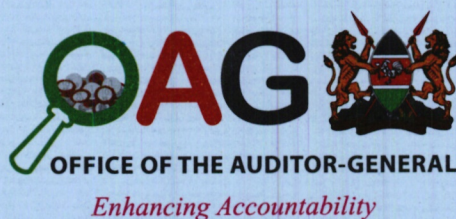
The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

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



Daniel Ngumi
Ag Chief Officer – Finance & Economic Planning
County Government of Laikipia

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 GOVERNMENT OF LAIKIPIA - COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that 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

Opinion

I have audited the accompanying financial statements of County Government of Laikipia - County Revenue Fund set out on pages 3 to 12, which comprise of the statement of receipts and payments and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

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

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the County Government of Laikipia - County Revenue Fund as at 30 June, 2022 and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Laikipia County Revenue Board Act, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Government of Laikipia - County Revenue Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

18 April, 2023

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE, 2022.

	Notes	2021/22 Kshs.	2020/21 Kshs.
Receipts			
Exchequer releases	1	4,725,364,426	-
Transfers from other government agencies	2	131,340,635	-
Other grants	3	34,541,752	-
Proceeds from Domestic Borrowing	4	-	-
Own Source Revenue	5	902,354,455	-
Return to CRF issues	6	759,602	-
Total Receipts		5,794,360,870	-
Payments			
Transfers to County Executive	7	(5,275,273,304)	-
Transfers to County Assembly	8	(537,745,275)	-
Other Transfers	19	-	-
Total Payments		(5,813,018,579)	-
Net increase (decrease) in cash for the year		(18,657,709)	-
Add Opening fund balance b/f	10	24,229,276	-
Closing Fund balance for the period	10	5,571,567	-

Comparative period figures for FY 2020/21 have not been included since this is the first annual report and financial statements for the County Revenue Fund.

[Handwritten signature]
NOV 2022

Ag Chief Officer- Finance
& Economic Planning
Daniel Ngumi
ICPAK No 8207

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NOV 2022
COUNTY GOVERNMENT OF LAIKIPIA
HEAD OF TREASURY
ACCOUNTING
COUNTY TREASURY
P.O. BOX 1271-10400, NANYUKI

Head of Accounting Services
Mary W. Wachira
ICPAK No: 7055

COUNTY GOVERNMENT OF LAIKIPIA
P. O. Box 1271 - 10400,
NANYUKI
[Handwritten signature]
NOV 2022
Asst. Director FRU
Mishek M. Gacheru
ICPAK No: 26623
FINANCIAL REPORTING
& ECONOMIC PLANNING
AND COUNTY DEVELOPMENT

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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

8. STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2022.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts						
Exchequer releases	5,136,265,679	-	5,136,265,679	4,725,364,426	410,901,253	92%
Transfers from other government agencies	748,106,376	(153,297,872)	594,808,504	165,882,387	428,926,117	28%
Proceeds from Domestic Borrowing	1,247,627,355	-	1,247,627,355	-	1,247,627,355	-
Own Source Revenue	1,006,000,000	307,813,276	1,313,813,276	902,354,455	411,458,821	69%
Return to CRF issues	-	-	-	759,602	(759,602)	-
Opening Balance CRF Balance	-	24,320,987	24,320,987	24,229,276	91,711	100%
Total Receipts	8,137,999,410	178,836,391	8,316,835,801	5,818,590,147	2,498,245,655	70%
Transfers						
Transfers to County Executive	(7,594,862,285)	(184,116,250)	(7,778,978,535)	(5,275,273,304)	(2,503,705,231)	68%
Transfers to County Assembly	(543,137,125)	5,279,859	(537,857,266)	(537,745,275)	(111,991)	99.98%
Total Payments	(8,137,999,410)	(178,836,391)	(8,316,835,801)	(5,813,018,579)	(2,503,817,222)	70%
Balance	-	-	-	5,571,568	(5,571,567)	

The changes between the original and final budget was due to a supplementary budget passed within the FY 2021/22

Under-realization of the revenue budget was due to:

- non-disbursement of June Equitable share release amounting to Ksh 410,901,253 and partial disbursement of foreign grants(unrealized amount of Kshs 428,926,117)
- non-realization in proceed from borrowing amounting to kshs 1,247,627,355 occasioned by the County Infrastructure bond that had not been approved in Senate at the close of FY 2021/22 after The Senate went on indefinite recess
- Under realisation in proceeds from own source revenue amounting to kshs 411,458,821 was due to;

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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

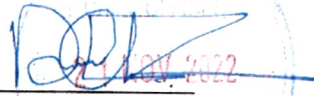
- i Unrealised revenue from contribution in lieu of rates amounting to Kshs 139 million by the close of FY 2021/22.
- ii Reduced livestock cess, slaughtering fees and other horticultural cess fees occasioned by the prevailing drought situation in the country

Under-utilization of the transfers' budget was due to;


- Underutilisation of the transfers especially to county executive was due to the under realisation of the revenue budget as explained above.

RECONCILIATION OF RECEIPTS IN STATEMENT OF RECEIPTS AND PAYMENTS AGAINST STATEMENT OF COMPARISON BUDGET VS ACTUAL

RECEIPT	Statement of Receipts and Payments	Statement of Comparison	Variances	REMARKS
	A	B	C = A - B	
Exchequer releases	4,725,364,426	4,725,364,426	-	
Transfers from other government agencies	131,340,635	131,340,635	-	
Other grants	34,541,752	34,541,752	-	
Proceeds from Domestic Borrowing	-	-	-	
Own Source Revenue	902,354,455	902,354,455	-	
Return to CRF issues	759,602	759,602	-	
Opening Balance CRF Balance	-	24,229,276	(24,229,276)	Opening Bank Balance
GRAND TOTAL	5,794,360,870	5,818,590,147	(24,229,276)	


 Ag Chief Officer- Finance & Economic Planning
 Daniel Ngumi
 ICPAK No 8207


 Head of Accounting Services
 Mary W. Wachuri
 ICPAK No 7055

COUNTY GOVERNMENT OF LAIKIPIA
 P. O. Box 1271 - 10400,
 NANYUKI

 Asst. Director FRU
 Mishek M. Gacheru
 ICPAK No: 26623
 ASST. DIRECTOR FINANCIAL REPORTING
 FINANCE, ECONOMIC PLANNING
 AND COUNTY DEVELOPMENT

9. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

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

County own source revenue is recognized as receipts when the funds are received in the County Exchequer Account.

d) Payments

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

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Significant Accounting Policies (Continued)

e) Fund Balances

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

f) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. There were no other restrictions on cash during the year.

10. NOTES TO THE FINANCIAL STATEMENTS

Comparative period figures for FY 2020/21 have not been included since this is the first annual report and financial statements for the County Revenue Fund.

1. Exchequer releases

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

Description	2021/22	2020/21
	Kshs.	Kshs.
Equitable Share	4,725,364,426	-
Level 5 hospitals	-	-
Total	4,725,364,426	-

This refers to equitable share released by the National Treasury. The approved was kshs 5,136,265,679 of which Kshs 4,725,364,426 was received. The variance of Kshs 410,901,253 relates to June 2022 release.

2. Transfers from other government agencies

Description	2021/22	2020/21
	Kshs.	Kshs.
Road Maintenance Levy	-	-
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	28,389,361	-
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	95,323,024	-
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	4,628,250	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	3,000,000	-
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	-
Total	131,340,635	-

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

3. Other grants

Description	2021/22	2020/21
	Kshs.	Kshs.
SIDA Agricultural Sector Development Support Programme II (ASDSP II)- Kenya Commercial Bank	2,500,000	-
UNICEF - Family Bank Ltd	11,797,412	-
EU Grant (Instruments for Devolution Advice and Support) -Investments and Mortgages Bank Ltd	18,744,940	-
LAPTRUST - Family Bank Ltd	1,499,400	-
	34,541,752	-

These are funds received from development partners directly into CRF

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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4. Proceeds from Domestic borrowing

Description	2021/22	2020/21
	Kshs.	Kshs.
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Total	-	-

In the FY 2021/22 Approved budget included Kshs 1,247,627,355 expected to be realised from a Laikipia County Infrastructure Bond. This was however not achieved as the approval process stalled in parliament after it went for an indefinite recess occasioned by the 2022 general elections.

5. Own Source Revenue

Description	2021/22	2020/21
	Kshs.	Kshs.
Land Rates	46,390,622	-
Business Permits	76,072,888	-
Cesses	34,741,517	-
Plot Rents	1,045,754	-
Other Local Levies	584,270	-
Administrative Services Fees	27,124,574	-
Impounding Charges	774,990	-
Court Fines	143,000	-
Liquor Licenses	11,890,010	-
County's Natural Resources Exploitation	82,318,492	-
Market/Trade Centre Fee	9,494,210	-
Vehicle Parking Fees	69,343,987	-
Housing	18,268,946	-
Social Premises Use Charges	279,000	-
Education Fees	29,755,791	-
Public Health Facilities Operations	411,963,986	-
Slaughter Houses Administration	17,786,452	-
Technical Services Fees	55,581,896	-
External Services Fees	6,423,070	-
Disposal Of Assets	2,371,000	-
Total	902,354,455	-

COUNTY GOVERNMENT OF LAIKIPIA
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2022

6. Return to CRF Issues

	2021/22	2020/21
	Kshs.	Kshs.
County Executive - Development - 1000171162	719,900	-
Laikipia County Recurrent Account- 1000171208	17,791	-
Laikipia County Health FIF Account - 1000392959	14,522	-
County Assembly - Development - 1000339691	69	-
County Assembly - Recurrent - 1000193786	7,320	-
County Assembly refund - Equity Bank – 0270261206585	-	-
Total	759,602	-

This refers to cash balances in the operational CBK accounts for County Executive and County Assembly that remains unutilised at the close of the previous FY 2020/21 and therefore swept back to the CRF

7. Transfers to County Executive

	2021/22	2020/21
	Kshs.	Kshs.
Laikipia County Recurrent Account- 1000171208	3,211,997,353	-
Laikipia County Development Account - 1000171162	1,027,971,196	-
Laikipia County Roads Maintenance Levy Fund Account – 1000285842	-	-
Laikipia County Health Services Account – 1000285858	33,017,610	-
Laikipia County Ideas-Led Account - 1000363312	18,744,940	-
Laikipia County Kenya Climate Smart Agriculture Project Account – 1000367717	95,323,024	-
Laikipia County Village Polytechnic Project – 1000368896	-	-
Laikipia County Agricultural Sector Development Support Program Account – 1000372087	11,104,611	-
Laikipia County Health FIF Account - 1000392959	850,578,998	-
Laikipia County Kenya Urban Support Program – 1000372141	-	-
Laikipia County Urban Institution Grant Account – 100414235	-	-
Laikipia County Revenue Board - 1000376503	-	-
Laikipia County Primary Health Care	2,400,000	-
Laikipia County Kenya Devolution Support Program – 1000418451	-	-
Laikipia County Kenya Devolution Support Program – 1000427728	-	-
Laikipia County Emergency Fund - 1000451181	24,135,572	-
Total	5,275,273,304	-

In the FY 2021/22 the County Executive Budget was Kshs 7,778,978,535 of which only Kshs 5,275,273,304 was transferred.

COUNTY GOVERNMENT OF LAIKIPIA
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8. Transfers to County Assembly

	2021/22	2020/21
	Kshs.	Kshs.
County Assembly - Recurrent - 1000193786	501,308,712	-
County Assembly - Development - 1000339691	36,436,563	-
Total	537,745,275	-

In the FY 2021/22 the County Assembly Budget was kshs 537,857,266 of which only Kshs 537,745,275 was transferred.

9. Other Transfers

Description	2021/22	2020/21
	Kshs.	Kshs.
Agency Notices	-	-
Total	-	-

There were no other transfers within the FY 2021/22

10. Fund balance

	2021/22	2020/21
	Kshs.	Kshs.
County Exchequer Account – (CBK 1000171626)	5,571,567	24,229,276
Total	5,571,567	24,229,276

This refers to cash balance in the County Revenue Fund Account in the FY 2021/22 & 2020/21

II. ANNEXES

ANNEX 1: PROGRESS ON FOLLOW-UP OF AUDITOR'S RECOMMENDATIONS

This being the first report and financial statement for the County Revenue Fund, there are no prior audit issues to be addressed.



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Daniel Ngumi
Ag. Chief Officer – Finance & Economic planning
County Government of Laikipia

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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

ANNEX 2. ANALYSIS OF RECEIPTS FROM THE NATIONAL TREASURY EXCHEQUER RELEASES

Period (2021/22)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,284,066,421	1,258,385,091	1,284,066,420	898,846,494	4,725,364,426
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	-	-
World Bank – THUSCP	-	-	-	-	-
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)	-	-	-	-	-
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	-	-
Water and Sanitation Development Project	-	-	-	-	-
Total	1,284,066,421	1,258,385,091	1,284,066,420	898,846,494	4,725,364,426

COUNTY GOVERNMENT OF LAIKIPIA

County Revenue Fund

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

ANNEX 3: ANALYSIS OF TRANSFERS FROM THE COUNTY REVENUE FUND

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
County Executive -Rec	297,805,024	1,169,320,547	697,158,771	1,047,713,011	3,211,997,353
County Executive -Dev	-	395,519,455	275,004,630	357,447,111	1,027,971,196
County Assembly -Rec	-	190,738,097	143,159,965	167,410,650	501,308,712
County Assembly -Dev	-	-	-	36,436,563	36,436,563
Special Purpose A/c	-	-	-	-	-
Laikipia County Agricultural Sector Development Support Program	-	5,604,611	-	5,500,000	11,104,611
Laikipia County Emergency Fund	-	9,150,682	-	14,984,890	24,135,572
Laikipia County Health FIF	88,000,000	163,321,060	414,569,933	184,688,005	850,578,998
Laikipia County Health Services	-	-	-	33,017,610	33,017,610
Laikipia County Ideas-Led	-	-	-	18,744,940	18,744,940
Laikipia County Kenya Climate Smart Agriculture Project	-	-	-	95,323,024	95,323,024
Laikipia County Primary Health Care	-	-	-	2,400,000	2,400,000
Total	385,805,024	1,933,654,452	1,529,893,299	1,963,665,804	5,813,018,579