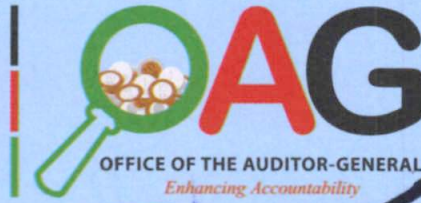


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REPORT

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THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF HOMA BAY

103



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COUNTY REVENUE FUND

County Government of Homa Bay

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

*County Government of Homa Bay
County Revenue Fund
Annual Report and Financial Statements For the financial year ended 30th June 2025*

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1. Acronyms and Definition of Key Terms

a. Acronyms

| | |
|--------------|---|
| <i>ADP</i> | <i>Annual Development Plan</i> |
| <i>AIE</i> | <i>Authority to Incur Expenditure</i> |
| <i>CA</i> | <i>County Assembly</i> |
| <i>CARA</i> | <i>County Allocation of Revenue Act</i> |
| <i>CBK</i> | <i>Central Bank of Kenya</i> |
| <i>CECM</i> | <i>County Executive Committee Member</i> |
| <i>CE</i> | <i>County Executive</i> |
| <i>CG</i> | <i>County Government</i> |
| <i>CIDP</i> | <i>County Integrated Development Plan</i> |
| <i>COG</i> | <i>Council of Governors</i> |
| <i>CRA</i> | <i>Commission on Revenue Allocation</i> |
| <i>CRF</i> | <i>County Revenue Fund</i> |
| <i>CT</i> | <i>County Treasury</i> |
| <i>IPSAS</i> | <i>International Public Sector Accounting Standards</i> |
| <i>MCA</i> | <i>Member of County Assembly</i> |
| <i>OAG</i> | <i>Office of the Auditor General</i> |
| <i>OCOB</i> | <i>Office of the Controller of Budget</i> |
| <i>OSR</i> | <i>Own Source Revenue</i> |
| <i>PFM</i> | <i>Public Finance Management</i> |
| <i>PSASB</i> | <i>Public Sector Accounting Standards Board</i> |
| <i>NT</i> | <i>National Treasury</i> |
| <i>WB</i> | <i>World Bank</i> |
| <i>KRB</i> | <i>Kenya Roads Board</i> |
| <i>Kshs</i> | <i>Kenya Shillings</i> |
| <i>FY</i> | <i>Financial Year</i> |
| <i>A-I-A</i> | <i>Appropriation In Aid</i> |

b. Definition of Key Terms

Fiduciary Management: The key management personnel who had financial responsibility

2. 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 Team

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

| No. | Designation | Name |
|-----|------------------------------------|----------------------------|
| 1. | CECM Finance and Economic planning | Hon. Solomon Obiero |
| 2. | C.O Finance | CPA Alphonce Werah |
| 3. | Head of Accounts | CPA Okello Sita |

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---|----------------------------|
| 1. | CECM Finance and Economic Planning | Hon. Solomon Obiero |
| 2. | Accounting Officer in charge of Finance | CPA Alphonce Werah |
| 3. | Head of Accounts | CPA Okello Sita |

d) Fiduciary Oversight Arrangements

- a. Audit and finance committee activities**
 - i. Strengthening systems and Internal Controls*
- b. County Assembly Committee Activities**
 - i. Approval of Budgets*
 - ii. Oversight of Development projects*
 - iii. Other checks and Balances*

e) County Headquarters

P.O. Box 469-40300
Homa Bay,
KENYA
Governor's
Offices Homa
Bay, KENYA

f) County Executive Contacts

Telephone: (254) 2038617565/55
E-mail: governorsoffice@homabaycounty.go.ke
Website: www.Homabay.go.ke

g) County Bankers

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

h) Independent Auditor

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

i) Principal Legal Adviser

The Attorney General
State Law Office,
Harambee Avenue,

*P.O Box 40112,
City Square 00200,
Nairobi, Kenya*

j) County Attorney
*The County Attorney,
P.O Box 469-40300,
Homa Bay*

3. Statement by the CECM Finance

Section 163 of the Public Finance Management Act (PFMA), 2012, requires that at the end of each financial year, the County Treasury shall consolidate the annual financial statements in respect to all the county government entities in the formats prescribed by the Accounting Standard Board. To this end, and in compliance to the provisions of the PFM Act, 2012, the County Treasury hereby presents the Homa Bay County Revenue Fund Annual Report and Financial Statement for the Year Ended 30th June 2025.

Analysis of the Fiscal Framework for the Financial Year (FY) 2024-2025.

The FY2024/25 was a defining moment for Homa Bay County. The County led by H. E. the Governor navigated through challenges and seized opportunities to enhance effective service delivery. The original Budget Estimate for the year was **KES. 11,876,978,601**, comprising **KES. 7,670,902,585** for Recurrent Expenditure and **KES. 4,206,076,016** for Development Expenditure. This resource envelop was later in the year revised to **KES. 13,130,574,618** increasing the Recurrent Expenditure to **KES. 7,939,423,075** and Development Expenditure to **KES. 5,191,151,543**. To finance this budget estimate, we projected to received **KSh. 8,170,280,800** from the equitable share of revenue from the National Government, **KSh. 1,482,806,657** from our own sources (both ordinary and A-In-A), **KSh. 1,372,154,607** from loans and conditional grants, Share of Equalizations funds of **KSh. 260,206,608** and unspent cash balance of **KSh. 650,270,979** from the FY 2023/24.

The below tabulated information gives highlights of the fiscal framework analysis for the County Government of Homa Bay for the year ended 30th June 2025.

Table 1: Budget Estimates for the Financial Year (FY) 2024-2025

| BUDGET FISCAL FRAMEWORK FY 2024/25 | | | |
|---|---|--|------------|
| Revenue/Expenditure Category | Printed Estimates FY 2024/25 | Revised Estimates II FY 2024/25 | % |
| Total Revenue | 11,876,978,601 | 13,130,574,618 | 100 |
| Equitable Share | 8,436,080,677 | 8,170,280,800 | 62.22 |
| Conditional Grants | 1,829,487,963 | 2,468,464,225 | 18.8 |
| Own Source Revenue (ordinary) | 501,737,917 | 501,737,917 | 3.82 |
| Health Sector A-I-A | 981,068,740 | 981,068,740 | 7.47 |
| Share of Equalization Fund | 128,603,304 | 260,206,608 | 1.98 |
| | | | |
| Total Expenditure | 11,876,978,601 | 13,130,574,618 | 100 |
| Recurrent Expenditure | 7,670,902,585 | 7,939,423,075 | 60.47 |

| | | | |
|-------------------------|---------------|---------------|-------|
| Development Expenditure | 4,206,076,016 | 5,191,151,543 | 39.53 |
|-------------------------|---------------|---------------|-------|

Source: County Treasury 2025

Equitable Share of Revenue

Article 201 of the Constitution of Kenya, 2010 stipulates the principles of public finance system of the republic. Key among the principles is to promote an equitable society realized through among other factors, the vertical sharing of revenue raised nationally among national and county governments. The county governments may be given additional allocations from the national governments share of revenue either conditionally or unconditionally.

The County Government of Homa Bay projected for the year under review **KES. 8,170,280,800** as Equitable Share and **KES. 2,468,464,225** as Conditional Grants forming 62.22% and 18.8% respectively of the total revenue.

Own Source Revenue

Articles 209 and 210 of the Constitution of Kenya, 2010, give County Governments authority to impose levies, property rates, entertainment charges, and other taxes or fees as authorized by an Act of Parliament. As a County government we explored ways to generate revenue to support our operations and fund development initiatives during the FY 2024-25.

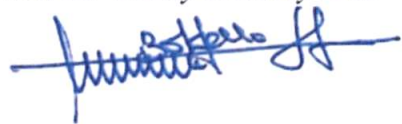
During the FY 2024-25 we projected **KES. 1,482,806,657** as own source revenue comprising Ordinary Revenue and Health Service Sector (A-I-A). As at the end of the FY 2024-25 we had collected **KES. 1,729,883,471**. This was an improvement compared to **KES. 1,200,495,830** realized in the FY 2023-24. This upward trajectory was achieved through various measures key among them 95% Revenue Automation; implementation of monthly revenue roundtable meetings; capacity building and training of revenue staffs on integrity and system use; fully operationalization of county revenue board; and revenue taxpayers awareness creation and sensitization weeks;

Table 2: Own Source Revenue Comparative Analysis for the FY 2023-24 and FY 2024-25

| Revenue Streams Related to: | FY 2023-24 | FY 2024-25 | VARIANCE |
|---|-------------|-------------|------------|
| Land, Physical Planning, Housing & Urban Development: | 35,709,400 | 29,743,780 | 5,965,620 |
| Trade, Industry, Tourism, Co-operative Development & Marketing: | 162,095,866 | 170,446,588 | 8,350,722 |
| Agriculture & Livestock: | 22,646,185 | 34,986,201 | 12,340,016 |
| Roads, Public Works, Transport & Infrastructure: | 54,143,470 | 56,256,152 | 2,112,682 |

| | | | |
|--|----------------------|----------------------|--------------------|
| Blue Economy, Fisheries, Mining & Digital Economy: | 67,226,879 | 73,918,668 | 6,691,789 |
| Water, Irrigation, Sanitation, Environment, Energy, Forestry & Climate change: | 1,243,484 | 1,058,047 | 185,437 |
| Governance & Administration: | 3,412,888 | 4,480,985 | 1,068,097 |
| Youths, Sports, Gender & Talent Dev.: | 1,723,726 | 852,400 | 871,326 |
| Finance & Economic Planning: | 11,043,129 | 18,772,547 | 7,729,418 |
| Public Health & Medical Services (A-I-A): | 841,250,804 | 1,339,368,104 | 498,117,300 |
| TOTAL | 1,200,495,831 | 1,729,883,472 | 529,387,641 |

Source: County Treasury 2025



.....
CECM Finance and Economic Planning

County Government of Homa Bay

4. Management Discussion and Analysis

Section 163 of the Public Finance Management Act (PFMA), 2012, requires that at the end of each financial year, the County Treasury shall consolidate the annual financial statements in respect to all the county government entities in the formats prescribed by the Accounting Standard Board. To this end, and in compliance to the provisions of the PFM Act, 2012, the County Treasury hereby presents the Homa Bay County Revenue Fund Annual Report and Financial Statement for the Year Ended 30th June 2025.

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| | | | |
| Total Expenditure | 11,876,978,601 | 13,130,574,618 | 100 |

| | | | |
|-------------------------|---------------|---------------|-------|
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Source: County Treasury 2025

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| Trade, Industry, Tourism, Co-operative Development & Marketing: | 162,095,866 | 170,446,588 | 8,350,722 |
| Agriculture & Livestock: | 22,646,185 | 34,986,201 | 12,340,016 |
| Roads, Public Works, Transport & Infrastructure: | 54,143,470 | 56,256,152 | 2,112,682 |

County Government of Homa Bay

County Revenue Fund

Annual Report and Financial Statements For the financial year ended 30th June 2025

| | | | |
|--|----------------------|----------------------|--------------------|
| Blue Economy, Fisheries, Mining & Digital Economy: | 67,226,879 | 73,918,668 | 6,691,789 |
| Water, Irrigation, Sanitation, Environment, Energy, Forestry & Climate change: | 1,243,484 | 1,058,047 | 185,437 |
| Governance & Administration: | 3,412,888 | 4,480,985 | 1,068,097 |
| Youths, Sports, Gender & Talent Dev.: | 1,723,726 | 852,400 | 871,326 |
| Finance & Economic Planning: | 11,043,129 | 18,772,547 | 7,729,418 |
| Public Health & Medical Services (A-I-A): | 841,250,804 | 1,339,368,104 | 498,117,300 |
| TOTAL | 1,200,495,831 | 1,729,883,472 | 529,387,641 |

Source: County Treasury 2025

5. Overview of the County Revenue Fund Operations

a) 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.

b) Receipts into the County Revenue Fund

County Government revenue is received through the 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. Revenue includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, own source revenue, and other miscellaneous deposits in the County Revenue Fund Account.

c) 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 pursuant to Section 109 (6) of the PFM Act 2012. These entities are responsible for the administration of their respective approved budgets.

d) 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 2025.



.....
CEC Member – Finance and Economic Planning
County Government of Homa Bay

6. Statement of Management Responsibility

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

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on *June 30, 20xx*. 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 Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (vi) 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 Accrual 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, 2025*, 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 **29th August 2025**.

Signature _____



Name: Alphonse Odhiambo Werah
Chief Officer Finance
County Government of Homa Bay

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, 2025 – COUNTY GOVERNMENT OF HOMA BAY

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENT

Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Homa Bay set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the County Revenue Fund - County Government of Homa Bay as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis amounts of Kshs.13,130,574,618 and Kshs.10,553,483,072 respectively, resulting in under-funding of Kshs.2,577,091,546 or 20% of the budget.

The underfunding affected planned activities and may have negatively impacted service delivery to the residents of Homa Bay.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, two issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources. These are budgetary control and performance and non-compliance with the fiscal responsibility

principles on transfers to the County Assembly. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page iii to xiii which comprises Key Entity Information and Management, Statement by the Chief Executive Committee Member (CECM) Finance, Management Discussion and Analysis, Overview of the County Revenue Fund Operations and the Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the County Revenue Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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

Non-Compliance with the Fiscal Responsibility Principle on Transfers to County Assembly

The statement of financial performance reflects transfer to Homa Bay County Assembly amount of Kshs.1,044,999,999 as disclosed in Note 13 to the financial statement. However, the amount represents 10% of the reported total County revenue of Kshs.10,581,093,451, contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which provides that the total approved expenditure of the County Assembly shall be 7% (Kshs.740,676,542) of the reported total County revenue. Therefore, the Fund transferred to the County Assembly Kshs.304,323,457 in excess of the allowed limit.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 so as to obtain assurance as to whether processes and systems of internal control, risk management and overall governance was maintained 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 the 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 (Accrual 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that

effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025

8. Statement of Financial Performance for the year ended 30 June 2025

| Description | Notes | FY 2024-2025 |
|---|-------|-------------------------|
| | | Kshs. |
| Revenue from non-exchange transactions | | |
| Exchequer releases | 6 | 8,820,550,663 |
| Transfers from other government agencies | 7 | 1,337,135,591 |
| Other grants | 8 | - |
| Return to CRF from County Entities | 9 | 1,254,009 |
| Non-Exchange Own Source Revenue | 10 | 256,444,575 |
| Revenue from exchange transactions | | |
| Exchange Own Source Revenue | 11 | 165,708,612 |
| Total Revenue | | 10,581,093,451 |
| Expenses | | |
| Transfers to County Executive | 12 | 9,550,048,597 |
| Transfers to County Assembly | 13 | 1,044,999,999 |
| Total Expenses | | (10,595,048,596) |
| Surplus for the year | | (13,955,145) |



.....
 Name: CPA Alphonse Odhiambo Werah
 Chief Officer - Finance
 Date: 29th August 2025



.....
 Name: CPA Sephaniah Okello Sita
 Director Accounting Services
 ICPAK Member No. 30278
 Date: 29th August 2025

9. Statement of Financial Position as at 30th June 2025

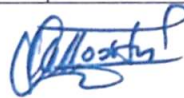
| Description | Note | FY 2024-2025 | Opening Statement 1st July 2024 |
|--|------|--------------------|------------------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 14 | 104,157,173 | 41,565,524 |
| Receivables from Exchange Transactions | 15 | 29,077,184 | 1,466,806 |
| Total Current Assets | | 133,234,357 | 43,032,329 |
| Total Assets (A) | | 133,234,357 | 43,032,329 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | 16 | 104,157,173 | - |
| Total Current Liabilities | | 104,157,173 | - |
| Total Liabilities (B) | | 104,157,173 | - |
| Net Assets(A-B) | | 29,077,184 | 43,032,329 |
| Represented by: | | | |
| Accumulated Surplus | | 29,077,184 | 43,032,329 |
| Net Assets | | 29,077,184 | 43,032,329 |



.....
Name: CPA Alphonse Odhiambo Werah

Chief Officer - Finance

Date: 29th August 2025



.....
Name: CPA Sephaniah Okello Sita

Director Accounting Services

ICPAK Member No. 30278

Date: 29th August 2025

10. Statement of Changes in Net Assets for the year ended 30 June 2025

| Description | Accumulated Surplus |
|---|----------------------------|
| As at June 30, 2024 | 41,565,524 |
| Adjustment to recognize Assets/Liabilities | 1,466,806 |
| 1st July 2024 Opening Balance | 43,032,329 |
| Surplus/ deficit for the Period | (13,955,145) |
| Additions during the Period | |
| As at June 30, 2025 | 29,077,184 |

11. Statement of Cash Flows for the year ended 30 June 2025

| | | FY 2024-2025 |
|--|--------------|-------------------------|
| | Notes | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Exchequer releases | | 8,820,550,663 |
| Transfers from other government agencies | | 1,337,135,591 |
| Other grants | | - |
| Return to CRF from County Entities | | 1,254,009 |
| Own Source Revenue | | 394,542,809 |
| Total receipts | | 10,553,483,072 |
| Payments | | |
| Transfers to County Executive (operating activities) | | (9,445,891,424) |
| Transfers to County Assembly (operating activities) | | (1,044,999,999) |
| Other transfers | | - |
| Total Payments | | (10,490,891,423) |
| Net cash flows from/(used in) operating activities | | 62,591,649 |
| Cash flows from investing activities | | - |
| | | |
| Net cash flows from/(used in) investing activities | | - |
| | | |
| Cash flows from financing activities | | |
| Net cash flows from from/(used in) financing Activities | | - |
| Net increase/(decrease) in cash & Cash equivalents | | 62,591,649 |
| Cash and cash equivalents at 1 July | 14 | 41,565,524 |
| Cash and cash equivalents at 30 June | 14 | 104,157,173 |

12. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2025.

| Description | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Realization Difference | % of Realization |
|---|-----------------------|----------------------|-----------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Budget carryovers from the previous year* | | - | - | - | - | - |
| Receipts | | | | | | |
| Exchequer releases | 8,436,080,677 | 384,471,102 | 8,820,551,779 | 8,820,550,663 | 0 | 100% |
| Transfers from other government agencies | 1,829,487,963 | 638,976,262 | 2,468,464,225 | 1,337,135,591 | 1,131,328,634 | 54% |
| Other grants | 128,603,304 | 131,603,304 | 260,206,608 | - | 260,206,608 | 22% |
| Return to CRF from County Entities | - | 98,545,349 | 98,545,349 | 1,254,009 | 97,291,340 | 1% |
| Own Source Revenue | 501,737,917 | - | 501,737,917 | 394,542,809 | 107,195,108 | 79% |
| Appropriation in Aid (A-I-A) | 981,068,740 | - | 981,068,740 | - | 981,068,740 | 0% |
| Total Revenue | 11,876,978,601 | 1,253,596,017 | 13,130,574,618 | 10,553,483,072 | 2,577,091,546 | 80% |
| Payments | | | | | | |
| Transfers to County Executive | 10,849,575,692 | 1,083,800,024 | 11,933,375,716 | 9,445,891,424 | 2,487,484,292 | 79% |
| Transfers to County Assembly | 1,027,402,909 | 169,795,993 | 1,197,198,902 | 1,044,999,999 | 152,198,903 | 87% |

County Government of Homa Bay

County Revenue Fund

Annual Report and Financial Statements For the financial year ended 30th June 2025

| Description | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Realization Difference | % of Realization |
|----------------|-----------------|---------------|----------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| Total Payments | 11,876,978,601 | 1,253,596,017 | 13,130,574,618 | 10,490,891,423 | 2,639,683,195 | 80% |
| Surplus | - | 0 | 0 | 62,591,649 | (62,591,649) | |

Budget Notes

1. The under-receipt of 48% under transfers from other Government Agencies resulted from failure to receive budgeted funds from donors
2. The under-receipt of 78% under transfers from other Grants resulted from failure to receive budgeted funds from donors
3. The under-receipt of 21% under Own-Source-Revenue was due to failure to collect budgeted revenue of kshs. 107,195,108

13. Notes to the Financial Statements

1. General Information

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the Homa Bay County Government and is domiciled in Kenya. The Fund's principal activity is to finance County Assembly, County Executive and Special Purpose projects in Homa Bay.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-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 off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cashflow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the Accounting officer on 15/08/2025

Basis of preparation

Reporting entity

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

Revenues

Revenues 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.

Expenses

Expenses 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.

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

| Standard | Effective date and impact: |
|--|---|
| IPSAS 46 Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 48- Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 49: Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant.</i></p> |
| IPSAS 50: | <i>Applicable 1st January 2027</i> |

County Government of Homa Bay
 County Revenue Fund
 Annual Report and Financial Statements For the financial year ended 30th June 2025

| Standard | Effective date and impact: |
|---|--|
| Exploration For & Evaluation of Mineral Resources | <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Own Source Revenue

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on May 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of 2 on the 2024/25 **budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income** and expenditure disclosed in the financial statements.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year

e) Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

f) Currency

The financial statements are presented in Kenya Shillings (Kshs) are rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made if any.

6. Exchequer releases

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

| Description | FY 2024-2025 |
|-----------------|----------------------|
| | Kshs. |
| Equitable Share | 8,820,550,663 |
| Total | 8,820,550,663 |

7. Transfers from other government agencies**

| Description | FY 2024-2025 |
|---|----------------------|
| | Kshs. |
| Road Maintenance Levy | 61,056,106 |
| World Bank –Kenya Urban Support Programme- UIG | 32,309,300 |
| County industrial Park Development | 187,500,000 |
| DANIDA Grant -Primary Health care in devolved context -Ministry of Health | 10,383,750 |
| World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development | 925,020,992 |
| IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development | 86,525,422 |
| (IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of | 34,340,021 |
| Total | 1,337,135,591 |

8. Other grants**

| Description | FY 2024-2025 |
|-------------------|--------------|
| | Kshs. |
| Equalization Fund | - |
| Total | - |

9. Return to CRF from County Entities

| Description | FY 2024-2025 |
|---|------------------|
| | Kshs. |
| Recurrent Account (<i>County Executive</i>) | 20,034 |
| Development Account (<i>County Executive</i>) | 1,067,150 |
| Recurrent Account (<i>County Assembly</i>) | 769 |
| Development Account (<i>County Assembly</i>) | 8,755 |
| Others (<i>Specify</i>) | 157,302 |
| Total | 1,254,009 |

10. Non-Exchange Own Source Revenue

| Description | FY 2024-2025 |
|---|-----------------------|
| | Kshs. |
| Cess | 105,598,861.00 |
| Land Rates | 34,168,739.00 |
| Single/Business Permits | 88,117,240.00 |
| Conservancy Administration | 8,570,216.00 |
| Administration Control Fees and Charges | 653,600.00 |
| Other Fines, Penalties, And Forfeiture Fees | 11,888,085.00 |
| Public Health Service Fees | 1,318,831.00 |
| Physical Planning and Development | 6,129,003.00 |
| Total | 256,444,575.00 |

11. Exchange Own Source Revenue

| Description | FY 2024-2025 |
|------------------------|-----------------------|
| | Kshs. |
| Parking Fees | 54,648,902.00 |
| Market Fees | 52,614,756.00 |
| Property Rent | 14,760,607.00 |
| Advertising | 22,578,504.00 |
| Hire of County Assets | 2,863,180.00 |
| Miscellaneous receipts | 18,242,663.00 |
| Total | 165,708,612.00 |

12. Transfers to County Executive

| Description | FY 2024-2025 |
|---------------------------|----------------------|
| | Kshs. |
| Recurrent Account | 6,255,083,009 |
| Development Account | 1,947,846,424 |
| Special Purpose Accounts | 1,347,119,164 |
| Others (<i>Specify</i>) | - |
| Total | 9,550,048,597 |

13. Transfers to County Assembly

| Description | FY 2024-2025 |
|---------------------------|----------------------|
| | Kshs. |
| Recurrent Account | 930,845,151 |
| Development Account | 114,154,848 |
| Special purpose accounts | - |
| Others (<i>Specify</i>) | - |
| Total | 1,044,999,999 |

14. Cash and Cash equivalents

| Description | FY 2024-2025 | Opening Statement 1st July 2024 |
|--|--------------------|---------------------------------|
| | Kshs. | Kshs. |
| County Exchequer Account - (CBK Account number (1000171065)) | 104,157,173 | 41,565,524 |
| Total | 104,157,173 | 41,565,524 |

15. Receivables from Exchange Transactions

| Description | FY 2024-2025 | Opening Statement 1st July 2024 |
|--|-------------------|------------------------------------|
| | Kshs | Kshs |
| Receivables from exchange transactions | 29,077,184 | 1,466,806 |
| Total | 29,077,184 | 1,466,806 |

16. Accounts Payable

| Description | FY 2024-2025 | Opening Statement 1st July 2024 |
|-------------------------------|--------------------|------------------------------------|
| | Kshs | Kshs |
| Payables to County Executive | 104,157,173 | - |
| Payables to County Assembly | - | - |
| Other transfers | - | - |
| Total Accounts Payable | 104,157,173 | - |

Notes to the financial statements

17. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

| Name Of Bank, Account No. & Currency | Amount in bank account currency* | Ex. rate (if in foreign currency) | Opening Statement 1st July 2024 |
|---|---|--|--|
| | Kshs | Kshs | Kshs |
| <i>KCB, 1140763555, KES.</i> | 2,724,205 | 0 | 1,466,806 |
| Total | 2,724,205 | 0 | 1,466,806 |

18. Appendices

Appendix 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 | The statement of comparison of budget and actual amounts reflects total budget of Kshs. 11,167,226,300 against actual receipts of Kshs. 8,987,565,925 resulting to under realization of Kshs. 2,194,660,375. Similarly, the fund made actual payments of Kshs. 8,931,000,400 against budgeted amount of Kshs. 11,167,226,300 resulting to under-funding of Kshs. 2,236,225,900. | The management concurs with the auditor's observation on the under-funding of the County Revenue and disbursement by 20% respectively. However, the management wishes to state that the Under-funding of the County Budget was as a result of failure by the National Treasury to disburse in time Funds allocated from the National Government | Not resolved | |
| 2 | The statement of receipts and payments and as disclosed under Note 7 to the financial statements reflects Kshs.1,010,039,680 in respect to transfers to County Assembly representing eleven percent (11%) of the total revenue of the County Government of Homa Bay of | The Management concurs with the Auditors Observation on the Allocation to the County Assembly and will ensure that it adhere to the Budget Ceiling approved by | resolved | |

County Government of Homa Bay
County Revenue Fund

Annual Report and Financial Statements For the financial year ended 30th June 2025

| 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) |
|--|--|---|-----------------------------------|--|
| | <p>Kshs. 8,829,691,136. The management has not explained or provided evidence for verification on the circumstances which led to transfers to the County Assembly contrary to the provisions of Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which provides "that the approved expenditure of a County Assembly shall not exceed seven per cent of the total revenue of the county government or twice the personnel emoluments of the County Assembly whichever is lower". And although the management has explained that the County Assemblies Negotiated with The Commission of Revenue allocation (CARA) for higher allocations which was granted, audit review of the approved budget ceiling to the County Assembly by the County Allocation of Revenue Act, 2023 for the financial year 2023/2024 was Kshs. 951,617,005 and not Kshs. 1,010,039,680</p> | <p>the Commission of Revenue allocation(CARA)in the subsequent financial years.</p> | | |



Name: CPA Alphonse Odhiambo Werah
Chief Officer Finance
ICPAK Member No. 3637
Date: 29th August 2025

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

| Period 2024-2025 | quarter 1 (kshs.) | quarter 2 (kshs.) | quarter 3 (kshs.) | quarter 4 (kshs.) | total (kshs.) |
|---|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| Equitable Share | 1,341,183,895 | 2,699,753,153 | 1,348,096,148 | 3,431,517,467 | 8,820,517,467 |
| OWN SOURCE REVENUE | 43,952,700 | 83,688,200 | 106,162,926 | 163,463,188 | 397,267,014 |
| DANIDA - Universal Healthcare in Devolved Units Programme | | | | 10,383,750 | 10,383,750 |
| Aggregated Industrial Parks | 54,131,579 | - | - | 133,368,421 | 187,500,000 |
| National Value Chain Development Project(NAVCDP) | - | - | - | 86,525,422 | 86,525,422 |
| Kenya Urban Support Programme (UIG) | - | - | - | 32,309,300.00 | 32,309,300 |
| Road Maintenance Levy Fund | - | - | - | 61,056,106 | 61,056,106 |
| Kenya Informal Settlements Improvement Programme(KISIP)II | - | - | - | 925,020,992 | 925,020,992 |
| Financing Locally-Led Climate Actions Programme -CCRI&CCRIG) IDA &KFW | - | - | - | 34,340,021 | 34,340,021 |
| Total | 1,439,268,174 | 2,783,441,353 | 1,454,259,074 | 4,875,260,462 | 10,556,207,278 |

Appendix 3. Analysis Of Receipts from Own Source Revenue per Quarter

(a) Non-Exchange own source revenue

| Period 2024-2025 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|---|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| Cess | 24,195,459 | 28,659,061 | 27,087,778 | 25,656,563 | 105,598,861.00 |
| Land Rates | 1,851,237 | 1,174,846 | 2,572,486 | 28,570,170 | 34,168,739.00 |
| Single/Business Permits | 4,911,859 | 2,257,039 | 54,625,669 | 26,322,673 | 88,117,240.00 |
| Conservancy Administration | 840,552 | 636,728 | 1,748,000 | 5,344,936 | 8,570,216.00 |
| Administration Control Fees and Charges | 36,800 | 39,000 | 455,000 | 122,800 | 653,600.00 |
| Other Fines, Penalties, And Forfeiture Fees | 553,370 | 1,577,920 | 9,183,245 | 573,550 | 11,888,085.00 |
| Public Health Service Fees | 350,075 | 391,435 | 319,281 | 258,040 | 1,318,831.00 |
| Physical Planning and Development | 1,536,300 | 1,441,900 | 1,162,000 | 1,988,803 | 6,129,003.00 |
| Total | 34,275,652.00 | 36,177,929.00 | 97,153,459.00 | 88,837,535.00 | 256,444,575.00 |

(b) Exchange own source revenue

| Period 2024-2025 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Parking Fees | 13,823,702 | 13,965,610 | 14,705,411 | 12,154,179 | 54,648,902.00 |
| Market Fees | 11,740,338 | 12,052,255 | 12,532,200 | 16,289,963 | 52,614,756.00 |
| Property Rent | 3,342,180 | 5,936,587 | 2,717,400 | 2,764,440 | 14,760,607.00 |
| Advertising | 646,700 | 384,500 | 13,837,103 | 7,710,201 | 22,578,504.00 |
| Hire of County Assets | 367,080 | 1,157,000 | 1,116,100 | 223,000 | 2,863,180.00 |
| Miscellaneous receipts | 1,023,494 | 5,216,388 | 3,814,242 | 8,188,539 | 19,709,469.00 |
| | 30,943,494.00 | 38,712,340.00 | 48,722,456.00 | 47,330,322.25 | 165,708,612.00 |

Appendix 4: Analysis of Transfers from the County Revenue Fund

| Period -2024-2025 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| County Executive -Rec | 550,445,598 | 2,473,740,676 | 1,146,498,640 | 2,084,398,095 | 6,255,083,009 |
| County Executive -Dev | 63,530,360 | 613,430,779 | 149,728,289 | 1,121,156,996 | 1,947,846,424 |
| County Assembly -Rec | 179,999,999 | 272,983,268 | 188,297,507 | 284,417,794 | 925,698,568 |
| County Assembly -Dev | | | 18,719,225 | 100,582,206 | 119,301,431 |
| Special Purpose A/c (Specify) | | 41,000,000 | | 1,306,119,164 | 1,347,119,164 |
| Total | 793,975,957 | 3,401,154,723 | 1,503,243,661 | 4,792,517,082 | 10,595,048,596 |