

REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

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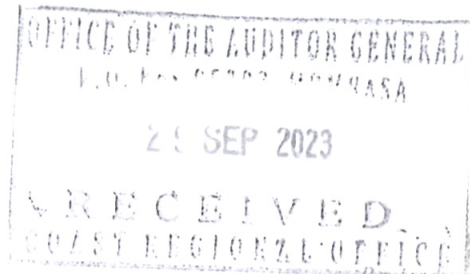
**THE AUDITOR-GENERAL**

**ON**

**COUNTY REVENUE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**COUNTY GOVERNMENT OF  
TAITA TAVETA**



*Revised on 30<sup>th</sup> June, 2023.*



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**COUNTY REVENUE FUND**  
**COUNTY GOVERNMENT OF TAITA TAVETA**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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

County Government of Taita Taveta  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2023

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**1. Acronyms and glossary of terms**

*a) Acronyms*

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
KShs	Kenya Shillings
FIF	Facility Improvement Fund
NHIF	National Hospital Insurance Fund

*b) glossary of terms*

Comparative FY	Comparative Prior Financial Year
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	-CPA Dawson Katuu Mzenge
2.	C.O Finance	-CPA Nashon Chovu Nyali
3.	Director Accounting Services/Finance	-CPA Joyce Kambe Mwachia

### c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	- CPA Dawson Katuu Mzenge
2.	Accounting Officer in charge of Finance	- CPA Nashon Chovu Nyali
3.	Director Accounting Services/Finance	- CPA Joyce Kambe Mwachia

### d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the period ended 30<sup>th</sup> June, 2023 were:

1. County Assembly of Taita Taveta County;
2. Senate Committees
3. Development partner oversight bodies
4. County Audit Committee
5. County Budget and Economic Forum (CBEF)
6. Controller of Budget
7. Office of the Auditor General

**e) County Executive Headquarters**

Office of the Governor  
Mwatate Town, Off Voi – Taveta Highway,  
P.O. Box 1066-80304  
**Wundanyi, Kenya**

**f) County Executive Contacts**

Telephone: 0788186436/0718988717  
Email: [info@taitataveta.go.ke](mailto:info@taitataveta.go.ke)  
Website: [www.taitataveta.go.ke](http://www.taitataveta.go.ke)

**g) County Executive Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
  
2. Other Commercial Banks  
Kenya Commercial Bank  
Wundanyi Branch  
Along Posta Road  
P.O. Box 1067-80304  
**Wundanyi, Kenya**

**h) Independent Auditors**

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

County Government of Taita Taveta  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2023

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**NAIROBI, KENYA**

**i) Principal Legal Adviser**

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

**NAIROBI, KENYA**

**j) County Attorney**

The County Attorney General  
Office of the Governor  
Mwatate Town, Off Voi – Taveta Highway,  
P.O. Box 1066-80304  
**Wundanyi, Kenya**

### **3. Statement by the CECM Finance**

It is my pleasure to present the Taita Taveta County Revenue Fund Annual financial statements for the year ended 30th June 2023. The financial statements have been prepared in accordance with the provisions of the Public Financial Management Act, 2012 cap 163 which requires the county treasury to prepare annual financial statements at the end of each financial year. The financial statements present the financial performance of the County Government over the past 12 months.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments, Taita Taveta included. Functions and powers exercised by County Executive of Taita Taveta are as articulated in section 5 and 6 of the County Government Act 2012 respectively.

#### **Financing of the County Governments**

The County Government gets its financing from the Equitable share from National Government, Conditional grants from Donors & Development Partners and its own Source Revenue collected from various revenue streams. Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County has always continued to explore new and innovative ways of increasing its local revenue collections. Some of the modalities are employment of a new Revenue Collection System which has been developed to meet the ever-changing needs. i.e. customer satisfaction and advancement in technology.

The key local revenue sources include; Single Business Permits, Market fees, Agricultural Produce Cess, Hospital cost sharing fees, Sand cess, Land rates, Development plan approvals, Advertising fees, and various other administrative charges.

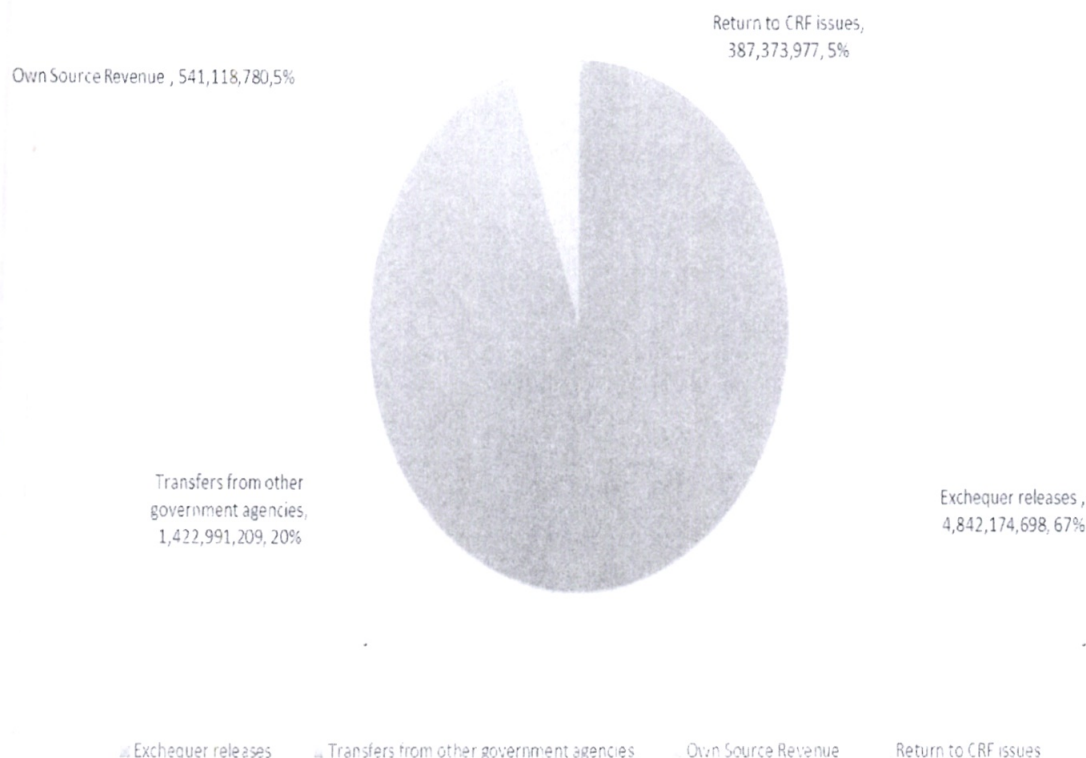
**FINANCIAL PERFORMANCE**

**I. Budget Performance Against Actual Amounts**

**a) Revenue**

In the year ended 30th June 2023, the County had total projected revenues of KShs 7,193,658,663 consisting of; KShs 541,118,780 from own sources and KShs 6,652,539,884 from other sources, including County Allocation through Exchequer and donor funding for various specific projects in the County Departments of Water, Agriculture, Mwatate Municipality amongst others.

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



**Figure 1: Taita Taveta County revenue sources in FY 2022/2023**

CARA revenues continue to form the largest part of our revenue budget, contributing 67 % towards our budget. Our own generated revenues formed 5% of our budget.

Out of the projected revenue, the County was able to realize KShs 6,488,159,281 in actual revenues, representing 90% performance. This performance was as a result of 100% realization of the County Allocation through Exchequer, 79% on own generated revenues, 100% Return to CRF Issues.

County Government of Taita Taveta  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2023

The table below shows an analysis of revenue performance during the year ended 30<sup>th</sup> June 2023.

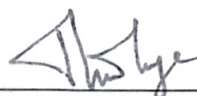
Revenue Classification	Revenue Budget (KShs)	Actual (KShs)	Realisation (%)
Exchequer releases	4,842,174,698	4,842,174,699	100%
Transfers from other government agencies	1,422,991,209	833,372,618	59%
Own Source Revenue	541,118,780	426,497,788	79%
Return to CRF issues	387,373,977	387,611,273	100%
<b>Total</b>	<b>7,193,658,663</b>	<b>6,489,656,378</b>	<b>90%</b>

**Table 1: Revenue performance in FY 2022/2023**

Out of Kshs 426,497,788 realized from Own source revenues, Kshs 263,882,456 was disbursed to CRF Account while Kshs 161,118,235 was disbursed to the Facility Improvement fund (FIF). FIF was enacted by Taita Taveta County Health services Act 2021, that requires all monies (Revenues) collected from Level 4 Hospitals and Public health Facilities to be disbursed to FIF account. During the year under review, The FIF collected Revenues amounting to KShs 161,118,235.00 consisting of KShs 66,153,057.00 from Level 4 Hospitals, KShs 93,450,928.00 from NHIF Refunds and KShs 1,514,250.00 from Others

**b) Transfers**

In the year under review, the County Government of Taita Taveta had projected transfer payments of KShs 7,193,658,663 and was able to utilize a total of KShs 6,143,184,159 representing an absorption rate of 85%. The transfer payments comprised of KShs 5,240,960,991 to County Executive, KShs 902,223,168 to County Assembly.



**CPA Dawson Katuu Mzenge**  
**CECM FINANCE AND ECONOMIC PLANNING**  
**COUNTY GOVERNMENT OF TAITA TAVETA**

**4. Management Discussion and Analysis**

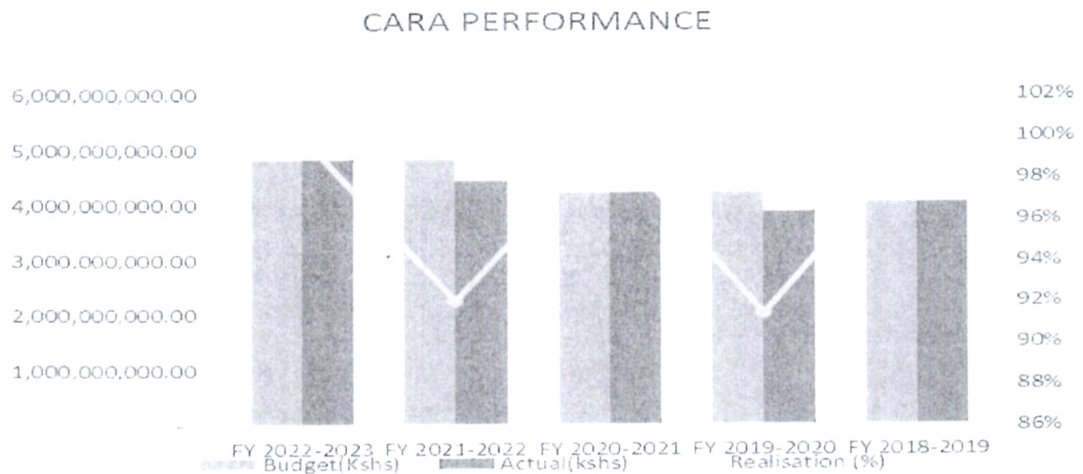
The County Government gets its financing from the Equitable share from National Government, Conditional grants from Donors & Development Partners and its own Source Revenue collected from various revenue streams. Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

**FINANCIAL PERFORMANCE**

**a.) CARA Performance**

CARA revenues continue to form the largest part of our revenue budget, contributing 67 % towards our budget. For the past five (5) years, the county realised 100% performance against its allocation. In the FY 2021/22 & FY 2019/20 realised 92% and 91% respectively. However, the balances were received in full in the subsequent financial years.

See the County Allocation of Revenue Act (CARA) performance for the last 5 years below.



**Figure 2: Taita Taveta County revenue sources in FY 2022/2023**

**b.) Conditional Allocation**

Pursuant to Article 202 (2) of the Constitution, for additional allocations for the financial year 2022/23 provide for additional allocations from proceeds of loans and grants from development partners; and facilitate the transfer of conditional and unconditional allocations made to counties under this Act from the Consolidated Fund to the respective County Revenue Funds and special purpose accounts.

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

The table below shows an analysis of conditional Allocation performance over the last 5 years

Conditional	FY 2022-2023	FY 2021-2022	FY 2020-2021	FY 2019-2020	FY 2018-2019
Budget (Kshs)	1,574,707,364	1,794,753,372	1,145,903,906	1,161,427,854	1,280,188,159
Actual (KShs)	833,372,618	654,603,902	989,522,062	646,220,475	410,450,793
Realisation (%)	53%	36%	86%	56%	32%

**Table 2: Taita Taveta County revenue sources in FY 2022/2023**

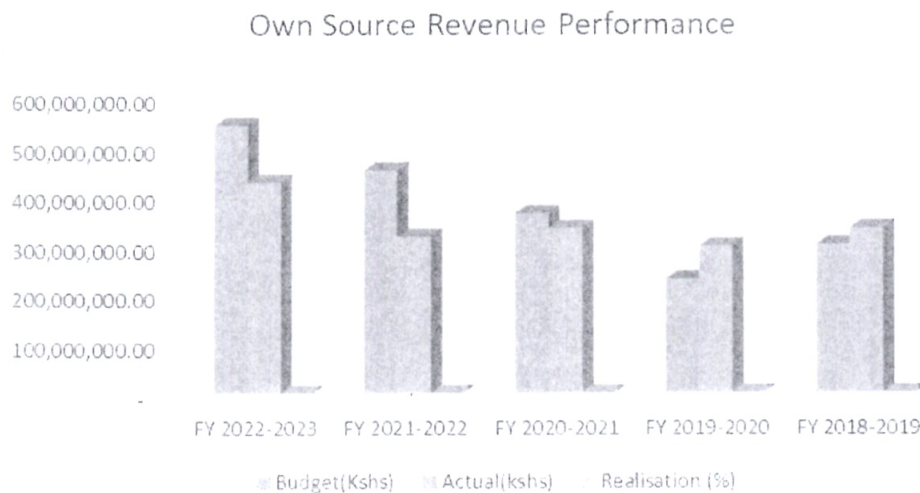
**c.) Own Source Revenue performance**

The County has always continued to explore new and innovative ways of increasing its local revenue collections. Some of the modalities are employment of a new Revenue Collection System which has been developed to meet the ever-changing needs. i.e. customer satisfaction and advancement in technology.

In the year ended 30th June 2023, the County had total projected revenues of KShs **541,118,780** consisting of Own source revenue of Kshs **387,373,977.00**, Mwatate Municipality Own Source of Kshs **51,716,156.00** and Facility Improvement Fund of Kshs **100,000,000.00**.

Key local revenue Source such as; Single Business Permits, Market fees, Agricultural Produce Cess, Hospital cost sharing fees, Sand Cess, Land rates, Development plan approvals, Advertising fees, and various other administrative charges.

Out of the projected revenue of Kshs 541,118,780, the County was able to realize KShs **426,497,788** in actual revenues, representing 79% performance. This performance was as a result of 104% realization of the Cess Revenue i.e. (Agricultural Cess, Sand Cess Mining Cess), 91% on Single Business Permits, 81% from Hospital Revenues amongst other revenues.



**Figure 3: Taita Taveta County revenue sources in FY 2022/2023.**

## **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. Receipts include Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

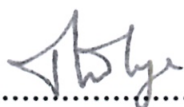
### **Transfers from the County Revenue Fund**

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

### **Financial Reporting requirements**

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

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30<sup>th</sup> June 2023.



.....  
**CPA Dawson Katuu Mzenge**

**CECM FINANCE AND ECONOMIC PLANNING**

**COUNTY GOVERNMENT OF TAITA TAVETA**

## **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, 2023. 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 (iv) Making accounting estimates that are reasonable in the circumstances.

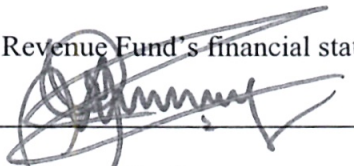
The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting 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, 2023, 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, 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 28-Sept -2023.

Signature \_\_\_\_\_



**CPA Nashon Chovu Nyali**  
**Chief Officer Finance**  
**County Government of Taita Taveta**

# REPUBLIC OF KENYA

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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, 2023 - COUNTY GOVERNMENT OF TAITA TAVETA

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 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 Revenue Fund - County Government of Taita Taveta set out on pages 1 to 11, which comprise the statement of

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*Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2023 - County Government of Taita Taveta*

receipts and payments, statement of comparison of budget and actual amounts for the year ended 30 June, 2023 and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial performance of County Revenue Fund - County Government of Taita Taveta for the year ended 30 June, 2023, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.7,193,658,663 and Kshs.6,327,041,045 respectively resulting to an under-receipt of Kshs.866,617,619 or 12% of the budget. Similarly, the Fund transferred Kshs.6,143,184,159 against an approved budget of Kshs.7,193,658,663 resulting to an under-transfer of Kshs.1,050,474,504 or 15% of the budget.

The under-receipt and under-transfer affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however, not modified in respect to 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 Audit Issues**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. However, Management has not resolved the issues and this is

contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution and 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 the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 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 the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the Financial Statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal 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 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.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

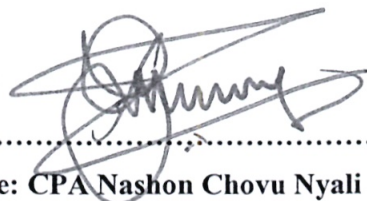
Nairobi

23 January, 2024

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

**8. Statement Of Receipts and Payments for The Year Ended 30th June 2023.**

	Notes	FY 2022/2023 KShs.	FY 2021/2022 KShs.
<b>Receipts</b>			
Exchequer releases	1	4,842,174,699	4,454,800,721
Transfers from other government agencies	2	833,372,618	540,603,975
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	263,882,456	315,437,150
Return to CRF issues	7	387,611,273	481,953
<b>Total Receipts</b>		<b>6,327,041,046</b>	<b>5,311,323,799</b>
<b>Payments</b>			
Transfers to County Executive	8	5,240,960,991	4,789,527,056
Transfers to County Assembly	9	902,223,168	646,916,963
Other Transfers	10	-	-
<b>Total Payments</b>		<b>(6,143,184,159)</b>	<b>(5,436,444,019)</b>
Net increase (decrease) in cash for the year		<b>183,856,887</b>	<b>(125,120,220)</b>
Add Opening fund balance b/f	11	<b>33,492,051</b>	<b>158,612,272</b>
<b>Closing Fund balance for the period</b>	<b>11</b>	<b>217,348,938</b>	<b>33,492,052</b>



Name: CPA Nashon Chovu Nyali  
 Chief Officer - Finance  
 ICPAK Member No. 31433  
 Date. 28-Sept -2023



Name: CPA Joyce Kambe Mwachia  
 Director Accounting Services  
 ICPAK Member No. 12587  
 Date. 28-Sept-2023

**9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30<sup>th</sup> June, 2023.**

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
	KShs.	KShs.	KShs.	KShs.	KShs.	
<b>Receipts</b>						
Exchequer releases	4,842,174,698		4,842,174,698	4,842,174,698	-	100%
Transfers from other government agencies	1,442,161,481	132,545,883	1,574,707,364	833,372,618	741,334,747	53%
Other conditional grants	-	-	-	-	-	0%
Proceeds from Domestic Borrowing	-	-	-	-	-	0%
Proceeds from Foreign Borrowing	-	-	-	-	-	0%
Own Source Revenue	400,000,000	(10,597,376)	389,402,624	263,882,456	125,520,168	68%
Return to CRF issues	391,000,000	(3,626,023)	387,373,977	387,611,273	(237,296)	100%
<b>Total Receipts</b>	<b>7,075,336,179</b>	<b>118,322,484</b>	<b>7,193,658,663</b>	<b>6,327,041,045</b>	<b>866,617,619</b>	<b>88%</b>
<b>Payments</b>						
Transfers to County Executive	6,375,336,179	(214,700,202)	6,160,635,978	5,240,960,991	919,674,987	85%
Transfers to County Assembly	700,000,000	333,022,686	1,033,022,686	902,223,168	130,799,518	87%
Others	-		-	-	-	0%
<b>Total Payments</b>	<b>7,075,336,179</b>	<b>118,322,484</b>	<b>7,193,658,663</b>	<b>6,143,184,159</b>	<b>1,050,474,504</b>	<b>85%</b>
<b>Balance</b>	-	-	-	183,856,886	(183,856,886)	

## **10. Significant Accounting Policies**

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

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

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

### **b) Reporting entity**

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

### **c) Receipts**

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

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

Transfers from the exchequer and own source revenue 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.

### **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.

County Government of Taita Taveta  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2023

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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 or *There were no restrictions on cash during the year. (Entity to indicate the amount of funds restricted for use or relating to conditional allocations.)*

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

## 11. Notes to the Financial Statements

### 1. Exchequer releases

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

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Equitable Share (a)	4,842,174,699	4,454,800,721
Level 5 hospitals (b)	-	-
<b>Total</b>	<b>4,842,174,699</b>	<b>4,454,800,721</b>

### 2. Transfers from other government agencies

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
DANIDA - Universal Healthcare in Devolved Units Programme	-	4,602,548
World Bank – THUSCP	-	-
National Agricultural Value Chain development Project	67,192,729	-
Kenya Devolution Support Programme	-	-
Youth Polytechnic support grant	-	-
Abolishment of user fees in health centres and dispensaries	-	-
Kenya Urban Support Programme (UDG)	-	-
Kenya Urban Support Programme (UIG)	2,339,915	-
Agriculture Sector Development Support Project (ASDSP)	17,921,715	5,500,000
Kenya Climate Smart Agriculture Project (KCSAP)	124,522,005	225,710,141
Water and Sanitation Development Project (WSDP)	569,396,254	304,791,286
Road maintenance fuel levy fund	-	-
Locally Led Climate Action Programme-(LLoCAP)-WB grant	22,000,000	-
Kenya Informal Settlement Improvement Project-World Bank	30,000,000	-
Health Facility Improvement Fund	-	-
NHIF Funds	-	-
	<b>833,372,618</b>	<b>540,603,975</b>

### 3. Other grants

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Donor 1 ( <i>Specify</i> )	-	-
Donor 2 ( <i>Specify</i> )	-	-
	-	-

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

**Notes to the Financial Statements (Continued)**

**4. Proceeds from Domestic borrowing.**

Description	FY 2022-2023	FY 2021-2022
	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	-	-
<b>Total</b>	-	-

**5. Proceeds from Foreign Borrowing**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

Notes to the Financial Statements (Continued)

6. Own Source Revenue

County Own Source Revenue	Note	FY 2022/23	FY 2021/22
		Kshs	Kshs
Cess	1	112,250,522	129,772,639
Land/Poll Rate	2	18,663,257	9,880,648
Single/Business Permits	3	54,867,487	53,021,305
Property Rent	4	10,336,083	5,011,121
Parking Fees	5	13,121,507	19,032,250
Market Fees	6	12,413,253	7,918,753
Advertising	7	5,312,220	10,456,635
Hospital Fees	8	152,897,744	35,073,654
Public Health Service Fees	9	12,036,361	1,210,300
Physical Planning and Development	10	7,023,206	5,602,126
Hire Of County Assets	11	106,500	1,575,750
Conservancy Administration	12	4,232,320	7,678,770
Administration Control Fees and Charges	13	7,335,270	21,466,662
Proceeds from sale of assets	14	-	-
Park Fees	15		-
Other Fines, Penalties, And Forfeiture Fees	16	862,029	611,320
Miscellaneous receipts	17	13,387,247	16,764,241
<b>Total County Own Source Revenue</b>		<b>424,845,006</b>	<b>325,076,174</b>
<b>Bank Balance at the beginning of the year</b>		<b>12,711,750</b>	<b>3,072,726</b>
<b>Bank Balance at the end of the year</b>		<b>(12,344,895)</b>	<b>(12,711,750)</b>
<b>Disbursed to FIF &amp; Bank charges</b>		<b>(161,329,405)</b>	
<b>Disbursements To CRF</b>		<b>263,882,456</b>	<b>315,437,150</b>

7. Return to CRF Issues

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Recurrent Account ( <i>County Executive</i> )	8,401	42,086
Development Account ( <i>County Executive</i> )	57,169	207,945
Recurrent Account ( <i>County Assembly</i> )	-	-
Development Account ( <i>County Assembly</i> )	171,727	231,922
CRF Account	387,373,977	-
<b>Total</b>	<b>387,611,273</b>	<b>481,953</b>

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

**Notes to the Financial Statements (Continued)**

**8. Transfers to County Executive**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Recurrent Account	4,019,185,795	3,949,631,899
Development Account	344,387,691	296,893,730
Roads Maintenance Levy Fund	-	-
Result Based Financing	13,102,548	-
Village Polytechnic	-	-
Kenya Climate Smart Agriculture Project	147,862,767	225,710,141
Kenya Urban Support Project (KUSP)	10,571,577	10,000,000
Kenya Urban Support Project (KUSP) UIG	2,339,915	-
Agriculture Sector Development Support Project	20,921,715	2,500,000
Water and Sanitation Development Project (WSDP)	569,396,254	304,791,286
Locally Led Climate Action Programme-(LLOCAP)-WB grant	16,000,000	-
National Agricultural Value Chain development Project	67,192,729	-
Kenya Informal Settlement Improvement Project-World Bank	30,000,000	-
<b>Total</b>	<b>5,240,960,991</b>	<b>4,789,527,056</b>

**9. Transfers to County Assembly**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Recurrent Account	856,002,779	628,891,960
Development Account	46,220,389	18,025,003
Special purpose accounts	-	-
<b>Total</b>	<b>902,223,168</b>	<b>646,916,963</b>

**10. Other Transfers**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Agency Notices	-	-
Others (FIF & NHIF)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

County Government of Taita Taveta  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2023

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**Notes to the Financial Statements (Continued)**

**11. Fund balance**

<b>Description</b>	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
TAITA TAVETA COUNTY REVENUE FUND ACCOUNT 1000171855	217,348,938	33,492,051
<b>Total</b>	<b>217,348,938</b>	<b>33,492,051</b>

**Notes to the Financial Statements (Continued)**

**12. 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.

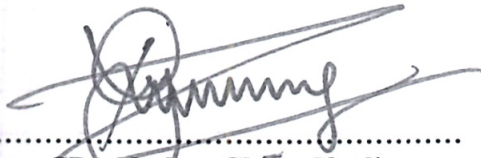
Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	FY 2022/23	FY 2021/22
			Kshs	Kshs
TTC Revenue Collection Account No:	1140754017	Kshs	6,104,127	5,237,108
Moi Hospital Revenue Collection	1197838384	Kshs	2,333	2,333
Taveta Hospital Revenue Collection	1197838996	Kshs	1,170	1,170
Taita Taveta County Hospitals Revenue	1261095480	Kshs	40,723	41,788
TTC Revenue Collection -Equity	7.9028E+11	Kshs	358,880	358,880
Voi Sub County Rev Collection	1305926846	Kshs	275,091	-
Mwatate Sub County Rev Collection	1305926870	Kshs	5,000	-
Taveta Sub County Rev Collection	1305926897	Kshs	5,000	-
Wundanyi Sub County Rev Collection	1305926935	Kshs	5,000	-
Mwatate Municipality Rev Collection	1305926943	Kshs	1,075,562.20	-
Taveta Sub- County Hospital Maternity	1145668097	Kshs	2,389,403	
Moi Voi Subcounty Maternity	1145667961	Kshs	5,615	
Wesu Hospital NHIF	1174149914	Kshs	99,995	
Mwatate Sub County Hosp Maternity	1145668054	Kshs	1,422,178	
<b>Total</b>			<b>11,790,077</b>	<b>5,641,278</b>

**12. Annexes**

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

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unexplained & Unreconciled Variance	The variance has been reconciled	Resolved	30 <sup>th</sup> June 2023

  
.....  
Name: CPA Nashon Chovu Nyali  
Chief Officer Finance  
ICPAK Member No: 31433  
Date. 28-Sept-2023

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

**Annex 2. Analysis Of Receipts from The National Treasury Exchequer Releases**

Period (2022/2023)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	798,958,825	798,958,825	798,958,825	2,445,298,224	4,842,174,699
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 (UDG)	-	-	-	-	-
Kenya Urban Support Programme (UIG)	-	-	-	2,339,915	2,339,914.85
Agriculture Sector Development Support Project (ASDSP)	-	-	17,921,715	-	17,921,715
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	124,522,005	-	124,522,005
Water and Sanitation Development Project (WSDP)	-	-	300,208,691	269,187,563	569,396,254
Locally Led Climate Action Programme-(LLoCAP)-WB grant	-	-	11,000,000	11,000,000	22,000,000
Kenya Informal Settlement Improvement Project-World Bank	-	-	-	30,000,000	30,000,000
National Agricultural Value Chain development Project	-	-	-	67,192,729	67,192,729
<b>Total</b>	<b>798,958,825</b>	<b>798,958,825</b>	<b>1,252,611,236</b>	<b>2,825,018,431</b>	<b>5,675,547,317</b>

**Annex 3. Analysis Of Receipts from Own Source Revenue per Quarter**

Period 2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	29,167,854	29,749,290	25,805,119	27,528,259	112,250,522
Land rate	1,044,012	1,306,609	7,496,990	8,815,646	18,663,257
Single/Business permits	7,422,870	2,010,900	25,172,550	20,261,167	54,867,487
Property rent	3,726,840	812,875	1,947,363	3,849,005	10,336,083
Parking fees	3,875,500	4,011,300	4,741,530	493,177	13,121,507
Market fees	2,085,250	2,362,210	5,419,766	2,546,027	12,413,253
Advertising	586,940	646,600	3,116,580	962,100	5,312,220
Hospital fees	-	-	-	-	-
Public health service fees	50,318	14,500	137,900	3,768,837	3,971,555
Physical planning and development	1,160,534	1,198,305	1,771,043	2,893,324	7,023,206
Hire of County Assets	-	-	106,500	-	106,500
Conservancy administration	1,299,510	1,044,870	495,960	1,391,980	4,232,320
Administration control fees and charges	1,243,760	414,810	2,813,620	2,863,080	7,335,270
Park fees					-
Proceeds from sale of assets					-
Other fines, penalties, and forfeiture fees	183,590	242,110	193,605	242,724	862,029
Miscellaneous	1,932,130	2,563,870	5,509,870	3,381,377	13,387,247
<b>Total</b>	<b>52,798,118</b>	<b>44,410,379</b>	<b>85,401,586</b>	<b>82,769,470</b>	<b>263,882,456</b>

County Government of Taita Taveta  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2023

**Annex 4: Analysis of Transfers from the County Revenue Fund**

Period (2022/23)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	747,342,315	943,329,353	747,239,602	1,581,274,525	4,019,185,795
County Executive -Dev	-	29,000,000	-	315,387,691	344,387,691
County Assembly -Rec	119,896,154	224,970,265	119,671,610	391,464,750	856,002,779
County Assembly -Dev	-	9,476,900	-	36,743,489	46,220,389
County Executive - KCSAP	-	-	124,522,005	23,340,762	147,862,767
County Executive - KUSP-UDG	10,571,577	-	-	-	10,571,577
County Executive - KUSP-UIG	-	-	-	2,339,915	2,339,915
County Executive- AGRI DSP	3,000,000	-	17,921,715	-	20,921,715
County Executive -WSDP	-	-	300,208,691	269,187,563	569,396,254
County Executive -RBF	-	4,602,548	-	8,500,000	13,102,548
County Executive -LLoCAP	-	-	-	16,000,000	16,000,000
County Executive -NAVCDP	-	-	-	67,192,729	67,192,729
County Executive -KISIP	-	-	-	30,000,000	30,000,000
<b>Total</b>	<b>880,810,046</b>	<b>1,211,379,066</b>	<b>1,309,563,623</b>	<b>2,741,431,424</b>	<b>6,143,184,159</b>