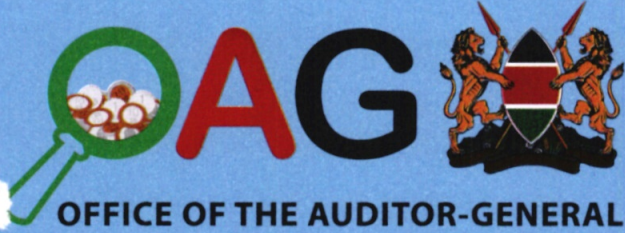


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

PAPERS LAID	
DATE	17/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE
CLERK AT THE TABLE	CHEROP

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF NAROK



COUNTY REVENUE FUND

County Government of Narok

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

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

County Government of Narok
County Revenue Fund
For the financial year ended 30th June 2023

	Page No.
Table of contents.....	
1. Acronyms and glossary of terms.....	ii
2. Key Entity Information and Management.....	iii
3. Statement by the CECM Finance.....	vi
4. Management Discussion and Analysis	ix
5. Overview of the County Revenue Fund Operations	xi
6. Statement of Management Responsibility	xii
7. Report of the Independent Auditor on the County Revenue Fund of County Government of Narok for the Year ended 30 th June 2023	xiv
8. Statement of Receipts and Payments for the year ended 30 th June 2023	1
9. Statement of Comparison of Budget Actual Amounts for the year ended 30 th June, 2023	2
10. Significant Accounting Policies.....	3
11. Notes to the Financial Statements	5
12. Annexes.....	8

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

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

The County Government of Narok is established in accordance with Article 176 of the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct Local Authorities within Narok County. It also Carries out the functions as distributed by part 2 of the Fourth schedule of the constitution of Kenya 2010.

The head and chief executive of the County Government is the Governor, who is responsible for the general policy and strategic direction of the County Government of Narok. The deputy governor is the deputy chief executive.

The County Government's executive Authority is vested in the County Executive Committee which is established by the Governor as spelt out in the constitution. The County Executive Committee Member for Finance and Economic Planning is the Head of the County Treasury. One of the functions of the CEC – Finance is to ensure that proper Public Finance management practices are in place, Budgeting and budgetary control as well as financial reporting for the County Government entities and at the County level.

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.David Parsalunye Muntet
2.	C.O Finance	- CPA Peter Ntiamput Naingisa
3.	Director Accounting Services/Finance	- CPA Walter Onkundi Chanua

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	- David Parsalunye Muntet
2.	Accounting Officer in charge of Finance	- CPA Peter Ntiamput Naingisa
3.	Director Accounting Services/Finance	- CPA Walter Onkundi Chanua

d) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements at the County as of 30th June 2023 were:

Audit and Finance committee activities

The committee is responsible for overseeing the financial reporting and auditing processes of the County government to ensure their accuracy, integrity, and compliance with regulatory requirements. The key activities of Audit and Finance Committee are: 1. Reviewing the County's Financial Statements to ensure they accurately reflect the financial performance of the County. 2. Overseeing audit process by reviewing internal audit reports and giving recommendations for strengthening of internal control systems to avert errors and fraud. 3. Managing risks by identifying and assessing the risk profile of the County government of Narok and its entities and preparing risk management policy and implementation framework.

Senate Committee Activities

The committee play an important role in ensuring that county government is accountable and responsive to the needs of their citizens. By providing oversight and guidance on county governance issues, the Senate committees help to ensure that the county government is able to effectively deliver services and promote economic growth and development. For, an instance, reviewing the County's budget to ensure that it is realistic and aligned with the County's needs and monitoring County's projects to ensure that public funds are utilized in a transparent and accountable manner.

County Assembly

The Narok County assembly offers overall oversight of all the fiduciary functions of the County Government of Narok. The County assembly is mandated to represent the public, prepare and pass legislations that are to ensure that there is satisfactory service delivery by the county executive and its entities. Further the Narok County Assembly provides oversight to ensure that

the county executive and its entities comply with the law and regulations in all its financial and non-financial operations.

Development partner oversight activities

The development partners are instrumental in providing funding and technical assistance to support development projects within the county. They require that the county has rigorous financial management and accounting procedures to ensure that funds are being used in a transparent and accountable manner. In addition, they conduct regular monitoring and evaluation activities to assess the progress of development projects within the County and ensure that they are meeting their intended objectives. This may involve site visits, data analysis, and stakeholder consultations.

Controller of Budget

The office of the Controller of Budget (COB) in Kenya is critical to ensuring that public resources are managed in a responsible and accountable manner. By providing oversight and guidance on public financial management, the COB helps to promote good governance, transparency, and accountability in the management of public resources. For an instance, through budget control, the COB ensures that the county budget is implemented in a manner that is consistent with the law and the approved budget estimates. This involves reviewing budgetary allocations and expenditures of the County to ensure that they are in line with the priorities set out in the budget.

Office of the Auditor General

Office of the Auditor General (OAG) is critical to ensuring that county's public resources are managed in a responsible and accountable manner. By providing independent and objective audits of public accounts, the OAG helps to promote good governance, transparency, and accountability in the management of public resources. This includes auditing and reporting on the audit findings by providing an opinion as to whether the audited Financial statement of the County presents a true and fair view in accordance with the applicable financial reporting framework.

e) County Headquarters

P.O. Box 898-20500
Mau-Narok Road
Narok, Kenya

f) County Contacts

Telephone: 020-268 8929/03
E-mail: finance@narok.go.ke
Website: www.narok.go.ke

g) County Bankers

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

h) Independent Auditors

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

i) Principal Legal Adviser

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

j) County Attorney

P.O. Box 898-20500
Mau-Narok Road
Narok, Kenya

3. Statement by the CECM Finance

The county Government of Narok forms part of the country, Kenya. In line with the national Bottom-Up Transformation Agenda (BETA), the County Government endeavors to meet the requirements so as to foster growth at the grassroots. In this regard therefore, the county government of Narok has strived to maximize revenue collection without adversely affecting investment which may further affect economic development.


The county Revenue fund has always been replenished from the national government through the equitable share of revenue raised nationally as well as the conditional grants which are advanced by the development partners. The fund is also credited with revenue which the County Government of Narok Collects from local own sources. Some of the key sources of revenue for Narok county are the Park entry fees paid by tourists visiting the Maasai Mara Game Reserve, Agricultural produce cesses, Single Business Permits, Land rates, livestock cesses and market fees. The revenues from tourism have continued to grow in the past one year, owing to the recovery from the COVID-19 Pandemic which struck the world at the end of the last decade.

It is my great pleasure to present the County Government of Narok Revenue Statement for the period ended 30th June 2023. The revenue Statement represents the revenue performance of the County Government for the Financial Year 2022/2023. The revenue statement has been prepared in accordance with provisions of the Public Finance Management Act 2012 section 163 and the Cash Basis Accounting under the International Public Sector Accounting Standards (IPSAS). The anticipated revenue collection for the FY 22/2023 was Kshs. **4,516,596,907** and the actual revenue collected was Kshs. **3,067,671,084** representing **68%** realization. The Own Source Revenue Collection increased by Kshs. **1,733,107,418** in the FY 2021/22 to Kshs. **3,067,671,084** in the FY 2022/23 representing **129%** growth. The top-five Own Source Revenue came from Park fees, Cess, Hospital fees, Land rates, and Parking fees respectively.

This rise is attributed to specific measures undertaken by the County to enhance revenue generation and collection, for instance; Automation of revenue collection, conducting monitoring activities, revenue assessment and gap analysis which in turn led to improved revenue performance from the revenue streams that initially reported a dismal performance. The County Government also enforced

County Government of Narok
County Revenue Fund
For the financial year ended 30th June 2023

the use of its automated systems for revenue collection in addition to conducting training sessions for its revenue officers on modalities for effective and efficient revenue collection. The controller of Budget approved a disbursement Ksh. **12,849,594,249.00** from the CRF during the reporting period. The amount comprised of Kshs. **3,219,000,472.00** and Kshs. **9,630,593,777.00** for Development and Recurrent programmes respectively.



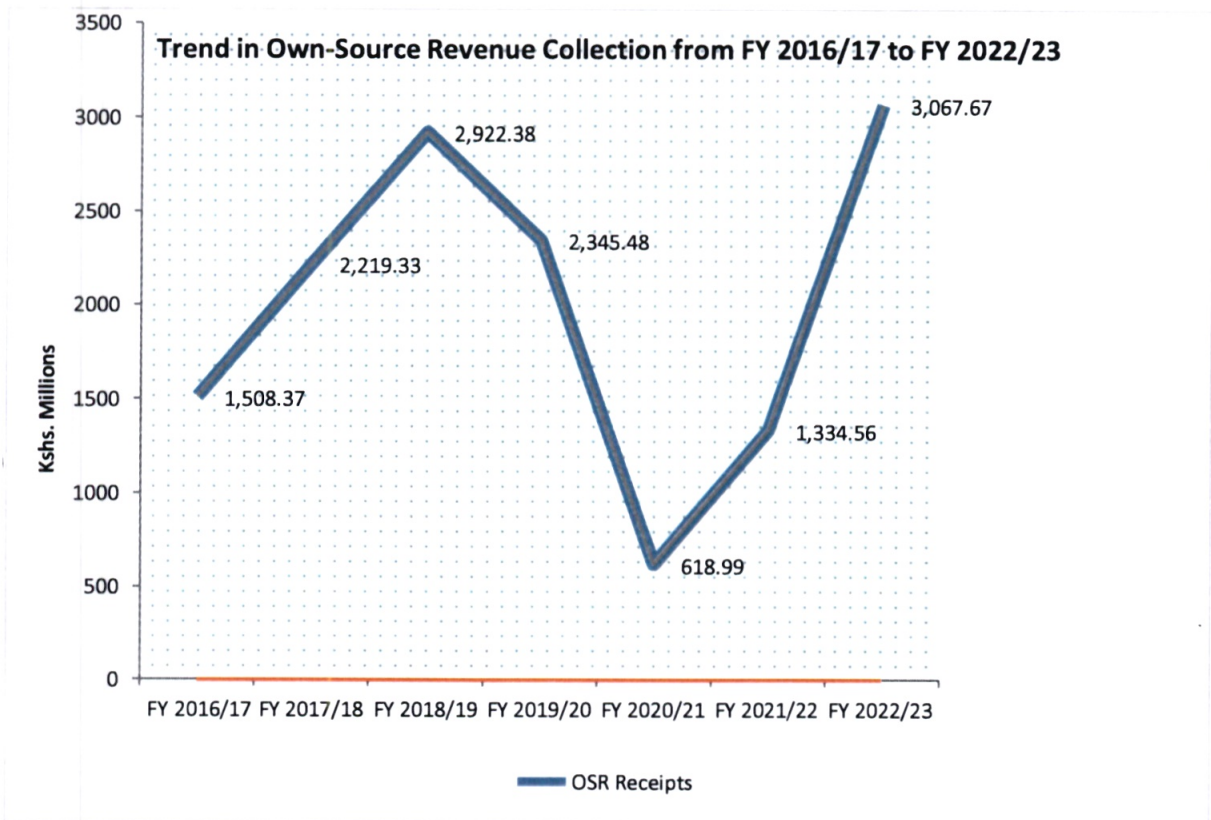
DAVID P. MUNTET
CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING

4. Management Discussion and Analysis

Over the five-year period, the County Government of Narok has witnessed varying trends in the performance of County Revenue Fund. Given that, this fund is deposited with all the Revenue Collected or received by on or behalf of the county government CRF therefore, is a reflection of all revenue collected over the years.

Key Factors Driving Performance:

1. Revenue Collection Strategies-Our diligent efforts in revenue collection, including enhanced enforcement, compliance measures and efficient fee collection, have been instrumental in achieving revenue growth most especially from FY2020/21-FY2022/23 as shown in the table below.



2. Prudent Financial Management-Sound financial management practices, such as budget discipline and prudent spending, have enabled us to maintain a healthy financial position and ensure that resources are allocated where they are needed most. This has increased the confidence of the public in the county government, which has led to their willingness to remit revenue due to the County Governments.

3. Economic Trend-The fund's performance has been influenced by broader economic trends within our county, including population growth, economic expansion, and increase in local business activity.

Contributions to Government Services:

The County Revenue Fund is the lifeblood of our government institutions. It has played a vital role in funding critical services such as healthcare, education, infrastructure development, and public safety. These contributions have directly benefited our citizens and improved their quality of life.

Financial Transparency and Accountability:

We take pride in our commitment to financial transparency and accountability. Throughout this period, we have maintained open channels of communication with the public through public participation, providing detailed financial reports and ensuring that taxpayers are well-informed about how their contributions are utilized.

Future Commitments:

Looking ahead, we reaffirm our dedication to responsibly manage the County Revenue Fund. We recognize the importance of continued fiscal discipline, innovative revenue generation, and to meet the evolving needs of our community.

Conclusion:

In conclusion, the performance of the County Revenue Fund over the past five years has been varied. The county remains focused on ensuring the fund's sustainability through stable revenue administration for enhanced own source revenue collectability. This will ensure provision of vital services to our people. We appreciate the trust placed in us by our citizens and government partners and look forward to continuing to serve and enhance our community's prosperity.

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.

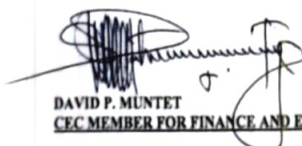
Transfers from the County Revenue Fund

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 30th June 2023.


DAVID P. MUNTET
CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING

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 (*where applicable*). Further, Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with

County Government of Narok
County Revenue Fund
For the financial year ended 30th June 2023

relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund financial statements were approved and signed on 26th September, 2023.



Signature _____

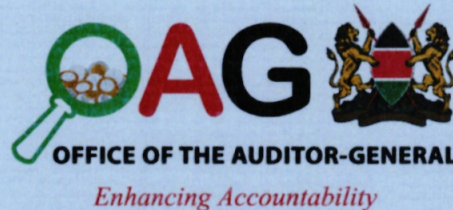
Name: CPA Peter Naingisa

Chief Officer Finance /Accounting Officer

County Government of Narok.

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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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 NAROK

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 the Government achieves value for money and that such funds are applied for intended purpose; and,
- 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

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Narok set out on pages 1 to 7, which comprise the statement of receipts and payments for the year ended 30 June, 2023 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.

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

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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial performance of the County Revenue Fund - County Government of Narok for the year ended 30 June, 2023 in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

- 1.1 The statement of receipts and payments reflects total receipts of Kshs.12,847,763,528 while the report of the Controller of Budget (CoB) reflects Kshs.12,940,788,820 resulting to unreconciled variance of Kshs.93,025,292.
- 1.2 The statement of receipts and payments reflects Return to CRF issues of Kshs.568,277 while the bank account statement holding the balance reflects Kshs.962,887 resulting to an unexplained and unreconciled difference of Kshs.394,610.

In the circumstances, the accuracy and completeness of the total receipts amount of Kshs.12,847,763,528 and Return to CRF issues of Kshs.568,277 could not be confirmed.

2. Unsupported Closing Fund Balance

The statement of receipts and payments reflects closing fund balance of Kshs.93,319. However, the cash book and bank reconciliation statement to support this balance was not provided for audit.

In the circumstances, the accuracy and completeness of the closing fund balance of Kshs.93,319 as at 30 June 2023 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget of Kshs.14,981,115,820 and actual on comparable basis of Kshs.12,849,687,569 resulting to an under-collection of Kshs.2,131,428,251 or 14% of the budgeted receipts. The under-collection of the budgeted receipts may have impacted negatively on the delivery of services to the residents of Narok.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the report on financial statements and under other matter. However, Management has not resolved the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe Internal Controls, Risk Management and overall Governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its 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 cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability of the Fund 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 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 control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

19 February, 2024

8. Statement of Receipts and Payments for the Year Ended 30th June 2023.

		FY 2022/23	FY 2020/21
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	9,552,372,609	8,137,206,302
Transfers from other government agencies	2	325,484,530	477,623,922
Own Source Revenue	3	2,969,338,112	1,219,951,537
Return to CRF issues	4	568,277	900,188
	5		
Total Receipts		12,847,763,528	9,835,681,950
Payments			
Transfers to County Executive	5	11,764,019,105	9,843,760,739
Transfers to County Assembly	6	1,085,575,144	794,372,128
Total Payments		12,849,594,249	10,638,132,867
Net increase/ (decrease) in cash for the year		(1,830,721)	(802,450,917)
Add Opening fund balance b/f	7	1,924,040	804,374,958
Closing Fund balance for the year	11	93,319	1,924,040



Name: CPA Peter Naingisa
Chief Officer - Finance
ICPAK Member No:
Date: 26th September, 2023



Name: CPA Walter Chanua
Director Accounting Services
ICPAK Member No: 14877
Date: 26th September, 2023

County Government of Narok
 County Revenue Fund
 For the financial year ended 30th June 2023

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2023.

Receipt/Payments	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 %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	
Exchequer releases	8,844,790,000	-	8,844,790,000	8,844,790,000	-	100%
Transfers from other government agencies	833,620,000	786,108,913	912,146,304	325,484,530	586,661,774	36%
Own Source Revenue	2,430,830,000	2,085,766,907	4,516,596,907	2,969,338,112	1,547,258,795	66%
Return to CRF issues			-	568,277	(568,277)	
Equitable share- b/f			707,582,609	709,506,650	(1,924,041)	100%
Total Receipts	12,109,240,000	2,871,875,820	14,981,115,820	12,849,687,569	2,131,428,251	86%
Payments						
Transfers to County Executive	11,313,828,406	2,458,331,821	13,772,160,227	11,764,019,105	2,008,141,122	85%
Transfers to County Assembly	795,411,594	413,543,999	1,208,955,593	1,085,575,144	123,380,449	90%
Total Payments	12,109,240,000	2,871,875,820	14,981,115,820	12,849,594,249	2,131,521,571	86%
Balance	-	(0)	(0)	93,320	(93,320)	

The significant under realization of Own source Revenue was influenced by prolonged drought affecting crop, livestock and slaughter fees. Tough economic challenges such as inflation affected ability of individuals and business leading to plunge in business permits fees and land rates.



Name: CPA Peter Naingisa

Chief Officer - Finance

ICPAK Member No: 29015

Date: 26th September, 2023



Name: CPA Walter Chanua

Director Accounting Services

ICPAK Member No: 14877

Date: 26th September, 2023

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.

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

There were no restrictions on cash during the year.

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 2022/23	FY 2021/22
	Kshs.	Kshs.
Equitable Share (a)	8,844,790,000	8,137,206,302
Level 5 hospitals (b)		
Balance b/f	707,582,609	
Total (d=a+b+c)	9,552,372,609	8,137,206,302

2. Transfers from other government agencies

Description	FY 2022/23	FY 2021/22
	Kshs.	Kshs.
Road Maintenance Levy	-	-
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	-
User Fees Foregone -Ministry of Health	-	-
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	49,397,655
World Bank-NARIGP-State Department of Crop Development	198,081,838	201,028,895
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	-	
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	25,793,325	8,905,875
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	-	
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	10,076,723	18,291,497
Infrastructure Support from MOH		200,000,000
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	-	
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	2,339,915	
UNFPA-9th County Programme Implementation -Ministry of Health	-	
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	
KfW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation, and Irrigation	-	
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	67,192,729	
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of	22,000,000	
Total	325,484,530	477,623,922

3. Own Source Revenue

Description	FY 2022/23	FY 2021/22
	Kshs.	Kshs.
Cess	155,863,093	94,220,833
Land/poll rate	37,183,843	40,500,206
Single/Business permits	5,475,400	31,218,171
Property rent	2,764,250	3,339,319
Parking fees	11,879,853	7,941,182
Market fees	11,655,811	13,448,198
Advertising	670,200	552,200
Hospital fees	46,384,910	33,967,976
Public health service fees	2,732,000	4,516,802
Physical planning and development	1,856,544	5,742,381
Conservancy administration	268,100	1,821,000
Administration control fees and charges	799,400	907,440
Park fees	2,680,691,957	958,944,571
Other fines, penalties, and forfeiture fees	5,400	84,000
Miscellaneous	11,107,350	22,747,258
Total	2,969,338,112	1,219,951,537

4. Return to CRF Issues

Description	FY 2022/23	FY 2021/22
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	12,142	1,323
Development Account (<i>County Executive</i>)	1,574	879,471
Recurrent Account (<i>County Assembly</i>)	42,898	2,801
Development Account (<i>County Assembly</i>)	22,679	-
Others (<i>Specify</i>)	488,984	16,593
Total	568,277	900,188

5. Transfers to County Executive

Description	FY 2022/23	FY 2021/22
	Kshs.	Kshs.
Recurrent Account	8,601,322,496.00	8,444,460,498.30
Development Account	2,807,212,079.00	919,333,054.50
Special Purpose Accounts	355,484,530.00	479,967,186.00
Others (<i>Specify</i>)		-
Total	11,764,019,105	9,843,760,739

Notes to the Financial Statements (Continued)

6. Transfers to County Assembly

Description	FY 2022/23	FY 2021/22
	Kshs.	Kshs.
Recurrent Account	1,029,271,281	784,372,128
Development Account	56,303,863	10,000,000
Total	1,085,575,144	794,372,128

7. Fund balance

Description	FY 2022/23	FY 2021/22
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number 1000171693)	93,319	1,924,040
Total	93,319	1,924,040

8. Disclosure of Balances in Revenue Collection Accounts

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

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	FY 2022/23	FY 2021/22
			Kshs	Kshs
Narok county revenue Collection Account-Coop 010141338976600	1,144,688.00	1.00	1,144,688.00	(600.00)
Narok county revenue Collection Account-KCB 1140091263	3,379,538.00	1.00	3,379,538.00	92,104,148.00
Narok county revenue Collection Account-USD-KCB 1143225325	USD 897,721.60	140.50	126,129,884.80	54.00
Narok County Debt Collection A/c KCB 1180435494	20,375,812.00	1.00	20,375,812.00	6,978,257.00
Total			151,029,922.80	99,081,859.00

County Government of Narok
 County Revenue Fund
 For the financial year ended 30th June 2023

12. Annexes

Annex 1. Analysis Of Receipts from The National Treasury Exchequer Releases

Period FY2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,459,390,257.00	2,166,973,417.00	1,459,390,259.00	4,466,618,676.00	9,552,372,609.00
Level 5 Hospitals					-
DANIDA - Universal Healthcare in Devolved Units Programme				25,793,325.00	25,793,325.00
World Bank – THUSCP					-
National Agricultural & Rural Inclusive Growth Project (NARIGP)			198,081,838.45		198,081,838.45
Kenya Devolution Support Programme					-
Youth Polytechnic support grant					-
Abolishment of user fees in health centres and dispensaries					-
Kenya Urban Support Programme				2,339,914.85	2,339,914.85
Agriculture Sector Development Support Project (ASDSP)			10,076,723.00		10,076,723.00
Kenya Climate Smart Agriculture Project (KCSAP)					-
Water and Sanitation Development Project					-
Others (IDA World Bank National Agricultural Value Chain Development Project (NAVCDP))				67,192,729.00	67,192,729.00
Others ((IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA))			11,000,000.00	11,000,000.00	22,000,000.00
Total	1,459,390,257.00	2,166,973,417.00	1,678,548,820.45	4,572,944,644.85	9,877,857,139.30

County Government of Narok
 County Revenue Fund
 For the financial year ended 30th June 2023

Annex 2. Analysis Of Receipts from Own Source Revenue per Quarter

Period FY 2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	14,118,777	43,731,647	54,394,508	43,618,161	155,863,093
Land rate	16,749,561	10,648,973	7,158,690	2,626,619	37,183,843
Single/Business permits	2,891,300	1,339,900	34,400	1,209,800	5,475,400
Property rent	692,050	716,650	686,650	668,900	2,764,250
Parking fees	526,500	2,861,700	5,813,800	2,677,853	11,879,853
Market fees	494,350	4,475,800	4,111,100	2,574,561	11,655,811
Advertising	265,100	35,500	12,000	357,600	670,200
Hospital fees	7,883,608	11,556,035	10,990,894	15,954,373	46,384,910
Public health service fees	259,400	243,400	1,347,000	882,200	2,732,000
Physical planning and development	486,840	121,000	227,980	1,020,724	1,856,544
Conservancy administration	227,400	27,700	2,400	10,600	268,100
Administration control fees and charges	157,400	100,200	456,600	85,200	799,400
Park fees	1,004,409,661	729,351,316	536,768,102	508,495,851	2,779,024,930
Other fines, penalties, and forfeiture fees	4,800	600			5,400
Miscellaneous	2,706,240	3,155,717	2,652,711	2,592,683	11,107,350
Total	1,051,872,987	808,366,138	624,656,835	582,775,125	3,067,671,084

County Government of Narok
 County Revenue Fund
 For the financial year ended 30th June 2023

Annex 3: Analysis of Transfers from the County Revenue Fund

Period FY 2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,415,379,516.00	2,223,106,448.00	1,958,254,755.00	3,004,581,777.00	8,601,322,496.00
County Executive -Dev	390,281,077.00	142,657,968.00	140,205,094.00	2,134,067,940.00	2,807,212,079.00
County Assembly -Rec	157,868,499.00	207,194,952.00	212,349,051.00	451,858,779.00	1,029,271,281.00
County Assembly -Dev	-	9,042,105.00	26,251,813.00	21,009,945.00	56,303,863.00
Special Purpose A/c (Specify)		-	208,158,561.00	147,325,969.00	355,484,530.00
Total	1,963,529,092.00	2,582,001,473.00	2,545,219,274.00	5,758,844,410.00	12,849,594,249.00