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REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2024**

COUNTY GOVERNMENT OF HOMA BAY



COUNTY REVENUE FUND
COUNTY GOVERNMENT OF HOMABAY

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024.

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

County Government of Homa Bay

County Revenue Fund

Annual Report and Financial Statements for the Financial Year ended 30th June, 2024

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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

b) glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

2. Entity Information and Management

a) Background information

The County Government is a devolved unit created and enshrined in the Kenyan constitution promulgated in 2010 and whose structure and governance is defined in the County Governments Act (No. 17 of 2012). The County Government is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

b) Key Management

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

No.	Designation	Name
1.	CECM Finance and Economic planning	Hon. Solomon Obiero
2.	C.O Finance	CPA Alphonse Werah
3.	Director Accounting Services/Finance	CPA Okello Sita

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC-M Finance	- Hon. Solomon Obiero
2.	Chief Officer – Finance	- CPA Alphonse Werah
3.	Head of Accounting Services	- CPA Okello Sita

d) Fiduciary Oversight Arrangements

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

e) County Headquarters

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

f) Entity Contacts

Telephone: (254) 2038617565/55

E-mail: governorsofficeHoma Baycounty.go.ke

Website: www.Homa Bay.go.ke

g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank
Co-operative House
Moi Avenue,
P.O Box 30084-00100
Nairobi, Kenya
3. Equity Bank Kenya Ltd
P.O Box 75104-00200,
Equity Centre,
Nairobi Kenya
4. Kenya Commercial Bank Ltd
Kencom House,
Moi Avenue,
P.O Box 48400-00100
Nairobi, Kenya.

h) Independent Auditors

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

i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112

City Square 00200
Nairobi, Kenya

The County Attorney
P.O Box 469
40300 Homa Bay

3. Statement by the CEC-M Finance, Economic Planning and Service Delivery

It is my pleasure to present the County Revenue Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the county Government over the past one year.

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

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Homa Bay County included business permits, land rates, business plan approval, advertising fees, cesses, and various other administrative charges.

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

REVENUE COLLECTION

The County has embarked on a paperless Revenue Service Delivery through the automation of its Revenue and Management Systems. Moreover, the County has also gone cashless in revenue collection. All payments in these streams are done via M-Pesa Paybill and direct Bank Deposits. As a result, there has been an increase in prompt Supervision and follow-ups as well as reduced pilferages.



Sign

CEC-M Finance, and Economic Planning

County Government of Homa Bay

4. Management Discussion and Analysis

Objects of Devolution.

Article 174 of the Constitution of Kenya, 2010 entails the purposes for which the Devolved system of governance, with the main objects being to promote social and economic development and the provision of proximate, easily accessible services in areas of Agriculture, County Health Services, County Transport and Public Works Services, Trade Development and Regulation, County Planning and Development, Pre-primary Education, Village Polytechnics among other functions.

Budgetary Performance

In the FY 2023/24, the County Government of Homa Bay had a Budgetary envelop of Kshs. 11.17 Billion with Equitable Share of the Revenue raised Nationally forming 72.8%; Additional Allocations/Conditional Grants at 12.3%; Cash Balance from FY 2022/23 at 1.3%; and raised Own-Source Revenue (OSR) comprising AIA/FIF and ordinary own source revenue at 12.5%. However, the total funds received for budget implementation during the period amounted to Kshs.9.82 Billion, as shown below.

Homa Bay County, Revenue Performance in FY 2023/24

S/No	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts	Percentage
A.	Equitable Share of Revenue Raised Nationally	8,128,387,250.00	7,478,116,271	92.0
Sub Total		8,128,387,250.00	7,478,116,271	92.0
B	Conditional Grants			
	National Agriculture and Rural Inclusive Growth Project (NARIG)	5,000,000	4,374,252.00	87.5
	National Value Chain Development Project	200,000,000	199,803,473.00	99.9
	Provision of Fertilizer Subsidies	165,917,803	-	-
	Aquaculture Business Development Programme	12,909,422	-	-
	Livestock Value Chain Support Project	14,323,680	-	-
	Agricultural Sector Development Support Programme (ASDSP)	3,159,580	3,159,580	76.0
	DANIDA/ Primary Health Care Project	25,520,063	25,520,063	100.0
	Financing Locally-Led Climate Actions Programme (CCIS)	11,000,000	-	-

County Government of Homa Bay

County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30th June 2024

	Financing Locally-Led Climate Actions Programme	251,984,144	241,617,006	95.9
	Kenya Informal Settlements Improvement Programme	463,000,000	460,000,000	99.3
	Kenya Urban Support Programme-UIG	1,145,356	1,145,355	100.0
	Aggregated Industrial Parks Programme	217,000,000	62,500,000	28.8
	Kenya Urban Support Programme-UDG	1,194,559	1,194,559	100.0
Sub-Total		1,372,154,607	999,314,288	72.8
C	Own Source of Revenue			
1	Ordinary Own Source Revenue	341,139,710	359,263,180	105.3
2	Appropriation in Aid (A-I-A)/Facility Improvement Fund (F.I.F)	1,051,066,642	841,232,651	80.0
Sub-Total		1,392,206,352	1,200,495,831	86.2
D	Other sources of Revenue			
1	Unspent balance from FY 2022/23	142,874,788	142,874,788	100
2	Share of Equalization funds	131,603,304	-	-
Sub-Total		274,478,092	142,874,788	52.1
Grand Total		11,167,226,301	9,820,801,178	87.9

Source: Homa Bay County Treasury

An analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.22 Billion on employee compensation, Kshs.1.45 Billion on operations and maintenance and Kshs.2.00 billion on development activities.

Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
	County Executive	County Executive	County Executive
Total Recurrent Expenditure	6,606,456,825	5,067,800,842	76.7
Compensation to Employees	5,147,196,084	4,227,947,306	82.1
Operations and Maintenance	1,459,260,741	1,457,259,118	99.0

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County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30th June 2024

Development Expenditure	3,355,751,570	1,943,782,680	89.5
Total	9,962,208,395	7,628,989,104	76.5

Source: Homa Bay County Treasury

In general, the County Government of Homa Bay during the fiscal year under review had an absorption rate of 76.5%.

5. Overview of the County Revenue Fund Operations

Background

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

Receipts into the County Revenue Fund

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

Transfers from the County Revenue Fund

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

Financial Reporting requirements

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

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2024.



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



6. Statement of Management Responsibility

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

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on *June 30, 2024*. 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, 2024*, 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.

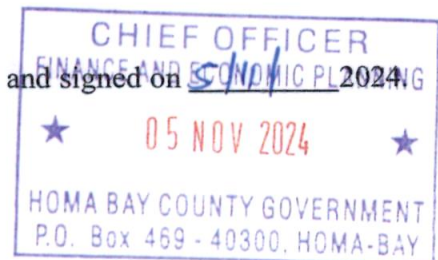
Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 5th NOV 2024.

Signature 

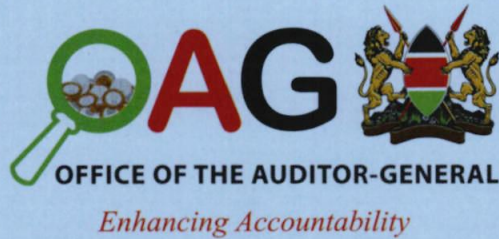
Name Apthorice W. ERAT

**Chief Officer Finance /Accounting Officer
County Government of Homa Bay**



REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF HOMA BAY

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 the 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Homabay set out on pages 4 to 15, which comprise the statement of receipts and payments and the statement of comparison of budget and actual amounts for the year ended 30 June, 2024 and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund - County Government of Homabay as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenue budget and actual on comparable basis of Kshs.11,167,226,300 Kshs.8,829,691,136 respectively, resulting to an underfunding of Kshs.2,337,535,165 or 21% of the budget.

The underfunding may have affected the planned activities and impacted negatively on service delivery to the public.

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page ii to 2 which comprise of Key Entity Information and Management, Statement by the CEC-M Finance, Economic Planning and Service Delivery, Management Discussion and Analysis, Overview of the Revenue County Fund Operations and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed,

I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

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, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

The statement of receipts and payments reflects transfers to County Assembly of Kshs.1,010,039,680 as disclosed under Note 7 to the financial statements. However, the amount represents eleven per cent (11%) of the total revenue of Kshs.8,829,691,136 realized by the County Government of Homabay. This was contrary to the provisions of Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which provides that the approved expenditure of a County Assembly shall not exceed seven per cent (7%) of the total revenue of the county government or twice the personnel emoluments of the County Assembly whichever is lower. Although the management has explained that the County Assemblies negotiated with the Commission of Revenue Allocation (CARA) for higher allocations, audit review of the approved budget ceiling to the County Assembly by the County Allocation of Revenue Act, 2023 for the financial year 2023/2024 was Kshs.951,617,005 instead of the reflected amount of Kshs.1,010,039,680.

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

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

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Management and Those Charged with Governance

The 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

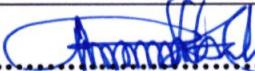

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

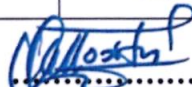
Nairobi

23 December, 2024

8. Statement of Receipts and Payments Statement for the year ended 30th June,2024

Description	Notes	2023/24	2022/23
		Kshs.	Kshs.
Receipts			
Exchequer releases	1	7,478,116,271	8,650,096,561
Transfers from other government agencies	2	975,009,774	429,336,942
Other grants	3	-	2,339,915
Own Source Revenue	4	370,850,441	461,496,551
Return to CRF issues	5	5,714,650	-
Total Receipts		8,829,691,136	9,543,269,969
Payments			
Transfers to County Executive	6	6,921,646,432	7,870,981,661
Transfers to County Assembly	7	1,010,039,680	1,143,479,244
Other Transfers; Conditional Grants	8	999,314,288	423,695,483
Total Payments		8,931,000,400	9,438,156,388
Net decrease in cash for the year		(101,309,264)	105,113,580
Add Opening fund balance B/F	9	142,874,789	37,761,208
Closing Fund balance for the period		41,565,524	142,874,789


 Name: CPA Alphonse Werah
 Chief Officer – Finance
 ICPAK Member No 3637
 Date: 5/11/2024


 Name: CPA Okello Sita
 Head of Treasury Accounts
 ICPAK Member No 30278
 Date: 5/11/2024



9. Statement of Comparison of Budget Actual Amounts for the year ended 30th June, 2024.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	%
	a	B	c=a+b	d	e=c-d	f=d/c %
Receipts	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Equitable Share	8,128,387,250	-	8,128,387,250	7,478,116,271	650,270,979	92%
Conditional Grants from Development Partners	948,933,530	423,221,077	1,372,154,607	975,009,774	397,144,833	71%
County Own Generated Receipts	2,378,948,918	(986,742,567)	1,392,206,351	370,850,441	1,021,355,910	27%
Return to CRF issues	-	142,874,788	142,874,788	5,714,650	137,160,138	4%
Share of Equalization Fund	131,603,304	-	131,603,304	-	131,603,304	0%
Total Receipts	11,587,873,002	(420,646,702)	11,167,226,300	8,829,691,136	2,337,535,164	79%
Payments						
Transfers to County Executive	9,433,921,567	(843,867,779)	8,590,053,788	6,921,646,432	1,668,407,356	81%
Transfers to County Assembly	1,205,017,905	-	1,205,017,905	1,010,039,680	194,978,225	84%
Other Transfers; Conditional Grants	948,933,530	423,221,077	1,372,154,607	999,314,288	372,840,319	73%
Total Payments	11,587,873,002	(420,646,702)	11,167,226,300	8,931,000,400	2,236,225,900	80%
Balance				(101,309,264)		

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

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

d) Payments

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

Significant Accounting Policies (Continued)

e) Fund Balances

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

f) Restriction on Cash

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

11. Notes to the Financial Statements

1. Exchequer releases

	2023/24	2022/23
Description	Kshs.	Kshs.
Equitable Share Quarter 1	1,341,183,896	1,508,198,292
Equitable Share Quarter 2	2,032,096,812	1,912,311,558
Equitable Share Quarter 3	1,341,183,897	1,287,883,294
Equitable Share Quarter 4	2,763,651,666	3,941,703,417
Total	7,478,116,271	8,650,096,561

2. Transfers from other government agencies

	2023/24	2022/23
Description	Kshs.	Kshs.
KISIP	430,000,000	30,000,000
NATIONAL VALUE CHAIN PROJECT(NAVCDP)	199,803,473	67,192,729
NATIONAL AGRICULTURAL GROWTH INCLUSIVE PROJECT(NARIGP)	4,261,826	264,521,931
DANIDA	-	-
HOMA BAY PRIMARY HEALTHCARE SUPPORT PROGRAMME	12,300,750	21,686,063
Agriculture Sector Development Support Programme (ASDSP II)	3,159,580	23,936,219
FINANCING LOCALLY -LED CLIMATE ACTION PROGRAMME(FLOCA)	262,984,145	22,000,000
Aggregated Industrial Parks Programme	62,500,000	-
TOTAL	975,009,774	429,336,942

3. Other grants from Development Partners

	2023/24	2022/23
Description	Kshs.	Kshs.
Kenya Urban Support Programme- UDG	-	-
Kenya Urban Support Programme- UIG	-	2,339,915
TOTALS	-	2,339,915

4. Own Source Revenue

DESCRIPTION OF THE REVENUE STREAM	FY 2023/24	FY-2022-2023
	KSHS	KSHS
Land Rates	8,847,826.00	5,996,073
Land Transfers/Sales/Change of Use	1,456,500.00	138,530
Lease Charges/Consent/Transfers	2,305,925.00	1,598,552
Land/Ground rents	3,476,590.00	2,444,825
Single Business Permit	101,657,743.00	61,770,496
Market Dues	40,648,114.00	24,955,898
Approval plans/Transfers/Certificates	7,279,879.00	2,449,634
Housing Fees (Rents)	1,122,700.00	1,582,609
Fish Cess	10,992,382.00	7,004,275
Other Cess Income	12,146,048.00	24,331,008
Taxi /Motorbike Fees	7,121,839.00	1,838,575
Site Value Rates	35,200.00	4,090
House/Kiosk Rents	10,532,780.00	4,614,290
Slaughter House Fees	2,285,505.00	1,686,094
Stock Auction Fees(Cattle/Goat/sheep)	5,024,800.00	4,063,130
Stock Movement Fees	884,905.00	379,910
Veterinary Charges	1,333,117.00	263,725
Advertising /Bill Board	10,543,053.00	9,313,233
Landing Fees	129,050.00	53,285
Bus Park Fees	46,784,631	29,359,416

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Liquor Licensing	10,978,513.00	350,500
Search and clearance certificates	131,000.00	23,600
Noise Pollution Fees	563,320.00	193,490
Fire Inspection Fees	1,088,311.00	361,060
Hire of Machineries & Equipment	237,000.00	186,000
Hire of Tractors	971,810.00	121,250
Conservancy Fees/Wildlife Grants	87,480.00	144,060
Water Charges	592,684.00	20,885
Fines & Penalties	2,324,577.00	2,974,124
Survey/Sub Division Fees	521,000.00	359,620
Weight and Measures Fees	593,020.00	501,310
Bricks/Sand/Murram/Stones	56,105,447.00	31,579,853
Hire of stadium, open spaces & Park	1,723,726.00	
Miscellaneous Incomes	11,043,127.80	12,143,630
OSR Sub-Total	361,569,602.80	232,807,030
	5,186,000	
Health Sector Charges(A-I-A)		228,689,521
Total Revenue Collected in the FY 2023-2024	366,755,602.80	461,496,551
Add: Balance b/f from FY 2022-2023 disbursed to CRF in the current FY 2023-2024:		
Land Rates	560,000.00	
Single Business Permit	918,594.00	
Fish Cess	246,000.00	
Advertising/Bill board	536,000.00	
Bus park fees	950,000.00	
Hire of tractors	1,262,009.80	
Fines and penalties	50,000.00	

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Bricks/sand/marram/stones	239,040.00	
Miscellaneous incomes	800,000.00	
Less: Closing Balance undisbursed to CRF as at 30th June 2024		
Miscellaneous Incomes	(1,466,805.60)	
TOTAL OWN-SOURCE REVENUE RECEIPT	370,850,441	461,496,551

5. Return to CRF Issues

	2023/24	2022/23
Description	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	1,355,586	-
Development Account (<i>County Executive</i>)	189,868	-
Unspent Balances	38,196	-
Return to CRF	4,131,000	
Total	5,714,650	-

6. Transfers to County Executive

	2023/24	2022/23
Description	Kshs.	Kshs.
Recurrent Account	5,067,802,599	5,864,068,825
Development Account	1,853,843,833	2,006,912,836
Special Purpose Accounts	-	-
Total	6,921,646,432	7,870,981,661

7. Transfers to County Assembly

	2023/24	2022/23
Description	Kshs.	Kshs.
Recurrent Account	1,010,039,680	1,143,479,244
Development Account	-	-
Total	1,010,039,680	1,143,479,244

8. Other Transfers

Description	2023/24	2022/23
	Kshs.	Kshs.
NATIONAL VALUE CHAIN PROJECT(NAVCDP)	199,803,473	67,192,729
KENYA URBAN SUPPORT PROGRAMME- UDG	1,194,559	-
UNIVERSAL HEALTH CARE PROJECT		4,233,375
NATIONAL AGRICULTURAL GROWTH INCLUSIVE PROJECT(NARIGP)	4,374,252	266,230,097
DANIDA	-	7,468,313
HOMA BAY PRIMARY HEALTHCARE SUPPORT PROGRAMME	25,520,063	16,134,750
AGRICULTURE SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP II)	3,159,580	46,436,219
FINANCING LOCALLY -LED CLIMATE ACTION PROGRAMME(FLOCA)	241,617,006	16,000,000
Kenya Informal Settlements Improvement Programme	460,000,000	
Kenya Urban Support Programme- UIG	1,145,355	
Aggregated Industrial Parks Programme	62,500,000	
Total	999,314,288	423,695,483

9. Fund balance

	2023/24	2022/23
Description	Kshs.	Kshs.
County Exchequer Account (1000171065)	41,565,524	142,874,789
Total	41,565,524	142,874,789

10. 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 2023-2024	FY 2022-2023
			Kshs	Kshs
Homa Bay County KCB –Revenue A/c no 1140763555	Kshs	N/A	1,466,805.60	7,580,182.15
Total			1,466,805.60	7,580,182.15

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;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>The statement of comparison of budget and actual amounts reflects total budgeted receipts totalling Kshs. 10,079,114,198 against actual receipts of Kshs. 9,543,269,969 resulting to under realization of Kshs. 535,844,229. Similarly, Management made actual payments totalling Kshs. 9,438,156,388 against budgeted amount of Kshs. 10,079,114,198 resulting to an under absorption of Kshs. 640,957,810. In the circumstances, the under realization and under absorption may have affected the planned activities and impacted negatively on service delivery to the public. My opinion is not modified in respect of this matter.</i></p>	<p><i>This had resulted from delayed release of funds from the National Treasury</i></p>	<p><i>Not Resolved</i></p>	<p><i>The National Treasury should endeavour to release funds to the County in time; by 15th of every month as per the provisions of the law</i></p>

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 Name: JUTHONGE WERATH
 Chief Officer Finance
 ICPAK Member No: 3637
 Date 5/11/2024



Annex 2. Analysis of Receipts from The National Treasury Exchequer Releases

Period (2023/24)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,341,183,896	2,032,096,812	1,341,183,896	2,763,651,666	7,478,116,271
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	4,261,826	4,261,826
Kenya Informal Settlement Improvement Project				430,000,000	430,000,000
Homa Bay Primary Healthcare Support Programme				12,300,750	12,300,750
Agriculture Sector Development Support Project (ASDSP)	-	500,000	2,659,580	-	3,159,580
National Value Chain Project (NAVCDP)	-	-	195,580,652	4,222,821	199,803,473
Financing Locally-Led Climate Action Programme (FLOCA)	-	-	-	262,984,145	262,984,145
Aggregated Industrial Parks Programme				62,500,000	62,500,000
Total	1,341,183,896	2,032,596,812	1,539,424,128	3,539,921,208	8,453,126,044

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

Revenue Streams/Income Sources	Q1	Q2	Q3	Q4
Land Rates	1,841,296.00	1,141,581.00	3,643,238.00	2,781,711.00
Land Transfers/Sales/Change of Use	166,500.00	94,000.00	572,600.00	623,400.00
Lease Charges/Consent/Transfers	10,000.00	2,247,625.00	39,300.00	9,000.00
Land/Ground rents	725,000.00	537,580.00	1,019,610.00	1,194,400.00
Single Business Permit	12,235,166.35	709,388.00	55,616,322.00	34,015,461.00
Market Dues	10,849,648.00	8,894,698.00	11,014,947.00	10,134,821.00
Approval plans/Transfers/Certificates	935,379.00	982,500.00	2,779,300.00	2,582,700.00
Housing Fees (Rents)	490,900.00	221,700.00	163,600.00	246,500.00
Fish Cess	2,498,781.00	2,847,035.00	3,093,206.00	3,089,360.00
Other Cess Income	3,313,998.00	4,514,904.00	3,031,432.00	1,285,714.00
Taxi /Motorbike Fees	1,365,113.00	2,053,641.00	1,883,275.00	1,819,810.00
Site Value Rates	-	-	28,800.00	6,400.00

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House/Kiosk Rents	3,406,458.00	3,195,362.00	1,604,810.00	2,326,150.00
Slaughter House Fees	600,474.00	521,621.00	581,700.00	581,710.00
Stock Auction Fees(Cattle/Goat/sheep)	989,950.00	1,537,510.00	1,472,420.00	1,024,920.00
Stock Movement Fees	281,150.00	220,120.00	197,435.00	186,200.00
Veterinary Charges	298,161.00	272,755.00	396,551.00	365,650.00
Advertising /Bill Board	2,426,142.00	103,100.00	5,694,831.00	3,268,980.00
Landing Fees	28,900.00	32,200.00	48,150.00	19,800.00
Bus Park Fees	10,570,081.85	9,974,730.00	8,765,939.00	18,735,890.00
Search and Clearance certificates	500.00	30,000.00	74,000.00	26,500.00
Noise Pollution Fees	123,020.00	134,200.00	94,900.00	211,200.00
Fire Inspection Services	379,700.00	192,050.00	223,311.00	293,250.00
Hire of Machinerics & Equipment	196,000.00	-	16,000.00	25,000.00
Tractor Hire Services	291,600.00	66,150.00	608,210.00	55,850.00

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Conservancy Fees/Wildlife Grants	73,680.00	13,800.00	-	-
Water Charges	150,828.00	141,856.00	155,995.00	144,005.00
Fines & Penalties	762,042.00	773,815.00	593,260.00	434,500.00
Survey/Sub Division Fees	58,000.00	137,000.00	249,000.00	77,000.00
Weight and Measures Fees	34,940.00	134,100.00	101,800.00	322,180.00
Bricks/Sand/Murram/Stones	11,432,889.00	10,720,789.00	6,669,810.00	28,081,959.00
Hire of stadium, open spaces & Park	568,374.00	552,229.00	277,648.00	325,475.00
Miscellaneous Incomes	1,465,121.00			8,111,200.80
OSR Sub-Total	68,569,792.20	52,998,039.00	110,711,400.00	122,406,696.80
				354,685,928.00
Liquor Licensing fees swiped				10,978,513
A-I-A swiped				5,186,000
TOTAL OSR- SWIPED				370,850,441

Annex 4: Analysis of Transfers from the County Revenue Fund

Period (2023/24)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive –Rec	1,068,038,578	1,240,074,462	1,508,086,012	1,251,603,547	5,067,802,599
County Executive –Dev	-	233,022,847	377,242,501	1,243,578,485	1,853,843,833
Special Purpose Accounts	-	56,559,227	198,740,232	744,014,829	999,314,288
County Assembly	180,000,000	170,000,000	270,040,000	389,999,680	1,010,039,680
Total	1,248,038,578	1,699,656,536	2,354,108,745	3,629,196,541	8,931,000,400

