

REPUBLIC OF KENYA



*Enhancing Accountability*



PARLIAMENT  
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**REPORT**

DATE: 1/3/2025  
Tabled by: Mr. Majority Whip  
COMMITTEE:  
CLERK AT THE TABLE: Chemp

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT OF MARSABIT**



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## COUNTY REVENUE FUND

*County Government of Marsabit*

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024

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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 Marsabit  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> 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. 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	Adan Guyo Kanano
2.	C.O Finance	Boru Duba Dulacha
3.	Director Accounting Services/ Finance	CPA Dabasso Bonaya Adano

### c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Adan Guyo Kanano
2.	Accounting Officer in charge of Finance	Boru Duba Dulacha
3.	Director Accounting Services/Finance	CPA Bonaya Sora Doti

### d) Fiduciary Oversight Arrangements

*Here, provide a high-level description of the key fiduciary oversight arrangements covering;*

- *Audit and Finance committee activities*
- *Senate Committee Activities*
- *County Assembly*
- *Development partner oversight activities*
- *Controller of Budget*
- *Office of the Auditor General*

**e) County Headquarters**

P.O. Box 384-60500  
County Headquarters  
Marsabit-Isiolo Highway  
Marsabit, KENYA

**f) County Contacts**

Telephone: (254) 724821768  
E-mail: [info@treasury.marsabit.go.ke](mailto:info@treasury.marsabit.go.ke)  
Website: [www.marsabit.go.ke](http://www.marsabit.go.ke)

**g) County Bankers**

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

**h) Independent Auditor**

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

**i) Principal Legal Adviser**

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

**j) County Attorney**

P.O. Box 384-60500  
Marsabit County Headquarter Building  
Marsabit, KENYA

### 3. Statement by the CECM Finance

The County Revenue Fund, hereby known as the Fund, is established under Section 109 of the Public Finance Management (PFM) Act, which is in line with Article 207 of the Constitution. Section 109 (2) states that the County Treasury shall ensure that all money raised or received by or on behalf of the county government is paid into the Fund. Section 104(j) further states that the County Treasury is in charge of maintaining proper accounts and other records in respect of the County Revenue Fund.

The financial statements in this report are in line with the specified laws on accounting as per the Public Finance Management Act, 2012 and anchored in the Constitution of Kenya, 2010. This annual report and financial statements cover the 12 months ending June 30, 2024.

During this period, both the global and domestic economic outlooks have been marred with several challenges which are spill overs from the Covid-19 pandemic, Ukraine-Russia conflict, and the US Federal Reserve raising interest rates. The Kenya National Bureau of Statistics (KNBS) Economic Survey 2024 report indicates that the economy grew 5.6 per cent in 2023 with agriculture playing a key role as it expanded 6.5 per cent. However, the rise of the Central Bank Rate(CBR) to a high of 13.0 per cent, the effects of the Ukraine-Russia conflict, and the austerity measures by the National Government have had an impact on the economy.

Apart from the equitable share from the National Treasury and conditional grants from national Government entities and bilateral partners, the County Government also raises its revenue through levies, fees, and donations in kind and cash. In the financial year ended June 2024, Kshs.7.564 billion was paid into the Fund for the County Government. This is compared to Kshs.8.35 billion for the year ended June 2023. The revenue for the financial year under consideration is less than the previous financial year mainly because part of the equitable share in respect of the financial year 2021-2022 of Kshs.582.16 million was disbursed by the National Treasury in the financial year 2022-2023 thereby increasing the revenue amount of the financial year 2022-2023.

The anticipated revenue according to the County Government's annual budget for the 2023/2024 financial year was Kshs.9.425 billion.

Of the amount paid into the Fund in the period, Kshs 6.956 billion was from the National Treasury as equitable share, Kshs 167.579 million from own source revenue. Additionally, the County Government received the following conditional grants from or through National Government Ministries;

- I. Government of Sweden (SIDA) Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development Kshs 4.755 million
- II. World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development Kshs 194.495 million
- III. (IDA) World Bank Credit-Financing Locally Led climate programme (FFLoCA)1 CCIS Grant State Department of Kshs 205.579 million
- IV. Kenya Livestock Commercialization Project (KELCOP) Kshs 34.186 million.

Disbursements/withdrawals from the Fund with the approval of the Office of the Controller of Budget pursuant to Article 207 (3) for the period amounted to Kshs 7.651 billion which comprises

*County Government of Marsabit  
County Revenue Fund  
For the financial year ended 30<sup>th</sup> June 2024*

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of County executive withdrawal of Kshs 6.759 billion and County Assembly withdrawal of Kshs 891.855 million.

In conclusion, due to the decision at the National Executive level not to sign the Finance Bill 2024, which left the country with a budget shortfall of Ksh346 billion for the year 2024/2025; the county anticipates further delays and possible reduction in equitable share revenue from the National Treasury in the coming financial year. As the county looks into the next financial year with optimism, anchored on the 5.5 per cent anticipated economic growth as predicted by the International Monetary Fund (IMF), the high US Federal Reserve interest rate and an anxious political climate are some of the anticipated headwinds.



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**Adan Guyo Kanano**  
CECM Finance and Economic Planning  
County Government of Marsabit

#### **4. Management Discussion and Analysis**

Section 167 (1) of the Public Finance Management (PFM) Act states that the Administrator of a county public fund established by the Constitution, an Act of Parliament, or county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

Section 104 (1)(j) of the Act notes that it is the responsibility of the County Treasury to maintain proper accounts and other records concerning the County Revenue Fund.

The PFM Act dictates that each county government shall ensure that all money raised or received by or on behalf of the county government is paid into the County Revenue Fund. This is with exemption of any money exempted through an Act of Parliament, county legislation, or through Article 207 as stipulated in Section 109(2)(a)(b)(c) of the Public Finance Management Act.

Of the three main sources of revenue, equitable share contributes the most. However, considering the recent economic challenges that have affected disbursement from the National Treasury, the county must grow its share of own-source revenue raised from business permits, fees, rates, and other charges for services offered.

For the financial year ended June 2024, a sum of Kshs 7.564 billion was credited to the Fund. This is compared to Kshs 8.35 billion in the 2022/23 financial year, and Kshs 6.939 billion in 2021/22.

During the same period, Kshs 7.759 billion was debited from the Fund for the year ending June 2024, Kshs 7.901 billion for 2022/23, and Kshs 7.506 billion for 2021/22.

Over the period, the county has gradually increased the amount spent on development projects. While salaries and employee reimbursement still take a bigger share, the amount allocated for development disbursed from the Fund has improved from Kshs 3.456 billion in 2021/2022 to Kshs 3.799 billion in 2023/24. This is a percentage increase of 10%.

There exist challenges however in the completion of some of the projects with the main reason being the late disbursement of equitable share.

The growth of own source revenue has been on an upward trajectory courtesy of tech-assisted efforts such as cashless payments. However, there was a drop in the last two quarters of the financial year ending June 2024 due to Gen Z-led protests.

## **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 2024.



**Adan Guyo Kanano**  
CEC Member – Finance and Economic Planning  
County Government of Marsabit

## 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 26-09-2024.

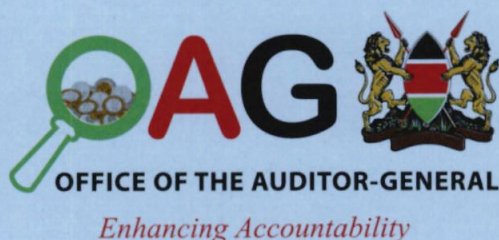
Signature 

Name: **Boru Dulacha Duba**

Chief Officer-Finance /Accounting Officer  
County Government of Marsabit

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF MARSABIT**

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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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report 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 Marsabit set out on pages 1 to 11, which comprise of the statement of

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*Report of the Auditor-General on County Revenue Fund the year ended 30 June, 2024 – County Government of Marsabit*

receipts and payments, statement of comparison of budgets 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial performance of County Revenue Fund – County Government of Marsabit for the year ending 30 June, 2024 in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Government Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccuracies on Own Source Revenue**

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects own source revenue of Kshs.167,579,472. However, the Receiver of Revenue - County Government of Marsabit statement of receipts and disbursements reflects disbursements to County Revenue Fund totalling Kshs.147,860,341 resulting to an unexplained variance of Kshs.19,719,131.

In the circumstances, the accuracy and completeness of own source revenue amount of Kshs.167,579,472 could not be confirmed as at 30 June, 2024.

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 Marsabit 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 qualified opinion.

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final receipts budget of Kshs.9,424,830,447 and actual receipts of Kshs.7,564,492,770 resulting to under-funding of Kshs.1,860,337,678 or 20 % of the budget. Similarly, the same statement reflects total actual expenditure of Kshs.7,759,083,985 against actual receipts of Kshs.7,564,492,770 resulting to an under-utilization of Kshs.194,591,215 or 3% of actual receipts.

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

## 2. Delayed Disbursement of Equitable Share

The statement of receipts and payments reflects equitable share amounting to Kshs.6,955,566,539 and as disclosed in Note 1 to the financial statements which was disbursed quarterly by the National Treasury. However, the quarterly transfers were delayed contrary to Section 17(6) of the Public Finance Management Act, 2012, which states that The National Treasury shall, at the beginning of every quarter, and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to County Governments as shown below:

<b>Allocation</b>	<b>Expected Date</b>	<b>Release Date</b>	<b>Amount</b>
Quarter 1	15-Jul-23	26-Oct- 23	1,890,099,603
Quarter 2	15-Oct-23	31- Jan -24	1,852,297,611
Quarter 3	15-Jan-24	24 - May - 24	1,890,099,603
Quarter 4	15-Apr-24	26 -June -24	1,323,069,722
<b>Total</b>			<b>6,955,566,539</b>

The late disbursement of equitable share by the National Treasury affected timely implementation of approved programs which may have negatively affected service delivery to the residents of the County.

My opinion is not modified in respect of these matters.

### 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. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

#### Prior Year Unresolved Audit Matters

In the previous audit report an issue was raised under Emphasis of Matter. However, Management has not resolved the issue contrary to Section 149(2)(I) of the Public Finance Management Act, 2012 which requires accounting officers designated for County Government entities to resolve any issues resulting from an audit that remain outstanding.

### Other Information

Management is responsible for the other information set out on page ii to x which comprise of Key Entity Information and Management, Management Discussion and Analysis, Overview of the County Revenue Fund Operations and Statement of management responsibility. 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, 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, 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 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 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 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 for 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 for the Year Ended 30<sup>th</sup> June 2024.**

	Notes	FY 2023-2024	FY 2022-2023
		Kshs.	Kshs.
<b>Receipts</b>			
Exchequer releases	1	6,955,566,539	7,859,164,352
Transfers from other government agencies	2	439,015,173	348,018,186
Other grants	3	-	
Proceeds from Domestic Borrowing	4	-	
Proceeds from Foreign Borrowing	5	-	
Own Source Revenue	6	167,579,472	142,663,012
Return to CRF issues	7	2,331,586	96,929
<b>Total Receipts</b>		<b>7,564,492,770</b>	<b>8,349,942,479</b>
<b>Payments</b>			
Transfers to County Executive	8	6,759,079,399	6,864,425,711
Transfers to County Assembly	9	891,855,246	956,446,603
Other Transfers	10	108,149,341	80,196,445
<b>Total Payments</b>		<b>7,759,083,985</b>	<b>7,901,068,759</b>
Net increase/ (decrease) in cash for the year		(194,591,215)	448,873,720
Add Opening fund balance b/f	11	517,047,105	68,173,386
<b>Closing Fund balance for the year</b>	12	<b>322,455,890</b>	<b>517,047,106</b>

*Bore D. DUBA*

Name:

Chief Officer - Finance

Date: 26/9/2024

*BONAYA DOTI SARA*

Name:

Director Accounting Services

ICPAK Member No. 21497

Date: 26/9/2024

County Government of Marsabit  
 County Revenue Fund  
 For the financial year ended 30<sup>th</sup> June 2024

**9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30<sup>th</sup> June, 2024.**

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	<b>a</b>	<b>B</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>Receipts</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Exchequer releases	7,560,398,412	-	7,560,398,412	6,955,566,539	604,831,873	92%
Transfers from other government agencies	875,253,166	285,466,010	1,160,899,176	439,015,173	721,884,004	38%
Other conditional grants						
Proceeds from Foreign Borrowing						
Own Source Revenue	160,000,000	30,000,000	190,000,000	167,579,472	22,420,528	88%
Return to CRF issues	513,532,859		513,532,859	2,331,586	511,201,273	0%
<b>Total Receipts</b>	<b>9,109,184,437</b>	<b>315,466,010</b>	<b>9,424,830,447</b>	<b>7,564,492,770</b>	<b>1,860,337,678</b>	<b>80%</b>
<b>Payments</b>						
Transfers to County Executive	7,694,383,367	298,566,010	7,993,129,377	6,759,079,399	1,234,049,978	85%
Transfers to County Assembly	1,299,801,070	16,900,000	1,316,701,070	891,855,246	424,845,825	68%
Others	115,000,000	-	115,000,000	108,149,341	6,850,659	94%
<b>Total Payments</b>	<b>9,109,184,437</b>	<b>315,466,010</b>	<b>9,424,830,447</b>	<b>7,759,083,985</b>	<b>1,665,746,462</b>	<b>82%</b>
<b>Balance</b>				<b>-194,591,215</b>		

## **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**

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.

**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	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
Equitable Share (a)	6,955,566,539	7,859,164,352
Level 5 hospitals (b)		-
Others ( <i>Specify</i> ) (c)		-
<b>Total (d=a+b+c)</b>	<b>6,955,566,539</b>	<b>7,859,164,352</b>

**2. Transfers from other government agencies**

Description	F.Y 2023-2024	F.Y 2022-2023
	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		-
World Bank-NARIGP-State Department of Crop Development		-
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development		55,194,559
DANIDA Grant -Primary Health care in devolved context -Ministry of Health		21,787,875
County Climate Institutional Support-Min. Water, Sanitation, and Irrigation		22,000,000
German Development Bank (KfW) Drought Resilience Programme In Northern Kenya (DRPNK)		145,038,664
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	4,755,395	10,056,508
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	194,495,019	91,600,665
World Bank-Kenya Urban Support Programme)-State Department of Housing & Urban Development		2,339,915
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution		-

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Description	F.Y 2023-2024	F.Y 2022-2023
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		-
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of .....	205,579,160	-
Kenya Livestock Commercialization Project (KELCOP)	34,185,598	
<b>Total</b>	<b>439,015,173</b>	<b>348,018,186</b>

3. Other grants

Description	F.Y 2023-2024	F.Y 2022-2023-
	Kshs.	Kshs.
Donor 1 (Specify)	-	-
Donor 2 (Specify)	-	-
Donor 3 (Specify)	-	-
Others (Specify)	-	-
	-	-

4. Proceeds from Domestic borrowing.

Description	F.Y 2023-2024	F.Y 2022-2023
	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	-	-
Others (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

**5. Proceeds from Foreign Borrowing**

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**6. Own Source Revenue**

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
Market Charges	1,426,623	1,384,283
Livestock Charges	9,265,269	12,091,208
Land Transaction Charges	1,983,220	2,170,042
Royalties	1,971,030	1,160,450
Plan Approval	-	-
Slaughter	367,140	301,750
Scrap Metal	135,240	104,220
Cement	-	-
Single business permit	8,225,793	9,516,150
Produce	17,265,267	22,571,726
Advertisement/Promotions	2,040,800	1,971,600
Fire and safety fees	19,500	-
Miscellaneous charges	1,224,181	9,696,949
Way leave charges	946,000	-
Lease Rentals	3,212,630	4,728,501
Fish Cess	465,752	829,900
Hiring of Hall/Stadium	-	-
Liquor Licence	1,752,690	664,000
Public health-Facility Improvement Fund	-	388,800
Hospital-Facility Improvement Fund	113,399,622	74,979,289
AMS	-	-

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Veterinary- Meat Inspection	158,250	104,144
Firewood/Charcoal	106,810	
Miraa	1,407,170	
Mitumba	280,605	
Market Stalls	1,925,880	
<b>Total</b>	<b>167,579,472</b>	<b>142,663,012</b>

7. Return to CRF Issues

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
CBK Recurrent Account-1000170492 (County Executive)	9,496	6,195
CBK Development Account 1000170514 (County Executive)	545	12,401
KCB Recurrent Account-1140789724 (County Executive)		9,114
KCB Development Account-1162178345 (County Executive)	67,694	66,552
Equity Bank-County Assembly		-
CBK Recurrent-County Assembly	343	2,667
CBK Development-County Assembly	2,253,508	-
Others (Specify)		
<b>Total</b>	<b>2,331,586</b>	<b>96,929</b>

8. Transfers to County Executive

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
Recurrent Account	3,907,211,738	4,055,182,719
Development Account	2,362,028,468	2,402,300,833
Special Purpose Accounts	489,839,193	406,942,159
Others (Specify)		
<b>Total</b>	<b>6,759,079,399</b>	<b>6,864,425,711</b>

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

**9. Transfers to County Assembly**

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
Recurrent Account	790,316,100	866,971,649
Development Account	101,539,146	89,474,954
Special purpose accounts		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>891,855,246</b>	<b>956,446,603</b>

**10. Other Transfers**

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
Hospital Expenditure	108,149,341	80,179,206
Others -revenue collection account bank charges		17,239
<b>Total</b>	<b>108,149,341</b>	<b>80,196,445</b>

**11. Opening Fund balance**

Description	F.Y 2023-2024	F.Y 2022-2023
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number-1000170824)	498,532,859	53,133,906
Kenya Commercial Bank-Local Revenue, Marsabit Branch Account no.1140751484	13,214,998	7,814,239
Free Maternity Health Care Services (FIF)-Saku A/c-1145056148	433,615	607,280
Marsabit District Health Care Fund (NHIF)-1102656240	605	2,124,732
KCB Moyale Sub-County Health A/c-1153997037	278,383.00	27,009
KCB Moyale Sub-County Referral Hospital A/c-1154715086	1,502,468	4,354,143
North Horr Health Facility-1153926040	158,389	71,215
Equity Bank Marsabit Municipal Revenue A/c-1010280501019	2,925,788	40,863
<b>Total</b>	<b>517,047,105</b>	<b>68,173,386</b>

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

**12. Closing Fund balance**

Description	Kshs.
County Exchequer Account - (CBK Account number-1000170824)	284,222,513
Kenya Commercial Bank-Local Revenue, Marsabit Branch Account no.1140751484	21,702,715
Free Maternity Health Care Services (FIF)-Saku A/c-1145056148	143
Marsabit District Health Care Fund (NHIF)-1102656240	6,798,278
KCB Moyale Sub-County Health A/c-1153997037	634,251
KCB Moyale Sub-County Referral Hospital A/c-1154715086	146,142
North - Horr Health Facility-1153926040	54,303
Equity Bank Marsabit Municipal Revenue A/c-1010280501019	8,897,545
<b>Total</b>	<b>322,455,890</b>

**13. 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)	F. Y 2023-2024 Kshs	F. Y 2022-2023 Kshs
Kenya Commercial Bank-Local Revenue, Marsabit Branch Account no.1140751484	-	-	21,702,715	13,214,998
Equity Bank Marsabit Municipal Revenue A/c-1010280501019	-	-	8,897,545	2,925,788
Name Of Bank, Account No. & Currency	-	-	-	-
Name Of Bank, Account No. & Currency	-	-	-	-
<b>Total</b>			<b>30,600,260</b>	<b>16,140,786</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;

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)
Emphasis of Matter				
1.	Budgetary Control and Performance	The management is in the process of automating revenue collection system to enhance revenue collection so as to meet its own projection on own source revenue.	Not resolved	December 2024


**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National/ County Treasury.

*Boon D. Duba*

Name  
 Chief Officer Finance

Date  
 26/9/2024



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

Period 2023-2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,247,465,738	1,890,099,603	1,247,465,738	2,570,535,460	6,955,566,539
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					-
Kenya Urban Support Programme					-
Agriculture Sector Development Support Project (ASDSP)	2,824,205	500,000	1,431,190		4,755,395
Kenya Climate Smart Agriculture Project (KCSAP)					-
World Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development			139,809,025	54,685,994	194,495,020
World Bank Credit-Financing localy Led climate programme (FFLoCA)1-Flloca			97,289,580	108,289,580	205,579,160
Kenya Livestock Commercialization Project (KELCOP)			16,095,846	18,089,752	34,185,598
<b>Total</b>	<b>1,250,289,943</b>	<b>1,890,599,603</b>	<b>1,502,091,379</b>	<b>2,751,600,786</b>	<b>7,394,581,712</b>

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

Period 2023-2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Livestock charges	1,620,000.00	2,166,189.00	3,183,050.00	2,296,030.00	9,265,269
Firewood/Charcoal	30,900.00	29,355.00	29,505.00	17,050.00	106,810
Miraa	236,340.00	166,760.00	487,010.00	517,060.00	1,407,170
Land transaction charges	349,900.00	252,590.00	347,270.00	1,033,460.00	1,983,220
Royalties	683,500.00	281,300.00	359,140.00	647,090.00	1,971,030
Slaughter	94,300.00	104,440.00	93,200.00	75,200.00	367,140
Mitumba	56,065.00	40,620.00	81,000.00	102,920.00	280,605
Market Stalls	354,250.00	597,580.00	622,000.00	352,050.00	1,925,880
Market charges	764,435.00	203,235.00	274,353.00	184,600.00	1,426,623
Single business permit	277,600.00	620,800.00	5,104,100.00	2,223,293.00	8,225,793
Scrap metal	26,870.00	39,470.00	36,700.00	32,200.00	135,240
Produce	3,468,305.00	4,647,327.20	4,055,495.00	5,094,140.00	17,265,267
Fish cess	152,500.00	286,252.00	-	27,000.00	465,752
Lease Rentals	-	3,212,630.00	-	-	3,212,630
Advertisement	210,000.00	27,000.00	37,500.00	1,766,300.00	2,040,800
Fire and sefty fees	4,000.00	-	15,500.00	-	19,500
Liquor Licence	-	45,000.00	232,500.00	1,475,190.00	1,752,690
Way leave charges	-	-	-	946,000.00	946,000
Miscellenous charges	721,045.00	140,509.00	282,957.00	79,670.00	1,224,181
Veterinary- Meat inspection	23,875.00	36,225.00	53,750.00	44,400.00	158,250
Hospital	32,209,169	21,733,846	18,402,120	41,054,487	113,399,622
<b>Total</b>	<b>41,283,054</b>	<b>34,631,128</b>	<b>33,697,150</b>	<b>57,968,140</b>	<b>167,579,472</b>

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

Period -2023-2024	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	652,752,640	1,120,790,390	1,055,572,808	1,078,095,900	3,907,211,738
County Executive -Dev	409,230,799	484,241,077	479,562,494	988,994,098	2,362,028,468
County Assembly -Rec	99,043,996	242,380,560	280,376,900	168,514,643	790,316,100
County Assembly -Dev	-	10,608,674	20,326,850	70,603,622	101,539,146
Hospitals FIF	-	53,410,424	19,554,499	35,184,419	108,149,341
Agri.Sector Development Support Programme	-	-	5,500,000	4,755,395	10,255,395
Climate Change Fund(Flocca)	-	-	11,000,000	137,509,000	148,509,000
World/Danida account				21,787,875	21,787,875
Primary Health Care				9,630,000	9,630,000
Emergency Locust Response				194,495,020	194,495,020
County Aggregated and Industrial Park				60,000,000	60,000,000
Northern Kenya Drought Resilience programme				15,000,000	15,000,000
Kenya Road Maintenance Fuel Levy Account				30,161,903	30,161,903
<b>Total</b>	<b>1,161,027,435</b>	<b>1,911,431,125</b>	<b>1,871,893,551</b>	<b>2,814,731,875</b>	<b>7,759,083,985</b>