

REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

PAPERS LAID	
DATE	28/2/2024
TABLED BY	Maj. Leader
COMMITTEE	—
CLERK AT THE TABLE	Angela

OF



**THE AUDITOR-GENERAL**

**ON**

**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT OF  
TURKANA**



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## COUNTY REVENUE FUND

*County Government of Turkana*

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

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

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

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**1. Acronyms and glossary of terms**

*a) Acronyms*

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

*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	-DR. MICHAEL EKIDOR EREGAE
2.	C.O Finance	- ILLIKWEL CYRUS JAMES
3.	Ag. Director Accounting Services/Finance	- CPA MICHAEL ATE LOGILAE

### 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	- DR. MICHAEL EKIDOR EREGAE
2.	Accounting Officer in charge of Finance	- ILLIKWEL CYRUS JAMES
3.	Ag. Director Accounting Services/Finance	- CPA MICHAEL ATE LOGILAE

### d) Fiduciary Oversight Arrangements

#### Audit committee activities

The PFM Act, 2012 Section 155 (5) requires a County Governments to establish audit committee the department is headed by Director of internal audit who reports directly to audit committee on execution of its mandates, makes follows and review recommendations by the external auditors to see whether they are implemented.

#### Senate Committee Activities

The County in the financial year 2020/2021 appeared before Senate Public Accounts Committee to answer queries on the financial statement for the financial year 2018/2019.

### **County Assembly**

The county Engaged with Budget and Appropriation committee on approval of county Budget estimates 2022/2023, Finance committee during submission and Approval of Finance Act 2022 .

### **Development partner oversight activities**

Various collaborations have been done with various development partners.

### **Controller of Budget**

The office of the controller of budget granted authorization of withdrawal of funds from County Revenue Fund, reviewed our bills in enactment of various county Funds legislation, processing of our exchequer requisitions and finally reviewing our expenditure report and giving necessary feedbacks.

### **Office of the Auditor General**

The office of the Auditor General audited the financial statements for the financial year 2021/2022, queries which various departments submitted their audit responses.

#### **e) County Headquarters**

P.O. Box 11-30500  
Treasury Building  
Nawoitong Road  
Lodwar, Kenya

#### **f) County Contacts**

Telephone: (254) 729305555  
E-mail: [Countysecretary@turkana.go.ke](mailto:Countysecretary@turkana.go.ke)  
Website: [www.turkana.go.ke](http://www.turkana.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**

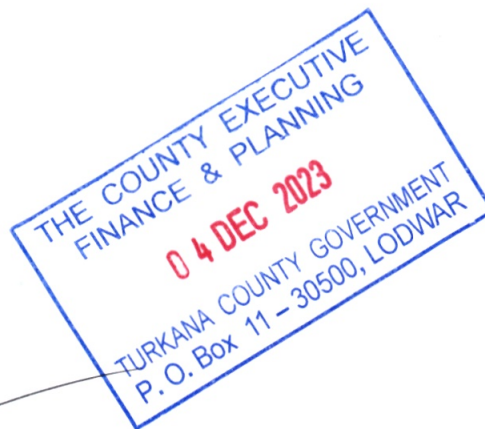
The County Attorney  
P.O. Box 11-30500  
Lodwar , KENYA  
Email: [Erastus.ethekon@turkana.go.ke](mailto:Erastus.ethekon@turkana.go.ke)

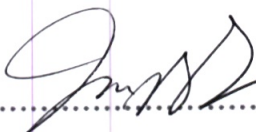
### 3. Statement by the CECM Finance

In the Financial year 2022/2023 the County had projected revenues estimate of **Ksh, 18,409,129,261** as approved by County Assembly, Comprising of **Ksh. 12,609,305,994** from the Equitable share allocation, **Ksh, 4,696,209,337** being balance brought forward from County Revenue fund for the period 2021-2022, **Ksh. 905,613,930.06** from conditional grants and **Ksh. 198,000,000** being own source Revenues. Total receipt of **Ksh. 14,233,559,725** was received to the County Revenue Fund, the total major receipts included **Ksh. 13,618,145,020** being the actual equitable share received, conditional grants of **Ksh. 440,953,039** was received from development partners and **Ksh. 174,374,613.95** from own source revenues collected during the year.

The Turkana County Supplementary Appropriation Act 2023 distributed **Ksh. 12,528,851,157** towards financing Recurrent Costs and **Ksh 5,880,278,104** towards financing capital expenditure for financial year 2022/2023,

From the County Revenue Fund **Ksh. 14,729,287,895 and 1,006,962,733** were disbursed to County Executive and Assembly respectively to finance the capital expenditure and recurrent operations.

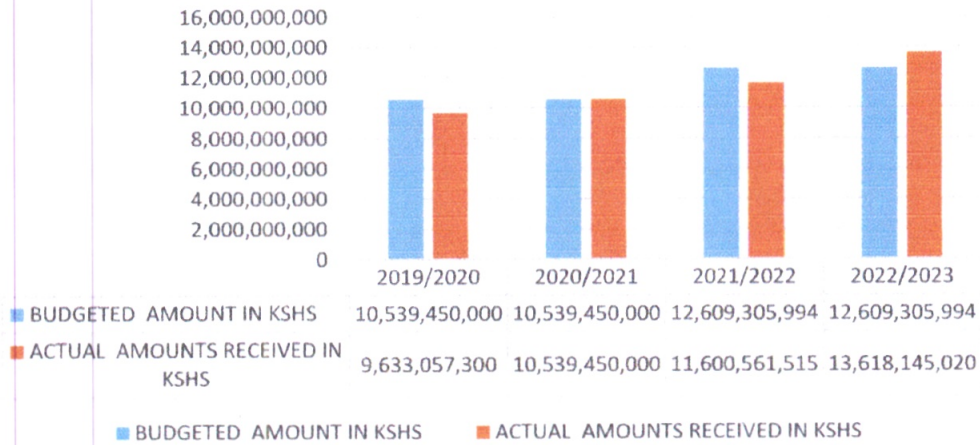


  
..... (Sign)

**CECM Finance and Economic Planning**  
**County Government of Turkana**

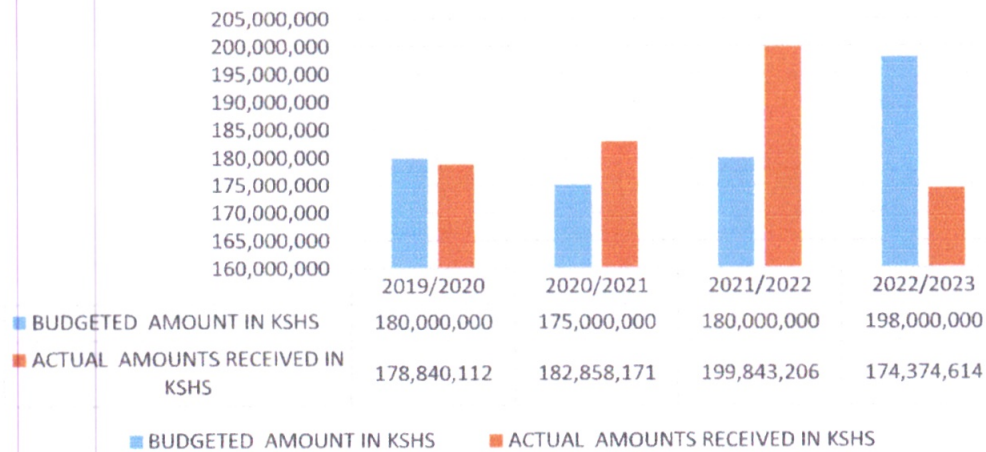
**4. Management Discussion and Analysis**

**EXCHEQUER RELEASES**



The County Government has been receiving equitable share on timely manner for the last 4 years however, the equitable share of 2019 /2020 was not fully financed to the tune of ksh. 1,008,744,479 which was later received in August 2021 in FY2020/2021. ksh 1,008,744,479 of June 2022 was not also received in FY 2021/2022 but later received in the current FY 2022/2023.

**OWN SOURCE REVENUE**



The own source revenue has been exhibiting an upward trend where the department has continuously exceeded their targets despite challenges arising from Covid 19 pandemic and external factors affecting the collection of revenue. The drop in revenue collection in FY2022/2023 was mainly driven by volatile security along kitale to lodwar road which have scared most transporter using the same route to transport goods . The revenue collection has been fully automated and more effort is being put to seal any areas where there could be revenue leakages.

## 5. Overview of the County Revenue Fund Operations

### Background

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

### Receipts into the County Revenue Fund

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

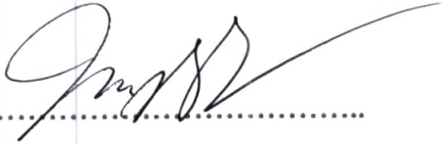
### Transfers from the County Revenue Fund

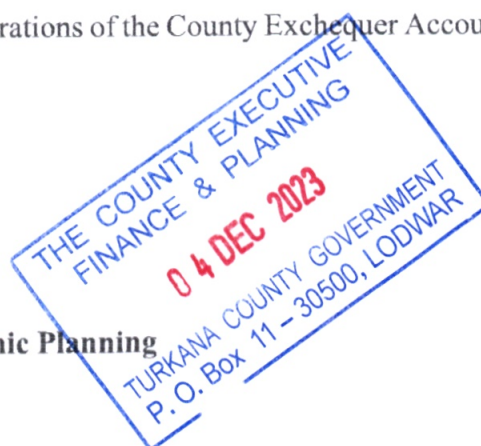
The withdrawal of funds from the County Revenue Fund is authorized by the County Appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities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

### Financial Reporting requirements

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

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

  
.....  
**CEC Member – Finance and Economic Planning**  
**County Government of Turkana**



## 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 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 4/12 2023.

Signature \_\_\_\_\_



Name ILLIKWEL CYRUS JAMES

Chief Officer Finance /Accounting Officer  
County Government of Turkana

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF TURKANA**

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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 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**

#### **Opinion**

I have audited the accompanying financial statements of County Revenue Fund - County Government of Turkana set out on pages 1 to 11, which comprise the statement of receipts and payments, and statement of comparison of budget and actual amounts for

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

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund - County Government of Turkana as at 30 June, 2023 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 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 Turkana 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**

#### **1. Delayed Disbursement of Equitable Share**

The statement of receipts and payments reflects exchequer releases amounting to Kshs.13,618,145,020. The amount includes equitable share totalling to Kshs.12,609,305,994 which was disbursed quarterly. However, the quarterly transfers were not equally disbursed in accordance with the payment schedule approved by the Senate and gazetted by the Cabinet Secretary for National Treasury and Planning as shown below:

<b>Quarter</b>	<b>Amount as Per Disbursement Schedule (Kshs)</b>	<b>% of Total Disbursement as per Schedule</b>	<b>Actual Disbursement (Kshs)</b>	<b>Under/(Over) Disbursement (Kshs)</b>	<b>% Actual Disbursements</b>
1	3,152,326,504	25	1,071,791,010	2,080,535,494	9
2	3,089,279,967	25	2,080,535,494	1,008,744,473	17
3	3,152,326,497	25	3,089,279,967	63,046,530	25
4	3,215,373,026	25	6,367,699,523	(3,152,326,497)	51
<b>Total</b>	<b>12,609,305,994</b>	<b>100</b>	<b>12,609,305,994</b>	<b>-</b>	<b>100</b>

This is contrary to Section 4(2) of the County Allocation of Revenue Act, 2022 which states that each county government's allocation under Subsection (1) shall be transferred to the respective County Revenue Fund in accordance with a payment schedule approved by the Senate and published in the gazette by the Cabinet Secretary for the time being responsible for matters relating to finance in accordance with Section 17 of the Public Finance Management Act, 2012. Further, part of the County's equitable share for year ended 30 June, 2022 amounting to Kshs.1,008,744,479 was disbursed by National Treasury on 29 August, 2022 after closure of the financial year.

In addition, the statement of comparison of budget and actual amounts reflects budgeted exchequer releases amounting to Kshs.18,211,129,261 against actual receipts amounting to Kshs.13,618,14,020 resulting in a shortfall of Kshs.4,92,984,241 or 25% of the budget.

The exchequer releases shortfall and late disbursement of equitable share affected timely implementation of approved projects/activities therefore denying residents services or benefits accruing from completed projects.

## **2. Delay in Transfer of Own Source Revenue to CRF**

The statement of receipts and payments reflects own source revenue amounting to Kshs.174,374,614 as further disclosed in Note 6 to the financial statements. However, the amount was not transferred into the County Revenue Fund within five days. This is contrary to Regulation 81(2) of the Public Finance Management (County Government) Regulations, 2015 which states that the receivers of revenue shall promptly pay the revenue received into the County Revenue Fund, as soon as possible and in any case not later than five (5) working days after receipt thereof.

The delay in transferring the own source revenue amounting to Kshs.174,374,614 to the County Revenue Fund affected delivery of services to the citizenry.

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. There were no key audit matters to report in the year under review.

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

### **Conclusion**

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

## **Basis for Conclusion**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of the 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 to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the project or cease its 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 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 overall 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Corporation's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**05 February, 2024**

## Appendix - Transfer of Funds from County Receiver of Revenue

	Date Deposited	Amount (Kshs.)
1	31/08/2022	9,000,000
2	22/09/2022	8,400,000
3	3/10/2022	5,900,000
4	1/11/2022	10,790,000
5	9/11/2022	3,400,000
6	30/11/2022	8,500,000
7	8/12/2022	3,630,274
8	16/12/2022	2,916,881
9	23/12/2022	2,870,000
10	24/01/2023	17,900,000
11	1/2/2023	9,888,000
12	16/02/2023	12,068,000
13	24/02/2023	5,798,000
14	18/03/2023	13,500,000
15	5/4/2023	11,795,000
16	28/04/2023	15,018,459
17	24/05/2023	16,000,000
18	26/06/2023	17,000,000
	<b>Total</b>	<b>174,374,614</b>

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

**8. Statement of Receipts and Payments for the Year Ended 30<sup>th</sup> June 2023.**

		Period ended 30th June, 2023	Comparative Period previous year 30th June, 2022
	Notes	Kshs.	Kshs.
<b>Receipts</b>			
Exchequer releases	1	13,618,145,020	11,600,561,515
Transfers from other government agencies	2	440,953,039	200,402,081
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	174,374,614	204,236,887
Return to CRF issues	7	87,052	425,438
<b>Total Receipts</b>		<b>14,233,559,725</b>	<b>12,005,625,921</b>
<b>Payments</b>			
Transfers to County Executive	8	14,729,287,895	9,962,073,711
Transfers to County Assembly	9	1,006,962,733	992,067,650
Other Transfers	10	-	-
<b>Total Payments</b>		<b>15,736,250,628</b>	<b>10,954,141,361</b>
<b>Net increase (decrease) in cash for the period</b>		<b>- 1,502,690,903</b>	<b>1,051,484,560</b>
Add: Opening fund balance b/f for the year**	11	3,742,552,099	2,628,348,878
<b>Closing Fund balance for the period</b>	11	<b>2,239,861,197</b>	<b>3,679,833,438</b>




Name ILLIKWEL CYRUS JAMES

Name CPA MICHAEL ATE LOGILAE

Chief Officer - Finance

Director Accounting Services

ICPAK Member No.....

ICPAK Member

No.....7385.....

Date..... 4/12/2023 .....

Date:..... 4/12/2023 .....

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

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

Receipt/Payments	Original Budget a	Adjustments during the period b	Final Budget for the period c=a+b	Actual on Comparable Basis d	Budget Realization Difference e=c-d	% of Realisation e=d/c %
<b>Receipts</b>	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Exchequer releases	18,211,129,261	-	18,211,129,261	13,618,145,020	4,592,984,241	75%
Transfers from other government agencies	-	-	-	440,953,039	- 440,953,039	0%
Other grants	-	-	-	-	-	-
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-	-
Own Source Revenue	198,000,000	-	198,000,000	174,374,614	23,625,386	88%
Return to CRF issues	-	-	-	87,052	- 87,052	-
<b>Total Receipts</b>	<b>18,409,129,261</b>	<b>-</b>	<b>18,409,129,261</b>	<b>14,233,559,725</b>	<b>4,175,569,536</b>	<b>77%</b>
<b>Payments</b>						
Transfers to County Executive	17,387,179,097	-	17,387,179,097	14,729,287,895	2,657,891,202	85%
Transfers to County Assembly	1,021,950,164	-	1,021,950,164	1,006,962,733	14,987,431	99%
Others	0	-	0	-	-	-
<b>Total Payments</b>	<b>18,409,129,261</b>	<b>-</b>	<b>18,409,129,261</b>	<b>15,736,250,628</b>	<b>2,672,878,633</b>	<b>85%</b>
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,502,690,903</b>	<b>1,502,690,903</b>	<b>0%</b>

(a) Own source Revenue received is below budget at 88% due to reduced business activity because of insecurity between kitale and lodwar

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

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**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:

	Period ended	Comparative period
	30th June, 2023	30th June 2022
	Kshs.	Kshs.
Equitable Share (a)	13,618,050,473	11,600,561,515
Level 5 hospitals (b)	-	-
Others (Sacco commissions) (c)	94,546.70	-
<b>Total (d=a+b+c)</b>	<b>13,618,145,020</b>	<b>11,600,561,515</b>

**2. Transfers from other government agencies\*\***

	Period ended	Comparative period
	30th June, 2023	30th June 2022
	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	155,480,180	136,571,955
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	8,796,812	-

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Allocation Kenya Devolution Support Programme (KDSP) Level 1 (WB)	2,339,915	-
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	-	11,204,203
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	25,809,244	6,051,942
World Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development	99,635,911	46,573,981
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-	-
UNFPA-9th County Programme Implementation -Ministry of Health	-	-
(IDA) World Bank Credit-Financing Locally Led Climate Programme (FFLOCA) CCIS Grant	22,000,000	-
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	126,890,978	-
<b>Total</b>	<b>440,953,039</b>	<b>200,402,081</b>

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**3. Other grants\*\***

Description	Period ended	Comparative Period
	30th June 2023	30th June 2022
	Kshs.	Kshs.
Donor 1 ( <i>Specify</i> )	-	-
Donor 2 ( <i>Specify</i> )	-	-
Donor 3 ( <i>Specify</i> )	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**4. Proceeds from Domestic borrowing.**

Description	Period ended	Comparative Period
	30th June 2023	30th June 2022
	Kshs.	Kshs.
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**5. Proceeds from Foreign Borrowing**

Description	Period ended	Comparative Period
	30th June 2023	30th June 2022
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

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Notes to the Financial Statements (Continued)

6. Own Source Revenue

Description	Period ended	Comparative period
	30th June, 2023	30th June 2022
	Kshs.	Kshs.
Cess	76,546,000	90,565,338
Land/Poll rate	5,900,000	10,093,550
Single/Business permits	48,018,459	41,019,012
Property rent	2,916,881	1,522,960
Parking fees	-	2,631,560
Market fees	5,798,000	17,035,115
Advertising	3,630,274	146,200
Hospital fees	-	12,240,912
Public health service fees	-	2,644,780
Physical planning and development	-	-
Hire of County Assets	-	-
Conservancy administration	-	-
Administration control fees and charges	6,270,000	26,337,460
Park fees	-	-
Other fines, penalties, and forfeiture fees	-	-
Miscellaneous	25,295,000	-
Others (Specify)	-	-
<b>Total</b>	<b>174,374,614</b>	<b>204,236,887</b>

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**7. Return to CRF Issues**

	Period ended 30th June, 2023	Comparative period 30th June 2022
	Kshs.	Kshs.
Recurrent Account (County Executive)	86,801	25,873
Development Account (County Executive)	251	398,988
Recurrent Account (County Assembly)	-	577
Development Account (County Assembly)	-	-
County Revenue Fund Account	-	-
Others (Specify)	-	-
<b>Total</b>	<b>87,052</b>	<b>425,438</b>

*The refunds to CRF is due to returned payments at end of FY*

**8. Transfers to County Executive**

	Period ended 30th June, 2023	Comparative period 30th June 2022
	Kshs.	Kshs.
Recurrent Account	11,264,371,594	7,452,830,388
Development Account	3,110,648,961	2,030,112,051
Special purpose Accounts	354,267,340	479,131,272
Others (Specify)	-	-
<b>Total</b>	<b>14,729,287,895</b>	<b>9,962,073,711</b>

**9. Transfers to County Assembly**

	Period ended 30th June, 2023	Comparative period 30th June 2022
	Kshs.	Kshs.
Recurrent Account	934,026,798	821,906,074
Development Account	72,935,935	170,161,576
Special purpose accounts	-	-
Others (Specify)	-	-
<b>Total</b>	<b>1,006,962,733</b>	<b>992,067,650</b>

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**10. Other Transfers**

Description	Period ended	Comparative period
	30th June, 2023	30th June 2022
	Kshs.	Kshs.
Agency Notices	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**11. Fund balance**

	Period ended	Comparative period
	30th June, 2023	30th June 2022
	Kshs.	Kshs.
County Exchequer Account /CRF Account- (CBK Account number 1000171658 )	2,239,861,197	3,679,833,438
<b>Total</b>	<b>2,239,861,197</b>	<b>3,679,833,438</b>

**12. Disclosure of Balances in Revenue Collection Accounts**

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

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	Period ended	Comparative period
			FY 2022/2023	FY 2021/2022
			Kshs	Kshs
Kenya commercial Banks, 1140763687 KES	KES	-	3,668,136.20	346,710
<b>Total</b>			<b>3,668,136.20</b>	<b>346,710</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:
1	Late Exchequer Releases	Management has put measures to fast track exchequer releases	Ongoing	Ongoing



Name ILLIKWEL CYRUS JAMES

Chief Officer Finance

ICPAK Member No

Date 4/12/2023

County Government of Turkana  
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Annex 1 . Analysis of Receipts from The National Treasury Exchequer Releases

Period FY 2022/ 2023	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	2,080,535,489	2,080,535,494	3,089,279,967	6,367,699,523	13,618,050,473
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	-	-
World Bank – THUSCP	-	-	-	-	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	155,480,180	155,480,180
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Allocation Kenya Devolution Support Programme (KDSP) Level 1 (WB)	-	-	-	2,339,915	2,339,915
Agriculture Sector Development Support Project (ASDSP)	-	-	13,423,184	12,386,060	25,809,244

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World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	-	-	8,796,812	-	-	8,796,812
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	-	-	-	-	-
Water and Sanitation Development Project	-	-	-	-	-	-
(IDA) World Bank Credit-Financing Locally Led Climate Programm (FFLOCA) CCIS Grant	-	-	11,000,000	-	11,000,000	22,000,000
KfW German Development Bank-Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation and Irrigation	-	-	-	-	126,890,978	126,890,978
World Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development	-	-	40,110,095	-	59,525,818	99,635,913
Others (Specify)	-	-	-	-	-	-
<b>Total</b>	<b>2,080,535,489</b>	<b>2,080,535,494</b>	<b>3,162,610,058</b>	<b>6,735,322,473</b>	<b>14,059,003,514</b>	

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**Annex 2: Analysis of Transfers from the County Revenue Fund**

Period (2022/2023)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	727,450,650	3,316,400,248	3,509,730,529	3,710,790,167	11,264,371,594
County Executive -Dev	-	414,638,251	92,259,859	2,603,750,851	3,110,648,961
County Assembly -Rec	75,160,737	255,338,260	229,086,771	374,441,030	934,026,798
County Assembly -Dev	-	15,138,504	14,980,500	42,816,931	72,935,935
Special Purpose A/c (Specify)	-	-	119,464,530	234,802,810	354,267,340
<b>Total</b>	<b>802,611,387</b>	<b>4,001,515,263</b>	<b>3,965,522,189</b>	<b>6,966,601,789</b>	<b>15,736,250,628</b>

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

Receipts Period FY 2022/2023	Quarter 1 Kshs	Quarter 2 Kshs	Quarter 3 Kshs	Quarter 4 Kshs	Total Kshs
<b>County Own Source Revenue</b>					
Cess	11,183,295	34,111,831	56,915,556	76,938,507	76,938,507
Land/Poll Rate	1,950,100	3,440,610	5,939,730	6,447,740	6,447,740
Single/Business Permits	775,915	3,035,954	30,336,483	48,515,350	48,515,350
Property Rent	135,000	357,000	1,840,000	3,100,000	3,100,000
Parking Fees	557,650	1,160,850	2,125,360	2,763,210	2,763,210
Market Fees	2,092,920	5,437,280	6,810,690	7,809,870	7,809,870
Advertising	90,100	238,600	1,552,500	5,061,383	5,061,383
Hospital Fees	-	-	-	-	-
Public Health Service Fees	366,650	783,250	1,489,020	2,133,270	2,133,270
Physical Planning and Development	-	-	-	2,451,800	2,451,800

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Hire Of County Assets	-	1,000	1,000	1,000	1,000
Conservancy Administration	141,780	236,680	238,680	238,680	238,680
Administration Control Fees and Charges	3,731,815	9,517,140	16,973,110	22,048,001	22,048,001
Park Fees					0
Other Fines, Penalties, And Forfeiture Fees		-	45,100	209,000	209,000
Proceeds from sale of Assets	-	-	-	-	-
Miscellaneous receipts		-	-	-	-
<b>Total County Own Source Revenue</b>	<b>21,025,225</b>	<b>58,320,194</b>	<b>124,267,229</b>	<b>177,717,811</b>	<b>177,717,811</b>
<b>Other Receipts</b>					
Donations/Grants Not Received Through CRF	-	-	-		
<b>Total Other Receipts</b>	<b>-</b>	<b>-</b>			
<b>Total Receipts</b>	<b>21,025,225</b>	<b>58,320,194</b>	<b>124,267,229</b>	<b>177,717,811</b>	<b>177,717,811</b>
Balance b/f at the beginning of the year **	346,710	346,710	346,710	346,710	346,710
Bank Charges for the period	-10,803	-20,571	-21,171	-21,771	-21,771
<b>Disbursements To CRF</b>	<b>-17,400,000</b>	<b>-55,407,155</b>	<b>-114,561,155</b>	<b>174,374,614</b>	<b>174,374,614</b>
<b>Balance Due for Disbursement as at the end of the period</b>	<b>3,961,133</b>	<b>3,239,178</b>	<b>10,031,613</b>	<b>3,668,136</b>	<b>3,668,136</b>