

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PAPERS LAID	
DATE	
TABLED BY	
COMMITTEE	
CLERK AT THE TABLE	

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

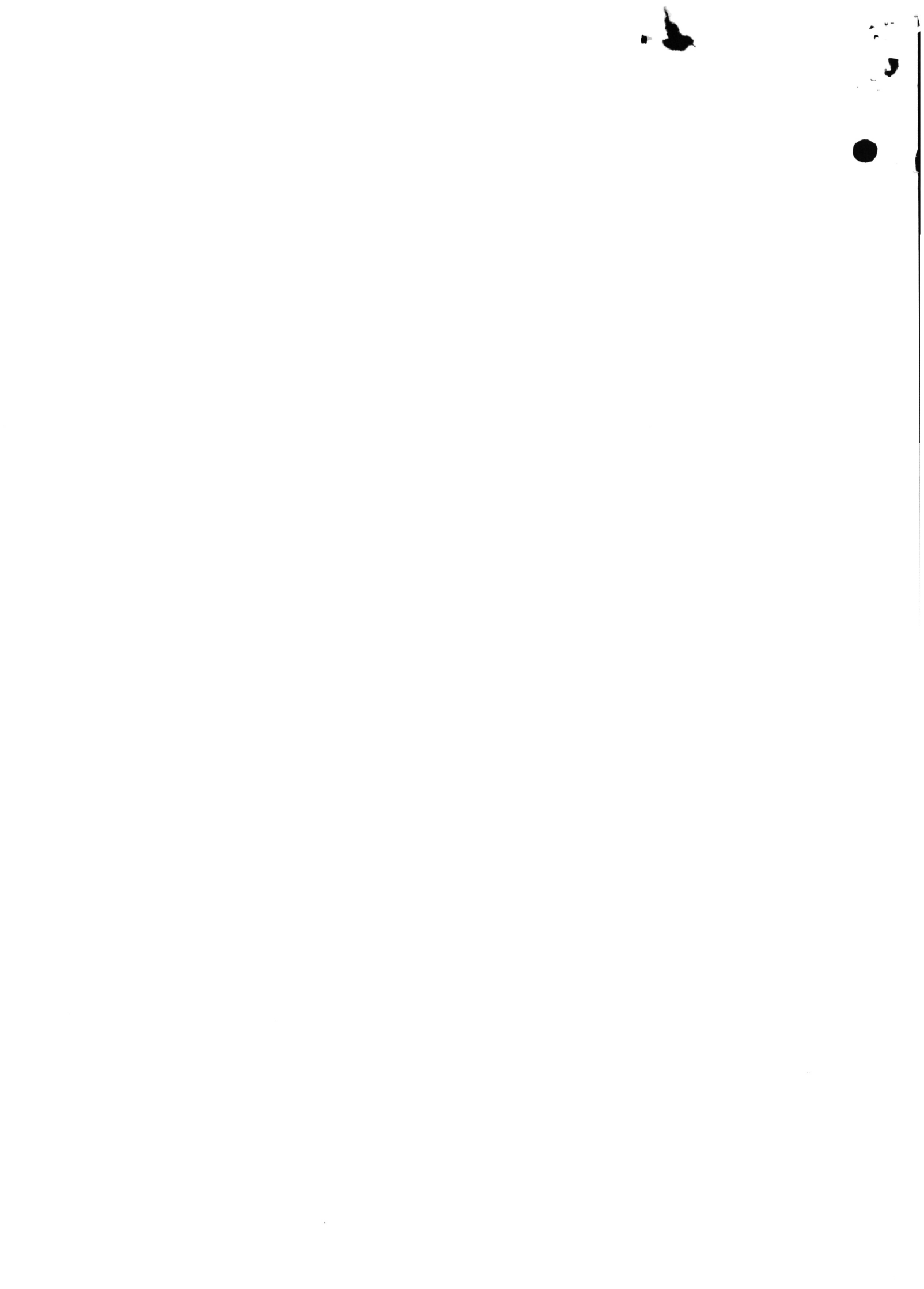
**THE AUDITOR-GENERAL**

**ON**

**COUNTY REVENUE FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**COUNTY GOVERNMENT OF  
TANA RIVER**





OFFICE OF THE AUDITOR GENERAL  
NORTH EASTERN REGIONAL OFFICE  
**16 DEC 2022**  
RECEIVED  
P. O. BOX 88-70100 GARISSA



---

**COUNTY REVENUE FUND**  
**COUNTY GOVERNMENT OF TANA RIVER**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

---

County Government of Tana River  
County Revenue Fund  
Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June, 2022.

---

Table of contents.....	Page No.
1. Key Entity Information and Management .....	i
2. Statement by the CECM Finance .....	iii
3. Management Discussion and Analysis .....	iv
4. Statement of Management Responsibility .....	vi
5. Overview of the County Revenue Fund Operations.....	vii
6. Report of the Independent Auditor on the CRF of County Government of Tana River .....	viii
7. Statement of Receipts and Payments for the Year ended 30 <sup>th</sup> June, 2022.....	1
8. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 <sup>th</sup> June, 2022.	2
9. Significant Accounting Policies.....	4
10. Notes to the Financial Statements.....	6
11. Annexes .....	11

## 1. 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

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

- CECM Finance and Economic Planning
- C.O. Finance
- Director Accounting Services/Finance

### c) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

1.	CECM Finance and Economic Planning	Mr. Mathew Babwoya Buya
2.	Accounting Officer in Charge of Finance	Ahmed Barako
3.	Director Accounting Services/Finance	CPA. Mariam Abdalla Bunu

### d) Fiduciary Oversight Arrangements

County Assembly of Tana River  
County Executive Committee  
Tana River County Executive Audit Committee  
Senate Public Accounts Committee  
Office of The Controller of Budget  
Office of the Auditor General  
Development Partners Oversight

### e) County Headquarters

P.O. Box 29 -70101  
Trade House  
Council Road  
Hola, Kenya.

**f) County Contacts**

Telephone: (254) 73062600  
E-mail: [info@tanariver.go.ke](mailto:info@tanariver.go.ke)  
Website: [www.tanariver.go.ke](http://www.tanariver.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  
GPO 00100  
Nairobi, Kenya

**i) Principal Legal Adviser**

The County Attorney  
Council Road  
P.O. Box 29-70101  
Hola, Kenya

**2. Statement by the CECM Finance**

During the financial year under review, the county had four sources of funding namely: conditional allocations from both national government and from development partners; equitable share from the (revenue raised nationally; county own source revenue; and a balance from last financial year.

During the FY 2021/2022, the exchequer release of the equitable share revenue to the County government of Tana River amounted to Kshs. 6.504 billion. This translated to 99% percent of the allocation. The deviation (balance of the allocation) was received after the closure of the financial year. Additionally, Kshs.1.324 Billion was appropriated in the FY 2021/2022 budget estimates as balance carried forward from the FY 2020/21.

The total amount of county's own source revenue collected in the FY 2021/22 amounted to KShs. 73.6 million. This represented a 16 per cent decrease on the annual own source revenue target of KShs 86.85 million. As compared to the FY 2020/21, the collected amount represents an overall decrease in revenue collection of about 13 per cent.

For the FY 2021/2022, The County achieved an overall absorption on the Budget allocation of 74 percent with an average of 85 percent for recurrent and 55 percent for development. Overall, the departments were more efficient in the absorption of their recurrent budgets than in their development budgets with all departments absorbing more of their respective recurrent than development budgets. The four County departments with the least absorption rates are: Trade, Tourism, Wildlife and Corporative Development (0%), Public Service, Administration and Citizen Participation (9%), Hola Municipality (31%), Lands and Physical Planning (18%), Education, Medical Services, Public Health and Sanitation which both absorbed 17% of their development budgets respectively.

The overall under absorption was a result of non-remittance of May and June equitable share disbursement which was released in July, 2022 (FY 2022/2023).

.....  
**CECM Finance and Economic Planning**  
**County Government of Tana River**

### **3. Management Discussion and Analysis**

The budget deviated from the CFSP by an average factor of 27 percent. This deviation was caused by the balance brought forward (Kshs. 1.324 billion) from the previous financial year and conditional grant allocations (Kshs. 543.5 million) which were not allocated to specific departments in the ceiling; reason being ceilings were prepared based on total non-discretionary revenue (Equitable Share and Own Source Revenue).

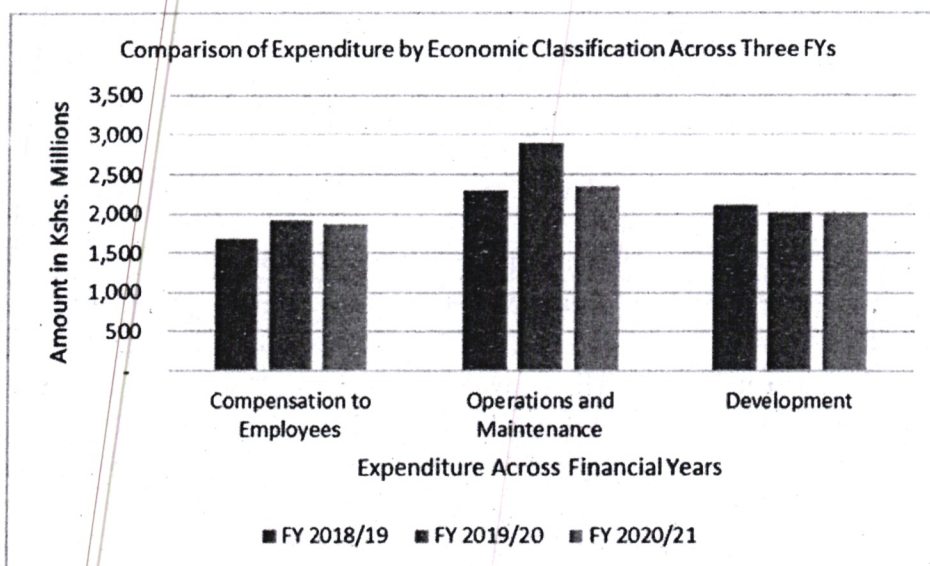
In the Budget Estimates for the FY 2021/22, the bulk of the expenditure was recurrent in nature with a recurrent to development expenditure ratio of 65:35. The allocation for development expenditure amounted to Kshs. 2.974 billion. The allocation was distributed amongst various departments to implement programmes aimed at cultivating a conducive environment for the expansion of economic activities within the county. Majority of the funds were allocated to the Department of Roads, Transport, Public Works, Housing and Urbanization and for the settlement of pending bills.

Considering actual expenditure, the largest amount of the development budget in the FY 2021/2022 was spent in the Department of Roads, Public Works, Housing and Urbanization (Kshs. 609.64 billion out of the Kshs. 1.638 billion spent). The department played a key role in the settlement of pending bills. This is in an effort to comply with the Intergovernmental Budget and Economic Council (IBEC) resolutions, and the PFM regulations, 2015, Section 41 (2) on debt service payment.

During the FY 2021/2022, the County spent Kshs 6.295 billion, which was 92 per cent of the total funds released. This was a decrease from KShs 5.72 billion spent in FY 2020/21. Of the KShs 6.29 billion spent, a total of KShs. 3.893 billion was spent on recurrent expenditures while KShs. 2.402 billion was spent on development activities. The recurrent expenditure comprised of Kshs. 1.683 billion for Personnel Emoluments and Kshs. 2.210 billion for Operation and Maintenance. Figure 4 presents a comparison between the total expenditure in the FY 2020/21 and the FY 2021/2022.

County Government of Tana River  
 County Revenue Fund  
 Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June 2022

*Expenditure by Economic Classification in the FY 2020/21 and the FY 2021/22*



The overall absorption rate for the period under review was 74 percent; 71 percent being for recurrent and 81 percent for development expenditure. The Department of Education had the rate for development expenditure at 156%, with the Department of Water, Environment, and Natural Resources having the highest absorption rate for recurrent expenditure at 101 percent. The lowest absorption rates were recorded in the departments of trade (35 percent absorption for development expenditure) and Special Programs (16 percent absorption for recurrent expenditure).

**Ahmed Barako**  
**Chief Officer Finance and Planning**  
**County Government of Tana River**

#### **4. 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 shall 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.

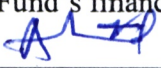
The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2022. This responsibility includes: (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 Executive; (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, 2022, 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 \_\_\_\_\_ 2022.

Signature   
Ahmed Barako  
Chief Officer – Finance and Planning

## **5. Overview of the County Revenue Fund Operations**

### **Background**

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

### **Receipts into the County Revenue Fund**

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


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

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

### **Financial Reporting requirements**

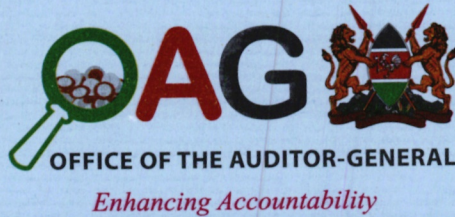
The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30<sup>th</sup> June 2022.

  
.....  
**Ahmed Barako**  
**Chief Officer – Finance**

# REPUBLIC OF KENYA

phone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**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, 2022 - COUNTY GOVERNMENT OF TANA RIVER**

---

### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of County Revenue Fund - County Government of Tana River 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

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, except for the effects of the matter discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Revenue Fund as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Comparative Balances**

The statement of receipts and payments reflects prior year balances for components disclosed in the statement. However, the source of the balances could not be confirmed since it was the first time the financial statements for the County Revenue Fund were prepared.

In the circumstances, the accuracy of balances reflected in the statement of receipts and payments could not be confirmed.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report 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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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.

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


**Nairobi**

**31 March, 2023**

County Government of Tana River  
 County Revenue Fund  
 Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June 2022


**7. Statement of Receipts and Payments for the Year ended 30th June, 2022.**

Receipts			
Exchequer Releases	<b>1</b>	6,503,832,312	5,861,105,250
Transfers from other Government Agencies	<b>2</b>	345,322,919	721,671,220
Other Grants	<b>3</b>	-	-
Proceeds from Domestic Borrowing	<b>4</b>	-	-
Proceeds from Foreign Borrowing	<b>5</b>	-	-
Own Source Revenue	<b>6</b>	72,260,813	83,075,805
Return to CRF Issues	<b>7</b>	280,234	405,499
<b>Total Receipts</b>		<b>6,921,696,278</b>	<b>6,666,257,774</b>
Payments			
Transfers to County Executive	<b>8</b>	7,007,153,505	4,897,936,930
Transfers to County Assembly	<b>9</b>	884,949,935	614,549,783
Other Transfers	<b>10</b>	-	-
<b>Total Payments</b>		<b>(7,892,103,440)</b>	<b>(5,512,486,713)</b>
Net increase (decrease) in Cash for the Year		<b>(970,407,161)</b>	<b>1,153,771,061</b>
Add Opening Fund Balance b/f		<b>1,504,916,022</b>	<b>351,144,961</b>
<b>Closing Fund Balance for the Period</b>	<b>11</b>	<b>534,508,861</b>	<b>1,504,916,022</b>



.....

**Name:** Ahmed Barako  
**Chief Officer - Finance**  
**ICPAK Member No.:**  
**Date:**.....



.....

**Name:** Mariam Abdalla Bunu  
**Director Accounting Services**  
**ICPAK Member No.:** 20519  
**Date:**.....

**8. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June, 2022.**

	Original Budget	Amendment	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
<b>Receipts</b>						
Exchequer Releases	6,528,408,765	-	6,528,408,765	6,503,832,312	24,576,453	100%
Transfers from other Government Agencies	543,563,507	-	543,563,507	345,322,919	198,240,588	64%
Other Conditional Grants	-	-	-	-	-	-
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-	-
Own Source Revenue	79,860,000	-	79,860,000	72,260,813	7,599,187	90%
Return to CRF Issues	966,116,250	-	966,116,250	280,234	965,836,016	0%
<b>Total Receipts</b>	<b>8,117,948,522</b>	<b>-</b>	<b>8,117,948,522</b>	<b>6,921,696,278</b>	<b>1,196,252,244</b>	<b>85%</b>
<b>Payments</b>						
Transfers to County Executive	7,209,551,770	-	7,209,551,770	7,007,153,505	202,398,266	97%
Transfers to County Assembly	908,396,752	-	908,396,752	884,949,935	23,446,817	97%
Others	-	-	-	-	-	-
<b>Total Payments</b>	<b>(8,117,948,522)</b>	<b>-</b>	<b>(8,117,948,522)</b>	<b>(7,892,103,440)</b>	<b>225,845,083</b>	<b>97%</b>
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(970,407,161)</b>	<b>970,407,161</b>	<b>-</b>

County Government of Tana River

County Revenue Fund

Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June 2022

---

*[Provide below a commentary on significant under realisation (below 90% of realisation) and any over realisation]*

(a) Xxx

(b) Xxx

*(Explain whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.7.23 The total of actual on comparable basis should tie with the totals under receipts and payments where this is not the case, a reconciliation between the two statements should be prepared and disclosed.)*

---

---

**9. Significant Accounting Policies**

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

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

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

**b) Reporting entity**

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

**c) Receipts**

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

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

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

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

**d) Payments**

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

**Significant Accounting Policies (Continued)**

**e) Fund Balances**

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

**f) Restriction on Cash**

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

## 10. 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:

Equitable Share (a)	6,503,832,312	5,861,105,250
Level 5 hospitals (b)	-	-
Others (c)	-	-
<b>Total (d=a+b+c)</b>	<b>6,503,832,312</b>	<b>5,861,105,250</b>

### 2. Transfers from other government agencies

Road Maintenance Levy Fund	-	208,520,091
Covid-19 Donations	-	22,470,000
Development of Youth Polytechnics-State Department of TVETs	-	14,674,894
User Fees Foregone - Ministry of Health	-	5,682,537
World Bank -Transforming Health Systems for Universal Care Project (THUSCP)-Ministry of Health	106,548,424	88,339,168
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	172,556,523	240,638,284
DANIDA Grant -Primary Health care in devolved context - Ministry of Health	6,486,563	16,650,000
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	23,239,900	14,965,394
IDA Kenya Urban Support Programme - Hola Municipality Institutional Grant	-	8,800,000
IDA Kenya Urban Support Programme - Hola Municipality Development Grant	36,491,510	25,930,852
Kenya Devolution Support Programme (KDSP)	-	75,000,000
<b>Total</b>	<b>345,322,919</b>	<b>721,671,220</b>

County Government of Tana River  
 County Revenue Fund  
 Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June 2022

---

**3. Other grants**

3. Other grants		
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**

4. Proceeds from Domestic borrowing		
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	-	-
<b>Total</b>	-	-

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

**5. Proceeds from Foreign Borrowing**

Foreign Borrowing - Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**6. Own Source Revenue**

Other Receipts Not Classified Elsewhere	3,609,784	3,956,827
Single/Business permits	16,934,242	11,424,271
Cess	23,211,033	38,717,689
Poll rates	3,776,748	4,699,828
Plot rents	1,013,225	925,160
Administrative services fees	912,494	318,200
County's natural resources	15,406,457	17,354,235
Market/trade Centre fee	1,542,143	1,284,026
Vehicle parking fees	2,657,358	3,819,874
Environment & Conservancy Administration	838,700	30,970
Hire of County Assets	-	-
Slaughterhouses' administration	1,838,740	113,490
Administration control fees and charges	-	-
Technical services fees	519,889	431,235
Other fines, penalties, and forfeiture fees	-	-
Miscellaneous	-	-
Others	-	-
<b>Total</b>	<b>72,260,813</b>	<b>83,075,805</b>

County Government of Tana River  
 County Revenue Fund  
 Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June 2022

Notes to the Financial Statements (Continued)

7. Return to CRF Issues

Recurrent Account ( <i>County Executive</i> )	48,450	1,268
Development Account ( <i>County Executive</i> )	231,389	11,098
Recurrent Account ( <i>County Assembly</i> )	12	26
Development Account ( <i>County Assembly</i> )	383	393,107
Others	-	-
<b>Total</b>	<b>280,234</b>	<b>405,499</b>

8. Transfers to County Executive

Recurrent Account	4,408,897,097	3,111,141,853
Development Account	1,660,158,841	952,822,233
Special Purpose Accounts	493,493,621	645,844,844
County Funds Accounts	444,603,946	188,128,000
Others	-	-
<b>Total</b>	<b>7,007,153,505</b>	<b>4,897,936,930</b>

9. Transfers to County Assembly

Recurrent Account	587,596,752	536,029,661
Development Account	297,353,183	78,520,122
Special Purpose accounts	-	-
Others	-	-
<b>Total</b>	<b>884,949,935</b>	<b>614,549,783</b>

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

**10. Other Transfers**

	2021	2022
	KShs.	KShs.
Agency Notices	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Fund balance**

	2021	2022
	KShs.	KShs.
Tana River County Revenue Fund - 1000171332	534,508,861	1,504,916,022
<b>Total</b>	<b>534,508,861</b>	<b>1,504,916,022</b>

**11. 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;

There was no prior audit on the financial statements.				



.....  
**Name:** Ahmed Barako  
**Chief Officer Finance**  
**ICPAK Member No.:**  
**Date:** .....

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

Equitable Share	1,574,883,696	1,077,187,445	1,077,187,446	2,774,573,725	6,503,832,312
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	6,486,563	6,486,563
World Bank – THUSCP	49,410,523	-	-	57,137,901	106,548,424
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic Support Grant	-	-	-	-	-
Abolishment of User Fees in Health Centres and Dispensaries	-	-	-	-	-
Kenya Urban Support Programme	36,491,510	-	-	-	36,491,510
Agriculture Sector Development Support Project (ASDSP II)	-	2,500,000	-	20,739,900	23,239,900
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	172,556,523	172,556,523
Water and Sanitation Development Project	-	-	-	-	-
COVID-19 Fund	-	-	-	-	-
Road Maintenance Levy Fund	-	-	-	-	-
<b>Total</b>	<b>1,660,785,729</b>	<b>1,079,687,445</b>	<b>1,077,187,446</b>	<b>3,031,494,612</b>	<b>6,849,155,231</b>

**Annex 3: Analysis of Transfers from the County Revenue Fund**

County Executive - Recurrent	1,115,188,603	843,285,741	1,163,583,299	1,286,839,454	4,408,897,097
County Executive - Development	256,703,192	144,109,237	390,029,243	869,317,169	1,660,158,841
County Assembly - Recurrent	123,667,204	181,508,652	152,300,000	130,120,896	587,596,752
County Assembly - Development	16,178,243	146,174,940	65,000,000	70,000,000	297,353,183
County Funds Accounts	157,938,571	77,250,000	209,415,375	-	444,603,946
Special Purpose Ac (Projects and Programme)	173,249,926	29,674,894	10,000,000	280,568,801	493,493,621
<b>Total</b>	<b>1,842,925,739</b>	<b>1,422,003,464</b>	<b>1,990,327,917</b>	<b>2,636,846,320</b>	<b>7,892,103,440</b>