

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF

**THE AUDITOR-GENERAL**

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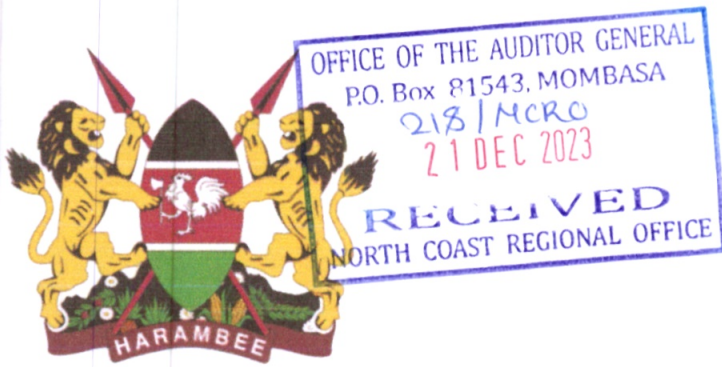
ON

**COUNTY EXECUTIVE OF  
TANA RIVER**

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

PAPERS LAID	
DATE	7/3/24
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COMMITTEE	
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**COUNTY GOVERNMENT OF TANA RIVER  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## **1. Acronyms and Glossary of Terms**

### **a) Acronyms**

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

### **b) Glossary of Terms**

Fiduciary Management	The key management personnel who had financial responsibility
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## 2. Key Entity Information And Management

### a) Background information

The County is constituted as per the Constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1.	Office of the Governor and Deputy Governor	Coordination of Governor & Deputy Governor's affairs
2.	Finance and Economic Planning	Mobilize resources, ensure prudent management of resources, and provide leadership in development planning and tracking of results.
3.	County Public Service Board	Oversee the employment and training of county staff
4.	Trade, Tourism, wildlife and Cooperative Development	Achieve sustainable investment and promotion of tourism by preservation of national heritage and culture for sustainable development.
5.	Agriculture and Livestock and Fisheries	Overseeing County Agriculture, animal husbandry and Fish farming
6.	Culture, Gender, Youth, Sports and Social Services	Empower the youth with competitive and employable skills, knowledge and attitudes to enable them participate in National Development.
7.	Education and Vocational Training	Provide, promote & coordinate quality training and talent development to youth for economic development.
8.	Medical Services, public Health and sanitation	Provide participatory and integrated high quality Promotive, preventive, curative and rehabilitative health care services in the County.
9.	Special Program	Provide assistance to the community within the county during disasters
10.	Roads, Transport, Public works, Housing and Urbanisation	Provision of cost effective, physical infrastructure facilities and services in the nation and beyond.
11.	Water, Irrigation, Environment and Natural Resources	Provide healthy and clean environment, protect, develop and manage natural resources for environmental stability and socio-economic advancement for Tana River county.
12.	Public Service, Administration and Citizen participation	Creation of a dynamic, successful and vibrant county of excellence with a safe, secure and stable environment.
13.	Lands and Physical Planning	Ensure sustainable management of land in the county.
14.	Hola Municipality	

**b) Key Management team**

The County Executive’s day-to-day management is under the following key organs:

- Office of the Governor
- Finance and Economic Planning
- Public Service Management, Administration & ICT
- Education, Vocational Training and Sports, Culture, Social Service and Gender
- Health, Sanitation and Medical Services
- Agriculture, Lands Livestock, Veterinary and Fisheries
- Roads, Transport, Public Works and Urbanisation
- Water and Energy
- Trade, Industrialisation & Tourism; and
- Environment and Climate Change.

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	CPA Brenda Mokaya
2.	Chief Officer Finance & Economic planning	CPA Mariam Abdalla Bunu
3.	Chief Officer Office of the Governor & Deputy Governor	Mrs. Salima Makuru
4.	Secretary County Public Service	CPS Victoria Tumaini
5.	Chief Officer Trade, Tourism & Cooperative Development	Mr. Buya Phares
6.	Chief Officer Agriculture	Mr. Buya Phares
7.	Chief Officer Livestock, Vet. & Fisheries	Mr. Gollo Kanchoru
8.	Chief Officer Gender, Sports & youth	Mrs. Fatuma Bona
9.	Chief Officer Education & vocational training	Mrs. Fatuma Bona
10.	Chief Officer Health & sanitation	Mr. Eric Arua Wasonga
11.	Chief officer Special program	Mrs. Salma Makuru
12.	Chief Officer Roads, Transport & urbanisation	Eng. Hiribae Gijo
13.	Chief officer Water & Energy	Eng. Hiribae Gijo
14.	Chief Officer Environment & Climate Change	Mr. George Kase
15.	Chief Officer Public service	Mr. Maurice Dullu
16.	Chief Officer Lands & Physical planning	Mr. Francis Malibe
17.	Municipal Manager	Mr. Mohamed Ali Mwatunza

**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 Executive Headquarters**

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

**f) County Executive 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 Executive Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank Ltd  
Hola Branch  
P.O Box 100 - 70101  
Hola, Kenya
3. Equity Bank Ltd  
Hola Branch  
P.O Box 182 - 70101  
Hola, 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 and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya




**3. Governance Statement**

Tana River County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.





The County is made up of a County Assembly, County Executive and Seven number of County Government Entities. The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.





**The County Executive**

- a) Indicate the membership of the cabinet/County Executive Governance Structures (*entity to tabulate and include photos of the Governor, Deputy Governor, the CECMs and County Secretary*).

1. The County Governor	H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana 	
2. The County Deputy Governor	H.E. Mahadh Ali Loka 	
3. CECM Finance and Economic Planning	CPA Brenda Mokaya 	

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4. CECM Health, Sanitation and Medical Services	Mr. Joshua Jarha 	
5. CECM Trade, Co-operative Development, Tourism and Industrialization	Mr. Yahya Ali Borrow 	
6. CECM Lands, Agriculture, Fisheries and Veterinary Services	Mrs. Mwanajuma Hiribae 	
7. CECM Roads, Public Works, Housing and Urbanization	Eng. Stephen Wachira Kariuki 	

<p>8. CECM Water and Energy</p>	<p>Mrs. Hadija Harufa Algi</p> 	
<p>9. CECM Education, Youth, Sports, Gender and Social Services</p>	<p>Mrs. Abbas Kunyo</p> 	
<p>10. CECM Public Service Management, Administration and ICT</p>	<p>Mr. Abdulla Hanti</p> 	
<p>11. CECM Environment and Climate Change</p>	<p>Mr. Mathew B. Babwoya</p> 	

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Tana River County have got public participation policy which clearly stipulates the procedures of working. The various committees County budget economic forum(CBEF), Environment committee, the Audit committee are meant to bridge between the executive and the people. The Administration directorate is vested with coordination of government business and the sub county level and key drivers of public participation stakeholders' engagement. Each department equally has partner /stakeholders structure for example Agriculture has CASSOCOM.

Tana River county has got the internal Audit, the audit committee

#### **4. Foreword by the CECM Finance and Economic Planning**

It is my pleasure to present the county Government of Tana River Financial statement for the year ended 30<sup>th</sup> June 2023. The financial statement presents the true and fair view of the financial performance of the county over the past year.

The county government act 2012, give effect to chapter 11 of the constitution to provide for county government powers functions and responsibilities to deliver services for connected purposes.

In exercising its powers or performing any of its functions Tana River has ensured efficiency and effectiveness inclusivity and participation of the people.

#### **Functions of the county governments**

##### **a) County legislation in accordance with article 185 of the constitution**

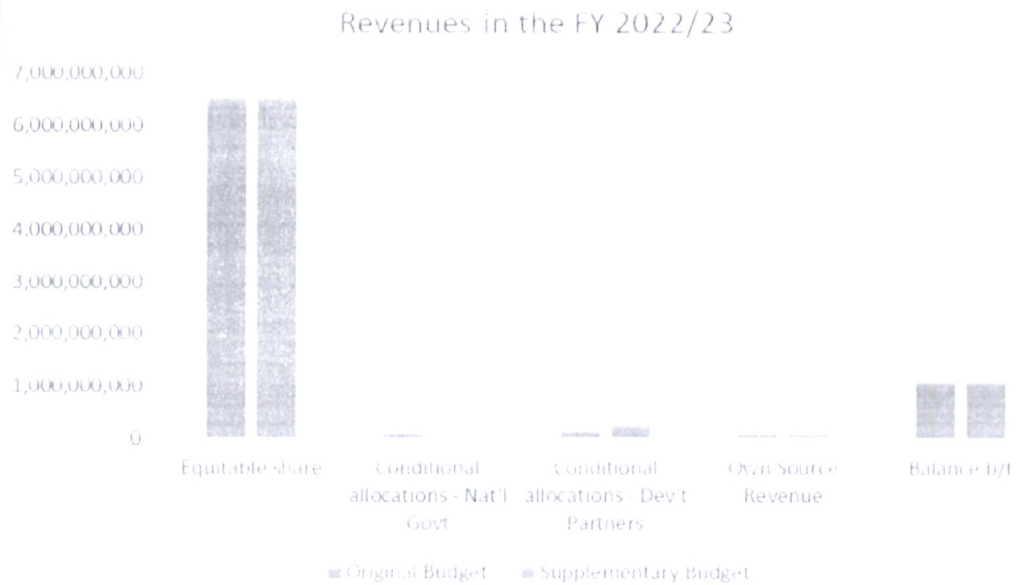
All the policies and plans were approved by the assembly.

##### **b) Exercising executive functions in accordance with article 183 of the constitution**

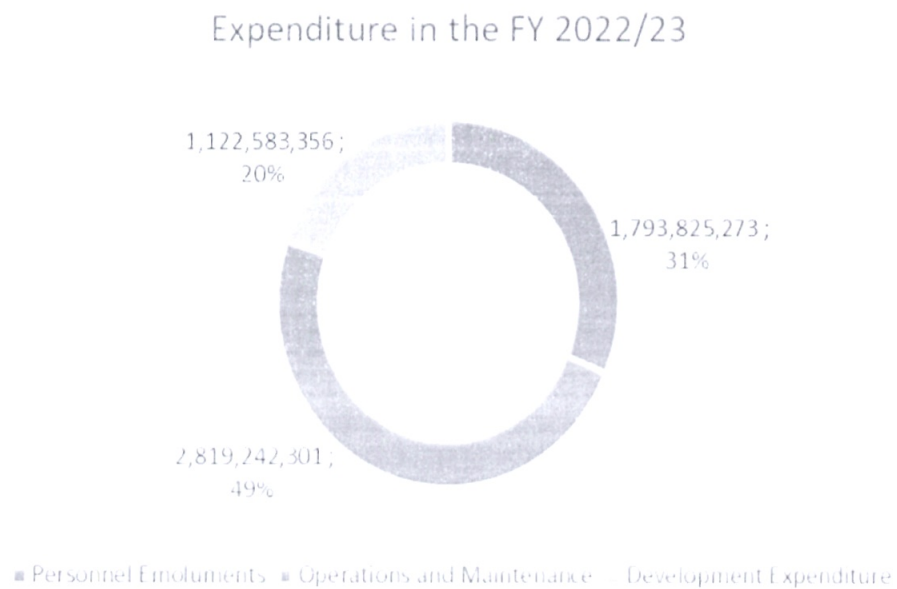
article 183 provides for functions of the county executive committee to implement on county legislation, management and coordination of the functions of the county administration and its departments

The Total Revenue in the Original Budget: Kshs. 7,941,203,918 comprising of Kshs. 6,528,408,765 as Equitable share of revenue raised nationally, Kshs. 244,714,896 as conditional allocations from National Government and loans and grants from Development Partners, Kshs. 87,846,000 as revenue raised from county's own sources, and Kshs. 1,080,234,257 as balance brought forward from FY 2021/22. This amount increased to Kshs. 7,980,017,205 in the Supplementary Budget.

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The County had a balanced budget in the FY 2022/23. In the Supplementary Budget, Kshs. 1,793,825,273 was allocated towards Compensation to Employees, Kshs. 2,819,242,301 towards Operations and Maintenance, and Kshs. 1,122,583,356 towards Development Expenditure.



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In the FY 2023/24, the County projects a Total Revenue of Kshs. 8,869,497,866 and intends to appropriate this revenue as follows: Kshs. 2,408,039,249 towards Compensation to Employees, Kshs. 2,807,000,358 towards Operations and Maintenance, and Kshs. 3,654,458,259 towards Development Expenditure.

Some of the key projects that the County shall implement include the County Aggregated Industrial Park, establishment and rehabilitation of small-scale irrigation schemes, Kenya Climate Smart Agriculture Project, National Value Chain Development Project, ECDE infrastructure, health infrastructure improvement projects, rehabilitation of roads, rural and urban water supply projects, development of spatial plans and local physical development plans.

FY 2022/2023 good progress was made as far as delivery of service is concerned by people of Tana River and the momentum has been created to enable Tana River County continue on a trajectory into prosperity. We have identified gaps and areas to improve on the subsequent years. I take this opportunity to thank H.E the governor and the Deputy governor for their support. I would also want to thank my colleagues, the county executive committee members in charge of the other departments who we have worked hand in hand to ensure that Tana River County achieves its mission.

I thank all staff in the entire county for their continued commitment and dedication through hard work in delivering services to people of Tana River County.

  
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**CECM Finance and Economic Planning**

**County Government of Tana River**

## **5. Statement of Performance against County Predetermined Objectives**

### **Strategic development objectives (*Customize as per specific county*)**

The County's 2018-2022 CIDP has identified four (4) key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks. The key development objectives of the Tana River County's 2018-2022 CIDP are:

- a. Urban planning and climate-proofed infrastructure development;
- b. Accessible and quality education;
- c. Quality and affordable healthcare; and
- d. Modern and commercially-oriented agriculture.

Below we present the progress made in attaining the objectives of the CIDP (2018-2022) for Tana River County.

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S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks
1	Improving food security and reducing malnutrition, promoting sustainable agriculture, mitigation and adaptation to climate change effects	Increase agricultural production and productivity Increased fish production Improved animal health and reduced mortality Increased livestock enterprises and trade Controlled land use and development	20 new farm tractors were bought and Kshs. 10m worth of fuel availed to subsidized land preparation costs to 2,000/- an acre Mass spraying to contain the desert locust menace and other crop protection measures. increased access to improved new seed varieties like Kwamboka rice by KALRO/NIA/IRRI, DK series of dryland maize from Bayer Crop Science EA, KS20 Green grams from Simlaw seeds. increased acreage under irrigation in minor irrigation schemes following completion of 12 more minor irrigation schemes that brought an additional 600 acres of land under production. training of farmers in post-harvest management for cereal and pulses and construction of large capacity grain stores at Dayate for safe storage and investment in technologies like moistures meters, shellers and hermetic storage/PICS bags The county spatial plan was developed where a county planning unit was constituted and a base map prepared in phase 1. Additionally, six local physical development plans and 20 cluster village development plans were prepared, a GIS lab established and community land registration was initiated.	
2	Promotion of trade development and market services	Market infrastructure, financial access, weights and measures,	During the review period, revenue generated from trade increased from 40% to 45.9% indicating a growth in trade. This was attributed to: completion and operationalization of	

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	<p>Fair-trade practices and consumer protection Tourism development Strengthen the cooperative movement</p>	<p>increased tourism activities, strong cooperative movement</p>	<p>Garsen market, completion of Hurara weighbridge, enactment of the Tana River Inuka Fund Act, and registration, and establishment of new businesses.</p> <p>In tourism the sector achieved the following; Developed a Tourism Policy; conducted cultural festivals and Tourism extravaganza during the JABEIC Conference; Conducted a stakeholder Forum; Assessed and classified hospitality facilities; Capacity built hospitality players; Exposure tours of community conservancies to Samburu and Isiolo; developed tourist markets and established community-based conservancies.</p> <p>During the review period, the Sector registered 25 additional cooperatives and revived 5 cooperatives. To further improve their effectiveness, leaders and members of these cooperatives were trained and audits and inspections conducted.</p>	
	<p>Enhance access to water and sanitation services, Improved forest cover, Improved solid waste management</p>	<p>Increase forest cover Improved solid waste management Increased access to clean and safe water</p>	<p>Forest cover increased from 6% to 10.7% against a target of 10%. The initiatives that contributed to this achievement include tree planting by groups, the school greenification programme and gazettement of community forests. The County is also finalizing the County Forest Policy to support the enforcement of regulations especially those on the rehabilitation and protection of degraded areas (mining sites).</p>	

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			<p>Households with access to clean and safe water increased from 45% to 65.5% against a target of 80% while the average distance from households to the nearest water points reduced from 10 km to 9 km against a target of 5km. These achievements were attributed to drilling and equipping of new boreholes; rehabilitation of existing boreholes; construction and upgrading of shallow wells; construction of water pans and small dams; reticulation of pipelines in the urban centres, construction of storage tanks; and acquisition of plastic tanks. Additional water pipes were also laid to connect more households to water points.</p> <p>During the period under review, the County enacted the Climate Change Act to guide the County on climate change issues. The Act is being implemented through the creation of the Climate Change Fund, and the establishment of the committees from ward to county level to coordinate climate change mitigation and adaptation initiatives.</p>	
	Prudent management of public finances	Improved economic policy management Improved public finance management	<p>Own source revenue increased from Kshs.31 M to Ksh.84 M while absorption of allocated funds increased from 70% to 81%. These achievements can be attributed to full adoption of the IFMIS system and the e-procurement; effective management of the budget cycle; and strengthened monitoring and evaluation of projects and</p>	

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			programmes.  The County made considerable gains in strengthening the County Integrated M&E System (CIMES). This includes approval of the County M&E Policy in 2019, and formation of various CIMES committees.	
	Enhance effectiveness and efficiency in delivery of public services	Improved delivery of public services	county constructed Ward Administrators offices in the wards County departments have been on performance contracts in the FYs 2021/22 and 2022/23.	
	Improve access to quality education and training	Improved access to quality early years education Improved access to quality vocational training	ECD pupils' retention rate increased from 95% to 99% while the transition rate increased from 60% to 95%.  Enrolment rates were 11,550 for girls and 9,450 for boys, against the set target of 13,170 and 11,110 respectively. The teacher-pupil in the ECD centers remained high at 1:79 ratio against a target of 1:43.  The sector constructed 140 ECDE classrooms against a target of 150.  The county managed to build the capacity of 150 ECDE teachers against a target of 540 ECDE teachers and built one model ECDE center against a target of 4. Overall, the increase in access to ECDE was attributed to improved infrastructure; improved play and learning materials, availability of ECD school meals program, supplied electricity/solar power and capacity building of ECD teachers.	

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			<p>the sector established and equipped 8 Vocational Training Centers against a target of 10 and constructed/refurbished 2 VTCs. Further, 15,000 against a target of 12,000 needy students benefited from subsidized tuition annually. To ensure that youth access education at vocational training centers, the county enrolled 955 trainees against the target of 1000 trainees while the number of students benefiting from tuition subsidies achieved was 80% against a target of 100%.</p> <p>The enrolment in vocational Training centers increased from 256 to 985; the retention rates increased from 60% to 70% for male and 40% to 50% for female; while graduation rate increased from 80% to 85% for both males and females. The achievement is attributed to improved infrastructure in Vocational training centers; improved training equipment, supplied electricity, recruitment and capacity building of VTC instructors. In addition, the county provided bursaries to VTC trainees, secondary, college and university students.</p>	
	<p>To preserve and develop cultural heritage Development of sports talent Enhance social and child</p>	<p>Sports talent developed Social and child protection services enhanced</p>	<p>two barkards were constructed at Titila and Bangale. A total of 105,000 out of 350,000 households vulnerable to drought and floods (which constitutes 30% of the vulnerable population) were supported through distribution of relief food and non-food items. The county also initiated a program to support the elderly and the most</p>	

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	<p>protection services                  Enhance resilience of communities against disaster risks</p>		<p>vulnerable people with a medical cover (NHIF). This initiative benefited 1,666 persons in the first trial.</p> <p>Timely response to emergencies was enhanced through purchase of two motorboats, timely disaster early warning communication and building community's and technical officers' capacity on disaster early warning, preparedness, response and mitigation strategies. There was a reduction in reported conflicts during the review period due to implementation of peace building initiatives including: establishment of seven (7) member peace committee; holding of peace tournaments; peace meetings county, sub-county and ward level; and radio talk-shows.</p> <p>During the period under review, the County enacted the Disaster Risk Management (DRM) Act and Policy to guide the County in disaster management which saw the creation of the DRM Fund and the establishment of the requisite institutions to implement the Act and Policy. County, sub-county and ward DRM committees were established and trained in disaster risk management. The implementation status of the policy stood at 60%. A multi-hazard contingency plan was reviewed bi-annually during the review period.</p> <p>To enhance sports participation and</p>	
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		<p>inclusivity, the county upgraded and completed Hola stadium, established a total of 17 playgrounds across the county, distributed sport kits and conducted county sports leagues. The county also participated twice in the PWDs wheelchair race at national level.</p> <p>The county has developed and launched the Tana River Youth Policy which attributed to conducting 8 youth training courses at Hola VTC where 2,500 youths have been trained during this period of review.</p> <p>To promote cultural practices in the County, annual culture and heritage promotion events were hosted. In addition, identification and rehabilitation of heritage sites such as the Garsen Cultural Centre was undertaken, and Hola Multipurpose Social Hall constructed to 75% completion at the county headquarters.</p> <p>The county trained 500 women in various thematic areas; reproductive health, entrepreneurship, AGPO, life skills, HIV/AIDS, women and leadership, women’s rights, and conflict resolution. A total of 400 women were also trained in socio-economic development and capacity-building women on land rights. Dignitary kits and sanitary kits were issued to 2000 girls against a target of 1500.</p>	
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			<p>Formulation of the PWD Act of 2019 which attributed to the county to participate in the NONDO wheelchair race and Miss NONDO twice.</p> <p>On GBV, the county addressed the issue through mentorship, conducting lady's tournament and formulation of the Tana River Anti-FGM Action Plan. And have also formulated Intergovernmental Gender sector working groups.</p>	
	<p>Improve physical infrastructure as an enabler to provision of services</p>	<p>Improve the road network in the county                      Working space increased                      ICT services improved</p>	<p>The sector constructed 586km of road and rehabilitated 1,350km of road to all-weather standards. Towards enhancing efficient service delivery by County departments, the construction of the County headquarters at Dayate progressed to an 85% completion level. In addition, the County automated county services and increased public communication and feedback mechanisms through management of the county website.</p> <p>The response time to fire disasters improved from 30 minutes to 10 minutes. This is attributed to construction of a fire station in Hola, purchase of five (5) fire engines and recruitment and training of nineteen (19) firefighters.</p>	
	<p>Increase access to quality healthcare services</p>	<p>Increased access to quality healthcare services</p>	<p>Infant mortality rate reduced from 91/1000 live births to 48/1,000; maternal mortality rate to 536/100,000; and child mortality rate from 147/1000 live births to 74/1000. The life expectancy increased to 56.2 years for males and 58.6 years for females. Further, there</p>	

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			<p>was increased access to health care services as evidenced by increased outpatient utilization index from 0.92 to 1.1. This was achieved through recruitment of a mix of health workers such as nurses and doctors thereby improving the nurse to patient and doctor to patient ratio to 1:1,609 and 1: 13,944 respectively. In addition, the county increased functional and reporting health facilities from 49 to 71, 48 being Government owned. Twelve new facilities were operationalized during the review period while eight new ambulances were acquired to facilitate transfer of patients.</p> <p>In regard to maternal and child health, skilled birth deliveries increased from 42 per cent to 59 per cent against a target of 80 per cent; the percentage of fully immunized child achieved was 79.6%. (KDHS, 2022) against a target of 90%; while the rate of acute malnutrition reduced from 14 per cent to 11.3 per cent in against a target of less than 5 per cent. The nutrition indicators were affected by the persistent drought that negatively affected household food security.</p> <p>As at the end of the review period, the percentage of the population with some form of health insurance cover was 3.1 per cent of the county population. The National Hospital Insurance Fund (NHIF) was the leading health insurance provider reported by 97.7 per cent of the population. Private contributions to insurance cover were reported by 17.6 per cent of the population while Employer-Contributory was reported by 3.9 per cent of the population.</p>	
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**Progress on Attainment of Development Objectives from Annual Development Plan for FY 2022/23**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

**1. PUBLIC WORKS ROADS AND TRANSPORT** (each department to have its own table or presented in a more suitable format to the county's operations)

Objective	Outcome	Indicator	Performance
<b>FINANCE AND ECONOMIC PLANNING</b>			
To offer prudent financial management	Prudence management of public finance	Number of documents prepared	ADP, CFSP, CBROP, Itemized Budget, Program Based Budget prepared
		% Compliance to financial reporting requirements	Financial reports and statements prepared within the stipulated time.
<b>TRADE, TOURISM AND INDUSTRY</b>			
Promote trade and enterprise development	Trade and enterprises developed	No. of new business establishment	400 new businesses registered
Promotion of Trade and tourism	Improved Tourism Activities	Number of tourists visiting the County	
Cooperative Development	Vibrant cooperative movement	No. of cooperatives registered	23 cooperatives registered
<b>AGRICULTURE, LIVESTOCK, FISHERIES AND VETERINARY SERVICES</b>			
Agricultural	Irrigation	No. of minor schemes established	2

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Objective	Outcome	Indicator	Performance
production and productivity	Development	No. of hectares ploughed	2,000
		No. of grain stores constructed	3
		No. of farmer groups trained	50
		No. of farmers visited and trained	10, 625
		No. of field days conducted	1
		No. of agricultural shows attended	1
		No. of staff trained on short courses	5
		No. of pheromone traps distributed to farmers	500
		MT of drought tolerant seed distributed	120
		No. of 50kg bags of fertilizer distributed	4000
		No. of km of river bank protected	10
		No. of trees planted	9,000
		No. of 4 K clubs formed and trained	4
		No. of kitchen gardens established	90
	Ha under sweet potato	160	
Disease and vector control infrastructure	Animal diseases under check	No. of crushes constructed	6 crushes constructed
<b>CULTURE, GENDER, YOUTH, SPORTS AND SOCIAL SERVICES</b>			
Sports development	Sports talent developed	No. of sports leagues conducted	1
		No. of teams in the various sports disciplines supplied with sports kits	35
		No. of youth trained	50
		No. of playgrounds under construction	4 (HOLA Stadium, Maroni, Wachakone, Mikinduni)
<b>COHESION AND SPECIAL PROGRAMS</b>			
Disaster risk reduction and resilience building	A community resilient against disaster shocks	No. of staff Trained and sensitized on early warning, early actions	1
		No. of staff Trained and sensitization early warning, early actions	1
		No of Community barazas and caravans conducted	2
		No. of fire incidences victims provided with food and Non-food items	1
		No. of HH supported during floods evacuation, registration, resettlement,	32,000

County Government of Tana River

County Executive – Tana River

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Objective	Outcome	Indicator	Performance
		psychosocial support, relief distribution	
<b>PUBLIC SERVICE MANAGEMENT, ADMINISTRATION AND ICT</b>			
County ICT and broadband infrastructure	County ICT Infrastructure connectivity	No. of offices connected to LAN	3 (Lands, Water and Governor's Residence Offices Connected)
County Administration	Decentralization of service delivery up to grassroots levels	No. of offices constructed	One ward admin office (Mahono) construction ongoing
		No. of Barazas conducted	60
		Biometric kit procured	1
<b>Human resource management and development</b>	Human resources managed optimally for service delivery	Proportion of staff on PAS	80
<b>HOLA MUNICIPALITY</b>			
Greening the County	Increase the tree cover within Hola Municipality	No. of casual workers engaged	300 workers engaged
		No. of trees planted and taken care of	8,000 trees planted

## **6. Environmental and Sustainability Reporting**

Tana River County Government exists to transform lives for Tana river residents. This is our main purpose; the driving force behind everything we do. Our vision is to be a peaceful, cohesive and prosperous county offering high quality of life to its residents. It is what guides us to deliver our strategy as highlighted below:

### **1. Sustainability strategy and profile**

Tana River County Government through its mission statement aims to ensure effective and accountable leadership, promote just, democratic and secure environment and establish strong governance institutions to empower citizens, for the achievement of socio-economic development. It aims to realise a democratic political system founded on issue based politics, respect to the rule of law and protection of the rights and freedoms of every individual espousing principles of good governance by advocating for integrity, transparency, accountability, devolution of power and sustainability in implementation of all development programmes and projects.

### **2. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

The purpose of the Tana River County Climate Change Act is meant to address the growing environmental and mitigation of climate change. This will protect the environment for the current and future generations and progressively strive to meet the realization of the right to healthy and clean environment.

The key interventions the county will focus on are:

- Increasing forest cover
- Control of air, land and water pollution.
- Management and conservation of environment and natural resources
- Law enforcement on climate change mitigations
- Control of noise pollution
- Control and management of sand harvesting

The overriding policy goal is to entrench the rights to clean and healthy environment, which is sustainable and renewable. The policy goal is to enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions.

### **3. Employee welfare**

The County Government of Tana River always puts into consideration all the relevant laws, policies and guidelines during its recruitment process. These include; the constitution of Kenya (2010), the Employment Act (2007), County government Act (2012) and the County Public Service Human Resource Manual (2016). The constitution of Kenya (2010), Article 27(8) provides that affirmative action should be factored where the state is required to take legislative and other measures to ensure that no more than two-thirds of the members of elective or appointive bodies are of the same gender. This has been cascaded to the County Government recruitment processes. The County Government Act 2012 also envisages the principle of gender equality in County Government hiring process whereby we are happy to report that Tana River County has complied by having a ratio of 60% men and 40 % women in the public service.

To manage employee's skills and management career development, the County Government of Tana River has employed several strategies, which range from training, promotions, and performance management. The County Government of Tana River has put in place measures that foster employee's skills through local and international training opportunities based on the training needs/gaps in various departments. It has also utilized Kenya School of Government to train its employees various courses in management of public service. The County government of Tana River has rolled out a structured performance management process where the employees are required to sign performance contracts and appraisals in order to ensure that they are aware of their department's goals, objectives and evaluations done as stipulated in the draft performance management policy. Promotions are done regularly to motivate and help the employees in their career advancement. The County government of Tana River has adhered to the guidelines in the Occupational Safety and health Act (2007) (OSHA).

**4. Market place practices-**

The county Government of Tana River has operationalized e-procurement through Integrated Financial Management Information System(IFMIS) to enhance transparency and accountability in procurement process from procurement planning, requisition, sourcing and payment, e-transparency, competitively and in a cost effective manner. IFMIS e-procurement module is linked to a n item master which has indicative prices for all commonly used items to ensure that there are no price inflations by procuring entities thus enhancing value for money.

Further e-procurement has inbuilt approvals at all levels of the procurement process to enhance checks, controls and accountability.

Apart from increasing efficiency in service delivery due to competition, transparency and lower transaction costs-procurement system is designed to enable the government increase and monitor government procurement opportunities to the preference groups, including women, youth and differently abled persons.

**5. Community Engagements**

The county government of Tana River conducted citizen engagement through table banking programme. Other forms of citizen engagement through table banking programme. Other forms of citizen engagement included public participation in Annual Development Plan (ADP) Finance Bill, County Budget Review Outlook Paper (CBROP) and County fiscal Strategy Paper (CFSP). With the advent of covid-19 pandemic, the Directorate of Public Participation with relevant departments held weekly digital civic education forums across the county.

## **7. Statement of Management Responsibilities**

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and 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 Executive; (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 CEC member for finance accepts responsibility for the County Executive'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 CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2023, and of its financial position as at that date.

The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

County Executive Committee Member – Finance and Economic Planning

*F. B. Mutz*

finance on 30th Sept 2023.

The County Executive's financial statements were approved and signed by the CEC member for

**Approval of the financial statements**

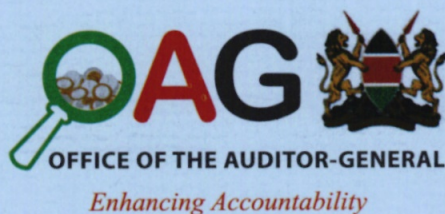
Public Sector Accounting Standards Board of Kenya. have been prepared in a form that complies with relevant accounting standards prescribed by the Further the CEC member for finance confirms that the County Executive's financial statements for the eligible purposes for which they were intended and were properly accounted for.

The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's funds received during the year under audit were used

*County Government of Tana River  
County Executive – Tana River  
Annual Report and Financial Statements for the year ended June 30, 2023*

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF TANA RIVER FOR THE YEAR ENDED 30 JUNE, 2023**

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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 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, 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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of County Executive of Tana River set out on pages 1 to 42, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of County Executive of Tana River 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 with the provisions of the Public Finance Management Act, 2012, and the County Governments Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Inaccuracies in the Presentation and Disclosure in the Annual Report and Financial Statements**

Review of the annual report and financial statements revealed the following:

##### **1.1 Unsupported Prior Year Adjustments**

The statement of assets and liabilities and Note 13 to the financial statements reflects prior year adjustments balance of Kshs.240,827,855 as indicated below:

<b>Error</b>	<b>Amount (Kshs.)</b>		
	<b>Balance B/F FY 2021-2022 as per Audited FS</b>	<b>Adjustments during the Year Relating to Prior Periods</b>	<b>Adjusted Balance B/F FY 2022-2023</b>
Bank Account Balances	(729,268,933)	25,073,410	(704,195,523)
Cash in Hand	0	1,164,310	1,164,310
Outstanding Imprests and Advances	0	36,785,842	36,785,842
Third Party Deposits and Retention	0	(9,167,567)	(9,167,568)
Others (Specify)	(1,021,971,684)	(309,435,377)	(1,324,031,297)
<b>Total</b>	<b>(1,751,240,617)</b>	<b>(240,827,855)</b>	

However, the adjustments have not been explained or supported. In addition, total credit adjustments of Kshs.309,435,377 were not specified as to what they related to while re-computation of the adjustments amounted to a credit balance of Kshs.255,579,383 resulting to a variance of Kshs.53,855,994 which had not been explained or reconciled.

Other anomalies include:

- i. The statement of assets and liabilities and Note 11 to the financial statements reflects a deposits and retentions balance of Kshs.29,602,572 while the deposit bank account reflects a balance of Kshs.27,016,277 resulting to an unexplained

variance of Kshs.2,586,295. In addition, the ageing analysis was not provided for audit review.

- ii. A disclosure of the summary of non-current asset register was not included in the financial statements.
- iii. The budget execution by programs and sub-programs for land survey and mapping and land administration under land policy and planning reflects a final budget of Kshs.36,077,817 and Kshs.6,574,500 respectively instead of the re-computed amounts of Kshs.6,077,817 and Kshs.36,574,500 respectively while the actual on comparable basis reflects a grand total of Kshs.5,610,352,000 instead of the re-computed amount of Kshs.5,579,006,400.
- iv. Note 15 to the financial statements on increase/decrease in deposits and retentions reflects Kshs.29,602,572 while the deposits bank account reflects Kshs.27,016,277 resulting to a variance of Kshs.2,586,295 which has not been explained.

In the circumstances, the accuracy and completeness of the annual report and financial statements could not be confirmed.

## **2. Cash and Cash Equivalents**

### **2.1 Undisclosed and Unsupported Bank Balances**

The statement of assets and liabilities and Note 9A to the financial statements reflects a bank balance of Kshs.35,410,789. However, the following bank accounts were not disclosed in the financial statements:

- i. EU IDEAS LED account held at Kenya Commercial Bank.
- ii. Milk and fish projects account held at Kenya Commercial Bank.
- iii. Tana River standing imprest account held at Equity Bank.

In addition, the Central Bank of Kenya certificates of bank balances reflect balances amounting to Kshs.31,004,630 relating to thirteen (13) bank accounts whose supporting cash books and bank reconciliation statements were not provided for audit review.

### **2.2 Stale Cheque in the Cashbook**

Included in the bank reconciliation statement is a balance as per cash book of Kshs.10,268 relating to Tana River County recurrent account. However, the reconciliation statement reflected unpresented cheques amounting to Kshs.421,226,111 with a stale cheque of Kshs.1,130,546 which had not been reversed in the cash book.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.35,410,789 could not be confirmed.

## **3. Unsupported Liabilities on Legal Costs**

Other important disclosures number 1 on pending accounts payables reflects a balance of Kshs.4,128,424,305. Included in this balance is an amount of Kshs.1,625,366,309 which in turn includes Kshs.474,934,515 owed to law firms which had represented the

County in various court cases. However, a catalogue of the cases, case files and their status in court was not provided for audit review.

In the circumstances, the accuracy, completeness and validity of the pending accounts payable of Kshs.4,128,424,305 could not be confirmed.

#### **4. Misclassification of Payments**

The financial statements schedules provided to support various expenditure components revealed that expenditure amounting to Kshs.157,435,100 was wrongly classified contrary to Regulation 40 (1) of the Public Management (County Governments) Regulations, 2015.

In the circumstances, the accuracy of the financial statements could not be confirmed.

#### **5. Payment of Salaries Outside the Integrated Personnel and Payroll Database and Unsupported Payments**

The statement of receipts and payments and Note 2 to the financial statements reflects payments in respect of compensation of employees of Kshs.1,767,844,891. However, supporting IPPD schedules submitted for audit revealed that only Kshs.1,641,139,920 was paid through the IPPD system resulting to an unexplained variance of Kshs.126,704,971. In addition, the supporting ledgers for compensation of employees were not provided for audit review.

In the circumstances, the accuracy and completeness of compensation of employees' payments amounting to Kshs.1,767,844,891 could not be confirmed.

#### **6. Use of Goods and Services**

The statement of receipts and payments and Note 3 to the financial statements reflects payments amounting to Kshs.1,424,131,990 in respect of use of goods and services. Review of the payments and other records revealed the following anomalies:

##### **6.1 Unsupported and Irregular Payments on Domestic Travel and Subsistence**

Included in the payments on use of goods and services is Kshs.297,139,541 in respect of domestic travel and subsistence. Review of sampled payments revealed that payments amounting to Kshs.100,521,198 were not supported with imprest warrants application, authority to travel, receipts, motor vehicle work tickets or bus tickets or boarding pass, signed payment schedules, attendance registers, reports of the meetings and the purpose of the travel.

##### **6.2 Unsupported and Irregular Payments on Foreign Travel and Subsistence**

Payments in respect of use of goods and services includes Kshs.57,714,353 in respect of foreign travel and subsistence out of which payments amounting to Kshs.7,978,037 were not supported with back to office reports. Further, Kshs.8,540,000 was transferred to Tana River County Government standing imprest account but was erroneously included in the ledgers for foreign travel and subsistence. In addition, payments amounting to Kshs.8,186,400 were made to a firm for provision of air ticket services.

However, the services were procured through framework agreement which was not provided for audit review.

### **6.3 Unsupported Payments on Training**

Included in the payments on use of goods and services is Kshs.22,039,484 incurred on training expenses. However, training needs assessment, training plans and reports were not been provided for audit review.

### **6.4 Unsupported Payments on Fuel and Lubricants**

Included in the payments on use of goods and services is Kshs.72,349,563 in respect of fuel, oil and lubricants out of which Kshs.54,863,113 was paid to a firm for supply of fuel. However, the work tickets for the vehicles which were fueled, contracts/agreement for supply of fuel and detailed orders for Kshs.12,520,620 worth of fuel were not provided for audit review. In addition, Kshs.1,800,000 was paid to a supplier for supply of charcoal. However, the records indicating the number of bags bought and the distribution list were not provided for audit review.

### **6.5 Unsupported Payments on Printing, Advertising and Information Supplies and Services**

Included in the payments on use of goods and services is Kshs.27,404,969 which relates to printing, advertising and information supplies and services. However, payments amounting to Kshs.12,066,589 were not supported with payment vouchers.

### **6.6 Unsupported Payments on Rentals of Produced Assets**

Included in the payments on use of goods and services is Kshs.23,936,745 which relates to rentals of produced assets out of which payments amounting to Kshs.2,300,000 were made to a firm for provision of catering services for new year celebration. However, the contract together with the tender documents including the appointment letters of tender opening and evaluation committees, floated quotations, minutes of the tender opening, evaluation reports, notification of award, acceptance letter, notification to unsuccessful bidders and signed professional opinion were not provided for audit review.

Further, Kshs.2,400,000 was paid to a firm for provision of car hire services for three (3) months. However, the tender opening minutes were not signed while the evaluation reports were signed by one (1) member only. In addition, the signed contract did not indicate the expected start and end dates and no documentary evidence was provided to show that the accounting officer reported the contracts awarded to Public Procurement Regulatory Authority.

### **6.7 Unsupported Payments on Specialized Materials and Services**

Included in the payments on use of goods and services is Kshs.177,094,193 which was paid in respect of specialized materials and services. Included in these payments is Kshs.27,777,000 paid out in respect of seeds, fertilizers, farm implements, chemicals and fungicides. However, the expenditure was not supported with proof of how the beneficiaries were identified, confirmation of ownership of land by the beneficiaries, evidence that the department of agriculture conducted tests to ascertain viability, quality

and suitability of the fertilizer and pesticides for the soils and crops before procurement was done, duly signed needs assessment report, mandatory compliance documents such as valid tax compliance certificate, certificate of incorporation and signed business questionnaire as set out in the evaluation criteria and evidence of public participation.

In addition, Kshs.62,000,000 was paid to Kenya Medical Supplies Authority (KEMSA) for medical supplies. However, examination of payment vouchers and other supporting documents revealed that the items purchased were not taken on charge vide counter receipt voucher (S13) contrary to Section 162(1) of the Public Procurement Asset Disposal Act, 2015.

#### **6.8 Unsupported Payments on Office and General Supplies and Services**

Included in the payments on use of goods and services is Kshs.127,459,251 in respect of office and general supplies and services. However, stores records including S13 (counter receipt voucher), S11 (counter requisition and issue voucher) and S3 (bin card) detailing receipts and issuance of the items in the store and stock take reports were not provided for audit review. In addition, payments amounting to Kshs.39,608,820 were not supported with payment vouchers, requisitions, delivery notes, invoices and inspection and acceptance reports.

In the circumstances, accuracy, validity and completeness of payments in respect of use of goods and services of Kshs.1,424,131,990 could not be confirmed.

### **7. Acquisition of Assets**

The statement of receipts and payments and Note 7 to the financial statements reflects payments amounting to Kshs.677,813,872 in respect of acquisition of assets. Review of the payments and other records revealed the following inadequacies.

#### **7.1 Unsupported Payments on Construction of Buildings**

Included in the payments on acquisition of assets is Kshs.30,828,118 in respect of construction of buildings out of which payments amounting to Kshs.19,403,880 were not supported with payment vouchers and other relevant supporting documents.

#### **7.2 Unsupported Payments on Purchase of Certified Seeds, Breeding Stock and Live Animals**

Included in the payments on acquisition of assets is Kshs.55,525,000 in respect of purchase of certified seeds, breeding stock and live animals which includes Kshs.15,600,000 paid out in respect of purchase of three hundred (300) Orma and Borane cows. However, the payments were not supported with evidence that the Department of Agriculture conducted tests to ascertain viability, quality and suitability of the cows before procurement. In addition, no evidence of existence of vibrant extension services to support the farmers were provided for audit review.

In addition, payments amounting to Kshs.39,925,000 in respect to purchase of certified seeds and tree seedlings were not supported with details of the beneficiaries, evidence of tests conducted to confirm viability, quality and suitability of the seedlings and seeds

before procurement, evidence of ownership of land for beneficiaries and evidence of existence of vibrant extension services to support the farmers.

### **7.3 Unsupported Payments on Research, Studies and Project Preparation, Design and Supervision**

Included in the payments on acquisition of assets is Kshs.27,013,000 in respect of research, studies, project preparation, design and supervision paid to eight (8) companies to undertake research on land use related studies. However, the expenditure exceeded the budgeted amount of Kshs.15,000,000 by Kshs.12,013,000 or 80%. In addition, seven (7) companies involved were not in the list of the registered suppliers. Further, departmental work-plans, contracts, minutes of needs assessment, and actions taken in relation to observations made by those studies were not provided for audit review.

In the circumstances, the accuracy and validity of the payments on acquisition of assets amounting to Kshs.677,813,872 could not be confirmed.

### **8. Unsupported and Doubtful Expenditure on Other Payments**

The statement of receipts and payments and Note 8 to the financial statements reflects other payments amounting to Kshs.748,451,949. However, project files for contracts worth Kshs.660,343,806 containing payment vouchers, tender documents such as advertisements of the projects, tender opening minutes, evaluation and awarding minutes, contract agreements, Bills of Quantities, company profiles for the bidders, inspection and acceptance reports, certificates of partial and completion were not provided for audit review.

Further, the account code No: 0706013160-4130299-31600001 which was used to pay Kshs.748,451,949 was not in the approved budget for the year under review. In addition, review of the ledger in respect of other payments revealed that several transactions including construction of building, roads, goods and services were incorrectly charged under other payments.

In the circumstances, the propriety and validity of other payments of Kshs.748,451,949 could not be confirmed.

### **9. Unsupported Deposits and Retentions Balance**

The statement of assets and liabilities and Note 11 to the financial statements reflects deposits and retentions balance of Kshs.29,602,572. However, the ageing analysis of the balance, the movement schedule showing the retentions opening balance, additions and payments during the year were not provided for audit review. Re-computation of amounts reflected in the ledgers for construction of buildings, construction of roads, and construction and civil works revealed that approximately Kshs.48,366,999 ought to have been retained during the year under review.

In the circumstances the accuracy and completeness of the deposits and retentions balance of Kshs.29,602,572 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Tana River 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 adverse 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.

### Emphasis of Matter

#### Budgetary Control and Performance

The statement of comparison of budget and actual amounts for recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.6,866,620,454 and Kshs.5,828,406,567 respectively, resulting in under-funding of Kshs.1,038,213,887 or 15%. Similarly, the County Executive expended Kshs.5,610,351,999 against an approved budget of Kshs.6,866,620,454, resulting in under-expenditure of Kshs.1,256,268,454 or 18%.

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

My opinion is not modified in respect of this matter.

### Other Matter

#### Late Exchequer Releases

The statement of receipts and payments reflects exchequer releases (transfers from CRF) amounting to Kshs.5,828,406,567 which includes Kshs.1,007,557,303 received by the County Government in the month of June, 2023 as detailed below:

No.	Date	Ref No.	Details	Amount (Kshs.)
1	7/6/2023	FT23187FYSJL	ASDSP	3,500,000
2	7/6/2023	FT23187F0YWW	Executive Recurrent	5,080,000
3	7/6/2023	FT231878LTLF	Executive Development	5,151,586
4	7/6/2023	FT23187NRGT2	Executive Development	14,411,681
5	7/6/2023	FT23187HT661	Executive Recurrent	14,770,632
6	7/6/2023	FT23187SYMM6	Executive Recurrent	40,000,000
7	7/6/2023	FT23187BSRHQ	Executive Recurrent	43,317,470
8	7/6/2023	FT23187ZY8S9	Executive Development	50,000,000
9	7/6/2023	FT23187XTPP1	Agric Value Chain Fund	67,192,729
10	7/6/2023	FT2318778YJQ	Executive Development	231,488,254
11	7/6/2023	FT231870ZMQJ	Executive Recurrent	309,392,695
12	7/11/2023	FT231920J9GJ	KUSP UIG	2,339,402
13	7/11/2023	FT231929P2F7	Primary Health Care Support	11,379,402
14	7/11/2023	FT231927Z531	Executive Development	209,532,939
	<b>Total</b>			<b>1,007,557,303</b>

*Report of the Auditor-General on County Executive of Tana River for the year ended 30 June, 2023*

As a result of the delay, service delivery to the residents of Tana River County may have been adversely affected.

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

### Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Stalled Projects

Review of projects implementation status report provided for audit revealed that there fifty-eight (58) projects relating to 2015/2016 to 2021/2022 financial years whose contract worth Kshs.825,851,908 which had stalled at various stages of completion and thereafter abandoned. However, the reasons for failure to complete these projects were not provided for audit review. This is contrary to Section 22 (2) (g) of the Public Finance Management Act, 2012 which requires an accounting officer not to commit county government entity to any liability for which money has not been appropriated provided that expenditure for projects or programs implemented beyond one financial year is provided for in the subsequent financial years.

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

#### 2. Non – Compliance with Approved County Assembly Expenditure Threshold

The County Assembly final budget for the year under review was Kshs.1,113,396,752 while the personnel emoluments budget amounted to Kshs.281,497,887. Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 provides that the approved expenditures of a County Assembly shall not exceed seven per cent of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower. However, the County Assembly budget was 14% of the total County revenue or seven percentage points above the required threshold and Kshs.550,400,977 in excess of the allowable threshold of two times the personnel emoluments budget.

In addition, Regulation 25(1)(h) requires that if the County Government does not achieve the requirement of this regulation at the end of the financial year, the County Executive Committee Member(CECM) for finance shall submit a responsibility statement to County Assembly explaining the reasons for the deviation and provide a plan on how to ensure annual actual expenditure outturns as well as medium term allocation comply with the provisions of Section107 (2) (a) of the Act and these regulations in the subsequent years; and the compliance plan shall be binding and the CECM- Finance shall ensure

implementation. However, there was no evidence showing that this requirement was complied with.

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

### **3. Non-Compliance to the One Third (1/3) Gender Rule**

A review of the Payroll for the month of June, 2023 revealed that out of 2004 employees of the County Executive, only 601 were female, which translates to 29% of the total work force contrary to Part B.22 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which guides that the Government will endeavor to have a gender balanced civil service by ensuring that not more than 2/3 of positions in its establishment are filled by either gender.

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

### **4. Violation of One Third Rule on Basic Salary**

Examination of the Integrated Personnel and Payroll Database (IPPD) by-products revealed that various employees had deductions which were more than two thirds of their basic pay contrary to Section 19(3) of the Employment Act, 2007 on deduction of wages which states that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

### **5. Irregular Award of Tenders for Supply of Pharmaceutical Drugs**

The statement of receipts and payments and Note 3 to the financial statements reflects payments on use of goods and services amounting to Kshs.1,424,131,990 out of which, Kshs.177,094,193 was in respect of specialized materials and services. This amount in turn includes Kshs.35,237,878 paid to five (5) suppliers for supply and delivery of pharmaceutical drugs. However, review of the tender files and other accompanying documents revealed that supplies of the same nature were split and awarded to the same suppliers. Further, proof of delivery to the stores and subsequent distribution was not provided for audit verification. In addition, mandatory compliance documents such as valid tax compliance certificate, certificate of incorporation and signed business questionnaires as set out in the evaluation criteria were not provided contrary to Section 79(1) of Public Procurement and Assets Disposal Act, 2015.

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

### **6. Irregular Payments of Legal Expenses**

The statement of receipts and payments and Note 3 to the financial statements reflects payments on use of goods and services amounting to Kshs.1,424,131,990 out of which Kshs.197,682,691 was in respect of other operating expenses. This amount in turn includes Kshs.54,337,037 paid to legal firms representing the County Government in various legal cases and providing legal consultancy. However, the expenditure was not

supported with signed framework contracts together with documents showing how the legal firms were identified, evidence showing that the accounting officer reported the contracts awarded to Public Procurement Regulatory Authority, approval by the County Executive Committee and payment vouchers contrary to Section 68(1) of the Public Procurement and Assets Disposal Act, 2015.

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

## **7. Irregular Procurement of Works on Construction of Roads**

### **7.1 Internal Access Road, Parking and Walkways at County Executive Headquarters Office in Hola**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.298,029,333 is in respect of construction of roads. Included in the expenditure is an amount of Kshs.49,366,700 paid in respect of construction of internal access road, parking and walkways at the County Executive Headquarters Office in Hola. However, only one(1) bidder was evaluated and awarded the tender. In addition, there was no certificate of practical completion of work and Inspection and Acceptance Committee certificate to support the payments which were made.

Further, audit inspection of the project carried out in August, 2023 revealed that though full payment was made to the contractor less VAT and retention, items in the Bills of Quantities amounting to Kshs.18,000,500 as detailed below were not done.

<b>Bill No.</b>	<b>Works</b>	<b>Amount (Kshs.)</b>
8	Culvert and drainage	10,780,500
20	Road furniture	7,220,000
<b>Total</b>		<b>18,000,500</b>

In addition, the cabro works were not fully completed.

In the circumstances, value for Kshs.49,366,700 paid in respect of this project could not be confirmed and Management was in breach of the law.

### **7.2 Rehabilitation of Bura Township Road to Bitumen Standard**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.298,029,333 was in respect of construction of roads. This amount in turn includes Kshs.41,057,620 paid for rehabilitation of Bura township road to bitumen standards. However, evaluation report indicates that only one(1) bidder who responded was evaluated and awarded the contract and there was no certificate of completion which was provided as prove of work done. In addition, the summary of statement of payment indicated that the value of work certified was Kshs.39,532,220. However, the entire contract sum was paid less VAT and retention money instead of the certified amount. Further, audit inspection of the project carried out in August, 2023 revealed that

only 0.85km of the road was done instead of the 1km expected while culvert and drainage works worth Kshs.3,747,500 according to BoQ No. 8 were not done.

In the circumstances, the value for Kshs.41,057,620 paid for this project could not be confirmed and Management was in breach of the law.

### **7.3 Rehabilitation of Madogo Market Access Road to Cabro Standard**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.298,029,333 was in respect to construction of roads. Included in the expenditure is Kshs.79,982,000 paid for rehabilitation of Madogo market access road to cabro standards. However, as per the evaluation report, the only bidder who responded was evaluated and awarded the contract contrary to the procurement regulations. The summary of statement of payments indicated that the value of work certified was worth Kshs.78,149,200. However, the entire contract sum of Kshs.79,982,000 was paid less VAT and retention instead of amount certified amount. In addition, the project file provided for audit did not contain a valid tax compliance certificate, certificate of incorporation, NCA certificate and a signed business questionnaire as set out in the evaluation criteria.

Further, audit inspection of the project in August, 2023 revealed that only 0.9km of road was done instead of 1 km reflected in the Bills of Quantities and the shallow drainage was on one side of the road while the culvert and drainage were blocked thus hindering free passage of water.

In the circumstances, value for Kshs.78,149,200 spent on the project could not be confirmed and Management was in breach of the law.

### **7.4 Irregular Award of Contract for Road works**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.298,029,333 was in respect to construction of roads. However, the budget and procurement plan did not specify the road works which were to be done but instead indicated aggregated amount in respect of access roads and construction of roads. Further, included in the construction of roads expenditure is Kshs.30,907,943 paid to various contractors for construction of major roads, gravelling, grading, bush clearing and opening access roads within the County whose project files did not have tax compliance certificate, certificate of incorporation, NCA certificate, bid bond, experience of previous work of similar magnitude and signed business questionnaire as set out in the evaluation criteria. In addition, the requisition from the user department was not supported with survey report and the project implementation status for the year under review.

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

## **8. Irregular Procurement of Construction and Civil Works**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.125,064,526 was in respect to construction and civil works. Included in this

expenditure is an amount of Kshs.68,209,450 incurred on water supplies and sewerage paid to four (4) contractors. However, in the notification to the unsuccessful bidders, the Management did not state the reasons for success of the awarded bidders. Further, there was no documentary evidence provided showing that the accounting officer reported the said contracts awarded to Public Procurement Regulatory Authority.

Further, review of the procurement process and contracts for the works revealed following unsatisfactory matters:

### **8.1 Kelokelo Borehole**

An amount of Kshs.7,966,250 was paid for this project. However, completion and inspection and acceptance certificates were not provided for audit review. Further, Kshs.906,250 paid for preliminaries and general items were not supported with site inspection registers, signed daily reports, insurance receipts, testing reports and signed security payment details.

### **8.2 Water Supply to New County Headquarters at Dayate**

An amount of Kshs.42,006,770 was paid for this project during the year under review. However, no project implementation status report, evidence of the accounting officer reporting the contracts to Public Procurement Regulatory Authority, payment certificate and statement on account detailing specific work done as per specification in the Bill of Quantities were provided for audit review. In addition, the Management deducted withholding tax of 3% and Value Added Tax (VAT) of 2% totaling to Kshs.2,100,338. However, no evidence was provided to show that the withheld amount was remitted to Kenya Revenue Authority. Further, an amount of Kshs.4,200,677 withheld as retention for work certified was held in a development bank account. However, no reason or justification was provided as to why the retention was not transferred to a deposit bank account.

Further, audit inspection of the project in August 2023 revealed that the project was about 60% complete, piping works was at 70% and the tank was at 90% completion. However, the borehole, site office and masonry control room had not been done as required in the Bills of Quantities.

### **8.3 New Distribution Pipelines at the Bura Water Supply Project**

An amount of Kshs.9,959,080 was paid for the project during the year under review. Included in the amount is Kshs.705,900 for preliminaries and general items which were not supported with site inspection registers, signed daily reports, insurance receipts, testing reports and signed security payment details. In addition, there was no status reports and evidence that it was submitted to the accounting officer which were provided for audit review. This was contrary to Regulation 140 of the Public Procurement and Asset Disposal Regulations, 2020 which states that the head of procurement function shall prepare a monthly progress report of all procurement contracts and submit the same to the accounting officer in accordance with section 152 of the Act and that the report referred to in paragraph (1) shall include contract description, contract number, value of

contract, commencement date, current status, the amount of money paid and the expected completion date.

#### **8.4 Construction of Pipeline Extension to Vocational Training College**

An amount of Kshs.8,277,350 was paid for the project during the year under review. Included in this amount is Kshs.483,750 for preliminaries and general items which were not supported with a site inspection register, signed daily reports, insurance receipts, testing reports and signed security payment details. In addition, there was no status report and evidence that it was submitted to the accounting officer. This was contrary to Regulation 140 of the Public Procurement and Asset Disposal Regulations, 2020 which states that the head of procurement function shall prepare a monthly progress report of all procurement contracts and submit the same to the accounting officer in accordance with Section 152 of the Act and that the report referred to in paragraph (1) shall include contract description, contract number, value of contract, commencement date, current status, the amount of money paid and the expected completion date.

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

#### **9. Payment for Undelivered Motor Vehicles**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.38,340,000 was in respect of purchase of motor vehicles and other transport equipment. However, this amount was paid to the suppliers prior to delivery of the motor vehicles. This was contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2015 which states that no works, goods or services contract shall be paid for before they are executed or delivered and accepted by the accounting officer of a procuring entity or an officer authorized by him or her in writing except where so specified in the tender documents and contract agreement. Such an advance payment shall not be paid before the contract is signed.

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

#### **10. Unconfirmed Purchase of Office Furniture and General Equipment**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.47,457,328 was in respect to purchase of office furniture and general equipment. This amount in turn includes Kshs.2,441,379 paid for acquisition of furniture during the year under review. However, the list of furniture purchased and the distribution list were not provided for audit review.

In the circumstances, the propriety of Kshs.2,441,379 spent on acquisition of furniture could not be confirmed.

#### **11. Unsupported Procurement of Tractors**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which

Kshs.44,929,502 was paid in respect of purchase of specialized plant and equipment. Included in this amount is Kshs.27,000,000 paid to a supplier for the supply of six (6) tractors. However, the tractors were neither received via S13 nor recorded in the fixed assets register. In addition, no logbooks were provided to confirm ownership of the tractors and there was no evidence showing that due process was followed in awarding the contract. This was contrary to Section 83(1) of the Public Procurement and Asset Disposal Act, 2015.

Physical verification revealed that four (4) tractors out of the six (6) procured were at the Ministry of Lands yard. However, one(1) of the tractors had an engine capacity of 50 kw instead of between 58.8kw and 65kw specified in the tender documents. Further, the four tractors have not been used since they were delivered in May, 2023.

In the circumstances, the validity, propriety and value for Kshs.27,000,000 on the purchase of tractors could not be confirmed, and Management was in breach of the law.

## **12. Irregular Purchase of Honey Packaging Equipment**

The statement of receipts and payments and Note 7 to the financial statements reflects payments on acquisition of assets amounting to Kshs.677,813,872 out of which Kshs.44,929,502 relates to purchase of specialized plant and equipment. Included in this amount is Kshs.17,929,502 paid for supply and delivery of honey packaging equipment. However, the expenditure was not supported with counter requisition, needs assessment to determine the viability of the project within the county and price market survey to ascertain whether the packaging equipment were supplied at fair prices. Audit inspection of honey packaging equipment's revealed that the equipment for Garsen and Mandogo were delivered at Hola Department of Agriculture and Livestock store due to what was explained as lack of secure space in those sites. In addition, the store items supplied were not properly arranged which made it difficult to verify.

In the circumstances, the validity and value for Kshs.17,929,502 spent on honey packaging equipment could not be confirmed and Management was in breach of the law.

## **13. Irregular Issuance of Imprest**

The statement of assets and liabilities reflects outstanding Government imprests of Kshs.25,274,490 as disclosed in Note 10 to the financial statements. However, imprests amounting to Kshs.3,752,260 were not supported with formal application for the imprest and subsequent approvals. Further, imprests amounting to Kshs.17,836,950 were long overdue. In addition, evidence that the Management had acted to recover the full amount from the salary of the defaulting officers was not provided for audit review. This was in contravention of Regulation 91 and 93 of the Public Financial Management (County Governments) Regulations, 2015.

In the circumstances, recoverability of the outstanding imprest of Kshs.25,274,490 could not be confirmed and Management was in breach of the law.

#### **14. Failure to Pay Pending Bills as First Charge**

Other important disclosures number 1 reflects pending accounts payable balance of Kshs.4,128,424,305. This amount includes Kshs.3,700,915,104 in respect to balance brought forward. However, this balance did not form a first charge on the County Revenue Fund. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires debt service payments to be a first charge on the County Revenue Fund and that the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations.

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

#### **15. Avoidable Payment of Penalties and Interest**

Other important disclosures number 1 reflects pending accounts payable balance of Kshs.4,128,424,305. Included in this balance is Kshs.176,312,278 in respect to outstanding arrears to Kenya Revenue Authority. However, the tax arrears resulted in penalties amounting to Kshs.83,060,721 and interest on these penalties amounting to Kshs.92,713,992 which were avoidable.

In the circumstances, the payments could have been avoided and Management was in breach of the law.

#### **16. Late submission of Annual Report and Financial Statements for Tana River County Climate Change Fund**

The annual report and financial statements for Tana River County Climate Change Fund were submitted for audit on 30 November, 2023 five months after end of financial year contrary to Regulation 35(2) of the Public Finance Management (Tana River County Climate Change Fund) Regulations, 2023 which states that within three months after the end of each financial year, the Fund Administrator shall submit to the Auditor-General the accounts of the Fund in respect of that year.

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

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based

on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **Dysfunctional Audit Committee**

The County Executive established an Audit Committee whose members were gazetted on 03 July, 2020. However, four (4) out of the five (5) members of the Committee, including the Chairman, resigned rendering the Committee dysfunctional. In the absence of an Audit Committee during the year under review, no reports were discussed by the Audit Committee on review and evaluation of budgetary performance, financial management, transparency, accountability mechanisms and the effectiveness of the financial and non-financial performance management systems of the County.

In the circumstances, the existence of a strong and effective internal controls system in the management of the County Executive's resources could not be confirmed.

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 County Executive's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Executive 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 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**

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive'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 County Executive 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 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.

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

**Nairobi**


**12 February, 2024**


County Government of Tana River  
 County Executive – Tana River  
 Annual Report and Financial Statements for the year ended June 30, 2023

9. Statement of Receipts and Payments for the year ended 30th June 2023

		Period ended June 2023	Comparative Period
	Notes	Kshs	Kshs
<b>Receipts</b>			
Transfers from the CRF	1	5,828,406,567	7,007,153,505
<b>Total receipts</b>		<b>5,828,406,567</b>	<b>7,007,153,505</b>
<b>Payments</b>			
Compensation of Employees	2	1,767,844,891	1,683,780,354
Use of Goods and Services	3	1,424,131,990	1,710,208,039
Transfers to other Government Entities	4	671,988,308	796,721,549
Other Grants and Transfers	5	154,500,000	154,500,000
Social Security Benefits	6	165,620,990	45,434,279
Acquisition of Assets	7	677,813,872	1,637,544,388
Other Payments	8	748,451,949	267,685,435
<b>Total Payments</b>		<b>5,610,352,000</b>	<b>6,295,874,044</b>
<b>Surplus/Deficit</b>		<b>218,054,567</b>	<b>711,279,461</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 30/09/2023 and signed by:

.....  
  
 Name: Mariam A. Bunu  
 Chief Officer – Finance  
 ICPAK M/N 20519

For: .....  
  
 Name: Tolah Yonnah Berhe  
 Ag.Head of Accounting  
 Unit  
 ICPAK M/N 4824

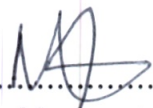
County Government of Tana River  
County Executive – Tana River


Annual Report and Financial Statements for the year ended June 30, 2023

10. Statement of Assets and Liabilities as at 30th June 2023

		Period ended June 2023	Comparative Period
	Notes	Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9A	35,410,789	25,073,410
Cash Balances	9B	-	1,164,310
<b>Total Cash and Cash Equivalent</b>		<b>35,410,789</b>	<b>26,237,720</b>
Outstanding Imprests and Advances	10	25,274,490	36,785,842
<b>Total Financial Assets</b>		<b>60,685,279</b>	<b>63,023,562</b>
<b>Financial Liabilities</b>			
Deposits and retentions	11	29,602,572	9,167,568
<b>Net Financial Assets</b>		<b>31,082,707</b>	<b>53,855,994</b>
<b>Represented By:</b>			
Fund Balance b/fwd.	12	53,855,994	1,093,817,152
Prior Year Adjustments	13	(240,827,854)	(1,751,240,617)
Surplus/Deficit for the Year		218,054,567	711,279,460
<b>Net financial position</b>		<b>31,082,707</b>	<b>53,855,994</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 30/01/2023 and signed by:

  
.....  
Name: Marjam A. Bunu  
Chief Officer – Finance  
ICPAK M/N 20519

For   
.....  
Name: Tolah Yonnah Berhe  
Ag.Head of Accounting Unit  
ICPAK M/N 4824

County Government of Tana River  
County Executive – Tana River  
Annual Report and Financial Statements for the year ended June 30, 2023

Statement of Cash Flows for the period ended 30<sup>th</sup> June 2023

		Period ended June 2023	Comparative Period
	Notes	Kshs	Kshs
<b>Receipts from Operating Income</b>			
Transfers from the CRF	1	5,828,406,567	7,007,153,505
<b>Totals</b>		<b>5,828,406,567</b>	<b>7,007,153,505</b>
<b>Payments for Operating Expenses</b>			
Compensation of employees	2	1,767,844,891	1,683,780,354
Use of goods and services	3	1,424,131,990	1,710,208,039
Transfers to other government entities	4	671,988,308	796,721,549
Other grants and transfers	5	154,500,000	154,500,000
Social security benefits	6	165,620,990	45,434,279
Other payments	8	748,451,949	267,685,435
<b>Total payments for operating expenses</b>		<b>4,932,538,128</b>	<b>4,658,329,656</b>
<b>Net receipts/ (payments) from operations</b>		<b>895,868,439</b>	<b>2,348,823,849</b>
Adjusted for:			
Prior year adjustments	13	(240,827,854)	(1,751,240,617)
Decrease/(increase) in outstanding imprests & advances	14	11,511,352	(17,474,142)
Increase/(decrease) in deposits and retentions	15	20,435,004	(4,488,060)
<b>Net Cash flow from Operating Activities</b>		<b>686,986,941</b>	<b>575,621,029</b>
<b>Cash flow from Investing Activities</b>			
Acquisition of Assets	7	(677,813,872)	(1,637,544,388)
<b>Net Cash flows from Investing Activities</b>		<b>(677,813,872)</b>	<b>(1,637,544,388)</b>
<b>Cash flow from Borrowing Activities</b>			
Repayment of Principal Borrowing		-	-
<b>Net Cash flow from Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>9,173,069</b>	<b>(1,061,923,359)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>26,237,720</b>	<b>1,088,161,080</b>
<b>Cash and Cash Equivalents at End of the Year</b>		<b>35,410,789</b>	<b>26,237,720</b>

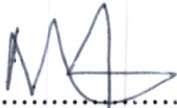
*County Government of Tana River*

*County Executive – Tana River*

*Annual Report and Financial Statements for the year ended June 30, 2023*

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 30/09/ 2023 and signed by:



.....  
Name: Mariam A. Bunu  
Chief Officer – Finance  
ICPAK M/N 20519



.....  
Name: Tolah Yonnah Berhe  
Ag.Head of Accounting Unit  
ICPAK M/N 4824

**TANA RIVER COUNTY EXECUTIVE**  
**Annual Report and Financial Statements**  
**For the year ended June 30 2023**

**11. Statement of Comparison of Budget & Actual Amounts (Recurrent and Development Combined) for the year ended 30<sup>th</sup> June 2023**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfers from the CRF	6,771,855,730	94,764,724	6,866,620,454	5,828,406,567	1,038,213,887	85%
<b>Total</b>	<b>6,771,855,730</b>	<b>94,764,724</b>	<b>6,866,620,454</b>	<b>5,828,406,567</b>	<b>1,038,213,887</b>	<b>20%</b>
<b>Payments</b>						
Compensation of employees	2,104,930,305	(311,105,032)	1,793,825,273	1,767,844,891	25,980,382	99%
Use of goods and services	1,567,300,901	268,010,257	1,835,311,158	1,424,131,990	411,179,169	78%
Transfers to other government units	705,160,982	85,046,019	790,207,001	671,988,308	118,218,693	85%
Other grants and transfers	154,500,000	-	154,500,000	154,500,000	-	100%
Social security benefits	156,985,801	11,565,643	168,551,444	165,620,990	2,930,454	98%
Acquisition of assets	1,270,235,703	41,247,837	1,311,483,540	677,813,872	633,669,668	52%
Other payments	812,742,038	-	812,742,038	748,451,949	64,290,089	92%
<b>Total</b>	<b>6,771,855,730</b>	<b>94,764,724</b>	<b>6,866,620,454</b>	<b>5,610,351,999</b>	<b>1,256,268,454</b>	<b>82%</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,054,568</b>	<b>-218,054,567</b>	

*[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization]*

*(a) The reason was as a result of delay in procurement process in executing the budget*

The changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23

The County Executive's financial statements were approved on 30/09/2023 and signed by:



.....  
**Name: Mariam A. Bunu**  
**Chief Officer – Finance**  
**ICPAK M/N 20519**

For: 

.....  
**Name: Tolah Yonnah Berhe**  
**Ag.Head of Accounting Unit**  
**ICPAK M/N 4824**

10A Statement of Comparison of Budget & Actual Amounts – Recurrent for the year ended 30<sup>th</sup> June 2023

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfers from the CRF	4,604,551,580	75,794,433	4,680,346,013	4,664,604,485	15,741,528	100%
<b>Total</b>	<b>4,604,551,580</b>	<b>75,794,433</b>	<b>4,680,346,013</b>	<b>4,664,604,485</b>	<b>15,741,528</b>	<b>100%</b>
<b>Payments</b>						
Compensation of employees	2,104,930,305	(311,105,032)	1,793,825,273	1,767,844,891	25,980,382	99%
Use of goods and services	1,329,674,472	268,010,257	1,597,684,729	1,424,131,990	173,552,740	89%
Transfers to other government units	388,553,230	66,075,728	454,628,958	408,106,679	46,522,279	90%
Other grants and transfers	154,500,000	-	154,500,000	154,500,000	-	100%
Social security benefits	156,985,801	11,565,643	168,551,444	165,620,990	2,930,454	98%
Acquisition of assets	89,985,703	41,247,837	131,233,540	123,437,392	7,796,148	94%
Other payments	379,922,069		379,922,069	444,126,702	(64,204,633)	117%
<b>Total</b>	<b>4,604,551,580</b>	<b>75,794,433</b>	<b>4,680,346,013</b>	<b>4,487,768,644</b>	<b>192,577,369</b>	<b>96%</b>
<b>Surplus/(deficit)</b>	-	-	-	<b>176,835,841</b>	<b>(176,835,841)</b>	

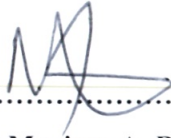
*[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization]*

*(a) The reason was as a result of delay in procurement process in executing the budget*

The changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23

*County Government of Tana River*  
*County Executive – Tana River*  
*Annual Report and Financial Statements for the year ended June 30, 2023*

The County Executive's financial statements were approved on 30/07/ 2023 and signed by



.....  
**Name: Mariam A. Bunu**  
**Chief Officer – Finance**  
**ICPAK M/N 20519**

For: 

.....  
**Name: Tolah Yonnah Berhe**  
**Ag.Head of Accounting Unit**  
**ICPAK M/N 4824**

10B Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30<sup>th</sup> June 2023

Receipt/expense item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>Receipts</b>						
Transfers from the CRF	2,167,304,150	18,970,291	2,186,274,441	1,163,802,082	1,022,472,359	53%
<b>Total</b>	<b>2,167,304,150</b>	<b>18,970,291</b>	<b>2,186,274,441</b>	<b>1,163,802,082</b>	<b>1,022,472,359</b>	<b>0%</b>
<b>Payments</b>						
Use of goods and services	237,626,429	-	237,626,429	-	237,626,429	0%
Transfers to other government units	316,607,752	18,970,291	335,578,043	263,881,629	71,696,414	79%
Acquisition of assets	1,180,250,000	-	1,180,250,000	554,376,480	625,873,520	47%
Other payments	432,819,969	-	432,819,969	304,325,247	128,494,722	70%
<b>Totals</b>	<b>2,167,304,150</b>	<b>18,970,291</b>	<b>2,186,274,441</b>	<b>1,122,583,356</b>	<b>1,063,691,085</b>	<b>51%</b>
<b>Surplus/(deficit)</b>	-	-	-	<b>41,218,726</b>	<b>(41,218,726)</b>	

[Provide below a commentary on: significant underutilization (below 90% of utilization) and any overutilization]

(a) The reason was as a result of delay in procurement process in executing the budget

The changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23  
 The County Executive's financial statements were approved on 30/09/2023 and signed by:

12. Budget Execution by Programmes and Sub-Programmes for the year ended 30<sup>th</sup> June 2023

Programme/Sub-Programme	Final Budget	Adjusted	Final	Actual on comparable basis	Budget utilization difference
	2023	2023	2023	2023	2023
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Administration, planning support services</b>					
Administration, planning support services	15,373,135	3,280,000	18,653,135	12,460,000	67%
Sub Total	15,373,135	3,280,000	18,653,135	12,460,000	67%
<b>Agricultural Development project</b>					
Agricultural Mechanization Services (AMS Garsen station)	78,264,500	-	78,264,500	76,450,000	98%
	91,169,666	-	91,169,666	91,058,000	100%
	1,600,000	-	1,600,000	-	0%
	92,386,194	5,080,000	97,466,194	95,800,000	98%
Agriculture Sector Development Support Project (ASDSP)	25,261,832	(8,592,977)	16,668,855	13,560,000	81%
Food and Agriculture Organization	1,245,700	-	1,245,700	-	0%
National Agriculture Value Chain	-	70,000,000	70,000,000	-	0%
Sub Total	289,927,892	66,487,023	356,414,915	276,868,000	78%
<b>Veterinary Development</b>					
Veterinary extension services	1,118,500	-	1,118,500	980,000	88%

County Government of Tana River  
County Executive – Tana River

Annual Report and Financial Statements for the year ended June 30, 2023

Artificial insemination (Pilot scheme)	685,000	-	685,000	-	0%
Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	2,468,872	(447,700)	2,021,172	1,890,000	94%
Conduct Disease Surveillance	6,594,600	200,000	6,794,600	6,385,000	94%
Leather Development Service	1,182,846	-	1,182,846	1,086,000	92%
Sub Total	382,000	247,700	629,700	-	0%
<b>Livestock Development</b>	12,431,818	-	12,431,818	10,341,000	83%
Livestock production extension services	2,396,595	-	2,396,595	1,870,060	78%
Sub Total	33,805,000	-	33,805,000	29,800,700	88%
<b>Fisheries Development</b>	36,201,595	-	36,201,595	31,670,760	87%
Fisheries development	34,727,370	19,563,268	54,290,638	38,760,000	71%
Sub Total	34,727,370	19,563,268	54,290,638	38,760,000	71%
<b>Agribusiness</b>					
Agribusiness	55,000,000	-	55,000,000	28,760,000	52%
Sub Total	55,000,000	-	55,000,000	28,760,000	52%
<b>Fisheries</b>					
Empowerment of Women and Youth on Fish Safety and Quality Assuran	1,520,000	(280,000)	1,240,000	-	0%
Construction of Ice Plant and Cold Storage	16,202,370	-	16,202,370	11,890,000	73%
Sub Total	17,722,370	(280,000)	17,442,370	11,890,000	68%
<b>Land Policy and Planning</b>					
Physical Planning	20,638,245	1,800,000	22,438,245	17,680,000	79%
Land Survey and Mapping	5,277,817	800,000	36,077,817	31,689,000	88%

County Government of Tana River  
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Land Administration	37,174,500	(600,000)	6,574,500	2,350,600	36%
Sub Total	63,090,562	2,000,000	65,090,562	51,719,600	79%
<b>Infrastructure Development programme</b>					
Roads	232,356	-	232,356	-	0%
Sub Total	232,356	-	232,356	-	0%
<b>Administration, Planning and Support Services</b>					
Administration, planning, Operation and Maintenance	34,451,763	(1,057,062)	33,394,701	32,690,000	98%
Monitoring and Evaluation	1,849,133	1,618,936	3,468,069	1,680,000	48%
Sub Total	36,300,896	561,874	36,862,770	34,370,000	93%
<b>Public Works</b>					
Maintenance	10,000,000	-	10,000,000	5,506,000	55%
Construction	10,000,000	-	10,000,000	5,978,900	60%
County Headquarters	168,652,000	(38,311,861)	130,340,139	121,789,000	93%
Governor's Residence	40,000,000	-	40,000,000	-	0%
Sub Total	228,652,000	(38,311,861)	190,340,139	133,273,900	70%
<b>County Roads Development</b>					
Routine Maintenance	74,878,330	(163,630)	74,714,700	65,480,000	88%
Opening of New Roads	98,877,733	542,167	99,419,900	45,388,000	46%
Grading and Murruming of County Roads	1,645,000	(111,800)	1,533,200	-	0%
Tarmacking of County Roads	135,000,000	-	135,000,000	-	0%
Sub Total	310,401,063	266,737	310,667,800	110,868,000	36%
<b>County Housing Development</b>					
Housing Development	7,482,780	5,625,950	13,108,730	-	0%
Urbanization	22,402,000	(1,142,700)	21,259,300	-	0%
Sub Total	29,884,780	4,483,250	34,368,030	-	0%

*County Government of Tana River*  
*County Executive – Tana River*  
*Annual Report and Financial Statements for the year ended June 30, 2023*

<b>Urban Development</b>					
Hola Municipality	36,450,000	3,339,915	39,789,915	2,230,000	6%
Sub Total	36,450,000	3,339,915	39,789,915	2,230,000	6%
<b>Promotion of Trade, Tourism and Cooperative Development</b>					
Promotion of Trade	88,799,849	1,000,000	89,799,849	74,780,000	83%
Promotion of Tourism	10,079,909	12,400,000	22,479,909	8,065,000	36%
Promotion of Cooperative Development	6,719,940	1,000,000	7,719,940	4,320,000	56%
Sub Total	105,599,698	14,400,000	119,999,698	87,165,000	73%
<b>Administration and Support Services</b>					
Administration, planning & support Services	1,007,950,719	16,085,813	1,024,036,532	978,650,000	96%
Health Policy, planning and financing	4,932,532	(686,640)	4,245,892	-	0%
Sub Total	1,012,883,251	15,399,173	1,028,282,424	978,650,000	95%
<b>Curative and Rehabilitative</b>					
Medical Supplies	142,650,000	2,800,000	145,450,000	135,030,580	93%
Medical Services	36,200,000	(3,390,000)	32,810,000	21,045,080	64%
Ambulance Services	8,700,000	-	8,700,000	6,200,700	71%
SP4 Curative Services	120,000,000	-	120,000,000	116,850,000	97%
Sub Total	307,550,000	(590,000)	306,960,000	279,126,360	91%
<b>Preventive and Promotive</b>					
Preventive and Promotive	16,400,000	(1,513,360)	14,886,640	-	0%
Licensing and Control of Undertaking	9,045,859	-	9,045,859	-	0%
Mobile Clinics	5,800,000	-	5,800,000	-	0%
Sub Total	31,245,859	(1,513,360)	29,732,499	-	0%

County Government of Tana River  
 County Executive – Tana River  
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<b>General Administration, Planning and Support services</b>					
General operation, Planning and support services	157,574,329	500,000	158,074,329	2,346,700	1%
Sub Total	157,574,329	500,000	158,074,329	2,346,700	1%
<b>Quality and Standard Assurance in EYE Center</b>					
ECDE Learning/Teaching Materials	2,265,000	85,000	2,350,000	-	0%
ECDE Furniture and Equipment Support	35,700,000	415,000	36,115,000	22,800,000	63%
Sub Total	37,965,000	500,000	38,465,000	22,800,000	59%
<b>Vocational Training Centers and Adult Education</b>					
Youth Polytechnic Publicity Campaigns	2,855,000	9,080,000	11,935,000	-	0%
Quality and Standards Assurance	23,000,000	-	23,000,000	-	0%
Provision of Modern Tools and Equipment	61,256,327	(5,600,000)	55,656,327	9,579,000	17%
Subsidized Youth Polytechnic Tuition Fund (SYPT)	15,000,000	-	15,000,000	-	0%
Sub Total	102,111,327	3,480,000	105,591,327	9,579,000	9%
<b>Administration, planning support services</b>					
Coordination and Supervisory Services	315,890,101	58,692,147	374,582,248	367,980,000	98%
Sub Total	315,890,101	58,692,147	374,582,248	367,980,000	98%
<b>ICT Infrastructure</b>					
Develop ICT infrastructure	15,000,000	-	15,000,000	2,263,055	15%

*County Government of Tana River  
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Sub Total	15,000,000	-	15,000,000	2,263,055	15%
<b>Administration, planning support services</b>					
Administration, planning support services	2,184,729,382	(268,847,810)	1,915,881,572	1,812,751,324	95%
Sub Total	2,184,729,382	(268,847,810)	1,915,881,572	1,812,751,324	95%
<b>Financial Management</b>					
Financial management	5,789,349	1,000,000	6,789,349	6,684,300	98%
Supply Chain Managements	20,700,000	10,789,000	31,489,000	29,479,400	94%
Own Source Revenue Collection	21,620,000	23,295,172	44,915,172	43,735,600	97%
Budget and Economic Planning	33,625,694	11,057,790	44,683,484	44,300,450	99%
Accounting & Finance	25,200,000	5,593,301	30,793,301	29,780,000	97%
Internal Audit	12,782,110	7,406,422	20,188,532	19,800,300	98%
Monitoring and Evaluation	17,980,523	(320,700)	17,659,823	16,890,680	96%
Sub Total	137,697,676	58,820,985	196,518,661	190,670,730	97%
<b>Board Administration, Planning and Governance</b>					
Board Operations & Governance	65,407,004	3,500,000	68,907,004	66,234,200	96%
Sub Total	65,407,004	3,500,000	68,907,004	66,234,200	96%
Ethics Governance and Compliance	1,906,960	1,000,000	2,906,960	1,987,200	68%
Human Resource Management & Development	4,262,316	1,000,000	5,262,316	4,320,800	82%
Skills and Competence Development	1,778,824	884,797	2,663,621		0%
Sub Total	7,948,100	2,884,797	10,832,897	6,308,000	58%
Performance Management	4,200,000	2,500,000	6,700,000	4,350,000	65%

*County Government of Tana River  
County Executive – Tana River  
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System									
Human Resource Development	202,629,351	22,900,000	225,529,351	211,890,300					94%
Sub Total	206,829,351	25,400,000	232,229,351	216,240,300					93%
County Administration	76,100,000	17,100,000	93,200,000	65,345,000					70%
County Enforcement	4,500,000	1,118,650	5,618,650	2,350,000					42%
Sub Total	80,600,000	18,218,650	98,818,650	67,695,000					69%
Citizen Participation	6,100,000	-	6,100,000	5,230,400					86%
Sub Total	6,100,000	-	6,100,000	5,230,400					86%
County Leadership & Coordination of CDAs	38,500,000	11,850,000	50,350,000	33,700,000					67%
County Government Advisory Service	64,878,000	4,350,000	69,228,000	64,500,600					93%
Coordination of Peace and Cohesion	32,500,000	10,378,500	42,878,500	38,200,300					89%
Sub Total	135,878,000	26,578,500	162,456,500	136,400,900					84%
<b>Administration, planning support services</b>									
Administration, planning support services	15,312,672	2,750,000	18,062,672	12,400,500					69%
Sub Total	15,312,672	2,750,000	18,062,672	12,400,500					69%
<b>Natural Disaster mitigation programme</b>									
Drought management (Preparedness, Response and Recovery)	1,500,000	-	1,500,000	650,000					43%

County Government of Tana River  
County Executive – Tana River

Annual Report and Financial Statements for the year ended June 30, 2023

Emergency Relief (food, medicine, blankets, cash grant)	133,325,095	-	133,325,095	132,165,375	99%
Sub Total	134,825,095	-	134,825,095	132,815,375	99%
Food Distribution and Rations	500,000	1,000,000	1,500,000	-	0%
Capacity Building to Response to Fire Outbreaks and Other Disaste	500,000	(500,000)	-	-	0%
Resettlement of Victims	1,000,000	-	1,000,000	-	0%
Sub Total	2,000,000	500,000	2,500,000	-	0%
Culture Promotion and Development	10,750,000	-	10,750,000	8,643,000	80%
Empowerment/Capacity Building of Cultural Practitioners	5,200,000	3,000,000	8,200,000	6,435,000	78%
Sub Total	15,950,000	3,000,000	18,950,000	15,078,000	80%
Baseline Survey for OVC	3,700,000	100,000	3,800,000	2,780,000	73%
Community Awareness Creation on Child Rights and Child Protecti	1,300,000	-	1,300,000	1,250,000	96%
Enhanced Child Participation	700,000	-	700,000	-	0%
Sub Total	5,700,000	100,000	5,800,000	4,030,000	69%
Women Empowerment	1,050,000	750,000	1,800,000	1,345,000	75%
Gender and Leadership	10,450,000	-	10,450,000	8,450,000	81%
Sub Total	11,500,000	750,000	12,250,000	9,795,000	80%
County Sports Leagues	5,193,447	(100,000)	5,093,447	3,457,000	68%
Sports Equipment Support	39,000,000	-	39,000,000	28,580,000	73%

**County Government of Tana River**  
**County Executive – Tana River**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Sub Total	44,193,447	(100,000)	44,093,447	32,037,000	73%
<b>General Administration, Support and Support Services</b>					
General Administration, Support and Support Services	54,726,515	12,000,000	66,726,515	63,780,000	96%
Sub Total	54,726,515	12,000,000	66,726,515	63,780,000	96%
<b>Environmental Management Programme</b>					
Environmental Protection	59,863,077	-	59,863,077	44,450,000	74%
Control of Air Pollution	2,795,484	-	2,795,484	1,890,000	68%
Solid Waste Management	11,098,615	-	11,098,615	8,765,000	79%
Sub Total	73,757,176	-	73,757,176	55,105,000	75%
Conduct Community Awareness on the Need to Rehabilitate Degraded	20,980,170	-	20,980,170	16,987,000	81%
Sub Total	20,980,170	-	20,980,170	16,987,000	81%
Water Management Services	362,708,476	1,000,000	363,708,476	255,867,296	65%
Sanitation	3,767,316	-	3,767,316	2,850,000	76%
Storm Water Management	3,010,744	-	3,010,744	2,259,000	75%
Sub Total	369,486,536	1,000,000	370,486,536	240,976,296	65%
Irrigation Management Services	1,970,640	-	1,970,640	1,350,000	69%
Sub Total	1,970,640	-	1,970,640	1,350,000	69%
<b>Grand Total</b>	<b>6,827,807,166</b>	<b>38,813,288</b>	<b>6,866,620,454</b>	<b>5,610,352,000</b>	<b>82%</b>

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic. Its totals should tie to the combined budget statement in number 12 above.)

**TANA RIVER COUNTY EXECUTIVE  
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**13. Significant Accounting Policies**

The key accounting policies adopted in the preparation of these financial statements are set out below:

**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 set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include Imprests and salary advances and b) payables that include deposits and retentions. The receivables and payables are disclosed in the Statement of Assets and Liabilities. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Executive all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

**b) Reporting entity**

The financial statements are for the Tana River County Executive. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

**c) Recognition of receipts and payments**

**i) Recognition of receipts**

The County Executive recognises all receipts from the various sources when the event occurs, and the related cash has been received by the Executive.

**ii) Transfers from the County Revenue Fund (CRF)**

Transfer from CRF is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and a notification received by the entity.

**Significant Accounting Policies (Continued)**

**iii) Proceeds from sale of assets**

Proceeds from the sale of assets are recognised in the statement of receipts and payments when the related monies from the sale are received by the entity

**d) Recognition of payments**

The County Executive recognises all expenses when the event occurs, and the related cash has been paid out.

**i) Compensation of employees**

Salaries and Wages, Allowances, and statutory contributions for employees are recognized in the period when the compensation is paid.

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. *The stock of debt is disclosed as an annexure to the County consolidated financial statements. (if applicable).*

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items

**Significant Accounting Policies (Continued)**

respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**e) In-kind contributions**

In-kind contributions are donations that are made to the County Executive in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Executive includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**f) Third Party Payments**

This relates to payments done directly to supplier on behalf of the county Executive such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county Executive is detailed in the notes to these financial statements.

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Significant Accounting Policies (Continued)

**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. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. *There were no other restrictions on cash during the year.*

**h) Imprests and Advances**

For the purposes of these financial statements, Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**i) Third Party Deposits and Retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfillment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

**j) Non-current assets**

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the County Executive's fixed asset register a summary of which is provided as a memorandum to these financial statements.

### Significant Accounting Policies (Continued)

#### **k) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the County Executive at the end of the year. Pending bills form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

#### **l) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships.

The County Executive does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Note xx and *Annex 7* of this financial statement is a register of the contingent liabilities in the year.

#### **m) Contingent Assets**

The County Executive does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Executive in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are

appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**n) Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 13<sup>th</sup> October 2022 for the period 1<sup>st</sup> July 2022 to 30 June 2023 as required by law. There was one supplementary budget passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**o) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**p) Subsequent events**

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

**q) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed *under note 17* explaining the nature and amounts.

**Significant Accounting Policies (Continued)**

**r) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

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**14. Notes to the Financial Statements**

**1. Transfer from the CRF**

	2022-2023	2021-2022
Description	Kshs	Kshs
Total exchequer releases for quarter 1	-	1,703,080,292
Total exchequer releases for quarter 2	1,345,210,702	1,094,319,872
Total exchequer releases for quarter 3	1,664,403,277	1,773,027,917
Total exchequer releases for quarter 4	2,818,792,588	2,436,725,424
<b>Total</b>	<b>5,828,406,567</b>	<b>7,007,153,505</b>

**2. Compensation of Employees**

	2022-2023	2021-2022
Description	Kshs	Kshs
Basic Salaries of Permanent Employees	851,543,471	732,681,236
Basic Wages of Temporary Employees	44,751,749	31,991,357
Personal Allowances Paid as Part of Salary	699,940,572	842,945,404
Personal Allowances Paid as Reimbursements	76,265,706	1,414,000
Personal Allowances Provided in Kind	-	-
Employer Contribution to Compulsory National Social Schemes	202,240	190,800
Employer Contribution to Compulsory National Health Insurance Schemes	-	-
Pension and other Social Security Contributions	95,141,152	74,557,557
Social Benefit Schemes Outside Government	-	-
Other Personnel Payments	-	-
<b>Total</b>	<b>1,767,844,891</b>	<b>1,683,780,354</b>

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Notes to the Financial Statements (Continued)

3. Use of Goods and Services

	Period ended June 2023	Comparative Period
	Kshs	KShs
Utilities, Supplies and Services	30,851,266	34,908,972
Communication, Supplies and Services	15,345,926	6,795,583
Domestic Travel and Subsistence	297,139,541	273,787,227
Foreign Travel and Subsistence	57,714,353	34,999,174
Printing, Advertising and Information Supplies & Services	27,404,969	30,005,545
Rentals of Produced Assets	23,936,745	56,368,676
Training Expenses	22,039,484	13,766,430
Hospitality Supplies and Services	182,086,611	203,248,705
Insurance Costs	158,626,132	-
Specialized Materials and Services	177,094,193	227,230,899
Office and General Supplies and Services	127,459,251	193,476,932
Fuel, Oil and Lubricants	72,349,563	54,926,472
Other Operating Expenses	197,682,691	426,374,607
Routine Maintenance – Vehicles and other Transport Equipment	33,065,944	65,107,652
Routine Maintenance – other Assets	1,335,320	89,211,165
<b>Total</b>	<b>1,424,131,990</b>	<b>1,710,208,039</b>

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

**4. Transfer to other Government entities**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Other Current Transfer and Grants – Health facilities		94,798,031
Other Current Transfer and Grants - User Fees Foregone	-	5,682,537
DANIDA - Universal Healthcare in Devolved Units Programme	25,393,152	3,618,955
IDEAS LED Project	49,017,637	10,000,000
National Agric. Value chain Development Project(NAVCDP	67,192,729	-
Kenya Climate Smart Agriculture Project (KCSAP)	87,386,194	248,384,432
Other Current Transfer and Grants - UDG	-	62,422,362
Kenya Urban Support Programme	2,339,915	-
Financing Locally –Led Climate Action (FFLOCA)	11,000,000	-
Climate Change Fund	50,000,000	-
Youth Polytechnic support grant VTC	20,656,327	51,779,189
Agriculture Sector Development Support Project (ASDSP II)	12,512,439	35,705,294
TR County Emergency Response Fund	132,165,375	132,165,375
TR County DRM Fund	132,324,540	132,165,375
Tana Water and Sanitation Company Ltd (TAWASCO)	-	20,000,000
Tana River County staff CAR & Mortgage	80,000,000	-
Transfer to the Council of Governors	2,000,000	-
<b>Total</b>	<b>671,988,308</b>	<b>796,721,549</b>

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*(Provide the nature and purpose of transfers and are these transfers to be recovered. The transfers under this note should be that done to self-reporting entities, explain significant change from prior period)*

**5. Other Grants and Transfers**

	2022-2023	2021-2022
Description	Kshs	Kshs
Scholarships and other educational benefits	154,500,000	154,500,000
<b>Total</b>	<b>154,500,000</b>	<b>154,500,000</b>

*Other grants and transfers relate to scholarships inform of bursary and the beneficiaries are the citizens of Tana River County.*

**6. Social Security Benefits**

	2022-2023	2021-2022
Description	Kshs	Kshs
Government Pension and Retirement Benefits	-	45,434,279
Employer Social Benefits	165,620,990	-
<b>Total</b>	<b>165,620,990</b>	<b>45,434,279</b>

*The benefits are remitted to various schemes including Laptrust and Lapfund and the beneficiaries are the staffs from Tana River county Government.*

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Notes to the Financial Statements (Continued)

7. Acquisition of Assets

<b>Non- financial assets</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of buildings	-	-
Construction of buildings	30,828,118	199,833,901
Refurbishment of buildings	-	147,742,915
Construction of roads	298,029,333	684,242,619
Construction and civil works	125,064,526	388,465,295
Overhaul and refurbishment of construction & civil works	-	-
Purchase of vehicles and other transport equipment	38,340,000	53,976,028
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	10,627,064	-
Purchase of office furniture and general equipment	47,457,328	22,733,024
Purchase of specialized plant, equipment and machinery	44,929,502	32,022,703
Rehabilitation and renovation of plant, machinery and equip.	-	-
Purchase of certified seeds, breeding stock and live animals	55,525,000	65,961,385
Research, studies, project preparation, design & supervision	27,013,000	42,566,518
Rehabilitation of civil works	-	-
Acquisition of strategic stocks and commodities	-	-
Acquisition of ICT Equipment's	-	-
Acquisition of land	-	-
Acquisition of intangible assets	-	-
<b>Total acquisition of non- financial assets</b>	<b>677,813,872</b>	<b>1,637,544,388</b>
<b>Financial Assets</b>		
Domestic public non-financial enterprises	-	-
Domestic public financial institutions	-	-
<b>Total acquisition of financial assets</b>	<b>-</b>	<b>-</b>
<b>Total acquisition of Assets</b>	<b>677,813,872</b>	<b>1,637,544,388</b>

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Notes to the Financial Statements (Continued)

**8. Other Payments**

	2022-2023	2021-2022
Description	Kshs	Kshs
Other payments	748,451,949	267,685,435
<b>Total</b>	<b>748,451,949</b>	<b>267,685,435</b>

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Notes to the Financial Statements (Continued)

9. Cash and Bank Balances

9A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep etc.	2022-2023	2021-2022
			Kshs	Kshs
Tana River County Development Account	1000170708	Development	776,124	703,161
Tana River County Recurrent	1000172735	Recurrent	10,268	142,167
Tana River County Road Maintenance Levy Fund	1000297751	RMLF	232,356	1,296,663
Tana River County Health Conditional Grant	1000268298	Health Conditional grant	3,736,222	18,706,509
Tana River County Primary Health care Support	1000564539	Primary health care	-	28,959
Tana River County Deposit	1000267496	Deposit	27,016,277	556,409
Tana River County KCSAP	1000365862	KCSAP	-	-
Tana River County ASDSP II	1000365846	ASDSPII	-	-
TanaRiver County Village polytechnic	1000368958	VTC	2,535,447	2,535,447
Tana River County Livestock support	1000386118	LIVESTOCK SUPPORT	1,104,095	1,104,095
Hola Municipality Institutional grant	1000424834	UIG	-	-
Hola Municipality Development grant	1000424982	UDG	-	-
<b>Total</b>			<b>35,410,789</b>	<b>25,073,410</b>

Note: Amount should be as per amount in the cash book and bank reconciliation statements prepared for each account held. These balances do not include bank balances for self-reporting entities and revenue collection accounts (these are in ROR reports) as at reporting date.

9B Cash in Hand

	2022-2023	2021-2022
	Kshs	Kshs
Cash in hand – Held in Domestic Currency	-	1,164,310
<b>Total</b>	<b>-</b>	<b>1,164,310</b>

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

Cash in hand should also be analysed as follows:

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Tana North sub-county revenue office	-	771,970
Tana River sub-county revenue office	-	300,870
Tana Delta sub-county revenue office	-	91,470
<b>Total</b>	<b>-</b>	<b>1,164,310</b>

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**10. ACCOUNTS RECEIVABLES**

**1. Outstanding Imprests and advances**

<i>Description</i>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	25,274,490	36,785,842
<b>Total</b>	<b>25,274,490</b>	<b>36,785,842</b>

[Include a breakdown of the outstanding receivables above or as an annex to the notes if the list is longer than 1 page.]

<i>Breakdown of Imprest and Salary Advance per Department</i>	<b>2022-2023</b>	<b>2021-2022</b>
<i>Imprest</i>	<b>Kshs</b>	<b>Kshs</b>
Office of the Governor	11,601,000	20,387,853
Gender, Culture & Social Services	1,687,600	773,669
Water, Environment & Natural Resources	-	142,400
Public Service Administration, Citizen Participation & ICT	1,600,000	160,000
Agriculture, Livestock, Fisheries & Veterinary	1,754,700	1,874,500
Trade & Tourism Development	1,287,300	3,503,900
County Public Service Board	-	39,600
Finance & Economic Planning	3,553,000	2,754,520
Education and Vocational Training	849,590	1,661,000
Roads & Public Works	2,549,300	1,569,500
Health and Sanitation	-	1,334,400
Cohesion & Special Programme	-	1,584,500
Land & Physical Planning	392,000	-
Hola Municipality	-	1,000,000
<b>Grand Total</b>	<b>25,274,490</b>	<b>36,785,842</b>

See Annex 5 for a detailed analysis of the outstanding Imprests

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Notes to the Financial Statements (Continued)

**11. Deposits and Retention**

	2022-2023		2021-2022	
	Kshs		Kshs	
Retention Monies	29,602,572		9,167,568	
<b>Total</b>	<b>29,602,572</b>		<b>9,167,568</b>	
Ageing analysis for	-		-	
<b>Ageing analysis: (deposits and retentions)</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>29,602,572</b>		<b>9,167,568</b>	

*[Provide short appropriate explanations as necessary. Amount under deposits and retentions should tie to cash held in deposit account)]*

**12. Fund Balance Brought Forward**

	2022-2023		2021-2022	
	Kshs		Kshs	
Bank Accounts	25,073,410		1,087,459,040	
Cash in Hand	1,164,310		702,040	
Outstanding Imprests and Advances	36,785,842		19,311,700	
Third party deposits and retention	(9,167,568)		(13,655,628)	
<b>Total</b>	<b>53,855,994</b>		<b>1,093,817,152</b>	

*[Provide short appropriate explanations, as necessary. The fund balances brought forward refers to the previous financial year's closing balances]*

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**13. Prior Year Adjustments**

A prior period adjustment really applies to the correction of an error in the financial statements of a prior period.

	Balance b/f FY 2021-2022 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2022-2023
Description of the error	Kshs	Kshs	Kshs
Bank Account Balances	(729,268,933)	25,073,410	(704,195,523)
Cash in Hand	0	1,164,310	1,164,310
Outstanding Imprests and Advances	0	36,785,842	36,785,842
Third party deposits and Retention	0	(9,167,568)	(9,167,568)
Others ( <i>Specify</i> )	(1,021,971,684)	(309,435,377)	(1,324,031,297)
<b>Total</b>	<b>(1,751,240,617)</b>	<b>(240,827,854)</b>	<b>(1,999,444,236)</b>

\* The figure that goes to the statement of assets and liabilities.

\*\* (The adjusted balances are not carried down on the face of the financial statement.

County Executive to provide disclosure on the adjusted amounts) (Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy. Provide explanations for the prior year adjustments made their nature and effect on the fund balance of the County Executive).

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Notes to the Financial Statements (Continued)

14. Increase/ (Decrease) in Outstanding Imprests and Advances

	2022-2023	2021-2022
Description	Kshs	Kshs
Imprest and Advances as at 1 <sup>st</sup> July (A)	36,785,842	19,311,700
Imprest and Advances as at 30 <sup>th</sup> June (B)	25,274,490	36,785,842
Increase)/ Decrease in Imprest and Advances (C=(B-A))	<b>(11,511,352)</b>	<b>17,474,142</b>

(Receivable as at 1<sup>st</sup> July for FY 2022 should be the same as receivable as at 30<sup>th</sup> June 2022 )

15. Increase/ (Decrease) in Deposits and Retention

	2022-2023	2021-2022
Description	Kshs	Kshs
Deposits and Retention s as at 1 <sup>st</sup> July (A)	9,167,568	13,655,628
Deposits and Retention as at 30 <sup>th</sup> June (B)	29,602,572	9,167,568
Increase/ (Decrease) in Deposits and Retentions C= B-A	<b>20,435,004</b>	<b>(4,488,060)</b>

(Payables as at 1<sup>st</sup> July for FY 2022 should be the same as Payable as at 30<sup>th</sup> June 2022)

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**16. Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 2)**

	Balance b/f 2021/2022	Additions for the year	Paid during the year	Balance c/f 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	458,986,958	26,225,186	115,610,486	369,601,658
Construction of Civil Works	791,144,818	141,711,985	67,398,248	865,458,556
Supply of Goods	1,138,311,729	349,618,632	219,932,580	1,267,997,782
Supply of Services	1,312,471,598	658,405,347	345,510,636	1,625,366,309
<b>Total</b>	<b>3,700,915,104</b>	<b>1,175,961,151</b>	<b>748,451,949</b>	<b>4,128,424,305</b>

**2. Other Pending Payables (See Annex 4)**

	Balance b/f 2021-2022	Additions for the year	Paid during the year	Balance c/f 2022-2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to Third Parties	-	251,312,278	(75,000,000)	176,312,278
<b>Total</b>	<b>-</b>	<b>251,312,278</b>	<b>(75,000,000)</b>	<b>176,312,278</b>

*(Provide explanations for the prior year adjustments made their nature and effect on the fund balance of the County)*

**Other Important Disclosures**

**3. Establishment of other County Government Entities**

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

Entity	Date Established/Date taken over	Location	Accounting Officer responsible
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Tana Water and Sewerage Company	2006	Hola	Managing Director, TAWASCO
Tana River County Bursary Fund Board	2014	Hola	County Chief Officer, Department of Education and Vocational Training
Tana River County Inuka Fund Board	2021	Hola	County Chief Officer, Department of Trade, Tourism and Industry
Tana River County Emergency Fund Committee	13.08.2021	Hola	CECM, Finance and Economic Planning
Tana River County Disaster Risk Management Committee	13.08.2021	Hola	County Chief Officer, Department of Cohesion and Special Programmes
Tana River County Staff Loan Management Committee	2018	Hola	CECM, Finance and Economic Planning

#### 4. Leasing of Medical Equipment

Amounts relating to leased medical equipment is included in the County Allocation Revenue Act and is budgeted for by the Counties. This amount is deducted at source and therefore not included in the exchequer. Since this is not a cash item, it is not included in the statement of receipts and payments. In the current financial year, amounts relating to leased medical equipment was **Kshs 110,638,298** and **Kshs 153,297,872** for the previous Financial year.

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5. Contingent Liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Entity	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Give details- Update ANNEX 8 Contingent liabilities register)

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**15. Progress On Follow Up On Prior Year 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)
1.0	Presentation, Accuracy and Disclosure of Financial Statements		Not Resolved	
2.0	Misclassification of Other Receipts		Not Resolved	
3.0	Variance in Personnel Allowances Paid as Part of Salary		Not Resolved	
4.0,4.1	Use of Goods and Service: Misclassification of Expenditure		Not Resolved	
4.2-4.8	Use of Goods and Service: Unsupported Expenditure		Not Resolved	
5.1	Variance in Transfer to Other Government Entities		Not Resolved	
5.2	Unsupported and Irregular Transfer to Vocational Training Centres		Not Resolved	
5.3	Unsupported for Transfer to Health Facilities		Not Resolved	
5.4	Irregular Transfer of Funds to Tana River County Government		Not Resolved	

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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)
	Standing Imprest Account			
6.1	Acquisition of Assets: Misclassification of Expenditure		Not Resolved	

**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) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your County Executive responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

*f. Mantor*

County Executive Committee Member -- Finance and Economic Planning

Date

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**16. Annexes**

**Annex 1 – Analysis of Transfers From the CRF**

<b>Period (2022/23)</b>	<b>Quarter 1 (Kshs)</b>	<b>Quarter 2 (Kshs)</b>	<b>Quarter 3 (Kshs)</b>	<b>Quarter 4 (Kshs)</b>	<b>Total (Kshs)</b>
Equitable Share	-	1,239,408,723	1,407,724,338	2,509,315,198	5,156,448,259
DANIDA - Universal Healthcare in Devolved Units Programme	-	3,300,000	-	22,063,152	25,363,152
IDEAS LED Project	-	7,327,000	22,127,370	19,563,267	49,017,637
National Agric. Value chain Development Project (NAVCDP)	-	-	-	67,192,729	67,192,729
Kenya Urban Support Programme	-	-	-	2,339,915	2,339,915
Financing Locally –Led Climate Action (FFLOCA)	-	-	-	61,000,000	61,000,000
Youth Polytechnic support grant VTC	-	15,000,000	-	5,656,327	20,656,327
Kenya Climate Smart Agriculture Project (KCSAP)	-	5,000,000	82,386,194	-	87,386,194
Agriculture Sector Development Support Project (ASDSP II)	2,500,000	6,512,439	-	3,500,000	12,512,439
TR County DRM Fund	-	66,162,540	-	66,162,000	132,324,540
TR County Emergency Response Fund	-	-	132,165,375	-	132,165,375
Tana River County staff CAR & Mortgage	-	-	20,000,000	60,000,000	80,000,000
Transfer to the Council of Governors	-	-	-	2,000,000	2,000,000

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<b>Period (2022/23)</b>	<b>Quarter 1 (Kshs)</b>	<b>Quarter 2 (Kshs)</b>	<b>Quarter 3 (Kshs)</b>	<b>Quarter 4 (Kshs)</b>	<b>Total (Kshs)</b>
<b>Total</b>	<b>2,500,000</b>	<b>1,342,710,702</b>	<b>1,664,403,277</b>	<b>2,818,792,588</b>	<b>5,828,406,567</b>

*Note: The above comprises transfers from the Exchequer based on CARA, comprising of equitable share, Level 5 and donor funds.  
Where there are changes in CARA amend as appropriate.*

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**Annex 2 – Analysis Of Pending Accounts Payable**

Supplier Of Goods Or Services	Date invoiced/contracted	Particulars	Original Amount		Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
					a	b	c	d=a+b-c	
<b>Construction Of Buildings</b>									
1.									
<b>Sub-Total</b>									
<b>Construction Of Civil Works</b>									
2.									
<b>Sub-Total</b>									
<b>Supply Of Goods</b>									
3.									
<b>Sub-Total</b>									
<b>Supply Of Services</b>									
4.									
<b>Sub-Total</b>									
<b>Grand Total</b>									
<p><i>Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments</i></p>									

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**Annex 3 – Analysis Of Pending Staff Payables**

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
			a	b	c=a-b		
<b>Senior Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**Annex 4 – Analysis Of Other Pending Payables**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Date Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 20xx</b>	<b>Outstanding Balance 20xx-1</b>	<b>Comments</b>
			<b>a</b>	<b>b</b>	<b>c=a-b</b>		
<b>Amounts Due To National Gov't Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts Due To County Gov't Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts Due To Third Parties</b>							
5.							
<b>Sub-Total</b>							
<b>Others (Specify)</b>							
6.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**Annex 5 –Analysis of Imprests and Advances**

*(a) Government Imprest*

<i>Tana River County Government</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
ISMAIL M'MASI LYAMBILLA	30-Nov-22	348,950	-	348,950
PATRICK ODEO EKISA	30-Nov-22	276,350	-	276,350
WILLIAM JILLO SOYE	7-Dec-22	434,000	-	434,000
DANIEL OMONDI ONG'ARE	13-Jan-23	89,600	-	89,600
SISO JOB ISRAEL	30-Nov-22	246,950	-	246,950
JOHN KUMWAKA KALOKI	27-Feb-23	244,650	-	244,650
PAUL MWAILINGO MWAMBURI	20-Feb-23	114,200	-	114,200
HEREMINE NASH MBATU	21-Jun-23	849,590	-	849,590
ARNOLD ODIPO ODUNDO	3-Nov-22	3,044,800	-	3,044,800
AMANDA HABUYA KORASU	12-Jan-23	508,200	-	508,200
ISSACK HAJIR ABDI	9-Nov-22	1,291,000	-	1,291,000
OSMAN GUYO HASSAN	7-Dec-22	396,600	-	396,600
JACOB KUYO MARO	9-Feb-23	392,000	-	392,000
EVANS KOKIRO MATINGOI	17-Nov-22	1,000,000	-	1,000,000
LULUTYA MAVUWE SOKOROTE	17-Nov-22	1,500,000	-	1,500,000
ANDREW TUMAINI WILSON	17-Nov-22	2,500,000	-	2,500,000
MOHAMED ABDI LUGUMBA	16-Nov-22	500,000	-	500,000
FREDRICK BAHOLA JOHN	17-Nov-22	2,500,000	-	2,500,000
MOSES KOFA MRENJE	28-Nov-22	500,000	-	500,000

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PHILEMON SANGO MAEWA	26-Jan-23	3,101,000	-	3,101,000
UBAH ALI MOHAMED	14-Dec-22	300,000	-	300,000
IMMACULATE MPUYU LUGWE	31-May-23	1,300,000	-	1,300,000
ERIC HESBON ONJOLE	22-Nov-22	378,600	-	378,600
MANZA MUTHEMBWA	8-Dec-22	916,300	-	916,300
STEPHEN NCHIMA DADDAH	8-Dec-22	1,254,400	-	1,254,400
ADAM DIBA KANATO	4-Nov-22	449,000	-	449,000
IBRAHIM HUSSEIN BAGAJA	16-Mar-23	225,400	-	225,400
ZAINAB NAIMA HASSAN	7-Mar-23	303,300	-	303,300
ULETA ATHMAN OMAR	7-Mar-23	309,600	-	309,600
<b>Total</b>		<b>25,274,490</b>	-	<b>25,274,490</b>

Annex 6 – Summary of Non-Current Asset Register

Asset Class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 20xx
Land					
Buildings And Structures					
Transport Equipment					
Office Equipment, Furniture And Fittings					
ICT Equipment					
Machinery And Equipment					
Heritage And Cultural Assets					
Biological Assets					
Intangible Assets					
Infrastructure Assets- Roads, Rails					
Work In Progress					
<b>Total</b>					


*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Executive. Additions during the year should tie to **note 9** on acquisition of assets during the year. Ensure a complete fixed asset register is separately prepared in line with guidelines from The National Treasury.*

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**Annex 7 – Inter-Entity Transfers**

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative amount transferred. KShs	Amount Confirmed as received. KShs	difference	explanation
1.	Tana Water and Sewerage Company	-	-	-	-	-	-	-	
2.	Bursary Fund	-	77,250,000		77,250,000	154,500,000	154,500,000	-	
3.	Inuka Fund	-	-	-	-	-	-	-	
4.	Emergency Fund	-	-	132,165,375	-	132,165,375	132,165,375	-	
5.	Disaster Risk Management Fund	-	66,162,540	-	66,162,000	132,324,540	132,324,540	-	
6.	Climate Change Fund	-	-	-	50,000,000	50,000,000	50,000,000	-	
7.	<b>Total</b>		<b>143,412,540</b>	<b>132,165,375</b>	<b>193,412,000</b>	<b>468,989,915</b>	<b>468,989,915</b>		

  
 .....  
**Director of Finance**  
**County Executive**

For:   
 .....  
**Director of Finance**  
**Fund/project/board/water company/hospital**

(NB: This appendix must be agreed and signed by the issuing and receiving party)

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**Annex 8 – Contingent Liabilities Register**

	<b>Nature of contingent liability</b>	<b>Payable to</b>	<b>Currency</b>	<b>Estimated Amount Kshs</b>	<b>Expected date of payment</b>	<b>Remarks</b>
1	Court case against the County		Kshs.			

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**Annex: 9 Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Asako Minor Irrigation Scheme	A solar minor irrigation scheme	Use of solar power for irrigation	Establish a solar powered water abstraction system					World Bank	KCSAP

**Annex 10 Reporting on Disaster Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments



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Faint, illegible text or markings.

Faint, illegible text or markings.

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