

REPUBLIC OF KENYA



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REPORT

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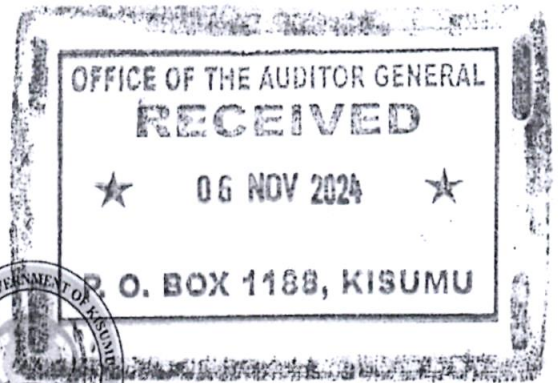
ON

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF KISUMU

PAPERS LAID	
DATE	13/2/2025
TABLED BY	Majority whip
COMMITTEE	
CLERK AT THE TABLE	Mbayo



COUNTY REVENUE FUND

(County Government of Kisumu)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2024

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

County Government of Kisumu
County Revenue Fund
For the Financial year ended 30th June, 2024

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I. Acronyms and Glossary of Terms

a) Acronyms

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

2. Key Entity Information and Management

a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

b) Key Management

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

No.	Designation	Name
1.	CECM Finance, Economic planning and ICT services	George Omondi Okong'o
2.	Chief Officer Finance, Economic planning and ICT services	Paul Njenga Waweru
3.	Director Finance	Martin Opiyo Okode

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance, Economic planning and ICT services	George Omondi Okong'o
2.	Accounting Officer in charge of Finance	Paul Njenga Waweru
3.	Director Finance	Martin Opiyo Okode

d) Fiduciary Oversight Arrangements

i. Audit and Finance committee activities

The Internal Audit Department of the County Government of Kisumu ensures that the internal controls exist and are adhered to. The Internal Audit reports directly to the County Audit Committee. The committee is comprised of the following members: -

No.	Name	Position	Qualifications
1.	Prof. Joshua Wanjare	Chairman	PhD. Strategic Management and Accounting, CPA(K)
2.	Mr. Jacob Tom Ojwando	Member	MBA Finance, CPA (K)
3.	Mr. Philip Achieng Owang	Member	MBA Finance Certified Fraud Examiner
6.	Godfrey Dienya	Committee Secretary	BCOM, CPA (K), CPS(K)

ii. Senate Committee Activities

Senate PAC
 Senate PIC

iii. County Assembly

Assembly, Pursuant to the Constitution of Kenya, 2010 and the County Government Act, 2012, has fiduciary oversight role over the execution of the functions of the County Government; under Article 8(1) c) of the County Government Act, 2012, it approves the budget and expenditure of the county government in accordance with article 207 of the Constitution of Kenya; it approves the borrowings of the County Government in accordance with article 212 of the Constitution of Kenya, 2010.

County Government of Kisumu
County Revenue Fund
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iv. Development partner oversight activities

The county has also created the following statutory committees/boards/corporations/funds

- i. Kisumu County Revenue Board
- ii. Kisumu Lakefront Development Ltd
- iii. City of Kisumu
- iv. Kisumu County Emergency Fund
- v. Kisumu County Education Fund
- vi. Kisumu County Facility Improvement Fund
- vii. Kisumu County Executive Car Loan and Mortgage Fund

In addition, the County established the County Public Service Board in line with the County Government Act of 2012 with the following members: -

No.	Name	Position
i.	Mr. Charles Babu Karan	Chairman
ii.	Mrs. Jacinta Mary A. Kapiyo	Vice-Chairlady
iii.	Mrs. Jane Akinyi Oyare	Member
iv.	Mr. Nashon Otieno Aluoka	Member
v.	Mr, Stephen Otieno Orot	Member
vi.	Mr. Edward Joash Kochung'	Member
vii.	Mr. Collins O. Agutu	Secretary

v. Controller of Budget

vi. Office of the Auditor General

e) County Headquarters

County Government of Kisumu
P.O. Box 2738 – 40100,
KISUMU, Awuor Otiende Road

f) County Contacts

Email: treasury@kisumu.go.ke
Website: www.kisumu.go.ke
Prosperity House 2nd floor

g) County Bankers

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

Family Bank
P.O.BOX 74145-00200
Nairobi , Kenya

County Government of Kisumu
County Revenue Fund
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Kenya Commercial Bank
P.O.BOX 17-40100
Kisumu Kenya

Diamond Trust Bank
P.O.Box 1070-40100
Kisumu, Kenya

Cooperative Bank of Kenya
P.O.BOX 1511-40100
Kisumu
National Bank of Kenya
P.O.BOX 72866-00200
Nairobi

h) Independent Auditors

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

i) Principal Legal Adviser

Attorney General
The County Attorney
P.O.BOX 40112
Nairobi , Kenya

3. Statement by the CECM Finance, Economic Planning and ICT services

This report presents the annual revenue collection for Kisumu County for the financial yearended 30th June 2024. In compliance with the PFM Act 2012 sec 109, the County ensured that all monies raised or received on behalf of the County Government of Kisumu was paid into the County Revenue Fund except for (Facility Improvement Fund) FIF, and that all money authorized to be paid by the County Government or its entities for public purpose was paid from the account through written approval by the Office of the Controller of Budget.

The total resource envelope for the financial year 2023/2024 stood at Kshs.13, 697,865,204 with the actual exchequer disbursed being Kshs.8, 418,612,884. Further, included in the budget was an own source revenue of Kshs.1, 642,844,694 net of FIF against an actual collection of Kshs.807, 073,708. During the financial year, September 2023 marked the month with the lowest collected revenue whilst March 2024 marked the month with the highest collected revenue.

In ensuring efficient service delivery, the County Transfers from the County Revenue Fund an amount totalling to Kshs.9, 420,309,600 an amount which included balance brought forward from the preceding year. A total of Kshs.8, 584,243,710 was transferred to the county Executive while Kshs.836, 065,890 was transferred to the county Assembly as at 30th June 2024.

4. Management Discussion and Analysis

Receipts

In the last five years the County Revenue fund has had varied performance in terms of expectations and realization of receipts as described below;

Financial Years	Budgeted (Ksh)	Actual (Ksh)	Variation (ksh)	Realization %
19/20	11,499,036,874	8,733,502,114	2,765,534,761	76%
20/21	11,968,434,257	10,176,279,174	1,792,155,083	85%
21/22	12,177,852,473	8,947,393,994	1,437,319,553	73%
22/23	12,045,283,582	9,691,906,112	2,353,377,470	80%
23/24	13,613,134,489	9,480,820,017	4,132,314,472	70%

The estimated receipts have gradually increased from Ksh 11 billion to Ksh 13.6 billion over the past five years while actuals have fluctuated between Ksh. 8 billion and Ksh 10 billion as tabulated above. The best performance was in FY 2020/2021 when the actual revenue realized was 85% of estimated receipts. This good performance was attributed to receipts of previous year (exchequer) released during the year. The worst performance was in FY 21/22 with 73% of revenue realised. This was attributed to partial receipt of exchequers from the National treasury and under collection of OSR due to the following factors:

- i. Hard Economic situations led to closure of some businesses which were contributors to main revenue streams
- ii. Restructuring of the city plan that saw businesses relocating from the then centralized revenue mappings within central business district.

To address the above-mentioned derailing factors, the following measures have been put in place: Introduction of the KCRB which has been tasked with maximization of revenue collection, Procurement of a new revenue collection management systems and alignment of human Resource structures for better revenue enhancement.

County Government of Kisumu
 County Revenue Fund
 For the Financial year ended 30th June, 2024

Lastly, for the financial year 2023/2024, it is considered as the most improved financial year. Were it not for the un disbursed month 12 equitable share (Ksh. 668, 943, 822) which affected all the 47 counties. The county would have realized 77% at Ksh. 10,149,763,839 as at 30th June 2024.

Payments

Absorption of Funds by the Executive in the last five years

	Budgeted estimates	Actual transfer to County Executive	Variance	% realization
FY 19/20	11,499,036,874	8,204,175,984	3,294,860,890	71%
FY 20/21	11,968,434,257	7,585,461,416	4,382,972,841	63%
FY21/22	11,248,535,017	8,404,407,350	2,844,127,667	75%
FY 22/23	11,111,397,362	8,533,526,659	2,577,870,703	77%
FY 23/24	13,613,134,489	8,584,243,710	5,028,890,779	63%

The amount of transfers made from the CRF relies on receipts from Exchequer, own source revenue and transfers from government agencies. Shortfalls have a negative impact on utilization of funds. This has been the case for all the financial years under review. The highest utilization of funds was in FY 18/19 (81%). This was due to timely receipt of equitable share revenue and transfer from government agencies. The lowest absorption rate was during the FY20/21(63%) and FY23/24. This was due to unrealized budgetary receipts from domestic and foreign grants that had a shortfall of Kshs 1.4 billion and non-receipt of equitable share for 12th month as was explained in receipts section. Shortfall of own source revenue has been a common occurrence in all the financial years due to a number of reasons including non-implementation of some sections of the finance bill due to litigations among other factors. As a way of dealing with these bottlenecks, the County have developed and implemented a robust revenue enhancement plan by rolling out integrated cashless revenue collection system with very impressive results being witnessed March 2024.

Transfers to County Assembly

Transfers to the County Assembly during the period under review were Kshs. 836,065,890 which is composed of recurrent and development at Ksh 835,330, 890 and Ksh 735,000 respectively. The variance against the anticipated disbursement was occasioned by delay in disbursement on the last equitable share, unrealized OSR collections and erroneous opening balance

In conclusion, the County commits to improve on meeting its budgetary targets to realize its objectives by enhancing own source revenue and drawing realistic budgets. The National Treasury on the other hand should support the County by releasing funds in a timely manner for proper cash flow management.



GEORGE OMONDI OKONG'O
COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE, ECONOMIC PLANNING AND ICT SERVICES

5. Overview of the County Revenue Fund Operations

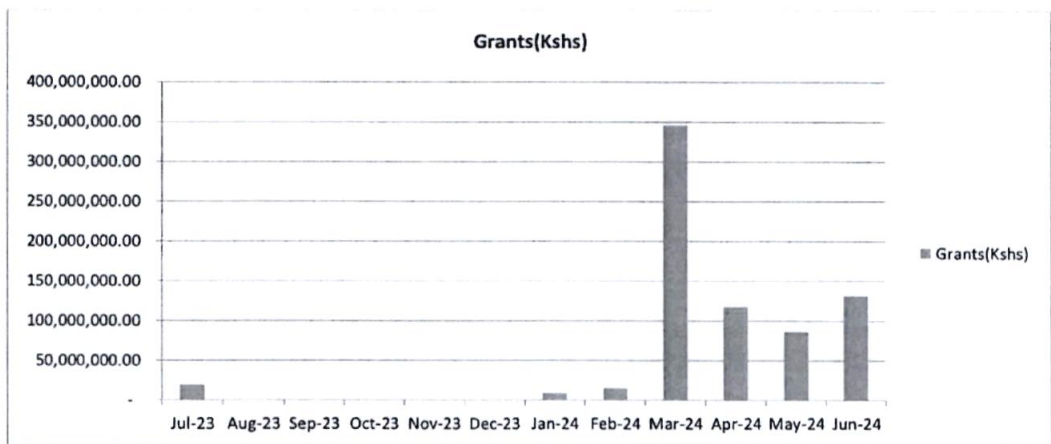
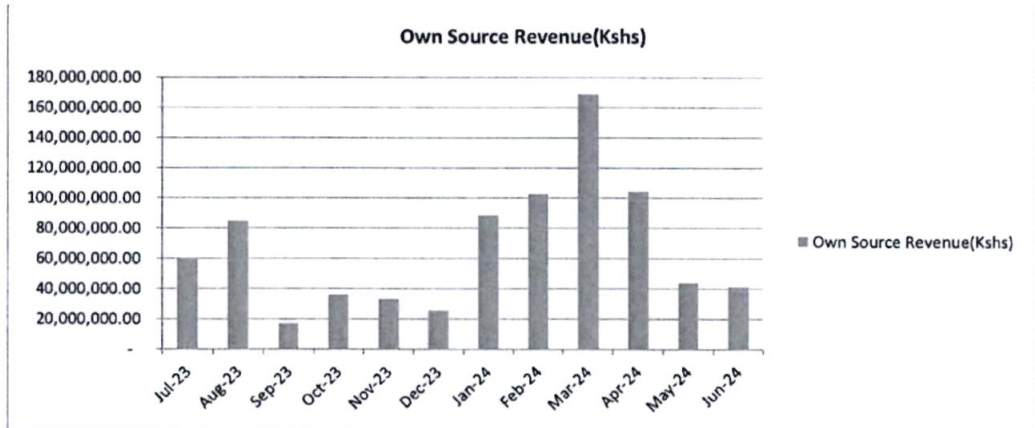
Background

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

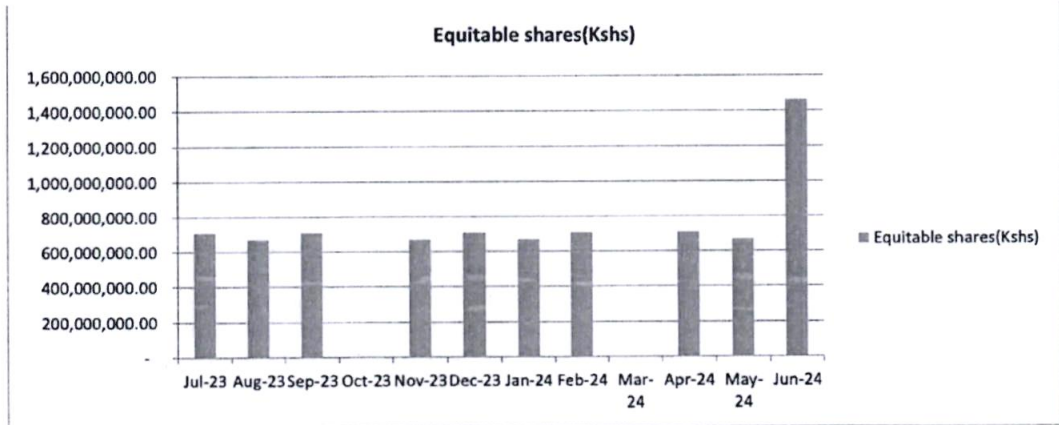
Receipts into the County Revenue Fund

County Government of Kisumu revenues are wholly received through the appointed County ROR stationed and immediately supervised by the Kisumu County Revenue Board. The board reports to the office of County Executive Committee Member for finance in line with Section 157 (1) of the PFM Act 2012. Other receipt includes Exchequer equitable share, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

Graphs below provide monthly performance analysis for the financial year under consideration with most of the receipts picking between March and April after the end of first half of the year.



County Government of Kisumu
 County Revenue Fund
 For the Financial year ended 30th June, 2024

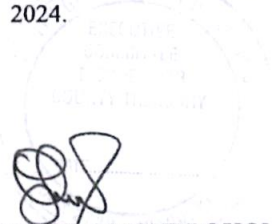


Transfers from the County Revenue Fund

The County Appropriation Act authorizes the withdrawal of funds from the County Revenue Fund. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund Account to the County Executive, County Assembly and SPA bank accounts. These entities are responsible for the administration of their respective approved budgets, which are expected to be fully accounted for at the end of each financial year

Financial Reporting

This statement covers the operations of the County Exchequer Account for the period ended 30th June, 2024.



GEORGE OMONDI OKONG'O
COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE, ECONOMIC PLANNING AND ICT SERVICES

6. Statement of Management Responsibility

Section 168 of the PFM Act requires the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation, to prepare quarterly financial statements for the fund in a form prescribed by the Accounting Standards Board and submit the quarterly report to the County Treasury and a copy to the Controller of Budget.

The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the period ended 30th June, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the period ended 30th June, 2024, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 30th June, 2024.



PAUL NJENGA
CHIEF OFFICER FINANCE, ECONOMIC PLANNING AND ICT SERVICES

REPUBLIC OF KENYA



Enhancing Accountability

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

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

PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Kisumu set out on pages 1 to 10, which comprise of the statement of receipts and payments and the statement of comparison of budget and actual amounts for the year ended 30 June, 2024 and a summary of significant accounting policies and

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

In my opinion, 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 performance and cash flows of County Revenue Fund - County Government of Kisumu for the year ended 30 June, 2024, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Statement of Receipts and Payments

The statement of receipts and payments for the year ended 30 June 2024 reflects opening fund balance of Kshs.234,335,252. However, audited financial statements for the year ended 30 June, 2023 reflects closing fund balances of Kshs.2,021,612,102 resulting in an unexplained variance of Kshs.1,787,276,850.

In the circumstances, the accuracy and fair statement of opening fund balance of Kshs.234,335,252 could not be confirmed.

2. Unauthorized and Unsupported Transfer of Funds to the County Executive

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.8,584,234,710 in respect of Transfers to County Executive. Included in the amount are transfers from CRF amounting to Kshs.535,948,018 representing Recurrent and Development withdrawals as at 30 June, 2024. However, there was no documentary evidence provided to support authorization and/or rejection requisitions from the County Government by the Controller of Budget (CoB). This was contrary to Part II of the Controller of Budget Regulations, 2021 which states that money shall not be withdrawn from a County Revenue Fund and its components unless the Controller of Budget has approved the withdrawal. Further, the transfers to County Executive include development and recurrent withdrawals of Kshs.493,012,062 in respect of projects. However, the amount includes Kshs.146,693,767 whose supporting bank statements were not provided for audit.

In the circumstances, the accuracy and occurrence of transfers of funds amounting to Kshs.146,693,767 could not be confirmed while Management was in breach of the law.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.13,697,865,204 and Kshs.9,473,428,860 respectively, resulting in an under-funding of Kshs.4,224,436,344 or 31% of the budget.

The underfunding affected the implementation of planned activities which may have negatively impacted on delivery of services to the residents of Kisumu County.

My opinion is not modified in respect of these matters.

2. Late Exchequer Releases

The statement of receipts and payments and as disclosed in Note 1 to the financial statements reflects exchequer receipts of Kshs.8,418,612,884. The amount includes exchequer releases of Kshs.1,594,872,768 received in County Revenue Fund Account in the month of June, 2024.

Delays in disbursement of exchequer releases affected planned activities and may have negatively impacted on delivery of services to the residents of Kisumu County.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unspent Cash Balance

The statement of receipts and payments reflects closing fund balance of Kshs.60,510,420 which relates to the County Revenue Fund unspent cash balance as at 30 June, 2024. However, the County Executive and County Assembly had reported budget deficits of Kshs.3,849,401,058 and Kshs.304,246,020 respectively. This was contrary to Section 149(1)(b) of the Public Finance Management Act, 2012 which states that an Accounting Officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is effective, efficient, economical and transparent.

In the circumstances, the unspent cash balance was not prudent use of funds while Management was in breach of the law.

Other Information

The Management is responsible for the Other Information set out on page i to ix which comprise of Key Entity Information and Management, Statement by the CECM for

Finance, Economic Planning and ICT Services, Management Discussion and Analysis, Overview of the County Revenue Fund Operations and the Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Revenue Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Transfers of Development Vote into Recurrent Bank Account

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects transfers to the County Executive of Kshs.8,584,243,710. Review of documents provided to support the payments revealed that Treasury Orders Ref. COB/KSM/001/89/10 and Ref. COB/KSM/001/89/11 of Kshs.11,227,143 and Kshs.26,355,169 respectively were issued in respect of Development Account. However, review of bank statements revealed that the withdrawals from County Revenue Fund (CRF) were irregularly paid into the Recurrent Operations Accounts. No explanation was provided for the diversion of the withdrawals which was contrary to Section 43(1)(b) of the Public Finance Management Act, 2012 which provides that accounting officers may not reallocate funds which are appropriated for capital expenditure except to defray other capital expenditure.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

7. Statement of Receipts and Payments Statement for the period ended 30th June,2024

		Period ended 30th June,2024	Period ended 30 th June,2023
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	8,418,612,884	8,989,400,165
Own Source Revenue	2	807,073,708	695,113,273
Return CRF	3	1,517	7,392,674
Total Receipts		9,225,688,109	9,691,906,112
Payments			
Transfers to County Executive	4	8,584,243,710	8,533,526,659
Transfers to County Assembly	5	836,065,890	869,794,309
Total Payments		9,420,309,600	9,403,320,968
Net increase (decrease) in cash for the period		-194,621,491	288,585,144
Add: Opening fund balance b/f	6	247,740,752	1,733,026,958
Closing Fund balance for the period		60,510,420	2,021,612,102

Note:

- i. Danida transfer of Ksh. 13,405,500 was excluded both as a receipt and withdrawal from CRF since it was meant for FY 22/23 while 11, 000 000 meant for climate change was retained and treated as current FY disbarment. The cut off period was 28th July 2023

County Government of Kisumu County Revenue Fund
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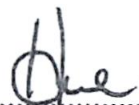
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The quarterly financial statements were approved on 15th July, 2024 and signed by:



.....
Name: Paul Njenga

Chief Officer - Finance and Economic planning

Date: 15th July, 2024



.....
Name: CPA. Martin Opiyo

Director Finance

ICPAK Member No.15141

Date 15th July, 2024

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8. Statement of Comparison of Budget Actual Amounts for the period ended 30th June,2024

Receipt/Payments	Original Budget	Adjustments during the period	Final Budget for the period	Actual on Comparable Basis	% of Realisation
	a	B	c=a+b	d	e=d/c %
Receipts	Kshs.	Kshs.	Kshs.	Kshs.	
Opening fund balance	1,450,625,819	-	1,450,625,819	247,740,752	17%
Exchequer releases	8,361,797,770	-	8,361,797,770	7,692,853,946	92%
Transfers from other government agencies	1,517,866,206	84,730,715	1,602,596,921	725,758,937	45%
Own Source Revenue	2,282,844,694		2,282,844,694	807,073,708	35%
Returned CRF				1,517	
Total Receipts	13,613,134,489	84,730,715	13,697,865,204	9,473,428,860	69%
Payments					
Transfers to County Executive	12,478,601,119	78,952,175	12,557,553,294	8,584,243,710	68%
Transfers to County Assembly	1,134,533,370	5,778,540	1,140,311,910	836,065,890	73%
Total Payments	13,613,134,489	84,730,715	13,697,865,204	9,420,309,600	69%
Balance					

*Note: Opening balance of Ksh. 1,450,625,819 was erroneously considered before consideration of cut-off period (28th July 2024) which was prompted by delay of exchequer disbursement hence failed to capture un-presented transactions hence 17%
 Month 12 equitable share was not received as at the end of the financial year 2023/2024 hence 85%*

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The OSR of Kshs. 807,073,708 excludes FIF (Kshs. 603,376,939) and revenues yet to be swept from the various revenue collection accounts held at various commercial banks as at 30/06/2024.

Other revenues to be considered are Liquor licence fees of Ksh. 20,689,028

Budget projection missed out on the anticipated grants and donation most of which were realized in year hence the greater variations

Both payments to executive and assembly were below expectations due to low collection on OSR and un-reconciled opening balances

9. Significant Accounting Policies

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

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

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

d) Payments

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

Significant Accounting Policies (Continued)

e) Fund Balances

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

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10. Notes to the Financial Statements

1. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

	Period ended 30 th June, 2024	Period ended 30 th June, 2023
	Kshs.	Kshs.
Equitable Share (a)	7,692,853,946	8,668,230,,382
World Bank Kenya Climate Smart Agriculture (KCSAP) – State Department of Crop Development		70,007,432
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	12,474,000	21,991,500
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	1,036,771	4,830,936
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	300,000,000	200,000,000
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of	184,335,666	22,000,000
IDA (World Bank Credit to Finance Agricultural Value Chain Development Project(NAVCDP)	195,112,951	
IDA (World Bank) Kusp (UDG)		2,339,915
Change Maker	15,051,795	
PrACTICe	17,747,754	
Total (d=a+b+c)	8,418,612,884	8,989,400,165

2. Own Source Revenue

Description	Period ended 30 th June, 2024	Period ended 30 th June, 2023
	Kshs.	Kshs.
Land Rates	121,137,791	149,897,898
Rents	20,447,477	20,039,683
Trade license fees	191,666,761	164,156,629
Bus Park Fees	49,650,965	31,843,246
Parking Fees	34,932,941	99,445,054

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Reserved slot	5,416,400	
Monthly Stickers	8,491,227	
Clamping Fees	59,730	
Market Fees	58,743,935	51,638,574
Stock Ring	1,926,953	
CESS	51,280,480	14,036,005
Building Dev. Plans	29,074,445	
Sign Board promotion etc	170,957,831	148,608,083
Livestock Movement Permit	7,110	
Sundry revenue	149,585	10,637,259
Agriculture, Fisheries, Livestock Development and Irrigation	4,690,648	
Trade, Tourism, Industry and Marketing	1,831,930	
Water, Environment, Natural Resources and Climate Change	7,583,106	
Lands, Physical Planning, Housing and Urban Development	23,992,543	
Education, Technical Training, Innovation and Social Services	175,005	
Sports, Culture, Gender and Youth Affairs	1,190,450	
Public Service, County Administration and Participatory Development, Office of the Governor	15,055,293	
Public health service fees	8,611,102	4,810,842
TOTAL	807,073,708	695,113,273

3. Return to CRF Issues

	Period ended June 2024	Comparative period June 2023
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	395	18,956
Development Account (<i>County Executive</i>)	1,109	1,595,178
Recurrent Account (<i>County Assembly</i>)	13	3,679,492
Development Account (<i>County Assembly</i>)		2,099,048
Total	1,517	7,392,674

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Note: were returned to CRF as a result of the closure of financial year 2023/ 2024)

4. Transfers to County Executive

	Period ended 30th June,2024	Period ended 30 th June, 2023
	Kshs.	Kshs.
Recurrent Account	6,901,505,911	6,800,282,361
Development Account	1,682,737,799	1,733,244,298
Special purpose Accounts		
Total	8,584,243,710	8,533,526,659

5. Transfers to County Assembly

	Period ended 30th June,2024	Period ended 31 st June, 2023
	Kshs.	Kshs.
Recurrent Account	835,330,890	741,474,220
Development Account	735,000	128,320,089
Special purpose accounts		
Others (<i>Specify</i>)		
Total	836,065,890	869,794,309

6. Fund balance

	Period ended 30th June,2024	Period ended 31 st June, 2023
	Kshs.	Kshs.
County Exchequer Account /CRF Account- (<i>CBK Account number A/C No.1000171488</i>)	898,614,332	2,021,612,102
Less un-presented cleared in July 2023	(838,103,912)	(1,773,871,350)
Total	60,510,420	247,740,752

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11. Annexes

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

Period (2023/2024)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Cumulative current year (Kshs.)	Period ended 30 th June, 2023
A. Transfers from the National Exchequer						
Equitable Share	2,090,449,442	1,379,696,632	1,379,696,631	2,843,011,241	7,692,853,946	8,668,230,382
Total (As per Note 1)	2,090,449,442	1,379,696,632	1,379,696,631	2,843,011,241	7,692,853,946	8,668,230,382
B) Transfers from Other Government Agencies						
DANIDA - Universal Healthcare in Devolved Units Programme				12,474,000	12,474,000	21,991,500
PrACTICE	8,451,078	0	9,296,677		17,747,755	
Agriculture Sector Development Support Project (ASDSP)		500,000	536,771		1,036,771	4,830,936
Kenya Climate Smart Agriculture Project (KCSAP)						70,007,432
World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development			150,000,000	150,000,000	300,000,000	200,000,000
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of	11,000,000			173,335,666	184,335,666	22,000,000
IDA (World Bank Credit to Finance Agricultural Value Chain Development Project(NAVCDP)			195,112,951		195,112,951	
IDA (World Bank) Kusp (UDG)						2,339,915

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Period (2023/2024)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Cumulative current year (Kshs.)	Period ended 30 th June, 2023
Change maker			15,051,796		15,051,796	
Total (As per note 2)	32,856,578	500,000	369,998,195	335,809,666	725,758,937	321,169,783
Grand Total (A+B)	2,123,306,020	1,380,196,632	1,749,694,826	3,178,820,907	8,418,612,884	8,989,400,165

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Annex 2: Analysis of Transfers from the County Revenue Fund

Period (2024/2024)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	2,023,278,445	1,488,219,705.00	1,731,613,373	1,658,394,388	6,901,505,911
County Executive -Dev	969,768,643	237,125,628.00	115,856,060	359,987,468	1,682,737,799
County Assembly -Rec	198,667,713	162,777,095.00	186,336,193	287,549,889	835,330,890
County Assembly -Dev	-	735,000.00	-	-	735,000
Total	3,191,714,801	1,888,857,428	2,033,805,626	2,305,931,745	9,420,309,600