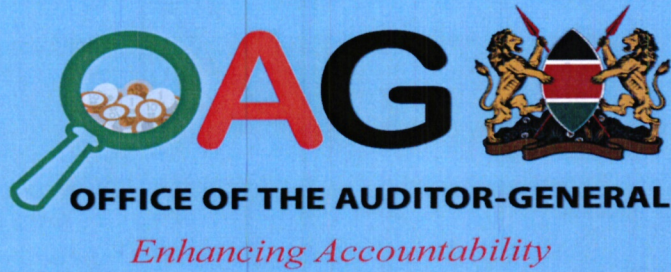


REPUBLIC OF KENYA



**REPORT**

PAPERS LAID	
DATE	25/5/2023
TABLED BY	Maj. Leade
COMMITTEE	-
CLERK AT THE TABLE	Charia

**OF**



**THE AUDITOR-GENERAL**

**ON**

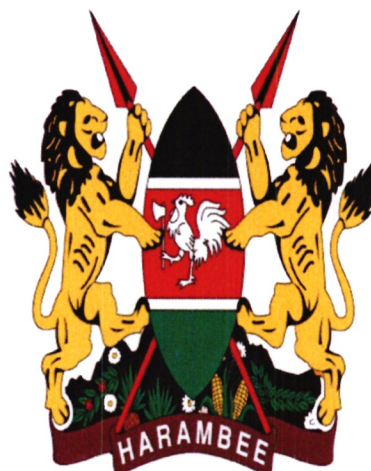
**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT OF KAKAMEGA**



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**COUNTY REVENUE FUND**  
(COUNTY GOVERNMENT OF KAKAMEGA)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022.**

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

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

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## **1. Key Entity Information and Management**

### **a) Background information**

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

**b) Key Management**

The County Government of Kakamega day-to-day management of revenue is under the following:

**i. H.E The Governor**



**H.E. HON. FCPA Dr. WYCLIFFE AMBETSA OPARANYA EGH CGJ,  
GOVERNOR KAKAMEGA COUNTY**

H.E. Hon. FCPA Dr. Wycliffe Ambetsa Oparanya, EGH CGJ, was elected in office in 2013 as the first Governor of Kakamega County following promulgation of the Constitution of Kenya, 2010. He was re-elected during 2017 general elections. He served for two terms as Chairman to Council of Governors (CoG).

He was previously Minister of State for Planning, National Development and Vision 2030 in the government of President Mwai Kibaki in 2008 to 2013. Prior to this he was Member of Parliament for Butere for two five-year terms from 2002.

He is the deputy Party Leader of ODM, the second largest political party in Kenya.

Wycliffe Oparanya was born at Emabole in Butere Constituency Western Kenya on 25<sup>th</sup> March, 1956. He attended Mabole Primary School, Butere Boys High School and Kisii School. He then proceeded and acquired Bachelor of Commerce (Accounting option) and an MBA (Finance) from the University of Nairobi. He completed his PhD (Economics) at the University of Dar-es- Salaam, Tanzania.

He is a Fellow Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He was awarded the prestigious recognition for his contribution to the accounting profession in 2014 and became a Fellow of the Institute of Certified Public Accountants of Kenya (FCPA). He is also a member of numerous other professional bodies.

Hon. Oparanya has 23 years of experience in local and international Finance Management, Audit and Business Consultancy. He is a member of the Orange Democratic Movement which he serves as Deputy Party Leader.

Before joining politics in 2002, Oparanya worked at the Kenya Aerotech Ltd as Chief Financial Controller. He plunged into politics and successfully captured the Butere seat.

**ii. H.E The Deputy Governor.**



**H.E. PROF PHILIP MUSEVE KUTIMA, DEPUTY GOVERNOR  
KAKAMEGA COUNTY**

**PERSONAL INFORMATION**

Prof Kutima was born on November 24<sup>th</sup> 1956 at Muyundi village, Chebwai Sub-location, Chegulo Location, Malava Sub-county of Kakamega County, to Filipo Lutatwa Kutima and Lyaka Kutima. He is married to Prof. Helen Lydia Kutima with whom he has four children.

**EDUCATION**

Prof Kutima attended Chebwai Primary School, Musingu High School and Friends' School, Kamusinga for O- and A-level education. He has BSc, MSc, and PhD in Microbiology and Molecular Biology with a minor in Biochemistry from North Carolina State University, USA, where he graduated in 1987.

### **PROFESSIONAL SUMMARY**

Prof. Kutima began his academic career as a Lecturer in the Departments of Dairy & Food Science and Biological Science at Egerton University in 1987. He then moved to Jomo Kenyatta University of Agriculture and Technology in 1990 as a Senior Lecturer, and later promoted to Associate Professor. He has university teaching and research experience of over 22 years during which he supervised several MSc and PhD students and has over 30 research papers. He is a member of several professional organizations including the Kenya Society of Biochemistry, Kenya Society of Microbiology and American Society for Microbiology.

In 2009, Prof. Kutima moved to the African Institute for Capacity Development(AICAD) where he served as Deputy Executive Director for 4 years. AICAD is an international organization involved in poverty eradication through human capacity development. In 2013 he joined active politics as running mate to Dr. Wycliffe Ambetsa Oparanya. They won the elections and became the first Governor and Deputy Governor for Kakamega County respectively. They were reelected in 2017.

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

- County Executive Committee Member Finance and Economic planning
- Chief Officer Finance
- Director Accounting Services/Finance
- County Revenue Agency headed by County Revenue Administrator

### **c) Fiduciary Management**

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	CPA Geoffrey Nafukho Omulayi
2.	Accounting Officer in charge of Finance	CPA Samson Otieno
3.	Director Accounting Services/Finance	CPA Naomi Wangare

**d) Fiduciary Oversight Arrangements**

No.	Entity	Role
1.	County Assembly of Kakamega	Legislation Oversight Representation
2.	Kakamega County Executive Audit Committee	Monitoring and reviewing risk, control and governance processes that have been established
3.	Senate Public Accounts and Investments Committee	Legislation Oversight Representation
4.	Development Partners	Hold to account on accountability
5.	Office of the Auditor General	Oversight and advisory Accountability Express opinion on Books of account. Offer quality assurance on fiscal and monetary matters
6.	Civil Societies	Public participation, Oversight

**e) County Executive Headquarters**

County Headquarters  
 Kenyatta Avenue  
 Kakamega, KENYA

**f) County Executive Contacts**

P.O. Box 36-50100  
 Telephone: 056 31850/31852/31853  
 E-mail: info@kakamega.go.ke  
 Website: www.kakamega.go.ke

**g) County Bankers**

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

**h) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**Nairobi, Kenya**

**i) Principal Legal Adviser**

County Legal Adviser  
County Attorney  
County Government of Kakamega  
P.O Box 36-50100  
**Kakamega, Kenya**

**2. Statement by the County Executive Committee Member for Finance**

It is my pleasure to present the County Government of Kakamega (Executive) County Revenue Fund (CRF) Financial Report and Statements for the year ended 30<sup>th</sup> June, 2022. The statements present the exchequer releases, own source of revenue and transfers made to and by County Government for financial year 2021-2022.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act,2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board. The PFM Act,2012 requires that these statements be submitted to the Office Of Auditor General and copied to the Clerk of the County Assembly,The National Treasury, The Controller of Budget and The Commission of Revenue Allocation within 3 months after the end of each financial year.

The Financial Statements present the recent actual fiscal performance for the year 2021-2022 and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2021/2022.

The County looks forward to more and close collaboration with The National Treasury in its constitutional mandate in timely release of sharable revenue.



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

### 3. Management Discussion and Analysis

The County Government of Kakamega received from the exchequer Kshs **11,669,211,965.55** as shown in the table below;

<b>Exchequer Releases</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Total exchequer releases for quarter 1	2,044,253,007	895,505,100
Total exchequer releases for quarter 2	2,044,253,007	2,603,212,500
Total exchequer releases for quarter 3	3,097,353,042	2,747,698,539
Total exchequer releases for quarter 4	4,483,352,910	5,489,222,198
<b>Total</b>	<b>11,669,211,966</b>	<b>11,735,638,337</b>

The National Treasury delayed in disbursing exchequer releases hence not receiving all revenues as envisaged in the budget. The County Government also received a total of Kshs. 32,017,452 as transfers from other government entities.

In conclusion, the County's revenues were as follows in the Financial Year 2021/2022;

Revenue Source	Amount (KSHS)
Exchequer Releases	11,669,211,966
Own Source Revenue	1,221,667,450
Proceeds from Domestic and foreign grants	32,017,452
<b>TOTAL</b>	<b>12,922,896,868</b>

I want to thank all our stakeholders for their concerted efforts in honouring their obligations. However, I would like to urge the National Treasury to timely remit all the equitable share of revenue in order for the County to enhance efficiency in service delivery.

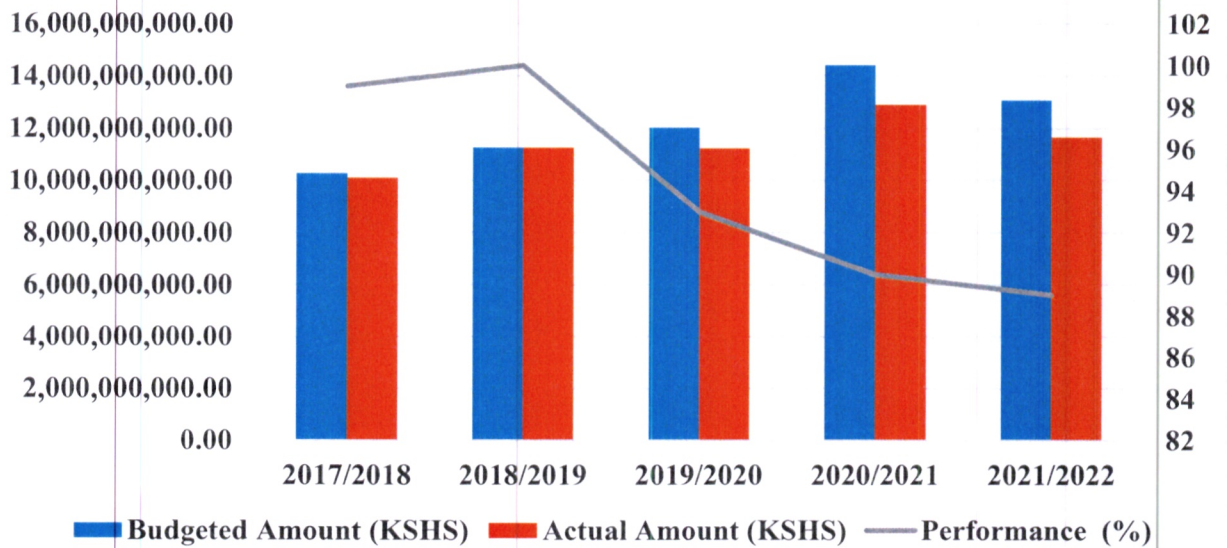
County Government of Kakamega  
County Revenue Fund

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

Financial Performance (Exchequer Releases) for the Last five years.

Financial Year	Budgeted Amount (KSHS)	Actual Amount (KSHS)	Performance
			(%)
2017/2018	10,265,241,617	10,113,038,465	99
2018/2019	11,258,365,191	11,256,046,853	100
2019/2020	12,032,491,002	11,236,345,889	93
2020/2021	14,417,687,997	12,907,773,130	90
2021/2022	13,080,503,088	11,669,211,966	89

Chart showing Exchequer Releases in comparison with Actual Receipts



The County has recorded a downward trajectory in sharable revenue growth in the last five years as shown above. This was attributed to a number of factors listed below:  
However, the shortfalls have been occasioned by the Covid-19 Pandemic which brought the world to an economic standstill affecting the revenue flow. We ask the National Treasury to fully release all the sharable revenues.

#### **4. Statement of Management Responsibility**

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.


The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Cash Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended June 30, 2022, and of its financial position as at that date.

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

#### **Approval of the Financial Statements**

The County Revenue Fund's financial statements were approved and signed on \_\_\_\_\_ 2022.

Signature   
Name CPA Samson Otieno  
Chief Officer - Finance  
County Government of Kakamega

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

### **Background**

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

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

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

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

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

### **Financial Reporting requirements**

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

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

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**Name CPA Samson Otieno**  
**Chief Officer – Finance**

**Receiver Of Revenue  
County Government Of Kakamega  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2022**

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**V. Statement of Receiver of Revenue's responsibilities**

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.

The Receiver of Revenue is responsible for the preparation and presentation of the *receiver of revenue account*, which gives a true and fair view of the state of affairs of the *receiver of revenue* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (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 entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the *County Government of Kakamega receiver of revenue* accounts, 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) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the *County Government of Kakamega receiver of revenue* account gives a true and fair view of the state of *County Government of Kakamega receiver of revenue* transactions during the financial year ended June 30, 2022, and of the *County Government of Kakamega* statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the *receiver of revenue account* as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the *County Government of Kakamega* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The *revenue* statements were approved and signed by the Receiver of Revenue on 30<sup>th</sup> September, 2022



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PA Aggrey W. Musindalo  
Chief Revenue Administrator

# REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

## REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2022 - COUNTY GOVERNMENT OF KAKAMEGA

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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

#### Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Kakamega set out on pages 1 to 9, which comprise the statement of receipts and payments and statement of comparison of budget and actual amounts for the year ended 30 June, 2022, and a summary of significant accounting policies and other

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*Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2022 - County Government of Kakamega*

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

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

### **Basis for Qualified Opinion**

#### **1. Unsupported Receipts**

The statement of receipts and payments reflects other receipts amount of Kshs.32,017,452 as disclosed in Note 4 to the financial statements. The amount comprises of receipts of Kshs.11,544,152 and Kshs.20,473,300 from IFAD and KEPI respectively. It was noted that there were no support documents for the amounts.

In the circumstances, the accuracy and completeness of other receipts amount of Kshs.32,017,452 could not be confirmed.

#### **2. Excluded Receipts**

The statement of receipts and payments reflects exchequer releases amount of Kshs.11,669,211,966 as disclosed in Note 1 to the financial statements. It was noted that it excluded receipts totalling Kshs.1,064,250,841 received between 1 July, 2021 and 6 July, 2021 respectively. In addition, the exchequer releases of Kshs.11,669,211,966 included conditional grant of Kshs.270,952,773. However, the amount of Kshs.270,952,773 excluded conditional grants amounting to Kshs.78,009,910 received on 9 July, 2021.

In the circumstances, the Exchequer releases amount of Kshs.11,669,211,966 is understated by Kshs.1,413,213,524. Therefore, the accuracy and completeness of the of Kshs.11,669,211,966 could not be confirmed.

#### **3. Overstatement of Transfers to County Assembly**

The statement of receipts and payments reflects transfers to County Assembly of Kshs.1,278,878,607 as disclosed in Note 6 to the financial statements. The amount included Kshs.101,371,872 transferred to the Assembly on 4 July, 2022.

In the circumstances, amount of Kshs.1,278,878,607 is overstated by Kshs.101,371,872. Therefore, the accuracy and completeness of transfers to County Assembly amount of Kshs.1,278,878,607 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements

applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.14,680,503,088S and Kshs.12,922,896,868 respectively, resulting to under-funding of Kshs.1,757,606,220 or 12% of the budget. On the other hand, comparison of actual receipts of Kshs.12,922,896,868 against actual expenditure of Kshs.14,314,195,379 revealed an unexplained over-expenditure of Kshs.1,391,298,511.

In the circumstances, under funding affected the planned activities and may have impacted negatively on service delivery to the public. Further, the over expenditure may have resulted in lack of value for money.

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

##### **Conclusion**

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

##### **Basis for Conclusion**

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

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

##### **Conclusion**

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

## **Basis for Conclusion**

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 controls in order to give an assurance on the effectiveness of internal control, 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 controls 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathunge, CBS  
AUDITOR-GENERAL.

Nairobi

20 April, 2023

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

		2021/22	2020/21
	Notes	Kshs.	Kshs.
<b>Receipts</b>			
Exchequer releases	1	11,669,211,966	11,735,638,337
Proceeds from sale of assets	2	30,589,738	-
Own source Revenue	3	1,191,077,712	1,111,110,150
Other Receipts	4	32,017,452	1,172,217,639
<b>Total Receipts</b>		<b>12,922,896,868</b>	<b>14,018,966,126</b>
<b>Payments</b>			
Transfers to County Executive	5	13,035,316,772	12,626,097,278
Transfers to County Assembly	6	1,278,878,607	1,078,519,716
<b>Total Payments</b>		<b>(14,314,195,379)</b>	<b>( 13,704,616,994)</b>
Net increase (decrease) in cash for the year		<b>( 1,391,298,511)</b>	<b>314,349,132</b>
Add Opening fund balance b/f	7	<b>2,101,632,023</b>	<b>1,787,282,891</b>
<b>Closing Fund balance for the period</b>	7	<b>710,333,512</b>	<b>2,101,632,023</b>



Name CPA Samson Otieno  
 Chief Officer - Finance  
 ICPAK Member No .12495  
 Date:30<sup>th</sup> September 2022



Name CPA Herman Dennis Lusuli  
 Director Accounting Services  
 ICPAK Member No 4472  
 Date:30<sup>th</sup> September 2022

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

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
<b>Receipts</b>						
Exchequer releases	13,080,503,088	-	13,080,503,088	11,669,211,966	1,411,291,122	89
Proceeds from sale of assets	30,589,738	-	30,589,738	30,589,738	-	100
Own Source Revenue	2,082,410,262	(513,000,000)	1,569,410,262	1,223,095,164	346,315,098	78
Balance brought forward	1,275,026,700	444,709,207	1,719,735,907	-	1,719,735,907	-
<b>Total Receipts</b>	<b>16,468,529,788</b>	<b>(68,290,793)</b>	<b>16,400,238,995</b>	<b>12,922,896,868</b>	<b>3,477,342,127</b>	<b>79</b>
<b>Payments</b>						
Transfers to County Executive	14,803,119,478	(26,746,393)	14,776,373,085	13,035,316,772	1,741,056,313	88
Transfers to County Assembly	1,665,410,310	(41,544,400)	1,623,865,910	1,278,878,607	344,987,303	79
Others	-	-	-	-	-	-
<b>Total Payments</b>	<b>16,468,529,788</b>	<b>(68,290,793)</b>	<b>16,400,238,995</b>	<b>14,314,195,379</b>	<b>2,086,043,616</b>	<b>87</b>
<b>Balance</b>				<b>(1,391,298,511)</b>		

## **9. Significant Accounting Policies**

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

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

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

### **b) Reporting entity**

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

### **c) Receipts**

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

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

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

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

### **d) Payments**

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

**Significant Accounting Policies (Continued)**

**e) Fund Balances**

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

**f) Restriction on Cash**

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

**10. Notes to the Financial Statements**

**1. Exchequer releases**

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

	2021/22	2020/21
	Kshs.	Kshs.
Equitable Share (a)	11,669,211,966	11,735,638,337
Level 5 hospitals (b)	-	-
Others ( <i>Specify</i> ) (c)	-	-
<b>Total (d=a+b+c)</b>	<b>11,669,211,966</b>	<b>11,735,638,337</b>

**2. Proceeds from sale of assets**

	2021/22	2020/21
	Kshs.	Kshs.
Sale of Motor vehicle	30,589,738	-
<b>Total</b>	<b>30,589,738</b>	<b>-</b>

**3. Own Source of Revenue**

	2021/22	2020/21
	Kshs.	Kshs.
Other Receipts	1,191,077,712	1,111,110,150
<b>Total</b>	<b>1,191,077,712</b>	<b>1,111,110,150</b>

**Breakdown of own Source Revenue including proceeds from sale of assets**

	Period ended June, 2022	Period ended June, 2021
	KShs	KShs
Market fees	15,671,606	34,536,434
Single Business Permit	130,976,710	156,361,409
Rates	29,217,202	26,844,034
Cess	58,265,921	55,524,187
Cess on murrum	2,270,080	
Slaughter house	3,376,950	3,681,896
Bus park	30,504,150	40,909,654
Street parking	14,572,310	-
Motor bike	1,100,500	-
Kiosk fee	4,676,533	-
Ground rent	764,762	-
Stall rent	3,011,925	-
Impounding fee	1,657,468	-
Plan approval	26,147,961	25,105,473
Survey	284,650	
Public toilet	2,740,600	-
Registration of groups	268,650	-
Sale of Asset		-
Leased/Rentals of Assets		3,683,905
Fire compliance	2,147,880	-
Noise control	836,485	-
Stock sales	7,428,095	-
Bukhungu stadium	2,843,770	-
Hire fee	413,250	550,200

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Advertisement	50,251,669	37,224,925
House rent	2,468,298	-
Public Health	20,524,270	-
Bukura Agricultural Training Centre	3,639,176	2,143,908
Veterinary services	9,365,125	8,642,175
Sale of assets	30,589,738	-
Farm input	325,176,669	378,664,215
Health services	201,203,002	156,639,063
Red cross	402,500	-
NHIF	205,755,000	135,491,017
Weights & measures	427,380	-
Liquor	18,967,411	22,880,000
Commission	12,956,749	-
Others	763,005	22,227,655
<b>Total</b>	<b>1,221,667,450</b>	<b>1,111,110,150</b>

**4. Other Receipts**

	2021/22	2020/21
	Kshs.	Kshs.
IFAD	11,544,152.00	
KEPI	20,473,300.00	
Proceeds from domestic and foreign grants		990,347,410
Transfers from other government entities		181,787,383
<b>Total</b>	<b>32,017,452.00</b>	<b>1,172,217,639</b>

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

**5. Transfers to County Executive**

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	8,462,345,928	9,158,306,636
Development Account	4,572,970,844	4,546,310,360
<b>Total</b>	<b>13,035,316,772</b>	<b>13,704,616,996</b>

**6. Transfers to County Assembly**

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	1,278,878,607	1,078,519,716
Development Account	-	-
Special purpose accounts	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>1,278,878,607</b>	<b>1,078,519,716</b>

**7. Fund balance**

	2021/22	2020/21
	Kshs.	Kshs.
County Exchequer Account - (1000171383)	710,333,512	1,194,375,564
<b>Total</b>	<b>710,333,512</b>	<b>1,194,375,564</b>

**11. Annexes**

**Annex 1: Progress on follow up of Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor;

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)

.....  
 Name ,CPA Samson Otieno  
 Chief Officer Finance  
 ICPAK Member No.12495  
 Date

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

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total (Kshs.)
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	
Equitable Share	2,044,253,007	2,044,253,007	3,097,353,042	4,483,352,910	11,669,211,966
<b>Total</b>	<b>2,044,253,007</b>	<b>2,044,253,007</b>	<b>3,097,353,042</b>	<b>4,483,352,910</b>	<b>11,669,211,966</b>

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

Period (2021/22)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
County Executive -Rec	2,435,306,134	2,435,306,134	2,435,306,134	2,435,306,134	9,741,224,535
County Executive -Dev	1,143,242,711	1,143,242,711	1,143,242,711	1,143,242,711	4,572,970,844
County Assembly -Rec	319,719,652	319,719,652	319,719,652	319,719,652	1,278,878,607
<b>Total</b>	<b>3,898,268,497</b>	<b>3,898,268,497</b>	<b>3,898,268,497</b>	<b>3,898,268,497</b>	<b>15,593,073,986</b>

