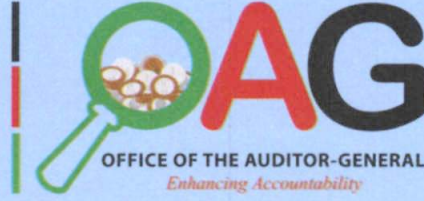


REPUBLIC OF KENYA



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REPORT

PARLIAMENT
OF KENYA
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Mr. Karaba
To: Ms. Macharia
FOR COMMITTEE / TABLING
24 DEC 2025
Sign: [Signature]

OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	25/02/2026
TABLED BY	Majority Leader
COMMITTEE	_____
CLERK AT THE TABLE	Polycarp

ON

COUNTY REVENUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF GARISSA

12



OFFICE OF THE AUDITOR GENERAL
NORTH REGIONAL OFFICE
12 NOV 2025
P. O. BOX 88-70100 GARISSA



COUNTY REVENUE FUND

County Government of Garissa

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 25

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

*County Government of Garissa
County Revenue Fund
Annual Report and Financial Statements For the financial year ended 30th June 2025*

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1. Acronyms and Definition of Key Terms

a. Acronyms

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

b. Definition of Key Terms

Fiduciary Management: *The key management personnel who had financial responsibility*

(This list is an indication of acronyms and key terms; the County should include all from the annual report and financial statements.)

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:

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

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

	Designation	Name
1.	CECM Finance and Economic Planning	Abass Ismail Khaar
2.	Accounting Officer in charge of Finance	Abdilatif Sheikh Mohamed
3.	Director Accounting Services/Finance	CPA Abdi Ali Nuriye

d) Fiduciary Oversight Arrangements

The County Assembly Accounts and Investment Committee has the responsibility of examining the County Government accounts particularly those reporting on appropriation granted by the County Assembly to meet public expenditure. The Committee also follows up on the audit report from the Office of The Auditor General.

The County has Audit Committees and Head of Internal Audit who reports on:

1. Adequacy and effectiveness of CGE's internal control system
2. Adequacy and effectiveness of the entity's risk management
3. Likely causes of any weaknesses observed, implications and agreed remedies

The Controller of Budget also monitors and controls on the budget limits.

e) County Headquarters

Telephone: (254) 0462102604

P.O Box 563-70100

County Headquarters- Lamu Road

E-mail: garissacounty@gmail.com

Website: www.garissa.go.ke

f) County Contacts

Telephone: (254) 0462102604

E-mail: garissacounty@gmail.com

Website: www.garissa.go.ke

g) County Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

h) Independent Auditors

Auditor - General

Office of the Auditor - General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The County Attorney

Office of the Governor

P.O. Box 563-70100

GARISSA, KENYA

3. Statement by the CECM Finance

In our pursuit to improve on transparency and accountability in Public Financial Management, I present the financial statements for the financial year 2024/2025 of the County Executive of Garissa. The County Executive of Garissa has and will continue to manage its finances in accordance with the principles of fiscal responsibilities as spelt out in the Public Finance Management Act, 2012.

The report compares actual performance against budgeted revenues and expenditure and also provides the recommendation to the County Executive for improvement of budget execution. The County Executive of Garissa has developed strategic partnership with the public by involving them in development of the County Integrated Development Plan (CIDP) which highlights the programmes and projects to be implemented in successive county budgets. In this regard the County Executive of Garissa has been able and continues to put more emphasis into development activities which are responsive to the citizens' needs.

FINANCING OF THE COUNTY GOVERNMENTS

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation (CRA) and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for County Government of Garissa included business permits, land rates, advertising fees, livestock cesses and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

Automation of revenue collection system. The County has also procured a land management system which will boost collection of land and buildings related taxes



CECM Finance and Economic Planning

County Government of Garissa

4. Management Discussion and Analysis

The County Government of Garissa received all equitable share of revenue amounting to Kshs 8,936,586,353 including balance of June, 2024 which was carried forward to the successive year. However, the National Treasury should ensure that funds are released on time to ensure prompt and timely service delivery.

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.

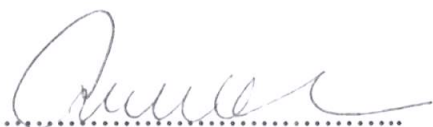
Transfers from the County Revenue Fund

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 30th June 2025.



CEC Member – Finance and Economic Planning
County Government of Garissa

6. Statement of Management Responsibility

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

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on *June 30, 2025*. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (vi) 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 Accrual 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, 2025*, 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, the 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 20/8/ 2025.

Signature _____

Name _____

Chief Officer Finance / Accounting Officer
County Government of Garissa

REPUBLIC OF KENYA

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, 2025 - COUNTY GOVERNMENT OF GARISSA

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 Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on 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

Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Garissa set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

performance, statement of changes in net assets, 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, the financial statements present fairly, in all material respects, the financial position of the County Revenue Fund - County Government of Garissa as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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 Garissa Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report for the prior years¹, late exchequer disbursement and non-adherence to fiscal responsibility principle on transfers to the County Assembly were noted for the financial years 2022/2023 and 2023/2024 under Lawfulness and Effectiveness in the Use of Public Resources. However, the issues remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page iii to viii which comprise of Key Entity Information and Management, Statement by the County Executive Committee Member Finance and Economic Planning, 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's 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. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

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, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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

Excess Transfers to the County Assembly

During the year under review, the County Executive of Garissa transferred an amount of Kshs.1,028,333,260 to the County Assembly, representing 10% of the County Government's total revenue of Kshs.10,027,297,456. However, the amount exceeded the maximum allowable limit set out under Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015, which provides that the approved expenditures of a County Assembly shall not exceed seven percent (7%) of the total revenues of the County Government or twice the personnel emoluments of the County Assembly, whichever is lower.

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 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 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 (Accrual 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, 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 County Revenue 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.

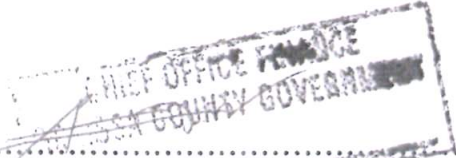

FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL


Nairobi

10 December, 2025

8. Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	2024-2025 Kshs.
Revenue from non-exchange transactions		
Exchequer releases	6	8,950,347,059
Transfers from other government agencies	7	471,525,668
Other grants	8	218,309,300
Return to CRF from County Entities	9	292,856,614
Non-Exchange Own Source Revenue	10	63,701,543
Revenue from exchange transactions		
Exchange Own Source Revenue	11	30,557,272
Total Revenue		10,027,297,456
Expenses		
Transfers to County Executive	12	8,883,531,974
Transfers to County Assembly	13	1,028,333,260
Other Transfers	14	-
Total Expenses		9,911,865,234
Surplus for the year		115,432,222


 Name..... A. BORTOMATI SHEIKH
 Chief Officer - Finance
 Date..... 30/8/2025


 Name..... ADDI
 Director Accounting Services
 ICPAK Member No..... 29097
 Date..... 20/8/2025

9. Statement of Financial Position as at 30th June 2025

Description	KShs	Original Statement	
		2024-2025	2023-2024
	KShs	KShs	KShs
Assets			
Current Assets			
Cash and Cash equivalents	15	716,602,706	
Receivables from Non-Exchange Transactions	16	-	601,170,484
Receivables from Exchange Transactions	17	-	-
Total Current Assets		716,602,706	601,170,484
Total Assets (A)		716,602,706	601,170,484
Liabilities			
Current Liabilities			
Accounts Payable	18	-	-
Total Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets(A-B)		716,602,706	601,170,484
Represented by:			
Accumulated Surplus		716,602,706	601,170,484
Net Assets		716,602,706	601,170,484

CHIEF OFFICER FINANCE
GARISSA COUNTY GOVERNMENT

HEAD OF TREASURY
(ACCOUNTS)
GARISSA COUNTY
P.O. BOX 553 - 70100

Name..... **STAFF SHEKH**

Name..... **A.B.D.**

Chief Officer - Finance

Director Accounting Services

Date..... **30/8/2025**

ICPAK Member No..... **28047**

Date:..... **30/8/2025**

10. Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus
1st July 2024 Opening Balance	601,835,283
Adjustement to recognize assets/liabilities	(664,799)
1st July 2024 Opening Balance	601,170,484
Surplus/ deficit for the Period	115,432,222
As at Sep/Dec/Mar/June 30, 2025	716,602,706

11. Statement of Cash Flows for the year ended 30 June 2025

	Notes	Kshs
Cash flows from operating activities		
Receipts		
Exchequer releases		8,950,347,059
Transfers from other government agencies		471,525,668
Other grants		218,309,300
Return to CRF		292,856,614
Own Source Revenue		94,258,815
Total receipts		10,027,297,456
Payments		
Transfers to County Executive (operating activities)		(8,883,531,974)
Transfers to County Assembly (operating activities)		(1,028,333,260)
Other transfers		-
Total Payments		(9,911,865,234)
Net cash flows from/(used in) operating activities		115,432,222
Net increase/(decrease) in cash & Cash Equivalent		115,432,222
Cash and cash equivalents at 1 July	15	601,170,484
Cash and cash equivalents at the end of the period	15	716,602,706

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting)

12. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2025.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Exchequer releases	8,956,586,353	-	8,956,586,353	8,950,347,059	6,239,294	100%
Transfers from other government agencies	1,029,901,230	-	1,029,901,230	471,525,668	558,375,562	46%
Other grants	401,174,590	-	401,174,590	218,309,300	182,865,290	54%
Return to CRF	300,000,000	-	300,000,000	292,856,614	7,143,386	98%
Own Source Revenue	97,000,000	-	97,000,000	94,258,815	2,741,185	97%
Total Revenue	10,784,662,173	-	10,784,662,173	10,027,297,456	757,364,717	93%
			-			
Expenses			-			
Transfers to County Executive	9,006,495,291		9,006,495,291	8,883,531,974	122,963,317	99%
Transfers to County Assembly	1,168,235,453		1,168,235,453	1,028,333,260	139,902,193	88%
Total Payments	10,174,730,744	-	10,174,730,744	9,911,865,234	262,865,510	97%
Surplus/Deficit	609,931,429	-	609,931,429	115,432,222	494,499,207	

13. Notes to the Financial Statements

1. General Information

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the Garissa County Government and is domiciled in Kenya. The Fund's principal activity is Garissa.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-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 off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cashflow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the Accounting officer on 20th August 2025

Basis of preparation

Reporting entity

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

Revenues

Revenues 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.

Expenses

Expenses 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.

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant.</i></p>
IPSAS 50:	<i>Applicable 1st January 2027</i>

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Standard	Effective date and impact
Exploration For & Evaluation of Mineral Resources	<p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Own Source Revenue

b) Budget information

The original budget for FY 2025/2026 was approved by the County Assembly on Garissa. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of act on the 2025/26 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in

Financial liabilities

Classification

The Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) 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

e) Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

f) Currency

The financial statements are presented in Kenya Shillings (Kshs) are rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made if any.

6. Exchequer releases

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

	2024-2025
Equitable Share	8,950,347,059
Others (Specify)	
Total	8,950,347,059

7. Transfers from other government agencies**

	2024-2025
Road Maintenance Levy	63,863,645
Covid-19	
Development of Youth Polytechnics-State Department of TVETS	
User Fees Foregone -Ministry of Health	
World Bank -Transforming Health Systems for Universal Care Project (THUSP)- Ministry of Health	
Word Bank-NARIGP-State Department of Crop Development	
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	10,822,500
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)- Min. Water, Sanitation, and Irrigation	307,883,056
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	
Word Bank-Food Security Resilience	70,127,131
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA) CCIS Grant State Department of	18,829,336
Total	471,525,668

** These include other government grants released through other government entities such as the National Government MDAs.

8. Other grants**

Description	2024-2025
	Kshs.
World Bank KUSP	32,309,300
County Aggregation Industrial Parks	186,000,000
Total	218,309,300

** These are funds received from development partners directly to the CRF.

9. Return to CRF from County Entities

Description	2024-2025
	Kshs.
Recurrent Account (<i>County Executive</i>)	4,111
Development Account (<i>County Executive</i>)	153,973
Recurrent Account (<i>County Assembly</i>)	2,880
Development Account (<i>County Assembly</i>)	-
Others (<i>Specify</i>)	292,695,650
Total	292,856,614

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10. Non-Exchange Own Source Revenue

Description	Period ended June 2025 Kshs.
Cess	34,601,668
Land Rates	4,354,836
Single/Business Permits	18,423,086
Administration Control Fees and Charges	101,400
Other Fines, Penalties, And Forfeiture Fees	-
Public Health Service Fees	-
Physical Planning and Development	4,022,423
Conservancy Administration Charges	2,198,130
Donations/Grants Not Received Through CRF	-
Total	63,701,543

11. Exchange Own Source Revenue

Description	Period ended, June 2025 Kshs.
Parking Fees	1,255,103
Market Fees	24,725,759
Advertising	3,073,300
Hospital Fees	-
Hire of County Assets	-
Property Rent	1,503,110
Others (<i>Specify</i>)	
Total	30,557,272

(The total of own source revenue should tally with disbursements from county receivers of revenue)

12. Transfers to County Executive

Description	2024-2025 Kshs.
Recurrent Account	5,995,902,152
Development Account	1,794,182,854
Special Purpose Accounts	1,093,446,968
Others (<i>Specify</i>)	
Total	8,883,531,974

(Explain as per County Appropriation Act. These amounts should tally with corresponding receipts by the County Executive)

13. Transfers to County Assembly

Description	2024-2025 Kshs.
Recurrent Account	872,968,372
Development Account	155,364,888
Special purpose accounts	
Others (<i>Specify</i>)	
Total	1,028,333,260

(Explain as per County Appropriation Act. These amounts should tally with corresponding receipts recorded by the County Assembly)

14. Other Transfers

Description	2024-2025 Kshs.
Others (<i>Specify</i>)	
Total	

(Explain as per County Appropriation Act)

15. Cash and Cash equivalents

Description	2024-2025 Kshs.	Opening Statement Ist July 2025 Kshs.
County Exchequer Account - 1000171499	716,602,706	601,835,283
Others (<i>Specify</i>)		
Total	716,602,706	601,835,283

16. Receivables from Non-Exchange Transactions

Description	2024-2025	Opening Statement 1st July 2025
	Kshs	Kshs
Receivables		601,835,283
Other non-exchange debtors (<i>Specify</i>)		
Less: impairment allowance		
Net receivables		601,835,283

17. Receivables from Exchange Transactions

Description		Opening Statement 1st July 2025
	Kshs	Kshs
Receivables from exchange transactions		
Other debtors (exchange transactions)		
Less: impairment allowance		
Total		

18. Accounts Payable

Description		Opening Statement 1st July 2025
	Kshs	Kshs
Payables to County Executive		
Payables to County Assembly		
Other transfers		
Total Accounts Payable		

Notes to the financial statements

19. Disclosure of Balances in Revenue Collection Accounts

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

Name Of Bank, Account No. & Currency	Amount in bank account (currency)	Ex. rate (if in foreign currency)	2024-2025	Opening Statement 1st July 2025
	Kshs	Kshs	Kshs	Kshs
Kenya Commercial Bank(Account Number:1140761625)	393.01		393.01	393.01
Total				

(These balances should be reconciled by those reported by CRORs as balances due for disbursement to the CRF at the end of the reporting period.)

20. Disclosure on the Adjustments on Changes in Equity

The opening accumulated surplus as at 1 July 2024 has been restated by Kshs. 664,800. This restatement was necessary to correct cut-off differences arising from transfers between the Receiver of Revenue (RoR) and the Consolidated Revenue Fund (CRF).

The adjustment specifically relates to:

Amounts reported in RoR but not recorded in CRF in 2023/2024; and

Amounts recorded in CRF but not reported in RoR in 2024/2025.

The net effect of these adjustments has been recognised directly in equity in accordance with the requirements of IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors.."

14. Appendices

Appendix 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;

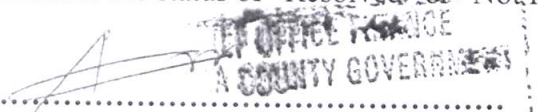
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.Late Exchequer Releases	The statement of receipts and payments reflects total exchequer receipts of Kshs.7,588,848,254. However, the County Revenue Fund (CRF) records indicate that Exchequer receipts amounting to Kshs.2,103,430,766 or 28% was received in June and July, 2024. Late Exchequer releases affect timely implementation of planned activities and projects thereby impacting negatively on service delivery to the public.	This was behind the Management therefore the exchequer should be released on time for effective services delivery	Resolved	
2 Unresolved Prior Year Matter	In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements. However, Management has not resolved the issues	The Prior year issue Matter was discussed in the senate PAC	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)
	or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.			

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) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National/ County Treasury.


 Name ABOICATIF GIDIKI
 Chief Officer Finance
 ICPAK Member No
 Date

Appendix 2. Analysis Of Receipts from The National Treasury Exchequer Releases

Period 2025	quarter 1 (kshs.)	quarter 2 (kshs.)	quarter 3 (kshs.)	quarter 4 (kshs.)	total (kshs.)
Equitable Share	1,361,043,436	2,739,392,004	1,367,923,790	3,481,987,829	8,950,347,059
Level 5 Hospitals					
DANIDA - Universal Healthcare in Devolved Units Programme					10,822,500
World Bank – Food System Resilience				70,127,131	70,127,131
National Agricultural & Rural Inclusive Growth Project (NARIGP)					
Road Maintenance Levy Fund				63,863,645	63,863,645
Youth Polytechnic support grant					
Abolishment of user fees in health centres and dispensaries					
Kenya Urban Support Programme				32,309,300	32,309,300
Agriculture Sector Development Support Project (ASDSP)					
Kenya Climate Smart Agriculture Project (KCSAP)					
Water and Sanitation Development Project				307,883,056	307,883,056
Climate Change Floca				18,829,336	18,829,336
County Industrial Aggregation Park	52,631,578.90			133,368,421	186,000,000
Others (Specify)					
Total					9,640,182,028

(Amend appropriately as per the current year CARA)

Appendix 3. Analysis Of Receipts from Own Source Revenue per Quarter

(a) Non-Exchange own source revenue

Period 2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Fruits & Vegetables / Produce Cess	894,400	-	-	-	894,400
Livestock Cess	6,645,512	3,855,050	5,588,000	3,988,960	20,077,522
Sand, Gravel, and Ballast Extraction Fees	33,001	106,700	55,000	-	194,701
Sales of Flowers, Plants, Firewood, Produce, etc.	154,500	300,000	-	-	454,500
Sale of Trees-Seedlings-Firewood-Flowers-Produce, etc. Miraa	2,557,850	3,503,390	2,875,920	4,043,385	12,980,545
Land Rates	196,500	317,867	3,266,549	573,920	4,354,836
Business Permits	1,977,300	72,800	13,802,483	2,570,503	18,423,086
Produce Inspection Fee - Weight and Measure	12,000	-	23,400	-	35,400
Fire-Fighting Services	8,000	-	58,000	-	66,000
Buildings Plan Approval Fee	146,001	162,000	573,000	158,000	1,039,001
Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	1,038,209	-	347,282	1,597,931	2,983,422
Slaughtering Fee	98,500	288,980	-	-	387,480
OTHER HEALTH & SANITATION REVENUES (DVO)	432,145	371,030	477,865	529,610	1,810,650
TOTAL	14,193,918	8,977,817	27,067,499	13,462,309	63,701,543

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(b) Exchange own source revenue

Period 2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Market Entrance / Gate Fee	6,868,223	4,845,532	7,742,685	5,269,319	24,725,759
Market Stalls Rent	589,700	491,410	379,000	43,000	1,503,110
Other Vehicles Enclosed Park/Reserved Fees (Cars, Lorries, etc.)	163,000	284,600	392,500	415,003	1,255,103
Sign Boards & Advertisement/promotion Fee	11,000	4,000	938,200	2,120,100	3,073,300
	7,661,693	5,595,425	9,492,345	7,847,422	30,557,272

Appendix 4: Analysis of Transfers from the County Revenue Fund

Period - 2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	828,577,492	1,600,763,756	1,418,986,932	2,147,573,972	5,995,902,152
County Executive -Dev	203,629,041	445,843,416	364,990,783	779,719,614	1,794,182,854
County Assembly -Rec	60,000,000	357,296,723	155,585,055	300,086,594	872,968,372
County Assembly -Dev		49,907,500	35,013,960	70,443,428	155,364,888
Special Purpose A/c (Specify)	344,473,427	105,481,680	53,164,115	590,327,746	1,093,446,968
Total	1,436,679,960	2,559,293,075	2,027,740,845	3,888,151,354	9,911,865,234