REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED 30 JUNE, 2024

COUNTY GOVERNMENT OF MANDERA

REPUBLIC OF KENYA **COUNTY GOVERNMENT OF MANDERA**

HARAMBEE

UMOJA NA UCHUMI
MANDERA COUNTY GOVERNMENT

COUNTY GOVERNMENT OF MANDERA

COUNTY REVENUE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms and glossary of terms

a) Acronyms

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

b) glossary of terms

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

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 Team

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

No.	Designation	Name
1.	CECM Finance and Economic planning	Ibrahim Mohamed Adan
2.	C.O Finance	Abdikadir Mohamed Tache
3.	Director Accounting Services/Finance	Hassan Mohamed Abdow
4.	Chief Finance Officer	Ahmedsalim Ali Osman

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	Ibrahim Mohamed Adan
2.	Accounting Officer in charge of Finance	Abdikadir Mohamed Tache
3.	Director Accounting Services/Finance	Hassan Mohamed Abdow
4.	Chief Finance Officer	Ahmedsalim Ali Osman

d) Fiduciary Oversight Arrangements

The key fiduciary oversight of Mandera County Government was under the following organs;

- Mandera County Assembly
- Controller of Budget
- Public Accounts Committee
- Budget and Appropriations Committee
- Finance Committee
- Audit Committee

e) Mandera County Headquarters

P.O. Box 13-70300

County Headquarters Building

Mandera-Isiolo Road

Mandera, KENYA

f) County Contacts

Telephone: (+254) 720 779 808

E-mail: info@mandera.go.ke

Website: www.mandera go.ke

g) **County Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

h) Independent Auditor

Auditor - General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General

P.O. Box 40112

j) County Attorney

The county Attorney

The County Headquarters

Shafshafey Mandera

P.O. Box 13-70300

MANDERA, KENYA

3. Statement by the CECM Finance

It's my pleasure to present Mandera County Revenue Fund's financial statements and reports for the 2023/2024 financial period ending 30th June, 2024. The report highlights the performance of the County Revenue Fund for the year under review and indicates the revenue collected the sources of revenue and the disbursements made from the CRF.

County Governments have multiple sources of revenues including equitable share from the Commission for Revenue Allocation (CARA), Grants from Development Partners and Own Source Revenue (OSR). During the 2023/2024 financial year, the total revenue realized amounted to Kshs. 11,235,091,389. The main revenue sources encompassed exchequer releases, Transfers from other government agencies, Proceeds from Foreign Borrowing, and the County's Own Source Revenue.

The largest chunk of revenue from the CRF was disbursed to Mandera County executive to support the implementation of the County's budgeted plans, projects, programmes (both recurrent and development activities) and facilitate effective and efficient service delivery. The rest of the disbursement was made to the Mandera County Assembly.

A few challenges were encountered during the period. This ranged from delay in approval of fund requests, late disbursements of the exchequer by the National Treasury and IFMIS connectivity related hitches that slowed implementation of activities at the County level.

Overall, the revenue performance was satisfactory during the 2023/2024 financial year and we envisage an enhanced performance in the forthcoming financial period.

Sign...
CECM Finance and Economic Planning
County Government of Mandera

4. Management Discussion and Analysis

Introduction

This Management's Discussion and Analysis discusses the Mandera County Revenue Fund's financial and operating performance, risks facing the fund's performance and outlook from management's viewpoint.

Overview

The Mandera County Revenue Fund is established in compliance with the requirement of Article 207 of the Kenyan Constitution. The Fund exists to receive all money raised or received on behalf of the County Government of Mandera. However, this excludes any money that an Act of Parliament may exclude from being paid reasonably to the Fund.

The Mandera County Treasury is in charge of the Fund and ensures that all money raised or received by or on behalf of the county government of Mandera is paid into the Fund, except money that—
is excluded front payment into that Fund because of a provision of the Public Finance Management Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose; may, according to other legislation, the PFM Act or County legislation, be retained by the county government entity which received it for the purposes of defraying its expenses; or
is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.

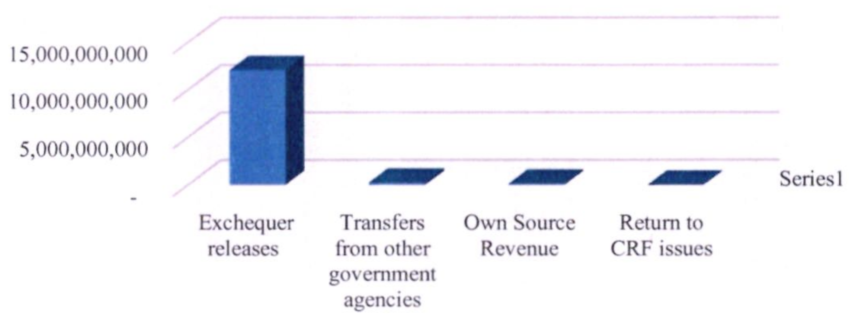
All the sources of county government revenue in Kenya should be deposited in the County Revenue Fund. Funds excluded from the Fund include the appropriation in aid (AIA). AIA is received by county departments when they offer services and they can retain that money to cover their expenses. The CEC in charge of Finance in the County has to report to the Commission on Revenue Allocation and the Controller of Budget on the performance of the County Revenue Fund which is kept in the County Exchequer Account. Any withdrawal from the revenue fund has to be approved by the Controller of Budget. The controller of Budget checks whether the money requested is for a project contained in the work plans prepared by sectors every month. The project has to be contained in the budget.

Financial and Operational Performance Analysis

The CRF's financial performance for the year 2023/2024 remained strong despite amid a few hindrances such as delay in disbursement of the equitable share by the National Treasury and related challenges that threatened to obstruct the Fund's performance.

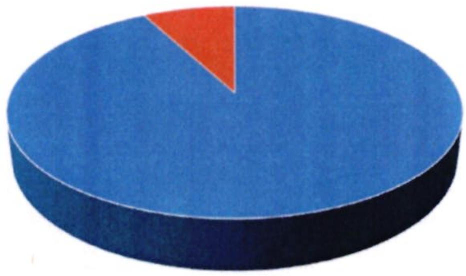
During the 2023/2024 financial year, the main revenue sources encompassed exchequer releases, Transfers from other government agencies, Proceeds from Foreign Borrowing, and the County's Own Source Revenue. The total revenue received in the CRF was Kshs. 11,235,091,389 This comprised of Kshs 10,702,536,315 from exchequer releases, Kshs. 361,448,591 as Transfers from other government agencies, Kshs. 169,489,982 from own source revenue and Kshs. 1,616,501 as return to CRF issues.

Fig. 1 Analysis of receipts



The funds were expended as highlighted in the figure below:

Fig.2 Analysis of expenditure



As indicted by the above diagram, the biggest portion of revenue from the CRF was disbursed to Mandera County executive to support the implementation of the County's budgeted programmes (both recurrent and development activities) and facilitate effective and efficient service delivery while the rest of the transfer was made to fund Mandera County Assembly's operational undertakings.

During the financial year, the Fund satisfactorily met all its statutory requirements.

Risks

The major risks facing the Fund include the following:

Technology risks: Emerging possible risk of cyber-attacks and Slow connectivity to core IT system.

Reputational risks: Delayed disbursement of funds.

Operational risks: Highlighted internal audit/regulatory issues.

Compliance risks: Litigation by stakeholders.

Financial risks: Delay in funding

Outlook

Despite excellent performance in 2023/2024, the performance of the County Revenue Fund could be negatively affected by many factors in the forthcoming financial period. These includes changes in the allocation of revenue to counties, the country's economic conditions, availability of funds and adherence to disbursement timelines by the National Treasury, political related challenges amongst other issues. It's envisioned, however, that cordial relations and collaboration with the National Treasury and other stakeholders will keep boosting performance. Further, the Fund will continue complying with the existing legal frameworks in place as required by law.

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. Receipts include 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 2024.

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CEC Member – Finance and Economic Planning
County Government of Mandera

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, 2023 This responsibility includes: (i)Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii)Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County 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 (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, 2023, 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 4/11/ 2024.

Signature_________________________
Name : Abdikadir Mohamed Tache

Chief Officer Finance /Accounting Officer
County Government of Mandera

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

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

HEADQUARTERS
Anniversary Towers
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P.O Box 30084-00100
NAIROBI

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

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 Mandera set out on pages 1 to 10, which comprise of the statement of receipts and payments and statement of comparison of budget and actual amounts for the year ended 30 June, 2024 and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial performance of County Revenue Fund - County Government of Mandera and its cash flows for the year ended 30 June, 2024, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for 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 Mandera 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.

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects total final receipts budget and actual on comparable basis of Kshs.13,000,831,007 and Kshs.11,760,121,317 respectively, resulting in underfunding of Kshs.1,240,709,690 or 10% of the budgeted receipts.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the residents of Mandera County.

My opinion is not modified in respect of this matter.

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. Except for the matter described in the Emphasis of Matter section, I have determined that there are no other key audit matters to communicate in my report

Other Matter

Late Exchequer and Undisbursed Issues

The summary statement of comparison of budget and actual amounts reflects total actual receipts of Kshs.11,760,121,317 which includes Exchequer receipts of Kshs.10,702,536,315 from equitable share. It was, however, noted that Exchequer receipts and proceeds from domestic and foreign grants amounting to Kshs.2,464,941,938 were received in the month of June, 2024. Further, the County equitable share for the financial year 2023/2024 amounted to Kshs.11,633,191,646 resulting in a shortfall of Kshs.930,655,331 in disbursement.

The late releases of Exchequer affected on the planned and budgeted programmes and thereby impacting negatively on service delivery.

Other Information

The Management is responsible for the Other Information set out on page iii to x which comprise of the Key Entity Information and Management, Statement by the CECM Finance, Management Discussion and Analysis, Overview of the County Revenue Fund Operations and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Revenue Fund, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 ISSAIs 2315 and 2330.The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2024

8. Statement of Receipts and Payments for the Year Ended 30th June 2024.

		2023/24	2022/23
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	10,702,536,315	12,085,613,204
Transfers from other government agencies	2	361,448,591	234,758,204
Own Source Revenue	3	169,489,982	123,268,177
Return to CRF issues	4	1,616,501	9,968
Total Receipts		**11,235,091,389**	**12,443,649,553**
Payments			
Transfers to County Executive	5	10,749,914,804	11,002,912,245
Transfers to County Assembly	6	954,793,083	927,322,404
Total Payments		**11,704,707,887**	**11,930,234,649**
Net increase/(decrease)in cash for the year		(469,616,498)	513,414,904
Add Opening fund balance b/*f*	7	525,029,930	11,615,026
Closing Fund balance for the year	8	**55,413,432**	**525,029,930**

Name: Abdikadir Mohamed Tache
Chief Officer - Finance
ICPAK Member No……………………………..
Date……………………………………… 4/11/2024

Name: Ahmedsalim Ali Osman
Chief Finance Officer
ICPAK Member No……………………………..
Date……………………………………………. 04/11/2024

9. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2024.

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 %
Receipts	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	
Exchequer releases	11,633,191,646	-	11,633,191,646	10,702,536,315	930,655,331	92%
Transfers from other government agencies	519,461,460	(7,385,873)	512,075,587	361,948,591	150,126,996	71%
Own Source Revenue	336,533,846	(6,000,000)	330,533,846	168,989,982	161,543,864	51%
Unspent Balance b/f	525,029,928		525,029,928	525,029,928	-	
Return to CRF Issues			-	1,616,501	(1,616,501)	
Total Receipts	**13,014,216,880**	**(13,385,873)**	**13,000,831,007**	**11,760,121,317**	**1,240,709,690**	**90%**
Payments						
Transfers to County Executive	11,881,216,880	106,614,127	11,987,831,007	10,749,914,804	1,237,916,203	90%
Transfers to County Assembly	1,133,000,000	(120,000,000)	1,013,000,000	954,793,083	58,206,917	94%
Total Payments	**13,014,216,880**	**(13,385,873)**	**13,000,831,007**	**11,704,707,887**	**1,296,123,120**	**90%**
Balance				**55,413,430**	**(55,413,430)**	

The local revenue collection underperformed during the 2023/2024 financial period due to the following reasons:

(a) Prolonged drought throughout the financial year that reduced livestock sales

(b) Insecurity problem such as the threats from Al-shabaab

(c) Adverse impacts of coronavirus and locust invasion in the previous financial period

(d) Inadequate legal frameworks

Adequate measures will be put in place to improve the own source revenue collection efforts and ultimately achieve the annual revenue targets.

10. 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 and own source revenue 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.

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 or *there were no restrictions on cash during the year*.

11. 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:

Description	2023/24	2022/23
	Kshs.	Kshs.
Equitable Share	10,702,536,315	12,085,613,204
Total	**10,702,536,315**	**12,085,613,204**

2. Transfers from other government agencies**

	2023/24	2022/23
	Kshs.	Kshs.
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development		81,191,951
DANIDA Grant -Primary Health care in devolved context -Ministry of Health		32,885,438
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development		7,276,885
Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	179,097,419	89,064,015
Kenya Urban Support Project (KUSP)		2,339,915
Financing Locally –Led Climate Action Program (Flloca)	182,351,172	22,000,000
Total	**361,448,591**	**234,758,204**

Notes to the Financial Statements (Continued)

3. Own Source Revenue

	2023/24	2022/23
	Kshs	Kshs
County Own Source Revenue		
Cess	39,372,559	29,928,380
Land Rate	42,531,111	23,922,170
Single/Business Permits	15,716,074	11,808,102
Property Rent	24,234,513	23,809,570
Parking Fees	867,665	1,558,005
Market Fees	566,340	189,895
Hospital Fees	25,720,221	27,534,403
Public Health Service Fees	2,987,849	476,322
Physical Planning and Development	264,001	3,930,330
Hire Of County Assets	364,000	30,000
Administration Control Fees and Charges	16,865,649	81,000
Total County Own Source Revenue	**169,489,982**	**123,268,177**

4. Return to CRF Issues

Description	2023/24	2022/23
	Kshs.	Kshs.
Recurrent Account (*County Executive*)	1,579,355	601
Development Account (*County Executive*)	1,739	1,469
Recurrent Account (*County Assembly*)	10,227	5,523
Development Account (*County Assembly*)	25,180	2,374
Total	**1,616,501**	**9,968**

5. Transfers to County Executive

	2023/24	2022/23
	Kshs.	Kshs.
Recurrent Account	7,004,661,603	7,309,973,703
Development Account	3,231,346,486	3,438,060,484
KCASP Account	12,000,000	110,191,951
PHC Account	39,789,563	19,258,875
ASDSP Account	6,000,000	23,024,024
LOCUST Account	128,807,766	89,064,015
KUSP Account	-	2,339,193
FlloCA Account	325,046,431	11,000,000

RMLF Account	2,262,955	
Total	**10,749,914,804**	**11,002,912,245**

6. Transfers to County Assembly

Description	2023/24	2022/23
	Kshs.	Kshs.
Recurrent Account	748,345,700	885,157,164
Development Account	206,447,383	42,165,240
Total	**954,793,083**	**927,322,403**

7. Fund balance Opening

Description	2023/24	2022/23
	Kshs.	Kshs.
Mandera County Revenue Fund-Kes A/C No: 1000171472	525,029,930	11,615,026
Total	**525,029,930**	**11,615,026**

8. Fund balance Closing

Description	2023/24	2022/23
	Kshs.	Kshs.
Mandera County Revenue Fund-Kes A/C No: 1000171472	55,413,432	525,029,930
Total	**55,413,432**	**525,029,930**

Notes to the Financial Statements (Continued)

9. 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	Exc. rate (if in foreign currency)	2023/24	2022/23
			Kshs	Kshs
KCB,Mandera County Revenue Collection Acc, 1140759469, Kshs.	-	-	8	-
NBK, Mandera County Revenue Collection Acc, 01042097914300, Kshs.	-	-	5,002	-
Equity Bank, Mandera County Revenue Collection Acc, 1000260858505, Kshs.	-	-	564	-
NBK, Mandera Municipality, 7700522510, Kshs.	-	-	5,130	-
Equity Bank, Mandera Municipality, 1000284926514, Kshs.	-	-	61	-
NBK, Elwak Municipality, 7716422650, Kshs.	-	-	-	-
Total	-	-	**10,765**	-

12. 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)*
1	Non-Realized Revenue Targets	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024
2	Late Exchequer Issues	The issue is yet to be discussed in the Senate and the County Assembly but has been addressed internally	Not resolved	30 June 2024

....

Name
Chief Officer Finance
Date

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

Period (2022/23)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,919,476,622	2,908,297,912	1,919,476,621	3,955,285,160	**10,702,536,315**
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	0	0	0	0	**0**
Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	0	0	0	179,097,419	**179,097,419**
Kenya Urban Support Programme	0	0	0	0	**0**
Agriculture Sector Development Support Project (ASDSP)	0	0	0	0	**0**
Kenya Climate Smart Agriculture Project (KCSAP)	0	0	0	0	**0**
FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM (FLLOCA)	0	0	0	182,351,172	**182,351,172**
Return to CRF issues	0	0	0	1,616,501	**1,616,501**
Own Source Revenue	0	0	0	0	**0**
Total	**1,919,476,622**	**2,908,297,912**	**1,919,476,621**	**4,318,350,252**	**11,065,601,407**

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

Period 2023/24	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	11,393,176	4,011,322	14,820,363	9,174,418	**39,399,279**
Land rate	7,933,050	5,345,804	7,059,174	22,352,480	**42,690,508**
Single/Business permits	434,500	275,659	10,779,961	4,386,213	**15,876,333**
Parking fees	417,450	318,009	223,085	70,380	**1,028,924**
Market fees	112,600	245,669	225,170	143,160	**726,599**
Hospital fees	7,827,790	3,876,190	8,563,760	5,441,200	**25,708,940**
Public health service fees	48,000	185,459	2,515,448	399,201	**3,148,108**
Physical planning and development	-	172,259	218,501	33,500	**424,260**
Hire of County Assets(rent)	60,000	36,000	168,000	100,000	**364,000**
Administration control fees and charges	-	-	6,228,415	9,568,200	**15,796,615**
Others (Specify)	6,644,236	4,083,950	7,841,693	5,756,537	**24,326,416**
Total	**34,870,803**	**18,550,321**	**58,643,570**	**57,425,289**	**169,489,982**

Annex 4: Analysis of Transfers from the County Revenue Fund

Period -2022/23	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,278,416,629.00	2,089,081,013.00	1,612,584,108.00	2,024,579,853.00	**7,004,661,603.00**
County Executive -Dev	183,123,509.00	523,223,000.00	1,071,793,821.00	1,453,206,156.00	**3,231,346,486**
County Assembly	123,499,332.00	201,978,977.00	251,175,405.00	378,139,369.00	**954,793,083**
KCASP Account	0	12,000,000			**12,000,000**
PHC Account	0	0	0	39,789,563	**39,789,563**
ASDSP Account	0	5,500,000.00		500,000.00	**6,000,000**
LOCUST Account	0	0		128,807,767.00	**128,807,767.00**
KUSP Account	0	0	0	2,339,193	**2,339,193**
FlloCA Account	0	0	11,000,000.00	314,046,431.00	**325,046,431**
Return to CRF				1,616,501	**1,616,500.85**
Total	**1,585,039,470.00**	**2,831,782,990.00**	**2,946,553,334.00**	**4,343,024,833.00**	**11,706,400,626.85**