

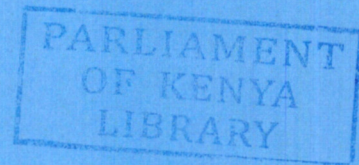
REPUBLIC OF KENYA



Enhancing Accountability

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REPORT



OF

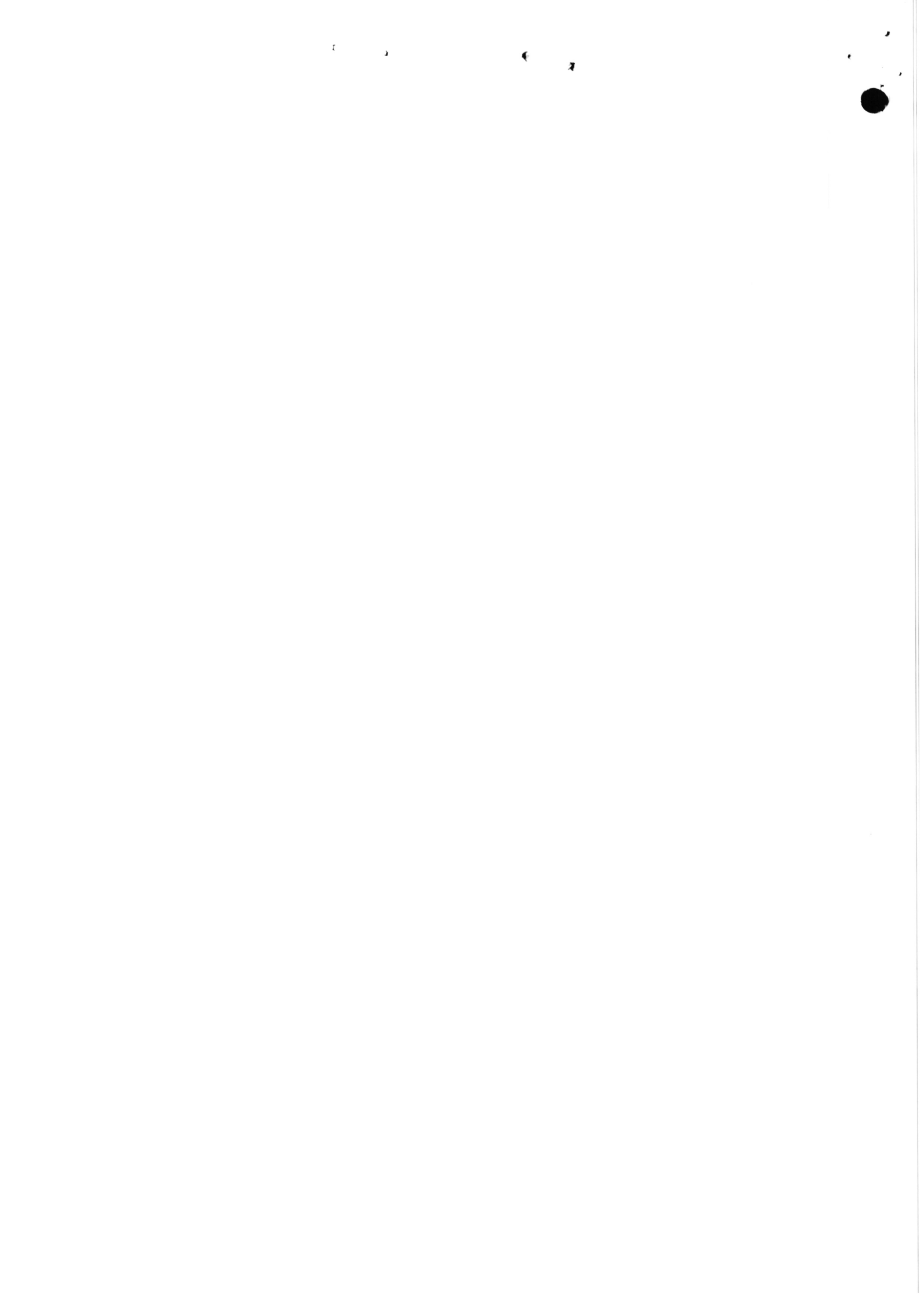
THE AUDITOR-GENERAL

ON

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF NANDI





COUNTY REVENUE FUND

County Government of Nandi

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022.

22 FEB 2023

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1. Key Entity Information and Management

a) Background information

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

b) Key Management

The County 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 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	CPA. Alfred Lagat Bcom,CPA (K),
2.	Accounting Officer in charge of Finance	Mr. Meshack Malakwen BSc Agri,(MBA)
3.	Director Accounting Services/Finance	CPA Hellen Kemboi, Bcom,CPA (K), (MBA Finance)
4.	Head of Budget & Economic Planning	CPA Prisca Jepchirchir, BA(Economics) CPA (K)

d) Fiduciary Oversight Arrangements

Senate Committee Activities

Article 110 of the Constitution defines a Bill concerning County Governments as that which -

- (i) contains provisions affecting the functions and powers of the County Governments as set out in the Fourth schedule;
- (ii) Relates to the election of members of a county assembly or a county executive; or
- (iii) Affects the finances of the County governments

The process of passing Bills in this category is guided by the provisions of Articles 111 through to 113 of the Constitution.

Allocation of National Revenue

Division of revenue between the National and County Governments

Article 217(1) of the Constitution mandates the Senate to determine, by resolution, the basis for allocating among the counties the share of national revenue that is annually allocated to the county level of government. In determining the basis of revenue sharing under clause (1), the Senate must-

- (a) Consider the provisions of Article 203(1) of the Constitution; i.e. the national interest, the public debt and other national obligations, the needs of the national government, the need to ensure counties perform their functions, fiscal capacity and efficiency of county governments, developmental and other needs of counties, economic disparities within and among the counties, affirmative action, economic optimization of each county, the desire for stable and predictable allocations of revenues and flexibility in responding to emergencies and other temporary needs;
- (b) Request and consider recommendations from the Commission on Revenue Allocation;
- (c) Consult the county governors, the Cabinet Secretary responsible for finance and any organization of county governments; and
- (d) Invite the public, including professional bodies, to make submissions to it on the matter.

While considering the Division of Revenue Bill under Article 218 of the Constitution, the Senate ensures that the counties get their share of the revenues collected at the national level.

County Allocation of Revenue Bill

Immediately after the approval of the Division of Revenue Bill, the Senate is charged with considering, deliberating and voting on the County Allocation of Revenue Bill which divides revenue allocated to the county level of government amongst the counties using the formula developed by the Senate every five years as per the provisions of Article 217 of the Constitution.

Review of any Bills dealing with sharing of revenue or any financial matter concerning County Governments.

The Senate also considers recommendations made by the Commission on Revenue Allocation regarding provisions of any Bill dealing with sharing of revenue or any financial matter concerning County Governments as per the provisions of Article 205 of the Constitution.

Impeachment

The Senate plays a pivotal role in the process of impeaching the Governors.

The process of impeaching the Governor is outlined in Article 181 of the Constitution and section 33 of the County Governments Act.

The Senate is required to investigate allegations for impeachment of the Governor and resolve if they have been substantiated. The Senate, by resolution, may appoint a Special Committee of

eleven Senators to investigate the allegations. If the Special Committee of the Senate or the Senate sitting in Plenary finds that the allegations have been substantiated, then the Senate shall -

- (i) accord the Governor an opportunity to be heard; and
- (ii) vote on the impeachment charges

If the Majority of Senators vote to uphold the impeachment charge, the Governor ceases to hold office.

If the vote to uphold the impeachment fails, then the Speaker of the Senate shall inform the Speaker of the concerned County Assembly.

A motion for removal of the Governor on the same charges may only be re-introduced in Senate on the expiry of three months from the date of the failed vote to uphold the impeachment

County Assembly

The functions of the County Assembly are as follows:

- a) A County Assembly may make any laws that are necessary for the effective performance of the functions and exercise of the powers of the County Government under the Fourth Schedule.
- b) A County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County Executive Committees and other County Executive organs. A County Assembly may receive and approve plans and policies for—
 - (1) the management and exploitation of the county's resources;
 - (2) the development and management of its infrastructure and institutions.
- c) Approve the budget and expenditure of the County Government in accordance with Article 207, the legislation contemplated in Article 220(2) and Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the County Government in accordance with Article 212 of the Constitution.
- e) Vet and approve nominees for appointment to county public offices as may be provided in law.
- f) The County Assembly participates in the removal of key officers:
 - 1. Governor
 - 2. Speaker
 - 3. County executives
 - 4. County Public Service Board

To achieve the above, Members of County Assemblies are involved in a number of activities. They include:

Drafting, tabling, enacting and debating bills and motions.

- Seeking answers on behalf of citizens.
- Being involved in leadership in the house, such as Leader of Majority, Whip, etc.
- Working in assembly committees.
- Presenting petitions on behalf of citizen

Controller of Budget

Article 228 of the Kenyan Constitution establishes the Office of the Controller of Budget. The Office of the Controller of Budget (OCOB) oversees the implementation of the national and county government budgets. Controller of Budget is one of the mechanisms that enhance accountability in the expenditure of public resources. During the financial year ended 30th June 2022 the Controller of Budget oversaw the implementation of the budgets of county governments. The Controller of Budget monitored the use of public funds and gave is report to Parliament and public on how the funds were utilized.

The office of the controller of budget gave an authority on the withdrawals from public funds. Before authorizing any withdrawal from Public funds, the Controller of Budget must first be satisfied that the said withdrawal is authorized by law, as per Article 228(5) of the Constitution. The office of the controller of budget gave quarterly, annual and special reports to the legislature and executive on budget implementation matters of county governments as provided by law according to (Article 228 (6) of) the Constitution. The following reports were produced during the financial year:

- Quarterly Reports on Budget Implementation to the Executive and Parliament – Article 228 (6).
- Annual Reports on Budget Implementation to the President and Parliament – Article 254 (1).
- Arbitration or Mediation Reports to Parliament on matters relating to Budget Implementation – Article 225 (7a) Article 252 (1a & 1b).

e) County Headquarters

County Government of Nandi
P.O. Box 802 – 30300,
Kapsabet, Kenya

f) County Contacts

Telephone: (254) 053 525 2355
E-mail: info@nandi.go
Website: www.nandi.go.ke

g) County Bankers

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

2.Cooperative Bank
P.O. Box 19828 – 00100,
Nairobi, Kenya.

3. Equity Bank
P.O. Box 75104–00200,
Nairobi, Kenya,

4. KCB
P.O. Box 48400–00100,
GPO Nairobi,

h) Independent Auditors

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

i) Principal Legal Adviser

The County Attorney
P.O. Box 802 – 30300,
Kapsabet, Kenya.

2. Statement by the CECM Finance

It is my pleasure to present the county Revenue Fund Statements for the County Government of Nandi for the year ended June 30,2022. The statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance.

The devolved system of governance consists of the National Government and 47 County Governments.

I. Functions of the County Government

The county Government shall be responsible for any function assigned to it under the constitution or by an act of parliament, a county government shall be responsible for:

- County legislation in accordance with Article 185 of the constitution.
- Exercise executive functions in accordance with Article 183 of the constitution.
- Functions provided for in Article186 and assigned in the fourth schedule of the constitution.
- Any other function that may be transferred to County governments from the National government under Article 187 of the constitution.
- Any function agreed upon with other County governments under Article 182 of the constitution and.
- Establishment and staffing of its public service as contemplated under Article 235 of the constitution

II.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 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 Nandi County includes Health and Sanitation, Vehicle Parking Fees, Business Permits, Kiborgok tea Estate proceeds, liquor licensing, House and stall Rents, Cess, Plot Rents, Agriculture, Market/Trade Centre fees, Slaughterhouses Administration cost, Sewerage and water, Cattle dips/veterinary and other small, varied sources.

Public sector struggles to respond to the countless demand placed on them, in addition to the complexity of managing county government budget constraints forms a major risk to implementation of its strategic plan.

To mitigate budget constraints an average local collection forecast was considered by involving all the stakeholders in budget planning and preparation process.

The Fourth Schedule of the Constitution contains information on the devolved services in Kenya. It stipulates the division of functions between the national and the county governments in Kenya. The devolved functions in Kenya performed by county governments are as follows.

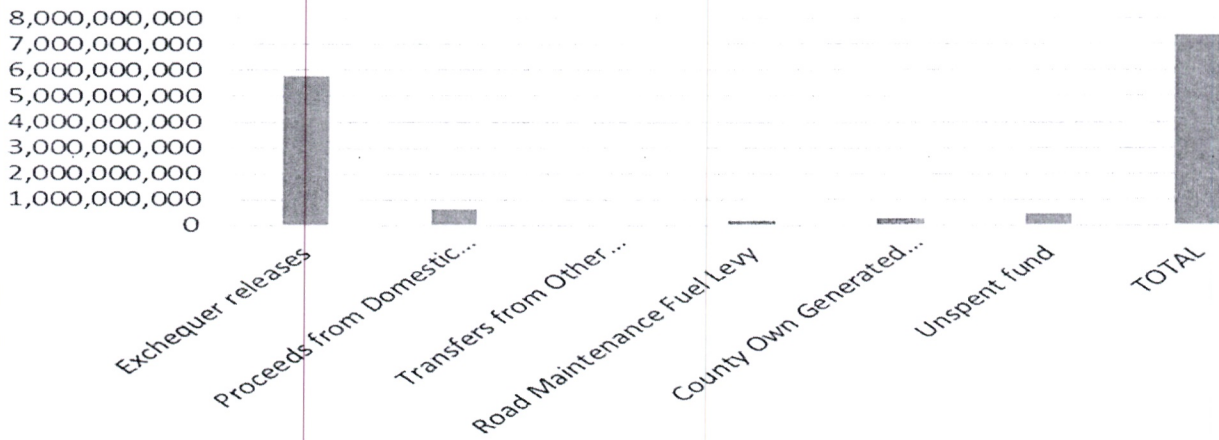
1.1 Figure 1: Nandi County revenue sources in FY 2021/2022

Sharable revenue continues to form the largest part of our revenue budget, contributing 78% towards our budget. Our own generated revenues formed 4% of our budget. In order to plug in the deficit, we projected revenue from opening balance and transfer from other government entities of 11 % and 7% respectively of our budget. Out of the projected revenue, the County was able to realize **Kshs.7,534,803,049** in actual revenues, representing 84% performance. This performance decreased by 13% compared to previous financial year. In the table below,we present an analysis of revenue performance during the year.

Budget performance against actual amounts

Revenue classification	Budgeted (Kshs)	Actual (Kshs)	Realization (%)
Exchequer releases	6,990,869,041	6,990,869,041	100%
Proceeds from Domestic and Foreign Grants	-	-	-
Transfers from Other Government Entities	598,211,166	245,129,184	41%
Road Maintenance Fuel Levy	-	-	-
County Own Generated Receipts	387,106,430	287,403,522	74%
Unspent fund	989,363,172	11,401,302	1%
TOTAL	8,965,549,809	7,534,803,049	84%

Graph 2: Revenue Performance in FY 2021/2022



Sign
CECM Finance and Economic Planning
County Government of Nandi

4. Statement of Management Responsibility

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


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

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

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. 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 15/06 2022.

Signature  _____
Name
Chief Officer - Finance
County Government of Nandi

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.

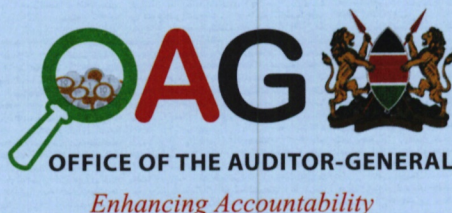
This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2022.



.....
Name Mesutik Matala
Chief Officer – Finance

6. Report of the Independent Auditor on the CRF of County Government of Nandi

REPUBLIC OF KENYA



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

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

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Nandi set out on pages 1 to 14, which comprise of the statement of receipts and payments for the year ended 30 June, 2022, 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

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

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

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

Basis for Qualified Opinion

1. Misstatements in Comparative Balances

The statement of receipts and payments reflects comparative balances of Kshs.6,124,563,935 and Kshs.666,356,121 in respect of transfers to County Executive and transfers to County Assembly respectively. However, review of County Executive financial statements for the year ended 30 June, 2021 revealed transfers to County Executive and to County Assembly of Kshs.6,104,785,790 and Kshs.666,362,121 respectively, resulting in unexplained variances of Kshs.19,778,145 and Kshs.6,000 respectively.

In the circumstances, the accuracy and completeness of the comparative amounts for transfers to County Executive and transfers to County Assembly could not be confirmed.

2. Transfers to the County Executive

The statement of receipts and payments reflects transfers to the County Executive amount of Kshs.6,597,119,468 and as disclosed in Note 8 to the financial statements, which includes transfers to recurrent account amount of Kshs.5,136,584,135. However, annex 3 (analysis of transfers from the County Revenue Fund) reflects transfer to County Executive recurrent revenue account of Kshs.5,126,116,320 resulting to an un-reconciled variance of Kshs.10,467,815.

In the circumstances, the accuracy and completeness of transfers to the County Executive of Kshs.6,597,119,468 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.8,965,549,809 and Kshs.7,534,802,849 respectively resulting to an under-funding of Kshs.1,430,746,960 or 16% of the approved budget. Further, the Fund made total transfers of Kshs.7,293,122,786 against a budget of Kshs.8,965,549,809 resulting to an under-absorption of Kshs.1,672,427,023 or 19% of the final budget.

The underperformance and under absorption affected the planned activities and may have negatively impacted on service delivery to the residents.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the 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 overall governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2023

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

		2021/22	2020/21
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	6,990,869,041	5,808,851,100
Transfers from other government agencies	2	245,129,184	852,791,902
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	287,403,322	278,408,973
Return to CRF issues	7	11,401,302	-
Total Receipts		7,534,802,849	6,940,051,975
Payments			
Transfers to County Executive	8	6,597,119,468	6,124,563,935
Transfers to County Assembly	9	696,003,318	666,356,121
Other Transfers	10	-	-
Total Payments		7,293,122,786	6,790,920,056
Net increase (decrease) in cash for the year		241,680,063	149,131,919
Add Opening fund balance b/f	11	361,310,676	192,231,031
Closing Fund balance for the period	11	590,761,464	361,310,676



.....
Meshack Malakwen
Chief Officer-Finance



.....
Hellen Kemboi
Head of Accounting Unit
ICPAK M/No 11936

County Government of Nandi
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2022

8. Statement of Comparison of Budget Actual Amounts for the year ended 30th June, 2022.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Exchequer releases	6,990,869,041	-	6,990,869,041	6,990,869,041	-	100
Transfers from other government agencies	-	-	-	-	-	-
Other conditional grants	598,211,166	-	598,211,166	245,129,184	353,081,982	41
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-	-
Own Source Revenue	387,106,430	-	387,106,430	287,403,322	99,703,108	74
Return to CRF issues	989,363,172	-	989,363,172	11,401,302	977,961,870	1
Total Receipts	8,965,549,809	-	8,965,549,809	7,534,802,849	1,430,746,960	84
Payments						
Transfers to County Executive	8,269,546,491	-	8,269,546,491	6,597,119,468	1,672,427,023	80
Transfers to County Assembly	696,003,318	-	696,003,318	696,003,318	-	100
Total Payments	8,965,549,809	-	8,965,549,809	7,293,122,786	1,672,427,023	81
Balance	-	-	-	241,680,063	- 241,680,063	3

(a) An amount of Kshs.276,935,507 in the county revenue fund varies with those disclosed on the financial statements of Kshs.287,403,322 as a result of unswapped balances at local collection account and other bank accounts.

(b) an under collection of Other conditional grants was as a result of unremitted funds by various donor funding agencies

9. Significant Accounting Policies

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

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

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

d) Payments

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

Significant Accounting Policies (Continued)

e) Fund Balances

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

f) Restriction on Cash

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

10. Notes to the Financial Statements

1. Exchequer releases

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

	2021/22	2020/21
	Kshs.	Kshs.
Equitable Share (a)	6,990,869,041	5,808,851,100
Level 5 hospitals (b)	-	-
Others (c)	-	-
Total (d=a+b+c)	6,990,869,041	5,808,851,100

2. Transfers from other government agencies

	2021/22	2020/21
	Kshs.	Kshs.
DANIDA - Universal Healthcare in Devolved Units Programme	5,925,563	15,210,000
World Bank – THUSCP	59,095,086	101,887,700
Youth Polytechnic support grant	-	-
Abolishment of user fees in health centres and dispensaries	-	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)	155,603,751	282,155,442
Kenya Devolution Support Programme	-	127,682,844
Kenya Urban Support Programme (UIG,UDG)	-	97,145,818
Agriculture Sector Development Support Project (SIDA)	19,505,984	12,338,925
M.O.H-Doctors and Nurse allowances	-	-
Nutrition International	4,998,800	9,999,400
Road Maintainance Fuel Levy	-	160,365,516
Emergency Fund	-	-
Youth Polytechnic support grant	-	27,919,894
Abolishment of user fees in health centres and dispensaries	-	18,086,363
Total	245,129,184	852,791,902

3. Other grants

	2021/22	2020/21
	Kshs.	Kshs.
Donor 1 (<i>Specify</i>)	-	-
Donor 2 (<i>Specify</i>)	-	-
Donor 3 (<i>Specify</i>)	-	-
Others (<i>Specify</i>)	-	-
	-	-

4. Proceeds from Domestic borrowing

	2021/22	2020/21
	Kshs.	Kshs.
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Notes to the Financial Statements (Continued)

5. Proceeds from Foreign Borrowing

	2021/22	2020/21
	Kshs.	Kshs.
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

6. Own Source Revenue

Description	2021/22	2020/21
	Kshs.	Kshs.
Business Permits	33,886,516.00	47,173,887
liquor licensing	11,981,880.00	11,780,110
Plot rents	1,485,873	1,489,527
Land Rates	19,654,496	23,228,006
House and Stalls Rent	7,137,779	8,792,673
Parking Fees	25,529,112	26,832,798
Market Fees	15,009,301.00	10,051,900
Cess	23,931,845.00	19,944,822
Health and Sanitation	118,969,920	104,345,556
Kiborgok Tea Proceeds	12,356,056	10,550,386
Slaughter Fees	1,330,194	-
Sewerage and water		665,925
Agriculture (KAIMOSI ATC)	7,106,497	5,128,297
Cattle Dips/Veterinary		2,369,601
Miscellaneous	9,023,853	6,055,485
TOTAL	287,403,322	278,408,973

Notes to the Financial Statements (Continued)

7. Return to CRF Issues

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	-	-
Development Account (<i>County Executive</i>)	-	-
Recurrent Account (<i>County Assembly</i>)	11,400,600	-
Development Account (<i>County Assembly</i>)	702	-
Others (<i>Specify</i>)	-	-
Total	11,401,302	-

8. Transfers to County Executive

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	5,136,584,135	4,252,898,439.05
Development Account	1,133,140,602	1,092,061,833.00
Special purpose Accounts	327,394,731	779603662.7
Others	-	-
Total	6,597,119,468	6,124,563,935

Notes to the Financial Statements (Continued)

9. Transfers to County Assembly

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	675,629,374	623,020,510.00
Development Account	20,373,944.00	43,335,611.00
Special purpose accounts	-	-
Others (<i>Specify</i>)	-	-
Total	696,003,318	666,356,121

10. Other Transfers

Description	2021/22	2020/21
	Kshs.	Kshs.
Agency Notices	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

11. Fund balance

	2021/22	2020/21
	Kshs.	Kshs.
NANDI COUNTY REVENUE FUND 1000171278	583,043,013	341,362,950
NANDI COUNTY REVENUE FUND EQUITY 0490260871255	329,735	1,476,044
Nandi County NHIF Nandi Hills County Hospital 01141594316300	1,067,180	593,161
Nandi County Meteitei Sub county Hospital 01141594316300	121,460	24,220
Nandi county NHIF Kaptumo sub District Hospital 01141594316400	545,201	770,576
Kapsabet District Hospital account 01141329212200	-	12,471,120
Chepterwai Sub-district account 01141329282900	60,720	5,680
KAIMOSI ATC REVENUE ACCOUNT Equity 0490280776278	4,148,677	3,753,680
Mpesa 299299	80,091	853,245
NBK	1,365,387	
Total	590,761,464	361,310,676

11. Annexes

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

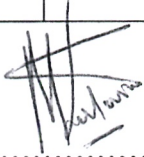
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.0 Receipts 5.1 Exchequer Releases Observations 5.1.1	Late Disbursements: The statement of receipts and payments reflects exchequer releases of Kshs. 6,450,271,229 for the year ended 30 June 2021 which includes the county's equitable share of national income amounting to Kshs. 5,808,851,100 and donor funds amounting to Kshs. 641,420,129 as disclosed in note 1(c) to the financial statements. However, exchequer releases totaling to Kshs. 1,363,956,750 received on 23 and 30 June and 2 July, 2021, out of which an amount of Kshs. 454,652,250 was transferred into county revenue fund account from National Treasury on 2 July 2021, after end of the financial year	The delayed remittance is by the National Treasury should be addressed going forward to facilitate smooth running of operations and timely payment of suppliers/contractors	Resolved	29 th Jan 2022
5.1.2	Variances in donor funds Disbursements: Statement of receipts and payments reflects Exchequer Releases of Kshs. 6,450,271,229 which includes donor funds released through exchequer as par CARA of Kshs. 641,420,129 as disclosed in note 1C to the financial	All the donor funds released during the financial year were as per the approved County Allocation for Revenue Act 2020/2021 except for Kenya Devolution Support Program(KDSP) which is a world bank funded project implemented in two levels. Level 1 is for capacity	Resolved	29th Jan 2022

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)
	statements	<p>building and level 2 is for development funding.</p> <p>The Kshs.82 million KDSP funds received during the financial year are level 2 funds(development) were allocation in the 2019/2020 County Allocation of Revenue Act but were not realized during the year, the funds were disbursed by the National Treasury in the subsequent year 2020/2021 and received at the CRF in July 2021, thus the funds were not provided for in the approved budget of the year hence could not be expended. The same amount has been budgeted for in the current financial year 2021/2022. NARIGP</p> <p>The CARA 2021 allocated NARIGP Kshs. 197 million, however, in the course of the year, an additional Kshs. 84million was released to Nandi County, above the CARA amount which the National Treasury later recalled at the end of the financial year after realizing the overdisbursement of the conditional funds. As per the attached County Revenue Fund Statement.</p> <p>Nutrition International Nutrition international is a development partner with co-</p>		

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)
		<p>funding arrangement with Nandi County. Ksh 4,999,400 was wired erroneously by the National treasury which was meant for Busia county, the amount was later wired back as per instructions issued by Central bank.</p> <p>World Bank-THUSCP Transforming health systems is a world bank funded program supporting health sector in Nandi County. The allocation in the approved CARA for the program was Kshs 102,150,272 but Kshs 101,887,770 was disbursed hence under realization of Kshs 262,502; the funding agency indicated that the variance was due to dollar to Kenyan shilling exchange rate.</p> <p>Agricultural Sector Development Support Project (ASDSP)II The program is co-funded by the Swedish government (SIDA), Government of Kenya and County government of Kenya. The allocation of kshs 12,838,123 in the approved CARA was a funding from SIDA but kshs 12,338,925 was disbursed, the implementing department anticipates to receive the underrealized amount of Kshs</p>		

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)
		499,198 in the current financial year 2021/2022.		



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Name Meshack Malakwen
Chief Officer Finance

Date

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

Period (2021/22)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,153,493,391	1,747,717,259	1,747,717,260	2,341,941,131	6,990,869,041
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	5,925,563	5,925,563
World Bank – THUSCP	-	-	-	59,095,086	59,095,086
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	155,603,751	155,603,751
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	2,500,000	-	17,005,984	19,505,984
Nutrition International (NI)	2,499,400	-	-	2,499,400	4,998,800
Water and Sanitation Development Project	-	-	-	-	-
Total	1,155,992,791	1,750,217,259	1,747,717,260	2,582,070,915	7,235,998,225

Annex 3: Analysis of Transfers from the County Revenue Fund

Period (2021/22)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	697,322,369	1,775,101,964	908,727,197	1,744,964,790	5,126,116,320
County Executive -Dev	92,036,621	338,738,285	205,831,248	496,534,448	1,133,140,602
County Assembly -Rec	116,177,541	244,782,061	112,415,424	202,254,348	675,629,374
County Assembly -Dev	-	20,373,944	-	-	20,373,944
Special Purpose A/c (Specify)	-	55,625,621	17,500,000	254,269,110	327,394,731
Total	905,536,531	2,434,621,875	1,244,473,869	2,698,022,696	7,282,654,971