

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

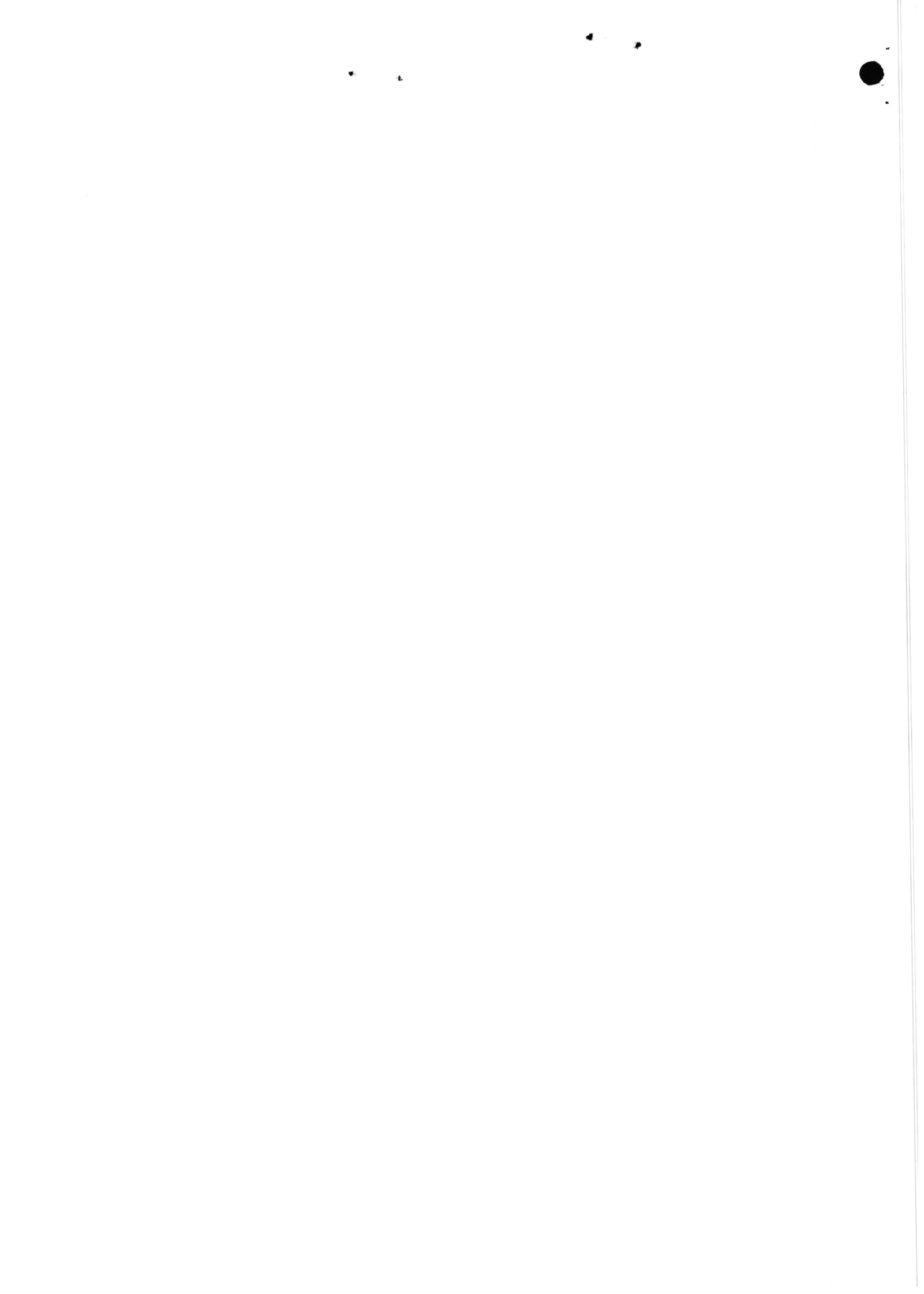
**ON**

**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT OF  
TAITA TAVETA**

PARLIAMENT  
OF KENYA  
LIBRARY





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**COUNTY REVENUE FUND**  
**COUNTY GOVERNMENT OF TAITA TAVETA**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022.**

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OFFICE OF THE AUDITOR GENERAL  
P.O. Box 05202 MOMBASA  
17 FEB 2023  
RECEIVED  
COAST REGIONAL OFFICE

COUNTY GOVERNMENT OF TAITA TAVETA  
County Revenue Fund  
Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June, 2022.

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COUNTY GOVERNMENT OF TAITA TAVETA  
County Revenue Fund  
Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June, 2022.

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COUNTY GOVERNMENT OF TAITA TAVETA  
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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	CEC Member, Finance & Economic Planning	Mr. Andrew Kubo Mlawasi, ACCA, CPA(K)
2	Chief Officer, Finance and Economic Planning	Mrs. Joyce Kambe Mwachia, CPA (K)
3	Director Supply Chain Management	Mr. Patrick Leweri
4	Director Accounting Services	Mr. Fredrick Nganga, CPA(K)

**d) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the year ended 30th June, 2022 were:

1. County Assembly of Taita Taveta County;
2. Senate Committees
3. Development partner oversight bodies
4. County Audit Committee
5. County Budget and Economic Forum (CBEF)

COUNTY GOVERNMENT OF TAITA TAVETA  
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**e) County Executive Headquarters**

Office of the Governor  
Mwatate Town, Off Voi – Taveta Highway,  
P.O. Box 1066-80304  
**Wundanyi, Kenya**

**f) County Executive Contacts**

Telephone: 0788186436/0718988717  
Email: [info@taitataveta.go.ke](mailto:info@taitataveta.go.ke)  
Website: [www.taitataveta.go.ke](http://www.taitataveta.go.ke)

**g) County Executive Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. Other Commercial Banks  
Kenya Commercial Bank  
Wundanyi Branch  
Along Posta Road  
P.O. Box 1067-80304  
**Wundanyi, Kenya**

**h) Independent Auditors**

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

COUNTY GOVERNMENT OF TAITA TAVETA  
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**i) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

**NAIROBI, KENYA**

COUNTY GOVERNMENT OF TAITA TAVETA  
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## **2. Statement by the CECM Finance**

It is my pleasure to present the Taita Taveta County Revenue Fund Annual financial statements for the year ended 30th June 2022. The financial statements have been prepared in accordance with the provisions of the Public Financial Management Act, 2012 cap 163 which requires the county treasury to prepare annual financial statements at the end of each financial year. The financial statements present the financial performance of the County Government over the past 12 months. 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, Taita Taveta included. Functions and powers exercised by County Executive of Taita Taveta are as articulated in section 5 and 6 of the County Government act 2012 respectively.

### **Financing of the County Governments**

The County Government gets its financing from the Equitable share from National Government, Conditional grants from Donors & Development Partners and its own Source Revenue collected from various revenue streams. 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 has been putting in efforts to increase its own source revenue over the last few years. In the year under review, the County collected Kshs 315,437,150 from key revenue streams. This was against a target of Kshs 450,282,421 the shortfall was occasioned by court cases restricting the county from collecting mining cess and the introduction of the Taita Taveta County Health services Act 2021 which introduced the creation of facility improvement fund that requires all monies collected to be channelled to FIF account that is Ksh 20,777,675 and Ksh 93,222,252 NHIF among other issues.

The key local revenue sources include; Single Business Permits, Market fees, Agricultural Produce Cess, Hospital cost sharing fees, Sand cess, Land rates, Development plan approvals, Advertising fees, and various other administrative charges.

COUNTY GOVERNMENT OF TAITA TAVETA  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

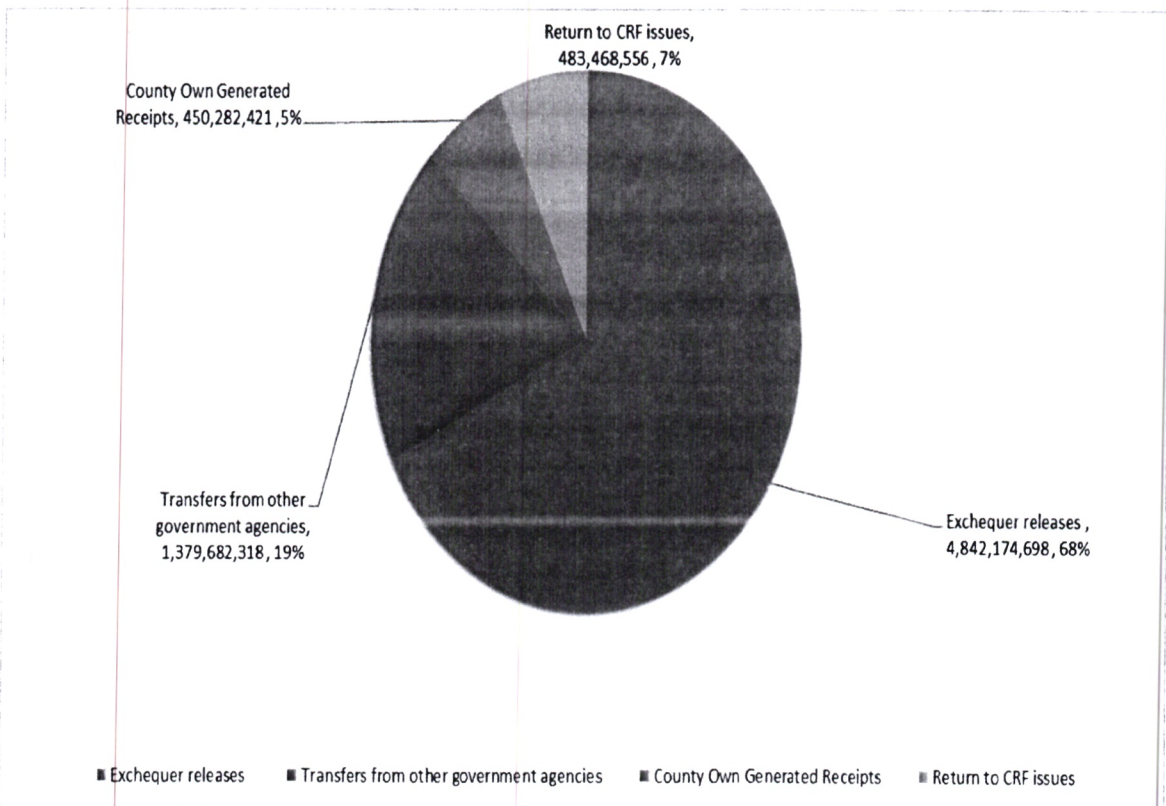
The County has always continued to explore new and innovative ways of increasing its local revenue collections.

**FINANCIAL PERFORMANCE**

**I. Budget Performance Against Actual Amounts**

**a) Revenue**

In the year ended 30th June 2022, the County had total projected revenues of KShs **7,155,607,993** consisting of; KShs **450,282,421** from own sources and KShs **6,705,325,572** from other sources, including County Allocation through Exchequer and donor funding for various specific projects in the County Departments of Water, Agriculture, Mwatate Municipality and Health Services. A graphical representation of the revenue budget is as shown below:



**Figure 1: Taita Taveta County revenue sources in FY 2021/2022**

CARA revenues continue to form the largest part of our revenue budget, contributing 68 % towards our budget. Our own generated revenues formed 5% of our budget.

Out of the projected revenue, the County was able to realize KShs **5,311,323,799** in actual revenues, representing 74% performance. This performance was as a result of 92% realization

COUNTY GOVERNMENT OF TAITA TAVETA  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

of the County Allocation through Exchequer, 70% on own generated revenues, 0% Return to CRF Issues .

The table below shows an analysis of revenue performance during the year ended 30<sup>th</sup> June 2022.

Revenue Classification	Revenue Budget (kshs)	Actual (KShs)	Realization (%)
Exchequer releases	4,842,174,698	4,454,800,721	92%
Transfers from other government agencies	1,379,682,318	540,603,975	39%
County Own Generated Receipts	450,282,421	315,437,150	70%
Return to CRF issues	483,468,556	481,953	0%
<b>Total</b>	<b>7,155,607,993</b>	<b>5,311,323,799</b>	<b>74%</b>

**Table 1: Revenue performance in FY 2021/2022**

**b) Transfers**

In the year under review, the County Government of Taita Taveta had projected transfers of Kshs 7,155,607,993 and was able to utilize a total of Kshs 5,436,444,019 representing an absorption rate of 76%. The transfers comprised of KShs 4,789,527,056 to County Executive, Kshs 646,916,963 to County Assembly.



**CPA Dawson Katuu Mzenge**

**CECM FINANCE AND ECONOMIC PLANNING**

**COUNTY GOVERNMENT OF TAITA TAVETA**

### **3. Management Discussion and Analysis**

The County Government gets its financing from the Equitable share from National Government, Conditional grants from Donors & Development Partners and its own Source Revenue collected from various revenue streams. 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.

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The key local revenue sources include; Single Business Permits, Market fees, Agricultural Produce Cess, Hospital cost sharing fees, Sand cess, Land rates, Development plan approvals, Advertising fees, and various other administrative charges.

The County has always continued to explore new and innovative ways of increasing its local revenue collections.

### **FINANCIAL PERFORMANCE**

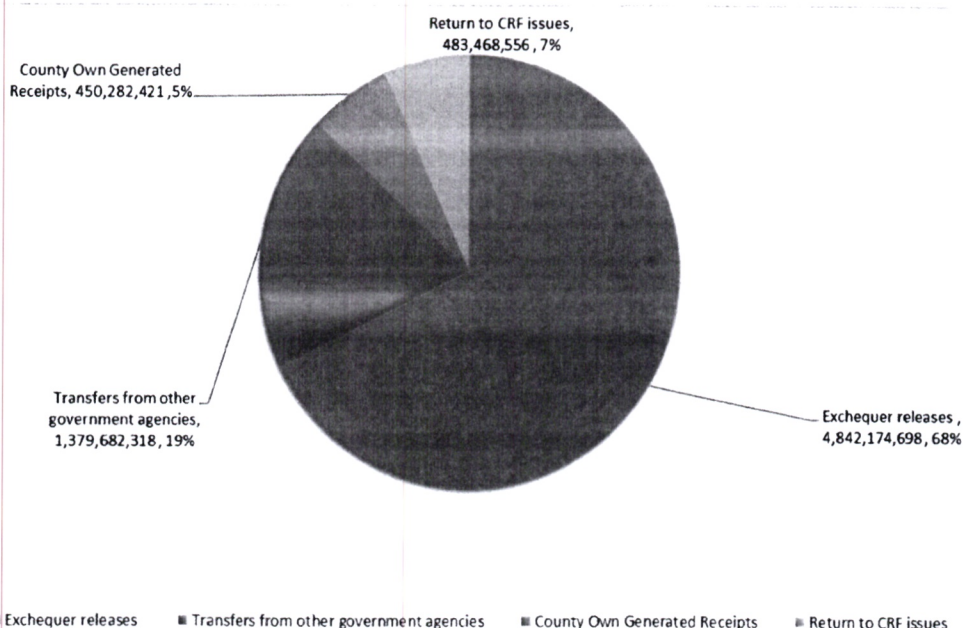
#### **II. Budget Performance Against Actual Amounts**

##### **a) Revenue**

In the year ended 30th June 2022, the County had total projected revenues of KShs **7,155,607,993** consisting of; KShs **450,282,421** from own sources and KShs **6,705,325,572** from other sources, including County Allocation through Exchequer and donor funding for various specific projects in the County Departments of Water, Agriculture, Mwatate Municipality and Health Services.

A graphical representation of the revenue budget is as shown below:

COUNTY GOVERNMENT OF TAITA TAVETA  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022



**Figure 1: Taita Taveta County revenue sources in FY 2021/2022**

CARA revenues continue to form the largest part of our revenue budget, contributing 68 % towards our budget. Our own generated revenues formed 5% of our budget.

Out of the projected revenue, the County was able to realize KShs **5,425,323,726** in actual revenues, representing 74% performance. This performance was as a result of 92% realization of the County Allocation through Exchequer, 70% on own generated revenues, 39% Transfers from other government entities and 0% return to CRF Issues .

The table below shows an analysis of revenue performance during the year ended 30<sup>th</sup> June 2022.

Revenue Classification	Revenue Budget (KShs)	Actual (KShs)	Realization (%)
Exchequer releases	4,842,174,698	4,454,800,721	92%
Transfers from other government agencies	1,379,682,318	540,603,975	39%
County Own Generated Receipts	450,282,421	315,437,150	70%
Return to CRF issues	483,468,556	481,953	0%
<b>Total</b>	<b>7,155,607,993</b>	<b>5,311,323,799</b>	<b>74%</b>

**Table 1: Revenue performance in FY 2021/2022**

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**b) Transfers**

In the year under review, the County Government of Taita Taveta had projected transfers of Kshs 7,155,607,993 and was able to utilize a total of Kshs 5,436,444,019 representing an absorption rate of 76%. The transfers comprised of KShs 4,789,527,056 to County Executive, Kshs 646,916,963 to County Assembly.

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**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 10/2/2022.

Signature 

Chief Officer

Name: CPA Joyce Kambe Mwachia

ICPAK Member Number: 12587

County Government of Taita Taveta

COUNTY GOVERNMENT OF TAITA TAVETA

County Revenue Fund

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

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

**Background**

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

**Receipts into the County Revenue Fund**

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


**Transfers from the County Revenue Fund**

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

**Financial Reporting requirements**

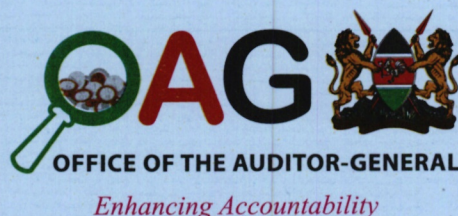
The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

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

  
.....  
f **Name: CPA Joyce Kambe Mwachia**  
**ICPAK Member Number: 12587**  
**Chief Officer – Finance**

# REPUBLIC OF KENYA

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



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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of County Revenue Fund - County Government of Taita Taveta set out on pages 1 to 12, which comprise the statement of receipts and payments statement, statement and statement of comparison of budget and

actual amounts for the year ended 30 June, 2022, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial performance of the County Revenue Fund for the year ended 30 June, 2022 in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unexplained and Unreconciled Variances in the Financial Statements**

The statement of receipts and payments for the year ended 30 June, 2022 reflects transfers to County Assembly of Kshs.646,916,963 while the amounts reflected in the financial statements of County Assembly as received from the Fund was Kshs.739,183,677, resulting in a variance of Kshs.92,266,714 which was not been explained nor reconciled.

Further, the statement of comparison of budget and actual amounts for the year ended 30 June, 2022 indicates Nil proceeds from foreign borrowings. However, review of the County Government Additional Allocation Act, 2022 revealed approved appropriation of Kshs.1,379,682,318 to the County Government of Taita Taveta for additional allocations from proceeds of loans and grants from development partners. However, the amount differs with the County Government of Taita Taveta Supplementary Budget Estimates II of Kshs.1,453,802,244 by Kshs.74,119,926. The variance was not explained nor reconciled.

In the circumstances, the accuracy and completeness of the transfers to County Assembly and proceeds from foreign borrowing for the year ended 30 June, 2022 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 Taita Taveta 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.

### **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 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 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 control, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 Fund's 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 Management.
- Conclude on the appropriateness of 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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**

**31 March, 2023**

COUNTY GOVERNMENT OF TAITA TAVETA

County Revenue Fund

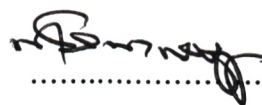
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

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

	Notes	FY 2021/22 Kshs.	FY 2021/21 Kshs.
<b>Receipts</b>			
Exchequer releases	1	4,454,800,721	4,241,100,000
Transfers from other government agencies	2	540,603,975	989,522,062
Other grants	3	-	-
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	315,437,150	302,005,400
Return to CRF issues	7	481,953	364,792,086
<b>Total Receipts</b>		<b>5,311,323,799</b>	<b>5,897,419,548</b>
<b>Payments</b>			
Transfers to County Executive	8	4,789,527,056	5,098,897,926
Transfers to County Assembly	9	646,916,963	681,965,352
Other Transfers	10	-	-
<b>Total Payments</b>		<b>(5,436,444,019)</b>	<b>(5,780,863,278)</b>
Net increase (decrease) in cash for the year		<b>(125,120,220)</b>	<b>116,556,270</b>
Add Opening fund balance b/f	11	<b>158,612,272</b>	<b>42,056,002</b>
<b>Closing Fund balance for the period</b>	<b>11</b>	<b>33,492,052</b>	<b>158,612,272</b>



Chief Officer  
Name: CPA Joyce Kambe Mwachia  
ICPAK Member Number: 12587



Head of Accounting Services  
Name: CPA Samuel Kumola  
ICPAK Member Number: 15745

COUNTY GOVERNMENT OF TAITA TAVETA  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

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

Receipts/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	4,832,829,521	9,345,177	4,842,174,698	4,454,800,721	387,373,977	92%
Transfers from other government agencies	1,379,682,318	-	1,379,682,318	540,603,975	839,078,343	39%
Other conditional grants			-	-	-	0%
Proceeds from Domestic Borrowing			-	-	-	0%
Proceeds from Foreign Borrowing			-	-	-	0%
Own Source Revenue	376,000,000	74,282,421	450,282,421	315,437,150	134,845,271	70%
Return to CRF issues	794,000,000	(310,531,444)	483,468,556	481,953	482,986,603	0%
<b>Total Receipts</b>	<b>7,382,511,839</b>	<b>(226,903,846)</b>	<b>7,155,607,993</b>	<b>5,311,323,799</b>	<b>1,844,284,194</b>	<b>74%</b>
<b>Payments</b>						
Transfers to County Executive	6,584,697,880	(365,922,625.58)	6,218,775,254	4,789,527,056	1,429,248,198	77%
Transfers to County Assembly	657,489,757	139,018,780	796,508,537	646,916,963	149,591,574	81%
Others	140,324,202	-	140,324,202	-	140,324,202	0%
<b>Total Payments</b>	<b>7,382,511,839</b>	<b>(226,903,846)</b>	<b>7,155,607,993</b>	<b>5,436,444,019</b>	<b>1,719,163,974</b>	<b>76%</b>
<b>Balance</b>	-	-	-	(125,120,220)	125,120,220	

COUNTY GOVERNMENT OF TAITA TAVETA  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

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**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.

COUNTY GOVERNMENT OF TAITA TAVETA  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

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**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.

COUNTY GOVERNMENT OF TAITA TAVETA

County Revenue Fund

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

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:

	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Equitable Share (a)	4,454,800,721	4,241,100,000
Level 5 hospitals (b)	-	
Others ( <i>Specify</i> )	-	
<b>Total (d=a+b+c)</b>	<b>4,454,800,721</b>	<b>4,241,100,000</b>

2. Transfers from other government agencies

	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
DANIDA - Universal Healthcare in Devolved Units Programme	4,602,548	12,060,000
World Bank – THUSCP	-	37,651,634
National Agricultural & Rural Inclusive Growth Project	-	-
Kenya Devolution Support Programme	-	45,000,000
Youth Polytechnic support grant	-	57,634,894
Abolishment of user fees in health Centres and dispensaries	-	5,296,305
Kenya Urban Support Programme(UDG)	-	7,384,101
Kenya Urban Support Programme(UIG)	-	20,571,576
Agriculture Sector Development Support Project (ASDSP)	5,500,000	12,707,755
Kenya Climate Smart Agriculture Project (KCSAP)	225,710,141	268,715,271
Water and Sanitation Development Project (WSDP)	304,791,286	350,000,001
Road maintenance fuel levy fund	-	131,122,392
Health Facility Improvement Fund	-	-
NHIF Funds	-	41,378,133
<b>Total</b>	<b>540,603,975</b>	<b>989,522,062</b>

3. Other grants\*\*

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

\*\* These are funds received from development partners directly through CRF

COUNTY GOVERNMENT OF TAITA TAVETA

County Revenue Fund

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

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4. Proceeds from Domestic borrowing

	FY 2021/22	FY 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> )	-	-
<b>Total</b>	-	-

COUNTY GOVERNMENT OF TAITA TAVETA  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

Notes to the Financial Statements (Continued)

5. Proceeds from Foreign Borrowing

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

6. Own Source Revenue

Description	2021/22	2020/21
	Kshs.	Kshs.
Cess	129,772,639	111,954,129
Land/Poll rate	9,880,648	19,435,740
Single/Business permits	53,021,305	37,590,205
Property rent	5,011,121	11,170,809
Parking fees	19,032,250	22,980,593
Market fees	7,918,753	13,860,113
Advertising	10,456,635	6,019,425
Hospital fees	35,073,654	36,109,891
Public health service fees	1,210,300	5,043,123
Physical planning and development	5,602,126	7,320,100
Hire of County Assets	1,575,750	749,900
Conservancy administration	7,678,770	8,936,580
Administration control fees and charges	11,827,639	13,582,317
Park fees	-	-
Other fines, penalties, and forfeiture fees	611,320	1,021,906
Miscellaneous	16,764,241	6,230,569
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>315,437,150</b>	<b>302,005,400</b>

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

COUNTY GOVERNMENT OF TAITA TAVETA

County Revenue Fund

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

7. Return to CRF Issues

	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Recurrent Account ( <i>County Executive</i> )	42,085.50	16,168
Development Account ( <i>County Executive</i> )	207,945.45	9,906
Recurrent Account ( <i>County Assembly</i> )		28,189
Development Account ( <i>County Assembly</i> )	231,922.35	3,224
Others ( <i>Specify</i> )		364,734,600
<b>Total</b>	<b>481,953.30</b>	<b>364,792,086</b>

8. Transfers to County Executive

	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Recurrent Account	3,949,631,899	3,545,142,113
Development Account	296,893,730	671,183,463
RMLF		131,122,392
RBF		55,007,938
Village Polytechnic		57,634,894
KCSAP	225,710,141	268,715,271
KUSP	10,000,000	7,384,100
ASDSP	2,500,000	12,707,755
WDS	304,791,286	350,000,000
<b>Total</b>	<b>4,789,527,056</b>	<b>5,098,897,926</b>

COUNTY GOVERNMENT OF TAITA TAVETA  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

Notes to the Financial Statements (Continued)

9. Transfers to County Assembly

	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Recurrent Account	628,891,960	648,128,226
Development Account	18,025,003	33,837,126
Special purpose accounts	-	
Others ( <i>Specify</i> )	-	
<b>Total</b>	<b>646,916,963</b>	<b>681,965,352</b>

10. Other Transfers

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Agency Notices	-	
Others ( <i>Specify</i> )		
<b>Total</b>	<b>-</b>	<b>-</b>

11. Fund balance

	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
TAITA TAVETA COUNTY REVENUE FUND ACCOUNT 1000171855	158,612,272	42,056,002
<b>Total</b>	<b>158,612,272</b>	<b>42,056,002</b>

COUNTY GOVERNMENT OF TAITA TAVETA  
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**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)	Timeframes (Put a date when you expect the issue to be resolved)

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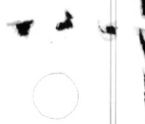
**Annex 2 . Analysis Of Receipts from The National Treasury Exchequer Releases**

Description	Q1 Kshs	Q2 Kshs	Q3 Kshs	Q4 Kshs	Cumulative Amount Kshs	Comparative Amount 2021 Kshs
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	4,602,548	4,602,548	12,060,000
World Bank – THUSCP	-	-	-	-	-	37,651,634
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	-	-	-
Kenya Devolution Support Programme	-	-	-	-	-	45,000,000
Youth Polytechnic support grant	-	-	-	-	-	57,634,894
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-	5,296,305
Kenya Urban Support Programme(UDG)	-	-	-	-	-	7,384,101
Kenya Urban Support Programme(UIG)	-	-	-	-	-	20,571,576
Agriculture Sector Development Support Project (ASDSP)	-	2,500,000	-	3,000,000	5,500,000	12,707,755
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	225,710,141	225,710,141	268,715,271
Water and Sanitation Development Project (WSDP)	-	-	-	304,791,286	304,791,286	350,000,001
Road maintenance fuel levy fund	-	-	-	-	-	131,122,392
<b>Total</b>	-	<b>2,500,000</b>	-	<b>538,103,975</b>	<b>540,603,975</b>	<b>948,143,929</b>

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

Period	Quarter 1 (Kshs)	Quarter 2 (Kshs)	Quarter 3 (Kshs)	Quarter 4 (Kshs)	Total
County Executive -Rec	520,729,713	1,432,999,898	1,106,564,034	889,338,254	3,949,631,899
County Executive -Dev	-	31,305,302	32,920,619	232,667,809	296,893,730
County Assembly -Rec	118,157,043	173,261,239	169,077,638	168,396,040	628,891,960
County Assembly -Dev	13,025,003	-	-	5,000,000	18,025,003
County Executive - KCSAP	-	-	-	225,710,141	225,710,141
County Executive - KUSP-UDG	-	-	-	10,000,000	10,000,000
County Executive- AGRI DSP	-	-	2,500,000	-	2,500,000
County Executive -WSDP	-	-	-	304,791,286	304,791,286
<b>Total</b>	<b>651,911,759</b>	<b>1,637,566,439</b>	<b>1,311,062,291</b>	<b>1,835,903,530</b>	<b>5,436,444,019</b>



The following information is provided for your reference:  
 The total number of items is 100.  
 The number of items in each category is as follows:  
 Category A: 25 items  
 Category B: 30 items  
 Category C: 15 items  
 Category D: 10 items  
 Category E: 10 items