

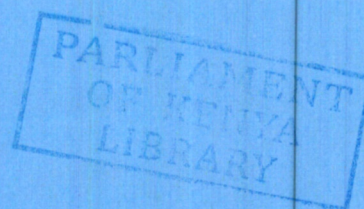
REPUBLIC OF KENYA



Enhancing Accountability

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CLERK AT THE TABLE	Angela

REPORT



OF

THE AUDITOR-GENERAL

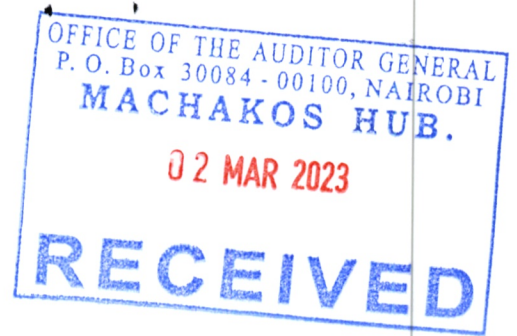
ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED

30 JUNE, 2022

COUNTY GOVERNMENT OF KAJIADO



(Insert the County Government's logo where applicable)

COUNTY REVENUE FUND

(County Government of Kajiado)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022.

County Government of Kajiado
County Revenue Fund
Annual Report and Financial Statements for the Financial Year ended 30th June,2022.

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1. Key Entity Information and Management

a) Background information

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

b) Key Management

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

- CECM Finance and Economic planning - Michael Semera
- C.O Finance - Lekina Koinary Tutui
- Director Accounting Services/Finance - CPA Joshua Majakusi

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	- Michael Semera
2.	Accounting Officer in charge of Finance	- Lekina Koinary Tutui
3.	Director Accounting Services/Finance	- CPA Joshua Majakusi

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering;

- *Audit and Finance committee activities*
- *Senate Committee Activities*
- *County Assembly*
- *Development partner oversight activities*
- *Controller of Budget*
- *Office of the Auditor General*

(Provide a brief explanation on fiduciary activities undertaken during the financial year)

e) County Headquarters

P.O. Box 11-01100
Kajiado County Offices
along Namanga Road
KAJIADO, KENYA

f) County Contacts

Telephone: (254) 0202043075
E-mail: ctreasury@kajiado.go.ke
Website: www.kajiado.go.ke

g) County Bankers

1. Central Bank of Kenya

Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2. Other Commercial Banks

(i) Kenya Commercial Bank

P.O. Box 01100
Nairobi, Kenya

(ii) Equity Bank Ltd

P.O. Box 75104-00200
Nairobi, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

The County Attorney
Kajiado County Offices
P.O. Box 11 - 01100
KAJIADO, KENYA

3. Statement by the CECM Finance

It is my pleasure to present the Government of Kajiado County Executive Financial Statements for the Financial Year ended 30 June, 2022, The Financial Statements present the financial performance of the County Government over the financial year 2021/22.

Pursuant to Section 164 of the Public Finance Management Act, an Accounting Officer for a County Government shall prepare Financial Statements in respect of the County in formats prescribed by the Public Sector Accounting Standards Board. The law requires that these Statements are submitted to the Auditor General (OAG), the National Treasury, the Controller of Budget (COB) and Commission on Revenue Allocation (CRA) within three months after the end of each Financial Year. The Financial Statements have been prepared in line with the requirements of the Public Finance Management Act (PFMA), 2012, and present a true and fair view of the state of affairs of the County Government of Kajiado for the year ending 30 June, 2022.

County Governments' Financing

The County has two major sources of revenue as provided for by the Constitution of Kenya, the revenue from the National Government and revenues collected locally, the largest source of financing is the equitable share from the National Government.

National Transfers

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 is 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.

Own Source Revenue

Own Source Revenue is locally generated through taxes. Licences and user fees and charges as prescribes in Article 209 of the Constitution of Kenya. The County continues to explore new and innovative ways of increasing its local revenue collections.

Some of the steps that the County has taken towards improving its revenue collections include:

- a) Revenue enforcement - The County has put revenue enforcement personnel in place to help seal any pilferage-s in revenue collection.
- b) Automated all revenue streams - This has ensured minimization of revenue leakages.
- c) Expansion strategy – opening offices close to every potential revenue collection point
- d) Adoption mobile money collection system such as tax collections through Pay-Bills
- e) Corporates strategy – Introduction of corporates revenue streams to ensure no tax evasion and avoidance

Financial performance

a) Revenue

In the year ending 30 June, 2022 the County Government of Kajiado had projected revenue of Kshs. **11,022,090,439** comprising of Ksh 1,595,132,700 from own sources Kshs. 7,963,695,998 from exchequer and balances carried forward from previous year while Kshs. 1,463,261,741 from development partners.


Out of the budgeted revenue the county is able to realize a total Kshs. 8,367,104,690 representing 75% performance. The difference was a result of shortfall in revenue collection and donor find not realized as well as the delay of the final tranche of equitable share. The analysis of revenue performance is represented in the table below;

Items	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization
Exchequer	7,954,768,229	0	7,954,768,229	7,318,386,768	92%
Local revenue	1,605,355,500	-223,911,583	1,595,132,700	527,973,636	33%
Conditional grants	1,687,173,324	-10,222,800	1,463,261,741	414,481,105	28%
Returned to CRF	8,927,769		8,927,769	8,927,769	100%
TOTAL	11,256,224,822	-234,134,383	11,022,090,439	8,269,769,278	75%

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

I take this opportunity to thank H.E the Governor and the Deputy Governor for their leadership and guidance in achieving the mission and vision of this great County of Kajiado. I also wish to thank my colleagues, the County Executive Committee Members in charge of other departments and the County Chief Officers who we work hand in hand to ensure that services reached to the people of Kajiado County.

Lastly, I thank the staff of Kajiado County Government for their continued commitment, dedication and hard work in delivering services to the residents of Kajiado County.


Sign.
CECM Finance and Economic Planning
County Government of Kajiado

4. Management Discussion and Analysis

Operational Performance

The County is structured in terms of departments headed by County Executive Committee Members. For seamless service delivery, all departments work together toward achieving efficiency. During the draught period the county was faced with the challenge of collecting revenue. However, we have made efforts to ensure continuity of service delivery and development.

Financial performance

a) Revenue

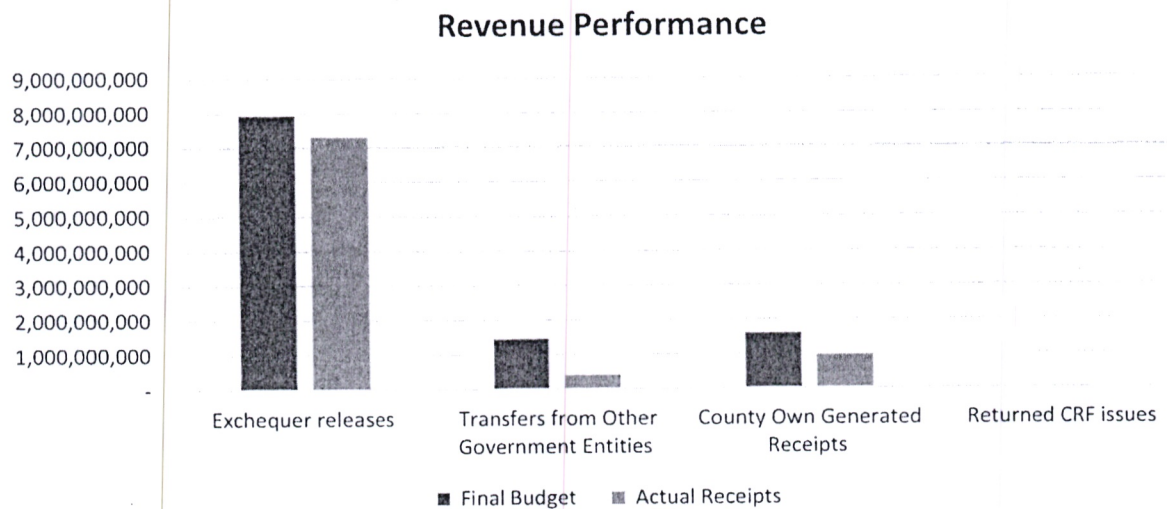
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County Government of Kajiado
 County Revenue Fund
 Annual Report and Financial Statements for the financial year ended 30th June 2022

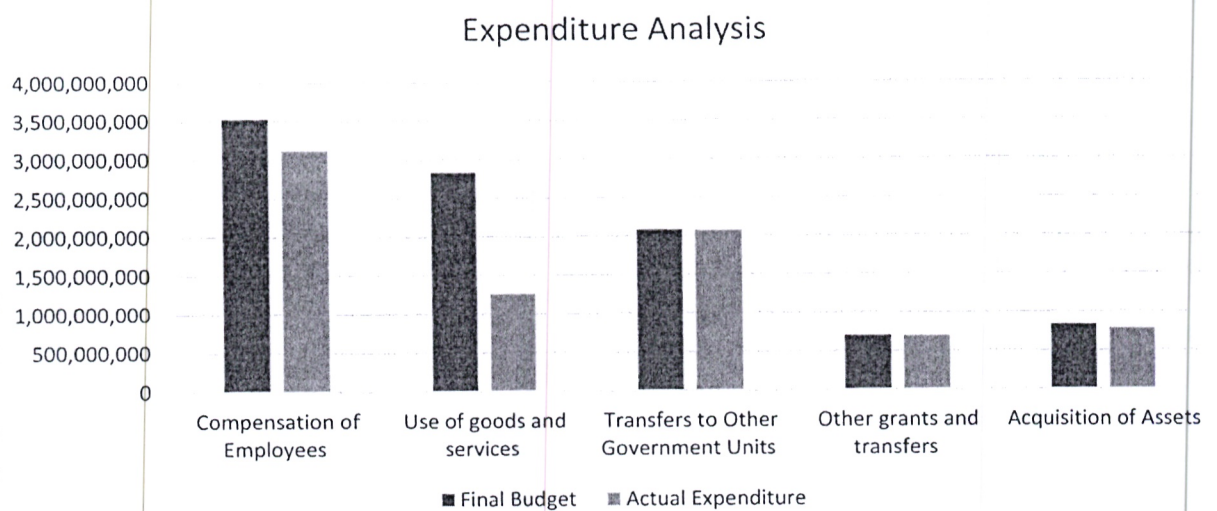
Graphical representation of budgeted revenue is shown below



b) Payments

The total expenditure for the financial year amounting to Kshs. 8,219,666,148 out of which Kshs. 788,642,694 was used for the acquisition of assets, Kshs. 126,261,0751 was for use of goods and services, Kshs. 3,125,482,350 was use for personnel emoluments and Ksh. 701,922,588 for other grants and transfers while Kshs. 2,070,696,873 was transferred to other government units.

Graphical of the expenditure is shown below:



c) Cashflows

The county government encountered liquidity challenges as due to effects of draught where several revenue clients are affected and business went down, this posits a challenge in revenue collection. The National Treasury as also unable to send exchequer releases on time.

Cash and cash equivalent increased from Kshs. 882,606,778 as at 30 June, 2021 to Kshs. 916,465,133 as at 30 June 2022.

d) Pending Bills

The Accounts Payable at the close of the financial year 2021/2022 will be disclosed and reported once the final report is completed by the constituted Committee on Pending Bills.

e) Fixed Asset

During the financial year 2021/2022 the fixed assets

Operational Performance

The County is structured in terms of departments headed by County Executive Committee Members. For seamless service delivery, all departments work together toward achieving efficiency. During the draught period the county was faced with the challenge of collecting revenue. However, we have made efforts to ensure continuity of service delivery and development.

CHALLENGES

The County's optimum performance was constrained by the following factors:

Inadequate Funding: Inadequate funding is a major constraint in implementing defence programmes and activities. Inadequate funding has in particular delayed implementation of Programmes in the Development Budget occasioning Pending Bills in the both the Recurrent and Development Vote.

Ageing and Inadequate Infrastructure: The deterioration of County's infrastructure over the years due to inadequate funding continues to demand for more resources for the rehabilitation of most of the physical infrastructure and the rehabilitation of ageing equipment.

Technological Changes: The rapid changes being experienced in technology has continued to impact on the County's ability to retain military systems over extended periods. Consequently, this effect has resulted in frequent changes in communications and information systems.

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

STRATEGIES

- a. Kajiado County Executive facilitated the training of personnel in various sustainability fields to enable better geospatial planning for environmental sustainability.
- b. Through the Environmental Sustainability Programme at the County Government of Kajiado continue to be engaged in clean-up programmes including the clean-up of Ngong dumpsite and Kitengela dumpsite.
- c. Kajiado County Executive has also instituted incorporation of its environmental experts in all projects' design, implementation and operation, to minimize its environmental footprint. Kajiado County Executive has implemented energy efficiency projects utilizing renewable energy
 - (1) Solar power project at borehole in Kajiado County.
 - (2) Implementation of energy saving lighting across various towns
 - (3) Installation of LED street lighting across major town.

Below we present the progress made in attaining the objectives of the CIDP (2018-2022) for Kajiado County.

No	Objective as per CIDP	Performance/Progress made up since the start of CIDP planning period up to date				Remarks (Explain the reasons and performance/Overperformance)
		2018/19	2019/20	2020/21	2021/22	
1	Increase to 20% the proportion of external resources to the total county budget	-	-	-	-	
2	Increase to 100% the local revenue against the target	71.26 %	39.24 %	51.14 %	33.1 %	<ul style="list-style-type: none"> • In the FY 2018/19 the revenue collection was quite well due to automation of revenue streams, revenue mapping and enforcement drives. • The second half of FY 2019/20 and better part of FY 2020/21

						<p>was affected by the outbreak of the covid-19 pandemic.</p> <ul style="list-style-type: none"> • Severe drought in the county affected collections from agricultural and livestock cess as well as barter market. • The political risks experienced across the country led to a drop in business activities. Retail and wholesale outlets ceased operations and sand harvesting dipped.
3	Automate to 100% all revenue streams	100%	100%	100%	100%	

Conclusion

I take this opportunity to thank H.E the Governor and the Deputy Governor for their leadership and guidance in achieving the mission and vision of this great County of Kajiado. I also wish to thank my colleagues, the County Executive Committee Members in charge of other departments and the County Chief Officers who we work hand in hand to ensure that services reached to the people of Kajiado County.

5. Statement of Management Responsibility

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

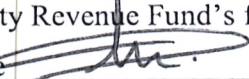
The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2022. This responsibility includes: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

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

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

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 20th Feb 2022,

Signature 
Name LEKINA TUTUI
Chief Officer - Finance
County Government of Kajiado

6. 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.

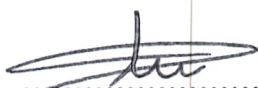
Transfers from the County Revenue Fund

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.

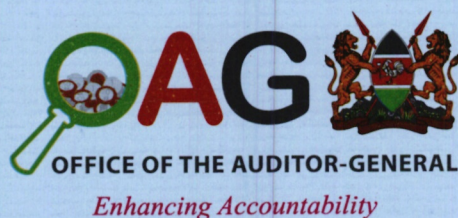
This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2022.



.....
Name **LEKINA TUTUI**
Chief Officer – Finance

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 KAJIADO

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

Adverse Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Kajiado set out on pages 1 to 13, which comprises of the statement of receipts and payments and the 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

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

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial performance of the County Revenue Fund - County Government of Kajiado for the year ended 30 June, 2022, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Adverse Opinion

1. Lack of a Trial Balance

The statement of receipts and payments reflects amounts of total receipts, fund closing balance, transfers to County Executive and Assembly. However, no trial balance was prepared or maintained in support of the transactions. This is contrary to Regulations 56(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that before embarking on accounting entries and other adjustments to reflect the changes in paragraph (1), it shall be necessary to agree on the actual status of the vote in respect of the following aspects of the affected functions and services based on the ledger balances of a trial balance.

In the absence of the trial balance, it was not possible to confirm that the financial statements were in agreement with book of accounts.

2. Inaccuracies in the Financial Statements

2.2 Closing Fund Balance

As disclosed in Note 11 to the financial statements, the statement of receipts and payments reflects fund closing fund balance of Kshs.632,566,286. However, review of the certificate of bank balance provided for audit review revealed balance of Kshs.117,903,014 resulting to an unexplained and unreconciled variance of Kshs.514,663,272.

Further review of the statement revealed that the opening fund balance brought forward balance of Kshs.638,217,489 was at variance with the comparative balance of Kshs.400,880,949 resulting to an unexplained and unreconciled variance of Kshs.237,336,540. In addition, review of Note 11 to the financial statements reflects comparative balance of Kshs.256,650,169 in respect to fund balance which is at variance with the reported balance of Kshs.400,880,948 resulting to an unexplained and unreconciled variance of Kshs.144,230,779.

In the circumstances, the accuracy and completeness of the fund closing balance of Kshs.632,566,286 could not be confirmed.

2.3 Exchequer Issues

The statement of receipts and payments reflects total receipts Kshs.8,268,798,759 which includes an amount of Kshs.7,318,386,768 in respect of Exchequer releases and as disclosed in Note 1 to the financial statements. However, review of the cash book receipts

details for the year under review revealed that an amount of Kshs.636,381,461 was received on 28 July, 2022 after the closure of the financial year. This is contrary to paragraph c of the significant accounting policies on receipts which states that transfers from the exchequer are recognized in the books of accounts when cash is received.

In the circumstances, the accuracy and completeness of the reported Exchequer releases of an amount of Kshs.7,318,386,768 could not be confirmed.

2.4 Receipts from Own Source Revenue

The statement of receipts and payments reflects total receipts of Kshs.8,268,798,759 which includes an amount of Kshs.527,003,117 in respect to own source revenue and as disclosed in Note 6 to the financial statements. However, review of the Receipts of Revenue statement for County Government of Kajiado for the year ended 30 June, 2022 reflects disbursement of an amount of Kshs.471,110,969 to County Revenue Fund resulting to an unexplained or reconciled variance of Kshs.55,892,148 between the two statements.

In the circumstances, the accuracy and completeness of the reported total receipts of an amount of Kshs.8,268,798,759 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Revenue Fund - County Government of Kajiado 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 Adverse opinion.

Key Audit Matters

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

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of the Financial Statements

The Fund's financial statements for the year ended 30 June, 2022 were submitted to the Office of the Auditor-General on 3 March, 2023 which was more than five months after the stipulated deadline of 30 September, 2022. This is contrary to provisions of Section

47(1) of the Public Audit Act, 2015 which states that, the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, Management was in breach of the law.

2. Non-Compliance with the Public Sector Accounting Standards Board Presentation Format

The Fund submitted the financial statements for audit during the year under review. However, the cover page of the financial statement presented omitted the County Government logo and the accounting reporting framework. Further, there is typing error of the word fund on page iv to the financial statements.

In the circumstances, the financial statements were not prepared in accordance with the format prescribed by the Public Sector Accounting Standards Board (PSASB).

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, I confirm 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 the 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the County's ability to continue sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the 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 County's financial reporting process, reviewing the effectiveness of how the 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 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 County'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 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

26 April, 2023

County Government of Kajiado
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8. Statement of Receipts and Payments Statement for the year ended 30th June,2022.

		2021/22	2020/21
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	7,318,386,768.00	6,977,495,700.00
Transfers from other government agencies	2	215,451,940.40	841,141,256.20
Other grants	3	199,029,165.00	151,115,992.90
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
Own Source Revenue	6	527,003,116.80	810,881,662.05
Return to CRF issues	7	8,927,768.82	3,179,449.45
Total Receipts		8,268,798,759.02	8,783,814,060.60
Payments			
Transfers to County Executive	8	7,489,641,581.20	8,740,379,017.00
Transfers to County Assembly	9	784,808,381.00	700,966,162.00
Other Transfers	10	-	-
Total Payments		(8,274,449,962.20)	(9,441,345,179.00)
Net increase (decrease) in cash for the year		- 5,651,203.18	- 657,531,118.40
Add Opening fund balance b/f	11	638,217,488.85	256,650,169.10
Closing Fund balance for the period	11	632,566,285.67	- 400,880,949.30

Name. LEILWA TITUL.....

Chief Officer - Finance

ICPAK Member No.....

Date: [Signature].....

Name. JOCHIA MAJAKUSI.....

Director Accounting Services

ICPAK Member No. 12128.....

Date: [Signature].....

9. 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 %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Exchequer releases	7,954,768,229.00	-	7,954,768,229.00	7,318,386,768.00	636,381,461.00	92%
Transfers from other government agencies	1,687,173,324.00	10,222,800.00	1,463,261,741.00	414,481,105.00	1,048,780,636.00	28%
Other conditional grants	-	-	-	-	-	#DIV/0!
Proceeds from Domestic Borrowing	-	-	-	-	-	#DIV/0!
Proceeds from Foreign Borrowing	-	-	-	-	-	#DIV/0!
Own Source Revenue	1,605,355,500.00	223,911,583.00	1,595,132,700.00	527,973,636.00	1,067,159,064.00	33%
Return to CRF issues	8,927,769.00	-	8,927,769.00	8,927,769.00	-	100%
Total Receipts	11,256,224,822.00	234,134,383.00	11,022,090,439.00	8,269,769,278.00	2,752,321,161.00	75%

County Government of Kajiado
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Payments						
Transfers to County Executive	10,095,520,299.00	234,134,383.00	9,861,385,916.00	7,489,641,581.20	2,371,744,334.80	76%
Transfers to County Assembly	1,160,704,523.00	-	1,160,704,523.00	784,808,381.00	375,896,142.00	68%
Others	-	-	-	-	-	#DIV/0!
Total Payments	11,256,224,822.00	234,134,383.00	11,022,090,439.00	8,274,449,962.20	2,747,640,476.80	75%
Balance	-	-	-	4,680,684.20	4,680,684.20	#DIV/0!

[Provide below a commentary on significant under realisation (below 90% of realisation) and any over realisation]

(a) *Own Sources Revenue was highly affected by the Drought and Political season during the period under review hence under realisation*

(b) *Most of the Grants were not released during the period as it was budgeted for and anticipated during the period.*

10. Significant Accounting Policies

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

Transfers from the exchequer 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.

11. Notes to the Financial Statements

1. Exchequer releases

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

Exchequer releases	2021/22	2020/21
	Kshs.	Kshs.
Equitable Share (a)	7,318,386,768.00	6,977,495,700.00
Level 5 hospitals (b)	-	-
Others (<i>Specify</i>) (c)	-	-
Total (d=a+b+c)	7,318,386,768.00	6,977,495,700.00

2. Transfers from other government agencies**

	2021/22	2020/21
	Kshs.	Kshs.
Road Maintenance Levy	-	277,652,493.00
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	28,504,894.00
User Fees Foregone -Ministry of Health	-	16,955,365.00
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	32,961,097.10	202,991,229.75
World Bank-NARIGP-State Department of Crop Development	-	-
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	155,518,168.30	246,633,083.95
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	7,117,688.00	18,270,000.00
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation and Irrigation	-	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	14,855,587.00	10,858,115.00

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Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	-	-
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-	39,276,075.50
UNFPA-9th County Programme Implementation - Ministry of Health	-	-
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)-State Department of Devolution	-	-
Department of Health - Nutrition Fund	4,999,400.00	-
KfW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation and Irrigation	-	-
TOTAL	215,451,940.40	841,141,256.20

*** These include other government grants that do not pass through the Exchequer.*

3. Other grants**

	2021/22	2020/21
	Kshs.	Kshs.
Donor 1 (KDSP)	199,029,165.00	151,115,992.90
Donor 2 (Specify)	-	-
Donor 3 (Specify)	-	-
Others (Specify)	-	-
TOTAL	199,029,165.00	151,115,992.90

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

County Government of Kajiado
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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	-	-

(Give a brief description of the nature and sources of borrowings including any assets pledged as security and the legal authority to borrow)

There were no borrowings done during the period under review

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.
Cess	146,501,757.00	139,178,827.80
Land/Poll rate	5,387,614.00	5,514,235.00
Single/Business permits	129,346,680.00	180,694,454.00
Property rent	35,677,444.00	57,403,649.00
Parking fees	6,990,150.00	5,632,509.00
Market fees	21,815,600.00	15,716,587.00
Advertising	20,955,459.00	49,959,050.00
Hospital fees	4,604,880.00	78,281,732.55
Public health service fees	23,114,260.00	17,570,096.70
Physical planning and development	53,130,112.80	102,177,319.00
Hire of County Assets	595,800.00	439,206.00
Conservancy administration	-	-
Administration control fees and charges	16,426,360.00	17,648,341.00

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Park fees	521,500.00	28,263,295.00
Other fines, penalties, and forfeiture fees	61,935,500.00	112,138,687.00
Miscellaneous	-	263,673.00
Others (<i>Specify</i>)	-	-
Total	527,003,116.80	810,881,662.05

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

7. Return to CRF Issues

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	39,575.60	23,671.35
Development Account (<i>County Executive</i>)	124,970.15	2,305,821.45
Recurrent Account (<i>County Assembly</i>)	8,763,223.05	6,773.05
Development Account (<i>County Assembly</i>)	0.02	843,183.60
Others (<i>Specify</i>)	-	-
Total	8,927,768.82	3,179,449.45

(*Explain why*)

These are funds which were not spent by the closer of the financial year. The amounts might have been locked out by the closure of the system or delay of funds release.

8. Transfers to County Executive

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	5,198,033,290.95	6,817,495,633.26
Development Account	2,291,608,290.25	1,922,883,383.74
Special purpose Accounts	-	-
Others (<i>Specify</i>)	-	-
Total	7,489,641,581.20	8,740,379,017.00

(Explain as per County Appropriation Act)

These are the amounts released to the Recurrent and developments operational accounts for the County Executive as per the County Appropriation Act for the period. These are done by the requisitions through the Controller of Budget.

Notes to the Financial Statements (Continued)

9. Transfers to County Assembly

	2021/22	2020/21
	Kshs	Kshs
Recurrent Account	765,401,102.00	650,101,398.00
Development Account	19,407,279.00	50,864,764.00
Special purpose accounts	-	-
Others (<i>Specify</i>)	-	-
Total	784,808,381.00	700,966,162.00

(Explain as per County Appropriation Act)

These are the amounts released to the Recurrent and developments operational accounts for the Assembly as per the County Appropriation Act for the period. These are done by the requisitions through the Controller of Budget.

10. Other Transfers

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

(Explain as per County Appropriation Act)

County Government of Kajiado

County Revenue Fund

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11. Fund balance

	2021/22	2020/21
	Kshs	Kshs
County Exchequer Account - (<i>CBK Account number 1000171642</i>)	638,217,488.85	256,650,169.10
Total	638,217,488.85	256,650,169.10

12. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



.....
 Name **LEIZINA TUTUI**
 Chief Officer Finance
 ICPAK Member No
 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	1,312,536,758.00	1,988,692,056.00	1,312,536,757.00	2,704,621,197.00	7,318,386,768.00
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	7,117,688.00	7,117,688.00
World Bank – THUSCP	-	-	-	32,961,097.00	32,961,097.00
Grants to Nutrition Fund	-	4,999,400.00	-	-	4,999,400.00
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	-	-
Kenya Devolution Support Programme	199,029,165.00	-	-	-	199,029,165.00
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	-	-	12,355,587.00	12,355,587.00
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	155,518,168.30	155,518,168.30
Water and Sanitation Development Project	-	-	-	-	-
Total	1,511,565,923.00	1,993,691,456.00	1,312,536,757.00	2,912,573,737.30	7,730,367,873.30

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	688,460,647.00	1,580,694,973.00	1,481,214,240.90	1,447,663,431.00	5,198,033,291.90
County Executive -Dev	-	508,650,175.00	431,419,567.00	1,351,538,547.30	2,291,608,289.30
County Assembly -Rec	66,525,072.00	258,180,096.00	217,687,368.00	223,008,566.00	765,401,102.00
County Assembly -Dev	-	-	19,407,279.00	-	19,407,279.00
Special Purpose A/c (Specify)	-	-	-	-	-
Total	754,985,719.00	2,347,525,244.00	2,149,728,454.90	3,022,210,544.30	8,274,449,962.20