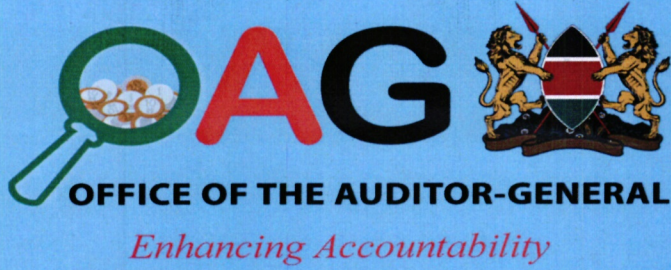


REPUBLIC OF KENYA



REPORT

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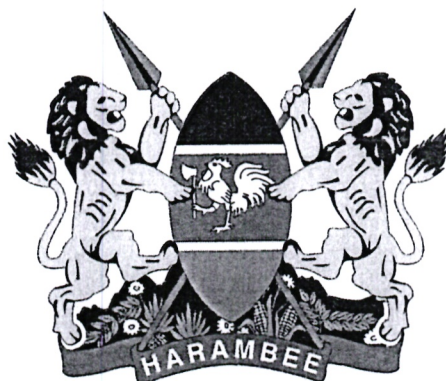
ON

COUNTY REVENUE FUND

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

COUNTY GOVERNMENT OF NAROK





COUNTY REVENUE FUND

(County Government of Narok)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 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
- C.O Finance
- Director Accounting Services/Finance

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Mr. Julius M.T. Sasai
2.	Accounting Officer in charge of Finance	Mr. Simon Peter Kurraru
3.	Director Accounting Services/Finance	CPA Walter O. Chanua

d) Fiduciary Oversight Arrangements

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

1. County Assembly of Narok;

The Narok County assembly offers overall oversight of all the fiduciary functions of the County Government of Narok. The County assembly is mandated to represent the public, prepare and pass legislations that are to ensure that there is satisfactory service delivery by the county executive and its entities. Further the Narok County Assembly provides oversight to

ensure that the county executive and its entities comply with the law and regulations in all its financial and non-financial operations.

2. Audit Committee;

The audit committee is responsible for setting standards that are to be complied with in all financial transactions. The committee evaluates the risk profile of the County government of Narok and its entities and prepares risk management policy and their implementation framework. The committee also reviews internal audit reports and gives recommendations on internal control systems and how the gaps are to be addressed.

3. Public Accounts Committee;

The Narok County Public Accounts Committee reviews the Audit reports on Annual Financial Reports. The committee seeks answers on the cause of any issues raised by the auditor General, how such queries were addressed and what the management is doing to improve on the issues. The committee further gives recommendations to the management on how best to handle financial affairs of the County Government.

4. Budget and Appropriations Committee.

The Budget and Appropriation Committee handles the budget process. After the budget has been prepared by the County executive and submitted to the county Assembly, the committee scrutinizes it and seeks to know whether the planned expenditure is compliance with the law. The committee also seeks to find out if public participations were conducted and the views of the public incorporated in the budget.

5. County Public Accounts and Investment Committee

The Senate County Public Accounts and Investment committee discusses the Audit findings and gives a report and recommendations thereof

e) County Headquarters

P.O. Box 898-20500

Mau-Narok Road

Narok, KENYA

f) County Contacts

Telephone: (020-268 8929/03)

E-mail: finance@narok.go.ke

Website: www.narok.go.ke

g) County Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112- 00200

Nairobi, Kenya

2. Statement by the CECM Finance

It is my pleasure to present the County Government of Narok revenue statements for the period ended 30th June 2022. The revenue statement represents the revenue performance of the County Government for the fourth quarter of financial year 2021/2022.

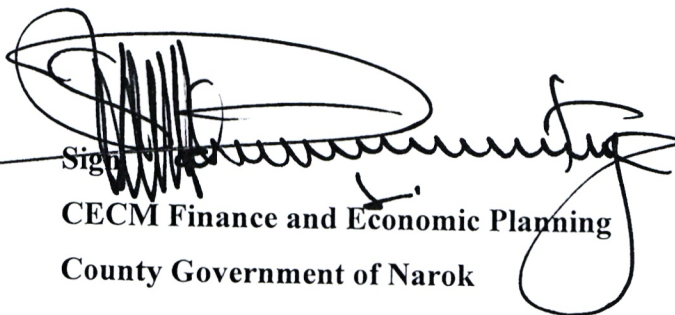
The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

The revenue statements have been prepared in accordance with the provisions of the Public Finance Management Act 2012 Section 163 and the cash basis accounting under the Public Sector Standards, (IPSAS)

Equitable share as per the Commission on Revenue Allocation revenues continue to form the largest part of our revenue budget. In the Financial Year 2021/22, the County government received a total of Kshs. 11,303,028,876. This comprised of Kshs.8,137,206,302 as equitable share of the revenue, Kshs. 477,623,922 conditional grants, Kshs.1,334,563,666 as own-source revenue and a balance brought forward of Kshs. 1,353,634,986.

The County Government has streamlined revenue collection processes and will continually do so in order to maximize revenue collection and enhance accountability.

I wish to extend my appreciation to the Executive Committee and the entire staff of the County for their support and cooperation in various ways.


Signature
CECM Finance and Economic Planning
County Government of Narok

3. Management Discussion and Analysis

The County's approved budget for FY 2021/22 is Kshs.13.35 billion, comprising Kshs. 4,007,344,783 (30 per cent) and Kshs. 9,344,768,106 (70 per cent) allocation for development and recurrent programmes respectively.

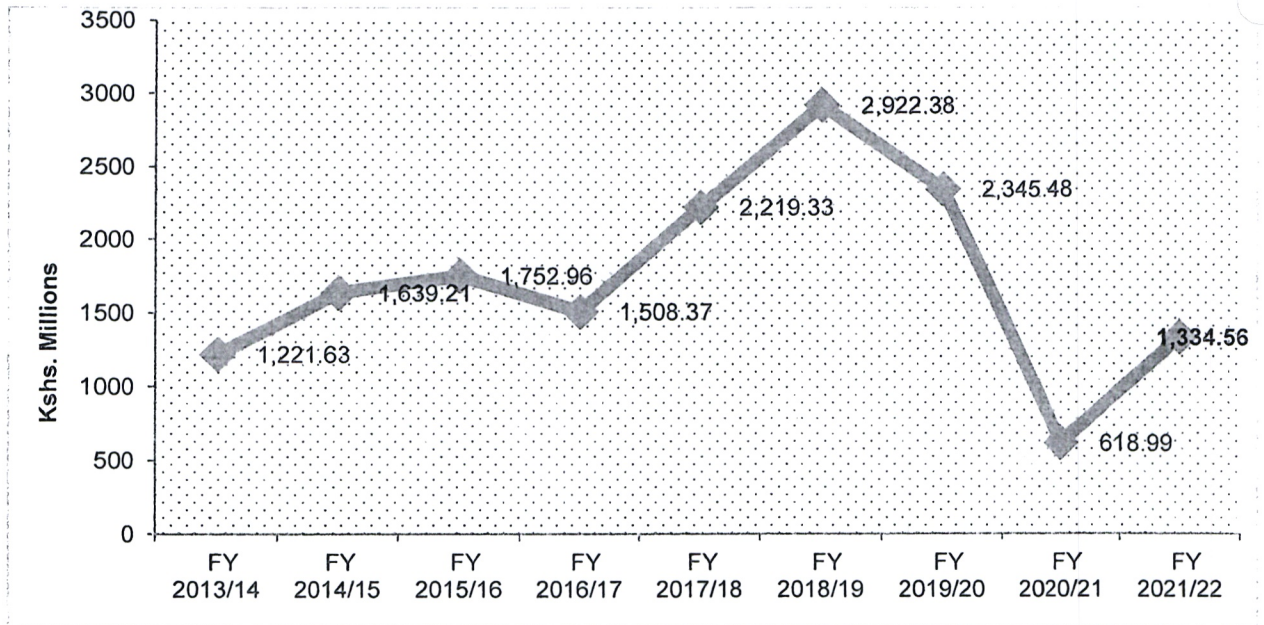
In the Financial Year 2021/22, the County government received a total of Kshs. 11,303,028,876. This comprised of Kshs.8,137,206,302 as equitable share of the revenue, Kshs. 477,623,922 conditional grants, Kshs.1,334,563,666 as own-source revenue and a balance brought forward of Kshs. 1,353,634,986.

The revenue can be summarised as shown in the table below.

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	8,137,206,302	92%
Sub Total		8,844,790,000	8,137,206,302	92%
D	Other Sources of Revenue			
1.	Own Source Revenue	2,354,426,171	1,334,563,666	57%
2.	Conditional Grants	799,261,732	477,623,922	60%
3.	Balance b/f from FY2020/21	1,353,634,986	1,353,634,986	100%
Sub Total		4,507,322,889	3,165,822,574	70%
Grand Total		13,352,112,889	11,303,028,876	85%

In FY 2021/22, the County generated a total of Kshs. 1,334,563,666 as own-source revenue. This amount represented an increase of 116 per cent compared to Kshs 618,992,783 realised during a similar period in FY 2020/21 and was 44.02 per cent of the annual target. Below is a graph showing the annual trends in own source collection over the years.

Annual trends in own source collection over the years.



The Controller of Budget approved Kshs. 10,638,132,867 withdrawals from the CRF account during the reporting period. The amount comprised of Kshs. 1,350,996,710 (12.7 per cent) for development programmes and Kshs. 9,287,136,158 (87.3 per cent) for recurrent programmes as shown below.

Exchequer Issues	Development	Recurrent	Total FY 2021/22 Exchequer Issues
County Executive	1,340,996,710	8,502,764,029	9,843,760,739
County Assembly	10,000,000	784,372,128	794,372,128
Total	1,350,996,710	9,287,136,158	10,638,132,867
% Exchequer issues	13%	87%	100%

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 20th September 2022.

Signature



Name Simon Peter Kurraru

Chief Officer - Finance

County Government of Narok

5. Overview of the County Revenue Fund Operations

Background

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

Receipts into the County Revenue Fund

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

Transfers from the County Revenue Fund

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

Financial Reporting requirements

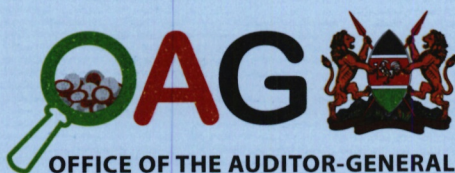
The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

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



.....
Name: Simon Peter Kurraru
Chief Officer – Finance

REPUBLIC OF KENYA



Enhancing Accountability

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

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

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 set out on pages 1 to 9, which comprise the statement of receipts and payments for the year ended 30 June, 2022 and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other

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

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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial 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

1. Inaccuracy in the Financial Statements

The statement of receipts and payments reflects total receipts of Kshs.9,835,681,950 whereas the statement of budget and actual amounts reflects actual total receipts of Kshs.10,754,669,036, resulting to an unreconciled variance of Kshs.804,374,958.

In the circumstances, the accuracy and completeness of total receipts of Kshs.9,835,681,950 for the year ended 30 June, 2022 could not be confirmed.

2. Inaccurate Closing Fund Balance

The statement of receipts and payments also reflects opening Fund balance of Kshs.804,374,958 which differed with the audited prior year County Executive financial statements balance of Kshs.742,217,905 resulting to unexplained variance of Kshs.62,157,053.

In the circumstances, the accuracy and fair statement of the opening Fund balance of Kshs.804,374,958 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 Narok County Revenue Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of comparison of budget against actual amounts reflects total receipts budget and actual on comparable basis of Kshs.13,352,112,889 and Kshs.10,754,669,036, resulting to an under-collection of Kshs.2,597,443,853. The

statement also reflects actual payments of Kshs.10,638,132,867 resulting to under absorption of Kshs.116,536,169.

The under-collection of the budgeted receipts is an indication that some revenue generating activities in the annual plan were not implemented by the County Executive. This is likely to have negative effects in delivery of services to the residents of Narok County.

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, Basis for conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, 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 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 standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund 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

31 March, 2023

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

		2021/22	2020/21
	Notes	Kshs.	Kshs.
Receipts			
Exchequer releases	1	8,137,206,302	8,730,462,600
Transfers from other government agencies	2	477,623,922	475,678,815
Own Source Revenue	3	1,219,951,537	625,545,283
Return to CRF issues	4	900,188	2,157,053
Total Receipts		9,835,681,950	9,833,843,750
Payments			
Transfers to County Executive	5	9,843,760,739	8,654,870,955
Transfers to County Assembly	6	794,372,128	715,301,349
Other Transfers	7	-	80,141,788
Total Payments		10,638,132,867	9,450,314,093
Net increase (decrease) in cash for the year		(802,450,917)	
Add Opening fund balance b/f	8	804,374,958	
Closing Fund balance for the period	8	1,924,040	804,374,958



Name: Simon Peter Kurraru
 Chief Officer - Finance

Date: 20th September 2022



Name: CPA Walter O. Chanua
 Director Accounting Services
 ICPAK Member No 14877

Date: 20th September 2022


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

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realisation Difference	% of Realisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts						
Exchequer releases	8,844,790,000	-	8,844,790,000	8,137,206,302	707,583,698	92%
Transfers from other government agencies	153,300,000	(4,256)	153,295,744	-	153,295,744	0%
Other conditional grants	645,970,000	1,353,630,974	1,999,600,974	477,623,922	1,521,977,051	24%
Own Source Revenue	2,374,550,000	(20,123,829)	2,354,426,171	1,334,563,666	1,019,862,505	57%
Return to CRF issues			-	900,188	(900,188)	
Balance in the CRF as at 1.07.2021				804,374,958		
Total Receipts	12,018,610,000	1,333,502,889	13,352,112,889	10,754,669,036	2,597,443,853	81%
Payments						
Transfers to County Executive	10,297,300,000	(1,371,838,531)	13,022,773,516	9,363,793,553	3,658,979,963	72%
Transfers to County Assembly	922,040,000	38,343,910	883,696,090	794,372,128	89,323,962	90%
Others	799,270,000	(8,268)	799,278,268	479,967,186	319,311,082	60%
Total Payments						80%

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

	(12,018,610,000)	1,333,502,889	(13,352,112,889)	(10,638,132,867)	(4,067,615,007)	
Balance	-	2,667,005,777	-	116,536,169	(1,470,171,155)	

(a) *The county government is in the verge of recovery from the effects of Covid-19 Pandemic which affected business operations and revenue collection.*



Name: Simon Peter Kurraru
 Chief Officer - Finance

Date: 20th September 2022



Name: CPA Walter O. Chanua
 Director Accounting Services
 ICPAK Member No 14877

Date: 20th September 2022

9. Significant Accounting Policies

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

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

c) Receipts

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

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

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

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

d) Payments

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

Significant Accounting Policies (Continued)

e) Fund Balances

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

f) Restriction on Cash

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

10. Notes to the Financial Statements**1. Exchequer releases**

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

	2021/22	2020/21
	Kshs.	Kshs.
Equitable Share (a)	8,137,206,302	8,730,462,600
Level 5 hospitals (b)		
Others (<i>Specify</i>) (c)		
Total (d=a+b+c)	8,137,206,302	8,730,462,600

2. Transfers from other government agencies**

	2021/22	2020/21
	Kshs.	Kshs.
Road Maintenance Levy	-	-
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	16,084,894
User Fees Foregone -Ministry of Health	-	20,595,297
Loans & Grants-KDSP-Level 1	-	45,000,000
Kenya Urban Support Programme		41,499,481
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	49,397,655	99,867,138
World Bank-NARIGP-State Department of Crop Development	201,028,895	218,575,646
DANIDA Grant -Primary Health care in devolved context - Ministry of Health	8,905,875	22,860,000
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	18,291,497	11,196,359
Infrastructure Support from MOH	200,000,000	-
Total	477,623,922	475,678,815

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

3. Own Source Revenue

Description	2021/22	2020/21
	Kshs.	Kshs.
Cess	94,220,833	152,769,615
Land/Poll rate	40,500,206	24,362,960
Single/Business permits	31,218,171	39,165,333
Property rent	3,339,319	14,315,230
Parking fees	7,941,182	13,272,300
Market fees	13,448,198	5,991,212
Advertising	552,200	3,757,000
Hospital fees	33,967,976	27,199,426
Public health service fees	4,516,802	1,136,400
Physical planning and development	5,742,381	7,190,189
Hire of County Assets	-	-
Conservancy administration	1,821,000	4,404,600
Administration control fees and charges	907,440	396,200
Park fees	958,944,571	327,440,249
Other fines, penalties, and forfeiture fees	84,000	216,600
Miscellaneous	22,747,258	3,927,969
Others (<i>Specify</i>)	-	-
Total	1,219,951,537	625,545,283

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

Notes to the Financial Statements (Continued)

4. Return to CRF Issues

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	1,323	38,416
Development Account (<i>County Executive</i>)	879,471	1,651,443
Recurrent Account (<i>County Assembly</i>)	2,801	991
Development Account (<i>County Assembly</i>)	-	700
Sub-county Emurua Dikirr	-	2,636
Sub-county Narok North	-	2,212
Sub-county Narok West	-	1,026
Sub-county Narok East	-	1,276
Public Works Roads and Transport	-	1,133
Others (<i>Specify</i>)	16,593	457,220
Total	900,188	2,157,053

5. Transfers to County Executive

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	8,444,460,498	7,012,205,665
Development Account	919,333,055	1,642,665,291
Special purpose Accounts	479,967,186	
Others (<i>Specify</i>)		
Total	9,843,760,739	8,654,870,955

(Explain as per County Appropriation Act)

Notes to the Financial Statements (Continued)

6. Transfers to County Assembly

	2021/22	2020/21
	Kshs.	Kshs.
Recurrent Account	784,372,128	699,727,326
Development Account	10,000,000	15,574,023
Special purpose Accounts		
Others (<i>Specify</i>)		
Total	794,372,128	715,301,349

(Explain as per County Appropriation Act)

7. Other Transfers

Description	2021/22	2020/21
	Kshs.	Kshs.
Agency Notices		80,141,788
Others (<i>Specify</i>)		
Total	-	80,141,788

(Explain as per County Appropriation Act)

8. Fund balance

	2021/22	2020/21
	Kshs.	Kshs.
County Exchequer Account - (<i>CBK Account number 1000171693</i>)	1,924,040	804,374,958
Total	1,924,040	804,374,958

1. Annexes

Annex 1 . 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	1,459,390,261	2,211,197,364	2,211,197,365	2,255,421,312	8,137,206,302
DANIDA - Universal Healthcare in Devolved Units Programme				8,905,875	8,905,875
World Bank – THUSCP				49,397,655	49,397,655
National Agricultural & Rural Inclusive Growth Project (NARIGP)				201,028,895	201,028,895
Agriculture Sector Development Support Project (ASDSP)				18,291,497	18,291,497
Infrastructural support from MOH				200,000,000	200,000,000
Total	1,459,390,261	2,211,197,364	2,211,197,365	2,733,045,234	8,614,830,224

Annex 2: 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	1,432,917,737	2,292,809,015	2,091,028,392	2,627,705,354	8,444,460,498
County Executive –Dev	-	264,670,680	237,437,906	417,224,469	919,333,055
County Assembly –Rec	122,435,571	204,250,242	205,382,922	252,303,393	784,372,128
County Assembly –Dev				10,000,000	10,000,000
Special Purpose A/c (Specify)				479,967,186	479,967,186
Total	1,555,353,308	2,761,729,937	2,533,849,220	3,787,200,402	10,638,132,867

Other Disclosures

Closing Balance as per cash book returns to CRF		1,924,040.30
Recurrent Account (County Executive)	1,323.05	
Development Account (County Executive)	879,470.70	
Recurrent Account (County Assembly)	2,801.00	
Development Account (County Assembly)	-	
Others (Specify)	16,593.00	(900,187.75)
Closing Bal as per Bank statement		<u><u>1,023,852.55</u></u>