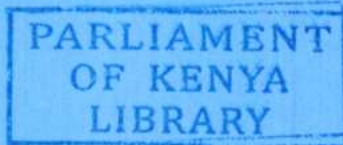


REPUBLIC OF KENYA



PAPERS LAID	
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CLERK AT THE TABLE	MS. ANGELA NDIKHARIA

REPORT



OF

THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY REVENUE BOARD

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



COUNTY GOVERNMENT OF LAIKIPIA COUNTY REVENUE BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022



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1.0 KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Laikipia County Revenue Board was established and derives its authority and accountability from Laikipia County Revenue Board ACT 2014 enacted on 19th June 2014. The Revenue Board is wholly owned by the County Government of Laikipia which is one of the 47 Counties in the Republic of Kenya.

The Board is responsible for; collecting and receiving all county revenue; administering and enforcing county laws related to revenue; assessing, collecting and accounting for all revenue in accordance with the county laws related to revenue; advising the County Executive Committee Member on all matters related to administration and collection of revenue under county laws; and carrying out other roles necessary for the implementation of the objects and purpose of the Laikipia County Revenue Board Act, 2014.

The Board comprises of the Chairperson, Chief Executive Officer, five members and Chief Officer responsible for Finance.

The day to day management of the Board is the responsibility of the Chief Executive officer.

Over the years, Laikipia County Government has grown its own source revenue from Kshs. 468M to Kshs. 902M in the last six years. This has been attributed to automation of revenue collection processes, mapping of revenue sources, human resource restructuring, capacity building, implementation of cashless mode of payment, performance based management and tax payers' awareness in regards to payment of taxes and development. To ensure effective and efficiency in Revenue collection and administration so as to Board the budgetary requirement of the Laikipia County. During the year under review the Laikipia County Revenue Board expenditure budget was ksh 72,600,000 which was to aid in revenue collection processes.

b) Principle Activities

The principle activity of the entity is to: collect and receive all county revenues; administration and enforcement of the Finance Act; advising the County Executive Committee on all matters related to Tax Administration under the County Laws; and Carrying out such other roles necessary for the

implementation of the objects and purposes of the Revenue Board Act, 2014, in order to promote sustainable socio-economic development and good governance in order to achieve County development goals. The Board's vision, mission and mandate are;

OUR VISION. MISSION. MANDATE. CORE VALUES

VISION

To be the leading Revenue Board in the country that fosters strong relationships among stakeholders

MISSION

To collect revenue in the most transparent, efficient, innovative and sustainable way.

MANDATE

Assessing, collecting and accounting for all revenue in accordance with the county laws related to revenue and advising the County Executive Committee on all matters related to administration and collection of revenue under county laws.

Core Values

ETHICAL

TIMELINESS

FAIRNESS

INTERGRITY

(c) Board Committee Members

Ref	Name	Position	Status
1	Alice Kimemia	Chairperson	Active
2	Prudence Waithera	Chief Executive Officer	Active
3	Paul Njenga	Chief Officer Finance	Active
4	Francis Mathenge	Member	Active
5	Eunice Wangari	Member	Active
6	Stella Kaparo	Member	Active

(d) Revenue Board Key Management Team

Ref	Name	Position
1	Prudence Waithera	Chief Executive Officer
2	John Ngigi	Ag. Director of Revenue
3	Joseph Gichuki	Head of ICT
4	Ben Wangai	Head of Accounting Revenue
5	Susan Nyambura	Head of Reconciliation Unit
6	Grace Wanjiku	Head of Compliance and Monitoring
7	Eunice Gacheba	Head of Human Resource
8	Cyrus Maina	Revenue Administrator

KEY MANAGEMENT STAFF



Prudence Waithera - CEO



**John Ngigi - Ag. Director
of Revenue**



Joseph Gichuki - Head of ICT



**Ben Wangai - Head of Accounting
Revenue**



**Susan Nyambura - Head of
Reconciliation Unit**



**Grace Wanjiku - Head of Compliance
and Monitoring**



**Eunice Gacheba - Head of Human
Resource**



**Cyrus Maina - Revenue
Administrator**

(e) Registered Offices

Annex Office
P.O. BOX 1271
Annex County Offices
Nanyuki, Kenya

(f) LCRB Contacts

Telephone: (254) 757701850
Email: info@laikipia.go.ke
Website: www.laikipia.go.ke

(g) Board Bankers

- i) Central Bank of Kenya**
Haile Selassie Avenue
P.O. BOX Anniversary
Towers
- ii) Co-operative Bank of Kenya**
P.O. BOX 1463-10400
Nanyuki, Kenya.

(h) Independent Auditors

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

(i) Principal Legal Advisor

The County Legal Attorney
P.O. Box 1271 – 10400
Nanyuki, Kenya

2. THE REVENUE BOARD MEMBERS /BOARD OF TRUSTEE

BOARD MEMBERS



Alice Kimemia – Chairperson

Alice Kimemia holds a Bachelor of Education (Economics and Business Studies) from the University of Nairobi, Master of Business Administration (Human Resource Management) from Laikipia University, and a post graduate Diploma in Early Childhood Education from Kenyatta University. She is a Licensed Certified Human Resource Professional(K), and is currently undertaking a PhD in Human Resource Management at Laikipia University. Her career as an educationist spans over 35 years including teaching in various high schools and lecturing at Laikipia University in the School of Business and Kenya Institute of Management covering Business Management and Human Resource Management. As part of continuous professional education and personal development, she has attended amongst other courses the Human Resource Scorecard and Best Practices in Public Service Delivery by ESAMI. She has also been involved in private businesses as an entrepreneur. Alice is a full Member of the Institute of Human Resource Management and the Kenya Institute of Management.



Prudence Waitera - CEO

Holds a Master Degree in Project Planning and Management from the University of Nairobi and a Bachelor of Science degree in Information Technology from the Jomo Kenyatta University of Agriculture and Technology. She has also attended various professional development training courses in relation to Information Technology, Leadership and Revenue Administration both within and outside the Country. She has a vast experience in the Public Sector for having worked at Public Service Commission, Transition Authority and County Government of Meru. While at Public Service Commission she was awarded a commendation for exemplary performance by the Head of Civil Service. Key career achievements are; Formulation of E-government Guidelines and Policies, Development of the County ICT Roadmap, Setting up the devolved system of Government structures and systems in Meru County and Increase of OSR Revenue in Meru County by 64% in the FY 2014/2015.



Francis Mathenge - Member

A chartered banker, certified public secretary and a business man in Nanyuki town with many years of experience in corporate governance in the private sector.

BOARD MEMBERS



Eunice Wangari - Member

Holds a Master's Degree in Strategic Management from University of Nairobi, Bachelors of Commerce, CPA from Strathmore University, member of ICPAK and ICIFA. An executive committee member, ICPAK CRB Laikipia Convener with extensive experience in Accountancy, Finance, Strategy and Corporate governance both in Private and Public Sectors. Currently head finance at Kenya Rural Roads Authority-Embu Region.



Stella Kaparo - Member

Managing Director Lentile Limited, livestock Rancher in Laikipia North and conservationist by professional with an education background in wildlife and Resource Management.



Paul Njenga – Member

Chief Officer, Finance and Economic Planning. Holds an MBA (finance option), certified Institute of Purchasing and Supplies (CIPS – UK) member of KISM and currently pursuing a PHD in business administration finance option.

3. MANAGEMENT TEAM

	NAME	QUALIFICATIONS
1	Prudence Waithera	Holds a Master Degree in Project Planning and Management from University of Nairobi and a Bachelor of science Degree in information technology from the Jomo Kenyatta University of Agriculture and Technology. She has also attended various development training courses in relation to Information Technology, Leadership and Revenue Administration both within and outside the Country. She has a vast experience in the Public Sector for having worked at Public Service Commission, Transition Authority and County Government of Meru. While at Public Service Commission, she was awarded a commendation for exemplary by the Head of Civil Service. Key career achievements are; formulation of e-guidelines and policies, development of the County ICT roadmap, setting up the devolved system of government structures and systems in Meru County and increase in OSR by 64% in the FY 2014/2015
2	John Ngigi	Born in 1970 Mr. John Kamiti Ngigi is the Ag Director Revenue. He possesses over twenty-five years in Revenue related field having worked as the County Revenue Receiver and Sub-County Revenue Receiver. He holds a Diploma in Business Management and CPA Part 1
3	Ben Wangai	Bachelor of Commerce, Accounting Option from Egerton University. He has experience spanning over 5 years in the Accounting sector working at the County Government of Laikipia.
4	Susan Nyambura	CPAK finalist and member of the ICPAK with more than 10 year experience both in the Public and Private sector.
5	Joseph Gichuki	Born in 1968, Mr. Joseph Gichuki possesses over 30 years' experience in IT related field having worked as ICT Manager Samburu County, head of department National Youth Service, lecturer at National Youth Service and currently the head of ICT-Laikipia County Revenue Board.

		He holds BSc. Degree in IT, higher Diploma in Guidance and Counselling and Diploma in Technical Education.
6	Eunice Gacheba	Diploma in Human Resource Management with over five years' experience working as Human Resource Manager in the County Government of Laikipia Revenue Board.
7	Grace Muchiri	Bachelors of Business Administration (Human Resource option) from Kimathi University, Diploma in management, Kenya Institute of Management Advanced certificate course in Business Management. 25 years' experience in the public sector.
8	Cyrus Maina	Born in 1993 Mr. Cyrus Maina Mwangi Revenue Administrator –Laikipia County Revenue Board. He joined the Revenue Board in 2017 as a Revenue Officer and climbed the ladder to the current position of a revenue administrator having worked as a Sub-County Revenue Receiver, Ward Receiver, Banking Hall Supervisor and Market Supervisor. He holds a Bachelor's degree in Dry Land Agriculture and Enterprise Development

4. CHAIRPERSON'S REPORT



The Object and Purpose of the Laikipia County Revenue Board Act, 2014 is to provide is for the establishment of legal and institutional framework for revenue administration with a view to:

- Ensure effectiveness and efficiency in revenue administration
- Facilitate transparency in revenue administration and
- Enhance County revenue.

It is on this backdrop that the Revenue Board has made every effort in terms of policy formulation and implementation that has translated to the enormous growth of Own Source Revenue to a record high of Kshs. 902 million in the just concluded FY 2021/2022. This was a commendable growth of 7% over the previous year. The residual effects of the Covid-19 Pandemic, coupled with the prolonged drought that has ravaged our County presented us with rather tough economic terrain. Specifically, the Agricultural vested revenue streams including the Livestock market cess and other food cess collection were adversely affected. The depressed global economy also saw the shrinking of other revenue streams such as tourism and general consumer expenditure including continuous job losses. Businesses experienced disruptions even due to the fact that the Country's general elections were round the corner. These factors beyond our control explain our shortfall of 31% towards achievement of our target for the FY 2021/2022.

On behalf of the members of the Revenue Board and myself, we wish to sincerely appreciate and acknowledge the important roles played by all our stakeholders. To the revenue contributors, we thank you most sincerely for your continued support and compliance in meeting your revenue obligations. The much needed support from the Executive and the diligence of our Staff and not forgetting the cooperation by the County Departments were all instrumental in the achievement of this feat.

We look forward to a better performance in the current year considering the strategies the Board has put in place in terms of enhancement of our processes and improved management of data.

Expanding percentage of Aggregate OSR Contribution to Total Budget

Laikipia County Revenue Board has improved its Own Source Revenue from Kshs 468M to Kshs 902M over the past six years, which represents a 79% growth. This has been largely attributed to facilitation by the County treasury through ex-chequer transfers to the County Revenue Board. Laikipia County Revenue Board initial approved budget was ksh 65,600,000 and subsequent addition of ksh 7,000,000 during supplementary allocation.

On behalf of the Revenue Board Members, let me express our sincere gratitude to H.E. Governor Ndiritu Muriithi and the CECM Finance, Planning and County Development for their un wavering support to the Board in the discharge of its duties. The Board is determined to keep the revenue trajectory up by a solid and remarkable rise in order to ensure a positive revenue growth.

Signed: 
Chairperson



5. CHIEF EXECUTIVE OFFICER'S REPORT

Dear Stakeholders,



It is my pleasure to present to you the Laikipia County Revenue Board 2021/2022 Financial statement published in accordance with international public sector accounting standards. The statement provides a summary of the operations on revenue collection and financial statements on revenue expenditure. Key functions and responsibilities and outlines the accountability framework for its performance. Over the years, the Revenue Board has recorded remarkable revenue growth in own source revenue collection.

To support the County's development momentum, the Revenue Board is supported by the County Government of Laikipia through exchequer transfers to enable the Board run its affairs of revenue collection. During the year under review the Revenue Board received ksh 61,624,657 as cash transfers to the Board against the approved budget of ksh 72,600,000 which represented 100% absorption on cash basis and 85% on accrual basis

In order to improve revenue collection, the Revenue Board has continued to collaborate with the County Executive for funding which has enabled revenue mobilization, public awareness on revenue collection, revenue collection resources management, board management, provision of network infrastructure and connectivity among others.

I would like to take this opportunity to thank the Board Management and Board Staff county treasury with whom we have collaborated to meet set targets and also increase revenue collection despite the global financial downturn.

My heartfelt gratitude goes to; the County Government of Laikipia Executive for prompt facilitation that has enabled the Board improve in revenue collection

Signed:



**6. STATEMENT OF PERFORMANCE AGAINST THE COUNTY BOARD'S
 PREDETERMINED OBJECTIVES.**

Objectives

The Revenue Board annual budget was Kshs. 65,600,000 and a supplementary allocation of Kshs. 7,000,000 which were to be geared towards collecting Kshs. 1,312,813,276 as own source revenue. The Revenue Board managed to collect Kshs. 902,354,455 which was 69% budget implementation.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer should prepare financial statement in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board which includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Laikipia County Revenue Board 2018-2022 plan were:

- i. To enhance locally generated revenue
- ii. To enhance effectiveness and efficiency in revenue collection processes
- iii. Formulation of the Revenue Board Regulations
- iv. Human Resource Development
- v. Civic Education to the stakeholders on Revenue Matters

Progress on attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
Revenue management services	To enhance locally generated Revenue	% Increase on Own Source Revenue	100% budget implementation	Attained 69% budget implementation
Continuous improvement and maintenance of County integrated	To enhance Effective and efficiency in revenue collection Processes	Increase in efficiency and effectiveness in revenue collection	% improvement and maintenance of revenue centers connected	Continuous improvement and maintenance of 12 wards connected to the Revenue Board network infrastructure

network infrastructure				
Formulation of the Revenue Board Regulation	To enhance capacity of the Board	To have Adequate Legal Framework in place	To develop at least one policy document	Enactment of the Finance ACT2022
Revenue Board Restructuring and Human Resource	To improve the Capacity of the Revenue Board	Adequate and Skilled staff	To train Board members and senior management of the Revenue Board Secretariat	Trained six Board members on public policy, designing and management and Leading change in turbulence environment Trained 38 senior management of the Revenue Board on change and embracing change
Citizen engagement	To enhance revenue compliance	Improved revenue collection	No of forums held - Copy of Meeting minutes	Conducted 43 forums on Finance Bill Public Participation across the County

7. CORPORATE GOVERNANCE STATEMENT

The Board consists of a Chairperson, five members, Chief Executive Officer who is also an ex-official and the Chief Officer in charge of finance.

The Board members are appointed from diverse fields in private, government and academic sectors that provide complementary expertise and depth of experience to the Board. The members take full responsibility for the sound judgment in leading and directing the Board towards the achievement of its goals.

The Board under the general supervision of the County Executive Committee

Member is responsible for;

- (a) Collecting and receiving of all county revenue
- (b) Administering and enforcing county laws related to revenue;
- (c) Assessing, collecting and accounting for all revenue in accordance with the county laws related to revenue;
- (d) Advising the county executive committee on all matters related to revenue
- (e) Administration and collection of revenue under county laws.

Board and Strategy Meetings

	Sitting Allowance	Transport/ Mileage	Airtime	Retainer
Chairperson	Kshs 25,000	Kshs 20,000	Kshs 5,000	Kshs 90, 000
Member	1 st Year Kshs 15,000 2 nd Year Kshs 17,500 3 rd Year Kshs 20,000	Kshs 20,000	Kshs 4,000	1 st Year Kshs 40,000 2 nd Year Kshs 50,000 3 rd Year Kshs 60,000

The members of the Board are entitled to a sitting allowance, transport allowance, airtime and monthly retainer as follows;

The Board meets regularly in accordance with business requirements and the Revenue Board Act to discuss on policy matters. The meetings are chaired by the Chairperson with the Chief Executive Officer as the secretary of the Board.

The Board meetings are structured to allow sufficient time for consideration of the matters to be discussed ahead of the sittings with the agendas well spelt.

Adequate notice is given for each meeting and the agenda and supporting papers are distributed in advance to all the Board members to allow time for appropriate review. The Board has ownership over the strategic direction and progress toward the realization of its goals and objectives in revenue collection. This is evidenced by regular meetings with the County departments at the Governor’s monthly round-table to discuss on the pertinent department issues affecting the revenue collection at departmental level.

Board Committees

The Board Committees are established with written terms of reference detailing their respective mandate.

The following is the list of all Board Committee members.

Human Resource Committee	Technical and strategy committee	Finance committee
Stella Kaparo Chairperson	Eunice Wangari Chairperson	Francis Mathenge Chairperson
Francis Mathenge	Francis Mathenge	Stella Kaparo
Prudence Waithera	Prudence Waithera	Paul Njenga
		Prudence Waithera

Human Resource Committee Mandate

1. Promote the values and principles of the LCRB
2. Development of Human Resource Policies
3. Organize the structuring and performance evaluation of the employee
4. Ensure the Human Resource is effective and efficient
5. Development of the Human Resource of the LCRB

Technical and Strategy Committee

Mandate

1. Advise the Board on strategic planning and operation of the revenue
2. Reviewing the performance of the revenue streams to ensure optimal performance
3. Advising the Board on the best practices in revenue collection and challenges facing revenue collection.

Finance Committee Mandate

1. Reviewing the revenue reports and progress
2. Advising on internal financial control systems to ensure conformity to PFM ACT, 2012
3. Reviewing the Revenue Board budget implementation

Board meetings

Name	Designation	No of meetings
Alice Kimemia	Current Chairperson	28
Prudence Waithera	CEO	28
Paul Njenga	Member	19
Francis Mathenge	Member	25
Eunice Wangari	Member	16
Stella Kaparo	Member	22

8. MANAGEMENT DISCUSSIONS AND ANALYSIS

The Board takes this opportunity to present its third independent Annual Financial Report. Previously the Board operated under the ambit of the Department of Finance and Economic Planning. The FY 2019/2020 marked the path towards the Revenue Board's autonomy. The financial report therefore marks an important milestone in the achievement of the Board's objectives.

Financial Highlights

The Board is established under an Act of the County Assembly of 2014 and operates its own day to day affairs under the CEO guided by the Board members. The budget of the Board is approved by the Board after allocation by the executive and consequently approval by the County Assembly of Laikipia.

Summary of Financial Results Against Budget

The Board originally budgeted its activities against a budget of Kshs 72,600,000. However, on an accrual basis the Board was only able to realize Kshs 61,624,567 which represents 85% of the receipts against the original budget.

Budgets Against Actual Disbursement

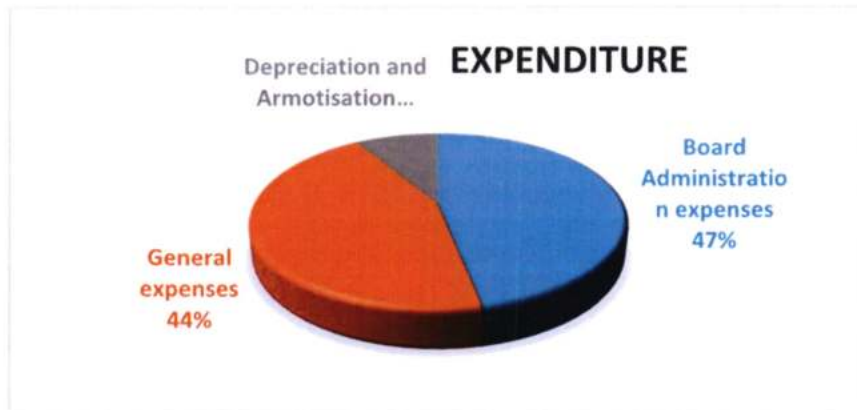
Cash flow receipts in the period amounted to Kshs 61,624,567 which was 85% against the approved budget indicating 100% absorption on a cash basis. Notably on an Accrual Basis the Receivables were Kshs 14,152,555

Receipts

The Board is supported by the County Government by way of transfers for operational use. During the period the County Treasury transferred Kshs 61,624,567 on cash and approved via appropriation to transfer Kshs 14,152,555 in the period 2022/2023 accruing from the 2021/2022.

Expenditures

Employee cost expenses amounted to Kshs 30,156,038 while use of goods amounted to Kshs 27,278,600. Board strategy meetings and staff operational formed a large part of the Board administration expenses accounting for a significant proportion of the expense which was geared toward ensuring the Board is able to meet its mandate. further, a significant amount was put to Asset Acquisition



Boarding Gap

The County Government allocates the Grants to the Board to cater for revenue collection drives and capital expenditure. During the period in review the Boarding gap was quite significant. Consequently, this adversely affected the financial sustainability of the Board.

Material arrears in Statutory and other financial obligations

The Board did not have any material statutory and other financial obligations in the period under review. A pragmatic approach towards settlement of all statutory deductions as a priority is the basis of this.

Sustainability Report

The 2021-2022 report is our 3rd sustainability report and will continue to reflect the Board's performance as well as the Board's strategy and vision for the future. As an exemplary Revenue Collection Board, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of the Entity. We are committed to being transparent, candid and open about our entity and this report is a reflection of that commitment. At the Laikipia County Revenue Board, we have a pragmatic approach to sustainability. We focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits under the three areas of our sustainability activities. These areas include; maintaining a sustainable supply chain, minimizing our environmental footprint and caring for our people.

Stakeholder engagement

Engaging with stakeholders informs our decision making, strengthens our relationships and helps us deliver our commitments and success as an entity. In order to achieve these goals, we recognize that we must work in partnership with other interested stakeholders who share our commitment and have a stake in our organization’s vision. We actively engage with Government, regulators, customers, suppliers, investors and individual citizens to create an environment that is supportive of solutions.



Materiality

We recognize that material issues can directly or indirectly impact our ability to create long- term value for our customers, employees, stakeholders and society at large.

Maintaining a sustainable supply chain

Our Commitment

The Board has many suppliers that supply good and services. When we manage and engage multiple service providers for our operations and projects, our own reputation as service provider is always a top priority. For that reason, we are focused on ensuring our suppliers comply with best practice and adhere to our contract agreement for all services and goods offered.

Minimizing our environmental footprint

Our initiatives

In our offices and operational areas, we continue to encourage employees to minimize energy consumption by switching of their computers and lights at the end of the day. We actively identify ways to reduce our carbon footprint and help to implement initiatives across the organization.

Social Capital Our Initiatives

We invest in providing the best working environment for our employees. Recognition and appreciation of our employees is paramount to achieving this. Our employees guiding principles allows embracing of diversified ideas and opinions from all employees.

The Board promotes a healthy lifestyle to employees by encouraging and supporting them by continually building their skills and knowledge. The Board invests heavily in learning and development program for employees. These include courses on leadership, management and technical competencies relevant to each employee.

Risk Management

The Board is accountable for the Revenue Board risk management process and system of internal control. The CEO is mandated by the Board to monitor the risk management process and systems of internal controls. The Board oversees the activities of the CEO and the secretariat. The objective of risk management of the Board is to establish an integrated and effective risk management framework where important risks are identified, quantified and managed. The Board is in the process of developing a comprehensive Risk management policy.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Capacity Building

Capacity building is paramount to every organization. During the year under review, the Revenue Board undertook capacity building training for its members and the secretariat staff. The Board members were trained on public policy, designing and management and Leading change in turbulence environment whereas the senior staffs were trained on change management and cultural change embracement.





Strategic round-table meetings

In order to monitor, evaluate and review performance, every month the Revenue Board holds the revenue round-table meetings to brief the Governor and the executive on the progress of the Departmental revenue performance and mechanism implemented to enhance revenue collection. Consequently, the Revenue Board holds strategic meetings to give direction and resolutions.



Citizen Engagement

To create awareness on revenue matters, the Board organizes public events to inform the citizens on revenue obligations and what the revenue collected translates to, in terms of County developments.



The Board reviews the Finance Act on a yearly basis. However, in doing so, the Board considers various sectors so as to harmonize the fees and charges to ensure fair consideration to all the sectors.

The growth of revenue has translated to various developments within the County in terms of road construction, equipped and expanded health facilities, provision of water for production, innovation, job creation among others.

Embracing Technology

In order to enhance effective and efficiency in revenue collection during the year under review, the Board continuously endeavored to improve and maintain the integrated network infrastructure in all revenue ward offices, CCTV surveillance in key revenue streams as well as the cash-less mode of payment in all hospital's revenue pay points.

Business Incentives

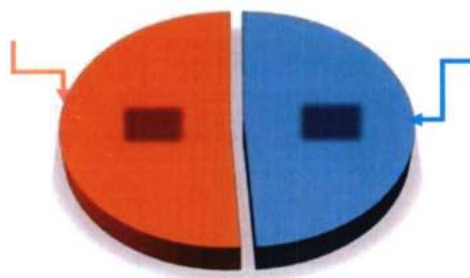
The Board faced a couple of obstacles though not adverse. The Revenue Board was nonetheless able to collect Kshs 902 million despite these obstacles. The County Government of Laikipia set up an economic stimulus program to help businesses that have been adversely impacted by the Covid-19 outbreak. To ensure that businesses and traders receive more affordable financing so they can begin their operations, the County has partnered with financial institutions. The County Executive has aided the Revenue Board by participating in consultative sessions to assess the development of each department's revenue performance and to talk about strategies to be implemented in various departments to achieve the best possible revenue performance.

Employee welfare

The Board has a total of 238 staff members, 225 on contract and 13 on permanent terms. The gender composition ratio is 119 males (50%) and 119 females which is 50% meeting the gender thresh hold as outlined in the Kenyan constitution 2010.

50% Female

50% Male



Community Engagement

Public participation has been and remains the most effective tool of Board citizen engagement since it's a deliberative process which involves public in decision-making in matters of revenue. The forum provides the citizens with a platform to interact with the Board and other legislators on the revenue issues and allows individuals and communities to contribute by expressing concerns, needs and values. The Board has an all-round communication platform to reach its audience. This is evidenced by its various interactive tools to ensure all levels of community are engaged i.e. public participation, revenue open day forums, Laikipia Revenue Board Facebook account, twitter account, website www.laikipiarevenue.go.ke, email (lcrb@laikipia.go.ke), printmedia and radio broadcast.

10. REPORT OF THE TRUSTEES.

The Board submit their report together with the audited financial statements for the year ended June 2022, which show the state of the Board's affairs.

10.1 Principal activities

The principal activities of the Board are to collect and receive revenue on behalf of Laikipia County Government

10.2 Performance

The performance of the Board for the year ended June 30, 2022, are set out on page xxii

10.3 Trustees

The members of the Revenue Board who served during the year are shown on page v. There were no changes in the Board during the financial year.

10.4 Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Laikipia County

Revenue Board Sign:

Name: ELIJAH KAMUNYA Chair of the Board

Date: 30/12/2022

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES.

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Chief Executive Officer of Laikipia County Revenue Board shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Chief Executive Officer of the Revenue Board is responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and 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 accuracy at any time the financial position of the Board;
- (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 Board;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer of the Revenue Board accepts responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012 and the Laikipia County Revenue Board Act 2014. The Chief Executive Officer of the Board is of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2022, and of the Board's financial position as at that date.

The Chief Executive Officer further confirms the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control. In

preparing the financial statements, the Chief Executive Officer of the Revenue Board has assessed the Board's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Chief Executive Officer to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Approval of the Board's financial statements were approved by the Board on 30/12/.....2022 and signed on its behalf by:

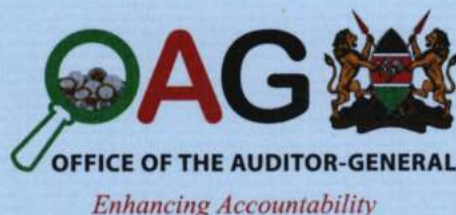
Name: ELSA KAMENJA.....

Chief Executive Officer of the Board



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
-mail: info@oagkenya.go.ke
/ebsite: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY REVENUE BOARD FOR THE YEAR ENDED 30 JUNE, 2022

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 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Laikipia County Revenue Board set out on pages 1 to 42, which comprise of the statement of financial position as at

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Laikipia County Revenue Board as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Laikipia County Revenue Board Act, 2014.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Revenue Board 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 opinion.

Key Audit Matters

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

Other Matter

1.0 Budgetary Controls and Performance

1.1 Revenue Analysis

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects an approved revenue budget of Kshs.72,600,000 and actual revenue of Kshs.61,624,567 resulting into an income shortfall of Kshs.10,975,433. The County Revenue Board did not actualize its budget by Kshs.10,975,433 or 14% an indication that some of the programs and activities that had been planned were not implemented. Therefore, the Board needs to review its budget-making process to formulate a realistic budget that would be actualized for service delivery.

1.2 Expenditure Analysis

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects an approved budgeted expenditure of Kshs.72,600,000 and an

actual expenditure of Kshs.76,555,345 resulting to a net over-expenditure of Kshs.3,955,345 comprising of an over expenditure of Kshs.5,924,226 on one (1) item and an under expenditure of Kshs.1,968,881 on three (3) other items.

In the circumstance, the Board underspent the total budget projection by Kshs.1,968,881 which translated to equivalent services not offered to the people of Laikipia County. Further, the Kshs.5,924,226 over expenditure on one (1) item during the year had no budgetary approval contrary to Section 19(4) of the County Revenue Board Act, 2014 which states that no expenditure shall be incurred for the purposes of the Board except in accordance with the annual estimates approved under Subsection (3) or in pursuance of the authorization of the Board with the prior written approval of the executive member.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

1.0 Non-Preparation of Annual Cash Flow Plans

Note 2 to the financial statement reflects receipts of Kshs.61,624,567 in respect to transfers from County Government. However, during the audit, it was noted that the Board did not prepare the annual cash flow plans as per the requirement of Section 43(1) of the PFM (County Government) regulation which requires the Accounting Officer to prepare and provide the annual cash flow plan to the National Treasury as the basis of the requisition of the funds for the year.

In addition, the requisitions for the funds provided for audit review were not supported by detailed cash flow plans of how the Board would use the requisitioned fund. This is in contravention of Section 45(1) of the same regulation which requires the basis for the requisition of Funds to the Controller of Budget by the Accounting Officer to be approved and be based on the cash flow plans communicated to the National Treasury.

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

2.0 Expenditure Against Target Revenue Realization

The statement of performance against the County board's predetermined activities reflects Kshs.1,312,813,276 in respect to projected revenue targets for the financial year 2021/2022. However, the Board managed to collect Kshs.902,354,455 resulting to an unexplained variance of Kshs.410,458,821. Therefore, the Board needs to review its

budget-making process to formulate a realistic budget that would be actualized for service delivery.

Further, the entity failed to provide information regarding the activities and plans of the Board during the year which is a requirement under section 15(2) of Laikipia County Revenue Board Act, 2014.

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

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 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of 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 (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Board'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 Board 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 Board'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 controls.
- 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 Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board 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 controls 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

02 March, 2023

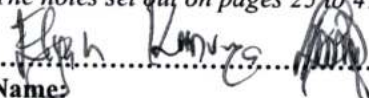
Laikipia County Revenue Board

Annual Report and Financial Statements for the year ended June 30, 2022

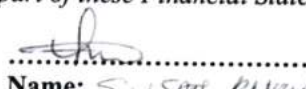
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	<u>1</u>	-	
Transfers from the County Government	<u>2</u>	61,624,567	53,197,256
Fines, penalties and other levies	<u>3</u>		
		61,624,567	53,197,256
Revenue from exchange transactions			
Interest income	<u>4</u>	-	-
Other income	<u>5</u>	-	9,500,000
		-	9,500,000
Total revenue		61,624,567	62,697,256
Expenses			
Employees cost	<u>6</u>	30,156,038	31,333,597
Use of goods and services	<u>7</u>	27,278,600	15,222,216
Depreciation and Armotisation	<u>8</u>	5,924,226	4,627,496
Total expenses		63,358,864	51,183,309
Other gains/losses			
Gain/loss on disposal of assets	<u>10</u>		
Surplus/(deficit) for the period		(1,734,297)	11,513,947

(The notes set out on pages 25 to 41 form an integral part of these Financial Statements)


.....
Name:

CEO-Revenue Board


.....
Name: SUSI RUSIA

Board Accountant

ICPAK Member Number:


.....
Name:

Board Accountant

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	0.75	1,749,614
Accounts receivables from county government	12	14,152,555	17,983,704
Inventories	14		
		14,152,556	19,733,318
Non-current assets			
Property, plant and equipment	15	13,196,481	8,686,687
Intangible assets	16	-	-
		13,196,481	8,686,687
Total assets		27,349,037	28,420,006
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	12,549,476	11,886,147
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		12,549,476	11,886,147
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		12,549,476	11,886,147
Net assets		14,799,561	16,533,859
Revolving Fund			
Reserves		16,533,859	5,019,912
Accumulated surplus		(1,734,297)	11,513,947
Total net assets and liabilities		14,799,561	16,533,859

The accounting policies and explanatory notes on page 25 to 41 these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/12/2022 and signed by:

.....
Name: Hg. Kamry
Administrator of the Board


.....
Name: Susana Ombira
Board Accountant
ICPAK Member Number: 27140

.....
Name: Esther Kamroni
Board Accountant

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022

	Revaluation Reserve	Accumulated surplus	Total
	KShs	KShs	KShs
Balance as at 1 July 2019	-	-	-
Surplus/(deficit) for the period	-	-	-
Balance as at 30 June 2021	-	16,533,858.87	16,533,858.87
Balance as at 1 July 2021	-	-	-
Surplus/(deficit) for the period	-	(1,734,297.41)	(1,734,297.41)
Balance as at 30 June 2022	-	14,799,561.46	14,799,561.46


.....
Name: *John Kamungu*
Administrator of the Board


.....
Name: *Susan Rubira*
Board Accountant
ICPAK Member Number:27140


.....
Name: *Beth Mwanjira*
Board Accountant

Laikipia County Revenue Board


Annual Report and Financial Statements for the year ended June 30, 2022


16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	61,624,567	53,197,256
Interest received		-	-
Receipts from other operating activities		-	9,500,000
Total Receipts		61,624,567	62,697,256
Payments			
Employee cost	6	30,156,038	31,333,597
Use of goods and services	7	27,278,600	15,222,216
Finance cost	9	-	-
		57,434,638	46,555,813
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	12	(3,831,149)	4,421,418
Increase/(Decrease) in Accounts Payable: (deposits and retention)	17	663,329	(2,844,859)
Net cash flows from operating activities		8,684,407	8,875,166
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	15	10,434,020	7,125,425
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		10,434,020	7,125,425
Cash flows from financing activities			
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(1,749,614)	1,749,741
Cash and cash equivalents at 1 JULY	11	0.75	65
Cash and cash equivalents at 30 JUNE	11		1,749,614

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

Name:  Kamung.
Administrator of the Board

Name:  SUSANI NYIRIA
Board Accountant
ICPAK Member Number: 27140

Name:  BEN WANGA
Board Accountant

Laikipia County Revenue Board

Annual Report and Financial Statements for the year ended June 30, 2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation	
	a	b	c=a+b	d	e=c-d	f=d/c%	
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
Revenue	KShs	KShs	KShs	KShs	KShs		
Public contributions and donations	-			-	-		
Transfers from County Govt.	65,600,000	7,000,000	72,600,000	61,624,567	(10,975,433)	0.85	a
Interest income	-		-	-	-		
Other income	-	-	-	-	-		b
Total income	65,600,000	7,000,000	72,600,000	61,624,567	(10,975,433)	0.85	c
Expenses							
Board administration expenses	11,888,658	500,000	12,388,658	12,088,658	300,000	0.98	d
Staff expenses	15,588,279	2,500,000	18,088,279	18,067,380	20,899	1.00	e
General expenses	24,123,063	4,000,000	28,123,063	27,278,600	844,463	0.97	f
Revenue collection and infrastructure - Purchase of Assets	14,000,000		14,000,000	13,196,481	803,519	0.94	g
Revenue management and infrastructure - Depreciation and Amortisation			-	5,924,226	(5,924,226)		h
Total expenditure	65,600,000	7,000,000	72,600,000	76,555,345	(3,955,345)	1.05	
Surplus for the period	-	-	-	(14,930,778)			

RECONCILIATION BETWEEN THE SURPLUS AS PER THE BUDGET AND AS PER STATEMENT OF FINANCIAL POSITION

DESCRIPTION	SURPLUS
Surplus under statement of financial performance	- 1,734,297.41
Surplus under the statement of budgeted and actual amounts	- 14,930,778.41
Difference	13,196,481.00
EXPLAINED BY	
Purchase of fixed assets included in the statement of financial position	13,196,481.00

Budget notes

- a) The board recognized ksh 61,624,576 as cash receipts for the period and un realized transfers of ksh 10,975,433 that relates to financial year 2020-21 as a variance between the actual budget.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Laikipia County Revenue Board is established by and derives its authority and accountability from Laikipia County Revenue Board Act 2014. The entity is wholly owned by the Laikipia County Government and is domiciled in Kenya. The entity's principal activity is to collect and receive revenue.

2. Statement of compliance and basis of preparation

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and

Laikipia County Revenue Board
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> ● <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> ● IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully</p>

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Standard	Effective date and impact:
	<p>represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 25th August 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Board recorded additional appropriations of Kshs 7,000,000 on the FY 2021-2022 budget following the Laikipia County Assembly approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from

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the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the

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classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Summary of Significant Accounting Policies (Continued)

b) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Summary of Significant Accounting Policies (Continued)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

d) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

e) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a Board) and will have no legal or constructive obligation to pay further contributions if the Board does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Board obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit Boards are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum

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payments reduce the post-employment benefit obligation.

g) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Summary of Significant Accounting Policies (Continued)

h) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

l) Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

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m) Ultimate and Holding Entity

The entity is a County Public Board established by Laikipia County Revenue Board Act ,2014.
Its ultimate parent is the County Government of Laikipia.

n) Currency

The financial statements are presented in Kenya Shillings (Kshs).

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of Boarding to replace the asset

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- Changes in the market in relation to the asset

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2021/2022	2020/2021
	Kshs	Kshs
Transfers from County Govt. – operations	61,624,567	53,197,256
Payments by County on behalf of the entity		
Total	61,624,567	53,197,256

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

There were no penalties or fines during the period

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

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Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income		
Total Other Income	-	-

(NB: The Board did not receive any income during the period).

Description	2021/2022	2020/2021
	KShs	KShs
Staff expenses(6b)	18,067,380	17,123,656
board Allowances	5,101,400	
Board travel expenses	6,987,258	14,209,941
Total	30,156,038	31,333,597

6. Employee Costs

Description	2021/2022	2020/2021
	KShs	KShs
Staff training expenses		-
staff revenue operations	13,577,580	9,697,691
Staff Allowances	4,489,800	7,425,965
Total	18,067,380	17,123,656

7. Use of Goods and Services

Description	2021/2022	2020/2021
	KShs	KShs
Consumables	1,647,595	4,402,150
Fuel and oil costs	6,000,000	4,150,000
motor vehicle repair and maintainance	796,001	525,253
Accountable doc	2,960,342	-
Advertisement	1,781,913	3,377,645
Printing and stationery	1,254,818	
Legal Services	2,784,000	498,800
Entity transfer	900,000	-
Telecommunication	1,560,621	1,419,815
Bank Charges	20,704	

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Hospitality	2,740,622	747,264
Travel allowances	638,845	
Training	4,193,139	101,289
Total	27,278,600	15,222,216

8. Depreciation and Amortization Expense

Description	2021/2022	2020/2021
	Kshs	Kshs
Land and Buildings	-	
Motor Vehicle		
Furniture and Fitting	336,600	336,600
Computer and Office Equipment	5,587,626	4,290,896
Total	5,924,226	4,627,496

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

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Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021/2022	2020/2021
	Kshs	Kshs
Fixed deposits account		
On – call deposits		
Current account	0.75	1,749,614
Others		
Total cash and cash equivalents	0.75	1,749,614

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	2021/2022	2020/2021
		Kshs	Kshs
a) Current account			
Co-operative bank of Kenya Account No	01141369182100	3,595,713	1,749,614
Sub- total		3,595,713	1,749,614
b) Others(specify)			
exchequer in transit		4,116,545	
Cash in transit- Being Unpresented cheques At 30th june 2022		(7,712,257)	
Cash in hand			
M Pesa			
Sub- total		(7,712,257)	
Grand total		0.75	1,749,614

12. Receivables from exchange transactions

Description	2021/2022	2020/2021
	Kshs	Kshs
Transfer from County Executive	14,152,555	17,983,704
Transfer from other county entities		
Total receivables from non-exchange transactions	14,152,555	17,983,704

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Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2019	-	-	-	-	-
Additions	-	-	2,692,800	5,748,550	8,441,350
Disposals	-	-	-	-	-
Depreciation	-	-	336,600	1,915,992	2,252,592
Transfers/adjustments	-	-	-	-	-
At 30th June 2020	-	-	2,356,200	3,832,558	6,188,758
At 1st July 2020	-	-	2,356,200	3,832,558	6,188,758
Additions	-	-	-	7,125,425	7,125,425
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2020	-	-	2,356,200	10,957,983	13,314,183
At 1st July 2019	-	-	-	-	-
Depreciation Year 2	-	-	336,600	1,915,992	2,252,592
Depreciation Year 1	-	-	-	2,374,904	2,374,904
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2021	-	-	336,600	4,290,896	4,627,496
Net book values					
At 30th June 2020	-	-	2,356,200	3,832,558	6,188,758
At 30th June 2021	-	-	2,019,600	6,667,087	8,686,687
At 1st July 2021	-	-	2,019,600	6,667,087	8,686,687
depreciation year 3	-	-	336,600	1,915,992	2,252,592

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depreciation year 2				2,374,904	2,374,904
					4,627,496
			1,683,000	2,376,192	4,059,192
Additions					
	3,867,440		2,676,000	3,890,580	10,434,020
depreciation year 1				1,296,730	1,296,730
depreciation year 2&3			336,600	4,290,896	4,627,496
total depreciation			336,600	5,587,626	5,924,226
At 30 th June 2022	3,867,440	-	4,359,000	4,970,041	13,196,481

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Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	-	-
Additions	-	-
At End Of The Year	-	-
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	12,549,476	-
Re Boardable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade And Other Payables	12,549,476	11,886,147

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2022)	-	-	-	-

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Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021/2022	2020/2021
	KShs	KShs
Surplus/ (deficit) for the year before tax	- 1,734,294	11,513,947
Adjusted for:		
Depreciation	5,924,226	4,627,496
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments	4,189,932	16,141,443
Increase in inventory	-	-
Increase in receivables	3,831,145	17,983,704
Increase in payables	663,329	11,886,147
Net cash flow from operating activities	8,684,406	10,043,886

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Other Disclosures

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Board include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The Board/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2021/2022	2020/2021
	Kshs	Kshs
Transfers from related parties'	61,624,567	53,197,256
Transfers to related parties	61,624,567	53,197,256

c) Key management remuneration

	2021/2022	2020/2021
	Kshs	Kshs
Board of Trustees	12,088,658	14,209,941
Total	12,088,658	14,209,941

d) Due from related parties

	2021/2022	2020/2021
	Kshs	Kshs
Due from parent Ministry	-	-
Due from County Government	14,152,555	17,983,704
Total	14,152,555	17,983,704

Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Board	-	-
Bank Guarantees	-	-
Total	-	-

There were no court cases against the Board

Other Disclosures Continued

24. Financial risk management

The Board’s activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board’s overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Board does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Board’s financial risk management objectives and policies are detailed below:

a) Credit risk

The Board has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity’s management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity’s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	14,152,555	-	-	-
Bank Balances	-	-	-	-
Total	14,152,555	-	-	-

At 30 June 2021				
Receivables From Exchange Transactions				
Receivables From Non Exchange Transactions	17,983,704	-	-	-
Bank Balances	-	-	-	-
Total	17,983,704	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from county government of Laikipia

The Board of trustees sets the Board's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term Boarding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	12,665,711	-	-

Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	12,665,711	-	-
At 30 June 2021				
Trade Payables	-	-	11,886,147	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	11,886,147	-

c) Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Board's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The Board does not manage any foreign exchange risk

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Board's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	Xxx	xxx
USD	10%	Xxx	xxx
2021			
Euro	10%	Xxx	xxx
USD	10%	Xxx	xxx

ii. Interest rate risk

Interest rate risk is the risk that the entity’s financial condition may be adversely affected as a result of changes in interest rate levels. The entity’s interest rate risk arises from bank deposits. This exposes the Board to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Board’s deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

Sensitivity analysis

The Board analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.)

d) Capital risk management

The objective of the Board’s capital risk management is to safeguard the Board’s ability to continue as a going concern. The entity capital structure comprises of the following Boards:

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve		
Revolving Board		
Accumulated surplus	14,799,561	16,533,859
Total Boards	14,799,561	16,533,859
Total borrowings		
Less: cash and bank balances	0.75	1,714,614
Net debt/(excess cash and cash equivalents)		
Gearing	%	%

19. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Inaccuracies in Comparative Figures	The management has resolved the inaccuracies in the comparative figures which were the opening balances for the comparative year and the purchase of assets.	resolved	
1.0	Irregular Payment of Cash Bonus	The Revenue Board is in the process of formulating a Bonus policy that will govern the bonus sharing ratio	Not resolved	June 2023

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.