

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF
THE AUDITOR-GENERAL
ON
COUNTY EXECUTIVE OF
BUSIA
FOR THE YEAR ENDED
30 JUNE, 2021



BUSIA COUNTY EXECUTIVE
Annual Report and Financial Statements
For the year ended June 30, 2021.



COUNTY GOVERNMENT OF BUSIA
OFFICE OF THE GOVERNOR
P.O. BOX PRIVATE BAG –
50400 BUSIA, KENYA



COUNTY EXECUTIVE OF BUSIA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

**Prepared in accordance with the Cash Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**



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BUSIA COUNTY EXECUTIVE
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County is constituted as per the constitution of Kenya 2010 and is headed by the County Governor, who is responsible for the general policy and strategic direction of the county.

b) Key Management

The county Executive's day-to-day management is under the following key organs;

No.	Name	Designation
1	H.E Hon. Sospeter Odeke Ojamong'	The Governor
2	H.E Hon. Moses Mulomi	The Deputy Governor/ CECM Health and Sanitation
3	Mr. Nicodemus Onyango Mulaku	The County Secretary
4	Justice Mathew Anyara Emukule	The County Attorney
5	Hon. Phaustine Barasa	CECM Finance and Economic planning
6	Hon. Dr. Osia Mwanje	CECM Agriculture, Livestock and Fisheries
7	Hon. Okwara George Ekirapa	CECM Infrastructure and Energy
8	Hon. Prof. Grephas Opata	CECM Education and Vocational training
9	Hon. John Mwami Bwire	CECM Lands, Housing and Urban Development/CECM Public
10	Hon. Judith Awino Maketso	CECM Trade, Investment, Industries and Cooperatives
11	Hon. Dr. Isaac Alukwe	CECM Water, Environment and Animal Resources
12	Hon. Dr. Janet Manyasi	CECM Sports, Culture and Social Services

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	CECM -Finance and Economic Planning	Hon. Phaustine A. Barasa
	ACCOUNTING OFFICERS	
2	Accounting Officer – Finance Department	Mr. Nicodemus Onyango Mulaku
3	Accounting Officer – Economic Planning	Ms. Joy Wanga
4	Agriculture, Livestock and Fisheries-Fisheries	Mr. Moses Weunda
5	Agriculture, Livestock and Fisheries-Agriculture	Eng. Richard Achiambo
6	Agriculture, Livestock and Fisheries-Livestock	Ms. Ruth Mukhongo
7	Education and Vocational Training	Mr. Daniel Eliud Nyongesa
8	Health Services – Preventive Department	Mr. Jonathan Inoh
9	Health Services – Curative Department	Dr. Isaac Omeri
10	Infrastructure And Energy-Transport and Energy	Eng. Gilbert Oduory
11	Infrastructure And Energy-Infrastructure	Mr. Stephen Nasiagi Onyango
12	Infrastructure And Energy-Infrastructure	Ms. Priscah Omoit
13	Lands, Housing and Urban Development-Urban Development	Mr. Andrew Namunyu Otiti
14	Lands, Housing and Urban Development-Land and Housing	Ms. Teresia Mbingi
15	Office of The Governor- Public Administration	Mr. Ezekiel Otieno Okwach
16	Office of The Governor-ICT and Communication	Ms. Lydia Nabwire
17	Public Service and Administration	Ms. Clementina Oundo Omoto
18	Sports ,Culture and Social Services	Mr. Joe Maurice Odundoh
19	Trade, Investment, Industry and Cooperatives	Mr. Nelson Kwamini
20	Water, Irrigation, Environment and Natural Resources-Water	Mr. .George Ekisa
21	Water, Irrigation, Environment and Natural Resources- Environment and Natural Resources	Ms .Roselyne Baraza
22	Water, Irrigation, Environment and Natural Resources-Irrigation	Ms .Hellen Mukanda



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d) Fiduciary Oversight Arrangements

The key fiduciary organs that played oversight roles at the County for the year ended 30th June 2021 were:

1. County Assembly of Busia - Legislation and Oversight
2. The National Treasury-Designing, prescribing an efficient financial management system for national and county government to ensure transparent financial management and standard reporting.
3. The Senate-Legislation and Oversight
4. Office of the Controller of Budget - Monitoring budget execution
5. Public Sector Accounting Standards Board-Setting of generally accepted accounting and financial system standards.
6. Commission on Revenue Allocation-Division of Revenue
7. The Office of the Auditor General - Auditing of county government Accounts
8. Salaries and Remuneration Commission - Advisory on salaries and remuneration of public officers
9. World Bank - Provides technical and financial assistance to county governments.
10. Audit Committee - Provides oversight on financial reporting system, audit process, system of internal controls and compliance with laws and regulations.

e) County Executive Headquarters

P.O. Box Private Bag 50400

Busia (K)

Town Hall Building

Busia-Kisumu Highway

Busia, Kenya

f) County Executive contacts

E-mail: info@busiacounty.go.ke

Website: www.busiacounty.go.ke



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g) County Executive bankers

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

2. Other Commercial banks

- i. Kenya Commercial Bank
Busia Branch
- ii. Cooperative Bank of Kenya
Busia Branch.
- iii. National Bank of Kenya
Busia Branch.
- iv. Family Bank of Kenya
Busia Branch.
- v. Equity Bank of Kenya
Busia Branch.

h) Independent Auditors

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

i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



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2. FORWARD BY THE CECM - FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Busia financial statements for the year ended 30th June 2021. The financial statements present the financial performance of the County Government for the financial year 2020/2021.

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

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution of Kenya 2010.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Busia County included business permits, land rates, business plan approvals, advertising fees, Cess and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

- 1) Automation of revenue collection system – the County is currently using County Pro Revenue system as the revenue collection system;
- 2) Continuous revenue mapping and putting in place proper revenue collection enforcement measures.
- 3) Allocation of service delivery vehicles to enhance local revenue collection.
- 4) Employment of county revenue clerks and enforcement officers to enhance revenue collection.
- 5) Approval of Valuation Roll Bill by the County Assembly which has increased county Revenue streams (e.g. Land Rates)



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Financial Performance

Revenue

(a) Projected Revenues.

In the year ended 30th June 2021, the County had projected revenues of Kshs 10,418,909,789 consisting of Kshs 1,119,555,805 from own sources, Kshs. 6,905,969,327 from County Allocation of Revenue Act (CARA), Kshs 408,621 as return from CRF issues, 192,062,027 Proceeds from domestic and foreign grants and Kshs 2,200,914,009 as balance brought forward from 2019/2020 financial year. A graphical representation of the revenue budget is as shown below:

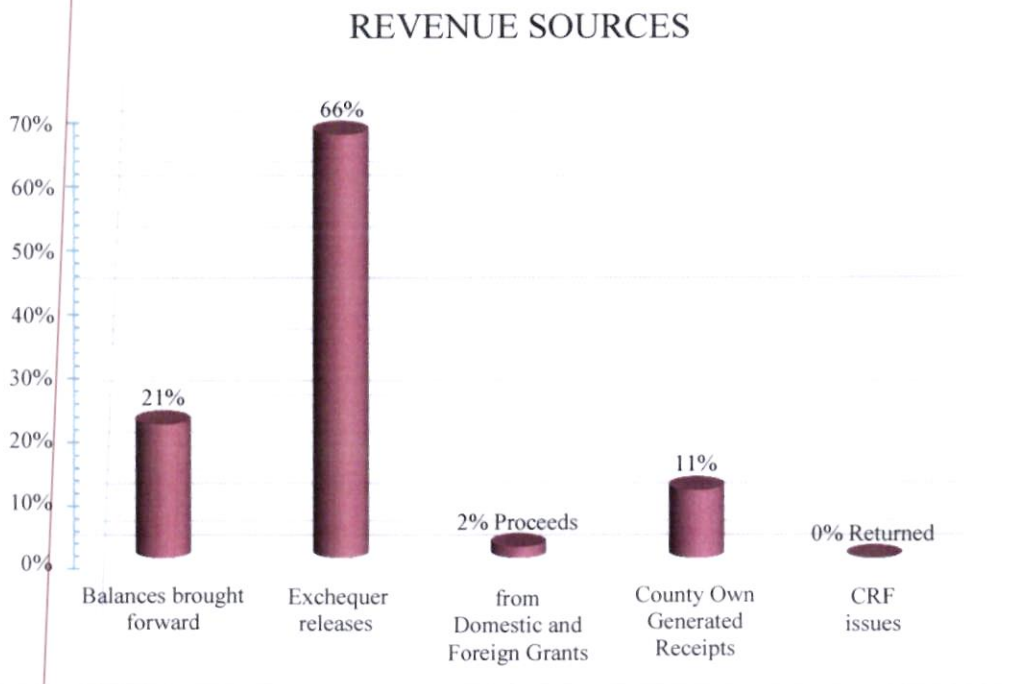


Figure 1: Busia County Revenue Sources in FY 2020/2021

CARA revenues continue to form the largest part of our revenue budget, contributing 66% towards our budget. Our own generated revenues formed 11% of our budget while Returned CRF issues and balances brought forward formed 23% of our total projected revenues.



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(b) Actual Revenues.

In the year under review, the County was able to realize Kshs. 7,098,305,067 in actual revenues representing 86% performance. This includes actual revenue received from County Allocation of Revenue Act (CARA) of Kshs 6,775,338,219, Kshs 322,558,227 from local sources, and Kshs 408,621 returned CRF issues with respect to financial year 2019/2020. There was also a balance brought forward of Kshs 2,200,895,344 from the financial year 2019/2020.

Table analysis of Revenue Performance

Receipt Items	Revised Budget FY 2020/2021	Actual Revenue FY 2020/2021	Budget utilization
	Kshs	Kshs	%
Balances brought forward	2,200,914,009	2,200,486,723	100
Exchequer releases	6,905,969,327	6,583,276,192	95
Proceeds from Domestic and Foreign Grants	192,062,027	192,062,027	100
County Own Generated Receipts	1,119,555,805	322,558,227	29
Returned CRF issues	408,621	408,621	100
TOTAL RECEIPTS	10,418,909,789	9,298,791,790	89

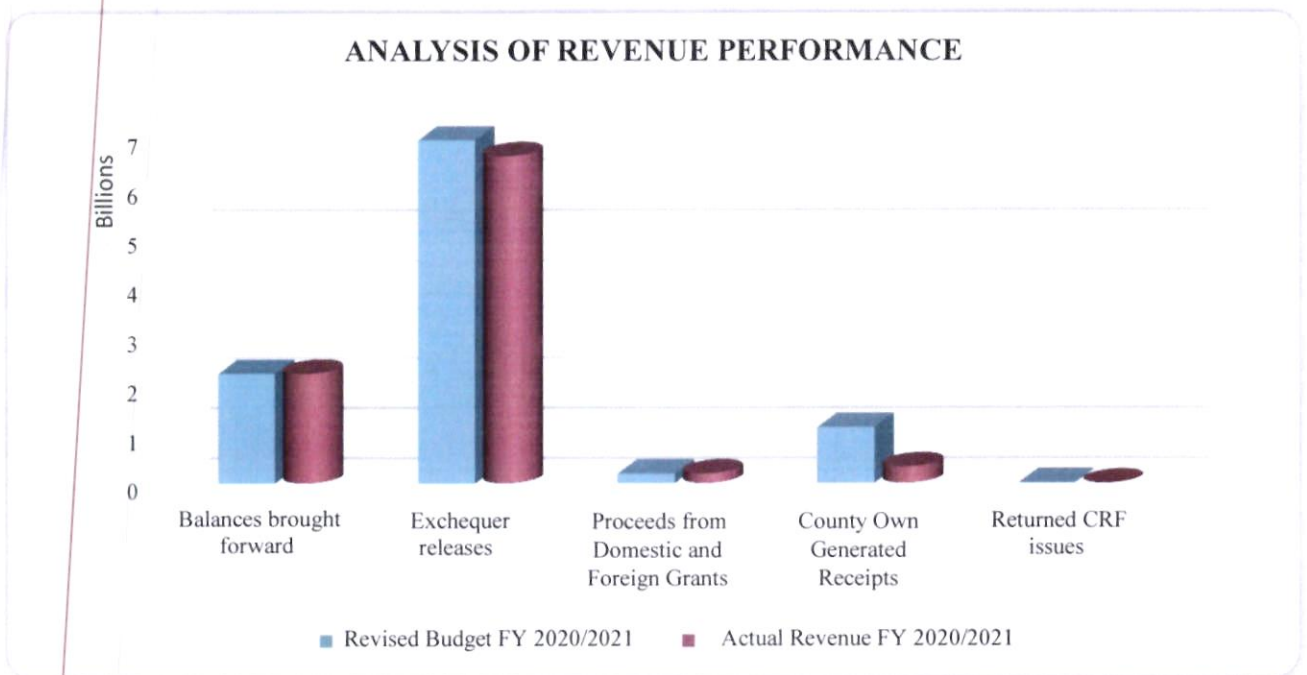


Figure 2. Graphical Presentation of actual revenue received by the County Government.



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BUSIA COUNTY EXECUTIVE
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For the year ended June 30, 2021.

a) Payments

The total County budgeted expenditure for the year under review was Kshs. 10,418,909,789, this includes Kshs. 9,613,937,130 and Kshs. 804,972,659 for County Executive and County Assembly respectively.

The actual county expenditure was Kshs. 8,270,784,950 which represents 79% of the overall budget utilization.

Table showing analysis of Payments

Expense Items	Revised Budget FY 2020/2021 Kshs	Actual cumulative to date Kshs	Budget utilization %
Compensation of Employees	2,746,625,689	2,746,359,103	100
Use of goods and services	1,627,915,426	1,534,163,202	94
Transfers to Other Government Units	804,972,659	802,823,507	100
Other grants and transfers	1,517,496,951	894,787,835	59
Social Security Benefits	138,900,287	138,900,287	100
Acquisition of Assets	1,751,868,622	933,394,636	53
Other Payments	1,831,130,154	1,220,356,381	67
TOTAL PAYMENTS	10,418,909,789	8,270,784,950	79

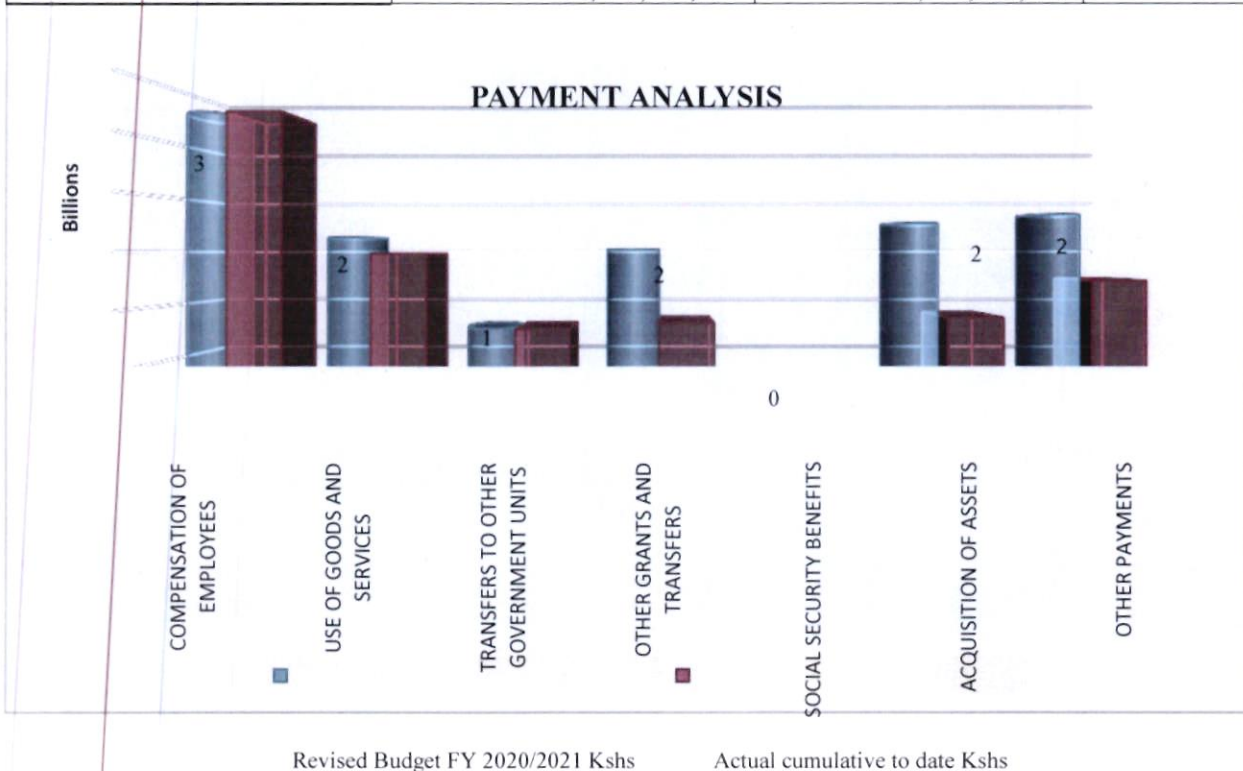


Figure 3. Graphical Presentation of budgeted expenditure versus actual spending by the County Government.

(c) Cash flows

In the FY 2020/2021, we had many liquidity disruptions. This was as a result of late disbursements of funds by the National Treasury since some funds were disbursed as late as 12th July 2021 after the year end.

The cash flows have also been affected with a backdrop of a contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic.

(d) Accounts receivables

Imprest management is a critical area of focus in Busia County. We have aimed at adhering to the PFM regulations of 2015 on Imprest management.

(e) Pending bills

The pending bills reduced from Kshs 744,244,483 in the FY 2019/2020 to Kshs 740,655,254 in FY 2020/2021.

(f) Fixed assets

Busia County has made significant investments in fixed assets since coming into office in 2013. Additionally; we inherited some assets from the defunct local authorities and devolved units from National Government.

County Government Flagship projects completed in FY 2020/2021

Some of the key development projects in FY 2020/2021 included the following:



Fish Cages in Lake Victoria



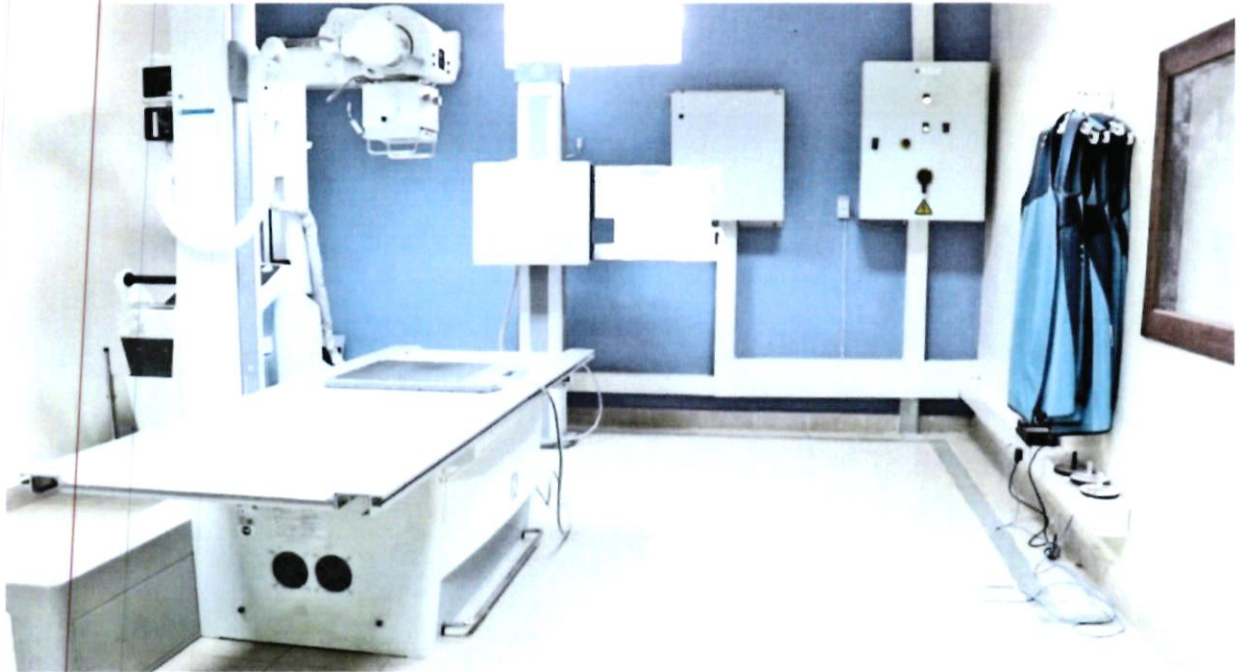
Port-Victoria Market



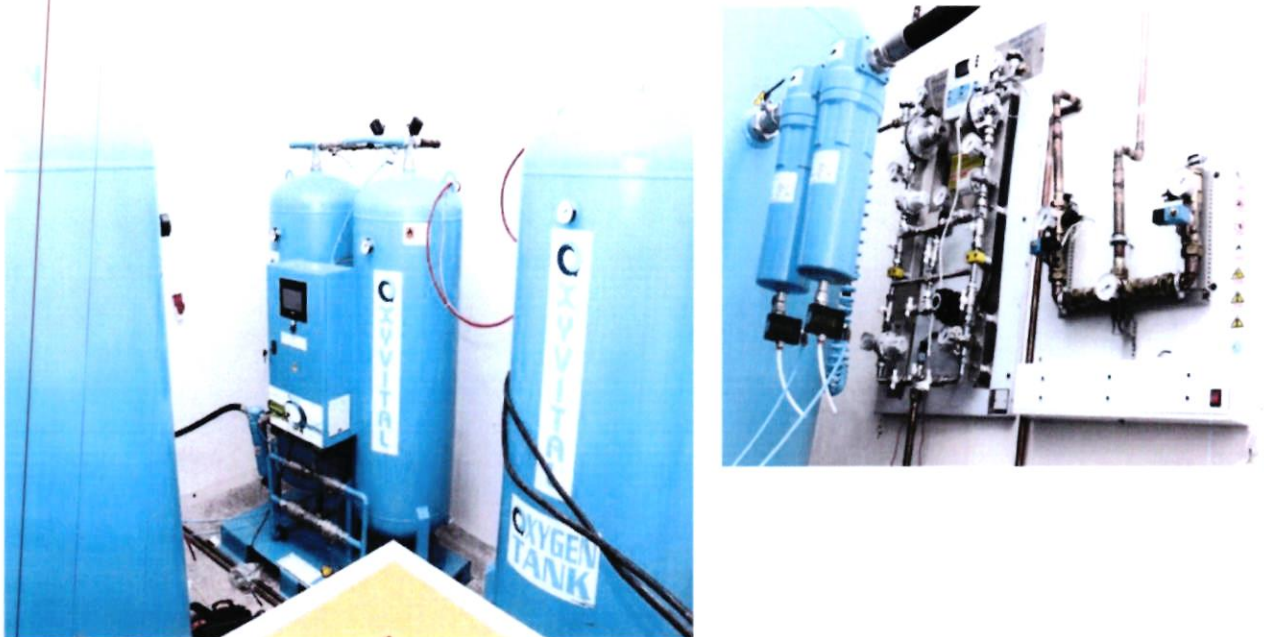
Soko-Posta Market Busia



Incinerator at Busia County Referral Hospital



X-Ray at Kocholia Hospital



Oxygen-Plant at Busia County Referral Hospital



Malaba Bus park





Tractors for Garbage Collection

