

REPUBLIC OF KENYA

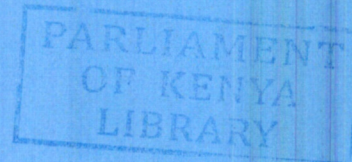


*Enhancing Accountability*

PAPERS LAID	
DATE	30/5/2023
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	Innocent Mbaya

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**COUNTY REVENUE FUND**

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

**COUNTY GOVERNMENT OF BUSIA**





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



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**COUNTY REVENUE FUND**

**COUNTY GOVERNMENT OF BUSIA**

**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the Financial Year ended 30<sup>th</sup> June,2022.**

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**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

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**1. Key Entity Information and Management**

**a) Background information**

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

**b) Key Management**

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

- CECM Finance and Economic planning
- C.O Finance
- Director Accounting Services/Finance

**c) Fiduciary Management**

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	Hon. Phaustine A. Barasa
2.	Accounting Officer in charge of Finance	Mr. Nicodemus Onyango Mulaku
3.	Director Accounting Services/Finance	Ms. Roselin Lumbasi

**d) Fiduciary Oversight Arrangements**

The key fiduciary organs that played oversight roles at the County for the year ended 30th June, 2022 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

**County Government of Busia**  
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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 Headquarters**

P.O. Box Private Bag 50400

Busia (K)

Town Hall Building Busia-

Kisumu Highway **Busia**

**f) County Contacts**

E-mail: [info@busiacounty.go.ke](mailto:info@busiacounty.go.ke)

Website: [www.busiacyounty.go.ke](http://www.busiacyounty.go.ke)

**g) County Bankers**

**1. Central Bank of Kenya**

Haile Selassie Avenue P.O. Box 60000

City Square 00200

Nairobi, Kenya.

**2. Other Commercial banks**

i. Kenya Commercial Bank

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.

**County Government of Busia  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

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**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

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**2. Statement by the CECM Finance**

It is my pleasure to present the County Government of Busia financial statements for the year ended 30th June, 2022. The financial statements present the financial performance of the County Revenue Fund for the financial year 2021/2022.

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

**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)

Sign.....

**Hon. Topista Naiti Wanyama**

**CECM Finance and Economic Planning**

**County Government of Busia  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

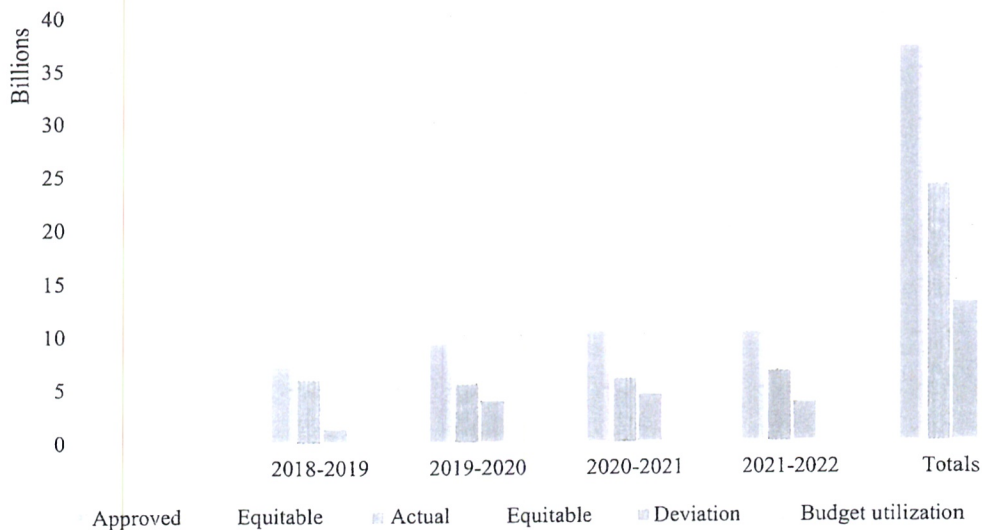
**3. Management Discussion and Analysis**

**a. Equitable shares**

The county receives direct transfers to the County Revenue Fund (CRF) account from the National Government in each financial year. During the financial year 2018/2019, 2019/2020, 2020/2021 and 2021/2022 the total approved budget for Busia County Government amounted to Kshs 37,121,280,516 out of which Kshs 24,074,228,051 is the actual amount realized as equitable shares.

Financial Year	Approved Budget	Actual Equitable	Deviation	Budget utilization
	Kshs	Kshs	Kshs	%
2018-2019	7,195,980,752	5,966,000,000	1,229,980,752	83
2019-2020	9,276,012,341	5,496,339,000	3,779,673,341	59
2020-2021	10,418,909,788	6,013,500,000	4,405,409,788	58
2021-2022	10,230,377,635	6,598,389,051	3,631,988,584	64
<b>Totals</b>	<b>37,121,280,516</b>	<b>24,074,228,051</b>	<b>13,047,052,465</b>	<b>65</b>

Equitable shares for the FY 2018/2019 to 2021/2022



**County Government of Busia**  
**County Revenue Fund**  
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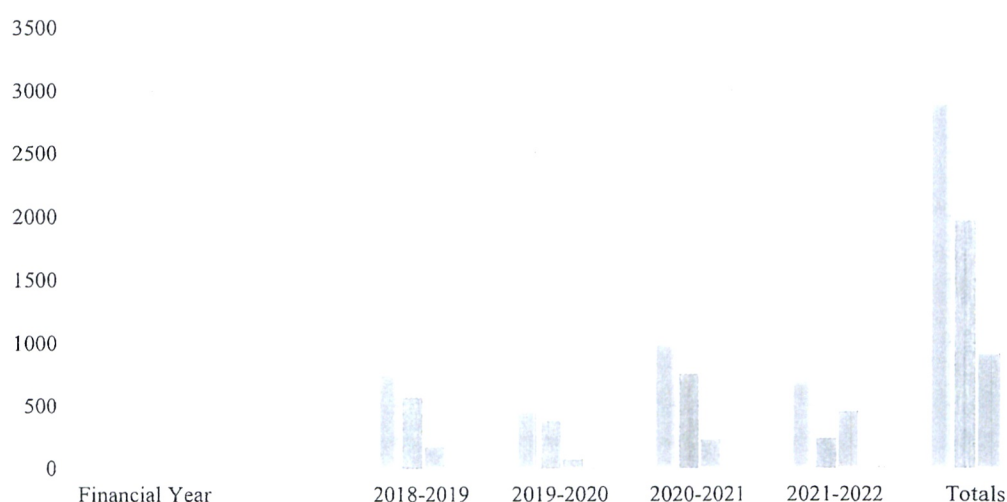
**b. Grants**

Funds received in the form of grants or donations from development partners/donors were spent in accordance with Articles 221 and 223 of the Constitution of Kenya, 2010 and the PFM Act regulations approved by Parliament.

During the financial year 2018/2019, 2019/2020, 2020/2021 and 2021/2022, the County government budgeted Kshs 2,889,372,831 as grants but received Kshs 1,975,004,769. This is shown in the table below:

<b>Grants for the FY 2018/2019 to 2021/2022</b>				
<b>Financial Year</b>	<b>Approved Grants</b>	<b>Actual Grants</b>	<b>Deviation</b>	<b>Budget utilization</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
2018-2019	750,442,378	580,588,749	169,853,629	77
2019-2020	454,041,031	387,681,614	66,359,417	85
2020-2021	989,581,354	761,838,219	227,743,135	77
2021-2022	695,308,068	244,896,186	450,411,882	35
<b>Totals</b>	<b>2,889,372,831</b>	<b>1,975,004,769</b>	<b>914,368,063</b>	<b>68</b>

Grants for the FY 2018/2019 to 2021/2022  
kshs(Millions)



**County Government of Busia  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

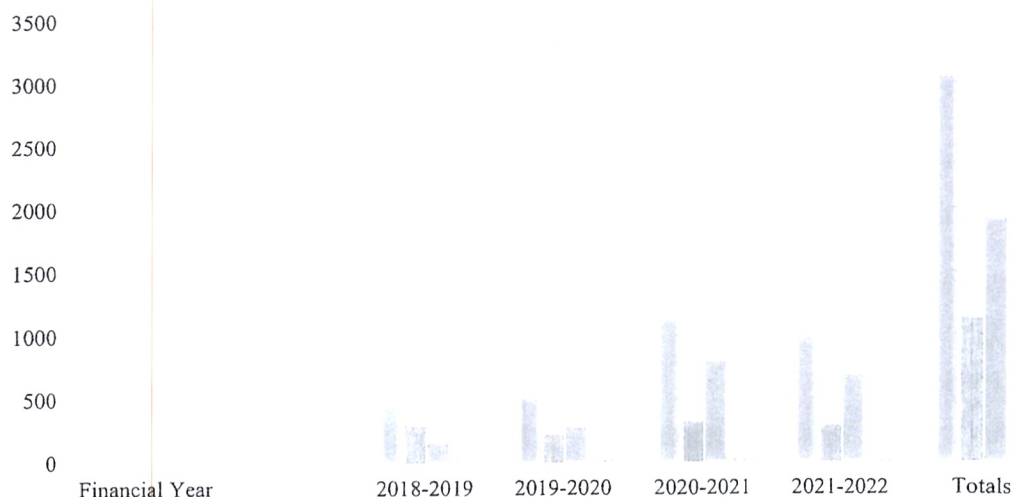
**c. Own generated receipts**

This is money derived by or on behalf of a County Government from levies, rates, fees, charges or any other source as authorized by Article 209 (3) of The Constitution of Kenya, 2010. The county heavily relied on levy rates on hospital user foregone fees, trailer parking fees and single permits for its services. During the financial year 2018/2019, 2019/2020, 2020/2021 and 2021/2022, the County Government adopted electronic payment and improved its monitoring systems for charges, permits and fees.

The County Government projected to collect a total of Kshs 3,052,504,437 from the local sources which were planned to support priority programmes and projects identified for implementation over the plan period. This is shown in the table below:

<b>Own generated revenues for the FY 2018/2019 to 2021/2022</b>				
<b>Financial Year</b>	<b>Approved Grants</b>	<b>Actual Grants</b>	<b>Deviation</b>	<b>Budget utilization</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
2018-2019	452,339,666	299,373,277	152,966,389	66
2019-2020	504,500,647	225,827,435	278,673,212	45
2020-2021	1,119,555,802	322,558,227	796,997,575	29
2021-2022	976,108,322	292,736,456	683,371,867	30
<b>Totals</b>	<b>3,052,504,437</b>	<b>1,140,495,394</b>	<b>1,912,009,043</b>	<b>37</b>

**Own generated revenue for the FY 2018/2019 to 2021/2022  
Kshs (Millions)**



#### **4. Statement of Management Responsibility**

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

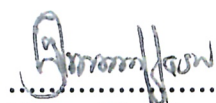
The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2022. This responsibility includes: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

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

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

#### **Approval of the Financial Statements**

The County Revenue Fund's financial statements were approved and signed on 16<sup>th</sup> February, 2023.



.....  
**Name: Mr. Gypson Wafula Ojiambo**  
**Chief Officer - Finance**

**County Government of Busia  
County Revenue Fund**

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

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

**Background**

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

**Receipts into the County Revenue Fund**

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

**Transfers from the County Revenue Fund**

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

**Financial Reporting requirements**

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

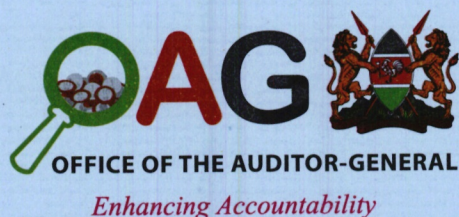
This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30<sup>th</sup> June 2022.



.....  
**Name: Mr. Gypson Wafula Ojiambo**  
**Chief Officer - Finance**

# REPUBLIC OF KENYA

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



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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of the County Revenue Fund - County Government of Busia set out on pages 1 to 19, which comprise of the statement of receipts and payments and the statement of comparison of budget and actual amounts for the year ended 30 June, 2022 and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

#### **1. Inaccuracies in the Financial Statements**

The statement of receipts and payments reflects an amount of Kshs.7,136,548,979 as total receipts which is at a variance with the total actual receipts of Kshs.8,523,348,215 shown in the statement of comparison of budget actual amounts. The variance of Kshs.1,386,799,236 has not been reconciled or explained.

In the circumstances, the accuracy and completeness of the total receipts amount of Kshs.7,136,548,979 could not be confirmed.

#### **2. Unsupported Prior Year Balances**

The statement of receipts and payments reflects comparative total receipts of Kshs.7,098,305,068 whose source and accuracy could not be confirmed since these are the first financial statements and first year of audit.

In the circumstances, the accuracy and completeness of the comparative total receipts of Kshs.7,098,305,068 could not be confirmed.

#### **3. Unexplained Variances in Equitable Shares**

The statement of receipts and payments reflects an amount of Kshs.6,598,389,051 as the equitable shares. The amount, however, is at variance with the amount of Kshs.7,479,805,152 extracted from exchequer receipts. The variance of Kshs.881,416,101 was not explained or reconciled.

In the circumstances, accuracy and completeness of the equitable shares balance of Kshs.6,598,389,051 could not be confirmed.

#### **4. Misstatement of Net Decrease in Cash for the Year**

The statement of receipts and payments reflects a balance of negative Kshs.53,426,496 as the net decrease in cash for the year. However, a re-computation of the difference between the opening and closing balances reflects a balance of negative Kshs.193,925,336. The variance of Kshs.247,351,832 was not explained or reconciled.

In the circumstances, the accuracy and completeness of the net decrease in cash of negative Kshs.53,426,496 could not be confirmed.

## **5. Misstated Closing Fund Balance**

The statement of receipts and payments reflects an amount of Kshs.557,618,997 as the closing fund balance for the period which, as disclosed in Note 11, comprises of balances held in twenty-six (26) bank accounts totaling Kshs.558,605,994 resulting in an unexplained and unreconciled variance of Kshs.986,997

In the circumstances, the accuracy and completeness of the reported closing fund balance of Kshs.557,618,997 could not be confirmed.

## **6. Variance in County Own Generated Receipts**

The statement of receipts and payments reflects an amount of Kshs.292,736,456 being county own generated receipts which, as disclosed in Note 6 to the financial statements, comprise of revenue from forty-seven (47) revenue streams. However, review of the County Exchequer account revealed that only Kshs.214,668,000 was received into the account. The variance of Kshs.78,068,456 was not explained or reconciled.

In the circumstances, the accuracy and completeness of the reported county own generated receipts of Kshs.292,736,456 could not be confirmed.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

## **Responsibilities of Management and the Fund Manager**

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of County Revenue Fund - County Government of Busia 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 April, 2023

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

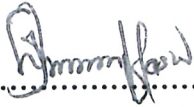
7. Statement of Receipts and Payments Statement for the year ended 30th June,2022.

		2021-2022	2020-2021
	Notes	KShs	KShs
<b>RECEIPTS</b>			
Equitable shares	1	6,598,389,051	6,013,500,000
Transfers from other government agencies	2	-	192,062,027
Other grants	3	244,896,186	569,776,193
Proceeds from Domestic Borrowing	4	-	-
Proceeds from Foreign Borrowing	5	-	-
County Own Generated Receipts	6	292,736,456	322,558,227
Returned CRF issues	7	527,287	408,621
<b>TOTAL RECEIPTS</b>		<b><u>7,136,548,979</u></b>	<b><u>7,098,305,068</u></b>
<b>PAYMENTS</b>			
Transfers to County Executive	8	6,482,491,132	6,888,466,346
Transfers to County Assembly	9	901,409,679	802,823,507
<b>TOTAL PAYMENTS</b>		<b><u>7,383,900,811</u></b>	<b><u>7,691,289,853</u></b>
Net increase (decrease) in cash for the year		(53,426,496)	579,903,718
Add Opening fund balance b/f		751,544,333	1,924,432,836
<b>Closing Fund balance for the period</b>		<b><u>557,618,997</u></b>	<b><u>751,544,333</u></b>

**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 16<sup>th</sup> February, 2023 and signed by:



.....  
**Name: Mr. Wafula Gypson Ojiambo**  
**Chief Officer - Finance**  
**ICPAK Member Number: 20335**  
**Date: 16/02/2023**



.....  
**Name: Ms Roselin Lumbasi**  
**Ag. Director Accounting Services**  
**ICPAK Member No: 12273**  
**Date: 16/02/2023**

County Government of Busia  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

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

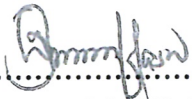
Receipt/Expense Item	Approved Budget FY 2021/2022	Adjustments	Revised Budget FY 2021/2022	Actual cumulative to date	Budget utilization difference	Budget utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>RECEIPTS</b>						
Balances brought forward	-	1,386,799,236	1,386,799,236	1,386,799,236	-	100
Exchequer releases	7,172,162,009	-	7,172,162,009	6,598,389,051	573,772,958	92
Transfers from other government agencies	-	-	-	-	-	-
Other conditional grants	755,133,112	(59,825,044)	695,308,068	244,896,186	450,411,882	35
Proceeds from Domestic Borrowing	-	-	-	-	-	-
Proceeds from Foreign Borrowing	-	-	-	-	-	-
County Own Generated Receipts	499,797,154	476,311,168	976,108,322	292,736,456	683,371,867	30
Returned CRF issues	-	-	-	527,287	(527,287)	-
<b>TOTAL RECEIPTS</b>	<b>8,427,092,275</b>	<b>1,803,285,360</b>	<b>10,230,377,635</b>	<b>8,523,348,215</b>	<b>1,707,029,420</b>	<b>83</b>
<b>PAYMENTS</b>						
Transfers to County Executive	7,520,682,596	1,803,285,359	9,323,967,955	6,482,491,132	2,841,476,823	70
Transfers to County Assembly	906,409,680	-	906,409,680	901,409,679	5,000,001	99

County Government of Busia  
 County Revenue Fund  
 Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022

Others	-	-	-	-		
<b><u>TOTAL PAYMENTS</u></b>	<b>8,427,092,276</b>	<b>1,803,285,359</b>	<b>10,230,377,635</b>	<b>7,383,900,811</b>	<b>2,846,476,824</b>	<b>72</b>
<b>SURPLUS/DEFICIT</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1,139,447,404</b>		

- (a) Underutilization of exchequer releases was occasioned by late disbursement of funds from the National Treasury.
- (b) Underutilization of other receipts such as county own generated revenues was due to political interference.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Executive's financial statements were approved on 16<sup>th</sup> February, 2023 and signed by:



.....  
**Name: Mr. Wafula Gypson Ojiambo**  
**Chief Officer - Finance**  
**ICPAK Member Number: 20335**  
**Date: 16/02/2023**



.....  
**Name: Ms Roselin Lumbasi**  
**Ag. Director Accounting Services**  
**ICPAK Member No: 12273**  
**Date: 16/02/2023**

**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

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**9. Significant Accounting Policies**

**a) Statement of compliance and basis of preparation**

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

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

**b) Reporting entity**

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

**c) Receipts**

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

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

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

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

**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

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**Significant Accounting Policies (Continued)**

**d) Payments**

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

**e) Fund Balances**

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

**f) Restriction on Cash**

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

**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

**10. Notes to the Financial Statements**

**1. Exchequer releases**

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

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>KShs</b>	<b>KShs</b>
Equitable shares	6,598,389,051	6,013,500,000
<b>Total</b>	<b><u>6,598,389,051</u></b>	<b><u>6,013,500,000</u></b>

**2. Transfers from other government agencies**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Road Maintenance Levy	-	182,062,027.00
Nutritional International	-	10,000,000
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	-
User Fees Foregone - Ministry of Health	-	-
World Bank - Transforming Health Systems for Universal Care Project (THUSP)- Ministry of Health	-	-
World Bank-NARIGP-State Department of Crop Development	-	-
World Bank Kenya Climate Smart Agriculture (KCSAP) - State Department of Crop Development	-	-
DANIDA Grant - Primary Health care in devolved context - Ministry of Health	-	-

**County Government of Busia**

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IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation and Irrigation	-	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	-	-
Word Bank-Emergency Locust Response Project ( ILRP) State Department of Crop Development	-	-
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	-	-
UNFPA-9th County Programme Implementation - Ministry of Health	-	-
EU Grant (Instruments for Devolution Advice and Support- (IDEAS)- State Department of Devolution	-	-
KfW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation and Irrigation	-	-
<b>TOTALS</b>	-	<b>192,062,027.00</b>

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**Notes to the Financial Statements (Continued)**

**3. Other grants**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
<b>Proceeds from Domestic and Foreign Grants received through Exchequer</b>		
DANIDA - Universal Healthcare in Devolved Units Programme	6,661,875	17,100,000
Compensation for User fee foregone	-	16,934,085
World Bank – THUSCP	-	-
Kenya Devolution Support Programme	-	114,825,044
Youth Polytechnic support grant	-	57,199,894
Kenya Urban Institutional Grant	-	40,802,535
Kenya Urban Support Programme	-	14,926,443
Kenya Agriculture Sector Development Support Project (ASDSP)	2,500,000	11,505,863
Transforming Health System for Universal Health Care	-	29,752,242
COVID -19 Funds	-	-
Kenya Climate Smart Agriculture Project (KCSAP)	235,734,311	266,730,087
<b>Totals</b>	<b>244,896,186</b>	<b>569,776,193</b>

**4. Proceeds from Domestic borrowing**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-

**County Government of Busia****County Revenue Fund****Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**5. Proceeds from Foreign Borrowing**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Foreign Borrowing – Drawdowns Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**6. Own Source Revenue**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>KShs</b>	<b>KShs</b>
Administration Charges	-	-
Advertisement	7,343,350	8,782,087
Agricultural Machinery Services (AMS) Bumala	-	-
Agricultural Training College (ATC) Busia	1,086,915	6,500,400
Application of plans	-	307,000
Co-Op. Audit Fees	28,020	-
Building Plans Approvals	6,672,600	8,427,500

**County Government of Busia****County Revenue Fund****Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

Bus parking fees	34,171,460	24,072,259
Busia Hills Water Supply	696,339	962,531
Busijo Water Supply	267,605	413,635
Butula water supply	407,111	763,271
Collection of land rates/arrears	-	-
Cage License	179,050	-
Other Miscellaneous	-	-
Cooperative Audit fees	-	9,800
Fingerlings sale	-	3,800
Fish Cess	736,320	707,450
Fish import permit	107,140	87,940
Fish movement Permit	243,990	89,560
Fish traders license	278,700	223,570
Fisherman's license	79,650	272,300
Fire safety	1,427,000	839,100
Group Registration	204,250	100,700
Health sector fund	25,030,000	-
Hire of Hall/Social/Office	73,500	70,500
Hospital users fees	63,283,134	112,287,835
Impounding/Clamping fees	358,200	334,260
Land Rates	7,015,612	3,418,644
Reg. Of Boats License	29,350	-

**County Government of Busia**  
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**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

Alema Water Supply	78,576	-
Liquor license	1,400,000	200,000
Market Fees	14,851,492	15,853,910
Markets stalls/kiosk Income	688,764	691,110
Mortuary Fees	6,857,970	5,571,162
Motor Cycle Fees	-	-
Munana Water Supply	266,245	526,936
Noise	312,700	204,600
Nursery	-	-
Machine hire services	44,000	790,500
Plot Rent	1,806,511	1,045,423
Port Victoria Water Supply	193,070	1,412,722
Private Rental Commercial	-	-
Private Rental Domestic	-	-
Public Health	3,254,720	2,726,910
Quarry cess	-	-
Rent/ Government Houses	10,780,812	2,847,410
Recovery of interest and principal from revolving fund	-	-
Registration of boats license	-	96,450
Registration of ECD	-	-
Sand Cess	2,108,190	1,409,200
Single Business Permits	54,087,055	61,662,677

**County Government of Busia**  
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**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

Slaughter fees	401,850	511,510
Stock Sale	3,349,480	3,262,370
Solid Waste	1,600,600	1,906,118
Sub-division of land	-	-
Sugar cane cess	8,776,759	6,983,644
Timber Cess	-	-
Title Deeds, Registration of Documents, Search charges, Attestation, Inspection	-	-
Tobacco Cess	1,254,243	1,659,668
Tourism	-	-
Tractor Hire Services	124,100	98,500
Trailer Parking fees	4,532,310	6,244,320
Transit Produce Cess	24,177,240	35,635,870
Verification of stamping, weighing & measuring equipment	-	-
Veterinary Services	1,477,790	2,028,005
Wakhungu fish farm	-	-
Water Booser	507,000	330,900
Weights & Measures	85,680	184,170
<b>TOTAL</b>	<b><u>292,736,456</u></b>	<b><u>322,558,227</u></b>

**County Government of Busia**  
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**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**7. Return to CRF Issues**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>KShs</b>	<b>KShs</b>
Recurrent account	2,060	23,570
Development account	424,827	4,031
County Assembly- CBK recurrent	400	353,312
County Assembly- CBK development	100,000	27,707
<b>Total</b>	<b><u>527,287</u></b>	<b><u>408,621</u></b>

The amount mentioned above is the total recurrent and development balance for the County Executive and the County Assembly that was returned to the County Revenue Fund account at the end of the financial year as required by law

**8. Transfers to County Executive**

	<b>2021 - 2022</b>	<b>2020 - 2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Recurrent Account	4,886,335,318	4,888,324,911
Development Account	1,100,129,290	1,167,755,389
Special purpose Accounts	6,661,875	68,664,727
Busia county health facility imprest account	25,000,000	-
Agricultural sector development support programme account	2,500,000	13,505,863
Kenya Devolution Support programme	226,130,338	45,000,000
Kenya Climate smart	235,734,311	266,729,987
Busia County Health NI account	-	10,000,000
Covid	-	106,464,000
Village polytechnic	-	85,199,894
Urban development grant	-	14,926,443
Road maintenance levy	-	221,895,132
<b>Total</b>	<b><u>6,482,491,132</u></b>	<b><u>6,888,466,346</u></b>

**County Government of Busia**  
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Section 109(7) of the PFM act states; the approval of the controller of budget to withdraw money for the county revenue fund, together with written instructions from the county treasury requesting for the withdrawal, is sufficient for the approved bank where the county exchequer amount is held to pay amounts from this account in accordance with the approval and the instructions.

**9. Transfers to County Assembly**

	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Recurrent Account	801,409,680	741,927,753
Development Account	100,000,000	60,895,754
Special purpose accounts	-	-
Others	-	-
<b>Total</b>	<b>901,409,680</b>	<b>802,824,507</b>

Section 109(7) of the PFM act states; the approval of the controller of budget to withdraw money for the county revenue fund, together with written instructions from the county treasury requesting for the withdrawal, is sufficient for the approved bank where the county exchequer amount is held to pay amounts from this account in accordance with the approval and the instructions.

<b>DATE</b>	<b>NATURE / PURPOSE</b>	<b>AMOUNT</b>
7-Sep-21	RECURRENT EXPENDITURE	1,786,302
7-Sep-21	RECURRENT EXPENDITURE	35,207,303
7-Sep-21	RECURRENT EXPENDITURE	38,006,395
29-Sep-21	RECURRENT EXPENDITURE	1,786,302
29-Sep-21	RECURRENT EXPENDITURE	35,207,303
29-Sep-21	RECURRENT EXPENDITURE	38,006,395
<b>TOTAL</b>		<b>150,000,000</b>
29-Oct-21	RECURRENT EXPENDITURE	1,889,072
29-Oct-21	RECURRENT EXPENDITURE	34,138,756
29-Oct-21	RECURRENT EXPENDITURE	36,000,000
29-Oct-21	RECURRENT EXPENDITURE	34,138,756
29-Oct-21	RECURRENT EXPENDITURE	1,889,072
4-Nov-21	RECURRENT EXPENDITURE	38,972,172
2-Dec-21	RECURRENT EXPENDITURE	26,444,704
2-Dec-21	RECURRENT EXPENDITURE	1,944,496
2-Dec-21	RECURRENT EXPENDITURE	34,658,530

**County Government of Busia**

**County Revenue Fund**

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

21-Dec-21	RECURRENT EXPENDITURE	25,666,648
21-Dec-21	RECURRENT EXPENDITURE	2,082,689
21-Dec-21	RECURRENT EXPENDITURE	35,298,393
<b>TOTAL</b>		<b><u>273,123,288</u></b>
31-Jan-22	RECURRENT EXPENDITURE	1,093,036
31-Jan-22	RECURRENT EXPENDITURE	34,036,341
1-Feb-22	RECURRENT EXPENDITURE	27,918,453
2-Mar-22	RECURRENT EXPENDITURE	727,036
2-Mar-22	RECURRENT EXPENDITURE	27,926,114
2-Mar-22	RECURRENT EXPENDITURE	34,394,580
2-Mar-22	DEVELOPMENT EXPENDITURE	40,000,000
30-Mar-22	RECURRENT EXPENDITURE	794,636
30-Mar-22	RECURRENT EXPENDITURE	26,104,478
30-Mar-22	RECURRENT EXPENDITURE	36,148,616
<b>TOTAL</b>		<b><u>229,143,290</u></b>
28-Apr-22	RECURRENT EXPENDITURE	778,536
28-Apr-22	RECURRENT EXPENDITURE	27,289,110
28-Apr-22	RECURRENT EXPENDITURE	34,980,084
28-Apr-22	DEVELOPMENT EXPENDITURE	30,000,000
2-Jun-22	RECURRENT EXPENDITURE	34,397,680
2-Jun-22	RECURRENT EXPENDITURE	788,136
2-Jun-22	RECURRENT EXPENDITURE	27,861,914
9-Jun-22	DEVELOPMENT EXPENDITURE	30,000,000
23-Jun-22	RECURRENT EXPENDITURE	723,136
23-Jun-22	RECURRENT EXPENDITURE	26,380,511
24-Jun-22	RECURRENT EXPENDITURE	35,943,994
<b>TOTAL</b>		<b><u>249,143,101</u></b>
<b>GRAND TOTAL</b>	-	<b><u>901,409,680</u></b>

**County Government of Busia**  
**County Revenue Fund**  
**Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**

**10. Other Transfers**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Agency Notices	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Fund balance**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Bank account No.</b>	<b>2021 - 2022</b>	<b>2020 - 2021</b>
		<b>Kshs.</b>	<b>Kshs.</b>
CBK Recurrent	1000171189	61,758	2,060
Busia County Village Polytechnics	1000370092	839,336	9,547,410
Busia County Special Purpose Account	1000349239	9,360,874	29,267,227
CBK Road Maintenance Fuel Levy Fund	1000268336	537,207	35,333,778
CBK Development	1000171138	361,091	424,827
CBK Revenue Fund	1000171618	184,265,868	509,642,056
Busia Climate Smart Agriculture Project	1000362189	173,525,606	64,842,040
Busia County Deposit Account	1000239204	3,606,858	14,755,001
Busia County Kenya Devolution Support Programme	1000412844	46,409,820	20,561,569
Covid 19 Special Account	1000459662	23,139,540	45,920,540
Busia County Health NI (Nutrition International) Account Busia County	1000445308	22,111	6,532,602
Busia County Health Facility Improvement Fund	1000535822	3,073,654	-
Agricultural Sector Development Support Program	1000369531	2,606,538	426,083
Busia County Institutional Grant	1259557774	-	-
Busia County Urban Support Grant	1071216190600	-	-
Busia County health service account KCB	79000026361	-	-

**County Government of Busia  
County Revenue Fund**

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

Khunyangu Health Centre National Bank Of Kenya -Health (NHIF)	1001036736900	3,290,523	1,186,533
Busia County Referral Hospital National Bank Of Kenya - Health (NHIF)	136712400	11,463,154	133,036
Sio Port Victoria Health Centre KCB - Health (NHIF)	1183867425	2,599,621	212,491
Port Victoria Health Centre National Bank Of Kenya -Health (NHIF)	1001036646000	3,988,282	5,608,246
Nambale Sub County Hospital KCB -Health (NHIF)	11412238176000	99,709	172,757
Kocholia Sub County Hospital KCB -Health (NHIF)	1102098337	3,612,100	98,827
Alupe Sub County Hospital KCB -Health (NHIF)	1264497768	1,172,016	135
Busia County Car and Mortgage Account	11412238176000	-	8,452,049
National Bank Busia County ASDSP Account National Bank	1020205083700	16	176
Co-Op Bank Standing Imprest A/C	1141236344200	999,400	600
Busia County KCSAP Account Coop Bank	1141238240600	6,520	6,521
County Health Management Team	79000026361	2,892,736	8,011,060
KCB Revenue Collection	1140758017	79,388,491	1,603,958
Co-Op Bank Education Imprest	1141236344204	1,283,167	1,743,037
<b>Total</b>		<b>558,605,994</b>	<b>764,484,619</b>

Section 109(8) of the PFM act states; Any unutilised balances in the County Revenue Fund shall not lapse at the end of the financial year but shall be retained for the purposes for which it was established.

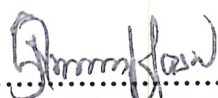
**County Government of Busia  
County Revenue Fund  
Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022**

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**12. Annexes**

**Annex 1: Progress on follow up of Auditor's Recommendations**

The County Revenue Fund Financial statements was introduced on 30<sup>th</sup> of June 2022, by the National Treasury through a circular to the county governments. Therefore there were no prior year auditor's recommendations.



.....  
**Name: Mr. Wafula Gypson Ojiambo**  
**Chief Officer - Finance**  
**ICPAK Member Number: 20335**  
**Date: 16<sup>th</sup> February, 2023**