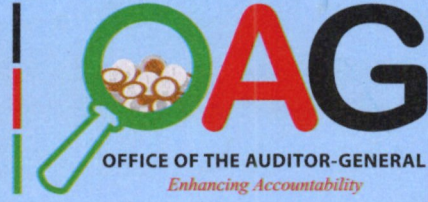


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REPORT

OF

THE AUDITOR-GENERAL

ON

BUSIA MUNICIPALITY

FOR THE YEAR ENDED

30 JUNE, 2020

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of S.M.L
COMMITTEE	—
CLERK AT THE TABLE	Belinda

Revised 30th June 2024



BUSIA MUNICIPALITY
County Government of Busia

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2020

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
OCOB	Office of the Controller of Budget
KUSP	Kenya Urban Support Program
UIG	Urban Institutional Grant
UDG	Urban Development Grant
LHSUD&PP	Lands, Housing, Survey, Urban Development and Physical Planning
UD&PP	Urban Development and Physical Planning
PFM Act	Public Finance Management Act
UACA Act	Urban Areas and Cities Act

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Busia Municipality was established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Municipal Charter on 6th June 2018.

The Municipality is under the County Government of Busia and is domiciled in Kenya.

The municipality's objective is to:

- a) Provide quality physical infrastructure in the Municipality
- b) Provide for governance mechanism that will enable the inhabitants of the Municipality to:
 - i) Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations
 - ii) Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - iii) Enjoy efficiency in service delivery.
 - iv) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
 - v) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
 - vi) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community
 - vii) Provide for services, laws and other matters for the Municipality.
 - viii) Foster the economic, social and environmental well-being of its community

b) Principal Activities

a) Vision

The vision of the Municipality is to be a leading competitive regional economic hub

b) Mission

The Municipality mission is to transform the Municipality into an excellent institution in unmatched service delivery and infrastructure development

c) Core values

The Municipality is guided by the following core values

- i) Efficiency in service delivery
- ii) Respect of community
- iii) Unity of purpose
- iv) Integrity in operations
- v) Accountability in resource management

c) **Key Management**

The Municipality's management is under the following key organs:

Ref	Position	Name
1.	Municipal Manager	Mr. Kenneth Nabulindo
2.	Municipal Accountant	CPA. Norbert Orotu

d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

Ref	Position	Name
1.	Director Internal Audit	Patrick Abwaku
2.	Chief Internal Auditor	Zaddock Koech

Fiduciary Oversight Arrangements

Ref	Position	Name
1.	Audit and Risk Management Committee	Monitoring and reviewing risk, control and governance processes that have been established
2.	County Assembly committees	Legislation, Oversight, Representation
3.	Committees of the Senate	Oversight and advisory, Accountability, Express opinion on Books of account. Offer quality assurance on fiscal and monetary matters

e) Registered Offices

P.O. Box 1001-500409

Busia – Kisumu Road

Behind County Assembly & Trade and Cooperatives Building

BUSIA, KENYA

f) Contacts

Telephone: 0722658881

E-mail: municipalityofbusia@gmail.com

Website: www.busiacounty.go.ke

g) Bankers

Commercial Banks

i) The National Bank, Busia Branch

ii) Kenya Commercial Bank, Busia Branch

h) Independent Auditor

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

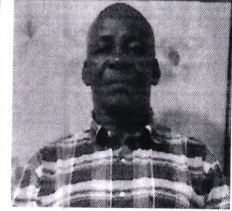

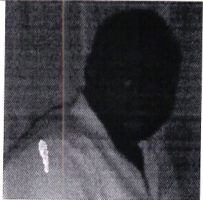


County Attorney

County Government of Busia

P.O. Box Private Bag, Busia 50400

3. Municipality Board

Name	Details of qualifications and experience
 <p>Mr. Patrick Oundo Wangalwa Chairman</p>	<p>Mr. Patrick Oundo Wangalwa D.O.B - 24th April, 1971</p> <p>Post graduate Diploma in Law – Kenya School of Law LLB – Dr. Bamu University (India) BSL – Dr. Bamu University (India) Over 25years experience, Managing proprietor of Wangalwa Oundo and Company legal firm of advocates.</p>
 <p>Mrs. Mary Magero Vice Chairman</p>	<p>Mrs. Mary Makokha Magero D.O.B – 26th February 1967</p> <p>Bachelor of Education – Kenyatta University, Worked under Teacher’s Service Commission (TSC), Education Program Officer-Care International and Windle Trust International in Kenya, Program Manager - ChildRight Network for East Africa, Statistics Editor with Kenya National Bureau of Statistics.</p>
 <p>Dr. George Kwedho Member</p>	<p>Dr. George Kwedho D.O.B – 21st March 1959</p> <p>Masters of Arts – Moi University PhD – University of Eldoret Bachelor’s Degree – Egerton University Board Member – Lake Victoria South Water Service Board / Busia Water Supply Member of the Institute of Engineers of Kenya</p>
 <p>Mr. Victor E.D Khadondi Member</p>	<p>Mr. Victor Elisha Dembu Khadondi D.O.B – 19th September, 1983</p> <p>Bachelor of Education – Kyambogo University Uganda. Teacher</p>

	<p>Mr. John Odunga Kwoba D.O.B- 21st June, 1960</p>
<p>Mr. John Kwoba Member</p>	<p>Diploma in Social work Assistant Regional Manager- Action Aid Kenya South Kitui Chair NGO's council Busia County for 7 years Specialist in prevention and countering</p>
	<p>Mr. Peter Omeri Oteba D.O.B – 21st April 1972</p>
<p>Mr. Peter Omeri Oteba Member</p>	<p>MSC Environment and Development – London School of Economics BA Economics – University of Nairobi Former Busia County Governor's Economic advisor</p>
	<p>Mr. Chris Solomon Nambanga D.O.B – 12th July 1966</p>
<p>Mr. Chris Solomon Nambanga Member</p>	<p>Master Degree – University of Nairobi Bachelors of Arts Journalism and Media Studies – University of Nairobi Diploma – University of Nairobi Director - KNCC</p>
	<p>Mr. Andrew Oti D.O.B.</p>
<p>Mr. Andrew Oti C.O. Urban Development</p>	
	<p>Mr. John Mwami D.O.B.</p>
<p>Mr. John Mwami CECM Lands</p>	<p>BA Education</p>



Kenneth Nabulindo
Municipal Manager / BOD
Secretary

Mr. Kenneth Nabulindo
D.O.B.

BA Education – Moi University

4. Key Management Team

Ref	Position	Name
1.	Municipality Manager	Kenneth Nabalindo
2.	Municipal Accountant	CPA. Nobert Orotu

5. Municipality Board Chairperson's Report

It is my pleasure to present the Busia Municipality Financial Reports and Statements for the year ended 30th June 2020. The statements present the financial performance of the municipality for the year ended 30th June 2020.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board. The PFM Act requires that these statements be submitted to the Office of Auditor General and copied to the National Treasury, The Controller of Budget, The Commission of Revenue Allocation after end of the year.

The Financial Statements present the recent actual fiscal performance for the year and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2019/2020.

The link between policy, planning and budgeting is critical as provided for in the Constitution and County Government Act. The financial statements play a critical role in the preparation of budget and management of public resources. To strengthen the budget preparation process the County Government will continue to embrace programme based budgeting and deepen public sector financial reforms e.g. incorporating feasibility study, use of the Busia County statistical abstract which is prepared annually as part of budget preparation, project management and establishment of a Financial Reporting Unit, Sub County Treasuries and use of Vote Book Management System to increase efficiency and effectiveness in service delivery is committed to upholding the trend of stable macroeconomic performance and ensures transparency by relaying performance indicators to the public. This will be realized through publishing and publicizing as required by the Constitution and the PFM Act, 2012.

Pursuant to Sec 149 of the PFM Act, 2012, I confirm that there was accountability to the County Assembly in ensuring that the resources of the Busia Municipality were authorized and lawfully utilized in an effective, efficient, economical and transparent manner.

BUSIA MUNICIPALITY FINANCING

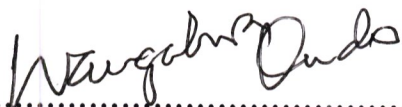
Article 202 of the Constitution of Kenya 2010 provides that revenue raised nationally shall be shared equitably among the National Government and County Governments. Each County Government's equitable share of revenue raised nationally is determined annually before the preparation of budget estimates through the Division of Revenue Act as required by articles 218 and 224 of the Constitution. The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with article 217 of the Constitution.

Busia Municipality also finances its operations through donor funded programs like Kenya Urban Support Program (KUSP) through Urban Institutional Grant (UIG) and Urban Development Grant (UDG).

CONCLUSION

Busia Municipality recorded good progress in implementation of their agendas and projects. On behalf of Busia Municipality, I would like to thank H.E. The Governor, H.E. The Deputy Governor for the leadership and support they have provided during the period. Further, my sincere gratitude goes to the Busia Municipality Board Members and staff for their continued efforts to realize the goals as set in the budget FY 2019/2020. I extend my gratitude to all other stake holders for pulling together and for their continued commitment, dedication and hard work to ensure service delivery to the people of Busia County. I would also like to thank the County Assembly under the leadership of the Speaker and the County Clerk for their co-operation and oversight role as well as donors who have continued to support us in implementing development of municipalities.

Finally, my sincere appreciation goes to all the citizens of Busia County for their continuous engagement with the County Government which has contributed to efficient service delivery and citizen centric development.



.....

Mr. Patrick Oundo Wangalwa
Municipal Board Chairperson

6. Report Of the Municipality Manager

First and foremost, I acknowledge the valuable leadership and support of H.E The Governor and The Deputy Governor. I further wish to appreciate the County Executive Committee Member for Finance, Economic Planning & ICT for setting of the budget cycle by providing leadership to the process, and the County Executive Committee Member for Lands, Housing, Survey, Urban Development and Physical Planning, the Chief Officer in charge of Urban Development and Physical Planning for the support accorded to us in the running of the affairs of the Municipality.

I wish to thank the Finance team who worked tirelessly to make the financial report and statements preparation and consolidation succeed. I may not mention everybody, but do acknowledge all those individuals who directly or indirectly put their efforts and contributed to the success of preparation and consolidation of the Annual Financial Report and Statements for the year ended 30th June 2020.

On behalf of the Board of Management (BOM) members of the Busia Municipality, I have the honour to forward the Annual Reports and Financial Statement for the Financial period ended 30th June 2020.

As a Municipality our mandate is drawn from the Urban Areas and Cities Act of 2011 and Article 184 of the Constitution of Kenya 2010. Busia Municipality provides a wide range of services.

Principal activities of Busia municipality are as follows:

- ❖ Overseeing the affairs of the Municipality
- ❖ Exercising executive authority as may be delegated by the Municipal Board.
- ❖ Developing and adopting policies, plans, strategies and programs for efficient running of the municipality.
- ❖ Formulating and implementing integrated development plans.
- ❖ Controlling land use, land sub-division for various development purposes as may be delegated.
- ❖ Promoting and undertaking infrastructural development and services within the Municipality as may be delegated by the County Government.
- ❖ Developing and managing schemes, including site development in collaboration with the relevant National and County Agencies.
- ❖ Maintaining a comprehensive database and information system for the municipality.

- ❖ Enforcing the fees, levies and charges as may be authorized by the County Government for delivery of services.
- ❖ Ensuring provision of services to its residents.
- ❖ Initiating new laws or making recommendations for issues to be included in the laws.
- ❖ Implementing national policies and policies of the County Executive Committees as they affect the Municipality.
- ❖ Enforcing compliance with Constitutional provisions on Consumer Rights, fair administrative action, Bill of Rights and Values and Principles of Public Service.
- ❖ Preparing the Annual Appropriation Bill and submitting it to the County Treasury for consideration and transmission to the County Assembly for approval.
- ❖ Coordinating and facilitating citizen participation in the development of policies and plans and delivery of services.
- ❖ Implementing policies for fire and disaster management.
- ❖ Promoting a safe and healthy environment.
- ❖ Performing such other functions as may be delegated from time to time.

The Board is fully alive to its mandate and the fact that Busia Municipality, having been established is still young and requires unequivocal support and guidance to lay a strong foundation for its future and sustainability through sound policies and strategies. Busia Municipality aspires to be the best Municipality in the Country through the adoption of best sound policies and strategies practices as well as the development and use of key instruments necessary for successful corporate governance in line with Urban Areas and Cities Act of 2011 and Article 184 of the Constitution of Kenya 2010.

During the year under review, the Board executed its functions well through its committees: The committees were vibrant throughout the year, followed by full board meetings.

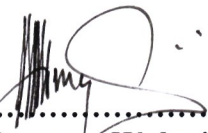
The Board worked with the management to develop and approve the municipality's Annual Budgets, Procurement Plans, Work Plans and Board Calendars for FY 2019 - 2020.

The board also supported the Municipality to review the Organizational Structure in line with the municipality's mandate and corporate governance principles.

The Board is pleased with the operational and financial results delivered by management.

However, Busia Municipality has faced several challenges, key among them being inadequate funding and delayed disbursement of funds. The Board acknowledges the support it has received from H.E. the Governor and the County Executive Committee members in executing its mandate and functions. We are positive that this support will continue into successive years to enable the Municipality complete the construction and implementation of projects

The Board acknowledges the support and good working relationship with the Departments of Transport, Infrastructure and Roads, Finance, Economic Planning and Information Technology as well as other ministries and the county staff as a whole.


.....
Norbert Omanyó Wabwire
Municipality Manager

7. Statement of Performance Against Predetermined Objectives for the FY

The key development objectives of the Municipality of Busia Kenya

Urban support programme 2018-202 plan are to:

a) Provide quality physical infrastructure in the Municipality.

a. Road works:

We managed to undertake earthworks to base improvement using cement. We also laid road channels and kerbs.

Road works are 98.36% complete.

b. Installation of high mast light:

We managed to install one 30m high mast flood light at Bulanda Primary school.

Renovation works are 100% complete.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Proposed Upgrading To Bitumen Standards Of Assembly – Milimani Loop- Chief’s Office Access Road, Floman Lane And Magharibi Access Roads And Installation Of Mono Pole High Mast Flood Light Project	<ul style="list-style-type: none"> • To increase connectivity • To Arrest road flooding menace • To reduce insecurity 	<ul style="list-style-type: none"> • Boosted economy • Enhanced urban connectivity • Improved flood control • Revenue collection • Boosted economy • Enhanced wealth creation • Improved security • Employment creation • Improved road use awareness 	<ul style="list-style-type: none"> i) 2000m of bituminous road ii)4000m of lined side drains iii) 150m parking lot along Faridi House 	Project is complete and in use
Program 2	Objective	outcome	indicator	Performance

Program	Objective	Outcome	Indicator	Performance
supply and delivery of tractors with skip bin trailer and attachments	Improve solid waste management with the municipality	Reduced environmental degradation	i. 2 farm tractors ii. 2 skip loaders and ii. 7 skip bins	They were delivered and in use

8. Corporate Governance Statement

Busia Municipality strives to improve the welfare of its people through formulation and implementation of all-inclusive multi-sectoral policies which guide the Municipality to deliver on its strategic mandate, which is founded on three (3) pillars; putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

The Board comprises of members including the Chairperson. They will serve for a term in accordance with the provisions of law. Removal of the chairperson or board members follows a legal process. Duties and Responsibilities of the Busia Municipality Board includes

- ❖ Overseeing the affairs of the Municipality.
- ❖ Exercising executive authority as may be delegated by the Municipal Board Committee.
- ❖ Developing and adopting policies, plans, strategies and programmes for efficient running of the municipality
- ❖ Formulating and implementing integrated development plans.
- ❖ Controlling land use, land sub-division for various development purposes as may be delegated.
- ❖ Promoting and undertaking infrastructural development and services within the Municipality as may be delegated by the County Government.
- ❖ Developing and managing schemes, including site development in collaboration with the relevant National and County Agencies.
- ❖ Maintaining a comprehensive database and information system for the municipality.
- ❖ Enforcing the fees, levies and charges as may be authorized by the County Government for delivery of services.
- ❖ Ensuring provision of services to its residents.
- ❖ Initiating new laws or making recommendations for issues to be included in the laws.
- ❖ Implementing national policies and policies of the County Executive Committees as they affect the Municipality.
- ❖ Enforcing compliance with Constitutional provisions on Consumer Rights, fair administrative action, Bill of Rights and Values and Principles of Public Service.
- ❖ Preparing the Annual Appropriation Bill and submitting it to the County Treasury for consideration and transmission to the County Assembly for approval.

- ❖ Coordinating and facilitating citizen participation in the development of policies and plans and delivery of services.
- ❖ Implementing policies for fire and disaster management.
- ❖ Promoting a safe and healthy environment.
- ❖ Performing such other functions as may be delegated from time to time.

Busia Municipality has conducted a number of full boards, special board and committee meetings to deliberate on issues affecting the municipality and bring long term solutions to the problems.

9. Management Discussion and Analysis

Article 202 of the Constitution of Kenya 2010 provides that revenue raised nationally shall be shared equitably among the National Government and County Governments. Each County Government's equitable share of revenue raised nationally is determined annually before the preparation of budget estimates through the Division of Revenue Act as required by articles 218 and 224 of the Constitution. The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with article 217 of the Constitution.

Busia Municipality finances its operations through donor funded programs like Kenya Urban Support Program (KUSP), through Urban Institutional Grant (UIG) and Urban Development Grant (UDG). Busia Municipality had approved budget of Kshs 41,200,000 for Recurrent and Kshs101,071,550 for Development.

Busia Municipality has achieved key projects as highlighted below.

a. Construction of Alupe Road Phase 1 Lot 2

The Municipality completed upgrading to Bitumen standards of Alupe ring road phase 1 lot 2. This project sort to increase connectivity, arrest road flooding menace and reduce insecurity within Alupe complex area. At completion this project boosted the economy of Alupe residents, enhanced urban connectivity, improved flood control, improved revenue collection, enhanced wealth creation, improved security, improved road use awareness and created employment. The project involved constructing 940 meters of bituminous road, 1800 meters of lined side drains, 2-meter-wide walk ways, storm water structures that is cross and access culverts. This project is complete and in use.

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

Busia Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (Amended 2019) and Municipal Charter dated 6th June 2018. The Municipality is under the County Government of Busia and is domiciled in Kenya. The Municipality strives to provide quality services that is affordable, accessible, acceptable, sustainable, effective and equitably distributed to all transparently.

The principal activities of Busia municipality are as follows:

- ❖ Collection of Revenue
- ❖ Issuance of Rates Clearance Certificate
- ❖ Issuance of Single Business Permits
- ❖ Building Inspection
- ❖ Recommendation for approval of Building Plans
- ❖ Supervision of Infrastructure Development and Maintenance
- ❖ Issuance of Registration Certificate to Groups, CBOs
- ❖ Organization and coordination of public participation
- ❖ Policy Formulation and Governance

2. Environmental performance

The Environmental Management and coordination Act (EMCA) is the mother law of all environmental aspects in the Country. From it, there are regulations that have been developed including Wetlands Regulations, Environmental Regulations (EIA/EA), Water Quality Regulations, Controlled Substances, Biodiversity Regulations, Air Quality Regulations, Waste Management Regulations and Noise Regulations. These regulations regulate the various environmental aspects.

The act talks of having a County Environment Action Plan developed which should be adopted by the County Assembly. The purpose of environmental action plans is to co-ordinate and harmonize the environmental policies, plans, programmes and decisions of the national and county governments, as the case may be, in order to:

- i) minimize the duplication of procedures and functions; and promote consistency in the exercise of functions that may affect the environment;
- ii) secure the protection of the environment across the country; and

- iii) Prevent unreasonable actions by any person, state organ or public Municipality in respect of the environment that are prejudicial to the economic or health interests of other counties or the country.

In section 147A, EMCA gives counties the powers to make legislation in respect of all such matters as are necessary or desirable that are required or permitted under the Constitution and EMCA.

➤ **National Environment Policy, 2013**

This policy touches on various aspects including:

❖ **Public participation**

A coordinated and participatory approach to environmental protection and management will be enhanced to ensure that the relevant government agencies, county governments, private sector, civil society and communities are involved in planning, implementation and decision-making processes.

❖ **Climate Change**

Strengthen capacity for national and county level institutions to support national climate resilience, low carbon development through integrating climate change into implementation strategies.

❖ **Environmental Monitoring and assessment**

Ensure periodic reporting on county and national status of environment.

❖ **Institutional Arrangement**

Streamline and strengthen the capacity of environmental institutions at the national and county levels so as to make them more effective and participatory. The policy also requires that environmental concerns are integrated in all policy, planning and development processes, through strengthening the capacity of environmental institutions at the county levels so as to make them more effective in ensuring compliance and enforcement.

Busia County has implemented several environmental policies and initiatives, particularly within Busia Municipality, to enhance environmental management and sustainability.

Busia Municipality Solid Waste Management Policy, 2020

Busia Municipality formulated the Solid Waste Management Policy with the primary objectives of:

- Conserving public health and the environment.
- Driving job and wealth creation through effective waste management.
- Implementing integrated waste management strategies, including waste minimization and harnessing waste as a resource.

This policy aligns with the **Environmental Management and Coordination Act (EMCA), 1999**, providing a framework to address waste management issues within the municipality.

Busia County Climate Change Action Plan (BCCCAP) 2023-2027

The Busia County Climate Change Action Plan for 2023-2027 outlines strategies to mainstream climate change into the county's integrated development planning processes. It aims to contribute to Kenya's updated Nationally Determined Contribution (NDC), which includes reducing greenhouse gas emissions by 32% by 2030 from the 'business as usual' scenario.

Environmental and Social Impact Assessments

Environmental and Social Impact Assessments (ESIAs) have been conducted for various projects within Busia Municipality to ensure compliance with national policies and laws. These assessments aim to mitigate negative environmental impacts and promote sustainable development.

Through these policies and initiatives, Busia County, particularly within Busia Municipality, is actively working towards improved environmental performance and sustainability.

3. *Employee welfare*

The County Government of Busia is guided by the following policies on human capital management;

- i) Constitution of Kenya (2010).
- ii) County Human Resource Policy.
- iii) County Government Act (2012).

During recruitment, the County ensure that stakeholders/relevant departments are involved by providing their staff needs guided by their staff establishment/organization structure. These staff needs from all departments are consolidated by Public Service and Administration department and forwarded as the County staff needs to the County Public Service Board (CPSB) for recruitment. The board ensures that it sticks not only to the gender rule during hiring process but also considers regional balance as required by law. In order to improve the staff skills, manage careers, appraisal and reward systems, the County ensured that all the staff in the county fill PAS forms and all departments sign annual performance contracts.

The County also ensures continuous and systematic upgrading of county staff skills through training and capacity building based on identified gaps. Considering the policy on safety and compliance with Occupational Safety and Health Act 2007 (OSHA), the County ensured that all offices have been installed with fire extinguishers, have fire assembly points, have indicative directions to all offices and adhere to Work Injury Benefits Act (WIBA) by compensating employees who get injured while on duty.

4. *Market place practices*

Busia Municipality promotes responsible competition through various governance and regulatory measures that ensure ethical business practices, transparency, and fairness in the local economy.

Key areas include:

a) *Responsible competition practice.*

❖ *Anti-Corruption Measures*

The municipality aligns with national anti-corruption laws and policies, including the Leadership and Integrity Act, 2012, and the Ethics and Anti-Corruption Commission (EACC) guidelines. It ensures that public procurement processes follow open tendering procedures and in line with the Public Procurement and Disposal Act and regulations to prevent favouritism and bribery. We also ensured that regular audits and financial oversight mechanisms are adopted to detect and prevent fraudulent activities.

❖ *Responsible Political Involvement*

The municipality upholds political neutrality in service delivery to prevent undue political influence in decision-making. Encourages Public participation in budget-making and development planning ensures community-driven governance rather than politically motivated projects.

❖ *Fair Competition Policies*

The licensing process is standardized to avoid bias, ensuring a level playing field for all businesses.

❖ *Respect for Competitors*

Encourages responsible advertising and pricing to prevent deceptive practices that could harm competitors or consumers.

By integrating these measures, Busia Municipality fosters a competitive, transparent, and ethical business environment that supports economic growth and investor confidence.

b) *Responsible Supply chain and supplier relations*

Using appropriate procurement methods that ensure equity and transparency.

- i) Use of standard tender documents as guided by Public Procurement Regulatory Authority.
- ii) Supplier development program sensitization and training for special groups.
- iii) Debriefing of unsuccessful bidders to enhance competitiveness and transparency.
- iv) Reporting of contracts awards to relevant authorities and general public
- v) Procurement based on approved budget and procurement plan.
- vi) Formation of Contract Implementation teams for complex projects to monitor projects.
- vii) Consultations and negotiations with suppliers before contract signing especially for complex projects.
- viii) Formation of ad-hoc Inspection & acceptance Committee to expedite receiving of goods /accepting work to facilitate payment
- ix) Ensuring supporting documents for payment are available on payment vouchers.
- x) Ensuring necessary approvals are done before payment.

c) *Responsible marketing and advertisement*

Busia Municipality ensure responsible marketing and advertisement through supervision and licensing of advertisement materials within the municipality.

d) *Product stewardship*

Busia Municipality safeguards consumer rights and interests through various legal frameworks, policies, and initiatives aimed at ensuring fair trade practices, safety, and consumer protection. These efforts include:

❖ **Enforcement of Consumer Protection Laws**

- Busia municipality aligns with **Kenya's Consumer Protection Act, 2012**, which protects consumers from unfair trade practices, misleading advertisements, and substandard goods or services.
- Regular inspections are conducted to ensure businesses comply with product quality and service standards.

❖ Food Safety and Public Health Inspections

- The **Public Health Department** ensures that food vendors, supermarkets, and eateries maintain hygiene standards to prevent foodborne illnesses.
- Licensing requirements mandate compliance with health and safety regulations before businesses operate.

5. *Community Engagements*

The Municipality of Busia engaged with its citizens through citizen forums and public participation on its ongoing and planned projects and activities.

11. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Municipality affairs.

Principal activities

The principal activities of the Municipality are:

- ❖ Overseeing the affairs of the Municipality.
- ❖ Exercising executive authority as may be delegated by the Municipal Board Committee.
- ❖ Developing and adopting policies, plans, strategies and programmes for efficient running of the municipality
- ❖ Formulating and implementing integrated development plans.
- ❖ Controlling land use, land sub-division for various development purposes as may be delegated.
- ❖ Promoting and undertaking infrastructural development and services within the Municipality as may be delegated by the County Government.
- ❖ Developing and managing schemes, including site development in collaboration with the relevant National and County Agencies.
- ❖ Maintaining a comprehensive database and information system for the municipality.
- ❖ Enforcing the fees, levies and charges as may be authorized by the County Government for delivery of services.
- ❖ Ensuring provision of services to its residents.
- ❖ Initiating new laws or making recommendations for issues to be included in the laws.
- ❖ Implementing national policies and policies of the County Executive Committees as they affect the Municipality.
- ❖ Enforcing compliance with Constitutional provisions on Consumer Rights, fair administrative action, Bill of Rights and Values and Principles of Public Service.
- ❖ Preparing the Annual Appropriation Bill and submitting it to the County Treasury for consideration and transmission to the County Assembly for approval.
- ❖ Coordinating and facilitating citizen participation in the development of policies and plans and delivery of services.
- ❖ Implementing policies for fire and disaster management.
- ❖ Promoting a safe and healthy environment.
- ❖ Performing such other functions as may be delegated from time to time.

Performance

The performance of the Municipality for the year ended June 30, 2020 are set out on page 1 - 6


Board Members

The members of the Board who served during the year are shown on page (vii) – (viii). There were no changes in the Board during the financial year.

Auditors

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

By Order of the Board



Norbert Omanyo Wabwire

Secretary of the Board

12. Statement of Management's Responsibilities

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2020. 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 Municipality, (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 Municipality, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the 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 Urban Areas and Cities Act No. 13 of 2011. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2020, and the financial position as at that date.

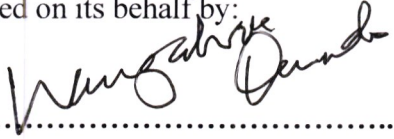
The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Municipality's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the

Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

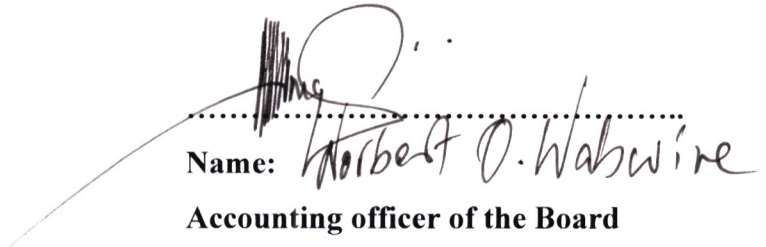
Approval of the financial statements

The Municipal financial statements were approved by the Board on 2020 and signed on its behalf by:


.....

Name:

Chairperson of the Board


.....

Name:

Accounting officer of the Board

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: 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 BUSIA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2020

PREAMBLE

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

- A. Report on 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 the 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia Municipality set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2020

Report of the Auditor-General on Busia Municipality for the year ended 30 June, 2020

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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Busia Municipality as at 30 June, 2020 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 Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.69,525,288 as disclosed in Note 24 to the financial statements. However, the Municipality did not have a depreciation policy and therefore the rates applicable on the various assets and the computation of the depreciation and amortization expense could not be ascertained.

Further, Note 19.4(c) to the financial statements on significant accounting policies relating to property, plant and equipment did not disclose the rates applicable on the various assets and the computation of the depreciation. In addition, property, plant and equipment balance includes additions for the year amounting to Kshs.77,750,320. However, the list of assets additions was not provided for audit verification.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.69,525,288 could not be confirmed.

2. Inaccuracy of the Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.123,362,470 as disclosed in Note 33 to the financial statements. However, Note 33 to the financial statements reflects net cash flows from operating activities amounting to Kshs.115,309,388, resulting to unexplained variance of Kshs.8,053,082.

In the circumstances, the accuracy and completeness of net cash flows from operating activities amounting to Kshs.123,362,470 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia Municipality Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the Other Information set out on page iii to xxix which comprise of Key Entity Information and Management, Municipality Board, Key Management Team, Municipality Board Chairperson's Report, Report of the Municipality Manager, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Municipality Board Members and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Municipality's financial statements, my responsibility is to read the other information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Non-collection of Own Generated Revenue

The statement of financial performance for the year ended 30 June, 2020 indicates that the Municipality was financed solely through revenue allocated by the County Government. No revenues arising from rates, fees, levies, charges and other revenue raising measures which is retained by the urban area was collected contrary to Section 172(a) of the Public Finance Management Act, 2012.

Further, conferment of municipal status may have been made without satisfying criterion of demonstrable revenue collection or revenue collection potential contrary to Section 9 (3)(c) of the Urban Areas and Cities Act, 2011.

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

2. Lack of Autonomy in the Operations and Management of the Municipality

The Municipality of Busia was granted Municipal Charter on 6 June, 2018 which was supposed to grant operational independence from the County Government of Busia. However, review of the operations of the Municipality revealed lack of autonomy as Municipality's budget was prepared and controlled by the County Executive and there was no budget approval by the Municipality Board. Further, the County Government has continued to perform a number of functions which were transferred to the Municipality and the Board could not carry its roles as envisaged.

This was contrary to Section 9(1) of the Urban Areas and Cities Act, 2011 which states that, the County Governor may, on the resolution of the County Assembly, confer the status of a Municipality on a town that meets the criteria set out in Subsection (3), by grant of a charter in the prescribed form and Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of a city and municipality shall be vested in the County Government and administered on its behalf by a Board, a Manager appointed pursuant to Section 28 and such other staff or officers as the County Public Service may determine.

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

3. Operating the Municipality without Established By-laws

Review of the policies and programs of Busia Municipality for the financial year 2019/2020 revealed that the Municipality had not developed and enacted the requisite by-laws necessary for the governance and administration of municipal functions contrary to Section 21(1)(f) of the Urban Areas and Cities Act, 2011 which states that, subject to the Constitution and any other written law, the Board of a city or municipality shall, within its area of jurisdiction make by-laws or make recommendations for issues to be included in by-laws.

By-laws are essential for operationalizing the Municipality Charter and enabling the enforcement of decisions and implementation of programs related to urban governance, service delivery, planning, regulation, and public order.

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

4. Late Submission of Financial Statements

The Busia Municipality submitted financial statements to the Auditor-General for the year ended 30 June, 2020 on 8 July, 2025, more than four (4) years and nine (9) months after the statutory deadline of 30 September, 2020. This was contrary to Section 149 (2)(k) of the Public Finance Management Act, 2012 which provides that in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned, not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury.

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

5. Failure to Submit Municipality Budget for Approval by the County Assembly

The statement of comparison of budget and actual amounts reflects final total revenue budget of Kshs.142,271,550 and final total expenditure budget of Kshs.100,685,941. However, no evidence was provided for audit review to confirm that the Municipality Board had forwarded the annual estimates to the County Governor for onward submission to the County Assembly for approval as required by Section 45 of the Urban Areas and Cities Act, 2011.

Further, the budget was unbalanced contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that revenue and expenditure appropriations shall be balanced.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Key Policy Documents

During the year under review, Busia Municipality did not establish adequate policies to support effective operational management. The audit revealed the following critical policy gaps:

a) Risk Management Policy

The Municipality lacked a risk management policy to guide the identification, assessment, and mitigation of risks, including fraud prevention.

In the absence of such a framework, it was unclear how the Municipality evaluated potential risks or implemented measures to mitigate them and prevent fraud.

b) Asset Management Policy

There was no asset management policy to ensure proper control and safeguarding of municipal assets such as furniture, computers, and motor vehicles.

This absence raised concerns about assets accountability and long-term sustainability.

c) Solid Waste Management Policy

Although a draft solid waste management policy dated December 2019 existed, it had not been approved or adopted at the time of the audit. As a result, Busia Municipality was not in compliance with Article 42 of the Constitution, which guarantees every person the right to a clean and healthy environment. Site visit confirmed the environmental impact of this policy gap, revealing widespread dumping of food waste, plastics, and other debris.

The lack of an enforceable waste management policy had contributed significantly to pollution and environmental degradation within the Municipality.

In absence of key policy documents, the effectiveness of the Municipality's operations could not be confirmed.

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 the 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 controls 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 Municipality'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 Municipality 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 Municipality Board is responsible for overseeing the Municipality'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 Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

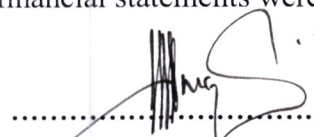
Nairobi


24 October, 2025

14. Statement of Financial Performance for The Year Ended 30 June 2020

Description	Note	2019 – 2020	2018 - 2019
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	142,271,550	0
Public contributions and donations	7	0	0
Levies Fines and Penalties	8	0	0
Other revenues (<i>Specify</i>)	9	0	0
		142,271,550	0
Revenue from exchange transactions			
Interest income	10	0	0
Miscellaneous Income	11	0	0
		0	0
Total revenue		142,271,550	0
Expenditure			
Use of goods and services	12	14,744,160	0
Staff costs	13	0	0
Board expenses	14	8,191,461	0
Finance costs	15	0	0
Depreciation and amortization	16	8,225,032	0
Repairs and maintenance	17	0	0
Total expenses		31,160,653	0
Other gains/losses			
Gain/loss on disposal of assets	18	0	0
Surplus/(deficit) for the period		111,110,897	0

The notes set out on pages 7 to 46 form an integral part of these Financial Statements. The entity financial statements were approved on _____ 2020 and signed by:


 Name: Norbert Omanyoo Wabwire
 Municipality Manager


 Name: CPA Absalom Okwara
 Head of Finance
 ICPAK M/No 13791

15. Statement of Financial Position As At 30 June 2020

Description	Note	2019 - 2020 Kshs.	2018 - 2019 Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	45,612,150	0
Receivables from exchange transactions	20	0	0
Receivables from non-exchange transactions	21	0	0
Prepayments	22	0	0
Inventories	23	0	0
Total current assets		45,612,150	0
Non-current assets			
Property, plant, and equipment	24	69,525,288	0
Intangible assets	25	0	0
Total Non-current Assets		69,525,288	0
Total assets (A)		115,137,438	0
Liabilities			
Current liabilities			
Trade and other payables	26	4,026,541	0
Refundable deposits from customers	27	0	0
Provisions	28	0	0
Borrowings	29	0	0
Employee benefit obligations	30	0	0
Deferred Income	31	0	0
Social Benefits	32	0	0
Total current liabilities		4,026,541	0
Non-current liabilities			
Provisions	28	0	0
Borrowings	29	0	0
Non-current employee benefit obligation	30	0	0
Deferred Income	31	0	0
Social Benefits	32	0	0
Total liabilities (B)		4,026,541	0
Net Assets (A-B)		111,110,897	0

Description	Note	2019 – 2020	2018 - 2019
		Kshs.	Kshs.
Represented by:			
Capital/Development Grants/Fund	34	0	0
Reserves	35	0	0
Accumulated surplus	36	111,110,897	0
Net Assets/Equity		111,110,897	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:



Norbert Omanyo Wabwire
Municipality Manager

Date:

19th August 2025



CPA Absalom Okwara
Head of Finance

ICPAK M/No 13791

Date:

19th August 2025

16. Statement of Changes in Net Assets For the Year Ended 30 June 2020

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2018 (previous year)	0	0	0	0
Surplus/(deficit) for the year	0	0	0	0
Funds received during the year	0	0	0	0
Revaluation gain/loss	0	0	0	0
Bal as at 30 Jun 2019	0	0	0	0
	0	0		
Bal as at 1 July 2019 (current year)	0	0	0	0
Surplus/(deficit) for the year	0	0	111,110,897	111,110,897
Funds received during the year	0	0	0	0
Revaluation gain/loss	0	0	0	0
Balance as at 30 June 2020	0	0	111,110,897	111,110,897

17. Statement Of Cash Flows for The Year Ended 30 June 2020

Description	Note	2019 – 2020 Kshs.	2018 - 2019 Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	142,271,550	0
Public contributions and donations	7	0	0
Interest received	8	0	0
Miscellaneous receipts (<i>Specify</i>)	9	0	0
Total Receipts		142,271,550	0
Payments			
Use of goods and services	12	14,744,160	0
Staff costs	13	0	0
Board expenses	14	8,191,461	0
Finance cost	15	0	0
Depreciation and amortisation	16	0	0
Repairs and maintenance	17	0	0
Changes in Accounts Payable		(4,026,541)	0
Total Payments		18,909,080	0
Net cash flows from operating activities	33	123,362,470	0
Cash flows from investing activities			
Purchase of PPE & intangible assets	24	77,750,320	0
Proceeds from sale of PPE		0	0
Net cash flows used in investing activities		77,750,320	0
Cash flows from financing activities			
Receipts from Capital grants		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash equivalents		45,612,150	0
Cash And Cash Equivalents At 1 July	19	0	0
Cash And Cash Equivalents At 30 June	19	45,612,150	0

County Government of Busia
 Busia Municipality
 Annual Report and Financial Statements for the year ended June 30, 2020

18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2020

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	142,271,550	0	142,271,550	142,271,550	0	100%
Public contributions and donations	0	0	0	0	0	%
Interest income	0	0	0	0	0	%
Miscellaneous income (<i>specify</i>)	0	0	0	0	0	%
Total Revenue	142,271,550	0	142,271,550	142,271,550	0	100%
Expenses						
Use of goods and services	14,744,160	0	14,744,160	14,744,160	0	100%
Staff costs	0	0	0	0	0	%
Board expenses	8,191,461	0	8,191,461	8,191,461	0	100%
Finance costs	0	0	0	0	0	%
Repairs and maintenance	0		0	0		%
Total Expenditure	22,935,621	0	22,935,621	22,935,621	0	100%
Surplus for the period	119,335,929	0	119,335,929	119,335,929	0	100%
Capital Expenditure	77,750,320	0	77,750,320	77,750,320	0	100%

Budget notes

19. Notes to the Financial Statements

1. General Information

Busia Municipality is established by and derives its authority and accountability from UACA Act. 2011 The Municipality is under the County Government of Busia and is domiciled in Kenya.

The Municipality's principal activity is performing all the transferred functions within the municipality as follows

- i) Promotion, regulation and provision of refuse collection and solid waste management services within the municipality.
- ii) Promotion and provision of water and sanitation services and infrastructure (in areas within the municipality not served by the water and sanitation provider).
- iii) Construction and maintenance of urban roads and associated infrastructure within the municipality.
- iv) Construction and maintenance of storm drainage and flood controls within the municipality.
- v) Construction and maintenance of walkways and other non-motorized transport infrastructure within the municipality.
- vi) Construction and maintenance of recreational parks and green spaces within the municipality.
- vii) Construction and maintenance of street lighting within the municipality.
- viii) Construction, maintenance and regulation of traffic controls and parking facilities within the municipality.
- ix) Construction and maintenance of bus stands and taxi stands within the municipality.
- x) Regulation of outdoor advertising within the municipality.
- xi) Construction, maintenance and regulation of municipal markets and abattoirs within the municipality.
- xii) Construction and maintenance of fire stations; provision of firefighting services, emergency preparedness and disaster management within the municipality.
- xiii) Promotion, regulation and provision of municipal sports and cultural activities within the municipality.
- xiv) Promotion, regulation and provision of animal control and welfare within the municipality.

- xv) Development and enforcement of municipal plans and development controls within the municipality.
- xvi) Municipal administration services (including construction and maintenance of administration offices within the municipality).
- xvii) Promoting and undertaking infrastructural development and services within the Municipality.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Municipality.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Urban Areas and Cities Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2020*

There are no new standards effective in the financial year ended 30th June 2020.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.*

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Standard/ Amendments : Applicable: 1 st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	There was no impact.

Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

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 for each period.

b) Budget information

The original budget for FY 2019/20 was approved by the County Assembly on 19th April 2020. 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 Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality did not record any additional appropriations following the governing body's approval.

The Municipality'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 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. 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 18 of these financial statements.

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 Municipality 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.

e) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair

value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 16.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) 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 Municipality.

g) Provisions

Provisions are recognized when the Municipality 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. Where the Municipality 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.

h) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

The Municipality 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.

j) Contingent assets

The Municipality 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 Municipality 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

k) Nature and purpose of reserves

The Municipality creates and maintains reserves in terms of specific requirements. Currently there are no reserves created and maintained by the Municipality.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Municipality, through the County department of Human resources, provides retirement benefits for its employees, however there are no retirement benefit plans for the Municipality board members. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme 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 benefits 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 payments reduce the post-employment benefit obligation.

n) 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 in 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.

o) 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.

p) Related parties

The Municipality 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 Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

q) 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 various commercial banks at the end of the financial year.

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The Municipality should indicate whether there are material adjusting and non-adjusting events after the reporting period.

t) Currency

The financial statements are presented in Kenya Shillings (Kshs.) and the values rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Municipality'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.

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 Municipality 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 Municipality. Such changes are reflected in the assumptions when they occur.

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:

- i) The condition of the asset based on the assessment of experts employed by the Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

Notes to the Financial Statements

6. Transfers from the County Government

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent (UIG)	41,200,000	0
Transfers from County Govt. – Development (UDG)	101,071,550	0
Payments by County on behalf of the entity	0	0
Unconditional development grants	0	0
Total	142,271,550	0

(Provide brief explanation for this revenue)

(a) Transfers from County Government entities (Categorized)

Name Of the Entity Sending the Grant	Amount recognized in Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2019 - 2020
	Kshs	Kshs	Kshs	Kshs	Kshs
DLHSUD&PP	142,271,550	0	142,271,55	142,271,55	0
Paid by Dept	0	0	0	0	0
	0	0	0	0	0
Total	142,271,550	0	142,271,550	142,271,550	0

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending County office. An acknowledgement note/receipt should be raised in favour of the sending County office.) *Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 The details of the reconciliation have been included under appendix xxx

7. Public Contributions and Donations

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

8. Levies, Fines and penalties

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0	0

9. Other Revenues from Non-Exchange Transactions

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Transfers from other government entities	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0	0

10. Interest income

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Interest income from investments	0	0
Interest income on bank deposits	0	0
Others (<i>Specify</i>)	0	0
Total interest income	0	0

11. Miscellaneous income

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Income from sale of tender documents	0	0
Others (<i>specify</i>)	0	0
Total other income	0	0

12. Use of Goods and Services

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Utilities, supplies and services	0	0
Communication, supplies and services	10,010	0
Domestic travel and subsistence	8,495,600	0
Foreign travel and subsistence	0	0
Printing, advertising, supplies & services	1,000,090	0
Rent and rates	0	0
Training expenses	0	0
Hospitality supplies and services	5,074,295	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	154,990	0
Fuel, oil and lubricants	0	0
Other operating expenses (<i>Specify</i>)	0	0
Routine maintenance – vehicles and other equipment	0	0
Routine maintenance – other assets	0	0
Contracted Professional Services	0	0
Audit fees	0	0
Hire of Transport, equipment etc	0	0
Bank Charges	9,175	0
Social Benefit expenses*	0	0
Total	14,744,160	0

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

13. Staff costs

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Salaries and wages	0	0
Staff gratuity	0	0
Social security contribution	0	0
Other staff costs (<i>Specify</i>)	0	0
Total	0	0

14. Board expenses

Description	2019 – 2020 Kshs.	2018 – 2019 Kshs.
Chairman/Members' Honoraria	0	0
Sitting allowances	314,000	0
Medical Insurance	0	0
Induction and Training	788,960	0
Travel and accommodation	7,088,501	0
Conference Costs	0	0
Other allowances (<i>Specify</i>)	0	0
Total	8,191,461	0

15. Finance costs

Description	2019 – 2020 Kshs.	2018 – 2019 Kshs.
Interest on Bank overdrafts	0	0
Interest on loans from banks	0	0
Total	0	0

16. Depreciation and amortization

Description	2019 – 2020 KShs	2018 – 2019 KShs
Property, plant and equipment	8,225,032	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	8,225,032	0

17. Repairs and Maintenance

Description	2019 – 2020 KShs	2018 – 2019 KShs
Property- Buildings	0	0
Office equipment	0	0
Furniture and fittings	0	0
Motor vehicle expenses	0	0
Maintenance of civil works	0	0
Total repairs and maintenance	0	0

18. Gain/(loss) on disposal of assets

Description	2019 - 2020 Kshs.	2018 - 2019 Kshs.
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

19. Cash and cash equivalents

Description	2019 - 2020 Kshs.	2018 - 2019 Kshs.
Fixed deposits account	0	0
On - call deposits	0	0
Current account	45,612,150	0
Others(<i>specify</i>)	0	0
Total cash and cash equivalents	45,612,150	0

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

Financial institution	Account number	2019 - 2020 Kshs.	2018 - 2019 Kshs.
a) Fixed deposits account			
Kenya Commercial bank		0	0
Equity Bank, etc		0	0
Sub- total		0	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank - etc		0	0
Sub- total		0	0
c) Current account		0	
<i>Kenya Commercial Bank - Busia Branch</i>		14,418,239	0
<i>National Bank of Kenya - Busia Branch</i>		31,193,911	0
Sub- total		45,612,150	0
d) Others(specify)		0	0
Cash in transit		0	0
Cash in hand		0	0
Mobile Money		0	0
Sub- total		0	0
Grand total		45,612,150	0

20. Receivables from exchange transactions

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total Current receivables (a)	0	0
Non-Current receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	0
Total Non- current receivables (b)	0	0
Total	0	0

Ageing analysis for Receivables from exchange transactions

Description	2019 – 2020		2018 – 2019	
	Kshs		Kshs	
	2019 – 2020	% of the total	2018 - 2019	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

21. Receivables from Non-Exchange transaction

Description	2019 – 2020	2018 - 2019
	Kshs.	Kshs.
Transfer from County Executive	0	0
Transfer from XXXX Fund	0	0
Total	0	0

Ageing analysis for Receivables from non-exchange transactions

Description	2019 – 2020	2018 - 2019
	Kshs	Kshs

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	Current FY	% of the total	Compar ative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

22. Prepayments

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments(<i>specify</i>)	0	0
Total	0	0

23. Inventories

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.
Stationery	0	0
Consumables	0	0
Other inventories(<i>specify</i>)	0	0
Total inventories at the lower of cost and net realizable value	0	0

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24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2019	0	0	0	0	0	0	0	0
Additions	0	0	0	2,000,000	2,000,000	0	73,750,320	77,750,320
Disposals	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0
As at 30th June 2020	0	0	0	2,000,000	2,000,000	0	73,750,320	77,750,320
Depreciation and impairment								
At 1 July 2019	0	0	0	0	0	0	0	0
Depreciation	0	0	0	250,000	600,000	0	7,375,032	8,225,032
Impairment	0	0	0	0	0	0	0	0
Transfers/ Adjustments	0	0	0	0	0	0	0	0
As at 30 June 2020	0	0	0	1,750,000	1,400,000	0	66,375,288	69,525,288

25. Intangible assets

Description	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

26. Trade and other payables from exchange transactions

Description	2019 – 2020		2018 – 2019	
	Kshs.		Kshs.	
Trade payables	0		0	
Retentions	3,881,002		0	
Accrued expenses	0		0	
Other payables (<i>Specify</i>)- Taxes	145,539		0	
Total trade and other payables	4,026,541		0	
Ageing analysis:	2019 – 2020	% of the Total	2018 – 2019	% of the Total
Under one year	0	0%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

27. Refundable deposits from customers

Description	2019 – 2020		2018 - 2019	
	KShs		KShs	
Rent deposits	0		0	
Others (<i>specify</i>)	0		0	
Total	0		0	
Ageing analysis:	2019 – 2020	% of the Total	2018 - 2019	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

28. Provisions

Description	2019 – 2020		2018 - 2019	
	Kshs.		Kshs.	
Balance at the beginning of the year	0		0	
Additional Provisions (<i>Specify</i>)	0		0	
Provision utilised	(0)		(0)	
Balance at the end of the year	0		0	
Current Portion of provision	0		0	
Long term portion of provision	0		0	
Total Provisions	0		0	

29. Borrowings

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

Description	2019 – 2020		2018 - 2019	
	Kshs.		Kshs.	
Short term borrowings (current portion)	0		0	
Long term borrowings	0		0	
Total	0		0	

(NB: the total of this statement should tie to note 29 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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Description	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Balance at beginning of the period	0	0
Borrowings during the year	0	0
Repayments of borrowings during the period	(0)	(0)
Balance at end of the period	0	0

The table below shows the Distribution of borrowings:

Description	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from Bank	0	0
Kenya Shilling loan from Bank	0	0
Kenya Shilling loan from Bank	0	0
Borrowings from other government institutions	0	0
Total balance at end of the year	0	0

30. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	0	0	0	0
Non-current benefit obligation	0	0	0	0
Total	0	0	0	0

31. Deferred Income

Description	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
National/County Government	0	0
International Funding Bodies	0	0
Public Contributions and Donations	0	0
Total Deferred Income	0	0

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The deferred income movement is as follows:

Description	County government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to capital fund	(0)	(0)	(0)	(0)
Transfers to income statement	(0)	(0)	(0)	(0)
Other transfers	(0)	(0)	(0)	(0)
Balance carried forward	0	0	0	0

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	0
Non- Current	0
Total	0

32. Social Benefit Liabilities

Description	2019 – 2020	2018 – 2019
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
PWD benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

Social benefit schemes include benefits such as cash transfers for the unemployed or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g. poverty, age, unemployment among others.

33. Cash generated from operations

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	111,110,897	0
Adjusted for:		
Depreciation	8,225,032	0
Amortisation	0	0
Gains/ losses on disposal of assets	(0)	(0)
Working Capital adjustments		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in payables	(4,026,541)	0
Net cash flow from operating activities	115,309,388	0

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

34. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Municipality 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 Municipality/scheme is related to the following entities:

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) Municipality Board; etc.

b) Related party transactions

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.
Transfers from related parties'	0	0
Transfers to related parties	0	0

c) Key management remuneration

Description	2019 - 2020	2018 - 2019
	Kshs.	Kshs.

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Board Members	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Due from parent Ministry	0	0
Due from County Government	0	0
Due from County Assembly	0	0
Total	0	0

e) Due to related parties

Description	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Due to parent Ministry	0	0
Due to County Government	0	0
Due to Key management personnel	0	0
Due to County Assembly	0	0
Total	0	0

35. Contingent liabilities

Contingent liabilities	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Court case xxx against the entity	0	0
Bank guarantees	0	0
Total	0	0

(Give details)

36. Contingent Assets

Contingent liabilities	2019 – 2020	2018 – 2019
	Kshs.	Kshs.
Court case xxx against the entity	0	0
Others Specify	0	0
Total	0	0

37. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Municipality 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 Municipality's financial risk management objectives and policies are detailed below:

I. Credit risk

The Municipality 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 assessments 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 Municipality'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 Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2020 (current year)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2019 (previous year)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(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 Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts due from xxx.

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

II. Liquidity risk management

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

The table below represents cash flows payable by the Municipality 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.

Description	Less than 1 month	Between 1 and 3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2020 (current year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 Jun 2019 (previous year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

III. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality 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 Municipality'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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Municipality'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 Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

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

Description	Other currencies		Total
	Kshs.	Kshs.	Kshs.
At 30 June 2020 (current year)			
Financial assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ receivables	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund'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.

Description	Change in currency rate Kshs.	Effect on surplus/ deficit Kshs.	Effect on equity Kshs.
2020 (current year)			
Euro	10%	0	0
USD	10%	0	0
2019 (previous year)			
Euro	10%	0	0
USD	10%	0	0

V. 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 Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

VI. Capital risk management.

The objective of the Municipality's capital risk management is to safeguard the Municipality's ability to continue as a going concern. The Municipality capital structure comprises of the following Municipality:

Description	2019 - 2020 Kshs.	2018 - 2019 Kshs.
Revaluation reserve	0	0
Capital/Development Grants/Municipality	0	0
Accumulated surplus	0	0

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Total Funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

38. Program for Results (PforR) Disclosure

This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of the PforR: xxxxxxxx	
Financing Partners: xxxxxxxxxxxx	
Purpose of the PforR: xxxxx	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	0
Actual expenditure in the current financial year.	
1. <i>Employee Cost</i>	0
2. <i>Use of goods and Services</i>	0
3. <i>Grants and Subsidies</i>	0
4. <i>Building of ECDE facilities</i>	0
5. <i>Others (specify)</i>	0
Sub-total	0
Cumulative Actual Expenditures to date	0

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

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

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.

.....
To be Signed by the Accounting officer of the Entity

Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME				
Breakdown of Transfers from the County Executive of xxx County				
FY 20xx/20xx				
a.	Recurrent Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> (Kshs.)	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		Total	0	
b.	Development Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> (Kshs.)	<u>Indicate the FY to which the amounts relate</u>

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MUNICIPALITY NAME				
			0	
			0	
			0	
		Total	0	
c.	Direct Payments	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
			0	
			0	
		Total	0	

(The above amounts have been communicated to and reconciled with the parent Department in the County.)

.....
 Signed by the Head of Accounts of the Entity and the transferring Entities

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix 4: Disaster Expenditure Reporting Template

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Date:

Entity

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure Item	Amount (Kshs.)	Comments