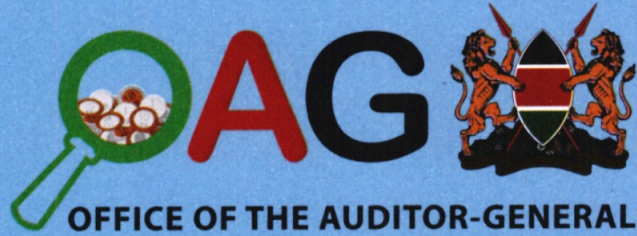


REPUBLIC OF KENYA

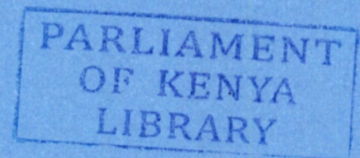


Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

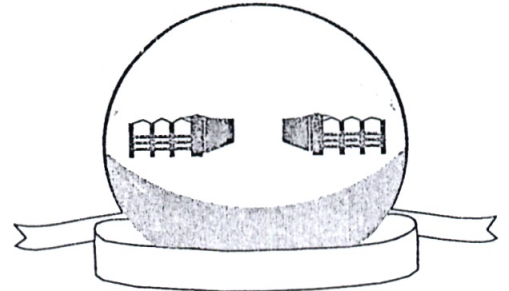
ON

**BUSIA COUNTY ASSEMBLY
REVOLVING FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



13 DEC 2023



BUSIA COUNTY ASSEMBLY REVOLVING FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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 Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

The Busia County Assembly Revolving Fund is a fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Busia county Assembly adopted the PFM regulations 2014 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Assembly Service Board appointed the Office of the Clerk to the Assembly to manage the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of Car loan and Mortgage benefits by state and public officers.

The fund is wholly owned by the County Assembly of Busia and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the fund is to provide Car loans and Mortgage to members of the County Assembly and the Staff of the County Assembly.

Vision

“The fund of choice for Member of the County Assembly and Staff.”

Mission

“To provide affordable, accessible and sustainable Car loans and Mortgage to members of the county assembly and staff.”

Core Values

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Hon Fredrick Odilo	Chairman
2	Hon Sylvanus Alianda	Vice Chairman
3	Hon Zaccheus Kubasu	Member
4	Hon David Karani	Member
5	Hon Beatrice Opwapo	Member
	Hon Juliane Wanyama	Member
	Hon Tonny Onyango	Member
	Belinda Makadia	Member
	Carolyne Imukutete	Ag Fund Administrator

d) Key Management team

Ref	Name	Position
1	Carolyne Imukutete	Ag fund Administrator
2	CPA Samuel Odima	Ag Director Finance and Accounting
3	Maureen Ogombe	Legal
4	Catherine Eskut	Secretary
5	Dennis Okoit	Senior Clerical Officer

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Auditing	Benedictus Oese
2		
3		

f) Registered Offices

P.O. Box 1018-50400
 Busia County Assembly Buildings
 Busia-Kisumu/Road/Highway
 Busia, KENYA

g) Fund Contacts

Telephone: (254) 725735498
Ag Carolyne Imukutete
Fund Administrator

h) Fund Bankers

1. Kenya commercial Bank
Busia Branch
2. Co-operative Bank
Busia Branch

i) Independent Auditors

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

j) Principal Legal Adviser



J.O.JUMA & CO ADVOCATES



Mobile 0727881479




Mobile 0734877482

Tel: 020-2219804



3. Loans Management Committee

Name	Details of qualifications and experience
	<p><u>Hon Fredrick Odilo Wafula - Chairman</u></p> <p>DOB: 01/07/1972</p> <p>Academic and professional Qualifications: BACHELORS DEGREE</p> <p>Work experience:</p> <p>SPEAKER:</p>
	<p><u>Hon Sylvanus Alianda – vice Chairman</u></p> <p>DOB: 02/06/1983</p> <p>Academic and professional Qualifications: DIPLOMA</p> <p>Work experience : MCA</p>

 A black and white portrait of a man with a shaved head, wearing a suit jacket, white shirt, and tie. He is looking directly at the camera with a neutral expression.	<p><u>Hon Zacheus Kubasu – Member</u></p> <p>DOB: 11/09/1981</p> <p>Academic and professional Qualifications: BACHELORS DEGREE</p> <p>Work experience: MCA</p>
 A black and white portrait of a man with a shaved head, wearing a suit jacket, white shirt, and tie. He is looking directly at the camera with a slight smile.	<p><u>Hon David Karani Parapara-Member</u></p> <p>DOB: 18/09/1972</p> <p>Academic and professional Qualifications: DIPLOMA</p> <p>Work experience: MCA</p>



	<p><u>Hon Beatrice Opwapo-Member</u></p> <p>DOB: 21/01/1979</p> <p>Academic and professional Qualifications:</p> <p>KCSE</p> <p>Work experience:MCA</p>
	<p><u>Hon Juliane Wanyama- Member</u></p> <p>DOB: 21/11/1977</p> <p>Academic and professional Qualifications:</p> <p>DIPLOMA</p> <p>Work experience: MCA</p>
	<p><u>Hon Tonny Onyango-Member</u></p> <p>DOB: 27/03/1969</p> <p>Academic and professional Qualifications:</p> <p>DIPLOMA</p> <p>Work experience: MCA</p>

**Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p><u>Belinda Makadia-Member</u></p> <p>DOB: 08/09/1986</p> <p>Academic and professional Qualifications:</p> <p>BACHELORS DEGREE</p> <p>Work experience: Public representative</p>
	<p><u>Caroline Imukutete – Ag Fund Administrator</u></p> <p>DOB: 12/01/1980</p> <p>Academic and professional Qualifications:</p> <p>BACHELORS DEGREE</p> <p>Work experience: 20 years in Public Service</p>

**Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Management Team/ Secretariate

Name	Details of qualifications and experience
	<p><u>Carolyn Imukutete – Ag Fund Administrator</u> DOB: 12/01/1980</p> <p>Academic and professional Qualifications: BACHELORS DEGREE</p> <p>Work experience: 20 years in Public Service</p>
	<p><u>CPA Samuel Odima –Ag Director Finance and Accounting</u></p> <p>DOB: 05/04/1974</p> <p>Academic and professional Qualifications: BACHELORS DEGREE CPA(K)</p> <p>Work experience: 26 years in Public Service</p>



Maurcen Okhato Ogombe-Legal

DOB: 14/06/87

**Academic and professional Qualifications:
Post Graduate Diploma
Lawyer**

Work experience: 7 years



Catherine Eskut-Secretary

DOB: 23/7/1984

**Academic and professional Qualifications:
BBA**

Work experience: 11 years



Dennis okoit-Seniour Clerical Officer

DOB: 30/8/1988

**Academic and professional Qualifications:
CPA Foundation level
Diploma**

Work experience: 7 years

5. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the loans management committee, the Busia County Assembly Revolving Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

The board established a taskforce with the mandate to review and interrogate the adequacy and effectiveness of the fund's organogram in carrying out its mandate and make recommendations. The taskforce carried out the assignment and made several recommendations key among them the automation of the fund's operations. The organisation arrangement is expected to enhance efficiency in service delivery.

In the Financial year the Board made some changes in its membership. This was necessitated by the election of new members of the County assembly and the members representing the public.

Review of performance

Income

The fund earned revenues amounting to KShs. 15,067,216 from the interest charged on the loans that were disbursed to members of the County Assembly and the staff from both the car loan and the mortgage.

Projects implementation during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening bank balance of KShs. 121,216,790 at the beginning of the financial year 2022-2023.

Expenditures

The total expenditures during the period amounted to KShs. 226,403 out of which the administration expenses amounted to KShs. 11,200 as sitting allowance and Bank Charges KShs. 215,203

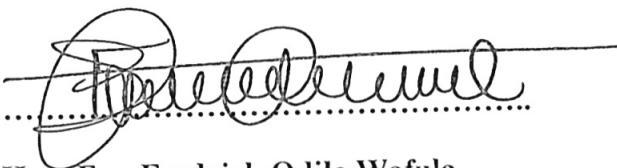
Future outlook

The outlook of the Fund for 2022/2023 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the stakeholders to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and fellow committee members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2023/2024.

Signed 

Name: Hon. Eng. Fredrick Odilo Wafula

Chairperson

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of The Fund Administrator

It is my pleasure to present the Busia County Assembly Revolving Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

Financial Performance

a) Revenue

In the year ended 30th June 2023, the fund had projected revenues of KShs 15,067,216. Out of the projected revenue, the fund was able to realise KShs 15,067,216 in actual revenues, representing 100% performance.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realization (%)
	KShs	KShs	
Revenue			
Public contributions and donations	-	-	%
Transfers from County Govt.	-	-	%
Interest income	15,067,216	15,067,216	100%
Fines, penalties and other levies	-	-	%
Other income	-	-	%
Total income	15,067,216	15,067,216	100%

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Loans

During the financial year 2022/2023, the fund disbursed a total Kshs 311,603,300 as new loans to members of staff and the members of the county Assembly. The figure is a total summation of both car loan and mortgage loan. The total car loan Disbursed in the financial year was kshs 108,000,000 and the remaining balance was kshs 203,603,300 was Mortgage loan.

b) Cash flows

In the FY 2022/2023, we have not had many liquidity disruptions. This was as a result of proper planning and better loan collections and favourable starting balance of kshs 121,216,790. This enabled the fund to disburse Mortgage loan and car loan to all new members of the county assembly on time as compared to previous years.

The cashflow was also good due to the fact that the budgeted amount of kshs 106,000,000 was disbursed on time by the treasury.

c) Conclusion

FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable Busia County Assembly Revolving Fund continues on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the loans management committee for their support. I would also want to thank all staff in the secretariat who we have worked hand in hand to ensure that Busia County Assembly Revolving Fund achieves its mission and objectives on a timely basis.

Signed: _____

Carolyn Imukutete
Ag Fund administrator

7. Statement of Performance Against the County Fund’s Predetermined Objectives

Guidance

In the financial year 2022-2023 the fund had budgeted well for the new members of the county assembly and staff. The busia county assembly revolving fund gave priority to newly elected members of the county Assembly of which the absorption was 100%.

All the 35 elected members and Nominated members of the county assembly and the two members representing the public got their full disbursements without delay and on time.

However the revolving fund experienced inadequacy in disbursing loans to members of staff since applicants were more than the money available. The revolving fund is in a process of coming up with better plans to arrest such delays in future.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for the financial year 2022-2023 are to:

- a) Provide affordable car loan to members of the county assembly
- b) Provide affordable mortgage loan to members of the county assembly
- c) To provide affordable car loan to members of staff of the county assembly
- d) To provide affordable mortgage loan to members of staff of the county assembly

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied.	% of staff taking Mortgage facilities	During FY 2022/2023 Members of staff accessed the facility and were able build their own houses
Car loan	To ensure all mcas have car	53 mcas got car loan	100%	Members of county assembly accessed their car loans during the

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

				financial year
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8. Corporate Governance Statement

Meetings held by the board

The loans management committee held a total of 10 meetings in the financial year to deliberate on the matters relating to the fund which majorly concentrated on loan disbursement to members of the county assembly and the staff.

Succession plan

The loans management committee of the Busia County Assembly Revolving fund had a smooth succession plan. This is due to the existence a good and proper act enacted in 2013 to guide the board in its activities.

Board of trustee charter

The Busia County Assembly Revolving fund does not have a charter. However under the able Chairmanship of Hon Fredrick Odilo he has directed that a charter be formulated and the same is in progress so as to streamline the functions of the fund.

Process of appointment and removal of loans management committee members

The loans management committee members' removal can be necessitated by three circumstances. The first one is through the death of a member. This automatically makes the position held by the member vacant hence replacement.

The second circumstance is by the resignation of a member of the committee through a written letter to the chairperson of the fund. This will initiate the process of replacing the member who has resigned from the committee.

The third scenario is when the member ceases to hold the position that catapulted him or her into that position. This happens when there are changes in the house leadership structure by the political parties that nominated a member to the assembly or a court order nullifying the member's position through a due process.

Roles and functions of the Board

The board ensures that the fund has continuous cash flow so that members of the county assembly and staff who want loans get them on time.

The board also ensures that all the legal obligations and requirements by the fund are adhered to the latter.

The board also ensures that all the loans disbursed are recovered in the stipulated time to avoid loss of the disbursed amounts.

The board also ensures that the fund makes a report at the end of the financial year on the funds that have been spent as required by the office of the auditor general.

Induction and training

The busia county Assembly Revolving fund management committee did not attend any training or induction in the financial year 2022-2023. This was due to inadequate funds to facilitate the process which was due to budgetary constraints.

However the Board has a robust plan on training its committee and secretariat in the following year 2023-2024.

Board and member performance

The busia county assembly revolving fund management committee is in the process of introducing a performance contract system. This will enable the board members to be proactive and ensure a lot is done by them to improve the performance of the fund.

Conflict of interest

In the financial year 2022/2023 there were no incidences leading to conflict of interest

Board /trustee remuneration.

In the financial 2022-2023 only one member of the board was paid. The other payments were differed to the next financial year. This was due to unavailability of funds.

Ethics and conduct as governance audit.

The board members conducted themselves well ethically and there were no issues with the ethics commission.

There was no governance audit undertaken during the year under review. However this was noted and the committee is in the process of doing the same in the following financial year.

9. Management Discussion and Analysis

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

The fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on 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 Fund does not hedge any risks and has in place policies to ensure that credit is only extended to staff with an established credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

FUND PERFORMANCE

Revenue

The fund received KShs. 108,000,000 being transfer from the County assembly. The income from interest earned amounted to kshs 15,067,216

The interest income had an increase of kshs 4.8 million due to new loan disbursement that was made to the new members of the county assembly.

Cash flow

The cash and cash equivalents decreased from KShs 138,229,420 as at 30 June 2022 to KShs 9,179,076 as at 30 June 2023. There was significant cash outflow as a result of disbursements that was made to MCAS and Staff during the financial year.

OPERATIONAL PERFORMANCE

The fund's core operating activity has been offering car loans and mortgage to members of staff and the members of the county assembly. The county government has supported the fund and increased seed capital through budgetary allocations.

Conclusion

We appreciate the unrelenting support from the, management committee, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2023/2024.

10. Environmental and Sustainability Reporting

The fund has not engaged itself in the Corporate Social responsibility activities in the financial year 2022-2023

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

4. Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Corporate Social Responsibility / Community Engagements

The busia county assembly revolving fund did not engage in any corporate social responsibility or any community engagements.

11. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to provide financing to members of staff and members of the county assembly to purchase cars for personal use and mortgage loan for housing

Results

The results of the Fund for the year ended June 30, 2023 are set out on page

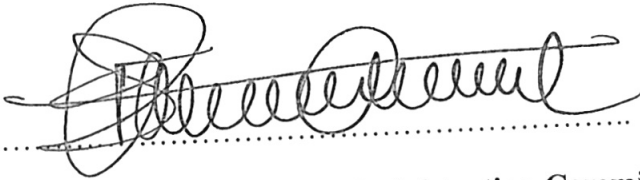
Trustees

The members of the Board of Trustees who served during the year are shown on page vii to x. There were changes in the management committee this because the previous office holders term ended after the 2022 general election.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR officers from the office of the auditor general Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Busia county assembly Revolving fund y for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board



Chair of the Board/Fund Administration Committee

Date:

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by busia County assembly revolving fund act 2013 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and busia county assembly revolving fund act .The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 13/12 2023 and signed on its behalf by:

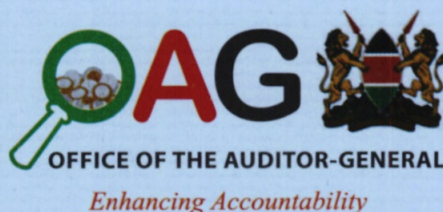
Carolyne Imukutete:



Ag Administrator of the Busia county Assembly Revolving Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUSIA COUNTY ASSEMBLY REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia County Assembly Revolving Fund set out on pages 1 to 36, which comprise of the statement of financial

position as at 30 June, 2023, 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 effects of the matter 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 County Assembly Revolving Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Busia County Assembly Revolving Fund Act, 2013.

Basis for Qualified Opinion

Unexplained Variance in the Statement of Cash Flows

The statement of cash flows reflects a decrease in cash and cash equivalents balance of Kshs.129,050,344. However, the balance differs from the decrease of Kshs.146,784,259 being the summation of net cash flows from operating activities, Kshs.14,840,813, net cash flows from investing activities, Kshs.(156,475,072) and net cash flows from financing activities, Kshs.(5,150,000). The variance of Kshs.17,733,915 was not explained or reconciled.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia County Assembly Revolving Fund 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.116,600,000 and Kshs.123,067,235 respectively, resulting to over performance of Kshs.6,467,235, or 6% of the budget. However, the performance difference of Kshs.6,467,235 differs with the balance of Kshs.8,332,765 reflected in the statement. The variance of Kshs.1,865,530 was not explained or reconciled. Further, the Fund incurred actual expenditure of Kshs.122,840,832 against an approved budget of Kshs.115,100,000, resulting to over-

expenditure of Kshs.7,740,832, or 7% of the budget. However, the performance difference of Kshs.7,740,832 differs with the balance of Kshs.8,059,168 reflected in the statement. The variance of Kshs.318,336 was not explained or reconciled.

Additionally, the source of the extra budget and the over-expenditure has not been explained, and no evidence was provided to confirm that the excess budget and over-expenditure was approved by the County Assembly as required by Section 8(1)(c) of the County Governments Act, 2012 which requires the County Assembly to approve the budget and expenditure of the County Government.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to make me believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE 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 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 make me believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Functional Internal Audit Unit

During the year under review, the Fund did not have any internal audit reports, to provide assurance on effectiveness of the internal controls, governance, risk assessment, operations and activities of the Fund.

In the circumstances, the effectiveness of internal controls, risk management and governance of the Fund could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Loans Management Committee

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 Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 Loans Management Committee is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 February, 2024

Busia County Assembly Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Revenue From Exchange Transactions			
Interest Income	1	15,067,216	10,297,612
Total Revenue		15,067,216	10,297,612
Expenses			
Use of goods and services	2	226,403	2,205,660
			-
Total Expenses		226,403	2,205,660
Surplus/(Deficit) for the Period		14,840,813	8,091,952



.....
Name: Carolyne Imukutet
Administrator of the Fund



.....
Name: Samuel Odima
Fund Accountant
ICPAK Member Number: 29339

Busia County Assembly Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	3	9,179,076	138,229,420
Current Portion of Long- Term Receivables From Exchange Transactions	4A	15,067,235	76,656,720
Due from County Assembly	5	29,790,967	-
Total current assets		54,037,278	214,886,140
Non-Current Assets			
Long Term Receivables from Exchange Transactions	4B	613,380,845	329,690,360
Total non- current assets		613,380,845	329,576,500
Total Assets		667,418,123	544,576,500
Liabilities			
Current Liabilities			
Total current liabilities		-	-
Non-Current Liabilities			
Total Liabilities		-	-
Net Assets		667,418,123	
Revolving Fund		563,305,906	455,305,096
Reserves		-	-
Accumulated Surplus		104,112,217	89,271,500
Total Net Assets and Liabilities		667,418,123	544,576,500

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 13/12/ 2023 and signed by:



Name: Carolyne Imukutet
Administrator of the Fund



.....
Name: Samuel Odima
Fund Accountant
ICPAK Member Number: 29339

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (2021)	455,305,906	-	76,921,012	532,226,108
Surplus/Deficit For the Period	-	-	8,091,952	8,091,952
Funds Received During the Year	-	-		-
Transfers	-	-	(-)	-
Prior year adjustments	-	-	4,258,440	4,258,440
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	455,305,906	-	89,271,404	544,576,500
Balance As At 1 July 2022	455,305,906	-	89,271,404	544,576,500
Surplus/(Deficit) For the Period		-	14,840,813	14,840,813
Funds Received During the Year	108,000,000	-	-	108,000,000
Transfers	-	-	(-)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	563,305,906	-	104,112,217	667,417,313

Busia County Assembly Revolving Fund
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17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from financing activities			
Receipts			
Interest received	1	15,067,216	10,297,612
Receipts from other operating activities		-	-
Total receipts		15,067,216	10,297,612
Payments			
Fund administration expenses	2	11,200	2,202,900
Bank Charges	2	215,203	2,760
Other payments		-	-
Total payments		226,403	
Net cash flows from operating activities		14,840,813	2,205,660
Cash flows from investing activities			
Proceeds from loan principal repayments	4	47,125,228	-
Loan disbursements paid out	4	(311,600,300)	(-)
Transfers from County Assembly		108,000,000	
Net cash flows used in investing activities		(156,475,072)	(-)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings	4	(5,150,000)	-
Repayment of borrowings			(-)
Net cash flows used in financing activities		(5,150,000)	(23,779,598)
Net increase/(decrease) in cash & cash Equivalents		(129,050,344)	(31,871,550)
Cash and cash equivalents at 1 July	3	138,229,420	106,357,870
Cash and cash equivalents at 30 June	3	9,179,076	138,229,420

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	(-)	-	-	(-)	
Transfers From County Govt.		100,600,000	100,600,000	108,000,000	7,400,000	107%
Interest Income	16,000,000	-	16,000,000	15,067,235	932,765	94%
Other Income	-	-	-	-	-	
Total Income	16,000,000	100,600,000	116,600,000	123,067,235	8,332,765	
Expenses						
Fund Administration Expenses	200,000	-	200,000	11,200	188,800	6%
General Expenses	1,000,000	(-)	1,000,000	-	(-)	0%
Bank Charges	300,000	(-)	300,000	215,203	84,797	72%
Total Expenditure	1,500,000	(-)	1,500,000	226,403	273,597	
Surplus For the Period	14,500,000	-	115,100,000	122,840,832	8,059,168	
Capital expenditure	-	-	-	-	-	

Budget notes

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

1. General Information

Busia County assembly Revolving fund entity is established by and derives its authority and accountability from Busia County Assembly Revolving Fund Act 2013. The entity is wholly owned by the Busia County Government and is domiciled in Kenya. The entity's principal activity is Disbursing Mortgage and car loan to members of the county assembly and the staff of the county assembly.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<p>cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<p>inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2023 was approved by the County Assembly revolving fund committee on 6-May-2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations in the FY 2023 budget.

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

Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

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

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**Busia County Assembly Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

f) 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. (amend as appropriate).* 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.

Busia County Assembly Revolving Fund
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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 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 xx*.

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Annual Report and Financial Statements for the year ended June 30, 2023

Financial liabilities

Classification

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

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) 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 need of society as a whole. The entity recognises a social benefit as an expense for the social benefit 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.

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds 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.

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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 at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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6. Notes to The Financial Statements

1. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	13,580,183	10,297,612
Interest Income From Car Loans	1,487,033	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	15,067,216	10,297,612

2. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	11,200	2,202,900
Bank Charges	215,203	2,760
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	226,403	2,205,660

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3. Cash and Cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Car Loan Account	2,685,154	10,181,414
Mortgage Account	6,493,922	128,048,006
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	9,179,076	138,229,420

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1149641134	2,685,154	10,181,414
Co-operative Bank	01141238176000	6,493,922	128,048,006
Sub- Total		9,179,076	138,229,420
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		9,179,076	138,229,420

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4. Receivables from exchange transactions

	2022-2023	2021-2022
4.A Current loan repayments due		
Interest receivable	61,830	8,614,581
Current loans repayments due	9,855,405	23,372,397
Other exchange debtors		43,749,289
Due from County Assembly	5,150,000	920,452
Total Current Receivables	15,067,235	76,756,720
4B Non-Current Receivables		
Long Term Loan Repayments Due	574,411,593	329,690,360
Loan disbursements paid out	311,600,300	
Loan offset paid out	-	
Less: proceeds from loan principal repayments	(47,125,228)	-
Less: reconciliation with mcas mortgage account	(225,505,820)	-
Total non-current receivables	613,380,845	329,690,360
Grand total receivables from exchange transactions	628,448,080	406,347,080

Additional disclosure on interest receivable

	2022-2023	2021-2022
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-

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Current portion of long-term loans issued in the current year	-	-
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5. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Mcas Car loan and Mortgage		
Bal b/f	-	-
Borrowings during the year	-	-
Less: Repayments during the year	(-)	-
Less: Reconciliation with MCA Mortgage account	-	-
Total	-	-

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6. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

7. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period		xxx
External Borrowings During the Year		-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

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8. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income		(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities		-

9. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	108,000,000	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Assembly	34,940,967	920,452
Total	34,940,967	920,452

e) Due to related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

10. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

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11. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on 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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund 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 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the 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.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	%

12. Events after the reporting period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by county assembly revolving fund 2013 Act . Its ultimate parent is the County Government of Busia.

14. Currency

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

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1 Unexplained variance in the statement of Cash Flows	The statement of cash flow reflects increase in long term receivables from non-exchange transactions balance of Ksh.26,754,716. However, the re-computation of the balance indicates an increase in Ksh 26,858,227, resulting in variance of Ksh 103,511, which has neither been explained nor reconciled	We concur	Unresolved	One year
1.2.Gaps in the statement of comparison of Budget and Actual Amounts	The statement of comparison of budget and actual amounts does not reflect any balances under actual on comparable basis. However, the statement of financial performance reflects amount of Ksh.10,297,612 and Ksh.2,202,660 in respect to total revenue and total expenditure respectively. The difference in balances reflected in the two statements has been explained	We concur	Unresolved	One year
2.1 Variance in accumulated surplus	The statement of financial position reflects a comparative balance of Ksh.76,817,096 in respect of accumulated surplus while the audited financial statement for 2020/2021 reflects a closing	We concur	Unresolved	One year

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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)
	accumulated surplus balance Ksh.72,921,102. The Variance of Ksh.3,895,994 has not been explained or reconciled.			
2.2 Variance of Total Assets	The statement of financial position reflects a comparative accumulated balance of Kshs.532,226,106 in respect to total assets. however, a recast of the individual item making up the balance gives a balance of Ksh.532,122,597, resulting in a variance of Kshs. 103,511, which has not been explained or reconciled	We concur	Unresolved	One year
3.Unsupported Prior Year Adjustment	The statement of cash flow and statement of changes of net assets reflect a balance of Ksh.4,258,440 in respect to prior year adjustment. However, Management neither explained the nature and purpose of the adjustment nor provide an analysis in support of the balance, for audit review. In the circumstances, the accuracy, completeness and authenticity of prior year adjustment balance of Ksh.4,258,440 could not be confirmed.	We concur	Unresolved	One year
4.1 inaccuracies in Long-term Receivables from Exchange	The statement of financial position reflects a balance of Ksh. 329,690,360 in respect of long-term receivables from	We concur	Unresolved	One year

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Reference No. on the external audit Report	Issue / Observations from Auditor	Manageme nt comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Transactions	<p>exchange transactions, as disclosed in Note 12 to financial statements. However, the loan repayment schedules and detailed loan analyses in support of balance referred to above were not provided for audit review</p> <p>Further the statement reflects a comparative balance of Ksh.302,832,133 in respect of long-term receivables from exchange transactions. However, Note 12 to financial statements reflects a corresponding comparative balance of Ksh. 302,935,644. Resulting in unexplained variance of Ksh.103,511 which has not been explained or reconciled</p> <p>In the circumstances, the accuracy and completeness of the balance of Kshs.329,690,360 could not be confirmed</p>			
4.2 Unsupported Current portion of long-term receivables from exchange transactions	<p>The statement of financial position reflects a balance of Ksh. 76,656,720 in respect of current portion of long-term receivables from exchange transaction, as disclosed in Note 12 to financial statements. However, the loan repayment schedules and detailed loan analyses were not provided in support of the balance.</p> <p>In the circumstances the accuracy and completeness of the balance of Kshs.76,656,720 could not be</p>	We concur	Unresolved	

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

Guidance Notes:

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Date..... 13/12/2023

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Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 20xx				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Revolving Fund (C)	Total (D)=(A+B+C)		
FT23013G6YLK	13.01.2023			50,000,000	50,000,000	50,000,000	0
FT230130T821				58,000,000	58,000,000	58,000,000	0
Total				<u>108,000,000</u>	<u>108,000,000</u>	108,000,000	

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Samuel O. Ojima Sign Date 13/12/23

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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