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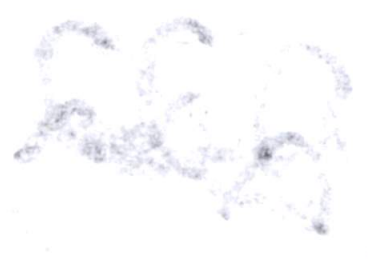
REPUBLIC OF KENYA



189

REPORT
OF
THE AUDITOR-GENERAL
ON
COUNTY ASSEMBLY OF BUSIA
FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	17/02/2020
TABLED BY	W. Legere
COMMITTEE	_____
CLERK AT THE TABLE	T. Kibonyo





BUSIA COUNTY ASSEMBLY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

**Transitional Financial Statements /Prepared in accordance with the Accrual Basis of
Accounting Method Under International Public Sector Accounting Standards (IPSAS)**

Busia County Assembly
Annual Report and Financial Statements
For the year ended June 30, 2025.

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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
COG	Council of Governors
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
KRB	Kenya Roads Board
Kshs	Kenya Shillings
FY	Financial Year

B. Definition of Key Terms

Fiduciary Management The key management personnel who had financial responsibility

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2. Key Entity Information and Management

(a) Background information

The County Assembly is constituted as per article 177 of the Constitution of Kenya 2010. It is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 35 Members of County Assembly (MCAs) elected/ nominated to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies, and playing the oversight role over the County Executive.

(b) Key Management Team

The entity's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	Fredrick Wafula Odilo
2.	Ag. Clerk of the County Assembly	Gabriel Esonga Erambo
3.	Deputy Clerk-Administration	Carolyne Imukutete
4.	Deputy Clerk-Plenary Services	Francis Makokha
5.	Director, Hansard	Jackob Mallo
6.	Assistant Director, Human Resource	Nancy Mulaa
7.	Director, Committee Services	Evelyne Mwaro
8.	Assistant Director, Legal Services	Maureen Ogombe
9.	Assistant Director, Plenary Services	Emma Akiru
10.	Assistant Director, Hansard	Renson Buluma

(c) Fiduciary Management

The key management personnel who held office during the year ended June 30, 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	CPA. Gabriel Esonga Erambo
2.	Director-Finance & Accounting services	CPA. Samuel Odima
3.	Principal Accountant	Dennis Okoit

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d) Fiduciary Oversight Arrangements

The County Assembly management and operations are guided by frameworks put in place to ensure public resources are used lawfully, effectively and efficiently and for their intended purpose.

These were:

- The constitution of Kenya, 2010 Article 201 Principles of public finance and Articles 185, 207 – County assemblies’ roles in legislation and oversight of county funds.
- Public Finance Management Act (PFMA), 2012, Provides guidance on planning, budgeting, resource use, accounting, reporting, and auditing for county governments.
- County Governments Act, 2012 – Outlines governance structures and roles.
- Leadership and Integrity Act, 2012 – Guides conduct of public officers to avoid conflict of interest and misuse of funds.
- Public Audit Act, 2015 – Gives the Auditor-General authority to audit county assemblies and report to the public and Parliament.

The key actors in fiduciary oversight are;

- County Assembly Service Board (CASB) - Manages internal administrative and financial affairs of the assembly and Ensures compliance with PFMA and internal control systems.
- Clerk of the County Assembly (Accounting Officer), Responsible for prudent management of funds and resources.
- Audit committee, overseeing internal controls, risk management, and following up on audit recommendations.
- Public Investment & Accounts Committee (PIAC), Reviews audit reports of the county assembly.
- Controller of Budget (CoB), Authorizes withdrawals from the County Revenue Fund and Ensures funds are used only for approved purposes.
- Auditor-General (OAG), Audits county assembly accounts annually

e) Busia County Assembly Headquarters

P.O. Box 1018-50400

Busia-Kisumu Road/Highway

BUSIA, KENYA

f) County Assembly Contacts

The County Assembly contacts are:

Telephone :(254) 712643568

E-mail: clerkbusiacountyassembly@yahoo.com

Website: www.busiaassembly.go.ke

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g) Busia County Assembly Bankers

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

2. Other Commercial Banks
Kenya commercial bank

h) Independent Auditor

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

i) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

j) County Assembly Legal Advisor

Achach & Associates Advocates LLP
P.O Box 51340-00100

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3. Governance Statement

a. Background and roles

The County Assembly is constituted by the MCAs of Busia county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the County Assembly Service Board while the County Assembly Clerk is the secretary.



Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.



The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- i. Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- ii. Perform the roles set out under Article 185 of the Constitution.
- iii. Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- iv. Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- v. Approve county development planning; and
- vi. Perform any other role as may be set out under the Constitution or legislation.

b. Profiles

Name	Details of qualifications and experience
	<p>Hon. ENG. Fredrick Odilo wafula-Chairman Academic and professional Qualifications: BACHELORS DEGREE Current position: SPEAKER</p>
	<p>HON. JOSEPHAT WANDERA Academic qualification: KCSE Certificate Experience: 30 years' experience in politics Current position: MAJORITY LEADER</p>

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	<p>HON. BORNVENTURE MAKOKHA Academic and professional Qualifications: BACHELORS DEGREE Years of experience: Current position: MINORITY LEADER</p>
	<p>CPA Gabriel Erambo-Director Finance and Accounting Academic and professional Qualifications: BACHELORS MBA CPA K Work experience:26 years in public Service Current position: Clerk</p>

c. Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a. Agriculture, Environment and Natural Resources Committee
- b. Health and Sanitation Committee
- c. Information Communication Technology Committee
- d. Children, Early childhood Development and Vocational Training
- e. Labour and Social Welfare
- f. Legal Affairs and Human Rights
- g. Planning, Trade, Tourism, cooperatives and industrialization
- h. Transport, Public Works and Disaster Management
- i. Ward Development committee
- j. County Public Investment and Accounts Committee
- k. County budget and appropriations Committee
- l. County Assembly Finance and planning committee
- m. County Assembly Procedures and Rules
- n. Committee on implementation
- o. Committee on Delegated County Legislation
- p. County Assembly Library and House Broadcasting
- q. County Assembly Powers and privileges
- r. County Assembly Business Committee
- s. Committee on Appointment
- t. Committee on selection
- u. Liaison Committee

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d. Select Committees

Select committees are generally responsible for overseeing the work of county departments and agencies.

i. Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee of powers and privileges held one sitting during FY 2024/2025.

Member	Designation	Ward
Hon. Eng. Odilo Fredrick Wafula	Chairperson	
Hon. Ochalu Ronald Baamu	Vice Chairperson	Malaba Central
Hon. Kanoti Beatrice Phemmy	Member	Bwiri
Hon. Nangame Agnes Adikinyi	Member	Special Elect
Hon. Omumi John Alfred	Member	Bunyala Central
Hon. Odongo Mary Ingunyi	Member	Special Elect
Hon. Ojwang George Wesonga	Member	Special Elect
Hon. Okello Paul Odhiambo	Member	Amukura Central
Hon. Emureit Leonard	Member	Amukura East

ii. Public Accounts/Investment Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. The members who served in the committee during the year were:

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Member	Designation	Ward
Hon. Bonface Erute Ekabten	Chairperson	Amukura West
Hon. Mercy Seraphine Wanyonyi	Vice Chairperson	Special Elect
Hon. Harrison Nyongesa	Member	Busibwabo
Hon. Haggai Wonder	Member	Namboboto
Hon. David Parapara	Member	Ang'urai East
Hon. Zacheaus Kubasu	Member	Marachi North
Hon. Hellen Odwuori	Member	Special Elect
Hon. Juliane Wanyama	Member	Special Elect
Hon. Gardy Jakaa	Member	Bukhayo North/Walatsi

iii. Budget and Appropriations Committee

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon. Stephen Nasiagi Oyango	Chairperson	Bunyala South
Hon. Johnvoster Ouma Ogochi	Vice Chairperson	King'andole
Hon. Peter Kipkoech Talam	Member	Bukhayo West
Hon. James Adung'osi Ong'ole	Member	Ang'oromo
Hon. Beatrice Kanoti	Member	Bwiri
Hon. Moureen Achieng' Ochieng'	Member	Special Elect
Hon. Eunice Wandera	Member	Bukhayo East

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Hon. Patrick Geoffrey Omanyala	Member	Malaba North
Hon. Kennedy Ouma Rupia	Member	Nambale Township

iv. Finance Committee

The finance committee provides guidance for financial regulations and policies

Member	Designation	Ward
Hon. Alexander Ayieko	Chairperson	Marachi East
Hon. Concepta Omondi	Vice Chairperson	Special Elect
Hon. Dalmas Onjole	Member	Chakol North
Hon. Monica Mung'ala	Member	Special Elect
Hon. Judith Odeda	Member	Special Elect
Hon. Dennis Okinda	Member	Matayos South
Hon. John Omumi	Member	Bunyala Central
Hon. Paul Okello	Member	Amukura Central
Hon. Bonventure Makokha	Member	Bukhayo Central

v. Audit Committee

In addition to the above committees of the County Assembly, the County Assembly has an independent Audit Committee which was constituted in February 2022 to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties. Its mandate is to advise the County Assembly on institutional risk management and compliance. The committee members during FY 2024-2025 were:

Member	Designation
CPA. Dickson Ngaira	Chairperson
Rosemary Masibo	Member
CPA. Benard Otema Lukhoma	Member
CPA. Maximilla Ayieko	Member

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Everline Mwaro	Member
CPA. Benedictus Oese	Secretary

e. Communication with all Stakeholders

The County Assembly is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County Assembly held a statutory day clinic where the different stakeholders relating to statutory deductions were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County Assembly service delivery charter. Additionally, the County Assembly through the Budget committee conducted public participation to engage the public in budget making process, this helped in collecting feedback on budget implementation and planning for the future. The County Assembly also subjected 4 bills through public participation.

f. Risk management

The County Assembly is in its initial stages of implementing risk management. As of the date of this report, the County Assembly had established a risk management framework as part of its commitment to effective risk oversight and governance. While the framework is in its initial stages, the Assembly has a clearly laid out road map on the implementation and is dedicated to embedding risk management practices into its operational and strategic processes.

Our goal is to build a robust risk management system that supports our long-term strategic objectives. We remain dedicated to advancing our risk management practices and ensuring that they become an integral part of our organizational culture.

g. Compliance

The County Assembly is created and constituted as per the Constitution of Kenya 2010 and performs its roles and functions as per the Constitution of Kenya and the County Government Act 2012. The County Assembly also has also enacted the standing orders that govern how the County Assembly conducts its business in the Assembly and its committees. All reports from the various committees which are oversight committees and sectoral committees are tabled in the house, discussed and adopted by the Assembly.

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4. Foreword By the Clerk of The County Assembly

(i) Budget performance

The total budget for the County Assembly for FY 2024/2025 was Kshs.846, 454,206 which consisted of Recurrent Kshs.804,254,206.00 and Development Kshs.42,200,000. The county exchequer disbursed to the County Assembly a total sum of Kshs 846,262,218.00 which comprised of Kshs 804,254,208.00 on recurrent and Kshs 42,008,010.00 on development. The actual expenditure of the county assembly was Kshs. 852,325,847. The assembly received 100% disbursement for both recurrent and development budget.

Table 1 indicates the overall budget performance of the County Assembly

Receipt/Expense Item	Original Budget	Actual on Comparable Basis*	Budget utilisation Difference	% Utilization difference
Total Receipts	846,454,206	846,262,218	191,988.00	0%
Total Expenses	846,454,206	852,325,847	(5,871,641.48)	101%
Surplus/ (Deficit)		-6,063,629		

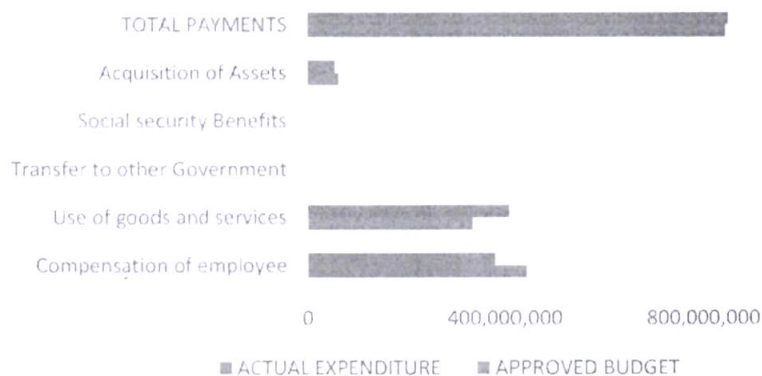
The table 2 below indicates budget allocation vs the budget utilization by programmes for the period ended 30th June, 2025.

PAYMENTS	APPROVED BUDGET	ACTUAL EXPENDITURE	UNUTILIZED BUDGET	%UTILIZATION
Compensation of employee	445,462,004	383,683,392	61,778,612	86%
Use of goods and services	336,649,906	411,075,331	-74,425,425	122%
Transfer to other Government	0	0	0	0%
Social security Benefits	0	0	0	0%
Acquisition of Assets	64,342,296	57,567,125	6,775,171	89%
TOTAL PAYMENTS	846,454,206	852,325,847		101%

This is illustrated in the figure below;

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Budget Allocation Vs Budget Utilization by
Prorammes



(ii) Operational Performance

a) During the financial year 2024/2025, a total of four (4) bills were enacted, four (4) statutory instruments were approved, fifteen (15) petitions were considered, five (5) policies were approved, thirteen (13) statements issued, one hundred and seven (107) motions were introduced in the county assembly, none were motions without notice and total of 227 documents were laid on the table of the county assembly.

The law enacted and policies passed are expected to improve efficiency of operation at the county assembly as well as benefit the population of the county by addressing certain gaps.

b) The county assembly of Busia budget estimates for the FY 2024/2025 was tabled and approved on 15th July 2024 and thereafter an appropriation bill introduced on the floor for the first reading on 19th July, 2024 and subsequently passed on 19th July 2024.

c) Names of assembly committees and their mandate as follows.

No	Name of committee	Mandate
1	Agriculture, Environment and Natural Resources	The committee considers all matters related to agriculture
2	Health and Sanitation	The committee considers all matters related to county health services
3	Information Communication Technology	The committee considers all matters related to Cultural activities, ICT, Public entertainment and public amenities

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4	Children, Early childhood Development and Vocational Training	All matters related to pre-primary education, Village polytechnics, home craft centres, National Youth Service, Children and Child care facilities
5	Labour and Social Welfare	The committee considers all matters relating to labour, trade union relations, manpower or human resource planning
6	Legal Affairs and Human Rights	The committee considers all matters relating to constitutional affairs, the organization and administration of law and justice, elections, promotion of principles of leadership, ethics and integrity and implementation of the provisions of constitution of human rights
7	Planning, Trade, Tourism, cooperatives and industrialization	The committee considers all matters related to county planning and development, matters related to county trade development and; matters relating to local tourism, county industrialization and co-operative societies
8	Transport, Public Works and Disaster Management	The committee considers all matters related to county transport and disaster management
9	Ward Development committee	The committee shall consider and recommend the county assembly any matters requiring action by county assembly pursuant to the provision of County Ward Development Fund Act
10	County Public Investment and Accounts	The committee shall be responsible for the examination of the accounts showing the appropriation of the sum voted by county assembly to meet the public expenditure and of such other accounts laid before the county assembly as the committee may think fit

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11	County budget and appropriations	The function of the committee shall be to investigate, inquire into the report and all matter related to coordination, control and monitoring of county budget
12	County Assembly Finance	The committee is responsible for dealing with all bills and inquiries relating to finance, revenue collection and the economy of the county
13	County Assembly Procedures and Rules	The committee shall consider and report all matters relating to these standing orders including any amendments
14	Committee on implementation	The committee shall scrutinize the resolution of the county assembly including adopted committee reports, petitions and undertakings given by the County Executive Committee and ensure their implementation
15	Committee on Delegated County Legislation	The committee shall consider in respect of any statutory instruments whether it is in accordance with the provision of the constitution, the Act pursuant to which it is made or other relevant written law;
16	County Assembly Library and House Broadcasting	The committee shall consider and make report and recommendations to the assembly, including proposed legislation matters relating to broadcasting of Assembly proceedings and matters related thereto;
17	County Assembly Powers and privileges	Committee shall enjoy and exercise all the powers and privileges bestowed on county Assembly by constitution and statute, including the power to summon witnesses, receive evidence and to

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		request for a receive papers and documents from the Government and the public
18	County Assembly Business Committee	The Committee shall prepare and, if necessary, from time to time adjust the county assembly calendar with the approval of county assembly
19	Committee on Appointment	The committee shall consider, for approval by County Assembly, appointment under articles 179(2) and any other relevant public appointment as maybe provided by and written laws and these Standing Orders
20.	Committee on selection	The committee shall nominate members to serve in all County Assembly Committee
21	Liaison Committee	The liaison committee shall guide and co-ordinate the operations, policies, and mandates of all County Assembly Committees

d) The County Assembly carried its oversight role of the County Assembly through Committee where the County departments and other county entities were invited to appear before the committee to respond on Motions, Statements, Petitions, Papers load in the County Assembly Quarterly reports.

(iii) Performance of key development projects

a) The county assembly, for the period ended 30th June, 2025, has managed to secure pieces of land for construction of ward offices, out of 35 wards, the assembly has already processed land for 34 wards whose title deeds processing is in progress. The remaining 1 ward will be processed in the course of the financial year. Through the purchase of land and construction of ward offices as budgeted for in this financial year 2025/26, there will be improved service delivery in ward offices due to centralization and it will help cut expenses relating to rent.

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(iv) Comment on value-for-money achievements

The County Assembly has executed its projects in adherence to procurement procedures, continuous monitoring and evaluations to make adjustments as needed. Execution of development projects have resulted in creation of employment opportunities for the locals and also source of market for building materials which are sourced locally. As a result, this has helped ensure accountability, support for informed decision making and built trust with stakeholders.

(v) Challenges and recommended way forward

The major implementation challenges faced by the County Assembly during the year ended 30th June, 2025 were as follows:

- Delay in disbursement of exchequer.
- IFMIS connectivity challenges.
- Limited budget resources vis-à-vis demand for the resource because of Commission on Revenue Allocation (CRA) budget ceiling thus affecting funding of committee and provision of working tools.

Recommended way forward include:

We recommend the following measures to address the challenges:

- Timely disbursement of funds by National treasury.
- The national treasury to address IFMIS connectivity delay challenges.
- The Assembly to lobby for more resources through CRA and SENATE and take measures to prioritise activities that will utilise the limited budgeted resources.

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CPA Gabriel Esonga Erambo
Ag. Clerk of the County Assembly
ICPAK Member Number: 13348

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5. Statement of performance against predetermined Objectives

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 the County Assembly of Busia, in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, shall include a statement of County Assembly Of Busia Performance against predetermined objectives.

The key mandate of the County Assembly of Busia is legislation, oversight, and representation. To achieve this, the Assembly program was document in terms of objectives, key performance indicators, and output. Below are the expected outputs of the Assembly in FY2024/2025.

Program	Objective	Outcome	Indicator	Performance
Legislation, Oversight and representation	Develop new bills to address gaps in legislation	New bills enacted	No of bills passed in the County Assembly	4 new bills were enacted by County Assembly
Oversight	To ensure compliance to laws and regulations	No of reports tabled	No of deliberations made.	Plenary resolutions
	Responsive handling of petition	Petitions considered by the County Assembly	No of petition passed by the County Assembly	15 petitions were processed by the County Assembly
	Enhanced oversight	Papers laid and considered by the County Assembly	No of papers laid and considered by the County Assembly	227 documents were debated and considered by the county Assembly
infrastructure development at the County Assembly	Develop new infrastructure	Improved working environment for MCAs and staff	% of completion	The county Assembly completed 100% of its targeted development projects

6. Environmental and Sustainability Reporting

County Assembly of Busia exist to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on four pillars: putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

a) Sustainability strategy and profile

The accounting officer strives to ensure that the budget estimates for the County Assembly is prepared and approved by the board promptly for forward transmission to the County Assembly for approval. Delay in receipt of exchequer continues to hamper the operations of the Assembly thereby the assembly accumulating pending bills.

b) Environmental performance

In executing our development NEMA approvals are sought. We also ensure environment at county assembly is clean through installation of litter bins and regular collection of waste.

c) Employee welfare

The board in recruiting its employees ensure diversity provision as provided by the constitution. There is staff appraisal and provision of training opportunities for staff. The County Assembly through the performance contracting committee has completed its first cycle of annual performance evaluation.

d) Marketplace practices-

a) Responsible Supply chain and supplier relations-

In procurement and recruitment, the county assembly ensures the process is open free and fair to encourage competition by ensuring opportunities are advertised in the print media.

b) Responsible ethical practices-

The County Assembly Service Board upholds entity's code of ethics and have taken the responsibility to ensure the management takes the lead. The audit department has also contributed to ethical practices through regular audits of the entity's applicable policies and ensuring compliance.

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c) Stewardship of goods and services

The county assembly management has ensured compliance with applicable procurement of goods and services laws and have gone ahead to ensures suppliers dealt with are of good standing and adhere to ethical labour practices, environmental standards, and fair trade principles

e) Community Engagements

The county assembly through various committees have done public participation to engage the community and ensure they participate in decision making on matters affecting the community.

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7. Management Discussion and Analysis

Overview of Financial Performance

As of June 30, 2025, the County Assembly's total expenditures was Kshs 903,903,970 against a budget of Kshs 846,454,206.

Material arrears in statutory and other financial obligation

As at 30th June, 2025, the County Assembly has material arrears in the following statutory and financial obligations:

- **Statutory obligation:** The county assembly has outstanding employee payables amounting to Kshs 130,337,901.39. This includes KRA, LAPFUND and LAPTRUST pension arrears brought forward from the previous years
- **Trade payables:** The total outstanding trade payables as at 30th June, 2025 is Kshs 32,914,699.12 primary related to construction of buildings, civil works, supply of goods and services. These arrears are majorly caused by delays in disbursement as well as pending bills from the previous years. The County Assembly is actively negotiating extended payment terms with suppliers and expects to clear part of the arrears in the subsequent financial years.

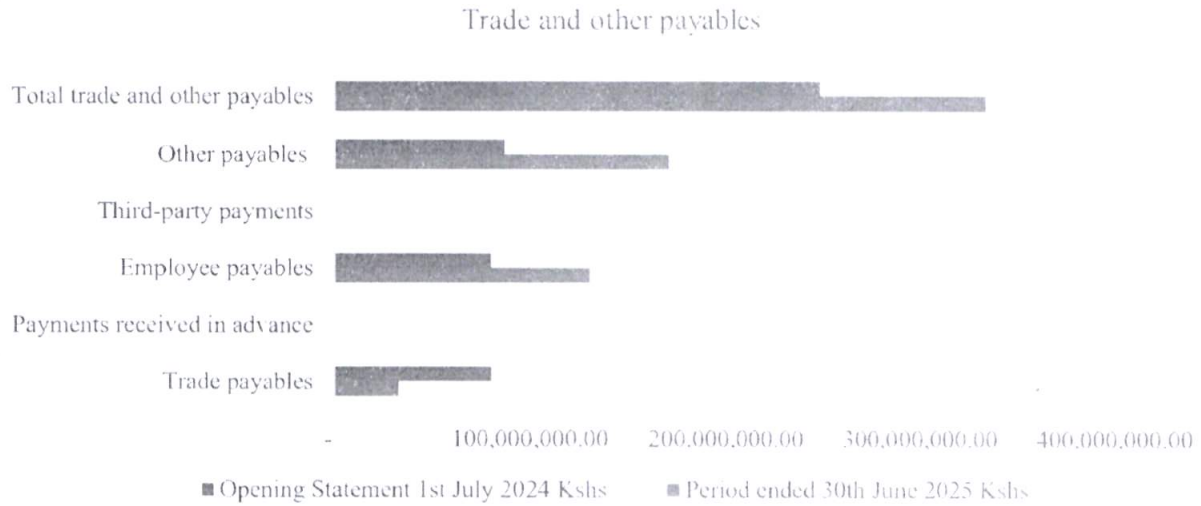
The movement of material arrears from the beginning of the year to the end is illustrated in Table 3 below;

This can below illustrated in the table and figure below;

Description	Period ended 30th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Trade payables	32,914,699.02	80,885,021.00
Payments received in advance	-	-
Employee payables	130,337,903.29	80,216,291.73
Third-party payments	-	-
Other payables	170,677,024.00	87,334,040.79
Total trade and other payables	333,929,626.31	248,435,353.52

This is illustrated in the figure below;

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While these arrears are material, the County Assembly does not anticipate any immediate legal or financial consequences as it is in active communication with relevant authorities and creditors. However, failure to settle these obligations in a timely manner could result in penalties, interests or legal actions that could affect the County Assembly operations.

Risk Factors

The County Assembly is in its initial stages of implementing risk management. As of the date of this report, the County Assembly had established a risk management framework as part of its commitment to effective risk oversight and governance. While the framework is in its initial stages, the Assembly has a clearly laid out road map on the implementation and is dedicated to embedding risk management practices into its operational and strategic processes.

Our goal is to build a robust risk management system that supports our long-term strategic objectives. We remain dedicated to advancing our risk management practices and ensuring that they become an integral part of our organizational culture.

Compliance with statutory requirements.

The county Assembly is committed to meeting all statutory requirements, the however the constant nature of exchequer disbursements introduces several compliance risks and challenges that require careful management.

**Busia County Assembly
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Key areas of compliance:

1. Timely reporting and remittance of statutory obligations.

The County Assembly is required to report and remit statutory deductions in accordance with prescribed timelines and in compliance with government directives. Any delays could result in penalties, interest charges or legal action.

2. Adherence to public fund usage guidelines

The disbursement received from exchequer come with specific restrictions on their use. Failure to comply with these restrictions could lead to legal actions, the need to return funds or corrective measures. The county Assembly is actively working to ensure that all disbursed funds are used in accordance with the conditions set out.

3. Audit and oversight risks

Public funds often come with an added layer of scrutiny, such as audit by independent auditors. Any discrepancies, misallocations or non-compliance with statutory requirements could result in potential damages. The County Assembly has an internal audit unit which plays a crucial role in ensuring effectiveness of the institution governance, risk management and internal control processes.

Future Outlook

Looking ahead to the 2025/26FY, we expect stable and timely disbursements & proper risk management strategies, assuming no significant downturns.

**Busia County Assembly
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8. Statement of Management Responsibilities

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Transitional Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2025, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 31/07/2025 2025



Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF BUSIA FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Assembly of Busia set out on pages 1 to 42, which comprise of the statement of financial

position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Assembly of Busia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provision permitted under IPSAS 33) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning circular No 3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unexplained Variance on Employee Payables Balance

The statement of financial position reflects a balance of Kshs.333,929,626 in respect of trade and other payables which, as disclosed in Note 13 to the financial statements includes employee payable balance of Kshs.130,337,903. However, recalculation of the balance based on employee cost of Kshs.451,010,757 as reflected in the statement of financial performance, opening employee payables balance as at 1 July, 2024 of Kshs. 80,216,292 as disclosed in Note 13 to the financial statements, and employees' costs paid during the year of Kshs. 383,683,392 as reflected in the statement of cash flows and Note 7(a) to the financial statements amounts to employee payable balance of Kshs.147,543,657 resulting in unexplained variance Kshs.17,205,754.

In the circumstances, the accuracy and completeness of employee payables balance of Kshs.130,337,903 could not be confirmed.

2. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.57,520,995 in respect of property, plant and equipment as disclosed in Note 12 to the financial statements. Included in Note 12 to the financial statements in respect of additions of property, plant and equipment during the year, is an amount of Kshs.8,390,000 relating to the acquisition of thirty-five (35) iPads. Although the iPads had been recognized as additional assets during the year, the invoice and delivery note provided for audit were dated 19 September, 2025, hence not meeting the criteria of recognition as assets as the possession and ownership had not been passed to the Assembly as at 30 June, 2025.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.57,520,995 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Busia 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 approved final receipts budget and actual on comparable basis of Kshs.846,454,206 and Kshs.846,262,218 respectively resulting to an under-funding of Kshs.191,988 of the budget. Similarly, the Assembly spent Kshs.852,325,847 against actual receipts of Kshs.846,262,218 resulting to an over-expenditure of Kshs.6,063,629. There was no documentary evidence provided for audit review indicating that the over-expenditure of Kshs.6,063,629 was approved by the County Assembly.

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. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved several issues or given any explanation for the delay in resolving the issues as at 30 June, 2025 as detailed in the table below.

Unresolved Prior Year Audit Issues

S/No	Year of Audit	Audit Issue
1	2023/2024	Unconfirmed Transfers to Other Government Entities
2	2023/2024	Pending Accounts Payable and Staff Payables
3	2023/2024	Irregular Use of Direct Procurement Method
4	2023/2024	Supply, Installation, Testing and Commissioning of E-Assembly Management Software for Committee Rooms and General Offices

Report of the Auditor-General on County Assembly of Busia for the year ended 30 June, 2025

S/No	Year of Audit	Audit Issue
5	2023/2024	Supply, Installation, Customization Configuration and Training of Paperless E-Assembly Multimedia System - Phase 1
6	2023/2024	Failure to Observe Ethnic Diversity in Recruitment
7	2023/2024	High Wage Bill Above Allowed Threshold
8	2023/2024	Non-Adherence to the One-third Basic Salary Rule
9	2023/2024	Late Receipts of Exchequer Issues from The National Treasury
10	2023/2024	Unauthorized Expenditure on Legal Expenses
11	2023/2024	Lack of Updated Non-Current Assets Register
12	2023/2024	Lack of Lockable Storage Facility, Cabinets and Computers.
13	2023/2024	Lack of Performance Appraisal of the Internal Audit

Other Information

Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information and Management, Governance Statement, Forward by the Clerk of the County Assembly, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting, and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Law on Personnel Emoluments Ceiling

The statement of financial performance reflects employee costs amounting to Kshs.451,010,757 as disclosed in Note 7 to the financial statements. This represents 53% of the total revenues of Kshs.846,262,218, which exceeds ceiling prescribed under Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that, the County Government's expenditure on wages and benefits should not exceed 35% of its total revenue.

Further, the staff establishment exceeds the recommended ceiling by 36 employees, against the Salaries and Remuneration Commission (SRC) advisory of 100. The Assembly currently has 122 permanent and pensionable staff, and 14 contract staff, totaling 136 employees.

In the circumstances, Management was in breach of law.

2. Non-Adherence to Climate Change and Financing Policies

During the year under review, the County Assembly did not allocate any budgetary provisions to address climate related issues. Further, there was no evidence that a committee had been established to oversee climate initiatives, nor were any reports on climate matters submitted as required by directives from The National Treasury, vide National Treasury Circular No.13/2020 on Climate Change Financing which requires all Accounting Officers to make quarterly reports in a prescribed format.

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

3. Delayed Occupation of the Speaker's Official Residence

Review of the County Assembly's records revealed that, the construction of the Speaker's official residence was completed and officially commissioned on 16 June, 2022 at a contract sum of Kshs.27,000,000. However, physical inspection conducted in the month of June, 2025 established that the residence remained unoccupied thirty-seven (37) months after its official opening.

In the circumstances, the intended benefits of the project have not been realized, and value for money spent on the project has not been achieved.

4. Non-Compliance with Minimum Employment Threshold for Persons with Disabilities (PWDs)

Analysis of the Human Resource Information System (HRIS) records for Busia County Assembly for the year ended 30 June, 2025 revealed that a total of three hundred and forty-one (341) employees' salaries were processed and paid through the payroll system. Out of this number, only three (3) members of staff were categorized as persons with disabilities (PWDs), with one of the individuals identified as a PWD being a Member of the County Assembly, not subject to regular staff employment policies and another one

engaged on a short-term contract, and may not be considered part of the substantive staff establishment. This effectively translates to 0.9% representation of PWDs within the Assembly's active payroll, which is way below the statutory minimum threshold of 5% as required under Section 13 of the Persons with Disabilities Act, 2003.

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

5. Lack of Land Ownership Documents

Review of the fixed asset register revealed that the County Assembly offices sits on a parcel of land (with undisclosed acreage) where the Assembly headquarter is situated. However, no title deed was provided for audit verification to confirm its legal ownership.

Further, it was observed that the County Assembly planned to procure twenty-two (22) parcels of land, each budgeted at a cost of Kshs.1,000,000, intended for Ward offices. For the twenty-two (22) parcels, a total of Kshs.21,787,000 was transferred to the law firm as escrow funds, out of which, all the parcels of land had been fully paid for, but pending issuance of title deeds.

In the circumstances, ownership status of the County Assembly's parcels of land could not be confirmed, and value for money spent on acquisition of the parcels of land amounting to Kshs.21,787,000 may not have been realized.

6. Failure to Register with Data Protection Commissioner

Audit review of the County Assembly records revealed that the County Assembly was holding and processing sensitive employee information including names, dates of birth, ages, national identification numbers, and bank account details. However, no evidence was provided for audit indicating that the County Assembly had registered with the Office of the Data Protection Commissioner as a data controller and processor contrary to Section 18(1) of the Data protection Act, 2019 which requires that no person shall act as a data controller or data processor unless registered with the Data Commissioner.

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

7. Failure to Close Dormant Bank Account

The statement of financial position as at June 30, 2025 reflects a negative cash and cash equivalents balance of Kshs.11,911,496 as disclosed in Note 10(a) to the financial statements. Included in this, is a Nil balance for one of the County Assembly's bank accounts, which has remained dormant for more than three (3) years. No explanations were provided on why the bank account has remained dormant for a long period without being closed. This was contrary to Regulation 88(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the County Executive Committee Member may suspend operations of any county government bank account if he or she believes that the purpose of that account no longer exist.

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

8. Failure to Observe Ethnic Diversity in Recruitment

Review of records maintained by Management revealed that the County Assembly had 136 employees as at 30 June, 2025. However, it was noted that 99 members of staff or 73% were from one (1) dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

9. Long Outstanding Trade and Other Payables

The statement of financial position reflects a balance of Kshs.333,929,626 in respect of trade and other payables. Included in this balance are payables totalling Kshs.41,028,395 which have been outstanding for more than two years. No satisfactory explanations were provided on the failure to settle the debts. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Performance Appraisal of the Internal Audit Function

Review of the records and reports revealed that, the Audit Committee did not carry out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report. In addition, the internal audit unit did not undergo a professional assessment on its effectiveness done by a professional body or recognized institution which should be done once every three (3) years but not more than five (5) years. This has never been done since 2013 when the County Assembly came in to effect, under the Constitution of Kenya, 2010. This was contrary to Regulation 159(1)(2) and (3) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of internal audit function could not be confirmed.

2. Failure to Adhere to the Cash-to-Accrual Accounting Transition Requirements

Review of the implementation status of the transition from cash basis to accrual basis of accounting at the County Assembly as prescribed by The National Treasury and Economic Planning Circular Ref. Treasury Circular No.3/2025 of 14 April, 2025 revealed the assembly had not developed a comprehensive roadmap outlining key milestones and timelines at the entity level had not been developed, contrary to the requirements of the transition framework.

In the circumstances, the effectiveness of transition from cash to accrual accounting could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

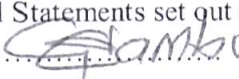
03 December, 2025

Busia County Assembly
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10. Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	Period ended
		30th June, 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	846,262,218
Miscellaneous Revenue		-
Revenue from exchange transactions		
Other income		
Total revenue		846,262,218
Expenses		
Employee costs	7	451,010,757
Use of goods and services	8	452,847,083
Transfers to other Government Entities		-
Depreciation and amortization expense	9	46,130
Other Grants and Subsidies		-
Finance costs		-
Social Benefits		-
Total expenses		903,903,970
Gain/(loss) on sale of assets		-
Gain/Loss on Foreign Exchange		-
Gain/Loss on fair value of investments		-
Impairment loss		-
Surplus/Deficit for the year		(57,641,752)
Taxation		-
Net Surplus/Deficit		(57,641,752)

The Financial Statements set out on pages 1 to 36 were signed by:

..... 

CPA Gabriel Esonga Erambo
Ag. Clerk of the Assembly
ICPAK Member Number: 13348

..... 

CPA Samuel Odima
Ag. Assistant Director Finance
ICPAK Member Number: 29339

Busia County Assembly
Annual Report and Financial Statements
For the year ended June 30, 2025.

11. Statement of Financial Position as at 30 June 2025

Description	Notes	Period ended 30th	Opening Statement
		June 2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	10(a)	(11,911,496)	(5,756,551)
Receivables from Exchange Transactions	11	615,201	763,434
Receivables from Non-Exchange Transactions		-	-
Inventories		-	-
Current portion of investments		-	-
Total Current Assets		(11,296,295)	(4,993,117)
Non-Current Assets			
Receivables from Exchange Transactions		-	-
Non- Current portion of investments		-	-
Property, Plant and Equipment	12	57,520,995	-
Right of Use Assets		-	-
Intangible Assets and Goodwill		-	-
Investment Property		-	-
Biological Assets		-	-
Tangible Natural Resources		-	-
Total Non- Current Assets		57,520,995	-
Total Assets (A)		46,224,699	(4,993,117)
Liabilities			
Current Liabilities			
Trade and Other Payables	13	333,929,626	248,435,354
Refundable deposits and prepayments	14	1,270,945	1,606,377
Current Provision		-	-
Lease Liabilities		-	-
Deferred Income		-	-
Employee Benefit Obligation		-	-
Current Portion of Borrowings		-	-
Total Current Liabilities		335,200,571	250,041,730
Non-Current Liabilities			
Non-Current Provisions		-	-


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Lease Liabilities		-	-
Deferred Income		-	-
Non-Current Employee Benefit Obligation		-	-
Borrowings – Non-Current Portion		-	-
Service Concession Liability		-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		335,200,571	250,041,730
Net Assets (A-B)		(288,975,871)	(255,034,847)
Represented by:			
Reserves		-	-
Accumulated Surplus		(288,975,871)	(255,034,848)
Capital Fund			
Net Assets		(288,975,871)	(255,034,848)

The Financial Statements set out on pages 1 to 36 were signed by:



.....
CPA Gabriel Esonga Erambo
Ag. Clerk of the Assembly
ICPAK Member Number: 13348



.....
CPA Samuel Odima
Ag. Assistant Director Finance
ICPAK Member Number: 29339

Busia County Assembly
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12. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024 (cash basis)	(9,378,737)			(9,378,737)
Adjustments: (to recognize assets and liabilities)				-
1. Fund balances b/f	2,779,243			2,779,243
2. Pending bills	(248,435,354)			(248,435,354)
As at July 1, 2024	(255,034,848)	-		(255,034,848)
Surplus/ deficit for the period	(57,641,752)			(57,641,752)
Returns to CRF	(91,315)			(91,315)
Prior year adjustment: Returns to CRF	(1,347,810)	-	-	(1,347,810)
Other changes: Changes in pending bills at the beginning of the year	25,139,853			25,139,853
As at 30th June 2025	(288,975,871)	-	-	(288,975,871)

Note: The amount of prior year adjustment relates to Refund of unspent balances for 2022/23FY not disclosed in the period ended 30th June, 2024.

The other changes in pending bills relates to a gross reduction in the pending at the beginning of the financial year with an amount of Kshs 25,139,853.02

**Busia County Assembly
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13. Statement of Cash Flows for the year ended 30 June 2025

Description	Notes	Period ended 30th June 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF	6	846,262,218.00
Miscellaneous Revenue		-
Other income		-
Total receipts		846,262,218.00
Payments		
Employee costs	7(a)	383,683,391.70
Use of goods and services	8(a)	411,075,330.83
Transfers to other Government Entities		-
Other Grants and Subsidies		-
Finance costs		-
Social Benefits		-
Total payments		794,758,722.53
Net cash flows from/(used in) operating activities		51,503,495.47
Cash flows from investing activities		
Purchase of PPE	12	(57,567,124.75)
Purchase Intangible assets		-
Proceeds from sale of PPE		-
Proceeds from sale of Biological Assets		-
Purchase of investments		-
Sale of investments		-
Net cash flows from/(used in) investing activities		(57,567,124.75)
Cash flows from financing activities		
Returns to CRF		(91,315.00)
Proceeds from borrowings		-
Repayment of borrowings		-
Net cash flows from financing Activities		(91,315.00)
Net increase/(decrease) in cash & Cash equivalents		(6,154,944.48)
Cash and cash equivalents as at Period Start	10(a)	(5,756,550.88)
Cash and cash equivalents as at Period End		(11,911,495.65)

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14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

Recurrent and Development Budgets Combined

Revenue/Payment items	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	a	b	c=a+b	d	e=c-d	F=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carry overs (Special purpose A/c)	-	-	-	-	-	0%
Receipts						
Transfers from CRF	931,698,127	(85,243,921)	846,454,206	846,262,218	191,988	100%
Other income	-	-	-	-	-	0%
Total Receipts	931,698,127	(85,243,921)	846,454,206	846,262,218	191,988	100%
Payments						
Compensation of employees	481,116,574	(35,654,570)	445,462,004	383,683,392	61,778,612	86%
Use of goods and services	392,881,553	(56,231,647)	336,649,906	411,075,331	(74,425,425)	122%
Subsidies				-		
Transfers to other Government Entities	-	-	-	-	-	0%
Other Grants and Subsidies	-	-	-	-	-	0%
Social security benefits						
Acquisition of Assets	57,700,000	6,642,296	64,342,296	57,567,125	6,775,171	89%
Finance costs including loan interest	-	-	-	-	-	0%
Repayment of principal on borrowings	-	-	-	-	-	0%
Other payments						
Total	931,698,127	(85,243,921)	846,454,206	852,325,847	(5,871,641)	101%
Surplus	-	-	-	(6,063,629)		

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Reconciliation table

<i>Actual surplus/deficit amounts as per the statement of Budget</i>	(6,063,629)
<i>Returns to CRF</i>	(91,315)
<i>Cash and cash equivalents at period start</i>	(5,756,551)
<i>Closing cash & cash equivalents as per the cashflow statement</i>	(11,911,495)

15. Notes to the Financial Statements

1. General Information

The County Assembly is established by and derives its authority and accountability from The Constitution of Kenya/Act 2010. The Entity is domiciled in Kenya and its principal activities are legislation, oversight and representation.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with the PFM Act, and the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. The entity has adopted the phased approach in transitioning from cash to accrual basis where the focus on the first year is on financial assets and liabilities, inventories will be included in the second year and assets and liabilities in the third year. This will enable the County Assembly to put in place mechanisms to manage inventory and assets and liabilities including policies to guide on the same.

These financial statements were authorised for issue by the accounting officer on 31 July, 2025.

Basis of Preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year. These financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied to all the years presented.

Reporting period

The reporting period for these financial statements is for the period ended June 30th, 2025.

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Notes to the financial statements

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

Revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation to the entity for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The County Assembly pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the Assembly is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the entity policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the Assembly's future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

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Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the entity as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>In the period ended 30th June, 2025, IPSAS 43 is not applicable to County Assembly as it does not act as a lessee or lessor in any lease arrangement as defined under IPSAS 43 and does not hold any contracts that convey the right to use an asset for a period of time in exchange for consideration.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, 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: 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> <p>This standard is not applicable to the County assembly for the year ended 30th June, 2025. During the period, no non-current assets or disposal groups met the criteria to be classified as held for sale and there were no operations that qualified as discontinued operations under definitions provided in IPSAS 44. As a result, no disclosures or accounting treatments under IPSAS 44 are required in these financial statements.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the</p>

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Standard	Effective date and impact:
	<p>scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The county assembly has taken advantage of the phased approach in transition to accrual and reported only on assets acquired during the period ended 30th June, 2025.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. The county assembly has applied IPSAS 46 in the following manner;</p> <ul style="list-style-type: none"> i. Property, plant and equipment acquired in the period ended 30th June, 2025 is measured using the historical cost model. ii. Receivables and payables are measured at historical cost, reflecting the original transaction amounts.

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ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 47- Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

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Notes to the Financial Statements (Continued)

iii) Early adoption of standards

In preparing these financial statements, which represent the first transition to accrual based IPSAS, the county assembly has applied only those IPSAS standards that were effective as of 30th June, 2025.

4. Summary of 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. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

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.

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Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 19th July, 2024. 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, as at 30th June, 2024 the Assembly had its supplementary budget approved on 29th April, 2025. 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. 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.

c) 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a year period. 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. Transfers are made to or from investment property only when there is a change in use.

d) 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

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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.

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

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Notes to the Financial Statements (Continued)

Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

g) 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.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale;
- ii) Its intention to complete and its ability to use or sell the asset;
- iii) How the asset will generate future economic benefits or service potential;
- iv) The availability of resources to complete the asset;
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of

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expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

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

i. Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized 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.

Notes to the Financial Statements (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

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.

Notes to the Financial Statements (Continued)

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.

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.

ii. Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit

j) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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.

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Notes to the Financial Statements (Continued)

k) 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.

l) 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.

m) 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.

n) Nature and purpose of reserves

The County Assembly does not maintain any reserve.

o) 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.

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Notes to the Financial Statements (Continued)

p) 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.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) 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.

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Notes to the Financial Statements (Continued)

s) Related parties

The County Assembly 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 County Assembly, or vice versa. Members of key management are regarded as related parties and comprise the Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior management personnel.

t) Service concession arrangements.

The Assembly analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Assembly recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Assembly also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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.

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Notes to the Financial Statements (Continued)

v) Comparative figures

In preparing these financial statements the entity has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first time adoption of the accrual basis of accounting.

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

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:

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 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.

Useful lives and residual value

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

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

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Provisions

There were no provisions in the financial year 2024/25.

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers for Period ended 30th June 2025
	Kshs	Kshs	Kshs
Recurrent	804,254,208.00	-	804,254,208.00
Development	42,008,010.00	-	42,008,010.00
Special purpose transfers	-	-	-
Total	846,262,218.00	-	846,262,218.00

7. Employee Costs

Description	Period ended 30th June 2025
	Kshs
Basic salaries of permanent employees	337,957,252
Basic wages of temporary employees	-
Personal allowances – part of salary	29,231,541
Pension and other social security contributions	83,821,963
Employer contributions to compulsory national social security schemes	-
Employer contributions to compulsory national health insurance schemes	-
Other social benefit schemes	-
Other personnel costs	-
Employee costs	451,010,757

7(a) Employee costs payments

Description	Period ended 30th June 2025
	Kshs
Actual payments	383,683,392
Accrued expenses	67,327,365
Expenses as per SFP	451,010,757

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8. Use of Goods and Services

Description	Period ended 30th June 2025
	Kshs
Utilities, supplies and services	4,183,398
Communication, supplies and services	1,076,080
Domestic travel and subsistence	180,125,166
Foreign travel and subsistence	17,949,550
Printing, advertising, and information supplies & services	19,317,341
Rentals of produced assets	7,491,910
Training expenses	24,076,002
Hospitality supplies and services	27,231,464
Insurance costs	36,616,465
Specialized materials and services	160,000
Other operating expenses <i>including bank Charges</i>	117,618,371
Office and general supplies and services	6,144,958
Fuel Oil and Lubricants	3,164,086
Routine maintenance – vehicles and other transport equipment	4,156,597
Routine maintenance – other assets	3,535,695
Others	-
Total	452,847,083

8(a) Use of goods and services

Description	Period ended 30th June 2025
	Kshs
Actual payments	411,075,331
Accrued expenses	41,771,752
Expenses as per SFP	452,847,083

9. Depreciation and Amortization Expense

Description	Period ended 30th June 2025
	Kshs
Property, plant and equipment	46,130.18
Intangible assets	-
Investment property carried at cost	-
Total	46,130.18

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10. Cash and Cash Equivalents

Description	Period ended	Opening Statement
	30th June 2025	1 st July 2024
	Kshs	Kshs
Recurrent Account	8,570	3,636
Development Account	2,154,889	-
Deposits Account	1,490,045	1,606,377
Imprest Account	(15,565,000)	(7,366,564)
Busia County Assembly CBK 165	-	-
Total	(11,911,496)	(5,756,551)

Notes to the Financial Statements (Continued)

10 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	Period ended	Opening Statement
		30th June 2025	1 st July 2024
		Kshs	Kshs
Recurrent Accounts			
CBK00001	1000195398	8,570	3,636
Development Accounts			
CBK00002	1000195401	2,154,889	-
Deposits Accounts			
CBK00003	1000292512	1,490,045	1,606,377
Imprest Account			
KCB	1141667541	(15,565,000)	(7,366,564)
Busia County Assembly CBK 165			
	1000345028	-	-
Imprest Account			
KCB-cash in hand	1141667541	-	-
Total		(11,911,496)	(5,756,551)

11. Receivables from Exchange Transactions

Description	Period ended	Opening Statement
	30th June 2025	1 st July 2024
	Kshs	Kshs
Total receivables	-	-
Other exchange debtors (<i>Specify</i>)	-	-
Less: impairment allowance	-	-
Total receivables	-	-
a) Current receivables	615,201	763,434
b) Non-current receivables	-	-
Total Receivables (a+b)	615,201	763,434

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i) Ageing analysis for Receivables

Description	Period ended 30 th June, 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	120,000	20%	-	0%
Between 1- 2 years	-	0%	763,434	100%
Between 2-3 years	495,201	80%	-	0%
Over 3 years	-	0%	-	0%
Total (a+b)	615,201	100%	763,434	100%

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	Period ended 30 th June 2025
	Kshs
At the beginning of the period.	763,434
Additional allowance during the period	495,000
Recovered during the period	643,233
Written off during the period.	-
At the end of the period.	615,201

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Notes to the Financial Statements (Continued)

12. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructu re assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concessi on assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.50%	33.30%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	-	-	-	-	-	-	-	-
Additions	38,118,011	3,075,345	7,175,000	-	808,768.00	8,390,000	-	-	-	57,567,125
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	38,118,011	3,075,345	7,175,000	-	808,768.00	8,390,000	-	-	-	57,567,125
Depreciation And Impairment										
Depreciation	-	46,130	-	-	-	-	-	-	-	46,130
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	46,130	-	-	-	-	-	-	-	46,130
Net Book Values	38,118,011	3,029,215	7,175,000	-	808,768	8,390,000	-	-	-	57,520,995
Opening Bal as at 1st July 2024	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	38,118,011	3,029,215	7,175,000	-	808,768	8,390,000	-	-	-	57,520,995

Summary of assumptions adopted during the preparation of the PPE

- Management has only included in the PPE assets acquired for the period ended 30th June, 2025
- Management has used reducing balance method of depreciation and only one asset, which was acquired in October, 2024, has been depreciated, the rest were acquired in June, 2025

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Notes to the Financial Statements (Continued)

13. Trade and Other Payables

Description	Period ended 30th June 2025		Opening Statement 1 st July 2024		
	Kshs		Kshs		
Trade payables	32,914,699		80,885,021		
Payments received in advance			-		
Employee payables	130,337,903		80,216,292		
Third-party payments			-		
Other payables	170,677,024		87,334,041		
Total trade and other payables	333,929,626		248,435,354		
Ageing analysis: (Trade and other payables)	Period ended 30th June 2025		Opening Statement 1st July 2024		% of the Total
		%			
Under one year	109,099,117	33%	-		0%
1-2 years	183,802,113	55%	125,506,629		51%
2-3 years	41,028,395	12%	106,444,920		43%
Over 3 years	-	0%	16,483,805		6%
Total (tie to above total)	333,929,625		248,435,354		

Note: The change in employee payables from Kshs 80,216,292 to the balance of Kshs 130,337,903 is Kshs 50,121,611, however, accrued expenses amounted to Kshs 67,327,367.14. The variance is as a result of the reduction of opening balance by Kshs 1,000,279.23 and repayment of the opening balance by Kshs 16,205,476.35.

14. Refundable Deposits and Prepayments

Description	Period ended 30th June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	1,270,944.50		1,606,376.50	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	1,270,944.50		1,606,376.50	
Ageing analysis: (Refundable deposits)	Period ended 30th June 2025	% of the Total	Opening Statement 1st July 2024	% of the Total
Under one year	-	0%	-	0%
1-2 years	-	0%	1,606,376.50	100%
2-3 years	1,270,944.50	100%	-	0%
Over 3 years	-	0%	-	0%
Total	1,270,944.50	100%	1,606,376.50	100%

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15. Cash Generated from Operations

	Period ended 30th June, 2025
Surplus for the year before tax	(57,641,751.93)
Adjusted for:	
Depreciation	46,130.18
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	109,099,117.22
Increase in payments received in advance	-
Net cash flow from operating activities	51,503,495.47

Note: There was no increase in receivables, the reported balance relates to salary advance brought forward from the previous period. The increase in payables reported, Kshs 109,099,117.22 relates to pending bills incurred during the period under review as demonstrated in Note 7(a) and 7(b).

16. Financial Risk Management

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

i) Credit risk

The Entity 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

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external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	615,201	615,201	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	(11,911,496)	(11,911,496)	-	-
Total	(11,296,295)	(11,296,295)	-	-

Financial Risk Management

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 -x. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have 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 Entity 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.

Financial Risk Management

iii) Market risk

The Entity 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 Entity'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.

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

Financial Risk Management

The carrying amount of the Entity's foreign currency denominated monetary assets and

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income 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.

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b) 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 Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

The county assembly runs recurrent account hence not exposed to interest rate risk.

Financial Risk Management

Sensitivity analysis

There was no sensitivity analysis conducted.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Entity considers relevant and observable market prices in its valuations where possible.

Financial Risk Management

The entity does not have non-financial instruments.

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iv) Capital Risk Management

The objective of the Entity’s capital risk management is to safeguard the Entity’s ability to continue as a going concern.

17. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Entity 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the Entity, holding 100% of the Entity’s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) County Government Entities
- ii) National Government Entities
- iii) Key management.

18. Segment Information

The county assembly operates as a single entity with a unified mandate and does not engage in distinct business or service segments that are subject to separate financial reporting.

19. Contingent Assets and Contingent Liabilities

The entity does not have contingent assets and liabilities.

Notes to the Financial Statements (Continued)

20. Capital Commitments

There were no capital commitments for the period ended 30th June, 2025

21. Program for Results (PforR) Disclosure

Name of PforR: N/A		Name of Financing Partners: N/A				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code	N/A	N/A	N/A	N/A	N/A	N/A
Sub-program						
Sub-program						
Sub-total						

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Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

22. Events after the Reporting Period

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

23. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

24. Currency

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

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16. Appendix

Appendix 1: Implementation Status of Auditor-General'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)
OAG/WRO/BUSIA CA/2022/2023/(22)	Unsupported pending bills	The ageing analysis report that includes the dates by which the bills were incurred and for how long they had been outstanding was provided to the auditors for verification	Addressed	
OAG/WRO/BUSIA CA/2022/2023/(22)	Irregular transfers to other government entities	The excess amount of Kshs 7,400,000 was transferred legally as payroll mortgage arrears recoveries. Payroll mortgage arrears of Kshs 30,000,000 were budgeted for under vote head number 2110101	Addressed	
OAG/WRO/BUSIA CA/2022/2023/(22)	Lack of ethnic diversity in staff appointments	The county assembly is committed to ensuring ethnic diversity in future recruitments.	Not addressed	In future recruitments
OAG/WRO/BUSIA CA/2022/2023/(22)	Inadequate internal audit functions	The internal auditor was appointed towards the end of the financial year. Going forward the unit has now been proactive evidenced by the reports that have been produced in the subsequent year.	Addressed	
OAG/WRO/BUSIA CA/2022/2023/(22)	Audit committee failure to hold quarterly meetings	During the subsequent financial year, the audit committee has held meetings in each of the quarters.	Addressed	
OAG/WRO/BUSIA CA/2022/2023/(22)	IT internal control weaknesses	Management has made sure all computers have been installed with antivirus and an IT policy is in place. The IT steering committee was constituted and has held meetings since then.	Addressed	
OAG/WRO/BUSIA CA/2022/2023/(22)	Unsupported pending bills	The ageing analysis report that includes the dates by which the bills were incurred and for how long they had been outstanding was provided to the auditors for verification	Addressed	
OAG/WRO/BUSIA CA/2022/2023/(22)	Irregular transfers to other government entities	The excess amount of Kshs 7,400,000 was transferred legally as payroll mortgage arrears recoveries. Payroll mortgage arrears of Kshs 30,000,000 were budgeted for under vote head number 2110101	Addressed	

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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)
OAG/KRO/CAB/2023/2024/(20)	Overdrawn cashbook	The management hereby clarifies that the overdrawn cash book was caused by late disbursement of cheque, which was received on 26th June, 2024 and as evidenced by the attached IB statement for the recurrent account. The funds received prompted payment processing in the KCB imprest account which resulted to overdrawing of cashbook as at 30th June, 2024. Subsequently, the overdrawn balance as at 30th June, 2024 was cleared in July, 2024.	Resolved	
OAG/KRO/CAB/2023/2024/(20)	Unconfirmed Transfers to government entities	Other	Not Resolved	30 th June, 2025
OAG/KRO/CAB/2023/2024/(20)	Pending accounts payables and staff payables	The management agrees with the auditor's observation, the adjustment will be incorporated in the 2024/25FY financial statements in the statement of changes in Net Assets under the new Accrual Basis of Accounting Framework. The management agrees with the auditors observation that the pending bills as at 30th June, 2024 was Kshs 248,435,354 and would like to state that the pending bills pertaining 2022/23FY resulted from receiving less receipts than the budget in the previous years. In the FY 2023/24 a task force was appointed to verify the pending bills which came up with a report on the status and accuracy of pending bills. The committee verified pending bills amounting to Kshs 252,825,369.76 out of which Kshs 196,154,228.57 was found to be eligible. In the financial year 2024/25, as of the date of this responses, the management has settled part of the bills amounting to Kshs 37,226,137.74 leaving a balance of Kshs 158,928,090.83.	Not Resolved	30 th June 2026
OAG/KRO/CAB/2023/2024/(20)	Unresolved prior year matters	Management acknowledges the observation by the auditors that the summary of how prior year audit matters were resolved was not provided in the financial statements for 2023/24FY and has therefore provided the evidence for audit verification.	Resolved	
OAG/KRO/CAB/2023/2024/(20)	Irregular use of direct procurement	The management hereby states that the supplementary budget which included the budget for phase 2 tender for the landscaping and electrical razor wire fencing was approved towards the end of the financial year under review. Due to limited time, other procurement methods could not be engaged other than direct procurement for the second phase of the project. Having engaged a	Resolved	

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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)
		<p>supplier in phase 1 and adhered to Section 103 2 (b) of the Public Procurement and Asset Disposal Act 2015 which states that the procuring entity may use direct procurement when there is an urgent need for the goods, works or services, and engaging in tendering proceedings or any other method of procurement would therefore be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part;</p> <p>In addition, due to the need for standardization in respect to installation of electrical razor wire fencing the management engaged the same supplier in the first phase as per the PPDA Act 2015 Section 103 2 (d) which states that the procuring entity may use direct procurement the procuring entity, having procured goods, equipment, technology or services from a supplier or contractor, determines that additional supplies shall be procured from that supplier or contractor for reasons of standardization or because of the need for compatibility with existing goods, equipment, technology or services, taking into account the effectiveness of the original procurement in meeting the needs of the procuring entity, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods or services in question;</p>		
OAG/KRO/CAB/2023/2024/(20)	Supply, Installation, Testing and Commissioning of E-Assembly Management Software for Committee Rooms and General Offices	<p>Management agrees with the auditor’s observation. The larger part of the system is currently not in use because out of 53units for all members of the county assembly, only 13 units were procured due to budget constraints</p> <p>The 1TB storage space was not factored in the total cost of the project. According to the Software Price Schedule under Bill of Quantities Page 60 of the tender documents, the storage space is not price scheduled, it’s only mentioned in the description, and t’s therefore scheduled to be procured in the next Phase of procurement. The said 500gb was a temporal provision from the supplier to facilitate the training.</p>	Not Resolved	30 th June, 2026

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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)
		The management agrees with the auditor's observation. The ownership of the cloud storage is exclusive to the contractor. The County Assembly is yet to acquire its own storage as described in the tender document. This will be done in the next phase of supply.		
OAG/KRO/CAB/2023/2024/(20)	Supply, Installation, Customization Configuration and Training of Paperless E-Assembly Multimedia System - Phase 1	Management agrees with the auditor's observation. The larger part of the system is currently not in use because out of 53 units for all members of the county assembly, only 13 units were procured due to budget constraints. The rest of the units will be procured in the next phase.	Not Resolved	30th June, 2026
OAG/KRO/CAB/2023/2024/(20)	Failure to observe ethnic diversity	The management agrees with the auditor's observation and would like to state that they will ensure diversity in future recruitments.	Not Resolved	In future recruitments
OAG/KRO/CAB/2023/2024/(20)	High wage bill above allowed threshold	The management acknowledges the observation made by the auditor that the wage bill exceeded the recommended limit by 5% but is committed to bring it down to the recommended limit in the near future. This can be confirmed by the following actions already taken. <ul style="list-style-type: none"> • There is no external replacement for the officers who have exited service through natural attrition, but instead it is being done internally. • To breach the skill gap, management has brought in staff on secondment from the county executive, thus not impacting negatively on the wage bill. 	Not Resolved	30th June 2026
OAG/KRO/CAB/2023/2024/(20)	Non-adherence to one-third basic rule	The management would wish to clarify that revision of PAYEE upwards by the government after Covid 19 pandemic impacted negatively on most of the staff who had taken loans during the period PAYEE was reduced. Recently, most staff have been affected by upward review of NSSF deductions and the introduction of housing levy. However, in the current financial year the management is using a HRIS Kenya, which will help in tracking and ensuring adherence to the a-third rule.	Not Resolved	30th June 2026

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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)
OAG/KRO/CAB/2023/2024/(20)	Late Receipts of Exchequer Issues from the National Treasury	Management agrees with the auditor's observation and wishes to state that late disbursement of exchequer negatively affected the operations of the county assembly. In this circumstance, the management was not in breach of the law as this is the responsibility of the National Treasury to ensure timely release of exchequer.	Not Resolved	30th June 2026
OAG/KRO/CAB/2023/2024/(20)	Unauthorized expenditure on legal expenses	The management agrees with the auditor's observation; however, it wishes to clarify that engagement of a local law firm was as a result of understaffing of the legal department. 2 more staff have since been employed on contract in the legal department bringing the number to 3 staff who are in a position to handle legal cases on behalf of the County Assembly.	Not Resolved	30th June 2026
OAG/KRO/CAB/2023/2024/(20)	Lack of updated non-current register	The management hereby provides the updated asset register for audit review, however it is in the process of developing an asset & liability management policy that will guide on matters depreciation as well as asset tagging	Not resolved	30 th June 2027
OAG/KRO/CAB/2023/2024/(20)	Operating Without an Approved Staff Establishment	The management hereby agrees with the audit observation, however, wishes to clarify that there is a draft staff establishment forwarded to the Board for approval.	Not Resolved	30th June 2026
OAG/KRO/CAB/2023/2024/(20)	Weaknesses in the Information Communication Technology (ICT) Internal	The management states that there is a draft ICT policy that incorporates security, data confidentiality, integrity and availability and it is pending board approval. The management states that there is a draft ICT policy forwarded to the board for approval that includes a clause on continuity and disaster recovery plans. The management has made an effort to have the ICT team trained in the current financial year whereby one officer has already been trained on data protection for County Assemblies.	Resolved	
OAG/KRO/CAB/2023/2024/(20)	Lack of Lockable Storage Facility, Cabinets and Computers	The management wishes to state that the budget for furniture & fittings and computers was minimal however, it is committed to ensure that the audit department is provided with the necessary requirements in the subsequent budget.	Not Resolved	30th June 2026
OAG/KRO/CAB/2023/2024/(20)	Late Submission of Internal Audit Work Plan and Lack of Budget	The management agrees with the observations made by the auditors and would like to state that lack of budget was as a result of bundling together the budgets of all the departments in the assembly. Also, late approval of the Internal Audit	Resolved	

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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)
		work plan due to absence of an internal auditor to run the audit function during the larger part of FY 2022/2023. However, the internal auditor was appointed towards the end of the financial year and that is the reason the work plan was prepared and approved in September 2023 during quarter one audit committee meeting. Further, in the FY 2024/2025, the work plan was approved before 15th February, 2024.		
OAG/KRO/CAB/2023/2024/(20)	Lack of Performance Appraisal of the Internal Audit Function	Management agrees with the observation made by the auditors and gives assurance that in the FY 2024/2025 review of the independence, performance and competency and professional assessment on the effectiveness of the internal audit Unit will be prioritized.	Not Resolved	30th June 2026
OAG/KRO/CAB/2023/2024/(20)	Lack of Capacity Building in the Internal Audit Function	The management agrees with the auditor's observation and have put in place mechanisms to ensure that the audit committee and the internal audit staff is provided with the relevant training to capacity build them in discharging their responsibility. The management has in the current year so far trained the Internal Audit staff and Audit committee on risk management and Accrual Accounting.	Resolved	
OAG/KRO/CAB/2023/2024/(20)	Lack of Fraud Reporting Mechanism/ Whistle Blowing	The management agrees with the auditor's observation and has developed a whistle blowing policy awaiting approval by the board.	Resolved	30th June 2026

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S. Ambo

Accounting Officer

Date 31/07/2025

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Appendix II: Projects implemented by County Assembly

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor	Consolidated in these financial statements
Purchase of land for ward offices	N/A					
Landscaping of speakers residence	N/A					
Installation of electric fence at speakers residence	N/A					

Status of Projects completion

Project	Total Cost	Total project expended to date	Completion % to date	Budget	Actual	Sources of funds
Purchase of land for ward offices	41,984,000	34,284,000	97%	34,300,000.00	34,284,000.00	GOK
Landscaping of speakers residence	3,400,000.00	3,075,345.45	100%	3,400,000.00	3,075,345.45	GOK
Installation of electric fence at speakers residence	4,500,000.00	3,834,011.30	100%	4,500,000.00	3,834,011.30	GOK

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Deferred Income	Receivables	Others must be specific		
N/A									

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Appendix VI: Reporting of Climate Relevant Expenditures

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

Appendix VII: Disaster Expenditure Reporting Template

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
N/A						

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Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2023/24FY	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2024/25FY
Land	5,949,450.00	38,118,011.30			44,067,461.30
Buildings and structures	456,998,349.51	3,075,345.45			460,073,694.96
Transport equipment	27,859,822.48	7,175,000.00			35,034,822.48
Office equipment, furniture and fittings	49,856,602.90	808,768.00			50,665,370.90
ICT Equipment	86,924,638.38	8,390,000.00			95,314,638.38
Machinery and Equipment	20,777,523.05				20,777,523.05
Biological assets	-				-
Infrastructure Assets- Roads, Rails	9,995,600.00				9,995,600.00
Heritage and cultural assets	-				-
Intangible assets	17,063,624.55				17,063,624.55
Work in Progress					-
Total	675,425,610.87	57,567,124.75	-	-	732,992,735.62

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