

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY EXECUTIVE OF BUSIA**

**FOR THE YEAR
ENDED 30 JUNE 2017**



**COUNTY GOVERNMENT OF
BUSIA**

OFFICE OF THE GOVERNOR

P.O. BOX PRIVATE BAG – 50400

BUSIA, KENYA



COUNTY GOVERNMENT OF BUSIA

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2017

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Busia County is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the defunct local authorities and the ones that have been transferred from the National Government. The County is headed by the County Governor, who is responsible for the general policy and strategic direction. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution of Kenya 2010. The County Executive Committee Member for Finance & ICT is in charge of the County Treasury. One of the functions of the CEC – Finance & ICT is financial reporting at the County level.

Vision

“A Vibrant and Progressive County for Sustainable and Equitable Development”

Mission

To provide high quality service delivery through well governed and empowered institutions; equitable resource mobilization and utilization; and balanced multi-sectoral development for the holistic benefit of the people of Busia County and other stakeholders.

Core Values

To realize the Vision and achieve the Mission, the management of the affairs of Busia County shall be guided by

The following core values:

- **Partnership:** integration, collaboration and networking: We value our partners and are passionate about our shared success.
- **Gender Equity and Equality:** Respect for the principle of human rights and human dignity. People centered – sensitiveness and responsible
- **Respect for rule of law and justice:**
- **Citizen Participation and Involvement:**-Busia County shall espouse inclusivity and representation of minorities and marginalized through Consultation, dialogue, negotiation, consensus building and compromise.

- Respect for divergent opinions, constructive criticism and tolerance
- Quality assurance – efficiency and effectiveness in service delivery
- **Professionalism and Teamwork:** Adherence to impeccable and beyond reproach professional and personal standards in the conduct of its affairs and espouses high performance team spirit with all appreciating the important role played by others to ensure individual and County success. Team work, solidarity and collective responsibility. Commitment - determination, diligence, motivation, dedication and self-drive
- **Integrity:** espouse truth, honesty, and reliability as distinguishing organizational virtues displayed by all at all times. Integrity - honesty, ethical, reliable, objectivity, openness and trustworthiness.
- **Responsiveness:** Busia County shall always endeavor to diligently set out to provide customers with timely and appropriate solutions as and when they need them through working them and understanding their requirements. This way, the County seeks to provide customers with a comprehensive responsiveness that exceeds their expectations in the most expeditious manner.
- **Transparency and Accountability:** endeavors to be clear and open in its dealings with various stakeholders, while taking responsibility for its actions and decisions.
- **Citizen Focus:** The legitimacy of any government lies in its ability to serve its citizens. Busia County commits itself to give the highest quality of service to all its citizens and other customers as well as stakeholders. We will give equal opportunities to all our employees on the basis of their ability, recognizing the importance of each and every member's contribution towards the achievement of our mission. The County shall further ensure that its citizens and other customers are treated fairly and justly, safety, health and environment.
- **Our Environment:** We always take environmental, health and safety matters into consideration in all aspects of our business.

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- **Transparency and Accountability:** endeavors to be clear and open in its dealings with various stakeholders, while taking responsibility for its actions and decisions.
- **Citizen Focus:** The legitimacy of any government lies in its ability to serve its citizens. Busia County commits itself to give the highest quality of service to all its citizens and other customers as well as stakeholders. We will give equal opportunities to all our employees on the basis of their ability, recognizing the importance of each and every member's contribution towards the achievement of our mission. The County shall further ensure that its citizens and other customers are treated fairly and justly, safety, health and environment.
- **Our Environment:** We always take environmental, health and safety matters into consideration in all aspects of our business.

(b) Key management

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

	Name	Designation	Date of holding office
1.	H.E. Sospeter Odeke Ojaamong, EGH	Governor	3 March 2013
2.	H.E. Kizito Wangalwa	Deputy Governor	3 March 2013
3.	Mr. Lenard Wanda Obimbira	CEC, Finance & ICT	5 April 2013
4.	Dr. Maurice Siminyu	CEC, Health Services	5 April 2013
5.	Mr. Hillary Makhulu	CEC, Trade, Tourism and Industry	5 April 2013 (transferred to Education and Vocational Training 10 October 2015)

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6.	H.E. Kizito Wangalwa	CEC, Trade, Tourism and Industry	10 October 2015
7.	Mr. Gregory Joash Epus Odeke	CEC, Public Works, Transport and Infrastructure Development	5 April 2013 (Transfer to Environment Water and Natural Resources
8.	Mr. Martin Kafwa	CEC, Lands, Housing and Physical Planning	5 April 2013 (transferred to Sport Culture and Community Development)
9.	Dr. Mose Osia Mwanje	CEC, Agriculture and Animals Resources	5 April 2013
10.	Ms. Azida Ali	CEC, Education and Vocational Training	5 April 2013 (transferred to Office of the Governor on 10 October 2015)
11.	Mr. Hillary Makhulu	CEC, Education and Vocational Training	10 October 2015
12.	Ms. Bannadatt Otiko Muyomi	Public Service Management	5 April 2013 (transferred to Lands, Housing and Physical Planning
13.	Ms Grace Muchuma Matinde	Sport Culture and Community Development	5 April 2013 (transferred to Public Service Management)
14.	Ms. Bannadatt Otiko Muyomi	CEC, Lands, Housing and Urban Development	10 October 2015
15.	Mr. Martin Kafwa	Sport Culture and Community Development	10 October 2015

(c) Fiduciary management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

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No.	Name	Designation
1.	Mr. Lenard Wanda Obimbira, (Bcom)	CEC, Finance and Economic Planning
2	Mr. Nicodemus Onyango Mulaku BED,MBA, MKIM,CPA(K)	County Secretary
3.	Mr. Allan Ekweny Omachar Bcom, Bsc, Msc, MBA, CPS (K), CPA (K).	Chief Officer, Finance and Economic Planning
4.	Mr. Samuel Oseko Ombui, Bcom, MBA, CPS(K) CPA (K)	Director Accounting Services
5	Antony Opondo BBA, MBA,CPA(K), CPS(K), ISACA	Director Revenue
6	Prisca Omoit Eseren Bcom, MBA, CPA(K), CPS(K)	Director Budget and Expenditure
7.	Paul Okoth Onono, BBA,MBA, CPA (K)	Senior Accountant

(d) Fiduciary oversight arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2017 were:

1. County Assembly of Busia County;
2. Public Accounts Committee of the County Assembly of Busia
3. Budget and Appropriations Committee of the County Assembly of Busia
4. Internal Audit of the County Government of Busia
5. Office of the controller of budgets.
6. Public sector accounting standards board
7. Commission on Revenue Allocation
8. The National Treasury

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(e) Entity headquarters

P.O. Box Private Bag
Town Hall Building
Busia Kisumu/Road/Highway
Busia, Kenya

(f) Entity contacts

E-mail: busiacyoung.go.ke
Website: www.busiacyoung.go.ke

(g) Entity bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Busia Branch
3. Cooperative bank of Kenya
Busia Branch.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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The Attorney General

State Law Office

Harambee Avenue



P.O. Box 40112

City Square 00200

Nairobi, Kenya

KEY MANAGEMENT

The County Executive team during the financial year consisted of:

	<p><u>Sospeter Odeke Ojaamong, EGH - Governor</u></p> <p>H.E. Sospeter Odeke Ojaamong, EGH was elected the first Governor of Busia County on 3 March 2013. The governor was elected on an agenda of uplifting the living standards of the people of Busia County, improving the county's roads, boosting agriculture output, improving the health sector and uplifting the people of Busia County from poverty. It is on these key pillars that the government of H.E. Sospeter Odeke Ojaamong has been working on since coming into power.</p> <p>Governor Ojaamong holds a Bachelor of Education from Kenyatta University. Before his election as the Governor, he served as the Member of Parliament for Amagoro Constituency where he had served for two terms.</p>
<p>H.E. Kizito Wangalwa – Deputy Governor</p> <p>HE was appointed Deputy Governor on 3rd March 2013. Has a 26 year career history, replete with influencing delivery of public services, particularly at sub national level. Has a Master of Business Administration and Bachelor of Arts in Economics from Moi University and University of Nairobi respectively. Previously worked as:</p> <p>Governance consultant for Winrock International and GIZ (German technical cooperation) in the Republic of South Sudan, National coordinator at National Taxpayers Association, Kenya, Local governance advisor at SNV Netherlands Development Organization</p> <p>He was also Principal Economist at Ministry of Local Government, Economist/ District Development Officer in Kwale, Tana River, Mombasa, Machakos and Busia districts</p>	

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Mr. Lenard Wanda Obimbira - CEC, Finance and Economic Planning

Mr. Obimbira was appointed as the CEC, Finance and Economic Planning on 5th April 2013. He has since served in the same position till to date.

Before his appointment, he worked at various organizations including Partnership in Management and Training Consultancy, Rift Valley Railways, and New Kenya Railways at transitional office based at Kenya Railways Corporation, for Railways retirees.

Mr. **Lenard Wanda Obimbira** is a B.com (accounting) holder from Catholic University for Eastern Africa (CUEA), he is also a Masters finalist from the same University.

Dr. Maurice Siminyu - CEC, Health Services

Dr. Siminyu was appointed the CEC; Health services on 5th April 2013. Before his appointment, Dr. Siminyu served as Provincial Director of Medical Services in Coast and Nairobi provinces.

He was a Medical Superintendent at National Spinal Injury Hospital, he was also Provincial Surgeon at Rift Valley General Hospital in Nakuru. He was awarded Head of State Commendation (HSC) for fight against drug addiction in Coast province.



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Mr Nicodemus Mulaku – County Secretary
MBA, BED(Math,Econ),MKIM,CPA(K)

Mr Mulaku is a member of Institute of Certified Public Accountants of Kenya, International Federation of Accountants and Kenya Institute of Management with over 15 years experience in Administration and Financial Management. Prior to joining the County Government of Busia in mid 2015 he served as Head of Finance and Administration for various organizations both locally and abroad.

Dr. Moses Osia Mwanje - CEC, Agriculture and Animal Resources

Dr. Moses Osia Mwanje, (PhD), is an accomplished development practitioner and strategic leader whose career spans nearly 20 years. Dr. Osia has Bachelor of Science in Agriculture, Master of Science Agricultural Extension, and Masters of Business Administration in Strategic Management and a PhD in Strategic Management.

He has worked with the County Government for last four and half years as CEC Agriculture where he also chaired the Agriculture Caucus of 47 Counties. Before joining the County he worked for nearly 10 years with Compassion International, an American Child Development Organization.

Prior to Compassion he had extensive experience as Program Manager, KCS, and managing implementation of development programs in Education, Food Security, Water, Health and Community Based Organizations. As a staunch Christian, he believes that poverty can be significantly reduced and all that people need is hope



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Ms. Grace Matinde Mchuma- CEC, Public Service Management

Grace was appointed CEC on 3rd April 2013 under the department of Youth, Sports, Culture and social services and was later transferred to the department of Public Service Management.

She has taught in several schools across the nation and she has a degree in education.

Ms. Azida Ali -CEC, Office of the Governor

Azidi was appointed as the CEC of Education and vocational Training on 5th April 2013. Was later transferred to the Office of the Governor

Azida hold a bachelor Degree from Kenyatta University before his appointment she working as Deputy Principal at Kaimosi Technical Training institutes



Ms. Bannadatt Otiko Muyomi-CEC Lands, Housing and Urban Development

Muyomi was appointed as the CEC of Public Service Management on 5th April 2013. Was later transferred to the department of Land, Housing and Urban Development.

Muyomi hold a Bachelor degree in Science in Nursing from the University of Eastern Africa Baraton



Mr. Hillary Makhulu -CEC Education and vocational Training

Hillary was appointed as the CEC of Trade, Cooperatives, Tourism and Industry on 5th April 2013. Was later transferred to the department Education and vocational Training Hillary hold a bachelor Degree from Maseno University before his appointment he work as a Director of Western Corridor Limited Kisumu

Mr. Benard Krade Yaite - CEC, Public Works, Transport, Roads and Energy

Master of Arts Community Care (University of Wales UK.)
 Master of Arts Monitoring & Evaluation (Maseno University- Ongiong) Bsc.
 Natural Resources management (Egerton University)
 5 years' experience in County Government, 8 years work experience in Local and international NGOs.
 Development training in Malaysia and Road, Rail, Transport network training Singapore.



Mr. Martin Kafwa - CEC, Youth Affairs, Culture and Social Services

Mr. Kafwa was appointed to head the Youth Affairs, Sports, Culture and Social Services on 10th October 2017. Before his appointment he was a Deputy Principal at Bumbe Technical Training Institute.

Mr. Kafwa is holder of Masters in Psychology (Guidance and Counseling) and Bachelor's Degree in Education Arts (Geography and Economics) from Moi University

1. COMMENTARY BY THE CEC, FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Busia financial statements for the year ended 30th June 2017. The financial statements present the financial performance of the County Government over the past year.

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

Financing of the County Governments

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

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

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

- 1) Automation of revenue collection system – the County is currently using County pro Revenue system as the revenue collection system;

Financial Performance

a) Revenue

In the year ended 30th June 2017, the County had projected revenues of Ksh 7,545,634,103.00 consisting of Kshs 587,510,998.00 from own sources Kshs. 6,114,551,349.00 from CARA and Kshs 843,551,349 as balance brought forward from 2015/2016 financial year.

A graphical representation of the revenue budget is as shown below:

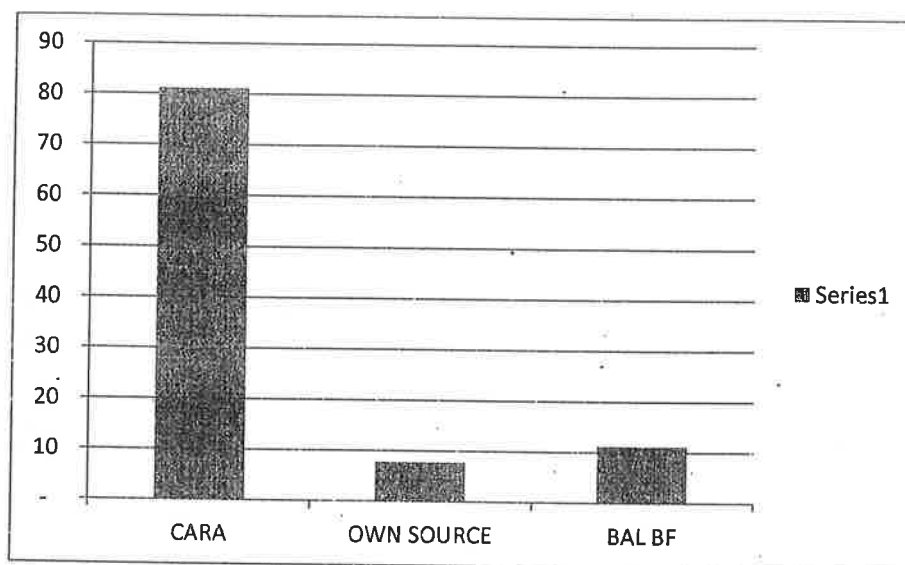


Figure 1: Busia County Revenue Sources in FY 2016/2017

CARA revenues continue to form the largest part of our revenue budget, contributing 81% towards our budget. Our own generated revenues formed 8% of our budget and the balance brought forward of 11% used to finances the deficit.

Out of the projected revenue, the County was able to realize KShs 7,279,997,268.00 in actual revenues, representing 96.33% performance. This low performance in revenues was as a result of low realization of the own generated revenues whose performance was at 43.71%. In the table below, we present an analysis of revenue performance during the year.

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Revenue classification	Revenue budget (Khs)	Actual (Kshs)	Realizations (%)
CARA	6,114,571,756	6,181,212,790.00	100.88%
Balance brought forward	843,551,349	843,551,349.00	100.00%
Own generated revenues	587,510,998	255,233,129.00	43.71%
Total	7,545,634,103	7,279,997,268.00	96.33%

Table 1: Revenue performance in FY 2016/2017

b) Payments

The total County Executive expenditure for the year was Kshs 5,897,644,084.80 Kshs. 2,309,673,963.69 was spent on development expenditure while Kshs 3,587,970,121.11 was spent on recurrent expenditure representing a ratio of 40:60 respectively while Kshs 765,867,938.00 was transferred to Busia County Assembly.

Some of the development projects in FY 2016/2017 included the following:

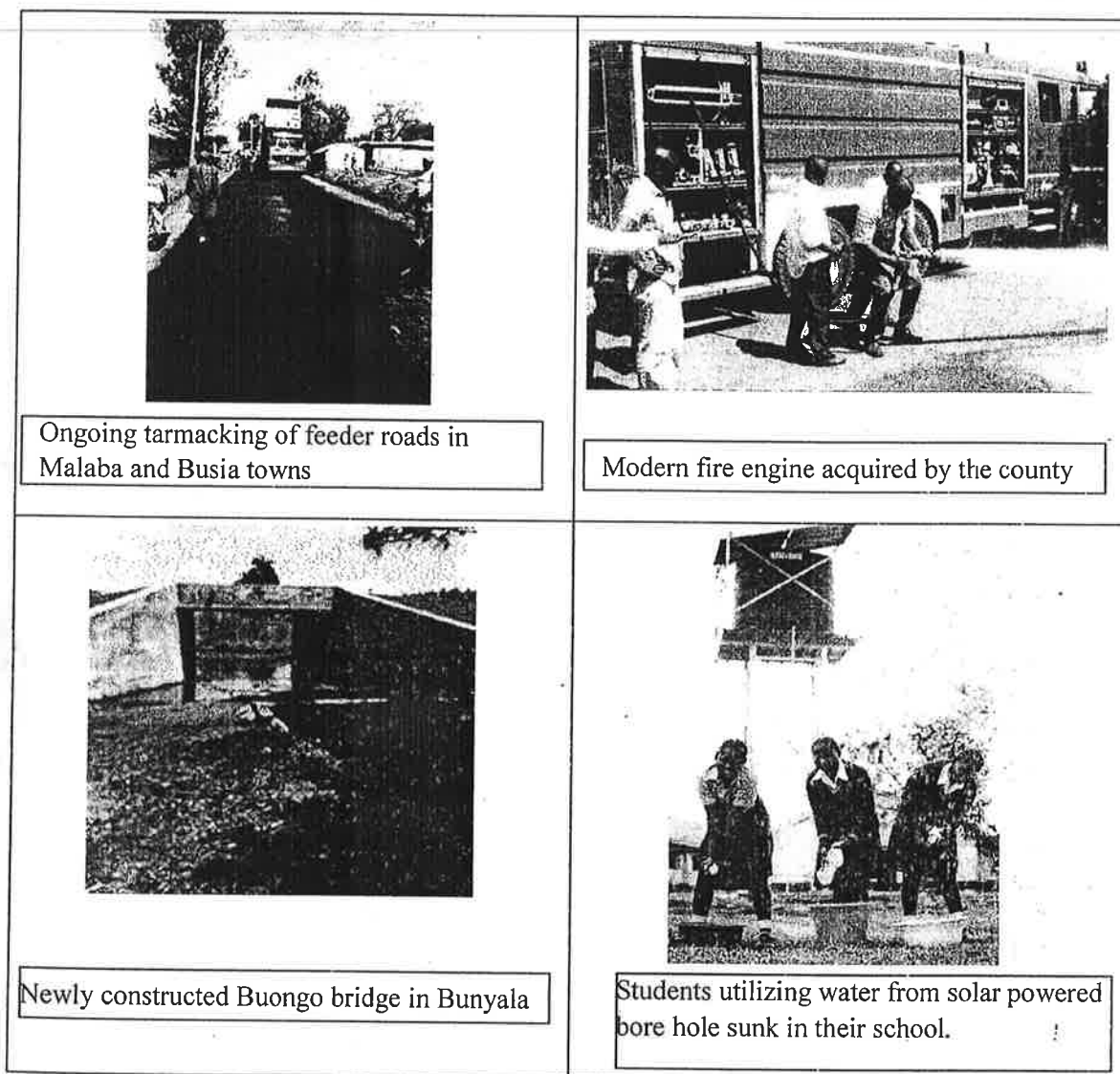


Figure 2: County Government Flagship projects completed in FY 2016/2017

The County Government has upgraded over 9 km of access into bitumen standards over the past one year and 1600 km of routine maintenance. Additionally, the County has hired more 439 ECD teachers at a cost of KShs. 56 million to bridge the gaps. An ultramodern market center was constructed at a cost of KShs 8.6 million. This will go a long way in creating jobs for the youth and opening opportunities for the farmers. The County Government also purchased the fire Engine at a cost of KShs. 54 million to help in disaster management.

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Much of the recurrent budget was spent on compensation for employees. This was as a result of salary increments awarded to Doctors and Nurses over the past year. However, we appreciate that a well remunerated workforce is necessary for service delivery. As such, we are committed to improving the welfare of our staff.

c) Cash flows

In the FY 2016/2017, we had many liquidity disruptions. This was as a result of late disbursements fund by the National Treasury since some funds were disbursed as late as 30th June 2017 at the year end. The cash and cash equivalents decreased from Kshs 951,495,382 as at 30th June 2016 to Kshs 751,907,147.02 as at 30th June 2017.

d) Accounts receivables

Imprest management is a critical area of focus in Busia County. Our aim is to adhere to the PFM regulations on imprest management. We appreciate that there is still room for improvement in this area. The main challenge has been to get staff and the Honorable Members of County Assembly to account for their imprests on time. Going into FY 2017/2018, we will place more emphasis on complying with the PFM regulations with regards to imprests.

e) Pending bills

The pending bills increased from Kshs 668,889,552.00 in the FY 2015/2016 to Kshs 825,278,136.63 in 2016/2017. The County has settled bills for FY 2015/2016 in full whereas those for the FY 2016/2017 will be settled within the FY 2017/2018.

f) Fixed assets

Busia County has made significant investments in fixed assets since coming into office in 2013. Additionally, we inherited some assets from the defunct local authorities. We are in the process of developing a comprehensive asset management policy, which we hope to finalize in FY 2017/2018. The policy will among other things incorporate physical verification of all

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assets, valuation of assets, tagging of assets and maintenance of a comprehensive asset register.

Operational performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee member. For seamless service delivery, all departments have to work in unison and synergize. In the table below, we summarize the key activities carried out by each department during the year:

Department	Key activities
1. Water environment and neutral resources	<ul style="list-style-type: none"> 2. Contraction of water pans 3. Drilling , Development, Test pumping and water quality analysis and solar installation 4. Pipe extension & associated water works 5. Pump installation and associated works County wide
2. Agriculture and Animal Resources	<ul style="list-style-type: none"> 1. Supply of subsidized fertilizer to farmers 2. Agricultural mechanization& and purchase of tractors 3. Breed improvement artificial insemination t improve breeding
3. Education and Vocational Training	<ul style="list-style-type: none"> 1. Construction of ECD Class Rooms to improve leaning in lower classes 2. Hiring of ECD teachers in order to boost the quality of education
4. Community Development ,Sport and culture	<ul style="list-style-type: none"> 1. Refurbishment of social hall 2. operationalization of the child protection center 3. Construction of community cultural centers
5. Office of the Governor	<ul style="list-style-type: none"> 1. Purchase of fire engine equipment for disaster response and emergency preparedness
6. Public Works, Transport and Infrastructure Development	<ul style="list-style-type: none"> 1. Routine Road maintenance to improve accessibility in the county 2. Electricity extension programme to ensure accessibility of electricity in the County

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	<ul style="list-style-type: none"> 3. Construction of standard footbridge to connect different places within the County 4. Upgrading county roads to bitumen standards.
7. Land Housing and Urban Development	<ul style="list-style-type: none"> 1. Acquisition of land for county government projects to help in expansion 2. Flood Lights, Street Solar Lighting and mass Lighting to ensure security within the County
8. Health and Sanitation	<ul style="list-style-type: none"> 1. Purchase of Patients Wheel Chairs and assorted medical equipment to easy the patients movement 2. Construction and operationalization Medical Training College Matayos Sub County to 3. Purchase of 190 hospital beds for Busia County Referral Hospital

Table 2: Departmental performance in FY 2016/2017

Despite the notable achievements, we have experienced some challenges during the year. These include:

- 1) Poor own revenue collection – the actual revenue collected during the year was 43.71% of the total projected revenues. We are exploring ways of boosting revenue collection as mentioned earlier;
- 2) We have also experienced challenges with IFMIS as a result of down times and poor internet connectivity. This has in some instance delayed payments to suppliers and lead to payments being made outside IFMIS;

Conclusion

FY 2016/2017 was a good year in general. Good progress was made and the momentum has been created to enable Busia County continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank H.E. Sospeter Odeke Ojaamong, the Governor and H.E. Kizito Osore Wangalwa the Deputy Governor for their support. I want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Busia County achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Busia County.



County Executive Committee Member for Finance & ICT
COUNTY GOVERNMENT OF BUSIA

2. STATEMENT OF CORPORATE GOVERNANCE

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

The County is made up of a County Assembly and County Executive. The County Assembly (CA) consists of the Members of County Assembly (MCAs) who are elected by the people to represent them headed by the Speaker to County Assembly.

The County Executive is structured in terms of departments, headed by a County Executive Committee (CEC) Member. The CECs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution.

The County Assembly

The County Assembly is made of the Members of County Assembly (MCAs). It is headed by the Speaker who is elected by the MCAs. The County Assembly is the legislative authority in the county. It also plays an oversight role in ensuring that the county resources are well allocated and well spent. The County Assembly is especially critical in the budgeting process. The MCAs meet every week in accordance with the Standing Orders of the County Assembly.

In executing its mandate, the County Assembly has the following oversight committees:

1. Public Accounts Committee
2. Budget and Appropriations Committee

Public Accounts Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held three extra sittings to deal with arising matters. The members who served in the committee during the year were:

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No	Name	Position	Period served
1	Hon Maurice Chitambe	Chairperson	5 th January 2013 to 30 th June 2017
2	Hon Gaddy Jakaa Obara	Vice chairperson	5 th January 2013 to 30 th June 2017
3	Hon Charles Wakhungu	Member	5 th January 2013 to 30 th June 2017
4	Hon Monicah Mungala	Member	5 th January 2013 to 30 th June 2017
5	Hon Ernest Obla	Member	5 th January 2013 to 30 th June 2017

Table 3: Public accounts committee members

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:

No	Name	Position	Period served
1	Hon Sylvester Oyula	Chairperson	5 th January 2016 to 30 th June 2017
2	Hon Philip Muset	Vice chairperson	5 th January 2016 to 30 th June 2017
3	Hon John Obwogo	Member	5 th January 2016 to 30 th June 2017
4	Hon Joy Wanga	Member	5 th January 2016 to 30 th June 2017

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5	Hon Patrick Gomba	Member	5 th January 2016 to 30 th June 2017
6	Mohammed Nurr	Member	5 th January 2016 to 30 th June 2017
7	Margret Chane	Member	5 th January 2016 to 30 th June 2017
8	Abued Chilangole	Member	5 th January 2016 to 30 th June 2017
9	Charles Otete	Member	5 th January 2016 to 30 th June 2017

Table 4: Budget and appropriations committee members

Audit Committee

The County Government is in the process of constituting the audit committee

Communication with all Stakeholders

The County 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 held an Annual consultative meeting in February 2017 where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

3. STATEMENT OF COMPLIANCE

The County Government is regulated by various laws and regulations. As a County Government, we are committed to ensuring that we have complied with all the laws and regulations governing County Governments.

- a) Financial reporting – Section 166 of the PFM Act (2012) requires the County Treasury to submit quarterly reports to the County Assembly and deliver copies to the Controller of

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Budget, National Treasury and the Commission on Revenue Allocation (CRA), no later than one month after the end of each quarter. ABC County complied with this requirements and submitted the quarterly reports within the stipulated timelines.

b) Fiscal responsibilities – Section 107 of the PFM Act (2012) stipulates the requirements of the County Treasury in enforcing fiscal responsibility.

- “The County Government’s Executive recurrent expenditure shall not exceed the county government’s total revenue” in FY 2016/2017, Busia County Executive complied with this requirement whereby the recurrent expenditure was Ksh 3,587,970,121.11 against total budget of Kshs 6,811,066,137.00 giving 52.68% of the total County Executive budgeted expenditure.
- “A minimum of thirty percent of the County Government’s Executive budget shall be allocated to the development expenditure” – in FY 2016/2017, Kshs 2,309,673,963.69 was allocated to development expenditure against a total budget of Kshs 6,811,066,137.00 giving 33.91% of the total County Executive budgeted expenditure.

4. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163, 164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance & ICT of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2017. 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 Government; (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 Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

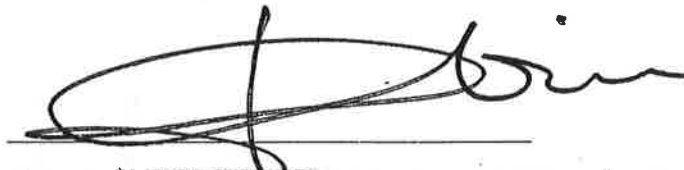
The CEC member for finance & ICT accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance & ICT is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2017, and of its financial position as at that date. The CEC member for finance & ICT further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

The CEC member for finance & ICT confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government'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 CEC member for finance & ICT confirms that the County Government'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 entity's financial statements were approved and signed by the CEC member for Finance & ICT on 28th September 2017



COUNTY EXECUTIVE COMMITTEE MEMBER – FINANCE & ICT.



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY EXECUTIVE OF BUSIA FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Busia set out on pages 1 to 93, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts: recurrent and development combined 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 and Section 35 of the Public Audit Act. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Busia as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis of Qualified Opinion section of my report, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Fixed Assets and Liabilities from Defunct Local Authorities

Annexure 2 of the financial statements under summary of fixed asset register reflects a balance of Kshs.2,372,777,852 as assets owned by the County as at 30 June 2017. However, the balance excludes assets that were taken over from the defunct local authorities. Further, no handover report was availed for audit review to show the assets and liabilities that were taken over by the County Executive of Busia.

In the circumstances, the completeness of all the fixed assets held by the County Executive of Busia as at 30 June 2017 cannot be confirmed.

Report of the Auditor-General on the Financial Statements of County Executive of Busia for the year ended 30 June 2017

2.0 Imprest Management

The statement of financial assets and liabilities as at 30 June 2017 discloses outstanding imposts totaling Kshs.2,861,050, all of which were overdue as at 30 June 2017. However, review of surrender documents at the time of audit revealed that a total of Kshs.1,885,650 was outstanding and unaccounted for, contrary to Section 93(5) of the Public Finance Management Act, 2012; Regulations, 2015 which state that each travel impost should be accounted for or surrendered within seven(7) working days after the return to duty station by the impost holder. No explanation was provided by management for failure to surrender the imposts on time.

In the circumstances, it has not been possible to confirm the recoverability of the impost balance of Kshs.1,885,650 reflected in the statement of financial assets as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Busia in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1.0. Acquisition of Assets

Note 10 to the financial statements reflects acquisition of assets during the year totaling to Kshs.1,872,577,626. However, review of payment records at the time of audit revealed the following anomalies:

1.1 Incomplete and Stalled Projects

1.1.1 Accident and Emergency Unit at Busia County Referral Hospital

The department of Health and Sanitation made payments totaling Kshs.52,737,929 to a local construction company for construction and completion of an accident and emergency unit at Busia County Referral Hospital. The contract was to be executed within a period of twelve (12) months from 6 June 2014 to 6 June 2015.

However, physical verification two and half years after expiry of the planned completion date revealed that the work stalled at 70% level of completion. No evidence has been presented by management to indicate that the project period was extended. In addition, progress

reports to confirm that the execution of the project was supervised by of the relevant Ministry were not provided for verification.

1.1.2 Construction of Maternity and New Born Unit at Busia County Referral Hospital

The Department of Health and Sanitation made payments totaling Kshs.44,412,469 to Sydcas Construction Limited for construction of Maternity and New Born Unit at Busia County Referral Hospital. The contract was to be executed in twelve (12) months from 19 June 2014 to 19 June 2015. As at 30 June 2017, the County Executive of Busia had paid Kshs.31,587,960 to the contractor.

However, physical verification conducted two and half years after expiry of the planned completion date revealed that the work stalled at 40% completion level with no evidence to indicate that the project period was extended. Also, the contractor was not on site. Further, the pillars and the slab of the building had started cracking, an indication of poor workmanship. Lastly, progress reports to confirm that the project was supervised by the relevant Ministry was not provided for verification.

1.1.3 Drainage Works at Odiado Rehabilitation Centre

During the year under review, the Department of Gender, Youth Sports and Culture contracted M/S Sema Kweli Contractors to refurbish Odiado Rehabilitation Centre at a contract sum of Kshs.1,892,323.00. The contract was to commence on 22 April 2016 and last for ten (10) months to November 2016. The scope of works involved rehabilitation of drainage systems.

Physical verification of the project on 6 February 2018 revealed that works on the drainage system had not commenced and the contractor was not on site despite the expiry of the contract period.

1.1.4 Drilling, Development, Test Pumping and Water Quality Analysis and Solar Installation

The Department of Water, Environment, Irrigation and National Resources paid a local water drilling company a total of Kshs.3,990,000 to drill, develop, test pump and analyse water quality and install solar power at Mugasa Primary school.

However, verification of the project at the time of audit revealed that the solar water pumping system was not done and as a result the borehole could not be put to use. Further, the contractor did not address the defects identified in the works as instructed by the project implementation team.

In the circumstances, it was not possible to confirm that the project was viable and vouch for the propriety of the expenditure incurred thereon.

1.2 Delayed Project Utilization and Service Delivery

1.2.1 Feasibility study for the proposed Busia International Airport

The Department of Public Works and Transport contracted a local private firm to offer consultancy services and undertake a feasibility study of the proposed Busia airport at a contract sum of Kshs.4,809,000 on 18 August 2014. The scope of work entailed critical

Report of the Auditor-General on the Financial Statements of County Executive of Busia for the year ended 30 June 2017

analysis of the socio-economic benefit of the proposed airport, estimation of the cost of the project, recommendations on the various modes of raising project funds, sourcing for partners and designing a standard airport that would accommodate various classes of aircrafts. The contract duration shown in the work plan was 20 working days with expected completion date of 12 September 2014. The consultant submitted the feasibility study report on 11 May 2016 and a part-payment amounting to Kshs.1,923,600 was made by the County Executive on 5 May 2017.

However, review of the project file at the time of audit revealed that although the contract period had expired, the consultant had not submitted the design of a standard airport as required in the terms of reference.

1.2.2 County Revenue Collection and Management System (CountyPro)

The department of finance and Information and Communication Technology (ICT) contracted M/S Strathmore Research and Consultancy Center (SRCC) to provide the requirement analysis, design, implement, test, deploy, train and maintain county revenue collection and management system. The project was carried out in five phases that included; gap analysis, system development, and modification, training, go-live and continuous user - support.

Further, clause 3.1 of the executed contract provided that SRCC were to be paid a recurring fee of 4% of revenues processed through the application for a period of three years on a quarterly basis. The fees were explained as due for mobilization of resources for a back-end server, third party systems software, workflow process modelling, legacy data migration, online/classroom training programs, Strathmore University certification, training workshops, and point of sale (POS) terminals deployment.

The contract was to be executed within a period of three (3) years with a commencement date of 17 November 2015 and expected completion date of 17 November 2018. Verification of the project and review of its reports revealed failure by the user department to adopt and fully utilize all the modules of its two main integrated components;

- i. The POS was to provide a digital receipting solution for markets, main gate cess, border trailer parks, various vehicle parks, hospitals and water meter readings, among others through various modes of payments including cash, mobile money and mobile banking. However, at the time of audit, only two modules; the parking fees and market fees, were fully integrated and functional.
- ii. The backend was to be used by the county officers to make payments, generate business intelligence and operational reports and manage five structured revenue streams in the county; liquor licensing, business permits, general billing, property rates and water billing. However, at the time of the audit, only the single business module was fully integrated and functional.

In addition, it was not possible to confirm the accuracy of the revenues collected through the system as the revenue department could not generate collection reports. Further, periodic

reconciliations between the revenues on record in the system and sums reported throughout the year under review were not carried out. .

In addition, re-computation of the agency fee from the revenue collected through the system as provided by the contractor for three quarters ending June 2017 yielded Kshs.6,512,442. However, the invoices submitted by the contractor during the same period were for revenue totaling Kshs.7,092,828 resulting into an unexplained variance in invoice amount of Kshs.598,954 as tabulated below;

Invoice Period	System Collected Revenue	4% of the Revenue	Invoiced Amount	Variance
May-June 2017	27,485,708	1,099,428	1,091,144	8,284
Jan-March 2017	56,782,568	2,271,303	2,860,973	589,669
August-December 2016	78,542,780	3,141,711	3,140,711	1,000.00
Total	162,811,056	6,512,442	7,092,828	598,954

Lastly, review of expenditure records revealed that the County Executive had not paid any recurring fee as in the specified contract on work conditions.

1.2.3 County Integrated Enterprise Resource Planning System

The department of finance and (ICT) contracted M/S Pensoft Systems Limited to analyse, design, implement, test, deploy, train and maintain a county integrated enterprise resource planning (ERP) system. The contract was to be executed within a period of eighteen (18) week between 19 September 2016 and 19 January 2017.

Verification of the project on 16 February 2018 revealed that the deployment was completed and handed over to the County Executive. However, the Executive had not fully adopted the human resource, vehicle management and intelligent online helpdesk management modules in the system. Management to ensure that all modules are implemented accordingly to assure cost effectiveness.

1.2.4 County Comprehensive Hospital Information Management System (CHIMS)

The Department of Health and Sanitation contracted a local software provider to develop, deliver, install, test, deploy and support a comprehensive hospital information management system at Busia County Referral Hospital. The contract was to be executed in eighteen (18) weeks between 19 September 2016 and completion date of 19 January 2017. Verification of the project on 16 February 2018 revealed that the deployment was completed and handed over. However, the County Executive had not fully adopted most of the system's modules.

At minimum, the system was to have seventeen (17) modules that included; patient management, laboratory management, radiology information system, operation theater management, and budget management, among others. In addition, it was to have inbuilt internal control and accounting, project tracking, outcome performance features & contacts and communication managing features. Its key objective was to enhance operational

efficiency, improve financial management, integrate all the functional departments and eventually link to the Department of Health offices at the County headquarters.

However, verification of the system at the time of audit revealed that the system was not adopted fully as initially desired. Most of the modules were functioning in part only and were thus not utilized fully as per the initial agreement. The payroll module was not integrated, inpatient module was only partly in use and the pharmacy module was underutilized with the system only holding redundant data input at the time it was installed. Further, the system was not integrated with National Health Insurance System (NHIF) as clients had to fill manual NHIF forms. In addition, the data clean-up needs were yet to be addressed. Lastly, periodic reconciliations between the collection reports from the system and the revenue section reports were not carried out.

In the circumstances, the County Executive failed to achieve value-for-money in the deployment of the revenue automation system.

1.2.5 Payment for non-delivered Digital Health Equipment's

The department of health and sanitation made payments totaling Kshs.9,998,914 in agency fees to a local clearing and forwarding firm for clearance and transportation of the digital health equipment from the port of Mombasa to the Digital Health Village at Amukura. According to the agreement between the firm and the County Executive dated 22 May 2017, the agency fee was for supply, shipping, duty charges, pharmacy and Poison Board permit, Kenya Ports Authority charges, agency fee, custom warehouse and transport from Mombasa to Amukura Health Centre upon receipt of full payment. However, the contract agreement did not indicate the specific digital equipment's to be supplied.

Site visit at the time of audit revealed that the equipment had not yet been delivered although the agent had received the full payment as provided for in the agreement. In addition, the department had not conducted a feasibility study on the viability and sustainability of the digital health project before it was initiated.

We are however informed by management that they are pursuing delivery in 2017/2018 financial year.

1.3 Unsustainable Project Management

1.3.1 Purchase of Trailer Park Land

Examination of payment records revealed that the department of lands, housing and urban development purchased several parcels of land at an aggregate cost of Kshs.24,385,000 during the year. However, physical verification of two parcels of land; with parcel numbers Bukhayo/Bugengi/1007(6 Acres) costing Kshs.9,900,000 and North Teso/Kocholia/247(10 Acres) costing kshs.9,240,000 earmarked for a trailer park revealed that the lands were not demarcated by means of beacons and were therefore prone to encroachment by other parties. Further, review of the subsequent year budgetary allocations and projections revealed that no provisions were made for demarcation and fencing of the lands.

1.3.2 Borehole Water Projects

The Department of Water Environment Irrigation and National Resources drilled one hundred and seventy-five (175) boreholes distributed at the rate of eight (8), thirty-five (35), sixty-five (65) and sixty-seven (67) between financial years 2013/2014, 2014/2015, 2015/2016 and 2016/2017 respectively. The department equipped 96 of the boreholes with solar powered pumping units in addition to water storage capacities amounting to an average of nine hundred and sixty thousand litres. Among the drilled one hundred and seventy-five (175) boreholes, included 75 shallow wells that were fitted with mechanical hand pumping units.

However, physical verification of sampled projects and review of respective project documents revealed that ten (10) of the boreholes fitted with solar powered pumping units contracted at Kshs.20,400,000 were not operational due to various mechanical defects. In addition, review of the department's financial budgets for subsequent years revealed that no allocations were made for completion of the unproductive boreholes.

In the circumstances, the public were not served with water as expected and hence no value-for-money had been obtained from the projects worth Kshs.20,400,000 as at 30 June 2017.

1.3.3 Lack of Title Deed for Purchased Land

During the year under review, the Department of Gender, Youth, Culture and Sports purchased a parcel of land plot number Bukhayo/Kisoko/8739 measuring 9.5 acres for Kshs.3,800,000. However, the title deed for the parcel was not availed for audit verification. In the circumstance, the ownership of the land by the County Executive could not be confirmed.

1.3.4 Inflated Installation of Solar Pumping Units' Contract

The Department of Water, Environment, Irrigation and National Resources contracted M/s Jalisnado Enterprises Limited Company at a contract sum of Kshs.21,073,440 to install solar pumping units with accessories for eight (8 Nos) Boreholes in Samia and Bunyala Sub-counties.

However, audit examination of the costed bill of quantities for the procured goods, works and services under Element 1.2 (Preliminaries and General) included performance security bid-bond 2% at Kshs.3,240,000 as part of the project deliverables.

Consequently, the project's cost may have been overstated by an amount of Kshs.3,240,000.

2.0 Unsupported Expenditure on Policy Development Workshop

Note 6 to the financial statements reflects expenditure of Kshs.1,775,240,230 in respect of use of goods and services during the year. Included in the balance is an amount of Kshs.28,640,539 relating to training expenses under the Department of Trade and Co-operative. However, review of the expenditure records revealed that the Department incurred expenditure of Kshs.2,800,000 in respect of facilitation of a workshop on the County

market policy review. However, a copy of the devolved draft policy was not availed for verification.

In the circumstances, it has not been possible to confirm the propriety of the expenditure totaling Kshs.2,800,000 reported to have been incurred on the policy facilitation workshop during the year under review.

3.0 Budget Control and Performance

3.1 Revenue Performance

The County Executive's total collections for the year was budgeted at Kshs.7,545,634,105 but actual receipts totaled Kshs.7,279,997,268 thus resulting in a shortfall of Kshs.265,636,837 or 4% of the budget. The shortfall mainly resulted from under-collections from local receipts.

Revenue Item	Budget 2016/17 Kshs.	Actual on Collection 2016/17 Kshs.	Over/Under Collection Kshs.	Over/Under collection as % of the Budget
Opening balance	843,551,349	843,551,349	-	100%
Proceeds from Domestic and Foreign Grants	15,133,935	19,485,000	4,351,065	129%
Exchequer releases	5,870,096,945	5,870,097,210	265	100%
Transfers from Other Government Entities	229,340,878	291,630,580	62,289,702	127%
Other Receipts	587,510,998	255,233,129	332,277,869	43%
Total Receipts	7,545,634,105	7,279,997,268	265,636,837	96%

3.1.1 Under Collection of Local Revenue

During the year under review, the County Government had projected to collect local revenue amounting to Kshs.587,510,998. However, the County realized revenue totaling to Kshs.255,233,129 hence resulting to revenue shortfall of Kshs.332,277,869 or 43% of the budgeted revenue. Further analysis revealed that there was a drastic drop in revenue collection by an amount of Kshs.77,395,844 in comparison to the previous(2015/16) financial year when Kshs.334,222,084 was collected. The change represented a 23.2% drop in revenue collection from the previous the year. In the circumstances, the County Executive failed to provide for its expenditure needs.

3.1.2 Spending at Source

Review of revenue records from various hospitals within Busia County established that not all revenues were banked intact into the County Revenue Fund. Revenue collections for the financial year totaled Kshs.43,547,309 while the banking was Kshs.19,396,561 indicating that Kshs.24,150,749 was spent at source as tabulated below:

No.	Institution	Collection (1 July 2016 – 30 June 2017)	Banking	Spending At Source
1.	Sio Port Sub County Hospital	620,435	196,325	424,110
2.	Kocholia Sub County Hospital	9,914,163	1,896,231	8,017,932
3.	Khunyang Sub County Hospital	4,761,837	3,637,557	1,124,280
4.	Port Victoria Sub County Hospital	2,962,732	1,221,855	1,740,877
5.	Alupe Sub County Hospital	7,063,556	3,919,204	3,144,352
6.	Busia County Referral Hospital	15,047,904	5,348,707	9,699,197
	Total	43,547,309	19,396,561	24,150,749

Consequently, the Department of Health and Sanitation may have spent collected revenue on non-voted programs and activities and thus contravened Section 109(2) of the public financial management Act, 2012 which requires that all monies raised or received by or on behalf of a county government be paid into the County Revenue Fund.

3.2 Expenditure Performance

The County Executive t recorded under-expenditure on compensation of employees, use of goods and services, other grants and transfers, acquisition of assets and other expenses amounting to Kshs.882,121,080, being 22% of the total budget of Kshs.7,545,634,103 as tabulated below:

Expenditure Category	Budget 2016/17 Kshs.	Actual Expenditure 2016/17 Kshs.	Under/Over Expenditure Kshs.	Under/Over Expenditure as a % of the Budget Amount
Compensation of Employees	2,145,267,940	2,094,521,999	50,745,941	98%
Use of goods and services	1,985,484,667	1,775,241,231	210,243,436	89%
Transfers to Other Government Units	734,567,966	765,867,938	31,299,972	104%
Other grants and transfers	189,667,000	108,127,189	81,539,811	57%
Social Security Benefits	6,083,997	6,083,997	-	100%
Acquisition of Assets	2,401,318,632	1,872,577,626	528,741,006	78%
Other Expenses	83,243,902	41,093,044	42,150,858	49%
Total	7,545,634,103	6,663,513,023	882,121,080	88%

Consequently, the residents of Busia were denied services they are entitled to due to the under-expenditure of Kshs.882,121,080 ; or the County Government of Busia may have over-budgeted the said cost centers.

3.3 Development Expenditure/Project Performance

According to the approved budget for 2016/17, a total of Kshs.2,973,476,562 was allocated ten (10) departments to finance various development projects. As at 30 June 2017, an amount of Kshs.2,312,121,264 or approximately 78% of the budgeted amount of Kshs.2,973,476,562 had been spent projects as tabulated below:

No.	Department	Budget Kshs.	Actual Expenditure Kshs.	% Level of Implementation
1	Agriculture and Natural Resources	218,305,750	193,299,144	89%
2	Economic Planning, Trade, Cooperatives and Industrialization	165,980,576	56,663,581	34%
3	Education and Vocational Training	221,142,818	129,815,575	59%
4	Finance and ICT	66,587,723	41,432,799	62%
5	Community Culture, sports and Social Services	119,512,474	106,233,753	89%
6	Roads, Public Works, Energy and Transport	834,002,079	769,424,797	92%
7	Lands, Housing and urban Development	297,652,374	220,358,922	74%
8	Water Environment and Natural Resources	479,317,757	326,845,407	68%
9	Health and Sanitation	353,331,761	265,140,603.2	75%
10	The Governorship	217,643,250	202,906,682	93%
	Total	2,973,476,562	2,312,121,264	78%

Consequently, the County Government failed to implement projects valued at Kshs.661,355,298 and thus denied the residents of Busia County services they were entitled to.

4.0 Governance and Internal Control

An audit committee has not been established as required by Regulation 167 of the Public Financial Management (County Government) Regulations of March 2015. Further, the management has not developed and implemented a risk management framework and policy.

5.0 Ineffective Management of the County Public Service

The County Public Service Board has not established the following policies and procedures relevant for the effective management of its public service:

- (i) Scheme of Service for County Public Service Officers
- (ii) Approved Staff Establishment

- (iii) Selection and Recruitment Policy
- (iv) Code of Conduct and Ethics for staff
- (v) Compensation Policy
- (vi) Workplace Policies
- (vii) Communication Policy
- (viii) Promotions Policy
- (ix) Staff Training and Capacity Development Policy
- (x) Disciplinary Policy

In addition, the County Executive Committee is yet to design a performance management plan to evaluate performance of the County Public Service and the implementation of County policies.

Further, review of the County officers' biodata as reflected in the IPPD payroll indicated a negatively skewed succession trend with 391 senior officers of Job Groups K and above aged 50 years and above while their possible successors in Job Group J are 143 in number. The Lower cadre of Job Group H and below have 791 officers under the age of 50 years distributed thus; 272 officers in Job Group H, 48 officers in Job Group G and 7 officers in Job Group F among others. An additional 311 officers in Job Group H are aged 50 years and above.

From the foregoing, the County Public Service may fail to achieve its service delivery objectives. Further, the County Executive may face staff succession challenges if the situation is not corrected without delay.

6.0 Unverified Selection and Recruitment Process

Review of the County Public Service Board Annual report for 2017 indicates that the Board recruited 702 employees and among these were 435 ECDE care-givers. However, the Board did not provide the details and the relevant record for selection and recruitment for audit verification. The records included among others selection and recruitment reports, reporting and declaration of vacancies, approval for selection and recruitment, shortlisting for recruitment, selection and recruitment minutes and resolutions, adoption of the recruitment report and the final report on the acceptance of recruitment.

In the circumstances, it was not possible to confirm whether the recruitment and appointments were done in conformity with the provisions of Section 63 of the County Government Act, 2012.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern accounting assumption.

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.

Those charged with governance are responsible for overseeing the County Executive's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the County Executive's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue offering services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in

the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 July 2018

I. STATEMENT OF RECEIPTS AND PAYMENTS – FY 2016/2017.


	<u>Note</u>	<u>2016-2017</u>	<u>2015-2016</u>
		<u>Kshs</u>	<u>Kshs</u>
RECEIPTS			
Proceeds from Domestic and Foreign Grants	1	19,485,000	149,748,750
Exchequer releases	2	5,870,097,210	6,006,860,944
Transfers from Other Government Entities	3	291,630,580	-
Other Receipts	4	255,233,129	334,222,084
TOTAL RECEIPTS		6,436,445,919	6,490,831,778
PAYMENTS			
Compensation of Employees	5	2,094,521,999	1,975,691,837
Use of goods and services	6	1,775,240,230	1,490,641,167
Transfers to Other Government Units	7	765,867,938	789,509,547
Other grants and transfers	8	108,127,189	212,595,880
Social Security Benefits	9	6,083,997	-
Acquisition of Assets	10	1,872,577,626	927,432,964
Other Payments	11	41,093,044	693,079,733
TOTAL PAYMENTS		6,663,512,023	6,088,951,128
DEFICIT		(227,066,104)	401,880,650

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September 2017 and signed by:



Chief Officer Finance & ICT



Director- Accounting Services

II. STATEMENT OF ASSETS AND LIABILITIES

	<u>Note</u>	<u>2016-2017</u> <u>Kshs</u>	<u>2015-2016</u> <u>Kshs</u>
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12A	751,907,147	946,103,960
Cash Balances	12B	-	1,323,953
Total Cash and cash equivalent		751,907,147	947,427,913
Accounts receivables – Outstanding Imprests	13	2,861,050	4,067,469
TOTAL FINANCIAL ASSETS		754,768,197	951,495,382
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	14	(30,338,919)	-
NET FINANCIAL ASSETS		724,429,278	951,495,382
REPRESENTED BY			
Fund balance b/fwd	15	951,495,382	549,614,732
Surplus for the year		(227,066,104)	401,880,650
Prior year adjustments		-	-

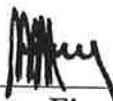
COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

NET FINANCIAL POSITION

724,429,277.87

951,495,382

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September 2017 and signed by:



Chief Officer- Finance & ICT



Director- Accounting Services

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

III. STATEMENT OF CASHFLOW- FY 2016/2017

	<u>NOTE</u>	<u>2016 - 2017</u>	<u>2015 - 2016</u>
		<u>Kshs</u>	<u>Kshs</u>
Receipts for operating income			
Proceeds from Domestic and Foreign Grants	1	19,485,000	149,748,750
Exchequer Releases	2	5,870,097,210	6,006,860,940
Transfers from Other Government Entities	3	291,630,580	
Other Revenues	4	255,233,125	334,222,080
Payments for operating expenses			
Compensation of Employees	5	(2,094,521,999)	(1,975,691,837)
Use of goods and services	6	(1,775,240,230)	(1,490,641,167)
Transfers to Other Government Units	7	(765,867,938)	(789,509,547)
Other grants and transfers	8	(108,127,189)	(212,595,880)
Social Security Benefits	9	(6,083,997)	
Other Expenses	11	(41,093,044)	(693,079,733)
Adjusted for:			
Changes in receivables	13	1,206,419	11,552,840
Changes in payables	14	30,113,490	
Net cash flow from operating activities		1,677,056,860	1,340,866,460
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	10	(1,872,577,626)	(927,432,964)
Net cash flows from Investing Activities		(1,872,577,626)	(927,432,964)
NET INCREASE IN CASH AND CASH		(195,520,766)	413,433,498

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

EQUIVALENT

Cash and cash equivalent at BEGINNING of the year	12	947,427,414	533,994,414
Cash and cash equivalent at END of the year	12	751,907,147	947,427,914

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th September 2017 and signed by:



Chief Officer- Finance & ICT



Director- Accounting Services

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2016 (Ksh.)

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED- FY 2016/2017

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
RECEIPTS	a	b	c= a+b	d	e=c-d	f=d/c %
Opening balance	843,551,349	-	843,551,349	843,551,349	-	100
Proceeds from Domestic and Foreign Grants	15,133,935	-	15,133,935	19,485,000	(4,351,065)	129
Exchequer releases	5,870,096,945	-	5,870,096,945	5,870,097,210	(265)	100
Transfers from Other Government Entities	229,340,878	-	229,340,878	291,630,580	(62,289,702)	127
Other Receipts	587,510,998	-	587,510,998	255,233,129	332,277,869	43
<u>TOTAL RECEIPTS</u>	<u>7,545,634,105</u>	<u>=</u>	<u>7,545,634,105</u>	<u>7,279,997,268</u>	<u>265,636,837</u>	<u>89</u>
PAYMENTS						
Compensation of Employees	2,213,659,579	68,391,639	2,145,267,940	2,094,521,999	50,745,941	98
Use of goods and services	2,170,726,066	(1,890,795)	1,985,484,667	1,775,240,230	210,244,437	89
Transfers to Other Government Units	734,567,966	-	734,567,966	765,867,938	(31,299,972)	104
Other grants and transfers	208,430,000	(18,507,000)	189,667,000	108,127,189	81,539,811	57
Social Security Benefits	6,083,997	-	6,083,997	-	-	100
Acquisition of Assets	3,030,462,730	(623,322,374)	2,401,318,632	1,872,577,626	528,741,006	78

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
RECEIPTS	a	b	c= a+b	d	e=c-d	f=d/c %
Other Payments	102,070,926	(18,827,022)	83,243,904	41,093,044	42,150,858	49
TOTALS	<u>8,466,001,263</u>	<u>(594,155,554)</u>	<u>7,545,634,105</u>	<u>6,663,512,023</u>	<u>882,122,080</u>	<u>88</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 28th September 2017 and signed by:


Chief Officer- Finance & ICT


Director- Accounting Services

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c %
Opening balance	497,695,296		497,695,296	497,695,296	-	100
Proceeds from Domestic and Foreign Grants	7,718,307	-	7,718,307	11,496,150	(3,777,843)	149
Exchequer releases	3,463,357,354	-	3,463,357,354	3,463,357,354	-	100
Transfers from Other Government Entities	116,963,848	-	116,963,848	172,062,042	(55,098,194)	147
Other Receipts	299,630,609	-	299,630,609	150,587,546	149,043,063	50
<u>TOTAL RECEIPTS</u>	<u>4,385,365,413</u>	<u>=</u>	<u>4,385,365,413</u>	<u>4,295,198,388</u>	<u>90,167,025</u>	<u>98</u>
PAYMENTS				-		
Compensation of Employees	2,213,659,579	68,391,639	2,145,267,940	2,094,521,999	50,745,941	98
Use of goods and services	1,681,388,550	91,675,302	1,589,713,248	1,423,620,405	166,091,842	90

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c %
Transfers to Other Government Units	633,726,061	-	633,726,061	665,026,033	(31,299,972)	105
Other grants and transfers	1,050,000	128,000	922,000	789,840	132,160	86
Social Security Benefits	6,083,997	-	6,083,997	6,083,997	-	100
Acquisition of Assets	98,513,253	2,910,862	95,602,391	62,953,880	32,648,511	66
<u>TOTALS</u>	<u>4,634,421,440</u>	<u>2,910,862</u>	<u>4,471,315,637</u>	<u>4,252,996,154</u>	<u>218,319,482</u>	<u>95</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 28th September 2017 and signed by:


Chief Officer- Finance & ICT


Director- Accounting Services

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

V. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS	A	b	c=a+b	d	e=c-d	f=d/c %
Opening balance	345,856,055	-	345,856,055	345,856,055	-	100
Proceeds from Domestic and Foreign Grants	7,415,628	-	7,415,628	7,988,850	(573,222)	108
Exchequer releases	2,406,739,591	-	2,406,739,591	2,406,739,856	(265)	100
Transfers from Other Government Entities	112,377,030	-	112,377,030	119,568,538	(7,191,508)	106
Other Receipts	287,880,389	-	287,880,389	104,645,583	183,234,806	36
<u>TOTAL RECEIPTS</u>	<u>3,160,268,692</u>	<u>=</u>	<u>3,160,268,692</u>	<u>2,984,798,880</u>	<u>175,469,812</u>	<u>94</u>
PAYMENTS						
Compensation of Employees	-	-	-	-	-	-
Use of goods and services	489,337,516	(93,566,097)	395,771,419	351,619,825	44,151,594	89
Transfers to Other Government Units	100,841,905	-	100,841,905	100,841,905	-	100
Other grants and transfers	207,380,000	(18,635,000)	188,745,000	107,337,349	81,407,651	57
Social Security Benefits	-	-	-	-	-	-

COUNTY GOVERNMENT OF BUSIA
Reports and Financial Statements
For the year ended June 30, 2017 (Ksh.)

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS	A	b	c=a+b	d	e=c-d	f=d/c %
Acquisition of Assets	2,931,949,477	(626,233,236)	2,305,716,241	1,809,623,746	496,092,495	78
Other Payments	102,070,926	(18,827,024)	83,243,902	41,093,044	42,150,858	77
TOTALS	<u>3,831,579,824</u>	<u>(757,261,357)</u>	<u>3,074,318,467</u>	<u>2,410,515,869</u>	<u>663,802,598</u>	<u>78</u>

- The difference in exchequer releases is as a result of Danida funds released after 2015/2016 year end of Ksh 12,990,000.00 which were swept back to CRF.
- The underperformance of other receipts was as a result of low actual revenue collections in key local revenue streams.
- The low utilization of the development budget was as a result long procurement process. This resulted to delay in commencement of some projects.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 28th September 2017 and signed by:


Chief Officer- Finance & ICT


Director - Accounting Services

6.7. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling.

The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the County Government of Busia. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 and comprises of County Executive of Busia.

The financial statements include all budgetary entities controlled by the County Government. A detailed schedule of consolidated entities is included under appendix 4.

3. Elimination

Material balances between entities included in this consolidation have been eliminated. This has been informed by the inter-entity elimination template that is completed by the entities and submitted to the County Treasury.

4. Recognition of receipts and payments

a) Recognition of receipts

The County Government recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

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

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2017, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licensees, cess, fees, property income among others generated by the County Government from its citizenry. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The entity recognizes all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

6. In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

7. 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.

Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2016, this amounted to Kshs 30,113,490.25 compared to Kshs 0 in prior period as indicated on note 22A.

There were no other restrictions on cash during the year

8. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfillment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

10. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

11. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of Busia County Government at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Government of Busia budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 30th June 2016 for the period 1st July 2016 to 30th June 2017 as required by law. There were two supplementary budgets passed in the year. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

12. Comparative figures

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

13. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: (i). restating the comparative amounts for prior period(s) presented in which the error occurred; or (ii). If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

6.8. NOTES TO THE FINANCIAL STATEMENTS

1. NOTE 1

PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

These refer to grants received from domestic and foreign donors. The funds include grants received directly by the County Government and those that are received by the National Government first and disbursed to the County.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)		
Danida Funds	19,485,000	-
Grants Received from other levels of government		
Road Maintenance Levy	-	69,109,239
Free Maternity Fees	-	69,262,500
User fees foregone	-	11,377,011
Total	19,485,000	149,748,750

2. NOTE 2:

EXCHEQUER RELEASES

Exchequer releases refer to funds disbursed by the National Treasury to the County Government from the Exchequer. These funds are part of the allocations stipulated in County Allocation of Revenue Act (CARA) 2016 and it includes Equitable Share.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	997,916,526	435,219,836
Total Exchequer Releases for quarter 2	1,496,874,789	1,939,842,541
Total Exchequer Releases for quarter 3	1,467,524,303	1,059,310,672
Total Exchequer Releases for quarter 4	1,907,781,592	2,572,487,895
Total	5,870,097,210	6,006,860,944

The split between equitable share allocation, DANIDA Health Funds, Free Maternity fees, User fees foregone, Doctors, nurses, clinical officers and other staff allowances, Road Maintenance Levy and Coffee Cess is as shown below: Ksh 12,990,000.00 from Danida Fund

was received on 5th of July 2016 and therefore recorded as part of receipts in the financial year 2016/2017.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Equitable Share	5,870,097,210	6,006,860,944
Danida Funds	19,485,000	-
Free Maternity Fees	82,717,500	69,262,500
User fees foregone	17,302,828	11,377,011
Doctors, nurses, clinical officers and other staff allowances	94,005,000	-
Road Maintenance Levy	90,194,000	69,109,239
Coffee Cess	812	-
Other exchequer receipts	7,410,440	-
Total	6,181,212,790	6,156,609,694

3. **NOTE 3:**

TRANSFERS FROM OTHER GOVERNMENT ENTITIES

These refer to funds disbursed to the County Government from other government entities. These transfers are part of the conditional allocations stipulated in CARA 2016. In FY 2016/2017, County Government of Busia received funds from the National Government's Ministry of Health as shown below:

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Ministry of Health – Free maternal healthcare	82,717,500	69,262,500
Ministry of Health – Compensation for user fees forgone	17,302,828	11,377,011
Busia County Road Maintenance Levy	90,194,000	69,109,239
Coffee cess	812	-
Doctors, Nurses, Clinical Officers and other staff allowances	94,005,000	-
Other Exchequer receipts	7,410,440	-

Total

291,630,580

149,748,750

4. NOTE 4:

COUNTY OWN GENERATED REVENUES.

The balance relates to funds generated from the County's local sources.

	<u>2015 - 2016</u>	<u>2014 - 2015</u>
	<u>Kshs</u>	<u>Kshs</u>
Rents	539,270	218,403
Receipts from Administrative Fees and Charges	1,826,200	-
Receipts from Sales by Non-Market Establishments	17,100	886,447
Fines Penalties and Forfeitures	39,000	-
Business permits	33,815,308	36,630,490
Cesses	18,186,430	25,190,966
Plot rents	2,071,578	2,333,077
Administrative services fees	13,034,833	58,182,615
Other miscellaneous revenues	33,364,247	36,054,716
Market/trade Centre fee	17,837,870	25,248,430
Vehicle parking fees	128,596,745	142,221,660
Social premises use charges	62,500	31,500
School fees	41,020	-
Public health services	-	2,142,001
Slaughter houses administration	-	867,290
Water supply administration	5,801,028	4,214,489
	<u>255,233,129</u>	<u>334,222,084</u>

5. NOTE 5:

COMPENSATION OF EMPLOYEES

This relates to the compensation paid to employees. The balance comprises of staff salaries, allowances, social security contributions and other personnel related payments.

	FY2016/2017	FY2015/2016
	<u>2015 - 2016</u>	<u>2014 - 2015</u>
	<u>Kshs</u>	<u>Kshs</u>
Basic salaries of permanent employees	1,166,618,854.65	1,064,023,126
Basic wages of temporary employees	18,359,821	16,459,994
Personal allowances paid as part of salary	816,326,147.20	722,216,463
Pension and other social security contributions	54,700,509	91,486,184
Compulsory national health insurance schemes	30,367,450	31,967,715
Other personnel payments(Gratuity)	<u>8,149,217</u>	<u>47,702,355</u>
Total	<u>2,094,521,998.85</u>	<u>1,973,855,837</u>

6. NOTE 6:

USE OF GOODS AND SERVICES

The balance relates to the cost incurred on general office supplies, air tickets, subsistence allowances, cost of services, routine maintenance of assets and other expenditure incurred on a recurring basis.

	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	29,071,880	80,545,349
Communication, supplies and services	5,355,834	10,402,496
Domestic travel and subsistence	106,665,070	119,961,419
Foreign travel and subsistence	37,167,485	69,225,771

Printing, advertising and information supplies & services	17,812,767	62,041,453
Rentals of produced assets	6,703,825	14,585,631
Training expenses	122,563,951	35,783,505
Hospitality supplies and services	17,555,453	31,766,203
Insurance costs	270,000,000	182,875,654
Specialized materials and services	332,017,225	52,239,743
Office and general supplies and services	9,546,049	21,469,429
Other operating expenses	470,082,693	400,634,570
Routine maintenance – vehicles and other transport equipment	12,158,065	24,327,282
Routine maintenance – other assets	171,935,979	14,016,650
Fuel Oil and Lubricants	31,928,337	30,944,036
Medical drugs	<u>134,675,617</u>	<u>339,821,976</u>
Total	<u>1,775,240,230</u>	<u>1,490,641,167</u>

7. NOTE 7:

TRANSFER TO OTHER GOVERNMENT ENTITIES

This refers to transfers made by the County Government to other County Government Entities, which have not been consolidated in this set of financial statements. The transfers were made to County Assembly of Busia.

	2016-2017 Kshs	2015-2016 Kshs
Busia County Assembly	<u>765,867,938</u>	<u>789,509,547</u>
TOTAL	<u>765,867,938</u>	<u>789,509,547</u>

8. NOTE 8:

OTHER GRANTS AND OTHER PAYMENTS

This refers to grants and other transfers made by the County Government. These grants and transfers are made for a specific purpose. They include scholarship and bursary grants, payments from the emergency fund and subsidies to youths, women and persons with disabilities.

	2016-2017	2015-2016
	Kshs	Kshs
Scholarships and other educational benefits	41,404,999.40	74,400,000
Donations	8,522,190	-
Other Capital Grants and Transfers	58,200,000	138,195,880
Total	<u>108,127,189.40</u>	<u>212,595,880</u>

9.0 NOTE 9:

SOCIAL SECURITY BENEFITS

	2016-2017	2015-2016
	Kshs	Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	6,083,996.50	1,836,000
Employer Social Benefits in cash and in kind	-	-
Total	<u>6,083,996.50</u>	<u>1,836,000</u>

10.0 NOTE 10:**ACQUISITION OF ASSETS**

This refers to both development and recurrent expenditure incurred by the County Government of Busia. This has been classified in terms of County assets and community assets acquired by the County government of Busia in the financial year 2016/2017.

	2016-2017 Kshs	2015-2016 Kshs
<u>Non-Financial Assets</u>		
Construction of Buildings	251,464,817	184,257,598
Refurbishment of Buildings	134,499,686.14	108,319,119
Construction and Civil Works	581,009,480	33,128,999
Purchase of Vehicles and Other Transport Equipment	-	60,251,920
Hire of Equipment plant and machinery	10,730,279	
Purchase of Motor Vehicles	78,634,460.35	21,727,512
Purchase of Household Furniture and Institutional Equipment	-	1,992,344
Purchase of Office Furniture and General Equipment	240,874,932.65	9,135,000
Purchase of ICT, Networking and Communication Equipment	66,406,937	78,910,711
Purchase of Specialized Plant, Equipment and Machinery	15,420,690	95,228,313
Purchase of Certified Seeds, Breeding Stock and Live Animals	49,915,094	69,396,612
Research, Studies, Project Preparation, Design & Supervision	108,320,873	26,070,431
Purchase of medical and dental equipment	-	1,633,272
Purchase of laboratory services	-	1,000,000
Rehabilitation of Civil Works		

	303,125,055	210,973,024
Acquisition of Land	32,175,322	25,408,110
	=	=
Total	<u>1,872,577,625.86</u>	<u>927,432,964</u>

11. NOTE 11:

OTHER EXPENSES

The balance relates to cost incurred in settling pending bills from prior periods.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Other expenses	41,093,043.85	693,079,733
Total	<u>41,093,043.85</u>	<u>639,079,733</u>

12. CASH AND CASH EQUIVALENTS

A. NOTE 12 A:

BANK ACCOUNTS

The balances refer to cash and cash equivalent balances held as at 30th June 2017 in all the County's bank accounts.

Name of Bank, Account No. & currency	2016-2017	2015-2016
	Kshs	Kshs
Co-op bank water & environment Imprest A/C no 01141236344202	-	3,205
Co-op bank public works Imprest A/C 01141236344205	-	98
Co-op bank com,dev,gender and culture and Imprest A/C 01141236344207	-	2,374
Co-op health and sanitation Imprest A/C 01141236344209	-	1,511
Co-op bank lands housing urban managt &housing imprests A/C 01141236344203	-	711
Co-op bank education Imprest A/C01141236344204	34,014,674.59	26,827,622

co-op bank agriculture Imprest A/C 0114123634408	-	26,310
Department of deputy Governor-coop bank A/C 01141236830000	-	2,476
Department of Office of the Governor-coop bank A/C 01141236874900	-	258
Co-op trade Imprest A/C 01141236344210	-	15,251
KCB Revenue Fund Collection A/C 1140758017	2,551,863.60	4,882,236
CBK Recurrent A/C 1000171189	80,263,838.40	2,873,765
National bank current A/C 01001087293800	-	227,194
County public Service board COOPBANK A/C 01141236831300	-	200
County secretary coop bank -A/C 01141236880200	30,283.26	95,114
CBK development A/C 1000171138-executive	1,623,722.75	368,254,596
CBK revenue fund A/C 1000171618	480,915,668.80	471,208,237
CBK Road Maintenance Levy Fund account no. 1000268336	121,851,497.60	52,000,000
Co-op bank standing imprest A/C 01141236344200	204,692.87	19,682,800
Busia County Deposit A/C NO. 1000239204	30,338,919.15	-
County Health Management team A/C no 079000026361	<u>111,986.00</u>	-
Total	<u>751,907,147.02</u>	<u>946,103,960</u>

B. NOTE 12B:

CASH IN HAND

Cash in hand refers to cash balances held by the cash offices within the County Government as at 30th June.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	1,323,953
Total	-	1,323,953
Cash in hand per location		

13.0 NOTE 13:

ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS AND SALARY ADVANCE

This refers to the unaccounted for imprests and salary advances as at 30th June 2017.

<i>Description</i>	2016-2017	2015-2016
	Kshs	Kshs
Salary advances	16,000	1,404,089
Outstanding imprests	<u>2,845,050</u>	<u>2,663,380</u>
Total	<u>2,861,050</u>	<u>4,067,469</u>

<i>Name of Officer or Institution</i>	<i>Department</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		Kshs	Kshs	Kshs
Lambert Ogochi	Deputy Governor	959,800.00	-	959,800
Margaret Oduma	Community Development	90,600.00	-	90,600
Gypson Wafula	County Assembly	336,000.00	-	336,000
Innocent Omboko	County Assembly	295,880.00	-	295,880
Paul Opondo	Governor	21,600.00	-	21,600
David Adalla	Finance & ICT	293,970.00	-	293,970
Gilbert Oduori	Community Development	173,200.00	-	173,200

Pascilisa Okoth	Governor	78,000.00	-	78,000
Isaac Nayema	Governor	84,000.00	-	84,000
Dickson Pekol	Governor	144,000.00	-	144,000
James Etyang	Water	165,200.00	-	165,200
Jonh Adongo	County Assembly	202,800.00	-	202,800
<u>TOTAL</u>		<u>2,845,050</u>	<u>-</u>	<u>2,845,050</u>

14.0 NOTE 14:

ACCOUNTS PAYABLE

The balance refers to deposits received from suppliers as at 30th June 2017. These deposits are refundable upon completion of the contracts.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Deposits	30,113,490	-
Total	<u>30,113,490</u>	<u>-</u>

15.0 NOTE 15:

FUND BALANCE BROUGHT FORWARD

Fund balance brought forward comprise refer to the closing fund balance as at end of the previous year which is carried forward to the following year.

	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	946,103,959.67	532,274,468
Cash in hand	1,323,953.00	1,588,050
Accounts Receivables(imprests and salary advances)	4,067,469.00	15,752,214
Total	<u>951,495,381.67</u>	<u>549,614,731</u>

16.0

17.0 OTHER IMPORTANT DISCLOSURES.

A. NOTE 16 A:

NET DEFICIT

NOTE 26: During the financial year 2016/2017, there was a deficit in the receipts and payments of Kshs 227,066,103.80 as compared to the previous Financial Year 2015/2016 which had a surplus of Kshs 401,880,650.00. The deficit in the current Financial Year was occasioned by the unspent funds brought forward from the previous Financial Year and spent as per section 109(8) of the Public Finance Management Act, 2012 and IPSAS Cash basis method of accounting.

B. NOTE 16 B:

PENDING ACCOUNTS PAYABLE (See Annex 1)

These refer to the pending bills as at 30th June 2017. These are invoices and payment certificates from suppliers and contractors which had not been settled as at the end of the year.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Construction of buildings	49,085,774.95	20,597,230
Construction of civil works	413,417,332.57	376,945,751
Supply of goods	211,520,026.63	74,054,139
Supply of services	151,255,002.48	197,292,462
	<u>825,278,136.63</u>	<u>668,889,552</u>

18.0 NOTE 17.

PENDING STAFF PAYABLES.

The balance relates to pending payments to staff. These included amounts due to staff as at the end of the year 2016/2017.

	FY2016/2017	FY2015/2016
	Kshs	Kshs
Senior management	-	-
Middle management	41,130,500.45	-
Unionisable employees	168,000	-
	<u>41,298,500.45</u>	<u>-</u>

Related party disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

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ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

CONSTRUCTION OF CIVIL WORKS		
	Wajesca Construction Ltd	899,852.40
	Tesata Enterprises	1,997,950.00
	Benbella Enterprise Ltd	3,942,000.00
	Opet Enterprises Ltd	2,890,400.00
	Arsene Agencies	2,377,600.00
	Arsene Agencies	3,824,200.00
	Arsene Agencies	3,824,200.00
	Arsene Agencies	3,500,000.00
	Namusali Kabiero Contractors	600,000.00
	Baya Farmcare Ltd	700,000.00
	Pentagon Youth Group	81,168.00
	Jafan Kenya Ltd	3,800,000.00

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	Jacad Ltd	2,756,786.00
	Silver Building Works And General Supplies	1,179,360.00
	Prime Contractors	876,200.00
	Hanal Investment Ltd	3,800,018.00
	Hanal Investment Ltd	3,900,000.00
	Agrimac Enterprises	1,198,000.00
	Tencons Builders Ltd	800,000.00
	Josden Africa Ltd	184,483.00
	Sarman Energy Ltd	1,998,000.00
	Finotech Agencies Ltd	3,990,000.00
	Finotech Agencies Ltd	1,399,200.00
	Farm In Motion Ltd	2,964,000.00
	Sosa Building & Construction Company	2,000,000.00
	Cisco Five Enterprises	1,399,500.00
	Cisco Five Enterprises	1,399,500.00
	Okhandu Enterprises Ltd	4,000,000.00

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	Makhulo HIV/AIDS Self Help Group	80,000.00
	Namusali Kabiero Contractors	959,599.00
	Makokha General Contractors	1,145,000.00
	Patliza Contractors Ltd	2,995,000.00
	White Waves Ltd	803,200.00
	Aburi Mwamko Mpya Youth Group	81,000.00
	Okhandu Enterprises Ltd	3,067,000.00
	New Esadon Contractors Ltd	345,600.00
	Gaspra International	2,961,700.00
	Bonissa General Services Ltd	1,198,000.00
	Sarman Energy Ltd	1,606,200.00
	Sarman Energy Ltd	3,192,400.00
	Dayow Construction Company	1,400,000.00
	Dayow Construction Company	1,400,000.00
	Dayow Construction Company	1,400,000.00
	Dayow Construction Company	2,426,490.00

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	Dayow Construction Company	1,400,000.00
	Opet Enterprises Ltd	800,000.00
	Bonissa General Services	898,800.00
	Baya Farmcare Ltd	593,792.00
	Kolak Builders Ltd	719,994.00
	Mega Laser International	1,399,000.00
	Transafrica Motors Limited	4,945,000.00
	Transafrica Motors Limited	4,945,000.00
	Bobs Civil Engineers & General Contractors	2,999,450.00
	Prime Contractors Ltd	362,000.00
	Murmo Company Ltd	1,037,005.00
	Sabcom Investment Ltd	2,799,000.00
	Kadenge Enterprises	3,547,100.00
	Deonjoe General Contractors	2,373,000.00
	Deonjoe General Contractors	2,600,000.00
	Mani Investment Ltd	382,800.00

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	Karuok General Services Ltd	3,824,200.00
	Talstar Supplies Ltd	3,082,718.00
	Tencons Builders Ltd	2,500,154.00
	Bermart Ltd	976,720.00
	Flambert Holdings	1,000,559.00
	Hideout Properties	1,775,923.00
	Farm Refrigeration	1,356,752.00
	Valley Drillers And General Contractors	1,997,000.00
	Okhandu Enterprises Ltd	2,898,000.00
	Lumbe Agensis Ltd	3,000,000.00
	Arsene Agencies Limited	2,858,700.00
	Valley Drillers And Contractors Limited	1,992,000.00
	Josden Africa Ltd	2,950,000.00
	Jalisnando Enterprises Ltd	3,999,000.00
	Deonjoe General Contractors Ltd	3,997,240.00
	Megalaser International	1,399,000.00

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	Berodi Company Ltd	3,870,400.00
	Arsene Agencies Ltd	2,472,821.40
	Hmg Brands Ltd	962,104.00
	Achelis Material Handling Ltd	7,900,800.00
	Megalaser International Ltd	1,342,857.00
	Sema Kweli	3,187,100.00
	Masore Builders Co. Ltd	41,734.48
	Sema Kweli Holdings	203,000.00
	Valegeo Investment Ltd	15,000.00
	Branji Investment Ltd	1,974,320.00
	Sema Kweli Holdings	1,742,412.89
	Makokha Busia Gen. Works	2,287,148.80
	Jenco Contractors Ltd	3,795,404.00
	Pautoko Contractors Ltd	354,985.95
	Namusali Kabiero Contractors	29,497.70
	Arsene Agencies Ltd	1,368,000.00

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	Chijuco International	3,693,593.75
	Tesco Consolidated Co. Ltd	122,365.00
	Kamorata Construction	272,190.00
	Sodev Consulting Ltd	714,000.00
	Nature And Development Africa	1,043,420.00
	Dayton Consultancies Ltd	844,480.00
	Bay Pal Consultancy Firm	913,500.00
	Oligerm Holdings	1,009,681.40
	Hesco Consulting Ltd	812,000.00
	Nola Ltd	22,947,293.00
	Interlect Contractors Ltd	28,950,890.00
	Dynacorp Logistics	15,122,311.47
	Andamangu General Construction	22,685,321.79
	Hanal Investment	25,447,742.44
	Yoga Gen. Contractors	237,040.20
	Sam Seventy Five Co.	47,677.20

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	Patliza Contractors	2,622,520.83
	Arsene Agencies Ltd	1,368,000.00
	Lumbe Agencies	1,101,980.00
	Lumbe Agencies	997,500.00
	Karuok Gen.	1,396,640.00
	Megalaser International	2,100,000.00
	Megalaser International	1,071,000.00
	Konade International	458,121.22
	Millyfred Enterprises Ltd	2,503,512.00
	Nasewa Building Contractors	218,660.00
	Nasewa Building Contractors	860,860.00
	Nasewa Building Contractors	255,356.00
	Nasewa Building Contractors	2,145,791.00
	Nasewa Building Contractors	174,174.00
	Jalasnado Enterprises	2,570,691.41
	Dine Logistics Ltd	448,185.00

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	Yumil Agencies	360,360.00
	Sema Kweli Holdings	2,414,000.00
	Sema Kweli Holdings	294,500.00
	Sema Kweli Holdings	2,986,653.60
	Magero Supplies And Gen. Contractors	1,709,317.80
	Chrisons Building Construction Ltd	265,541.82
	Lenaat Building &Construction	180,000.00
	Lenaat Building &Construction	270,280.82
	Vigoda Ltd-Construction Of ACK Adanya	281,991.36
	TMO Construction Ltd	366,902.30
	Hanal Investment	2,867,371.15
	Huseco Ltd	1,092,812.80
	Rochale Gen. Enterprises	5,196.80
	Cannan Fabricators And Civil Works	968,000.00
	Cannan Fabricators And Civil Works	1,017,000.00
	Jacod Ltd	565,746.04

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	Imboko B Investment Ltd	149,850.00
	Paotoko Contractors Ltd	354,986.00
	Steelant Eng. Ltd	652,885.82
	Namusali Kabiero Contractors	92,800.00
	Namusali Kabiero Contractors	341,332.00
	Jenco Contractors Ltd	861,648.00
	Davon Kenya Ltd	119,619.20
	Pam Construction Co. Ltd-Maintenance Of Mauko	397,044.80
	Mulureba Gen. Icontractors Ltd	294,000.00
	Egeli Building And Supplies Ltd	494,856.00
	Tesco Consolidated Co. Ltd	555,000.00
	Western Constructuion And Drilling Co.	212,160.00
	Dagra Invesrtment Ltd	582,265.00
	Munzogo Enterprises Ltd	730,150.00
	All Seasons Holdings Ltd	1,372,709.20
	Flambertholdings Ltd	2,322,603.04

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	Specks Enterprise Ltd	907,408.00
	Malareva Gen. Contractors Ltd	740,312.00
	Tesco Consolidated Co. Ltd	122,365.31
	Munzogo Enterprises Ltd	262,392.00
	Fredopen General Engineering Works	930,436.00
	Munzogo Enterprises Ltd	2,175,873.60
	Appollo Africa Ltd	2,493,536.00
	Ema West Link Ltd	1,597,331.60
	MUNGEVA Enterprises Ltd	999,920.00
	Egeli Contractors Ltd	494,856.00
	Lenat Building & Construction Ltd	1,131,193.72
	Nasewa Building & Contractors Ltd	174,174.00
	Phijos Building & Contractors Ltd	124,252.00
	Magero Supplies And Gen. Contractors	121,000.00
	Millyfred Enterprises Ltd	136,508.80
	Yoga Gen. Contractors	237,040.20

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	Katek Construction Ltd	1,902,400.00
	Jenco Contractors Ltd	593,920.00
	Sosa Building & Construction Ltd	2,052,675.68
	Man County Construction	985,000.00
	Man County Construction	1,324,551.72
	Man County Construction	798,150.00
	Jenco Contractors Ltd	593,920.00
	Field Tech Company Ltd	25,000.00
	KRA-VAT For HANAL INVESTMENT	91,442.75
	Rombe Holdings Ltd	1,692,931.84
	Chijuco International	2,012,206.90
	Digital Africa Services Ltd	3,609,198.43
	MC Opollo Africa Ltd	2,493,536.00
	Boda Point Developers Ltd	443,120.00
	Rowa Construction Co. Ltd-Construction Of OMULOI CULVERT	149,872.00

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	Wambayi And Sons Building Contractor	1,341,599.80
	Murko General Service	522,025.43
	Anjela \$ Sons Ltd	1,177,724.80
	S & Sons Transporters Ltd	4,891,853.40
	Ayoti Contractors Ltd	2,240,000.00
	Arcanum Enterprises	222,039.39
	Ekeru Building Contractors	3,897,682.82
	Pelo Construction Co. Ltd	3,189,202.50
	Joflo Enterpris	2,022,500.00
	Arsene Agencies Ltd	174,000.00
	Aecons Limited	312,999.00
	Bigshot Comp. Ltd	1,372,000.00
	Sub-Total	<u>413,417,332.57</u>
CONSTRUCTION OF BUILDINGS	Baffalo Agencies	1,624,901.10
	Dine Logistics	2,516,504.00

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	M/S. Flambert Holdings Ltd.	982,600.00
	Jafan Kenya	3,019,526.00
	Kamorata Contractors	1,890,000.00
	M/S Triwest Kenya Ltd	197,118.80
	M/S Triwest Kenya Ltd	196,962.20
	M/S Triwest Kenya Ltd	196,074.80
	Chimac Enterprise	24,826.00
	Murmo Ltd	1,300,000.00
	Namusali	75,000.00
	Namusali	74,936.00
	Ms/. Pakamap	793,440.00
	Ms Lukolis Company Ltd	259,802.80
	Ms Lukolis Company Ltd	129,901.40
	Moseje Ltd	496,161.00
	M/S. Barnde Ltd	298,700.00
	Cykeelers Ltd	4,100,676.56

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	M/S Imboko	
	M/S. Barnde Ltd	1,008,063.20
	M/S. Milyfred Ltd	1,102,000.00
	Dignum Investment Ltd	1,045,763.20
	M/S MALPAM General Construction	1,118,398.90
	M/S. Arctic Classified	1,050,323.00
	Patrima	52,640.00
	M/S.Namusali Kabiero Contractors	496,050.00
	M/S.Masore Ltd	499,080.00
	M/S. Ifumis Ltd	83,640.00
	King Fisher Ge.Workers Ltd	313,826.40
	Vexmed Enterprises Ltd	395,270.00
	Trend Solution	390,000.00
	Trend Solution	981,220.00
	Sosa Building And Construction Co Ltd	981,220.00
		997,716.00

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	Kamorata Contractors & General Merchants	95,000.00
	Rapenda Contractors & Engineering Works	80,564.32
	Chijuco International	600,000.00
	Sseze Logistics	479,415.20
	Mang'ang'a Building Limited	103,899.60
	Mang'ang'a Building Limited	103,899.60
	Davon Kenya Limited	1,744,254.00
	Arsene Agencies Ltd	199,152.08
	Tressar Investment Ltd	275,550.00
	Tressar Investment Ltd	95,000.00
	Divide Building Ltd	86,926.92
	Chijuco International	38,218.18
	Samarya Investment Ltd	123,584.08
	Rowa Ltd	627,908.00

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	Diamond Hills Supplies	82,658.20
	Diamond Hills Supplies	206,645.50
	Maloni Enterprises Ltd	300,000.00
	Pamnad Enterprises Ltd	470,400.00
	Pamnad Enterprises Ltd	390,500.00
	Voa Building Construction	533,891.60
	Voa Building Construction	119,573.53
	Ngomuwa Agencies	725,308.56
	Davon Kenya Limited	99,579.04
	Rapawa Africa Ltd	1,126,545.60
	Fimer Ltd	64,982.52
	Antaf Company Ltd	98,412.24
	Devide Building	107,656.12
	Opet Enterprise	370,050.00
	Phernma Investment Ltd	400,000.00
	Akimor Investment Ltd	83,011.67

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	Bodongo Limited	
	Wilcoreg Limited	188,764.90
	Wilcoreg Ltd	379,525.00
	Jalasnado Enterprises Ltd	379,525.00
	Jalasnado Enterprises Ltd	183,645.00
	Fopa Construction Ltd	82,640.43
	Gathi Const.Ltd	1,943,546.94
	Karuok General Contractors	1,569,024.26
	Bahibrain Building Const	1,198,273.50
	Opet Enterprises Ltd	360,000.00
		4,021,902.00
	Sosa Building And Construction Co Ltd	254,000.00
	<u>Sub-Total</u>	<u>49,085,774.95</u>
SUPPLY OF GOODS	Sosa Building	1,020,000.00
	Sosa Building And Construction Co.	152,900.00
	Jubain Enterprises	900,000.00

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	Bren Enterprises	200,000.00
	Anjela & Sons Ltd	250,000.00
	Kamorata Contractors	2,548,950.00
	Anjela & Sons Ltd	1,652,000.00
	Agela & Sons Ltd.	428,000.00
	Agela & Sons Ltd.	498,000.00
	Agela & Sons Ltd.	305,000.00
	M/S Karouk Gen. Services Ltd.	260,860.00
	Agela & Sons Ltd.	1,498,875.00
	Rosi Holdings	695,000.00
	Jocken Suppliers Ltd.	1,680,000.00
	Jocken Suppliers Ltd.	604,000.00
	Murmo Ent.	300,000.00
	Building Masters	1,500,000.00
	Joflo Enterprises	1,899,800.00
	Anglican Development Services	600,000.00

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	Arsene Agencies	98,000.00
	Bren Enterprises	832,000.00
	Anjela & Sons Ltd	200,000.00
	Rossi Holdings	1,496,000.00
	Powa Enterprises	1,600,150.00
	Faith Link Ltd	643,500.00
	Davis And Shirtliff	6,107,404.00
	Davis & Shirtliff	14,250,610.00
	Mantrac Kenya Ltd	20,000,000.00
	Blemer Service Station	5,350,000.00
	Total Kenya Ltd	900,000.00
	Total Kenya Ltd	2,500,000.00
	Blemer Service Station	3,050,000.00
	Tajicom Ltd	2,731,492.60
	Trojan Int'l	560,000.00
	Powa Entreprises	325,000.00

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	Sosa Buld & Constltd	299,460.00
	Sosa Buld & Constltd	1,984,380.00
	Sosa Buld & Const Ltd	216,400.00
	Bigshot Co.Ltd	471,500.00
	Powa Entreprises	1,509,000.00
	Powa Entreprises	1,050,000.00
	Shreeji Service Station	1,000,000.00
	Lester Machinery	1,299,600.00
	Powa Entreprises	710,000.00
	Mega Lazer International Ltd	469,900.00
	Compskills Tech	1,011,810.30
	Tamaam Petrol Company	95,000.00
	Trojan Inter. Ltd	500,000.00
	Powa Enterprise	616,379.30
	Olimex Entreprises	58,400.00
	Toyota Kenya Limited	6,000,000.00

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	Trojan International Limited	420,000.00
	Comal Ent	100,000.00
	Baselink Group Ltd	1,354,488.00
	Olimex Enterprises	458,000.00
	Jenco Contractors	1,620,000.00
	Total Petrol Station	500,000.00
	Trojan Petrol Station	520,000.00
	Agnes Nekesa Nakhumwa	315,000.00
	Andrew Otiaka	1,033,400.00
	Anthony Barasa Ogutu Enterprises	387,200.00
	Apirianus Kagwero Suppliers	225,000.00
	Arsen Agenciy It	1,206,600.00
	Augustine Ongala	263,000.00
	Bewanga General Merchant	390,700.00
	Boc Kenya Ltd	64,340.40

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	Borderline Contractors And General Services	247,950.00
	Caroline Kafwa	13,500.00
	Chakol Booksellers Annd Stationers	81,500.00
	Christopher S. Peywa	4,028,385.00
	Crown Healthcare	2,924,849.18
	Dismas Imwana Imamai	197,000.00
	Dr. Appollo Mulianga Ekesa	1,120,000.00
	Duncan Kabogo	547,150.00
	Ema Westlink Ltd	650,000.00
	Faram E.A Ltd	214,100.00
	Harleys Ltd	1,247,138.00
	Hem Printers	839,665.00
	Highridge Pharmaceutical	160,640.00
	Isaac G. Wandera	540,000.00
	Janerose Panyako Okura	170,200.00

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	Janero Enterprises	85,600.00
	Jaspa Pharmacy	1,497,235.00
	Jenris International Ltd	200,000.00
	Josphine A Aulla	605,565.00
	Karok General Services	2,127,260.00
	Koperon Enterprise	2,777,550.00
	Leotech Supplies	3,397,700.00
	Libran Enterprises	600,000.00
	Malpam Enterprises	513,760.00
	Mediflon Enterprises	577,610.00
	Milton Adanje Peywa	94,500.00
	Namancy Agwor Chegere	152,479.00
	Olimex Enterprises	630,500.00
	Olive Human Diagnostics Ltd	5,544,060.00
	Paul Christopher Omoding	414,500.00
	Quest Health Care International Ltd	22,793,568.00

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	Spring Printers And Stationers	269,260.00
	Total Hospital Solution	883,940.00
	Trojan Inter Ltd	3,856,081.00
	Ursy Health Care Ltd	10,000,000.00
	Yoga	1,175,850.00
	Bigshot Ltd	900,000.00
	Opet Enterprises	330,500.00
	Doenjoe General Contractors Ltd	405,000.00
	Opet Enterprises	692,800.00
	Trojan International Ltd	400,000.00
	Standard Newspaper	255,200.00
	Koperon Enterprises	280,000.00
	Neo Arts And Herald	2,838,707.10
	Bimster Company Ltd	270,000.00
	Cleo Empire Ltd	1,730,000.00
	Busia Lead Limited	712,500.00

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	Flambert Holdings Limited	1,589,000.00
	Megalaser International Ltd	1,342,857.75
	Bigshot Ltd	700,000.00
	Alexander Forbes	523,026.00
	The Star Newspaper	338,720.00
	Busia Total Petrol Station	950,000.00
	Branji Investment Ltd	1,900,000.00
	Busia Lead Ltd	525,000.00
	Building Masters Group	620,800.00
	Vat Nafety Holdings Ltd	342,673.00
	Double Shasa Ltd	3,500,000.00
	Double Shasa Ltd	658,500.00
	Opet Enterprises	1,701,250.00
	Maticom Agencies Ltd	35,000.00
	Mega Laser Intl Ltd	1,000,000.00
	Akadonyo Investment Ltd	5,550,000.00

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	Madhur Towers	1,800,000.00
	Doryan Agencies	990,000.00
	Rogen Traders Agency	125,000.00
	Blemer Service Station	1,403,000.00
	Total Kenya	700,000.00
	Trojan International Ltd	500,000.00
	Yako Supermarket	944,298.00
	Sub-Total	<u>211,520,026.63</u>
SUPPLY OF SERVICES	Wincox Gen.Contractors Ltd	357,082.80
	Wincox Gen.Contractors Ltd	49,809.80
	Dayworks Co.Ltd	1,477,538.40
	Spatialmaps	5,987,920.00
	Toyota Kenya	3,910,200.00
	The Star Publication Ltd	580,000.00
	Joseph Paul Makokha &Co.Advocates	295,000.00

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	Allyvans Security Services	176,400.00
	Allyvans Security Services	603,000.00
	The Star Newspaper	147,000.00
	Ema Westlink Ltd	582,100.00
	Lexus Driving School	270,000.00
	Toyota Kenya Ltd	75,256.00
	Lexus Driving School	420,000.00
	Joo Motors	714,040.00
	Joo Motors	736,390.00
	Joo Motors	197,075.00
	Joo Motors	581,250.00
	Nation Media Group	142,506.00
	Cmc Motors	919,794.00
	CMC Motors	1,035,715.00
	African Touch Safaris	137,000.00
	Destiny World Travel	139,935.00

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	Joventure Hotel	350,000.00
	Smash Hit Com	76,560.00
	Thunder Bolt	87,696.00
	Total Petrol	500,000.00
	Hotel Itoya	391,637.90
	Allyvans Sec	215,069.10
	Ksg	64,960.00
	Dt Dobie	81,961.00
	Hotel Itoya	109,800.00
	Farm View Hotel	69,600.00
	Kim	167,200.00
	Dt Dobie	154,955.00
	The Standard Group Ltd	177,480.00
	Allyvanus Security Services	75,600.00
	Cmc Motors Ltd	75,508.00
	Lasco Services	96,000.00

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	Smash Hit Communications	76,560.00
	Cmc Motors Ltd	157,923.00
	Atc	21,000.00
	Toyota Kenya	313,291.80
	Two Ems Associates Ltd	9,103,206.60
	Joo Motors	309,080.00
	Sceptre Tours & Travel	395,000.00
	Kenserve Online Services	12,200.00
	Hotel Laventes	19,200.00
	Farm View Hotel	7,656.00
	Busia Water & Sewerage	52,518.00
	Texas Hotel	430,700.00
	Pre-Envero Consultancy	60,000.00
	The Star	169,360.00
	Postal Corporation	42,340.00
	Standard Group	170,050.00

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	Liz Travel	53,700.00
	Faridi Housing	858,874.00
	Nation Media	265,640.00
	Bedrock Holdings Ltd	1,503,360.00
	Border Palace Hotel	60,800.00
	Busia Water And Sewarage Services Co. Ltd	119,334.00
	Joo Motors Busia	781,050.00
	Neru K Limited	2,750,000.00
	Reliance Sentry Solutions Ltd	1,974,588.00
	Snipper Security Limited	5,968,000.00
	Std Group Ltd	239,076.00
	Tanaka Nursing Home Ltd	1,065,600.00
	The Star	306,936.00
	Wans Insurance Co	396,000.00
	Standard Group-Ktn	872,900.00

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	Real Image Communication	2,806,040.00
	Standard Group	1,789,400.00
	Royal Media Services Limited	812,000.00
	The Star	880,875.00
	Council Of Governors	1,000,000.00
	Mediamax	550,000.00
	Council Of Governors	9,000,000.00
	Standard Group	202,962.08
	Toyota Kenya	19,804.00
	Anyiko Investmet	1,500,000.00
	Busia Cooperate Services	4,850,000.00
	Toyota Kenya Ltd	20,675.00
	Toyota Kenya Ltd	71,776.00
	Byline Media	997,200.00
	Toyota Kenya Ltd	19,804.00
	Cmc Motors Group Ltd	241,217.00

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	Malaba Security Services(March)	850,000.00
	Malaba Security Services(Feb)	850,000.00
	Kenya Institute Of Supplies Mgt	328,280.00
	Toyota Kenya Ltd	218,741.85
	Toyota Kenya Ltd	71,285.00
	Nation Media Group Ltd	142,506.00
	Toyota Kenya Ltd	49,239.00
	Kenya Power	57,000.00
	Kenya Power	38,649.20
	Toyota Kenya Ltd	30,804.00
	Kidee Investments Ltd	381,080.00
	Nation Media Group Ltd	325,206.00
	The Standard Group Ltd	177,480.00
	Kenya Power	29,078.00
	Toyota Kenya Ltd	79,600.00
	Kenya School Of Govt	78,880.00

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	Kenya Power	857,058.50
	The Standard Group Ltd	177,480.00
	Pensoft Systems	6,016,000.00
	Icea Lion	3,567,904.00
	The Monarch	15,688,423.00
	Kenya School Of Govt	112,000.00
	Gallop Technologies	1,205,530.00
	The Standard Group Ltd	406,000.00
	CMC Motors Group Ltd	795,743.00
	Standard Group Ltd	322,491.00
	Nation Media Group Ltd	183,700.00
	Mantrac Kenya Ltd	864,002.00
	Toyota Kenya	113,606.00
	Allyvas Security Services	392,000.00
	Apa Life Assurance	25,600.00
	Credit Traders	118,195.50

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	Pioneer Assurance	203,964.50
	Jubilee Insurance	18,800.00
	Corporate Insurance	4,094.00
	Cic Insurance Group	89,735.00
	Capex Life Insurance	1,200.00
	British American Insurance	462,841.20
	Busia Judiciary&Legal Deposit A/C	4,000.00
	Liberty Life Assurance Kenya	79,036.00
	Kra Paye	72,000.00
	Sheria Sacco	9,200.00
	Shirika Sacco	282,029.90
	Kenya National Union Of Nurses	215,829.95
	Malaba Town Council Wshg	27,550.00
	Kenya County Govt Workers Union	195,500.00
	Kenya Medical Pp&Dentist Union	36,000.00
	Ministry Of Agriculture Self Help	24,900.00

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	Kenya Progressive Nurses Ass.	19,350.00
	Kitambulisho Welfare Fund	3,020.00
	Kenya Clinical Officers Ass	14,000.00
	Kenya Ass. Of Livestock Technician	4,000.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Teso Council Welfare Group	2,800.00
	Kenya Medical Pp&Dentist Union	36,000.00
	Busia Judiciary&Legal Deposit A/C	4,000.00
	Premier Kenya Ltd	19,116.50
	Ngao Credit	7,917.00
	Elimu Sacco	20,423.75
	Teso Council Welfare Group	2,800.00
	Mwalimu National Sacco	138,600.00
	Ukaguzi Sacco	101,275.00
	Ass.Of Public Health Office	42,024.00

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	Union Of Kenya Civil Servants	193,746.90
	National Nurses Ass. Of Kenya	42,000.00
	Kenindia Assurance	90,928.00
	Pan African Insurance	289,489.00
	Insurance Co.Of East Africa	6,500.00
	Busia Teso Teachers Sacco	6,790.00
	Premier Kenya Ltd	19,216.50
	Cfc Stanbic Bank	27,934.00
	Credit Africa	650.00
	Eglet Insurance Solutions Ltd	800.00
	Eglet Insurance Solutions Ltd	800.00
	Letshego Kenya Ltd	478,285.90
	Letshego Kenya Ltd	460,784.90
	Faulu Kenya Ltd	1,222,313.40
	Transcom Sacco	3,000.00
	Insurance Co.Of East Africa	6,500.00

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	Ardhi Sacco	84,899.20
	Jivunie Sacco	60,452.90
	Ufundi Sacco	5,300.00
	Mazingira Welfare	2,700.00
	Homa Bay Self Help Group	100.00
	Bondo Kilimo Staff Welfare	200.00
	Kenya Civil Servant Welfare	100.00
	Mow Sports And Welfare	2,050.00
	Ass.Of Medical Records Off	400.00
	Metropolitan Teachers Sacco	1,400.00
	Gusii Mwalimu Sacco	76,444.00
	Busia Teso Teachers Sacco	4,300.00
	Energy Sacco	6,587.75
	Mwito Sacco	166,738.25
	Busia County Assembly Sacco	26,985.60
	Kakamega Rural R Workers Sacco	221,700.40

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	Matocco Sacco	127,389.45
	Jamii Sacco	166,873.25
	Sauti Sacco	1,100.00
	Asili Sacco	21,799.00
	Shirika Sacco	283,106.30
	Hazina Sacco	132,053.70
	Harambee Sacco	448,087.00
	Ukulima Sacco	3,356,182.10
	Invest And Grow(Ig)Sacco Ltd	53,360.90
	Capex Life Insurance	1,200.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Transcom Sacco	3,000.00
	Invest And Grow(Ig)Sacco Ltd	53,429.85
	Capex Life Insurance	1,200.00
	Faridi Sacco	6,536.70

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	Insurance Co.Of East Africa	10,606.00
	Jivunie Sacco	64,196.90
	Kenya Medical Pp&Dentist Union	12,000.00
	Capex Life Insurance	1,200.00
	Busia Teso Teachers Sacco	2,150.00
	Teso Council Welfare Group	2,800.00
	Invest And Grow(Ig)Sacco Ltd	53,498.75
	Economic Credit Traders	7,107.60
	Credit Traders	54,096.25
	Amedo S.Products	17,426.40
	Teso Council Welfare Group	3,000.00
	Kenya Clinical Officers Ass	8,240.00
	Invest And Grow(Ig)Sacco Ltd	53,705.50
	Kenya Ass. Of Livestock Technician	4,000.00
	Invest And Grow(Ig)Sacco Ltd	53,567.70
	Insurance Co.Of East Africa	7,606.00

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	Invest And Grow(Ig)Sacco Ltd	53,636.60
	Insurance Co.Of East Africa	3,500.00
	Teso Council Welfare Group	3,000.00
	Teso Council Welfare Group	3,000.00
	Afco	100.00
	Afco	100.00
	Imarisha Sacco	100.00
	Ministry Of Agriculture Self Help	23,900.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Transcom Sacco	3,000.00
	Kenya Ass. Of Livestock Technician	4,100.00
	Invest And Grow(Ig)Sacco Ltd	53,981.20
	Transcom Sacco	3,000.00
	Busia Teso Teachers Sacco	2,150.00
	Capex Life Insurance	1,200.00

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	Insurance Co.Of East Africa	7,606.00
	Imarisha Sacco	100.00
	Teso Council Welfare Group	3,000.00
	Insurance Co.Of East Africa	3,500.00
	Invest And Grow(Ig)Sacco Ltd	54,050.10
	Transcom Sacco	3,000.00
	Busia Teso Teachers Sacco	2,150.00
	Kenya Clinical Officers Ass	8,240.00
	Kenya Clinical Officers Ass	8,440.00
	Transcom Sacco	3,000.00
	Teso Council Welfare Group	3,000.00
	Insurance Co.Of East Africa	7,606.00
	Ministry Of Agriculture Self Help	23,900.00
	Kenya Medical Social Workers Ass.	300.00
	Teso Council Welfare Group	3,000.00
	Imarisha Sacco	100.00

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	Kenya Ass. Of Livestock Technician	4,100.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Imarisha Sacco	100.00
	Teso Council Welfare Group	3,000.00
	Transcom Sacco	3,000.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Capex Life Insurance	1,200.00
	Busia Teso Teachers Sacco	2,150.00
	Capex Life Insurance	1,200.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Insurance Co.Of East Africa	3,500.00
	Kenya Soc.Of Agriculture Professional	2,400.00

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	Kenya Ass. Of Livestock Technician	4,100.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Capex Life Insurance	1,200.00
	Insurance Co.Of East Africa	3,500.00
	Union Of Kenya Civil Servants	190,501.35
	Mazingira Welfare	6,034.00
	Kenya Civil Servant Welfare	100.00
	National Nurses Ass. Of Kenya	41,100.00
	Mow Sports And Welfare	2,050.00
	Ass. Of Medical Records Off	400.00
	Association Of Public Health Office	42,024.00
	Ardhi Social Welfare Association	50.00
	Bondo Kilimo Staff Welfare	200.00
	Homa Bay Self Help Group	100.00
	Industry Staff Welfare Ass.	1,160.00

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	Kenya Ass. Of Livestock Technician	4,000.00
	Society Of Radiography Kenya	2,500.00
	Kenya Clinical Officers Ass	13,800.00
	Kenya Occupational Therapy Ass.	1,500.00
	Kenya Plasters Ass.	600.00
	Kenya Society Of Physiotherapy	1,400.00
	Immigration Welfare	100.00
	Migori Kilimo Self Help Group	700.00
	Ass Of Kenya Med Lab Sci Officers	14,600.00
	Water Welfare Ass.	1,450.00
	Nandi Kilimo Welfare	300.00
	National Association Of Orthopaedi	450.00
	Kenya Vet Ass.Of Nyeri	1,300.00
	Ministry Of Education Welfare Ass	380.00
	Kitambulisho Welfare Fund	3,020.00
	Siaya Welfare	50.00

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	Busia Welfare	2,250.00
	Lugari Welfare	200.00
	Kisumu District Welfare Ass.	400.00
	Kenya Soc.Of Agriculture Professional	2,400.00
	Kisumu Vetinary Ass.Nyanza	350.00
	Provincial Fisheries Staff Welfare	300.00
	Ministry Of Agriculture Self Help	24,900.00
	Kdta	100.00
	Knda	1,400.00
	Ohak	1,500.00
	Amek	1,700.00
	Kenya Vet Ass.Rvalley	1,000.00
	Kenya Progressive Nurses Ass.	19,350.00
	Kenya Water Technician Ass.	800.00
	Busia Teachers Bb Scheme	2,000.00

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	Jamii Welfare Ass.	300.00
	Kenya County Govt Workers Union	195,000.00
	Kenya N.Secretaries Ass.	1,300.00
	Animal Production Society	700.00
	Kenya Medical Pp&Dentist Union	36,000.00
	Knh-Prime Care Welfare Ass.	200.00
	Kenya National Union Of Nurses	215,197.15
	Thika County United Welfare	300.00
	Malaba Town Council Wshg.	27,850.00
	Teso Council Welfare Group	2,800.00
	Kenya Med Social Workers Ass.	300.00
	Postbank Saye	24,500.00
	Swa	300.00
	Shirika Sacco	280,953.50
	Harambee Sacco	439,841.00
	Afya Sacco	802,841.85

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	Hazina Sacco	129,914.05
	Ardhi Sacco	69,787.00
	Ukulima Sacco	3,313,262.95
	Elimu Sacco	30,491.60
	Jamii Sacco	166,054.20
	Asili Sacco	19,800.00
	Ufundi Sacco	5,300.00
	Sheria Sacco	9,200.00
	Sauti Sacco	1,100.00
	Ukaguzi Sacco	100,401.00
	Mwalimu National Sacco	146,770.00
	Metropolitan Teachers Sacco	1,400.00
	Gusii Mwalimu Sacco	76,354.00
	Mwito Sacco	164,619.30
	Wananga Sacco	27,900.00
	Energy Sacco	1,781.25

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	Kakamega Rural R Workers Sacco	1,278,361.80
	Kimess Sacco	100.00
	Busia County Assembly Sacco	26,985.60
	Knut-Union Dues	4,472.60
	Kuppet-Union Dues	1,191,340.40
	MI Welfare&Sports	550.00
	Knut Swa-Teso	3,000.00
	Invest And Grow(Ig)Sacco Ltd	30,431.10
	Matocco Sacco	123,526.45
	Jivunie Sacco	71,268.65
	Magereza Sacco	2,000.00
	Transcom Sacco	3,000.00
	Busia Teso Teachers Sacco	4,300.00
	Afco	100.00
	Kma	5,205.00
	Faridi Sacco	2,300.00

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	Jubilee Insurance	18,800.00
	Apa Life Assurance	25,600.00
	Liberty Life Assurance Kenya	73,150.00
	Pan African Insurance	286,489.00
	Kenindia Assurance	93,828.00
	Pioneer Assurance	197,464.50
	British American Insurance	461,014.20
	Corporate Insurance	4,094.00
	Capex Life Insurance	1,200.00
	Madison Insurance	472,107.00
	Cic Insurance Group	87,235.00
	Insurance Co.Of East Africa	10,606.00
	Geminia Insurance	16,658.00
	Uap Provincial Insurance	40,698.00
	Old Mutual Life Assurance	12,298.00
	The Monarch Insurance	36,899.00

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	Prudential Life Assurances	46,430.00
	Xplico Insurance Ltd	3,200.00
	Eglet Insurance Solutions Ltd	800.00
	Argos Furnishers Ltd	4,000.00
	Credit Traders	64,099.25
	Woodventure Kenya	573.00
	Amedo S.Products	10,331.40
	Economic Credit Traders	4,307.60
	Credit Africa	650.00
	Lunar Credit Ltd	22.80
	Platinum Credit Ltd	1,163,963.55
	African Capital Ltd	58,089.00
	Letshego Kenya Ltd	511,110.90
	Ngao Credit	7,917.00
	Premier Kenya Ltd	43,981.00
	Chase Bank Ltd	39,712.90

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	Micro Mobile Ltd	6,051.00
	Helb	228,686.70
	Civil Servants Housing Fund Scheme	13,317.00
	Court Attachment	4,000.00
	Eglet Insurance Solutions Ltd	800.00
	Kenya Commercial Bank	108,094.00
	Equity Bank	572,992.00
	Family Bank	1,269,652.00
	Co-Operative Bank	617,820.00
	National Bank	52,920.00
	Cfc Stanbic Bank	27,934.00
	Emu Inya Enterprises Ltd	68,729.95
	Faulu Kenya Ltd	1,241,692.40
	Lap Fund	3,871,839.80
	Afya Sacco	8,118,046.65
	Housing Finance Corporation	6,525.00

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	Micro Mobile Ltd	6,051.00
	Emu Inya Enterprises Ltd	52,462.80
	Chase Bank Ltd	39,712.90
	Eco Bank Ltd	86,465.05
	Eco Bank Ltd	86,465.05
	Ngao Credit	7,917.00
	Postbank Saye	24,500.00
	African Capital Ltd	58,089.00
	Kenya County Government Workers Union	196,000.00
	Unpiad Emulument	168,000.00
	Sub-Total	<u>151,255,002.48</u>
	<u>GRAND TOTAL</u>	<u>825,278,136.63</u>

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class (Assets Owned by the County)	Historical Cost (Kshs) 2016-2017	Acquisitions during the FY- 2016-2017	Historical Cost
			(Kshs)
			2015/16
LAND	230,995,071	32,175,322	198,819,749
BUILDINGS AND STRUCTURES	936,304,593	5,895,932	930,408,661
TRANSPORT EQUIPMENT	261,891,786	78,634,460	183,257,326
OFFICE EQUIPMENT, FURNITURE AND FITTINGS	193,551,700	41,250,750	152,300,950
ICT EQUIPMENT, SOFTWARE AND OTHER ICT ASSETS	286,929,065	66,406,937	220,522,128

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OTHER MACHINERY AND EQUIPMENT	463,105,637	0	463,105,637
HERITAGE AND CULTURAL ASSETS	-	-	-
INTANGIBLE ASSETS	-	-	-
SUB-TOTAL	<u>2,372,777,852</u>	<u>224,363,401</u>	<u>2,148,414,451</u>
Assets acquired and transferred to the community (Community Assets).	3,095,462,678	1,648,214,224.86	1,447,248,453
TOTAL ASSETS ACQUIRED	<u>5,468,240,530</u>	<u>1,872,577,625.86</u>	<u>3,595,662,904</u>

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**ANNEX 3: SCHEDULE OF COMMUNITY ASSETS ACQUIRED BY THE COUNTY FROM FINANCIAL YEAR
2013/2014 TO 2015/2016**

Financial Year	Accumulated Cost (a)	Acquisition (b)	Cash Flow Statement (c)	Community Assets (d)= c-b
2013/2014	1,325,902,799	445,296,173	687,291,989	241,995,816
2014/2015	1,711,641,835	385,739,036	1,100,331,325	714,592,289
2015/2016	2,148,414,427	436,772,616	927,432,964	490,660,348
2016/2017	5,468,240,530	224,363,401	1,872,577,625.86	1,648,214,224.86

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government.

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ANNEX 4:
SUMMARY OF FINANCIAL PERFORMANCE AND STATEMENT OF ASSETS AND LIABILITIES FOR
COUNTY GOVERNMENT ENTITIES

Ref	Entity	Percentage of shareholding	Total receipts KShs	Total payments KShs	Surplus/ Deficit KShs	Total Assets KShs	Total Liabilities KShs	Fund balance KShs
2	Car loan and mortgage scheme fund	100%	59,064,636.09	43,319,331.00	-	-	-	15,745,305.05
	Total		977,384,981	(889,000,200)	88,384,781	223,891,000	(18,501,100)	(205,389,900)

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ANNEX 5: PROGRESS ON THE FOLLOW UP OF AUDITORS RECOMMENDATIONS FOR FY 2015/2016

Period	Issues Observations from Auditor	Management comments	Focal point person to resolves the issue (name and designation)
FY2015.16	Fixed Assets and Liabilities: Fixed assets balance figure of Kshs. 2,148,414,451 do not include those taken over from defunct local authorities. No hand over report availed for audit review	The verification of the fixed assets and liabilities of taken over from defunct local authorities was contain in the Kenya Gazette Vol. CXIX- No. 37 of 24 th March, 2017. No 2701 The Intergovernmental Relation Act. The report has since been hand over to The Intergovernmental Relation who should then hand over the report to the County Governor for their action.	Mr. Lenard Obimbira CECM- Finance & ICT
	Imprest and salary advance: Not possible to confirm recoverability of long outstanding imprest and salary advances worth Kshs. 2,163,651.	The salary advances are always removed from payroll. The byproduct of the same was provided during the respond to management letter. All the outstanding imprest are also surrender	Mr. Samuel Ombui Director Accounting Services
	Pending Bills:	The pending bills were occasion by letter disbursement of	Mr. Allan Omachar

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	Failure to settle pending bills to the tune of Kshs. 351,540,676 as at the time of audit. Also, failure to produce supporting documents for the same.	fund by the national Treasury. They bill was later paid in the financial year 2016-2017.	Chief Officer for Finance & ICT
	Incomplete/stalled projects: No value for money to show on a total expenditure of Kshs. 190,630,022 by the department of Health and Sanitation on various projects including ward construction at Obekai and Malaba Dispensaries, Theatre Block at Sio Port sub county hospital, Accident & Emergency as well as Maternity/New Born units/wings at Busia County Referral hospital since fy2013/14	The department of Health and Sanitation wrote to the Project Manager i.e. the Department of Public works and infrastructure to ask the contractors involved to complete the various stalled projects. Furthermore, the department will be releasing the retention amounts of the affected contractors on total completion as per the engineer's certification.	Mr. Asoka Itur Chief Officer for Health and Sanitation

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	to date. All the projects are either incomplete or stalled and not in use.		
	Incomplete Projects: Projects worth Kshs. 27,750,888 were incomplete and not in use under the department of Trade and Co-operative development. These projects include stalled markets, toilets/pit latrine, fish plant and office block	These projects were completed and awaiting for opening at the time of the audit.	Mr . James Akedi Chief Officer for Trade.
	Afforestation projects: The department of water Irrigation and Natural Resources undertook afforestation projects worth Kshs. 3,995,000 without feasibility study thus no value for money.	Samia hill top afforestation was done through enrichment planting. In prioritization of departmental programs, the County Integrated Development Plan (2013-2017) outlines strategies to be used in afforestation programs on hilltops (page 121). The Department of Water, Environment and Natural	Mr. Moses Weunda Chief Officer for Water

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		<p>Resources strategic plan (2014-2018) pg 26-28) was also developed to implement the CIDP. Therefore, the Sustainability of the afforestation projects are contained in the above document.</p> <p>The survival rate of the trees at the time of payment was over 75%.</p>	
	<p>Unused projects: The department of Education and Vocational training completed construction of ECD classrooms worth Kshs. 2,499,387 but these projects were not in use at the time of audit review, thus no value for money to the citizens</p>	<p>The contractors have handed over the sites and class rooms are now into use.</p>	<p>Mr. Joel Barua</p> <p>Chief Officer for Education</p>
	<p>Electricity supply:</p>	<p>Contracts was implemented within the duration specified</p>	<p>Mrs. Roseline Barasa</p>

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	<p>The department of Roads, Public Works, and Infrastructure paid Kshs. 6,103,573 for supply of electricity to various villages within the county. At the time of audit, none of the projects had commenced, thus no value for money.</p>	<p>under the terms and conditions specified in the contract agreement.</p> <p>An amount of Kshs. 6,103,573.00 was paid to Kenya Power and Lightning Company during the year in respect of supply of electricity to various villages within the county as shown in the table above. However, as at the time of audit the execution of electrification projects had commenced but not completed.</p>	<p>Chief Officer for Public Works</p>
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