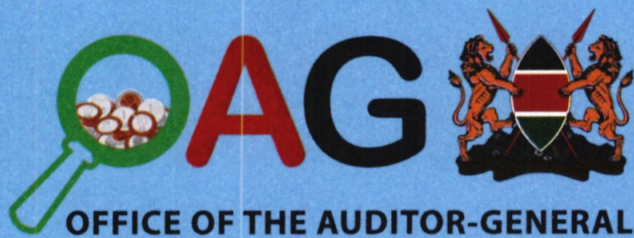


REPUBLIC OF KENYA



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REPORT

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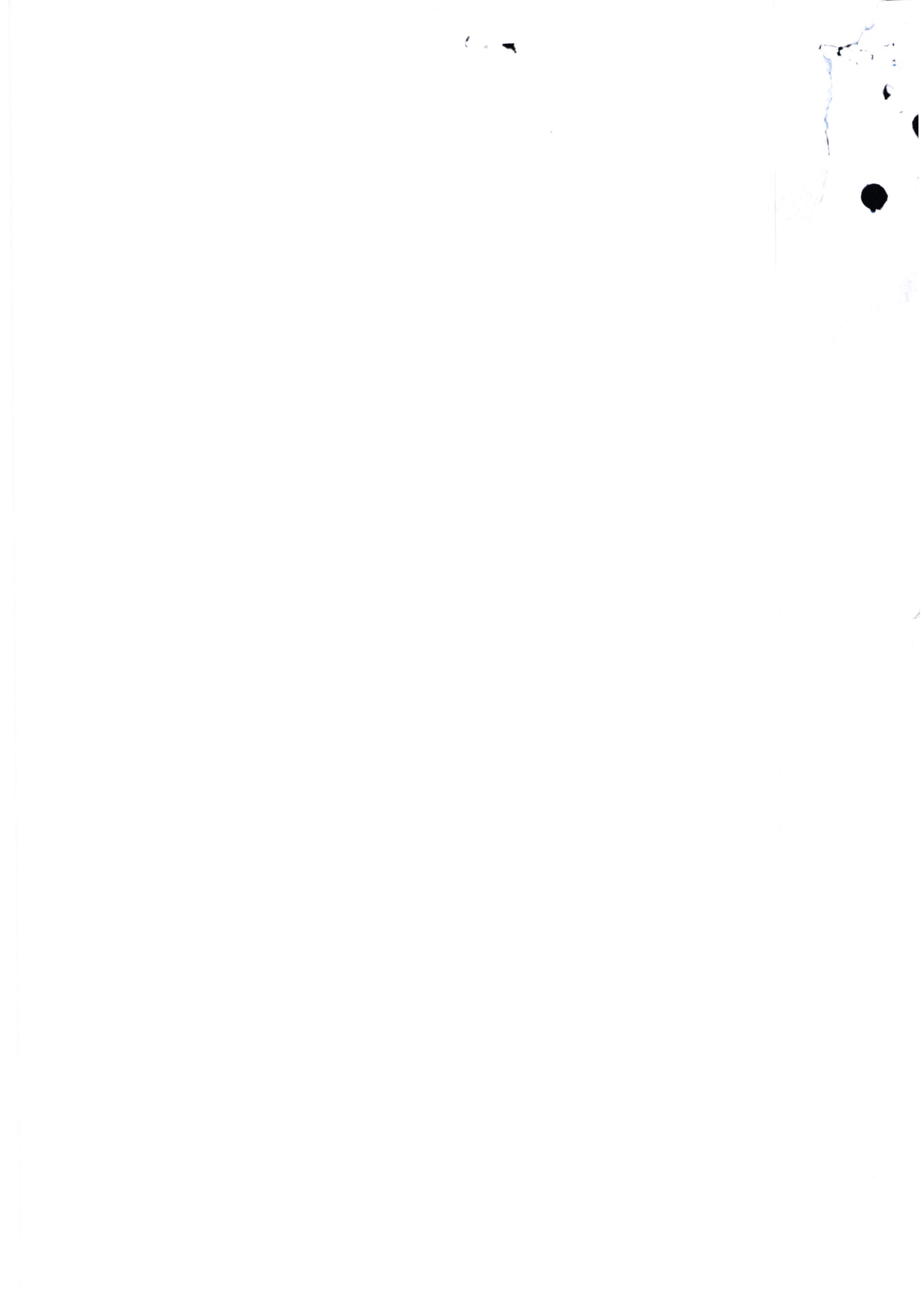
THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	5/3/2024
TABLED BY	Maj. L.
COMMITTEE	—
CLERK AT THE TABLE	Kavata

**BUSIA COUNTY (PUBLIC OFFICERS)
REVOLVING FUND**

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





BUSIA COUNTY (PUBLIC OFFICERS') REVOLVING FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

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Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2.

Acronyms

ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
C. E.O	Chief Executive Officers

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Key Entity Information and Management

a) Background information

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

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

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

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

b) Principal Activities

The principal activity of the fund is to mobilise resources and create a pool of funds that Public officers in the service of the County Government, other than those in the County Assembly Service, may access car and mortgage loans.

Core Objectives

Provision of Affordable loans to officers in the County Executive.

Vision

“The Fund of choice for Members of the County Executive and Staff”

Mission

“To provide affordable, accessible and sustainable Car loans and Mortgage to members of the County Executive and Staff”

c) Fund Administration Committee

Ref	Name	Position
1	Elphas Omatwa	Chairperson
2	Truphenah Akide	Secretary/Administrator
3	Amos Imooh	Chief Officers Representative
4	Mercy Imo	Member
5	Elly Okiring	Member

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6	James Ekasiba	Member
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d) Key Management Team

Ref	Name	Position
1	Truphenah Akide	Fund Manager/ Administrator
2	Amos Imooh	Chief Officer Representative
3	Elphas Omatwa	Chairman
4	Verah Ingutia	Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Zadock Koech
2	Busia County Assembly	
3	Office Of The Auditor General	

f) Registered Offices

Private Bag
Busia County Government Head Office
Busia – Kisumu /Road/Highway
Busia, KENYA

g) Fund Contacts

Telephone: (254) 721977044
Truphenah Akide
Fund Administrator

h) Fund Bankers

1. Co-operative Bank of Kenya
Busia Branch

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) The Office Of The County Attorney

P.O BOX Private Bag
Busia (K)
50400

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Fund Administration Committee

The board of trustees during the financial year consisted of:




	<p>OMATWA ELPHAS KELVIN-CHAIRPERSON 12th April 1990 Chair of the fund board and signatory to the fund bank account BBM-Finance and Banking Moi University 6years experience in finance and administration</p>
	<p>ELI ELIUD OKIRING-MEMBER 31ST January 1987 Member Undergraduate Social Science (Sociology/ Political Science) Catholic University Over 7years experience</p>
	<p>JAMES EKASIBA AMOS 20th December 1988 Member Postgraduate diploma-tax Administration CPAK BCOM Finance Masinde Muliro University 10years experience</p>
	<p>C.S TRUPHENA AKIDE – SECRETARY Born 20th August 1966 Overall administration of the fund and also serves as the secretary to the fund board. Signatory to the fund bank account Masters of Business Administration Bachelor of Commerce CPS(K) CHRP(K) Over 20 years' experience</p>

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Management Team

Name	Details of qualifications and experience
 ELPHAS OMATWA	<p>12th April 1990 Chair of the fund board and signatory to the fund bank account BBM-Finance and Banking Moi University 6 years' experience in finance and administration</p>
 C.S TRUPHENAH AKIDE	<p>Born 20th August 1966 Overall administration of the fund and also serves as the secretary to the fund board. Signatory to the fund bank account Masters of Business Administration Bachelor of Commerce CPS(K) CHRP(K) Over 20 years' experience</p>
 AMOS IMOOH	<p>30/08/1986 Masters in Health Economics and Public Policy BSc Economics and Finance 12 years of Experience in finance and budgeting Administration and Book-keeping Signatory to the bank fund account</p>
 VERAH INGUTIA	<p>07/03/1992 Bachelor of Business Management-Accounting and Finance 7 years of work experience Preparation of Financial Reports and Book-keeping</p>

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>AMOS O. IMO OH – MEMBER 30th August 1986 Masters in Health Economics and Public Policy BSc Economics and Finance 12 years of Experience in finance and budgeting Administration and Book-keeping Signatory to the bank fund account</p>
	<p>MERCY IMO-MEMBER 18th March 1970 Member Master of Arts (Kiswahili)-Moi University B. ED Arts-Kenyatta University Over 30years experience</p>
	<p>VERAH INGUTIA 07th March 1992 Accountant to the Fund Bachelor of Business Management-Accounting and Finance 7years of work experience Preparation of Financial Reports and Book-keeping</p>

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Fund Chairperson's Report

It is my pleasure to present, on behalf of the loans' Board, the Busia County Public Officers' Revolving Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund for the same year.

Sustainability

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

Board and Management Changes

The Board received two new members: Madam Truphenah Akide as the new Secretary with reference to Sec. 19 of the Regulations that states that the C.E.O to the Busia County Public Service Board should be the Secretary to the Fund and Madam Mercy Maende Imo who replaced the former Chief Officer Public Service Administration and Gender Affairs. The Vice-Chair's contract expired and recruitment process ongoing.

Review of performance

Income

The fund earned revenues amounting to KShs. 2,028,727.50 from the interest charged on the loans that were disbursed to members of the County Executive.

Projects implementation during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening bank balance of KShs. 14,470,414.30 at the beginning of the year.

Expenditures

The total expenditures during the period amounted to KShs. 6,496,502.15.00 which were all administration costs.

Future outlook

The outlook of the Fund for the Financial year 2023/2024 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the stakeholders to the realization of its mandate.

Forward

Under the year under review the fund was able to give out loans to a tune of ksh. 193,000,000. The county treasury did not remit June deductions amounting to ksh. 2,392,810.00. The County treasury remitted a total of sh. 30,324,982.90 inclusive of the 21,921,895 that were unremitted from the previous financial year. The Fund received new disbursement of ksh 150,000,000 from the County Treasury as new funds.

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Appreciation

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

In conclusion therefore on behalf of the fund board, I would like to appreciate it for the efforts and dedication it takes to serving the public officers in the County Executive. The Fund will always strive to be the Fund of *choice in the county*

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

Signed: 

Elphas Omatwa
Chairperson of the Fund Board

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

7. Report of The Fund Administrator

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

Financial Performance

a) Revenue

In the year ended 30th June 2023, the fund had projected revenues of Kshs 2,028,727.50. Out of the projected revenue, the fund was able to realise Kshs 2,028,727.50 in actual revenues, representing 100% performance.

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

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realization (%)
Revenue	KShs	KShs	
Public contributions and donations	-	-	-
Transfers from County Govt.	150,000,000	150,000,000	100
Interest income	2,028,727.50	2,028,727.50	100
Fines, penalties and other levies	-	-	-
Other income	-	-	-
Total income	152,028,727.50	152,028,727.50	100

During the year the fund was able to give out loans to 23 public officers in the county in order to aide them construct residential building and purchase cars. Out of the number, only 3 members went for car loans as opposed to the rest who went for mortgage. The residential buildings are still being put up.

With the construction of residential houses for the public officers and once completed, the officers will be able to live a decent life and the county will generally be attractive and retaining more qualified staff. This will go along the way in demonstrating value for the money given out to member.

The fund gives loan at 3% interest rate on reducing balance. This has thus made the funds loans more attractive to public officers in the County. It therefore poses a big challenge to the administration of the fund as demand outweighs the available resources. In the financial year 2023/2024, the fund anticipates to have a budget of ksh 200 million. This money will be given out as loans to more members in form of mortgage and car loans thus reducing the burden on the fund management.

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

To mitigate on potential risks, the fund has enhanced its internal controls with regard to utilization and management of the funds allocated to Busia county public officers revolving fund. Loans given out to members have also been adequately secured through insurance and joint charging of title deeds and log books.

In conclusion I take this opportunity to thank the loans management committee for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Busia County Public Officers' Revolving fund achieves its mission.

Signed: 

Truphena Akide
Fund administrator/Secretary

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

8. Statement of Performance Against the Busia County Public Officers' Revolving Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Fund as per the strategic plan for 2022/2023 to:

- a) Provide Affordable car and mortgage loans to public offices in Busia County
- b) Mobilize financial resources for the fund
- c) Undertake prudent management of the fund's financial resources

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Affordable loans	To award low interest loans to public officers in Busia County	Increased demand for loans	Number of applicants applying for loans	In FY 2022/23 a total of 26 officers expressed interest in accessing car and mortgage loans. A total of 193 million was disbursed to members
Mobilization of financial resources	To mobilize financial resources to the fund	Increase in fund resource basket	Amount of money available to issue out as loans to public officers	In the year under review, the fund had a total of 195 million at its disposal to issue out as loans
Prudent management of resources	To prudently manage the fund	Improve the quality of quarterly and annual reports	Number of timely reports produced by the fund	The fund prepared Q1, Q2, Q3, Q4 and Annual financial

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

		generated by the fund		reports well on time as per PFM 2012 guidelines
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**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

9. Corporate Governance Statement

- **Number of board meeting held**

As per the fund act and regulations, fund is supposed to hold a aboard meeting every month or on need basis. During the year of audit 2022/2023, the fund held a total of 14 meeting with twelve being ordinary meeting while the two were extra ordinary meeting. The meetings were convened by the chair of the board and invitation done by the secretary. The main agenda of the meeting revolved around evaluation and award of loans, preparation of quarterly reports, approval of quarterly and annual financial reports as well as award of loans to board members together with any other emerging issues

Board members attended most of the meetings and signed attendance list as well as attendance register during the meeting

- **Succession plan**

As per the fund Act and Regulation of 2018 and 2019 respectively, a aboard member is nominated by the County executive committee member responsible for finance and appointed by H.E the Governor for a period of 3 years and the contract can be renewed. As such upon the expiry at the end of 3 years, the CEC Finance can cause to be renewed such contract and if not the position is declared vacant and new recruitment done by Busia County Public Service Board

- **Existence of board charter**

The fund does not have a charter. However, is operations are guided by Busia County Public Officers Revolving Fund Act, 2018, and enabling Regulations 2019.

- **Process of appointment and removal of board members**

Section 9 of the Busia county Public Officers Revolving Fund establishes the officer's bearers to the fund board as Chairperson, Vice Chairperson, Chief officer Finance, Chief officer Public Service Board and two other board members.

Regulation 9 of the same act provided mechanisms for appointment of the officer's bearers as;

(a). The County Public Service Board shall competitively source qualified and experienced persons who are not public officers for nomination and appointment as Chairperson and the members of the Board

(b). Shortlist not less than three candidates in respect of the chairperson and not more than seven candidates in respect of the other members

- (c) Submit the names to the Executive Committee Member for nomination.

(d) The Executive Committee member shall nominate one person for the position of the chairperson and three others for the position of members of the Board and submit to the Governor for appointment.

(e) The Governor shall appoint the chairperson and the three members of the Board referred to in section 9 (1) (d) of the Act:

(f) Where the Governor declines to appoint a nominee the Executive Committee Member shall nominate another person from the shortlist submitted to him or her under paragraph (1)(a) of this regulation.

(g) In nominating persons for appointment as chairperson and or member of the Board, the Executive Committee Member shall take into account the need for gender balance and representation of the youth and persons with disability.

- **Induction and training**

Upon recruitment of fund members, the fund organizes an induction meeting for new to on-board them

- **Board and member performance**

All board members participate actively during board meetings. In the event of a decision to be made by voting, the act provides that majority of members will carry the day excluding the chair

- **Conflict of interest**

The fund act and regulations provide that in the event a conflict of interest a board member should declare his or her interest and exclude him/herself from such meeting

- **Board Remuneration**

The Fund board members are remunerated in form of sitting allowances. The rates are based on the rates provided by salaries remuneration commission

- **Ethics and Conduct as well as governance audit**

In conduct of its activities, the board is guided by the set out rules and regulations provided by the constitution, Public Finance Management Act 2012, Fund Act and Regulations, 2015.

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. Management Discussion and Analysis

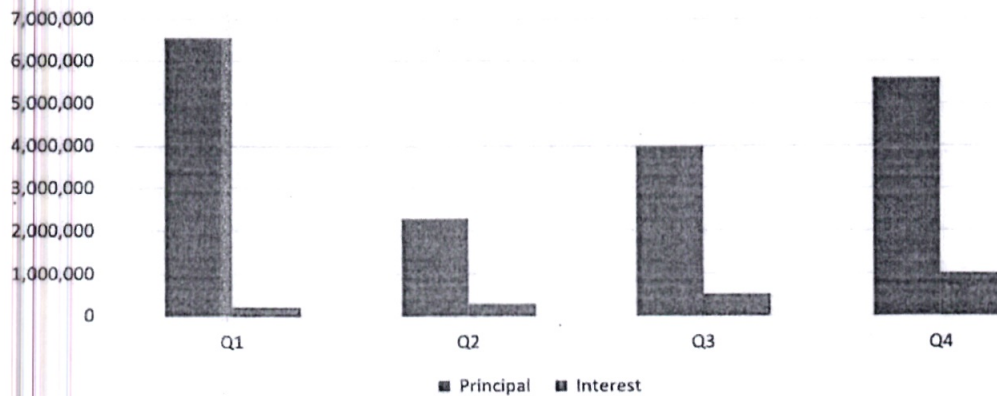
In the financial year 2022/2023, twenty-six officers applied for the Car loans and Mortgage. However, 23 officers were awarded loans amounting to 193 million. Out of the 23 officers, 3 officers received both car loans and mortgage. Out of the 193 million shillings disbursed, 18 million were car loans while 175 million were mortgage.

The fund was unable to collect repayments from two beneficiaries amounting to Ksh. 5,023,436.14 whose contracts were terminated by the County Government. However, the management is still following up.

In terms of performance, repayments were well done on time from the county payroll. Total of Ksh. 18,448,547.80 was recovered as principal while interest amounted to Ksh. 2,028,727.50.

Quarter	Principal	Interest
Q1	6,562,021	201,651.84
Q2	2,281,705.95	286,723.44
Q3	4,001,199.84	520,487
Q4	5,603,621.01	1,019,864.75
Total	18,448,547.8	2,028,727.03

Quarterly Principal And Interest Repayemnts



10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

Busia County Public Officers Revolving Fund as the name suggest is a revolving fund which advances loans to public officers. Upon repayment of the loans, the fund again awards those repayments to other officers and the cycle continues. As such the fund is able to self-sustain itself. This has been the case since the inception of the fund.

To fund its operations, it relies on budgetary allocation appropriated by the county assembly. In financial year 2022/2023, the fund received a total of ksh 150 million.

Since the main source of the fund is the county budget, it poses a potential risk when of the fund is not allocated resources.

2. Environmental performance

The fund has embraced environmentally friendly activities. Most of the activities are done on a paperless basis. To guide its operations with regard to obsolete asset disposals, the fund works with the County directorate of Supply Chain Management and has adopted Public procurement and Disposal Act of 2015. It also laisses with the directorate of Environment which enforces the Environmental Management and Coordination Act of 2015(Amended)

3. Employee welfare

Employment, promotion and termination employment of the fund staff both board members and permanent staff is done by Busia County Public Service Board under public service board and County Human Resource manual of 2016. Staff are to be promoted after every 3 years. This is after job evaluation and appraisal done by the same board in conjunction with Busia County Public Service Management and administration.

Terms of employment as well as benefits are guided by Salaries and Remuneration Commission.

Recruitment of Board members is contained in the Busia County Public Officers revolving Fund Act 2018 and its enabling regulations of 2019.

4. Market place practices

The fund laisses with the County Treasury through the directorate of supply chain management to source for goods and services. In so doing the fund ensures that it is in compliance with the set rules guiding acquisition of goods and services using public funds. The Fund Act provides for penalties for officers or beneficiaries that engage in corrupt activities while giving out loans.

Further, the fund conducts it activities in a confidential manner without causing prejudice to the beneficiaries of its loans or the fund activities. However, all information with regards to the fund is always made available to all interested parties when right channels are

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

followed within the law. To create awareness about the fund, the board makes presentations from time to time to county staff. It has all circulated the fund acts and regulation to all departments upon which staff can familiarise with the fund activities

5. Corporate Social Responsibility / Community Engagements

In the year under review, the fund did not undertake any corporate social responsibility, however as way of giving back to the society the fund envisions to undertake the same activities in the forthcoming financial year.

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

11. Report of The Fund Board Members

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

Principal activities

The principal activity of the fund is to mobilise resources and create a pool of funds that Public officers in the service of the Busia County Government, other than those in the County Assembly Service, may access car and mortgage loans.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1

Board

The members of the Board who served during the year are shown on page viii. The changes in the Board during the financial year are as shown below:

S/NO	NAME	POSITION	STATUS
1.	Truphenah Akide	Secretary	New/ Onboard
2.	Martin Sikolia	Secretary	Contact Expired
3.	Mercy Imo	Member	Onboard
4.	Nancy Dalla	Vice-Chair	Contract Expired
5.	Clementina Omotto	Member	Contact Expired

Auditors

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

By Order of the Board


.....

Fund Administration Committee

Date:

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Busia County Public Officers Revolving Fund Act, 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

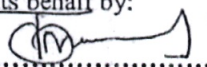
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Busia County Public Officers revolving fund Act 2018). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

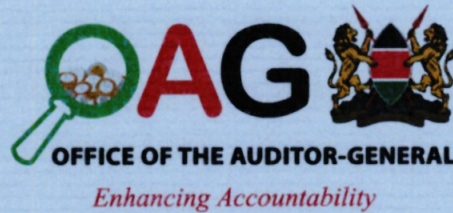
The Fund's financial statements were approved by the Board on 06/12/2023 and signed on its behalf by:



.....
Administrator of the Busia County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUSIA COUNTY (PUBLIC OFFICERS) REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia County (Public Officers) Revolving Fund set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Busia County (Public Officers) Revolving Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Busia County (Public Officers) Revolving Fund Act, 2018.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects comparative balances for receivables from exchange transactions and as disclosed in note 13 to the financial statements that were not in agreement with the closing balances in the audited financial statements for the financial year 2021/2022 as tabulated below:

Item	Audited Balances 2021/2022 (Kshs.)	Comparative Balances 2022/2023 (Kshs.)	Variances (Kshs.)
Current Loan Repayment Due	11,808,669	11,314,202	494,467
Total Current Receivables	34,268,110	33,773,642	494,468
Long Term Loan Repayment Due	17,275,701	15,029,043	2,246,658
Total Receivables from Exchange Transactions	51,543,811	48,802,685	2,741,126

In the circumstances, the accuracy and completeness of the above balances could not be confirmed.

2. Inaccuracies in the Statement of Cashflow

The statement of cashflow reflects comparative balances that were not in agreement with the closing balances in the audited financial statements for the financial year 2021/2022 as tabulated below:

Description	Audited Balances 2021/2022 (Kshs.)	Comparative Balances 2022/2023 (Kshs.)	Variances (Kshs.)
Proceeds from Loan Principal Repayment	21,010,909	22,124,692	(1,113,783)
Net Cash Flow Used in Investing Activities	11,510,909	12,624,692	(1,113,783)
Net Increase/Decrease in Cash and Cash Equivalent	4,904,582	6,018,365	(1,113,783)

In the circumstances, the accuracy and completeness of the above balances could not be confirmed.

3. Inaccuracy in Comparative Figures for Net Assets and Liabilities

As reported in the report of the previous year, the statement of financial position as at 30 June, 2022, reflected a balance of Kshs.66,014,225 in respect of net assets which differed from the balance of Kshs.62,808,732 in respect of net assets and liabilities reflected in the same statement. No explanation or reconciliation was provided for the variance of Kshs.3,205,493 between the two balances which should have balanced since there were no liabilities. The variance has not been resolved in the financial statements for the year ended 30 June, 2023.

In the circumstances, the accuracy and completeness of the respective comparative balances could not be confirmed.

4. Unsupported Depreciation Expense

The statement of financial performance reflects depreciation and amortization expense amount of Kshs.103,972 as disclosed in Notes 8 and 17 to the financial statements. However, the accounting policy including the method and rates of depreciation applied in depreciating property, plant and equipment have not been disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amounting to Kshs.103,972 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Busia County (Public Officers) Revolving Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matter

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. Management has indicated that some of the issues have been resolved while some have not. No explanation was provided on why the unresolved issues have not been resolved as required by the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Insure Property and Motor Vehicles Financed by the Board

The statement of financial position reflects Kshs.53,365,787 and Kshs.154,145,715 as the current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions respectively, as disclosed in Note 13 to the financial statements.

However, no evidence was provided to confirm that the Board had insured the loans as prescribed in Regulation 37(1) of the Busia County (Public Officers) Revolving Fund Regulations, 2019, which states that every loan granted under the Act and these Regulations shall be insured by the Board for the benefit of the County and premiums in respect of the insurance cover be debited to the account of the loanee. No evidence was also provided to confirm that the loanees had taken comprehensive insurance cover for the motor vehicles whose purchase had been financed by the loans as well and mortgage protection policy and fire policy for the property purchased using the loan money, thereby subjecting the Fund to the risk of loss of its Funds should risk of non-repayment crystallize.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

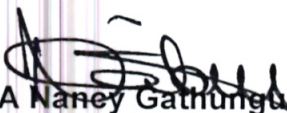
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

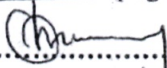
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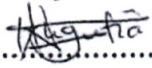
Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
			-
Revenue From Exchange Transactions			
Interest Income	4	2,028,727.50	1,401,019.36
Other Income	5	-	-
		-	-
Total Revenue		2,028,727.50	1,401,019.36
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	6,392,530.00	7,469,800
Depreciation and Amortization Expense	8	103,972.15	-
Finance Costs	9	-	-
Total Expenses		6,496,502.15	7,469,800
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(4,467,774.65)	(6,068,780.64)

(The notes set out on pages 9 to 40 form an integral part of these Financial Statements)

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Name:
Administrator of the Fund

.....

Name: VERAH INGOTIA
Fund Accountant

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

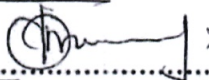
15. Statement of Financial Position As at 30 June 2023

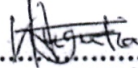
Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	9,074,226.10	14,470,414.30
Current Portion of Long- Term Receivables From Exchange Transactions	13	53,365,786.98	34,268,110
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		62,440,013.08	-
Non-Current Assets			
Property, Plant and Equipment	17	334,920.25	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	154,145,714.52	17,275,701.08
Investment Property	19	-	-
Total non- current assets		154,480,634.77	17,275,701.08
Total Assets		216,920,647.85	66,014,225.38
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	8,579,690.38	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		8,579,690.38	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		8,579,690.38	-

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Net Assets		208,340,957.47	66,014,225.38
Revolving Fund		222,000,000.00	72,000,000.00
Reserves		-	-
Accumulated Surplus		(13,659,042.53)	(9,191,267.88)
Total Net Assets and Liabilities		208,340,957.47	62,808,732.12

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 06/12/2023 and signed by:


 Name: TRUPHENAH ABIDE
 Administrator of the Fund


 Name: VERAH ING'ATIA
 Fund Accountant

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus/ Deficit	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	72,000,000.00	0.00	-3,122,487.24	68,877,512.76
Surplus/(Deficit) For the Year	0.00	0.00	-6,068,780.64	-6,068,780.64
Funds Received During the Year	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Revaluation Gain	0.00	0.00	0.00	0.00
Balance As At 30 June 2022	72,000,000.00	0.00	-9,191,267.88	62,808,732.12
Balance As At 1 July 2022	72,000,000.00	0.00	-9,191,267.88	62,808,732.12
Surplus/(Deficit) For the Period	0.00	0.00	-4,467,774.65	-4,467,774.65
Funds Received During the Year	150,000,000.00	0.00	0.00	150,000,000.00
Transfers	0.00	0.00	0.00	0.00
Revaluation Gain	0.00	0.00	0.00	0.00
Balance As At 30 June 2023	222,000,000.00	0.00	-13,659,042.53	208,340,957.47

Revolving Fund: Money appropriated by the County Assembly and disbursed by the County treasury for the Fund to advance as loans

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Recoveries for loans for County Assembly Staff	20	474,723.45	-
Transfers from the county government		150,000,000.00	-
Interest received	4	1,487,097.99	863,473.91
Receipts from other operating activities (Unremitted payroll deductions)-for the (2021/2022 f/y)		21,921,895.00	-
Total receipts		173,883,716.44	863,473.91
Payments			
Fund administration expenses	7	6,392,530.00	7,469,800.00
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities		167,491,186.44	(6,606,326.09)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(438,893.00)	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		15,341,518.37	22,124,691.90
Loan disbursements paid out		(187,790,000)	(9,500,000.00)
Net cash flows used in investing activities		(172,887,374.63)	12,624,691.90
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(5,396,188.20)	6,018,365.00

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Cash and cash equivalents at 1 July		14,470,414.30	8,452,048.50
Cash and cash equivalents at 30 June		9,074,226.10	14,470,414.30

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Note: ksh 474,723.45 represents money that was erroneously credited to the fund account officers who were serving in the county assembly and transitioned to the county executive as well as from an officer the fund had not advanced a loan to

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Interest Income	2,028,727	-	2,028,727	2,028,727	-	100%
Total Income	2,028,727	-	2,028,727	2,028,727	-	100%
Expenses						
Use of Goods and Services	1,514,529	5,969,039	7,483,568	6,392,530	-	85%
Depreciation	-	-	-	103,972		
Total Expenditure	1,514,529	5,969,039	7,483,568	6,496,502	625,145	87%
Surplus For the Period	514,198	-	-	-	-	82%
Transfers From County Govt.	30,000,000	120,000,000	150,000,000	150,000,000	-	100%
Loans Disbursed	48,969,781	150,000,000	198,969,781	193,000,000	5,969,781	97%

Budget notes

1. Underutilization on other income is 88.5%. the fund did not receive all the loan repayments by end of the financial year 2022-2023. for underutilization of 61% on general expenses, the management cut on its expenses so as to avail more resources to be given out as loans which is its core mandate
2. The management did reallocation during the financial year intend-em with Busia County supplementary budget 2022/2023

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

19. Notes to the Financial Statements

1. General Information

Busia County Public Officers' Revolving Fund is established by and derives its authority and accountability from Busia County Public Officers' Revolving Fund Act of 2018 and enabling Regulations of 2019. The fund is wholly owned by the Busia County Government and is domiciled in Kenya. The entity's principal activity is to issue car loans and mortgage to officers' serving in the executive arm.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<p>that is applicable to all financial instruments subject to impairment testing; and</p> <ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying</p>

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
for Sale and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The original budget for FY 2022/2023 was approved by the Busia County Public Officers Revolving Fund Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 2 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

(Provide brief explanation for this revenue)

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	1,751,428.075	1,355,779.25
Interest Income From Car Loans	277,299.25	45,240.11
Interest Income From Investments in financial assets	-	-

**Busia County (Public Officers') Revolving Fund
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Interest Income On Bank Deposits	-	-
Total Interest Income	2,028,727.50	1,401,019.36

Five Officers' received car loan which yielded an interest of Ksh. 277,299.43 while the rest received mortgage that yielded an interest of Ksh. 1,751,423.075

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other <i>(Specify)</i>	-	-
Total	-	-

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	5,102,100	7,277,400

Busia County (Public Officers') Revolving Fund
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Description	2022-2023	2021-2022
	Kshs.	Kshs.
Bank Charges	19,030	2,400
Electricity And Water Expenses	-	-
Fuel And Oil Costs	10,000	30,000
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	330,000	160,000.00
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Purchase of assets	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Hospitality	931,400	-
Social benefit expenses*		
Total	6,392,530.00	7,469,800

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

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	103,972.15	-
Intangible Assets	-	-
Total	103,972.15	-

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Busia County Car Loan Account	-	-
Busia County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Busia County Public Officers' Revolving Fund	9,074,226.10	14,470,414.30
Total Cash And Cash Equivalents	9,074,226.10	14,470,414.30

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Co-operative Bank	01141239079100	9,074,226.10	14,470,414.30
Bank B	Busia	-	-
Sub- Total		9,074,226.10	14,470,414.30
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		9,074,226.10	14,470,414.30

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	169,585.32	537,545.45
Current Loan Repayments Due	50,803,391.66	11,314,202.02
Other Exchange Debtors (Unremitted payroll deductions)	2,392,810.00	21,921,894.75
Less: Impairment Allowance	-	-
Total Current Receivables	53,365,786.98	33,773,642.22
Non-Current Receivables		
Long Term Loan Repayments Due	154,145,714.52	15,029,043.16
Total Non- Current Receivables	154,145,714.52	15,029,043.16
Total Receivables From Exchange Transactions	207,511,501.50	48,802,685.38

Notes to the Financial Statements Continued

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Additional disclosure on interest receivable

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

14. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

Busia County (Public Officers') Revolving Fund
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16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	2022-2023	2021-2022
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate: straight line-Method	0%	25%	12.5%	30%	
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Additions	-	-	222,893.00	216,000.00	438,893.00
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2023	-	-	222,893.00	216,000.00	438,893.00
Depreciation And Impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	(31,612.15)	(72,360.00)	(103,972.15)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2023	-	-	(31,612.15)	(72,360.00)	(103,972.15)
Net Book Values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	191,280.25	143,640.00	334,920.25

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

**Busia County (Public Officers') Revolving Fund
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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	474,723.45		-	
Accrued Expenses	8,104,966.93		-	
Other Payables	-		-	
Total Trade and Other Payables	8,579,690.38		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		--	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

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

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

**Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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

Busia County (Public Officers') Revolving Fund
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Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(4,891,581.25)	(6,068,780.64)
Adjusted For:		
Depreciation	88,885.75	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	2,028,727.50	(1,401,019.36)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	157,591,954.05	37,654,799.27
Increase In Payable	7,901,721.45	-
Net Cash Flow From Operating Activities	162,719,707.50	36,253,779.91

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) **Due to related parties**

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

27. Contingent assets and contingent liabilities

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

(Give details)

Notes To The Financial Statements (Continued)

28. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

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

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

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from 0

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	
Revolving fund	222,000,000.00	72,000,000.00
Accumulated surplus	(14,082,849.13)	(9,191,267.88)
Total funds	207,917,150.81	62,808,732.12
Total borrowings	-	-
Less: cash and bank balances	(9,074,226.10)	(14,470,414.30)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	89.56%	87.23%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Busia County Public Officers' Revolving Fund Act under the Department of Finance ICT & Economic Planning. Its ultimate parent is the County Government of Busia.

31. Currency

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

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	In accuracies in financial statements	After taking into account the auditor's report, the fund did recalculations and done amended financial statement attached here as 3	Resolved	
1.2	Unremitted payroll deductions	The fund made efforts to have all the monies recovered and treasury remitted the money	Resolved	
2	Failure to jointly register loan property	The process is on going	Not resolved	September 2023
3	Lack of property insurance records	The process is ongoing	Not resolved	September 2023

Guidance Notes:

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

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

Date...06/12/2023

Busia County
Busia County (Public Officers') Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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


Busia County Public Officers Revolving Fund
P.O.Box private Bag
Busia

The Busia County Public Officers Revolving Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Busia County Public Officers Revolving Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by Busia County Public Officers Revolving Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	22 nd Nov 2022	15,000,000			15,000,000	15,000,000	0
	26 th May 2023	85,000,000			85,000,000	85,000,000	0
	26 th May 2023	50,000,000			50,000,000	50,000,000	0
Total		<u>150,000,000</u>			<u>150,000,000</u>	150,000,000	0

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

Head of Accountants department of beneficiary Fund:

Name TRUPHENAH AKIDE Sign  Date 6th / 11 / 2023

Busia County
Busia County (Public Officers') Revolving Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

Annex III: Reporting of Climate Relevant Expenditures

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

Busia County

Busia County (Public Officers') Revolving Fund

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

Annex IV: Reporting on Disaster Management Expenditure

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

