Institute of Economic Affairs

COUNTY BUDGET FOCUS

December 2023

Analysis of the Auditor General's Reports on the Financial Statements of the County Executive (2020/21 – 2021/22)

Busia County

1.0 Introduction

The constitution of Kenya 2010, Article 229(1) establishes the office of the auditor general who shall be nominated by the president and, with the approval of the National Assembly, appointed by the president. The Auditor general is required to audit and report on the accounts of any entity that is funded from public funds and the audit report confirms whether or not public money has been applied lawfully and in an effective way. Counties through the County Executive Committee member for finance may establish other public funds with the approval of the County Executive Committee and the county assembly. The administrator of these county public fund is required to prepare accounts for the fund for each financial year not later than three months after the end of each financial year and submit financial statements relating to those accounts to the Auditor-General and the county assembly. The Auditor General is required by law to produce audit report within six months after the end of each financial year. Thereafter, the Auditor General share the report with the county assemblies and is required to publish these reports within fourteen days after submitting the report to the county assemblies.

The audit report upon submission to the county assembly is scrutinized by the county assembly's Public Account Committee (PAC) where the county public officers share insight on the audit queries. The Public Audit Act (PAA) section 50(2) requires PAC to complete scrutiny process within a span of three months upon receipt of the report. After the discussions are complete with PAC, the county shall within 3 months after the county assembly recommendations take the relevant steps to implement the recommendations.

The County Chief Officer of finance is responsible to report any suspected offences to the relevant authorities and if there are any criminal matters arising from the report, then the police, the Anti-corruption Commission (EACC), Director of Public Prosecution (DPP) and any other relevant body may take up the offences committed. Often when the audit queries are reluctantly addressed it may lead to increasingly misuse of public resources which is not healthy for programme implementation at the county level. It is therefore prudent for citizen's, CSOs and the media to always be on the lookout whenever the PAC report have been released and published and check what issues have been resolved and what remain unresolved from the original auditor general report.

2.0 Significance of the audit findings

The Constitution of Kenya 2010, requires that the auditor general to regularly publish and publicize the audit reports. These reports are usually technical in nature and Civil Society Organizations can play a good role of reviewing these reports to make them simpler for citizens to engagement meaningfully.

The audit findings are important as they help the county government to put in place systems that safeguard its internal operations and help the county to determine whether their mechanisms to mitigate financial risks, engage in awareness creation for the various stakeholders to check whether resources are being used prudently. This findings help the county concerned to determine whether there are conditions dealing with irregularities, waste, inefficiency, conflict of interest and control weaknesses

This therefore form the basis of analyzing a simplified Busia County Auditors General's report on the financial statement for financial years 2020/2021 and 2021/2022.These analysis is for engagement with Civil Society Organizations and County Assembly watch dog committees to promote transparency and accountability in resources management.

Classification of Audit issues

Audit issues can be classified as follow;

Table 1: Classification of audit issues

1.0 Lack of supporting documents	• Failure to provide records • No documentary evidence
2 .0 Violation of financial regulations	• Irregular expenditure • Unbudgeted expenditure • Ineligible expenditure • Violation of public procurement regulations
3.0 Pending bills	• Bills not paid during the year • Failure to settle pending bills
4.0 No value for money	• Poor quality/harmful purchases • Nugatory expenditure – No economic return to the government
5.0 Failure to reconcile books of accounts	• Variance in cash and bank balances • Unexplained/unreconciled variance • Unexplained difference. accuracy of opening balance and closing cannot be confirmed
6.0 long outstanding balances	• Long outstanding uncleared debtors • Long outstanding bills
7.0 Others	• Weak internal control systems

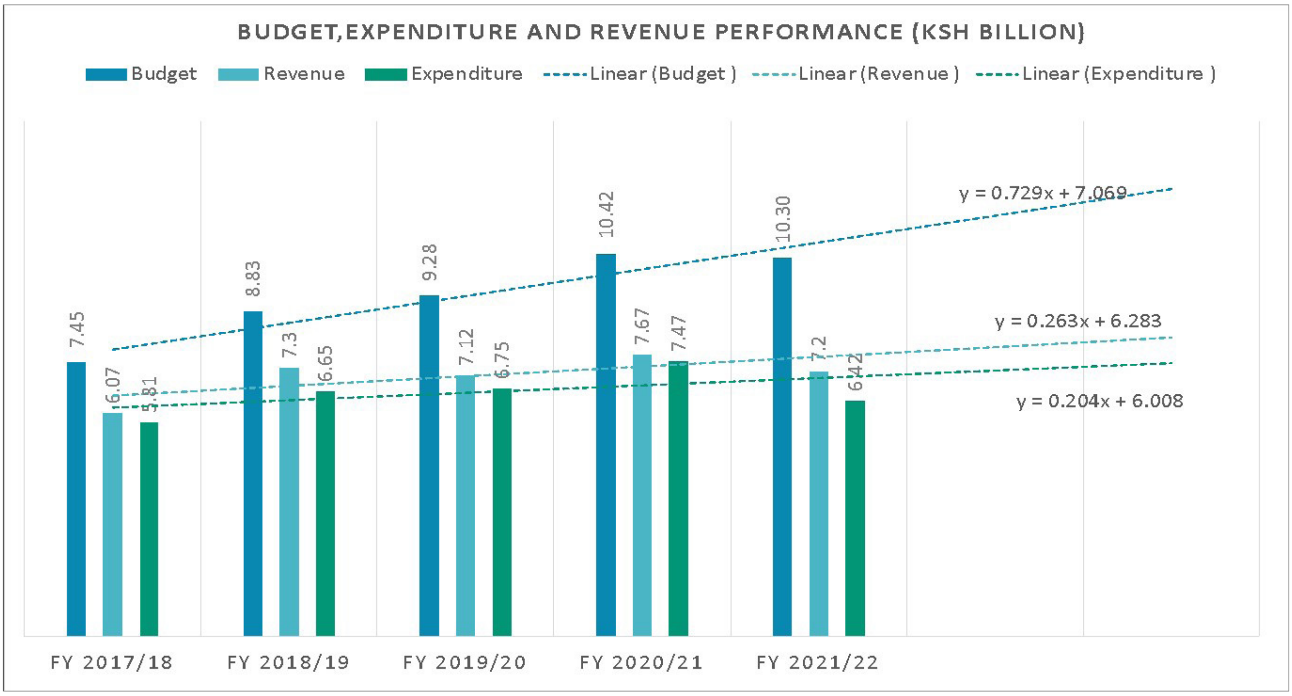
Source: Author's Compilation from Auditors General's report

3.0 Overall Expenditure and Revenues

Figure 1.0 highlights the trend in budgeting, revenues and expenditure of the county over the past five years. County budgets have steadily grown over the past five years from Kshs. 7.45 billion in 2017/18 to the current Kshs.10.3 billion in 2021/22 while revenues grew from 6.07 billion to 7.2 billion in the same period. It is these revenues and expenditures the auditor general reviews, audits and expresses an opinion regarding whether the facts in the financial statements are presented truly and fairly. Total expenditure for Busia County shows a general upward trend, with an annual increment averaging Ksh 0.26 billion in revenue while the annual increment on expenditure average at Ksh 0.20 billion.

The county had an ambitious budget in the year 2020/21 with approved budget was Kshs.10.42 billion, comprising Kshs.4.75 billion (45.6 percent) allocated for development and Kshs.5.67 billion (54.4 per cent) and recurrent expenditure. To finance the budget, the County expected to receive Kshs.6.11 billion (58.6 per cent) as the equitable share of revenue raised nationally, Kshs.783.67 million (7.5 per cent) as total conditional grants, generate Kshs.1.12 billion (10.7 per cent) from own sources of revenue, and a cash balance of Kshs.2.20 billion (21.1 per cent) from FY 2019/20. The County also expected to receive Kshs.205.90 million (2 percent) as "other revenues"[1] not contained in the CARA, 2020. The target of 1.12 billion from own sources was overly ambitious as the trends show an average collection of Ksh 269 million.

Figure 1: Revenue and expenditure trends for FY 2017/18 to 2021/22



Source: Controller of Budget Report

In FY 2020/21, the county had a budget of ksh. 10.3 billion, allocating 4.55 billion for development and 5.68 billion for recurrent expenditure. The development budget comprised 44.5% of the total budget while recurrent expenditure was 55.5%. The budget expected funding from equitable share of national revenue to a tune of 7.2 billion, generate 976 million from own sources, receive conditional grants of 695 million and had a balance from the previous year of 1.4 billion.

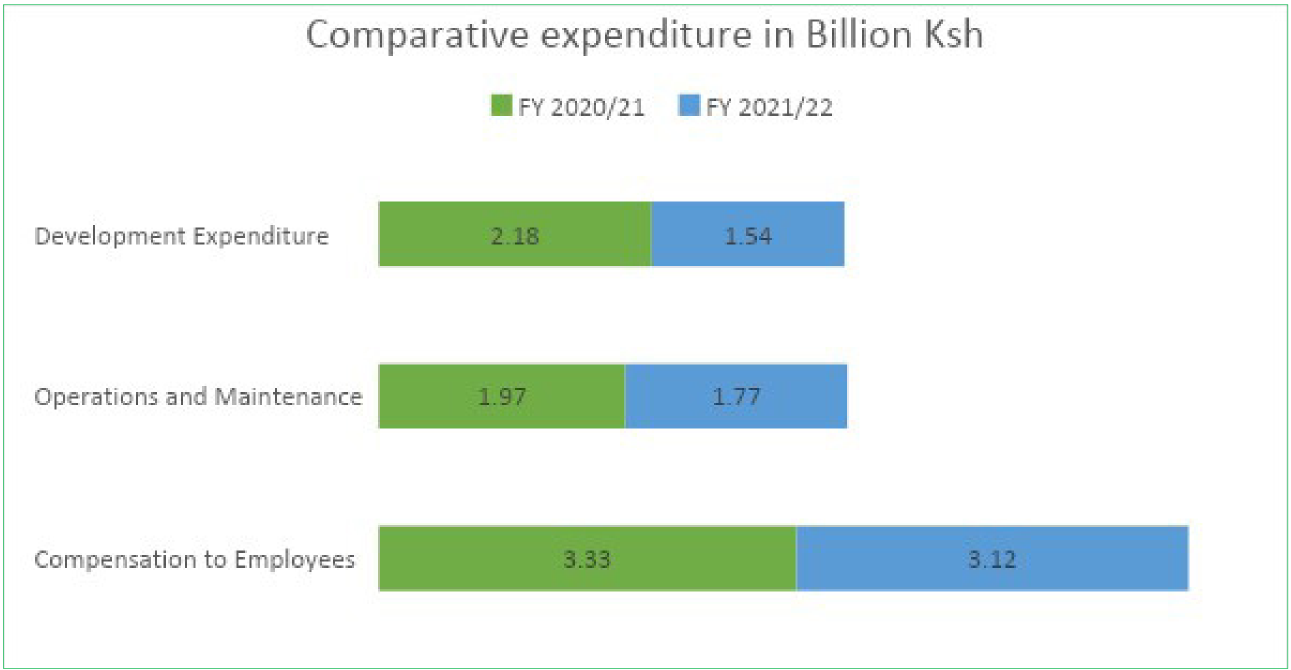
[1]Other revenues include rates, single business permit, parking fees, building permits, fees from billboards and advertisements

Table 1 shows a widening trend in the disparity between budgets and actual receipts. 81% of the budget was funded in FY 2017/18. The following year, 2018/19 there was improved funding of the budget at 83% From which there has been a steady decline in funding budgeted activities. There was a 77% of funds received against the budget for FY 2019/20, the trend continued in FY 2020/21 as only 74% of the budget was funded. In the current year the figure stands at 70%. The inability of the government to fund for budgeted activities hampers service delivery to the county in the intended manner. It is therefore necessary for the county to make necessary adjustments to the budgets, especially with regards to its own source revenue to reflect achievable targets.

Total expenditure for the county executive

The County received a total of 7.67 billion in the FY 2020/21. The county was able to absorb 97% of revenue equivalent to 7.5 billion shillings. Recurrent expenditure was 5.3 billion which was 71% of total revenue while development expenditure accounted for 29% of the budget at 2.2 billion. Compensation to employees was the single biggest recurrent expenditure item consuming 45% of the total budget at 3.3 billion. This is contrary to the provisions of the finance act on employee compensation capped at a maximum of 35% of revenue.

Figure 2: Comparative County executive expenditure



Source: Controller of budget

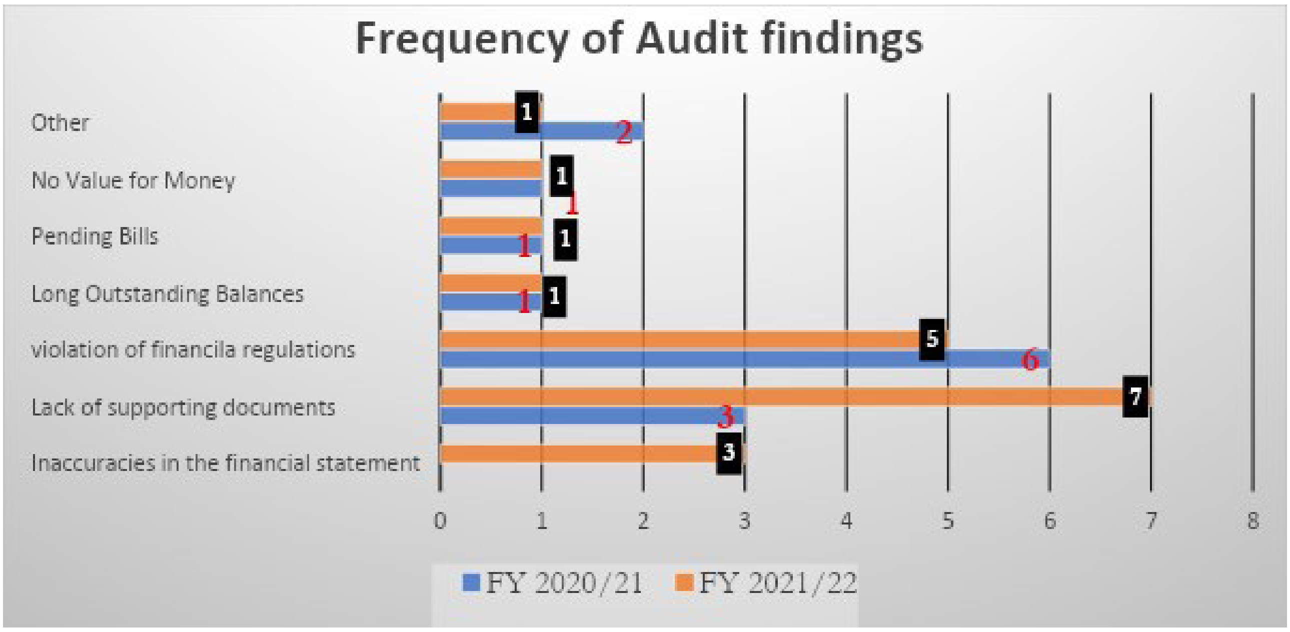
The budget of 10.3 billion for the FY 2021/22 was allocated funds totaling 7.2 billion representing 70% of the budget. Out of which 6.42 billion was absorbed at a rate of 89%. Development expenditure accounted for 1.54 billion shillings while recurrent expenditure was 4.89 billion. The table below illustrates the budget and expenditure breakdown for the county executive and the county assembly. The executive spent ksh.2.6 billion in staff compensation, Ksh. 1.5 billion in operations and maintenance while development expenditure accounted for ksh. 1.45 billion. Out of the budgeted 4.4 billion for development, the county was only funded for 32% of the budget. This would have impacted negatively in service delivery as most development projects could not be paid for as planned. Surprisingly still, the county was not able to absorb all the disbursed funds despite the underfunded programs and activities.

4.0 Audit Findings

4.1 Frequency of Audit Findings

The frequency of an audit query shows the likelihood of a matter to be flagged by the auditor general. Figure 3.0 compares the frequency of audit matters raised by the OAG in the two years. Violation of financial regulation was flagged by the auditor as the most cause of noncompliance in the year 2020/21 registering six incidents, lack of supporting documents was registered in three cases while other audit matters registered two incidents.

Figure 3: Comparison of audit finding queries for FY 2020/21 to 2021/22



Source: Office of the Auditor General

In the year 2021/22, the auditor general observed that lack of supporting documents was the greatest hindrance to financial compliance with seven reported cases. Violation of financial regulations contributed to five audit matters; there were three inaccuracies in the financial statement of note while the other incidents similarly registered a solitary case of non-compliance.

4.2 Audit opinions

On the basis of the above parameters shown on figure 3.0, the auditor general gave a qualified audit opinion for the financial year 2020/21 and 2021/2022. This is an improved score from financial years 2018/19 that registered adverse score which was attributed to financial statements not presenting fair position in all material respects, and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012. However, the county has maintained a qualified opinion for both the financial year 2019/20 and 2020/21. They show that there is room for improvement if audit issues from the previous auditor's general report are addressed sufficiently.

Table 2: Trends of Audit Opinion from FY 2018/2019 – 2021/2022

Financial Year	FY 2018/2019	FY2019/2020	FY2020/2021	FY2021/2022
Opinion	Adverse	Qualified	Qualified	Qualified

Source: Auditor General report

The auditor general gave a qualified audit opinion consistently over the past three years. It is evident that the issues raised by the auditor general have not been fully addressed over the years to improve on the audit opinion. The management needs to focus on improving internal controls, share all financial supporting documents, stop violating financial regulation as provided in the law and have a better management approach to pending bills. Proper internal control mechanisms will address the issues to do with financial regulations, ensure that accounting documents are properly supported and also limit errors reported in the financial statement. Pending bills is an ever-present anomaly that can be tamed or reduced.

4.3 Share distribution of the queried amounts by audit issues

The queried amount is the share of total expenditure that in the opinion of the auditor general has not fully complied with the stipulated audit template and regulations. A high percentage of the queried amount points to mismanagement of public funds, contrary to the provisions of the set laws and principles that govern prudent management and use of public funds.

Table 3: Queried amount in the financial year 2020/2021

Audit issues for the basis of a Qualified Audit Opinion in the FY 2020-2021			
Classification of Audit Issues	Specific Queries	Amount Queried	% Share Distribution
Lack of Supporting Documents	Office and general supplies	33,846,765.00	0.60%
	Emergency relief and refugee assistance	2,794,086.00	0.05%
	Insurance of motor vehicles & others	22,485,126.00	0.40%
Violation of Financial Regulations	Compensation of employees	2,746,359,102.00	48.63%
	One Third Basic Salary Rule not followed	n/a	
	Irregular Insurance Costs	207,943,228.00	3.68%
	Irregular Procurement of a Financial Management System	27,999,320.00	0.50%
	Emergency Relief and Refugee Assistance	72,007,512.00	1.28%
Unresolved Prior Year Matters	Accounts Payable (Pending Bills)	740,655,335.00	13.11%
Others	Late exchequer release by treasury	1,776,684,662.50	31.46%
	Nugatory Expenditure for Council of Governors	15,569,015.00	0.28%
		5,647,494,151.50	**100.00%**

Source: Auditor General Report

In the year 2020/2021, the audit summary report, the auditor general queried a total amount of 5.65 billion shillings of the total expenditure of 7.47 billion for the financial year 2020/2021. Compensation to employees comprise the single biggest queried amount of 2.75 billion. This is because of the non-compliance with regulations regarding employee compensation and the use of manual payroll. The two factors make it impossible to ascertain the validity and accuracy of the amounts paid in compensation of employees.

The auditor general also noted with concern the late release of revenue from the exchequer. In the year 2020/21, the controller of budget released 1.78 billion in June and July of 2021. This hindered implementation of budgeted projects and a contributing factor towards underutilization of funds.

The management of pending bills still poses a huge challenge to financial management, out of the queried amount, the share of pending bills is 13.1 % in the year 2020/2021.The county has never managed to clear all pending bills with some being older than five years. The law requires that all pending bills from the preceding years be treated as first charge in the subsequent years, this has not been observed in the county.

Table 4: Queried amount in the financial year 2021/2022

Audit issues for the basis of a Qualified Audit Opinion in the FY 2020-2021			
Audit Issues Raised	Description	Amount Queried	% Share Distribution
Inaccuracies in the financial statement	Variances in Statement of Receipts & Payments & Supporting Schedules	768,783.42	0.01%
	Variance Between Receipts and Payments and Statement of Comparison of Budget and Actual Amounts	1,386,799,236.00	23.64%
	Assets and Liabilities vs Statement of Cash Flows	1,635,058.00	0.03%
Violation of Financial Regulations	Training Expenses	276,537,244.00	4.71%
	Medical Drugs	54,738,053.00	0.93%
	Domestic travel and subsistence cost	2,126,595.00	0.04%
	Operating Expenses	285,020,896.00	4.86%
	Supply and delivery of foot and mouth disease vaccines	1,597,988.00	0.03%
	Construction of Buildings	3,769,825.00	0.06%
	Acquisition of Land	4,000,000.00	0.07%
Long Outstanding Balances	Pending bills from 2015/16	740,655,335	12.63%
Pending Bills	Bills Incurred in 2022/23	**70,045,337.00**	**1.19%**
	Construction of Mother and Child hospital	40,127,749	0.68%
	EPR Project Business Process	27,999,320.00	0.48%
		5,865,571,716.42	**100.00%**

Source: Auditor General Report

The auditor general queried a total of 5.87 billion shillings in the year 2021/2022 out of the total expenditure of 6.42 billion shillings. Inaccuracies on the financial statement registered an amount of 1.4 billion shillings contributing to 23% of audit queries. The queries regarding compensation to employees still commanded the highest amount queried at 2.9 billion. The challenges with manual payroll have not been addressed and the amount exceeds the legal threshold for remuneration. Pending bills equally commanded a sizable chunk of the queried amount at 1.19% of the queries. In order to improve in future audits opinion, the county must deliberately adhere and reduce violation of financial regulations and ensure accuracies in the financial statements. Proper documentation will also significantly reduce the frequency and the amounts queried.

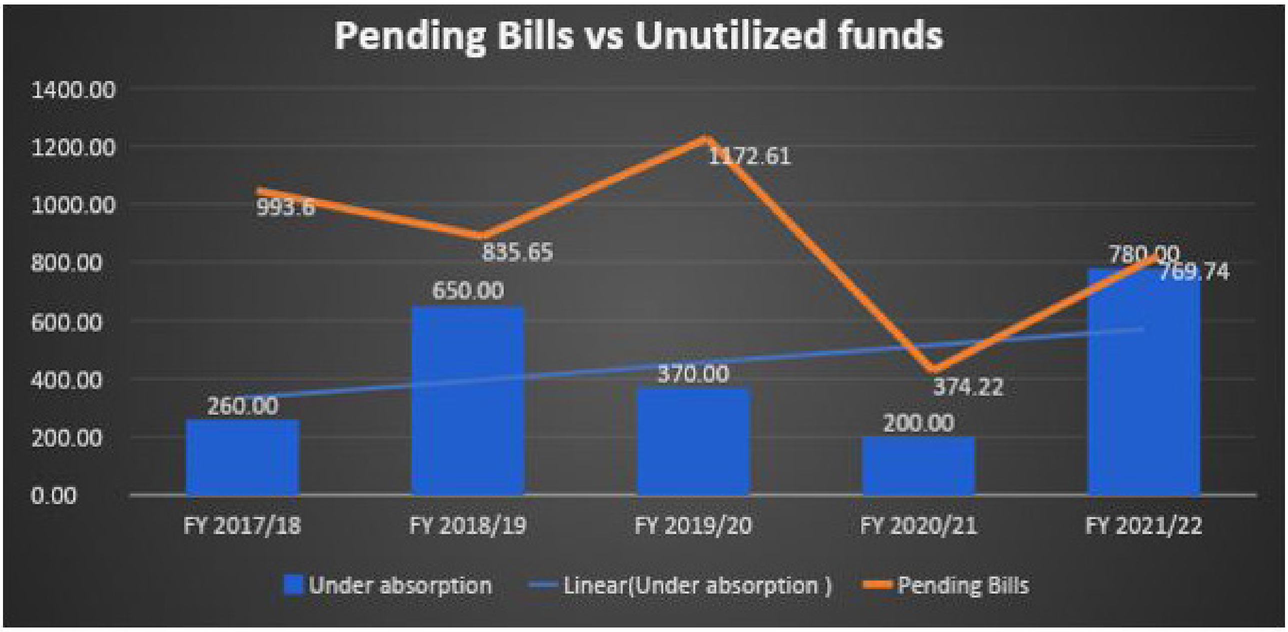
5.0 Unresolved Prior Year Issues

The OAG report shows that accuracies in financial statements, violation of financial regulations pending bills, compensation to employees and target on own source revenue not realized every year, Surprisingly, these very issues have not been corrected for years and they have consistently featured in the audit reports without correction;

Pending Bills

Pending bills have a heavy bearing on the available financial resources because the law requires them to be treated as first charge items. The accumulation of pending bills fails to give a true picture of the financial health of an entity. It is worrying to note that the sum of pending bills given, includes an amount of Ksh. 740,655,335 incurred in FY 2015/16. It is troubling to note that in each of the years when pending bills were reported, the county treasury was unable to exhaustively use the funds in their disposal. The balance of 780 million reported in the year 2021/22 could have cleared the pending bills reported in the same year amounting to 769.74 million. The county management must therefore come up with a strategy to manage the escalating debt as the reported cumulative pending bills amount to 1.82 billion that will greatly strain allocation of resources in the subsequent years.

Figure 4: Trends in pending bills versus unutilized funds

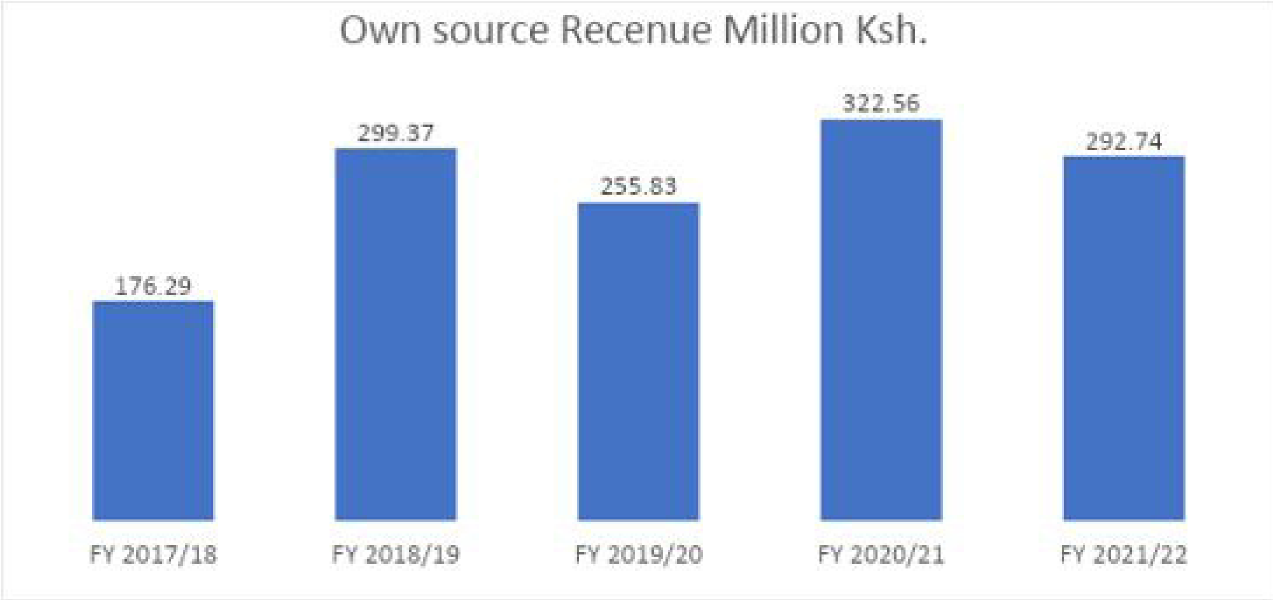


Source: Auditor General report

Own Source Revenue

County revenue collection has been below average at best. The county budget estimates indicate there is potential for more revenue collection. Even after automation of revenue collection system, there has not been much improvement in collection. This is also attributed to failure of the administration to implement automation of collection of parking fees and other available sources of revenue. Management needs to reassess and ensure available revenue is realized. In the current year, the county anticipated a revenue of Ksh. 976 million but were only able to collect 292.74 million that's 29.9% of the budgeted amount. It also shows a decline of 10% from the previous year's collection of Ksh. 322.56 million.

Figure 5: Trend on own source of revenue collection

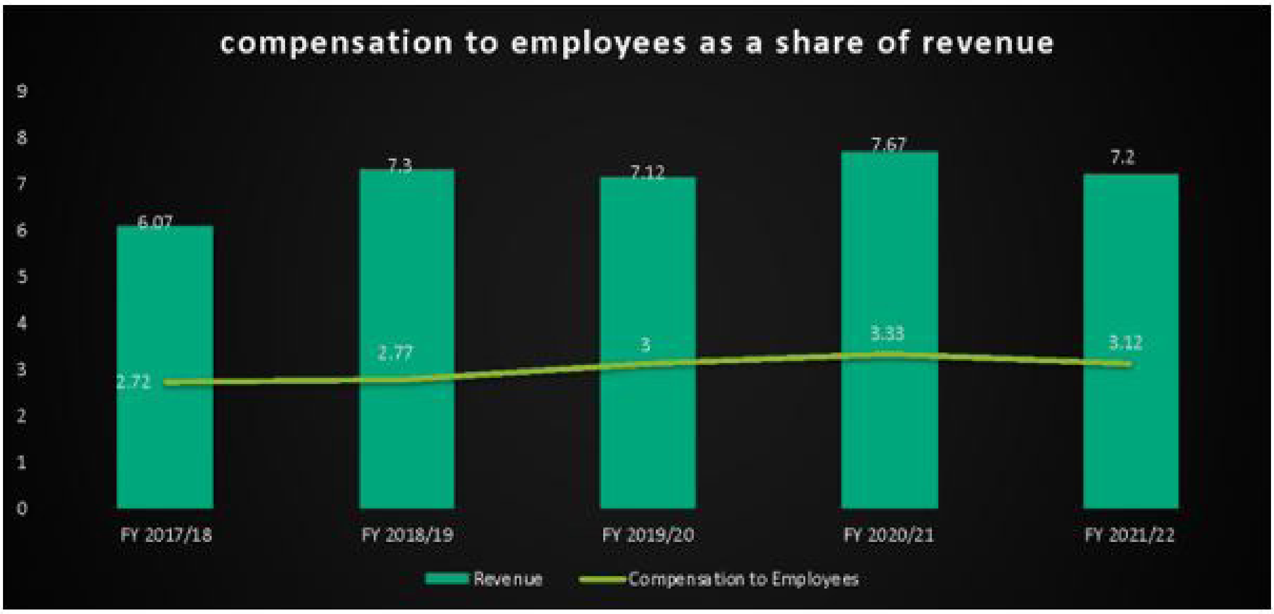


Source: Controller of Budget report

Compensation to Employees

Payment to employees constitute the single biggest expenditure item over the years reviewed. The average amount paid to employees is 45% of total revenues. In the current financial year 3.12 billion was paid to employees, an amount equivalent to 43% of total revenues. The county needs to fully implement online payments as required by the law to enhance accountability and transparency. The amounts paid are above the legal limit of 35% of revenue. The county must endeavor to adhere to the laws that govern public finance management.

Figure 6: Share of Compensation to employees to revenue



Source: Controller of Budget report

6.0 Implication of the audit issues

The auditor general has given a qualified opinion in three consecutive audits for Busia County from FY 2019/20 to 2021/22. The audit report opined that, "In the audit report of the previous year, several issues were raised under the Report on Financial Statements, report on lawfulness and effectiveness in use of public resources, and report on effectiveness of internal controls, risk management and governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates." Even the current audit report and opinion point to a consistent violation of set standards and principles in the management of public finances.

7.0 Opportunity Cost

The county government executive together with the county assembly are charged with the responsibility of prioritizing key areas to spend limited resources. The choices have a bearing on the quality of services offered in the county and have a direct impact on the lives of the people of Busia. A few areas heighted by the auditor general point to wastage and misuse of resources that could have otherwise been helpful in improving the quality of lives of residents:

- *Non collection of parking fee in the county*

Busia county passed a finance bill in 2021 that approved collection of parking fees this has not been effected yet, and there was no explanation as to why the fee was not being collected. The county budgeted for own source revenue amount of Ksh. 976 million out of which only 292.74 was collected. The revenue shortfall is attributed to failure of the county to collect revenue from identified sources. The failure to achieve revenue targets has denied the residents the opportunity to enjoy services that would have been funded through own source revenue.

- *Irregular acquisition of firefighting engine*

The county spent a whooping Ksh. 52,000,000 for a second-hand firefighting engine when a quick search revealed that a brand-new machine would have costed between 15-20 million shillings. To add to that, the engine lies idle at the office of the governor instead of offering services at Amagoro sub county office for which it was procured. This machine therefore offers no value to the residents of Amagoro for which it was procured. The county should have instead used the money in question to purchase a new fire engines, or invested in other stalled development projects.

- *Irregular construction of mother and child specialized hospital*

The noble intention to construct a specialized hospital for mother and child at Alupe sub county has hit a snag. The project sum was adjusted without approval of the respective committees. The project is facing an 18 months delay with total cost of works not done coming to Ksh. 40,127,749 this even after the initial contract sum is fully paid. The residents in this case been denied access to critical healthcare services especially to vulnerable mothers and children. There was no value for money in the expenditure of Ksh. 109,503,079 paid in the construction of the hospital.

8.0 Recommendations

Funds that are allocated to the county government are meant to provide goods and services to the people of Busia County. It is in the best interest of the citizens to ensure that the resources allocated to them are used prudently, effectively and within the confines of the existing laws and regulations. The elected MCAs are a representative of the people charged with the mandate to represent, legislate and oversight the county executive in the discharge of its functions. The public financial management function is directly under the public accounts committee whose mandate is to oversight the expenditure of public funds, ensure value for money and adhere to the existing financial regulations and procedures using the OAG reports.

The constant recurrence of similar audit matters is an indication of inadequate oversight and accountability that calls for much more vigilance and advocacy, achievable through CSOs. This report is aimed at empowering the people of Busia CSOs and the MCAs to;

- Interrogate the expenditure of the county through this simplified and easy to understand document based on the evidence and opinion presented in the OAG report
- Effectively communicate to the people of Busia on the key areas of county government expenditure in a bid to advocate for prudent allocation of limited resources
- The CSOs should endeavor to form collaborative engagements with the county assembly and other watchdog groups through MOUs to ensure that the leaders have a clear understanding of the audit reports presented to them for interrogation of audit reports and possible correction of identified weaknesses in the management of public funds. The MOUs should also include training of county staff on proper financial management, individual accountability and liability of staff members.
- The evidence gathered from these interactions and reports should be forwarded to the relevant agencies for further investigation and apprehension of culpable officials engaged in financial malpractices.

For enhanced financial management and better service delivery, we recommend that:

a) The County Executive need to reconstitute project implementation committee in the county of Busia

Development projects are not fully implemented and even those undertaken are facing numerous challenges. The mother and child specialized hospital is a project that should have been prioritized to conclusion. In order to ensure synergy and management of development projects, the county executive needs to constitute a project implementation team as recommended by the office of the controller of budget to ensure that all county projects are completed as planned.

b) The County executive must be resolving prior year matters appropriately as raised by the auditor general

The Auditor general raises inaccuracies in financial statements, violation of financial regulations, pending bills, compensation to employees and target on own source revenue not realized every year as prior year issues not addressed by the county executive in the year 2021/2022.Surprisingly, these very issues have not been corrected for years and they have consistently featured in the audit reports without correction. The county executive should ensure that recurrent issues as raised by the Auditor General are addressed appropriately. Especially in areas of violation of financial regulations and inaccuracies in the financial statements as they constitute 50.63% and 23.68 % of all the audit queries respectively. If these issues are sufficiently addressed, the county will achieve the county's development agenda and enhance service delivery to citizens.

c) **Prioritization payment of pending bills - The County Assembly must insist on accounting officer's prioritizing payment of pending bills.**

The county executive management must come up with a strategy to manage the escalating debt as the reported cumulative pending bills amounted to 1.82 billion in year 2021/2022.The county executive need to implement all the recommendations of the task force established by the governor on pending bills and stalled projects.Additionally,the task force need to conduct an audit of the pending bills to establish the legitimate ones and those that actually qualify for payment based on services and goods supplied. Pending bills have a heavy bearing on the available financial resources because the law requires them to be treated as first charge items. It is worrying to note that the sum of pending bills given in the year 2021/2022 of Kshs 1.8 billion which includes an amount of Ksh. 740,655,335 incurred in the year 2015/16. Additionally, in each of the years when pending bills are reported, the county treasury was unable to exhaustively use the funds in their disposal by the end of the year. The balance of 780 million reported in the year 2021/22 could have been used to offset the pending bills.

Regulation 41 (2) of the Public Finance Management (County Governments) 2015 states, "Debt service payments shall be a first charge on the County Revenue Fund and the accounting officer shall ensure this is done to the extent possible so that the county government does not default on debt obligations. The OCoB recommends that all pending bills be budgeted as a first charge in the budgets in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

d) **The County Executive to comply with the Law on Fiscal Responsibility-Wage Bill**

Public Finance Management (PFM) Fiscal Responsibility Principles-Limit on personnel emolument expenditure spending not to exceeded the threshold of 35% prescribed in Section 25(1)(a) and 25(b) of the Public Finance Management (County Governments) Regulations, 2015. Busia County recorded a high wage bill, which accounted for 43.7 per cent of the annual realized revenue of Kshs.7.13 billion in FY 2021/22, thus constraining funding to other programs. Additionally, in the year 20212022, the share of audit query on violation of financial regulation was 50.63 % and compensation to employee audit query constituted 49% of the queries.

The County Public Service Board (CPSB) should therefore establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. It was also reported that Personnel emoluments amounting of Kshs.109.86 million were processed through the manual payroll and accounted for 3.5 per cent of the total payroll cost. Manual payroll is prone to manipulation and is against the law, the county must ensure that all staff payments are done through the online platform. The county assembly need to ensure that a human resource audit is conducted so that this action any action to be taken by the CPSB.

e) **The County Public Investment and Accounts Committee (PIAC) ought to make follow on executive compliance with the one-third basis salary rule.**

The OAG report revealed that the Integrated Payroll and Personnel Database (IPPD) for the year under review revealed had an average of 167 employees earning less than a third of their basic salaries per month. This is contrary to Section 19(3) of the Employment Act, 2007 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

f) **County Assembly and CSOs to compel County Executive to maintain proper book of Accounts which are free from Misclassification of Expenditure**

Scrutiny of the OAG reports show that the statement of receipts and payments reflects other payments amounting to Kshs.774,694,873 which related to development projects in various wards in the County. However includesd in the payments is an amount totalling to Kshs.5,773,102 made on account of casual wages thereby overstating other payments by Kshs.5,773,102 and understating compensation of employees by the same amount. This should be recorded properly to reflect the true position of development expenditure and compensation to employees. The county executive should enhance internal control systems so as to ensure that matters like inaccuracies in financial statements, lack of supporting documents and violation of financial regulations are resolved.

g) **Budgetary control and performance**

The county executive should ensure that that the annual budgets are balanced to reduce recurrence of underfunding and under expenditure. In the Year 2021/2022, the statement of comparison of budget and actual amounts combined reflected a final receipts budget and actual on comparable basis of Kshs.10,230,377,635 and Kshs.8,523,348,215 respectively, resulting to under-funding of Kshs.1,707,029,420 or 17% of the budget. Similarly, the County Executive spent an amount of Kshs.7,329,947,028 against approved budget of Kshs.10,230,377,635 resulting to under- performance of Kshs.2,900,430,607 or about 28% of the budget. The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

9.0 Conclusion

The county government of Busia should focus on implementing the changes recommended by the auditor general over the years on Financial Statements, on lawfulness and effectiveness in use of public resources, and employ effective Internal Controls, Risk Management and Governance.

Glossary

Term	Meaning
Audit Query	This is the clarification sort by the auditor general on a specific issue in order to make a conclusion during the audit process
Emphasis of the matter	This refers to a paragraph that is included by the auditor in his report to direct attention of users of financial statements to a matter that has been discussed appropriately in the financial statement (usually a disclosure
Pending bills	These are bills which are yet to be settled by an entity during the reporting period the financial year under auditing or unsettled financial obligation that occur at the end of the financial year as a result of failure to pay for goods and services that has been properly procured
Stalled incomplete projects	A stall project is that one project that is still active but for a given reason has no actions pending or cannot move forward
Unsupported expenditure	All expenditures must be supported by adequate for example original copy of receipts, invoices or even bills
Value for money	Refers to whether something that is well worth the money spent on it.

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