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COUNTY ASSEMBLY OF BUNGOMA  
(LPCS)  
17 SEP 2024  
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**COUNTY ASSEMBLYS OF BUNG OMA  
OFFICES OF THE CLERK**

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THIRD SESSION  
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PUBLIC ACCOUNTS AND INVESTMENTS

COUNTY ASSEMBLY OF BUNGOMA  
(LPCS)  
17 SEP 2024  
NOTICE ISSUED  
COMMITTEE

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**REPORT ON AUDITOR GENERAL ON RECEIVER OF REVENUE FOR YEAR  
ENDED 30<sup>TH</sup> JUNE, 2023- COUNTY GOVERNMENT OF BUNGOMA**

**Clerks Chambers  
County Assembly Buildings  
P.O BOX 1886 – 50200  
BUNGOMA, KENYA**

**September, 2024**

Contents

CHAPTER ONE .....	3
1.0 PREFACE .....	3
2.0 MANDATE AND POWERS OF THE COMMITTEE.....	3
3.0 COMMITTEE MEMBERSHIP.....	5
4.0 POWERS.....	6
5.0 GUIDING PRINCIPLES ON THE AUDIT QUERIES .....	6
1. Constitutional principles on public finance.....	6
2. Audit of public accounts.....	7
3. Direct personal liability.....	8
4. Obligations of accounting officers .....	8
6.0 CONFIDENTIALITY UNDERTAKING BY THE COMMITTEE .....	10
7.0 COMMITTEE SITTINGS.....	10
7.1 PROCEDURE ADOPTED BY THE COMMITTEE .....	11
8.0 ACKNOWLEDGMENT .....	12
CHAPTER TWO .....	13
1.0. REPORT ON THE BUNGOMA COUNTY RECEIVER OF REVENUE FUND FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2023.....	13
ADOPTION SCHEDULE.....	28

## CHAPTER ONE

### 1.0 PREFACE

**Mr. Speaker Sir,**

On behalf of the members of Public Accounts and Investments Committee and pursuant to the provisions of Standing Order No. 209 and in accordance with Article 229(8) of the Constitution of Kenya 2010, it is my pleasure and privilege to present to this House, the committee's report on the Auditor General's Report on the County Government of Bungoma Financial Statements on the Receiver of Revenue for year ended 30<sup>th</sup> June, 2023.

### 2.0 MANDATE AND POWERS OF THE COMMITTEE

**Mr. Speaker Sir,**

The Public Accounts and Investments Committee is a Select Committee established under Standing Order No. 209 of the Bungoma County Assembly Standing Orders. Standing Order 209(5) provides the functions of the Public Accounts and Investments Committee shall be to-

- (a) Pursuant to the provisions of Article 185(3) of the Constitution, exercise oversight over the County Executive Committee and any other County Executive organ.
- (b) Pursuant to Article 229(7) and (8) of the Constitution, examine the reports of the Auditor-General on the Annual Accounts of the County Government.
- (c) Examine special reports, if any, of the Auditor-General on County Government Funds.
- (d) Examine the reports, if any, of the Auditor-General on County Public Investments; and
- (e) Exercise oversight over County Public Accounts and Investments.

Article 195 of the Constitution of Kenya, 2010 provides that-

(1) A County Assembly or any of its committees has power to summon any person to appear before it for the purposes of giving evidence or providing information.

(2) For the purpose of clause (1), an Assembly has the same powers as the High Court to-

(a) Enforce the attendance of witnesses and examining them on oath, affirmation or otherwise;

(b) Compel the production of documents; and

(c) Issue a commission or request to examine witnesses abroad.

In this regard, it must be emphasized that the oversight function of this House as carried out through Committees elevates it to a status akin to that of a High Court. The exercise of this unique quasi-judicial function is expected to strictly adhere to and apply the principles of natural justice and fair hearing, and that every process or action taken by the House or its Committees must be seen by all to be above board taking into account the fact that decisions of this House bear the element of finality.

Section 19 of the County Assemblies Powers and Privileges Act, 2017 on examination of witnesses states that;

Where a County Assembly or a Committee requires that any information be verified or otherwise ascertained by the oral examination of a witness, the County Assembly or the committee may-

(a) Cause such witness to be examined on Oath; and

(b) Require the witness to produce any document, paper, book or record in the possession or under the control of the witness which may have a bearing on the subject of the inquiry

### 3.0 COMMITTEE MEMBERSHIP

**Mr. Speaker sir,**

The Public Accounts and Investments Committee as currently constituted comprise the following members:

- |                           |                  |
|---------------------------|------------------|
| 1. Hon. Everton Nganga    | Chairperson      |
| 2. Hon Timothy Chikati    | Vice Chairperson |
| 3. Hon Stephen Kaiser     | Member           |
| 4. Hon Anthony Lusenaka   | Member           |
| 5. Hon. Jerusa Aleu       | Member           |
| 6. Hon Everlyne Mutiambu  | Member           |
| 7. Hon Alfred Mukhanya    | Member           |
| 8. Hon Moureen Wafula     | Member           |
| 9. Hon Kennedy Wanyama    | Member           |
| 10. Hon Metrine Nangalama | Member           |
| 11. Hon Everlyne Anyango  | Member           |

#### 4.0 POWERS

**Mr. Speaker Sir,**

The Committee derives its mandate from Bungoma County Assembly **Standing Order No. 186** which states that ***“there shall be a select committee to be designated the Public Accounts Committee which shall be responsible for the examination of the accounts showing the appropriation of the sums voted by the County Assembly to meet the public expenditure and of such other accounts laid before the house as the committee may think fit.”***

The primary mandate of Public Accounts and Investment’s Committee therefore is to oversight the expenditure of public funds by County Executive Departments, to ensure value for money and adherence to government financial regulations and procedures. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Office of the Auditor-General (OAG).

As a Committee, we are united in the quest for value for money in the expenditure of public funds. This ambition should be shared by politicians in this Honorable House, County Public Servants including County Executive Committee Members and Chief Officers who are tasked with pursuing this goal.

#### 5.0 GUIDING PRINCIPLES ON THE AUDIT QUERIES

**Mr. Speaker Sir,**

In the execution of its mandate aforesaid, the committee has been guided by core constitutional and statutory principles on Public Finance Management, as well as established customs, traditions, best practices and usages. These principles include:-

##### 1. Constitutional principles on public finance

Article 201 of the Constitution of Kenya, 2010 enacts fundamental principles that “...shall guide all aspects of public finance in the Republic...” These principles include;

- a) There shall be openness and accountability, including public participation in financial matters;
- b) Public money shall be used in a prudent and responsible way; and
- c) Financial management shall be responsible, and fiscal reporting shall be clear.

## 2. Audit of public accounts

According to Article 229(4) of the Constitution of Kenya 2010, within six months after the end of each financial year, the Auditor General is required to examine, audit and Report in respect of that financial year, on-

- (a) The Accounts of the National and County Governments;
- (b) The accounts of all funds and authorities of the National and County Governments and express an opinion in the report; and ascertain whether money appropriated by Parliament or the relevant County Assembly and disbursed;-
  - i. Has been applied for the purpose for which it was appropriated or raised;
  - ii. Was expended in conformity with the authority that governs it; and
  - iii. Was expended effectively, efficiently, economically and transparently as provided for under Section 149 of the Public Finance Management Act, 2012; and the said Audit reports shall then be submitted to Parliament or the relevant County Assembly.

Article 229(8) of the Constitution provides that, within three months after receiving an audit report, Parliament or the County Assembly shall debate and consider the report and take appropriate action.

Further and without prejudice to the foregoing, Section 34 of the Public Audit Act, 2015 provides that the Auditor-General may, upon request or at his or her own initiative, conduct periodic Audits which shall be pro-active, preventive and deterrent to fraud and corrupt practices, systemic and shall be determined with a view to evaluating the effectiveness of risk management, control and governance processes in state organs and public entities.

### 3. Direct personal liability

Article 226(5) of the Constitution is emphatic that, “If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”.

The Public Accounts and Investments Committee has hoisted high these Constitutional provisions as the basis for holding each individual, Public Officers directly and personally liable for any loss of public funds under their watch. The Committee has and will continue to invoke these provisions in its recommendations to hold those responsible; personally accountable. This is also intended to serve as a deterrent measure.

### 4. Obligations of accounting officers

Section 149(1), of the PFM Act, 2012 stipulates that: “An accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized; effective, efficient, economical and transparent.”

This provision also obligates accounting officers designated as such to various County Government entities to appear before the Public Accounts and Investments Committee of the County Assembly to respond to queries relating to their respective departments.

Section 156 of the PFM Act, 2012 provides that;

(1) If an accounting officer reasonably believes that a public officer employed by a county government entity has engaged in improper conduct in relation to the resources of the entity, the accounting officer shall-

(a) Take appropriate measures to discipline the public officer in accordance with regulations; or

(b) Refer the matter to be dealt with in terms of the statutory and other conditions of employment applicable to that public officer.



(2) If the County Executive Committee Member for Finance reasonably believes that an accounting officer has engaged in improper conduct within the meaning of sub-section (4), the County Executive Committee Member for Finance shall-

(a) Take appropriate measures to address the matter in accordance with laid down procedures; or

(b) Refer the matter to be dealt with in terms of the statutory and other conditions of employment applicable to that public officer.

(3) The measures referred to in sub-section (2) (a) include the County Executive Committee Member for Finance revoking the designation as accounting officer.

(4) For the purposes of this section, a public officer engages in improper conduct if the officer-

(a) Contravenes or fails to comply with this Act or any regulation in force;

(b) undermines any financial management procedures or controls;

(c) Makes or permits an expenditure that is unlawful or has not been properly authorized by the entity concerned; or

(d) Fails without reasonable cause to pay eligible and approved bills promptly in circumstances where funds are provided for.

This section of the law further empowers the appointing authority to discipline errant accounting officers, which could include revoking their appointments. This provision has sealed a longstanding loophole that has previously seen accounting officers continuously commit or preside over fiscal indiscipline and malpractice in their departments with impunity without sanction.

The County Public Accounts and Investments Committee strongly holds the view that these provisions of the law were intended to be fully deployed to operationalize the principles set out under Article 201 of the Constitution stated hereinabove and to ensure prudent and responsible management of public funds. The Committee has accordingly invoked these provisions in recommending varying disciplinary actions against persons

or public officers who bear responsibility for breach of the law and/or are responsible for the loss or wastage of public resources.

The County Public Accounts and Investments Committee place a premium on these principles, among others, and have been guided by them in the entire process that has culminated into the production of this report.

The Committee further derives its powers from the Public Procurement and Assets Disposal Act 2015, the Public Procurement and Assets Disposal Regulations 2020, the Public Finance Management Act 2012, the Public Finance Management (County Governments) Regulations 2015, the County Governments Act, 2012 and the Constitution of Kenya 2010.

#### 6.0 CONFIDENTIALITY UNDERTAKING BY THE COMMITTEE

To enhance the integrity of the committee and its work, members of the Public Accounts and Investments Committee have signed a confidentiality undertaking in accordance with Bungoma County Assembly Standing Order No 98. In relation to the provisions of the said standing order, members have undertaken that in relation to the Audit report on the financial statements on the Receiver of Revenue for the year ended 30<sup>th</sup> June, 2023 of the County Government of Bungoma, no member of the Committee shall refer to the substance of the proceedings touching on the subject matter which shall include any evidence or documents presented to the committee and any information under discussion or deliberation at its meetings before it is tabled on the floor of the House.

#### 7.0 COMMITTEE SITTINGS

**Mr. Speaker Sir,** The committee held a total of eight (8) sittings to consider Audit report on the financial statements on the Receiver of Revenue for the year ended 30<sup>th</sup> June, 2023 of the County Government of Bungoma:

The Office of the Clerk to the County Assembly scheduled for the interrogation of the Executive on the 10<sup>th</sup> of September, 2024 at the County Assembly Pascal Nabwana Hall, where the Chief Officer for Finance and Economic Planning accompanied with

departmental accounting officers appeared before the committee and responded to various queries raised by the auditor

However, a major challenge that the committee encountered during the interrogation was the high level of unpreparedness involving some accounting officers who delayed to submit the evidences to the auditor for verifications hence causing interruption during the interrogation.

#### **7.1 PROCEDURE ADOPTED BY THE COMMITTEE**

The accounting officers were subjected to thorough interrogation by the Committee on several issues touching on the audit report and the Committee also critically analyzed the accounting officer's oral and written submissions.

**Mr. Speaker Sir,**

This report contains the observations and recommendations of the Committee that were arrived at by consensus.

## 8.0 ACKNOWLEDGMENT

In conclusion, Honorable Speaker, the Committee wishes to express its gratitude to the Offices of the Speaker and the Clerk for the support rendered to it during the consideration of the report of the Auditor-General on the County Executive of Bungoma for the year ended 30 June, 2023. The Committee further wishes to thank the County Executive Committee Member for finance, Chief Officers and Directors from various departments who appeared for their cooperation

Finally, the Committee acknowledges the valuable input and services condensed by the Office of the Auditor-General in considering submissions from the management of various line Departments.

**Mr. Speaker Sir**, on behalf of the Public Accounts and Investments Committee, I now wish to table this report and urge the House to adopt it with the recommendations herein.

SIGNED.....

DATE.....17/9/2024

HON. EVERTON NGANGA (CPA) MCA- EAST SANGALO WARD

**(CHAIRMAN, PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE).**

## CHAPTER TWO

### 1.0. REPORT ON THE BUNGOMA COUNTY RECEIVER OF REVENUE FUND FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2023.

#### 1. Inaccuracies in the Statement of Receipts and Disbursements

The statement of receipts and disbursements reflects several balances that are at variance with the corresponding balances shown in supporting schedules as shown below:

Description	Figure as per the Financial Statements (Kshs)	Audited (Kshs)	Variance (Kshs)
Farm Produce Agricultural Cess	44,308,350	44,564,782	256,432
Natural Resources Sand, Ballast, Murram Cess	209,850	178,130	(31,720)
Timber Cess	9,750	23,550	13,800
Land Rates (Area rates)	26,728,668	2,921,048	(23,807,620)
Land penalties and interests	884,948	1,918,333	1,033,385
Annual Business permit Fees(single business permit)	72,597,745	19,456,825	(53,140,920)
Business permit penalties and interest(accrued penalties for single business permit)	2,381,825	276,350	(2,105,475)
Business permit renewal fees(renewal of SBP)	3,579,191	1,364,120	(2,215,071)
Single business permit advertisement fees	1,993,020	645,512	(1,347,508)
Application form	84,260	125,785	41,525
Street parking fees	3,589,000	2,357,313	(1,231,687)

Monthly toll/sticker fees/bus park(consolidated county bus park sticker)	59,336,273	34,233,843	(25,102,430)
Reserved Parking	3,201,823	2,615,000	(586,823)
Market entry fees(Mkt fees)	30,106,045	24,645,185	(5,460,860)
Fees for market premises	32,660	36,510	3,850
Branding	6,991,291	1,951,900	(5,039,391)
Billboard advertising	2,221,500	341,000	(1,880,500)
Outdoor advertisement	3,378,540	3,748,290	369,750
Level 5 and 4 hospitals	639,244,204	639,958,404	714,200
Level 3 hospitals	87,221,737	99,786,131	12,564,394
Vocational training center's fees	17,257,490	30,935,275	13,677,785

In the circumstances, the accuracy and completeness of the respective statement of receipts and disbursements balances could not be confirmed.

### Management Responses

The variances related to Local Revenue components which have since been reconciled and cleared. Attached is a reconciliation report. The variances of level three hospitals and VTCs are explained as below:

Description	Figure as per the Financial Statements (Kshs)	Audited (Kshs)	Variance (Kshs)	Management Response
Level 3 hospitals	87,221,737	99,786,131	12,564,394	a) Kshs. 9,852,562 was composed of transfers from the County Government. This item has been

				<p>reported separately under Note 16 to the Revenue Statements.</p> <p><b>Appendix 1a</b></p> <p>b) Kshs. 3,426,032 were collections at Sinoko Hospital. This has been reported as part of level 4 &amp; 5 revenues</p> <p>c) The difference of Ksh. 714,200 was classified under Level 5 and 4 hospitals.</p>
Vocational training center's fees	17,257,490	30,935,275	13,677,785	<p>Total receipts in the VTCs were KShs. 66,554,265 composed of;</p> <p>a) KShs. 30,935,275 which were transfers from the County Government. This has been reported under Note 16. <b>See Appendix 1d</b></p> <p>b) KShs. 18,361,500 which were inter-entity (VTCs) transfers. This category was not classified as revenue. <b>Appendix 1c.</b></p>

				<p>c) The balance of KShs. 17,257,490 was the actual revenue collected by the individual VTCs. This has been reported in Note 8.</p> <p><b>Appendix 1b.</b></p>
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The summary of ledgers supporting the Financial Statements is provided. The detailed ledgers of local revenue have been shared in soft copy.

**Appendix 1e: Summary of Ledgers Supporting the Revenue Statements**

**Committee Observations**

The Supporting documents were provided and they adequately support the figures in the financial statements.

**Committee Recommendations**

Issue is resolved

**2. Unsupported Cash and Cash Equivalents Balance.**

The statement of financial assets and liabilities reflects a balance of Kshs.126,836,649 in respect of bank balances which, as disclosed in Note 18 to the financial statements, comprises of balances in twenty (27) bank accounts maintained by the Receiver of Revenue in various local banks. However, bank reconciliations statements for the accounts were not provided to support the balances.

In addition, included in the statement is a balance of Kshs.978, 600 in respect of cash in hand as disclosed in Note 19 to the financial statements. However, a board of survey report was not provided to support the balance.



In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Ksh. 127,815,249 shown in the statement of financial assets and liabilities as at 30<sup>th</sup> June, 2023 could not be confirmed.

### **Management Responses**

Find attached the copies of the bank reconciliations and board of survey certificates.

Appendix 2a: Bank reconciliation Statements

Appendix 2b: Board of Survey Report

### **Committee Observations**

Bank reconciliations statements were provided but were not fully supported with bank Statements, Cashbooks and Certificate of Bank balances.

The financial statements are unreliable as the balances could not be accurately confirmed.

### **Committee Recommendations**

The accounting officer to review the cash and cash equivalent balances and adjust the financial statements under prior year adjustments in the financial statements for the year ended 30<sup>th</sup> June, 2023 in line with provisions of accounting policies under IPSAS 3 guidelines. The office of the Auditor General to review the cash and cash equivalent adjustments for year ended 30<sup>th</sup> June 2023 in the financial statements audit for the year ending 30<sup>th</sup> June 2024.

### **3. Unsupported Receipts - Hire of County Assets**

The statements of receipts and disbursements reflects an amount of Kshs.19,457,432 in respect of hire of county assets which, as disclosed in Note 11 to the financial statements, relates to revenue obtained from three (3) categories of county assets. However, detailed schedules showing the specific assets under the three categories and how much was raised from each specific asset were not provided for audit review.

In the circumstances, the accuracy and completeness of the revenue of Ksh. 19,457,432 could not be confirmed.

## Management Responses

The schedules showing the specific assets under the three categories are as below;

<b>Asset Category</b>	<b>Amount</b>
Hire of Tractors	3,895,010
Hire of Stadium	4,000
Mabanga ATC	15,558,422
<b>Total</b>	<b>19,457,432</b>

## Committee Observations

The Accounting officer provided detailed schedules showing the specific assets under the Mabanga ATC and Hire of Tractors as per Appendix 4 and 5.

## Committee Recommendations

The County Assembly Sector Committee on Finance and economic planning to investigate the breakdown of own-source for the period under review under the categories highlighted above. The committee to further review the current status on the collections of revenue from the attendant revenue streams and confirm any pilferages.

### 4. Outdated Valuation Roll

The statement of receipts and disbursements reflects an amount of Ksh. 32,765,835 as land/poll rate which, as disclosed in Note 2 to the financial statements, relates to land rates. However, during the audit, it was observed that the County Government has not updated its valuation roll since 2005 to help determine the current rates of its property.

In the circumstances, the accuracy and completeness of the receipts of Ksh. 32,765,835 from land rates could not be confirmed.

## **Management Responses**

The County Government developed draft Valuation Rolls for Bungoma and Webuye urban centres

Appendix 4a: Draft Valuation Roll for Bungoma

Appendix 4b: Draft Valuation Roll for Webuye

Appendix 4c: Letter of submission of valuation Rolls to County Assembly

## **Committee Observations**

The draft Valuation rolls for Bungoma and Webuye municipalities were submitted to County Assembly for approval. They were tabled and committed to the committee on Lands, urban development, housing and physical planning, but it was put on hold for enactment of the parent Act of Bungoma County valuation and rating Act before it can be processed.

The Bungoma County valuation and ratings Bill is at 2<sup>nd</sup> reading in the Assembly

## **Committee Recommendation**

The relevant legal instruments are being handled by the County Assembly. The County Assembly is therefore urged to fast-track the enactment of the valuations and ratings Act after which the committee on Lands, urban development, housing and physical planning should consider conclusion of approval of the submitted valuation rolls for webuye and Bungoma municipalities.

## **EMPHASIS OF MATTER**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.1,347,382,860 and Kshs.1,110,829,943 respectively, resulting to under-collection of own source revenue of Kshs.236,552,916 or 18% of the target.

The under-collection of revenue affected the planned activities and may have impacted negatively on service delivery to the public.

### **Management Responses**

#### **Cause of Under-Performance**

- i. There have been legislative gap in revenue administration.
- ii. Inadequate market infrastructure
- iii. The County Government did not receive all the NHIF re-imburements
- iv. There was a health workers labour unrest that affected normal medical services in the County Health facilities.

#### **Actions**

- i. The County Government has enacted revenue support legislation to strengthen the legal framework.
- ii. The County Government has introduced measures to enhance and account for own source revenue. The department has mapped and decentralized revenue to the departments. An executive order has been issued to this effect. The respective chief Officers have been appointed as collectors of revenue.
- iii. The County Government has issued a Revenue Policy Statement and Revenue Guideline. Included in the measures are implementation of a cashless payments to minimize cash handling.
- iv. The County Government has granted waivers on outstanding interest and penalties as an incentive to property rates defaulters.

- v. The County Government has re-structured most of its revenue streams to stop pilferage and enhance collection efficiency.
- vi. The department has procured thirty three motor cycles to enhance field revenue supervision and constructed new livestock sale yards.

Appendix 5a: Revenue Policy Statement

Appendix 5b: Decentralized Revenue Guideline

Appendix 5c: Executive Order No. 1 of 2022

### **Committee observations**

- i. Local revenue – The County Government collected Kshs.1, 110,829,943 translating to 82% of its revenue targets. This led to a short fall of Kshs.236,552,916 from the forecast of Kshs.1,347,382,860
- ii. The committee observes unrealistic local revenue projections set by the County Executive.
- iii. The committee also notes low collection of revenue and yet the County Government purchased and introduced a revenue collection system; Bungoma Automated Revenue Management System (BARMS) that is expected to maximize revenue collection.

### **Committee recommendations**

- i. The office of the auditor general should carry out an audit on the County Revenue system to assess if there are lapses that contributed to revenue decline, further establish the source code of the system and its super administrators. This should be done within one month from the date of adoption of this report.
- ii. The accounting officer should enhance Continuous capacity building of revenue collectors on new strategies and on matters of integrity as provided by the Public Officers Ethics and conduct Act
- iii. The sectoral committee on Finance and Economic Planning should pursuant to its mandate follow up on revenue reports and make recommendations on revenue enhancement that will guide the executive to increase revenue collection in the County and undertake trend analysis on quarterly basis.

- iv. The accounting officer should deploy and equip substantive revenue officers and equipment in all sources of streams with a proper work plan for effective revenue collection.
- v. The County Treasury should set realistic targets for revenue projections while considering the County Budget Review and outlook paper as per the provisions of the Public Finance management Act, section 118.

## **OTHER MATTERS**

### **Unresolved Prior Years' Matters**

In the Audit of the previous year, several issues were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given explanation for the failure to resolve the issues.

### **Management Response**

Management is working to resolve prior matters raised by the auditor general on Receiver of Revenue for the year 2021/2022

### **Committee observations**

The committee noted that outstanding issues had not been fully resolved by the County executive and some of the issues outstanding are long overdue.

### **Committee Recommendations**

The audit committee should follow up on the pending issues for implementation and report as per section 31 of the public audit Act. The sectorial committees to follow up with the departments on the long outstanding issues and put the departments to task to implement the audit recommendations as passed by this honorable house and the Senate within 60 days of adoption of this report.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Revenue Spent at Source**

The statement of receipts and disbursements reflects an amount of Kshs.852, 194,429 in respect of expenditure (at source) by facilities (Mabanga and Agricultural Training Centre). No explanation was provided for spending revenue at source, contrary to Regulation 63(4) of the Public Finance Management (County Governments) Regulations, 2015, which provides that moneys collected by a county government entity should not be utilized at source but should be banked in the designated bank accounts.

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

### **Management responses**

The amounts collected and spent were appropriation in aid. The County Government had enacted and passed the Bungoma County Health Services Act, 2019 to allow facilities utilize their internal collections. Attached is a copy of the Bungoma County Health Services Act, 2019. This was in accordance to Section 109 2(b) of the Public Finance Management Act, 2012.

Appendix 6a: Bungoma County Health Services Act, 2019

Appendix 6b: Bungoma County Health Care Financing Regulation, 2021

### **Committee Observations**

The County Health Services Act, 2019 provide for establishment of the Health services management fund which provide for utilization of financial resources for medical supplies and equipping of Health Facilities in the County for operations and maintenance; further the Act provides that the funds collected by a health unit, shall be paid into a bank account operated by the health unit for that purpose; and shall be utilized solely for provision of health services and development in the health unit where the funds are received or generated in accordance with the annual estimates of the health unit as approved by the County Assembly. Consequently, the spending of revenue at source by Mabanga Agricultural Training Centre was irregular and illegal.



## **Committee Recommendations**

The Accounting officer should desist from spending revenue collected at source for Mabanga ATC, since there is no legal basis for such expenditure. The County Treasury should ensure that revenue raised and received should be paid into the County Revenue fund as per the provisions of the Public Finance management Act section 109 (1).

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Inadequate Maintenance of Records by Enforcement Department**

The Compliance and Enforcement Department of the County Executive issues enforcement notices and undertakes any other enforcement action in relation to physical development. However, review of records maintained by the Department revealed that the registers were old and mutilated and lacked backup copies. The records included reports on arrests, courts case notice, demolitions and complaints. Consequently, the information contained in these records is not safe and there is imminent possibility of being lost.

In the circumstances, internal controls and risk management in enforcement department were not effective.

### **Management Responses**

The management is in agreement with the auditors finding and has put in place the following measures to address the issues raised.

Management has donated a desktop computer to enforcement department to enhance record management and information back-up.

An ICT officer in Public Administration has been assigned extra duties to provide technical support to enforcement unit.

The old mutilated book has since been replaced with the new one.

Appendix 7a: Extract of the new register

Appendix 7b: Job Description of the ICT Officer.

### **Committee Observation**


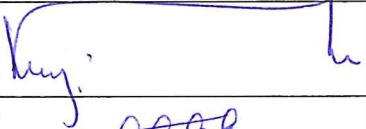
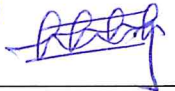


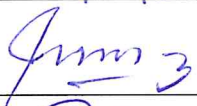
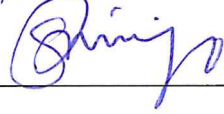
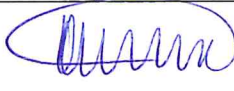
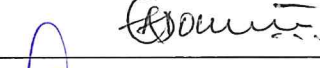
The management has put in place measures and controls to help address proper maintenance of records and back up despite not fully sufficient to address the weakness observed by the office of the Auditor General.

## **Committee Recommendation**

The department of Public Administration where enforcement unit is domiciled should budget and support the unit with required equipment and personnel for proper maintenance and safety of its records through automation. The committee on Public Administration and ICT should follow-up and ensure proper records management is observed by the enforcement unit.

## Adoption Schedule

We the members of the Public Accounts and Investment's Committee do hereby append the signatures adopting this report with the recommendations therein

NO	NAME	TITLE	SIGN
1	Hon. Everton Nganga	Chairperson	
2	Hon Timothy Chikati	V/Chairperson	
3	Hon Anthony Lusenaka	Member	
4	Hon Everlyne Mutiembu	Member	
5	Hon Jerusa Aleu	Member	
6	Hon Alfred Mukhanya	Member	
7	Hon Stephen Kaiser	Member	
8	Hon Metrine Nangalama	Member	
9	Hon Kennedy Wanyama	Member	
10	Hon Everlyne Anyango	Member	
11	Hon Moureen Wafula	Member	