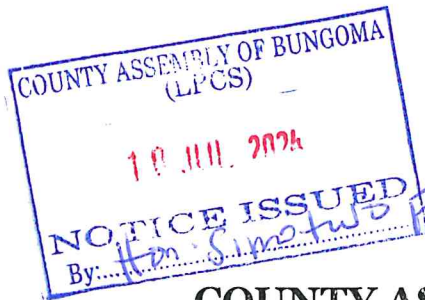




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COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA
OFFICE OF THE CLERK

THIRD ASSEMBLY THIRD SESSION

ROADS, TRANSPORT, INFRASTRUCTURE
AND PUBLIC WORKS COMMITTEE

REPORT ON THE HALF YEAR FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 31ST DECEMBER, 2023

Clerk's Chambers
County Assembly Buildings
P.O BOX 1886 - 50200
BUNGOMA, KENYA

APRIL, 2024

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CHAPTER ONE

1.0 Preamble

Mr. Speaker Sir,

It is my duty to present the report by the Committee on Roads, Transport, Infrastructure and Public Works on the Half Year (1st and 2nd Quarter) Financial Statements for the Financial Year 2023/2024 for period ended 31st December, 2023. The document was tabled in this County Assembly of Bungoma on 21st February, 2024 and stood committed to all Sectoral Committees for their interrogation, input and recommendation through a report to this Honorable House.

1.1 The Mandate of the Committee

The Committee on Roads, Transport, Infrastructure and Public Works falls under Sectoral Committees whose mandate is derived from Standing Order 217 (5) and matters assigned under the Second Schedule which shall be exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The functions of a Sectoral Committee shall be to; -

- (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) Study the program and policy objectives of departments and the effectiveness of the implementation;
- (c) Study and review all county legislation referred to it;
- (d) Study, access and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- (e) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- (f) To vet and report on all appointments where the constitution or any law requires the County Assembly to approve, except those under Standing Order 185 (Committee on Appointments); and

- (g) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

One of the most important features of our Constitutional framework is the requirement of the County Assemblies having the mandate to exercise oversight over their respective County Executives and their organs/departments. Article 185(3) of the Constitution of Kenya, 2010 on legislative authority of County Assemblies state inter-alia that, 'A County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organs.

1.2 COMMITTEE MEMBERSHIP

The Committee as currently constituted comprises of the following members;

- | | |
|---------------------------|------------------|
| 1. Hon. Franklin Simotwo | Chairperson |
| 2. Hon. Polycarp Kimeta | Vice Chairperson |
| 3. Hon. Everlyne Mutiembu | Member |
| 4. Hon. Meshack Simiyu | Member |
| 5. Hon. Ali Machani | Member |
| 6. Hon. Everton Nganga | Member |
| 7. Hon. Violet Makhanu | Member |
| 8. Hon. Jerusa Aleu | Member |
| 9. Hon. Charles Nangulu | Member |
| 10. Hon. Godfrey Wanyama | Member |
| 11. Hon. Hentry Nyongesa | Member |
| 12. Hon. Idd Owongo | Member |
| 13. Hon. Stephen Kaiser | Member |
| 14. Hon. Job Mukoyandali | Member |
| 15. Hon. Johnstone Ipara | Member |

1.3 Guiding principles in the Examination of the Bungoma County

Government Quarterly Reports and Financial statements

Mr. Speaker, in the execution of its mandate, the Committee on Roads, Transport, Infrastructure and Public Works is given a legal backing under the Constitution of Kenya 2010, Public Finance Management Act, 2012, and County Governments Act, 2012. These statutory provisions include:

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, *inter alia*, that: **201(a)** *There shall be openness and accountability, including public participation in financial matters;* **201(d)** *Public money shall be used in a prudent and responsible way;* and **201(e)** *Financial management shall be responsible, and fiscal reporting shall be clear.*

Section 149(1) (a) and (b) of the PFM Act 2012 provides as follows...*“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;*

- a) Lawful and authorized*
- b) Effective, efficient, economical and transparent*

1. Direct Personal Liability

Article 226(5) of the Constitution of Kenya, 2010 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”.*

2. Obligations of Accounting Officers

The Public Finance Management Act, 2012 section 166 states as follows;

- 1. An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.*
- 2. In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—*

5. (a) contains information on the financial and nonfinancial performance of the entity;

(b) is in a form determined by the Accounting Standards Board.

3. Not later, than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.

4. Not later than one month after the end of each quarter, the County Treasury shall—

(a) consolidate the quarterly reports and submit them to the county assembly;

(b) deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and

(c) publish and publicize them

1.4 Acknowledgment

Mr. Speaker,

I take this opportunity to thank all Hon. members of the Committee for dedicating their time to interrogate the County Department of Roads, Transport, Infrastructure and Public Works on the Half Year Financial Statements for the Financial Year 2023/2024 for period ended 31st December, 2023. The Committee would like to extend its appreciation to the Chief Officer and the relevant officers in the County department for honouring the invite and appearing before the committee for interrogation. The Committee's sincere gratitude goes to the Secretariat who worked with us with utmost commitment.

Lastly, the Committee is grateful to the Offices of the Speaker and the Clerk of the County Assembly of Bungoma for the support received as it discharged its mandate.

It is therefore my privilege and duty, on behalf of the Committee on Roads, Transport, Infrastructure and Public Works, to table this report to the House for adoption.

Signed  Date.....

Hon. Franklin Simotwo

MCA Chepyuk Ward.

Chairperson, Sectoral Committee on Roads, Transport, Infrastructure and Public Works.

CHAPTER TWO

2.0 County Government of Bungoma Half Year Financial Statements for Financial Year 2023/2024

Mr. Speaker Sir,

Sections 163, 166 and 168 of the Public Finance Management Act, 2012 requires that, at the end of each Quarter, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The CEC Member for Finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the period ended on December 31, 2023. These responsibilities include:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the County Government;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances

2.1 Overview of FY 2023/24 Budget

The County's approved 1st supplementary budget for the FY 2023/24 was Kshs. 15,470,095,611 comprising Kshs. 5,643,037,428 (36%) and Kshs. 9,827,052,184(64%) allocation for development and recurrent programmes respectively.

The largest part of the budget is expected from exchequer releases at 73.6%, local revenue 13% and other receipts including grants 13.3%.

To finance the budget, the County expects to receive Kshs. 11,387,333,905 as the equitable share of revenue raised nationally, Kshs. 1,152,071,383 as Facility Improvement Fund (revenue from health facilities), Kshs. 1,753,680,635 as conditional grants from both government and development partners, Kshs.158, 808,217 fund balances, generate Kshs.

868,201,471 as ordinary own-source revenue and Kshs.150M from retention account.

Kshs.275, 350,297 was brought forward as opening balance as at July 1st 2023.

2.2 Revenue Performance

Out of the projected revenue of Kshs.15, 470,095,611, below is a breakdown of revenue received within the period from July to December 2023. The County received a total of Kshs. 4,090,592,450 (27%). Kshs. 3,666,954,592 being exchequer release, against a budget of Kshs. 11,387,333,905, Kshs. 422,030,878 as local revenue against a budget of Kshs. 2,020,272,854 (20.9%) and Kshs. 1,606,980 as other receipts against a target of Kshs. 2,062,488,852 (Agriculture Sector Development Support project Kshs.1M and return to CRF issues Kshs. 606,090

Of the amount received, Kshs. 539, 795, 090 was transferred to County Assembly and Kshs. 3,550,797,360 to the County Executive. Kshs. 24,746,860 transferred to Assembly was utilized on development programmes while Kshs. 515,048,230 on recurrent

2.3 Payments

Total expenditure for the period was Kshs. 4,154,851,195. Total recurrent expenditure was Kshs. 3,735,604,111 against a budget of Kshs. 9, 827, 058, 184 (38%). Kshs. 419, 247, 084 was spent on development against a target of Kshs. 5, 643, 037, 427 (7.4%).

Distribution of the Kshs. 3, 993, 493, 391 transferred from County Revenue Fund was as follows,

i.	County Executive Recurrent	Kshs. 3,072,357,586
ii.	County Executive Development	Kshs. 341,901,152
iii.	County Assembly Recurrent	Kshs. 515,048,230
iv.	County Assembly Development	Kshs. 24,746,860
v.	DANIDA-Universal health in devolved units' program	Kshs. 28, 609,313
vi.	(IDA)World Bank credit financing locally led climate	Kshs. 10,830,250

2.4 County Expenditure Review

Actual recurrent expenditure quarter 2 was Kshs. 3, 735, 604,111 representing 38% of budget absorption while development was Kshs. 419, 247, 084 7.4% of target,

Of the Kshs.4, 154,851,195 expenditures during the period, the major expenses were:

- i. Compensation to employees Kshs. 2,382,997,328
- ii. Use of goods and services Kshs. 788,019,330
- iii. Transfer to other government entities- Kshs. 539,795,090
- iv. Other grants and transfers Kshs. 78,857,140
- v. Social security benefits Kshs.24, 734,020
- vi. Acquisition of assets Kshs. 292,439,670
- vii. Other payments Kshs. 48,008,618

Of the Kshs.2, 382,997,328 utilized on employee compensation, Kshs.116, 395,960 was paid as pension and other social security contributions

Major expenses under use of goods and services were, Kshs. 124,933,574 utilized on domestic travel and subsistence allowance, Kshs. 77,764,633 on hospitality supplies and services, Kshs. 200,877,410 on specialized materials and services, Kshs. 243,486,413 on other operating expenses, Kshs. 39,477,449 on fuel and lubricants, Kshs. 26,793,119 on utilities, supplies and services, Kshs. 10,540,965 on communication.

Other grants and transfers of Kshs.78, 357,140 include transfers of DANIDA funds to facilities, expenditure by climate change, polytechnics expenditures, NAGRIP & ASDSP expenditures. Scholarships and other educational benefits should be part of this disbursements but nothing was disbursed in the period.

Social security benefits are gratuity funds for chief officers and CEC Members paid to pension schemes

Other contingency reserves of Kshs. 48, 008, 618 are transfers to Emergency Fund

2.5 Expenditure by Economic Classification **Roads and Public Works**

Mr. Speaker Sir,

The Department had an initial allocation of Kshs. 1,396,626,350 in the approved Annual budget. However, this was reduced by Kshs. 154,884,436 to Kshs. 1,241,741,914 in the 1st supplementary budget, broken down as; Kshs. 113,463,594 for recurrent and Kshs. 1,128,278,320 for development expenditure.

During the period, Kshs. 128,639,642 was received broken down as; Kshs. 48,245,365 and Kshs. 80,394,277 for recurrent and development respectively.

Expenses in the period include:

1. General Administration, Planning and Support Services with an allocation of Kshs. 113,463,594 received Kshs. 48,245,365 which is 43% of the recurrent budget.
The money was used to pay for:
 - i. Staff salaries Kshs. 38,878,703 against Kshs. 85,121,330 budget (46%)
 - ii. Administration services Kshs. 9,366,662
2. Transport infrastructure Development and Management which is development expenditure with an allocation of Kshs. 1,124,003,320 received Kshs. 80,394,277 which is 7%.

Major expenses were:

- i. Construction of Roads, Bridges and drainage works Kshs. 76,509,173 against an allocation of 978,503,320 which is 8%
- ii. Maintenance of roads Kshs. 3,885,104 from an allocated budget of Kshs. 145,500,000 which is 3% absorption

2.6 Accounts receivables -Imprest

Generally, the County had Kshs. 244,667,700 in outstanding imprest. Compared to the same period, the previous year had Kshs. 30,994,011 but the accuracy of this figure could not be ascertained because many departments did not give their balances.

Breakdown of imprest per department	Period ended 31 st December 2023 Kshs.	2022/2023 Kshs.
Finance and Economic Planning	133,645,405	21,299,150
Governor & Deputy Governors	38,853,398	1,339,200
Public Administration	17,517,360	1,347,000

County Secretary	10,397,530	5,320,700
Health and sanitation	10,136,320	
Gender ,Youth & Sports	10,197,660	899,000
Trade and Industrialization	1,817,000	
Lands Urban and planning	7,825,828	300,000
Tourism	3,096,208	
Education	8,338,920	
Agriculture	700,000	
Roads & Public Works	2,092,071	488,961
TOTAL IMPREST	244,667,700	30,994,011

Specifically, the County Department of Roads, Infrastructure Transport and Public Works had outstanding imprest of Kshs. 2,092,071 with one imprest of Kshs. 488,961 dating back to May 2023 in total contravention of PFM Act. The imprest was as a result of facilitation for the director in the department to attend Lake Region Economic Block meeting which never took place. The imprest was discussed during the interrogation of Financial statements for the period ending 30th June 2023 and was decided that the staff should return the money immediately.

From the list submitted during interrogation of this report did not have the said imprest yet it still remains un-surrendered to date.

2.7 Accounts payable

2.7.1 Deposits and Retentions

As at 30th December, the cash maintained in the deposit account was Kshs. 22,902,533 compared to Kshs.268, 028,338 held the previous financial year. Kshs.150, 000,000 has been borrowed by the County Government to finance the budget financial year 2023/24 to be returned in financial year 2024/25.

Outstanding retentions bf 1 st July 2023	268,028,338
Additions during the period to December 2023	31,510,154
Total balance	299,538,492

Less retention payments in the period

276,635,959

Balance as at December 2023

22,902,533

2.7.2 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1, 244,506,681, comprising

- i. Construction of buildings Kshs. 57,803,562
- ii. Construction of civil works Kshs.503, 100,300
- iii. Supply of goods Kshs.143, 870,407
- iv. Supply of services Kshs.539, 832,413

Kshs.76, 527,084 was paid towards offsetting the bills leaving a balance of Kshs.1, 167,979,597

The Department of Roads and Public Works had a total of Kshs. 426,297,085 as pending bills and not Kshs.279, 820,900 as stated in the report. During 1st supplementary budget, Kshs.16m was allocated towards pending bills, out of the allocation, Kshs. 15,793,780 has been used to offset the bills for 6 contractors.

On flagship projects, Kshs. 40M was paid towards dual carriage against an allocation of Kshs. 150M and Kshs.76.5M paid towards Misikhu-Brigadier road against an allocation of Kshs.195M.

CHAPTER THREE

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

3.1 Observations

Mr. Speaker Sir, after perusing the financial statements together with the submission from the County Department during the interrogation, this Committee noted the following:

- i. Money received towards development was only 7% of the budget which may have an effect on the absorption rate
- ii. The department had a total of Kshs. 426, 297,085 in pending bills and not Kshs.279, 820,900 as understated by the County Treasury.
- iii. Outstanding imprest of Kshs. 2,092,071 was surrendered. However, the imprest of Kshs. 488, 961 meant to facilitate a meeting which never took place advanced as at June 2023 remains un-surrendered.
- iv. Kshs. 76,509,173 was paid towards Misikhu-Brigadier road
- v. Kshs. 40 Million was paid towards Dual carriage way
- vi. List of works under maintenance of roads worth Kshs. 3,885,104 was provided
- vii. List of projects paid on retention account was not provided




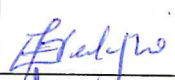
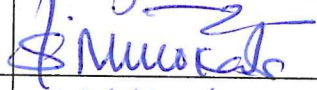

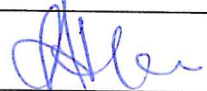
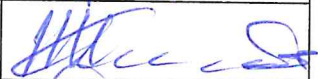
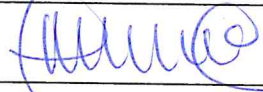

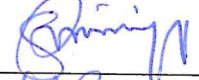
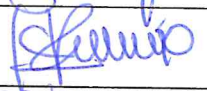
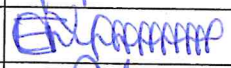
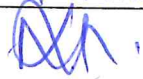
3.2 Recommendations

- i. The department should fast track the implementation of projects earmarked for the financial year to improve on absorption as they wait for funds, since money may be received at the very end of the financial year.
- ii. The County Treasury should at all-times declare the correct amount of pending bills.
- iii. Further, this committee recommends that the County Treasury should regularly inform all the county departments of their financial positions in each quarter for uniformity in financial reporting.
- iv. This Committee recommends for full recover of Kshs. 488, 961 advanced as imprest to the Director for facilitation of Lake Region Economic Block meeting which never took place and provide a compliance report to this Committee with 7 days from the date of adoption of this report in compliance to PFM Act on imprest surrender.

- v. List of projects paid on retention account should be provided and balances thereof to this County Assembly after 60 days from the date of adoption of this report.
- vi. Kshs.195m and Kshs.150m was allocated for dual carriage way and Misikhu-Brigadier roads respectively, the same should be utilized to fast track the completion of said roads to enable citizens enjoy the benefits of the investment.

ADOPTION SCHEDULE

We the Members of Roads, Transport, Infrastructure and Public Works Committee hereby adopt and append our signatures to this report.

S/N	Name		Designation	Signature
1	Hon. Franklin	Simotwo	Chairperson	
2	Hon. Polycarp	Kimeta	V/Chairperson	
3	Hon. Meshack	Simiyu	Member	
4	Hon. Everlyne	Mutiembu	Member	
5	Hon. Ali	Machani	Member	
6	Hon. Violet	Makhanu	Member	
7	Hon. Jerusa	Aleu	Member	
8	Hon. Hentry	Nyongesa	Member	
9	Hon. Charles	Nangulu	Member	
10	Hon. Godfrey	Mukhwana	Member	
11	Hon. Stephen	Kaiser	Member	
12	Hon. Johnston	Ipara	Member	
13	Hon. Everton	Nganga	Member	
14	Hon. Job	Mukoyandali	Member	
15	Hon. Idd	Owongo	Member	