

COUNTY GOVERNMENT OF BUNGOMA



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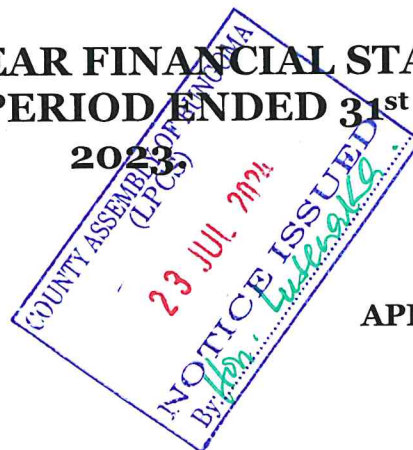
**COUNTY ASSEMBLY OF BUNGOMA
OFFICE OF THE CLERK**

THIRD ASSEMBLY-THIRD SESSION

**COMMITTEE ON LABOUR RELATIONS
MEMBERS SERVICE AND FACILITIES**

**REPORT ON HALF YEAR FINANCIAL STATEMENTS FY
2023/24 FOR THE PERIOD ENDED 31st DECEMBER**

2023



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

APRIL, 2024.

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CHAPTER ONE

1.1 Preamble

Mr. Speaker,

It is my duty to present the report by the Committee on Labour Relations, Members Service and Facilities on the County Assembly Service Board and County Public Service Board 1st and 2nd Quarter Financial Statements for the Financial Year 2023/2024 for the period ended 31st December, 2023. The Financial Statements was tabled on 28th March 2024 in the County Assembly of Bungoma and stood committed to all Sectoral Committees for their interrogation, input and recommendation through a report to this Honorable House.

1.2 Committee Mandate

Mr. Speaker,

The Sectoral Committee on Labour Relations, Members Service and Facilities is constituted pursuant to the provisions of Standing Order 217 of the County Assembly of Bungoma and has executed its mandate in accordance with number (5) of the aforementioned Standing Order that provides:

- (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 programme and policy objectives of departments and the effectiveness of the implementation;*
- (c) study and review all county legislation referred to it;*
- (d) study, assess 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 208 (Committee on Appointments); and*

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

1.3 Committee Membership

Mr. Speaker,

The following are the Members of the Committee on Labour Relations, Members Service and Facilities Committee:

1. Hon. Hentry Nyongesa	Chairperson
2. Hon. Catherine Kituyi	Vice Chairperson
3. Hon. Anthony Lusenaka	Member
4. Hon. Joan Kirong'	Member
5. Hon. Milliah Masungu	Member
6. Hon. Everton Nganga	Member
7. Hon. Charles Nangulu	Member
8. Hon. Jerusa Aleu	Member
9. Hon. Linda Kharakha	Member
10. Hon. Polycarp Kimeta	Member
11. Hon. Metrine Wilson	Member
12. Hon. Everlyne Anyango	Member
13. Hon. Alice Kibaba	Member
14. Hon. Brigid Katasi	Member
15. Hon. Caleb Wanjala	Member

1.4 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 Labour Relations, Members Service and Facilities is given a legal backing under the Constitution of Kenya 2010, Public Finance Management Act, 2012, County Governments Act, 2012. These statutory provisions 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, *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”

2. 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”*.

3. 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—*
(a) contains information on the financial and nonfinancial performance of the

entity;

and

(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

1.5 Acknowledgment

Mr. Speaker,

I take this opportunity to thank all the members of the Committee for dedicating their time to analyze, interrogate and come up with the report on the County Assembly Service Board and County Public Service Board Half year Financial Statements for the Finance Year 2023/2024, for the period ended 31st December 2023. The Committee would also like to appreciate the secretariat attached to the committee for its commitment and support. Lastly, the Committee is grateful to your office and the office of the Clerk of the County Assembly of Bungoma for logistical support received as it discharged its mandate.

It is therefore my privilege, on behalf of the Committee on Labour Relations, Members Service and Facilities, to table the Report on the Half Year Financial Statements of the County Assembly Service Board and County Public Service Board for Bungoma County for Financial Year 2023/2024.

Signed.....

Date..... 18/04/2024

Hon. Hentry Nyongesa

MCA. Bumula Ward.

Chairperson, Committee on Labour Relations, Members Service and Facilities.

CHAPTER TWO

2.1 KEY HIGHLIGHTS ON THE HALF YEAR FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2023/2024.

Mr. Speaker,

The county targeted revenue projection for the financial year 2022/23 was **Kshs. 14, 824, 738, 618** as per the approved 2nd supplementary budget. Below is the breakdown of the sources of revenue;

No.	Source	Amount
1	Equitable share	10,659,435,192.00
2	Equitable share b/f	867,288,525.00
3	Retention	293,425,903.00
4	Conditional grant Development partner	1,543,977,937
5	Conditional grants National	113,228,200.00
6	Local revenue as per act	500,000,000.00
7	AIA	847,382,860.00
	Grand Total	14,824,738,616

2.1.1 THE COUNTY PUBLIC SERVICE BOARD

The County Public Service Board of had a total approved allocation of Kshs. 62,852,554 distributed as Kshs. 48,352,554 on recurrent and Kshs. 14.5 million on development.

2.1.1.1 REVENUE

Mr. Speaker,

The Board does not collect any revenue and AIA. A total of Kshs 45,587,411 was realized as exchequer based on the requests the Board had submitted. From the amounts received, Kshs 42,182,040 went towards recurrent and Kshs. 3,405,371 was towards development.

2.1.1.2 EXPENDITURE

Mr. Speaker,

The County Public Service Board of had a total approved allocation of Kshs. 62,852,554 of which Kshs. 48,352,554 went on recurrent and Kshs. 14.5 million on development.

The Board received and spent Kshs. 14,847,065 on recurrent expenditures translating to absorption of 30.7% of the recurrent budget. Submissions from the board indicate Kshs. 16,032,995 was realized an equivalent of 33%.

The expenditure items are as highlighted below:

- Payment of staff in the half year was Kshs. 4,130,711 translating to 40% absorption of the budgeted amount.
- Recruitment of 235 personnel in the department of health at Kshs. 4,619,262
- Translation of terms from contract to permanent and pensionable in the department of Health and Finance at a cost 1,500,600
- Renewed contracts for 247 UHC staff and promoted 232 staff in the department of health and lands at a cost Kshs. 2,906,720.
- Commenced the recruitment of 200 ECDE teachers, 6 chief officers, county solicitor and 4 audit committee members including the chairperson cost Kshs. 3,389,829.

- Other office operational costs including costs on seminars, workshops and other costs Kshs. 4,085,135. The breakdown is as follows:
 - ✓ Purchase of stationery 300,000
 - ✓ Motor vehicle fuel 256,500
 - ✓ Payment of air tickets 640,000
 - ✓ Facilitation to members to attend annual conference 890,000
 - ✓ Conference facilitation to 6 officers in ; mombasa, naivasha, and nakuru 767,635
 - ✓ Office operations 300,000
 - ✓ Preparation of annual plan 931,000

2.1.1.3 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Mr. Speaker,

Governance and Ethics

Quality assurance had allocation of Kshs. 5,120 330 and nil absorption.

Ethics Governance and National Values had an allocation of Kshs. 10,716,570 and did not realize any expenditure.

Development

Construction a storey building for the CPSB administration block had an allocation of Kshs. 14,500,000 and had nil expenditure during the period under review.

2.1.1.4 ACCOUNTS PAYABLE

Mr Speaker,

A total of Kshs. 7,559,830 was owed to suppliers at the start of this financial year 2023/24 which includes Kshs. 3.1 million for legal services and Kshs. 2.1 M for Mabanga ATC catering and conference service.

1.1.1.1 ACCOUNTS RECEIVABLE.

Mr. Speaker,

The County Public Service Board had cleared and had no unsurrendered imprests to report on as at the time of interrogation.

2.1.2 THE COUNTY ASSEMBLY SERVICE BOARD.

2.1.2.1 REVENUE

The total budget for County Assembly for the financial year 2023/24 is Kshs. 1,268,975,880 as per the approved 1st supplementary budget. This budget comprises of Ksh.1, 132, 238, 230 as recurrent and Kshs. 136,737,650 as development. It, therefore, translates to a 89% and 11% respectively.

During the period under review, the County Assembly received a total of Kshs. 539,795,090 from exchequer distributed as:

Quarter 1 Kshs. 195,663,127

Quarter 2 Kshs. 344,131,963

2.1.2.2 EXPENDITURE

Mr. Speaker,

The total approved budget for the period was Kshs 1,268,975,880 and actual expenditure amounted to Kshs 536,761,858 representing 42% absorption. Total budget for Recurrent was Kshs. 1,132,238,230 against actual expenditure of Kshs. 512,014,998 representing 45% absorption. Additionally, development budget was Kshs. 136,737,650 against actual expenditure of Kshs. 24,746,860 representing 18% absorption. This is further broken down as follows:-

Classification	Approved budget	Actual Expenditure	Budget Absorption
Recurrent	1,132,238,230	512,014,998	45%
Development	136,737,650	24,746,860	18%
Total	1,268,975,880	536,761,858	42%

2.1.2.3 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMS

Mr. Speaker,

General Administration, HRM, Planning & Supports Services had a supplementary budget of Kshs. 901,264,262. The aforementioned had an absorption of Kshs. 401,575,857 representing a 45% budget.

2.1.2.3.1 Personnel Expenditures.

Mr. Speaker,

Compensation to employees (Salaries & Personnel Emoluments) allocation was Ksh. 603,027,483. Absorption of Ksh. 267,430,365 was realized representing 44% budget absorption. The salary amount is inclusive car reimbursement of Members of County Assembly which had an approved budget of Kshs. 119,448,000 and absorption of Kshs. 68,360,000 during the period representing 57%. It also captures gratuity payment worth Kshs. 10,936,704 against a budget of Kshs. 27,661,646. The breakdown of the personnel expenditure is as captured below:

- Basic salaries Kshs. 92,779,983
- Basic wages Kshs. 11,966,850
- Personal allowance paid as part of salary Kshs. 74,214,570
- Pension and other social security contributions Kshs. 9,172,259
- Car Reimbursement Kshs. 68,360,000
- Gratuity (MCAs and ward staff) Kshs. 10,936,704

Description	Supplementary Budget	Actual Expenditure	Budget Absorption
Salaries & Wages	455,917,837	188,133,661	41%
Car Reimbursement	119,448,000	68,360,000	57%
Gratuity	27,661,646	10,936,704	39.5%
Total	603,027,483	267,430,365	44%

2.1.2.3.2 Use of goods and services

Mr. Speaker,

Use of goods and services had an allocation of Kshs. 116,967,921. This includes administrative and support costs as captured below:

- Utilities supplies and services Kshs. 845,572
- Communication supplies and services Kshs. 1,654,400
- Domestic travels and Subsistence Kshs. 26,594,305
- Foreign travel and subsistence Kshs. 1,257,955
- Printing, advertising and information supplies Kshs. 1,361,716
- Training expenses Kshs. 12,052,341
- Medical insurance Kshs. 31,945,605
- Specialized material and services Kshs. 7,000
- Office and general supplies services Kshs. 5,146,641
- Fuel, Oil and lubricants Kshs. 1,853,000
- Other operating expenses Kshs. 33,411,229
- Routine maintenance-vehicles Kshs. 675,128
- Routine maintenance other assets Kshs. 163,030

Other Operating expenses with a total expenditure of Kshs. 33,411,229 includes the following costs:-

- Contracted Guards and Cleaning Services Kshs. 4,861,120
- Membership Fees, Dues and Subscriptions to Professional and Trade Bodies Kshs. 31,400
- Management Fees Kshs. 28,086,347
- Contracted Professional Services Kshs. 432,362

Analyzed as follows:-

Vote item No.	Description	Budget	Actual	Budget Absorption
2211305	Contracted Guards and Cleaning Services	14,352,000	4,861,120	33.9%
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	11,807,470	31,400	0.3%
2211308	Legal Dues/fees, Arbitration and Compensation Payments	10,000,000	-	0.0%
2211309	Managent Fees	41,241,250	28,086,347	68.1%
2211310	Contracted Professional Services	2,928,953	432,362	14.8%
		80,329,673	33,411,229	41.6%

2.1.2.3.3 Representation

Mr. Speaker,

Operationalization of the ward offices had expenditure of Kshs. 12,748,725. This entailed transfer of Kshs. 2,549,745 per month to the 45 ward bank accounts. As such, by half year, the remittances had been done up to the month of November 2023.

2.1.2.3.4 Legislation.

Mr. Speaker,

Legislation had approved budget of Kshs. 13,286,000 with zero budget absorption. During the period under review the Assembly was able to legislate a number of laws which includes:

- ✓ Bungoma Government Inspectorate and Compliance & Enforcement bill 2023.
- ✓ Bungoma County co-op societies bill 2023
- ✓ Bungoma county public entertainment & amenities bill 2023
- ✓ Bungoma county outdoor advertising & signage control and regulations bill 2023
- ✓ Bungoma County weights & measures bills 2023

- ✓ Bungoma County Finance amendment bill 2023
- ✓ Bungoma county 1st supplementary appropriation bill 2023
- ✓ Among others.

2.1.2.3.5 Oversight.

Mr. Speaker,

Oversight services had a supplementary budget of Kshs. 136,660,359 with actual expenditure of Kshs. 76,709,605 representing 56% budget absorption. Committees' activities/retreats were funded and report tabled on the floor of the House.

1. Other Payments

This payment relates to tax-audit arrears for FYs 2018/2019, 2019/2020 and 2020/2021. This was budgeted under Vote item No. 2211399. The amount was 36 million

2. Acquisition of Assets

Entails the development expenditures which had a budget of kshs.136,737,650 and actual expenditures of Kshs. 24,746,860 translating to 18% absorption.

The County Assembly had an approved budget of Kshs. 106,793,185 for development. It was expended as follows;

- New administration block Kshs 62,451,513
- Pending bills for teammate audit system Kshs. 3,550,41857.
- Hansard system Kshs 2,709,406.30

2.1.2.4 ACCOUNTS PAYABLES- PENDING BILLS

The total amount for County Assembly at the beginning of the period was Kshs. 34,746,187. During the period, Kshs. 10,826,325 was paid leaving a balance of Kshs. 23,919,862 as at 31st December 2023. Included in the amount of pending bills are:

- ✓ Kshs. 14,700,000 owed to County Assemblies Forum accrued from prior years.
- ✓ Legal fees Kshs. 4,740,000
- ✓ Supply of goods and services (Nairobi sports house, computers systems) Kshs.2, 502,074

Notably is the absence of the supplier of credit vote.

There are no pending bills relating to development expenditures.

2.1.2.5 RETENTION

County Assembly had an outstanding Retention amount of Kshs. 28,314,671 as at 31st December 2023 compared to Kshs. 44,464,244 in the prior period (as at 31st December 2022). At the close of the previous financial year- as at 30th June 2023, the Retention amount was Kshs. 25,839,985. The Retention account is operated and maintained by the County Executive

2.1.2.6 ACCOUNTS RECEIVABLES

Mr Speaker,

County Assembly had cleared all Outstanding Imprests by 31st December 2023 as compared to the prior period where there was an outstanding imprest amount of Kshs. 5,226,600.

CHAPTER THREE

3.1 GENERAL COMMITTEE OBSERVATIONS AND RECOMMENDATIONS.

3.1.1 Committee's Observations.

Mr. Speaker,

The Committee made the following observations.

1. The Construction of County Public Service Board office block had an allocation of Kshs. 14,500,000 with no expenditure as at the time of interrogation.
2. The County Public Service Board has had Land allocated to it and is set to begin construction of the office block.
3. A total of Kshs. 7,559,830 was owed by the County Public Service Board to suppliers at the start of this financial year 2023/24 which includes Kshs. 3.1 million for legal services and Kshs. 2.1 M for Mabanga ATC.
4. Under development expenditure, the County Public Service Board did not spend any funds.
5. The County Assembly, under Legislation had approved budget of Kshs. 13,286,000 with zero budget absorption.
6. The two Boards had no unsurrendered imprests to report on.

3.1.2 Committee Recommendations

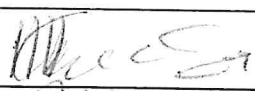
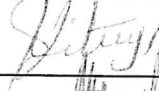
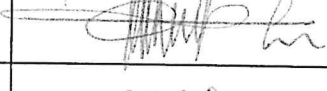
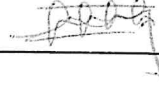

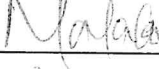
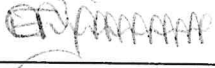
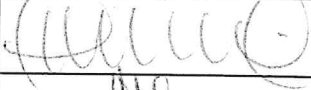

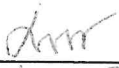

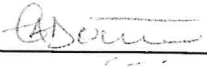
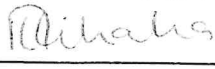

Mr. Speaker,

The following recommendations were made by the Committee:

1. **That**, the County Public Service Board should see to it that the construction of the Administration Block on the land allotted to them by the County Government before the lapse of the Financial Year.
2. **That**, the County Public Service Board should declare and prioritize the payment of pending bills when preparing proposed budget estimates to avoid unnecessary litigation and accumulation. It needs to allocate funds towards settlement of pending bills in the second supplementary budget.
3. **That**, County treasury should ensure the correctness of the financial statements by consulting the user departments.
4. **THAT**, Honorable Members are encouraged to come up with legislations to have absorption on the legislation vote.
5. **That**, the approved budgets should be implemented pursuant to PFMA 149 (1).
(1) 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; and
(b) effective, efficient, economical and transparent.

ADOPTION SCHEDULE

We the undersigned Members affix our signatures adopting this report with the contents therein

	MEMBERS NAME	DESIGNATION	SIGN
1.	Hon. Hentry Nyongesa	Chairperson	
2.	Hon. Catherine Kituyi	Vice Chairperson	
3.	Hon. Caleb Wanjala	Member	
4.	Hon. Anthony Lusenaka	Member	
5.	Hon. Joan Kirong	Member	
6.	Hon. Milliah Masungu	Member	
7.	Hon. Everton Nganga	Member	
8.	Hon. Charles Nangulu	Member	
9.	Hon. Jerusa Aleu	Member	
10.	Hon. Linda Kharakha	Member	
11.	Hon. Polycarp Kimeta	Member	
12.	Hon. Metrine Wilson	Member	
13.	Hon. Everlyne Anyango	Member	
14.	Hon. Alice Kibaba	Member	
15.	Hon. Brigid Katasi	Member	

MINUTES OF THE LABOUR RELATIONS, MEMBERS SERVICE AND FACILITIES COMMITTEE AT WIGOT HOTEL FROM 10:00 A.M.

MEMBERS PRESENT

- | | |
|---------------------------|--------------------|
| 1. Hon. Hentry Nyongesa | - Chairperson |
| 2. Hon. Catherine Kituyi | - Vice Chairperson |
| 3. Hon. Everton Nganga | - Member |
| 4. Hon. Brigid Katasi | - Member |
| 5. Hon. Joan Kirong | - Member |
| 6. Hon. Everlyn Anyango | - Member |
| 7. Hon. Miliyah Masungu | - Member |
| 8. Hon. Charles Nangulu | - Member |
| 9. Hon. Metrine Wilson | - Member |
| 10. Hon. Anthony Lusenaka | - Member |
| 11. Hon. Caleb Wanjala | - Member |
| 12. Hon. Linda Kharakha | - Member |
| 13. Hon. Jerusa Aleu | - Member |
| 14. Hon. Polycarp Kimeta | - Member |
| 15. Hon. Alice Kibaba | - Member |

SECRETARIAT

- | | |
|---------------------|--------------------|
| 1. Wechuli Wanyonyi | - Clerk Assistant |
| 2. Carol Akirapa | - Hansard Reporter |
| 3. Edward Musumba | - Legal Counsel |
| 4. Aggrey Simiyu | - Serjeant-at-Arms |

Agenda:

1. Preliminaries.
 - i. Prayer.
 - ii. Determination of the quorum
 - iii. Adoption of Agenda
2. Communication from the Chair.
3. Adoption of Report on Half Year Financial Statements
4. Adjournment

MIN/LRMS&F/01/18/04/2024: PRELIMINARIES

i. Prayer

The meeting was called to order at 10:10 A.M and the prayer was said by the chair, Hon Hentry Nyongesa.

ii. Determination of Quorum

The quorum was determined to be sufficient by confirmation of Hon. Brigid Katasi and secondment by Hon. Joan Kirong.

iii. Adoption of Agenda

The agenda was adopted on proposal by Hon. Charles Nangulu and secondment by Hon. Caleb Wanjala.

MIN/LRMS&F/02/18/04/2024: COMMUNICATION FROM THE CHAIR

The chair thanked the Hon Members on their commitment and keeping time.

MIN/LRMS&F/03/18/04/2024: ADOPTION OF THE REPORT

Having considered the Financial Statements and Interrogated the two Service Boards, the report was unanimously adopted with the recommendations there in.

ADJOURNMENT.

There being no other business, the meeting was adjourned at 11:50 A.M and the next meeting would be upon notice.

CONFIRMATION

CONFIRMED BY:

Committee Clerk

Name: Wendy Wanjala

SIGN: [Signature] DATE: 18/04/2024

Chairperson

Name: Hon Hentry Nyongesa

SIGN: [Signature] DATE: 18/04/2024

