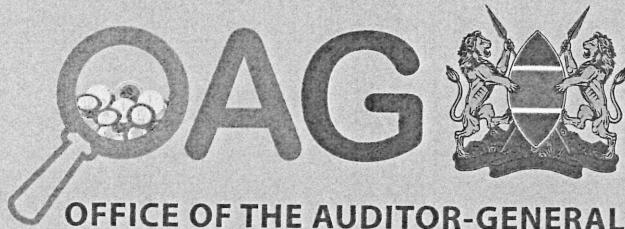


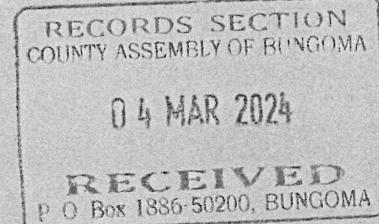
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

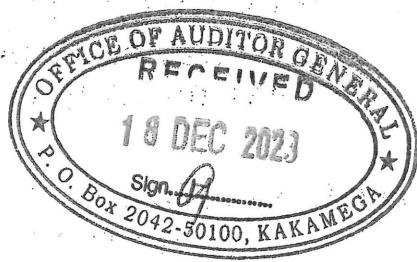
ON

BUNGOMA COUNTY ASSEMBLY
MEMBERS' CAR LOAN AND
MORTGAGE SCHEME FUND

FOR THE YEAR ENDED
30 JUNE, 2023

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**BUNGOMA COUNTY ASSEMBLY – MEMBERS CAR LOAN AND
MORTGAGE FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

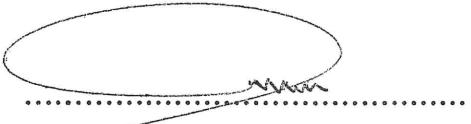
13 February, 2024

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

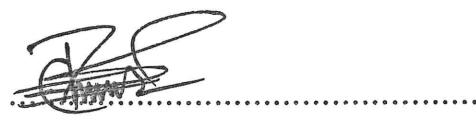
	Note	FY2022/2023 KShs	FY2021/2022 KShs
Revenue from exchange transactions			
Interest income	1	3,144,956	581,594
Total revenue		3,144,956	581,594
Expenses			
Use of goods and Services	2	1,144,640	5,468,972
Total expenses		1,144,640	5,468,972
Surplus/(deficit) for the period		2,000,316	(4,887,378)

(The notes set out on pages 16 to 19 form an integral part of these Financial Statements)



Name: Charles W. Wafula

Administrator of the Fund



Name: Elias Taskin

Fund Accountant

ICPAK Member Number:

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Position as at 30 June 2023

	Note	FY2022/2023 KShs	FY2021/2022 KShs
Assets			
Current assets			
Cash and cash equivalents	3	5,142,995	2,579,172
Current portion of long term receivables from exchange transactions	4A	68,814,526	100,005,321
Non-current assets			
Long term receivables from exchange transactions	4B	292,379,746	21,457,620
Other Long term Receivables	4C	19,949,987	20,643,571
Total assets		386,287,254	144,685,685
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	5	75,001,254	-
Total Liabilities		75,001,254	-
Net assets			
Revolving Fund		314,606,924	191,000,000
Prior year adjustment	7	-	45,625,458
Accumulated surplus		3,320,924	688,857
Total net assets and liabilities		311,286,000	144,685,685

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 26th September 2023 and signed by:



Name: Charles W. Wafula



Name: Elias Taskin

Fund Accountant

ICPAK Member Number:

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Changes in Net Assets for the Year Ended 30th June 2023

	Revolving Fund KShs	Accumulated surplus KShs	Total KShs
Balance as at 1 July 2021	193,500,000	4,198,521	197,698,521
Less:- Principal Car Loan Amount Refunded as Car Grant	(2,500,000)	-	(2,500,000)
Surplus/(deficit) for the period		(4,887,378)	(4,887,378)
Balance as at 30 June 2022	191,000,000	(688,857)	190,311,143
 Balance as at 1 July 2022	 191,000,000	 (688,857)	 190,311,143
Funds received during the year	128,000,000	-	128,000,000
Adjustment from first Assembly	(4,393,076)	(4,632,382)	(9,025,458)
Surplus/(deficit) for the period		2,000,316	2,000,316
Balance as at 30 June 2023	314,606,924	(3,320,924)	311,286,000



Name: Charles W. Wafula

Administrator of the Fund



Name: Elias Taskin

Fund Accountant

ICPAK Member Number:

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Statement of Cash Flows for the Year Ended 30 June 2023

	Note	FY2022/2023 KShs	FY2021/2022 KShs
Cash flows from operating activities			
Receipts			
Interest received	1	3,144,956	581,594
Total Receipts		3,144,956	581,594
Payments			
General expenses	2	1,144,640	5,468,972
Total Payments		1,144,640	5,468,972
Cash flows from operating activities		2,000,316	(4,887,378)
Adjustments;			
Creditors Borrowings	5	75,001,254	-
Debtors Borrowings	4A	(317,380)	(59,736,858)
Debtors Repayments (Refund by CASB)	4A	45,000,000	21,068,337
Debtors Repayments (Refund by Employee Car Loan & Mortgage)	4A	23,108,175	-
Insurance Repayments	4C	693,584	42,650
		143,485,633	(38,625,871)
Net Cash flows from Operating Activities		145,485,949	(43,513,249)
Cash flows from investing activities			
Proceeds from loan principal repayments	4B	26,896,437	41,368,858
Proceeds from revolving fund receipts		128,000,000	-
Car Grant		-	(2,500,000)
Loan disbursements paid out	4B	(297,818,563)	(1,100,000)
Net cash flows used in investing activities		(142,922,126)	37,768,858
Net increase/(decrease) in cash and cash equivalents		2,563,823	(5,744,391)
Cash and cash equivalents at 1 JULY	3	2,579,172	8,323,563
Cash and cash equivalents at 30 JUNE	3	5,142,995	2,579,172

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

**Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. Statement of Comparison of Budget and Actual amounts for the Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2023	2023	2023	2023	2023	2023
Revenue	KShs	KShs	KShs	KShs	KShs	
Interest income	5,000,000	-	5,000,000	3,144,956	1,855,044	63%
Total income	5,000,000	-	5,000,000	3,144,956	1,855,044	63%
Expenses						
General expenses	4,000,000	-	4,000,000	1,144,640	2,855,360	29%
Total expenditure	4,000,000	-	4,000,000	1,144,640	2,855,360	29%
Surplus for the period	1,000,000	-	1,000,000	2,000,316	(1,000,316)	

Budget notes

The target was not met on Interest earned as a result of less loan disbursed than budgeted for.

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Annex 2: Bank Reconciliation Statements

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF BUNGOMA
COUNTY ASSEMBLY OF BUNGOMA
COUNTY ASSEMBLY OF BUNGOMA CAR LOAN COLLECTION
ACCOUNT NO:1265050945 FO 30
BANK RECONCILIATION STATEMENT
AS AT 30TH JUNE 2023

	AMOUNT
Balance as per Bank Certificate	106,853.00

LESS:

COLUMN I:

Payment in the Cash Book not yet presented for payment

COLUMN II:

Receipt in the Bank Statement not yet recorded in the Cash Book

ADD:

COLUMN III:

Payment in the Bank Statement not yet recorded in the Cash Book

COLUMN IV:

Receipt in the Cash Book not yet recorded in the Bank Statement

Balance as per The Cash Book	106,853.00
------------------------------	------------

Cash book Balance	106,853.00
-------------------	------------

Difference

I Certify that I have verified the Bank Balance in the cash Book with the

Bank Statement and that the above reconciliation is correct.

Signature

A. Chantant

7.7.2023

Date

Signature

A. Chantant

7.7.2023

Date

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

FO 30

COLUMN I

Date	Details	Cheque No.	Amount

COLUMN II

Date	Details	Cheque No.	Amount

COLUMN III

Date	Details	Cheque No.	Amount

COLUMN IV

Date	Details	Cheque No.	Amount

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF BUNGOMA
COUNTY ASSEMBLY OF BUNGOMA
COUNTY ASSEMBLY OF BUNGOMA CAR LOAN OPERATION

ACCOUNT NO:1220563730

FO 30

BANK RECONCILIATION STATEMENT
AS AT 30TH JUNE 2023

	AMOUNT
Balance as per Bank Certificate	36,142.39

LESS:

COLUMN I:

Payment in the Cash Book not yet presented for payment

COLUMN II:

Receipt in the Bank Statement not yet recorded in the Cash Book

ADD:

COLUMN III:

Payment in the Bank Statement not yet recorded in the Cash Book

COLUMN IV:

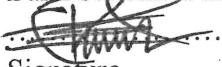
Receipt in the Cash Book not yet recorded in the Bank Statement	5,000,000.00
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Balance as per The Cash Book	5,036,142.39
------------------------------	--------------

Cash book Balance	5,036,142.39
-------------------	--------------

Difference

I Certify that I have verified the Bank Balance in the cash Book with the
Bank Statement and that the above reconciliation is correct.



Signature



Designation



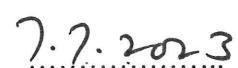
Date



Signature



Designation



Date

Bungoma County Assembly Members' Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

FO 30

COLUMN I

Date	Details	Cheque No.	Amount
------	---------	------------	--------

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COLUMN II

Date	Details	Cheque No.	Amount
------	---------	------------	--------

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COLUMN III

Date	Details	Cheque No.	Amount
------	---------	------------	--------

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COLUMN IV

Date	Details	Cheque No.	Amount
23/6/2023	CASB REFUNDS		5,000,000.00

			5,000,000.00
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Bungoma County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements

1. Interest income

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Interest income from Car Loan	1,637,234	
Interest income from Mortgage Loan	1,507,721	581,594
Total interest income	3,144,956	581,594

2. Use of Goods and Services

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Hospitality (Allowances)	1,130,000	5,444,800
Other expenses-Bank Charges	14,640	24,172
Total	1,144,640	5,468,972

3. Cash and cash equivalents

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Current account	5,142,995	2,579,172
Total cash and cash equivalents	5,142,995	2,579,172

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

Financial institution	Account number	FY2022/2023	FY2021/2022
		KShs	KShs
Current account			
Kenya Commercial bank	1220563730	5,036,142	2,466,214
Kenya Commercial bank Collection	1265050945	106,853	112,958
Total		5,142,995	2,579,172

Bungoma County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

4. Receivables from exchange transactions

Description	FY2022/2023	FY2021/2022
	KShs	KShs
4A Current Receivables		
Balance b/f	100,005,321	100,329,485
Add:- Additional borrowings	317,380	59,736,858
	100,322,701	160,066,343
Less:- Borrowings repayment by CASB	45,000,000	21,068,337
Less: other borrowings adjustment	-	2,252,431
Less:- Tax on Car grant paid by CASB	-	36,600,000
Less:- Staff Deductions Credited to MCA A/c	-	1,960,254
Less:- Refunds from Employee Car Loan & Mortgage Borrowings	23,108,175	-
Add:- Reversal of tax on Car grant paid by CASB	36,600,000	
	68,814,526	98,185,321
Payroll Deductions receivable	-	1,820,000
Total current Receivables	68,814,526	100,005,321
4B Non Current receivables		
Balance b/f	21,457,620	70,277,703
Less:- Old Loan repayments adjustment		(11,341,705)
Add:- Outstanding loans adjustment		2,358,048
Adjusted Balance b/f	21,457,620	61,294,047
Add:- Car Loan disbursements	128,000,000	1,100,000
Add:- Mortgage disbursements	169,560,000	2,252,431
Add:- Refunds to overdeduction	258,563	-
	297,818,563	3,352,431
Less:- Car Loan repayments	13,102,613	43,188,858
Less:- Mortgage repayments	13,793,824	
	26,896,437	43,188,858
Long term loan repayments due	292,379,746	21,457,620
4C Other exchange debtors-Insurance Receivable		
Balance b/f	20,643,571	20,686,221
Less:- Insurance received	(693,584)	(42,650)
Other Exchange Debtors	19,949,987	20,643,571
Total Non current receivables	312,329,733	42,101,191
Total receivables from exchange transactions	381,144,259	142,106,512

5. Trade and other payables from exchange transactions

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Balance b/f	-	36,600,000
Additional Borrowings from Employee Fund	75,391,254	
Less:- Payment of tax by CASB		-36,600,000
Less:- Borrowings Refund	-390,000	
	75,001,254	-

Bungoma County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023

6. Borrowings

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
Domestic Borrowings During the Year	75,391,254	-
Repayments Of Domestics Borrowings During the	- 390,000	-
Balance At End of The Period	75,001,254	-

The table below shows the classification of borrowings

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
Borrowings From Other Government Institutions	75,391,254	-
Total Balance at End of The Year	75,391,254	

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

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	75,391,254	-
Long Term Borrowings	-	-
Total	75,391,254	-

During the financial year, the fund borrowed Kshs. 75,391,254 from Employee Car Loan and Mortgage Fund.

7. Prior year Adjustment

Description	FY2022/2023
	KShs
Balance b/f	45,625,458
Less: - Reversal of entry of tax on Car grant paid by CASB	-36,600,000
Less: - Variations in Interest on Loans from first Assembly	-9,025,458
Balance c/d	-

8. Related party balances

a) Nature of related party relationships

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

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

**Bungoma County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023**

b) Due from related parties

	FY2022/2023	FY2021/2022
	KShs	KShs
Due from the County Assembly Board	66,677,146	98,185,321
Due from Payroll deductions	2,137,380	1,820,000
Total	68,814,526	100,005,321

c) Due to related parties

	FY2022/2023	FY2021/2022
	KShs	KShs
Due to Employee Car Loan & Mortgage Fund	75,001,254	-
Total	75,001,254	-

**Bungoma County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

9. Financial risk management

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

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

a) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables From	381,144,259	364,864,211	16,280,048	-
Bank Balances	2,579,172	2,579,172	-	-
Total	2,579,172	2,579,172	-	-
At 30 June 2022				
Receivables From	142,106,512	125,826,464	16,280,048	-
Bank Balances	5,142,995	5,142,995	-	-
Total	5,142,995	5,142,995	-	-

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

**Bungoma County Assembly Members Car Loan and Mortgage Fund
Annual Report and Financial Statements For the year ended 30th June 2023**

b) Liquidity risk management

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

c) Market risk

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

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

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

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

d) Interest rate risk

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

Management of interest rate risk

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

e) Capital risk management

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

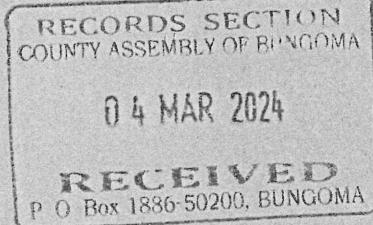
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF BUNGOMA

FOR THE YEAR ENDED
30 JUNE, 2023

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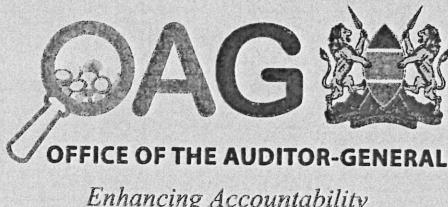
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REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF BUNGOMA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of County Assembly of Bungoma set out on pages 1 to 26, which comprise the statement of financial assets and liabilities

as at 30 June, 2023, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts: recurrent and development for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Bungoma as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012, and the County Governments Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Pending Bills

Note 1 and Note 3 under Other Disclosures reflects a balance of Kshs.34,746,187 and Kshs.91,160,014 in respect of pending accounts payable and other pending payables respectively all totalling to Kshs.125,906,201 which were not settled as at 30 June, 2023 but were carried forward to 2023/2024 financial year. No plausible explanation was provided for non-payment of the pending bills before the end of the financial year.

Failure to settle pending bills in the year they relate distorts the financial statements and adversely affects the budgetary provision for the subsequent year as they form a first charge.

My opinion is however, not modified in respect to this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Ethnic Diversity in Staff Establishment

Review of the Assembly's staff records for the month of June 2023 showed that out of the one hundred and twenty-five (125) permanent employees, one hundred and ten (110) or 88% were from one ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public entity shall have more than one-third of its staff from one ethnic community.

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

2. Failure to Adhere to the One-third Basic Pay Rule

Review of the payroll revealed that some employees' salary deductions exceeded two-thirds (2/3) of their basic salary contrary to Section C.1(3) of the Public Service Commission Human Resource Policies, 2016 and Section 19(3) of the Employment Act, 2007 which require that deductions made by an employer from the wages of his employees at any one time shall not exceed two-thirds of such wages.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Poor Information Communication Technology (ICT) Control Environment

Review of documents provided for audit and physical verification revealed that the server room doors were being opened inwards contrary to the requirements of Section 8.0.2(a) of Government ICT Networks Standards ICTA.2.002:2019 that requires doors of the telecommunication/equipment room to open outward, slide sideways, or be removable.

In the circumstances, the internal controls were not up to the standards required for a Government entity.

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

Responsibilities of Management and those Charged with Governance

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

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

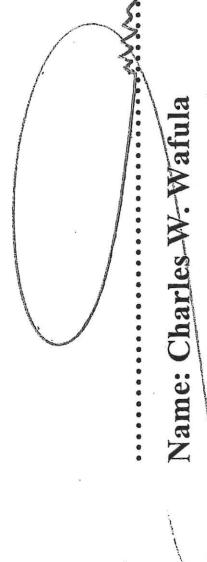
Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Annual Report and Financial Statement for the year ended 30th June 2023

The entity financial statements were approved on 25 September 2023 and signed by


Name: Charles W. Wafula
Clerk of the Assembly


Name: Symon Wanjala Walukana

Principal Finance Officer – County Assembly
ICPAK Member Number: 19456

12A Statement of Comparison of Budget & Actual Amounts: Recurrent for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from the County Treasury/Exchequer Releases	1,083,842,235	103,718,159	1,187,560,394	1,187,556,988	3,406	100%
Miscellaneous Receipts	-	-	-	3,009	(3,009)	
Total	1,083,842,235	103,718,159	1,187,560,394	1,187,559,997	397	100%
Payments						
Compensation of Employees	454,973,806	(16,538,356)	438,435,450	384,041,381	54,394,069	88%
Use of goods and services	307,246,278	114,388,760	421,635,038	420,986,430	648,608	100%
Transfers to Other Government Entities	252,795,920	2,536,155	255,332,075	300,103,856	(44,771,781)	118%
Other grants and transfers	10,240,000	(4,000,000)	6,240,000	6,093,599	146,401	98%
Social Security Benefits	29,538,150	(9,298,400)	20,239,750	20,216,759	22,991	100%
Acquisition of Assets	26,555,881	16,630,000	43,185,881	42,592,066	593,815	99%
Other Payments	2,492,200	-	2,492,200	13,521,983	(11,029,783)	
Total	1,083,842,235	103,718,159	1,187,560,394	1,187,556,073	4,321	100%
Surplus/ deficit	-	-	-	3,924	(3,924)	

The over expenditure under transfer to other Government entities refer to refund to borrowings (Kshs. 45,000,000) while over expenditure on Other Payments refer to KRA tax arrears demand notice of Kshs 11,029,783.

The entity financial statements were approved on 25 September 2023 and signed by

John Onyango
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Name: Charles W. Wafula
Clerk of the Assembly

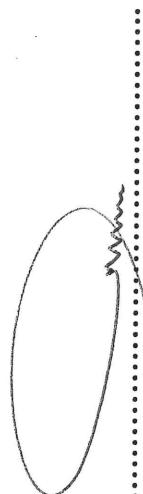
Name: Symon Wanjala Walukana
Principal Finance Officer – County Assembly
ICPAK Member Number: 19456

12B Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Comparable Basis	Actual on Basis	Budget Utilization Difference	% of Utilization on
	a	b	c=a+b	d	e=c-d	f=d/c %	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts							
Transfers from the County Treasury/Exchequer Releases	41,359,406	65,433,779	106,793,185	68,711,338	38,081,847	64%	
Total	41,359,406	65,433,779	106,793,185	68,711,338	38,081,847	64%	
Payments							
Acquisition of Assets	41,359,406	65,433,779	106,793,185	68,711,337	38,081,848	64%	
Total	41,359,406	65,433,779	106,793,185	68,711,337	38,081,848	64%	
Surplus/ deficit							

The under absorption on Acquisition of Assets was due to technical issues of the projects which arose during the financial year leading to delays in their implementation.

The entity financial statements were approved on 25 September 2023 and signed by



Name: Charles W. Wafula
Clerk of the Assembly



Name: Symon Wanjala Walukama
Principal Finance Officer – County Assembly
ICPAK Member Number: 19456

12. Budget Execution by Programmes and Sub-Programmes

Programmes	Original Budget KShs	Adjustments KShs	Final Budget KShs	Actual on comparable basis KShs	Budget utilization difference %
General Administration and Support Services	890,853,117	50,524,004	941,377,121	951,622,778	101%
Legislation services	7,785,000	600,000	8,385,000	4,820,530	57%
Representation and outreach services	153,299,716	36,594,155	189,893,871	183,299,126	97%
Oversight	31,904,402	16,000,000	47,904,402	47,813,639	100%
General Infrastructure Development	41,359,406	65,433,779	106,793,185	68,711,336	64%
Totals	1,125,201,641	169,151,938	1,294,353,579	1,256,267,409	97%

13. Significant Accounting Policies

The Significant accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include third party deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on some classes of receivables and payables as outlined above.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the Bungoma County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognises all receipts from the various sources when the event occurs, and the related cash has been received by the Assembly.

i) Transfers from the Exchequer/ County Treasury

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) Other Receipts

Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

Significant Accounting Policies (Continued)

b) Recognition of payments

The entity recognises all expenses when the event occurs, and the related cash has actually been paid out by the entity.

i) Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the County Assembly in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Assembly includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. Third Party Payments

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the County Government is detailed in the notes to this financial statement.

Significant Accounting Policies (Continued)**6. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

7. Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

8. Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

10. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

Significant Accounting Policies (Continued)

11. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the County Assembly at the end of the year. Pending bills form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

12. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. County Assembly does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

13. Contingent Assets

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

Significant Accounting Policies (Continued)**14. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 26th May 2022 for the period 1st July 2022 to 30 June 2023 as required by law. The first supplementary budget was approved on 13th December 2022 while the second supplementary budget was approved on 7th June 2023. There were 2 supplementary budgets passed in the year. A high-level assessment of the County Assembly's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

15. Comparative figures

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

16. Subsequent events

Events after submission of the financial year end financial statements to County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the County Treasury.

17. Prior Period Adjustment

During the year, adjustments done are disclosed under note 13 explaining the nature and amounts.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Relates party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

14. Notes to the Financial Statements

1. Transfer from CRF

	2022 /23	2021 /22
	KShs	KShs
Transfers from the county treasury for Q1	136,987,662	92,549,169
Transfers from the county treasury for Q2	329,413,932	260,893,343
Transfers from the county treasury for Q3	306,579,696	342,900,927
Transfers from the county treasury for Q4	483,287,036	266,398,753
Cumulative Amount	1,256,268,326	962,742,192

A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in note 16 of this report.

2. Miscellaneous receipts

	2022 /23	2021 /22
	KShs	KShs
Other Receipts IV: Surplus receipt from Imprest A/C	3,009	2,528
Total	3,009	2,528

3. Compensation of Employees

	2022 /23	2021 /22
	KShs	KShs
Basic salaries of permanent employees	150,048,433	178,821,766
Basic wages of temporary employees	24,350,739	18,844,200
Personal allowances paid as part of salary	175,417,171	120,476,496
Employer Contribution to compulsory National Social Schemes	592,000	568,400
Pension and other social security contributions	15,961,038	8,220,267
Other personnel payments	17,672,000	-
Total	384,041,381	326,931,129

Other Personnel payments relate to Car Reimbursements to Members of County Assembly.

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

4. Use of Goods and Services

	2022 /23	2021 /22
	KShs	KShs
Utilities, supplies and services	1,774,335	-
Communication, supplies and services	1,920,647	820,240
Domestic travel and subsistence	207,564,515	223,124,255
Foreign travel and subsistence	11,115,970	2,323,030
Printing, advertising and information supplies & services	7,670,030	5,435,038
Training expenses	21,224,019	20,292,622
Hospitality supplies and services	47,813,639	51,207,919
Insurance costs	37,335,658	31,277,047
Specialized materials and services	4,899,647	-
Office and general supplies and services	6,926,228	3,931,510
Fuel Oil and Lubricants	2,569,300	1,540,948
Other operating expenses	65,304,882	73,974,276
Routine maintenance – vehicles and other transport equipment	3,974,106	4,040,237
Routine maintenance – other assets	893,454	1,028,002
Total	420,986,430	418,995,124

5. Transfers to Other Government Entities

Description	2022 /23	2021 /22
	KShs	KShs
Transfers to National Government entities		
Kenya Revenue Authority		36,600,000
Transfers to other County Assembly entities		
MCAs Car Loan & Mortgage Scheme Fund	173,000,000	21,068,337
Employee Car Loan & Mortgage Scheme Fund	99,000,000	54,138,231
Ward Offices	28,103,856	36,013,716
Total	300,103,856	147,820,284

- i. Transfer to MCAs Car Loan & Mortgage Scheme Fund refers to Car loan Funding to members (Kshs. 128,000,000) and Refund of Borrowings to the Fund amounting to Kshs. 45,000,000.
- ii. Transfer to Employee Car Loan & Mortgage Fund refers to Mortgage funding to Staff.
- iii. Transfer to Ward offices relates to ward operational funds i.e. office rent and Other operational activities

County Assembly of Bungoma

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

Notes to the Financial Statements (Continued)

6. Other Grants and Transfers

	2022 /23	2021 /22
	KShs	KShs
Membership Fees and Dues and Subscriptions to Organizations	6,093,599	849,360
Total	6,093,599	849,360

This relates to Membership fees and subscriptions to bodies like SOCATT, LSK, ICPAK, KISM, PRSK, IIA, etc.

7. Social Security Benefits

	2022 /23	2021 /22
	KShs	KShs
Gratuity to Ward Staff	4,917,420	3,427,050
Gratuity to Members of the County Assembly	15,299,339	19,777,062
Total	20,216,759	23,204,112

These are benefits and contributions made to Pension bodies (Lap trust and Lap fund) on behalf of ward staff, CASB members and Members of County Assembly.

8. Acquisition of Assets

	2022 /23	2021 /22
	KShs	KShs
Construction of Buildings	62,451,512	41,566,221
Purchase of Vehicles and Other Transport Equipment	12,780,000	-
Purchase of Office Furniture and Equipment	15,804,600	260,000
Research, Studies, Project Preparation, Design & Supervision	3,801,410	-
Purchase of ICT Equipment	10,206,056	-
Acquisition of Intangible Assets	6,259,825	-
Total	111,303,403	41,826,221

9. Other Payments

	2022 /23	2021 /22
	KShs	KShs
Other Payments	13,521,983	-
Total	13,521,983	-

Other Payments relate to payment of Tax arrears to Kenya Revenue Authority and Research allowances

County Assembly of Bungoma**Annual Report and Financial Statements for the year ended 30th June 2023****Notes to the Financial Statements (Continued)****10. Cash and Bank Balances****10A. Bank Balances**

Name of Bank, Account Name & Currency	Account Number	Account Description	2022/23	2021/22
			KShs	KShs
Central Bank of Kenya - Bungoma County Assembly Development - Kshs	1000283041	Development	1	-
Central Bank of Kenya - Bungoma County Assembly Recurrent - Kshs	1000194103	Recurrent	915	145,962.15
Kenya Commercial Bank- County Assembly of Bungoma Imprest - Kshs	1180534050	Imprest Account	3,009	2,528.25
Total			3,925	148,490.40

11. Imprests and Advances

Description	2022/23	2021/22
	KShs	KShs
Government Imprests	-	2,970,000
Total	-	2,970,000

Breakdown Of Imprest And Salary Advance Per Department	2022/23	2021/22
	KShs	KShs
<i>Imprests</i>		
<i>Committee Services Department</i>	-	2,970,000
<i>Grand Total</i>	-	2,970,000

All Imprests held by various officers were fully surrendered by the end of the financial period

12. Fund Balance Brought Forward

Description	2022/23	2021/22
	KShs	KShs
Bank accounts	148,490	4,266,614
Accounts Receivables	2,970,000	8,050,060
Total	3,118,490	12,316,674

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

13. Prior Year Adjustments

Description	Balance b/f	Adjustments	Adjusted Balance b/f
	FY 2021/2022 as per Financial statements		FY 2021/2022
Description	Kshs	Kshs	Kshs
Bank account Balances	148,490	(148,490)	-
Receivables	2,970,000	(2,970,000)	-
Total	3,118,490	(3,118,490)	-

- i. The adjustment on the Bank Account balance relates to closing bank balance for financial year 2021/2022 transferred to CRF account at the close of the year.
- ii. The adjustment on Receivables relate to outstanding imprest amount of Kshs 2,970,000 from FY 2021/2022 surrendered during the financial year 2022/2023

14. Changes in Imprests and Advances

Description	2022 /2023	2021/ 2022
	KShs	KShs
Opening Imprests and Advances As At 1st July 2022	2,970,000	8,050,060
Closing Imprests and Advances As At 30th June 2023	-	2,970,000
Change In Imprests and Advances	2,970,000	5,080,060

15. Changes in Third Party Deposits and Retentions

Description	2022 /2023	2021/ 2022
	Kshs	Kshs
Opening Third Party Deposits and Retention As At 1 st July 2022	41,964,244	37,788,622
Closing Third Party Deposits and Retention As At 30 th June 2023	25,839,985	41,964,244
Change In Third Party Deposits and Retention	16,124,260	-4,175,622

The County Treasury of County Government of Bungoma maintains the Deposit and Retention bank account.

Notes to the Financial Statements (Continued)

16. Breakdown in Exchequer Releases

3rd Quarter Exchequer Release

Receipt Date	Receipt Number	Document Sequence	Receipt voucher No.	Receipt Amount
09-Jan-23	FT23009LYTR4	49190000232	BCA 17	29,663,264
11-Jan-23	FT230111HK2Q	49190000233	BCA 18	20,741,189
11-Jan-23	FT230112R6LD	49190000269	BCA 19	60,000,000
09-Feb-23	FT23040QS2F6	49190000266	BCA 20	35,120,571
14-Feb-23	FT230458GRKZ	49190000235	BCA 21	16,538,866
14-Feb-23	FT23045ZRKRB	49190000265	BCA 22	48,238,554
28-Mar-23	FT2308704WTL	49190000229	BCA 23	35,588,228
31-Mar-23	FT23090HTXG8	49190000231	BCA 24	39,000,000
31-Mar-23	FT23090JT1MX	49190000230	BCA 25	21,689,024
				306,579,696

4th Quarter Exchequer Releases

Receipt Date	Receipt Number	Document Sequence	Receipt voucher No.	Receipt Amount
05-Apr-23	FT23095QW0KJ	49190000264	BCA 26	3,722,925
14-Apr-23	FT2310491314	49190000239	BCA 27	5,000,000
26-Apr-23	FT23116FM30H	49190000241	BCA 28	36,126,465
28-Apr-23	FT23118DG1SZ		BCA 31	37,451,513
26-Apr-23	FT23116PYC6W	49190000242	BCA 29	36,126,842
26-Apr-23	FT23116QGF1L	49190000240	BCA 30	10,294,121
04-May-23	FT23124C133V	49190000243	BCA 32	12,780,000
08-May-23	FT23128F18J9	49190000244	BCA 33	38,588,420
10-May-23	FT231309190V	49190000246	BCA 34	41,260,386
10-May-23	FT231309N7NJ	49190000245	BCA 35	8,832,044
06-Jun-23	FT231564LCDZ	49190000251	BCA 36	35,782,578
06-Jun-23	FT231578L517	49190000253	BCA 37	34,019,852
06-Jun-23	FT23157MB0G9	49190000252	BCA 38	24,362,802
14-Jun-23	FT23165MYLKP		BCA 39	6,259,825
21-Jun-23	FT231721V5TK	49190000258	BCA 40	39,945,813
21-Jun-23	FT23172ML9V0	49190000257	BCA 41	36,206,318
21-Jun-23	FT23172TZXQY	49190000263	BCA 42	6,768,449
30-Jun-23	FT23184L22LX	49190000260	BCA 43	17,684,000
30-Jun-23	FT23186ZZT5V	49190000261	BCA 44	34,472,821
30-Jun-23	FT23187K22KB	49190000262	BCA 45	17,601,862
				483,287,036
				1,256,268,326

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f	Additions for the period	Paid/Reconciled during the year	Balance c/f
	FY 2022/2023			FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	62,451,512	-	62,451,512	-
Supply of goods	9,754,865	6,002,724	9,332,215	6,425,374
Supply of services	29,557,887	26,616,013	27,853,087	28,320,813
Total	101,764,264	32,618,737	99,636,814	34,746,187

2. Pending Staff Payables (See Annex 2)

	Balance b/f	Additions for the period	Paid during the year	Balance c/f
	FY 2022/2023			FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Senior Management	5,230,900	-	5,230,900	-
Middle Management	12,756,650	-	12,756,650	-
Unionisable Employees	1,451,400	-	1,451,400	-
Others	480,400	-	480,400	-
Total	19,919,350	-	19,919,350	-

3. Other Pending Payables (See Annex 3)

	Balance b/f	Adjustments	Additions for the period	Paid during the year	Balance c/f
	FY 2022/2023				FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs	Kshs
Amounts due to County Assembly entities	97,654,642	39,567,372	500,000	46,562,000	91,160,014
Total	97,654,642	39,567,372	500,000	46,562,000	91,160,014

The adjustment of Kshs. 39,567,372 relates to reversal of entry of Kshs. 36,600,000; tax on Car grant paid by CASB which reduced borrowings in the prior year. The reversal was done as the cost was fully beared by CASB and had no impact on the Car Loan and Mortgage Fund. Kshs. 2,967,372 adjustment is as a result of inter-borrowings between the Funds (Employee and Members Funds) but not owed by CASB.

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

4. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly:

- i) Members of County Assembly
- ii) Key management personnel that include the Clerk of the Assembly and heads of departments
- iii) The County Executive
- iv) County Ministries and Departments
- v) Other County Government entities including corporations, funds and boards
- vi) The National Government
- vii) Other County Governments; and
- viii) State Corporations and Semi-Autonomous Government Agencies

Related party transactions:

Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	229,314,758	179,572,994
Key Management Compensation (Clerk, Deputy Clerks and Heads of departments)	27,542,727	25,623,766
Total Compensation to Key Management	256,857,485	205,196,760
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	272,000,000	30,196,008
Transfers to County Ward Offices	28,103,856	36,013,716
Transfers to Bungoma Executive Retention Account	6,264,151	42,511,381
Total Transfers to related parties	300,103,856	108,721,105
Transfers from related parties		
Transfers from the County Executive- Exchequer	1,256,268,326	962,742,192
Payments made on behalf of the County Assembly by other Government Agencies (Retention-paid as and when they fall due)	22,388,411	
Total Transfers from related parties	1,278,656,737	962,742,192

5. Contingent Liabilities (See Annex 8)

Contingent liabilities	2022 /23	2021 /22
	Kshs	Kshs
Court cases (2) against County Assembly of Bungoma	30,000,000	30,000,000
Total	30,000,000	30,000,000

**County Assembly of Bungoma
Annual Report and Financial Statements for the year ended 30th June 2023**

15. Progress on Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Issue from Auditor	Management comments	Status	Timeline
		(Resolved / Not Resolved)	
1. Variance Between Amounts in the Financial Statements and IFMIS Report	The statement of receipts and payments reflects payments for the year amounting to Kshs. 959,626,230. However the IFMIS report reflects total payments amounting to Kshs. 1,050,146,858, resulting to unexplained and un-reconciled variance of Kshs.90,520,628. In the circumstances, the accuracy and completeness of the statement of receipts and payments could not be confirmed.	Management agrees with the findings that at the time of audit, the figures had not been reconciled. Reconciliation of the IFMIS financial statements has been done and concluded. The IFMIS financial statements are annexed in the financial statements.	Resolved
2. Unsupported Prior Year Adjustment	The statement of financial assets and liabilities reflects a balance of Kshs. (12,316,674) in respect of prior year adjustment as disclosed in Note 13 to the financial statements. However, no documentary evidence was provided to support the balance. In the circumstances, the accuracy and completeness of the prior year adjustment balance of Kshs. (12,316,674) as at 30 June 2022 could not be confirmed.	Kshs.271,614 refer to Bank balances at the close of the financial year which were transferred to CRF Account. Kshs 8,050,060 refers to outstanding Imprest balance at the close of FY 2020/2021 surrendered during the FY 2021/2022. Kshs. 3,995,000 relates to error of Omission during the FY 2020/2021	Resolved Resolved Unresolved