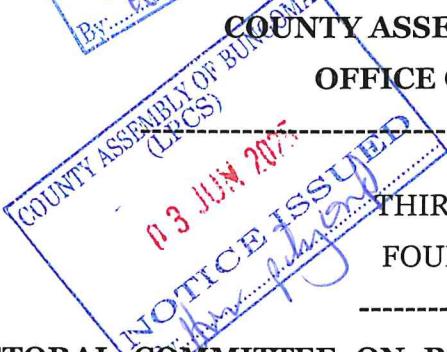


COUNTY GOVERNMENT OF BUNGOMA



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



THIRD ASSEMBLY
FOURTH SESSION

*Det
30/5/25
30/5/25*

**SECTORAL COMMITTEE ON ROADS, TRANSPORT, INFRASTRUCTURE AND
PUBLIC WORKS**

**REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31ST DECEMBER, 2024**

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

MAY, 2025

Contents

CHAPTER ONE	3
1.1 Introduction	3
1.2. Mandate of the Committee	3
1.3. Terms of Reference (ToR)	5
1.4 Committee Membership.....	5
1.5 Acknowledgement.....	6
CHAPTER TWO.....	7
2.0. Legal Framework	7
1. Constitutional Principles on Public Finance	7
2. Direct Personal Liability	7
3. Obligations of Accounting Officers	7
2.1. Expenditure by Economic Classification	8
2.2 Outstanding Imprests	12
CHAPTER THREE.....	14
3.0 Committee's Observations and Recommendations	14
3.1 Committee's Observations.....	14
3.2 Committee's Recommendations	15
4.0 ADOPTION SCHEDULE.....	17

CHAPTER ONE

1.1 Introduction

Honorable Speaker,

Pursuant to Section 166(4) of the PFM Act 2012, the County Treasury is mandated to prepare quarterly reports on all County departments and submit the same to the County Assembly not later than 30 days of the succeeding month after the end of each quarter. It is in this regard that the County Executive Committee Member for Finance and Economic Planning submitted the Bungoma County half year report and financial statements for the period ended 31st December, 2024.

The report was subsequently tabled in this House on 5th March, 2025. The Hon. Speaker directed that the report be committed to all sector committees for legislative processing and reporting.

The quarterly reports and financial statements presents budget execution status covering the period 1st July, 2024 to 31st December, 2024 with comparative actual achievements and budget amounts for the previous financial year. Further, it contains the revenue performance both locally generated and an equitable share from the National Government.

Finally, the Committee has herein comprehensively considered the Bungoma County quarterly report and Financial Statements for the period ended 31st December, 2024 and presents this as its report for consideration by this House.

1.2. Mandate of the Committee

Honorable Speaker,

The mandate of the Committee is derived from the County Assembly of Bungoma Standing Order No. 217 (5) and matters assigned under the Second Schedule which shall be exercised within the limits contemplated under Part II of the Fourth Schedule of the Constitution of Kenya, 2010.

The functions of a Sectoral Committee shall be to;

- (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) Consider quarterly reports of the assigned departments and report to the House within twenty one sitting days upon being laid.
- (c) Study the programme and policy objectives of departments and the effectiveness of the implementation;
- (d) Study and review all County legislation referred to it;
- (e) Study, access and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- (f) 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;
- (g) 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
- (h) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

2. In accordance with the Second schedule of the Bungoma County Assembly Standing Orders, the Committee is mandated to deal with:

All matters related to County Transport Including County roads, street lighting, traffic and parking, public road transport; firefighting services and disaster management and County Public Works Services.

1.3. Terms of Reference (ToR)

Honorable Speaker,

In order to comprehensively review the quarterly report and financial statements as committed, the Committee set out an approach in which it clearly spelt out specific terms of reference to guide its operations. The terms of reference with regard to the analysis were as follows;

1. Establish compliance with Section 164(4) of the PFM Act, 2012 on submission of financial reports.
2. Establish the receipts and payments during the quarter ended 30th June, 2023.
3. Establish the budget utilization for both the development and recurrent expenditures of the Department.
4. Examine in details the nature and behavior of the expenditures for the quarter.
5. Identify any significant details or information in the reports that may be of material importance to this Honorable House.

1.4 Committee Membership

The Committee membership as currently constituted is as follows;

1. Hon. Franklin	Simotwo	Chairperson
2. Hon. Polycarp	Kimeta	Vice Chairperson
3. Hon. Everlyne	Mutiembu	Member
4. Hon. Stephen	Kaiser	Member
5. Hon. Jerusa	Aleu	Member
6. Hon. Meshack	Simiyu	Member
7. Hon. Charles	Nangulu	Member
8. Hon. Hentry	Nyongesa	Member
9. Hon. Johnston	Ipara	Member
10. Hon. Violet	Makhanu	Member

11. Hon. Godfrey	Mukhwana	Member
12. Hon. Job	Mukoyandali	Member
13. Hon. Ali	Machani	Member
14. Hon. Everton	Nganga	Member
15. Hon. Idd	Owongo	Member

1.5 Acknowledgement

Honorable Speaker,

It is now my privilege and pleasure on behalf of the Honorable Members of the Sectoral Committee on Roads, Transport, Infrastructure and Public Works to convey my gratitude to all Members of the Committee for the valuable input throughout its proceedings. The Committee equally extends appreciations to its members for taking their time to participate robustly during the interrogation and scrutiny of this half year report and financial statements.

The Committee also appreciates the offices of the Hon. Speaker and Clerk of the County Assembly for providing a conducive working environment to enable preparation of this report.

Honorable Speaker,

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

Signed  Date 20/5/2025

(Hon. Franklin Simotwo, MCA-Chepyuk Ward)

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

CHAPTER TWO

2.0. Legal Framework

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*.

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 149 **(1), (2), (a), (f) and (q)** states as follows;

Section 149 (1) *an accounting officer is accountable to the County Assembly for ensuring that resources of the entity for which the officer is designated are used in a way that is;*

- *Lawful and authorized*
- *Effective, efficient, economical and transparent*

Section 149 (2) *in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned;*

Section 149 (2) (a) *ensure that all expenditure made by the entity complies with subsection 1*

Section 149 (2) (f) *bring a matter to the attention of the Executive Committee Member responsible for the entity if, in the accounting officer’s opinion a decision or policy or proposed decision or policy of the entity may result in resources being used in a way that is contrary to subsection (1)*

Section 149 (2) (q) provide information on any fraud, losses, or any violations of subsection (1) and provide explanations for the actions taken to prevent similar conduct in future.

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

2.1. Expenditure by Economic Classification

Roads and Public works

Honorable Speaker,

The Department had an allocation of Kshs.1,355,884,291 in the approved budget, distributed as Kshs.1,226,748,613 development and Kshs.129,135,678 recurrent expenditure. During the period, Kshs.153.37M was received. Kshs.61.41M relates to recurrent expenditure and Kshs.91.96M to development expenditure.

Major expenses were

1. General Administration, Planning and support services with an allocation of, Kshs.129,135,678 received Kshs.61.41M, which is 48%; during the period.

Major expenses were:

- i. Human Resource Management and Development received Kshs.49, 563, 795.56 against a budget of Kshs. 88,225,741 803, which is 56% of budget. This includes salary for the month of, which was outstanding at the close of the financial year.
- ii. Administration services received Kshs.11.84M against a budget of Kshs.29, 107, 726 translating to 41%. Some of the expenses include:

Boards and conferences Kshs.3.9M, refined fuel Kshs.2.4M, catering services Kshs.2.2M, Plant and equipment insurance Kshs.1.18M and motor vehicle maintenance at Kshs.1M

Compensation to employees

Honorable Speaker, the summary for the review period is as detailed in the table below

Month	Prescribed Payroll System Amount (Kshs.)
Jun 30,2024	6,721,835.70
July 31, 2024	7,505,399.70
August 31, 2024	6,649,484.45
September 30, 2024	7,000,827.35
October 31, 2024	7,330,207.40
November 30, 2024	6,878,988.45
December 31, 2024	7,477,052.15
Total	49,563,795.20

2. Transport infrastructure Development and Management which is development expenditure with an allocation of Kshs.1, 226,748,613 received Kshs.91.96m (8%).

Major expenses were:

- i. Construction of roads, bridges and drainage works allocated Kshs.1, 003, 702,720 received Kshs.73.52M (7%)

- ii. Rehabilitation of roads, bridges and drainage works RMLF which was allocated Kshs.184, 554,999 did not receive any funds due to an ongoing court case.
- iii. Pending bills with an allocated a total sum of Kshs.38, 490, 894 received Kshs.18.44m (48%).

During the reporting period, Kshs15, 063,636 was settled with regard to the departmental pending bills; and for the Multiyear projects. A sum of Kshs97, 802,403 was paid in respect of Salmond Road while Kshs103, 735,842 was paid in respect of Misikhu Brigadier road project.

Ward-based projects with an approved allocation of Kshs.647, 702, 720 recorded zero expenditure. The Department reported that as at the reporting period, procurement process had not been concluded for the Ward Based Projects works to commence. The procurement process delay was attributed to the treasury condition on unlocking the budget i.e. 50 per cent at half year.

Analysis of development expenditure as at 31st December, 2024

Title	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure FY 2023/24 (Kshs.)	Variance (Kshs.)	Absorptio n rate
	A	B v v c	C=A-B	
Other Capital Grants and Transfers	184,554,999	-	184,554,999	0%
Refurbishment of Buildings – Others	647,702,720	9,290,822	638,411,898	1%
Bridges	20,000,000	-	20,000,000	0%
Other Infrastructure and Civil Works	36,500,000	23,448,588	13,051,412	64%
Overhaul of Roads and Bridges	299,500,000	40,782,695	258,717,305	14%
Non-Residential Buildings (offices, schools, hospitals, etc.)	2,000,000	1,000,000	1,000,000	50%
Other Infrastructure and Civil Works	36,490,894	17,441,069	19,049,825	48%
	1,226,748,613	91,963,174	1,134,785,439	7%

From the data above, column three (actual expenditure of Kshs **91,963,174**) is further broken down, highlighting the specifics of projects undertaken and the payments made.

Payee	Payment Date	Amount
Dynacorp Logistics Limited	29-Oct-24	28,254,695
Focus Point Systems Ltd	18-Oct-24	16,362,251
Midland Construction Ltd	29-Oct-24	12,528,000
Sultan Mega Company Limited	22-Oct-24	11,700,931
Taj Logistics Ltd	20-Nov-24	7,201,122
Chemamul Investment Limited	18-Nov-24	5,065,024
Framepack Company Limited	29-Oct-24	4,546,535
Megawide Building And Civil Engineering Ltd	25-Oct-24	4,225,798
Cardslogic Enterprises Ltd	20-Nov-24	1,078,819
Devbees Solutions	20-Nov-24	1,000,000
Total		91,963,175

Own source revenue as at 31st December, 2024

Honorable Speaker, the Department managed to collect Kshs.70, 891, 079 from own source revenue. This is broken down as:

Revenue Stream	Target	Actual	%
Parking Fees	48,012,036.00	9,844,798	21%
County Stickers	26,885,508.50	46,189,550	172%
Penalties	5,000,000.00	14,856,731	297%
Total	79,897,544.50	70,891,079	89%

2.2 Outstanding Imprests

Honorable Speaker,

The Department had a total of Kshs.3, 507, 962 in un-surrendered imprests; Kshs.488, 961 of this amount dates back to May, 2023 for facilitation of a Director to attend Lake Region Economic Block conference that was postponed.

The Department reported that the actual outstanding imprest during the reporting period stood at Kshs832, 161; which included Kshs488, 961 and Ksh. 343,200. The latter relates to facilitation to attend a Senate meeting on 25th October, 2024 and has been fully accounted for.

The Committee notes with concern that a status report on the outstanding imprest and the corresponding proof of surrender for the period under review was not submitted. In previous expenditure reports, the Committee had recommended that the Chief Officer invokes the provisions of Public Finance Management (PFM) Regulation 93 (7) relating to the management of imprests; however, this had not been effected by the time of compilation of this report. In his submission, the Chief Officer indicated that the concerned officer was no longer on the county staff payroll, thereby making it challenging to effect a surcharge as earlier recommended by the Committee.

CHAPTER THREE

3.0 Committee's Observations and Recommendations

3.1 Committee's Observations

The Committee observed that:

1. The Department expended 56% of its salary obligations for the reporting period at a total sum of Kshs 49,563,795.20. This includes the month of June, 2024.
2. Transport Infrastructure Development and Management, under the development expenditure vote with an allocation fee of Kshs1, 226,748,613 received only Kshs91.96M, representing 8% of the approved allocation. The Department cited delays in procurement processes and National Treasury protocols as justification for the occasion.
3. Revenue realized by the Department in the 1st and 2nd Quarter FY 2024/25 was Kshs. 70,891,079 generated from parking fees, county stickers and penalties. Parking fees collections ran short of the set target by 79%; county stickers and penalties performed beyond the set targets.
4. A detailed list of payments from the retention account records Kshs.64, 428, 981 as sums paid out during the reporting period. There is however an outstanding sum payable of Kshs.9, 196,317.14, a figure that the Committee could not verify.
5. The imprest advanced to the Director of Roads and Public Works, intended to facilitate attendance of the Lake Region Economic Bloc meeting in 2023 which did not take place has not been fully recovered.
6. Ward based projects with an allocation of Kshs647, 702,720 recorded zero expenditure as at the reporting period. The delay was attributed to the unlocking of the 25% quarterly budget threshold by the National Treasury; thus causing the delay in the procurement process.

3.2 Committee's Recommendations

The Committee recommends as follows;

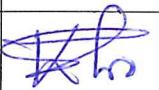
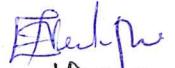
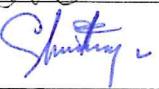
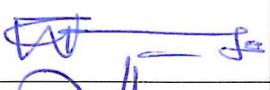
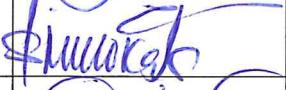
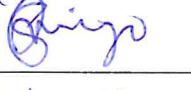
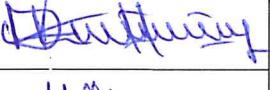
1. **THAT**, the that the County Treasury should ensure that all fund transfers from the retention account are duly supported by relevant documentation and submitted to the County Assembly for review. Further, the responsible accounting officers should provide a

comprehensive breakdown of the amounts retained from payments, particularly in relation to road works, to facilitate accountability and transparency; sixty days upon adoption of this report.

- 2. THAT**, that the County Treasury should ensure full recovery of the un- surrendered imprest in accordance with the Section 156 of the Public Finance Management Act and PFM Regulation 93(7). The status of the recovery should be reflected in the subsequent financial Statements that will be submitted to the County Treasury. In this regard, the Accounting Officer for the Department of Roads should shoulder the burden for negligence to recover the long outstanding imprest advanced to the former Director and thus resulting to the loss of the said sum. Evidence of this recovery should be reported to the County Assembly sector committee within 30 days upon adoption of this report.
- 3. THAT**, the Department should follow up on project implementation especially for the Ward based Projects; where letters of award have been issued to ensure full absorption of the budgetary allocation within the year.
- 4. THAT**, the County Executive should clearly delineate the functions and boundaries of municipalities and the Department of Roads and Public Works with regards to parking territories. This shall further review the parking fees revenue target projected by the Department and align it with the collection mechanisms that can assist in actualizing the accurate targets.
5. An ideal situation that would enhance revenue transparency and accountability from parking fees is the centralization of parking fees collection. To achieve this, the Department should liaise with the municipality boards to review and ensure full implementation of Bungoma County Parking Management Act, 2017 within the FY 2025/26. The review report should be filed with relevant sector committees of Roads and Lands.
6. **THAT** the Department should keep clear records of retention amounts for projects undertaken in the County for ease of reference and accountability to the oversight entity.

40 ADOPTION SCHEDULE

We the undersigned Committee members hereby append our signatures in agreement with the contents of this report.

No.	Name	Designation	Signature
1	Hon. Franklin Simotwo	Chairperson	
2	Hon. Polycarp Kimeta	Vice Chairperson	
3	Hon. Everlyne Mutiembu	Member	
4	Hon. Jerusa Aleu	Member	
5	Hon. Meshack Simiyu	Member	
6	Hon. Hentry Nyongesa	Member	
7	Hon. Johnston Ipara	Member	
8	Hon. Everton Nganga	Member	
9	Hon. Godfrey Mukhwana	Member	
10	Hon. Job Mukoyandali	Member	
11	Hon. Ali Machani	Member	
12	Hon. Charles Nangulu	Member	
13	Hon. Stephen Kaiser	Member	
14	Hon. Iddi Owongo	Member	
15	Hon. Violet Makhanu	Member	