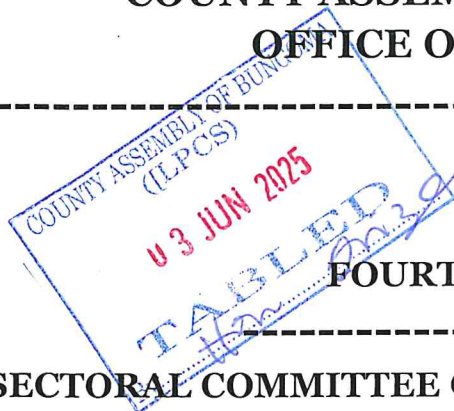


**COUNTY GOVERNMENT OF BUNGOMA**



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



**FOURTH SESSION**

**SECTORAL COMMITTEE ON FINANCE AND ECONOMIC  
PLANNING**

**REPORT ON THE FINANCIAL STATEMENT FOR FINANCIAL  
FOR THE PERIOD ENDING 31<sup>ST</sup> DECEMBER 2024.**

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

May, 2025

## Contents

1.0 CHAPTER ONE .....	4
1.1 Preamble .....	4
1.2 The Mandate of the Committee .....	4
1.3 Committee membership .....	5
1.4 Guiding principles in the Examination of the Bungoma County Government Quarterly Reports and Financial statements .....	5
1. Direct Personal Liability .....	6
2. Obligations of Accounting Officers .....	6
1.5 Acknowledgment .....	7
CHAPTER TWO .....	8
2.1 Overview of FY 2024/25 Budget.....	8
2.2 Financial Performance .....	8
2.2.1 Revenue .....	8
<b>2.2.2.Resource envelope and revenue performance 2024-5.....</b>	<b>8</b>
2.2.3 breakdown of revenues received within 6 months of FY 2024/25.....	9
2.2.5 Payments.....	10
2.2.6 Total expenditure.....	11
2.2.7 Statement of financial performance for period ended December 31 <sup>st</sup> 2024-(Accrual).....	11
2.2.8 Statement of comparison of budget and actual amount period ended 31 <sup>st</sup> December 2024 ..	13
2.2.9 Statement of financial position.....	15
2.2.10 Current imprest.....	16
2.2.11 Prior years .....	16
2.2.12 Property Plant & Equipment (PPE) .....	16
2.2.13 Statement of financial position.....	18
2.2.14 Bank Accounts-.....	19

CHAPTER THREE .....	20
3.1 Finance & Economic Planning .....	20
CHAPTER FOUR .....	22
4.1 Observations and Recommendations .....	22
4.2 Observations .....	22
4.3 Recommendations .....	23
Adoption schedule .....	24
Annexures .....	<b>Error! Bookmark not defined.</b>

## **1.0 CHAPTER ONE**

### **1.1 Preamble**

Hon. Speaker, I present the report by the Committee on Finance and Economic Planning for the Financial Statements for the Financial for period ended 31<sup>st</sup> December, 2024. The report was tabled in this County Assembly of Bungoma by Leader of Majority on 5<sup>th</sup> March 2025 and committed to all Sectoral Committees for their interrogation, input and recommendation through a report to this Honorable House.

### **1.2 The Mandate of the Committee**

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

**The functions of a Sectoral Committee shall be to; -**

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

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

exercise oversight over the County Executive Committee and any other County Executive organs.

### **1.3 Committee membership**

The Committee comprises of the following members;

- |                             |                  |
|-----------------------------|------------------|
| 1. Hon. James Mukhongo      | Chairperson      |
| 2. Hon. Orize Kundu         | Vice Chairperson |
| 3. Hon. Stephen Wamalwa     | Member           |
| 4. Hon. Everton Nganga      | Member           |
| 5. Hon. Aggrey Mulongo      | Member           |
| 6. Hon. Vitalis Wangila     | Member           |
| 7. Hon. Everlyn Mutiembu    | Member           |
| 8. Hon. Violet Makhanu      | Member           |
| 9. Hon. Tony Barasa         | Member           |
| 10. Hon. George Makari      | Member           |
| 11. Hon. Jack Kawa          | Member           |
| 12. Hon. Francis Chemion    | Member           |
| 13. Hon. Godfrey Mukhwana   | Member           |
| 14. Hon. Christine Mukhongo | Member           |
| 15. Hon. Jerusa Aleu        | 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 Finance and Economic Planning is given a legal backing under the Constitution of Kenya 2010, Public Finance Management Act, 2012, and County Governments Act, 2012. These statutory provisions include:

## Constitutional Principles on Public Finance

Article 201 of the Constitution of Kenya, 2010 enacts fundamental principles that **“...shall guide all aspects of public finance in the Republic...”** These principles include, *inter alia*, that: **201(a)** *There shall be openness and accountability, including public participation in financial matters;* **201(d)** *Public money shall be used in a prudent and responsible way;* and **201(e)** *Financial management shall be responsible, and fiscal reporting shall be clear.*

Section 149(1) (a) and (b) of the PFM Act 2012 provides as follows...”an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is;

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

### 1. Direct Personal Liability

Article 226(5) of the Constitution of Kenya, 2010 is emphatic that *“If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”*.

### 2. Obligations of Accounting Officers

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

1. *An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.*
2. *In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—*
  - (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 Hon members of the Committee and secretariat for dedicating their time to interrogate the Finance and Economic Planning departments Financial Statements for the period ended 31<sup>st</sup> December, 2024.

Further, this Committee extends its gratitude to the Executive Arm of the County Government, Department of Finance and Economic Planning for the role they played in offering explanations and supporting documents as requested by the Committee

Lastly, the Committee is grateful to the offices of the Speaker and the Clerk to 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 Finance and Economic Planning, to table this report.

Signed..... Date 20/05/2025

**Hon. James Mukhongo**

**MCA Chwele/ Kabuchai Ward.**

**Chairperson, Sectoral Committee on Finance and Economic Planning.**

## CHAPTER TWO

### 2.1 Overview of FY 2024/25 Budget

### 2.2 Financial Performance

#### 2.2.1 Revenue

In the financial year 2024/2025, the county government projected revenues of Kshs.15,589,447,703 compared to Kshs.15,243,651,077 projected in financial year 2023/24. This is an increase of Kshs. 345,796,626. The budget is broken down as follows:

Kshs.11,543,041,769 is expected from exchequer, 74% of budget,

Kshs.487,904,999 from grants from National government,

Kshs.1,301,608,119 as grants from Development partners,

Kshs.1,063,647,395 from AIA and

Kshs.1,193,245,421 from local revenue collection

The largest part of the budget is expected from exchequer issues contributing 74% of the requirement, local revenue 14.5% and other receipts including grants 11.5%.

#### 2.2.2.Resource envelope and revenue performance 2024-5

SOURCE	APPROVED supplementary 2 estimates FY2023/24	APPROVED BUDGET ESTIMATES 2024/25	Variance
Bal. b/f - (i) Equitable Share.	275,350,297		
iii Retention	150,000,000		
Transfers from Central Government	11,111,983,608	11,543,041,769	431,058,161
Conditional Grant- National Government:	631,242,635	487,904,999	-143,337,636
Conditional Grants- Development Partners:	831,777,735	1,301,608,119	469,830,384
FUNDS		-	



	213,023,948		
Locally Generated AIA:	1,162,071,383	1,063,647,395	-98,423,988
local revenue as per expected finance act	868,201,471	1,193,245,421	325,043,950
DEFICIT	-		
<b>Total</b>	<b>15,243,651,077</b>	<b>15,589,447,703</b>	<b>345,796,626</b>

Kshs.10, 621,087,033 was allocated towards recurrent expenditure and Kshs.4, 968,360,669 towards development.

Kshs.14,232,497,269 of the budget was allocated to the County government and Kshs.1,356,950,433 to the County Assembly,(Kshs.1,166,950,433 recurrent and Kshs.190m development)

After deduction of level 4 and 5 hospitals Kshs.1, 063,647,395 and County Assembly Kshs.1,356,950,433, the County planned to raise Kshs. 13,168,849,875 from local revenue ,National Government and Development partners through County Allocation of Revenue Act (CARA).

### 2.2.3 Breakdown of revenues received within 6 months of FY 2024/25.

Revenue/expenditure item	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
<b>Revenues</b>				
Transfers from CRF	13,168,849,875	4,609,216,225	8,559,633,650	35%
Miscellaneous Revenue	107,399,988	104,444,231	2,955,757	97%
<b>Total revenues</b>	<b>13,276,249,863</b>	<b>4,713,660,456</b>	<b>8,562,589,407</b>	<b>36%</b>

1. Included in miscellaneous revenue is Kshs.16,104,606 from Danida,Kshs.50,707,985 from NHIF reimbursement,Kshs.20,840,273 from fees and transfers to VTCs, Kshs.13,888,766 from Mabanga & ATC, Kshs.1,822,591

from Sinoko hospital as fees & charges, Kshs. 50,000 from triggerise and Kshs. 1,030,010 other incomes. (Through partnership with TIKO Africa, the Triggerise project is an adolescent SRH initiative that focuses on interventions to reduce incidences of teenage pregnancies and HIV infections by increasing access to modern contraceptives and HIV testing among adolescents aged 15-19 years).

#### **2.2.4 Borrowing by the County**

The County Government borrowed Kshs. 642.08 million from a commercial bank, the County Executive Kshs. 601.09 million, and the County Assembly Kshs. 40.99 million to support its operations. As of 31 December 2024, the County had a short-term arrangement with the Kenya Commercial Bank, Bungoma Branch, to facilitate salary payments and avoid salary delays.

#### **2.2.5 Payments**

During the quarter, the county received Kshs. 4,713,660,456 compared to Kshs. 4,090,592,450 received previous financial year 2023/24. Kshs. 4,609,216,225 was received from exchequer and Kshs. 104,444,231 from miscellaneous revenue sources, they include, Danida, NHIF reimbursement, VTCs and Mabanga ATC which are not local own source revenue.

According to Controller of Budget report, the County had a cash balance of Kshs. 898.96 m brought forward from FY 2023/24. This opening balance includes Kshs. 888.96 m from the June disbursement of the equitable share of revenue, which was released in July 2024 to pay salaries for May and June. The Financial statements are silent on this amount.

The total expenditure budget for the financial year is Kshs 13,276,249,863 while actual 6 months expenditure amounted to Kshs 4,900,794,214 representing 37% budget absorption. Out of the total expenditure, only Kshs. 539,852,057 was development expenditure, 18% of budget Kshs. 3,066,706,147 while Kshs. 4,360,942,157 was recurrent expenditure which is 43% of target Kshs. 10,209,543,716. The focus is on recurrent expenditure rather than development.

Kshs.3,410,567,709 was utilized on employee compensation,

Kshs.626,355,035 on goods and services,

Kshs.76,323,196 was transferred to other county entities,

Kshs.247,696,216 other grants

Kshs.539,852,057 acquisition of property plant and equipment or development

#### **2.2.6 Total expenditure**

<b>Item</b>	<b>Amount Kshs.</b>
Employee compensation	3,410,567,709
Use of goods and services	626,355,035
Transfer to other government entities	76,323,196
Other grants and subsidies	247,696,216
Acquisition of PPE	539,852,057
<b>Total payments</b>	<b>4,900,794,213</b>

#### **2.2.7 Statement of financial performance for period ended December 31<sup>st</sup> 2024-(Accrual).**

Employee compensation of Kshs.2, 933,430,353 is made up of Kshs.2,832,672,555 for basic salaries of permanent employees and Kshs.100,757,798 for temporary employees. The amount differs on the Statement of financial performance and the total expenditure table above by Kshs.477,137,356 which was salary relating to financial year 2023/24 may that was paid in July, by the close of the period, salary for one month remained outstanding.

Description	Period ended Dec 2024 Kshs
<b>Revenue from non-exchange transactions</b>	
Transfers from CRF	4,609,216,225
<b>Revenue from exchange transactions</b>	
Other income	104,444,231
<b>Total revenue</b>	<b>4,713,660,456</b>
<b>Expenses</b>	
Employee costs	2,933,430,353
Use of goods and services	459,140,575
Transfers to other Government Entities	76,323,196
Other Grants and Subsidies	225,640,706
<b>Total expenses</b>	<b>3,694,534,831</b>
<b>Surplus/Deficit for the year</b>	<b>1,019,125,625</b>
<b>Net Surplus/Deficit</b>	<b>1,019,125,625</b>

Use of goods and services is broken down on the table below. Kshs.119,297,939 was utilized on domestic travelling (25%), Kshs.109,060,999 was utilized on other operating expenses including bank charges (24%), Kshs.54,793,678 on specialized materials and services (12%), Kshs.52,275,392 was utilized on hospitality supplies (11%)

Description	Period ended Dec 2024 Kshs
Domestic travel and subsistence	119,297,939
Other operating expenses including bank Charges	109,060,999
Specialized materials and services	54,793,678
Hospitality supplies and services	52,275,392
Insurance costs	51,747,799
Fuel Oil and Lubricants	20,998,442
Routine maintenance – other assets	10,659,209
Training expenses	9,418,003
Purchase of Certified Crop Seed and strategic stock	8,995,504
Utilities, supplies and services	8,270,700
Rentals of produced assets	4,297,931

Office and general supplies and services	3,458,605
Routine maintenance – vehicles and other transport equipment	2,640,763
Printing, advertising, and information supplies & services	1,640,194
Communication, supplies and services	1,536,616
Others- Research	48,800
<b>Total</b>	<b>459,140,575</b>

Transfers to other government entities of Kshs.76,323,196 include Kshs.9,549,626 to county Assembly ,Kshs.15,554,305 to Kelcop and Kshs.51,219,265 to Emergency fund.

The transfer to County Assembly is not correct, total receipt by County Assembly in the period was Kshs.392, 095,984 which is 29% of budgeted Kshs.1,356,950,433. Kshs.58,705,434 was utilized on Development while Kshs.333,390,550 on recurrent expenditure. Additionally Kshs.9,999,626 for allowances was paid by the executive on behalf of Assembly. All this money is not captured in the financial statements.

Other grants and subsidies of Kshs.225,640,707 include Kshs.96,953,706 as other grants and transfers without specifying the purpose and Kshs.128,687,000 to scholarships and other educational benefits. Included in the money for scholarships is Kshs.80m utilized on basic salaries –civil service.

<b>Description Item</b>	<b>Date</b>	<b>Amount</b>
Scholarships and other Educational Benefits - Secondary Education	15-Aug-24	3,687,000
Scholarships and other Educational Benefits - Secondary Education	15-Aug-24	45,000,000
Basic Salaries - Civil Service	23-Aug-24	80,000,000
<b>Total</b>		<b>128,687,000</b>

## **2.2.8 Statement of comparison of budget and actual amount period ended 31<sup>st</sup> December 2024**

Transfers from CRF amounted to Kshs.4, 609,216,225 against a budget of Kshs.13, 168,849,875 which is 35%. Transfers from miscellaneous revenue amounted to Kshs.104, 444,231 against a target of Kshs.107, 399,988 ( 97%).Among the sources of

revenue, we had local revenue as a source of income and not miscellaneous income mentioned .

Employee compensation utilized Kshs.3, 410,567,709 against a budget of Kshs.6, 298,112,409 which is 54% absorption .This includes May salaries.

Use of goods and services received Kshs.626,355,035 against a budget of Kshs.1,531,731,810 which is 41% absorption.

Transfer to other County Government entities received Kshs.76, 323,216 against a target of Kshs.1, 723,343,348, which is 4% of target, out of this amount, only Kshs.9.5m relates to Assembly as per breakdown.

Other grants and subsidies received Kshs.247, 696,216 against a target of Kshs.614, 689,750, which is 40% absorption.

Acquisition of Property plant and equipment (PPE) utilized Kshs.539, 852,057 against a budget of Kshs.3,010,987,198, which is 18% absorption.

Revenue/expense item	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
<b>Revenues</b>				
Opening balance (Non-refundable special purpose accounts)				
Transfers from CRF	13,168,849,875	4,609,216,225	8,559,633,650	35%
Miscellaneous Revenue	107,399,988	104,444,231	2,955,757	97%
<b>Total revenues</b>	<b>13,276,249,863</b>	<b>4,713,660,456</b>	<b>8,562,589,407</b>	<b>36%</b>
<b>Expenses</b>				
Employee costs	6,298,112,409	3,410,567,709	2,887,544,700	54%
Use of goods and services	1,531,731,810	626,355,035	905,376,775	41%
Transfers to other Government Entities	1,723,343,348	76,323,196	1,647,020,152	4%
Other Grants and Subsidies	614,689,750	247,696,216	366,993,534	40%
Social Benefits		-		0%

	41,666,399		41,666,399	
<b>Capital items</b>				
Acquisition of PPE	3,010,987,198	539,852,057	2,471,135,141	18%
Acquisition of Intangible assets	55,718,949		55,718,949	0%
<b>Total Expenses</b>	<b>13,276,249,863</b>	<b>4,900,794,214</b>	<b>8,375,455,649</b>	<b>37%</b>
<b>Surplus/ deficit</b>	-	<b>(187,133,758)</b>	<b>187,133,758</b>	

### 2.2.9 Statement of financial position

Current assets refer to assets that can readily be converted to cash eg inventory/stocks, debtors. The county has a total of Kshs. 616,489,997 current assets. These are broken down into

1.Cash and cash equivalent of Kshs.463,579,637 include Kshs.15,158,914 on recurrent account,Kshs.870,529 on Development account,Kshs.6,170,352 on deposits account,Kshs.39,992,986 on other operating commercial accounts and Kshs.401,386,857 on special purpose accounts. The special purpose account had an opening balance of Kshs.500, 451,494 at the beginning of financial year 1<sup>st</sup> July 2024.

2. Receivables from non-exchange transactions of Kshs.152,910,360 relates to current period imprest advanced .The amount excludes Kshs.20,582,090 of imprest advanced in prior periods between 2019 -2023 which have not been disclosed in the Financial statements. Total outstanding imprest is Kshs.173,492,450.Finance and Economic Planning had the highest outstanding amount with Kshs.60,419,180(Kshs.48,936,530 & Kshs.11,482,650 current period and prior years respectively, followed by Tourism with Kshs.25,628,360, Governor's office Kshs.23,053,478,County Secretary Kshs.15,703,010,Gender Kshs.10,701,800.Also excluded from payables amount are arrears expected from cess, land rates property rent etc.

#### 2.2.10 Current imprest

DEPARTMENT	AMOUNT
Finance & E. Planning	48,936,530
Tourism, Water & Climate	25,628,360
Governor's Office	22,353,379
County Secretary	11,481,630
Gender	10,701,800
Land & Housing	8,844,280
Public administration	8,555,550
County Service Board	5,367,100
Trade	3,088,180
Roads & Public works	3,019,001
Agriculture	2,896,000
Health	1,338,150
Education	700,400
<b>Total</b>	<b>152,910,360</b>

#### 2.2.11 Prior years

Department	Amount
Finance	11,482,650
County Secretary	4,221,380
Public Administration	3,689,000
Governor's office	700,099
Roads & public works	488,961
<b>Total</b>	<b>20,582,090</b>

#### 2.2.12 Property Plant & Equipment (PPE)

Property plant and equipment are long term assets eg land, buildings, motor vehicles, computers, furniture and fittings, that are depreciated annually over the useful life of the asset. The County has PPE worth Kshs. 14.2b . Included in this figure is Kshs.497,423,727 additions during the period .The assets register has given the values at cost, without depreciation ,it is not clear whether all assets have been included in the statements .



The assets are broken down as follows:

1. Land Kshs.11,849,325,004.
2. Buildings Kshs.709,017,986 ,including Kshs.150,413,767 additions during the period.
3. Motor vehicles Kshs.12,999,998 (3 vehicles).
4. Infrastructure Kshs.61,638,534 which are additions in the year.
5. Furniture and fittings Kshs.2,855,610.
6. Computer & ICT equipment Kshs.83,533,110 out of which,Kshs.38,471,310 relate to additions in the period.
7. Work in progress (WIP) Kshs.1,543,572,366 with Kshs.246,900,115 being additions in the period.

**Current liabilities-** are short term borrowings payable within 12 months period eg short term borrowings like overdraft and suppliers of goods and services within the period.

The County had Kshs.2,959,990,364 worth of current liabilities. Compared to Kshs.3,601,229,882 at the beginning of the financial year 1<sup>st</sup> July 2024.This means Kshs.641,239,518 was paid during the period. Documents submitted by the Finance and Economic Planning Department indicate that the county has pending bills worth Kshs.6,020,791,710 broken down as Kshs.4,228,784,618 development and Kshs.1,792,007,091 recurrent.

The Kshs.2.9b is broken down as below:

1. Kshs.1,472,882,319 relate to trade payables .These are for payment of goods & services received in the period , electricity and water bills, supply of non-pharms in hospitals, drugs, mama packs, medical equipment to various hospital facilities,(expenses for self-reporting entities) fuel & lubricants, corporate uniforms, purchase of tailoring machines, computer accessories, office furniture, legal fees, routine maintenance of roads etc. Included in the amount is Kshs.15,987,626 for supply of motor cycles.
2. Kshs.1,249,437,487 relates to employee benefits compared to Kshs.1,726,574,844 opening balance on 1<sup>st</sup> July 2024. This is under Finance and Economic Planning.

The opening balance was Kshs.1,726,574,844 at the beginning of the financial year, Kshs.505,025,359 was added during the period. Kshs.982,162,716 was paid towards offsetting the same leaving a balance of Kshs.1,249,437,488.

Included in this amounts is salary for permanent staff of Kshs.881,691,254 that was outstanding as at 1<sup>st</sup> July 2024, Kshs.505,025,359 was added during the period, Kshs.907,571,703 was paid towards offsetting the same leaving a balance of Kshs.470,144,911. This is an indication that part of funds received to pay for salaries relating to May & June were not utilized for the intended purpose leaving salaries for one month outstanding thus necessitating the salary advance borrowing in 1<sup>st</sup> supplementary. Moreover Kshs.99.12 m was paid outside the payroll, also included is Kshs.313,267,459 being interest owed to pension schemes, Kshs.35,547,358 for gratuity, Kshs.22,799,110 for wages of temporary staff, the balance are deduction due to pension schemes.

3. Kshs.197,343,991 relates to 3<sup>rd</sup> party payments retention for current period while Kshs.40,326,564 relates to prior period relating to period between 2021-2023. Total outstanding retention is Kshs.237,670,555.

Current ratio is a measure of an organizations ability to meet short term obligations using current assets. A higher current ratio indicate better liquidity and financial health as it shows the organization has more assets to cover short term debts. The County has 3 times more current liabilities than assets.

### 2.2.13 Statement of financial position

Description	Period ended Dec 2024 Kshs	Opening Statement 1st July 2024 Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash equivalents	463,579,637	715,997,619
Receivables from Non-Exchange Transactions	152,910,360	21,594,790
<b>Total Current Assets</b>	<b>616,489,997</b>	<b>737,592,409</b>
<b>Non-Current Assets</b>		

Property, Plant and Equipment	14,262,942,611	13,765,518,884
<b>Total Non- Current Assets</b>	<b>14,262,942,611</b>	<b>13,765,518,884</b>
<b>Total Assets (A)</b>	<b>14,879,432,608</b>	<b>14,503,111,293</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and Other Payables	2,959,990,364	3,601,229,883
<b>Total Current Liabilities</b>	<b>2,959,990,364</b>	<b>3,601,229,883</b>
<b>Total Liabilities (B)</b>	<b>2,959,990,364</b>	<b>3,601,229,883</b>
<b>Net Assets (A-B)</b>	<b>11,919,442,244</b>	<b>10,901,881,410</b>
<b>Represented by:</b>		
Accumulated Surplus	11,919,442,244	10,901,881,410
<b>Net Assets</b>	<b>11,919,442,244</b>	<b>10,901,881,410</b>

#### 2.2.14 Bank Accounts

VTCs have a total of 150 accounts with a closing balance of Kshs.4,570,258. Health facilities have a total of 155 bank accounts with a closing balance of Kshs.24,495,506

## CHAPTER THREE

### 3.1 Finance & Economic Planning

The Department had an allocation of Kshs.1,295,089,288 in the approved budget, distributed as Kshs.1,139,370,339 recurrent and Kshs.155,718,949 development expenditure. During the period, Kshs.426.92m was received for recurrent expenditure which is 38% of budget and Kshs.77.65m for development expenditure which is 50% of budget.

#### Major expenses were

1. General Administration, Planning and support services with an allocation of, Kshs.947,123,564 received Kshs.353.04m during the period,37%absorption.

Major expenses were:

- i. Human Resource Management and Development Kshs.247.04m against a budget of Kshs.803, 372,744 which is 31% of budget against the 50% expected. The payroll was not provided for the committee to confirm whether the department over budgeted this vote.
  - ii. Administration services received Kshs.106.01m against a budget of Kshs.118,150,197 (90% absorption).
2. County Planning Management with an allocation of Kshs.76,290,656 received Kshs.19.09m during the period for recurrent expenditure being 25 % absorption.

The major expenses were:

- i. Economic Policy and County Planning services with an allocation of Kshs.19,400,764 received Kshs.4.17 ,22% absorption.
- ii. Budgeting with an allocation of Kshs.36,465,600 received Kshs.11.51m ,32% absorption
- iii. Monitoring & Evaluation with an allocation of Kshs.10,424,292 received Kshs.1.62, 16% absorption

- iv. Statistics with an allocation of Kshs.10m received Kshs.1.79m , 18% absorption.
3. County Financial services with an allocation of Kshs.91,665,812 received Kshs. 46.2m for recurrent expenditure, which is 50 % absorption.

The major expenses were:

- i. Revenue mobilization with an allocation of Kshs.40,192,006 received Kshs.24.37m ,61% absorption
  - ii. Accounting services allocated Kshs.18,335,192 received Kshs.11.47m ,63% absorption
  - iii. Audit services allocated Kshs.16,614,467 received Kshs.4.9 ,30% absorption
  - iv. Supply chain services allocated Kshs.16,524,147 received Kshs.5.47m which is 33% of target.
4. Service delivery and organizational transformation with an allocation of Kshs.24,290,307 recurrent expenditure and Kshs.155,718,949 development received Kshs.1,922,025 on the recurrent vote.

Major expenses were:

- i. Special Coordination unit allocated Kshs.24,290,307 received Kshs.8.59m ,35% absorption.
- ii. Emergency fund with an allocation of Kshs.100m received Kshs.51.22m 51% absorption.
- iii. ICT Development allocated Kshs.37,467,365 received Kshs.26.43m ,71% absorption.
- iv. Health management system allocated Kshs.18,251,584 did not receive any money during the period.

## CHAPTER FOUR

### 4.1 Observations and Recommendations

### 4.2 Observations




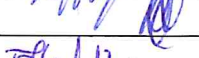
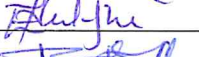


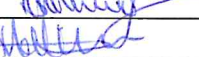
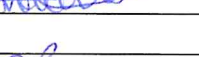
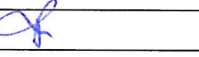
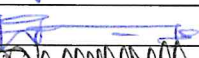


1. Included in miscellaneous revenue is Kshs.16,104,606 from Danida which is a grant from a donor and which has been referred to as miscellaneous, the department acknowledged this as an oversight to be corrected in the third quarter.
2. The total actual expenditure 6 months amounted to Kshs 4,900,794,214 representing 37% budget absorption. Out of the total expenditure, only 18% or Kshs. 539,852,057 was development expenditure while Kshs.4,360,942,157 was recurrent expenditure.
3. Kshs.119,297,939 was utilized on domestic travelling (25%),Kshs.109,060,999 was utilized on other operating expenses including bank charges (24%),Kshs.54,793,678 on specialized materials and services (12%),Kshs.52,275,392 was utilized on hospitality supplies (11%).
4. Total outstanding imprest is Kshs.173,492,450.Finance and Economic Planning had the highest outstanding amount with Kshs.60,419,180(Kshs.48,936,530 & Kshs.11,482,650 prior years),followed by Tourism with Kshs.25,628,360,Governors office Kshs.23,053,478,County Secretary Kshs.15,703,010,Gender Kshs.10,701,800. Kshs.20,582,090 relate to periods between 2019-2023 .
5. The County has Property plant and equipment worth Kshs. 14.2b, these assets were presented at cost instead of Net book value.

### **4.3 Recommendations**

1. The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.
2. The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan submitted to COB should be enforced.
3. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff who are yet to be captured on the IPPD system.
4. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, strict compliance with the approved staff establishment should be maintained.
5. The Accounting Officers of Finance and Economic Planning, should lead by submitting reconciled figures of the surrendered and unsurrendered imprests with supporting documents as the treasury is a compliant department. The respective Officers who have failed to surrender imprests within the provisions of Section 92(2) of the PFM Act should be held liable and the unsurrendered imprests recovered accordingly, a report of compliance should be submitted to the County Assembly within 90 days from adoption of this report.
6. Valuation of Assets should be presented at Net book value and not at cost as presented by the department as under IPSAS 45 (International Public Sector Accounting Standards 45).

## Adoption schedule

The following members of Finance and Economic Planning Committee append our signatures confirming the contents there in the consolidated financial statement for the period ending 30<sup>th</sup> June 2024.

NO	NAME	DESIGNATION	SIGNATURE
1	Hon. James Mukhongo	Chairman	
2	Hon. Orize Kundu	Vice Chair	
3	Hon. Stephen Wamalwa	Member	
4	Hon. Aggrey Mulongo	Member	
5	Hon. Everlyne Mutiembu	Member	
6	Hon. Tony Barasa	Member	
7	Hon. Vitalis Wangila	Member	
8	Hon. Jack Kawa	Member	
9	Hon. Violet Makhanu	Member	
10	Hon. George Makari	Member	
11	Hon. Francis Chemion	Member	
12	Hon Godfrey Mukhwana	Member	
13	Hon. Everton Nganga	Member	
14	Hon. Christine Mukhongo	Member	
15	Hon. Jerusa Aleu	Member	