



COUNTY GOVERNMENT OF BUNGOMA



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

**THIRD ASSEMBLY
FOURTH SESSION**

TRADE, ENERGY AND INDUSTRIALIZATION COMMITTEE

**REPORT ON THE FINANCIAL STATEMENTS FOR THE DEPARTMENT OF
TRADE, ENERGY AND INDUSTRIALIZATION FOR THE PERIOD ENDING
31ST DECEMBER, 2024**

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

MAY, 2025

Handwritten notes:
D.C. 7.4.11
5/6/25
HBC
To schedule
11/6/25
5/6/25

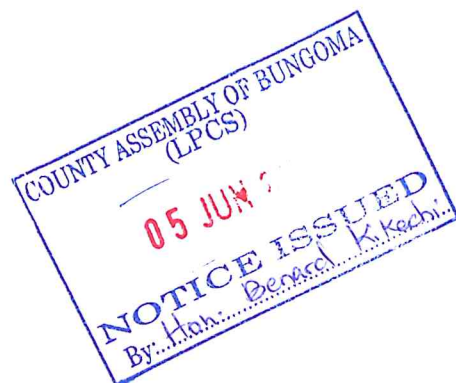


TABLE OF CONTENTS

CHAPTER ONE	3
1.0 Preface	3
1.1 The Mandate of the Committee	3
1.2 Committee Membership.....	4
1.3 Guiding principles in the Examination of the Bungoma County Government Quarterly Reports and Financial statements	5
1.4 Acknowledgement	6
CHAPTER TWO	7
2.1 Expenditure Analysis	7
CHAPTER THREE.....	15
COMMITTEE OBSERVATIONS AND RECOMMENDATIONS	15
3.1 Committee observations.....	15
3.2 Committee Recommendations	16

CHAPTER ONE

1.0 Preface

Mr. Speaker,

Standing Order 217 (5) (b) requires sector committees to consider quarterly reports of the assigned departments and report to the House. It is therefore, my duty to present the report by the Committee on Trade, Energy and Industrialization on the Financial Statements for the period ending 31st December, 2024. The document was tabled in this County Assembly of Bungoma on 5th March, 2025 and stood committed to the Committee for interrogation, input and recommendation through a report to this Honorable House. The committee invited the department to appear before it within the precincts of the County Assembly of Bungoma vide a letter **REF CAB/ADM/6VOL.V (88)**. The committee carried interrogation on 25th April, 2025, at 11:00 am and thereafter compiled a comprehensive report for consideration by the House.

1.1 The Mandate of the Committee

Hon. Speaker,

The Trade, Energy and Industrialization committee was established on 26th October, 2022 in accordance with Standing Order No.179.

The mandate of the Committee 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 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

1.2 Committee Membership

The following is the committee membership as currently constituted;

1. Hon. Benard Kikechi	Chairperson
2. Hon. Joan Kirong	Member
3. Hon. Milliah Masungu	Member
4. Hon. Wafula Waiti	Member
5. Hon. Kimeta Polycarp	Member
6. Hon. Jack Wambulwa	Member
7. Hon. Alfred Mukhanya	Member
8. Hon. Ali Machani	Member
9. Hon. George Makari	Member
10. Hon. Cornelius Makhanu	Member
11. Hon. Tony Barasa	Member
12. Hon. Godfrey Mukhwana	Member
13. Hon. Charles Nangulu	Member
14. Hon. Jerusa Aleu	Member
15. Hon. Stephen Kaiser	Member

1.3 Guiding principles in the Examination of the Bungoma County Government Quarterly Reports and Financial statements

Hon. Speaker,

In the execution of its mandate, the Committee on Trade, Energy & Industrialization 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:

1. Constitutional Principles on Public Finance

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

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

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

2. Direct Personal Liability

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

3. Obligations of Accounting Officers

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

- 1. An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.*

2. *In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—*
 - (a) *contains information on the financial and nonfinancial performance of the entity; and*
 - (b) *is in a form determined by the Accounting Standards Board.*
3. *Not later, than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.*
4. *Not later than one month after the end of each quarter, the County Treasury shall—*
 - (a) *consolidate the quarterly reports and submit them to the county assembly;*
 - (b) *deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and*
 - (c) *publish and publicize them*

1.4 Acknowledgement

On behalf of the committee, I would like to extend my gratitude to the office of the Speaker and Clerk for providing a conducive environment that allowed the Committee to undertake the assignment seamlessly. Your unwavering support and logistical assistance have been instrumental in ensuring the success of this project. I express my sincere gratitude to the Honourable Members attached to this committee for their dedication and valuable contribution towards the compilation of this report. Equally, I acknowledge and commend the Secretariat for their tireless efforts in making this exercise a success. I further do confirm that the recommendations of the Committee in this report were unanimous.

It is therefore my pleasant privilege and honour to present to this House the report of the Committee on Trade, Energy and Industrialization on the financial statements for the period ending 31st December, 2024.

SIGNATURE.....*K. Kikechi*..... DATE.....*04-06-2025*.....

HON. BENARD KIKECHI- MCA MBAKALO WARD.

CHAIRPERSON, TRADE, ENERGY & INDUSTRIALIZATION COMMITTEE.

CHAPTER TWO

2.1 Expenditure Analysis

Hon. Speaker,

The total budget for Trade, Energy and Industrialization department for the financial year 2024/25 is Kshs. 417,032,293 as per the approved annual budget comprising of a total of Kshs. 88, 614,649 recurrent budget and Kshs. 328, 417,644 for development.

Budget Absorption

The total expenditure budget for the period under review was Kshs 80,107,906.71 representing 19.2% total budget absorption;

Budget execution by classification

Recurrent expenditure

Under Recurrent, the allocation of Kshs. 88, 614,649 had an expenditure of Kshs. 29,066,486.71 (32.8%) on the following votes:

- Human resource management (Basic salary, pension and promotions) had an allocation of Kshs. 33,640,542 with absorption of Kshs. 17,118,158.71 representing 50.8% absorption rate of the salary vote
- Electricity expenses with an allocation of Kshs. 3,002,814 had an expenditure of Kshs. 1,500,148 translating to an absorption of 50%
- Domestic Travel, Subsistence and other transportation costs with an allocation of Kshs. 6,479,660 had an expenditure of Kshs. 497,600 translating to an absorption of 7.7%
- Hospitality supplies and services with an allocation of Kshs. 12,153,219 had an expenditure of Kshs. 3,358,580 translating to an absorption of 27.6%
- Fuel oil and lubricants with an allocation of Kshs. 3,184,000 had an expenditure of Kshs. 1,592,000 representing 50% absorption

- Routine maintenance with an allocation of kshs. 10,000,000 utilized kshs. 5,000,000 representing 50% absorption.

The following votes with allocations in the budget had NIL expenditures; Printing and advertisement, Training expenses, other operating expenses, office general supplies, purchase of furniture and routine maintenance of motor vehicle. During interrogation the department highlighted that delays in procurement processes and the capping of expenditures to 50% of the vote by half year were the main reasons for the non-expenditure. To ensure that operations were not interrupted, the department relied on the rollover of general suppliers from the previous financial year to support its operations.

Development expenditure

Hon. Speaker,

Under Development expenditure which had an allocation of Kshs. 328, 417,644, the document presents absorption to a tune of Kshs. 91,041,420 translating to an absorption rate of 27.7% for the following programs;

- Trade loans with an allocation of Kshs. 30,000,000 had an expenditure of Kshs. 11,041,420
- Other infrastructure and civil works (Kamukuywa market) with an allocation of Kshs. 80,000,000 had an expenditure of Kshs. 40,000,000 which is 50% of the allocation.
- County Aggregated Industrial Park construction with an allocation of Kshs. 80,000,000 had an expenditure of Kshs. 40,000,000 representing 50% absorption rate. With regard to its completion status, the department highlighted that the project was at 52%. The following works had been done; aggregation and cold storage warehouses at 45% complete, value addition ware houses 15%, boundary wall 5%, office block, ablution block, pump house, power house all at 90% complete. Further, the department highlighted that the project's progress has been impacted by delayed exchequer releases, steep gradient at the existing quarry site, high water table and marshy terrain.

Programs that had Nil expenditure include; Ward Based Programs (Kshs. 59,467,280 allocations), Supplier Credit –Ward Based Project (Kshs. 13,917,051 allocation), Energy access (Kshs. 20,033,314) and REREC (Kshs. 45,000,000 allocation).

Pending Staff receivables

According to the Treasury's submission, the outstanding imprests in the department as at 31st December, 2024 were six and their total sum was Kshs.3,088,180. However, during interrogation, the Department submitted a list of eleven imprests. The report on the eleven staff imprest as at 31st December, 2024 amounted to Kshs 4,632, 725 broken down as shown in table 2.1.

2.1 Staff Imprests

NO	IMPREST HOLDER	ACTIVITY	DATE OF PAYMENT	AMOUNT
1.	Stephen Sitati	Facilitation for capacity for trade loan applicants	30/8/2024	278,025
2.	Reuben Wabwa	Facilitation for induction programme at KSG-Lower Kabete	23/8/2024	137,600
3.	Micheal Wanjala	Facilitation for launching of Trade loan	30/8/2024	340,000
4.	Roselyne Nangendo	Facilitation for launching of Trade loan	30/8/2024	337,500
5.	Marystella Wabwile	Facilitation for launching of Trade loan	30/8/2024	106,000
6.	Benjamin Bifwoli	Facilitation for launching of Trade loan	30/8/2024	338,880
7.	Edmond Juma	Facilitation for stakeholders engagements on valued addition	28/8/2024	1,125,000
8.	Dan Malabe	Facilitation for	11/11/2024	1,018,820

		stakeholders engagements on valued addition		
9.	Lilian Kakai	Facilitation for ground breaking and site handover for construction of energy centre at Lunakwe	1/12/2024	406,760
10	Lilian Masinde	Facilitation for verification for staff loan defaulters	15/11/2024	178,800
11.	Phoebe Namwalo	Facilitation for vetting of Trade loan applicants	15/12/2024	365,340
12	TOTAL			4,632,725

The department submitted that the following staff had surrendered their imprests as at the date of interrogation.

- | | |
|-----------------------|---------------|
| 1. Stephen Sitati | Kshs. 278,025 |
| 2. Lilian Masinde | Kshs. 178,800 |
| 3. Mr. Reuben Wabwa | Kshs. 137,600 |
| 4. Marystella Wabwile | Kshs. 106,000 |
| 5. Phoebe Namwalo | Kshs. 365,340 |
| 6. Benjamin Bifwoli | Kshs. 338,880 |
| 7. Roselyne Nangendo | Kshs. 337,500 |

It was observed that only four imprests had not been surrendered. The supporting documents with regard to the above are annexed to this report.

Trade Payables/Pending bills.**Hon. Speaker,**

Trade payables at the beginning of the financial year stood at Kshs. 145,333,312 (Kshs. 12,099,807 recurrent, Kshs. 132,581,367 development and Kshs. 652,137 retention). During the period under review, Kshs. 40,579,000 was paid leaving a closing balance of Kshs. 104,754,312 (Kshs. 11,739,807 recurrent, Kshs. 92,362,367 development and Kshs. 652,137 as retention).

The Department however declared a different figure of an outstanding pending bill opening balance of Kshs. 13,166,603 recurrent and Kshs. 65,308,614 development. Further, the department highlighted paying off Ksh. 7,542,404 of the recurrent payables and Kshs. 13,917,051 of the development payables leaving a balance of Kshs. 5,624,199 recurrent and Kshs. 51,391,563 development. To address the varying figures, the Department informed the Committee that the County Treasury had issued a circular for harmonization of pending bills by Departments and that a report detailing the harmonized figures shall be issued once the exercise is completed.

The Committee requested for a copy of the circular to confirm that indeed such an exercise was ongoing but the circular had not been submitted by the time of finalizing this report. The pending bills variance is as elaborated in **Table 2.2**.

No	Supplier/ Contractor	Activity	Treasury submission	Department submission	variance
1.	Kenya Power	Electricity Bills	10,000,000	5,000,029.00	4,999,971.00
2.	Postal Corporation of Kenya	Postal Services	60,720	70,900.00	(10,180.00)
3.	Nation media group PLC	Advertisement publication for tender advertisement	320,508	Repeated	320,508
4.	The standard group PLC P.O. BoX 300800-00100 Nairobi	Advertisement publication for tender advertisement	88,160	213,880.00	(125,720.00)
5.	Divine home resort	Provision for full board conference services for evaluation committee	363,000	408,000.00	(45,000.00)
6.	Mali Safi Garage Ltd	Repair of 39CG057A	90,000	not on list	90,000
7.	M/s multiple dimensions ltd P.O BOX 35313-00200 Nairobi	Installation of 2no. Solar powered street lights in Kaptama ward	928,000	923,360.00	4,640.00
8.	Jono Logistics	Proposed installation of 3No. Solar Powered Floodlight at Maroon, Kabwoyo and	2,827,500	repeated	2,827,500

		Chesito in Kaptama Ward			
9.	M/s integrated services delivery ISD logistics Ltd P.O. Box 2296-30200 Nairobi	Proposed supply installation and commissioning of solar streetlights in Bungoma town	13,809,926	not listed	13,809,926
10.	Crowada contractors	Vat withholding	171,774	not listed	171,774.20
11.	Sinawa enterprises	Other capital grants and trans	179,652	not listed	179,652.00
12.	Terrenova	Servicing of department vehicles	294,131	not listed	294,131.00
13.	Aquascope services limited	Contractors retention money	319,020	not listed	319,020.00
14.	Sinawa enterprises limited	Contractors retention money	189,797	not listed	189,797.40
15.	Skypower limited	Contractors retention money	114,000	not listed	114,000.00
16.	Anoksmatic investments limited	Contractors retention money	29,320	not listed	29,320.00
17.	Emricon	Proposed installation of 2No. Solar Powered Floodlight at Korisiandet and	Not listed	1,900,000	(1,9000,00)

		Tulienge in Lwandanyi Ward			
18	Neostargate	Construction of 3No. bodaboda shed in Sitikho Ward	Not listed	844,654	(844,654)

From the table above, the committee noted discrepancies between the Treasury's and the Departmental submissions. These discrepancies were of the following natures;

1. Treasury's submission was higher than the Department's in areas such as electricity bills where Treasury submitted Kshs. 10,000,000 pending bill, whereas the Department submitted Kshs. 5,000,029.
2. Under Postal Corporation of Kenya, Treasury submitted Kshs. 60,720 while Department submitted Kshs. 70,900.
3. With regard to Mali Safi Garage pending bill, Treasury submitted Kshs. 90,000 whereas the same does not appear in the Department's list.
4. The Department submitted a pending bill of Kshs. 1,900,000 in relation to Emricon whereas the same does not appear in the County Treasury's list.
5. Treasury's submission contains repetition on the pending bills resulting to inflation of the amount. For instance, the pending bills for Nation Media group worth Kshs. 320,508, Eagle power services Limited for Installation of streetlights at Kwa area and Bilibili in Milima ward Worth Kshs. 786,000, Multiple Dimensions Ltd for Proposed installation of 2No. Solar powered streetlight at Kabwoyo and Kongit in Kaptama Ward worth Kshs. 923,360 and Jono Limited for Proposed installation of 3No. Solar Powered Floodlight at Maroon, Kabwoyo and Chesito in Kaptama Ward worth Kshs. 2,827,500 have been repeated which raises pending bills illegally by Kshs. 4,857,368.

CHAPTER THREE

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

3.1 Committee observations

Hon. Speaker,

The committee observed the following:

1. The overall budget absorption for the department was 19.2% at the end of the 2nd quarter, indicating slow execution of both recurrent and development activities against the planned targets.
2. The recurrent expenditure stood at 32.8% of the allocation while salaries and utility expenses such as electricity and fuel showed relatively fair absorption. Other key operational areas like domestic travel, hospitality, and office supplies recorded low and nil expenditure respectively, mainly due to delays in procurement processes.
3. Development budget realized 15.5% absorption rate. Major expenditures were concentrated on ongoing projects like the Kamukuywa Market and the County Aggregated Industrial Park. However, several critical programs, such as Ward-Based Programs, Energy Access initiatives, and REREC projects, recorded no expenditure by the end of the 2nd quarter.
4. The delays in the procurement process significantly affected service delivery, especially in areas requiring operational support such as printing, advertisement, training, office supplies, and furniture.
5. Although the department had made progress in settling trade payables, a significant amount of Kshs. 104,754,312 remains outstanding, which continues to exert pressure on the department's financial resources.
6. There were a lot of glaring discrepancies between the pending bills reported by County Treasury and those submitted by the Department casting doubts to the authenticity of the report. There were notable double entries in Treasury's list as highlighted in the report. Further, some pending bills were appearing in one submission while missing in the other and under/over reporting.

3.2 Committee Recommendations


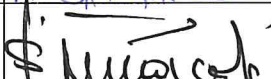
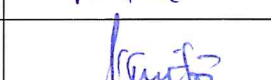




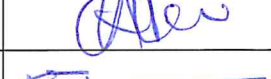
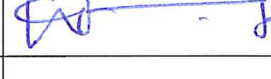
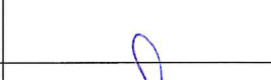

Hon. Speaker,

The committee recommends as follows;

1. **THAT**, the department should streamline its procurement processes to ensure timely acquisition of goods and services. Early procurement planning and adherence to procurement timelines are critical to improve budget absorption rates.
2. **THAT**, priority should be given to fast-tracking implementation of critical development projects, especially those that have recorded no expenditure to date, to ensure achievement of the intended development outcomes by year-end.
3. **THAT**, the Chief Officer must enforce strict compliance with section 95 of the PFM Act, which highlights prompt surrender of imprests and any officer who fails to do so should be surcharged. Similarly, the department should furnish the committee with a status report with regard to staff imprests within 30 days from the date of adoption of this report.
4. **THAT**, the Department should ensure pending bills are given first charge. The department should not process payment of any pending bills before verification and harmonization with treasury.
5. **THAT**, as per the Department own submission on variances in pending bills harmonization exercise, this House should be furnished with a harmonized and verified pending bills within 60 days from the date of approval of this report.
6. **THAT**, the CECM should be submitting a copy of the expenditure report to the County Assembly whenever the department submits the same to the County Treasury.

ADOPTION SCHEDULE

We the undersigned Members of Trade, Energy and Industrialization Committee affix our signatures adopting this report with the contents therein

	MEMBERS NAME	DESIGNATION	SIGN
1	Hon. Benard Kikechi	Chairperson	
2	Hon. Ali Machani	Member	
3	Hon. Joan Kirong'	Member	
4	Hon. Milliah Masungu	Member	
5	Hon. Wafula Waiti	Member	
6	Hon. Tony Barasa	Member	
7	Hon. Jack Wambulwa	Member	
8	Hon. Charles Nangulu	Member	
9	Hon. Kimeta Polycarp	Member	
10	Hon. Jerusa Aleu	Member	
11	Hon. Godfrey Wanyama	Member	
12	Hon. George Makari	Member	
13	Hon. Cornelius Makhanu	Member	
14	Hon. Alfred Mukhanya	Member	
15	Hon. Stephen Kaiser	Member	

ANNEXTURES

- I. Recurrent expenditure analysis
- II. Pay roll
- III. Project status report
- IV. Procurement plan implementation
- V. Pending bills
- VI. REREC matching fund project status
- VII. Imprest surrendered