

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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PARLIAMENT  
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LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF BUNGOMA**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**BUNGOMA COUNTY ASSEMBLY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2022**

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



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**TABLE OF CONTENTS**

TABLE OF CONTENTS.....	i
1. KEY ENTITY INFORMATION AND MANAGEMENT .....	ii
2. FORWARD BY THE CLERK OF THE ASSEMBLY.....	x
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY PREDETRMINED OBJECTIVES .....	xv
4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING .....	xvi
5. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	xix
6. REPORT OF THE INDEPENDENT AUDITOR ON THE BUNGOMA COUNTY ASSEMBLY .....	xxi
FINANCIAL STATEMENTS .....	1
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2022 .....	1
8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 <sup>TH</sup> JUNE 2022.....	2
9. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2022 .....	3
10. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED .....	4
11. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT .....	5
12. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT.....	6
13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES .....	7
14. SIGNIFICANT ACCOUNTING POLICIES .....	8
15. NOTES TO THE FINANCIAL STATEMENTS.....	15
16. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS .....	26
ANNEXES.....	30
ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE .....	30
ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES .....	34
ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES.....	36
ANNEX 4 – SUMMARY OF NON-CURRENT ASSET REGISTER.....	37
ANNEX 5 – ANALYSIS OF ACCOUNTS RECIVABLES .....	37
ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT .....	38
ANNEX 7. – PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS - 9.	
Unresolved prior Year Audit Matters .....	41



## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The County Assembly of Bungoma is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 45 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

### **(b) Key Management**

At the apex of decision making at the County Assembly is the County Assembly Service Board (CASB). The Clerk who is the Accounting Officer is in charge of the day-to-day running. CASB is created under Section 12 of the County Governments Act, 2012, as a body corporate with perpetual succession and a common seal. The Board comprises of five members - the Speaker who is the Chairperson; two members representing the Majority and Minority parties at the County Assembly and two and external Members- one male and one female. The Clerk of the County Assembly is the Secretary.

According to Sec. 12 of the County Governments Act, The Board is mandated to provide services and facilities to ensure the efficient and effective functioning of the County Assembly, Constitute offices in the County Assembly Service and appoint and supervise office holders, Prepare annual estimates of expenditure of the County Assembly Service and submit them to the County Assembly for approval, exercise budgetary control over the service, and Undertake singly or jointly with other relevant organizations programmes to promote the ideals of parliamentary democracy

The Board also performs other functions:

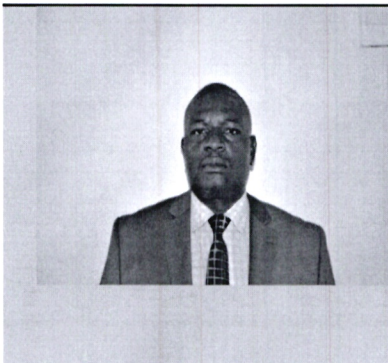
- i. Necessary for the welfare of members and staff of the County Assembly
- ii. as prescribed by National Legislature



**HON. EMMANUEL SITUMA- CHAIR CASB**

He was elected as the 2<sup>nd</sup> Speaker of County Assembly of Bungoma in September 2017. He presides over the County Assembly Sittings and Chairs the County Assembly Service Board.

Hon. Situma holds a Bachelors of Law Degree from Nagpur University, India. Before his election, Hon. Situma was a practicing advocate. He holds a valid practising certificate from the Law Society of Kenya.



**HON. GEORGE MAKARI – VICE CHAIR**

He was elected as MCA for Musikoma Ward in August 2017 before being seconded as a Member of the CASB by the Majority party in December 2019. He is the Vice chair of the Board. Hon. Makari is also the chairperson of the County Assembly Health Committee.



**HON. JOSHUA BEN KIPKUT – MEMBER**

He was re-elected MCA Chesikaki Ward in August 2017. The Minority party seconded him to the board in December 2019 where he serves as a member. He previously served as chairperson of the committee on Delegated County Legislation.



**MS. RACHAEL RAEL NEKESA KHISA-MEMBER**

MS. Rael Khisa served on the inaugural County Assembly Service Board as a sole public representative. She was recruited by CASB for a second term before eventually being confirmed for a second term on the floor of the County Assembly.



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**MR. ANTHONY MABELE- MEMBER**

He sits on the County Assembly Service Board as a public representative. He is a teacher by training and has previously worked with the TSC. He was competitively recruited by the board before being confirmed by the County Assembly. He has vast knowledge in management of public affairs.



**JOHN MOSONGO-SECRETARY CASB – Retired Feb 2022**

Mr Mosongo is the Clerk to the County Assembly of Bungoma. He was initially seconded by the transition Authority before being recruited by CASB on 12<sup>th</sup> January 2014.

Mr Mosongo holds a Bachelor of Arts Degree from University of Nairobi. He has undertaken a Senior Management Course and Strategic Leadership Course offered by the Kenya School of Government. Mr Mosongo is a member of the Labour relations at the Society of Clerks at the Table (SOCATT). He previously served as Clerk of various local authorities in the defunct local authorities.



**CHARLES WAFULA-SECRETARY CASB –Feb 2022 to Date**

He was appointed to the position of Deputy Clerk on January 2022 and Acting Clerk of the County Assembly of Bungoma on February 2022. He previously worked in the Finance and Accounts department as Accountant I and seconded to the Fund in June 2018. He holds an undergraduate degree in Bachelor in Commerce (Accounting) from KCA University with a Diploma in Accounts and CPA Part II. He has also had training at Kenya School of Government Senior Management Course and Strategic Leadership and Development Program



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

The Bungoma County Assembly's day-to-day management is under the following key organs:

<b>Designation</b>	<b>Name</b>
Speaker of the County Assembly	Hon. Emmanuel Situma
Ag. Clerk of the County Assembly	Charles Wanjala Wafula
Deputy Clerk Legislative Services	Leonard Juma Momos
<b>Head of Departments:</b>	
Finance and Accounts Department	Julia Naliaka Lunani
Budget & Fiscal analyst	Diana Naliaka Khaemba
Internal Audit	Alfred Masika Makokha
HR & Administrative Services	Abraham Simiyu Wekesa
Sergeant at Arms	Calistus Ndieyira Wekesa
Hansard services	Dennis Wanjala Waswa
Public Communications Unit	Rosemary Naliaka Wachiye
Procurement	Mercy Nasumbu Mukwanja
Legal Services	Ignatius Wekesa Wangila
ICT	Benedict Mutoro Muchenje
Committee services	Colleta Namubuya Simiyu
Legislative procedural & Chamber services	Elvis Wepundi Werunga
Research & Library Unit	Martha Alaka Aluoch

**(c) Fiduciary Management**

The key management personnel who held office during the year ended 2021/2022 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1	Accounting Officer- Clerk	<b>Charles Wanjala Wafula</b>
2	Principal Finance Officer	<b>Julia Naliaka Lunani</b>

**(d) Fiduciary Oversight Arrangements**

*Audit Committee*

The audit committee was established through the gazette notice no. 2690 Public finance management act (No. 18 of 2012), Public finance management regulations 2015, and Audit committee guidelines for County governments the audit committee is established to assist the accounting officer with its responsibilities outlined in its charter with the general feature of ensuring good corporate governance.



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

Name	Position
1. Dr. Destaings Nyongesa	Chairman
2. CPA Fred Wasike	Member
3. Murambi Njibwakale	Member
4. Diana Naliaka Khaemba	Member
5. Alfred Masika Makokha	Secretary

*Finance and Economic Planning Committee*

The Finance and Economic Planning Committee is mandated to oversight on matters relating to public finance, monetary policies, revenue policies (including taxation), County Integrated Development plan (CIDP) and mobilization of resources for funding the budgetary requirements of the county government including putting in more mechanism to raise revenue and resources. Finance & Economic planning committee is a service committee under standing orders No. 218 of the Bungoma County Assembly standing orders. The activities carried out by the Committee during the period under review were,

- i. Fact finding and report writing on the status of revenue streams
- ii. Report writing on the interrogation of the 4<sup>th</sup> quarter financial report for FY 2020/2022
- iii. Report writing on interrogation of the 1<sup>st</sup> quarter financial report FY 2021/2022
- iv. Report writing on finance Bill 2021
- v. Report writing on Annual Development Plan (ADP) FY 2022/23
- vi. Report writing on Debt Management Strategy Paper (DMSP)
- vii. Interrogation on the CFSP and Annual Budget estimates & 1<sup>st</sup> supplementary Budget
- viii. Report writing on the interrogation of the 2<sup>nd</sup> quarter financial statement for FY 2021/2022



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

The members of this committee were,

Name	Position
1. Hon. James Barasa Mukhongo	Chairman
2. Hon. Ben Kipkut	Vice- Chairperson
3. Hon. Florence Wekesa	Member
4. Hon. Francis Chemion	Member
5. Hon. Henry Majimbo Okumu	Member
6. Hon. Stephen Wamalwa	Member
7. Hon. Bethwel Mwambu	Member
8. Hon. Elly Tindi	Member
9. Hon. George Makari	Member
10. Hon. Isaiah Sudi Busolo	Member
11. Hon. Vitalis Wangila	Member
12. Hon. Sophie Marumbu	Member
13. Hon. Christine Ngelech	Member
14. Hon. Everlyne Mutiambu	Member
15. Hon. Metrine Nangalama	Member

*Public Accounts Committee*

The Public Accounts Committee is a standing Committee established under standing order No. 218 of the Bungoma County Assembly standing order. The functions of the committee includes but not limited to;

- i. Exercising oversight over County Executive and any of the organs pursuant to article 185(3) of the constitution of Kenya 2010
- ii. Examine the special reports if any of the Auditor General in county Government Funds
- iii. Exercising oversight over County Government's finances

The Committee interrogated the following reports,

- i. The Auditor General's report on the County Executive for FY 2017/2018 2018/2019, 2019/2020, 2021/2022
- ii. Illegal Expenditure of fuel by the County Government of Bungoma
- iii. Wangamati at three (3) years
- iv. Auditor General's report on the County Assembly Members' Mortgage & Car Loan funds



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

- v. Auditor General's report on the county Assembly Staff Mortgage & Car Loan funds
- vi. Regular disposal of equipment at the Kanduyi stadium

The members who served in the committee during the period were,

Name	Position
1. Hon. Tony Barasa	Chairman
2. Hon. Joseph Magudah	Vice- Chairperson
3. Hon. Metrine Nangalama	Member
4. Hon. Jerusa Aleu	Member
5. Hon. Elly Tindi	Member
6. Hon. Cheprot Chesibok	Member
7. Hon. Isaiah Sudi Busolo	Member
8. Hon. Everlyne Mutiembu	Member
9. Hon. Eric Wapang'ana	Member
10. Hon. Martin Pepela	Member
11. Hon. Rosemary Khisa	Member

*Budget and Appropriation Committee*

The Budget and Appropriations Committee provides guidance in the budgetary process. The Committee whose mandate is to;

- i. Facilitate budget making process in line with necessary regulations and laws
- ii. Ensuring that there is public participation in the budget process

The members who served in the committee during the period were:

Name	Position
1. Hon. Jack Wambulwa	Chairperson
2. Hon. Erick Wapang'ana	Vice Chair
3. Hon. Jane Chebet	Member
4. Hon. Violet Makhanu	Member
5. Hon. Joseph Juma	Member
6. Hon. Meshack Simiyu	Member
7. Hon. Paul Wanyonyi	Member
8. Hon. Martin Pepela	Member
9. Hon. Sospeter Nyongesa	Member
10. Hon. Joan Kirong	Member
11. Hon. Grace Sundukwa	Member



**(e) County Assembly of Bungoma**

P.O. Box 1886 -50200

Former County Council Building

Moi Avenue

**BUNGOMA, KENYA**

**(f) County Assembly of Bungoma Contacts**

Telephone: (254) 726411821

E-mail: [info@bungomaassembly.go.ke](mailto:info@bungomaassembly.go.ke)

Website: <http://www.bungomaassembly.go.ke>

**(g) Bungoma County Assembly Bankers**

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

2. Kenya Commercial Bank of Kenya

P.O. Box 201- 50200

**BUNGOMA, KENYA**

**(h) Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

**NAIROBI, KENYA**

**(i) Principal Legal Adviser**

The County Attorney

County Government of Bungoma

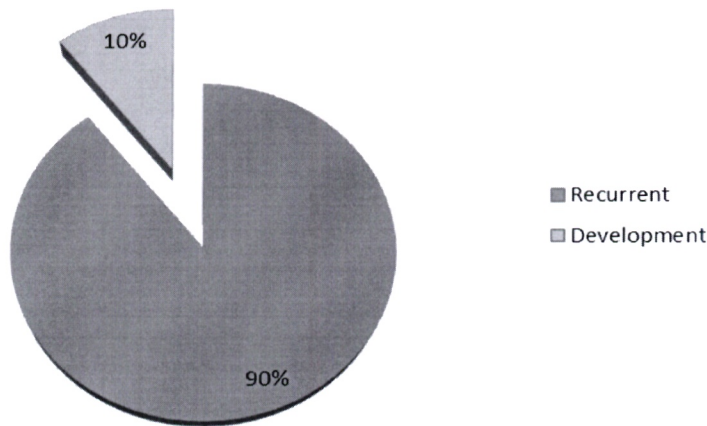
P.O. Box 437 - 50200

**BUNGOMA, KENYA**



## 2. FORWARD BY THE CLERK OF THE ASSEMBLY

It is with great pleasure that I present to you the annual financial statements for the financial year 2021/2022. The annual budget amounted to Kshs. 1,028,179,505 out of which Development budget was Kshs.107,000,000 whereas recurrent budget was Kshs.921,179,505.



*Figure 1: County Assembly Budget FY 2021/2022*

### 2.1 Budget performance

The actual amount spent during the financial year amounted to Kshs.959,626,230 against a total budget of Kshs. 1,028,179,505 representing 93% utilization of the budget.

The Actual Recurrent expenditure amounted to Kshs.918,060,009 against a Recurrent Budget of Kshs.921,179,505 (99.7% budget absorption) ; whereas the Actual Development budget amounted to Kshs.41,566,221 against a Development Budget of Kshs.107,000,000 (39% budget absorption) as illustrated below:-

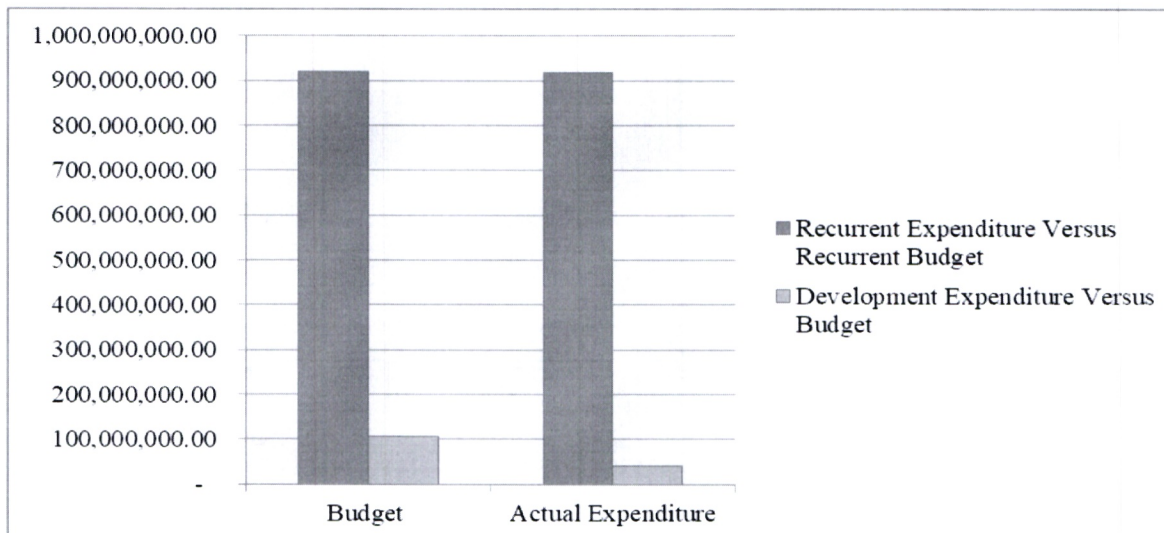


Figure 2: County Assembly Budget vs. Actual performance FY 2021/2022

## 2.2 Operational Performance

On the legislative front, during the second Assembly term the House Business Committee has facilitated 494 sittings including special sittings. Over the period, the County Assembly of Bungoma saw the successful passage of 28 Bills, 358 Motions, 150 Statements, 11 Petitions and reports that positively affected the socio-economic development of Bungoma County.

The County Budget and Appropriation Act was passed on 19<sup>th</sup> August 2021 and the Bungoma County 1<sup>st</sup> Supplementary Budget 2021/2022 was passed on 2<sup>nd</sup> February 2022.

The County Assembly of Bungoma has 11 Sectorial Committees whose mandates are outlined under **Standing Order 196 (5)**. These Committees are Finance and Economic Planning; Education and Vocational Training; Youth and Sports; Agriculture, Livestock, Fisheries, Irrigation and Cooperative Development; Roads, Transport, Infrastructure and Public Works; Tourism, Environment, Water and Natural Resources; Gender and Culture; Health; Land, Urban, Physical Planning, Trade, Energy and Industrialization; Housing and Sanitation and Public Administration and ICT. Their functions include,

- (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) study the programme and policy objectives of departments and the effectiveness of the implementation;



- (c) study and review all county legislation referred to it;
- (d) study, 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.

The highlights of the oversight role of the County Assembly of Bungoma can be experienced through the work done by the second Assembly as a whole and not just one financial year. On regulations the County Assembly received four Regulations which were considered and approved i.e., the Amended Bungoma County Education Support Fund Scheme Regulations, 2019 and the Bungoma County Assembly Services Regulations, 2019, the Bungoma County Disaster Emergency Regulations, 2020 and the County Assembly service board ward operationalization regulations 2021.

Of the ordinary Bills enacted, there were no regulations introduced by the Executive to operationalize the said laws. On policies, the House received nine policies listed below, which were all adopted and forwarded to the Executive for implementation

- The Bungoma County Housing Policy, 2021
- The Bungoma County Vocational Training Centers Policy, 2020
- The Bungoma Vocational Training Policy Framework for the establishment of the Bungoma County Resource and Capacity Building Center.
- The Bungoma County Water Drilling Rig Policy 2020
- The Bungoma County Education Support Policy, 2018
- The Bungoma County Industrialization Policy 2018



- The Bungoma County Draft Management on Policy Framework
- The Bungoma County Policy on Monitoring and Evaluation
- The Bungoma County ICT Policy 2022
- The Bungoma County Natural Resources Policy 2020

It should be noted that in the Second County Assembly 26 legislations were introduced, out of the 26 legislations only one legislation with regard to Appropriation Bill was referred back to the County Assembly through Memorandum. The Governor's reservations were considered as provided for in Section 24(2) & (3) of the County Governments Act, 2012.

### **2.3 Performance of key development projects**

The County Assembly has carried out and implemented construction of new Administration block which is over 90% complete.

### **2.4 Challenges and Recommended Way Forward**

The challenges and experiences in the period under review were-

Technological issues, which include unpredictable network challenges, frequent software upgrades of the system and uncontrollable server speeds, etc., such challenges in the system, pose time constraint and access challenges of the IFMIS system; Inadequate technical capacity on IFMIS, which results to, reconciled variances in the system; Delay in disbursement of funds from National Treasury leading to operational challenges. Demand notice from Kenya Revenue Authority of Kshs.36,600,000 which affected the budget implementation. The County Assembly could not achieve some of its objectives because of Covid 19 Pandemic, and Lack of Automated Fixed Asset Register and Finance Manual at the Finance and Accounts Department.



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**Charles Wanjala Wafula**

**Clerk of the County Assembly**



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**





### 3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY PREDETRMINED OBJECTIVES

#### Introduction

The key mandate of the County Assembly of Bungoma is legislation, oversight, representation and Budget making process. To achieve this, the assembly’s programs were as documented in terms of objective, key performance indicators, and output. Below were the expected outputs of the assembly in FY 2021/2022.

Program	Objective	Outcome	Indicator	Performance
Legislation	Enhanced professional development of MCAs – Provide continuous professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly	In FY 2021/2022 MCA were trained on interrogation of budget estimates and processing of Bills
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% increase in efficient Assembly operation	The County Assembly standing orders were reviewed and approved for implementation in the Third Assembly
Representation and Outreach services	Ensure effective and efficient representation on public interest	Enhanced public representation and participation in County governance	No of Petitions considered	The County Assembly received a number of petitions in the financial year which were processed to conclusion.
			No of statements sought and replied	All the statements sought by honourable members were replied to satisfactorily save for one in the Education department which was not replied to
			No of public forums held.	
Oversight services	To ensure realistic and credible good governance on financial and non-financial programmes	Enhanced good governance in all the operations	Review of budget execution reports.	The no of committee reports adopted by the honourable members in the entire financial year.
			State officers vetting reports.	
			No of house committee reports considered	
General Administration, Planning and Support services	To ensure Improved working conditions to both honourable members and members of staff.	Effective and Efficient services delivered to members and other stakeholders	A staff recruitment exercise was carried out to conclusion	55 new members of staff were competitively recruited to breach the gap in the establishment.



#### **4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

County Assembly of Bungoma exists to transform lives. The County assembly of Bungoma respects the interests of, and is responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them. It has a developed mechanism that actively engages with all stakeholders, inform them of inherent risks and mitigate them when they occur. This happens through public participation forums.

Despite limited releases of funds from the National Treasury, the County Assembly maintained

Water from the drilled bore hall in the Assembly precincts has at times served members of the public who resides around the County Assembly. This has helped them in times of water shortages and rationing by the service provider of the essential service in the County.

The County Assembly endeavours to ensure a sound political environment within the county, which will equally give a stable environment to the residents to conduct their daily operations and businesses effectively. It conducts public forums/participation to get views or opinions on the market environment within the county.

The County Assembly Service Board is guided by the Constitution of Kenya 2010, Employment Act, 2007, Human Resource Policies and Procedures Manual of May 2016, The Public service Act, 2017 and Regulation of 2019, County government Act, 2012, County Assembly Services Act, 2017 and other Legislations in discharging its mandate of employee acquisition, development, management and separation.

The County Assembly Board has endeavoured to develop policies such as Training and Development Policy 2020, Internship and Industrial Attachment policies 2020.

The process of recruitment is a collective one. The budgeting process involves all the stakeholders in the County and the National Government, Commission on Revenue Allocation



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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determines the capping for the County Assemblies the Salaries and Remuneration Commission (SRC) determines the wage levels in the public sector.

The County Assembly Service Board has Staff Training and Development committee which is mandated to determine the training needs and approving those trainings for officers within the establishment .The Assembly gives opportunities to all members of staff to attend training .The performance management framework has been initiated in the County Assembly .

The County Assembly has constituted and trained the Corruption Prevention and the Integrity Assurance committees in the third quarter of the financial year. The committees plays a critical role in ensuring best practises are applied and put into practise in all the operations of the County Assembly in order to mitigate corruption related risks.

The organisation has also made efforts in ensuring that OSHA is adhered to not as compliance requirement but as the right thing to have in a work environment.

The County Assembly of Bungoma has adhered to the gender ration in its establishment of men to women at 116:89 respectively.

The County Assembly observes the presidential executive order no.2 and ensures that 30% of the procurements are given to women, youth and persons with disability. It ensures that tenders are evaluated and awarded fairly to those that qualify. It ensures that the County resident suppliers/contractors have a higher percentage in the tenders floated in every financial year.

It ensures that information about the suppliers or contractors who apply and qualify or do not qualify for the tenders is confidential and kept as such.

It also ensures fair competition to all suppliers/bidders through carrying out debriefs on the outcomes of the tender evaluation process and awards. The County Assembly chooses to work with suppliers who align to its values. It considers the suppliers ethics, values, positioning and reputation.

It respects the supplier's way of doing things and makes it easy for them by following their processes and timelines. Giving timely feedback: Despite the very best preparation and planning,



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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mistakes and miscommunication can happen. The County Assembly finds it important to tackle them with the supplier quickly and in a professional manner. Always allowing the supplier the opportunity to be part of a solution.

It maintains an open, honest and regular communication with the suppliers discussing on what is working well and talk through areas of improvement.

The County Assembly amidst delays with exchequer disbursement of funds, it puts effort in making sure suppliers are paid on time and commit to prompt payment. It embraces the FIFO policy i.e. First In First Out and communicates with suppliers in advance if there will be delays in payment.

The County Assembly has maintained honesty, transparency, integrity and promise keeping in all its dealings with suppliers/contractor as core values enshrined in the institution.

Advertisements published ensure that information given is detailed and do not leave out vital information that may help the suppliers/contractors make informed decisions.

The organization avoids branding strategies that capitalize on stereotypes, racism or sexism, as well as advertisements that encourage or endorse criminal or unethical behaviour.

The County Assembly ensures that the responsibility incumbent and everyone involved in the life cycle of the items procured are tasked with ensuring adequate management of risk and improvement of product performance to reduce its environmental, safety and health impact on the users. Finally, the County assembly carries out due diligence on suppliers to ascertain the genuineness of the product or service they can deliver to ensure that suppliers who comply with to the consumer laws of Kenya.



## **5. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Bungoma County Assembly to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2022. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and
- v. Making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2022, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly, which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.




**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

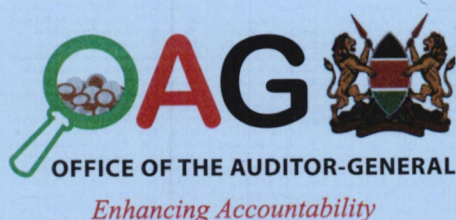
The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 29 September 2022.

  
.....  
**Charles Wanjala Wafula**

**Clerk of the County Assembly**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF BUNGOMA FOR THE YEAR ENDED 30 JUNE, 2022

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### 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 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 controls, 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

#### Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Bungoma set out on pages 1 to 29, which comprise of the statement of financial assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows

and statements of comparison of budget and actual amounts: recurrent and development combined 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Bungoma as at 30 June, 2022, 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 Qualified Opinion**

#### **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 unreconciled variance of Kshs.90,520,628.

In the circumstances, the accuracy and completeness of the statement of receipts and payments could not be confirmed.

#### **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.

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 qualified opinion.

### **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 matter 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**

#### **Staff Ethnic Diversity**

Review of Human Resource records and the payroll maintained by the County Assembly revealed that during the year under review, the County Assembly had a total of 130 employees. Out of this, 111 employees, or about 85%, were from the dominant ethnic community in the county. This is contrary to Section 65(1)(e) of the County Governments Act, 2012 which provides that in selecting candidates for appointment, at least thirty (30) percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

In the circumstances, the County Assembly 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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to dissolve the County Assembly 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.

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.

## **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 County Assembly'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 the Management.
- Conclude on the appropriateness of the 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 County Assembly'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 County Assembly 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 County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

17 February, 2023



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**FINANCIAL STATEMENTS**

**7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

		2020-2021	2019-2020
	Note	KShs	KShs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	962,742,192	972,355,098
Other Receipts	2	2,528	34,571
<b>TOTAL RECEIPTS</b>		<b>962,744,720</b>	<b>972,389,669</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	326,931,129	327,546,065
Use of goods and services	4	418,995,124	368,621,862
Transfers to Other Government Entities	5	147,820,284	74,187,553
Other grants and transfers	6	849,360	131,920
Social Security Benefits	7	23,204,112	23,644,734
Acquisition of Assets	8	41,826,221	115,240,933
Finance Costs	9	-	50,699,928
<b>TOTAL PAYMENTS</b>		<b>959,626,230</b>	<b>960,072,995</b>
<b>SURPLUS/DEFICIT</b>		<b>3,118,490</b>	<b>12,316,674</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **29 September 2022** and signed by

**Clerk of the Assembly**  
**Charles Wanjala Wafula**

**Ag. Principal Finance Office – County Assembly**  
**Symon Wanjala Walukana**  
**ICPAK Member Number: 19556**



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30<sup>TH</sup> JUNE 2022**

<b>FINANCIAL ASSETS</b>	<b>Note</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>KShs</b>	<b>KShs</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	10A	148,490	4,266,614
<b>Total Cash and cash equivalents</b>		<b>148,490</b>	<b>4,266,614</b>
Accounts receivables	11	2,970,000	8,050,060
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,118,490</b>	<b>12,316,674</b>
<b>NET FINANCIAL ASSETS</b>		<b>3,118,490</b>	<b>12,316,674</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	12	12,316,674	23,226
Prior year adjustment	13	(12,316,674)	(23,226)
Surplus/(Deficit) for the year		3,118,490	12,316,674
<b>NET FINANCIAL POSITION</b>		<b>3,118,490</b>	<b>12,316,674</b>

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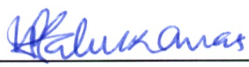
**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**9. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2022**

		2020-2021	2019-2020
	Note	KShs	KShs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	962,742,192	972,355,098
Other Receipts	2	2,528	34,571
<b>Payments for operating expenses</b>			
Compensation of Employees	3	(326,931,129)	(327,546,065)
Use of goods and services	4	(418,995,124)	(368,621,862)
Transfers to Other Government Entities	5	(147,820,284)	(74,187,553)
Other grants and transfers	6	(849,360)	(131,920)
Social Security Benefits	7	(23,204,112)	(23,644,734)
Finance Costs	9	-	(50,699,928)
<b>Adjusted for:</b>			
Prior year adjustment	13	(12,316,674)	(23,226)
Decrease/(Increase) in Accounts receivable:	14	5,080,060	(8,050,060)
<b>Net cash flows from operating activities</b>		<b>37,708,097</b>	<b>119,484,321</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8	(41,826,221)	(115,240,933)
<b>Net cash flows from investing activities</b>		<b>(41,826,221)</b>	<b>(115,240,933)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	10	<b>4,266,614</b>	<b>23,226</b>
<b>Cash and cash equivalent at END of the year</b>	10	<b>148,490</b>	<b>4,266,614</b>

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**10. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT  
 COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	941,179,505	87,000,000	1,028,179,505	962,742,192	94%
Other Receipts	-	-	-	2,528	
<b>TOTAL</b>	<b>941,179,505</b>	<b>87,000,000</b>	<b>1,028,179,505</b>	<b>962,744,720</b>	<b>94%</b>
<b>PAYMENTS</b>					
Compensation of Employees	412,263,468	(45,462,609)	366,800,859	326,931,129	89%
Use of goods and services	399,414,198	37,222,609	436,636,807	418,995,124	96%
Transfers to Other Government Entities	60,757,128	23,460,000	84,217,128	147,820,284	176%
Other grants and transfers	10,240,000	(8,000,000)	2,240,000	849,360	38%
Social Security Benefits	26,316,630	(3,000,000)	23,316,630	23,204,112	100%
Acquisition of Assets	31,688,081	83,280,000	114,968,081	41,826,221	36%
Finance Costs	500,000	(500,000)	-	-	
<b>TOTAL</b>	<b>941,179,505</b>	<b>87,000,000</b>	<b>1,028,179,505</b>	<b>959,626,230</b>	<b>93%</b>
<b>SURPLUS/ DEFICIT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,118,490</b>	

*The overutilization of the Transfers to Other Government Entities relates to the Kenya Revenue Authority demand Notice of Kshs 36,600,000 and the implementation of CRA circular on Transfers to Ward offices that increased from Kshs 47,000 to Kshs 56,661*

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **29 September 2022** and signed by

  
 Clerk of the Assembly  
**Charles Wanjala Wafula**


  
 Ag. Principal Finance Office – County Assembly  
**Symon Wanjala Walukana**  
 ICPAK Member Number: **19556**




**11. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	B	c=a+b	e=d-c	
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	921,179,505	-	921,179,505	921,175,971	100.00%
Other Receipts	-	-	-	2,528	
<b>TOTAL</b>	<b>921,179,505</b>	<b>-</b>	<b>921,179,505</b>	<b>921,178,499</b>	<b>100.00%</b>
<b>PAYMENTS</b>					
Compensation of Employees	412,263,468	(45,462,609)	366,800,859	326,931,129	89.13%
Use of goods and services	399,414,198	37,222,609	436,636,807	418,995,124	95.96%
Subsidies	-	-	-	-	
Transfers to Other Government Entities	60,757,128	23,460,000	84,217,128	111,220,284	132.06%
Other grants and transfers	10,240,000	(8,000,000)	2,240,000	849,360	37.92%
Social Security Benefits	26,316,630	(3,000,000)	23,316,630	23,204,112	99.52%
Acquisition of Assets	11,688,081	(3,720,000)	7,968,081	260,000	3.26%
Finance Costs	500,000	(500,000)	-	-	
Other Payments	-	-	-	36,600,000	
<b>TOTAL</b>	<b>921,179,505</b>	<b>-</b>	<b>921,179,505</b>	<b>918,060,009</b>	<b>99.66%</b>
<b>Surplus/ Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,118,490</b>	

The overutilization of the Transfers to Other Government Entities relates to the Kenya Revenue Authority demand Notice of Kshs 36,600,000 and the implementation of CRA circular on Transfers to Ward offices which increased from Kshs 47,000 to Kshs 56,661. The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **29 September 2022** and signed by

  
**Clerk of the Assembly**  
**Charles Wanjala Wafula**


  
**Ag. Principal Finance Office – County Assembly**  
**Symon Wanjala Walukana**  
**ICPAK Member Number: 19556**




**12. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	20,000,000	87,000,000	107,000,000	41,566,221	39%
<b>TOTAL</b>	<b>20,000,000</b>	<b>87,000,000</b>	<b>107,000,000</b>	<b>41,566,221</b>	<b>39%</b>
<b>PAYMENTS</b>					
Acquisition of Assets	20,000,000	87,000,000	107,000,000	41,566,221	39%
<b>TOTAL</b>	<b>20,000,000</b>	<b>87,000,000</b>	<b>107,000,000</b>	<b>41,566,221</b>	<b>39%</b>
<b>SURPLUS/ DEFICIT</b>	-	-	-	-	

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **29 September 2022** and signed by

  
 Clerk of the Assembly  
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### 13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
General Administration and Support Services	653,335,945	(49,694,795)	603,641,150	572,141,652	31,499,498
Legislation services	18,953,800	9,482,165	28,435,965	16,444,338	11,991,627
Representation and outreach services	207,300,676	26,209,430	233,510,106	273,498,700	(39,988,594)
Oversight	41,589,084	14,003,200	55,592,284	58,945,319	(3,353,035)
General Infrastructural	20,000,000	87,000,000	107,000,000	41,566,221	65,433,779
Total	941,179,505	87,000,000	1,028,179,505	962,596,230	65,583,275

*(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets, which are programmatic. Ensure this document is accurately presented to enable consolidation with other County Entities).*



#### **14. SIGNIFICANT ACCOUNTING POLICIES**

The principle 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 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 receivables and payables.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Bungoma County Assembly 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.



**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**b) Recognition of payments**

The Bungoma County Assembly 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.



## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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 *Bungoma 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 Bungoma County Assembly includes such value in the statement of receipts and payments both as receipts and as 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 are detailed in the notes to this financial statement.

### **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



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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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.

**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.

There were no other restrictions on cash during the year.

**7. Accounts Receivable**

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 of Bungoma County Assembly

**8. Accounts Payable**

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.



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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. 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 Bungoma County Assembly fixed asset register a summary of which is provided as a memorandum to these financial statements.

**10. 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 Bungoma County Assembly at the end of the year. Pending bill 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.

**11. 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.



## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Some of contingent liabilities may arise from litigation in progress, guarantees, and indemnities. Letters of comfort / support, insurance, Public Private Partnerships. The Bungoma 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. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans.

### **12. Contingent Assets**

The 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 Bungoma 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.

### **13. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Bungoma County budget was approved as required by Law. The original budget was approved by the County Assembly on 19 August 2021 for the period 1<sup>st</sup> July 2020 to 30 June 2021 as required by law. There was one number of supplementary budgets passed in the year.



**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The supplementary budget was approved on 2<sup>nd</sup> February 2022. A high-level assessment of the County Assembly of Bungoma actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

**14. Comparative figures**

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

**15. 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.

**16. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**17. Related party transactions**

Related party transactions involve cash and in-kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.



## 15. NOTES TO THE FINANCIAL STATEMENTS

### 1. Transfers from the County Treasury/Exchequer Release

	2021-2022	2020-2021
	KShs	KShs
Transfers from the County Treasury for Q1	92,549,169	131,150,000
Transfers from the County Treasury for Q2	260,893,343	205,760,000
Transfers from the County Treasury for Q3	342,900,927	296,690,000
Transfers from the County Treasury for Q4	266,398,753	338,740,000
<b>Cumulative Amount</b>	<b>962,742,192</b>	<b>972,350,000</b>

*A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in note 20 of*

### 2. OTHER RECEIPTS

	2021-2022	2020-2021
	KShs	KShs
Surplus receipt from Imprest A/C	2,528	34,571
<b>Total</b>	<b>2,528</b>	<b>34,571</b>

### 3. COMPENSATION OF EMPLOYEES

3. COMPENSATION OF EMPLOYEES		
	2021-2022	2020-2021
	KShs	KShs
Basic salaries of permanent employees	229,449,380	171,446,671
Basic wages of temporary employees	13,122,500	14,579,600
Personal allowances paid as part of salary	36,173,101	131,125,452
Employer Contribution to compulsory National Social Schemes	-	505,200
Employer Contribution to Compulsory National health Insurance Schemes	3,597,050	9,481,142
Pension and other social security contributions	1,136,800	-
Social benefit schemes outside government	43,452,298	-
Other personnel payments	-	408,000
<b>Total</b>	<b>326,931,129</b>	<b>327,546,065</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. USE OF GOODS AND SERVICES**

	2021-2022	2020-2021
	KShs	KShs
Utilities, supplies and services	-	603,117
Communication, supplies and services	820,240	427,600
Domestic travel and subsistence	223,124,255	21,809,852
Foreign travel and subsistence	2,323,030	-
Printing, advertising and information supplies & services	5,435,038	798,890
Training expenses	20,292,622	16,397,498
Hospitality supplies and services	51,207,919	225,114,029
Insurance costs	31,277,047	40,764,187
Specialized materials and services	-	1,200,000
Office and general supplies and services	3,931,510	5,224,883
Fuel, oil and lubricants	1,540,948	2,098,826
Other operating expenses	73,974,276	52,746,242
Routine maintenance – vehicles and other transport equipment	4,040,237	1,124,181
Routine maintenance – other assets	1,028,002	312,557
<b>Total</b>	<b>418,995,124</b>	<b>368,621,862</b>

**5. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Transfers to National Government entities</b>	-	-
Kenya Revenue Authority	36,600,000	-
<b>Transfers to other County Assembly entities</b>		
MCA's Car Loan & Mortgage Scheme fund	21,068,337	48,807,553
Employee Car Loan & Mortgage Scheme fund	54,138,231	-
Ward Offices	36,013,716	25,380,000
<b>TOTAL</b>	<b>147,820,284</b>	<b>74,187,553</b>

*KRA relates to transfer based on Demand Notice issued 10th September 2021 to County Assembly of Bungoma on Tax on Car Grant*  
*MCA's Car Loan and Mortgage scheme relates to refund for borrowings made by County Assembly Service Board*  
*Employee Car Loan and Mortgage scheme relates to refund for borrowings made by County Assembly Service Board of Ksh 23,942,223 and treasury receipt of Ksh 30,196,008*



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. OTHER GRANTS AND TRANSFERS**

<b>6. OTHER GRANTS AND TRANSFERS</b>		
	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Membership Fees and Dues and Subscriptions to Organizations	849,360	131,920
<b>Total</b>	<b>849,360</b>	<b>131,920</b>

*Relates to membership fees and subscriptions to SOCATT, LSK, ICPAK, LSK, KISM, PRSK, IIA, etc*

**7. SOCIAL SECURITY BENEFITS**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Government pension and retirement benefits	-	3,246,630
Gratuity to Civil Servants	3,427,050	-
Gratuity to Members of the County Assembly	19,777,062	20,398,104
<b>Total</b>	<b>23,204,112</b>	<b>23,644,734</b>

**8. ACQUISITION OF ASSETS**

<b>8. ACQUISITION OF ASSETS</b>		
<b>Non- Financial Assets</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Construction of Buildings	41,566,221	93,672,588
Purchase of Office Furniture and General Equipment	260,000	383,124
Purchase of ICT Equipment		21,185,221
<b>Total acquisition of non- financial assets</b>	<b>41,826,221</b>	<b>115,240,933</b>
<b>Financial Assets</b>		
<b>Total acquisition of assets</b>	<b>41,826,221</b>	<b>115,240,933</b>

**9. FINANCE COSTS**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank Charges	-	33,119
Other Finance cost	-	50,666,809
<b>Total</b>	<b>-</b>	<b>50,699,928</b>



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. CASH AND BANK BALANCES**

**10A. BANK BALANCES**

Name of Bank, Account Name & currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2021-2022	2020-2021
			KShs	KShs
CBK Bungoma County Assembly Development- Kshs	1000283041	Development	-	4,221,243
CBK Bungoma County Assembly Recurrent - Kshs	1000194103	Recurrent	145,962	43,919
KCB, County Assembly of Bungoma Imprest- Kshs	1180534050	Imprest	2,528	1,452
<b>Total</b>			<b>148,490</b>	<b>4,266,614</b>

**11. ACCOUNTS RECEIVABLE**

Description	2021-2022	2020-2021
	Kshs	Kshs
Government Imprests	2,970,000	8,050,060
<b>Total</b>	<b>2,970,000</b>	<b>8,050,060</b>

Breakdown of imprest and salary advance per department	2021-2022	2020-2021
<b>Imprests</b>	KShs	KShs
Committee Services department	2,970,000	1,537,200
Intenal Audit	-	206,300
Human Resource & Administration	-	3,501,200
Works Section	-	34,360
Fiscal Department	-	1,436,800
Research Section	-	1,231,000
ICT Section	-	28,000
Public Communications	-	75,200
<b>Sub-Total</b>	<b>2,970,000</b>	<b>8,050,060</b>
<b>Grand Total</b>	<b>2,970,000</b>	<b>8,050,060</b>

*\*See Annex 5 for a detailed analysis of the outstanding imprests.*



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. FUND BALANCE BROUGHT FORWARD**

Description	2021-2022	2020-2021
	KShs	KShs
Bank accounts	4,266,614	23,226
Accounts Receivables	8,050,060	-
<b>Total</b>	<b>12,316,674</b>	<b>23,226</b>

**13. PRIOR YEAR ADJUSTMENTS**

Description of the error	Balance b/f	Adjustments	Adjusted **
	FY 2019/2020 as per audited financial statements	during the year relating to prior periods	Balance b/f
	Kshs	Kshs	2020-2021
Bank account Balances	271,614	(271,614.38)	-
Receivables	8,050,060	(8,050,060)	-
Others ( <i>specify</i> )	3,995,000	(3,995,000)	-
	<b>12,316,674</b>	<b>(12,316,674)</b>	-

The Adjustment on Bank Account Balances relates to transfer of bank balances at the close of the year to CRF Account

Receivables consisted of outstanding imprest of kshs 8,050,060 as at the close of the financial year that was surrendered during the financial year 2021/2022

Other adjustment of kshs 3,995,000 relates to transactions not captured in the financial statements of FY 2020/2021 due to an error of omission after the closure of the said financial year

**14. CHANGES IN RECEIVABLE**

Description	2021-2022	2020-2021
	KShs	KShs
Opening Account Receivables as at 1 <sup>st</sup> July 2021	8,050,060.00	-
Closing Account Receivables as at 30 <sup>th</sup> June 2022	2,970,000.00	8,050,060.00
<b>Change in Account Receivables</b>	<b>5,080,060.00</b>	<b>(8,050,060.00)</b>



**15. RECONCILIATION OF TRANSFERS BETWEEN COUNTY TREASURY AND  
COUNTY ASSEMBLY**

<b>Value Date</b>	<b>Reference No.</b>	<b>Transaction Details</b>	<b>Amount</b>
09-Sep-21	FT21252J9WYP	TREASURY ORDER DD 07092021 REF:BCG/FIN/CBK/VOL.20/98 COB/BGM/001/72(3) DD 07092021	4,230,000
09-Sep-21	FT21252XNW1W	TREASURY ORDER DD 07092021 REF:BCG/FIN/CBK/VOL.20/97 COB/BGM/001/72(2) DD 07092021	56,565,499
22-Sep-21	FT21265M7P5C	TREASURY ORDER DD 22092021 REF:BCG/FIN/CBK/VOL.20/100 COB/BGM/001/73(5) DD 22092021	1,390,370
22-Sep-21	FT21265C1L4N	TREASURY ORDER DD 22092021 REF:BCG/FIN/CBK/VOL.20/99 COB/BGM/001/73(4) DD 22092021	30,363,300
			<b>92,549,169</b>
08-Oct-21	FT21281CZ6G3	TREASURY ORDER DD 08102021 REF:BCG/FIN/CBK/VOL20/100 COB/BGM/001/75(1) DD 04102021	31,940,064
18-Oct-21	FT21291PY762	TREASURY ORDER DD 14102021 REF: BCG/FIN/CBK/VOL.20/105 COB/BGM/001/75(9) DD 12102021	2,380,200
18-Oct-21	FT2129131BM2	TREASURY ORDER DD 14102021 REF:BCG/FIN/CBK/VOL.20/104 COB/BGM/001/75(8) DD 12102021	5,732,425
18-Oct-21	FT21291T72NN	TREASURY ORDER DD 14102021 REF: BCG/FIN/CBK/VOL.20/103 COB/BGM/001/75(7) DD 12102021	41,068,100
			<b>81,120,789</b>



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

08-Nov-21	FT21312JQLZX	TREASURY ORDER DD 04112021 REF: BGM/FIN/CBK/VOL.20/99 COB/BGM/001/79(2) DD 03112021	25,957,464
09-Nov-21	FT21313Y8F88	TREASURY ORDER DD 09112021 REF: BCG/FIN/CBK/VOL.20/100 COB/BGM/001/80 (1) DD 08112021	2,789,600
09-Nov-21	FT21313LPXW0	TREASURY ORDER DD 09112021 REF: BCG/FIN/CBK/VOL.20/101 COB/BGM/001/80 (2) DD 08112021	61,925,770
			<b>90,672,834</b>
01-Dec-21	FT21335Y3Q41	TREASURY ORDER DD 30112021 REF:CG/BGM/FIN/CBK/VOL.20/100 COB/BGM/001/83 (2) DD 26112021	28,162,664
10-Dec-21	FT21344YQRHW	TREASURY ORDER DD 08122021 REF:BCG/FIN/CBK/VOL.20/102 COB/BGM/001/83(4) DD 08122021	8,603,756
10-Dec-21	FT213441TFJY	TREASURY ORDER DD 08122021 REF:BCG/FIN/CBK/VOL.20/102 COB/BGM/001/83(5) DD 08122021	52,333,300
			<b>89,099,720</b>
04-Jan-22	FT22004DN5MS	TREASURY ORDER DD 31122021 REF:BCG/FIN/CBK/VOL.20/103 COB/BGM/001/86 (6) DD 30122021	28,836,465
11-Jan-22	FT220113552Y	TREASURY ORDER DD 07012022 REF:BCG/FIN/CBK/VOL.20/105 COB/BCM/001/87(1) DD 06012022	38,207,330
11-Jan-22	FT22011WKQFN	TREASURY ORDER DD 07012022 REF:BCG/FIN/CBK/VOL.20/106 COB/BCM/001/87(3) DD 06012022	11,743,060
			<b>78,786,855</b>
04-Feb-22	FT220355F82B	TREASURY ORDER DD 01022022 REF:BCG/FIN/CBK/VOL.20/111 COB/BGM/001/87(8) DD 31012022	27,598,180
04-Feb-22	FT22035RFZZB	TREASURY ORDER DD 01022022 REF:BCG/FIN/CBK/VOL.20/110 COB/BGM/001/87(7) DD 31012022	28,020,652
11-Feb-22	FT22042PK8M6	TREASURY ORDER DD 04022022 BCG/FIN/CBK/VOL.20/112 COB/BGM/001/87 (8) DD 31012022	13,383,228
17-Feb-22	FT22048693P6	TREASURY ORDER DD 17022020 REF:BCG/FIN/CBK/VOL20/99 COB/BGM/001/88(5) DD 15022022	28,577,047
21-Feb-22	FT22052SVV8L	TREASURY ORDER DD 21022022 REF:BCG/FIN/CBK/VOL.20/109 COB/BGM/001/87(10) DD 17022022	30,196,008
			<b>127,775,115</b>



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

10-Mar-22	FT22069D63YZ	TREASURY ORDER DD 10032022	14,047,614
10-Mar-22	FT22069K9N9C	TREASURY ORDER DD 10032022	48,653,026
10-Mar-22	FT2206922S3L	TREASURY ORDER DD 10032022	53,638,317
			<b>116,338,957</b>
13-Apr-22	FT221033WB4Q	TREASURY ORDER DD 12042022	36,310,319
21-Apr-22	FT22111J6FCJ	TREASURY ORDER DD 19042022 REF: BCG/FIN/CBK/VOL.20/118COB/BGM/001/94 (5) DD 14042022	22,783,375
			<b>59,093,694</b>
11-May-22	FT22131STMXC	TREASURY ORDER DD 06052022 REF:BCG/FIN/CBK/VOL.20/221 COB/BGM/001/95(8) DD 06052022	1,328,140
11-May-22	FT221313Z64H	TREASURY ORDER DD 06052022 REF:BCG/FIN/CBK/VOL.20/118 COB/BGM/001/95(5) DD 06052022	36,385,789
12-May-22	FT22132Z2HLD	TREASURY ORDER DD 06052022 REF:BCG/FIN/CBK/VOL.20/120 COB/BGM/001/95(7) DD 06052022	7,838,190
12-May-22	FT22132RMV76	TREASURY ORDER DD 06052022 REF:BCG/FIN/CBK/VOL.20/119 COB/BGM/001/95(6) DD 06052022	22,920,610
			<b>68,472,729</b>
03-Jun-22	FT22154RM3WC	TREASURY ORDER DD 02062022 COB/BGM/001/97(1) DD 02062022	41,282,159
13-Jun-22	FT22164Y7Y6S	TREASURY ORDER DD 02062022 REF: BCG/FIN/CBK/VOL.20/124 COB/BGM/001/97(3) DD 02062022	4,006,145
13-Jun-22	FT22164V1XHM	TREASURY ORDER DD 02062022 REF: BCG/FIN/CBK/VOL.20/124 COB/BGM/001/97(2) DD 02062022	19,271,348
24-Jun-22	FT22175LXJ79	TREASURY ORDER DD 23062022 COB/BGM/001/98(2) DD 22062022	15,740,800
24-Jun-22	FT22175934BG	TREASURY ORDER DD 23062022 COB/BGM/001/98(1) DD 22062022	36,965,657
			<b>117,266,109</b>
			<b>921,175,971</b>
<b>Value Date</b>	<b>Reference No.</b>	<b>Transaction Details</b>	<b>Amount</b>
12-Jan-22	FT220126QP78	TREASURY ORDER DD 11012022 REF:BCG/FIN/CBK/VOL.20/107 COB/BGM/001/87(2) DD 06012022	20,000,000
11-May-22	FT22131CXVMC	TREASURY ORDER DD 05052022 REF:BCG/FIN/CBK/VOL.20/117 COB/BGM/001/95(4) DD 05052022	21,566,221
			<b>41,566,221</b>
			<b>962,742,192</b>



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**OTHER DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 1)**

Description	Balance b/f	Additions for the period	Paid during the year	Balance c/f
	FY 2020/2021			FY 2021/2022
	Kshs	Kshs	Kshs	Kshs
Construction of buildings	41,566,221.00	62,451,512.00	41,566,221.00	62,451,512.00
Construction of civil works	393,932.00	-	393,932.00	-
Supply of goods	14,183,434.90	10,038,765.15	14,467,334.90	9,754,865.15
Supply of services	42,395,313.16	21,392,296.00	34,229,722.30	29,557,886.86
<b>Total</b>	<b>98,538,901.06</b>	<b>93,882,573.15</b>	<b>90,657,210.20</b>	<b>101,764,264.01</b>

**2. PENDING STAFF PAYABLES (See Annex 2)**

Description	Balance b/f	Additions for the period	Paid during the year	Balance c/f
	FY 2020/2021			FY 2021/2022
	Kshs	Kshs	Kshs	Kshs
Senior management	-	5,230,900.00	-	5,230,900.00
Middle management	-	12,756,650.00	-	12,756,650.00
Unionisable employees	-	1,451,400.00	-	1,451,400.00
Others	-	480,400.00	-	480,400.00
<b>Total</b>	<b>-</b>	<b>19,919,350.00</b>	<b>-</b>	<b>19,919,350.00</b>

**3. OTHER PENDING PAYABLES (See Annex 3)**

Description	Balance b/f	Prior year adjustment	Adjusted b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f
	FY 2019/2020					FY 2020/2021
	Kshs			Kshs	Kshs	Kshs
Amounts due to Employee Car loan and Mortgage	9,862,223.04		9,862,223.04	36,658,200.60	20,975,555.65	25,544,867.99
Amounts due to MCAs Car Loan and Mortgage	99,329,484.38	- 27,035,800.00	72,293,684.38	59,736,857.90	59,920,768.00	72,109,774.28
<b>Total</b>	<b>109,191,707.42</b>	<b>-27,035,800.00</b>	<b>82,155,907.42</b>	<b>96,395,058.50</b>	<b>80,896,323.65</b>	<b>97,654,642.27</b>

*The adjustments relates to borrowings not related to County Assembly Service Board but borrowed by other entities adjusted in the Fund statements for F:Y 2021-2022*



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**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:**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	179,572,993.61	195,728,325.35
Key Management Compensation (Clerk and Heads of departments)	25,623,766.17	24,554,102.00
<b>Total Compensation to Key Management</b>	<b>205,196,759.78</b>	<b>220,282,427.35</b>
<b>Transfers to related parties</b>		
Transfers to other County Government Entities such as car and mortgage schemes	30,196,008.00	48,807,553.30
Transfers to non reporting entities - Ward Offices	36,013,716.25	25,380,000.00
Transfers to Bungoma Executive Retention Account (Balance c/d)	42,511,380.70	37,788,622.20
<b>Total Transfers to related parties</b>	<b>108,721,104.95</b>	<b>111,976,175.50</b>
<b>Transfers from related parties</b>		
Transfers from the County Executive- Exchequer	962,742,192.00	972,355,098.00
Payments made on behalf of the County Assembly by other Government Agencies - Through borrowing from fund schemes	90,620,958.50	79,335,907.42
Payments made on behalf of the County Assembly by other Government Agencies (Retention-paid as and when they fall due)	-	-
<b>Total Transfers from related parties</b>	<b>1,053,363,150.50</b>	<b>1,051,691,005.42</b>



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**16. PROGRESS ON FOLLOW 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>1.Overpayment on Fuel, Oil and Lubricants</b>	The statement of receipts and payments reflects expenditure of kshs. 368,621 under use of goods and services which as disclosed at Note 4 to the financial statements include kshs. 2,098,826 relating to fuel ,oil and lubricants .An amount of kshs.1950,000 was paid to a supplier for fuel consumed by the six (6)County Assembly official vehicles using six (6) fuel cards .However,the transaction reports reflected in the invoice revealed that the actual fuel,oil and lubricants consumed was worth kshs. 1,714,048.No explanation was provided for the overpayment of kshs. 235,952. Consequently, the accuracy and propriety of the reported expenditure of kshs.2,098,826 for fuel ,oil and lubricants could not be confirmed.	The management agrees with findings of audit. The procurement of fuel has had non responsive bids due to the unexpected changes in fuel costs and the fact that the merchants are unwilling to be paid within 60 days and prefer to be paid in advance. County Assembly of Bungoma entered into an agreement with VIVO energy to have fuel cards loaded with amounts to be expensed when needed at any of their stations countrywide. The contract agreement has been attached for audit verification.	Unresolved	
<b>2.Unsupported Fixed Assets Balance</b>	As previously reported , the summary of non-current asset register at Annex 3 to the financial statements,reflects a historical cost of kshs. 815,341,471 for assets as at 30 june , 2021 .However ,the County Assembly did not maintain an updated asset register to show the nature ,physical location and fair value of the Assembly's asset as required under Required under Regulation 136(1) of the public Finance Management (Count Governments)Regulation,2015, which states that an Accounting Officer shall be responsible for maintaing a register of assets under his or her control or possession as prescribed by the relevant laws. In the circumstances ,the accuracy and completeness of the total assets balance of kshs.815,341,471 as at 30 june,2021, could not be confirmed .	The management agrees with the findings of audit that at the time the Assets register was not updated. The County Assembly of Bungoma has updated manual its register and has commenced proces to have an automated asset register.	Unresolved	FY 2022/2023



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

<b>3. Finance Costs</b>	<p>the statement of receipts and payments reflect finance costs of kshs. 50,699,928 which as disclosed at Note 9 to the financial statement , include kshs50,666,809 being tax payment, interest and penalties as a result of demand notice by Kenya Revenue Authority (KRA) following a tax audit. Consequently , appropriate classification and propriety of the expenditure amounting to kshs. 50,666,809 could not be confirmed .</p>	<p>The management agrees with the findings of audit as the demand is usually imposed after budgetary estimates have been approved and grace period is never given to allow for appropriation in the supplementary budgets. However, following the recommendations of audit suc transfers have been classified under transfers to National Government entities.</p>	<p>Unresolved</p>	<p>FY 2022/2023</p>
<b>4.Unauthorized Expenditure</b>	<p>Section 149(1)(a) of Public Management Act, 2012 provides that an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity officer is accountable to the County Assembly for ensuring that the resources of the entity are used in a way that is lawful and authorized .Regulation 53 [1] of Public Managent [ County Government ]Regulation,2015 further provides the procedure for budget reallocations.However, the Assembly incurred over-expenditure of kshs. 23,644,734 on social security benefits and kshs.50,699,928 on finance costs without the the requisite approvals. In the circumstances, the regularity of the expenditure could not be confirmed</p>	<p>The management agrees with the findings of audit however the over expenditure on social security was occasioned by the budget appropriation having only the employer contributions component. This has been addressed appropriately in the Budget of FY 2022/2023 On the issue of the finance cost of Ksh 50,699,928 the County Assembly received a demand notice and was obligated to pay due to the strict impositions of the charge</p>	<p>Unresolved</p>	
<b>5.BUDGETARY CONTROL AND PERFORMACE Budget Under-Absorption</b>	<p>The statement of comparison of budget and actual amounts -recurrent and developmen combined indicates that the County Assembly had an approval budget of kshs. 1,075,853,601 comprising of kshs.907,094,971 and kshs.168,758,630 relating to recurrent and development votes respectively .However,out of the approval budget of kshs.1,075,853,601, the Assembly incurred actual expenditure of kshs.960,072,995 or 89.Additional information indicated that exchequer releases amounting to kshs. 101,263,388, we release to the County Assembly late -in the month of July ,2021. This may have impacted negatively on the implimentation of the County Assmbly's programmes and on service deliver to the residents. of Bungoma County</p>	<p>The management agrees with the findings of audit and hopes that transfer receipts will be disbursed early to allow for absorption of the budgets</p>	<p>Unresolved</p>	<p>FY 2022/2023</p>
<b>6. Explanation of Variances between Budget and Actual Amounts</b>	<p>Paragraph 1.7.8 of IPSAS:Finance Managent Act,2012 require an entity to provide an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts .However ,the explanation for the material differences in the statement of comparison of budget and actual amounts -recurrent and development combined have not been provided</p>	<p>The variances related to the finance costs which had no budgetary provisions</p>	<p>Unresolved</p>	



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

<p><b>7. Procurement of legal services</b></p>	<p>The statement of receipts and payments reflects expenditure of kshs. 368621,862 under use of goods and services which as disclosed at Note 4 to the financial statement include kshs. 52,746,242 relating to other operating expenses of which kshs. 7500,000 was paid to a law firm for provision of legal services .The firm had been engaged to represent the County case, at total agreed legal fees of kshs. 18,400,000. However ,it was not clear how the law firm was identified as the firm was not in the list of firms registered under section 71 of the Public Procurement and Asset Disposal Act ,2015 to provide legal services to the County Assembly during the year under review. Consequently ,it has not been possible to confirm whether value for money was obtained by the County Assembly.</p>	<p>The management had at the time of audit prequalified Prof. Tom Ojienda and Associates as indicated in the attached list of registered suppliers for goods, works and services for FY 2020/2021 Pg. 9. The law firm was selected based on the nature and location of the case as seen in the detailed particulars of the fee note and therefore would like to give assurance that there was value for money and this can be explained from the outcome of the case / judgement.</p>	<p>Unresolved</p>	
<p><b>8. Staff Ethnic Diversity</b></p>	<p>During the year under review ,out of the seventy –five[75]employees of the Assembly, sixty-five [65] or [87] were from the local dominant ethnic community. This is contrary to Section 7[1] and [2] of the National Cohesion and Intergration Commission Act, 2008 which requires all public establishments to represent the diversity of people of Kenya and that no public establishment should have more than one-third of its staff from the same ethnic community. The County Assembly was ,therefore ,in breach of</p>	<p>We agree with the audit findings that out of the 130 employees of the County Assembly of Bungoma (85%) were from the local dominant ethnic community and will strive to be compliant on subsequent recruitment processes as per the recommendations of audit.</p>	<p>Unresolved</p>	<p>FY 2022/2023</p>
<p><b>9. Unresolved prior Year Audit Matters</b></p>	<p>As disclosed under the progress on follow up of auditor recommendation section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June ,2021. Management has not provided satisfactory reasons for the delay in resolving the issues.</p>	<p>Progress annexed in the financial statements</p>		
<p><b>10. Inadequate Information Communication Technology [ICT] Governance and Security Management</b></p>	<p>During the audit ,it was observed that the County Assembly did not have an IT strategic plan ,IT security policy and ICT Continuity and disaster recovery plan .Further ,it was also noted that the main power unit was faulty and was connected to bypass the switch, hence posing a danger to the ICT installation at the server room .The back -up batteries at the server room had also not been serviced since 2016. In addition the antivirus licenses had not been renewed. In the circumstance ,the arrangement to ensure proper IT governance and to properly safeguard the Assembly's ICT infrastructure may not have been adequate .In addition, the Assembly may not be able to continue services in case of a disaster</p>	<p>The management agrees with the audit findings that at the time of audit the ICT department lacked an IT Strategic Plan, however, the management has initiated process for the County Assembly Strategic plan which will lead to the development of departmental strategic plans where the ICT Strategic plan will be developed. The switch has been repaired and the anti-virus license and office suite license has been procured.</p>	<p>Ongoing developments Resolved (switches and anti viruses)</p>	<p>FY 2022/2023</p>
<p><b>11. Failure to Carry Out Risk Assessment</b></p>	<p>The Assembly had not instituted risk management procedures as required by section 158 of the Public Finance Management (County Government )Regulations, 2015 which states that an Accounting Officer shall ensure that a County Government entity develops risk management strategies ,which include fraud prevention mechanism ,and that the entity develops a system of risk management and internal control that builds robust business operation .</p>	<p>The management agrees to the findings of audit that at the time of audit the risk assessment had not been carried out. Currently the Risk Management Policy Framework for the County Government which covers all the County entities has been developed and approved by the County Assembly on 28th September, 2019 and it outlines the framework and the Assembly currently has a risk management framework.</p>	<p>Unresolved</p>	<p>FY 2022/2023</p>



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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Clerk of the County Assembly

Sign.....

**29 September 2022**



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**ANNEXES**

**ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Date Contracted	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
			a	b	C	d=a+b-c	
<b>Construction of buildings</b>							
LUNAO ENTERPRISE	01/05/2017	447,768,217	41,566,221	62,451,512	41,566,221	62,451,512	Was reported as Ksh 47050360 in the FY 2020/2021 disclosures of pending payables but the eligible amount for payment was Ksh 41,566,221
<b>Sub-Total</b>		<b>447,768,217</b>	<b>41,566,221</b>	<b>62,451,512</b>	<b>41,566,221</b>	<b>62,451,512</b>	
<b>Construction of civil works</b>							
NAMAMUKA AGENCIES		393,932	393,932	-	393,932	-	
<b>Sub-Total</b>		<b>393,932</b>	<b>393,932</b>	<b>-</b>	<b>393,932</b>	<b>-</b>	
<b>Supply of goods</b>							
BLAISE INVESTMENTS	24/6/2020	278,072	-	278,072		278,072	
WINSTON SAKWA	16/05/2022	607,610	-	607,610	283,900	323,710	
ADMIRAL GENERAL SUPPLIES		93,960	-	93,960		93,960	
TRIBESH ENTERPRISE LTD		111,000	-	111,000		111,000	
TARANA HOLDINGS LIMITED	25/5/2022	422,650	-	422,650		422,650	
TARANA HOLDINGS LIMITED	26/4/2022	345,300	-	345,300		345,300	
DAHENVA CO.LTD		1,500,000	-	1,500,000		1,500,000	
KADCELL INVESTMENTS		781,920	-	781,920		781,920	
KENYA POWER		3,051,639	-	3,051,639		3,051,639	
TARANA HOLDINGS LIMITED	28/9/2021	279,750	-	279,750		279,750	
VIVO ENERGY KENYA LTD	23/6/2022	450,000	-	450,000		450,000	
GOVERNMENT PRINTERS		16,864	-	16,864		16,864	
KRENSHAW LTD	16/3/2022	2,100,000	-	2,100,000		2,100,000	
<b>Sub-Total</b>		<b>10,038,765</b>	<b>-</b>	<b>10,038,765</b>	<b>283,900</b>	<b>9,754,865</b>	
<b>Supply of services</b>							
BAYCOMS AFRICA LTD	25/09/2020	2,709,406	2,709,406	-	-	2,709,406	Not paid due to non budgetary provisions in the FY 2021/2022
AZMASOFT CONSULTING LTD	08/06/2018	3,550,419	3,550,419	-	-	3,550,419	Not paid due to non budgetary provisions in the FY 2021/2023
MILIMANI GARDENS	03/04/2022	91,000	-	91,000	-	91,000	
DIVINE HOMES RESORT	04/04/2022	110,000	-	110,000	-	110,000	
DIVINE HOMES RESORT	04/10/2022	277,500	-	277,500	-	277,500	
DIVINE HOMES RESORT	29/3/2022	90,000	-	90,000	-	90,000	
DIVINE HOMES RESORT	18/3/2022	105,000	-	105,000	-	105,000	



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

THE SANTA MARIA RESORT CLUB		70,000	-	70,000	-	70,000
DIVINE HOMES RESORT	04/04/2022	150,000	-	150,000	-	150,000
MINATA HOTELS		231,000	-	231,000	-	231,000
THE GLOBAL PROCUREMENT ACADEMY	25/11/2021	138,000	-	138,000	-	138,000
KIKA HOTEL	05/05/2022	502,400	-	502,400	-	502,400
MILIMANI GARDENS	19/4/2021	17,000	17,000	-	-	17,000
KIKA HOTEL	29/3/2022	152,400	-	152,400	-	152,400
KIKA HOTEL	04/05/2022	73,200	-	73,200	-	73,200
MILIMANI GARDENS		262,000	-	262,000	-	262,000
KIKA HOTEL	03/07/2022	90,000	-	90,000	-	90,000
KIKA HOTEL	19/1/2022	267,600	-	267,600	-	267,600
NILAM ENTERPRISE LTD	23/5/2022	100,456	-	100,456	-	100,456
NILAM ENTERPRISE LTD		136,822	-	136,822	-	136,822
NILAM ENTERPRISE LTD	26/4/2022	89,436	-	89,436	-	89,436
NILAM ENTERPRISE LTD	04/04/2022	191,632	-	191,632	-	191,632
NILAM ENTERPRISE LTD	05/04/2022	75,498	-	75,498	-	75,498
JOVENTURES HOTEL	06/03/2022	157,500	-	157,500	-	157,500
AFRICAN TOUCH SAFARIS		29,405	-	29,405	-	29,405
AFRICAN TOUCH SAFARIS		92,000	-	92,000	-	92,000
AFRICAN TOUCH SAFARIS	16/5/2022	9,600	-	9,600	-	9,600
AFRICAN TOUCH SAFARIS	16/5/2022	9,500	-	9,500	-	9,500
AFRICAN TOUCH SAFARIS	16/5/2022	9,600	-	9,600	-	9,600
AFRICAN TOUCH SAFARIS	16/5/2022	21,200	-	21,200	-	21,200
AFRICAN TOUCH SAFARIS	16/5/2022	10,990	-	10,990	-	10,990
AFRICAN TOUCH SAFARIS	17/5/2022	13,900	-	13,900	-	13,900
AFRICAN TOUCH SAFARIS	25/2/2022	8,500	-	8,500	-	8,500
AFRICAN TOUCH SAFARIS	03/08/2022	81,250	-	81,250	-	81,250
AFRICAN TOUCH SAFARIS	03/11/2022	86,650	-	86,650	-	86,650
AFRICAN TOUCH SAFARIS	16/5/2022	8,500	-	8,500	-	8,500
AFRICAN TOUCH SAFARIS	16/5/2022	8,500	-	8,500	-	8,500
AFRICAN TOUCH SAFARIS	13/6/2022	24,800	-	24,800	-	24,800
AFRICAN TOUCH SAFARIS	17/6/2022	9,600	-	9,600	-	9,600
AFRICAN TOUCH SAFARIS	06/10/2022	16,500	-	16,500	-	16,500
AFRICAN TOUCH SAFARIS	06/12/2022	12,800	-	12,800	-	12,800
AFRICAN TOUCH SAFARIS	06/11/2022	16,500	-	16,500	-	16,500
AFRICAN TOUCH SAFARIS	26/2/2022	8,900	-	8,900	-	8,900
AFRICAN TOUCH SAFARIS	18/5/2022	18,400	-	18,400	-	18,400
AFRICAN TOUCH SAFARIS	14/6/2022	11,800	-	11,800	-	11,800
AFRICAN TOUCH SAFARIS	22/6/2022	12,800	-	12,800	-	12,800



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

AFRICAN TOUCH SAFARIS	18/5/2022	14,000	-	14,000	-	14,000
AFRICAN TOUCH SAFARIS	24/6/2022	22,500	-	22,500	-	22,500
AFRICAN TOUCH SAFARIS	19/5/2022	14,500	-	14,500	-	14,500
AFRICAN TOUCH SAFARIS	19/5/2022	14,500	-	14,500	-	14,500
AFRICAN TOUCH SAFARIS	05/11/2022	8,900	-	8,900	-	8,900
AFRICAN TOUCH SAFARIS	13/5/2022	13,800	-	13,800	-	13,800
AFRICAN TOUCH SAFARIS	18/5/2022	13,800	-	13,800	-	13,800
AFRICAN TOUCH SAFARIS	05/09/2022	9,000	-	9,000	-	9,000
AFRICAN TOUCH SAFARIS	05/10/2022	13,900	-	13,900	-	13,900
AFRICAN TOUCH SAFARIS	05/05/2022	8,800	-	8,800	-	8,800
THE SANTA MARA RESORT CLUB	17/2/2021	48,000	48,000	-	-	48,000
DIVINE HOMES RESORT	05/07/2022	105,000	-	105,000	-	105,000
DIVINE HOMES RESORT	24/2/2022	332,500	-	332,500	-	332,500
DIVINE HOMES RESORT	23/5/2022	57,500	-	57,500	-	57,500
DIVINE HOMES RESORT	03/01/2022	97,500	-	97,500	-	97,500
DIVINE HOMES RESORT	29/6/2022	37,500	-	37,500	-	37,500
DIVINE HOMES RESORT	02/10/2022	67,500	-	67,500	-	67,500
INFINITY INDEX		190,000	-	190,000	-	190,000
INSTITUTE OF INTERNAL AUDITORS	03/03/2022	487,200	-	487,200	-	487,200
ITOYA HOTEL	25/2/2022	100,000	-	100,000	-	100,000
ITOYA HOTEL	23/2/2022	60,000	-	60,000	-	60,000
JOVENTURES HOTEL	17/3/2022	190,000	-	190,000	-	190,000
KENYA SCHOOL OF GOVERNMENT		1,772,800	-	1,772,800	-	1,772,800
KENYA SCHOOL OF GOVERNMENT		146,160	-	146,160	-	146,160
KENYA SCHOOL OF GOVERNMENT		64,900	-	64,900	-	64,900
KENYA SCHOOL OF GOVERNMENT		60,320	-	60,320	-	60,320
KENYA SCHOOL OF GOVERNMENT		64,960	-	64,960	-	64,960
KENYA SCHOOL OF GOVERNMENT		64,960	-	64,960	-	64,960
KENYA SCHOOL OF GOVERNMENT	04/11/2022	48,720	-	48,720	-	48,720
KENYA SCHOOL OF GOVERNMENT	03/09/2022	120,000	-	120,000	-	120,000
KENYA SCHOOL OF GOVERNMENT	04/04/2022	120,000	-	120,000	-	120,000
KENYA SCHOOL OF GOVERNMENT		241,280	-	241,280	-	241,280
LEANOVATE TECHNOLOGIES		82,940	-	82,940	-	82,940
METROPOLITAN CANON INSURANCE	21/4/2022	3,500,000	-	3,500,000	-	3,500,000
MILELE LIMITED		200,000	-	200,000	-	200,000
VICTORIA INN HOTEL	25/7/2021	837,500	-	837,500	-	837,500
MILIMANI GARDENS	03/07/2022	16,200	-	16,200	-	16,200
MILIMANI GARDENS	02/08/2022	8,000	-	8,000	-	8,000
NATION MEDIA GROUP	02/10/2021	175,392	-	175,392	-	175,392
NATION MEDIA GROUP	06/08/2022	91,640	-	91,640	-	91,640
NILAM ENTERPRISE LTD	05/04/2022	191,632	-	191,632	-	191,632
NILAM ENTERPRISE LTD	12/10/2021	79,518	-	79,518	-	79,518
NILAM ENTERPRISE LTD	12/08/2021	85,724	-	85,724	-	85,724
NILAM ENTERPRISE LTD	18/05/1902	860,546	860,546	-	-	860,546
PARLIAMENTARY SERVICE COMMISSION	12/06/2021	45,000	45,000	-	-	45,000
PARLIAMENTARY SERVICE COMMISSION	12/02/2021	105,000	105,000	-	-	105,000
PARLIAMENTARY SERVICE COMMISSION	12/02/2021	105,000	105,000	-	-	105,000



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

POSTAL CORPORATION OF KENYA		9,450	-	9,450	-	9,450
TERRANOVA AUTSPARES LTD		37,621	-	37,621	-	37,621
THE SANTA MARA RESORT CLUB	16/9/2020	68,800	68,800	-	-	68,800
THE SANTA MARA RESORT CLUB	21/9/2020	16,700	16,700	-	-	16,700
THE STANDARD GROUP	24/1/2021	177,480	177,480	-	-	177,480
THE STANDARD GROUP	24/04/1902	168,200	-	168,200	-	168,200
THE STANDARD GROUP	29/4/2021	168,200	168,200	-	-	168,200
NATION MEDIA GROUP	10/12/2021	48,720	-	48,720	-	48,720
THE STANDARD GROUP	26/11/2019	127,600	127,600	-	-	127,600
THE STANDARD GROUP	12/09/2021	216,920	-	216,920	-	216,920
THE STAR PUBLICATION LTD	20/4/2020	166,440	166,440	-	-	166,440
TRUNEX LTD	30/5/2022	2,950,000	-	2,950,000	-	2,950,000
WIGOT GARDENS	24/6/2022	100,000	-	100,000	-	100,000
WIGOT GARDENS		632,000	-	632,000	-	632,000
PRIDE KINGS SERVICES LTD	16/2/2022	543,000	-	543,000	-	543,000
EMPOWER PLUS SOLUTIONS LTD	17/12/2021	1,740,000	-	1,740,000	-	1,740,000
SIFUNA AND SIFUNA ADVOCATES	30/5/2022	500,000	-	500,000	-	500,000
KENYA INSTITUTE OF SUPPLIES MGT	03/11/2022	139,200	-	139,200	-	139,200
BUNGOMA CIVIL SOCIETY FORUM		50,000	-	50,000	-	50,000
PRIDE KINGS SERVICES LTD	16/2/2022	543,000	-	543,000	-	543,000
<b>Sub-Total</b>		<b>29,557,887</b>	<b>8,165,591</b>	<b>21,392,296</b>	<b>-</b>	<b>29,557,887</b>
<b>Grand Total</b>		<b>487,364,869</b>	<b>49,731,812</b>	<b>93,882,573</b>	<b>41,850,121</b>	<b>101,764,264</b>

**Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments**

*This data includes on pending bills in the last financial year 2020/2021 that stands unpaid*



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2020/2021	2019/2020	
			a	b	c=a-b		
<b>Senior Management</b>							
HON.REBAH WABWILE	P		106,000	-	106,000	-	
HON. REBAH WABWILE	P	25/05/2022	142,000	-	142,000	-	
HON. GRACE SUNDUKWA	P	25/05/2022	142,000	-	142,000	-	
ANNE WEKESA	P	17/05/2022	966,000	-	966,000	-	
SYMON WALUKHANA	P	29/6/2022	58,000	-	58,000	-	
BENEDICT MUCHENJE	P	20/6/2022	513,900	-	513,900	-	
SYMON WALUKHANA	P	28/02/22	4,650	-	4,650	-	
MARTHA ALAKA	P	25/05/2022	150,000	-	150,000	-	
MARTHA ALAKA	P	5/06/2022	782,000	-	782,000	-	
RAEL KHISA	P		42,000	-	42,000	-	
BEN KIPKUT	P	17/5/2022	42,000	-	42,000	-	
ANTONY MABELE	P	17/5/2022	42,000	-	42,000	-	
GEORGE MAKARI	P	17/5/2022	42,000	-	42,000	-	
ABRAHAM WEKESA	Q	25/05/2022	92,400	-	92,400	-	
ELVIS WERUNGA	Q	24/05/2022	734,300	-	734,300	-	
IGNATIUS WANGILA	Q		42,000	-	42,000	-	
ALFRED MAKOKHA	Q	24/05/2022	84,000	-	84,000	-	
CALISTUS NDIEYIRA	Q	29/6/2022	31,350	-	31,350	-	
ABRAHAM S. WEKESA	Q	24/6/2022	252,000	-	252,000	-	
ELVIS WERUNGA	Q	22/6/2022	58,000	-	58,000	-	
DIANA KHAEMBA	Q	28/4/2022	32,000	-	32,000	-	
ALFRED MAKOKHA	Q	27/06/2022	239,500	-	239,500	-	
ABRAHAM WEKESA	Q		42,000	-	42,000	-	
LEONARD MOMOS	R		540,400	-	540,400	-	
CHARLES WAFULA	R		50,400	-	50,400	-	
<b>Sub-Total</b>			<b>5,230,900</b>	<b>-</b>	<b>5,230,900</b>	<b>-</b>	
<b>Middle Management</b>							
MARY SIFUMA	L	18/05/2022	387,000	-	387,000	-	
SOSPETER MALABA	L	05/09/2022	44,800	-	44,800	-	
SOSPETER MALABA	L	25/5/2022	2,800	-	2,800	-	
MARY SIFUMA	L	28/6/2022	60,000	-	60,000	-	
MARY SIFUMA	L	04/04/2022	207,300	-	207,300	-	
SOSPETER MALABA	L	04/11/2022	33,600	-	33,600	-	
ANGELINE NGUTHU	L	23/6/2022	4,200	-	4,200	-	
ERICK NGOBILO	M	20/04/2022	412,000	-	412,000	-	



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

AGGREY MAKOKHA(PAC COMMITTEE)	M	06/08/2022	2,130,000	-	2,130,000	-
AGGREY MAKOKHA	M	05/05/2022	101,400	-	101,400	-
TASKIN ELIAS	M	23/6/2022	4,200	-	4,200	-
BRIGID SITUMA	M	24/6/2022	2,100	-	2,100	-
LEVIS WAKHUNGU	M	14/6/2022	582,400	-	582,400	-
EMMANUEL SITUMA	M	16/5/2022	50,400	-	50,400	-
PAUL MUDOGA	N	24/03/2022	56,000	-	56,000	-
ANTONY MULATI	N	17/06/2022	160,800	-	160,800	-
NICHOLAS MAGHAS	N	05/06/2022	664,000	-	664,000	-
ROSEMARY WACHIYE	N	29/6/2022	126,000	-	126,000	-
NICOLAS MAGHAS	N	28/6/2022	374,400	-	374,400	-
CYRUS OKURI	N	27/6/2022	228,800	-	228,800	-
CYRUS OKURI	N	24/6/2022	546,000	-	546,000	-
ANTONY MULATI	N	23/6/2022	67,300	-	67,300	-
KAREN WANYAMA	N	17/6/2022	1,436,000	-	1,436,000	-
JOSEPH JUMA	N	17/05/2022	2,100	-	2,100	-
CALEB NDIWA	N	06/05/2022	2,800	-	2,800	-
PETER MBITO	N	17/06/2022	694,000	-	694,000	-
LILLIAN NAMUKHASI	N	27/06/2022	2,103,000	-	2,103,000	-
MERCY MUKWANJA	N	27/06/2022	580,000	-	580,000	-
CALEB NDIWA	N	14/05/2022	2,800	-	2,800	-
PHILIP LIANI	N	04/06/2022	131,000	-	131,000	-
ARIEL WEKESA	N	1/06/2022	550,000	-	550,000	-
JULIA NALIKA	N	05/04/2022	32,000	-	32,000	-
JULIA NALIKA	N	06/11/2022	72,000	-	72,000	-
JACKLINE NANJALA	N	23/6/2022	2,100	-	2,100	-
LEXINE CHEBOR	N	23/6/2022	2,100	-	2,100	-
PAUL MUDOGA	N	24/4/2022	44,800	-	44,800	-
KAREN WANYAMA	N	24/4/2022	44,800	-	44,800	-
NICOLAS MAGHAS	N	05/06/2022	664,000	-	664,000	-
JULIA NALIKA	N	24/6/2022	5,250	-	5,250	-
CALEB NDIWA	N	14/2/2022	142,400	-	142,400	-
<b>Sub-Total</b>			<b>12,756,650</b>	<b>-</b>	<b>12,756,650</b>	<b>-</b>
<b>Unionisable Employees</b>						
PAULINE WAKOLI	J	21/2/2022	31,500	-	31,500	-
ERICK NGALA	K	05/09/2022	56,000	-	56,000	-
CLEOPHAS OBILO	K	28/6/2022	250,000	-	250,000	-
MARGRET MUKENDA	K	23/6/2022	180,000	-	180,000	-
KENNEDY TARACHA	K	14/05/22	2,800	-	2,800	-
CLEOPHAS OBILO	K	05/05/2022	721,600	-	721,600	-
KENNEDY TARACHA	K	15/06/2022	2,800	-	2,800	-



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

ERICK NGALA	K	05/03/2022	11,200	-	11,200	-
KENNEDY TARACHA	K	29/05/2022	5,800	-	5,800	-
JOHN SIFUNA	K	13/05/2022	6,300	-	6,300	-
CLEOPHAS OBILO	K	05/11/2022	56,000	-	56,000	-
CLEOPHAS OBILO	K	25/01/2022	33,600	-	33,600	-
CLEOPHAS OBILO	K	05/11/2022	56,000	-	56,000	-
SAMWEL TOO	K	05/09/2022	31,500	-	31,500	-
SAMUEL TOO	K	05/03/2022	6,300	-	6,300	-
<b>Sub-Total</b>			1,451,400	-	1,451,400	-
<b>Others (specify)</b>						
COUNTY ASSEMBLY OF BUNGOMA		23/5/2022	218,400	-	218,400	-
COUNTY ASSEMBLY OF BUNGOMA		2/05/2022	262,000	-	262,000	-
<b>Sub-Total</b>			480,400	-	480,400	-
<b>Grand Total</b>			19,919,350	-	19,919,350	-

**ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Amount Paid To Date	Outstanding Balance		Comments
				2021/2022	2020/2021	
		a	b	c=a-b		
<b>Amounts due to County Govt Entities</b>						
Bungoma County Assembly Car Loan and Mortgage Scheme Fund	Borrowings by CASB	123,436,442.28	59,920,768.00	72,109,774.28	72,293,684.38	Original Amount includes additional borrowing made during the Financial year under review. The outstanding balance FY 2020/2021 has been adjusted to reflect borrowings made by County Assembly of Bungoma Service Board
Bungoma County Assembly Employee Car Loan and Mortgage Fund	Borrowings by CASB	46,520,423.64	20,975,555.65	25,544,867.99	9,862,223.04	Original Amount includes additional borrowing made during the Financial year under review.
<b>Grand Total</b>		169,956,865.92	80,896,323.65	250,853,189.57	331,749,513.22	



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**ANNEX 4 – SUMMARY OF NON-CURRENT ASSET REGISTER**

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Transfers in/(out)	Historical Cost c/f
	(KShs)	(KShs)	(KShs)		(KShs)
	2019/20				2020/2021
Land	96,000,000	-	-	-	96,000,000
Buildings and structures	561,282,935	41,566,221	-	-	602,849,156
Transport equipment	34,942,500	-	-	-	34,942,500
Office equipment, furniture and fittings	42,785,393	260,000	-	-	43,045,393
ICT Equipment	73,968,643	-	-	-	73,968,643
Machinery and Equipment	5,912,000	-	-	-	5,912,000
Biological assets	-	-	-	-	-
Infrastructure Assets	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	450,000	-	-	-	450,000
Work In Progress	-	-	-	-	-
<b>Total</b>	<b>815,341,471</b>	<b>41,826,221</b>	<b>-</b>	<b>-</b>	<b>857,167,692</b>

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly. Additions during the year should tie to note 10 on acquisition of assets during the year. Ensure a complete fixed asset register is separately prepared in line with guidelines from The National Treasury.*

**ANNEX 5 – ANALYSIS OF ACCOUNTS RECIVABLES**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance	Warrant Number
		KShs	KShs	KShs	
OSCAR SIFUMA	16-Mar-22	1,572,000	-	1,572,000	4587762
OSCAR SIFUMA	16-Mar-22	1,398,000	-	1,398,000	4587763
<b>Total</b>		<b>2,970,000</b>	<b>-</b>	<b>2,970,000</b>	



**BUNGOMA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT**

**REPUBLIC OF KENYA**  
**COUNTY GOVERNMENT OF BUNGOMA**  
**COUNTY ASSEMBLY OF BUNGOMA**

<b>RECURRENT ACCOUNT</b>						<b>FO 30</b>
<b>ACCOUNT NO: 1000194103</b>						
<b>BANK RECONCILIATION STATEMENT</b>						
<b>AS AT 30TH JUNE 2022</b>						
	<b>AMOUNT</b>	<b>COLUMN I</b>				
<b>Balance as per Bank Certificate</b>	253,821.00	<b>Date</b>	<b>Details</b>	<b>Voucher No</b>	<b>Amount</b>	
		30.06.22	Tyco cleaning and general service		107,858.75	
<b>LESS:</b>						
<b>COLUMN I:</b>						
Payment in the Cash Book not yet presented for payment	107,859.00				107,858.75	
<b>COLUMN II:</b>		<b>COLUMN II</b>				
Receipt in the Bank Statement not yet recorded in the Cash Book	-	<b>Date</b>	<b>Details</b>	<b>Voucher No</b>	<b>Amount</b>	
<b>ADD:</b>						
<b>COLUMN III:</b>		<b>COLUMN III</b>				
Payment in the Bank Statement not yet recorded in the Cash Book	-	<b>Date</b>	<b>Details</b>	<b>Voucher No</b>	<b>Amount</b>	
<b>COLUMN IV:</b>						
Receipt in the Cash Book not yet recorded in the Bank Statement	-					
<b>Balance as per The Cash Book</b>	145,962.00	<b>COLUMN IV</b>				
		<b>Date</b>	<b>Details</b>	<b>Voucher No</b>	<b>Amount</b>	
Cash book Balance	145,962.00					
Difference	0.00					

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**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**REPUBLIC OF KENYA**  
**COUNTY GOVERNMENT OF BUNGOMA**  
**COUNTY ASSEMBLY OF BUNGOMA**

**FO 30**

**DEVELOPMENT ACCOUNT**  
**ACCOUNT NO: 1000283041**  
**BANK RECONCILIATION STATEMENT**  
**AS AT 30TH JUNE 2022**

	<b>AMOUNT</b>	<b>COLUMN I</b>		
		<b>Date</b>	<b>Details</b>	<b>Voucher No</b>
<b>Balance as per Bank Certificate</b>	-			<b>Amount</b>
<b>LESS:</b>				
<b>COLUMN I:</b>				
Payment in the Cash Book not yet presented for payment	-			-
<b>COLUMN II:</b>		<b>COLUMN II</b>		
Receipt in the Bank Statement not yet recorded in the Cash Book	-	<b>Date</b>	<b>Details</b>	<b>Amount</b>
<b>ADD:</b>				
<b>COLUMN III:</b>				
Payment in the Bank Statement not yet recorded in the Cash Book	-	<b>COLUMN III</b>		
<b>COLUMN IV:</b>		<b>Date</b>	<b>Details</b>	<b>Amount</b>
Receipt in the Cash Book not yet recorded in the Bank Statement	-			
				-
<b>Balance as per The Cash Book</b>	-	<b>COLUMN IV</b>		
		<b>Date</b>	<b>Details</b>	<b>Amount</b>
Cash book Balance	-			
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**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**REPUBLIC OF KENYA**  
**COUNTY GOVERNMENT OF BUNGOMA**  
**COUNTY ASSEMBLY OF BUNGOMA**

FO 30

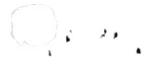
**IMREST ACCOUNT**  
**ACCOUNT NO: 1180534050**  
**BANK RECONCILIATION STATEMENT**  
**AS AT 30TH JUNE 2022**

	<u>AMOUNT</u>	<u>COLUMN I</u>		<u>Voucher No</u>	<u>Amount</u>
		Date	Details		
<b>Balance as per Bank Certificate</b>	1,389,124				
<b>LESS:</b>					
<b>COLUMN I:</b>					
Payment in the Cash Book not yet presented for payment	-				-
<b>COLUMN II:</b>		<b>COLUMN II</b>			
Receipt in the Bank Statement not yet recorded in the Cash Book	2,676,596	Date	Details	Voucher No	Amount
		30.6.22	Word office operation		2,549,745
		30.6.22	Bank Charges		1,851
		30.6.22	Office operation		125,000
					2,676,596
<b>ADD:</b>					
<b>COLUMN III:</b>		<b>COLUMN III</b>			
Payment in the Bank Statement not yet recorded in the Cash Book	1,290,000	Date	Details	Voucher No	Amount
<b>COLUMN IV:</b>					
Receipt in the Cash Book not yet recorded in the Bank Statement	-				-
<b>Balance as per The Cash Book</b>	2,528	<b>COLUMN IV</b>			
Cash book Balance	-	Date	Details	Voucher No	Amount
Difference	2,528				-

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



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**ANNEX 7. – PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR’S RECOMMENDATIONS - 9. Unresolved prior Year Audit Matters**

AUDIT REPORT 2014/2015

NO	TITLE	ISSUE	RECOMMENDATION	STATUS	
4.0	Procurement of CarParking Port	<p>The Assembly awarded a firm a tender for Design and Installation of car ports to accommodate 50 cars at the Assembly parking area through Quotation no. CA/BGM/021/2014 valued at Kshs.11, 500,000.00. However, the following anomalies were noted in relation to the procurement process;-</p> <p>i. Quotations were sent to three firms namely M/s Decent Cool ShadesEnterprises, M/s Tropical Canopy Systems and M/s Royal Canopies &amp;Shades who quoted Kshs.11,500,000.00, Kshs.14,100,000.00 andKshs.12,500,000.00 respectively.</p> <p>ii. After tender evaluation process was completed, LPO no. 0913002 was issued to the contractor who reported on site and commenced</p>	The committee recommends that the accounting officer should establish the status of the said matter and report back to the committee within 14 days from the date of adoption of this report.	Pending	

		work on 21/6/2014. However, the firm was ordered to stop the work after the management discovered that all three firms who quoted for the work were related to one person hence the contract was deemed null and void. The matter is pending in court.			
5.0	Insurance Services	A brokerage firm (Johncell insurance brokers Ltd) was awarded a contract to provide insurance services namely (group-life and group personal accident) and general insurance covers for the Assembly at a cost of Kshs. 65,920,000 and Kshs. 17,500,000 respectively. However the following anomalies were noted in relation to the contract;	The committee recommends that the matter should be taken up by EACC, with a view of carrying out further investigations and take necessary action.	Not disposed As no report of EACC	
		<ul style="list-style-type: none"> <li>a) Request for quotation instead of open tender/expression of interest was used for medical cover while general insurance services were single sourced.</li> <li>b) The insurance services were paid for from budget allocations for other items without authority.</li> <li>c) It was not clear how the values of the equipment insured were arrived at since the Assembly does not maintain an asset register and no valuation report was provided for</li> </ul>			

		audit review.			
	Works Consultant on Construction of a Perimeter Wall	A contract valued of Kshs.27, 439,784.00 was awarded to M/s Mahadi Investments Ltd in respect to erection and completion of a perimeter wall, gallery and gates at the Bungoma county assembly. Although the bill of quantity was done by the ministry of works, the ministry was not involved or engaged in the technical evaluation of the works. The	The committee recommends that the matter be taken up by EACC.	pending	

		<p>assembly management engaged a private company (M/s brick house) as a project manager contrary to conditions in the contract agreement signed during the month of March 2014 which stated that the project manager will be the county works officer, Bungoma County. M/s brick house was paid a sum of kshs 1,432,357.00 in respect of supervision of works. Scrutiny of procurement records reveals that M/s Brick house was single sourced as no</p>			
		<p>procurement procedures were followed in selecting the firms to manage the project. In addition, the contract document had stated that only kshs 400,000.00 was to be allocated to project management services. Also, it was not clear how the project manager was identified and paid an additional sum of kshs 1,432,357.00 as remuneration for preparation of architectural, structural and electrical drawings which had already been done in the bills of quantities by the ministry of public works. Furthermore, no local purchase order (LPO) or (LSO) was presented for audit to support payments for the works services</p>			

<p><b>10.0</b></p>	<p>Irregularities on Carand Mortgage scheme.</p>	<p>Examination of records held by the Assembly on the car loan and mortgage scheme revealed the following unsatisfactory matters:-</p> <ul style="list-style-type: none"> <li>a) The stipulated Loan application and approval process was not properly adhered to since all of the application forms are not signed. As a result, it is not possible to ascertain if all applications were appraised by the management.</li> <li>b) Some of the log books did not relate to the vehicles acquired by borrowers and in addition, the vehicles were not valued by professional valuers before the loans were issued. Furthermore, the log books were not jointly registered in the names of the respective borrowers and the County Government of Bungoma.</li> <li>c) Loan recoveries were behind schedule resulting to loan arrears totaling to Kshs. 6,512,523.41.</li> <li>d) There was material difference between amounts recovered and disclosed in the Funds account of (Kshs.91, 731,805.33) and cash balance of Kshs.26, 045,000 thus resulting in an un-reconciled variance of Ksh.65, 469,863.96.</li> <li>e) A sum of Kshs. 26,381,100.00 was irregularly transferred from the loans</li> </ul>	<p>The committee recommends that:</p> <ul style="list-style-type: none"> <li>a. The car and loan mortgage committee to ensure that the regulations and the policy are adhered to.</li> <li>b. The Board to tabulate the entire amount borrowed from the car and mortgage scheme and same is repaid immediately before end of the current session.</li> </ul>	<p>Pending</p>	
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		<p>account to the County Assembly Service Board Account to fund operations (Recurrent Expenditure) but the funds were not returned.</p> <p>f) The financial statement for the Car Loan and Mortgage Scheme for the year 2014/2015 was submitted for audit after 30<sup>th</sup> September 2015.</p>			
12.0	Payments for Public Participation	The Assembly made irregular payments totaling to Kshs 1,877,600.00 (as shown in <b>Appendix III</b> of the Auditor General's report) being allowances to participants during public participation forums.	The public participation bill to be fast tracked to help manage the public participation exercises.	Bill passed but regulations not done	
<b>AUDIT REPORT 2015/2016</b>					
NO	TITLE	ISSUE	RECOMMENDATION	STATUS	
	Procurement of Legal Services -Kshs.2,000,000.00	During the year under review, the Assembly management engaged a legal firm for provision of legal services at a cost of Kshs.2,000,000.00 and which sum was paid to the firm during the year. However, the related procurement records were not provided for audit review. As a result, it has not been possible to confirm the propriety of the expenditure	<p>i. The County Assembly should ensure that legal services are competitively sourced as per the provisions of the Public Procurement and Asset Disposals Act 2015.</p> <p>ii. The Accounting Officer should avail the fee notes supporting the payment of Ksh 2,000,000 failure to which, he will be held</p>	Pending	

			<p>personally liable for the loss.</p> <p>iii. The County Assembly to use the services of the employed officersto handle legal matters and represent the institution in courts on such matters, unless there is clear conflictof interest that warrants competitive outsourcing.</p>		
<b>10.0</b>	Asset Tagging and Register Preparation	M/S Tritex Consultant Ltd was awarded tender for asset tagging and register preparation at a contract sum of Kshs.5, 500,000.00 through quotation as opposed to Expression of Interest since the amount was much higher than maximum threshold for quotations. Therefore, the County Assembly management breached public procurement regulations, as well as assets disposal laws and regulations	The Asset register should be updated promptly, digital scanners purchased for tagged asset identification and a movement schedule for depreciation be adhered to as per the requirements of the International Public Sector Accounting Standards Board (IPSAS).	Asset register prepared but not automated	Funds for automation were approved in the current financial year budget
<b>11.0</b>	Renovation Works at County Assembly Library	M/S Lecandx Company and NamamukaAgency were awarded tenders at a contract sum of Kshs.2, 484,836.00 and Kshs.1, 648,254.00 respectively for renovation works at County Assembly Library.  It was noted that the tender and split was awarded to M/S Lecandx Co. at Kshs.2,484,836.00 and M/S	<p>i. Procurement rules were not strictly adhered to and as a result the County Assembly may have lost Ksh 80,085, the committee recommends that this amount should be surcharged from the Procurement officer.</p> <p>ii. The Library should be put in</p>	Pending	Library office has been used for procurement and stores functions. The Library will be fully operationalized when the new office block is handed over by the Assembly.

		<p>Namamuka Agency at Kshs.1,648,254.00 totaling to Kshs.4,133,090.00 which was much higher than the amounts quoted by the firms for the full contracts as shown below.</p> <p>Contractor</p> <p>Amount M/S Namamuka</p> <p>3,532,255 Agencies M/S Lecandx 4,053,005 M/S Bustani 3,300,000 Enterprise</p>	<p>place immediately to warrant value formoney, since we have librarians in place</p>		<p>The procurement officer who was in charge is no longer an employee of the Assembly</p>
		<p>Furthermore, Physical verification of the project revealed that the library is not in use almost two years after completion</p>			
12.0	Procurement Insurance of Services	<p>The Public Procurement and Disposal Act 2005, requires public entities, in each new financial year, prequalify potential suppliers that are to be invited to bid contracts whenever supply need arises. It was however noted that Insurance contract valued at Kshs. 294,439,898to John Celle was renewed for three years without subjecting it competitive process. The tender evaluation minutes do not show</p>	<p>The matter is before EACC and the thus this committee recommends that the committee on implementation pursues the matter further and submit its report to the Assembly on the statusof the matter within 90 days</p>	Pending	

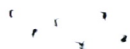
		<p>detailsof other bidders. Under the circumstance, it was not possible to confirm whether the Assembly obtained value for money on the contract valued at Kshs. 294,439,898. As a result, the propriety and value for money of the expenditure totaling to Kshs.311,640,325 incurred on insurance services during the year under review cannot be confirmed.</p>			
<b>AUDITOR GENERAL REPORT 2016/2017</b>					
<b>NO</b>	<b>TITLE</b>	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>STATUS</b>	
3.0	Supply of intranet portal	<p>Included in acquisition of assets figure of Ksh.87,635,324 is Kshs.11,150,000 paid for supply and installation of internet portal. The contract agreement provided that the contract period was to last for 12 months, beginning 6 April, 2016 and 5 April, 2017 as anticipated completion date. As at the time of audit, the contracted company had been paid a total of Kshs 7,000,000. However, the following anomalies were noted;</p> <p>a) The intranet modules has not been rolled out and that the documentation of the entire system(both technical and user manuals) had not been done and</p>	<p>1. The accounting officer to ensure that the contractor is compelled to complete the project and hand it over to the Assembly within 60 days from the date of adoption of this report Failure to which the entire money should be recovered as per the contractagreement.</p>	Partially implemented	

		<p>the system had not been handed over to the Assembly.</p> <p>b) A section of Assembly's personnel had not been trained on all the proposed modules hence hindrance to intranet implementation.</p> <p>c) The contract period ended in April 2017 and as at the time of the audit in November 2017, there was no indication that the system was up and running. In addition, no evidence was provided indicating that the period was extended as the work remains incomplete six months after anticipated completion date.</p> <p>In the circumstances, the propriety of Kshs. 50,376,821 under acquisition of goods couldnot be ascertained</p>			
4.0	Medical insurance services	<p>Included in use of goods and services of Kshs.437, 421,767 is an amount of Kshs.37, 201,987 being medical insurance service awarded to a local insurance company to offer medical services through tender no. CA/BGM/PUR4/2016-2017. However, the following anomalies were noted;</p>	<p>The Committee on Implementation to make a follow-up on this matter with the office of the DPP to establish the status of the case.</p>	Pending	

		<p>a) The contract was signed between a local insurance company and the Assembly but an insurance brokerage firm signed on behalf of underwriting company and was subsequently paid hence irregular as the examination of the tender register shows that the brokerage firm was not among the bidders.</p> <p>b) A medical policy was not provided for audit scrutiny.</p> <p>c) Only one bidder qualified for the financial evaluations hence there were no competitive bids.</p> <p>Consequently, the management was in breach of procurement rules and regulations hence the propriety of Kshs.37, 201,987 could not be confirmed.</p>			
<b>AUDITOR GENERAL REPORT 2017/2018</b>					
<b>5.0</b>	Delayed utilization and adoption of intranet system	The acquisition of assets figure of Kshs 106,706,522 includes Kshs 12,794,387 for purchase of ICT equipment, software and other ICT assets, which in turn includes an amount of Kshs 4,150,000 paid to a local ICT dealer in	Under part( xi),of the Public Procurement and Asset Disposal Act,2015 on contract implementation,the performance of a contractor are supposed to be monitored with a view of ensuring	Partially implemented	<p>The Vendor availed documentation of the intranet service.</p> <p>The intranet system is now functional but not fully rolled out due to network connectivity challenges. The ICT</p>

		<p>respect of purchase of ICT equipment, software and other ICT assets.</p> <p>Further, a local consultant firm was awarded a contract of Kshs. 11,150,000 to develop an intranet system and deploy a functional enterprise resource planning at the county assembly which would perform services including;</p> <ul style="list-style-type: none"> <li>i. Visitor management</li> <li>ii. Biometric attendance Register</li> <li>iii. Human Resource Management</li> <li>iv. Financial Management</li> <li>v. Inventory And Asset Management</li> <li>vi. Internal Messaging</li> <li>vii. Project Management</li> </ul>	<p>that all delivery or performance obligations are met or appropriate action taken by the procuring entity in the event of contractual obligations not being met. The contractor is also obligated to strictly act in accordance with the provisions of the contract. In addition, Article 227(2) (c) of the Constitution of Kenya, 2010</p>		<p>office is in the process of organizing for refresher training for new users on the intranet system with champions already identified to support in the phased roll out of the modules.</p>
		<p>provides that sanctions can be meted out against contractors especially in circumstances where a contractor fails to perform according to professionally regulated procedures or contractual agreements.</p> <p>The accounting officer should make demonstrable efforts and ensure that all the remaining processes pertaining to this particular contract</p>			

		<p>days trouble free.</p> <p>However, it was noted at the time of audit in October 2018, the consultant had been fully paid the total contract sum of kshs .11,150,000 before the issuance of completion certificate by the receipt and acceptance committee. The defect liability certificate had also not been released to the contractor after 12 months. In addition , all the applications had not been integrated into the intranet and the modules had not been rolled out and fully adopted by the county Assembly . Consequently, the county assembly failed to achieve value- for- money in the deployment of the intranet system</p>	<p>are fast- tracked including integration of all the applications into the intranet including rolling out of the modules for utilization of members and staff for the County Assembly realize value for money. A comprehensive compliance report to the same effect be submitted before this committee within a period of (90) days from the date of adoption of this report</p>		
<b>AUDITOR GENERAL REPORT 2018/2019</b>					
<b>NO</b>	<b>TITLE OF THE AUDIT ISSUE</b>	<b>AUDIT ISSUE</b>	<b>SENATE COMMITTEE RECOMMEND</b>	<b>STATUS</b>	



			ATIONS		
1.	Unsupported Foreign Travel and Accommodation Allowances	<p>As disclosed in Note 4 to the financial statements, the statement of receipts and payments under the use of goods and services balance of Kshs.461,012,872 constitutes foreign travel and subsistence amount of Kshs.3,140,486 which includes Kshs.576,200 in respect of foreign travel accommodation for two officers who attended a seminar on executive security and open source intelligence techniques from 13 to 17 May, 2019 at Emerald Hotel Kampala, Uganda for five days at the invitation of the Kenya Institute of Management. The amount of Kshs.576,200 was not supported by the relevant travel documents together with a return to office report.</p> <p>In the circumstances, the propriety in the utilization of Kshs.576,200 could not be ascertained.</p>	<p><i>The officers to be recovered through the payroll from their salaries.</i></p>	Partially implemented	

<p>1.</p>	<p><b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES-</b></p> <p><b>1. Purchase of Motor Vehicle and Other Transport Equipment</b></p>	<p>Note 7 to the financial statements reflects acquisition of assets figure of Kshs.103,380,386 which includes an amount of Kshs.10,942,500 paid in respect of purchase of motor vehicles and other transport equipment. Out of this, the County Assembly procured a 33-seater luxury bus at a total cost of Kshs.4,980,000 during the year from a contracted local dealer. However, review of the Tender Evaluation Committee’s Minutes dated 5 March, 2019 revealed that the supplier had been disqualified as non-responsive and was thus not subjected to technical and commercial evaluation, and it was recommended that the contract be awarded to another dealer at a price of Kshs.5,455,000. Further, another bidder was disqualified at the technical evaluation stage on the grounds that the submitted bid indicating HINO brand instead of Isuzu make. The user technical specifications did not restrict the model. In</p>	<p><i>The Ethics and Anti-corruption Commission to fast-track the investigations into this matter.</i></p>	<p><b>Matter With EACC</b></p>	
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		<p>addition, the Inspection and Acceptance Committee Certificate was not availed for audit review.</p> <p>Consequently, the Management contravened Section 80(1) of the Public Procurement and Asset Disposal Act, 2015 that requires the Evaluation Committee to evaluate and compare the responsive tenders and Section 48(1) &amp; (3) which requires the Accounting Officer to establish an Inspection and Acceptance Committee to inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract.</p>			
	<p><b>2.1.1 Irregular Overpayment of Travel and Subsistence Allowances</b></p>	<p>Included in the figure of hospitality and supplies are payments towards travel and subsistence for MCAs and staff totaling Kshs.65,415,110 out of which there was an overpayment of Kshs.57,376,570 arising from either payment of subsistence allowance for</p>	<p><i>The Accounting officer to make recoveries on all outstanding amounts and give a report to the senate within a month.</i></p>	<p><b>Pending</b></p>	

		<p>activities carried out within the County Headquarters or application of wrong subsistence rates. In addition, some payments were not properly supported with participants' invitation letters, approval documents, stamped foreign travel documents, original work tickets, signed attendance registers, original receipts or activity reports.</p> <p>As a result, Management failed to comply with the provisions of Regulation 93(3) of the Public Finance Management (County Governments) Regulations, 2015 which provides that temporary imprests be issued mainly in respect of official journeys and are intended to provide officers with funds with which they can meet travelling, accommodation and incidental expenses. Further, the Assembly did not adhere to the rates as provided by SRC Circular No.SRC/ADM/CIIR/1/13VOL.IV (1) of 20 November, 2017 that reviewed rates and cluster classification for all the cadres in County Public</p>			
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		<p>Service.</p> <p>Further, there was violation of Regulation 104(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that all receipts and payment vouchers of public moneys be properly supported by pre-numbered receipts and payment vouchers and properly supported by the appropriate authority and documentation to authenticate the expenditure.</p>			
	<p><b>2.2.1</b></p> <p><b>Irregular Payment of Task Force Allowance</b></p>	<p>The Assembly incurred an amount of Kshs.531,300 in respect of allowances to members of a task force composed of own staff to audit paid and pending hotel bills. However, the allowances were calculated using wrong rates leading to overpayment of Kshs.315,300. In addition, it was noted that the taskforce terms of reference included routine tasks that can be performed by internal auditors within their normal work. Further, the task force report was</p>	<p><i>The Accounting Officer to recover the overpayment in a month's time.</i></p>		

		<p>not availed for audit verification.</p> <p>Consequently, the Assembly contravened the provisions of Circular No. MSPS.2/1A.VOL.XLVOL.III/(119) dated 2 August, 2013 issued by the Ministry of Devolution and Planning that states that taskforces can only be appointed with clear justification and assigned tasks that are not routine in nature as well as the Salaries and Remuneration Commission (SRC) Circular No. SRC/ADM/CIR/1/13(122) of 16 April, 2014 which specifies the rates for payments of allowances to members of a task force.</p>			
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**AUDITOR GENERAL REPORT 2019/2020**

<b>NO</b>	<b>TITLE OF THE AUDIT ISSUE</b>	<b>AUDIT ISSUE</b>	<b>PAC/SENATE COMMITTEE RECOMMENDATIONS</b>	<b>STATUS</b>	<b>MGT. COMMENT</b>
	<b>Unsupported Fixed Asset Balances</b>	The summary of fixed Assets register at Annexure 3 to the financial statements reflects assets totaling Kshs. 700,100,538 as at 30 <sup>th</sup> June 2020. However, the County Assembly did not maintain an updated register to show	The management to review the fair value of Asset figures in the Asset registers in compliance to Income Tax depreciation rates. The County Assembly to budget for automation of the Asset Register as	Pending on Automation	

		<p>the nature, physical location and fair value of the Assembly's assets, contrary to Regulation 136(1) of the Public Financial Management (County Governments) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.</p> <p>In the circumstances, the accuracy and completeness of the total assets balance of Kshs. 700,100,538 as at 30<sup>th</sup> June 2020 could not be ascertained.</p>	per the terms of reference in the FY 2022/2023.		
	<p><b>1. Pending Accounts Payables</b></p>	<p>As disclosed in Note 3.10(1) on other important disclosures and Annex 1 to the financial Statements, the County Assembly had pending bills of Kshs. 58,900,906 due to suppliers of goods and services as at 30<sup>th</sup> June, 2020. Further, Annex 2 o the financial statements, indicates that the county Assembly had Nil other pending payables due to County government entities as at 30<sup>th</sup> June 2020.However, the following anomalies were noted:</p>	<p>The Accounting officer to ensure reconciliation between the records of borrowings maintained by the Car Loan and Mortgage Funds and the County Assembly is done to ascertain accuracy of the current status of pending payables balance which is to be fully budgeted for clearance in the FY 2022/2023. Loan borrowings and repayments should be in line with Regulation 142 of the PFM (County Governments) Regulations, 2015)</p> <p>This committee calls upon the Accounting officer to ensure presentation and disclosure of</p>	Pending	

		<p>2.1 Pending Payables to Bungoma County Assembly Car Loan and Mortgage Scheme Fund</p> <p>Records maintained by the Bungoma County Assembly Car Loan and Mortgage Scheme Fund indicate that the County Assembly had borrowed an amount of Kshs. 72,289,089 from the Fund during the year under review. This is in exception of a balance brought forward of Kshs.36, 722,914 to bring the total amount which the county assembly owes the Fund to Kshs. 109,012,003. The Assembly had refunded a total of Kshs. 41,932,158 resulting to an outstanding balance of Kshs. 67,079,845 as at 30<sup>th</sup> June 2020.</p> <p>2.2 Pending Payables to Bungoma County Assembly Employee Car Loan and Mortgage Scheme Fund</p> <p>Records maintained by the Bungoma County Assembly car Loan and Mortgage Scheme Fund indicated that the County Assembly borrowed an amount of Kshs. 4,966,431 from the Fund during the year under review. This is in exception to a balance brought forward of Kshs. 17,190,318, bringing the total debt to Kshs. 22,156,749. The Assembly had</p>	<p>pending bills is done as required in the reporting format recommended by the Public Sector Accounting Standards Board (PSASB) in the financial statements. Where there are capacity gaps, trainings on the subject to be organized as a matter of urgency.</p>		
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		<p>refunded Kshs. 9,591,024 leaving a balance of 12,565,725 as at 30<sup>th</sup> June 2020.</p> <p>The total debt of Kshs. 79,645,570 owed to the two Funds had not been disclosed in the financial statements. Consequently, the accuracy of the other pending payables balance of Nil as at 30th June 2020 could not be confirmed.</p>			
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