

*BCA Responses.*

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COUNTY GOVERNMENT OF BUNGOMA



COUNTY EXECUTIVE COMMITTEE MEMBER  
MINISTRY OF FINANCE AND ECONOMIC PLANNING

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Municipal Building

P.O Box 437- 50200

**BUNGOMA.**

DATE: 13<sup>TH</sup> FEBRUARY, 2023.

OUR REF: CG/BGM/FIN/CA/REPORT/VOL.4/25

MR. CHARLES WAFULA,  
CLERK OF THE COUNTY ASSEMBLY,  
P.O BOX 1886-50200  
BUNGOMA

Dear Sir,

RE: MEETING OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR  
GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF BUNGOMA COUNTY  
DISASTER MANAGEMENT AND EMERGENCY FUND FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE, 2021

Your letter reference **BCA/ADM/6 VOL. II 1(35)** dated 5<sup>th</sup> January, 2023 on the above subject refers.

The Report made several recommendations to be executed by the County Executive Committee Member for Finance and Economic Planning. Hereunder, please find the status of implementation of the recommendations and further action taken on the issues that have not been fully resolved.

# REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY DISASTER MANAGEMENT AND EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2021

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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 Bungoma County Disaster Management and Emergency Fund set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, the statement of cash flows and statement of comparison of budget and actual amounts 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.

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 Bungoma County Disaster Management and Emergency Fund as at 30 June, 2021, and of its financial performance and its cash flows

for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Bungoma County Disaster and Emergency Management Act, 2019.

### Basis for Qualified Opinion

#### 1.0 Presentation and Inaccuracies of Financial Statements

The statement of comparison of budget and actual amounts indicates that the Fund had a final capital expenses budget of Kshs.9,791,306 and actual expenditure on comparable basis of Kshs.26,313,207 leading to a performance difference of Kshs.26,313,207. However, the recomputed amount was Kshs.16,521,901 thereby resulting in an unexplained variance of Kshs.9,791,306. Further, the financial statements do not reflect pages 1 to 4 as well as pages 30 and 31.

In the circumstances, the accuracy and completeness of financial statements could not be confirmed.

#### Management Response.

The Kshs.9,791,306 refers to the refunds from the advances that formed part of the income that was used to fund the activities for the year that included the capital expenditure of Ksh.26,313,207.

No	Details	Amount
1	Opening balance as 1 <sup>st</sup> July 2020	2,126,203
2	Transfer	70,000,000
3	Refunds	9,791,306
	<b>TOTAL CASH AVAILABLE</b>	<b>81,917,509</b>
	<b>Expenditures</b>	
	Recurrent	52,594,202
	Development	26,313,207
		<b>78,907,409</b>
	<b>BALANCE C/D</b>	<b>3,010,100</b>

On the paging, pages 1-4 were as a result of printer incompatibility and configuration. The last 2 pages were attachment therefore was an omission which has since been rectified in subsequent financial statements.

**Appendix 001 (a): Bank Statement**

**Appendix 001 (b): Extract of F.S 2020/2021.**

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## 2.0 Overstatement of Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.16,845,940 as disclosed in Note 3 to the financial statements. Included in the balance is an amount of Kshs.13,835,840 in respect of outstanding imprest and advances disclosed as part of cash and cash equivalents. However, Management did not explain why the imprests and advances were wrongly classified as part of cash.

Further, no explanation was provided for the failure to have the outstanding imprests surrendered or recovered from the respective officers, as required by Section 93(5) and (6) of the Public Finance Management (County Governments) Regulations, 2015, which provides that imprests be surrendered or accounted for within seven (7) working days after returning to duty station.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.16,845,940 could not be confirmed.

### Management Response:

- a) Imprests and advances were wrongly classified as part of cash

Imprests and advances were correctly classified as part of cash and cash equivalents as per the PSASB Approved Financial Reporting Template for the Fund. See Accounting Policy No. 14 on Cash and Cash Equivalents

#### Appendix 002(a); Extract of the Accounting Policies

- b) Unsurrendered Imprests

The Management acknowledges that the imprests and advances were KShs. 13,835,840 as at 30<sup>th</sup> June, 2021. The status of the imprests and advances is currently as follows;

Description	Amount (KShs.)
Refunded advances	840
Surrendered	5,607,060
Outstanding	8,227,940
<b>Total</b>	<b>13,835,840</b>

Action taken;

- a) The Management has already issued demand notices and reminders to the imprest defaulters.  
b) Further, remedy is being pursued. The Management has also stopped issuance of any other imprest from the Fund.

**Appendix 002(b); Listing of refunded/surrendered imprests and advances and the extracts of the bank statement**

**Appendix 002(c); Listing of Outstanding Imprests**

## 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.

## Other Matter

### Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.70,000,000. Similarly, the Fund expended Kshs.55,815,938 against the approved budget resulting to an under-expenditure of Kshs.14,184,062 or 20% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public. Further, the statement indicates that the Fund had a final capital expenses budget of Kshs.9,791,306 but realized actual expenditure of Kshs.26,313,207. The over-expenditure of Kshs.16,521,901 was however not explained.

In the circumstances, the approved budget of the Fund was not realistic.

### Management Response.

#### a) Underperformance

The statement of comparison budget and actual amounts in the Approved Financial Reporting Template of the Fund is not exhaustive. Therefore, the conclusion on underperformance may not be accurate but will require one to look at all aspects of the financial statements. The current deficiencies include;

- i. It does not include reporting on acquisition of Assets. In IPSAS Accrual Basis of reporting, this expenditure is included in the Fixed Assets Movement Schedule; Property, Plant and Equipment. There was a capital expenditure of KShs. 26,313,207
- ii. It does not recognize prior cash and cash equivalents as a source of funds for financing the current year budget.

**Appendix 003(a); Extract of Statement of comparison budget and actual amounts in the Approved Financial Reporting Template of the Fund**

**Appendix 003(b); Extract of Fixed Assets Movement Schedule; Property, Plant and Equipment**

The total cash available for the year 2020/2021 was Kshs.81,917,509 as illustrated in the table below;

No	Details	Amount
1	Opening balance as 1 <sup>st</sup> July 2020	2,126,203
2	Transfer	70,000,000
3	Refunds	9,791,306
	<b>TOTAL CASH AVAILABLE</b>	<b>81,917,509</b>

N/B

The Kshs.9,791,306 refers to the refunds from the advances that formed part of the income that was used to fund the activities for the year that included the capital expenditure of Ksh.26,313,207.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1.0 Non-compliance with the Contractual Terms of Siuna-Kimalewa Culverts Project

Note 4 to the financial statements reflects additions of roads and other civil works of Kshs.26,313,207. Included in the balance, was an amount of Kshs.13,845,876 incurred on construction of the Siuna-Kimalewa culverts project. The contract had been awarded to a local contractor at a contract sum of Kshs.139,865,671. However, the drawings and designs of the project were not provided for audit review.

In addition, the bills of quantity for the project provided for the inclusion of a pedestrian passage on both sides of the culverts. However, a site inspection of the project carried out in October, 2021 revealed that the pedestrian passages had not been constructed.

In the circumstances, the Fund did not obtain value for money on the expenditure of Kshs.13,845,876 incurred on the project.

#### Management Response.

##### a) Contract sum of Ksh. 139,845,876

The indicated sum was not the contract sum is not a contract sum of any specific contract but the accumulated cost of PPE as at 30<sup>th</sup> June 2021. The contract sum for the identified project was KShs. Kshs.13,845,876

#### Appendix 004(a); Contractual Agreement; Extract of the Financial Statements

##### b) Drawings and designs not provided

See the attached drawings and designs. The documents were erroneously excluded from a copy of the project file availed for the audit.

##### c) Pedestrian passage

We wish to bring to your notice that neither the designs nor BQs did not include the passage, hence the claim is erroneous.

**Appendix 004(b); Drawings and designs**

## 2.0 Lack of an Approved Budget

During the audit, Management did not provide an approved budget for the year under review, as required by Section 33 of the Bungoma County Disaster and Emergency Management Act, 2019, which provides that the estimates are prepared, approved by the Committee and submitted to the Executive Committee Member for transmission to the County Assembly for approval.

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

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

### **Management Response.**

The Management has noted the concern. At the time of the audit, the Fund did not have guidelines for preparation of a budget for the Fund. The County Treasury has since issued Budget Preparation Guidelines that have been used for the subsequent year so as to comply with Section 33 of the Bungoma County Disaster and Emergency Management Act, 2019

**Appendix 005; Budget Preparation Guidelines for the County Established Funds**

## 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Internal Audit Reports**

During the audit, it was revealed that there were no internal audit reports. As a result, there was no review of governance structures, value for money and risk-based audits. There was also no verification of internal controls and assets.

This was in contravention of Section 155(1)(a) of the Public Finance Management Act, 2012, which states that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

**Management Response.**

During the year 2020/2021 the Fund received KShs. 50,000,000. This funding was among other sources that financed Covid-19 interventions during the year 2020/2021 – See Page 84 of the attached Report on the audit of Covid-19 funds. This Special Audit on the Emergency Fund was an intervening audit undertaken in October, 2020. The Fund did not receive any other funds.

Further, the concept of Combined Assurance requires parties to place reliance on each other's work so as to avoid duplication of resources. This concept requires the external auditor to evaluate and make a decision on whether to rely on the internal auditor's work and for the internal auditor to also evaluate and make a decision on whether to rely on the external auditor's work. Therefore, the audit on Covid-19 funds during the year 2020-2021 was considered exhaustive by the Directorate of Internal Audit as to require a further audit of the Emergency Fund.

Subsequent audits have since been undertaken by the Directorate. The fund has since been audited and Internal reports have been here attached.

**Appendix 006(a): Extract of the Internal Audit Report**



**GEOFFREY WAFULA**  
**FUND ADMINISTRATOR**



# Appendix 1 (a)



14 July 2021  
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**ACCOUNT STATEMENT**

Customer:  
Account: 1179674642 BUNGOMA COUNTY GOVT EMERGENCY FUND  
Product Name: Local Government  
Statement Period: 01 JUL 2020

TXN DATE	DESCRIPTION	VALUE DATE	KES Balance at Period End:	3,009,035.93	KES	LEDGER BALANCE
TXN DATE	DESCRIPTION	VALUE DATE	MONEY OUT	MONEY IN		
01 JUL 2020	BALANCE B/FWD	01 JUL 2020				2,126,203.93
01 JUL 2020	Cash Deposil RASOA NA SIMIYU MARANI AT-BG MA TT201	01 JUL 2020		400,000.00		2,526,203.93
02 JUL 2020	Transfer AT-BGMA TRANSFER REFUND EXPENSES BARBRA	02 JUL 2020		400,000.00		2,926,203.93
02 JUL 2020	Inward SWIFT Pa AT-DP C METRINE NEKESA P. O.BOX 1	02 JUL 2020		400,000.00		3,326,203.93
03 JUL 2020	Tax Amount Due AT-DPC CHG20185S2FXF CHG2 0185S2F	03 JUL 2020		-21		3,326,182.93
03 JUL 2020	Interim Siml Charge AT-D PC CHG20185S2FXF CHG201	03 JUL 2020		-105		3,326,077.93
03 JUL 2020	INHouse CHQ000305 AT-DPC DEWALS FARM ENTERPRISE	03 JUL 2020		-79,172.00		3,246,905.93
03 JUL 2020	INHouse CHQ000306 AT-DPC DEWALS FARM ENTERPRISE	03 JUL 2020		-224,920.00		3,021,985.93
03 JUL 2020	INHouse CHQ000308 AT-DPC TWANGIA BLUE CONSTRUCT	03 JUL 2020		-312,264.00		2,709,721.93
03 JUL 2020	INHouse CHQ000307 AT-DPC KHATIRI ENTERPRISES LI	03 JUL 2020		-498,143.00		2,211,578.93
08 JUL 2020	Cash Deposil ZUENAH W EKESA AT-BGMA TT201 90GVFQX	08 JUL 2020		400,000.00		2,611,578.93
14 JUL 2020	Transfer AT-BGMA MOHAMMED WANYO MOHAMMED WANYONY	14 JUL 2020		51,500.00		2,663,078.93
15 JUL 2020	INHouse CHQ000309 AT-DPC SHEILA LUKAMBA WANJALA	15 JUL 2020		-720,500.00		1,942,578.93
29 JUL 2020	Transfer AT-BGMA CHQ 310 DIANA NANJALA SHIKUKU D	29 JUL 2020		-280,000.00		1,662,578.93
29 JUL 2020	INHouse CHQ000311 AT-DPC DIANAH NASWA SIMIYU FT	29 JUL 2020		-600,000.00		1,062,578.93
07 AUG 2020	Tax Amount Due AT-DPC CHG20220585PK CHG2 0220585	07 AUG 2020		-21		1,062,557.93
07 AUG 2020	Interim Siml Charge AT-D PC CHG20220585PK CHG202	07 AUG 2020		-105		1,062,452.93
07 AUG 2020	Certificate Of Balance Charge AT-DPC CERT2022052	07 AUG 2020		-1,065.00		1,061,387.93
13 AUG 2020	INHouse CHQ000312 AT-DPC IMELDAH NAMACHANJA MAS	13 AUG 2020		-900,000.00		161,387.93
26 AUG 2020	Cash Deposil TRANSACTION FEE CHARGES-ANNA KHISA A	26 AUG 2020		400.00		161,787.93
28 AUG 2020	Tax Amount Due AT-DPC CHG20241S0SDM CHG20241S0S	28 AUG 2020		-84		161,703.93
28 AUG 2020	Interim Siml Charge AT-D PC CHG20241S0SDM CHG202	28 AUG 2020		-420		161,283.93
08 SEP 2020	Ag Dpst T000670155119 DIANA NANJALA 999999 FT202	08 SEP 2020			100,000.00	261,283.93
08 SEP 2020	Ag Dpst T000670155802 DIANA NANJALA 999999 FT202	08 SEP 2020			100,000.00	361,283.93

FOR: KCB BANK KENYA LTD.  
Director/Manager  
2021/07/14



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08 SEP 2020	Ag Dpsl T000670156599 DIANA NANJALA 999999 FT202	08 SEP 2020		80,000.00	441,283.93
21 SEP 2020	INHouse CHQ000314 AT- DPC TOFY INTERNATIO NAL LIM	21 SEP 2020	-159,200.00		282,083.93
19 OCT 2020	Tax Amount Due AT-DPC CHG202930G652 CHG2 02930G6	19 OCT 2020	-21		282,062.93
19 OCT 2020	Interim Stmt Charge AT-D PC CHG202930G652 CH G202	19 OCT 2020	-105		281,957.93
05 NOV 2020	Transfer AT-BGMA HUM PHREY SIMIYU HUMPH REY SIMIYU	05 NOV 2020		500,000.00	781,957.93
10 NOV 2020	Transfer AT-BGMA LEON ARD MAYENDE BUNGO MA COUNTY	10 NOV 2020		500,000.00	1,281,957.93
10 NOV 2020	Transfer AT-BGMA CHA RITY KIBABA BUNGOMA COUNTY G	10 NOV 2020		500,000.00	1,781,957.93
12 NOV 2020	Transfer AT-BGMA GOD WILL ERIMA BUNGOMA COUNTY GO	12 NOV 2020		508,000.00	2,289,957.93
17 NOV 2020	INHouse CHQ000319 AT- DPC Utility Payments Acc oun	17 NOV 2020	-12,650.00		2,277,307.93
17 NOV 2020	INHouse CHQ000316 AT- DPC Utility Payments Acc oun	17 NOV 2020	-8,667.00		2,268,640.93
17 NOV 2020	INHouse CHQ000320 AT- DPC Utility Payments Acc oun	17 NOV 2020	-18,602.00		2,250,038.93
18 NOV 2020	Inward Cheque D CHQ31 5 AT-DPC CHQ No. 0003 15 KES	18 NOV 2020	-485,333.00		1,764,705.93
18 NOV 2020	INHouse AT-DPC Unpaid CHQ000317 FT20322DT 67T BAN	18 NOV 2020		766,930.00	2,531,635.93
18 NOV 2020	Unpaid Item charge AT-D PC AC-PL52036 FT2032 3Y00	18 NOV 2020	-170.00		2,531,465.93
18 NOV 2020	Unpaid Item cha AT-DPC Unpay Chrg CHQ000317 FT2	18 NOV 2020	-850.00		2,530,615.93
18 NOV 2020	INHouse CHQ000317 AT -DPC TRIBESH ENTERP RISES LI	18 NOV 2020	-766,930.00		1,763,685.93
18 NOV 2020	Unpaid Cheque CHQ000 315 AT-DPC CHQ No. 00 0315 BA	18 NOV 2020		485,333.00	2,249,018.93
18 NOV 2020	Unpaid Chq Char AT-DP C 000315 AC-117967464 2 FT2	18 NOV 2020	-1,020.00		2,247,998.93
19 NOV 2020	Inward Cheque D CHQ31 8 AT-DPC CHQ No. 0003 18 KES	19 NOV 2020	-617,648.00		1,630,350.93
20 NOV 2020	Inward Cheque D CHQ31 5 AT-DPC No:315 11796 74642	20 NOV 2020	-485,333.00		1,145,017.93
20 NOV 2020	Transfer AT-BGMA CHQ3 17 TRIBESH ENTERPRI SES LIM	20 NOV 2020	-766,930.00		378,087.93
07 DEC 2020	Cash Withdrawal CHQ32 1 GEOFFREY SIMIYU W AFULA AT	07 DEC 2020	-156,000.00		222,087.93
05 JAN 2021	Tax Amount Due AT-DPC CHG210058RSWC CHG 210058RS	05 JAN 2021	-42		222,045.93
05 JAN 2021	Interlm Stmt Charge AT-D PC CHG210058RSWC C HG210	05 JAN 2021	-210		221,835.93
08 JAN 2021	Cash Deposit DIANA NA SWA SIMIYU AT-BGMA TT21008W	08 JAN 2021		500,000.00	721,835.93
15 JAN 2021	Transfer AT-BGMA TRAN SFER SHARLYNE ANDE RAH BISA	15 JAN 2021		499,000.00	1,220,835.93



14 July 2021  
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15 JAN 2021	Transfer AT-BGMA TRANSFER FRANKLYNE BAR ASA NAMU	15 JAN 2021	500,000.00	1,720,835.93
22 JAN 2021	Transfer AT-BGMA KEM ASHA INVESTME PART CONSTRUCT	22 JAN 2021	-1,500,000.00	220,835.93
26 JAN 2021	Cash Deposit DIANA N ASWA SIMIYU AT-BGMA TT21026	26 JAN 2021	30,000.00	250,835.93
16 FEB 2021	Tax Amount Due AT-DPC CHG21047HHT8M CHG 21047HHT	16 FEB 2021	-126	250,709.93
16 FEB 2021	Interim Stmt Charge AT-D PC CHG21047HHT8M C HG210	16 FEB 2021	-630	250,079.93
01 MAR 2021	Transfer AT-BGMA DIANA NASWA REFUND: DIANA NAS	01 MAR 2021	70,000.00	320,079.93
04 MAY 2021	Inward SWIFT Pa AT-DPC BUNGOMA COUNTY / REC/0000	04 MAY 2021	70,000,000.00	70,320,079.93
04 MAY 2021	Cheque CHQ327 AT-BGMA REFUND MOH HOSPITALS FT211	04 MAY 2021	-5,115,301.00	65,204,778.93
04 MAY 2021	Cheque CHQ326 AT-BGMA REFUND COUNTY GOVT OF BUNG	04 MAY 2021	-48,141,788.00	17,062,990.93
05 MAY 2021	Tax Amount Due AT-DPC CHG21125RWZBH CHG 21125RWZ	05 MAY 2021	-42	17,062,948.93
05 MAY 2021	Interim Stmt Charge AT-D PC CHG21125RWZBH C HG211	05 MAY 2021	-210	17,062,738.93
13 MAY 2021	TaxPmt AT-BGMA P0514 18654N 20202100013324 23-Bung	13 MAY 2021	-407,334.00	16,655,404.93
13 MAY 2021	TaxPmt AT-BGMA P0514 18654N 20202100013323 33-Bung	13 MAY 2021	-234,100.00	16,421,304.93
13 MAY 2021	Cheque CHQ330 AT-BGMA TRINITY GALLAGHER ENTERPR	13 MAY 2021	-11,578,586.00	4,842,718.93
20 MAY 2021	TaxPmt AT-BGMA P0514 18654N 20202100014030 94-Bung	20 MAY 2021	-33,727.00	4,808,991.93
20 MAY 2021	TaxPmt AT-BGMA P0514 18654N 20202100014041 10-Bung	20 MAY 2021	-58,684.00	4,750,307.93
20 MAY 2021	Cheque CHQ335 AT-BGMA TOFY INTERNATIONAL LIMITE	20 MAY 2021	-1,668,107.00	3,082,200.93
11 JUN 2021	Inward Cheque D CHQ337 AT-DPC CHQ No. 0003 37 KES	11 JUN 2021	-72,100.00	3,010,100.93
14 JUL 2021	Certificate Of Balance Charge AT-DPC CERT2119572	14 JUL 2021	-1,065.00	3,009,035.93
			=====	=====
	BALANCE AT PERIOD END:		-75,908,331.00	76,791,163.00
				3,009,035.93

FOR: RCB BANK KENYA LTD  
*[Signature]*  
Branch Manager



# APPENDIX 2(A)

## Bungoma County Disaster Management and Emergency Fund Reports and Financial Statements For the period ended 30<sup>th</sup> June 2021

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### 11. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

### 12. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

### 13. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors/Trustee, the Fund Managers and Fund Accountant.

### 14. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya (*Remove if not applicable*) and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.



# APPENDIX 2(b)

## EMERGENCY FUND IMPRESTS AND ADVANCES

DATE	Name of Officer	Particulars	Outstanding Amount	Amount Surrendered IN 2020-2021	BALANCE TO BE SURRENDERED
9.8.2019	LENAH NASONGO		840.00	840.00	-
04/06/2020	MOSES WAMBUSI	HEALTH - intervention on transmission of covid-19 pandemic	600,000.00	600,000.00	-
22/4/2020	MOSES WAMBUSI	facilitation for disinfection and fumigation team	600,000.00	600,000.00	-
22/4/2020	LILIAN ATIENO OLOO	facilitation for disinfection and fumigation team	600,000.00	600,000.00	-
04/05/2020	JOB WEPUKHULU	GVN - facilitation of CDMC meetings and field operations	393,050.00	393,050.00	-
05/07/2020	LEONARD NANDEMU	GVN - facilitation for the purpose of covid-19	300,000.00	300,000.00	-
05/07/2020	MOSES WAMBUSI	HEALTH - community surveillance and screening on covid-19	900,000.00	900,000.00	-
05/07/2020	LILIAN ATIENO OLOO	HEALTH - facilitation for specimen collection	900,000.00	900,000.00	-
13/5/2020	METRINE MUYUNDO	GENDER - facilitation on concept to engage youths in fight against covid-19	450,000.00	450,000.00	-
19/5/2020	TOM WEKESA MUSUNGU	WATER - funding of water department on covid-19	864,000.00	864,000.00	-
			9,982,890.00	5,607,050.00	-





# Appendix 2 (C)

## EMERGENCY FUND OUTSTANDING ADVANCES AS AT JUNE 2022

DATE	Name of Officer	Amount Taken	Particulars	Outstanding Amount	Amount Surrendered IN 2020-2021	BALANCE TO BE SURRENDERED
15.8.2019	LYDIA OMOIT	360,000.00	OFFICE OPERATIONS	360,000.00		360,000.00
24/02/2020	GEOFFREY WAFULA	300,000.00	FINANCE - standing imprest of special programme(CARO BUYELA)	300,000.00		300,000.00
				<b>2,610,000.00</b>	<b>1,950,000.00</b>	<b>660,000.00</b>
						<b>TO BE REFUNDED</b>
	MATTHEW TSUMA	1,925,000.00		1,925,000.00		1,925,000.00
17.8.2019	CATHERINE ANDATI KILUI	1,300,000.00		1,300,000.00	79,600.00	1,220,400.00
20.9.2019	LYDIA OMOIT	600,000.00	Facilitation to C/S office	600,000.00		600,000.00
26.9.2019	LYDIA OMOIT	740,000.00	IMPREST TO BE PAID FROM TSUMA	740,000.00		740,000.00
30/4/2020	BONFACE NYONGESA	300,000.00	CS - media angagement in public sensitization on covid-19	1,552,500.00		1,552,500.00
				<b>11,026,850.00</b>	<b>3,458,900.00</b>	<b>7,567,950.00</b>
						<b>8,227,950.00</b>



# Appendix 3(a)

## Bungoma County Disaster Management and Emergency Fund

### Reports and Financial Statements

For the period ended 30<sup>th</sup> June 2021

#### 12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021.


	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt.	70,000,000.00	-	70,000,000.00	70,000,000.00	-	1.00
Total income	70,000,000.00	-	70,000,000.00	70,000,000.00	-	1.00
Expenses						
General expenses	70,000,000.00	-	70,000,000.00	55,815,937.78	14,184,062.23	79.737
Total expenditure	70,000,000.00	-	70,000,000.00	55,815,937.78	14,184,062.23	79.737
Surplus for the period	-	-	-	14,184,062.23	(14,184,062.23)	
Capital Expenses						
Capital Expenses	-	9,791,306.25	9,791,306.25	26,313,207.00	26,313,207.00	268.741
Total expenditure	-	9,791,306.25	9,791,306.25	26,313,207.00	26,313,207.00	268.741



# Appendix 4 (A)

vide letter CC/BGM/APP/VOL.1/08 where the committee was required to recommend the tender if it meets the requirements set out in the tender document.

After thorough analysis of the evaluation report and the entire procurement process it is noted that the evaluation committee and the process itself adhered to Sec 103 and 104 of the PPADA 2015. Therefore, the committee recommended the award for this tender **PROPOSED CONSTRUCTION OF SIUNA - KIMALEWA STANDARD TWIN BOX CULVERT IN BUNGOMA COUNTY** BGM/CNTY/GVN/EF/RT/003/2019-2020 to M/S TRINITY CHALAGHER LTD of P.O. BOX 481-50200 NAIROBI at the Tender sum Ksh. 13,845,876 Thirteen Million Eight Hundred and Fifty Eight thousand and Seventy Six Shillings Only.) Inclusive of 16% VAT. The accounting officer Governor's office is hereby presented with the original evaluation report duly signed by the evaluation committee, submitted bid document by the bidder and this professional opinion and request is hereby made for your review of the evaluation report, filled bid document and our professional opinion to enable you make a decision as you deem appropriate.

  
ALEX M ODANGA

Ag. DIRECTOR SUPPLY CHAIN MANAGEMENT SERVICES



LIST OF APPENDICES

APPENDIX NUMBER	APPENDIX NAME
I	Terms of Reference
II	List of people interviewed
III	Government of Kenya Supplementary Budgets for COVID-19 activities
IV	Funds received from Development Partners for COVID-19 prevention and mitigation
V	Funds received from the World Bank for COVID-19 through the Kenya Inclusive Growth and Fiscal Management Project
VI	Funds received from the International Monetary Fund
VII	Funds received from the African Development Bank
VIII	Funds received from DANIDA
IX	Conditional grants disbursed to Counties
X	Non-cash donations disbursed by KEMSA to Counties
XI	Donations stock records at KEMSA
XII	Donations to Counties by the COVID-19 Emergency Response Fund Board
XIII	County Fund Receipts and Utilization Statement
XIV	Number of Isolation Centres and Isolation Beds in Counties

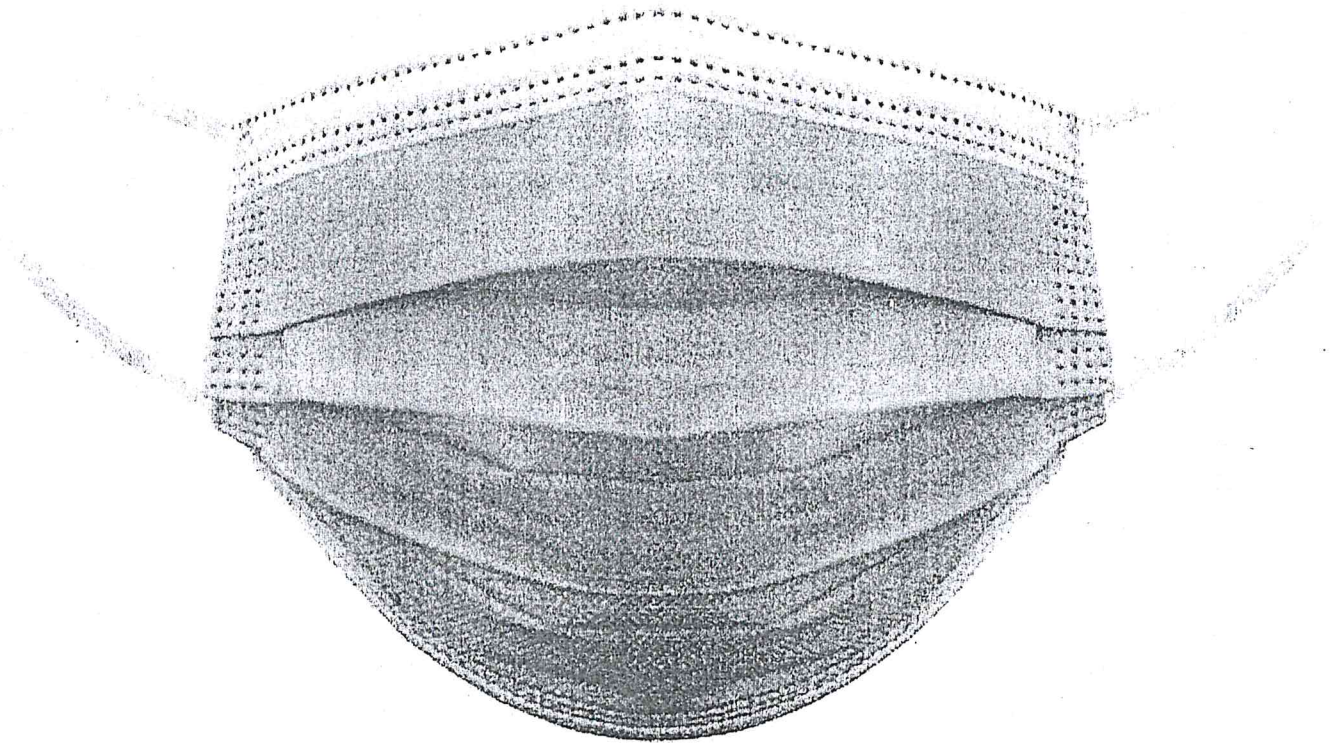
3

# Appendix 6



**SPECIAL AUDIT REPORT OF THE AUDITOR-GENERAL ON**

## **Utilization of COVID-19 Funds by County Governments**



**DECEMBER 2020**



7. New projects					
1	xxx	xxx	xxx	xxx	xxx
2	xxx	xxx	xxx	xxx	xxx
3	xxx	xxx	xxx	xxx	xxx
4	xxx	xxx	xxx	xxx	xxx
Sub-total	xxx	xxx	xxx	xxx	xxx
8. Other Capital Items					
1	xxx	xxx	xxx	xxx	xxx
2	xxx	xxx	xxx	xxx	xxx
3	xxx	xxx	xxx	xxx	xxx
4	xxx	xxx	xxx	xxx	xxx
Sub-total	xxx	xxx	xxx	xxx	xxx
Grand Total	xxx	xxx	xxx	xxx	xxx

**Annex II: Capital Budget (Core Mandate)**

Description	Actual	Actual	Actual	Forecast	Budget
	Year N-3	Year N-2	Year N-1	Year N	Year N
<b>A. Recurrent Revenue Estimates</b>					
<b>1. Public contributions and donations</b>					
Donation from development partners	xxx	xxx	xxx	xxx	xxx
Contributions from the public	xxx	xxx	xxx	xxx	xxx
<b>2. Transfers from County Government</b>					
Transfers from County Govt. – Capital	xxx	xxx	xxx	xxx	xxx
Payments by County on behalf of the Fund	xxx	xxx	xxx	xxx	xxx
<b>3. Retained Earnings</b>					
Retained Earnings - Current year	xxx	xxx	xxx	xxx	xxx
Retained Earnings - Previous year	xxx	xxx	xxx	xxx	xxx
<b>4. Borrowings</b>					
Borrowings - Current year	xxx	xxx	xxx	xxx	xxx
Borrowings - Previous year	xxx	xxx	xxx	xxx	xxx
<b>Total Capital Injection</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>5. Receivables from exchange transactions</b>					
Loan Repayments – Current	xxx	xxx	xxx	xxx	xxx
Loan Repayments - Long-term	xxx	xxx	xxx	xxx	xxx
Other exchange debtors	xxx	xxx	xxx	xxx	xxx
<b>Total Recurrent Revenue Estimates</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>Total Funds</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>B. Expenditure Estimates</b>					
<b>6. Ongoing projects</b>					
1	xxx	xxx	xxx	xxx	xxx
2	xxx	xxx	xxx	xxx	xxx
3	xxx	xxx	xxx	xxx	xxx
4	xxx	xxx	xxx	xxx	xxx
<b>Sub-total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

Administration fees	Xxx	xxx	xxx	xxx	xxx
Total	Xxx	xxx	xxx	xxx	xxx
<b>6a. Staff costs</b>					
Salaries and wages	Xxx	xxx	xxx	xxx	xxx
Staff gratuity	Xxx	xxx	xxx	xxx	xxx
Staff training expenses	Xxx	xxx	xxx	xxx	xxx
Social security contribution	Xxx	xxx	xxx	xxx	xxx
Other staff costs	Xxx	xxx	xxx	xxx	xxx
<b>7. General expenses</b>					
Consumables	xxx	xxx	xxx	xxx	xxx
Electricity and water expenses	xxx	xxx	xxx	xxx	xxx
Fuel and oil costs	xxx	xxx	xxx	xxx	xxx
Insurance costs	xxx	xxx	xxx	xxx	xxx
Postage	xxx	xxx	xxx	xxx	xxx
Printing and stationery	xxx	xxx	xxx	xxx	xxx
Rental costs	xxx	xxx	xxx	xxx	xxx
Security costs	xxx	xxx	xxx	xxx	xxx
Telecommunication	xxx	xxx	xxx	xxx	xxx
Bank Charges	xxx	xxx	xxx	xxx	xxx
Hospitality	xxx	xxx	xxx	xxx	xxx
Depreciation and amortization costs	xxx	xxx	xxx	xxx	xxx
Other expenses	xxx	xxx	xxx	xxx	xxx
<b>8. Gain/(loss) on disposal of assets</b>					
Property, plant and equipment	xxx	xxx	xxx	xxx	xxx
Intangible assets	xxx	xxx	xxx	xxx	xxx
<b>Total Operating Expenditure Estimates</b>	xxx	xxx	xxx	xxx	xxx
<b>Operating Surplus/Deficit</b>	xxx	xxx	xxx	xxx	xxx
Less;					
<b>9. Finance costs</b>					
Interest on Bank overdrafts	xxx	xxx	xxx	xxx	xxx
Interest on loans from banks	xxx	xxx	xxx	xxx	xxx
<b>Total Finance Costs</b>	xxx	xxx	xxx	xxx	xxx
<b>Retained Operating Surplus</b>	xxx	xxx	xxx	xxx	xxx

## Annex I: Itemized Recurrent Budget

Description	Actual	Actual	Actual	Forecast	Budget
	Year 'abc'	Year 'def'	Year 'ghi'	Year 'jkl'	Year 'mno'
<b>A. Recurrent Revenue Estimates</b>					
<b>1. Public contributions and donations</b>					
Donation from development partners	Xxx	xxx	xxx	xxx	xxx
Contributions from the public	Xxx	xxx	xxx	xxx	xxx
<b>2. Transfers from County Government</b>					
Transfers from County Govt. - operations	Xxx	xxx	xxx	xxx	xxx
Payments by County on behalf of the entity	Xxx	xxx	xxx	xxx	xxx
<b>3. Fines, penalties and other levies</b>					
Late payment penalties	Xxx	xxx	xxx	xxx	xxx
Fines	Xxx	xxx	xxx	xxx	xxx
Levies	Xxx	xxx	xxx	xxx	xxx
Licences	Xxx	xxx	xxx	xxx	xxx
<b>4. Interest income</b>					
Interest income from Mortgage loans	Xxx	xxx	xxx	xxx	xxx
Interest income from car loans	Xxx	xxx	xxx	xxx	xxx
Interest income from investments	Xxx	xxx	xxx	xxx	xxx
Interest income on bank deposits	Xxx	xxx	xxx	xxx	xxx
<b>5. Other income</b>					
Insurance recoveries	Xxx	xxx	xxx	xxx	xxx
Income from sale of tender documents	Xxx	xxx	xxx	xxx	xxx
Miscellaneous income	Xxx	xxx	xxx	xxx	xxx
<b>Total Recurrent Revenue Estimates</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>B. Recurrent Expenditure Estimates</b>					
<b>6. Fund administration expenses</b>					
Staff costs (Note 6a)	Xxx	xxx	xxx	xxx	xxx
Loan processing costs	Xxx	xxx	xxx	xxx	xxx
Professional services costs	Xxx	xxx	xxx	xxx	xxx

22. The County Treasury shall issue annually the format for use in the preparation of the Annual Cash Flow Plan and the Annual Procurement Plan of the Fund : : : :

With Kind Regards,



ESTHER WAMALWA

CECM, FINANCE AND ECONOMIC PLANNING

COUNTY GOVERNMENT OF BUNGOMA.

Copy to:

H.E The Governor  
County Government of Bungoma

The County Secretary  
County Government of Bungoma

The Clerk of the County Assembly  
County Assembly of Bungoma

CECM, Trade, Energy and Industrialization  
County Government of Bungoma

CECM, Education and Vocational Training  
County Government of Bungoma

CECM, Gender, Youth, Culture and Sports  
County Government of Bungoma

Respective Chief Officers  
County Government of Bungoma

## Budget Approval

17. The Fund Administrator shall ensure that the Draft Estimates are submitted to the Fund Administration Committee for approval. The minutes of the Fund Administration Committee shall accompany the estimates for further approval
18. The County Executive Committee Member responsible for the County Established Fund and shall further approve the estimates of the budget of the County Established Fund and shall, not later than end of January every year, submit to the County Treasury for approval of those estimates for the subsequent financial year.
19. The Clerk of the County Assembly shall further approve the estimates of the budget of the County Established Fund established for the welfare of the Members of the County Assembly and the staff. These estimates shall not later than the end of January every year be submitted to the County Treasury for approval of those estimates for the subsequent financial year.

## Way forward

20. These guidelines are issued so as to ensure that fiscal discipline is entrenched in the management of the County Established Funds
21. The Fund Administrators are asked to liaise with the respective County Departments so as to ensure that these guidelines are included in the subsequent amendments of the Fund's Regulations

County Established Fund	Core Mandate
Trade Loans Scheme	Provision of credit facilities to the prescribed persons/groups
Youth and Women Empowerment Fund	
Persons With Disability Empowerment Fund	
Staff Car Loans and Mortgage Fund	
MCAs' Car Loans and Mortgage Fund	
Disaster and Emergency Management Fund	Provision for advances for unbudgeted and unforeseen expenditure
Education Support Scheme	Provision of Scholarships and other Educational Benefits

14. The Expenditure Estimates shall be broadly classified into;

- (a) Fund administration expenses
- (b) General expenses
- (c) Finance costs
- (d) Other gains/losses
- (e) Gain/loss on disposal of assets

15. These Expenditure Estimates shall not exceed three-per cent of the

16. The expenditure estimates shall be further specifically classified in a Format provided in Annex I

8. The Budget Estimates shall contain both the Revenue Estimates and the Expenditure Estimates
9. The budget revenue and expenditure appropriations shall be balanced

### **Budget Classification**

10. The budget estimates shall be prepared, accounted for and reported in accordance with the Government of Kenya budget classification and standard chart of accounts issued by the National Treasury
11. The Revenue Estimates shall be broadly classified into;
  - (a) Public contributions and donations
  - (b) Transfers from the County Government
  - (c) Fines, penalties and other levies
  - (d) Interest income
  - (e) Other income
12. The revenue estimates shall be further specifically classified in a Format provided in **Annex I**
13. The County Established Funds undertaking various projects shall in addition provide Revenue and Expenditure Estimates relating to its core mandate. The format is provided for in **Annex II**;



3. Failure to prepare a Budget for the Fund and ensuring that it is approved portends significant audit queries. Further, it creates a situation where the administration costs end up lacking a basis upon which they can be measured in percentage form. This has created repetitive audit queries for the County Established Funds

### Budget Preparation Guidelines

4. The Fund Administrator shall ensure that the draft estimates relating to the Fund are prepared in conformity with these Guidelines
5. The Fund Administrator is responsible, in particular for ensuring that;
  - (a) all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of County Established Fund during the financial year
  - (b) the estimates have been prepared are complete and accurate as possible
  - (c) the estimates have been framed with regard to economy and efficiency;
  - (d) the requisite authority has been obtained, where necessary, before provision is made in the estimates; and
  - (e) the estimates are submitted to the County Treasury in the manner and format to be attached hereto as Annex I
6. All budget proposals shall be supported by the Fund's Strategic Plan
7. The Budget shall be Programme Based and shall be developed in a format issued by the County Treasury each year

# Appendix 5

## COUNTY GOVERNMENT OF BUNGOMA



### COUNTY EXECUTIVE COMMITTEE MEMBER MINISTRY OF FINANCE AND ECONOMIC PLANNING

Telephone: 055-2030144  
E-mail: [bungomacountygovt@gmail.com](mailto:bungomacountygovt@gmail.com)

Municipal Building  
P.O Box 437- 50200  
BUNGOMA.

OUR REF: CG/BGM/FIN/CA/REPORT/VOL.4/(17)

DATE: 19<sup>TH</sup> APRIL, 2022.

ALL FUND ADMINISTRATORS,  
COUNTY ESTABLISHED FUNDS,  
P.O BOX 437-50200,  
BUNGOMA

Dear Sir/Madam,

RE: BUDGET PREPARATION GUIDELINES FOR THE COUNTY ESTABLISHED FUNDS

#### Background

1. The County Established Fund's Regulations lack clear provision on the budget preparation processes. This existing gap in the Regulations has seen the County Established Funds fail to prepare and ensure that their budgets are approved before the programmes are rolled out for implementation
2. Sec. 197(d) of the PFM Regulations (County Governments), 2015 provides that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund.

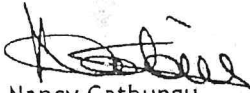


SUMMARY PAGE

S. No.	DESCRIPTION	TOTAL AMOUNT
1	General office administration, overheads and preliminaries	785,000.00
4	Site clearance and Demolition	300,000.00
7	Excavation And Filling of Structures	2,543,700.00
9	Passage of Traffic	968,000.00
17	Concrete Works	5,020,000.00
21	Miscellaneous bridge works	1,111,300.00
	SUB - TOTAL 1	10,728,000
	ADD 10% CONTIGENCIES	1,072,800.0
	SUBTOTAL 2	11,800,800
	ADD 16% V.A.T	1,888,128.00
	GRAND TOTAL	13,688,928

Integrated Payroll Management System to ensure efficiency in payroll Management.

- The Public Finance Management capacity of Levels II and III health facilities be strengthened so as to ensure efficient and effective planning, budgeting and utilization of funds especially during pandemics. This will strengthen County Governments' responsiveness to COVID-19 and other pandemics.
- The Ethics and Anti-corruption Commission (EACC) and the Directorate of Criminal Investigations (DCI) should conduct further investigations to establish acts of criminality in Inventory Management of Covid-19 related items.
- In addition, County Governments should automate the Stock Management Systems and strengthen the capacity of Officers managing inventory.
- County Governments should in addition to generating Financial Reports, generate Non-Financial Reports on key milestones achieved in regard to the activities relating to COVID-19 Pandemic. There should be an intergrated financial and non-financial reporting for efficient and effective monitoring. To enhance accountability and public participation in Management of the funds, such reports should be published for public scrutiny.



Nancy Gathungu  
AUDITOR-GENERAL  
22 December, 2020



Conclusion

1.6.52 The County Governments, did not have in place approved Work Plans and Budgets to guide in efficient and effective utilization of the National Government Grants sent to the County Governments. There was therefore, no evidence of linkages between planning and budgeting to support the overall County Government Financial Strategies for prevention, mitigation and response to the COVID-19 risks. Consequently, the funds remained un-utilized as at 31 July, 2020 raising doubt on the level of the County Governments preparedness for the COVID-19 risks. However, the County Governments utilized their Own Budgetary allocations for the procurement of COVID-19 related items and also received donations for the same. The Procurement and Inventory Management Systems for the County Governments were found to be inefficient and ineffective in Accounting for Donated and Procured items thereby raising doubt on Value for Money for this expenditures. COVID-19 Programme monitoring was also found to be inadequate as Counties could not demonstrate that Non-Financial programme reports were continuously generated, deliberated on or actioned. There was lack of Integrated Financial Reporting between financial and non-financial programme indicators.

1.6.53 It is recommended as follows:

- Future disbursements of COVID-19 funds, should in addition to the CRA Allocations criteria, be based on realistic Work Plans developed and approved by the respective County Governments so as to provide an efficient and effective framework for utilization of the funds to mitigate against Value for Money risks.
- Appropriate sensitization be done for the County Public Finance Management Officers on Public Finance and Risk Management during crisis and health pandemics. This will improve the capacity of County Human Resource to respond to COVID-19 and other related risks in an efficient, effective, economical and ethical manner
- Appropriate consultations should be held between the two levels of Governments to ensure accurate disbursement of the Frontline Health Workers Allowances to mitigate against labour unrest and fiscal risks in the County Governments. The County Governments should also ensure they operate a single

*Administrative*

*Financial*



		GOK Grant	GOK Health Workers Allowances	DANIDA	County Own Fund	KDSP
2	Budgets	In place	Not in place	Not in place	In place Kshs. 50,000,000 by cabinet note	Not in place
3	Procurement plans	In place	Not applicable	Not in place	In place	Not in place
4	Training plans	Not in place	Not applicable	Not in place	Not in Place	Not in place

3.3.3.4 The Management explained that the absence of approved budgets, training plans and procurement plans was because funds were received from the National Government towards the end of the financial year 2019/2020 after Counties had already concluded preparation of the 2020/2021 financial year budget estimates and because of the emergency nature of the pandemic.

3.3.3.5 It is recommended that:

- The County Government of Bungoma should ensure that the Kenya Devolution Support Program(KDSP) Funds and Health Care Allowances Funds are factored in the supplementary budget estimates for the financial year 2020/2021.
- The County Government should prepare and put place approved procurement plans and training plans that are specific to COVID-19 activities for ALL the Funds
- The National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans in future. This will mitigate public funds from Value for Money risks.

*Administrative*

Amount of funds received by Bungoma County Government including recipient bank accounts

3.3.3.6 The total amounts of funds received by the Bungoma County Government for COVID 19 activities were as detailed below:

3.3.3 COUNTY GOVERNMENT OF BUNGOMA

Planning, Budgeting and Financing

Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19 - Kshs 106,305,000

3.3.3.1 Section 107(2) of the County Government Act, 2012 requires that County Governments plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.3.2 The special audit established that the County Government of Bungoma rolled out activities without work plans in place and the reason provided was the emergencies prevalent during that period. In addition, the Chief Officer-Health explained that given that the funds were from the Emergency Funds vote, workplans are not usually done. The approved budget in place covered Emergency Fund and National Covid-19 Grant. Approved procurement plans for the Own County Funds and National Covid-19 Grant were provided but none of the other funds had approved procurement plans in place. In respect to training, no training plans were made citing the emergency nature of the Covid-19 pandemic.

3.3.3.3 Further details are provided in the table below:

Table 21: Planning and Budgeting for Bungoma County

		GOK Grant	GOK Health Workers Allowances	DANIDA	County Own Fund	KDSP
1	Approved work plans	Not in place	Not in place	Not in place	Not in place	Not in Place



Table 22: Funds Received for Bungoma County

	Source	Amount (Kshs)	Bank name and branch	Recipient bank account
1	GOK Conditional Grant	213,714,000	County Revenue Fund	1000171518
2	DANIDA funds	9,975,000	County Revenue Fund	1000171518
3	GOK Health Workers Allowances	66,330,000	County Revenue Fund	1000171518
4	County Own Source Revenue			
	a) County Covid 19 Emergency Fund	50,000,000	County Revenue Fund	1000171518
5	Kenya Devolution Support Programme	30,000,000	County Revenue Fund	1000171518
	TOTAL	370,019,000		

3.3.3.7 As at 31 July, 2020, the funds from the National Government Grant had not been used, but were still being held at the KCB Bungoma account number 1275126375 with a balance of 167,155,860 as on 30 September, 2020. The County Government of Bungoma had also received a total amount of Kshs.9,975,000 DANIDA Funds in its County Revenue Fund(CRF) account which were later transferred to a Special Purpose Account, account number 1000342099. As at 31 July,2020, DANIDA funds had been disbursed to the health facilities' bank accounts except for Kshs. 388,770 that was still in the Special Purpose Account. As at 31 September, 2020, approximately Kshs.5,190,481 of DANIDA Funds had been utilized by the health facilities leaving a balance of Kshs. 4,784,519. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.3.8 It is recommended that the County Government of Bungoma should quickly plan to utilize the National Covid-19 Grant and the remaining balance of DANIDA Funds efficiently and effectively to address the emerging COVID-19 related risks so as to realize value for money.

*Delivered to file*

## Utilization of COVID-19 Funds

### GOK Conditional Grant and Own Emergency Fund

3.3.3.9 As at 31 July, 2020, the funds from the National Government Grant had not been used, but were still being held at the KCB Bungoma account number 1275126375. As at the time of audit on 30 September, 2020, Ksh 46,558,140 had been utilized with a balance of Kshs.167,155,860 as at 30 September, 2020.

3.3.3.10 According to expenditure reports and payment vouchers the County Government spent Kshs. 22,400,000 for the renovation of 5 isolation centers namely Bumula, Malakisi, Nalondo, Ngalasia and Miendo. The team did not visit any of these centers due to limited time, however the Bungoma Referral Hospital, was visited a designated treatment center whose renovation budget of Ksh 5.5 million came from the Hospital's Own Kitty which the County reimbursed from the Own County Funds. Documentation for this process was not provided and it was noted in the expenditure report as 'Other Operating Expenses'. This brings total funds used for renovations of Isolation centers to Kshs. 27,900,000 and not the reported Kshs. 22,400,000.

### GOK Health Workers Allowances

Underfunding of the Frontline Health Workers Allowances by the National Government- Kshs.7,576,612.

3.3.3.11 The audit team established that the appropriated amount for the Frontline Health Workers Allowances was Kshs. 66,330,000, however, a total payment of Kshs 73,906,612 was made. This resulted in a variance of Kshs. 7,576,612 which was charged to the salaries vote of the County Government.

3.3.3.12 It was observed that the payments for Allowances were made with the July, 2020 salary payments amounting to Kshs.72,131,612. Personnel who were not included in the list of beneficiaries for the Allowances but are legible were paid with the August salary totaling to Kshs.1,775,000 as detailed below. As earlier noted, there was no evidence of existence of approved work plan and budgets on how the funds were to be spent. The Payroll Manager, explained that the budget had been done by the National Treasury who only considered health workers in IPPD therefore failing to capture staff outside IPPD.