

ABC

26/7/23



For Secretary

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

Telephone: 055-2030854/020-2030309

Email: [bungomacountyassembly@gmail.com](mailto:bungomacountyassembly@gmail.com)

P.O. BOX 1886-50200,  
BUNGOMA, Kenya.

REF: REPORT NO 5

**INTERNAL MEMO**

**FROM: CHAIRMAN COMMITTEE ON FINANCE AND ECONOMIC  
PLANNING.**

**TO: CLERK OF ASSEMBLY.**

**DATE: 17TH JUNE, 2023**

**RE: REPORT BY THE COMMITTEE ON FINANCE AND ECONOMIC  
PLANNING ON COUNTY REVENUE FUND STATEMENT FY 2022/2023 FOR  
PERIOD ENDED DECEMBER 31<sup>ST</sup>, 2022.**



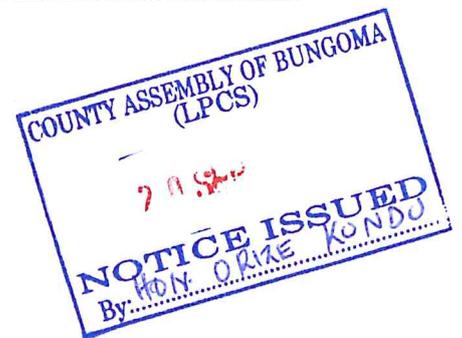
The above subject matter refers.

Forwarded herewith, please find the report by the committee on Finance and Economic Planning on consideration of above stated subject.

Kindly facilitate its approval for tabling.

HON. JAMES MUKHONGO

**CHAIRMAN-COMMITTEE ON FINANCE AND ECONOMIC PLANNING.**





**COUNTY GOVERNMENT OF BUNGOMA**



**COUNTY ASSEMBLY OF BUNGOMA**

**THIRD ASSEMBLY – SECOND SESSION**

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**COMMITTEE ON FINANCE AND ECONOMIC PLANNING REPORT**

**ON**

**THE COUNTY REVENUE FUND STATEMENT FY 2022/2023 FOR THE  
PERIOD ENDED DECEMBER 31<sup>ST</sup>, 2022.**

**JUNE, 2023**

**The Office of the Clerk**

**County Assembly Buildings**

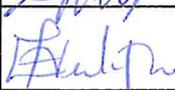
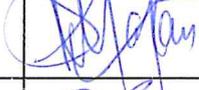
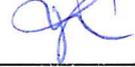
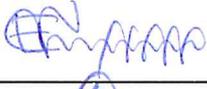
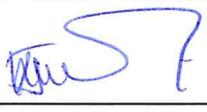
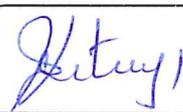
**BUNGOMA - Kenya**

**BUNGOMA**



## ADOPTION SCHEDULE

We the undersigned Members affix our signatures adopting this report with the contents therein.

	<b>MEMBERS NAME</b>	<b>DESIGNATION</b>	<b>SIGN</b>
1	Hon. James Mukhongo	Chairman	
2	Hon. Orize Kundu	Vice Chairman	
3	Hon. Stephen Wamalwa	Member	
4	Hon. Everlyne Mutiembu	Member	
5	Hon. Vitalis Wangila	Member	
6	Hon. George Makari	Member	
7	Hon. Francis Chemion	Member	
8	Hon. Everton Nganga	Member	
9	Hon. Aggrey Mulongo	Member	
10	Hon. Tonny Barasa	Member	
11	Hon. Violet Makhanu	Member	
12	Hon. Jack Kawa	Member	
13	Hon. Godfrey Wanyama	Member	
14	Hon. Christine Mukhongo	Member	
15	Hon. Catherine Kituyi	Member	



## **Annexures**

1. Adoption minutes
2. The County Revenue Fund Statement FY 2022/2023 for the period ended December 31<sup>st</sup> December, 2022



**MINUTES OF THE FINANCE AND ECONOMIC PLANNING COMMITTEE**  
**MEETING HELD ON TUESDAY 17<sup>TH</sup> JUNE, 2023 AT 2.00 P.M IN THE**  
**COMMITTEE ROOM 2**

**MEMBERS PRESENT**

<b>NAME</b>	<b>DESIGNATION</b>
1. HON. JAMES MUKHONGO	CHAIRPERSON
2. HON. ORIZE KUNDU	VICE CHAIR
3. HON. STEVEN WAMALWA	MEMBER
4. HON. AGGREY MULONGO	MEMBER
5. HON.EVERLYNE MUTIEMBU	MEMBER
6. HON. VITALIS WANGILA	MEMBER
7. HON. CATHERINE KITUYI	MEMBER
8. HON. CHRISTINE MUKHONGO	MEMBER
9. HON. TONY BARASA	MEMBER
10. HON.EVERTON NGANGA	MEMBER
11. HON. VIOLET MAKHANU	MEMBER
12. HON. JACK KAWA	MEMBER
13. HON. GEORGE MAKARI	MEMBER
14. HON. FRANCIS CHEMION	MEMBER
15. HON. GODFREY WANYAMA	MEMBER

**SECRETARIAT**

1. JOCKTAN KABEYI	COMMITTEE CLERK
2. PETER MBITO	HANSARD OFFICER
3. JANET NALIANYA	FISCAL ANALYST
4. LUCY IMENJE	SERJEANT AT ARMS
5. EVANS MANGARA	LEGAL OFFICER

**AGENDA**

1. Prayer
2. Determination of quorum
3. Adoption of agenda
4. Communication from Chair
5. Adoption of the Report on County Revenue Fund Statement FY 2022/2023 for the period ended December 31<sup>st</sup>, 2022.

**MIN. 1/17/6/23: PRAYER**

The meeting was called to order at 2.02 P. m with a word of prayer from Chair.

**MIN.2/17/6/23: DETERMINATION OF QUORUM**

There was quorum to transact business as per the Standing Orders.

**MIN.3/17/6/23: ADOPTION OF THE AGENDA**

The agenda was adopted on proposal by Hon. Francis Chemion and seconded by Hon. Christine Mukhongo

**MIN. 4/17/6/23: COMMUNICATION FROM THE CHAIR.**

The chair thanked members for attending the meeting on time.

**MIN. 5/17/6/23. ADOPTION OF COUNTY POLICY STATEMENT ON ENHANCEMENT OF OWN SOURCE REVENUE.**

The report was read to Members, they made some observation from which they came up with recommendation to the executive for implementation.

The Chair read all the recommendation to members and did put a question for members to approve the report and the recommendation there in, the members through acclamation adopted the report.

**ADJOURNMENT**

There being no other business, the committee adjourned at 2.45 P:m. The committee will reconvene on notice.

**CONFIRMATION**

Mr. Jocktan Kabeyi

Sign  Date 17/6/23

Committee Clerk

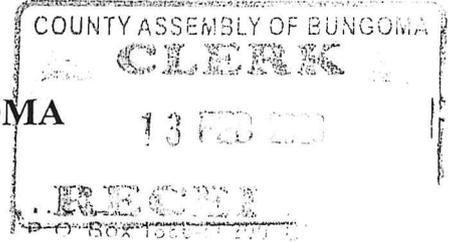
Hon. Barasa Mukhongo

Sign  Date 17/06/23

Chairperson.

*D.C. 7-14*  
*31/1/23 For H.B.C. Dec 5 17/2/23*

**COUNTY GOVERNMENT OF BUNGOMA**



**MINISTRY OF FINANCE AND ECONOMIC PLANNING  
OFFICE OF THE COUNTY CHIEF OFFICER**

Telephone: 055-30343  
Cell: +254-701964698  
E-mail: [bungomacountygovt@gmail.com](mailto:bungomacountygovt@gmail.com)

Municipal Building  
Ground Floor Room. No. 11  
P.O BOX 437 -BUNGOMA

**Our Ref: CG/BGM/F1FIN/CRFHAL02/VOL22/23/02 30TH JAN,2023.**

THE NATIONAL TREASURY  
ACCOUNTANT GENERAL  
NAIROBI.

Dear Sir,

**RE: SUBMISSION OF HALF YEAR COUNTY REVENUE FUND  
STATEMENTS FY 2022/2023 FOR THE PERIOD ENDED DECEMBER  
31, 2022.**

The above matter refers.

According to Section 166 of the Public Finance Management Act, hereto attached please find County Revenue Fund Statements and Reports for the County Government of Bungoma for the period ended December 31, 2022.

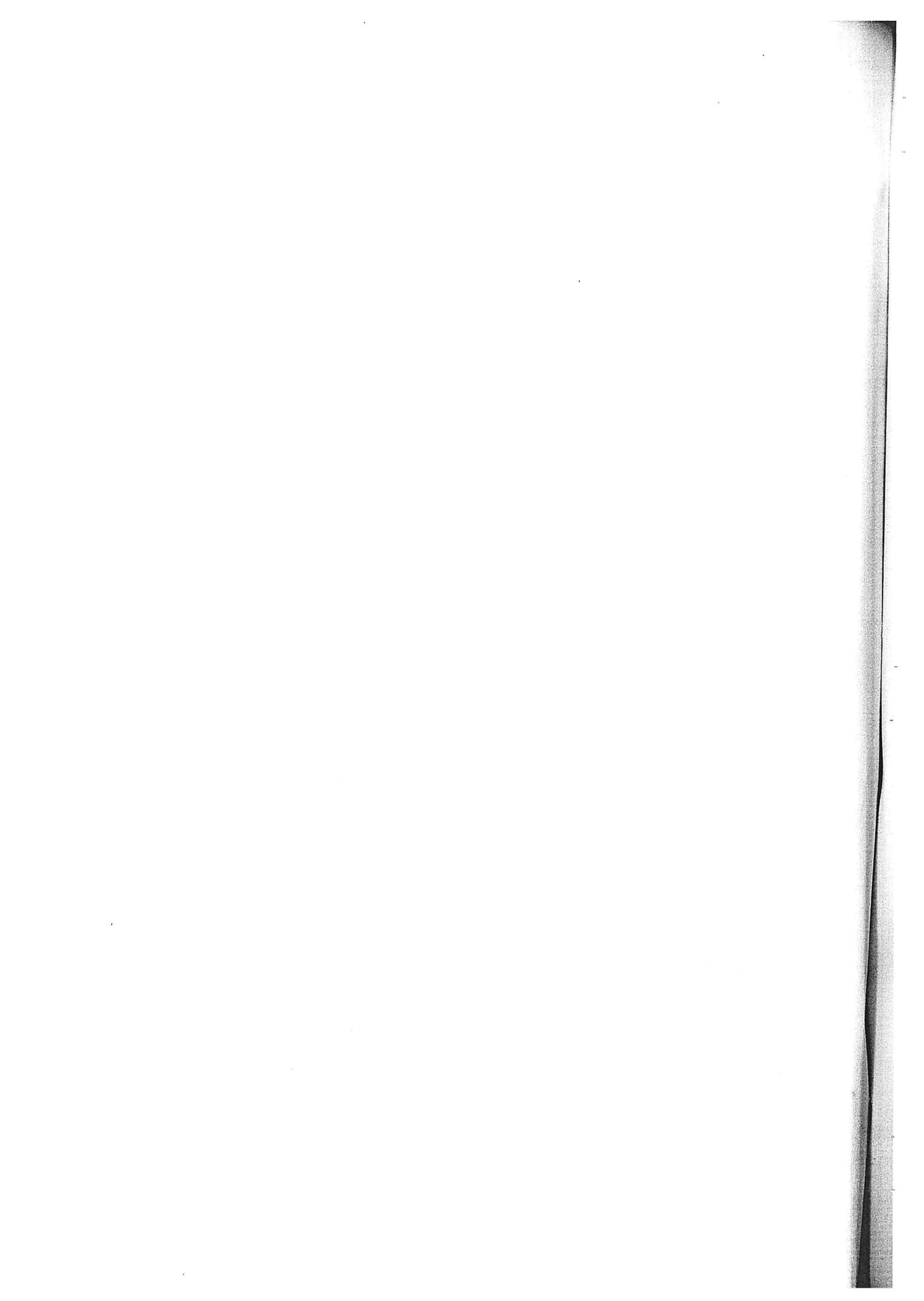
Kindly acknowledge.

*D.M.*

**DINAH MAKOKHA  
CHIEF OFFICER, FINANCE**

CC: -Controller of Budget; Nairobi  
- Commission on Revenue Allocation; Nairobi

*Tabbed on 1/13/23  
Committed to  
Finance Committee  
for processing  
1/13/2023*





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**COUNTY REVENUE FUND**  
**COUNTY GOVERNMENT OF BUNGOMA**

**HALF YEAR REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**  
**DECEMBER 31, 2022**

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

County Government of Bungoma

County Revenue Fund

Half year Report and Financial Statements for the Period ended Dec 31, 2022

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## 1. Key Entity Information and Management

### a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

### b) Key Management

The County Revenue Funds day-to-day management is under the following key organs:

- CECM Finance and Economic planning
- C.O Finance
- Director Accounting Services/Finance

### c) Fiduciary Management

The key management personnel who held office during the period ended December 31, 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	CPA Chrispinus Barasa
2.	Accounting Officer in charge of Finance	Dinah Makokha
3.	Director Accounting Services/Finance	CPA Ambrose Makokha

### d) Fiduciary Oversight Arrangements

#### *i. Audit and Finance committee activities*

The functions and responsibilities of the audit committee were as follows:

- To obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of the County Executive's reporting functions to ensure the integrity of financial reports.
- To monitor the effectiveness of the County Executive's performance management and performance information.
- To provide strong and effective oversight of County Executive's internal audit function.
- To provide effective liaison and facilitate communication between management and external audit.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

#### *ii. Senate Committee Activities*

The responsibilities of the senate committee were as follows:

- Determining allocation of national revenue among counties as per Article 217 of the Constitution and overseeing national revenue allocated to county governments'
- To perform any other role as may be set out under the Constitution or legislation

**iii. County Assembly**

The responsibilities of the County Assembly of Bungoma were as follows:

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;
- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation

**iv. Development partner oversight activities**

The responsibilities of are as follows:

- To ensure the devolution process is smooth and seamless to safeguard the delivery of quality services to citizens.

**v. Controller of Budget**

The responsibilities of are as follows:

- Overseeing the implementation of the budgets of both national and county governments.
- Monitors the use of public funds in-year and reports to Parliament on how the funds have been utilized.

**vi. Office of the Auditor General**

The responsibilities of are as follows:

- Oversight or assurance role of ensuring accountability within the three arms of government (the Legislature, the Judiciary, and the Executive) as well as the Constitutional Commissions and Independent Offices.

**e) County Executive of Bungoma Headquarters**

P.O. Box 437-50200,  
Former Municipal Buildings,  
Moi Avenue Street  
Bungoma, KENYA

**f) County Executive of Bungoma Contacts**

Telephone: 055-30343  
E-mail: [info@bungoma.go.ke](mailto:info@bungoma.go.ke)  
Website: [www.bungoma.go.ke](http://www.bungoma.go.ke)

**g) County Executive of Bungoma Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

**h) Independent Auditors**

Auditor-General  
Office of the Auditor-General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**i) Principal Legal Adviser**

The County Attorney  
Bungoma Municipal Building  
P.O. Box 437-50200  
BUNGOMA, KENYA

## **2. Management Discussion and Analysis**

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Bungoma County included business permits, land rates, cesses, market fees, parking fees, Administrative service fees, public health facilities' fees, Appropriation in Aids (AIA) among others.

### **Operational of the fund.**

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Other receipt includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

### **Financial Performance**

During the financial year 2022/2023, the county had budgeted to receive ksh 13,473,821,282 as exchequer releases from the Cara, of which during the half year we have only received a total of ksh 3,517,613,613 that represents 26% of the Budget amount.

Other receipts represent the Local revenues and Aids in appropriation. The amount budgeted is ksh 1,347,382,860 representing 9% of the budget, the actual amount transferred to the county CRF from local revenue amounted to ksh 94,655,764 but nil transfers from Appropriation in Aids facilities.

### **Challenges**

Implementation challenges of strategic objectives for the County Government included the following: - Inadequate and delayed Government funding to sectors, High poverty level, Political interference in project prioritization and implementation, Inadequate Infrastructure, Inadequate capacity of contractors, Lack of Industrial land, Delay of procurement process, the Covid-19 pandemic, Political activity with the year among other challenges

### 3. Statement of Management Responsibility

Section 168 of the PFM Act requires the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation, to prepare quarterly financial statements for the fund in a form prescribed by the Accounting Standards Board and submit the quarterly report to the County Treasury and a copy to the Controller of Budget.

The Accounting Officer of the County Government is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the period ended December 31, 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 Revenue Fund; (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 Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund'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 Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the period ended December 31, 2022, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, Accounting Officer confirms that the County Revenue Fund'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 Revenue Fund's financial statements were approved and signed on \_\_\_\_\_ 2022

  
.....  
Dinah Makokha  
Chief Officer Finance

#### **4. Overview of the County Revenue Fund Operations**

##### **Background**

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

##### **Receipts into the County Revenue Fund**

County Government revenue is received through appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Other receipt includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

##### **Transfers from the County Revenue Fund**

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

##### **Financial Reporting**

This statement covers the operations of the County Exchequer Account for the period ended 30, 2022.

  
.....  
Dinah Makokha  
Chief Officer Finance

5. Statement of Receipts and Payments Statement for the period ended December 31, 2022.

	Notes	Period ended Dec 2022 Kshs.	Comparative Period Kshs.
<b>RECEIPTS</b>			
Exchequer releases	1	3,517,613,613	4,423,665,603
Transfers from other government agencies	2	-	2,500,000
Own Source Revenue	3	94,655,764	105,219,461
Return to CRF issues	4	1,111,963	1,836,702
<b>Total Receipts</b>		<b>3,613,381,340</b>	<b>4,533,221,766</b>
<b>PAYMENTS</b>			
Transfers to County Executive	5	3,607,552,955	3,982,732,960
Transfers to County Assembly	6	466,401,594	353,442,512
Other Transfers		-	-
<b>Total Payments</b>		<b>4,073,954,549</b>	<b>4,336,175,472</b>
Net increase (decrease) in cash for the year		<b>(460,573,209)</b>	<b>197,046,294</b>
Add Opening fund balance b/f	7	867,288,525	230,677,452
<b>Closing Fund balance for the period</b>	7	<b>406,715,315</b>	<b>427,723,746</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The quarterly financial statements were approved on \_\_\_\_\_ 2022 and signed by:

  
 \_\_\_\_\_  
 Chief Officer  
 Name: Dinah Makokha

\_\_\_\_\_  
 Director Accounting services  
 Name: Ambrose Makokha  
 ICPAK Member Number: 7929

6. Statement of Comparison of Budget Actual Amounts for the period ended December 31, 2022.

Receipt/Payments	Original Budget a Kshs.	Adjustments b Kshs.	Final Budget c=a+b Kshs.	Actual on Comparable Basis d Kshs.	Budget Realisation Difference e=c-d Kshs.	% of Realisation f=d/c %
<b>Receipts</b>						
Exchequer releases	11,515,755,488	1,958,065,794	13,473,821,282	3,517,613,613	9,956,207,669	26%
Own Source Revenue	1,398,524,891	(51,142,031)	1,347,382,860	94,655,764	1,252,727,095	7%
Return to CRF issues				1,111,963	(1,111,963)	0%
<b>Total Receipts</b>	<b>12,914,280,379</b>	<b>1,906,923,763</b>	<b>14,821,204,142</b>	<b>3,613,381,340</b>	<b>11,207,822,802</b>	<b>24%</b>
<b>Payments</b>						
Transfers to County Executive	11,789,078,738	1,737,771,824	13,526,850,562	3,607,552,955	9,919,297,607	27%
Transfers to County Assembly	1,125,201,641	169,151,938	1,294,353,579	466,401,594	827,951,985	36%
<b>Total Payments</b>	<b>12,914,280,379</b>	<b>1,906,923,763</b>	<b>14,821,204,142</b>	<b>4,073,954,549</b>	<b>10,747,249,593</b>	<b>27%</b>
<b>Balance</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(460,573,209)</b>	<b>460,573,209</b>	

The County Executive's financial statements were approved on \_\_\_\_\_ 2022 and signed by:



Chief Officer  
Name: Dinah Makokha



Director Accounting services  
Name: Ambrose Makokha  
ICPAK Member Number: 7929

**7. Significant Accounting Policies**

**a) 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 Section 167 of the PFM Act 2012.

The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund; all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the periods presented.

**b) Reporting entity**

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

**c) Receipts**

Receipts include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

The receipts collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer are 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.

County own source revenue is recognized as receipts when the funds are received in the County Exchequer Account.

**d) Payments**

Payments are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

**e) Fund Balances**

Fund balances comprise bank balances in County Exchequer Account held at Central Bank of Kenya.

## 8. Notes to the Financial Statements

### 1. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

	Period ended Dec 2022	Comparative Period
	Kshs.	Kshs.
Equitable Share (a)	3,517,613,613	4,423,665,603
<b>Total (d=a+b+c)</b>	<b>3,517,613,613</b>	<b>4,423,665,603</b>

### 2. Transfers from other government agencies\*\*

	Period ended Dec 2022	Comparative Period
	Kshs.	Kshs.
Road Maintenance Levy		
Development of Youth Polytechnics-State Department of TVETS		
User Fees Foregone -Ministry of Health		
DANIDA- Universal healthcare in devolved units(THUSP		
DANIDA Grant -Primary Health care in devolved context -Ministry of Health		
Word Bank-NARIGP-State Department of Crop Development		
Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop		2,500,000
Kenya Urban support Programme		
Kenya Devolution Support Programme		
<b>TOTAL</b>	<b>-</b>	<b>2,500,000</b>

### 3. Own Source Revenue

Description	Period ended Dec 2022	Comparative Period
	Kshs.	Kshs.
Cess	28,884,695	13,502,276
Land/Poll rate	3,529,247	1,076,122
Single/Business permits	3,648,405	31,869,898
Property rent	5,430,168	8,212,025
Parking fees	29,659,670	22,292,143
Market fees	11,549,222	20,094,770
Advertising	1,934,714	4,110,295
Public health service fees	1,207,124	1,452,745
Physical planning and development	2,887,518	-
Administration control fees and charges	743,697	1,878,283
Miscellaneous	5,181,304	730,904
<b>Total</b>	<b>94,655,764</b>	<b>105,219,461</b>

**Notes to the Financial Statements (Continued)**

**4. Return to CRF Issues**

	Period ended Dec 2022	Comparative Period
	Kshs.	Kshs.
Recurrent Account ( <i>County Executive</i> )	285,343	8
Development Account ( <i>County Executive</i> )	678,129	1,525,080
Recurrent Account ( <i>County Assembly</i> )	145,962	45,371
Imprest Account( <i>county Assembly</i> )	2,528	-
Development Account ( <i>County Assembly</i> )	-	266,243
<b>Total</b>	<b>1,111,963</b>	<b>1,836,702</b>

*All closing balances at the end of the financial year should be swept back to CRF*

**5. Transfers to County Executive**

	Period ended Dec 2022	Comparative Period
	Kshs.	Kshs.
Recurrent Account	3,536,936,595	3,387,637,319
Development Account	70,184,715	592,595,641
Special purpose Accounts	431,645	2,500,000
<b>Total</b>	<b>3,607,552,955</b>	<b>3,982,732,960</b>

**6. Transfers to County Assembly**

	Period ended Dec 2022	Comparative Period
	Kshs.	Kshs.
Recurrent Account	441,401,594	353,442,512
Development Account	25,000,000	
<b>Total</b>	<b>466,401,594</b>	<b>353,442,512</b>

**7. Fund balance**

	Period ended Dec 2022	2021/22
	Kshs.	Kshs.
County Exchequer Account - ( <i>CBK Account number 100017</i> )	406,715,315	867,288,525
<b>Total</b>	<b>406,715,315</b>	<b>867,288,525</b>

County Government of Bungoma.

County Revenue Fund

Half year Report and Financial Statements for the period ended Dec, 31 2022

**9. Annexes**

**Annex 1. Analysis of Receipts from the National Treasury Exchequer Releases**

Period (2022/23)	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	906,051,991	2,611,561,622.00			3,517,613,613
DANIDA - Universal Healthcare in Devolved Units Programme					-
National Agricultural & Rural Inclusive Growth Project (NARIGP)					-
Agriculture Sector Development Support Proj	-				-
<b>Total</b>	<b>906,051,991</b>	<b>2,611,561,622</b>	<b>-</b>	<b>-</b>	<b>3,517,613,613</b>

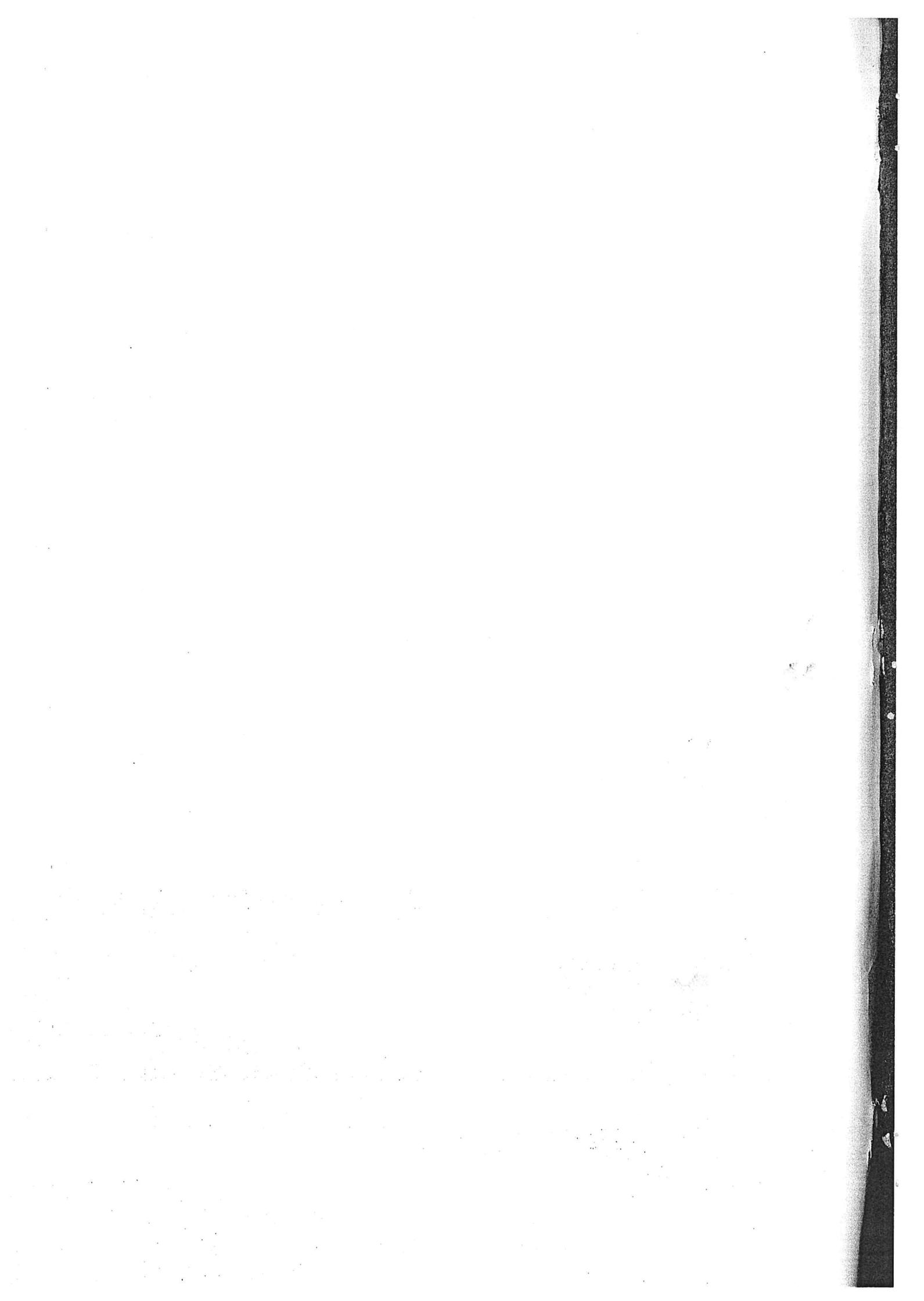
**Annex 2: Analysis of Transfers from the County Revenue Fund**

Period (2022/23)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total (Kshs.)
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	
County Executive -Rec	1,521,562,979	2,015,373,616			3,536,936,595
County Executive -Dev	5,573,800	64,610,915			70,184,715
County Assembly -Rec	137,419,307	303,982,287			441,401,594
County Assembly -Dev		25,000,000			25,000,000
<b>Special Purpose A/c</b>					-
Word Bank-NARIGP- State Department of Crop D		431,645			431,645
DANIDA- Universal healthcare in devolved units(THUSP					-
Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development					-
Development of Youth Polytechnics-State Department of TVETS					-
<b>Total</b>	<b>1,664,556,086</b>	<b>2,409,398,463</b>	<b>-</b>	<b>-</b>	<b>4,073,954,549</b>

County Government of Bungoma.  
 County Revenue Fund  
 Half year Report and Financial Statements for the period ended Dec, 31 2022

**Annex 3: Bank Reconciliation/FO 30 Reports.**

<b>RECONCILIATION MONTH: DECEMBER, 2022</b>		<b>F.O 30</b>
<b>Account number : 1000171518</b>		
<b>Account name : : BUNGOMA COUNTY REVENUE FUND-KES</b>		
	<b>Balance as per cashbook on 31.012.2022</b>	406,715,315.30
<b>Add</b>	Transfers in Cashbook not in the bank statement	406,715,315.30
<b>Less:</b>	Receipts in bank statement not in Cashbook	-
	<b>Balance as per bank statement on 31.12.2022</b>	406,715,315.30
I certify that I have verified the bank balances in the cashbook and the bank balance and confirm the above reconciliation is correct.		
	<b>Prepared by</b>	
.....	.....	.....
<b>Signature</b>	<b>Designation</b>	<b>Date</b>



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## **CHAPTER ONE**

### **1.0 PREFACE**

Mr. Speaker Sir, Section 166 of the PFM Act 2012 obligates the county executive committee member for Finance and Economic planning to submit the county revenue fund statement on a quarterly basis and within the statutory timelines.

The County government of Bungoma County Revenue Fund statement F/Y 2022/2023, for the period ended December, 2022 was tabled in the House on Wednesday 1st March 2023 at 2:30 p.m.

**Mr. Speaker Sir**, it is my pleasant duty to present the report by the Committee on the County Revenue Fund statements F/Y 2022/2023 for the period ended December 31, 2022. The document was tabled in this County Assembly on Wednesday 1st March 2023 at 2:30 P.M and committed to the Committee for processing and reporting back. Further, a letter dated 13<sup>th</sup> March, 2023 with reference number BCA/ADM/6VOL.11(64) was sent to the Executive Arm of Government; inviting CECM Finance and economic planning for interrogation and to provide supporting documents that aided the Committee in coming up with this report.

### **1.1. THE ESTABLISHMENT AND FUNCTIONS OF THE COMMITTEE**

**Mr. Speaker Sir,**

The sectorial Committee on Finance and Economic Planning is established pursuant to the provisions of Standing Order No. 217 of the County Assembly of Bungoma and executes its mandate in accordance with Standing Order 217(5) which provides as follows:

- a) Investigate, inquire and report all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments.
- b) Consider quarterly reports of the assigned departments and report to the house within twenty one (21) sitting days upon being laid
- c) Study the program and policy objectives of departments and the effectiveness of the implementation;
- d) Study and review all county legislation referred to it;



- e) Study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- f) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- g) To vet and report on all appointments where the constitution or any law requires the County Assembly to approve, except those under Standing order 208 (Committee on Appointments); and
- h) Make reports and recommendations to the County Assembly as often as possible, including recommendations of proposed legislation.

### **1.2 MANDATE OF THE COMMITTEE**

The second schedule to the Bungoma County Assembly Standing Orders mandates the committee to consider matters relating to:

- a) Public finance;
- b) Monetary policies;
- c) Revenue policies including taxation;
- d) County integrated development plan;
- e) Annual development plan;
- f) Mobilization of resources for funding the budgetary requirement of the county government.

### **1.3 COMMITTEE MEMBERSHIP**

**Mr. Speaker Sir**, the Committee on Finance and Economic Planning as currently constituted comprises of the following members:-

- |                           |             |
|---------------------------|-------------|
| 1. Hon. James Mukhongo    | Chairperson |
| 2. Hon. Stephen Wamalwa   | Member      |
| 3. Hon. Everlyne Mutiambu | Member      |
| 4. Hon. Violet Makhanu    | Member      |
| 5. Hon. Jack Kawa         | Member      |
| 6. Hon. Vitalis Wangila   | Member      |
| 7. Hon. Francis Chemion   | Member      |
| 8. Hon. Tony Barasa       | Member      |



b. The development and management of its infrastructure

## **2. Power for the county to collect taxes.**

Article 209(4) and (5) provides that the National and County Government may impose charges for the services. The taxation of other revenue raising powers of a county shall not be exercised in a way that prejudices national economic policies, economic activities across county boundaries or national mobility of goods, services capital or labour. In addition article 210(1) of the constitution on imposition of tax states that no tax or licensing fee may be imposed, waived or varied except as provided by legislation.

*There is established, for each county a County Revenue Fund in accordance with Article 207 of the Constitution.*

*(2) The County Treasury for each county government shall ensure that all money raised or received by or on behalf of the county government is paid into the County Revenue Fund, except money that—*

*(a) Is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose;*

*(b) may, in accordance with other legislation, this Act or County legislation, be retained by the county government entity which received it for the purposes of defraying its expenses; or*

*(c) Is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.*

*(3) The County Treasury shall administer the County Revenue Fund and ensure that the county government complies with the provisions of Article 207 of the Constitution.*

*(4) The County Treasury shall—*

*(a) arrange for the County Revenue Fund to be kept in the Central Bank of Kenya or a bank approved by the County Executive Committee member responsible for finance and shall be kept in an account to be known as the "County Exchequer Account; and*

*(b) Ensure that all money authorised to be paid by the county government or any of its entities for a public purpose is paid from that account without undue delay.*



*(5) The County Treasury shall ensure that at no time is the County Exchequer Account overdrawn.*

*(6) The County Treasury shall obtain the written approval of the Controller of Budget before withdrawing money from the County Revenue Fund under the authority of—*

*(a) An Act of the county assembly that appropriates money for a public purpose;*

*(b) An Act of Parliament or county legislation that imposes a charge on that Fund; or*

*(c) This Act in accordance with sections 134 and 135.*

*(7) The approval of the Controller of Budget to withdraw money from the County Revenue Fund, together with written instructions from the County Treasury requesting for the withdrawal, is sufficient authority for the approved bank where the County Exchequer Account is held to pay amounts from this account in accordance with the approval and the instructions.*

*(8) Any unutilised balances in the County Revenue Fund shall not lapse at the end of the financial year but shall be retained for the purposes for which it was established.*

*(9) Financial reports shall be submitted to the Commission on Revenue Allocation with a copy to the Controller of Budget of the County Government*

### **3. Direct Personal Liability**

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

### **4. Obligations of Accounting Officers**

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

- 1. An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.*
- 2. In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report—*



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

**Establishment, Powers and role of the County treasury.**

**MR. Speaker sir,** section 103 (1) of public Finance Management Act establishes for each county government, an entity to be known as County Treasury which comprises-

- a) The County Executive Committee member for finance;
  - (b) The Chief Officer; and
  - (c) The department or departments of the County Treasury responsible for financial and fiscal matters.
- (3)The County Executive Committee member for finance shall be the head of the County Treasury.

Section 104(1) of the PFM Act 2012 Subject to the Constitution, a County Treasury shall monitor, evaluate and oversee the management of public finances and economic affairs of the county government including—

- (a) Developing and implementing financial and economic policies in the county;
- (b) Preparing the annual budget for the county and coordinating the preparation of estimates of revenue and expenditure of the county government;



- (c) Co-coordinating the implementation of the budget of the county government;
- (d) Mobilizing resources for funding the budgetary requirements of the county government and putting in place mechanisms to raise revenue and resources;

Section 109 (1) of PFM Act There is established, for each county a County Revenue Fund in accordance with Article 207 of the Constitution.

(2) The County Treasury for each county government shall ensure that all money raised or received by or on behalf of the county government is paid into the County Revenue Fund, except money that—

(a) is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose;

(b) may, in accordance with other legislation, this Act or County legislation, be retained by the county government entity which received it for the purposes of defraying its expenses; or

(c) is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.

(3) The County Treasury shall administer the County Revenue Fund and ensure that the county government complies with the provisions of Article 207 of the Constitution.

Section 158. (1) of PFM Act, 2012 receiver of revenue for a county government may authorize any public officer employed by that county government or any of its entities to be a collector of revenue for the purpose of collecting revenue for that county government and remitting it to the receiver.

(2) Any other public officer, other than a receiver of revenue or collector of revenue for a county government, who collects revenue for that Government shall, not later than three days after receiving it, deliver the revenue to a receiver or collector of revenue for that county government.



(3) A receiver of revenue' for a county government shall provide quarterly statements to the County Treasury with copies to the National Treasury and the Commission on Revenue Allocation.

Section 165 (1) of PFM Act 2012 at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.

(2) The account under subsection (1) shall include—

(a) a statement of receipts and disbursement in a form prescribed by the Accounting Standards Board from time to time; and

(b) a statement of arrears of revenue.

(3) Not later than three months after the end of the financial year, the receiver of revenue- for the county government shall—

(a) submit the accounts to the Auditor-General; and

(b) Deliver a copy to the National Treasury, the Controller of Budget, County Treasury, and the Commission on Revenue Allocation.

(4) Not later than two months after the end of each financial year, a receiver of revenue for the county government shall submit to a county assembly a report with respect to all waivers and variations of taxes, fees or charges granted by the receiver during that year.

(5) The receiver shall include in the report the following details in respect of each waiver or variation-

(a) The full name of each person benefiting from the waiver or variation;

(b) The amount of tax, fee or charge affected by the waiver or variation;

(c) the year to which the waiver or variation relates;



(d) The reasons for waiver or variation; and

(e) The legislation in terms of which the waiver was authorized

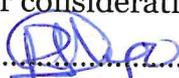
**Mr. Speaker Sir**, Section 132(2) of the PFM Act, 2012 provides as follows: *“The County Executive Committee Member for Finance shall, on the same date that the revenue raising measures are pronounced, submit to the County Assembly the County Finance Bill, setting out the revenue raising measures for the County Government, together with a policy statement expounding on those measures.”*

#### **1.6 ACKNOWLEDGMENT**

**Mr. Speaker Sir**, let me take this opportunity to express my gratitude and sincere thanks to the members of the committee for dedicating their time to sit and examine the County Revenue Fund statements F/Y 2022/2023 for the period ended December 31, 2022. The committee would also like to register appreciation to the members of the secretariat who worked with us for their unwavering commitment.

Lastly, the committee is grateful to the offices of Honorable Speaker and Clerk of the County Assembly of Bungoma for the support received as it discharged its mandate of reviewing the Bill.

**Mr. Speaker Sir**, it is therefore my singular duty, on behalf of the Committee of Finance and Economic Planning, to table this report and recommend it to the County Assembly for consideration and adoption.

Signed .....  ..... Date..... 17/06/2023 .....

**Hon. James Barasa Mukhongo, MCA Chwele/Kabuchai Ward  
Chairperson, Committee on Finance and Economic Planning**



## CHAPTER TWO

### 2.1 Examination of the Bungoma County Revenue Fund statements F/Y 2022/2023 for the period ended December 31, 2022.

**Mr. Speaker Sir**, during the financial year 2022/2023, the County budgeted to receive Kshs. 13,473,821,282 as exchequer release from the national Government. In the period under review, the County received a total revenue of Kshs. 3,517,613,613 which represents 26% of the budget amount with a comparative receipt of Kshs 4,423,665,603 in the FY 2021/2022.

The source of the amount was as shown here below;

	Period ended December 2022 Kshs.	Comparative period December 2021
Receipts		
Exchequer releases	3,517,613,613	4,423,665,603
Transfers from other Government agencies	-	2,500,000
Own source revenue	94,655,764	105,219,461
Return to CRF Issues	1,111,963	1,836,702
<b>Total receipts</b>	<b>3,613,381,340</b>	<b>4,533,221,766</b>
<b>Payments</b>		
Transfer to County Executive	3,607,552,955	3,982,732,960
Transfer to county Assembly	466,401,594	353,442,512
Other transfers	-	-
<b>Total Payments</b>	<b>4,073,954,549</b>	<b>4,336,175,472</b>
Net increase (decrease ) in cash for the year	<b>(460,573,209)</b>	<b>197,046,294</b>
Add opening balance b/f	867,288,525	230,677,452
Closing fund balance for the period	406,715,315	427,723,746



**Mr. Speaker sir,**

own sources Revenue comprises of Local revenues and Appropriation in Aid (AIA). The county budgeted to receive Kshs. 1,347,382,860 representing 9% of total budget. Actual amount of money received in the county revenue fund as at 31<sup>st</sup> December 2022 from local revenue sources was Kshs. 94,655,764. This report indicates that no money had been received from Appropriation in Aid facilities, however Kshs.105,219,461 was received during same period in financial year 2021/2022. Revenue collected in the period is only 18% of target (Kshs.500m) as at half year and just 7% of total target of own source revenue of Kshs.1,347,382,860. The source of the money as per revenue streams is as follow:

Description	Period ended December 2022	Comparative period 2021
Cess	28,884,695	13,502,276
Land /Poll rate	3,529,247	1,076,122
Single /Business permits	3,648,405	31,869,898
Property rent	5,430,168	8,212,025
Parking fees	29,659,670	22,292,143
Market fees	11,549,222	20,094,770
Advertising fees	1,934,714	4,110,295
Public Health service fees	1,207,124	1,452,745
Physical planning and development	2,887,518	0
Administration control fees and charges	743,697	1,878,283
Miscellaneous	5,181,304	730,904
<b>Total</b>	<b>94,655,764</b>	<b>105,219,461</b>



**Transfers to County Executive from County Revenue fund**

	<b>Period ended Dec 2022</b>	<b>Comparative period 2021</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Recurrent Account	3,536,936,595	3,387,637,319
Development Account	70,184,715	592,595,641
Special purpose Account	431,645	2,500,000
<b>Total</b>	<b>3,607,552,955</b>	<b>3,982,732,960</b>

Mr. Speaker sir, out of the Kshs.3,607,552,955 transferred from the County Revenue Fund to the executive in the period under review ,Kshs.3,536,936,595 relates to recurrent expenditure and Kshs.70,184,715 relates to development . On the other hand The County Assembly received Kshs.466, 401,594, from CRF, where Kshs.441,401,594 relates to recurrent expenditure while Kshs.25m relates to development expenditure.



## CHAPTER THREE

### 3.1 COMMITTEE OBSERVATIONS

The Committee made the following observations:

1. In the half year County Revenue Fund statement FY 2022/2023 for period ended December 31 2022, the department reported the local revenue collected as kshs 94,655,764, while in the County Fiscal Strategy Paper for same period indicated the county received kshs 134,842,273.
2. In the half year County Revenue Fund statement FY 2022/2023 for period ended December 31 2022, the department reported that there was no collection in terms of AIA, while in the County Fiscal Strategy Paper for same period indicated the county received Kshs . 297,000,539.
3. The county Government acquired an integrated Revenue management system (BARMS) in 2016/2017, overtime the system has gone through continuous enhancements with an aim of optimising revenue collection as well as to :
  - i. monitor revenue collection from different sources on real time basis.
  - ii. minimize cash handling by the revenue collectors.
  - iii. enhance efficiency, integrity, accountability and transparency.
  - iv. ensure accurate and timely reporting for well-informed operational decisionsYet revenue collection has remained low and cash is still largely being handled by staff leading to pilferage.
4. Most revenue streams are performing decimally for instance single bussiness permit dropped from Kshs.31.8 m in financial year 2021 /2022 to 3.6m in the period under review.Market fees dropped from Kshs.20m to Kshs.11.5m.
5. On transfers from other government agencies ,the Committee noted that the report has only indicated Agricultural sector Development support programme II Kshs.2.5m,no mention has been made of other agencies
6. The poor state of auction rings, sanitation facilities, Slaughter houses on the major markets and deplorable condition of County houses (Chwele, Kimilili, Kamukuywa, Misikhu, Webuye and Mbakalo) has adversely affected the collection of revenue.



7. The department still has eighty six (86) revenue casuals who have not received a salary for the last thirty-five (35) months. They however still collect revenue. The matter is still unconcluded by the County Public Service Board.

### **3.2 COMMITTEE RECOMMENDATIONS**

#### **The committee recommends the following:**

1. The committee directs the department to reconcile own source revenue reported in the County Fiscal Strategy Paper 2023 and Bungoma County Revenue Fund statements F/Y 2022/2023 for the period ended December 31, 2022 and provide accurate information within 30 days from adoption of this report.
2. The committee hereby recommends the department carry out an audit of the revenue Automation system currently in use to ascertain its effectiveness and efficiency in revenue collection. This report should be submitted to the county assembly within 60 days from the adoption of the report.
3. The Internal Audit Directorate should conduct an audit on all revenue streams that registered abnormal drop and collection of AIA and furnish the County Assembly with a report within 60 days from adoption of this report .In addition, the Directorate of Revenue should set targets for recievers of revenue and follow up on collection monthly to address any drop in good time. The Department of Finance and Economic Planning should effectively use revenue collection officers with the support of enforcement officers to tap on all the existing revenue streams in the County.
4. The Department is hereby directed to submit a comprehensive report on transfers from all other development partners within 60days from the date preceding the adoption of this report.
5. The County Executive should set aside funds to provide the necessary infrastructure required on all markets within the county eg auction rings and sanitation facilities
6. The department should liaise with the County Public Service Board with a view to confirm 86 casuals who are revenue collectors and have demonstrated



commitment, integrity and achieved targets and allocate money for wages on the supplementary to pay 35 months arrears that is owed to them.

7. The directorate of revenue within the Finance and Economic Planning department should be fully in charge of all the revenue streams including Appropriation In Aid (AIA) in all the departments of the County Government of Bungoma.

