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REPUBLIC OF KENYA



COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
14 FEB 2024
TABLED
By:.....

COUNTY ASSEMBLY OF BUNGOMA

**THE 4TH QUARTER EXPENDITURE REPORT FOR
PERIOD ENDING 30TH JUNE, 2023,
BY THE COMMITTEE ON**

**LANDS, URBAN PHYSICAL PLANNING AND
HOUSING**

**The Office of the Clerk
County Assembly Buildings
BUNGOMA - Kenya**

COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
14 FEB 2024
NOTICE ISSUED
By:.....

November, 2023



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CHAPTER ONE

1.1 PREFACE

Mr. Speaker Sir,

The 4th quarter financial statements for the period ended 30th June, 2023 was tabled on 26th October, 2023 and submitted to the committee for interrogation. The committee interrogated the department on 9th November, 2023 and thus submits its report herein below.

The report analyses expenditure of exchequer releases during the stipulated periods as well as the budget absorption rate in relation to the annual budget. It gives the legal background and objectives that informed the committee to analyze the financial statements as submitted and further through an interrogation process. The report also contains observations and recommendations unanimously adopted by the Committee.

1.2 MANDATE OF THE COMMITTEE

Mr. Speaker Sir,

The Sectoral Committee on Lands, Urban, Physical Planning and Housing derives its mandate from the provisions of Standing Order 217(5) of the Bungoma County Assembly Standing Orders which defines its functions as to:

- a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, coordination, control and monitoring of budget;
- 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 programme and policy objectives of departments and the effectiveness of the implementation;
- d) Study and review all county legislation referred to it;
- e) Study, access and analyze the relative success of the departments as measured by ~~the results obtained as compared with their stated objectives,~~

- f) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- g) To vet and report on all appointments where the constitution or any law requires the House to approve, except those under *Standing Order 204* (Committee on Appointments); and
- h) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

1.3 COMMITTEE MEMBERSHIP

Mr. Speaker Sir,

The current composition of the Committee on Lands, Urban, physical Planning and Housing is as follows:

1.	Hon. Francis	Chemion	Chairperson
2.	Hon. Linda	Kharakha	Vice/Chairperson
3.	Hon. Ali	Machani	Member
4.	Hon. James	Barasa	Member
5.	Hon. Metrine	Nangalama	Member
6.	Hon. Sudi	Busolo	Member
7.	Hon. Henry	Nyongesa	Member
8.	Hon. Eunice	Kirui	Member
9.	Hon. Edwin	Opwora	Member
10.	Hon. Wafula	Waiti	Member
11.	Hon. Mildred	Barasa	Member
12.	Hon. George	Makari	Member
13.	Hon. Cornelius	Makhanu	Member
14.	Hon. Jeremiah	Kuloba	Member
15.	Hon. Polycap	Kimeta	Member

1.4 FISCAL AND LEGAL FRAMEWORK

Mr. speaker Sir, *Article 226(2)* of the Constitution of Kenya, 2010 states that, the Accounting Officer of the National Public entity is accountable to the National assembly, while the Accounting Officer of a County Government entity is accountable to the County Assembly for its financial management.

Mr. Speaker Sir. The County Assembly discharges its oversight function on the executive through the Committee system. According to **section 116 of the Public Finance Management Act, 2012**, an Accounting officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity. Further, the section requires the accounting officer of the County Government entity to ensure that the quarterly report;

- Contains information on the financial and non-financial performance of the entity, and
- Is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board.

Mr. Speaker Sir. The section also requires that not later than fifteen (15) days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury. It also requires the County Treasury to consolidate the financial statements within one month following the end of the quarter and to submit to County Assembly with a copy to National Treasury, Controller of Budget and the Commission on Revenue Allocation.

Obligations of Accounting Officers

Mr. Speaker Sir, *Section. 149(1) of the PFM Act 2012*, states that;

An accounting officer is accountable to the county assembly for ensuring that resources of the entity for which the officer is designated are used in a way that is;

- *Lawful and authorized*
- *Effective, efficient, economical and transparent.*

Accounting officers will be accountable to County Assembly for;

- *Ensuring the most effective means of achieving desired programme outcomes are used.*
- *Maintaining effective systems of internal control and the measures taken to ensure that they are effective.*
- *Measures taken to prepare the financial reports that reflect a true and fair view of the financial position of the department.*

Mr. Speaker Sir. It is in the interest of the Committee that the Accounting Officer in the department observed the Principles of Public Finance as laid down in **Article 201 of the CoK, 2010** in managing the finances of the entity in the period under review.

1.4 Terms of Reference

Mr. Speaker Sir.

During the Committee sitting and as had been directed by Hon. Speaker on the floor of the House, the committee resolved to interrogate the quarter report for the period ended 30th June, 2023 with the following guiding principles: -

- i. To interrogate the departmental exchequer releases for the 4th quarter for both recurrent and development
- ii. To interrogate the Budget implementation reports; projects implemented as per the approved PBB and activity costing
- iii. Interrogate the personnel expenditures in the period under review
- iv. Interrogate the CEF project implementation status in the department for FY 2022/23
- v. Interrogate the status of the outstanding Imprests and pending accounts payable

1.5 ACKNOWLEDGEMENT

Mr. Speaker Sir.

I take this opportunity to thank the Office of the Speaker and the Clerk of the County Assembly for the logistical support accorded to the Committee as it executed its mandate. My gratitude also goes to all members of the Committee for dedicating their time to examine the Bungoma County Government Quarterly reports and Financial Statements of the department of Lands, Urban, physical Planning and Housing for the period ending 30th June 2023.

Mr. Speaker Sir.

It is therefore my pleasant duty and privilege, on behalf of the Sectoral Committee on Lands, Urban, physical Planning and Housing, to table this report to the Assembly for deliberation and adoption.

Thank you.

Sign.....Date.....5/2/2024.....

HON. FRANCIS CHEMION, MCA, KAPTAMA WARD
CHAIRPERSON, COMMITTEE ON HOUSING AND SANITATION

CHAPTER TWO

2.1 THE BUDGET IN THE FINANCIAL YEAR 2022/23

Mr. Speaker Sir.

The department of Lands and Physical Planning had an annual approved budget of Kshs. 124,132,264 comprising of Kshs 66,424,611 recurrent and Kshs. 57,707,653 for Development expenditure programmes. The absorption of the budget was Kshs. **63,444,664** translating to absorption of 51% of the budget.

Recurrent expenditure alone with an allocation of Kshs 66,424,611 had an absorption of Kshs. 47,623,340 representing 72%. The department, submitted an actual expenditure of Kshs. 46,726,767, a Kshs. 896,573 difference. Personnel emolument with an allocation of Kshs. 17,886,001 had a 17% over expenditure as the actual expenditure stood at Kshs. 20,914,746. Reasons for this were not provided. Domestic Travel and subsistence had an allocation of Kshs. 8,544,849 in the budget. However, the department submitted that the allocation was Kshs. 7,112,501, with an absorption of Kshs. 5,633,423 (79%). This mismatch can also be witnessed under the printing, Advertising and information supplies services vote where the approved 2nd supplementary figure was Kshs. 1,372,000 yet the department reports to have an approved estimate of Kshs. 4,2114,348 but being able to just absorb Kshs. 1,188,720 (28%).

Other operating expenses with a cumulative allocation of Kshs. 13,048,000 (Kshs. 8,000,000 land registration, Kshs. 5,000,000 temporary expenses and Kshs. 48,000 for membership fee and subscriptions to professional and Trade Bodies) only witnessed an absorption of Kshs. 1,262,000 (10%). The department submitted that they had made requests to treasury but the activities were not funded. A list of unpaid imprests amounting to Kshs. 22,581,140 was tabled to the committee.

The department of Housing and Urban development had an annual approved budget of Kshs. 208,094,647 comprising of Kshs 35,039,575 recurrent and Kshs. 173,055,072 for Development expenditure programmes. The utilization of the budget was Kshs. 72,774,966 translating to absorption of 35% of the budget.

Recurrent expenditure was Kshs. 32,814,927 representing 86% absorption rate while development actual expenditure was Kshs. 52,051,656 representing 30% absorption. The Chief Officer reported to the committee that utilization was low because the procurement, and land acquisition processes delayed.

2.2 CONDITIONAL GRANTS

The department of Housing under other capital grants and transfers with an allocation of Kshs. 86,424,018 in the budget realized an expenditure of Kshs. 30,000,000 in the financial year under review. The unrealized revenue relates to the Kshs. 50,000,000 that was a KISIP grant balance brought forward that was not received.

The department submitted that the balance is in the special purpose account at the treasury which can be accessed.

2.3 OUTSTANDING IMPREST

In the department of lands and physical planning, the pending staff receivables (outstanding imprest holders) is Kshs. **8,155,760** all relating to the last quarter of the financial year. The department of lands and Physical planning submitted that all the imprests have since been surrendered but did not give documentary evidence to the committee.

For the department of Housing and Urban development, the outstanding imprest stood at Ksh. 7,846,350 by the end of the financial year.

The department explained that at the time of submitting financial reports, the imprest had not been cleared but officers have since surrendered their imprests. The department did not provide documentary evidence to this fact.

2.4 DEVELOPMENT EXPENDITURE IN THE FY 2022/2023

Under development, Ward Based program with an allocation of Kshs. 34,934,432 (Kshs. 29,536,500 for 2022/23 WPB and Kshs. 5,397,932 pending bill). By the end of financial year, only Kshs. 11,070,000 (Kshs. 7,970,000 for WBP and Kshs. 3,100,000 for the WBP pending Bill) had been spent signalling an absorption of 33%.

The department of lands and physical planning sited delays in procurement process as the cause of low absorption. That the BQs were brought late and by the time they were being submitted, time had lapsed.

Procurement for development projects should be done at departmental levels. The explanation was that the department of lands has enough qualified officers.

Contracted technical services with an allocation of Kshs. 6,500,000 meant for development of Physical land use development plan for webuye accrued an expenditure of Kshs. 2,551,324 while a pending bill for the acquisition of land amounting to Kshs. 2,200,000 was fully utilized. GIS networking with an allocation of Kshs. 3,000,000 had not been utilized although the department submitted that they had awarded a contract to the tune of Kshs. 2,975,500 hence the amount had been committed. Acquisition of land (5 acres for the Bungoma dumpsite) had an allocation of Kshs. 8,577,392 with nil absorption.

The department of lands and physical planning said that by the end of the financial year under review, its funds had stuck at the internet banking (IB), and coupled with the long processes of land acquisition hence the delays.

In the department of Housing and Urban development, the development vote realized an absorption of 22% as only Kshs. 36,230,332 was utilized from an allocation of Kshs. 173,055,072. Other capital grants and transfers had an allocation of Kshs. 86,424,018 but only Kshs. 30,000,000 was realized because a KISIP grant brought forward of Kshs 50,000,000 was not received. Kshs. 80,000,000 meant for construction of Governor`s and Deputy Governor`s residence did not realize any absorption.

The department of Housing and Urban development submitted that the situation was occasioned by long process of documentation but that the process had since been completed and works have begun.

2.5 PENDING BILLS

In the department of lands and physical planning, accounts payable (Pending bill) had a budget provision of Kshs. 10,408,761 (Recurrent Kshs 295,000 Development Ksh. 4,715,829 and Kshs. 5,397,932 for Ward based projects). At the beginning of the financial year, Kshs. 9,884,761 was outstanding. The department managed to clear Kshs. 8,292,077 during the period under review leaving an outstanding balance of Kshs. 1,592,684.

The department however, reported that the pending bill for FY 2022/23 is 30,659,158 inclusive of commitments, but the one of Kshs. 1,592,684 presented by the treasury was for FY 2021/22.

For the department of Housing and Urban development, Accounts payable (Pending bill had a budget provision of Kshs. 7,577,364 (Recurrent Kshs 946,300 Development Ksh. 6,631,064). From the report, the department had settled all recurrent bills while development pending bills had been settled leaving a balance of Kshs. 400,722. The development pending Bill in the approved program based budget amounting to Kshs. 6,631,064 related to paying the following three service providers, namely; M/S Gaspar Engineering Works (Kshs. 2,116,590), M/S Telexas Company (Kshs.2,877,492) and part payment to M/S Worthview General Supplies of Ksh. 1,636,972. A submitted pending bill from the department reveals that the Department did not fully clear the three pending bills but paid each of the three companies Kshs. 1,657,764 leaving a balance of Kshs. 1,657,764 which was used to part pay a pending bill of M/S Wellaroo.

By the end of the financial year, the outstanding balance was Ksh. 550,992 having paid Kshs. 9,339,942 during the financial year under review.

The department went further and provided an updated pending Bill list of Kshs. 80,624,874 inclusive of commitments.

Bungoma Municipality

The Bungoma Municipality had an annual approved budget of Kshs. 35,825,680 comprising of Kshs 35,988,591 recurrent and Kshs. 316,837,089 for Development expenditure programmes (page 23). The absorption of the budget was Kshs. 30,545,721 translating to absorption of 9% of the entire budget.

Recurrent vote witnessed 74% absorption with personnel emolument being fully utilized.

General administration and support services witnessed 78% absorption with Kshs. 12,269,446 being spend from a total allocation fo Kshs. 16,478,471.

Planning and financial management with an allocation of Kshs. 3,250,000 incurred an expenditure of Kshs. 1,225,480 representing a 38% absorption.

Under development, Kshs. 316,837,089 was allocated to fund the development of various infrastructures in the Municipality but only Kshs. 2,339,915 was received and utilized representing 0.74% absorption.

Pending staff receivables (67 of the report) (outstanding imprest) in the Municipality stood at Ksh. 5,833,700 by the end of the financial year.

There were no Pending bills declared in the Municipality.

Kimilili Municipality

The Kimilili Municipality had an annual approved budget of Kshs. 605,916,781 comprising of Kshs 37,715,833 recurrent and Kshs. 568,200,948 for Development expenditure programmes (page 23). Kshs. 32,492,883 was utilized during the financial year translating to absorption of 5% of the entire budget.

Recurrent vote witnessed 83% absorption with personnel emolument being fully utilized.

The other operating and maintenance costs with a cumulative allocation of Kshs. 23,942,053 realized an expenditure of Kshs. 17,524,728 representing a 73% absorption.

Under development, Kshs. 568,200,948 was allocated to fund the development of various infrastructures in the Municipality but only Kshs. 1,194,559 was received and utilized representing 0.21% absorption.

The pending staff receivables (outstanding imprest) in the Municipality stood at Ksh. 2,366,000,000 by the end of the financial year.

There were no Pending bills declared in the Municipality.

CHAPTER FOUR

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

4.1 COMMITTEE OBSERVATIONS

1. Lands

- a) There were discrepancies on the approved budget between the Treasury figures and the Departmental figures.
- b) Personnel expenditure had an over expenditure of Ksh. 3,028,745.
- c) There was a very low absorption of other operating expenses of only 10%.
- d) Imprests in the department were submitted to have been fully surrendered yet there were no documentary evidence to support this.
- e) Pending bill for the department stood at Ksh. 30,659,158 with Ksh. 1,974,825 being recurrent and Ksh. 28,684,333 development.

2. Housing


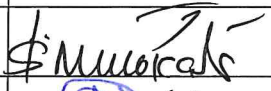

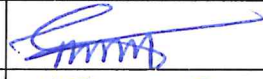
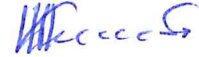


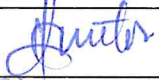
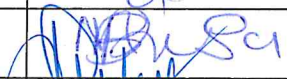


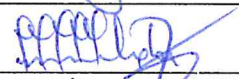
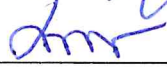
- a) The directorate of Housing had an annual approved budget of Ksh. 208,094,646 comprising of Ksh. 35,039,574 recurrent and Ksh. 173,055,072 for Development expenditure programs. Of this, the absorption was Ksh. 34,595,802 recurrent (99%) and Ksh. 38,179,164 (22%) development. The low development absorption is attributed to the delayed procurement process for the construction of the Governor`s residence, deputy Governor`s residence and the office block.
- b) The conditional grant anticipated in the directorate was Ksh. 86,424,018 but by the end of the financial year only Ksh. 30,000,000 had been received.
- c) Imprests in the department were submitted to have been fully surrendered yet there were no documentary evidence to support this.
- d) Pending bill for the department stood at Ksh. 80,624,874 with Ksh. 1,523,774 being recurrent and Ksh. 79,101,100 development.
- e) The department did not settle pending bills as provided for in the approved program-based budget

4.2 COMMITTEE RECOMMENDATIONS

1. **THAT** the County Treasury should indicate how much each department receives as exchequer to execute its programmes in both recurrent and development in the subsequent reporting on financial statements.
2. **THAT** the department should be submitting its quarterly/annual work plans and detailed budget implementation report together with the financial statements for easy comparison and oversight purposes.
3. **THAT** the department should ensure compliance of **Regulation 93(5 and 6 of PFM Regulation, 2015** on surrendering imprest and also enhance imprest management system. A holder of a temporary imprest shall account or surrender the imprest within seven working days after returning to duty station.
4. **THAT** the departments should prioritize pending bills, since it is provided in law that pending bills **MUST** be given first charge. Section 94 (i) of the (PFM) Act, 2012 *states that failure to make any payments as and when they fall due by the public entity may be an indicator of material breach of measures established under law. To ensure pending bills are paid in time, Article 225 of the Constitution and section 96 of the PFM Act give the treasury powers to stop transfer of funds to the concerned public entity.*
5. **THAT** the department and the two Municipalities must report their expenditures separately for easy oversight and for better monitoring and evaluation of their planned programmes.

ADOPTION SCHEDULE

We the undersigned members of the Sectoral Committee on Lands, Urban, Physical Planning, Housing and Municipalities affix our signatures adopting this report with the recommendations therein.

	NAME	DESIGNATION	SIGNATURE
1.	Hon. Francis Chemion	Chairperson	
2.	Hon. Linda Kharakha	Vice/Chairperson	
3.	Hon. Ali Machani	Member	
4.	Hon. James Barasa	Member	
5.	Hon. Metrine Nangalama	Member	M.W
6.	Hon. Sudi Busolo	Member	
7.	Hon. Hentry Nyongesa	Member	
8.	Hon. Eunice Kirui	Member	
9.	Hon. Edwin Opwora	Member	
10.	Hon. Wafula Waiti	Member	
11.	Hon. Mildred Barasa	Member	
12.	Hon. George Makari	Member	
13.	Hon. Cornelius Makhanu	Member	
14.	Hon. Jeremiah Kuloba	Member	
15.	Hon. Polycap Kimeta	Member	

MINUTES OF LANDS, URBAN, PHYSICAL PLANNING AND HOUSING COMMITTEE HELD ON 13TH NOVEMBER, 2023 AT 9: 00 A.M, AT VICTORIA COMFORT INN HOTEL.

MEMBERS PRESENT

1. Hon. Francis	Chemion	Chairperson
2. Hon. Linda	Kharakha	Vice-chairperson
3. Hon. James	Mukhongo	Member
4. Hon. Hentry	Nyongesa	Member
5. Hon. Metrine	Nangalama	Member
6. Hon. Mildred	Barasa	Member
7. Hon. Jeremiah	Kuloba	Member
8. Hon. Busolo	Sudi	Member
9. Hon. Everlyne	Anyango	Member
10. Hon. Cornelius	Makhanu	Member
11. Hon. Wafula	Waiti	Member
12. Hon. Edwin	Opwora	Member
13. Hon. Johnston	Ipara	Member
14. Hon. Eunice	Kirui	Member
15. Hon. Ali	Machani	Member

MEMBERS OF SECRETARIAT

1. Mr. Paul	Mudoga	-Committee Clerk
2. Mr. Niculus	Maghas	-Fiscal analyst
3. Mr. Kellum	Chandai	-Serjeant- At- Arms
4. Ms. Stella	Wanjala	-Hansard Editor

AGENDA

1. Preliminaries
 - i. Prayer.
 - ii. Determination of quorum.
 - iii. Adoption of agenda.
2. Communication from the Chairperson.
3. Adoption of Fourth quarterly report and financial statements report in respect to the department of Lands, Urban, Physical Planning and Housing for the financial year 2022/2023

MIN.LUPH/01/13/11/2023 PRELIMINARIES

i. Prayer

The Chairperson called to order at 9:00 a.m. with prayer read from the County Assembly Standing Orders.

Determination of quorum

Quorum for the meeting was determined as sufficient.

ii. Adoption of agenda

On proposal by Hon. Jeremiah Kuloba and seconded by Hon. Wafula Waiti , agenda for the meeting was adopted.

MIN.LUPH /02/13/11/2023 COMMUNICATION FROM THE CHAIRPERSON

The chairperson did welcome Members to the meeting and thanked them for the cooperation during the fourth quarter financial statements interrogation.


MIN.LUPH/3/13/11/2023 ADOPTION OF FOURTH QUARTERLY RREPORT AND FINANCIAL STATEMENTS REPORT IN RESPECT TO THE DEPARTMENT OF LANDS, URBAN, PHYSICAL PLANNING AND HOUSING FOR THE FINANCIAL YEAR 2022/2023.

Members were taken through the fourth quarterly report and financial statements for the FY 2022/2023. They unanimously agreed to the contents of the report.

ADJOURNMENT

There being no other business, the meeting ended at 11:00 A.M. The next meeting will be convened
Confirmed by:

Committee Clerk: P.M Khakhole

SIGN..........DATE.....14/11/2023.....

Chairperson: Hon. Francis Chemion

SIGN..........DATE.....14/11/2023.....