

COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA

COUNTY ASSEMBLY DEBATES

THE DAILY HANSARD

WEDNESDAY, 24TH JULY, 2024

Morning Sitting

COUNTY ASSEMBLY OF BUNGOMA

THE DAILY HANSARD

WEDNESDAY, 24TH JULY, 2024

The House met at The County Assembly Chamber at 9:30 a.m.

(Mr. Speaker [Hon. Emmanuel Situma] in the Chair)

PRAYER

PAPERS

REPORT BY SECTORIAL COMMITTEE ON TOURISM, ENVIRONMENT, WATER AND NATURAL RESOURCES ON THE OPERATION OF THE COUNTY RIG

Mr. Speaker: Yes, member of the committee, Hon. Dorcas, which microphone are you using? Proceed, please!

Hon. Dorcas Ndasaba: Thank you, Mr. Speaker. I rise to table the report on the operation of the County Water Rig.

(Hon. Dorcas Ndasaba tabled the report)

Mr. Speaker: Hon. Members, the report by the sector committee on Tourism, Environment, Water, Natural Resources, on the operation of the county rig, is hereby tabled by the committee, and the same becomes the property of the house accordingly.

REPORT BY SECTORIAL COMMITTEE ON LABOUR RELATIONS, MEMBER SERVICE AND FACILITIES ON COUNTY ASSEMBLY SERVICE BOARD FOR THE PERIOD JANUARY TO DECEMBER 2023

Mr. Speaker: Hon. Everton Nganga, proceed.

Hon. Everton Nganga: Thank you, Hon. Speaker. I rise to table a report on the County Assembly Service Board for the period starting January to December 2023.

(Hon. Everton Nganga tabled the report)

Mr. Speaker: Hon. Members, the report by the Sectoral Committee on Labour Relations, Member Services and Facilities on the county assembly service board for the period ending 31st of December 2023 is hereby tabled in this house accordingly.

NOTICES OF MOTION

**REPORT BY SECTORAL COMMITTEE ON TOURISM, ENVIRONMENT, WATER
AND NATURAL RESOURCES ON THE OPERATION OF THE COUNTY RIG**

Mr. Speaker: Hon. Dorcas, proceed and issue a notice accordingly.

Hon. Dorcas Ndasaba: Thank you, Mr Speaker. I rise to give a notice of motion that this house adopts the report by the sectorial committee on Tourism, Environment, Water and Natural Resources on the operation of the county rig.

Mr. Speaker: Hon. Members, a notice has been duly issued by the sector committee on tourism, environment, water and natural resources on the operations of the county rig.

I urge the table clerks to share this report with their honourable MCAs. The same will be coming up as a motion on our order paper in the course of the week or once the same is scheduled by the HBC on our order paper in our subsequent sittings.

**REPORT BY THE SECT ORAL COMMITTEE ON LABOUR RELATIONS,
MEMBER SERVICE AND FACILITIES ON THE COUNTY ASSEMBLY SERVICE
BOARD FOR THE PERIOD JANUARY TO DECEMBER 2023**

Mr. Speaker: Hon. Nganga, proceed and issue the notice accordingly.

Hon. Everton Nganga: Thank you, Hon. Speaker. I rise to give a notice of motion for the report on the County Assembly Service Board for the period January to December 2023.

Mr. Speaker: Hon. Members, the Sectoral committee on Labour Relations, Member Services and Facilities on the County Assembly Service Board have duly issued a notice of the report ending period January to December 2023.

The same will be shared with the honourable MCAs, table clerks here, as it's going to come up as a motion on our Order Paper in the course of the week or once the same is scheduled by the HBC on our Order Paper in our subsequent sittings accordingly.

MOTION

**REPORT BY THE PUBLIC INVESTMENT AND ACCOUNTS COMMITTEE ON
THE REPORT OF THE AUDITOR GENERAL OF BUNGOMA COUNTY
ASSEMBLY HONOURABLE MEMBERS, CAR AND MORTGAGE SCHEME FUND
FOR THE YEAR ENDED 30TH JUNE 2021, BUNGOMA COUNTY ASSEMBLY
STAFF CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED
30TH JUNE 2022 AND THE FINANCIAL STATEMENT OF BUNGOMA COUNTY
ASSEMBLY FOR THE YEAR ENDED 30TH JUNE 2022**

Mr. Speaker: Yes, Hon. Everton Nganga, you proceed with the moving of the motion accordingly.

Hon. Everton Nganga: Thank you, Hon. Speaker. These are three reports bound together. I want to move the first report, which is the report on the County Assembly Hon. Members Car Loan and Mortgage Scheme for the year ended 30th June 2021.

2. The Bungoma County Assembly staff Car Loan and Mortgage Scheme fund for the year ended 30th June 2022.

1. The Financial Statement of Bungoma County Assembly for the year ended 30th June 2022.

Page one has the preliminary pages and table of contents. We also have chapter one.

Hon. Speaker, if you can allow me to start from the members of the committee.

Mr. Speaker: Proceed from there!

Hon. Everton Nganga: Thank you, Hon. Speaker. Members of the Public Accounts and Investment committee are

Members of Public Accounts and Investments Committee

- | | |
|---------------------------|------------------|
| 1. Hon Everton Nganga | Chairperson |
| 2. Hon. Timothy Chikati | Vice Chairperson |
| 3. Hon. Anthony Lusenaka | Member |
| 4. Hon. Everlyne Mutiambu | Member |
| 5. Hon. Alfred Mukhanya | Member |
| 6. Hon. Stephen Kaiser | Member |
| 7. Hon. Jerusa Aleu | Member |
| 8. Hon. Metrine Nangalama | Member |
| 9. Hon. Everlyne Anyango | Member |
| 10. Hon. Maureen Wafula | Member |
| 11. Hon. John K. Wanyama | Member |

Acknowledgment

The Committee wishes to express its gratitude to your office for allowing us sit outside the precincts of the County Assembly to prepare this report.

The committee also extends its gratitude to the accounting officer of the County Assembly of Bungoma for appearing for interrogation and lastly the secretariat of the committee and the officers from the office of the Auditor General for exemplary technical and logistical support that led to the production of this report.

On behalf of the Public Accounts and Investments Committee, I now wish to table this report and urge the Honorable House to adopt it with the recommendations therein.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BUNGOMA COUNTY ASSEMBLY FOR THE YEAR ENDED 30TH JUNE 2022.

This report had two queries

Audit query

1. Variance between amount in the Financial Statements and IFMIS.

The statement of receipts and payments reflects payments for the year amounting to Kshs.959,626,230. However, the IFMIS report reflects total payments amounting to Kshs.1,050,146,858, resulting to unexplained and un-reconciled variance of Kshs.90,520,628.

Management response

The accounting officer...

Mr. Speaker: Yes Honourable Jack!

Hon. Jack Wambulwa: Hon. Speaker, thank you for allowing me. This is just to your attention. Yes as much as you will allow the report to proceed but look at the membership of the committee, those who are present. It's wanting that members are not taking serious these reports and especially when it comes to PAC report which everybody is supposed to be here to back the report so that the chairman can have the numbers.

Mr. Speaker: The challenge I may have is only one; at the time of seconding he lacks a seconder it will be an issue but as long as the quorum is there we will proceed.

Hon. Everton Nganga: Thank you, Hon. Speaker for your protection

Management response

The accounting officer in his written response submitted that;

The management agrees with the audit findings that at the time of audit, reconciliation had not been done.

Currently, reconciliation of IFMIS to manual financial statements has already been done as attached.

Oral submission by the accounting officer

That the reconciliation had not been done during the Audit period but currently the management had ensured that the process is carried out promptly and the financial statements are up to date.

Committee observation

The updated and justified reconciliation statements which the management submitted to the committee during interrogation was satisfactory. (Annexed)

Committee Recommendation

The accounting officer should ensure the Financial Statements are correctly prepared and

present a fair view of the institution before signing and submitting to the auditor. This is elaborated under regulation 42 (1) (a) of the Public Finance Management Act of the County Government Regulation 2015 on ensuring correctness of the Financial Statements before being signed by Accounting officer.

2. Unsupported prior year Adjustment

The statement of financial assets and liabilities reflects a balance of Kshs. (12, 316,674) in respect to prior year adjustment as disclosed in Note 13 of the Financial Statements. However, no documentary evidence was provided to support the balance.

Management response

The management agrees with the audit findings that at the time of audit. However, the same has been supported as analyzed in the table (Annexed)

Oral submission

The management was in agreement with the Audit findings and submitted that they had developed new guidelines on management of imprests to ensure surrender is done within seven days upon advancement of payment.

That currently there are no pending or un-surrendered imprests

Committee Observations

The Accounting Officer availed to the committee the updated imprest register and imprest surrender clearance form which proved that there are no surrendered imprests currently.

The Committee observes that currently, the management has implemented part 6.13 of the Bungoma County Assembly Finance Policy and procedural manual in line with reg. 93(5) of the PFM (County Governments') Regulations 2015, on management of imprest.

Committee Recommendation

The Committee is satisfied with the management response and recommends that the query is resolved.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BUNGOMA COUNTY ASSEMBLY EMPLOYEE CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30TH JUNE 2022.

We have one query that was highlighted here in this report

Audit Query

1. Irregular Advance of Loan to the County Assembly Service Board

The statement of financial position reflects a balance of Kshs.25, 544,870 in respect of current portion of long-term receivables from exchange transactions which, as shown in Note 4A to the financial statements, represents amount lent by the Fund to the County Assembly Public Service Board.

Management response

The management agrees with the audit findings. However, the County Assembly Service Board has started repayments of the amount borrowed as per the attached bank statement.

Oral Submission

Management agrees with the query which had re-occurred over several Audit periods.

The accounting officer submitted that currently he is working with the management to enhance the repayment and that going forward, he will ensure that regulation 10(1) of the Bungoma County Assembly (Employees' Mortgage Scheme Fund) Regulations 2018 on purpose of the fund is adhered to.

The County Assembly Service Board has initiated a repayment plan for the borrowed sums.

The accounting officer tabled to the Committee Bank statements indicating repayment of Kshs. 1,562,000.

Committee Observations

The Committee observes that the County Assembly Service Board borrowed Kshs 25,544,870 from the Fund; however the Board has started repayments, an amount of sh.1, 562,000 as per the submitted Bank statements the outstanding loan balance is Kshs.24, 482,868. (Annexed)

Committee Recommendations

The committee recommends that the management should adhere to regulation 4 of the Bungoma County Assembly employee mortgage Fund regulation 2018 on the object and purpose of the fund.

The County Assembly Service Board should strive to clear all The County Assembly Service Board should strive to clear all outstanding trade receivables due to the Fund. Further the committee forbids further borrowings from the fund until the outstanding balance is paid in full.

Sec 142(3) of the PFM Act 2012 states that A County Government entity that has any such borrowing should ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

It is on this premise that the Committee directs the accounting officer to ensure that all refunds are made within the stated period.

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BUNGOMA COUNTY ASSEMBLY HONOURABLE MEMBERS' CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30TH JUNE 2021.

Audit Query

1. Unsupported loans written off

Qualified opinion

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs. 66,844,144 which, as disclosed in Note 4(B) to the financial statements excludes car loans written off balance of Kshs. 31,500,000. However, documentary evidence was not provided to support the write-off.

In the circumstances, the accuracy and completeness of long-term receivables from

exchange transactions balance of Kshs.66, 844,144 could not be confirmed.

Management response

The management agrees with the audit findings that Ksh.31,500,000 car loan balance was written off based on advisory from the salary and remuneration commission referenced SRC/TS/COG/3/6/48 vOLUME2 113 when the car loan benefits was reviewed to a transport facilitation benefit. You can see the attached circular.

Committee Observation

The Auditor General was satisfied with the management response.

Committee Recommendation

The Audit query stands resolved

2. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs. 8,339,090 which, as disclosed in Note 3 to the financial statements, comprises of two bank balances held in two (2) commercial banks. However, the balances were not supported with bank confirmation certificates.

In addition, a bank reconciliation statement as at 30th June, 2021, for one account with a balance of Kshs. 8,202,371 reflected receipts and payments in the cashbook not in the bank amounting to Kshs.7,744,195 and Kshs.420,480 respectively. No explanation was provided for failure to have the outstanding items cleared.

Further, two (2) bank accounts with balances of Kshs. 6,260 and Kshs. 8,847 had no movement since 2017/2018 and were dormant. No explanation was provided as to why the two accounts had not been closed.

Management response

Certificate of Balances attached

The 2 bank accounts from Bank of Africa were closed in the financial year 2017/2018. They are no longer reflected in the subsequent financial years.

The figures have been rectified to reflect the cash book balances, attached find the extract of the financial statement of FY 2021/2022 reflecting the amended cash and cash equivalents.

Committee Observation

The Committee was provided with evidence of closure of the said accounts (annexed).

The committee was provided with an extract of the financial statement of FY 2021/2022 reflecting the amended cash and cash equivalents.

Committee Observation

The Auditor General was satisfied with the management response.

Committee Recommendation

The Audit query is resolved.

3. Unresolved Prior Year Matters

Irregular Borrowings by County Assembly Service Board

As previously reported, the balance of Kshs. 99,329,485 under current portion of long-term receivables from exchange transactions includes, as disclosed in Note 4A to the financial statements, a balance of Kshs. 67,079,846 in respect of borrowings from the Fund by the County Assembly Service Board. This was contrary to the County Assembly Members Car Loan Scheme Fund, Regulations, 2018, and the County Assembly Members Mortgage Fund Regulations, 2018, which spells out the object and purpose of the Fund as being to provide a loan scheme for purchase of vehicles and development, renovation or repair of residential property by Members of the Scheme.

Management response

The management agrees with the findings of the Audit. However, the County Assembly Service Board has tried to minimize Borrowings as from the start of FY 2022/2023 it amounted to Kshs.100,005,321 of which Kshs. 23,108,175 has been refunded by the Employee Fund and another of Kshs 45,000,000 (forty five million) By the CASB ,as follows

You can look at that table the way the funds have been made

| DATE | PV | CHQ | RECEIVED FROM | DESCRIPTION | AMOUNT | |
|-----------|-------|-----|---------------|------------------------------|----------------|----------|
| 1/7/2022 | | | BAL B/F | LONG TERM RECEIVABLE | 100,005,321.00 | |
| 1/23/2023 | CL013 | 209 | EMPLOYEE | REFUND OF BORROWING EMPLOYEE | 23,108,175.00 | Employee |
| 4/5/2023 | | | CASB | REFUND OF BORROWING | 10,000,000.00 | Casb |
| 12/5/2023 | | | CASB | REFUND OF BORROWING | 10,000,000.00 | Casb |
| 12/5/2023 | | | CASB | REFUND OF BORROWING | 5,000,000.00 | Casb |
| 23/6/2023 | | | CASB | REFUND OF BORROWING | 15,000,000.00 | Casb |
| 6/7/2023 | | | CASB | REFUND OF BORROWING | 5,000,000.00 | Casb |
| | | | NET | | 31,897,146.00 | |

Committee Observation

The committee observes that the amount borrowed by the County Assembly service board has been long overdue and it's been outstanding.

Committee Recommendations

The Committee recommends that the management should observe the object and purpose of the fund as per the Provisions /regulation (4) of the Bungoma County Assembly Hon members' Mortgage Fund Regulations, 2018.

The County Assembly Service Board should strive to clear all outstanding trade receivables due to the fund. Further the committee forbids further borrowings from the fund until the outstanding balance is paid in full.

5. Long Outstanding Loan

The balance also includes an amount of Kshs. 146,033,117 being outstanding loan balances brought forward from previous years out of which an amount of Kshs. 33,900,825 was in

respect of non-performing loans owed by former Members of County Assembly (MCAs). No explanation was provided for non-recovery of the loans from the MCAs during their first term in office.

Management response

The management agrees with the Audit findings. At the time of Audit, Honourable Members had not serviced their loans and the management took the initiative to write demand notice but unfortunately the Members went to court protesting on not serving first Assembly term in full thus waiting for finalization of the said case before the Apex Court as per the attached documents. (Appendix III)

Oral submission

The accounting officer submitted that the entity was waiting for a court outcome following a petition by the former MCAs.

Committee Observation

There is a pending court case over the matter

Committee Recommendations

The outcome of the query will depend on the court verdict

6. Irregular Insurance Receivables

During the year under review, additional loans totaling to Kshs. 21,800,000 were disbursed to MCAs for the last seven (7) years for insurance cover for properties acquired under the facility out of which only an amount of Kshs. 940,890 had been recovered leaving an outstanding balance of Kshs. 20,859,110.

Management response

The management agrees with the Audit Findings. Currently, substantive amounts of Insurance are being deducted from Honourable members.

Committee Observation

The committee observed that recoveries are being made on the balance to the outstanding balance to additional loans that were disbursed to MCAs.

The Auditor is satisfied with the management response.

Committee Recommendation

The Audit query stands resolved

7. Irregular Expenditure

The statement of comparison of budget and actual reflects final receipts budget and actual on comparable basis of Kshs. 3,118,229 and Kshs. 3,118,229 respectively. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs. 3,118,229 and Kshs. 4,913,688 respectively, resulting to an over expenditure of Kshs. 1,795,459 or 158% of the budget. No explanation was provided for the failure to budget for the total expenditure, which is contrary to Regulation 31(e) (i) of the Public Finance Management (County Governments) Regulations, 2015.

Management response

The management agrees with the Audit Findings. That the Surplus in the previous FY 2019/2020 was used to cover the deficit. In that year, there was an under absorption of

Kshs.2, 239, 528.

Oral Submission

The Accounting Officer tabled an amended budget that captured the surplus role over to the subsequent year under audit.

Committee's observation

The Committee observed that during the year under audit, the Fund had a budget of Kshs 3, 118,229.

The Fund over expended a sum of Kshs1, 759,459, thus bringing the total expenditure to Kshs. 4,913,688

Recommendations

The Accounting Officer should ensure that the fund spends according to approved budgets. Extra expenditure should be sanctioned through reallocation/supplementary estimates as per Regulation 31(e)(i) of the Public Finance Management (County Governments) Regulations, 2015.

8. Late Submission of the Financial Statements

The financial statements for the Fund were submitted for audit on 7 October, 2021, contrary to the provisions of Section 116(7) (b) of the Public Finance Management Act, 2012, and Section 47(1) of the Public Audit Act, 2015, which require financial statements to be submitted to the Auditor-General for audit within three months after the end of the financial year to which they relate, in this case 30 September, 2021.

Management response

The management agrees with the Audit Findings. This was mainly caused by understaffing in the department. This problem was sorted through recruitment of new employees in the FY 2021/2022 in April 2022 and currently the submission of Financial Statements is timely. Enclosed find an extract of FY2021/2022 Financial Statement(Appendix IV).

Committee Observation

There was evidence of timely submission of financial statements to the AOG in line with provisions of section 116(7)(b) of the PFM Act of 2012 and Section 47(1) of the Public Audit Act ,2015 in the subsequent financial years as submitted by the accounting officer.

Committee recommendation

The audit query is resolved.

Conclusion

The audit reports on financial statements of the Bungoma County Assembly Honorable Members' Car Loan and Mortgage scheme fund for the year ended 30th June, 2021 and report of the auditor general on the financial statements of Bungoma County Assembly for the year ended 30th June 2022 achieved a qualified opinion; why the report of the Bungoma County Assembly staff car loan and mortgage scheme fund for the year ended 30th June 2022

achieved unqualified opinion from the Auditor General representing a fair position of financial performance of the County Assembly of Bungoma.

I urge this Hon. House to adopt this report with the contents there in. The adoption schedule; all members appended their signatures to these are three reports bound together. The way I have read and you know how you will be putting a question to every report. I urge Hon. Kennedy Wanyama to second the report.

Mr. Speaker: Thank you, Hon. Everton Nganga. Allow me to be able to allow the seconder of the motion Hon. Kennedy Wanyama to proceed with the same.

Hon. Kennedy Wanyama: Thank you, Mr. Speaker. I rise to second the motion by the Committee on Public Accounts and Investments on the Hon. members' Car Loan and Mortgage scheme for the year ended 30th June 2021, staff car loan and mortgage scheme for the year ended 30th June 2022 and the financial statements of Bungoma County Assembly for the year ended 30th June 2022. There are several benefits that come along with car loan and mortgage schemes, I will just mention about three or four of them. The first one is the issue of access to low interest rates, as we are all aware the interest rates from commercial banks are very high and therefore these funds actually enable Hon. Members and employees to access loans at reasonable interest rates.

The other benefit is the issue of support, these schemes provide employees and Hon. Members with access to financial resources that they may not easily obtain on their own and therefore these funds are very critical to members and employees.

Thirdly, there is also the issue of convenient repayment options, these schemes are often structured to be more convenient with instalments that are deducted directly from employees and members' salaries which is actually convenient compared to loans from commercial banks.

Lastly, these funds, the car loan and mortgage schemes, also provide employee satisfaction and they increase employee retention.

Concerning the motions before us, there is one major outstanding audit query and this is the issue of the irregular borrowings by the County Assembly Service Board, while the object and purpose of these funds is very clear, and the purpose is to advance loans to employees and members, we witnessed irregular borrowings by the County Assembly Service Board. While we understand that once in a while there could be need to borrow, as a Committee, we feel that whenever there are borrowings, the accounting officer should ensure that these borrowings are repaid from the County's exchequer releases so that then the main object and purpose of these funds is not stifled. At the worst case scenario, these borrowings should be paid within the same financial year so that they don't remain as outstanding audit queries. I second.

Mr. Speaker: Thank you, Hon. Members. I will be able to propose a motion for debate at the time of this stage, I will be putting there one motion for debate but the stage of approval it will be on each individual report of the Auditor General.

(Motion proposed)

Hon. Ipara, proceed.

Hon. Johnston Ipara: Thank you, Hon. Speaker for the opportunity to allow me air on the areas that I have also seen. One, I will go on the item of mortgage and car loan for the staff. What has attracted my eye is where they say it was irregular and when I was referring to other documents what irregular is, it told me it was made without proper authorization and approval, it did not adhere to the rules of the game and the rules of the game are what guides mortgage for and car loan for the staff of Bungoma County. One thing that attracts my eye and I want to ask is, one, when was the loan taken? What was the purpose of the loan? Was that money loaned a surplus or what? During that period, did the scheme award staff mortgage and car loan? Lastly on that part, I want to ask, will the County Assembly Public Service Board repay the money with interest for the delay that they have caused?

The Public Finance Management Act prohibits government institutions from conducting themselves or awarding irregular loans and it states very clearly where you find that you want to award loans to an entity within the department, relevant authorization and the necessary one is the County Assembly's approval that says that this money which was initially intended for mortgage and car loan for staff is being taken away to County Public Service Board on loan basis and it will be repaid in a given period, that was not done and this is a House of rules and if we ourselves go against the rules, who else will abide by the rules? Transparency and accountability was never exhibited, then how do we expect other people to act in a transparent and accountable way?

Lastly, when such an omission of non-compliance and payment of the loan you took, you are supposed to be penalized and the first penalty is to the person who approved irregular loan that was not concurrently approved by the County Assembly. Are we going to surcharge those particular officers for approving a loan that was not authorized? If those are answered, I support the report in totality because actually it is the first one that is convincing me as a person representing the people and the interest of the people of Tongaren/Kiminini Ward. I support.

Mr. Speaker: Thank you, Hon. Makari.

Hon. George Makari: Thank you, Mr. Speaker for giving me an opportunity. I want to support the report and as it was eloquently read by Hon. Nganga, I must praise him because he is coming up as a very eloquent and fearless defender of the people. I want to register my appreciation for the good report and the way he carried it. Hon. Nganga was my teacher, I went to do Accounts when I'm an old man as I am, and he was my teacher in Accounts even though the school refused to register me for examination...

Mr. Speaker: Hon. Makari...

Hon. George Makari: Hon. Speaker, they ate my money. I paid KShs.30, 000 for the examination and the school ate the money...

(Laughter)

And Hon. Nganga was a teacher. For the sake of Hon. Jeremiah Kuloba, when you say qualified report and unqualified report, there are those of us who do not know what you mean; there is one qualified report and another unqualified report. So maybe when you respond, you will tell the House what you mean by the two reports.

I'm an unqualified accountant, I do not know if you know that Hon. Nganga, because you did not register me for the exam and the person who ate the money is now the secretary of the County Public Service Board in Bungoma and he was vetted in this House and Hon. Nganga appended his signature

Mr. Speaker: Hon. Makari, now since you did not raise those issues at the time of vetting, it would be unfair for me to allow you to continue on that line.

Hon. George Makari: No, Hon. Speaker, when we were doing vetting, I told him something but you guys did not notice what I was referring to.

Mr. Speaker: It was in Public Administration Committee, not the Service Board. Yes...

Hon John Ipara: *(On a Point of Information)* Does Hon. Makari want to tell this Hon. House that when the person he is referring to appeared before the vetting committee, he was compromised not to share this vital information?

Mr. Speaker: I don't want to engage in speculations. Let's leave that line of submission out, because the man you are discussing about, his name was in this House, and this House approved him as the County Service Public Board. I think since you did not raise it at that time, there's nothing this House can do at this moment, unless you bring a motion of removal from the office. But for now, let him do his duties. Let me give you the microphone, Hon. Makari. Proceed, please.

Hon. George Makari: Thank you, Hon. Speaker. As I proceed, you are the chair of this board, the County Assembly Service Board. I served for a very short period as a committee member on CASB. I want this House to agree with me that if we escaped a very damning audit, and we got a reproof that it is a good report, we are very lucky. You know that the person we had, I'm sorry to say, the person we had as a Clerk...

Mr. Speaker: Hon. Makari, you know some of the issues that we may want to speak out here openly are not even for consumption, because Hon. Nyongesa is here and some of the members who served on that Car Loan and Mortgage fund were Hon. Members, some are on PAIC, and some are in this House. When you open that can of worms that is going to come out may consume everybody who was in that Assembly.

So I'm asking that although Hon. Makari is always very honest and speaks his mind, I will ask you that even us, as the chair of the board and the members of the board, giving out Mortgage and Car Loan to every Hon. Member has not been very easy. Chair PAIC, you are aware of that position. When you go that direction, members, it's going to go on HANSARD, I beseech you that as you debate, let us avoid that line of argument. You know what happened. Please, let's proceed.

Hon. George Makari: I apologize, Hon. Speaker. Let me avoid that line of argument, I just want to support the report. I think you let it be as it is.

Mr. Speaker: Thank you, Hon. Makari. Hon. Joseph Nyongesa.

Hon. Joseph Nyongesa: Thank you, Mr. Speaker. First, I would like to appreciate the chair and the seconder of this report. As members of this House; we do appreciate the committee and the members in this House. But for the key challenge we should point them out so that at least in the future things could not run the way it was being run.

On the issue of unrecovered payments of the Car and Mortgage Scheme for the first Assembly, you know, it's a thorn in this House and a lot of money was lost. Though we are trying to make a follow-up, but as we speak, our colleagues who owe this Assembly, some are in hospital because they received that order on how they should pay. For us to be safe, let's ensure that we offer our security in terms of title deed and log books so that in case of failure to pay, then the Assembly can make a follow-up.

As we speak, in the first Assembly, we served less than five years and maybe that could be the key reason to why some members could not manage to pay.

Another issue is that as an Assembly also we gave a leeway because we had to force and push the CEO to borrow minus even being authorized. Sometimes, we should also learn on how to accommodate certain pressure.

Otherwise, I support and urge this House that as we support, let's ensure that we give the security on the money that we owe the Assembly.

Mr. Speaker: Thank you, Hon. Joseph Nyongesa. Hon. Luseneka,

Hon. Anthony Luseneka: Thank you, Hon. Speaker. I also rise to support the motion as moved by Hon. CPA Nganga. I just want to appreciate the measures that were put in place, especially during the last Assembly where members cleared their mortgage I think in April before the elections.

I hope this time they also do the same so that we clear our loans on or before May 2027 before we start serious campaigns. Unlike the first Assembly, where members as Hon. Nganga has put it, are being send demand letters and looking at their conditions, some of them may not be even in a position to pay the loans. We are stressing them more. To avoid those scenarios, I just want to request the leadership and those concerned that they should put in place measures to make sure that we pay our loans before we exit.

Also avoid the line Hon. Makari was taking because what happened and we should learn from it. I think the leadership and the current Clerk have put in measures and controls to avoid what happened by the previous Clerk. Otherwise, we were heading in the wrong direction but looking at our performance, I think this is one of the counties that tops in terms of performance and clean records.

I want to request that we proceed and maintain those standards and avoid audit queries in future. I support the report and request that we put in place measures that will cushion these members. The moments we exit no one should owe this Assembly an amount in terms of loans, that's the mortgage and car loan.

Mr. Speaker: Hon. Members, allow me now invite the mover of the motion to reply to the same before we proceed. Hon. Nganga, you have the microphone to reply to the motion accordingly.

Hon. Everton Nganga: Thank you, Hon. Speaker. First, I would like to thank all Members who appeared in the House and listened to these three reports. Again, I also want to thank those Members who have actually come up with their comments.

First, I would like to respond to what Hon. Ipara said; you know a borrowing within the same institution, unless the regulations are changed. It depends with the agreement that was made between the Service Board and the leadership of the House, such a borrowings ,most of them they don't attract interest because they are within the institution but what the Auditor query did here it was irregular, it was unlawful based on the regulations, public finance management acts that were mentioned here. The object of the funds is to provide money to Hon. Members and even the staff but the object was violated by making some borrowings that is where the Public Service was borrowing some money and they were a number of some issues which Hon. Members understand and we should not open that Pandora box.

So borrowings within the institution the funds depend with the regulations that was set and in most cases, they don't attract interest because it is the Clerk of County Assembly that is repaying. So I don't know but most cases they don't attract interest. Hon Makari, I don't want to respond on your first issues, when I was your teacher, anyway...

Mr. Speaker: Nganga, you are at liberty to respond but behind the tent.

Hon. Everton Nganga: Anyway Hon. Makari was a determined student and he said he is not a qualified accountant but at your age still Hon. Makari, there is no limit in education. You can still pursue when I am still within in my office we can still do the necessary. I can certify your documents to KASNEB. I can teach you from my office and make sure you pass those KASNEBs exams.

I think this is something you understand very well Hon. Makari has mentioned qualified and unqualified .I remember teaching him in auditing these are two types of reports, for him he understands. These are two types of report qualified and unqualified; unqualified report is a report that is clean and Hon. Members when I was in a training in Naivasha, they mentioned a County Assembly that got unqualified report and Bungoma County Assembly was mentioned it was the best report. That was the best example, and they urged other County Assemblies to emulate Bungoma County Assembly. Basing on the current management and administration of the County Assembly actually they are trying. Unqualified report is a report that adheres on the lawfulness and effectiveness of public resources. It is a report that has effective internal controls measures that limit the fraud errors and mistakes that is unqualified report.

But qualified report is a worst report, when a County Assembly gets such report is a worst report and under qualified we have two reports which is adverse and pervasive. Adverse it means, it has no several issues, maybe the County Assembly made a mistake in one area and did not adhere to the standards, maybe the county assembly has not established the internal controls but the other areas are okay. Pervasive a report where everywhere in the report, they are mistakes .So for this case, in this scenario our County Assembly is really trying.

Hon. Nyongesa thank you for supporting the report, you know I was very much worried when you requested to make your submissions on this report. But Members remember the accumulated loan; the accumulated balances that dates back to 2013. Hon. Members who do not finish their term and they went to court and that is why this figure is big but currently when you look at the repayment schedule, the County Assembly they are making some efforts to pay, So because they are showing efforts and some steps that is why the auditor said that this a qualified report because they have not cleared everything they are doing it like that. So I urge the House to adopt the report. When you put a question, you adopt the way it is and actually we are moving in the correct direction.

Mr. Speaker: Thank you, Hon CPA Nganga. Hon. Members as we said earlier on these are three reports in one. So we will be approving each report the way it is because you look at every report has its own recommendations and observations the way it should be put. Hon. Members the motion was moved and seconded in this House adopts the report by the Public Investment Accounts Committee on the report of the auditor general on the Bungoma County Assembly Hon. Members Car and Mortgage Fund for the year ending 30th June 2021.

(Question put and agreed to.)

Second report Hon. Members, a motion has been moved and seconded to the House and adopted the report by the Public Investment Accounts Committee on the report by the Auditor General on the Bungoma County Assembly Staff Car Loan and Mortgage Fund for the year ending 30th of June 2022.

(Question put and agreed to.)

The last report Hon. Members as you are all aware it has the required move and seconded and debate having been ensued this House adopts the report by the Public Investment and Accounts committee on the report of the Auditor General on the financial statements of Bungoma County Assembly on the financial year ending 30th of June 2022 laid on the table of the House on the 4th of April 2024.

(Question put and agreed to.)

The last report of the financial statement of Bungoma county Assembly for the year ending 30th of June 2022 is hereby also adopted by the House accordingly.

(Applause)

Next item,

**REPORT BY THE SECTORAL COMMITTEE ON FINANCE AND ECONOMIC
PLANING ON RECEIVER OF REVENUE QUQRTELY REPORT AND FINANCIAL
STATEMENTS FOR THE PERIOD ENDED DECEMBER 31ST 2023.**

Mr. Speaker: Hon Chemion I am told you have the honor of moving the report by the committee, kindly proceed accordingly.

Hon. Francis Chemion: Thank you, Hon Speaker. I am moving a report by the finance and economic planning committee on receiver of the revenue quarterly report and financial statements for the period ended December 31st 2023.

We have Chapter 1, the Preface. The Receivers of Revenue financial statement for the period ending December 31, 2023 was tabled in the House on February 21, 2024 by the Majority Leader and committed to the Committee on Finance and Economic Planning. The report has highlighted on the general performance on own-source revenue collection including appropriation in aid by the Bungoma County.

The committee critically analyzed the report and did comparison with the performance in previous years which aided it to make critical observation with a clear and workable recommendation for the House to consider. Generally, the committee observed each revenue stream's performance against the budget and historical behavior in revenue collection across all revenue streams including during COVID-19 period.

The mandate of the committee is as stipulated in Standing Order No. 217 of the County Assembly of Bungoma Standing Orders.

Committee Membership

The Committee on Finance and Economic Planning as currently constituted comprises of the following members:-

- | | |
|-----------------------------|------------------|
| 1. Hon. James Mukhongo | Chairperson |
| 2. Hon. Orize Kundu | Vice Chairperson |
| 3. Hon. Stephen Wamalwa | Member |
| 4. Hon. Everlyne Mutiambu | Member |
| 5. Hon. Vitalis Wangila | Member |
| 6. Hon. Violet Makhanu | Member |
| 7. Hon. Jack Kawa | Member |
| 8. Hon. Francis Chemion | Member |
| 9. Hon. Tony Barasa | Member |
| 10. Hon. George Makari | Member |
| 11. Hon. Aggrey Mulongo | Member |
| 12. Hon. Godfrey Wanyama | Member |
| 13. Hon. Everton Nganga | Member |
| 14. Hon. Christine Mukhongo | Member |

Legal Framework

The report is prepared in compliance with section 165 of the Public Finance Management Act 2012 as read together with section 9 of the Bungoma County Revenue Administration and management act 2017 which states that:

“165(1) 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.”

Section 9 of the Bungoma County Revenue administration and Management Act 2017, requires that the receivers of the revenue of the Bungoma County should prepare quarterly and annual financial statement in respect to the performance of own source revenue:-

“9) A receiver of revenue for a county government shall provide quarterly and annual statements to the County Treasury and County Assembly with copies to the National Treasury and the Commission on Revenue Allocation.”

In this case a receiver of revenue is the County Executive Committee Member responsible matters Finance and Economic Planning. The Executive committee member is obligated also to designate persons responsible for collecting, receiving and accounting for such County Government revenue in compliance of the section 57 of the Public Finance Management Act, 2012:-

157. (1) The County Executive Committee member for finance shall, in writing, designate persons to be responsible for collecting, receiving and accounting for such

county government revenue as the County Executive Committee member for finance may specify in their letters of designation.

(2) A receiver of county government revenue is responsible to the County Executive Committee member for finance for ensuring that the revenue for which the receiver is responsible is collected or recovered, and is accounted for.

Section 158 of the public Finance Management, Act allows the county executive

158. (1) A 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.

164(1) At the end of each financial year, the accounting officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

- (2) *The accounting officer shall include in the financial statements—*
- (a) appropriation accounts, showing—*
 - (i) the services for which the appropriated money was spent;*
 - (ii) the amounts actually spent on each service; and*
 - (iii) the status of each Vote compared with the appropriation for the Vote; and*
 - (iv) a statement explaining any variations between the actual expenditure and the sums Voted; and*
 - (v) any other information specified by the County Treasury;*
 - (b) a statement of the entity's debt that is outstanding*

at the end of the financial year;
 - (c) a statement of the entity's debt guaranteed by the national government as at the end of the financial year;*
 - (d) a statement of the entity's assets and liabilities as at the end of the financial year in respect of-*

- (i) *each Vote, clearly identifying between recurrent and development expenditure; and*
 - (ii) *funds and deposits;*
 - (e) *a statement of the accounting policies followed in preparing the financial statement; and*
 - (f) *a statement of the county government entity's performance against predetermined objectives.*
- (3) *The accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.*
- (4) *Within three months after the end of each financial year, the accounting officer for an entity shall—*
- (a) *submit the entity's financial statements to the Auditor-General; and*
 - (b) *Deliver a copy of the statements to the relevant County Treasury, the Controller of Budget, and the Commission on Revenue Allocation.*
- (5) *In the case of an entity that is a County corporation, the accounting officer shall submit a copy of the county corporation's financial statements to the County Executive Committee member responsible for that corporation who shall approve and forward the statements to the County Executive Committee member for finance.*

Acknowledgement

Let me take this opportunity to express my gratitude and sincere thanks to the members of the committee and its Secretariat for dedicating their time to analyze the receivers of revenue Financial Statement report and diligently carrying out critical analysis of the report including interrogation of the department.

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 in the preparation of this report.

Lastly, the committee lauds the County Executive Committee Member of Finance and Economic Planning and his team for appearing before the Committee and availing the necessary information that enabled the Committee compile this report.

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.

The report is signed by the Chairperson Hon. James Barasa Mukhongo.

Operations of the fund

County Government collects local revenue using the Bungoma Automated Revenue management system (BARMS) system, every collecting officer has a Point of Sale (POS) machine to ensure that all revenue paid is captured directly into the system to avoid leakages and encourage efficient revenue collection. The amounts are banked daily in the four Collection accounts and swept to the Bungoma County Revenue Fund held at CBK every Tuesday.

The key local revenue sources for the County include, Business permits, Land rates, Cess, market fees, parking fees, administrative service fees, public health facilities fees and Appropriation in Aid. AIA is revenue collected from Mabanga ATC/AMC, level 2,3, 4&5 hospitals and County vocational training Centers, receipts from offering services, Hire of county machines & assets and sale of goods. Most cash is collected through Agents that are located within the facility entities.

Revenue Raising Measures

The department has continued to institute new measures directed at sealing all the possible leakages to enhance revenue collection and improve collection efficiency.

1. To enhance revenue collection, the County Government will fast track completion of relevant pieces of legislation to inform administration of various fees and charges. They include eight revenue administrative bills, Housing Policy and 2 municipality valuation rolls
2. Enhancing the BARMS system module to 100% cashless payments on all revenue streams to avert leakages associated with cash handling
3. Continuous weekly performance appraisal for all revenue collectors across all collection points to monitor variations between actual collection and target. It will enhance collections from market fees and related streams
4. Receivers and collectors of revenue have been duly appointed pursuant to section 157 (2) of Public Finance Management Act 2012 to ensure proper , prompt accounting and reporting of revenues from all devolved units
5. Revenue collection has been decentralized to ward level in line with the County Executive order No.1 of 2022, with clear mapping of revenue points that will enhance maximum collection. Revenue officers at ward level now report administratively to ward administrators.
6. Utilize office of County Attorney to enforce collections from defaulters through legal process. Plans are underway to facilitate collaboration with law courts administration in setting up an express special court on County Revenue matters
7. Introduce tax incentives including tax holidays to resident registered traders on county markets in accordance to section 159 (1) of The Public Finance Management Act ,2012 and Article 210 of the Constitution of Kenya 2010

8. Implementation of various tax incentives including waivers and negotiated flexible plans for property tax defaulters. A cabinet approval to grant waivers on property penalties and interest with a target of enhancing collection over the waiver period will be sort
9. Undertake on continuous on job training for revenue staff in their relevant fields as well as tax payer education and sensitization
10. Improve mobility by acquiring more vehicles for revenue enhancement and ensuring routine repairs and maintenance of existing vehicles and motor bikes

Statement of Receiver of Revenue's Responsibility

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue financial statements which give a true and fair view of the state of affairs of the receiver of revenue for and as at end of the period.

Financial Performance

The County projected to collect Kshs.2, 013,479,652 from own source revenue and AIA, representing 13.1 % of the total budget of Kshs.15, 470,095,611.

Total revenue collected in the period was Kshs. 442,186,591 compared to Kshs. 395,912,265 collected same period in the previous year, a positive variance of Kshs. 46,274,326. This is however just 22% of the expected budget as opposed to the 50% expected.

Out of the amount collected, Kshs. 327,476,145 relates to hospital facilities.

By the close of financial year 2022/23, the county had not received disbursements from Linda Mama, NHIF, Edu Afya, the money was however received at the start of the financial year 2023/2024. Kshs.122,337,353 was received and it is included in the Kshs.327.4M stated above.

Revenue from hospital facilities is utilized at source, a report on the collection and utilization should be submitted to the Assembly quarterly

The balance of Kshs. 114,710,446 relates to AIA from Mabanga and own source revenue. Kshs. 5,096,650 was from AIA (Hire of county assets-) no collection has been made from Mabanga ATC and Chwele Fish Farm.

Budget Vs Actual own source revenue

| Description | Budget Kshs. | Actual Received | % absorption |
|----------------------|----------------------|------------------------|---------------------|
| | Kshs. | Kshs. | |
| Local Revenue | 870,541,489 | 114,710,446 | 13% |
| Appropriation in Aid | 1,142,938,163 | 327,476,145 | 29% |
| Total | 2,013,479,652 | 442,186,591 | 22% |

2.5 Statement of Receipts and Payments for The Period ended 31st December 2023

During the period,

Kshs.442.18 million was collected from own source revenue

Kshs.26.8 million from donations (DANIDA)

Kshs.127.8 million was balance brought forward from the previous financial year

Kshs.596.86 was total amount available.

Expenses

Kshs.112.8 was transferred to County Revenue fund (CRF)

Kshs.377.9m was utilized by Health facilities

Kshs.20, 788 was bank charges

Kshs.106.1m was the closing balance

Statement of comparison of budget vs. actual amount for the period ended December 2023

The County expected Kshs. 2,013,479,652 from AIA and local revenue. Kshs. 469,054,183 was collected which translates to 23% of target, a negative variance of Kshs. 1,526,159,030. Out of the total collection, Kshs. 26,867, 592 is from DANIDA.

Except hire of county assets and conservancy administration, all the other revenue streams fell way below the expected 50% of budget. They include: cess collected 8%, land rates 11%, property rent 9%, parking fees 11%, market fees 21%, Public health services 8%, Physical Planning 16%, administration control fees 4%, market fees 21%,

The county did not declare any revenue collected from Level 3 hospitals. Vocational Training Centers collected 6,846,839 included under hospital fees.

| Own source revenue | Final budget | Actual cash | Variance | % |
|-----------------------------------|---------------|-------------|--------------|----|
| Hospital fees | 1,142,938,163 | 327,476,145 | -815,462,018 | 29 |
| Single Business permits | 228,921,263 | 19,866,500 | -209,054,763 | 9 |
| Parking | 101,517,423 | 33,377,200 | -68,140,223 | 33 |
| Cess | 70,192,478 | 5,727,914 | -64,464,564 | 8 |
| Market fees | 98,427,988 | 21,047,928 | -77,380,060 | 21 |
| Land /poll rate | 47,500,495 | 5,456,776 | -42,043,720 | 11 |
| Hire of County Assets | 9,073,724 | 5,096,650 | -3,977,074 | 56 |
| Administration control fees | 173,120,396 | 7,010,350 | -166,110,046 | 4 |
| Advertising | 42,967,742 | 3,691,650 | -39,276,092 | 9 |
| Miscellaneous receipts | 5,538,560 | 1,702,367 | -3,836,193 | 31 |
| Physical planning and development | 23,608,481 | 3,808,634 | -19,799,847 | 16 |
| Property rent | 30,569,789 | 3,319,297 | -27,250,492 | 11 |

| | | | | |
|---|----------------------|--------------------|-----------------------|-----------|
| Conservancy Administration | 100,000 | 2,567,550 | 2,467,550 | 2568 |
| Public Health Service fees | 23,076,730 | 1,740,380 | -21,336,350 | 8 |
| Other Fines Penalties and forfeitures | 6,793,200 | 297,250 | -6,495,950 | 4 |
| Education Science and ICT | 9,133,220 | - | 9,133,220 | 0 |
| Other revenue sources(Donations/DANIDA) | | 26,867,592 | 26,867,592 | 0 |
| Total Receipts | 2,013,479,652 | 469,054,183 | -1,526,159,030 | 23 |

Statement of Arrears of Revenue as at 31st December 2023

The County had arrears of Kshs. 219,544,395 from land rates and cess as at 1st July 2023.

This was the same figure disclosed on 1st July 2022 which means arrears relating to the financial year 2022/23 and money received during the period towards offsetting these arrears have not been Captured.

Kshs. 2,012,656 was collected from land rates and ground rent towards the arrears during the period

Under review. The County Government has issued demand notices to all the rate defaulters to pay up by 31st by March 2024 or face legal action.

The report has not given any measures that will be taken to collect the amount recoverable.

Break down of collection

1.Cess

| Description | Period ended December 31st 2023 | Comparative period 2022 | Variance |
|--------------|---------------------------------|-------------------------|---------------------|
| | Kshs. | Kshs. | Kshs. |
| Farm produce | 5,589,414 | 29,886,251 | (24,296,837) |
| Veterinary | 138,500 | 3,051,155 | (2,912,655) |
| Total | 5,727,914 | 29,886,251 | (27,209,492) |

2.Land/Poll rates

| Description | Period ended December-23 | Comparative period | Variance |
|-------------|--------------------------|--------------------|----------|
| | Kshs | Kshs | Kshs. |

| | | | |
|-----------------------------|------------------|------------------|--------------------|
| Land rates | 2,191,346 | 7,844,688 | (5,653,342) |
| Land penalties and interest | 1,252,774 | | 1,252,774 |
| Arrears | 2,012,656 | | 2,012,656 |
| Total | 5,456,776 | 7,844,688 | (2,387,912) |

3. Single /Business Permits

| Description | Period ended December-23 | Comparative period 2022 | Variance |
|--|-----------------------------|----------------------------|------------------|
| | Kshs | Kshs | Kshs. |
| Business permit application fees | 1,177,500 | 15,230,803 | (14,053,303) |
| Annual Business permit fees | 15,973,500 | | 15,973,500 |
| Business permit penalties and interest | 555,000 | | 555,000 |
| Business permit renewal fees | 2,160,500 | | 2,160,500 |
| Total | 19,866,500 | 15,230,803 | 4,635,697 |

4. Property Rent

| Description | Period ended December-23 | comparative period 2022 | Variance |
|-------------------------------|-----------------------------|----------------------------|--------------------|
| | Kshs | Kshs. | |
| County Housing | 1,287,500 | 4,440,600 | (3,153,100) |
| Plot Rent | 479,997 | 551,321 | (71,324) |
| Transfer of Property | 49,000 | 120,000 | (71,000) |
| Stalls/kiosks rent | 1,266,000 | 810,200 | 455,800 |
| Change of user | 16,000 | 3,000 | 13,000 |
| Consent to charge | 47,000 | 0 | 47,000 |
| Clearance certificate | 136,500 | | 136,500 |
| Extension of lease | 14,000 | - | 14,000 |
| Survey fees and beacon search | 23,300 | | 23,300 |
| Total | 3,319,297 | 5,925,121 | (2,605,824) |

5. parking fees

| Description | Period ended December 2023 | Comparative period 2022 | Variance |
|---------------------|-------------------------------|----------------------------|------------------|
| | Kshs. | Kshs. | |
| Street parking fees | 3,438,850 | 4,439,819 | (1,000,969) |
| Motorbike fees | 1,716,000 | 49,500 | 1,666,500 |
| Registration fees | 299,000 | | 299,000 |
| Reserved parking | 2,070,000 | | 2,070,000 |
| Bus park fees | 25,853,350 | 29,874,550 | (4,021,200) |
| Total | 33,377,200 | 34,363,869 | (986,669) |

6. Market Fees

| Description | Period ended December-23 | comparative period June 22 | Variance |
|-------------------|-----------------------------|-------------------------------|------------------|
| | Kshs | Kshs. | |
| Market entry fees | 20,922,200 | 13,353,910 | 7,568,290 |
| Livestock | - | 4,263,430 | (4,263,430) |
| Slaughter fee | 25,728 | 1,410,290 | (1,384,562) |
| pulping | 100,000 | | 100,000 |
| Total | 21,047,928 | 19,027,630 | 2,020,298 |

8.Hospital Fees

| Description | Period ended December-23 | comparative period December 2022 | Variance |
|--|-----------------------------|--|-------------------|
| | Kshs | Kshs. | |
| Level 5 hospitals | 309,777,405 | 262,193,392 | 47,584,013 |
| Level 4 hospitals (DANIDA) | 10,851,901 | | 10,851,901 |
| Vocational Training Centres (VTC) fees | 6,846,839 | | 6,846,839 |
| Total | 327,476,145 | 262,193,392 | 65,282,753 |

9.Public Health Service Fees

| Description | Period ended December-23 | comparative period December 2022 | Variance |
|---|--------------------------|----------------------------------|------------------|
| | Kshs | Kshs. | |
| Inspection of buildings/premises/Institutions | 693,751 | | 693,751 |
| Inspection for issuance of hygiene license | 184,480 | 588,550 | -404,070 |
| Application for medical examination | 239,949 | | 239,949 |
| Public health permit | 620,900 | | 620,900 |
| Total | 1,739,080 | 588,550 | 1,150,530 |

10.Physical Planning and Development

| Description | Period ended December-23 | comparative period December 2022 | Variance |
|-------------------------|--------------------------|----------------------------------|----------------|
| | Kshs | Kshs. | |
| Building plans approval | 3,434,521 | 3,278,765 | 155,756 |
| Occupational Permits | 50,000 | - | 50,000 |
| Physical Planning | 27,300 | - | 27,300 |
| Total | 3,511,821 | 3,278,765 | 233,056 |

11. higher of count assets.

The first one is agricultural mechanization services, 2023, 294,500. 2022 there was no collection. Variance same amount of Kshs. 294,500. Hire of county stadium 2023 at Kshs. 22,000, 2022 at Kshs. 8,000 giving a variance of positive 14,000. Conference facilities, agricultural training centers, ATC, 2023, 4,780,150. There was no collection in 2022 therefore positive variance of Kshs. 4,780,150. Total for these hire of count assets in 2023 is Kshs. 5,096,650 and 2022 at Kshs. 8,000, variance of positive 5,088,650.

12. Conservancy administration

Refuse disposal fees in 2023 at Kshs. 2,477,650 and no record for 2022 thus a positive variance of Kshs.2, 477,650.

Dump site fees

2023 at Kshs. 31,500, 2022 at Kshs. 28,500 variance of Kshs. 3, 000. Sewerage fees in 202 at Kshs. 16,500. There was no record for 2022 thus variance of Kshs. 16,500.

Sale of seedlings in 2023 at Kshs. 41,900, 2022 at Kshs. 1,902,952. Negative variance of Kshs. 1,861,052. Total for conservancy administration in 2023 of Kshs. 2,567,550. 2022 at Kshs. 1,931,452. Variance positive of Kshs. 6, 36,098.

13. Administration control fees and charges.

Weights and Measures in 2023 at 28,550. No record for 2022. Variance of the same amount, 28,550.

Fire services in 2023 at Kshs. 5,279,200. 2022 at Kshs. 4,734,100. Positive variance of Kshs. 545,100.

Legal licensing or legal licenses in 2023 at Kshs. 1,702,600, 2022 at Kshs. 1,264,050. Variance of Kshs. 4, 38,550.

Total for administration control fees and charges in 2023 at Kshs.7, 010,350, 2022, at Kshs.5, 998,150 a positive variance 1,012,200.

Bank balances.

The county had Kshs. 106,099,738 as bank balance at the end period under review. However, the closing balances for Bumula Sub-County Hospital, Public Health Collection Account, KCB, 1,156,933.

Public Health Collection Account, KCB, 1, 225, 9218. Syracuse Sub-County Hospital, Mount Elgin Sub-County Hospital, collection account have the same closing balances for the two years. Hence, the accuracy of the entire balance cannot be ascertained.

Challenges the department faces in local revenue collection.

The department faces the following challenges in revenue collection;

1. There is unprecedented resistance to pay taxes from the citizens obligated to pay. Despite numerous meetings with the border operator's compliance has remained poor.
2. The poor state of the market support infrastructure including auction rings for example in Chwele, Kimilili, Kamukuywa, Misikhu, Webuye, and Mbakalo. Sanitary facilities and slaughterhouses like in Bungoma, Webuye, and Kimilili pose a challenge to enforcing collection.

3. There is limitation in undertaking revenue supervision arising from mobility constraints. The few vehicles allocated for revenue enhancement are old with frequent breakdowns, significantly affecting supervision and collection efforts.

4. Majority of revenue collectors are casual workers who have not been paid for several months lowering their morale.

Motivation programs for revenue collectors with a stalling performance have not been possible. Reimbursement of transport revenue collectors and supervisors traversing across large geographical locations collecting trade licenses, plan approval fees, market fees and legal licenses have been limited by the budget constraints. There is a need to allocate funds to motivate revenue collectors.

5. Increasing number of car wash and private parking yards within county major towns has reduced the number of vehicles on street parking spaces. The street parking is not clearly marked.

Committee Observations and Recommendations

The committee made the following observations and recommendations.

1. Poor performance of many revenue streams was noted despite automation that is 100% cashless. System enhancement, appointment of receivers and collectors, continuous weekly performance appraisal for all revenue collectors, decentralization of all revenue collection to ward level and many other measures.
2. Poor state of markets was cited as a main challenge towards enforcing revenue collection.
3. Continuous usage of cash flows for revenue collection remains a challenge that needs urgent address.
4. The current budget provides 16 million Kenyan shillings for directorate of revenue for the purchase of vehicles to improve mobility.
5. According to control of budget report hospital facilities in the county received Kshs. 172.5 million as facility improvement fund. The report has not disclosed the receiving of this money as well as the money received from Linda Mama, EduAfia and NHIF after the close of the financial year.
6. The county had areas of 219,544,395 shillings from land rates and sales as at 1st July, 2023.
7. The directorate has identified increasing number of car wash and private parking yards within county major towns as reason for reduced number of vehicles on street parking spaces as well as unclear marked parking spaces.

8. The department has not been preparing and submitting a report in respect to all waivers and variations of taxes, fees, or charges granted by the receiver during the year as provided for in section 165 (4) of the Public Finance Management Act, 2012.
9. Accuracy of closing cash balance could not be as attained since it remained the same at the time of opening and closure of the period under review as well as lack of bank statements.

Recommendations

These are the committee's recommendations;

1. This committee recommend for the audit of the revenue automation system with a view of ascertaining its efficiency and effectiveness.
2. The county government should improve services on market infrastructure to boost revenue collection.
3. All revenue collectors should be on permanent and pensionable terms for accountability.
4. The county treasury should disclose all money received by all receivers of revenue in the period and clearly distinguish opening balance and collection relating to the period to avoid confusion when accessing current year collections.
5. The respective departments should put in place feasible measures to collect the arrears and report progress in subsequent quarter reports.
6. The committee hereby directs henceforth the receiver of revenue should prepare and submit to the County Assembly a report with respect to all waivers, the variation of taxes and charges granted by the receiver during the year pursuant to Section 165 (4) and (5) of the Public Finance Management Act, 2012.
7. The county government should designate and clearly mark parking areas in major towns.

The report is adopted by the Members as signed the adoption schedule. We have the annexures which include; adoption of minutes, receiver of revenue quarter report and financial statement for the period ending 31st December 2023. I now wish to invite Hon. George Makari to second this report.

Hon. George Makari: Thank you, Hon. Speaker. I saw Hon. Vitalis on his feet without having been asked to second. He is very happy of late. I don't know which interest he has. He is a Member of the committee Hon. Speaker.

I want to second the report as ably read by Hon. Chemion Masai. I want to say this is our report by the Committee on Finance and Economic Planning and not a report from the executive.

There is something fishy happening in this county, Members you will agree with me if you look at the report comparative years 2021-22 and 2022-23, you will find that the amounts realized in 2021-22 are the same. Coming to 2023 we glaring negatives. Have we shifted this

county? We are now in Garissa County or we are still geographically in Bungoma County? Because if you tell me that you have a negative variant in county rental houses of Kshs. 3.3 million and the same houses are still there. Do you want to tell me these houses shifted? What is necessitating the variant of Kshs. 3.3 million in rent collection from these houses? The last time I checked these amounts are deducted at point of source, because most of these houses are occupied by county employees and they are mostly deducted on the payroll. Maybe this report should form a basis of more investigation of what is happening in this county, because you cannot tell us that in every revenue stream in the year that is following 2021-22 we have negative variants, and very many millions of negatives.

The revenue forecast is 2.1 billion but at the similar time in the subsequent year we had only collected 442 million a whole year. Comparatively you will realize that we have a problem, maybe I don't want to go into another report that will come on Bungoma Automated Revenue Management System which has big problem. You will find that in the subsequent budgets they allocated Kshs. 30 million for maintenance of the system. The HANSARD system that we are using I don't know how much is allocated for maintenance. But can you maintain a system at Kshs. 30 million every year? In fact there is a financial year they allocated Kshs. 49 million for maintenance of this system.

I want to urge the House to adopt this report, so that it can form a basis for digging of more information in the Directorate of Revenue. We have a problem and we must agree to address this problem in Bungoma County. I second.

(Question proposed)

Hon. Vitalis Wangila: Thank You, Mr. Speaker. First of all, let me allow me to applaud our Hon. Member who has just moved this motion on behalf of our able chair. As Hon. Makari has just put it; this is report by Finance Committee with findings therein on revenue collection across the county. The revenue is being collected by revenue collectors who are casuals.

Recently we went out on some other markets and we found that most of the revenue collectors on our markets are even healthier than the Hon. Makari, yet they have not been paid for some months now. We established that there are leakages on revenue collection making it difficult to meet the set targets. You will never hear the revenue collectors complain that they have not been paid and you will always find them on duty daily. These officers are not accountable for not meeting the set target in terms of revenue collection because they are not on permanent terms.

We found out that the state of our markets like the auction rings is pathetic and without gates to control stock in and out. It is therefore not easy for them to maximize revenue collection at the auction rings. I support the report.

Hon. Stephen Wamalwa: Thank you, Hon. Speaker for granting me this opportunity. First of all, I want to congratulate the Hon. Masai for being eloquent and keen on figures he was

reading. This is actually the Finance report of which I am a member and also appreciate the membership for being hands-on and keen.

There is a big problem and I don't know which measure and how we are going to resolve this because the revenue that is collected to come to the coffers of the county in my estimation is just a tenth. One over ten is what the county receives and nine out of ten goes to the pockets of those people who are in charge of that department.

In fact where I stand I would like the entire Department of Finance to come around so that we can look at each other face-to-face ask pertinent questions without fear or favor. This county is going down. We are not achieving because of a few people who have been put in place to manage the resources of this county and yet they think it is just a place for them to enrich themselves. There was a time I was in your office and I remember mentioning to you that in my place one had run away with you remember the fig? The official was called to come at night and they whisked that person away. Of course they had to run away and as an MCA I could not even see.

While the county projected to collect Kshs. 2 billion shillings. We are not crazy not unless this county we are crazy all of us. We cannot project to collect Kshs. 2 billion Members and we only manage to collect Kshs 470 million bringing about a deficit of Kshs. 1.5 billion. I am a teacher if a student is expected to score 2 billion and then scores 400 that is an E. So the Department of Finance scored an E and I want to tell this to the CECM, Chief Officers and the Directors that they scored an E.

There is an activist and he was brought before the Committee of Finance and when he came he said he went to the Chief Officer and the CECM to tell them that this system is fake. This system is an avenue for stealing of funds from this county. He shared with them and they dared him to try and bring a report and he offered to use his own funds to go out there and prove to them that indeed this system is leaking. He went out and he came and gave a report. He has tried sending money, giving bribes and the bribes have been turned into payment higher than he paid. Because we should look the other way and life goes on. Nothing happened, these are truths. These are facts and we are losing our county. Members the money meant for this county through local revenue, our own revenue can fund the world's best projects at Kshs. 30 million per Ward. That is why local revenue collectors are richer than even Honourable Members in this county and you cannot say anything because the power does not belong to us.

When you look at the collection given of Kshs. 395 million out of this Kshs. 327 was from hospitals and I want to believe these are level 5 and level 4 hospitals. This means that other streams put together collectively collected 68 million only. That is when we have Chwele fish farm which has a lot of allocations from this Assembly and which is a large fish farming project in this county. We have rates, single business permits, cess, rents, open air markets and Chwele is one of the second largest one after Karatina. There is also Kimilili even

including the county headquarters Bungoma together with trade licenses, talk of billboards, boda boda and parking fees and could only manage to collect Kshs. 68 million during that period of time. Shame on the county government revenue enforcers; we feel like going out and doing this work ourselves so that they go home.

Hon. Members, not unless we come up with measures to salvage and save our county, we are losing it. Because others want to contribute, I can see the spirit is very high and eminent here. I want to beseech that we pass this report with recommendations and apart from this we have to stand to be counted. I support.

Hon Job Mukoyandali: Thank you, Hon. Speaker, for giving me this chance to give my views about this report. First, let me applaud the committee and the mover of the report for eloquently going through the report. It is so clear that when you go through this report there is no clear relationship between what is collected on the ground and what is normally remitted to the county coffers. There are serious leakages in terms of the money that is being collected, pocketed by individuals whom the county has trusted that they can work for it to make sure we raise this revenue. I am only trying to imagine if actually this money was properly collected as I try to look at what the county is going through right now in terms of pending bills and the services we are offering to the residents of Bungoma County as I relate to what we normally collect from them Hon. Speaker. I conclude that as a county we might be on our knees and if this House does not wake up and call upon these people to do what is needful of them we are going to continue losing a lot of revenue.

The report is good; I have looked at the committee observations for example 3; on continuous usage of casuals for revenue collection remains a challenge that needs to urgent address. Observation 8; that the department has not been preparing and submitting in respect to all waivers and variations of taxes, fees, charges granted by the receiver during the year as provided as provided by Section 165 (4) of the Public Finance Management Act. From where is sit these are good observations and when you narrow to recommendations made by the committee; I expected punitive measures. These are public officers who have been given an opportunity to work on behalf of this county. They have definitely gone against the PFMA which normally quoted by the CECM Finance whenever he appears in this House. People working under him have gone against the same regulations. I expected the committee to come up with punitive measure to such officers who are deliberately going against the laws.

We are talking about the variances and inaccuracies in cash balances and on the recommendations these issues are not coming out clearly. That is to say the committee is not giving us proper recommendations on what we should do so that may be after this if another committee is taking up this report for follow it must be directed on what it is supposed to do. Therefore, I want to urge that House that when we come up with such good reports for this county let us also come up with good recommendations. Because in this report it is clear that the laws have been violated. When the committee is recommending they should not sugar-coat them instead give actionable recommendations to assist this county move forward.

We are talking about casuals being hired on permanent and pensionable basis but we are not giving timelines to the department. It will be difficult to follow up on such open ended recommendations. I submit.

Hon. Kennedy Wanyama: Thank you, Mr. Speaker for the opportunity to contribute to the motion before us. First, I want to congratulate Hon. Chemion for moving the motion eloquently. I don't need to belabour the point that the revenue department has failed. What comes out in black and white is that there is a lot of monkey business going on in that department. All of us are aware of what has happened with the Finance Bill 2024/2025 and as a county we are looking at losing about Kshs 900 million of our allocation from the exchequer. I have said here before that our source revenue is a game changer, therefore, unless the executive is serious enough to ensure that we collect enough revenue then we are going to run into problems.

I want to look at a few areas and ask ourselves questions because unless we look at these strategies then we will not be able to enhance our revenue collection. One of the first items is how to improve efficiency and transparency. Yes we have the system in place but the committee has properly pointed out that how often is the system audited. Unless the system is audited then we are not sure of whether what is collected is actually remitted to the county.

We also have issues of training and capacity building. Are these staff in the revenue collection department trained and any capacity building going on? Lastly, there is also the need to have these employees employed on permanent and pensionable terms like it have been mentioned by my colleagues.

Secondly, we have issues on broadening the revenue base; it is a fact that Kenyans are overburdened by taxes and therefore, there is need to think outside the box. One thing that the department needs to do is to diversify our revenue sources. Bungoma County as we all know has tourist attraction areas. What is the department of tourism doing to ensure that there is revenue from this department.

The other issue is on property valuation. It is a fact that taxes should reflect the current market value of properties. How often do we do valuation of our properties?

Thirdly, the department of revenue collection needs to enhance compliance. I do not remember the last time I participated or heard of public awareness campaigns by the department of revenue collection. Unless we educate the public on the importance of paying taxes and also come up with ways enforcing penalties and also rewards for compliant tax payers then we will continue having these problems.

There is the fourth issue which is critical on data management. Does the department of revenue collection have a data base of all the taxpayers in this county? Unless they have it then we are just shadow boxing; we do not know what need to collect. We do not know from where and how much. It is important that we have the data with us.

Five on policy and legal reforms; first we need to ensure that revenue collection processes are simple. There is need to streamline and make it easier for taxpayers to pay taxes. We also need to update any legislation to ensure that our laws and policies are also up to date.

Six is on the issue of technology. There is the issue of GIS mapping; unless we use GIS mapping then it will be a bit difficult to be able to know our properties. We need to do property mapping which will assist us enhance our revenue collection. We will be able to know what property is situated where. We also need to make use of mobile payment solutions which are usually faster and make it easy and also there is a wide reach.

Lastly, there is this issue on infrastructure development. When you look at our market and I will give an example of Chwele market or Chebkube; while we expect to collect a lot of revenue from them, you realize that in most of these markets we do not have sanitation facilities. The executive needs to be serious and honest with themselves if they really want to collect revenues from these markets so that every facility that is required for instance sanitation, running water; they should make sure that they are in place so that we enhance our revenue collection. I support.

Hon. Joseph Nyongesa: Thank you, Hon. Speaker. I also stand to appreciate the mover of this report Hon. Chemion and the seconder and the entire committee. I have listened keenly and following Members contributions on this report. I agree with the report almost 80 per cent. When you go to page 10 of this report and this goes to the House Business Committee that we should be scheduling reports basing on priority. Because I don't know what the chairperson will say about what happened in March because they have said that the County Government has issued a demand notice to all rate defaulters to by 31st March 2024 or face legal action. I don't know because we are already in July what happened because we are left in dilemma.

I agree with the variations that we are not up to date and as the seconder of the motion indicated the County Government is doing disservice especially those in revenue department. Although we have some positive variances but generally we have a negative variance. I said that I agree with the report at 80 per cent and on this I want *Wakili* Hon. Otsiula to make a comment when I finish. The way Members are deliberating and saying that the department has failed and the seconder of the motion alluded to that this is the committee report and not the executive report.

On page 15, challenges the department faces in local revenue collection. So now again, as much as we are so bitter that the department is not working well, here the challenges are now covering and neutralizing everything so I don't know this bitterness and forceful statements, where shall it go, so that at least we should also be keen on how we come with our reports. if you allow me, I can read.

Challenge number one, there is unprecedented resistance to pay taxes from the citizens obligated to pay numerous meetings with the boda boda operators, and compliance has remained poor. So, those are the negative variances that we are getting now. So, when the

committee is stressing that actually we have a problem now, they are assisting the department that such challenges are there.

The second challenge is the poor state-of-the-market support infrastructure and auction rings in Kimilili, Kamukuywa, Misikhu, Webuye and Mbakalu, sanitary facilities and in the slaughter houses, pose a challenge to enforcing collection. Now how shall we take this report now seriously? So now we shall embark on how to address these challenges to ensure that those variances maybe can be addressed.

The third challenge, there is limitation in that undertaking revenue submission arising from the mobility. So I am left also wondering, maybe the CPA Nganga could also advise on some issues. Then when you come to the observation number one, is very clear and very positive but I don't know if the committee could give us a time frame on how they are going to improve on this one. Otherwise the report is valid; I support it, but actually, as a lawyer help us

(Laughter)

(Applause)

Mr. Speaker: Thank you Hon. Ipara, proceed.

Hon. Johnston Ipara: Thank you, Hon. Speaker. You caught me off guard when I was still laughing on the good statement that has been made by the Majority Leader, but your father one time visited my village and he told him, my father and other old men who were surrounding where he was, that when a child scores 80% of the pass mark, what happens in the village, the villagers celebrate across the village.

So, this committee has done a wonderful job.

(Applause)

Mr. Speaker: Are you waiting for my observations or my comments?

Hon. Johnston Ipara: No, no, just you.

Mr. Speaker: It is reserved, please proceed.

Hon. Johnston Ipara: Thank you for reserving it, let me for the first time thank the committee, and secondly, the mover and seconder of the report, , who all of them privately have approached me, if I can provide them with protection and escort duties. Let me draw you to page 10. Item 2.6, The overall score here is 23%, which inform us that we failed.

And really, if we failed, it convinced me to say that the occupant of the Department of Finance has attracted the County government of Bungoma to a category which we can say we are now under the banana republic or county. Recently, Monica, whom we come from the

same from the sub-county, according to the information which I believe are liable, has been sent on a compulsory leave on the basis of under-performance.

And the under-performance of Monica originated from when she dragged the county and entered in an insurance contract that we believe made the county lose substantial amount of money. I want to ask all of us, why are we still entertaining this person who misappropriating the funds that we hardly get in the county? In the name of Mr. Chrispinus Barasa, why can't we? I see we have respected teachers and CPA holders and learned friends who can frame good charges that can make us impeach this particular person and make him go home if the governor still says that he has a space to work with him.

(Applause)

The only department that has performed is the Department of Health, which has made at least some good collection but the rest we have underperformed. And the cause is what has been spoken here the automation system, where all of us believe none of us can stand and say he knows where the backup is. None of us can tell us he knows how to follow the track of payments and the money that ends into the government offers.

To add insult to the insult, we are paying this person maintenance fee of 30 million shillings annually. Where are we getting this money to waste? Do we want, do we want to say that the executive of this county has no eyes to see, even to hear the cries of the people? For me, Nganga was my tutorial teacher and was giving me some free tutorial and he told me what you should value always.

Mr. Speaker: Did you also pay money for the exam or not?

Hon. Johnston Ipara: I didn't, Hon. Speaker, because I have not attempted that exam.

(Laughter)

Where there's no value for money, actually we should question that. And the area that we should question and terminate that contract with immediate effect is the automation system. And I was talking to my good friend who happened to be my vice-chair, John Kennedy. He told me every contract has an exit. If you monitor the projects that you installed for six months, after that you end and you go away. And you leave us, we can now see how we can maintain that.

And the job on training, is also carried on, And when the term comes to an end, those who are your training within the institution take the management of the system. Why is this person still remaining in the system for all this period that we installed this particular item? Does it mean that they have an unwritten agreement that you remain so that you provide us with the protection to ensure anybody who comes to audit will never get a trace of any evidence to be

used against the officers? if we still have Hon. Crispinus Barasa in that finance department, we shall not be saved.

And let me say this report that has been presented to us based on the free tutorial we have been given, is a qualified report. Qualified in the basis if Barraza refused to give the department the details they required and when you fail to have a detail that you require, a good example is where they were saying in during 2022-23, there was no collection. we have backings. Do you want to tell me for a whole year we never collected anything?

Mr. Speaker: Hon. Ipara, you know when you say that way, and the Standing Orders are very clear, have they said they failed to invoke the relevant provisions of summoning him or not? Because you, the committee has powers equal to the High Court, unless I hear that from the mover that they summoned him and refused. Proceed.

Hon. Johnston Ipara: Thank you for the guidance, Let me proceed. The scope of limitation of the contract that awarded the installation of automation, I want to believe it did not provide all the details that it was required. If really it was provided that we shall charge you a maintenance fee, I believe and trust we could not have entered into this particular contract. If details about security risks were given and when we talk about security risk, we are talking about cybercrimes. If we were informed of diversions that could be taking place, we could not have entered into this particular un-useful contract.

We have been told that there are challenges faced by the department, that it prohibited the department from collecting maximum which are artificial challenges. Artificial challenges to justify the serious crime that was taking place within the department. So I should not even waste my time on that, you have seen that we told just for three stream of revenue sources, we have been told they opened four accounts. And I was I was talking to Nganga who happens and John Kennedy.

Mr. Speaker: Add there Hon. Nganga and Kennedy, please.

Hon. Johnston Ipara: Hon. Everton Nganga and Hon. John Kennedy I was making an inquiry. What benefits do we derive from holding more than one account? They almost convinced me. They told me number one it segregates funds to different purposes and it is easier for you to calculate the tax. And they also told me for purposes of transparency and accountability, it is easy. And they also told me for purposes of cash flow management; it ensures there is no diversion.

I was almost getting convinced, but being what I was before, I said no. I should follow further to find out why. I found one thing that when you have more than one account as we have four and the County of Bungoma has 352 accounts, one thing that you encounter is hard to track and reconcile transactions that take place in those 352 accounts. In terms of

coordination, it delays the coordination because you need to get details of one, two, three, up to 352 accounts. It delays.

In terms of audit, the auditor will not be able, if you told him that I want you to audit those 350 accounts within one week, he will tell you no. Based on my training, I will require more than one month doing that. That is an added cost for all of us. The high cost of managing those 352 accounts, it is highly and the risk of errors in data entries. You may enter an entry that was supposed to be entered into the left book of accounts; you enter to the right book of accounts. You end up not having the right thing. At the end of the financial year, when you are giving the balance sheet that you bring out, it will not balance. The reason is you made some entries in the wrong accounts.

Another challenge will cause for having those so many accounts, fragmented cash flow. Hard to know the organisation's financial overall position and that's why today we are in this quagmire here, let me refer you to the Pending bills. I remember early this year, we were told the bills of quantities were 1.2 billion. Somewhere in mid the financial year, we were told it is now 2.2 billion.

Mr. Speaker: You are confusing bills of quantity and the pending bills.

Hon. Johnston Ipara: No, Pending bills. We were told the pending bills as mid of the last financial year were 1.2 Billion and now has to 2.2 Billion. The reason is we have so many accounts that we are not able to reconcile within the shortest time and give the right answers. Based on all this, this report should be adapted without any alteration as it is. And the leadership of this House should show us the way. And the way should not be the way that will take us backwards. It is the way that will make us fight for our position for the people of Bungoma County. I support

Mr. Speaker. Thank you. Hon. CPA Nganga.

Hon. Everton Nganga: Thank you, Honourable Speaker for giving me a chance to contribute towards this report. First, I would like to say that I support this report. And first, I would like to start by saying that there are reports that are normally brought in the House Business Committee. Now these reports are normally meant to oversight the Executive or even the County Assembly. But the timing, the time when they are appearing on this floor, you discover that we are discussing these reports, but they may not have an impact because they are taking time to be brought on this floor. That is one of the reasons why our Executive, they are actually playing with our minds. They just know that if they delay, especially the quarterly reports, if they delay to bring them on the floor, we shall make some comments, but time will have elapsed. So those comments may not actually bring some changes.

I am just saying that because actually our Majority Leader also mentioned. Once a report is timely brought on the floor, actually it will have an impact and corrective measures on the

side of the Executive or the county Assembly. one of the canons of a good tax system or characteristics of a good tax system is that a tax system should be economical whereby actually the cost of collecting tax or revenue should be less than what should be collected. What should be collected should be higher than the costs.

I am looking at the BARM system. Look at the way they are taping money, they are allocating Millions of shillings to maintain the system, but what is being collected using that system is very small. Again, we as the committee we have also recommended that there should be an audit in this system. We as PAIC and I don't want to say what we have recommended; we have also done a report on the receivers of revenue where BARMS is also mentioned. It's my request that actually before we go for our long recess, that report also, if it can come on the floor, if it can be accepted by the House Business to appear on this floor, actually it will give us some issues, because we as the Finance Committee have also mentioned that the system has to be audited. And actually in that report, there's an audit query, but our recommendations, I will reserve them. Good accountant, we professionals are mentioning, Hon. Kenneth and I know, I am looking at.....

(Laughter)

Thank you. Somebody is trying to.....

Mr. Speaker: Hon. Nganga, if you are running from an exam how can you be called a CPA ,proceed

Hon. Everton Nganga: Hon. Speaker, somebody is trying to abuse this profession. You cannot be called a CPA or a member of ICPAK, when you are making projections that have big deviations; you are projecting to collect two billions. And what you have collected is 400,000, that is very bad. That person should be arrested and be deregistered to be a member of ICPAK.

(Applause)

You can make projections, maybe, you can have maybe two per cent or one per cent positive or negative deviation, but you make a projection where you are coming up with around 67 per cent or 80 per cent negative deviation. Do you qualify? You don't qualify. Your projection should be empirical and objective.

I don't know where this person... you know when I travelled with Hon. Kennedy to the Senate, we were presenting our reports. You know, what Moses Kajwang said and they have also come up with a unit. Once you mention your name as CPA then you make a number of errors in your presentation of statements. Unlawfulness, hey have a unit, they have police officers, they just arrest you, they take you to their profession, they deregister you. That is what is supposed to be done.

I think Hon. Kennedy, you can confirm the balances in the BARMS system, when you reconcile with the BANK balances they are different, which means the way we have recommended here, the system must be audited. The system must be audited. Look at the money that is being collected and the money that is now remitted in the receivers of revenue account. Can you check those balances? They are different, which means this system is tailored in a manner whereby there are some deviations. Some monies are going somewhere else.

Let the House be aware, the Liaison officers who are here, please report this. And when the County government fail to collect the revenue targeted, the sacrificial animal is always CEF. What is wrong with these people? These people, I think somebody must go. Somebody must go.

To improve revenue collection in Bungoma County, somebody must go. To disclose all revenue collected from different sources, somebody must go.

(Applause)

Mr. Speaker: Let's have order, please. Proceed.

Hon. Everton Nganga: The reason why I am saying that this revenues are collected like for example Kabras Sugar Company, West Kenya, they always remit revenue to Bungoma County, millions. Do they disclose them. West Kenya, Naitiri they always remit revenue. That is also on-source revenue. They always remit to the county government.

You see, somebody's just sitting somewhere not disclosing this money. It's a synergized system whereby some people are just collecting money, using them to benefit themselves. And the people outside there, they are really crying, Bungoma County people, they are crying. somebody must go. To confirm all revenue collectors to be on permanent and pensionable terms, somebody must go. Most of them are collecting revenue; you have given me the mandate to use that machine. And you are not paying me; I am not on permanent and pensionable basis. How will I be held accountable? No, I just take money and then go home. These people must be confirmed to be on permanent and pensionable. There is a problem. I remember very well, I was in the Ad Hoc Committee when we were dealing with the issues of human resources and so on and so on and so on that report was on this floor. Some people are to be employed on permanent and pensionable.

Most of them are revenue collectors. And when they finished the exercise, most of them were not confirmed. That is very bad. Members, let us not do a disservice, a dysfunction, a disadvantage to our county. We were here elected, among the many, to assist our people. I would like to support this report. With the recommendations therein and also urge all members to adopt it the way it is. Thank you

(Applause)

Mr. Speaker: Thank you, Hon. Jeremiah,

Hon. Jeremiah Kuloba: Asante Bwana Spika kwa kunipa nafasi hii. Kwanza ningependa kushukuru walioandaa ripoti hii na wameitoa hasa vile inafaa iwe . Ingawaje nina huzuni kua kila kitu ina alama ya ondoa ata zile milioni zote zimekua na alama ya ondoa badala ya alama ya kuongeza. Mimi nashanga kabisa , magari yananunuliwa kila wakati , viwanja vimewekewa alama kuweka magari itakuaje kwamba katika usanyaji wa hizi fedha tuwe na alama za kuondoa ilhali magari yanaongezeka yanakosa hata nafasi ya kuegezwa yanawekwa mpaka kwenye mashule . Lazima jambo hilo kamati ichunguze vizuri.

Tukija katika upande wa masoko , watu walijaa mpaka hawana nafasi mwaka huu itakuaje utuambie kuwa umekua na alama ya kuondo milioni moja katika ukusanyaji ya kodi iliotanguliwa mwaka ule. Nilitarajia tuwe na alama ya kuongeza kama milioni mbili .Katika uekezaji wa magari ya abiria kule *stage* tumekua na mfumo mzuri sana ambapo SACCO wapoanagalia kwenye vibasha vyao wanajua ni gari gani halijalipia pesa . Magari haya yapo na nimekua naona wakati magari haya hayajalipia watoza ushuru wamekua wakienda kusimama kwenye barabara ukiangalia nambari za usajili ya haya magari wakiya shika wakilipa.

Kwa hivyo kuna hali inayofanya hizi fedha zisionenakena. Hatuezi kua katika uekezaji wa magari tulikua na upungufu wa shilingi milioni nne ilhali SACCO ziko za kusimamia haya magari ambazo zilikuwa zinaulizwa gari gani halijalipia. Kwa hivyo pia hapo lazima tuangalie shida iko wapi.

Katika uekezaji wa magari , kuna wale wanaosimamia sehemu hizo kutoza ushuru . Utapata hawako kwenye sare rasmi za kuonyesha kua ni watu wanaosanya ushuru . Hao imekua ni tabia kwamba hawataki kujitambulisha hao ni watooz ushuru ili wewe uende uegeze gari lako pale badala ya kulipia shilingi watakuj ana ulipia shiligi elfu moja huko kando.Kwa hivyo tunataka tuwe na mfumo mzuri sana

Mr . Speaker: Yes Hon. Majority

Hon. Joseph Nyongesa: Thank you, Mr. Speaker just to inform the House and especially the Speaker on stage, when I said the challenges that were outlined by the committee on the reduction of revenue streams, now we can go to challenge number 5 Hon. Jeremiah that increasing number of carwash and private parking yards within the county major towns has a chosen number of vehicles in street parking spaces . So when I say the committee, we should also be clear on how we should come with the reports so that at least it gives us away now to act. Now we're assisting the County Government saying because of this private carwash is the one maybe that has led to reduction of the parking streams .So what should we do?

Mr. Speaker: Hon. Majority Leader, that is not for me that is basically contributing for the second time which is wrong. Hon. Jeremiah you wind up please. As we do so members be aware there was no motion moved at 12:30p.m so we must finish this motion before 1:00p.m anything else will go to 2pm. Proceed.

Hon. Jeremiah Kuloba: Asanti Bwana Spika huyo mzungumzaji anataka kunichanganya

Mr. Speaker: Honourable proceed or you will lose the mic

Hon. Jeremiah Kuloba: Naendelea kiingereza ndo kinanipita pengine sikuelewa lakini ni yale nawaambia lazima tuweke mambo yetu sawa sawa. Watoaji ushuru lazima tuwabadilsihe tuwatoe sehemu wako tuwapeleke sehemu nyingine. Hivi karibuni kuna mtu alichukuwa shilingi elfu tatu za mtu wa duka na hakumpa leseni nikaulizwa . Nilipiga simu moja kwa mkuu wa fedha na hizo fedha ilikjulikana imeenda wapi na ikarudishwa baada ya kama dakikaa thelathini. Je tutamaliza huu uhasama namna gani?

Yangu nikusema kwamba hawa wasukumwe sehemu nyingine na hii mitambo ambayo inatumika katika kuchukuwa ushuru lazima itekwe nyara . Wakati fulani ulikua unafungulia unaingi katika akaunti ya hapa kwetu lakini wakati fulani mtambo huo unatekwa nyara unaanza kuingiza fedha katika akaunti tofauti. Kwa hio tuwe na mpangilio mzuri ,tuwe na watoka kwa hii asembli waende wachunguze. Tusizungumzie na ibaki katika hili jumba hasa katika wadi ambayo ninawakilisha pesa nyingi zinatozwa katika wadi hii lakini zinaishia kwenye mifuko na akaunti za watu. Hizi pesa zikipatikana ni nanyi waheshimiwa ndio mtafaidika tunaenza ongeza ata fedha zetu zile zinaenda kwa Wadi za CEF zikawa mingi.

Mr. Speaker: Thank you, Hon. Jeremiah. Hon. Orize Vice Chair of the Finance committee,

Hon. Orize Kundu: Asanti sana Spika. Mimi nashukuru sana wenzangu kwa mchango ambao wamechangia kuhusu repoti hii yetu ya *finance* . kwa masikitiko hawa wafanyakazi wa *finance* katika masoko, wale ambao wanachukua ushuru kwa masoko ni kama wakona uhusiano kutoka kwa wakubwa mpaka kwa wale wanaochukua ushuru kwa soko.

Kwa ufupi mimi nilikua kwa soko ya Lwakhakha aambayo wanasanya kama shilingi elfu kumi nambili siku ya soko . Lakini ile siku kama tulikua hapao kama Kamati ya Finance ilikua maajabu kutoka elfu kumi na mbili yenye wansanya waksanya elfu 21 siku hio . Tuli[o leta ripoti hapa kwa wasimamizi wao watuambie kinacho endelea , jukumu waliochukua ni kuamisha yule mismamizi wa Lwakhakha kumpelka soko nyingine.

Sasa kama hio ndo biashara inayoendelea Kaunti hii..

(*Applause*)

yule mtu amepelkwa Lwakhakha amepelkwa Chwele.wasimamizi wa Lwakhakha kitambo tuende washaambia wale kua tunakuja

(*Applause*)

kwa hivyo msicollect wacha watoke ndio mchukue. Sasa sisi kama waheshimiwa tafadhali, hizi pesa sisi tusipokua waangalifu tuhakikishe wasimamizi wa ushuru katika Bungoma Kaunti watatumaliza sisi wakisanya pesa na kutajirika na sisi tunafilisika . Kwa hivyo

naomba sisi kama kamati ya *finance* tunakuja na ripoti nyingine ambayo tumefanya kazi tuko nayo

Mr. Speaker: Hon. that is pre-empting debate avoid that line of submissions

Hon. orize Kundu: Asanti Bwana Spika kunirekebisha . Sisi kamati ya finance pia sisi tuko chonjo kwa yale mashimo wanayotumia kutuibia pesa, tunajaribu kwa njia zote tuilete kwa hii *floor* mchangie na kutoa suluhisho kuzuia wizi wa **pesa ya watu wa Bungoma**.

(Applause)

Mr. Speaker: Hon. Chemion you have the owner of reply to the motion.

Hon. Francis Chemion: Because of time I would like to reply to a few concerns raised by members. First in that report we had requested the Executive to furnish us with the challenges that they pass through so we just got what they passed through where we have put as part of the report .

Secondly, the issue of BARMs is an issue, and we have said it should be audited. If we audit that system we will come up with the best answers to all the questions that we are asking because from all angles it is pointing to be something that is full of leakages. On the timelines of presenting these very critical reports, I think the HBC can help us. We will be bringing them to HBC. Maybe the HBC can now look at which one has to be brought to the House as fast as possible because right now we are reporting something of March and some days back. So, we will try to look at that.

Then there are very many things, the allocation of enhancement of revenue system, the issue of maintaining the system, the issue of leakages, the issue of data. I want just to make it clear to the members that other very critical issues will be coming to the House, which I don't want to pre-empt another very serious report that is coming to this House. I don't want to anticipate debate, but that one is more of information because it is coming through a fact-finding.

Members had to go to the field and gather information. This one, we just got it from interrogation, but that one that is coming now would include even what the Deputy Speaker said about manipulation of the system and how the revenue officers are colluding, how they were writing messages. We are in custody of even the messages they were writing to wherever we were going.

So the whole system needs to be relooked into in terms of the head to the tail. So I don't want to take much of our time. I would like to ask that we adopt this report and its recommendations so that we work on it but there was something that was brought by Hon.

Mukoyandali. We could in future, if a member has a recommendation, we can always amend a report in the House. We can always amend and add a recommendation.

It's allowed. So members, in our future reports, if we read a report and we feel we need to add something which is very critical, we propose an amendment of that report within that time, then it is amended.

(Applause)

Mr. Speaker: Thank you, Hon. Chemion and all the members who have sat up to this level for this second motion on our order paper.

(Question put and agreed to)

Ayes have it.

The report plus its observations and recommendations, are hereby adopted by this House accordingly.

ADJOURNMENT

Hon. Members, that was our last motion, we will now adjourn our sitting and be able to resume at 2:30 p.m. today in our normal sitting hours at 2:30 as per our calendar.

The House rose at 1:00 p.m.