

COUNTY ASSEMBLY OF BUNGOMA  
(LPCS)  
31 MAR 2026  
TABLED  
By: HON. NG'ANG'A

RECORDS SECTION  
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COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA  
(LPCS)  
31 MAR 2026  
NOTICE ISSUED  
By: HON. NG'ANG'A



*Handwritten notes:*  
① JCS  
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② HBC  
To schedule  
10/3/26

COUNTY ASSEMBLY OF BUNGOMA

OFFICE OF THE CLERK

THIRD COUNTY ASSEMBLY, FIFTH SESSION

PUBLIC ACCOUNTS AND INVESTMENTS' COMMITTEE

REPORT ON:

REPORTS OF THE AUDITOR GENERAL ON BUNGOMA MUNICIPALITY FOR

FY 2024/25

Clerks Chambers

FEBRUARY 2026

County Assembly Buildings

P.O BOX 1886 - 50200

BUNGOMA, KENYA

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## CHAPTER ONE

### 1.0 Preface

#### Hon. Speaker sir

On behalf of the Members of Public Accounts and Investments Committee and pursuant to the provisions of Standing Order No. 209 and in accordance with Article 227(8) of the Constitution of Kenya 2010, it is my pleasure and duty to present to this Assembly, the Committee report on the report of the Auditor General on Bungoma Municipality for the period ended 30<sup>th</sup> June 2025.

#### 1.1 Acknowledgment

**Honorable Speaker**, 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, further our great thanks goes to the office of the Clerk for facilitating the committee to execute its mandate and lastly the secretariat of the committee and the officers from the office of Auditor General for exemplary technical support that led to the production of this report.

#### 1.2 Mandate of the Committee

The mandate of Public Accounts and Investments Committee is drawn from Standing Order number, 209 (5) with the functions to:

- a) Pursuant to Article 185 (3) of the Constitution of Kenya to exercise oversight over the County Executive Committee and any other County Executive Organ.
- b) Pursuant to Article 229 (7) and (8) of the Constitution to examine the reports of the Auditor General on the annual accounts of the County Government.
- c) To examine special reports if any, of the Auditor General on County Government Funds.
- d) To examine the reports if any of the Auditor General on the County Public Investments.
- e) To exercise oversight over County Public Accounts and Investments.

#### 1.3 Powers

The Committee pursuant to the provisions of Article 185(3) is mandated to exercise oversight over the County Executive Committee and any other County organs and also to examine special reports of the Auditor-General on County Government Funds in respect of the appropriation of sums granted by the County Assembly to meet the public expenditure, and to enforce adherence to the fiscal responsibility principles as provided under *Article 201* of the Constitution of Kenya, 2010. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Office of the Auditor-General (OAG).

#### **1.4 Guiding Principles Audit of public accounts**

According to Article 229(4) (b) of the Constitution of Kenya, within six months after the end of each financial year, the Auditor General is required to examine the Financial Report on the Accounts of all funds and authorities of the National and County Governments and express an opinion on the report on whether money appropriated by Parliament or the relevant County Assembly and disbursed;

- Has been applied for the purpose for which it was appropriated or raised and
- Expended in conformity with the authority that governs it; and was expended economically, efficiently and effectively.

The Audit reports shall then be submitted to Parliament or the relevant County Assembly for debate and consideration.

#### **1.5 Executive Summary**

The Report of the Auditor-General on the Financial Statements of Bungoma Municipality for the year ended 30 June 2025 highlights significant financial reporting, governance, and operational weaknesses affecting the management of public resources. The audit resulted in a **Qualified Opinion**, mainly due to unsupported balances, inconsistencies in financial records, and weaknesses in internal controls.

Key financial reporting concerns include the **unconfirmed net assets balances** which contained unexplained adjustments relating to prior year assets and depreciation as well as a variance between opening balances and the previous year's audited financial statements. In addition, discrepancies were identified in the **statement of cash flows**, where payments for goods and services differed from the figures reported in the statement of financial performance, and some cash flow figures lacked adequate transactional support.

The audit further revealed weaknesses in asset management. The **Property, Plant and Equipment (PPE) balance** could not be fully verified due to lack of supporting documentation such as invoices, contracts, and measurement certificates. Some assets were also incorrectly classified, including land recorded under work in progress. These weaknesses point to inadequate asset records and weak financial management controls within the Municipality.

In relation to liabilities, the **trade and other payables balances** contained minor variances between the financial statements and supporting ledgers. More significantly, debts had remained outstanding for more than twelve months, indicating delays in settling obligations and potential non-compliance with public finance regulations.

The report also raised an **emphasis of matter on budgetary control and performance**. The Municipality experienced under-funding and under-expenditure, largely attributed to unrealized grants and donor funding conditions. This situation negatively affected the implementation of planned programs and municipal service delivery.

Further concerns were noted regarding **unresolved prior year audit issues**, where management reported progress but failed to provide adequate supporting documentation to confirm implementation of previous recommendations.

On **lawfulness and governance**, the audit identified non-compliance with statutory requirements, including the failure to appoint a **substantive Municipal Manager** as required by law and the lack of full **operational autonomy of the Municipality**, with most functions still being performed by the County Executive. Additionally, governance weaknesses were noted in the **absence of a Board Charter and an approved Board Work Plan**, which undermines effective oversight and strategic direction.

Overall, the audit findings indicate weaknesses in financial reporting, asset management, governance structures, and budget implementation. The Committee therefore issued several recommendations aimed at strengthening compliance with the **Public Finance Management Act, 2012**, the **Urban Areas and Cities Act, 2011**, the **Public Audit Act, 2015**, and the **Mwongozo Code of Governance, 2015**. Implementation of these recommendations is expected to enhance financial accountability, improve internal controls, and strengthen institutional governance within Bungoma Municipality.

#### 1.6 Committee Membership

- |                           |                  |
|---------------------------|------------------|
| 1. Hon. Everton Nganga    | Chairperson      |
| 2. Hon. Job Mukoyandali   | Vice Chairperson |
| 3. Hon. Charles Nangulu   | Member           |
| 4. Hon. Cornelius Makhanu | Member           |
| 5. Hon. Florence Juma     | Member           |
| 6. Hon. Maureen Wafula    | Member           |
| 7. Hon. Allan Nyongesa    | Member           |
| 8. Hon. Metrine Nangalama | Member           |
| 9. Hon. Kennedy Wanyama   | Member           |
| 10. Hon. Evelyn Anyango   | Member           |
| 11. Hon. Sheilla Sifuma   | Member           |

SIGNED.....

DATE.....

HON. EVERTON S NGANGA, MCA- EAST SANGALO WARD

(CHAIRMAN, PUBLIC ACCOUNTS AND INVESTMENT COMMITTEE).

## **CHAPTER TWO**

### **REPORT OF THE AUDITOR GENERAL FOR BUNGOMA MUNICIPALITY FOR THE YEAR ENDED 30TH JUNE 2025.**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### **Qualified Opinion**

##### **Basis for Qualified Opinion**

##### **Unconfirmed Net Assets Balance**

The statement of changes in net assets reflects net assets balance of Kshs.259,228,877 in respect to accumulated surplus. The balance includes additions for prior year assets of Kshs.2,329,000 and a reduction by accumulated depreciation for prior year of Kshs.1,373,198. These adjustments had not been explained and supported by any documentation. Further, the net assets opening balance of Kshs.94,210,569 differs with the previous year audited financial statements for the year ended 30 June, 2024 balance of Kshs.97,632,672 by an unexplained variance of Kshs.3,422,103.

In the circumstances the accuracy and completeness of net asset balance of Ksh. 259,228,877 could not be confirmed.

##### **Management Response**

The additions for prior year assets of Kshs.2,329,000 and a reduction by accumulated depreciation for prior year of Kshs.1,373,198. This was for undeclared prior year assets for furniture and fittings of kshs. 1,146,000 and Computers and accessories for kshs.1,183,000.

The net assets opening balance of Kshs.94,210,569 differs with the previous year audited financial statements for the year ended 30 June, 2024 balance of Kshs.97,632,672 by an unexplained variance of Kshs.3,422,103. This was for the undeclared employee emolument for the month of May and June 2024.

##### **Committee Observation**

1. The management has provided ledgers detailing the additions of assets. However, the correction of prior year errors was not done in accordance with IPSAS 3. The issue is, therefore, partially addressed.

### **Committee Recommendations**

1. The Accounting Officer should ensure that all **prior year adjustments are corrected in accordance with the requirements of International Public Sector Accounting Standard (IPSAS) 3 on Accounting Policies, Changes in Accounting Estimates and Errors**, which requires prior period errors to be corrected **retrospectively with adequate disclosure and supporting documentation**.
2. The Municipality should prepare **restated financial statements where necessary** and provide detailed reconciliation explaining the variance between the opening balances and the previous year's audited financial statements.
3. The Accounting Officer should ensure that **all asset additions and adjustments are supported with proper documentation**, including asset registers, acquisition documents and valuation records.
4. The Committee further directs management to strengthen internal financial reporting controls in accordance with **Section 68(2) (k) of the Public Finance Management Act, 2012**, which requires Accounting Officers to ensure **proper management of assets and liabilities of public entities**.
5. The Internal Audit Unit should regularly review financial statements to ensure compliance with accounting standards as required under **Section 155(1) of the Public Finance Management Act, 2012**.

The auditor general to keep this in view in subsequent audit cycles.

### **Unconfirmed Amount of Net Cash Flows from Operating Activities**

The statement of cash flows reflects use of goods and services payments amounting to Kshs.6,136,912, which differs with statement of financial performance amount of Kshs.7,909,239, by an unexplained variance of Kshs.1,772,327. Further, the statement of cash flows amount of Kshs.6,136,912 was not supported by a transactional ledger.

Further, note 14 to the financial statements in respect to cash generated from operations indicates net cash flows from operating activities amounting to Kshs.168,488,999, which includes increase in payables of Kshs.2,203,582. However, the statement of financial position indicates a decrease in payables of Kshs.3,049,991 resulting to an unexplained variance of Kshs.5,253,573.

### **Management Response**

The cash flow statement was prepared on cash basis as opposed to the statement of Financial Performance, which was prepared on accrual basis. This ordinarily created variances in the cash flow statement. Management has provided a separate disclosure as observed by audit. Additionally, management has provided disclosures detailing the transactions included cash flow figures.

### **Committee Observation**

1. The management provided transactional ledger to explain the cash flow amount of Kshs.6, 136,912.
2. The variance of Kshs.1, 772,327 was not properly reconciled between the statement of Cash flows and the statement of financial performance.
3. The issue has, therefore, been Partially Addressed.

### **Committee Recommendation**

1. The Accounting Officer should ensure that **all financial statements are properly reconciled and supported with accurate transactional records** before submission for audit.
2. The Municipality should ensure strict compliance with **Section 164(1) of the Public Finance Management Act, 2012**, which requires public entities to prepare **accurate and complete financial statements in accordance with prescribed accounting standards**.
3. The Committee further directs the Accounting Officer to ensure proper documentation and maintenance of financial records in accordance with **Section 68(2)(g) of the Public Finance Management Act, 2012**, which requires Accounting Officers to **ensure that financial and accounting records are kept in a proper manner**.
4. The Internal Audit Unit should conduct regular **financial statement reviews and reconciliations** to detect and correct discrepancies before submission to the Auditor-General.

### **Unsupported Property, Plant and Equipment Balance**

The statement of financial position and Note 12 to the financial statements reflect property, plant and equipment balance of Kshs.348,886,623 which includes additions to work in progress amounting to Kshs.160,788,128. However, the supporting general ledgers indicating invoice number, date, contractor, amount and other supporting documents including measurement certificates were not provided for audit review.

Further, transfers and adjustments amounting to Kshs.2,329,000 which comprises furniture and fittings of Kshs.1,146,000 and computers of Kshs.1,183,000, were not explained or supported.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.348,886,623 could not be confirmed.

### **Management Response**

The additions to work in progress for the financial year under review was Kshs. 152,325,722.60.

This was for undeclared prior year assets for furniture and fittings of kshs. 1,146,000 and

Computers and accessories for kshs.1, 183,000. Attached find the copy of a ledger



## Committee Recommendations

1. The Accounting Officer should ensure that **all Property, Plant and Equipment (PPE) balances are fully supported by appropriate documentation**, including invoices, contracts, payment vouchers, completion certificates and measurement certificates, the Auditor General
2. Management should **reclassify land incorrectly recorded as work in progress** in accordance with **International Public Sector Accounting Standard (IPSAS) 17 on Property, Plant and Equipment**.
3. The Municipality should maintain an **updated and comprehensive asset register** indicating asset description, cost, location, custodian and depreciation details.
4. The Accounting Officer must ensure compliance with **Section 68(2)(d) of the Public Finance Management Act, 2012**, which requires public entities to maintain **proper records of all assets under their control**.
5. The Internal Audit Unit should conduct **periodic asset verification and physical inspection** to confirm existence and condition of municipal assets.

A status report for the same should be submitted to the County Assembly within 60 days from adoption of this report.

The auditor general to keep this in view in subsequent audits.

### Inaccuracy of Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of

Kshs.89,818,280 and as disclosed in Note 13 to the financial statements. However, supporting ledger indicates a balance of Kshs.89,767,053 resulting to unexplained variance of Kshs.51,227.

In addition, the ageing analysis revealed that debts amounting to Kshs.83,010,115 had been outstanding for a period of more than twelve (12) months and no reason was provided for failure to pay debts when due. This was contrary to Regulation 150(1) of the Public Procurement and Assets Disposal Regulations, 2020 which states that subject to availability of funds and certification of goods, works or services payments are made within 60 days from date of receipt of invoice.

In the circumstances, the accuracy and completeness of trade and other payables balance

of Kshs.89, 818,280 could not be confirmed.

### **Management Response**

The variance of Kshs.51, 227 relates to the retention fund for the Contractors as indicated the special purpose account bank statement.

The outstanding debts amounting to Kshs.83,010,115 is due lack of budget allocation to clear the debts.

### **Committee Observations**

1. The management has provided explanation for the variance in trade and other payables which relates to unpaid retention held in the bank account.
2. The management had failed to settle the long outstanding payables of Ksh.83,010,115

### **Committee Recommendation**

1. The committee recommends that Management gives priority to settle the outstanding debts of Kshs.83,010,115 in compliant to Regulation 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a fast charge on the County Revenue fund, The Municipality manager should therefore develop a clear debt settlement plan to clear the outstanding payables and share the payment plan with the office of the auditor general and the County Assembly within 60 days from adoption of this report.

The Auditor General to monitor the figure of trade payables in subsequent audit cycles.

## 2. Emphasis of Matter

### Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounts of Kshs.272,488,241 and Kshs.202,259,955 respectively, resulting to under-funding of Kshs.70,228,286 or 26% of the budget. Similarly, the Municipality expended Kshs.168,488,999 against approved budget of Kshs.224,865,924 resulting to under-expenditure of Kshs.56,376,925 or 25% of the budget.

The under-funding and under-expenditure affected the implementation of planned activities and impacted negatively on the operations of the Municipality.

### Management Response

Underfunding and Under Expenditure was caused by;

Under funding that led to under expenditure was caused by unrealised grants and donor funds in the year under review due to non-fulfilment of donor funding conditions.

The Management has put in place the following measures

Fulfill the donor funding conditions i.e. Full board Composition. Management through the Board will advocate for timely release of funds from County Treasury and development partners.

### Committee Observation

1. The Management response does not address the issue.

### Committee Recommendations

1. The Municipality should strengthen **budget planning and revenue projection mechanisms** to ensure realistic budgeting and avoid significant variances between budgeted and actual amounts.
2. Management should enhance **revenue mobilization strategies and improve compliance with donor funding requirements** to avoid delays in accessing grants.
3. The Accounting Officer should ensure strict adherence to **Section 129 of the Public Finance Management Act, 2012**, which requires public entities to prepare **realistic budgets based on expected revenue and expenditure projections**.
4. The Municipality should implement **effective monitoring and evaluation mechanisms** to track budget implementation and ensure optimal utilization of allocated funds.

5. The Accounting Officer should always provide periodic budget performance reports to the Municipal Board and County Assembly as required under **Section 166 of the Public Finance Management Act, 2012.**

## **Other Matter**

### **Unresolved Prior Year Matters**

In the previous year audit, issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. The Management has indicated under the progress on follow up of Auditor's recommendations section of the financial statements that five issues were resolved, one partially resolved, five issues not resolved, and two issued were omitted in the disclosure. However, no supporting documents were provided for audit review to show how the issues were resolved, and no reasons were given for not resolving the outstanding issues.

### **Management Response**

The documents were submitted for review.

### **Committee Observation**

1. The management did not provide the recommendations from oversight bodies and the implementation status of the recommendations. The issue, is therefore, not addressed.

### **Committee Recommendation**

The committee recommends that management complies with Section 31(1) (a) of the Public Audit Act, 2015 which states that within three months after Parliament or the County Assembly has debated and considered the final report of the Auditor General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit, this should be done within 60 days as per standing order 205 (2) of the Bungoma County Assembly.

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

### **Basis for Conclusion**

#### **Failure to Appoint a Substantive Municipality Manager**

During the year under review, the Municipality was headed by acting managers who were deployed from the county executive of Bungoma. The acting manager at the time of audit in September, 2025 was deployed on January, 2025 and later removed from office before the audit exercise was concluded. No explanation was provided on failure to appoint a substantive manager as required by Section 29 of the Urban Areas and Cities Act, 2011 and Paragraph 1.1.66 of the Bungoma County Municipality charter which states that the Municipality manager shall be competitively recruited and appointed by the County Public Service Board.

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

#### **Management Response**

The management acknowledges the circumstance of acting municipal manager. However, as at the time of audit, the county public service board term had expired but currently the new board is in place and budget allocation for the position is provided. The positions will be advertised and be filled in due course

#### **Committee Observation**

1. The Municipality has not recruited a substantive municipality manager as required

by the Act. The issue, has, therefore, not been addressed.

### **Committee Recommendation**

1. The committee directs that the County Public Service Board immediately appoints a substantive municipal manager in compliance with Paragraph 1.1.66 of the Bungoma Municipality charter states that the Municipality manager shall be competitively recruited and appointed by the County Public Service Board, and, Section 29 of the Urban Areas and Cities Act, 2011 which states that a city or Municipal Manager shall be competitively recruited and appointed by an institution responsible for recruiting public servants in the county.

A progress report on the same to be submitted to the County Assembly within 60 days from adoption of this report.

#### **Lack of Operational Autonomy of the Municipality**

During the year under review, it was observed that all the functions of the Municipality were carried out by the County Executive of Bungoma through Departments of Lands, Housing, Urban Areas Development and Physical Planning, and Road and Public Works. This was contrary to Section 21(1)(a) of the Urban Areas and Cities Act, 2011 which gives Municipalities executive authority as delegated by county executive.

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

### **Management Response**

The management has taken steps towards municipality autonomy by opening a Special purpose Bank Account with central bank of Kenya specifically for the Municipality operations, and this is currently functioning.

The municipal board has also taken steps towards autonomy by making resolutions on transfer of functions in accordance with the law.

### **Committee Observation**

Steps have been taken to transfer functions and Operations and an operational account opened for the Municipality. However, the transfer has not been implemented.

The issue is not fully addressed.

### **Committee Recommendations**

1. The committee recommends that the Municipality should be granted autonomy in line with Section 21(1)(a) of the Urban Areas and Cities Act, 2011 amended 2019, which gives Municipalities executive authority as delegated by County Executive, and Section 12 (2) of the Urban Areas and Cities Act, 2011 which states that the Board of an area granted the status of a City or Municipality under this Act, shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of; -
  - a) Suing and being sued;
  - b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
  - c) Borrowing money or making investments;
  - d) Entering into contracts; and
  - e) Doing or performing all other acts or things for the proper performance of its functions in accordance with this Act or any other written law which may lawfully be done or

performed by a body corporate.

The Committee hereby directs that the County Executive Committee member for finance and Economic planning to ensure signatory rights and powers to the existing operational accounts are given to the municipal managers immediately as under Sec 179 of the PFM Act, 2012.

The CECM for Finance and Economic Planning to fast track the opening of a development account for the Municipality

The Committee directs that the body corporate status be granted to the municipality immediately as under the Urban Areas and Cities Act, 2011 for autonomous purposes.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Basis for Conclusion**

#### **Lack of Board Charter and Board Work Plan**

Review of the Board operations during the year under review revealed lack of Board charter and annual work plan. This was contrary to Governance parameter No.1.9 of Mwongozo Code of Governance, 2015 which directs the Board to have in place an annual work plan which should at a minimum focus on review of management implementation of strategies, policies and plans and budgeting and financial management, and Governance parameter No.1.11 which directs the Board to have in place a Board Charter defining the roles and responsibilities of the Board members.

In the circumstances, the effectiveness of the Municipality's governance could not be confirmed.

### **Management Response**

At the time of audit, the board's charter and work plan were still in draft form. However, the board has fast tracked the documents and currently are awaiting board approval for us to be compliant with the law.

### **Committee Observations**

1. The auditee presented the municipality charter instead of board charter.
2. The draft work plan was not signed and related to the financial year 2025/2026.
3. The issue is therefore, not addressed.

### **Committee Recommendation**

The committee recommends that the Board immediately develops a board charter and a board workplan to guide its operations in compliance with Governance parameter No.1.9 of Mwongozo Code of Governance, 2015 which directs the Board to have in place an annual work plan which should at a minimum focus on review of management implementation of strategies, polices and plans and budgeting and financial management, and Governance parameter No.1.11 which directs the Board to have in place a Board Charter defining the roles and responsibilities of the Board members.

A status report to be submitted to the County Assembly within 60 days from adoption of this report.

## ROOT CAUSE ANALYSIS

The audit findings in the Report of the Auditor-General for Bungoma Municipality for the year ended 30 June 2025 point to several underlying causes that contributed to the financial reporting, governance, and operational weaknesses observed during the year under review.

### **1. Weak Financial Management and Reporting Systems**

The inconsistencies in net assets balances, cash flow variances, and unsupported financial figures indicate weaknesses in the Municipality's financial management systems. Inadequate reconciliation processes and failure to properly document prior year adjustments resulted in discrepancies between financial statements and supporting records. This reflects limited adherence to International Public Sector Accounting Standards (IPSAS) and poor financial statement preparation processes.

### **2. Inadequate Record Keeping and Documentation**

Several balances, including property, plant and equipment and cash flow transactions, lacked adequate supporting documentation such as invoices, measurement certificates, ledgers, and asset registers. This suggests weak record management practices and inadequate documentation controls within the Municipality's accounting and asset management systems.

### **3. Weak Internal Control and Oversight Mechanisms**

The persistence of unsupported balances and financial discrepancies indicates ineffective internal control structures. The Internal Audit Unit appears not to have sufficiently reviewed financial records before submission for audit. Additionally, weak supervisory oversight allowed errors and omissions to remain undetected during financial statement preparation.

### **4. Poor Asset Management Practices**

Failure to maintain a comprehensive asset register, incorrect asset classification, and lack of supporting documentation for work-in-progress projects indicate inadequate asset management systems. These weaknesses limit the Municipality's ability to verify the existence, value, and condition of assets.

### **5. Weak Budget Planning and Revenue Realization Mechanisms**

Significant variances between budgeted and actual revenue and expenditure indicate weaknesses in budget planning, revenue forecasting, and resource mobilization. Unrealized grants and donor funds due to failure to meet funding conditions demonstrate inadequate planning and coordination in accessing external financing.

### **6. Institutional and Governance Weaknesses**

Failure to appoint a substantive Municipal Manager and the absence of a Board Charter and Board Work Plan reflect governance gaps within the Municipality. These governance weaknesses undermine strategic leadership, accountability, and effective decision-making.

### **7. Limited Operational Autonomy of the Municipality**

The continued control of municipal functions by the County Executive rather than the Municipality itself points to incomplete implementation of the Urban Areas and Cities Act. This

lack of autonomy limits effective financial management, operational efficiency, and institutional accountability.

## Committee General Recommendations

To address the systemic weaknesses identified in the audit report, the Committee makes the following general recommendations:

### **1. Strengthening Financial Management Systems**

The Accounting Officer should strengthen financial reporting processes to ensure that all financial statements are prepared accurately, fully reconciled, and supported by adequate documentation in compliance with the Public Finance Management Act, 2012 and applicable IPSAS standards.

### **2. Improvement of Record Management and Documentation**

The Municipality should establish robust financial and asset documentation systems to ensure that all transactions are supported by proper records, including ledgers, invoices, contracts, payment vouchers, and asset registers.

### **3. Enhancement of Internal Control and Internal Audit Functions**

The Internal Audit Unit should be strengthened to conduct regular reviews of financial statements, reconciliations, and asset records before submission to external auditors. This will help detect and correct errors early and improve accountability.

### **4. Strengthening Asset Management Systems**

Management should establish and maintain an updated asset register, conduct periodic asset verification and physical inspections, and ensure proper classification and documentation of all municipal assets in compliance with IPSAS 17 and the Public Finance Management Act.

### **5. Improving Budget Planning and Resource Mobilization**

The Municipality should strengthen budget planning and forecasting mechanisms to ensure realistic revenue projections and expenditure plans. Management should also improve compliance with donor funding conditions and enhance revenue mobilization strategies to avoid funding gaps.

### **6. Strengthening Governance and Institutional Capacity**

The County Public Service Board should expedite the recruitment and appointment of a substantive Municipal Manager to provide stable leadership and improve administrative accountability. Additionally, the Municipal Board should develop and approve a Board Charter and annual work plan in line with the Mwongozo Code of Governance.

### **7. Ensuring Full Operational Autonomy of the Municipality**

The County Executive should facilitate the full transfer of functions, financial management responsibilities, and operational authority to the Municipality in accordance with the Urban Areas and Cities Act, 2011. This includes granting signatory powers to municipal management and operationalizing municipal accounts.

### **8. Strengthening Implementation of Audit Recommendations**

Management should establish a structured audit recommendation tracking mechanism to ensure that all issues raised by the Auditor-General and oversight bodies are addressed promptly. Regular progress reports should be submitted to the County Assembly in compliance with the Public Audit Act, 2015.

### **9. Enhancing Oversight and Monitoring Mechanisms**

The Municipal Board, County Treasury, and relevant oversight committees should strengthen monitoring and evaluation frameworks to ensure compliance with financial management laws, governance standards, and audit recommendations.

Implementing these measures will enhance transparency, accountability, financial discipline, and service delivery within Bungoma Municipality.







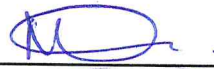




## **Conclusion**

In conclusion, the audit findings for Bungoma Municipality for the year ended 30 June 2025 reveal significant weaknesses in financial management, internal controls, governance structures, and compliance with applicable laws and regulations.

The Committee therefore emphasizes the urgent implementation of the recommended corrective measures and a status report be submitted to the County Assembly within 60 days from adoption of this report as under standing order 205 (2) of the Bungoma County Assembly with a view to enhance financial discipline, institutional accountability, and overall operational efficiency within Bungoma Municipality.

### ADOPTION SCHEDULE

We the undersigned members of the Public Accounts and Investments Committee do affix our signatures adopting this report with the contents therein.

|    | MEMBERS NAME           | DESIGNATION      | SIGN  |
|----|------------------------|------------------|---|
| 1  | Hon. Everton Nganga    | Chairperson      |    |
| 2  | Hon. Job Mukoyandali   | Vice Chairperson |    |
| 3  | Hon. Charles Nangulu   | Member           |   |
| 4  | Hon. Cornelius Makhanu | Member           |  |
| 5  | Hon. Allan Nyongesa    | Member           |   |
| 6  | Hon. Everlyn Anyango   | Member           |  |
| 7  | Hon. Metrine Nangalama | Member           |  |
| 8  | Hon. Kennedy Wanyama   | Member           |  |
| 9  | Hon. Maureen Wafula    | Member           |  |
| 10 | Hon. Florence Juma     | Member           |  |
| 11 | Hon. Sheila Sifuma     | Member           |  |