REPUBLIC OF KENYA

County Assembly of BUNGOMA

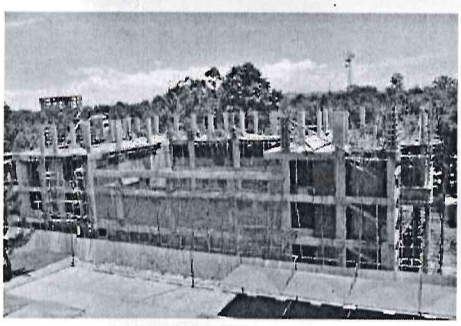
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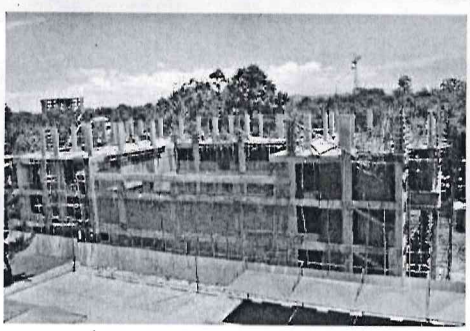
COMMITTEE ON PUBLIC ACCOUNTS AND INVESTMENTS

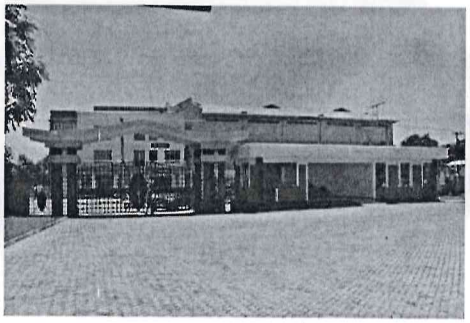
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REPORT ON THE AUDITOR GENERAL'S SPECIAL AUDIT REPORT ON PAYROLL MANAGEMENT BY THE BUNGOMA COUNTY EXECUTIVE FOR FYs 2021/22, 2022/23 AND 2023/24.









October, 2026

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CHAPTER ONE

Preface

Mr. Speaker sir

On behalf of the Members of the 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's report on the report of the Auditor General on the Payroll management by the Bungoma County Executive covering the periods for FYs 2021/2022, 2022/2023, and 2023/2024.

Executive summary

Article 229 of the Constitution of Kenya, 2010 mandates the Auditor-General to undertake financial, compliance and performance audits. Further, Section 7 (1)(a)of the Public Audit Act, 2015 requires the Auditor-General to give an assurance on the effectiveness of internal controls, risk management and overall governance at national and county governments. In addition, Section 34 of the Public Audit Act, 2015 mandates the Auditor-General to conduct periodic audits upon request or at the Auditor-General's own initiative, with a view to evaluating the effectiveness of risk management, control and governance processes in public entities. The Special Audit on Payroll Management for the Bungoma County Executive, referred to as the County Executive in this report, was conducted in line with this mandate.

The objective of the Special Audit on Payroll Management was to assess the adequacy of controls and compliance across the entire payroll process from budgeting and recruitment to salary processing and payment.

The specific objectives were to:

i. Evaluate whether the preparation and execution of the payroll budget align with relevant laws and approved budgetary provisions;

ii. Assess whether the recruitment process complied with applicable legal, regulatory, and organizational frameworks governing employment;

iii. Assess the integrity of payroll data and identify any double entries, entries in multiple institutions, unverified employees, or inconsistencies across the County Government Payroll System;

iv. Determine the accuracy of payroll calculations and payments;

v. Evaluate adherence to tax laws, labour laws, and other statutory requirements and

vi. Assess whether payroll data was accurately and completely migrated from the Integrated Payroll and Personnel Database (IPPD) System to Human Resource Information System-Kenya(HRIS-K.

Powers of the Public Accounts and Investments Committee
Mr. Speaker Sir

The Committee pursuant to the provisions of Article 185(3) of the constitution of Kenya, 2010 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.
Its on the above powers that the committee interrogated and prepared this report on the special audit report by the Auditor General on the Payroll management by the County Executive of Bungoma.

Members of the Public Accounts and Investments committee

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

Acknowledgment

The Committee wishes to express its gratitude to your office for allowing it to sit outside the precincts of the County Assembly to prepare this report, further the committee's 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 the Auditor General for exemplary technical support that led to the production of this report.

Hon. Speaker Sir,

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

SIGNED.....**DATE**.22/10/2026

HON. EVERTON S NGANGA, MCA- EAST SANGALO WARD

CHAPTER TWO

Audit Queries

A. Payroll Budgeting

The Compensation of Employee Cost to Revenue Ratio Exceeding the set threshold.

Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 requires the county government's expenditure on wages and benefits for its public officers not to exceed thirty-five (35%) percent of the county government's total revenue.

The audit established that the ratio of the budgeted compensation of employees to the budgeted revenue for the County Executive exceeded thirty-five percent (35%) in the three (3) financial years. Further, a comparison of the actual personal emolument expenditure, with the actual revenue, revealed that the County Executive also exceeded the thirty-five percent (35%) threshold in the three (3) years.

Committee observation

The County is set to employ more ECDE teachers as captured in the County Annual Budget FY 2026/27, moreover our health facilities lack specialists and technical experts, roads department lacks engineers to supervise the projects. Therefore this issue will not be resolved any soon.

Committee recommendation

That as a matter of urgency, the County Receiver of revenue (CECM Finance) should upscale the own source revenue collection and enhance donor funding to bring down the wage bill percentage.

II. Budget Votes in Payroll Systems not Aligned with those in Approved Budget

The audit established that the Vote Heads in IPPD System were not aligned with those in the approved budget. This led to inconsistencies between budgetary allocations and actual payroll expenditures, increasing the risk of misallocation or even misuse of public funds, as expenditure may be charged under incorrect or obsolete vote heads.

Committee recommendation

The County Secretary should ensure a complete reconciliation of HRIS-Ke, IFMIS, approved budget estimates, departmental structures and staff establishment within

60 days from the adoption of this report and submit a progress report to the County Assembly.

That HRIS-Ke should only contain approved vote heads and designations. Any obsolete vote heads should be disabled after verification. A monthly reconciliation should always be undertaken before payroll approval.

B. Recruitment Process

I. Lack of Annual Recruitment Plans

During the years under review, the County Executive recruited thirty-four (34) employees. However, it was established that the departments that initiated the recruitments did not have annual recruitment plans to guide the recruitments. The lack of annual recruitment plans can result in overstaffing, understaffing, or hiring staff for roles that do not align with organizational priorities.

Committee Recommendation

That the County Public Service Board should immediately develop, approve and operationalize a recruitment plan and submit the same to the County Assembly within 60 days from the adoption of this report.

II. Lack of Staff Establishment

The Special Audit established that the County Government of Bungoma operated without a staff establishment for the three (3) financial years under review, risking unauthorized hiring and poor workforce planning, budget overruns and service delivery.

Committee Recommendation

The County Executive should fast track; finalize, approve and gazette/ operationalize an authorized staff establishment and organizational structure. All payroll positions should subsequently be mapped to the establishment. No salary should be processed against a position that is not supported by an approved establishment and lawful appointment.

III. Designations in the Payroll System not aligned with those listed in the Chief Officers' staff list

The Special Audit established that there were designations in Chief Officers' staff list that were not configured in IPPD System. To facilitate salary processing, the affected employees were being placed in similar Job groups in the IPPD System. This process can lead to inefficiencies in workforce planning and budget overruns.

Committee recommendation

The County Secretary should immediately undertake a position-by-position verification of the affected employees and establish their authorized positions, job groups, designations, appointment letters and salary scales. HRIS-Ke should then be corrected to reflect only approved positions. Any irregular appointment or payment identified should be investigated and appropriate recovery/disciplinary action taken in accordance with due process.

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

C. Employee Data Management

I. Integrity of Date of Birth Records in the Payroll Systems

The Special Audit identified twenty-eight (28) employees with inconsistent date of birth. Interview with a sample of one hundred and eight (108) employees and verification of their identification documents established that the ID numbers captured in the IPPD System for nineteen (19) employees were different from those in employees' identity card number. This is contrary to the directive outlined in Circular Ref. No: PSC/ ADM/ 13(9)

Committee Recommendation

The County Secretary should immediately conduct 100% verification and cleansing of employee master data, using original identification documents and legally recognized records. HRIS-Ke should incorporate validation controls that prevent alteration of core employee information without authorized supporting documentation and an audit trail.

D. Payroll Processing and Payments

I. Charging of Employee Costs to the Wrong Budget Vote

The Special Audit established that there were misalignments between departmental Vote Heads in IPPD System and those in IFMIS ledger account. As a result, posting of salary in IFMIS was not done as per departmental budget votes. This process creates inconsistencies between budget allocations and actual expenditures by departments, therefore increasing the risk of misuse of funds and inaccurate financial reporting.

Committee Recommendation

That HRIS-Ke should only contain approved vote heads and designations. Any

obsolete vote heads should be disabled after verification.

A monthly reconciliation should be undertaken before payroll approval is done.

II. Use of Manual Payrolls

During the period under review, the County Executive was operating manual payrolls in addition to the IPPD System the HRIS-Ke. The salary processed through the manual payroll amounted Ksh.297,553,441. The use of manual payroll systems for salary processing is vulnerable to fraudulent payments due to lack of proper verification and audit trails.

Committee Recommendation

The County Secretary should immediately discontinue manual Excel-based payroll processing. All employees should be on-boarded onto HRIS-Ke after verification. Where manual processing is temporarily unavoidable, the County should maintain documented approval, segregation of duties, independent verification and post-payment reconciliation.

E. Compliance with Laws and Regulations

I. Non-Compliance with Requirement on Ethnic Diversity

The Special Audit established that 84% of the staff were from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008.

Committee Recommendation

The County Executive should progressively ensure that Section 7(2) of the National Cohesion and Integration Act, 2008 is complied with in filling future employment opportunities.

II. Other Non-Compliance Issues

During the years under review, the Special Audit established instances where an employee acted in a substantive position for more than 6 months, casuals were engaged for more than three (3) consecutive months without a contract, non-compliance with requirement for employee to retain one-third of their basic salary and employees continued to serve on probationary terms despite having served for periods ranging from eight (8) to two hundred and twenty-eight (228) months. This increases the risk of litigation and reputational damage, thereby undermining stakeholders' confidence.

Committee Recommendation

The County Secretary and the County Public Service Board should ensure that the laws governing employee engagement are complied with.

The County Executive should review all acting appointments currently in force, immediately regularize those exceeding the lawful period and recover any irregular payments where liability is established, subject to due process. Future acting appointments should have defined commencement and expiry dates and should not exceed the prescribed period.

F. Migration from Integrated Personnel and Payroll Database System (IPPD)to Human Resource Information System-Kenya (HRIS-Ke)

The County Executive adopted the Human Resource Information System (HRIS-Ke) with effect from December, 2024. Comparison between payroll data from the IPPD System and HRIS-Ke for the month of November, 2024 and December 2024 respectively established instances of overpayment and underpayments of allowances.

Committee recommendation

The County Secretary should immediately undertake a comprehensive post-migration reconciliation covering salary, allowances, deductions, employee records and establishment. Confirmed overpayments should be recovered in accordance with applicable law and approved recovery procedures, while verified underpayments should be corrected promptly. HRIS-Ke should be configured to enforce approved salary scales and allowances.

Conclusion

The Committee, having considered and interrogated the Auditor-General's Special Audit Report on Payroll Management by the Bungoma County Executive for the Financial Years 2021/2022, 2022/2023 and 2023/2024, concludes that the County Executive has significant weaknesses in its payroll management systems, human resource planning, internal controls and compliance with the applicable laws and regulations governing public service employment and expenditure.

The Committee emphasizes that the findings of the Auditor-General should not be treated as mere administrative shortcomings but as serious governance and financial management concerns requiring immediate corrective action. The County Secretary, County Public Service Board, County Treasury and all relevant Chief Officers must take individual and collective responsibility for implementing the Committee's recommendations within the stipulated timelines. Where investigations establish

irregular payments, unauthorized appointments or loss of public funds, appropriate administrative, disciplinary and recovery measures should be undertaken in accordance with the law and due process.

Finally, the Committee resolves that the County Executive, through the office of the County Secretary should submit a comprehensive implementation matrix indicating the specific actions taken, responsible officers, timelines and supporting documentary evidence for each recommendation contained in this report within 60 days after the adoption of this report.

The County Assembly, through the Public Accounts and Investments Committee, shall undertake continuous oversight to monitor implementation and ensure that all outstanding audit issues are conclusively addressed.

It is therefore the considered position of the Committee that the County Executive must treat the implementation of the recommendations in this report as a matter of urgency and demonstrate measurable improvements in payroll governance and accountability.

Hon. Speaker I move.

Thank you.

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. John Wanyama	Member	
9	Hon. Maureen Wafula	Member	
10	Hon. Florence Juma	Member	
11	Hon. Sheila Sifuma	Member	

REPUBLIC OF KENYA

County Assembly of
BUNGOMA



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