

# OFFICE OF THE CONTROLLER OF BUDGET



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22<sup>nd</sup> June 2021

## **ANALYSIS OF KEY ISSUES IN REGARDS TO THE LETTER FROM THE BUNGOMA COUNTY ASSEMBLY ON DELIBERATE ATTEMPTS TO DENY IT OF ITS SHARE OF REVENUE BY THE EXECUTIVE**

In a letter dated 3<sup>rd</sup> June 2021, the Bungoma County Assembly made two allegations, namely;

- I. That there was a deliberate attempt by the County Executive to deny the County Assembly its share of Revenue, and
- II. That the County Executive has failed to submit statutory documents on time.

The Office has since performed an analysis of exchequer issues to both arms of the county government to assess the first claim and tabulated the status of the budget documents on the second claim. The results of the two analyses are as follows;

### **1. Status of Exchequer Releases to the County Government of Bungoma as of 16<sup>th</sup> June 2021.**



The County Government of Bungoma has received approved exchequer issues of Kshs.8.93 billion out of their budget of Kshs.14 billion as of 16<sup>th</sup> June 2021. The table below provides an analysis of releases to the County Assembly and the County Executive (aggregated by the arm of government).

Arm of County/Details	Approved Budget (Kshs.)	Approved Exchequer Issues as of 16 <sup>th</sup> June, 2021 (Kshs)	% of Exchequer Issues to Approved Budget (Kshs)
County Assembly- Recurrent Expenditure	907,094,971	752,012,658	82.9
County Assembly-Development Expenditure	168,758,630	15,000,000	8.9
<b>Sub-Total</b>	<b>1,075,853,601</b>	<b>767,012,658</b>	<b>71.3</b>
County Executive- Recurrent Expenditure	8,375,781,249	6,549,646,492	78.2

Arm of County/Details	Approved Budget (Kshs.)	Approved Exchequer Issues as of 16 <sup>th</sup> June, 2021 (Kshs)	% of Exchequer Issues to Approved Budget (Kshs)
County Executive- Development Expenditure	4,551,253,561	1,617,386,249	35.5
<b>Sub Total</b>	<b>12,927,034,810</b>	<b>8,167,032,741</b>	<b>63.2</b>
<b>Grand Total</b>	<b>14,002,888,411</b>	<b>8,934,045,399</b>	63.8
<b>CARA Allocation &amp; Releases</b>	<b>10,323,135,389</b>	<b>7,751,065,570</b>	<b>75.1</b>

### **Comments**

- i. Overall releases to the County Assembly translate to 71.3 per cent of their approval budgetary allocation of Kshs.1.08 billion compared to 63.2 per cent to the County Executive. Refer to annex I and Annex II on releases to the County Executive and County Assembly respectively.
- ii. On Recurrent Expenditure releases, the County Assembly has so far received 82.9 per cent compared to the executive's 78.2 per cent.
- iii. Both the County Executive and the County Assembly have received exchequer issues for paying salary expenditure up to the month of May, 2021. The County has no arrears in payment of salaries.
- iv. Four requests by the County Executive all towards O&M expenditure were not approved. These four requests sum to Kshs.150,979,586.00 as shown in annex III.
- v. We note the County is yet to receive its equitable allocation for April, May and June 2021, amounting to Kshs.2,202,971,348. Out of the equitable share of Kshs.8,893,650,000 expected from the National Treasury, the County has received Kshs.6,690,678,652, representing 75.2 per cent of the equitable allocation.

## **2. Review of Bank Statements-Operational Accounts**

In order to ascertain utilization of funds released to pay May 2021 salaries, we obtained the Bungoma County Recurrent Operational Account (for the County Executive) and the Bungoma County Assembly Recurrent Operational Account. A copy of the bank statements is attached.

On review, we ascertained the following:

- i. **The County Executive:** The OCoB had approved a request of Kshs.391,495,421 to pay May 2021 salaries on 28<sup>th</sup> May, 2021. This transaction was credited in the bank statement on 31st May, 2021.

As of 17<sup>th</sup> June 2021, the County Executive had not utilized the Kshs.391,495,421. Running bank balance as of 17<sup>th</sup> June, 2021 was Kshs.393,413,578.

- ii. **The County Assembly:** The OCoB had granted an approval of Kshs.30,869,566 to pay May 2021 salaries for Assembly staff. Our review of the bank statement ascertained that this amount was credited 11<sup>th</sup> June 2021 while salary payments were processed on 14<sup>th</sup> June, 2021. Running bank balance as of 18<sup>th</sup> June, 2021 was Kshs.7,254,167.60.

### 3. Status of Approval of Planning and Budget Documents

All planning and budgeting documents for FY 2021/2022 are expected to have been considered by the County Assembly by now save for the Finance Bill. Below is the status of the crucial planning and budget documents as of 11<sup>th</sup> June 2021;

Document	Date Submitted	Law Requirement	Status
ADP	20 <sup>th</sup> August 2020	<b>Section 126 of PFM Act, 2012:</b> Every county government shall prepare a development plan in accordance with Article 220(2) of the Constitution.	Approved on 12 <sup>th</sup> September 2021
CBROP	19 <sup>th</sup> October 2020	<b>Section 118 of PFM Act, 2012:</b> County Treasury shall— (a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and (b) submit the paper to the County Executive Committee by the 30 <sup>th</sup> of September of that year.	Approved on 2 <sup>nd</sup> November 2021
DMSP	29 <sup>th</sup> March 2021	<b>Section 123 of PFM Act, 2012:</b> On or before the 28 <sup>th</sup> February in each year, the County Treasury shall submit to the county assembly a statement setting out the debt management strategy of the county government over the medium term concerning its actual liability and potential liability in respect of loans and its plans for dealing with those liabilities	Approved on 5 <sup>th</sup> May 2021
CFSP	6 <sup>th</sup> April 2021	<b>Section 117 of PFM Act, 2012 subsection 1:</b> The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28 <sup>th</sup> February of each year	Approved on 5 <sup>th</sup> May 2021
DRAFT BUDGET ESTIMATES	Yet to be submitted	30 <sup>th</sup> April	Pending. Assembly was adjourned.

## **Comments**

- i. The submission of DMSP and CFSP to the Assembly was made after the legal timeline of 28<sup>th</sup> February 2021. The documents were approved on 5<sup>th</sup> May 2021, outside of the timelines provided in the PFM Act, 2012. The County Assembly must adopt the CFSP with or without amendments within 14 days upon submission by the County Executive.
- ii. There is a delay by the County Executive to submit the Draft Budget Estimates to the County Assembly. The timeline for this was 30<sup>th</sup> April 2021.

ANNEX I: APPROVED REQUESTS - COUNTY EXECUTIVE				
Request Type	Date Received	Requested Amount (Kshs.)		Date Processed
		Recurrent	Development	
P.E Costs	Friday, August 7, 2020	448,443,301.00		Monday, August 10, 2020
P.E Costs	Friday, August 7, 2020	6,898,612.00		Monday, August 10, 2020
O&M Expenses	Wednesday, August 12, 2020	21,674,200.00		Monday, August 17, 2020
P.E Costs	Thursday, August 27, 2020	374,312,013.00		Monday, August 31, 2020
P.E Costs	Thursday, August 27, 2020	4,031,876.00		Monday, August 31, 2020
O&M Expenses	Thursday, August 27, 2020	74,344,802.00		Monday, August 31, 2020
O&M Expenses	Thursday, September 3, 2020	39,808,449.00		Friday, September 4, 2020
O&M Expenses	Thursday, September 3, 2020	5,764,806.00		Friday, September 4, 2020
Conditional grant	Thursday, September 24, 2020	8,800,000.00		Friday, September 25, 2020
Conditional grant	Thursday, September 24, 2020	215,270,498.00		Friday, September 25, 2020
P.E Costs	Tuesday, October 13, 2020	375,131,010.00		Wednesday, October 14, 2020
O&M Expenses	Wednesday, October 21, 2020	38,005,823.00		Thursday, October 22, 2020
Development	Wednesday, October 21, 2020		193,191,450.00	Friday, October 23, 2020
P.E Costs	Wednesday, October 21, 2020	390,903,651.00		Monday, October 26, 2020
P.E Costs	Monday, October 26, 2020	28,727,147.00		Thursday, October 29, 2020
O&M Expenses	Monday, October 26, 2020	195,227,169.00		Thursday, October 29, 2020
Development	Tuesday, October 27, 2020		77,850,580.00	Friday, October 30, 2020
P.E Costs	Monday, November 16, 2020	16,544,727.00		Tuesday, November 17, 2020
O&M Expenses	Monday, November 16, 2020	51,794,435.00		Tuesday, November 17, 2020
Conditional grant	Tuesday, November 17, 2020		6,500,000.00	Friday, November 20, 2020
Conditional grant	Tuesday, November 17, 2020		78,148,233.00	Friday, November 20, 2020
Conditional grant	Tuesday, November 17, 2020		63,113,039.00	Friday, November 20, 2020
Conditional grant	Tuesday, November 17, 2020		29,202,382.00	Friday, November 20, 2020
P.E Costs	Monday, November 23, 2020	390,096,573.00		Wednesday, November 25, 2020
P.E Costs	Monday, November 23, 2020	123,840.00		Wednesday, November 25, 2020

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Request Type	Date Received	Requested Amount (Kshs.)		Date Processed
		Recurrent	Development	
O&M Expenses	Monday, November 30, 2020	30,136,131.00		Wednesday, December 2, 2020
O&M Expenses	Monday, November 30, 2020	82,564,333.00		Wednesday, December 2, 2020
Development	Monday, November 30, 2020		10,500,000.00	Wednesday, December 2, 2020
Conditional grant	Monday, December 14, 2020		66,740,354.00	Wednesday, December 16, 2020
Conditional grant	Monday, December 14, 2020	12,645,000.00		Wednesday, December 16, 2020
Conditional grant	Monday, December 14, 2020	13,359,375.00		Wednesday, December 16, 2020
P.E Costs	Monday, December 14, 2020	11,192,856.00		Wednesday, December 16, 2020
O&M Expenses	Thursday, December 17, 2020	39,124,200.00		Tuesday, December 22, 2020
P.E Costs	Monday, December 21, 2020	438,121,313.00		Wednesday, December 23, 2020
O&M Expenses	Tuesday, December 22, 2020	32,540,717.00		Monday, December 28, 2020
O&M Expenses	Tuesday, December 22, 2020	17,550,532.00		Monday, December 28, 2020
O&M - Staff claims	Wednesday, December 23, 2020	85,443,411.00		Tuesday, December 29, 2020
Conditional grant	Wednesday, December 23, 2020	26,235,191.00		Tuesday, December 29, 2020
Development	Wednesday, December 23, 2020		34,789,956.00	Tuesday, December 29, 2020
Established County Fund	Wednesday, January 6, 2021	62,000,000.00		Friday, January 8, 2021
Conditional grant	Wednesday, January 6, 2021		64,909,402.00	Friday, January 8, 2021
O&M Expenses	Wednesday, January 6, 2021	10,979,974.00		Friday, January 8, 2021
O&M Expenses	Thursday, January 14, 2021	17,550,532.00		Monday, January 18, 2021
P.E Costs	Friday, January 22, 2021	391,168,727.00		Tuesday, January 26, 2021
P.E Costs	Wednesday, January 27, 2021	16,491,479.00		Friday, January 29, 2021
O&M Expenses	Monday, February 1, 2021	38,703,559.00		Wednesday, February 3, 2021
Development	Monday, February 1, 2021		162,711,102.00	Wednesday, February 3, 2021
O&M Expenses	Tuesday, February 9, 2021	17,550,531.00		Wednesday, February 10, 2021
Conditional grant	Tuesday, February 9, 2021	12,673,500.00		Wednesday, February 10, 2021
Conditional grant	Tuesday, February 9, 2021		66,740,354.00	Wednesday, February 10, 2021
	Monday, February 15,	22,604,339.00		Wednesday, February

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Request Type	Date Received	Requested Amount (Kshs.)		Date Processed
		Recurrent	Development	
	2021			17, 2021
O&M Expenses	Wednesday, February 17, 2021	68,195,174.00		Friday, February 19, 2021
P.E Costs	Monday, March 1, 2021	390,234,829.00		Tuesday, March 2, 2021
Conditional grant	Monday, March 1, 2021		33,924,947.00	Tuesday, March 2, 2021
Conditional grant	Monday, March 1, 2021		2,000,000.00	Tuesday, March 2, 2021
P.E Costs	Tuesday, March 2, 2021	17,393,751.00		Monday, March 8, 2021
Conditional grant	Friday, March 5, 2021		45,000,000.00	Tuesday, March 9, 2021
Conditional grant	Friday, March 5, 2021		11,676,169.00	Tuesday, March 9, 2021
O&M Expenses	Friday, March 5, 2021	58,235,191.00		Tuesday, March 9, 2021
O&M Expenses	Friday, March 5, 2021	79,869,074.00		Tuesday, March 9, 2021
Development	Thursday, March 11, 2021		52,251,512.00	Friday, March 12, 2021
O&M Expenses	Friday, March 19, 2021	26,550,531.00		Wednesday, March 24, 2021
P.E Costs	Thursday, March 25, 2021	390,850,409.00		Friday, March 26, 2021
O&M Expenses	Wednesday, March 31, 2021	100,364,193.00		Wednesday, April 7, 2021
P.E Costs	Wednesday, March 31, 2021	20,793,801.00		Wednesday, April 7, 2021
Development	Wednesday, March 31, 2021		56,933,760.00	Wednesday, April 7, 2021
Development	Tuesday, April 6, 2021		98,067,667.00	Friday, April 9, 2021
Development	Tuesday, April 6, 2021		24,024,771.00	Friday, April 9, 2021
O&M Expenses	Thursday, April 15, 2021	25,958,915.00		Monday, April 19, 2021
O&M Expenses	Thursday, April 15, 2021	12,543,735.00		Monday, April 19, 2021
Conditional grant	Thursday, April 15, 2021		44,163,714.00	Monday, April 19, 2021
P.E Costs	Monday, April 26, 2021	390,991,457.00		Wednesday, April 28, 2021
Established County Fund	Tuesday, April 27, 2021	48,000,000.00		Thursday, April 29, 2021
O&M Expenses	Tuesday, April 27, 2021	89,410,351.00		Thursday, April 29, 2021
O&M - Staff claims	Tuesday, April 27, 2021	28,193,990.00		Thursday, April 29, 2021
Established County Fund	Tuesday, April 27, 2021	70,000,000.00		Thursday, April 29, 2021
O&M Expenses	Monday, May 3, 2021	35,100,103.00		Thursday, May 6, 2021
O&M Expenses	Monday, May 3, 2021	28,273,000.00		Thursday, May 6, 2021
P.E Costs	Monday, May 3, 2021	15,512,363.00		Thursday, May 6, 2021
O&M Expenses	Monday, May 3, 2021	10,514,000.00		Thursday, May 6, 2021
Development	Tuesday, May 4, 2021		50,779,216.00	Thursday, May 6, 2021
Conditional grant	Tuesday, May 18, 2021	12,645,000.00		Wednesday, May 19, 2021

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Request Type	Date Received	Requested Amount (Kshs.)		Date Processed
		Recurrent	Development	
Development	Wednesday, May 19, 2021		24,922,313.00	Friday, May 21, 2021
Development	Friday, May 21, 2021		12,562,822.00	Monday, May 24, 2021
P.E Costs	Thursday, May 27, 2021	391,495,412.00		Friday, May 28, 2021
O&M Expenses	Thursday, May 27, 2021	72,353,305.00		Friday, May 28, 2021
Conditional grant	Tuesday, June 8, 2021		200,814.00	Thursday, June 10, 2021
Conditional grant	Tuesday, June 8, 2021		44,448,903.00	Thursday, June 10, 2021
O&M Expenses	Friday, June 11, 2021	53,463,503.00		Monday, June 14, 2021
O&M Expenses	Friday, June 11, 2021	30,615,241.00		Monday, June 14, 2021
O&M Expenses	Friday, June 11, 2021	17,550,532.00		Monday, June 14, 2021
Conditional grant	Friday, June 11, 2021		133,480,709.00	Monday, June 14, 2021
Development	Friday, June 11, 2021		128,552,080.00	Tuesday, June 15, 2021
<b>Total</b>		<b>6,549,646,492.00</b>	<b>1,617,386,249.00</b>	
<b>Total Budget</b>		<b>8,375,781,248.00</b>	<b>4,551,253,561.00</b>	

ANNEX II: APPROVED REQUESTS - COUNTY ASSEMBLY				
Request Type	Date Received	Requested Amount (Kshs.)		Date Processed
		Recurrent	Development	
P.E Costs	Monday, August 10, 2020	46,514,304.00		Monday, August 10, 2020
O&M - Staff claims	Thursday, August 13, 2020	27,934,510.00		Monday, August 17, 2020
O&M Expenses	Thursday, August 13, 2020	489,725.00		Monday, August 17, 2020
P.E Costs	Wednesday, August 19, 2020	45,773,590.00		Friday, August 21, 2020
O&M Expenses	Wednesday, August 19, 2020	10,441,850.00		Friday, August 21, 2020
P.E Costs	Thursday, October 15, 2020	38,042,689.00		Monday, October 19, 2020
O&M Expenses	Thursday, October 15, 2020	28,662,008.00		Monday, October 19, 2020
O&M Expenses	Thursday, October 15, 2020	53,155,140.00		Monday, October 19, 2020
O&M Expenses	Tuesday, October 27, 2020	34,169,352.00		Friday, October 30, 2020
P.E Costs	Tuesday, November 24, 2020	1,422,810.00		Thursday, November 26, 2020
O&M Expenses	Tuesday, November 24, 2020	17,660,110.00		Thursday, November 26, 2020
O&M Expenses	Tuesday, November 24, 2020	32,649,494.00		Thursday, November 26, 2020
P.E Costs	Tuesday, December 22, 2020	28,842,226.00		Monday, December 28, 2020



ANNEX II: APPROVED REQUESTS - COUNTY ASSEMBLY				
Request Type	Date Received	Requested Amount (Kshs.)		Date Processed
		Recurrent	Development	
	2020			2020
O&M - Staff claims	Tuesday, December 22, 2020	2,309,050.00		Monday, December 28, 2020
O&M Expenses	Tuesday, December 22, 2020	47,316,350.00		Monday, December 28, 2020
O&M Expenses	Tuesday, December 22, 2020	3,185,605.00		Monday, December 28, 2020
O&M Expenses	Wednesday, January 27, 2021	29,999,888.00		Thursday, January 28, 2021
P.E Costs	Friday, January 29, 2021	27,662,826.00		Monday, February 1, 2021
O&M Expenses	Friday, January 29, 2021	8,249,150.00		Monday, February 1, 2021
O&M Expenses	Friday, January 29, 2021	29,920,069.00		Monday, February 1, 2021
O&M Expenses	Friday, January 29, 2021	509,360.00		Monday, February 1, 2021
O&M - Staff claims	Tuesday, March 2, 2021	59,669,425.00		Monday, March 8, 2021
O&M Expenses	Tuesday, March 2, 2021	11,780,134.00		Monday, March 8, 2021
O&M - Staff claims	Tuesday, March 2, 2021	3,309,420.00		Monday, March 8, 2021
P.E Costs	Tuesday, March 2, 2021	28,944,773.00		Monday, March 8, 2021
Development	Tuesday, March 2, 2021		15,000,000.00	Monday, March 8, 2021
P.E Costs	Thursday, March 25, 2021	29,922,928.00		Friday, March 26, 2021
O&M - Staff claims	Friday, March 26, 2021	1,729,425.00		Wednesday, April 7, 2021
O&M Expenses	Friday, March 26, 2021	14,120,800.00		Wednesday, April 7, 2021
O&M Expenses	Friday, March 26, 2021	4,022,186.00		Wednesday, April 7, 2021
P.E Costs	Thursday, April 29, 2021	30,005,530.00		Monday, May 3, 2021
O&M Expenses	Monday, May 10, 2021	14,729,992.00		Tuesday, May 11, 2021
O&M - Staff claims	Monday, May 10, 2021	2,462,022.00		Tuesday, May 11, 2021
O&M Expenses	Monday, May 10, 2021	5,536,351.00		Tuesday, May 11, 2021
P.E Costs	Tuesday, June 8, 2021	30,869,566.00		Thursday, June 10, 2021
<b>Total</b>		<b>752,012,658.00</b>	<b>15,000,000.00</b>	
<b>Total Budget</b>		<b>907,094,971.00</b>	<b>168,758,630.00</b>	

ANNEX III: DECLINED REQUEST FOR THE COUNTY EXECUTIVE			
Request Type	Date Received	Amount Requested (Kshs.)	Remarks

ANNEX III: DECLINED REQUEST FOR THE COUNTY EXECUTIVE			
Request Type	Date Received	Amount Requested (Kshs.)	Remarks
O&M Expenses	Monday, October 5, 2020	30,126,580.00	Declined. Wasteful spending through use of imprests noted. The request included per diem allowances to staff for activities undertaken within the County Offices.
O&M Expenses	Monday, December 14, 2020	54,233,845.00	Declined. Bulk imprests not supported by details of individual payees, venues and dates when the activities were to be undertaken
O&M - Staff claims	Monday, February 1, 2021	33,452,485.00	Declined. Details of respective payees, applicable rates and purposes of the bulk imprests/ office standing imprest not provided.
O&M Expenses	Tuesday, February 9, 2021	33,166,676.00	Declined. Bulk claims not supported by details of individuals to benefit from the requested funds, Venues and dates of the activities . The purposes of Office standing imprest and beneficiary departments also not provided.
<b>Total</b>		<b>150,979,586.00</b>	