SPECIAL ISSUE

Bungoma County Gazette Supplement No. 14 (Bills No. 13)

REPUBLIC OF KENYA

BUNGOMA COUNTY GAZETTE SUPPLEMENT

BILLS, 2014

NAIROBI, 14th November, 2014

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PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER, NAIROBI
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THE BUNGOMA COUNTY YOUTH, WOMEN AND PERSONS WITH DISABILITIES ENTERPRISE DEVELOPMENT FUND BILL, 2014

AN ACT of the County Assembly of Bungoma to provide for the establishment of the Youth, Women and Persons with Disabilities Enterprise Development Fund, to promote the establishment of new micro and small businesses and industries by the youth, women and persons with disabilities, to promote the development of existing micro and small businesses owned by the youth, women and persons with disabilities and for connected purposes

ENACTED by the County Assembly of Bungoma as follows—

PART I—PRELIMINARY

Short title

1. This Act may be cited as the Bungoma County Youth, Women and

Interpretation


In this Act, unless the context otherwise requires—

“appropriation” means funds appropriated by the County Assembly for purposes of the Fund;

“Board” means the Board of the Fund established under section 5; “Constitution” means the Constitution of Kenya, 2010;

“County Government” means the County Government of Bungoma;

“County Assembly” means the County Assembly of Bungoma;

“Executive Committee Member” means the County Executive Committee member responsible for youth affairs;

“financial year” means the period of 12 months ending on thirtieth day of June in each year;
“Fund” means the Bungoma County Youth Enterprise Development;

Fund established under section 4 of this Act;

“fund manager” means any person, appointed by the County Executive Committee Member under section 12;

“micro enterprise” means a firm, trade, service, industry or a business activity—

(a) whose annual turnover does not exceed five hundred thousand shillings;

(b) which employs less than ten people; and

(c) whose total assets and financial investment shall be as determined time to time pursuant to the provisions of the Micro and Small Enterprise Act, 2012 and includes—

(i) the manufacturing sector, where the investment in plant and machinery or the registered capital of the enterprise does not exceed ten million shillings;

(ii) the service sector and farming enterprises where the investment in equipment or registered capital of the enterprise does not exceed five million shillings.

“small enterprise” means a firm, trade, service, industry or a business activity—

(a) whose annual turnover ranges between five hundred thousand shillings and five million shillings; and

(b) which employs between ten and fifty people; and

(c) whose total assets and financial investment shall be as determined from time to time pursuant to the provisions of the Micro and Small Enterprise Act, 2012, and includes—

(i) the manufacturing sector, where the investment in plant and machinery as well as the registered capital of the enterprise is between ten million shillings and fifty million shillings; and
(ii) service and farming enterprises, where the equipment investment as well as registered capital of the enterprise is between five million shillings and twenty million shillings;

"sub county committee" means the youth, women and persons with disabilities enterprise development fund committee established under section 10;

"youth" means the collectivity of all individuals in the Republic who

(a) have attained the age of eighteen years; but

(b) have not attained the age of thirty-five years.

**Object of the Act**

3. The object of the Act is to provide for—

(a) the establishment and administration of the Bungoma County Youth, Women and Persons with Disabilities Enterprise Development Fund;

(b) the promotion of enterprise development among youth, women, persons with disabilities and poor persons;

(c) the framework for investing in, and facilitating growth of, the micro and small enterprise sector in the County to spur economic growth in the County.

**PART II—ESTABLISHMENT OF THE BUNGOMA COUNTY YOUTH, WOMEN AND PERSONS WITH DISABILITIES ENTERPRISE DEVELOPMENT FUND**

**Establishment of the Fund**

4. (1) There is established a Fund to be known as the Bungoma County Youth, Women and Persons with Disabilities, Enterprise Development Fund.

(2) The Fund shall consist of—

(a) such monies as shall be appropriated by the County Assembly;

(b) any grants, gifts, donations, loans or other endowments granted to the Fund;
(c) such funds as may vest in or accrue to the Fund in the course of the Board's exercise or performance of its functions under this Act; and

(d) monies from any other lawful source accruing to the Fund.

(3) The Fund shall be utilized for—

(a) providing access to capital and financing facilities to micro and small enterprises owned by the youth, women and persons with disabilities resident in the County;

(b) attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure;

(c) providing technical assistance in product and market development;

(d) facilitating training, mentorship and the provision of business development services to youth, women and persons with disabilities entrepreneurs in the County; and

(e) facilitating technology acquisition, adoption and utilization for beneficiaries under this Act.

(4) An amount—

(a) not more than five per cent of the total monies consisting of the Fund shall be utilized for administration of the Fund;

(b) not less than twenty five percent shall be utilized for funding activities under subsection (3) (b), (c), (d), (e) and (f).”

(5) The County Assembly may appropriate specific amounts to be allocated to youth, women and persons with disabilities and the category of persons described under section 15 (2).

(6) The amount set aside for disbursement as loans under subsection (1) shall be appropriated per Ward.

PART III—ADMINISTRATION OF THE FUND

Fund Administrator

5. (1) There shall be a fund administrator pursuant to the provisions of the Public Finance Management Act, 2012. (2) The fund administrator shall—
(a) supervise and control the administration of the Fund in consultation with the Board;

(b) prepare a budget and such plans for better administration of the Fund in consultation with the Board to be approved by the county executive committee;

(c) impose conditions or restrictions on the use of any expenditure arising from the Fund;

(d) cause to be kept proper books of account and other books and records in relation to the Fund as well as to all the various activities and undertakings of the Fund;

(e) prepare, sign and transmit to the Auditor-General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund in accordance with the Public Audit Act, 2003 and in such details as the County Treasury may from time to time direct;

(f) furnish such additional information as may be required for examination and audit by the Auditor-General or under any law; and

(g) designate such staff as may be necessary to assist in the management of the Fund.

(3) All monies received by the Fund shall be maintained in a separate bank account in the name of Bungoma County Youth, Women and Persons with Disabilities Enterprise Development Fund, opened and administered in accordance with the provisions of the Public Finance Management Act, 2012.

(4) The balance of the Fund at the close of each financial year shall be retained in the Fund for purposes for which the Fund is established.

Establishment of the Board

6. (1) There is established a Board to be known as the Bungoma County Youth, Women and Persons with Disabilities Enterprise Development Fund Board.
The Board shall subject to section 12 manage and administer the Fund.

**Composition of the Board**

7. (1) The Board shall consist of—

(a) a non-executive chairperson, not being a public officer, appointed by the Governor;

(b) the Chief Officer in the County department for the time being responsible for finance or their representative duly nominated in writing;

(c) the Chief Officer in the County department for the time being responsible for youth affairs or their representative duly nominated in writing;

(d) the Chief Officer in the County department for the time being responsible for trade and industry or their representative duly nominated in writing;

(e) the chief officer for the time being responsible for social services;

(f) one person representing persons with disabilities nominated by the joint forum of micro and small enterprises organizations of persons with disabilities and appointed by the Executive Member in consultation with Governor;

(g) one person representing women nominated by the joint forum of micro and small enterprises’ women organizations and appointed by the Executive Member in consultation with Governor;

(h) one person representing the youth nominated by the joint forum of micro and small enterprises’ youth organizations and appointed by the Executive Member in consultation with Governor;

(i) one professional qualified and experienced in matters related to enterprise development, finance or business and appointed by the Executive Member in consultation with Governor; and

(j) the fund manager who shall be an ex officio member and the secretary.

(2) A person shall not be eligible for appointment as the chairperson or a member under subsection (1) (a) and (i) unless the person—
(a) holds a degree from a recognized university;
(b) satisfies the requirements of Chapter six of the Constitution;
(c) has at least five years experience in business, finance, enterprise development, law, economics or related field.

(3) A person shall not be eligible for appointment as a member under subsection (1) (f), (g) and (h) unless the person—
(a) holds a diploma level certificate;
(b) has at least two years experience in business, trade or enterprise development;
(c) satisfies the requirements of chapter six of the Constitution; (d) is a resident in the county.

(4) The appointment of the chairperson under subsection (1) (a) and members under sub-section (1) (f), (g), (h) and (i) shall be by notice in the Bungoma County Gazette.

**Office for members of the Board**

8. The chairperson and members appointed under section 6 (1)(f), (g), (h), (i) shall serve a term of three years and shall be eligible for a re-appointment for one further final term.

**Removal from Office**

9. (1) A member of the Board may be removed from office only for—
(a) violation of the Constitution or any other law;
(b) gross misconduct, whether in the performance of the member's functions or otherwise;
(c) physical or mental incapacity to perform the functions of office; or
(d) incompetence or neglect of duty.

(2) The Executive Committee Member may terminate the appointment of a member of the Board, other than the chairperson, on any of the grounds specified under sub-section (1).
Functions of the Board

10. (1) The Board shall be responsible for—

(a) managing the Fund;

(b) coordinating other relevant county government departments in the implementation of this Act;

(c) advising the Executive Member on the appropriate guidelines and procedures for implementation of the Act and for better management of the Fund;

(d) reviewing and considering the applications recommended by the sub county Committees and approving disbursements for loans and utilization of the Fund;

(e) preparing annual report on the implementation of the Act for transmission to the Executive Member;

(f) advising the Executive Member generally on implementation of this Act; and

(g) carrying out any other functions as may be assigned by the Executive Member.

(2) The Board shall ensure that its services are decentralized throughout the county.

Establishment of the Committee

11. (1) There is established for each Sub County, a Sub County Youth, Women and Persons with Disabilities Enterprise Development Fund Committee.

(2) The Committee shall consist of the following members—

(a) a chairperson appointed by the Executive Member in consultation with the members of county assembly from the sub county;

(b) members of county assembly from the sub county who shall be ex officio members;

(c) the county government officer in charge of youth affairs in the sub county who shall be the secretary;
(d) the county government officer in charge of enterprise development in the sub county;

(e) the county government officer in charge of social affairs in the sub county;

(f) one person representing the youth, nominated by a joint forum of micro and small enterprise youth organizations in the sub county and appointed by the Executive Committee Member in consultation with the members of county assembly from the sub county;

(g) one person representing persons with disabilities, nominated by a joint forum of micro and small enterprise organizations of persons with disabilities in the sub county and appointed by the Executive Committee Member in consultation with the members of county assembly from the sub county; and

(h) one person representing women, nominated by a joint forum of micro and small enterprises’ organizations of women in the sub county and appointed by the Executive Committee Member in consultation with the members of county assembly from the sub county.

(3) A person shall be qualified for appointment as a member under sub section (2) (c) and (d) if the person—

(a) holds at least a secondary school level education certificate; (b) meets the requirements of chapter six of the Constitution;

(c) is experienced in matters relating to business, trade or financial matters within the micro or small enterprise sector; and

(d) is a resident of the sub county.

(4) A person appointed under subsection (2) (a), (f), (g) and (h) shall serve for a term of three years which may be renewed for one further and final term which shall expire upon the constitution of a new committee in accordance with subsection (5).

(5) The term of the committee shall expire upon the final announcement of the results of the election of the
Governor and members of county assembly during the general elections, but the members shall remain in office until a new Committee is constituted.

(6) The Executive Member shall ensure that not more than one person shall be appointed under subsection (2) (a), (f), (g) and (h) from the same ward.

(7) A member of the sub county committee appointed under subsection (2) (a), (f), (g) and (h) may be removed from office by the Executive Member on the basis of the factors stipulated under section 8.

**Functions of the Committee**

12. (1) The Committee shall be responsible for—

(a) receiving and reviewing applications for funding under this Act; (b) recommending to the Board the applicants who shall be considered for funding under this Act;

(c) assisting in monitoring and evaluating the progress and performance of the micro and small enterprises supported under this Act;

(d) creating awareness among the residents of the sub county about the Fund and mobilizing potential beneficiaries under this Act;

(e) advising the Board such projects that may be funded under section 4(3) (b), (c), (d), (e) and (f) in the sub county;

(f) facilitating the Board in the implementation of the Act in the sub county; and

(g) carrying out such other roles as are necessary for the implementation of the object of this Act, and perform such other functions as may, from time to time, be assigned by the Executive Member.

**Fund Manager**

13. (1) Subject to the approval by the Executive Member, the fund administrator shall designate an officer of the county government to be a fund manager.

(2) The fund manager shall be responsible for—
(a) managing the day to day operations of the Fund subject to the direction of the Board and the fund administrator;

(b) providing secretariat services to the Board;

(c) facilitating the operations of the sub county committees; (d) maintaining records related to the fund;

(e) providing liaison and coordination among county departments responsible for the implementation of this Act or any agency appointed for the purpose of implementation of this Act;

(f) preparing reports related to the implementation of the Act; and

(g) carrying out any other function assigned by the fund administrator.

(3) Where a fund manager fails to—

(a) carry out the functions assigned under this Act; or

(b) is found to have mismanaged the finances or resources of the fund, the fund administrator may, in consultation with the Executive Member discharge the fund manager from holding the position and shall designate another officer to be the fund manager as provided under subsection (1).

(4) Where the Fund administrator fails under subsection (3) to discharge the fund manager; the Executive member may direct the fund administrator to discharge the fund manager from holding the position and the fund administrator shall designate another officer to be the fund manager.

Appointment of financial institutions

14. The County Executive Committee may, appoint a financial institution to administer the Fund on behalf of the county government for the purposes managing loan applications, disbursements, repayments and recovery on such terms and conditions as may be agreed upon by the county executive committee and the financial institution.
PART IV—ACCESS AND UTILIZATION OF THE FUND

Eligibility for accessing the Fund

15. (1) For a person to be eligible for accessing a loan under this Act, the person must be—

(a) a youth, woman or a person with disability; and

(b) operating a micro or small enterprise or intending to commence operating a business which is a micro or small enterprise.

(2) Notwithstanding subsection (1), a person who does not qualify under the category stipulated under subsection (1) (a) may be eligible for accessing loan under this Act, if the person is poor, operates a micro or small enterprise, or intends to commence operating a business which is a micro or small enterprise and meets the prescribed conditions.

Accessing the Fund

16. (1) A person who qualifies for funding under Section 14, may apply for a loan to the Board in the prescribed form and in accordance with the prescribed conditions.

(2) An application for a loan may be made by a registered enterprise, an individual or a group of persons subject to the prescribed conditions:

Provided that the conditions shall not be prohibitive to accessing the funds by the intended beneficiaries.

(3) The Executive Member shall, in consultation with the Board prescribe the limits of amounts that can disbursed as loan to an applicant.

(4) The Board may, where an applicant meets the prescribed conditions—

(a) approve the loan application; or

(b) reject the loan application and give reasons to the applicant.

(5) The Board shall submit the list of applications approved under subsection (4) to the Executive Member for consideration and final approval.
(6) The Executive Member may approve or reject any application forwarded by the Board:

Provided that the Executive Member shall give reasons for any rejection of an application.

(7) Notwithstanding subsection (2), a loan shall not be disbursed to an applicant unless the applicant has undergone through the prescribed training.

**Loan repayment**

17. (1) The Board shall, in consultation with the Executive Member establish loan repayment conditions.

(2) The County Executive Committee shall set the interest rates chargeable on a loan disbursed under this Act.

(3) In establishing the amount repayable by an applicant, the Board may charge a fee for insuring the loan subject to the approval by the county executive committee.

(4) Where an applicant granted a loan under this Act defaults on repayment, the Board or a financial institution appointed under this Act may adopt such loan recovery measures as may be prescribed.

**Utilization of the loan.**

18. (1) A loan granted under this Act shall only be utilized for financing an enterprise or business undertaking that was approved by the Board at the time of application for loan.

(2) A person who utilizes the loan granted under this Act in non-enterprise or business undertaking may be disqualified from accessing any other loan under this Act and the Board may recall the loan disbursed.

(3) Notwithstanding subsection (1), a person may, with the approval of the Board engage in any other enterprise or business other than the approved enterprise.

**Strategic plan**

19. (1) The Board shall prepare a five year strategic plan for implementation of this Act which shall be approved by the County Executive Committee.

(2) The plan shall provide among others for—

(a) projects, strategies and activities projected to be funded under section 4 (3) (b), (c), (d), (e) and (f) and the estimated costs;
(b) estimated number of businesses or enterprises targeted to be funded under the Act through loans;

(c) strategies to be pursued in regard to mobilization of target group provided under section 14; and

(d) any other matter that may be prescribed.

(3) The strategic plan prepared under this section shall be in accordance with the county integrated development plan prepared under the County Governments Act, 2012.

**Business Development Services.**

20. (1) The Board shall, in collaboration with other relevant county or national government departments or private sector, coordinate the provision of appropriate business development services to persons applying for loans under this Act or the beneficiaries under this Act.

(2) The Board may, subject to the approval by the Executive Member, charge such fees for services rendered.

**Funding of projects**

21. The Board shall not fund a project under section 4 (3) (b), (c), (d) (e) and (f) unless the project is provided for in the strategic plan prepared under section 18.

**Partnership.**

22. The Board may collaborate, consult or enter into partnership with other government or private entity for the purposes of implementing this Act.

**Annual Forum.**

23. (1) The Board shall in consultation with the Executive Member, convene annual forum for all beneficiaries and potential beneficiaries under this Act which may be held at the Ward, sub county or county levels.

(2) The forum shall provide a platform for—

(a) reviewing and evaluating the implementation of the Act;

(b) providing learning opportunities for business or enterprises; and
Annual report.

24. (1) The Board shall prepare an annual report of the operations of the Fund which shall be submitted to the County Executive Committee. (2) The report shall provide among others for—

(a) performance of the Fund against the set targets;

(b) types of businesses or enterprises funded under this Act which shall include the sector within which the business operate;

(c) the number of beneficiaries as categories under this Act which may be classified in relation to the wards, sub county and the county levels;

(d) the rate of repayment and default of loans disbursed and related reasons for either;

(e) challenges faced in the implementation of this Act and mitigation measures taken;

(f) the success rate of businesses or enterprises funded under this Act; and

(g) any other matter that may be prescribed.

(3) The Board shall cause the report to be published and shall publicize it in the county.

Winding Up of the Fund

25. In the event of winding up of the Fund, the cash balances shall be transferred to the account designated by the County Treasury while other assets of the Fund shall be transferred to the County Government.

PART V—REPORTS AND AUDITING OF THE FUND

Annual Estimates

26. (1) At least three months before the commencement of each financial year the Board shall prepare or cause to be prepared estimates of the revenue and expenditure of the Fund for that financial year.

(2) The financial estimates referred to under subsection (1) shall—
(a) differentiate between recurrent and disbursement expenditure; and

(b) itemize every activity that the Board intends to undertake in respect of the Fund in the coming financial year under a separate vote head.

(3) Upon approval of the estimates by the County Assembly, all monies appropriated for purposes of the Fund shall be paid into the Fund account established under section 5 of this Act.

Financial statements and audits

27. (1) The Board shall cause to be kept such books of accounts and other books in relation thereto of all its undertakings, funds, activities and property as the County Executive Committee Member may from time to time approve and shall, within a period of three months after the end of the financial year, cause to be prepared, signed and forwarded to the Auditor-General—

(a) a financial statement of the Fund; and

(b) such other statements of accounts as the County Executive Committee Member for Finance may approve.

Public Audit Act, No. 12 of 2003

(2) The accounts of the Fund shall be examined, audited and reported upon annually by the Auditor-General in accordance with the Public Audit Act.

(3) The County Treasury shall submit to the Auditor-General all books and accounts of the Board, together with all vouchers in support thereof, and all books, papers and writings in its possession or control relating thereto, and the Auditor-General shall be entitled to require from any member, officer, employee or agent of the Authority such information and explanation as he may consider necessary for the performance of his duties as Auditor-General.

(4) The expenses incurred in and incidental to the auditing of the accounts of the Fund shall be met by the Board.
Annual Report and Publication

28. (1) The Board shall, within a period of three months after the end of the financial year, submit to the Executive Committee Member a report of the operations of the Fund and the Board referred to under section 22 during such year, and the yearly balance sheet and such other statements of account as the Executive Committee Member shall require, together with the Auditor-General’s report.

(2) The Board shall, if the Executive Committee Member so requires, publish the report, balance sheet and statements submitted under subsection (1) in such manner as the Executive Committee Member may specify.

(3) The Executive Committee Member shall lay before the County Assembly the reports, balance sheet and statements submitted under subsection (1), and such statements of accounts as may be approved, within a period of fourteen days of the receipt of the reports and statements, or, if the County Assembly is not sitting, within fourteen days of the commencement of its next sitting.

PART VI—MISCELLANEOUS PROVISIONS

Offences

29. (1) An applicant who—

(a) is granted a loan on the basis of false statements made in the loan application whether orally or in writing relating to any matter affecting a request for a loan; or

(b) upon being granted a loan and is subsequently required to answer any questions, furnish any information or particulars or produce any document or paper relating to the loan amount and use thereof, neglects or fails to do so without reasonable cause or furnishes false information or information aimed at misleading the Board;

commits an offence and is upon conviction liable to a fine not exceeding twenty thousand shillings.
Regulations

30. (1) Subject to the provisions of the Public Finance Management Act, 2012, the Executive Committee Member may, in consultation with the Board make Regulations for the better carrying out of the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Regulations may-

(a) prescribe the criteria for accessing the Fund;

(b) prescribe the conditions imposed on accessing and repayment of the loans;

(c) prescribe the limits of amounts that can be disbursed as loan to an applicant;

(d) prescribe loan recovery measures;

(e) prescribe the training to be offered to persons applying for funding under this Act; or

(f) prescribe the forms.”

Cap. 2
No 23 of 2013

(2) Pursuant to Article 94(6) of the Constitution, the legislative authority delegated to the Executive Committee Member in this section shall be exercised only for the purpose and intent specified in this section and in accordance with the principles and standards set out in the Interpretation and General Provisions Act and the Statutory Instruments Act.
MEMORANDUM OF OBJECT AND REASONS

This draft Bill establish the Bungoma County Youth Enterprise Development Fund provide for the establishment of a Fund aimed at improving and stimulating the economy within Bungoma County in general and the micro and small-businesses owned by the youth residing in the County in particular. The Fund is further expected to promote the establishment of new micro and small businesses and industries by the youth and promote the development of existing micro and small businesses among the youth.

The Bill is structured as follows:

Clause 1 provides for the short title of the Act when enacted.

Clause 2 provides for the interpretations of terms used in the Act. This is intended to provide clarity during the interpretation and implementation of the Act.

Clause 3 describes the object and purpose of the Act.

Clause 4 establishes the Fund. It describes the application of the proceeds of the Fund and requires that access to the Fund’s services be available in all parts of the County to the extent that it is practicable to do so.

Clause 5 establishes the Board, which will be charged with the administration of the Fund. Clause 6 prescribes how the Board will be composed to ensure proper administration of the Fund. It also stipulates the qualifications of the Board members.

Clause 7 prescribes the term of office of certain board members.

Clause 8 outlines the conditions under which Board members may be removed from further serving on the Board.

Clause 9 describes the powers of the Board to enable it execute the mandate of administering the Fund.

Clause 10 provides for the manner in which the Fund will be capitalized including from appropriations from the County Revenue Fund for the first five years, donations, gifts, grants and such other funds as may accrue to the Fund.
Clause 11 provides for the opening and management of the Fund account as a separate account in accordance with the provisions of the Public Finance Management Act, 2012.

Clause 12 provides for the administration of the fund by the board and makes provision for the appointment of a separate Fund Manager if necessary for the day-to-day management of the Fund. It also requires the Board to maintain records of all financial transactions, which are to be availed to the County Executive Committee Member responsible for Finance.

Clause 13 provides for the manner in which the expenditure of the Fund shall be incurred. It also prescribes a limit to the maximum percentage of the Fund that should be allocated towards operational expenses to ensure that the monies within the Fund are largely utilized towards the realization of the objectives of the Fund and not towards operational expenses.

Clause 14 makes provision for the Establishment of a Bungoma County Youth Enterprise Development Agency and Bungoma County Youth Employment Scheme Secretariat, which would provide business development services and facilitate the participation of small enterprises owned by the youth in the local and international markets.

Clause 15 prescribes the manner in which the monies from the Fund shall be disbursed to qualifying small enterprises.

Clause 16 prescribes the manner in which loan applications shall be made by small enterprises. Clause 17 prescribes the manner in which the fund would be closed and the allocation of the balance of the Fund and the assets of the Fund on such closure.

Clause 18 provides for the preparation of the estimates of revenue and expenditure of the Fund for each financial year.

Clause 19 prescribes the manner in which financial statements and audits of the Fund shall be conducted.

Clause 20 provides for the preparation and publication of the annual report of the Fund. Clause 21 describes
actions and omissions that constitute offences under the Act. Clause 22 provides for the promulgation of regulations to the Act.

The Act shall occasion additional expenditure to the County. The expenditure will be appropriated by the County Assembly.

JOHN MUSAKALI,
Minority Leader,
Bungoma County Assembly.