

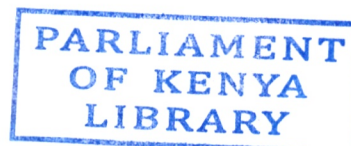
REPUBLIC OF KENYA



*Paper laid*  
*By Chairperson of the*  
*Sessional Committee on*  
*County Public Accounts and*  
*Investment.*

*7/10/15*

**KENYA NATIONAL AUDIT OFFICE**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL OPERATIONS OF  
BARINGO COUNTY EXECUTIVE**

**FOR THE PERIOD  
1 JULY 2013 TO 30 JUNE 2014**

<b>Table of Contents</b>	<b>i</b>
EXECUTIVE SUMMARY	1
Introduction	1
Audit Objectives	1
Terms of Reference	1
1.0 Key Audit Finding	2
1.1 Implementation of Civil Works Projects by Department of Health	2
1.2 Proposed construction of Dormitories at Kabimoi and Baringo Youth Polytechnics	2
2.0 Unsupported Expenditure- Payments to Institutions	3
3.0 Kazi Kwa Vijana (KKV) Account	3
4.0 Outstanding Temporary Imprest	4
5.0 Unsupported Expenditure on Devolution Conference at Kwale	4
6.0 Un-Supported Allowances and Irregular Payment of Honoraria and Meal	
7.0 Fixed Assets Register	5
8.0 Budgetary Process and Control	5
9.0 Misallocation of Expenditure	5
10.0 Lease of Offices	5
11.0 Irregularities in Procurement	5
11.1 Single Sourcing of Legal and Hotel Services	5
11.2 Irregular Procurement Process	6
12.0 Irregular Payment of Pending Bills of Defunct Local Authorities	6
Detailed Audit Findings	7
1.0 Renovation and Construction of Buildings	7
1.1 Implementation of Civil Works Projects by Department of Health	7
1.2 Proposed Construction of Dormitories at Kabimoi and Baringo Youth Polytechnics	7
2.0 Un-Supported Expenditure	8
2.1 Unsupported Expenditure- Payments to Institutions	8
2.2 Kazi Kwa Vijana (KKV) Account	8
3.0 Outstanding Temporary Imprest	9
4.0 Allowances	10
4.1 Unsupported Expenditure – Devolution Conference in Kwale	10
4.2 Un-supported Allowances and Irregular Payment of Honoraria and	10

4.3	Fixed Assets Register .....	10
5.0	Budgetary Process and Control .....	11
5.1	Budgetary Process .....	11
5.1.1	Misallocation of Expenditure .....	11
6.0	Lease of Offices.....	11
7.0	Irregularities in Procurement.....	12
7.1	Single Sourcing of Legal and Hotel Services .....	12
7.2	Irregular Procurement Process .....	12
8.0	Irregular Payment of Pending Bills of Defunct Local Authorities .....	13
	Conclusion .....	13



# **REPORT OF AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF BARINGO COUNTY EXECUTIVE FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014**

---

## **EXECUTIVE SUMMARY**

### **Introduction**

The Auditor-General has the mandate to audit and report on the accounts of the National and County Governments under Article 229 of the Constitution and the Public Audit Act, 2003. Further the Constitution and Section 107 of Public Finance Management Act, 2012 requires the County Treasury to adhere to the principles of public finance.

### **Audit Objectives**

The objectives of the audit was to ensure existence of internal controls for proper accountability of public resources, confirm that procurement of goods, works and services is done in accordance with the Public Procurement and Disposal Act, 2005 and related regulations, and that public funds have been utilized effectively and in accordance with the law.

### **Terms of Reference**

The terms of reference set for the audit include verification and confirmation of transactions in respect to but not limited to the following areas:

- Budgetary controls and performance
- Annual operational / Activity plans
- Procurement of goods, works and services
- Allowances including travelling and accommodation expenses for local and foreign trips.
- Motor vehicle running expenses
- Consultancy services
- Imprests and advances
- Cash and bank balances
- Human Resource Records
- IT Environment
- Non-current assets
- Debtors
- Creditors

## **1.0 Key Audit Finding**

### **1.1 Implementation of Civil Works Projects by Department of Health**

Records provided for audit review showed that the County Department of Health entered into contract with various contractors for construction and renovation of health facilities. It was noted that seven (7) contracts with contract sums totalling Kshs.48,013,589.28 were awarded to the contractors through request for quotations method although the contract sums for each exceeded the Kshs.4,000,000 threshold for class A procuring entities.

Included in the contract sums is provisional amounts and project management expenses totalling Kshs.12,300,000 in respect of seven (7) projects. However, there was no documentary evidence to show how the subcontractors for these works were selected and awarded contracts. Also the purpose of the project management expenses included in the provisional costs has not been explained or accounted for.

As at the time of this audit, construction of theatre at Kabartonjo District Hospital had stalled and the contractor was not on site. No reason was provided for this state of affairs. Further, construction of mortuary at Kabarnet District Hospital which commenced on 28 October 2013 and ought to have been completed by 28 June 2014, was still not complete. Partitioning and floor tiling were yet to be done. The rest of the work that had been completed had not been handed over.

In addition, the minutes of the Contract Tender Opening Committee and Tender Committee awarding the contract were not provided for audit review.

### **1.2 Proposed construction of Dormitories at Kabimoi and Baringo Youth Polytechnics**

The County Department of Education and ICT entered into contract for construction of dormitory block at Kabimoi Youth Polytechnic for Kshs.5,898,304. According to the contract signed on 20 January 2014, the work was to commence on 28 January and be completed on 28 May 2014.

As at the time of this audit, the building was not complete although an amount of Kshs.3,390,597 had already been paid to the contractor based on interim certificate numbers 01 and 02. The delay could be attributed to change in design and site of the building after the contractor had excavated the foundation and delivered some material on site. The design was indicated as having changed from one level structure to a one storey building but without new drawings having been done. In addition, no new contract was signed and it is not known whether original contract sum shall be sufficient to complete the building. The contract sum also included provisional sum of Kshs.1,150,000 for electrical and plumbing.

Also another Construction Company was awarded contract for construction of dormitory at Baringo Youth Polytechnic for Kshs.5,776,510 which included a provisional sum of Kshs.1,150,000. Although the construction was to commence on