Paper Laid

REPUBLIC OF KENYA By Chairperson of Sessional Committee on County Public Accounts and Investment Committee

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KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS OF KAJIADO COUNTY ASSEMBLY

FOR THE PERIOD
1 JULY 2013 TO 30 JUNE 2014

Table of Contents

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF KAJIADO COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

The Constitution of Kenya, 2010 under Article 176, created the County Governments which consist of the County Assembly and the County Executive. The County Assembly which is the Legislative Arm of County Government consists of the Speaker and Members of County Assembly (elected and nominated). The County Assembly of Kajiado has 25 elected and 16 nominated members.

Introduction

This audit covers the period 1 July 2013 to 30 June 2014. It was undertaken to assess the adequacy and reliability of the systems of management and financial controls instituted by the management of the County Government in running its affairs with emphasis on the utilization of public resources.

Terms of Reference

The Office of the Auditor-General is an independent office mandated by the Constitution in Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned an audit of the management and financial controls of the Kajiado County Government for the period 1 July 2013 to 30 June 2014 with the following audit objectives:

- Assessment of controls over management of cash and bank accounts.
- Assessment of controls over management of assets under the control of the County Government.
- Assessment of compliance with the procurement laws in process of acquisition of goods or services.
- Assessment of compliance with Public Financial Management Act in the utilization of public funds.
- Compliance with other relevant laws and regulations.
- To ascertain the integrity and reliability of financial and other information used by management in the utilization of public funds.
- Compliance with other relevant laws and regulations.
- To ascertain the integrity and reliability of financial and other information used by management in the utilization of public funds.
- To confirm that all necessary supporting documents, records and accounts have been kept in respect of all transactions

Audit Methodology

The approach used in carrying out this audit included the following:

- Interviews with key officers at the County Government offices.
- Review of applicable legislation and regulations.
- Examination of payment vouchers, cashbooks, vote books, bank statements, and bank slips, miscellaneous receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings where there were resolutions regarding utilization of public funds.
- Physical inspection and verifications.
- Observation of processes and activities.
- Review of documents used by management to monitor use of funds.

Scope and Determination of Responsibilities

The audit was conducted in accordance with the International Standards on Auditing. These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, expenditures incurred is fairly stated and fair recording is achieved in all financial transactions.

The matters mentioned in this report are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The maintenance of effective control measures and compliance with laws and regulations are the responsibility of the management. Our responsibility is to report on the weaknesses that were identified in the course of the audit.

KEY AUDIT FINDINGS

1.0 POLICY ISSUES

1.1 Fraud Assessment

Examination of records maintained at the County revealed that the Kajiado County Assembly has no system for identifying and responding to the risks of fraud within the entity. It is therefore highly exposed to fraud related risks and hence cases of fraud and errors may go undetected.

2.0 BUDGETARY CONTROL AND PERFORMANCE

2.1 Non production of Ledgers and other statutory reports

The accounting systems at the Kajiado County Assembly are manual. As a result, the County Assembly did not produce ledger accounts, trial balances, statutory control reports, detailed head/item analysis and Authority to Incur Expenditure (AIE) statements as required by Section 5.11.3 of the Government Financial Regulations and Procedures for the four months of the financial year.

3.0 EXPENDITURE

3.1 Failure to Adhere to Procurement Thresholds

(i) The Public Procurement and Disposal Regulations, 2013 prescribes the maximum value that an entity can procure without resorting to competitive bidding. It was however noted that the Assembly did not adhere to these regulations in that the Assembly severally procured goods whose value was more than the prescribed maximum value for the low-value procurement procedure. Consequently, the Assembly may not have got value for its money.

(ii) An officer procured food items worth Kshs.210,000 on 7 June 2014 as per cash sale receipt number 110 from Basa Enterprises at the rate of Kshs.350 per plate as per payment voucher no. 4176. Further, the same officer procured 19 lunches at the rate of Ksh.2,250 per plate totalling Kshs.42,750 vide cash sale receipt no 355 dated 3 June 2014 using low value procurement procedure contrary to existing procurement regulations.

3.2 Purchase of ICT Equipment

The Kajiado County Assembly did not follow the provisions of the law and other regulations in the procurement of various ICT equipment. There was no policy on the purchase and issuance of the personal devices (ipads, phones, and laptops) hence the security of the same was doubtful.

The Assembly purchased phones, ipads, laptops and desktops costing Kshs.6,210,000 whose details were not taken on charge in the S3 cards hence not possible to verify the status and accountability of these items. Further, the mobile phones and ipads exceeded the approved limits of Kshs.30,000 for low value procurement procedures.

3.3 Irregular Procurement of Legal Services

The County Assembly made payments amounting to Kshs.4,635,600 in respect of legal services to Musyoki Mogaka & Co. Advocates.

However, records including payment vouchers to support the basis of the payments or instructions/contracts between the legal firms and the employer were not availed for audit verification. Further, no documents were availed to show how the service providers were identified, contracted and authority of the decision to pay.

From the foregoing and in the absence of supporting documents we were unable to verify whether value for money was received by the County Assembly and whether due regard to the provisions of the law was embraced.

3.4 Irregular Sourcing of Training Facilities

(i) The management paid Kshs.27,971,755 out of which Kshs.8,010,255 was paid to four firms in respect of training fees and Kshs.19,961,500 being cost of foreign travel and allowances during the training which could have been sourced locally. In addition, Kshs.10,013,920 was paid in respect of conferences and other studies both locally and abroad to various firms and staff in form of imprests. There was no proof of attendance by some participants. In addition the contents of the studies were not availed for audit review.

(ii) The audit also noted that, no training needs assessment was carried out by the procuring entity hence the training was not included in the procurement plan for the County Assembly for the 2013/2014 financial year. No contract agreements between County Assembly and the training firms were produced and attached to payment vouchers to support the payments made to these firms.

(iii) The training service was offered by service providers who were not prequalified in the period under review contrary to requirements of the Public Procurement and Disposals Act 2005. In addition, training was initiated by the training firms instead of the recipients contrary to Section 22(1) of the Public Procurement and Disposal Regulations of 2013. Further, no contract agreements were signed between the County Assembly and the firms, which provided the training.

3.5 Payment of Allowances and Cost of Travelling

3.5.1 Double Payment of Allowances

Three Members of the County Assembly (MCAs) irregularly received Kshs.90,000 and Kshs.511,020 for attending two functions which were running concurrently in two different places and far apart. That is, while one function was taking place in the country the other was in Addis Ababa-Ethiopia. The payment was for allowances for six days (15-20 June 2014) contrary to Paragraph 104 (i) of Public Financial Management Act of 2013 which provides for devolved Governments to ensure proper utilization of public funds by ensuring proper management and control of, and accounting of finances of the County Government and its entities in order to promote efficient and effective use of budgetary resources. Further, Section J of the Code of Regulations provides for the type of allowances payable.

3.5.2 Subsistence and Retreat Allowances

A sample of payments examined indicated that, during the financial year 2013/14 the County Assembly had made payments amounting to Kshs.19,850,540 in respect of subsistence allowances that were not supported and/or authorized by the relevant officers and treated as retreat allowances while the expenditure did not meet the threshold for retreat allowances as per regulations in place.

4.0 HUMAN RESOURCE RECORDS

4.1 Non adherence to recruitment requirements

There was poor documentation and organization of the staff establishment records with respect to employee details. There is no approved establishment for the Assembly. However, during the year four (4) officers were appointed, and two (2) others were placed on acting capacities in positions which were not declared vacant contrary to Paragraph 69 (2) of the County Governments Act.

The Assembly had at the time of audit not yet observed the requirements of Section 65 of the County Governments Act with respect to paragraph 65 (1) (e) and hence the thirty percent threshold had not been observed.

4.2 Irregular Hiring of Ward office Employees

The Kajiado County Assembly had budgeted for a monthly expenditure of Kshs.91,000 per ward in maintenance of ward offices which was to be used to pay ward office managers, secretary, drivers, guards, office assistants and office rent, the total expenditure for the entire County was Kshs.2,001,500 per month.

However, MCA's do not have the legal and constitutional mandate to establish offices and to engage employees and such expenditure would appear nugatory.

5.0 IT INTERNAL CONTROL ENVIRONMENT

An audit of the IT control environment showed that the Assembly did not have an up to date IT policy which may result to various risks including;-

(i) Loss of information
(ii) Irregular activities taking place/ loss of electronic data
(iii) Access of confidential information to unauthorised persons
(iv) Unauthorised changes to information
(v) Inappropriate decisions regarding IT investments

6.0 INTERNAL AUDIT FUNCTION

Examination of records and processes of the Kajiado County Assembly revealed that, although the County Assembly had in her establishment an internal audit department and a staff, no internal audit reports were issued by the department despite various internal control weaknesses noted in operations.

Further, there was no audit committee in place to address internal control weaknesses highlighted from time to time.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

21 May 2015

DETAILED REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF KAJIADO COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

DETAILED AUDIT FINDINGS

1.0 POLICY ISSUES

1.1 Fraud Assessment

Treasury Circulars and Public Finance Act and Regulations require government ministries and agencies to have a regular fraud assessment.

An examination of records on a test basis revealed that Kajiado County Assembly has no system for identifying and responding to the risks of fraud within the entity. It is therefore highly exposed to fraud related risks and hence cases of fraud and errors may go undetected.

Recommendation

The Assembly should carry out a regular fraud assessment with a view to establishing mitigating factors to reduce the risk of exposure to fraud related risks.

2.0 BUDGETARY CONTROL AND PERFORMANCE

2.1 Non production of Ledgers and other statutory reports

The manual accounting system in use by the Kajiado County Assembly for four months of the financial year did not produce ledger accounts, trial balances, statutory control reports, detailed head/item analysis and AIE expenditure statements as required by Section 5.11.3 of the Government Financial Regulations and Procedures.

Recommendation

The management should ensure the expenditure incurred is in accordance with the budgetary allocation and that the accounting systems produce the required financial data and reports.

3.0 EXPENDITURE

3.1 Failure to Adhere to Procurement Thresholds

Section 90 of Public Procurement and Disposal Act, 2005, states a procuring entity may use a low value procurement procedure if the estimated value of goods, works or services being procured are less than or equal to the prescribed maximum value for that low-value procurement procedure. Further, the First Schedule of the Public Procurement and Disposal Regulations, 2013, gives the maximum procurement threshold for goods procured using low value procurement procedure as Kshs.30,000.

It was observed that, an officer by name, Vincent Teyian procured food items worth Kshs.210,000 on 7 June 2014, as per cash sale receipt number 110 from Basa Enterprises at the rate of Kshs.350 per plate as per payment voucher no. 4176. the same officer procured 19 lunches at the rate of Ksh.2,250 per plate totalling Kshs.42,750 vide cash sale receipt no. 355 dated 3/6/2014 using low value procurement procedure contrary to procurement regulations in place. The Assembly therefore contravened the Public Procurement and Disposal Regulations, 2013 in that the value of the goods was more than the prescribed maximum value for the low-value procurement procedure and further, value for money may not have been realised.

Recommendation

The Assembly should adhere to the Public Procurement and Disposal Regulations, 2013 at all times. The price differential should be investigated and remedial action taken.

3.2 Purchase of ICT Equipment

Cabinet Circular Ref OP/CAB/15 of 5th March 2010 limits the cost of mobile phones to be issued to Ksh.30,000 and to accounting officers only for economic utilisation and efficient delivery of telephone services in the public service. Further, Article 201 (d) of the Constitution, states that Public money shall be used in a prudent and responsible way.

Paragraph 147 of the Public Finance Management Act, 2012 provides for the role of the accounting officer as among other things.... (a) Promoting and enforcing transparency, effective management and accountability with regard to the use of finances.

Regulation 22(1) of Public Procurement and Disposal Regulations of 2006 state that every procurement shall be initiated using a purchase requisition which shall include all necessary information pertaining to the procurement and Regulation 22(4) states that approved procurement requisitions shall be submitted to the procurement unit of the procuring entity to initiate procurement proceedings.

The following anomalies were noted on examination of sampled payments:

(i) There is no policy on the purchase and issuance of the personal devices (ipads, phones, and laptops) hence the security of the same is doubtful.

(ii) The Assembly purchased phones, ipads, laptops and desktops costing Kshs.6,210,000 whose details were not taken on charge in the S3 cards hence it was not possible to verify the status and accountability of these items.

(iii) The mobile phones and ipads exceeded the approved limits of Kshs.30,000 for low value procurement procedure.

(iv) Effectively, the procurement of the goods was contrary to Public Procurement and Disposal Act and Regulations, 2013 and regulations in place.

Recommendations

(i) The Assembly should put in place a policy on issuance of personal devices such as ipads, laptops and others to officers.

(ii) Details of the purchases should be taken on charge in the S 3 cards for proper accountability.

(iii) All goods procured should follow the requirements of the laws and regulations in place to ensure there is efficiency, economy, equity and value for money realised at all times.

3.3 Irregular Procurement of Legal Services

Regulation 22(1) of Public Procurement and Disposal Regulations of 2006 states that every procurement shall be initiated using a purchase requisition which shall include all necessary information pertaining to the procurement. Regulation 22(4) of the same regulations states that approved procurement requisitions shall be submitted to the procurement unit of the procuring entity to initiate procurement proceedings. Further, Regulation 25(3) requires the procuring entity to invite tenders from only the persons who have been prequalified under these regulations. Section 68(3) states that no contract is formed between the person submitting the successful tender and the procuring entity until the written contract is entered into and Regulation 10(b and c) of the same Public Procurement and Disposal Regulations stipulates that the tender committee shall approve the selection of the successful tender or proposal and award procurement contracts in accordance with thresholds prescribed in the First Schedule.

Attorney General Circular dated 3rd May 2010 and the Presidency Circular Ref: OP.CAB.39A dated 17th June 2014 on Engagement or appointment of private law firms or lawyers to represent the Government.

The County Assembly made payments totalling Kshs.4,635,600 in respect of legal fees as follows:

Date	Payee	Amount Kshs
20/12/2013	Musyoki Mogaka & Co. Advocates	950,000
16/06/2014	Musyoki Mogaka & Co. Advocates	3,685,600
	Total	**4,635,600**

Examination of these payments revealed the following anomalies:-

(i) Records including payment vouchers to support the basis of the payments or instructions/contracts between the legal firms and the employer were not availed for audit verification.

(ii) No documents were availed to show how the legal firms were identified, contracted and authority of the decision to pay.

From the foregoing, it was not possible to verify whether value for money was received by the County Assembly in the absence of supporting documents and whether due regard to the provisions of the law was embraced.

Recommendations

(i) Records pertaining to procurements should be properly maintained. Records and payment vouchers used to pay for these services should be kept and maintained for future reference and review.

(ii) Procurement of services should follow the requirements of the laws and regulations in place to ensure there is efficiency, economy, equity and value for money realised at all times.

3.4 Irregular Sourcing of Training Facilities

(i) Regulation 22(1) of Public Procurement and Disposal Regulations of 2006 states that every procurement shall be initiated using a purchase requisition which shall include all necessary information pertaining to the procurement. The trainings were initiated by the training firms contrary to Section 22(1) of the Public Procurement and Disposal Regulations of 2013.

(ii) Regulation 22(4) of the same regulations states that approved procurement requisitions shall be submitted to the procurement unit of the procuring entity to initiate procurement proceedings. The trainings were initiated by the service provider which is irregular.

(iii) Regulation 25(3) requires the procuring entity to invite tenders from only the persons who have been prequalified under these regulations. The Assembly procured training services from service providers who were not prequalified in the period under review

(iv) Regulation 20(1) states that a procuring entity shall prepare a procurement plan under Section 26(3) (a) of the Public Procurement and Disposal Act, 2005 for each financial year as part of the annual budget preparation process. The trainings had not been budgeted for and were actually initiated by the training firm.

(v) Section 68(3) of the Public Procurement and Disposal Act, 2005 states that no contract is formed between the person submitting the successful tender and the procuring entity until the written contract is entered into. Further, no contract agreements were signed between the County Assembly and the firms.

(vi) Further, Regulation 10(b and c) of Public Procurement and Disposal Regulations of 2006, provides that the tender committee shall approve the selection of the successful tender or proposal and award procurement contracts in accordance with thresholds prescribed in First schedule. The training service was not competitively sourced.

(vii) Regulation P of the Code of Regulations for Public servants envisages a training policy whereby training will be based on identified training needs of a department. No training needs assessment was carried out by the procuring entity. Hence the training was not included in the procurement plan for the County Assembly for the 2013/2014 financial year.

a) The management paid Kshs.27,971,755 out of which Kshs.8,010,255 was paid to four firms in respect of training fees and Kshs.19,961,500 being cost of foreign travel and allowances for a training which could have been sourced locally. In addition, Kshs.10,013,920 was paid in respect of conferences and other studies both locally and abroad to various firms and staff in form of imprests. However, there was no proof of attendance by some of the participants. Further, the content of the studies were not availed for audit review.

b) Audit also noted that, no training needs assessment was carried out by the procuring entity hence the training was not included in the procurement plan for the County Assembly for the 2013/2014 financial year. No contract agreements between County Assembly and the training firms were produced and attached to payment vouchers to support the payments made to these firms.

c) The training service was offered by service providers who were not prequalified in the period under review contrary to requirements of the Public Procurement and Disposals Act 2005. In addition, training was initiated by the training firms instead of the recipients contrary to Section 22 (1) of the Public Procurement and Disposal Regulations of 2013. Further, no contract agreements were signed between the County Assembly and the firms, which provided the training.

Recommendations

(i) Procurement of services should be done with due regard to the requirements of the existing laws and regulations.

(ii) The management should carry out a training needs assessment and also identify the trainings that could be available locally and to be in line with the procurement plan for the period before any training is conducted to ensure that it is done economically, effectively and efficiently and in the proper environment.

3.5 Payment of Allowances and Cost of Travelling

3.5.1 Double Payment of Allowances

Paragraph 104 (i) of Public Finance Management Act of 2012 provides for devolved Governments to ensure proper utilization of public funds by ensuring proper management and control and accounting of finances of the County Government and its entities in order to promote efficient and effective use of budgetary resources. Further, Section J of the Code of Regulations provides for the type of allowances payable.

Three Members of the County Assembly (MCAs) irregularly received Kshs.90,000 and Kshs.511,020 for attending two functions which were running concurrently in two different places and far apart. That is, while one function was taking place in the country, the other was taking place in Addis Ababa-Ethiopia. The amount was for payment of allowances for six days (15-20 June 2014) as detailed below:

MCA Name	Amount Paid for Kenya Function Kshs	Amount Paid for Ethiopia Function Kshs
Hon Elizabeth Sapiato	30,000	170,340
Hon Kuya Nina	30,000	170,340
Hon George Sunkuya	30,000	170,340
Total	**90,000**	**511,020**

The Assembly lost the funds which were paid out irregularly. This is an indication of a weak system of internal control, which could imply that the County could be losing money through possible defalcations.

Recommendations

(i) Per diems should be paid out as imprests and not actual payments and be surrendered at the end of the activity as required by the regulations relating to imprests to avoid such occurrences in future.

(ii) In addition, the overpaid amounts should be recovered from either the MCAs or the officer(s) who approved the payments.

3.5.2 Subsistence and Retreat Allowances

Article 201 (d) of the Constitution requires public funds to be used in a prudent and responsible way. Paragraph 104 (1) of the Public Finance Management Act, 2012 requires, a county treasury to monitor, evaluate and oversee the management of public finances and economic affairs of the county government including: sub paragraph (i).... ensuring proper management and control of, and accounting for finances of the county government and its entities in order to promote efficient and effective use of the county's budgetary resources. Further, paragraph 147 of the same act, provides for the role of the accounting officer as among other things to; (a) promote and enforce transparency, effective management and accountability with regard to the use of finances

The Office of the President Circular letter Ref. OP/CAP.2/12A of 14 August 2006, provides that, Officers called to participate in retreats for special assignments which are meant to review, develop and produce policy documents will be paid Kshs.2,000 per day for a maximum of ten (10) days. The number of participants in such retreats should not exceed ten (10).

(i) A sample of payments examined indicated that, during the financial year 2013/14 the County Assembly had made payments amounting to Kshs.19,850,540 that were not supported and/or authorized by the relevant officers. **(Appendix 1)**

(ii) Payment voucher no. 166 dated 11 December 2013 for Kshs.52,500 in respect of subsistence allowances for two members of staff while attending a residential workshop at Kenya School of Government between 5th and 7th of December 2013 which was sponsored by the Senate together with other development partners.

(iii) Payment voucher no.181 dated 11 December 2013 for Kshs.2,736,000 in respect of allowances for 42 MCAs and 18 staff members for attending a retreat at the Kenya Utalii College from 15th to 20th of December 2013 contrary to the recommended maximum of ten days and ten persons.

(iv) Payment voucher no. 4178 dated 12 May 2014 for Kshs.84,000 was in respect of allowances for 19 MCAs and one staff member at the rate of Kshs.4,200 for three days per person while attending a retreat at Simba Lodge - Naivasha contrary to the recommended maximum number of ten persons.

(v) Payment voucher no. 4180 dated 12 May 2014 for Kshs.1,000,000 for surrender of imprest for paying per diems to MCAs and staff for three nights among other payments. However, the MCAs and staff travelled to Mombasa on 2 April 2014 and came back on 4 April 2014 meaning that they spent only two nights out. This resulted in overpayment of Kshs.244,000. It was observed that authority memo no. KCA/GEN/CORR/Vol. 2/147 dated 31 March 2014 authorised only 22 MCAs to travel but instead 26 MCAs were paid allowances having travelled to Mombasa. Further, Kshs.4,000 was used on 19 April 2014 to fuel motor vehicle KBY 603C out of the imprest although it was not included in the authority memo.

The Assembly may have lost public funds due to poor accountability and non adherence to rules and regulations.

Recommendations

(i) Supporting documents for these payments should be properly kept and maintained for future reference and review, and in future all payment vouchers must be fully supported by the relevant documents.

(ii) Any irregularly paid amounts should be recovered from the payees accordingly.

4.0 HUMAN RESOURCE RECORDS

4.1 Non adherence to recruitment requirements

The County Government Act paragraph 65 (1) (e) emphasises on the need to ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County. Examination of personnel records revealed the following:-

(i) There is no approved establishment for the Assembly. Further, four (4) officers were appointed and two (2) were placed on acting capacities which were not declared vacant contrary to Paragraph 69 (2) of the County Governments Act.

(ii) There was poor documentation and organization of the staff records with respect to employee details.

(iii) The Assembly has not yet observed the requirements of Section 65 of the County Governments Act with respect to paragraph 65 (1) (e) and hence the thirty percent threshold has not been observed.

In the circumstances, it was not possible to confirm the details of the staff due to poor record keeping. Further, due to the lack of an approved staff establishment, it was not possible to confirm the validity of the staff numbers and salaries paid to them by the Assembly.

Recommendations

(i) The Assembly through the County Public Service Board should strive to have an approved staff establishment.

(ii) Proper record keeping of the employees in the personal files should be instituted.

(iii) The Assembly should strive to achieve the requirements of Section 65 of the County Government Act with respect to the 30 % rule as currently this stands at about 24%.

4.2 Irregular Hiring of Ward office Employees

Further examination of staff costs revealed the following:-

(i) The Kajiado County Assembly had budgeted for a monthly expenditure of Kshs.91,000 per ward in maintenance of ward offices which was to be used to pay ward office managers, secretary, drivers, guards, office assistants and office rent even though Members of County Assemblies did not have the legal and constitutional mandate to establish offices and to engage employees. During the year under review the Assembly incurred a total of Kshs.2,001,500 per month on this item.

(ii) Further, the creation of positions in the ward offices and terms of engagement had not been approved as per the requirements of Article 230 & 235 of the Constitution of Kenya, 2010.

(iii) In addition there were no lease agreements to support the payment of ward offices rent contrary to requirements of Public Procurement and Disposals Act 2005.

Recommendation

These payments appear nugatory and unless a clear guideline and or formalisation are given, the same need to be stopped and structures and systems for proper accountability established.

5.0 IT INTERNAL CONTROL ENVIRONMENT

The Control Objectives of Information Technology (COBIT) business processes require organizations to perform the following in respect of their IT internal control environment:

(i) Manage the IT investment;
(ii) Communicate management aims and direction;
(iii) Manage IT Human resources;
(iv) Manage quality;
(v) Manage projects;
(vi) Manage changes;
(vii) Define and manage service levels;
(viii) Manage third party services; and
(ix) Monitor and evaluate IT performance.

An interrogation of the Assembly on IT control environment revealed that the Assembly does not have an up to date IT policy.

This may result to the following risks:-

(i) Loss of information
(ii) Irregular activities taking place/ loss of electronic data
(iii) Access of confidential information to unauthorised persons

(iv) Unauthorised changes to information
(v) Inappropriate decisions regarding IT investments

Recommendation

The County Assembly should have an up to date IT policy to address the key issues regarding the IT control environment identified above.

6.0 INTERNAL AUDIT FUNCTION

Paragraph 155 of the Public Finance Management Act, 2012 requires a County Government entity to have appropriate arrangements for conducting internal audits

An examination of records and processes of the Kajiado County Assembly revealed that, although the County Assembly had in her establishment an internal audit department and a staff, no internal audit reports were issued by the department despite various internal control weaknesses noted in the operations.

Further, there was no audit committee in place to address internal control weaknesses highlighted from time to time. This exposes the institution to weaknesses going unchecked and potential misuse of resources as weaknesses are not checked in real time and acted upon expeditiously.

Recommendations

(i) Internal controls should be enhanced and the internal audit department should be strengthened in terms of resources such as: staff, funding, equipment/tools among others to facilitate their operation.

(ii) Internal audit reports should be availed to indicate identification of any weaknesses and audit committee should be established as required by the law to deliberate and address the same.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

21 May 2015